

STILL I RISE, INC.

**GRANT AUDIT
FEBRUARY 2023**

**OFFICE OF AUDITS AND INVESTIGATIONS
Prince George's County
Largo, Maryland**

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THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

February 2023

The County Council and County Executive
of Prince George's County, Maryland

Council Resolution 51-1991, adopted June 25, 1991, requires the Office of Audits and Investigations (A&I) to perform random financial audits of grants and transfer payments appropriated in the Non-Departmental section of the County's annual current expense budget.

We have examined the books and records of

STILL I RISE, INC.

for the period July 1, 2013, through June 30, 2017. Our examination included such tests of the accounting records and such other auditing procedures as we considered necessary under the circumstances.

We noted several matters involving the Prince George's County grants to Still I Rise that (1) led us to question whether County funds were used for their intended purpose, (2) we determined were used to support the entity's for-profit operations, and (3) we determined were personal in nature. Based on the extent of the findings outlined in this report, **we recommend the discontinuance of award and/or disbursement of County funds to Still I Rise, Inc. and affiliated organizations.**

The findings contained in this report were referred to the Office of the State's Attorney for Prince George's County and the Office of the Maryland State Prosecutor in October 2017, due to our concerns regarding the use of grant funds. Subsequently, as a result of a joint investigation between State and Federal law enforcement agencies, the nonprofit's Chief Executive Officer was sentenced for fraud and misuse of grant funds. A&I was advised by the Office of the Maryland State Prosecutor in December 2022 that the case on this organization was closed.

This report, in our opinion, fulfills the requirements of Council Resolution 51-1991 concerning random financial audits of grants and transfer payments made pursuant to the Non-Departmental section of the Prince George's County, Maryland, fiscal years 2014, 2015, 2016, and 2017 Approved Current Expense Budgets.

David H. Van Dyke, CPA, CIA, CFE
County Auditor (Retired)

Turkessa M. Green, CPA, CIA, CISA
County Auditor

Jude S. Moise
Senior Auditor

EXECUTIVE SUMMARY

Still I Rise, Inc. received a total of \$1.2 million in grant funds from the Prince George's County Government between FY 2012 and FY 2017. During our audit, we noted several matters involving the grants provided to Still I Rise. A summary of these issues is provided below. Details of the matters noted can be found in the following report.

This report discusses the fact that the audit conducted by the Office of Audits and Investigations had a significant scope limitation – **we did not receive sufficient information to support the organization's revenue and expenditures**. In addition, we noted the following:

- Basic internal controls, such as written procedures, authorization for transactions, and maintaining appropriate documentation, were lacking.
- A lack of segregation of duties (the CEO made all decisions and signed all checks for the organization) and a lack of oversight by the Board of Directors.
- Key financial records (income statement, balance sheet, budget reports, and annual financial statements) were not prepared and maintained by the organization consistently and on a timely basis.
- Information reported on the organization's IRS FORM 990s could not be verified.
- The organization maintained at least seven separate bank accounts and regularly transferred funds between these accounts, as well as personal bank accounts owned by the CEO.
- Most of the expenses incurred had no related supporting documentation.
 - Personnel (employees/contractors) – Payments were made to 45 different individuals, including two that were identified as Board Members, in exchange for services rendered; documentation (i.e., written contracts) were not prepared by the organization; and we were unable to verify/agree the amounts reported on the individual 1099s.
 - Payments to CEO - Checks written to cash and the CEO, and large withdrawals for various expenses were made without documentation to substantiate the services provided and the expenses that were incurred.
 - Loan Payments to Individuals – Several payments made to three (3) individuals, including the CEO's brother, for the repayment of loans without formal written agreements or supporting documentation in place.
 - Loans to Employee – Loans were made without any supporting documentation regarding the loans, and we could not determine if the loans had been repaid by the contractor/employee.
 - Charitable Donations – \$14,387 in charitable donations made to individuals and other nonprofit organizations during the period under review, without any receipts or other supporting documentation.

- Income Tax Payments – Payments to the IRS and the Comptroller of the State of Maryland without documentation to support the related tax obligations.
- Credit card and line of credit payments - Documentation to support the actual charges incurred, including complete credit card statements and receipts for purchases, were not provided.
- Special Events – Expenses incurred include payments to the Gaylord National Resort & Convention Center for a community empowerment event totaling \$281,343.
- Personal Expenditures – Payments totaling \$134,959 were made to numerous financial institutions and vendors for various personal expenses.
- Campaign Contributions - The nonprofit entity made \$600 in campaign contributions and the CEO made individual campaign contributions totaling \$10,800 to support several candidates for local elected office.
- Numerous “Unknown” transactions were made by Still I Rise that we could not determine the nature of (business or personal) as result of insufficient documentation.
- Building Renovation – Unable to determine how grant funds provided specifically for the renovation were utilized; funds used to support WWC operations, including the repayment of the FSC First and Industrial Bank mortgages and the payment of County real property tax; the organization was in default on at least two of the mortgages for the property, and is delinquent in real property taxes for FY 2017.
- Utility Payments – Made to several utility companies; bills were not provided for our review in order to verify the service address for most of the utility expenses paid.
- Nonprofit versus For-Profit Operations - Still I Rise operates as a nonprofit organization, supported by Federal and County grant funds, as well as a for-profit organization doing business as the Women’s Wellness Center, where it receives revenue for medical services provided that may not necessarily relate to the mission of the nonprofit organization.
- In total, Still I Rise, Inc. received approximately \$1.7 million from the County (directly and indirectly) through various sources as noted below:

