



Office of Inspector General

Appalachian Regional Commission

**Audit of Grant Award to
Wilkes Recovery Revolution, Inc.
Grant Number IS-20242**

Report Prepared by Castro & Co, LLC

Report Number 25-33

July 31, 2025

Appalachian Regional Commission
Office of Inspector General
1666 Connecticut Avenue, Suite 718
Washington, D.C. 20009



Office of Inspector General

Appalachian Regional Commission

July 31, 2025

TO: Brandon McBride, Executive Director

FROM: Clayton Fox, Inspector General

SUBJECT: Audit Report 25-33 – Wilkes Recovery Revolution, Inc.

This memorandum transmits the Castro & Company, LLC report for the audit of costs charged to grant number IS-20242 per its agreement with the Appalachian Regional Commission. The objective of the audit was to determine if costs claimed were allowable, allocable, reasonable, and in conformity with the Commission's award terms and conditions and Federal financial assistance requirements. In addition, the audit determined whether the performance measures were reasonable, supported, and fairly represented to the Commission.

Castro & Company, LLC, is responsible for the attached audit report and the conclusions expressed in this report. We do not express any opinion on the conclusions presented in the audit report. To fulfill our responsibilities, we:

- Reviewed the approach to and planning of the audit;
- Evaluated the qualifications and independence of the auditors;
- Monitored the progress of the audit at key points;
- Coordinated periodic meetings, as necessary;
- Reviewed the draft and final audit reports; and
- Coordinated the issuance of the audit report.

The auditors made one recommendation in the report. Within the next 30 days, please provide me with your management decision describing the specific action that you will take to implement the recommendation.

We thank your staff for the assistance extended to the auditors during this audit. Please contact me at 202-884-7675 if you have any questions regarding the report.



**Appalachian Regional Commission
Performance Audit Report
of Grant No. IS-20242**

**For the period from April 1, 2021 to December 31, 2023
Awarded to Wilkes Recovery Revolution, Inc.**

**Prepared for the Appalachian Regional Commission
Office of Inspector General**

July 30, 2025

Final Report

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Executive Summary

Appalachian Regional Commission
Office of Inspector General
1666 Connecticut Avenue, NW; Suite 700
Washington, DC 20009

Castro & Company, LLC (Castro & Co) conducted a performance audit of Grant Number IS-20242 awarded by the Appalachian Regional Commission (ARC) to Wilkes Recovery Revolution, Inc. (WRR or the Grantee) with a grant performance period of April 1, 2021 to December 31, 2023. The audit was conducted at the request of the ARC's Office of Inspector General to assist it in its oversight of ARC grant funds.

The objectives of the performance audit were to determine whether: (1) grant funds were managed in accordance with the ARC and Federal grant requirements; (2) grant funds were expended, as provided for in the approved grant budget; (3) internal guidelines, including program (internal) controls, were adequate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with accounting principles generally accepted in the United States of America (or other applicable accounting and reporting requirements); (5) matching requirements were met; and (6) the reported performance measures were fair and reasonable.

We determined that except for Finding 01 related to administrative procedures as described in **Appendix A - Finding and Recommendation**; the Grantee's financial management, administrative procedures, and related internal controls were adequate to manage the ARC grant funds.

We discussed the results of this performance audit with WRR's management at the conclusion of our fieldwork. The Grantee's response has been included as **Attachment 1 –Wilkes Recovery Revolution Inc.'s Response** to this report.

Castro & Co appreciates the cooperation and assistance received from the Grantee and ARC staff during this performance audit.

Castro & Company, LLC

Alexandria, VA
July 30, 2025

Background

The Appalachian Regional Commission (ARC) is a regional economic development agency, representing a unique partnership of Federal, state, and local governments. ARC-funded programs are used to support education and job training; health care; water and sewer systems; housing; highway construction; and other essentials of comprehensive economic development. ARC grants are made to a wide range of entities including local development districts, state ARC offices, state and local governments, educational establishments, nonprofit organizations, and for a variety of economic development projects. Castro & Company, LLC (Castro & Co) was contracted by the ARC's Office of Inspector General to perform the audit of Grant Number (No.) IS-20242 awarded to Wilkes Recovery Revolution, Inc. (WRR or the Grantee) for the period of April 1, 2021 to December 31, 2023.

