

UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

LEONARD D. MARSOCCHI, CPA, PA

UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.  
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**FINANCIAL STATEMENTS**

**LEONARD D. MARSOCCHI, CPA, PA**

**LEONARD D. MARSOCCI, CPA, PA**  
CERTIFIED PUBLIC ACCOUNTANT

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Board of Directors  
**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**

**INDEPENDENT AUDITOR'S REPORT**

I have audited the accompanying statement of financial position of **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.** (a nonprofit organization) as of **September 30, 2012**, and the related statement of activities and changes in net assets, statement of functional expenses and statement of cash flows for the **year** then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with general accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.** as of **September 30, 2012**, 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*, I have also issued my report dated **January 9, 2013** on my consideration of **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 my audit.

Leonard D. Marsocci, CPA, PA  
Tampa, Florida

January 9, 2013

(1)  
**Member**  
★ ★

Florida Institute of Certified Public Accountants  
New York State Society of Certified Public Accountants  
American Institute of Certified Public Accountants

**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2012**

**ASSETS**

**CURRENT ASSETS:**

Cash and Cash Equivalents	\$2,361,700
Grants Receivables	744,118
Pledges Receivable	5,025
Prepaid Assets	44,377
Total Current Assets	<u>\$3,155,220</u>
Property, Plant and Equipment, net	3,808,422
Other Assets	4,905
	<u>                    </u>
Total Assets	<u><u>\$6,968,547</u></u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable and Accrued Expenses	\$463,833
Total Current Liabilities	<u>463,833</u>

**LONG-TERM LIABILITIES**

Golden Glade Mortgage	\$1,470,000
Total Long-Term Liabilities	<u>1,470,000</u>

Total Liabilities	\$1,933,833
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**NET ASSETS**

Unrestricted, Undesignated	4,994,047
Temporarily Restricted	40,667
Permanently Restricted	0
Total Net Assets	<u>5,034,714</u>

Total Liabilities and Net Assets	<u><u>\$6,968,547</u></u>
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See Accompanying Notes to Financial Statements

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**LEONARD D. MARSOCCI, CPA, PA**

**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>				
Contributions	\$136,327	\$40,667	\$0	\$176,994
Contributed Services and In Kind	609,229	0	0	609,229
Government Grants Revenue	4,375,752	0	0	4,375,752
Other Program Services	1,096,001	0	0	1,096,001
Affordable Housing Operating Revenue	595,120	0	0	595,120
Net Investment Income	8,023	0	0	8,023
Other Revenue	16,745	0	0	16,745
Released from Restriction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support and Revenue	6,837,197	40,667	0	6,877,864
<b>EXPENSES</b>				
Other Program Expenses	\$5,060,396	\$0	\$0	\$5,060,396
Affordable Housing	<u>784,715</u>	<u>0</u>	<u>0</u>	<u>784,715</u>
Total Program Expenses	5,845,111	0	0	5,845,111
Fundraising	\$211,723	\$0	\$0	\$211,723
Support Services	<u>1,536,626</u>	<u>0</u>	<u>0</u>	<u>1,536,626</u>
Total Expenses	<u>7,593,460</u>	<u>0</u>	<u>0</u>	<u>7,593,460</u>
<b>INCREASE (DECREASE ) IN NET ASSETS</b>	(756,263)	40,667	0	(715,596)
Net Assets - Beginning of Year	<u>\$5,750,310</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,750,310</u>
<b>NET ASSETS - END OF THE YEAR</b>	<u><u>\$4,994,047</u></u>	<u><u>\$40,667</u></u>	<u><u>\$0</u></u>	<u><u>\$5,034,714</u></u>

See Accompanying Notes to Financial Statements

**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Program Expenses</u>			Support Services	Total Expenses
	<u>Program Services</u>	<u>Affordable Housing</u>	<u>Fundraising</u>		
Prodigy - contract services	\$ 2,353,986	\$ -	\$ -	\$ 470	\$ 2,354,456
Personnel	1,069,749	291,483	119,034	365,328	1,845,594
Operating	37,855	126,586	3,943	48,432	216,816
Equipment	20,855	6,138	-	82,743	109,736
Facilities Management	605,093	240,152	2,059	451,244	1,298,548
Public Information	40,309	3,290	62,727	359,985	466,311
Professional Fees	221,298	92,315	4,605	187,438	505,656
Supplies	16,686	1,466	364	18,064	36,580
Activities and Events	666,803	-	18,316	4,454	689,573
Travel	9,435	1,235	675	18,468	29,813
After School Care	18,327	-	-	-	18,327
Interest Expense	-	22,050	-	-	22,050
<b>Total Expenses</b>	<b>\$ 5,060,396</b>	<b>\$ 784,715</b>	<b>\$ 211,723</b>	<b>\$ 1,536,626</b>	<b>\$ 7,593,460</b>