Purpose	County Agency	Total Paid
Non-Departmental Grants	County Council/County Executive	\$1,020,500
Loans for Building (WWC)	FSC First	340,000
Grants	Community Foundation	158,500
EDI Fund - Loan for Building (WWC)	Economic Development Corporation	100,000
Domestic Violence Services	Department of Family Services	60,890
Board Member Stipend	Redevelopment Authority	17,600
Sponsorship - Domestic Violence Event	County Council Member	6,000
Human Trafficking Task Force	Human Relations Commission	653
TOTAL		\$1,704,143

Still I Rise, Inc.

Still I Rise, Inc. (SIR) was founded in 2006 and serves as a community based entity for survivors of domestic violence. The organization, located at 9015 Woodyard Road in Clinton, Maryland, is a 501 (c) (3) nonprofit organization committed to rebuilding the lives of women who have been touched by domestic violence. The organization reported that its mission is to provide a safe and nurturing environment where women and teenage girls have an opportunity to heal emotionally through faith-based outreach programs and support services designed to rehabilitate and empower.

Still I Rise reported that the programs it provides include crisis intervention counseling (individual and group), empowerment seminars, education and job readiness training, food and clothing assistance and referrals for housing and legal support services. These programs are led by professionally trained teams of clergypersons, social workers, psychologists, fitness/nutrition experts, and other educators.

The Prince George's County Government's Non-Departmental budget includes funds to fulfill grant requests received from County nonprofit organizations, which are to be used to support citizen/community-based programs and services that help address the human, social, education, recreation and other service needs of the County's citizens and communities. In July of 2013, 2014, and 2015, Still I Rise submitted grant applications to the Prince George's County Council's Grant Office requesting \$60,000, \$490,000, and \$221,000, respectively, to support its nonprofit operations, as well as to renovate and construct a for-profit medical center at a purchased facility on Woodyard Road.

The medical facility, known as the Women's Wellness Center (WWC), is located at 9023 Woodyard Road. The facility was purchased by Still I Rise through various loans including \$100,000 from the County's Economic Development Incentive Fund; \$270,000 from FSC First; and \$270,000 from Industrial Bank. The WWC was established to provide healthcare to "disadvantaged and minority women whose healthcare needs have been underserved, overlooked, and ignored".

The Prince George's County Council and the County Executive awarded seventeen (17) grants totaling \$1,020,500 to Still I Rise during the fiscal years 2012 through 2017. (Note, the scope of our audit included a detailed review of FY 2014 through FY 2016 grant activity only.) These grants were disbursed to Still I Rise as shown in **Exhibit 1** below.

Date of Award	County Council	County Executive	Total
11/02/12	30,000	-	\$30,000
04/24/12	-	12,000	12,000
06/26/12	5,000	-	5,000
08/14/12	40,000	-	40,000
10/17/12	1,000	-	1,000
01/02/13	500	-	500
02/20/13	1,000	-	1,000
05/01/13	10,000	-	10,000
05/07/13	-	30,000	30,000
08/29/13	50,000	-	50,000
03/18/14	-	30,000	30,000
03/25/14	10,000	-	10,000
09/05/14	90,000	-	90,000
09/05/14	400,000	-	400,000
08/19/15	90,000	-	90,000
08/19/15	131,000	-	131,000
07/29/16	90,000	-	90,000
TOTAL	\$948,500	\$72,000	\$1,020,500

(Exhibit 1)

Additionally, the Prince George's County Government previously utilized a donor-advised fund with The Community Foundation for the National Capital Region ("The Community Foundation"). Donor-advised funds were a fund structure where the individual or business creating the fund is granted advisory rights by The Community Foundation, which enables the donor and/or their designee the ability to recommend grant distributions from the fund. Still I Rise also received seventeen (17) grants totaling \$158,500 from the Prince George's County Council, through The Community Foundation, as shown in **Exhibit 2** below:

Date of Award	Council District 2	Council District 4	Council District 5	Council District 7	Council District 9	Total Awarded
FY 2013	-	1,000	-	3,500	-	\$4,500
09/16/13	-	-	1,000	-	-	\$1,000
12/06/13	1,000	-	-	-	-	\$1,000
12/11/13	-	-	-	1,000	-	\$1,000
08/29/14	-	-	-	-	20,000	\$20,000
01/20/15	-	-	-	-	12,000	\$12,000
02/18/15	-	-	-	-	10,000	\$10,000
02/26/15	-	-	-	5,000	-	\$5,000
03/19/15	-	-	-	-	15,000	\$15,000
03/26/15	-	-	-	-	15,000	\$15,000
09/29/15	-	-	-	-	10,000	\$10,000
09/29/15	-	-	-	-	18,000	\$18,000
11/24/15	-	-	-	-	500	\$500
12/11/15	-	-	-	-	25,000	\$25,000
03/16/16	-	-	-	2,500	-	\$2,500
08/30/16	-	-	-	-	16,000	\$16,000
03/06/17	-	-	-	-	2,000	\$2,000
Total	\$1,000	\$1,000	\$1,000	\$12,000	\$143,500	\$158,500