ARC awarded Grant No. IS-20242 to WRR to provide funding for a therapeutic work program comprised of mental health, wrap around services, and job placement for those seeking recovery and employment. The Grantee's existing mobile market is a community collaborative designed to address equitable, healthy food access by selling locally grown produce in underserved areas. By operating this program, people in recovery learned valuable work and life skills by growing, procuring, and selling market-fresh produce, earning short term certifications, and stabilizing their recovery. This program was complemented through WRR's program which engages individuals in recovery with Peer Support Specialists.

The original period of performance for Grant No. IS-20242 covered the period from April 1, 2021 to March 31, 2023 but was subsequently extended to December 31, 2023. The grant agreement provided a budget of \$267,318 in ARC funds and required non-ARC matching funds of \$271,053 for total project costs of \$538,371. The allowable percentage breakout of ARC to non-ARC funding for the project was 50% ARC funds to 50% matching funds.

We obtained the ARC Standard Form (SF) 270, *Request for Advance or Reimbursement*, for the period covering July 1, 2023 to December 31, 2023 that identified total cumulative ARC costs of \$267,318 (50%) and non-ARC matching costs of \$271,053 (50%) for a total project cost of \$538,371.

Objectives, Scope, and Methodology

Castro & Co was engaged by the ARC's Office of Inspector General to conduct a performance audit of WRR to determine compliance with the requirements of the ARC Grant No. IS-20242 for the period of April 1, 2021 to December 31, 2023.

The budgeted amounts for the grant are presented in Exhibit A below:

Exhibit A: Schedule of Grant Budget			
Category	Federal Amount	Non-Federal Amount	Total
Personnel	\$ 159,517	\$ 105,050	\$ 264,567
Fringe Benefits	\$ 28,713	\$ 16,363	\$ 45,076
Travel	\$ 1,099	\$ -	\$ 1,099
Equipment	\$ 7,242	\$ 36,202	\$ 43,444
Supplies	\$ 37,723	\$ 18,165	\$ 55,888
Other	\$ 9,100	\$ 83,977	\$ 93,077
Indirect Costs	\$ 23,924	\$ 11,296	\$ 35,220
Total	\$ 267,318	\$ 271,053	\$ 538,371

The objectives of our audit were to determine whether the Grantee used grant funding from the ARC in accordance with its ARC grant agreement and complied with financial management requirements, specifically to determine whether:

- Program funds were managed in accordance with the ARC and Federal grant requirements;
- Grant funds were expended as provided for in the approved grant budget;
- Internal grant guidelines, including program (internal) controls, were adequate and operating effectively;
- Accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements);
- Matching requirements were met; and
- Reported performance measures were fair and reasonable.

The scope of this audit includes those costs addressed in WRR's system that specifically apply to ARC such as personnel, fringe benefits, travel, equipment, supplies, other, and indirect costs. We conducted this performance audit from May 2024 to July 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit was conducted using the applicable requirements contained in Title 2 U. S. Code of Federal Regulations Subtitle A Chapter II Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the ARC Code, and the Grant Agreement.

To meet the audit objectives, our overall methodology included the following:

- Obtaining an understanding of the Grantee's internal controls and documenting key controls over payroll, cash disbursements, cash receipts, procurement, equipment, match, and other costs through reviews of policies and procedures, prior audit reports, organization charts, inquiry of the Grantee's management and other available documentation, assessing

control risk, and determining the extent of testing needed based on the control risk assessment;

- Considering fraud risk through a team fraud brainstorming session and inquiries of the Grantee's management about their understanding of the risks of fraud related to grant awards, programs and controls the Grantee has established to mitigate specific fraud risks, and whether management is aware of any allegations of fraud or suspected fraud;
- Selecting a sample of expenditures based on materiality calculated using Government Accountability Office (FAO)/Council of the Inspectors General for Integrity and Efficiency (CIGIE) Financial Audit Manual (FAM) sections 230.01 through 230.13 and auditing, on a test basis, evidence supporting the grant funds were expended during the grant period, were properly supported and allowable under both Federal and ARC requirements;
- Testing match costs to determine whether match requirements were met, were properly supported and allowable under both Federal and ARC requirements;
- Conducting interviews with the Grantee to evaluate the Grantee's processes for accurately tracking and reporting on the grant performance measures.

