

**TAMPA BAY COMMUNITY
DEVELOPMENT CORPORATION**

Financial Statements

and

**Reports as Required by the
Comptroller General of the United States and
the Auditor General of the State of Florida**

March 31, 2011

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September 28, 2011

INDEPENDENT AUDITORS' REPORT

To The Board of Directors of
Tampa Bay Community Development Corporation

We have audited the accompanying balance sheet of Tampa Bay Community Development Corporation (a non-profit corporation) as of March 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended March 31, 2010 is presented for comparative purposes only and was extracted from the financial statements presented for that year, on which an unqualified opinion dated September 8, 2010 was expressed.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about the valuation of the Organization's limited liability company investment, the financial statements referred to above present fairly, in all material respects, the financial position of Tampa Bay Community Development Corporation as of March 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2011, on our consideration of Tampa Bay Community Development Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Tampa Bay Community Development Corporation taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Rules of the Auditor General, State of Florida, Chapter 10.650, *Florida Single Audit Act-Audits of Nonprofit and For-profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic statements taken as a whole.

Hanson, Hetterich and Fenlon, P.A.
HANSON, HETTERICH AND FENLON, P.A.
Certified Public Accountants

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION
BALANCE SHEET
MARCH 31, 2011

With Comparative Totals for 2010

EXHIBIT A

	OPERATING FUND	PROPERTY AND EQUIPMENT FUND	PASCO COUNTY PROJECTS FUND	HOUSING DEVELOPMENT FUND	PINELLAS COUNTY PROJECTS FUND	FORECLOSURE PREVENTION PROGRAM FUND	2011 TOTAL (MEMO)	2010 TOTAL (MEMO)
ASSETS								
Current Assets:								
Cash	\$ 419,969	\$ -	\$ 47,536	\$ 320,671	\$ 1,255	\$ 577,296	\$ 1,366,727	\$ 938,408
Certificates of Deposit	-	-	-	-	-	-	-	500,000
Investments	-	-	-	499,581	-	-	499,581	-
Grants receivable	83,626	-	-	-	-	-	83,626	75,112
Due from other funds	-	-	-	-	-	-	-	-
Inventory (note 3)	-	-	11,278,158	317,096	-	-	11,595,254	8,575,453
Mortgages and notes receivable (note 4)	-	-	-	2,714	-	-	2,714	2,368
SHIP/HOME costs receivable	48,398	-	-	-	-	-	48,398	324,310
Processing fees receivable	5,200	-	-	-	-	-	5,200	32,200
Other receivables	4,500	-	-	29,341	-	-	33,841	21,600
Deposits and other assets	7,912	-	-	-	-	-	7,912	5,578
Total current assets	<u>569,605</u>	<u>-</u>	<u>11,325,694</u>	<u>1,169,403</u>	<u>1,255</u>	<u>577,296</u>	<u>13,643,253</u>	<u>10,475,029</u>
Mortgages and Notes Receivable (note 4)	25,000	-	-	152,952	-	-	177,952	172,937
Due from other funds	-	-	-	235,000	-	-	235,000	185,000
Land, Building, Furniture and Equipment								
Land	-	87,500	-	-	-	-	87,500	87,500
Building and improvements	-	305,737	-	-	-	-	305,737	305,737
Furniture	-	17,108	-	-	-	-	17,108	17,108
Equipment	-	24,458	-	-	-	-	24,458	18,491
	-	<u>434,803</u>	-	-	-	-	<u>434,803</u>	<u>428,836</u>
Less: Accumulated depreciation	-	(139,949)	-	-	-	-	(139,949)	(130,865)
	<u>-</u>	<u>294,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,854</u>	<u>297,971</u>
	<u>\$ 594,605</u>	<u>\$ 294,854</u>	<u>\$ 11,325,694</u>	<u>\$ 1,557,355</u>	<u>\$ 1,255</u>	<u>\$ 577,296</u>	<u>\$ 14,351,059</u>	<u>\$ 11,130,937</u>

See accompanying notes to the financial statements.

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION
BALANCE SHEET
MARCH 31, 2011