(Exhibit 2)

The organization also received direct payments from the Prince George's County Government through various other sources, that were **not included in the scope of this audit**. Payments to Still I Rise, Inc. were made for services to be provided to domestic violence victims through contractual agreements with the Department of Family Services, stipends paid to the Chief Executive Officer as a Board Member for the Redevelopment Authority, services provided to the Human Trafficking Task Force, and a sponsorship provided by a County Council Member. Total funds provided to the organization from FY 2015 through FY 2019 through these sources are summarized in **Exhibit 3** below:

Purpose	County Agency	Total Paid
Support for Domestic Violence Victims	Department of Family Services	\$60,890
Board Member Stipend	Redevelopment Authority	17,600
Sponsorship - Domestic Violence Event	County Council Member	6,000
Human Trafficking Task Force	Human Relations Commission	653
TOTAL		\$85,143

(Exhibit 3)

OBJECTIVE, SCOPE AND METHODOLOGY

Our objectives were to: (a) assess the adequacy of the system of internal and management controls over grant funds received and expended; (b) assess whether grant related transactions occurred in a manner consistent with Still I Rise's grant request applications and other generally accepted business practices; and (c) identify factors inhibiting satisfactory performance in these areas and make recommendations to protect the County's interest concerning the grant funds.

Our scope included all transactions related to the receipt and disbursement of the total grant funds received from July 2013 through June 2016 (a total of \$937,000). Additional funding outside the scope of this audit was provided to the organization in FY 2012, FY 2013, and FY 2017. However, as a result of a lack of documentation to support numerous transactions and data throughout the course of the review, we did not request additional information related to these grants.

The criteria used to evaluate the audit evidence gathered included:

- ◆ The grant request applications submitted by Still I Rise;
- ◆ The organization's Federal Form 990 returns for 2014 through 2016;
- ◆ The United States General Accountability Office standards for internal control publication (GAO/AIMD-00-21.3.1); and
- ◆ Internal Revenue Code (IRC)/Internal Revenue Service (IRS) guidelines.

Our audit included interviews with key personnel of Still I Rise and detailed tests including:

- ◆ An examination of the organization's monthly bank statements and the related transactions (January 2013 through June 2016); and
- ◆ A review of available cash receipts and disbursements documentation.

Our field work related to the audit was completed on September 13, 2017. Although some documentation was provided by Still I Rise during the course of the audit, we did not receive sufficient information to support the organization's revenue and expenditures in order to obtain reasonable assurance that the County grant funds awarded to the organization were properly supported and utilized for their intended purpose. The deficiencies noted during our audit are discussed in further detail below.

FINDINGS, COMMENTS AND RECOMMENDATIONS

INTERNAL CONTROLS AND THE CONTROL ENVIRONMENT

An organization's control environment should establish the overall tone, awareness, and actions of the board of directors, management, and staff, concerning the importance of internal controls and its role in the organization. In an organization with a good internal control environment, responsibilities are clearly defined, and authority is assigned to specific individuals to permit identification of whether persons are acting within the scope of their authority.

Auditing standards define internal controls as a process designed to provide reasonable assurance that entity objectives will be achieved, including the objectives of reliable financial reporting, compliance with applicable laws, and the effectiveness and efficiency of the organization's

service delivery processes. The primary function of internal controls is to provide assurance that errors and irregularities may be discovered with reasonable promptness.

Our review revealed that basic internal controls, which serve as “checks and balances”, were lacking. Still I Rise did not have a formal accounting system or consistent accounting practices in place. Additionally, there were no written procedures in place outlining the organization’s financial practices and policies.

Although a significant number of bank statements were provided for our review, all bank statements for each bank account owned by the organization and all copies of checks written by the organization were not maintained. Additionally, other key documents including signed contracts, signed loan agreements, invoices, and complete monthly and/or annual statements were not provided for our review. Furthermore, we were unable to verify numerous transactions and data throughout the course of the review.

ORGANIZATIONAL STRUCTURE AND SEGREGATION OF DUTIES

Although Still I Rise provided us with a list of the Board of Directors, the organization reported that the Board does not make any key decisions and only serves as an advisor to the Chief Executive Officer (CEO). Based on our observations, it appeared that the CEO of Still I Rise was responsible for making all decisions for the organization and was the official spokesperson throughout the audit process.

The CEO also handles all of the day-to-day cash related transactions. We noted that there was no segregation of duties regarding the handling of cash receipts and disbursements. The CEO received and deposited all cash receipts and was the sole individual responsible for approving transactions, securing the checkbook, and writing all checks. The various bank accounts maintained by Still I Rise only required the CEO’s signature on checks.

