



City of Greensboro

Date: September 23, 2009
To: Lillian Plummer, Training and Employment Services Manager
From: Internal Audit Division
Subject: HRD Strategies, Inc. Pre-Award Review

We have completed the Pre-Award Review for HRD Strategies, Inc. HRD Strategies, Inc is a potential contractor for training services with a potential cost of \$19,938, funded out of an award from the American Recovery and Reinvestment Act. Mike Lovett, President and CEO of HRD Strategies, Inc, provided us with the Adjusted Trial Balance and Tax Returns for 2007 and 2008, as prepared by Gilliam Coble & Moser, LLC. Upon review, we have the following concerns.

- Net Loss for the year ending December 31, 2008.
- Low Net Assets

Net Loss

HRD Strategies, Inc had a net loss for the year ending December 31, 2008. One potential explanation of this loss could be the economic downturn. The company experienced a \$160,249 loss on revenue over the previous year. However, they also had a \$129,000 decrease in expenses, which helped to balance out their loss.

Net Assets

Total net assets for the year ending December 31, 2008 were \$4,242. The combination of low resources and high expenditures in a bad economy could indicate that the company may have a difficult time financially in the present year when revenues are likely to be down again.

These review concerns do not constitute an official audit opinion and were based on un-audited statements from HRD Strategies, Inc. If there are any questions concerning this review or our concerns, please call us at 373-2230.

Kimberly Strickland
Internal Auditor

Len Lucas
Internal Audit Director

cc: Andy Scott, Interim Assistant City Manager for Economic Development
Denise Turner, Assistant City Manager for Communications