See Accompanying Notes to Financial Statements

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**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ (715,596)
Adjustments to Reconcile Change in Net Assets to net cash provided by (used in) operating activities	
Depreciation	200,558
Forgiveness of Debt	(120,000)
Increase (Decrease in Assets:	
Grants Receivable	101,854
Pledges Receivable	(5,025)
Other Current Assets	(43,577)
Other Assets	0
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	<u>(28,401)</u>
<b>Net cash provided by operating activities</b>	<b>(610,187)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property, plant and equipment	<u>(66,386)</u>
<b>Net cash used in investing activities</b>	<b><u>(66,386)</u></b>

**Net decrease in cash** (676,573)

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 3,038,273

**CASH AND CASH EQUIVALENTS, END OF YEAR** **\$ 2,361,700**

**SUPPLEMENTARY INFORMATION**

Cash Paid for Interest	<u>\$ 44,100</u>
Cash Paid for Income Taxes	<u>\$ -</u>

**NON-CASH INVESTING AND FINANCING ACTIVITIES**

Forgiveness of Debt	<u>\$ 120,000</u>
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See Accompanying Notes to Financial Statements

(5)

**LEONARD D. MARSOCCI, CPA, PA**



**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Purpose**

The University Area Community Development Corporation, Inc. (UACDC) is a 501(c)(3) public/private partnership whose mission is children and family development, crime prevention, and commerce growth. Its primary focus is the redevelopment and sustainability of the at-risk areas surrounding the Tampa campus of the University of South Florida. The UACDC organization was incorporated in 1998, and it is headquartered in the University Area Community Center Complex, owned by Hillsborough County ("the County"), located at 14013 North 22nd Street, Tampa and is an unincorporated area of the County.

Over the past year the UACDC partnered with almost 200 groups and organizations, making a positive difference and providing services to over 10,000 families throughout Florida. Through the support of donors and volunteers, the UACDC continues to foster positive youth development, expand affordable housing and improve services for educational attainment through community outreach and programs. The UACDC continues to shine as a beacon of hope for people in need of opportunities and resources. Because of UACDC, lives have been changed, causing a rippling effect that impacts the people that live in our community and throughout Florida in a positive way. Together we are working to improve the community and make a difference.

**Basis of Accounting**

The financial statements of UACDC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the requirements for not-for-profit organizations. UACDC reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that must be maintained permanently by UACDC. Generally, the donors of such assets permit UACDC to use all or part of the income earned on the assets. There are no permanently restricted net assets as of September 30, 2012.

**Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of UACDC pursuant to those stipulations or that expire by the passage of time.

**Unrestricted net assets** - Net assets that are not subject to donor-imposed stipulations.

**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Contributions**

Contributions, including unconditional promises to give, are recognized as a revenue in the period the contribution is made. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor imposed restrictions, if any, on the contributions.

Revenues are recorded as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets; unless, the use is restricted by explicit donor stipulation or by law, in which case, they are classified as temporarily restricted assets.

Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

**Cash and Cash Equivalents**

UACDC considers all highly liquid investments purchased with original maturity of three months or less to be cash equivalents.

**Grants Receivable**

Grants receivable are stated at the amount management expects to collect. Management periodically assesses the collectability of accounts receivable and, when it is determined that the full amount is not collectible, writes off the portion in question or establishes reserves for outstanding balances in question. No allowance for bad debts was considered necessary at September 30, 2012.

**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Rents Receivable**

Rents receivable are stated at the amount of rental income billed to tenants for space rentals at the University Area Community Center Complex. UACDC expects all rents receivable to be collected and therefore no allowance for bad debt was considered necessary at September 30, 2012.

**Pledges Receivable**

Unconditional promises to give are recognized as revenue in the period the contribution is made. Pledges are recorded in the statement of financial position, net of allowances for amounts estimated to be uncollectible and adjusted for the present value of future cash flows. Conditional promises to give are recognized when the conditions are substantially met. UACDC expects all pledges to be collected in one year and therefore no discount for net present value has been recorded.

**In-Kind and Non-Cash Contributions**

In-kind donation items used by UACDC are recorded as contributions and expenses to the extent that an objective basis is available to measure the value of such assets.