KEY FINANCIAL RECORDS

Still I Rise was asked to provide all financial documents for examination. Generally, an entity will create and maintain certain key financial documents such as an income statement, a balance sheet, monthly bank reconciliations, budget variance reports, and annual financial statements. The organization informed us that the accountant previously responsible for creating and maintaining financial reports for the period under review was no longer working for the organization and would not provide access to the online software used to generate the financial reports. A new accountant was hired by the organization in May 2017 (while the audit was underway) and partial financial reports were later created and provided for our review.

Still I Rise routinely hired the same accountant (employed by a CPA firm) to prepare its annual Federal Income Tax Form 990 for tax years 2014 through 2015. It is unclear what documents were utilized by the CPA firm to prepare the annual income tax forms. (Note, at the time of our audit the Federal Income Tax Form 990 for 2016 had not been prepared and filed.). We reviewed the Federal Form 990 for the years 2014 and 2015 and compared the Form 990s to the bank statements and paper check registers that were provided by Still I Rise. Other than the total federal and county grant funds received, we were unable to cross-reference or verify the information on the Form 990s to the bank statements or check registers.

Additionally, we noted that copies of the monthly bank statements for all of the operating accounts maintained by Still I Rise were not retained and no bank reconciliations were performed.

CASH RECEIPTS

The CEO of Still I Rise was responsible for securing and depositing all funds received by the organization. No formal written procedures were in place for the processing of cash receipts, nor was there a uniform process for depositing or transferring funds. During our review, we identified seven (7) separate bank accounts with various financial institutions totaling \$1,451 as of June 30, 2016. As of June 30, 2017, the organization maintained five (5) of these bank accounts totaling \$-233.13 for the fiscal year ending June 2017. The accounts vary in type from traditional checking accounts to money market accounts.

A breakdown of the accounts for the fiscal years ending in June 2016 and June 2017 are shown below (**Exhibit 4**):

<i>Account</i>	<i>Account Type</i>	<i>Account Owner</i>	<i>Ending Balance as of 6/30/16</i>	<i>Ending Balance as of 6/30/17</i>
Industrial Bank	Checking	Still I Rise Comprehensive Support Services and Training	\$33.08	\$691.00
Eagle Bank*	Checking	Still I Rise, Inc.	\$14.11	\$0.00
Bank of America 7249	Checking	Still I Rise, Inc.	\$132.72	(\$774.79)
Bank of America 1268**	Checking	Still I Rise, Inc.	\$0.00	\$0.00
M&T Bank	Checking	Still I Rise DBA The Women's Wellness Center	\$1,284.10	\$346.08
SunTrust 9613	Checking	Still I Rise DBA The Women's Wellness Center	(\$13.46)	(\$495.42)
SunTrust 5249***	Money Market	Still I Rise DBA The Women's Wellness Center	Unknown	Unknown
Total			\$1,450.55	(\$233.13)

* Bank account closed due to lack of activity.

** Bank account closed by bank on 12/11/15 as a result of fraudulent activity noted on account.

*** Bank statements were not provided.

Bank balances do not include outstanding accounts receivable for patient services that have been billed to various insurance companies and not yet paid to the Women's Wellness Center. The organization reported receivables in the amount of \$147,156 as of August 21, 2017. However, we were not able to verify documentation to support this amount.

(Exhibit 4)

We confirmed that County grant funds made directly to Still I Rise, Inc. were primarily deposited into the organization's Industrial Bank account and one grant award in the amount of \$50,000 was deposited in the Eagle Bank account. We were not able to confirm the bank accounts to which the County grants received through the Prince George Community Foundation were deposited.

Based on our review, we noted that numerous transfers (a total of \$500,402 transferred out and \$493,402 transferred in) were made into various other bank accounts on an as needed basis throughout the period under review. We also noted that 29 of these transfers totaling \$49,300 were made *to*, and 28 of these transfers totaling \$97,950 were made *from personal* bank accounts owned by the CEO. We were unable to verify whether any additional bank accounts were in existence since we could not verify all sources of revenue and expenditures.

In addition to the grant funds that it received from Prince George's County, Still I Rise also received revenue from a variety of sources, including Federal grant funds, donations, and revenue from the WWC for medical services provided. Federal grant funds were deposited into the Bank of America accounts and fees for services provided by the WWC were primarily deposited into the SunTrust Bank and M&T bank accounts. The attached Statement of Activities prepared by A&I (**Schedule 1**) includes the categories of revenues that we identified through our review of the organization's bank statements and inquiries of the CEO for fiscal years 2014 through 2016.

CASH DISBURSEMENTS

The CEO of Still I Rise was responsible for maintaining the checkbooks for the organization. According to the CEO, no one else had signature authority. There were no written procedures regarding the processing of cash disbursements and there was no consistent practice in place for processing expenditure payments. From July 2013 through June 2016, we determined that Still I Rise incurred expenses totaling \$2.5 million. **Schedule 1** includes the categories of expenses we identified through our review of the organization's bank statements and inquiries of the CEO.

The CEO completed the check stub in the check register with pertinent information such as the payee, amount, date, and description of the expense on the "For" line of the stub, which was maintained in a binder for each bank account. Although this was the organization's practice, it was not adhered to for each payment or withdrawal made. We had to rely on the bank statements for expenditure information since numerous check copies were missing from the check register. Monthly bank reconciliations, monthly financial reports, and/or monthly transaction detail reports were not generated by Still I Rise on a consistent basis.