With Comparative Totals for 2010

EXHIBIT A - continued

	OPERATING FUND	PROPERTY AND EQUIPMENT FUND	PASCO COUNTY PROJECTS FUND	HOUSING DEVELOPMENT FUND	PINELLAS COUNTY PROJECTS FUND	FORECLOSURE PREVENTION PROGRAM FUND	2011 TOTAL (MEMO)	2010 TOTAL (MEMO)
Current Liabilities:								
Accounts payable and accrued liabilities	\$ 8,244		\$ -	\$ -	\$ -	\$ 7,603	\$ 15,847	\$ 4,615
Deposits	5,400	-	-	1,098	-	-	6,498	6,184
Notes payable - current portion (note 5)	-	25,784	10,040,645	-	-	-	10,066,429	6,977,472
Due to other funds	-	-	-	-	-	-	-	-
Total current liabilities	<u>13,644</u>	<u>25,784</u>	<u>10,040,645</u>	<u>1,098</u>	<u>-</u>	<u>7,603</u>	<u>10,088,774</u>	<u>6,988,271</u>
Notes Payable - less current portion (note 5)	125,000	36,719	1,217,721	-	-	534,272	1,913,712	2,140,019
Due to other funds	165,000		70,000				235,000	185,000
Net Assets								
Unrestricted:								
Property and equipment		232,351					232,351	203,040
Designated for specific purpose	160,417			1,465,673			1,626,090	1,263,859
Undesignated	<u>130,544</u>	<u>-</u>	<u>(2,672)</u>	<u>-</u>	<u>1,255</u>	<u>16,709</u>	<u>145,836</u>	<u>229,197</u>
	290,961	232,351	(2,672)	1,465,673	1,255	16,709	2,004,277	1,696,096
Temporarily restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,584</u>	<u>-</u>	<u>18,712</u>	<u>109,296</u>	<u>121,551</u>
Total net assets	<u>290,961</u>	<u>232,351</u>	<u>(2,672)</u>	<u>1,556,257</u>	<u>1,255</u>	<u>35,421</u>	<u>2,113,573</u>	<u>1,817,647</u>
	<u>\$ 594,605</u>	<u>\$ 294,854</u>	<u>\$ 11,325,694</u>	<u>\$ 1,557,355</u>	<u>\$ 1,255</u>	<u>\$ 577,296</u>	<u>\$ 14,351,059</u>	<u>\$ 11,130,937</u>

See accompanying notes to the financial statements.

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2011
With Comparative Totals for 2010

EXHIBIT B

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2011 TOTAL (MEMO)</u>	<u>2010 TOTAL (MEMO)</u>
Public support and revenue:				
Public support:				
Government grants	\$ 433,512	\$ -	\$ 433,512	\$ 506,840
Contributions	<u>234,300</u>	<u>-</u>	<u>234,300</u>	<u>246,300</u>
Total public support	<u>667,812</u>	<u>-</u>	<u>667,812</u>	<u>753,140</u>
Revenue:				
Sale of real property	3,330,500	-	3,330,500	3,228,800
Cost of property sold	<u>(4,872,819)</u>	<u>-</u>	<u>(4,872,819)</u>	<u>(4,571,495)</u>
Net revenues from sales	(1,542,319)	-	(1,542,319)	(1,342,695)
Rental income	9,650	-	9,650	4,390
Interest income	12,362	19	12,381	18,464
Fee income	337,043	-	337,043	100,154
Forgiveness of debt	1,787,544	-	1,787,544	1,604,154
Other	<u>219</u>	<u>-</u>	<u>219</u>	<u>6,378</u>
Total revenue	<u>604,499</u>	<u>19</u>	<u>604,518</u>	<u>390,845</u>
Net assets released from restriction:				
Satisfaction of program restrictions	<u>12,274</u>	<u>(12,274)</u>	<u>-</u>	<u>-</u>
Total public support and other revenue	<u>1,284,585</u>	<u>(12,255)</u>	<u>1,272,330</u>	<u>1,143,985</u>
Expenses:				
Program expenses	842,048	-	842,048	682,629
General and administrative	123,688	-	123,688	101,584
Fund raising	<u>10,668</u>	<u>-</u>	<u>10,668</u>	<u>12,500</u>
Total expenses	<u>976,404</u>	<u>-</u>	<u>976,404</u>	<u>796,713</u>
Change in net assets	308,181	(12,255)	295,926	347,272
Net assets - beginning of year	<u>1,696,096</u>	<u>121,551</u>	<u>1,817,647</u>	<u>1,470,375</u>
Net assets - end of year	<u>\$ 2,004,277</u>	<u>\$ 109,296</u>	<u>\$ 2,113,573</u>	<u>\$ 1,817,647</u>

See accompanying notes to the financial statements.

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES - UNRESTRICTED
FOR THE YEAR ENDED MARCH 31, 2011
 With Comparative Totals for 2010