Contributed services are recorded as contributions and expenses at their fair value, to the extent they create or enhance non-financial assets or require specialized skills, are provided by individuals or organizations possessing the skills, and would typically need to be purchased if not provided by donations. Approximately \$184,229 of services and in-kind donations were received and counterpart expenses recorded during the fiscal year ended September 30, 2012.

A substantial number of volunteers have donated significant amounts of their time and resources toward the objectives of UACDC; however, no amounts are recorded in the accompanying financial statement for non-specialists services.

A non-cash contribution was received during fiscal year 2012 for \$120,000. This contribution related to the outstanding loan on the PAL property that was forgiven by the County after all conditions were met. UACDC recognized the transaction as contribution revenue and removed the liability from their financial statements in accordance with generally accepted accounting principles.

UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

NOTE 1      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment are recorded at cost. Major additions and betterments are charged to the property accounts while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. UACDC follows the accounting standards for the Impairment of Disposal of Long-Lived Assets. Management has determined there is no impairment in regard to its rental property at September 30, 2012.

Depreciation is computed by the straight-line method over the estimated useful lives of the respective assets. Depreciation expense for year ended September 30, 2012 was \$200,558. The estimated useful lives of the assets are as follows:

	<u>Years</u>
Land Improvements	15
Building and Improvements	10 - 27.5
Furnishings and Equipment	5 - 10

**Tenant Security Deposits**

UACDC holds in trust, security deposits advanced by the tenants. UACDC records these deposits as a liability, which is included in accrued expenses in the accompanying statement of financial position.

**Advertising Costs**

UACDC expenses advertising costs as such costs are incurred.

**Income Taxes**

UACDC is a not-for-profit organization exempt from income taxes, except on "unrelated business income", under Section 501(c)(3) of the U.S. Internal Revenue Code and applicable state statute. However, UACDC is subject to federal income tax on any unrelated business taxable income. During the fiscal year ended September 30, 2012 there was not unrelated business income, and therefore, no tax was due.

**Subsequent Events**

Management has performed an analysis of the activities and transactions subsequent to September 30, 2012, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2012. Management has performed their analysis through January 9, 2013, the date the financial statements were available to be issued.

**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 2 GRANTS RECEIVABLE**

Grants receivable consist of payments due from the Florida Department of Juvenile Justice for \$730,687 as of September 30, 2012.

**NOTE 3 EMPLOYEE RETIREMENT PLAN**

UACDC maintains a Simple IRA plan that provides benefits to all participating employees who have received at least \$5,000 in compensation in the prior year and who are reasonably expected to receive at least \$5,000 in compensation in the current year. UACDC's contributions to the plan are equal to 3% of participant contributions to the plan up to 3% of their annual compensation. UACDC's contributions to the plan approximated \$17,000 for the year ended September 30, 2012.

**NOTE 4 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, at cost consist of the following:

	2012
Land	\$1,020,000
Buildings	2,564,299
Furniture, Fixtures and Equipment	3,337,607
Vehicles	75,175
	6,997,081
Accumulated Depreciation	(3,188,659)
Property, Plant and Equipment, net	\$3,808,422

**NOTE 5 LONG-TERM DEBTS**

UACDC has a 20 year mortgage payable with Hillsborough County, with interest only payments due each year of 1.5% of the outstanding principal. The mortgage of \$1,300,000 is collateralized by the Shadowood Property, which was acquired on December 1, 2008. The property was subsequently renamed as Golden Glade. In addition, UACDC borrowed another \$170,000 from the County under a separate loan agreement to make immediate repairs to the property, for a total of \$1,470,000 for the acquisition and repairs of Golden Glade. In year 10 of this mortgage and on each succeeding anniversary date of the mortgage, 10% of the outstanding principal balance will be forgiven by the County. At the end of the twenty years the loan balance will be zero and if all conditions have been met, the mortgage will be forgiven and cancelled.

**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 5      LONG-TERM DEBTS(continued)**

Restrictions on the property by the lender require the property to not be sold, mortgaged, liened, refinanced, foreclosed upon or otherwise transferred without written consent from the County. In addition, UACDC is also required to adhere to the guidelines outlined in the "Home Agreement" and the Land Use Restrictive Agreements (see Note 8).

**NOTE 6      CONCENTRATIONS OF REVENUES AND GRANTS RECEIVABLE**

UACDC recognized \$4,375,752 grants revenue from one grantor agreement during the year ended September 30, 2012. This grant program represents approximately 70% of total revenues for the fiscal year. As of September 30, 2012, the grants receivable recorded from one grantor represents 98% of the total balance grants receivable.