During the course of the audit, we reviewed each payment/withdrawal recorded on the bank statement or in the check register from July 2013 through June 2016. In several instances bank statements and/or check registers were not provided, therefore we were not able to determine the total number and dollar value of expenditures for the audit period. We compiled all of the payment/withdrawal transactions into an Access database, examined each to determine the nature of the expenditure, and classified each expenditure into categories based on the description of the vendor or the description of the transaction, if provided by the organization.

A sample of 310 payments/withdrawals totaling \$1.14 million were selected for review and documentation to support the transactions was requested to ensure that expenditures fell within the parameters of the organization's core mission and the County's allowable expenditures. Upon examination of the bank statements, limited documentation, and explanations provided by the CEO for the sample of transactions selected for testing, we noted various areas of concern.

Areas of Concern

The majority of the expenses incurred had no related supporting documentation. All check copies were not included with the bank statements or in the check register, and no other related information was provided by Still I Rise for these items, other than a verbal or written explanation provided by the CEO. When we inquired about the missing documentation for several key expenses, representatives of the organization reported that they could not find most of the documentation and provided all that they had. Of the 310 items tested, we determined the following regarding supporting documentation, as shown in **Exhibit 5** on the following page.

Documentation Type	Amount	# of Sample Items	Percentage (of \$ Sampled)
No documentation	\$ 708,478	229	62%
Insufficient documentation	6,730	5	1%
Funds Withdrawn and Deposited into other SIR bank accounts	304,200	3	27%
Unacceptable (Personal)	44,295	55	4%
Acceptable items	71,887	18	6%
Total	\$ 1,135,591	310	

(Exhibit 5)

Personnel

- Still I Rise reported that it hired a number of individuals during the audit period tasked with various responsibilities including counseling, as well as providing training coordination and administrative support. Individuals were also hired to work in the WWC as a Billing Assistant, Nurse Practitioner, or the Medical Director. The CEO wrote checks to various individuals, however documentation, such as written contracts to support the rate of pay and responsibilities of the individuals that were paid, were not prepared by the organization.
- During the course of the audit, we noted that from July 2013 through June 2016, Still I Rise made payments to 45 different individuals, including two that were identified as Board Members, in exchange for services rendered. Wages paid to all of these individuals totaled \$475,378 for the years reviewed.
- Of the 39 individuals paid in calendar years 2014 and 2015, annual payments totaling \$600 or more to individuals were made in 42 instances, totaling \$403,662, as shown in **Exhibit 6**:

	2014	2015	Total
# of Individuals receiving \$600 or more per calendar year	19	23	42
Annual Payment Total	\$ 174,039	\$ 229,623	\$ 403,662

(Exhibit 6)

According to Section 530 of the Revenue Act of 1978, any individual receiving income totaling \$600 or more should be issued a form 1099-MISC from the organization making payment. We requested a Form 1099-MISC for a sample of individuals for 2014, 2015, and 2016, however we were only provided with 1099s for 2014 and 2016 for *some* individuals. Additionally, we were unable to verify the amounts reported on the individual 1099s provided for our review.

During the course of the review, we also determined that the CEO was writing checks to cash and to herself and categorizing them as “Owner’s Draws” or as reimbursements for various expenses, with no supporting documentation to substantiate the services provided and the expenses that were incurred. Based on a review of the bank statements provided, we noted that the CEO made twenty-one (21) withdrawals totaling \$161,115, withdrew \$27,167 from a Still I Rise account that was closed due to fraudulent activity, and wrote 24 checks to herself (or cash)

totaling \$143,517 from July 2013 through June 2016. Details of the checks and withdrawals are provided in **Exhibit 7** below.