EXHIBIT C

	<u>OPERATING FUND</u>	<u>PROPERTY AND EQUIPMENT FUND</u>	<u>PASCO COUNTY PROJECTS FUND</u>	<u>HOUSING DEVELOPMENT FUND</u>	<u>PINELLAS COUNTY FUND</u>	<u>FORECLOSURE PREVENTION PROGRAM FUND</u>	<u>2011 TOTAL (MEMO)</u>	<u>2010 TOTAL (MEMO)</u>
Public support and revenue:								
Public support:								
Government grants	\$ 433,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 433,512	\$ 494,566
Contributions	234,300	-	-	-	-	-	234,300	246,300
Total public support	<u>667,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>667,812</u>	<u>740,866</u>
Revenue:								
Sale of real property	-	-	3,330,500	-	-	-	3,330,500	3,228,800
Cost of property sold	-	-	(4,872,819)	-	-	-	(4,872,819)	(4,571,495)
Net revenues from sales	-	-	(1,542,319)	-	-	-	(1,542,319)	(1,342,695)
Rental income	-	-	-	9,650	-	-	9,650	4,390
Interest income	469	-	-	3,511	2	8,380	12,362	18,448
Fee income	27,043	-	310,000	-	-	-	337,043	100,154
Forgiveness of debt	-	-	1,787,544	-	-	-	1,787,544	1,604,154
Other	-	-	-	219	-	-	219	6,378
Total revenue	<u>27,512</u>	<u>-</u>	<u>555,225</u>	<u>13,380</u>	<u>2</u>	<u>8,380</u>	<u>604,499</u>	<u>390,829</u>
Net assets released from restrictions:								
Satisfaction of program restrictions	12,274	-	-	-	-	-	12,274	25,441
Total public support and other revenue	<u>707,598</u>	<u>-</u>	<u>555,225</u>	<u>13,380</u>	<u>2</u>	<u>8,380</u>	<u>1,284,585</u>	<u>1,157,136</u>
Expenses:								
Program expenses	823,599	11,330	-	7,119	-	-	842,048	682,629
General and administrative	110,740	2,408	510	30	-	10,000	123,688	101,584
Fund raising	10,243	425	-	-	-	-	10,668	12,500
Total expenses	<u>944,582</u>	<u>14,163</u>	<u>510</u>	<u>7,149</u>	<u>-</u>	<u>10,000</u>	<u>976,404</u>	<u>796,713</u>
Excess (deficiency) of support and revenue over expenses	(236,984)	(14,163)	554,715	6,231	2	(1,620)	308,181	360,423
Inter-fund transfers:								
Reimbursement of administration expenses	244,000	-	-	(244,000)	-	-	-	-
Mortgage principal payments	(32,428)	32,428	-	-	-	-	-	-
Purchase of furniture, fixtures and equipment	(11,046)	11,046	-	-	-	-	-	-
Other transfers	-	-	(585,000)	585,000	-	-	-	-
Change in net assets	(36,458)	29,311	(30,285)	347,231	2	(1,620)	308,181	360,423
Net assets - beginning of year	<u>327,419</u>	<u>203,040</u>	<u>27,613</u>	<u>1,118,442</u>	<u>1,253</u>	<u>18,329</u>	<u>1,696,096</u>	<u>1,335,673</u>
Net assets - end of year	<u>\$ 290,961</u>	<u>\$ 232,351</u>	<u>\$ (2,672)</u>	<u>\$ 1,465,673</u>	<u>\$ 1,255</u>	<u>\$ 16,709</u>	<u>\$ 2,004,277</u>	<u>\$ 1,696,096</u>

See accompanying notes to the financial statements.

**TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES - TEMPORARILY RESTRICTED
FOR THE YEAR ENDED MARCH 31, 2011**

With Comparative Totals for 2010

EXHIBIT D

	OPERATING FUND	HOUSING DEVELOPMENT FUND	FORECLOSURE PREVENTION PROGRAM FUND	2011 TOTAL (MEMO)	2010 TOTAL (MEMO)
Public support and revenue:					
Public support:					
Government grants	\$ -	\$ -	\$ -	\$ -	\$ 12,274
Contributions	-	-	-	-	-
Total public support	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,274</u>
Revenue:				-	
Interest income	-	-	19	19	16
Forgiveness of debt	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>19</u>	<u>19</u>	<u>16</u>
Net assets released from restriction:					
Satisfaction of program restrictions	(12,274)	-	-	-	(25,441)
	<u>(12,274)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,441)</u>
Change in net assets	(12,274)	-	19	(12,255)	(13,151)
Net assets - beginning of year	<u>12,274</u>	<u>90,584</u>	<u>18,693</u>	<u>121,551</u>	<u>134,702</u>
Net assets - end of year	<u>\$ -</u>	<u>\$ 90,584</u>	<u>\$ 18,712</u>	<u>\$ 109,296</u>	<u>\$ 121,551</u>

See accompanying notes to the financial statements.

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2011
With Comparative Totals for 2010

EXHIBIT E

	<u>2011</u> <u>TOTAL</u>	<u>2010</u> <u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 295,926	\$ 347,272
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	14,263	12,890
Forgiveness of debt	(1,787,544)	(1,604,154)
Change in assets		
(Increase) decrease in:		
Grant receivables	(8,514)	(1,312)
Inventory	(3,019,801)	(2,669,991)
SHIP/HOME costs receivable	275,912	42,677
Processing fees receivable	27,000	(11,600)
Other receivables	(12,241)	(5,300)
Deposits and other assets	(2,434)	403
Change in liabilities		
Increase (decrease) in:		
Accounts payable	11,232	4,615
Deposits	314	(110)
Net Cash Used In Operating Activities	<u>(4,205,887)</u>	<u>(3,884,610)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on line of credit and notes payable	(4,627,066)	(3,455,987)
Proceeds from lines of credit and notes payable	9,277,260	7,712,256
Net Cash Provided By Financing Activities	<u>4,650,194</u>	<u>4,256,269</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Maturity (purchase) of certificates of deposit	500,000	-
Decrease (increase) in Mortgages and notes receivable	(5,361)	(21,200)
Purchase of furniture and equipment	(11,046)	(6,524)
Maturity (purchase) of U.S. Treasury Bills	(499,581)	159,735
Net Cash (Used In) Provided By Investing Activities	<u>(15,988)</u>	<u>132,011</u>
Net Increase In Cash	428,319	503,670
Cash - Beginning of Year	<u>938,408</u>	<u>434,738</u>
Cash - End of Year	<u>\$ 1,366,727</u>	<u>\$ 938,408</u>

See accompanying notes to the financial statements.