Grantee's Response to Audit Results

Our audit results were discussed with Devin Lyall, Executive Director/Chief Executive Officer, Amanda Hopper, Director of Operations, and Tiffany Mack, Finance Assistant for WRR during the exit conference on July 29, 2025. WRR concurred with our results. WRR's response has been incorporated into the report and a copy of the response, in its entirety, can be found in **Attachment 1 – Wilkes Recovery Revolution, Inc.'s Response** of this report.

Summary of Results

Castro & Co's procedures determined that except for Finding 01 related to administrative procedures described in **Appendix A**; WRR managed the grant funds in accordance with the ARC and Federal grant requirements. Grant funds were expended as provided for in the approved grant budget.

The Grantee's internal guidelines, including program (internal) controls, were adequate and operating effectively except for the matter described in Finding 01. We noted the Grantee had written policies and procedures for applicable grant activities, which we considered adequate for administering the grant. Accounting and reporting requirements were implemented in accordance with accounting principles generally accepted in the United States of America (or other applicable accounting and reporting requirements), including ARC requirements, except for the matter described in Finding 01.

The Grantee reported a total of \$267,318 in ARC costs and \$271,053 in non-ARC matching costs; therefore, we determined the Grantee met the match requirements as of December 31, 2023. These matching funds were properly supported and allowable under both Federal and ARC requirements. Based on our review of the Grantee's procedures, the performance results reported to ARC were fair and reasonable.

We determined that the grantee was not subject to the Single Audit requirements under the Uniform Guidance.

The Exhibit B below presents costs claimed by the WRR and costs recommended as a result of the grant audit.

Exhibit B: Schedule of Claimed and Audit Recommended Costs							
	Claimed		Questioned		Audit Recommended		
Category	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	Total
Personnel	\$ 159,517	\$ 105,050	\$ -	\$ -	\$ 159,517	\$ 105,050	\$ 264,567
Fringe Benefits	\$ 28,713	\$ 16,363	\$ -	\$ -	\$ 28,713	\$ 16,363	\$ 45,076
Travel	\$ 1,099	\$ -	\$ -	\$ -	\$ 1,099	\$ -	\$ 1,099
Equipment	\$ 7,242	\$ 36,202	\$ -	\$ -	\$ 7,242	\$ 36,202	\$ 43,444
Supplies	\$ 37,723	\$ 18,165	\$ -	\$ -	\$ 37,723	\$ 18,165	\$ 55,888
Other	\$ 9,100	\$ 83,977	\$ -	\$ -	\$ 9,100	\$ 83,977	\$ 93,077
Indirect Costs	\$ 23,924	\$ 11,296	\$ -	\$ -	\$ 23,924	\$ 11,296	\$ 35,220
Total	\$ 267,318	\$ 271,053	\$ -	\$ -	\$ 267,318	\$ 271,053	\$ 538,371

Appendix A – Finding and Recommendation

Finding 01 – Untimely Quarterly Progress Reporting

Condition:

As part of our procedures, Castro & Co reviewed interim Performance Progress Reports (PPR) submitted by WRR during the period of April 1, 2021 to December 31, 2023. Based on our review, we noted quarterly reporting exceptions on the following PPRs outlined in the table below:

- For four (4) PPRs, the progress reporting coverage periods exceeded 120 days or four months as required in the grant agreement.
- For five (5) PPRs, the reports were submitted more than 30 days after the close of the reporting period as required in the grant agreement.