Date	Transaction Type	Amount	Description
7/25/2013	Check	\$ 500.00	Reimbursement - SIR supplies
9/30/2013	Check	3,000.00	WWC Expenses/Furniture
10/7/2013	Check	1,700.00	SIR Expense - furniture
10/17/2013	Check	3,000.00	Computers/printer (SIR)
10/28/2013	Check	6,000.00	Expense
1/6/2014	Withdrawal	60.00	Unknown
1/7/2014	Check	10,000.00	Gala Expense (2013)
1/9/2014	Check	4,117.00	Gala Exp. (2013)
1/13/2014	Check	10,000.00	Gala Expense (2013)
1/27/2014	Check	15,000.00	Owner's Draw
1/27/2014	Check	1,000.00	Stipend
2/10/2014	Check	500.00	Owner's Draw
2/24/2014	Withdrawal	100.00	Unknown
3/10/2014	Check	7,000.00	Owner's Draw
4/14/2014	Withdrawal	200.00	Cash for survivor's prescription
4/21/2014	Check	5,000.00	Owner's Draw
5/5/2014	Withdrawal	100.00	Unknown
5/19/2014	Withdrawal	100.00	Unknown
5/27/2014	Withdrawal	62.50	Unknown
5/27/2014	Withdrawal	2.50	Unknown
6/9/2014	Check	1,500.00	Supplies for WWC
6/13/2014	Check	3,500.00	Owner's Draw
7/21/2014	Withdrawal	140.00	Unknown
8/1/2014	Withdrawal	100.00	Unknown
8/18/2014	Withdrawal	40.00	Unknown
9/5/2014	Withdrawal	100,000.00	\$400,000 withdrawn; A&I verified \$300,000 was transferred to another SIR account
9/8/2014	Withdrawal	40,000.00	Counter Check - WWC building expenses
10/2/2014	Withdrawal	100.00	Unknown
10/16/2014	Check	1,000.00	Owner's Draw
11/17/2014	Check	7,500.00	Owner's Draw
2/2/2015	Withdrawal	100.00	Unknown
3/30/2015	Check	500.00	Unknown
7/29/2015	Check	1,000.00	Made out to Cash - Owner's Draw
7/29/2015	Withdrawal	600.00	Unknown
7/29/2015	Withdrawal	600.00	Unknown
8/11/2015	Check	1,200.00	Made out to Cash - Owner's Draw
8/21/2015	Check	30,000.00	Owner's Draw
8/26/2015	Withdrawal	6,000.00	Various SIR operating expenses
10/9/2015	Check	15,000.00	Owner's Draw
10/19/2015	Withdrawal	10.00	Unknown
10/29/2015	Withdrawal	6,000.00	Counter Check
12/1/2015	Check	15,000.00	Owner's Draw
12/11/2015	Withdrawal	27,167.43	Account Closing Transaction
12/24/2015	Check	500.00	Owner's Draw
5/2/2016	Withdrawal	1,800.00	Owner's Draw
5/11/2016	Withdrawal	5,000.00	Unknown
TOTAL		\$331,799.43	

(Exhibit 7)

Operating Expenditures

During the review, we categorized each expenditure into the following three classifications: allowable, questionable, or unallowable. We defined allowable costs as being consistent with the organization's mission and purpose of the grant, as well as having the appropriate supporting documentation. Questionable costs are defined as expenditures that may have been somewhat related to the organization's mission or purpose of the grant but had unacceptable supporting documentation or no documentation at all. Any checks written out to cash or to the CEO were also deemed questionable. Unallowable costs are defined as expenditures that were not related to the mission of the organization or purpose of the grant and/or appeared inappropriate. The results are shown in **Exhibit 8** below.

<i>Expenditure Status</i>	<i>Amount</i>	<i>Percentage</i>
Questionable	\$ 2,306,398	88.23%
Allowable	172,098	6.58%
Unallowable (Personal)	135,509	5.18%
Total	\$ 2,614,004	

(Exhibit 8)

In total, we classified 2,096 transactions totaling \$2.3 million as questionable. Questionable items are further categorized as follows (See **Exhibit 9**):

<i>Category</i>	<i>Amount</i>
Unknown	\$644,248
Contractual Services - Employees	386,093
WWC Renovation	269,342
Contractual Services - Other	171,461
Salaries - Payroll	154,848
Salary/Fringe - Director	146,454
Business Loan Payments	104,984
Other/Special Events	100,694
Rent/Mortgage	81,445
Utilities	54,997
Office Supplies/Materials	54,976
Taxes (Including Payroll)	43,978
Insurance	28,705
Travel/Meals/Entertainment	24,747
Charitable Donations	14,387
Equipment/Technology	13,781
Bank Fees	8,690
Admin. Costs	2,568
TOTAL	\$2,306,397

(Exhibit 9)

- During our review, we noted that Still I Rise made several payments in the amount of \$73,500 to three (3) individuals for the repayment of loans without formal written agreements or supporting documentation in place. These individuals also received payments for contractual services in the amount of \$71,885. The CEO reported that one of the individuals from which she received a loan was her brother.
- We also noted \$3,900 in loans made to one Still I Rise contractor/employee. We were not provided with any supporting documentation regarding the loans and could not determine if the loans had been repaid by the contractor/employee.
- Still I Rise reimbursed employees a total of \$2,492 for various expenses; however supporting documentation for these payments was not provided for our review.
- Still I Rise spent \$14,387 in charitable donations to individuals and other nonprofit organizations during the period under review.
- We noted that Still I Rise made at least four campaign contributions totaling \$550 during the period under review. However, it should be noted that nonprofit organizations are prohibited by the Internal Revenue Service (IRS) from making contributions to political campaign funds. Violating this prohibition could result in denial or revocation of tax- exempt status and the imposition of certain excise taxes.
- Still I Rise incurred bank fees totaling \$8,690 between July 2013 and June 2016. These fees included fees for account maintenance, account review, wire fees, and insufficient fund charges.
- We noted during our review that Still I Rise made two income tax payments to the IRS totaling \$13,647 and one payment to the Comptroller of the State of Maryland in the amount of \$4,411. However, we were not able to determine whether or not these payments were related to personal or business tax obligations since supporting documentation for these payments was not provided for our review. It should be noted that nonprofit organizations are tax-exempt under section 501(c) (3) of the Internal Revenue Code.
- Still I Rise made numerous credit card and line of credit payments totaling \$54,875 between July 2013 and June 2016 for Still I Rise expenses. Documentation to support the actual charges incurred, including complete credit card statements and receipts for purchases, were not provided for review.
- The organization spent \$24,747 on food items and travel expenses, which are allowable by the grant. However, the purchases could not be traced to a special

event and supporting documentation for the purchases was not provided for our review. The costs included items purchased at local restaurants, airfare, train fare, and hotel payments.