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2011
With Comparative Totals for 2010

EXHIBIT F

	<u>Program</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>2011 Total (Memo)</u>	<u>2010 Total (Memo)</u>
Salaries	\$ 411,806	\$ 53,518	\$ 7,043	\$ 472,367	\$ 365,647
Payroll taxes	42,223	5,487	722	48,432	30,169
Employee benefits	<u>53,788</u>	<u>6,990</u>	<u>919</u>	<u>61,697</u>	<u>49,491</u>
 Total salaries and related expenses	 507,817	 65,995	 8,684	 582,496	 445,307
Amortization - loan cost	-	100	-	100	100
Bad debts	1,866	-	-	1,866	-
Bank charges	-	694	-	694	291
Board expenses	34	6	-	40	68
Bookkeeping	31,025	5,475	-	36,500	31,999
Contract services	159,711	-	-	159,711	144,695
Credit reports	8,979	-	-	8,979	6,950
Dues and subscriptions	353	33	4	390	625
Equipment rental	6,136	525	69	6,730	6,987
Insurance	5,280	2,599	244	8,123	5,035
Interest expense	-	18,989	-	18,989	23,117
Licenses and permits	-	581	-	581	345
Miscellaneous	841	-	-	841	-
Mileage	16,075	1,784	235	18,094	9,960
Office expense	31,923	3,740	492	36,155	28,046
Postage	2,591	269	36	2,896	2,870
Printing	5,279	634	83	5,996	8,256
Professional fees	860	16,840	-	17,700	14,920
Rental - satellite offices	11,600	-	-	11,600	-
Repairs	6,263	809	106	7,178	11,967
Seminars and training	5,746	-	-	5,746	4,106
Telephone	12,682	821	108	13,611	9,587
Utilities - office	11,265	1,386	182	12,833	11,395
Website	-	-	-	-	6,473
Property costs:					
Insurance	1,407	-	-	1,407	2,915
Lawn care	1,150	-	-	1,150	2,150
Taxes	282	-	-	282	277
Repairs and maintenance	1,431	-	-	1,431	4,152
Utilities	<u>122</u>	<u>-</u>	<u>-</u>	<u>122</u>	<u>1,330</u>
	830,718	121,280	10,243	962,241	783,923
 Depreciation	 <u>11,330</u>	 <u>2,408</u>	 <u>425</u>	 <u>14,163</u>	 <u>12,790</u>
 Total expenses	 <u>\$ 842,048</u>	 <u>\$ 123,688</u>	 <u>\$ 10,668</u>	 <u>\$ 976,404</u>	 <u>\$ 796,713</u>

See accompanying notes to the financial statements.

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

(1) DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Tampa Bay Community Development Corporation (TBCDC) was incorporated on December 8, 1982 as Clearwater Neighborhood Development Corporation, for the purpose of helping to alleviate the blighted conditions of certain residential neighborhoods within the City of Clearwater, Florida. On September 9, 1988, the Corporation changed its name to Tampa Bay Community Development Corporation. At that time, the Articles, Charter, and By-Laws of the Corporation were amended to extend the scope of service to Pinellas and Hillsborough Counties. TBCDC has since extended its scope of service to Pasco County. TBCDC acquires, rehabilitates, and sells these properties to poor, distressed or otherwise underprivileged individuals and families who do not currently own residential properties. It assists purchasers with obtaining financing and by providing low-interest loans to cover the down payment and closing costs. TBCDC also operates foreclosure prevention programs to provide short-term loans and counseling to eligible low-income homeowners threatened with foreclosure.

TBCDC has entered into agreements with Pinellas County, Florida, Pasco County, Florida, the City of St. Petersburg, Florida, the City of Largo, Florida, the City of Clearwater, Florida, and the U.S. Department of Housing and Urban Development to carry out activities in connection with the Home Ownership Opportunity Program, Home Buyers' Assistance Program, and the Home Buyers Club Program. These programs are funded with federal financial assistance under Title I of the Housing and Community Development Act of 1974, as amended and state financial assistance under the State of Florida State Housing Initiatives Partnership. The purpose of the programs is to provide decent, affordable housing to low and moderate-income families. TBCDC is a United States Department of Housing and Urban Development approved housing counseling agency.

In September 2010, Tampa Bay CDC became a Chartered Member of NeighborWorks® America, a federally funded non-profit organization. TBCDC, a NeighborWorks® Organization (NWO) offers a continuum of strategies to ensure successful sustainable homeownership for low and moderate income families.