PPR Coverage Period	# of Days Covered on PPR	# of Days Overdue
April 1, 2021 to August 30, 2021	151	
August 31, 2021 to December 31, 2021		31
January 1, 2022 to August 31, 2022	242	35
September 1, 2022 to March 31, 2023	211	52
April 1, 2023 to June 30, 2023		71
July 1, 2023 to December 31, 2023	183	55

Criteria:

The ARC *Grant Administration Manual for ARC Non-Construction Grants*, dated February 2020, states,

Reports

Reporting Intervals

The reporting period begins with the start date of the grant agreement. ARC requires interim progress reports every 120 days or every four months and a final report at the end of your project's period of performance. Reports are due no later than 30 days after the close of a reporting period.

2 CFR 200.329, *Monitoring and reporting program performance*, states,

(b) Reporting program performance. The Federal agency must use OMB-approved common information collections (for example, Research Performance Progress Reports) when requesting performance reporting information.

(c) (1) The recipient or subrecipient must submit performance reports as required by the Federal award. Intervals must be no less frequent than annually nor more frequent than quarterly except if specific conditions are applied...

Cause:

The Grantee did not have adequate policies and procedures in place to ensure quarterly PPRs were prepared every 120 days or every four months and submitted to ARC within 30 days of the end of the reporting period as required. The Grantee stated a dramatic shift in their operational focus and recruitment challenges due to the COVID-19 pandemic created staffing issues which caused the reporting delays.

Effect:

Without policies and procedures to ensure timely quarterly progress reporting, inaccurate financial and performance information may be reported to ARC.

Recommendation:

We recommend that the Grantee establish policies and procedures for the timely submission of progress reports in accordance with the Uniform Guidance and ARC grant agreement requirements.

Grantee's Response:

Wilkes Recovery Revolution, Inc. takes no exception to and agrees with Castro & Company, LLC's findings presented in the audit report of Grant Number IS-20242 with a grant performance period of April 1, 2021 to December 31, 2023. However, we would like to include the following documented response:

"Wilkes Recovery Revolution, Inc. acknowledges the audit finding regarding delays in the submission of Performance Progress Reports (PPRs) between April 1, 2021, and December 31, 2023. While we recognize that some reports did not meet the required submission deadlines, we maintained consistent and transparent communication with the ARC team and our dedicated grant representative throughout the duration of these delays. We worked collaboratively to provide updates, explain challenges, and ensure that all required reports were ultimately submitted and reviewed in good faith.

The delays occurred during a period marked by the ongoing and evolving impacts of the COVID-19 pandemic, which created significant operational and staffing challenges for our organization. Like many rural nonprofits, we faced a dramatic shift in service delivery needs and struggled with workforce shortages that limited our administrative capacity. These factors directly contributed to our inability to submit certain PPRs within the required timeframe, despite our best efforts to uphold compliance.

Since that time, Wilkes Recovery Revolution has taken decisive corrective action. We have increased our administrative and compliance staffing to ensure sufficient capacity to manage all grant-related obligations. We have also implemented formal internal policies and procedures to guide the preparation and submission of quarterly reports in accordance with ARC's 120-day reporting interval and 30-day submission window. Additionally, we have deployed calendar-based compliance tracking tools with built-in alerts and established internal review checkpoints to ensure timely and accurate submissions.

Our leadership team is now actively engaged in monitoring all grant reporting activities and conducting quarterly compliance reviews. We remain committed to maintaining open lines of communication with ARC and to strengthening our grant administration infrastructure. We appreciate the audit team's recommendations, which have helped reinforce our efforts to ensure full compliance going forward."

Auditor's Response:

The Grantee concurred with our findings; therefore, no further response is necessary.

Attachment 1 - Wilkes Recovery Revolution Inc.'s Response



RESTORE - REPAIR - REBUILD

7/29/2025

EXECUTIVE DIRECTOR

Devin Lyall

Castro & Company, LLC
1635 King Street
Alexandria, VA 22314
(703) 229-4440

BOARD OF DIRECTORS

Subject: Wilkes Recovery Revolution, Inc. Response to Castro & Company, LLC's Performance Audit of Grant Number IS-20242.

Board Chair

T. Cameron Finley

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Susan Bachmeier

Board Members

Ashley Carlton
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Sincerely,

Devin A. Lyall
CEO/Executive Director

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