- During our review, we noted numerous expenses totaling \$100,097 were incurred by Still I Rise related to various special events held by the organization. The expenses included withdrawals of cash by the CEO in the amount of \$14,117 and payments to the Gaylord National Resort & Convention Center for a community empowerment event in the amount of \$76,488. Through our review of the invoice for the event, we noted that the total cost to the Gaylord National Resort & Convention Center was \$281,343.

OTHER ISSUES

Personal Expenditures

In addition to the checks written to the CEO and the large withdrawals that were not supported by adequate documentation (See **Exhibit 7** on page 11), Still I Rise also made payments totaling \$134,959 to various financial institutions and vendors for the following personal expenses:

- Personal credit card payments – \$42,576
- Mortgage payments for properties owned by the CEO – \$60,178
- Condominium fees for a property owned by the CEO – \$2,068
- Personal car loan – \$7,800
- Personal car/home insurance – \$4,508
- Payments for car service for the CEO’s personal vehicle – \$8,843
- Miscellaneous debit card transactions for pet stores/clinics, clothing stores, nail salons, spas, etc. – \$8,988

Note that there were also several “Unknown” transactions made by Still I Rise that we could not determine the nature of (business or personal) as result of insufficient documentation. (See **Exhibit 9** on page 12.)

According to the IRS, personal expenses are not eligible business expenses deductible against an individual’s taxable income. Hence if personal items are purchased through a business account, they should be taxable fringe benefits that are subject to payroll taxes.

Campaign Contributions

A&I confirmed that the nonprofit entity made a total of \$600 in political campaign contributions to support two (2) candidates for County elected offices. A&I also noted that the CEO of Still I Rise made a total of \$10,800 in *individual* political campaign contributions to support four (4) candidates for County elected offices. Included in this amount is a \$6,000 campaign contribution made on 8/26/2015, the same day the CEO made a withdrawal of \$6,000 from the nonprofit organization’s bank account. As previously discussed on pages 10 and 11 (**Exhibit 7**) of this

report, the CEO reported that this withdrawal was for “various operating expenses” for the nonprofit organization. However, we were not provided supporting documentation to substantiate these operating expenses.

As previously noted on page 13, under the Internal Revenue Code, 501(c)(3) organizations are “absolutely prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office.” Furthermore, the IRS states that “contributions to political campaign funds...clearly violate the prohibition against political campaign activity.”

Building Renovation

During our review, we noted that Still I Rise purchased property located at 9023 Woodyard Road in Clinton, MD. The property was purchased in March 2014 at a cost of \$510,000. Still I Rise obtained several loans, including a conditional loan from the County’s EDI Fund, to purchase the building. (See **Exhibit 11**).

Grant funding in the amount of \$400,000 was provided by the County Council in September 2014 to renovate the property. However, we were not able to determine how the funds were utilized and to whom the funds were paid for various services provided. Inquiries of Still I Rise revealed that payments to vendors may have also been made in cash.

Based on our review of limited documentation provided, we determined that renovation costs for WWC were incurred as follows:

<i>Vendor/Payee</i>	<i>Description</i>	<i>Documentation Provided</i>	<i>Amount</i>
Gross & Brown	Renovations	Some Provided	\$172,062.26
Glenda Hodges	WWC Furniture/Expenses	No	43,000.00
John Leslie	Architect	Some Provided	26,563.82
Robert Garrison	Earnest Money Deposit	No	25,000.00
Empire Graphics	Signage	No	5,912.54
Victor Mason	WWC Furniture	No	4,500.00
Real Estate Surveyors	Land survey	No	2,200.00
Francisco Gonzalez	Construction of chair rails	No	2,000.00
Pr. Geo. County DoE	Permit	No	1,810.00
Reggie Candle	Window tinting	No	1,500.00
Various	Various WWC expenses	No	9,086.10
Total			\$293,634.72

(Exhibit 10)

We noted that grant funds were also being utilized to support WWC operations, including the repayment of the FSC First and Industrial Bank mortgages and the payment of County real property tax for the facility (See **Exhibit 11** below).

Vendor/Payee	Description	Loan Amount	Amount Paid per Bank Statements
Small Business Growth Fund (SBGF) Loan	FSC First Mortgage ¹	\$270,000	38,547.36
Economic Development Incentive (EDI) Fund ²	Conditional Loan	\$100,000	-
Economic Development Loan Fund	FSC First Mortgage	\$70,000	-
Industrial Bank	Mortgage	\$270,000	42,103.44
Prince George's County	Real Property Tax	N/A	9,768.05
Total		\$710,000	90,418.85

1 - Financial Services Corporation (FSC First) a non-profit corporation that provides non-traditional financing for small and minority-owned businesses in the County. Its operations are funded, in part, by the Prince George's County Government.

2 - The Economic Development Incentive (EDI) Fund provides financial assistance in the form of loans, guarantees, and grants to benefit existing and potential industrial and commercial businesses in the County. Funding for the EDI Fund is appropriated in the Non-Departmental section of the County's annual current expense budget.