In early 2011, Tampa Bay CDC entered into an agreement with Fannie Mae to operate a Mortgage Help Center (MHC) to assist Fannie Mae clients who are experiencing the possible loss of their home through foreclosure. TBCDC analyzes the clients' situation in order to determine if a positive resolution is possible.

Significant Accounting Policies

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Fund Accounting - To ensure observance of limitations and restrictions placed on the use of resources available, TBCDC reports its accounts in accordance with the principles of fund accounting. This is the procedure by which resources are classified for financial reporting purposes into funds established according to their nature and purposes.

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

(1) DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- CONTINUED

Significant Accounting Policies - continued

Property and Equipment – It is TBCDC 's policy to capitalize property and equipment over \$ 500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated using the straight-line method over the estimated useful life of the respective asset. Residential housing units owned by TBCDC are reported as inventory because they are held for the purpose of rehabilitation and resale.

Receivables – The grants, processing fees, SHIP/HOME and other receivables reported on the accompanying balance sheet, represent amounts owed by various government and not-for profit entities. Based on its previous experience, TBCDC anticipates that these amounts will be collected in full. Accordingly, an allowance for uncollectible amounts has not be established.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. In-kind contributions are recorded at fair market value at the date of receipt and are reported as public support in the financial statements.

Donated Services - The value of donated services that require specialized skills that would have been purchased if not donated are reflected in the accompanying financial statements. These recorded donated services consisted of the following:

Auditing services	\$ <u>5,500</u>
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In addition, a number of other volunteers have donated significant amounts of time to TBCDC's operations, but these services do not meet the criteria for recognition on the financial statements.

Income Taxes - TBCDC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal or state income tax.

Functional Allocation of Expenses - The costs related to the administration of TBCDC 's programs have been detailed in the statement of functional expenses, and are summarized on a functional basis in the statement of activities. Management and general expenses represent indirect costs of administering these programs.

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Evaluation of Subsequent Events - Management has evaluated subsequent events through September 28, 2011 the date the financial statements were available to be issued.

Comparative Totals – Memorandum totals for the year ended March 31, 2010 are presented for comparative purposes only and were extracted from financial statements for that year.

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

(2) INVESTMENTS

Tampa Bay Community Development Corporation historically invests in U.S. Treasury Bills. These short-term securities are recorded at cost, which approximates fair value, on the accompanying financial statement. U.S. Treasury Bills are purchased at a discount. TBCDC records the difference between the discounted cost and the amount received on maturity as interest income when received.

(3) INVENTORY

Inventory includes acquisition and rehabilitation costs of residential housing units. Donated properties are recorded at fair value as of donation date. The costs associated with maintaining property in inventory including insurance, utilities, repairs, and taxes are recorded as current period expenses, once rehabilitation is complete. Grant and government provisions require that units be sold to qualified low or moderate-income families for approximately appraisal value. Gains or losses on the subsequent sale of inventory are program related revenues or expenses and are recognized in the year of sale.

As the result of the real estate market decline, the carrying value of inventory in the Housing Development Fund includes an inventory value impairment reduction of \$6,241. Management believes this reduces inventory to approximate market based on recent appraisal, current sales list price and subsequent sales. No estimate can be made of the range of additional loss that is at least reasonably possible.

Inventory held in the Pasco Project Fund has not been adjusted for the market decline, since Pasco County has guaranteed to forgive any mortgage payable deficiency related to these properties.

(4) MORTGAGES AND NOTES RECEIVABLE

TBCDC provides financing secured by mortgages from Home Ownership Opportunity and Home Buyers' Assistance Program funds to qualifying homebuyers. Payment terms vary and include immediate amortization, five-year deferments with no interest accrual during deferment period unless property is sold, and deferments until property is sold. TBCDC also provides homeowner foreclosure prevention loans. These homeowner loans bear interest at five percent per annum and have a maximum term of twenty-four months.

In the event of default, the note receivable balance is written off as bad debt in the year the default occurs. Based on prior history the amount of uncollectible notes receivables has been immaterial and accordingly, no allowance for future bad debts has been established.

(5) MORTGAGES AND NOTES PAYABLE

A summary of notes and mortgage notes payable consist of the following as of March 31, 2011:

7.620% note, from a bank dated February 25, 1999, secured by a mortgage on an office building located at N.E. Coachman Road, Clearwater, Florida, repayable in monthly payments of \$ 2,802, including interest, through February, 2014. \$ 62,502

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

(5) MORTGAGES AND NOTES PAYABLE –continued

Deferred payment interest free note from Pasco County dated November 30, 2005, secured by a second mortgage on land together with improvements and appurtenances located on 21st Street, Dade City, Florida. The loan is for the purchase of land and building of single-family residences. Principal shall be paid November 1, 2011 or as lots are sold whichever is first after the first mortgage is satisfied. In the event the allocated loan amount exceeds the remaining sale proceeds on any specific sale, Pasco County has guaranteed TBCDC it will forgive the debt related to the shortfall. 1,037,815