(Exhibit 11)

We also noted that the organization was in default on at least two of the mortgages for the property and is delinquent in real property taxes for FY 2017. As a result of the tax delinquency, the property was sold by the County during its May 2017 tax sale. If these past due obligations are not met in a timely manner, the lienholders on the property could exercise their right to foreclose.

Utility Bills

During the audit, we noted that payments were made to several utility companies including Verizon, Time Warner Cable, Comcast, PEPCO, and Graybear Electric Company. We were able to verify the service address for two of the utility bills, however supporting documentation was not provided for the remaining bills. The schedule below (See **Exhibit 12**) lists the various utility companies, the number of payments made to each between July 2013 and June 2016, and the total paid to each during that same period.

Vendor/Payee	Service Address	# of Payments	Total Amount Paid
ADT Security Services	Unknown	11	\$1,628.93
American Home Shield	Unknown	1	350.38
Comcast	9015 Woodyard Road	35	20,063.22
Graybear Electric Company	Unknown	6	4,375.07
PEPCO	9015 Woodyard Road	36	18,741.06
Piedmont Natural Gas	Unknown	5	718.72
Time Warner Cable	Unknown	7	1,670.17
Verizon	Unknown	9	4,815.90
Washington Gas	Unknown	10	1,277.48
Wood Termite Pest Control	Unknown	5	270
WSSC	Unknown	16	493.93
Total			\$54,404.86

(Exhibit 12)

For-Profit versus Nonprofit Operations

During the audit, we learned that Sill I Rise operates as a nonprofit organization, which is generally supported by Federal and County grant funds, as well as contributions from individuals and organizations. However, it also operates as a *for-profit* organization doing business as the Women's Wellness Center, where it receives revenue for medical services provided to patients (both men and women) that are not necessarily related to the mission of the nonprofit organization. Services provided by the for-profit organization include weight loss programs; school, sports, and employment physical examinations; vaccines, etc.

Still I Rise reported that although both operate under the same tax identification number, the for-profit was created in order to obtain small business loans to purchase the facility (the Women's Wellness Center). On the other hand, nonprofit status is required to obtain grant funding from the County. It should be noted that County grant funds are not to be utilized to benefit a for-profit entity. Additionally, for-profit organizations are subject to certain federal, state, and local tax laws that nonprofit organizations may be exempt from.

RECOMMENDATION

Based on the extent of the findings outlined in this report, we recommend that the Prince George's County Government discontinue the award and/or disbursement of County funds to Still I Rise, Inc. and all affiliated organizations.

SUPPLEMENTAL INFORMATION

[Non-Profit Ceo Sentenced to Two Years in Federal Prison After Pleading Guilty to Wire Fraud in Connection with the Misuse of Federal Funds Intended for the Treatment of Survivors of Domestic Violence and Sexual Assault | USAO-MD | Department of Justice](#)

SCHEDULE 1

**STILL I RISE, INC.
STATEMENT OF ACTIVITIES
FOR THE PERIODS ENDING
FY 2014, FY 2015, AND FY 2016
(CASH BASIS - UNAUDITED)**

	<u>6/30/2014*</u>	<u>6/30/2015*</u>	<u>6/30/2016</u>
REVENUES:			
County Grant Payments	90,000	490,000	226,000
Federal Grant Payments	101,122	180,258	161,378
Contributions/Donations	114,161	236,267	317,034
Patient Services	-	9,311	150,631
Other	121,400	11,865	10,345
Unknown	15,034	82,179	98,134
Total Revenues	\$441,717	\$1,009,880	\$963,522
EXPENDITURES:			
Contractual Services - Director/Employees	120,488	199,555	213,044
Salaries - Payroll	-	-	154,848
Contractual Services - Other	15,640	66,703	89,119
Travel/Meals/Entertainment	6,607	7,244	10,896
Equipment/Technology	3,140	9,256	1,384
Office Supplies/Materials	6,172	27,698	22,153
Rent/Mortgage	55,843	66,154	74,116
Business Loan Payments	13,000	2,715	89,269
General Administrative Costs	785	550	1,233
Insurance	7,540	10,315	10,851
Women's Wellness Center Renovation	35,638	243,034	14,963
Charitable Donations	6,696	3,011	4,681
Campaign Contributions	350	-	200
Taxes	18,178	4,798	21,003
Bank Fees	673	3,009	5,007
Utilities/Security	8,692	24,012	22,843
Other (Including Special Events)	52,634	58,798	20,262
Unknown	21,423	317,275	305,551
Total Expenditures**	\$373,499	\$1,044,127	\$1,061,423
Excess Revenue Over/(Under) Expenditures	\$68,218	(\$34,247)	(\$97,901)

***Note:** Complete financial statements were not provided by the organization for our review and A&I was not able to verify the amounts reported in the financial statements prepared by the organization. As a result, A&I used available bank statements to prepare this Statement of Activities. However, it should be **noted that all bank statements were not provided by the organization therefore, revenue and expenditure totals presented here are incomplete.**

**Total Expenditures excludes expenditures that were paid by the organization but were identified as personal expenses.

<i>Personal</i>	64,493	43,678	26,787
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