Interest free note from the City of St. Petersburg (City), dated August 13, 2001, to provide funds for TBCDC's foreclosure prevention program. City shall pay maximum of \$20,000 to fund Foreclosure Prevention loans for City of St. Petersburg residents. All repayments received from Foreclosure Prevention loans and interest earned thereon will remain in the revolving loan fund to be available for future loans. Any loan losses that occur due to default by the resident/client are lost to the revolving credit fund and TBCDC shall be held harmless. No payments to City for defaulted loans will be required. If the foreclosure prevention program is terminated, all unexpended funds will be remitted to the City and the note will be considered canceled. Proceeds of the note are required to be held in a separate interest bearing account until utilized. 5,657

Interest free note from the Housing Finance Authority of Pinellas County, Florida (Authority), dated June 4, 1999, to provide funds for TBCDC's foreclosure prevention program. Principal may be paid in whole or part at any time without interest or penalty. All repayments received from Foreclosure Prevention loans and interest earned thereon will remain in the revolving loan fund to be available for future loans. Any loan losses that occur due to default by the resident/client are lost to the revolving credit fund and TBCDC shall be held harmless. No payments to Authority for defaulted loans will be required. If the foreclosure prevention program is terminated, all unexpended funds will be remitted to the Authority and the note will be considered canceled. Proceeds of the note are required to be held in a separate interest bearing account until utilized. 28,616

Promissory notes from Neighborhood Lending Partners of West Florida, Inc., various dates, secured by individual mortgages on single-family residence being rehabilitated by TBCDC in Pasco County, Florida. The principal will accrue interest at a rate of 6% per annum. Interest only is payable monthly on the outstanding principal balance through maturity. Principal shall be repaid at the earlier of: a) six months after note date or b) upon the sale of secured property. In the event the loan amount exceeds the net sale proceeds on any specific sale, Pasco County has guaranteed TBCDC it will reimbursement any shortfall. 1,557,159

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

(5) MORTGAGES AND NOTES PAYABLE –continued

Deferred payment notes from Pasco County, secured by mortgages on land together with improvements and appurtenances located in Pasco County, Florida. The loans are for the purchase and rehabilitation of single-family residences. Payment of the principal is deferred for one year or until property is sold, whichever is first and interest does not accrue during the deferment period. If the property is subsequently rented, the loan will become a 20-year payback loan, with interest accruing at a rate of 6% or 5% above the prime rate (as defined by Federal Reserve Bank), whichever is more. In the event the outstanding loan amount exceeds the sale proceeds, Pasco County has guaranteed TBCDC it will forgive the debt related to the shortfall. 7,445,671

Promissory note from JP Morgan Chase (formerly Washington Mutual, Inc.), dated December 21, 2007, interest only payable quarterly, and principal due upon maturity. Interest rate is 2.0% per annum year three through maturity. Original note matures December 21, 2014 and TBCDC has three extension options for an additional year. The loan is for the purpose of funding a foreclosure prevention and revolving loan fund program to exclusively assist JP Morgan Chase's residential first mortgage customers residing in Pinellas, Pasco or Hillsborough Counties. Commencing in year two TBCDC is required to maintain a loan loss reserve of five percent of the total amount outstanding. Proceeds of the note are held in a separate interest bearing account or certificates of deposit until utilized. 500,000

Promissory note from Florida Community Loan Fund dated December 17, 2008, secured by individual mortgages on single-family residential lots being developed by TBCDC in the Dade City area of Pasco County, Florida. The loan is approved for up to \$1,666,667. The principal will accrue interest at a rate of 6.165% per annum. Interest only will be payable on the outstanding principal balance commencing January 31, 2009, and continuing on the last day of each succeeding month until maturity. Principal shall be repaid the earlier of December 2011 or upon sale of underlying property. Pasco County has agreed to pay the interest on TBCDC's behalf. 1,217,721

Revolving line of credit from Housing Finance Authority of Pinellas County, Florida dated November 2, 2007, to establish working capital to fund loans under TBCDC's down payment and closing cost assistance program for eligible Pinellas County homeowners. Advances may be requested as needed provided maximum amount outstanding shall not exceed \$200,000. Interest only is payable monthly at an initial annual rate of 3% per annum. The interest rate is subject to adjustment on an annual basis by mutual agreement. If parties are unable to mutually agree on successive annual interest rates, principal will be repayable in full upon thirty days of written notice. Payment of the principal amount is due upon termination of the agreement. TBCDC agrees to maintain all funds advanced in a separate bank account along with the reimbursement of the loans funded from of the proceeds of this note. 100,000

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

(5) MORTGAGES AND NOTES PAYABLE –continued

Interest free advance from First Nationwide mortgage received in 1997 to create a loan fund to provide zero interest loans to cover downpayment costs, closing costs and homeownership counseling for homebuyers with incomes below 50% of the area median income. Principal repayment is deferred as long as TBCDC continues to administer the loan fund.

	25,000
	11,980,141
Less principal due within one year	(10,066,429)
	\$ 1,913,712

Annual maturities on the long-term debt, for the five years following March 31, 2011:

Year Ending March 31:	
2012	\$ 10,066,249
2013	1,345,177
2014	9,262
2015	500,000
2016	--

The above maturities do not include amounts that would be due in the event of default on the government notes or the sale of secured property.

(6) GOVERNMENT GRANTS AND FUNDING

During the fiscal year ended March 31, 2011, TBCDC was a direct recipient and sub-recipient of U.S. Department of Housing and Urban Development grants. The sub-recipient agreements were signed with the City of Largo, Florida, the primary recipient, to provide funds to TBCDC. The funds will be used to pay TBCDC for general administration, and for the actual costs associated with its Home Buyers Club, foreclosure prevention and homeowner education programs.

TBCDC also entered into funding agreements with Pinellas County, Florida, the City of Clearwater, Florida, the City of St. Petersburg, Florida, and the City of Largo, Florida to be a sub-recipient of State of Florida Housing Initiatives Partnership Program (SHIP) funds.

Federal grants	\$ 256,572
State of Florida grants	154,030
Other grants	22,910
	\$ 433,512

All of the governmental entities provide the funds as expenses are incurred and after receipt of supporting documentation.

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

(7) TEMPORARILY RESTRICTED ASSETS

Temporarily restricted net assets at March 31, 2011 are available for the following purposes:

Foreclosure prevention assistance	\$ 18,712
Acquisition and rehabilitation of residential property for sale to qualified low income families	<u>90,584</u>
	<u>\$ 109,296</u>

(8) COMMITMENTS AND CONTINGENCIES

TBCDC receives a substantial amount of support from government grants. A significant reduction in the level of this support, if this were to occur, would likely have a negative effect on TBCDC's programs and activities. The governmental grant agreements require the fulfillment of certain conditions. Failure to fulfill the conditions could result in the termination of the agreement and the return of funds to the grantor.

(9) CASH DEPOSITS

TBCDC's March 31, 2011 cash balances included \$1,137,013 maintained in various accounts at three financial institutions. These amounts exceed the Federal Deposit Insurance coverage by \$387,013, but the associated risk is minimized by the financial institutions' perceived stability.

(10) STATEMENT OF CASH FLOWS

For the purpose of the statement of cash flows, TBCDC's definition of cash includes demand deposit accounts at financial institutions and certificates of deposit with an original maturity period of under three months.

Supplementary cash flow information for the year ended March 31, 2011:

Interest Paid	
Operations (expensed)	\$ <u>23,117</u>
Inventory acquisition and rehabilitation (capitalized)	\$ <u>128,038</u>
Income Tax Paid	\$ <u>- 0 -</u>
Non- Cash Activity	
Contributed services	\$ <u>5,500</u>

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2011

(11) RETIREMENT PLAN CONTRIBUTIONS

TBCDC contributes four percent of an employee's salary to a tax deferred compensation plan once an employee completes 2080 hours of continuous employment with TBCDC. Employees have the option of contributing a portion of their salary to the plan. TBCDC's contribution to the tax deferred compensation plan for the year ended March 31, 2011 was \$12,309 and is included in the employee benefits expenses reported on the accompanying statement of functional expenses.

(12) LIMITED LIABILITY COMPANY

TBCDC is the sole member of 1409 Alpine Rd, LLC. During the year ended March 31, 2011, the initial member deeded its sixty-five percent interest to TBCDC. The LLC purchased four units in the Alpine Condominium Project to build out, rehab and offer for resale. TBCDC has an outstanding loan receivable from the LLC of \$14,341 as of March 31, 2011.

The LLC's financial position and results of its operations as of and for the year ended March 31, 2011 are summarized as follows:

Total assets	\$	487,325
Total liabilities	\$	508,820
Total retained earnings	\$	(21,495)
Net income	\$	3,511

The above financial information is derived from the LLC's unaudited financial statements, which reports the property inventory at cost. The LLC has been unable to sell the units in the current housing market and management believes the eventual sales proceeds will be insufficient to cover the outstanding debt obligation. The units are currently being rented or available for rent in an effort to cover carrying costs. An individual had originally guaranteed the LLC that he would cover any deficiency, but the guarantee has been withdrawn. An estimate of the deficiency amount or the ultimate resolution of any deficiency is not presently determinable. The accompanying financial statements have not been consolidated to report the LLC activity.

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION
Clearwater, Florida

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended March 31, 2011

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA State CSFA Number</u>	<u>Expenditures</u>
Federal		
<u>Loans</u>		
U.S. Department of Housing and Urban Development		
<i>Passed through Pasco County:</i>		
HOME Investment Partnerships Program	14.239	\$ 579,681
Community Development Block Grant		
Neighborhood Stabilization Program	14.218	6,002,001
Neighborhood Stabilization Program 2	14.256	6,300,194
<u>Grants</u>		
U.S. Department of Treasury		
Congressional Appropriation		
Neighborhood Reinvestment Corporation		
NeighborWorks America		
<i>Passed through Florida Housing Finance Corporation: (A component unit of the State of Florida)</i>		
National Foreclosure Mitigation Counseling Program	21.000	184,261
U.S. Department of Housing and Urban Development		
Housing Counseling Program	14.169	60,211
<i>Passed through City of Largo:</i>		
Community Development Block Grant	14.218	<u>12,100</u>
Total expenditures of federal awards		<u>\$ 13,138,448</u>
State of Florida		
<u>Loans</u>		
<i>Passed through Pasco County:</i>		
State Housing Initiatives Partnership Program	52.901	\$ 1,320,677
<u>Grants</u>		
<i>Passed through Pinellas County, Cities of Largo, Clearwater and St. Petersburg:</i>		
State Housing Initiatives Partnership Program	52.901	<u>154,030</u>
Total expenditures of state financial assistance		<u>\$ 1,474,707</u>

See accompanying notes to schedule of expenditures of federal awards and state financial assistance

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

March 31, 2011

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant and loan activity of Tampa Bay Community Development Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with accounting principles generally accepted in the United States of America as applicable to non-profit organizations and the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Chapter 691-5, Rules of the Florida Department of Financial Services, Florida Administrative Code, *Schedule of Expenditures of State Financial Assistance*.

Note 2 – Contingencies

Expenses incurred by Tampa Bay Community Development Corporation are subject to audit and possible disallowance by the grantor agencies. Management believes that if audited, any adjustment for disallowed expenses would be favorably resolved.

Note 3 - Loans

Loan amounts reported as expenditures on the accompanying schedule include the March 31, 2010 loan balances as well as loan proceeds received during the year ended March 31, 2011. The U.S. Department of Housing and Urban Development and State Housing Initiatives Partnership Programs restrict the sale of residences financed by the loans to eligible homebuyers.

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS**

March 31, 2011

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Tampa Bay Community Development Corporation.
2. No significant deficiencies in internal control were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of Tampa Bay Community Development Corporation were disclosed during the audit.
4. No significant deficiencies relating to the audit of a major Federal program or State project is reported in the Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program or Project and on Internal Control Over Compliance in Accordance with OMB A-133 and Chapter 650, Rules of the Auditor General.
5. The auditors' report on compliance for the major Federal program and State project for Tampa Bay Community Development Corporation, expresses an unqualified opinion.
6. Our audit disclosed no findings required related to Federal programs under section 510(a) of OMB Circular A-133 or did our audit disclose any findings related to State projects required to be disclosed under Chapter 10.656.
7. The project tested as a major project was as follows:

Federal Program

Federal CFDA No.

Community Development Block Grant
Neighborhood Stabilization Program 2

14.256

State Project

State CSFA No.

State Housing Initiatives Partnership Program

52-901

8. The threshold for distinguishing Type A and B programs/projects was \$300,000 for major Federal programs and \$300,000 for major State projects.
9. Tampa Bay Community Development Corporation was determined to be a low-risk audit pursuant OMB Circular A-133.

TAMPA BAY COMMUNITY DEVELOPMENT CORPORATION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS**

March 31, 2011

**B. FINDINGS and QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AND STATE
PROJECT**

No reported findings or questioned costs.

C. OTHER ISSUES

A separate management letter was not issued.



Hanson, Hetterich and Fenlon, P.A.

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September 28, 2011

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Board of Directors
Tampa Bay Community Development Corporation

We have audited the financial statements of Tampa Bay Community Development Corporation (a non-profit corporation) as of and for the year ended March 31, 2011 and have issued our report thereon dated September 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Tampa Bay Community Development Corporation's internal control over financial reporting in order to determine our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tampa Bay Community Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Tampa Bay Community Development Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or, combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or, combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tampa Bay Community Development Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and applicable governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

Hanson, Hetterich and Fenlon, P.A.

HANSON, HETTERICH AND FENLON, P.A.

Certified Public Accountants



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September 28, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133 AND CHAPTER 10.650 RULES OF THE AUDITOR GENERAL**

To The Board of Directors of
Tampa Bay Community Development Corporation

Compliance

We have audited the compliance of Tampa Bay Community Development Corporation with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that are applicable to each of its major Federal programs and State projects for the year ended March 31, 2011. Tampa Bay Community Development Corporation's major Federal programs and State projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its each of major Federal programs and State projects is the responsibility of Tampa Bay Community Development Corporation's management. Our responsibility is to express an opinion on the Tampa Bay Community Development Corporation's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the Tampa Bay Community Development Corporation's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Tampa Bay Community Development Corporation's compliance with those requirements.

In our opinion, the Tampa Bay Community Development Corporation complied, in all material respects, with the requirements referred to above that are applicable to its major federal program and state project for the year ended March 31, 2011.

Internal Control Over Compliance


The management of the Tampa Bay Community Development Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs or State projects. In planning and performing our audit, we considered the Tampa Bay Community Development Corporation's internal control over compliance with requirements that could have a direct and material effect on a major Federal program or State project to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tampa Bay Community Development Corporation's internal control over compliance.

A control deficiency in an entity's compliance over internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. A significant deficiency is a control deficiency or, combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program or State project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or, combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, other within the entity, and applicable governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.


HANSON, HETTERICH AND FENLON, P.A.
Certified Public Accountants