**NOTE 7      CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS**

Cash balances are maintained in financial institutions and occasionally deposits exceed amounts insured by the Federal Deposit Insurance Corporation and potentially subject the UACDC to credit losses. The UACDC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

**NOTE 8      COMMITMENTS AND CONTINGENCIES**

Various state and county contracts require the fulfillment of certain conditions as set forth in the originating contracts. Failure to fulfill the conditions could result in the return of funds related to such contracts. Although this is a possibility, management deems the contingency remote, due to both the nature of the contracts and current conditions. UACDC has complied with all requirements of this agreement.

UACDC has signed a land use restriction agreement with the County as a condition of receiving federal program funds from the HOME investment Partnership Program provided for acquisition and rehabilitation of the Golden Glade Property. Under this agreement, UACDC must continuously set aside 18 apartment units for low and very low income households. If UACDC fails to comply with this agreement or to correct the noncompliance within a specified time period, it could result in repayment of the mortgage to the federal government.

**NOTE 9      REAL PROPERTY TRANSFER AGREEMENT**

UACDC entered into a real property transfer agreement with the County on October 18, 2006. The property includes land and a 72 unit Apartment Complex called Rainbow. As part of the agreement, UACDC will operate and manage the apartments and property until such time as the County can construct a library on the existing property.

**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012**

**NOTE 9 REAL PROPERTY TRANSFER AGREEMENT (continued)**

UACDC is responsible for maintenance and repair of the Apartments and property. The property is not recorded on the books of UACDC as UACDC does not own title to the land and building. Subsequent to the transfer of the property, UACDC re-branded the Apartment Complex to Center Place.

Management has made an agreement with the County to return the property in October 2013 in order for the construction of the library to begin. Rental income and rental expenses from this property are included in Affordable Housing in the accompanying statement of activities.

**NOTE 10 LEASE AND MANAGEMENT AGREEMENT**

UACDC entered into a lease and management agreement on September 1, 1999 with the County. Under this agreement, UACDC leases and manages the University Area Community Center Complex. The agreement terminates on September 30, 2029. The agreement may be extended for up to two 5 year renewal periods at the option of UACDC. Rent is one dollar (\$1.00) per year. Maintenance expenses of the Complex are the responsibility of both UACDC and the County as outlined in detail in the agreement.

**NOTE 11 SUB-LEASE AGREEMENTS**

UACDC sub-leases three commercial spaces in the University Area Community Center Complex to third-party tenants under operating rental leases that expire through 2019. This income is included in other program services in the accompanying statement of activities. As of September 30, 2012, future minimum rental income to be received under non-cancelable operating rental leases are as follows:

Year Ending September 30,	Amount
2013	\$548,699
2014	518,259
2015	355,166
2016	270,000
2017	270,000
Thereafter	540,000
	\$2,502,124

**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**

**NOTE 12      SUBSEQUENT EVENTS**

On October 1, 2012, UACDC acquired Pines 1 Apartments (a 16 unit multi-family residential complex) located at 11720 N. 14th Street complex along with all fixtures and all property attached to the buildings for the purchase price of \$301,950. The purchase of this property was financed using the County's Neighborhood Stabilization Program 3 ("NSP3") program. UACDC signed a promissory note and a land use agreement ("LURA") with the County for \$320,370 to cover the purchase price and closing costs. No principal or interest payments are due during the term of the loan as long as restrictions are met by UACDC. At the end of the twenty years the mortgage will be forgiven and cancelled if all conditions have been met. Restrictions on the property by the lender require the property to not be sold, mortgaged, liened, refinanced, foreclosed upon or otherwise transferred without written consent from the County.

UACDC will be rehabilitating the property acquired during fiscal year 2013 to provide affordable housing for the residents of the University Area Community. In addition, UACDC also signed a 30 year zero interest rate (0%) promissory note with the County for the cost of the rehabilitation project thru NSP3 funds. UACDC is eligible to borrow up to an additional \$397,000 for the rehabilitation project. Annual principal payments are required starting in year three of the completed project. Principal payments are equal to 1/30th of the outstanding annual loan amount due annually, however, payments are only required up to available project cash flow (project income less project expenses). Partial payments can be made and remaining balance will be deferred. At the end of the thirty years the remaining mortgage will be forgiven and cancelled if all conditions have been met. Restrictions on the property by the lender require the property to not be sold, mortgaged, liened, refinanced, foreclosed upon or otherwise transferred without written consent from the County. As of January 9, 2013, UACDC has incurred very minimal costs associated with this rehabilitation and therefore has not borrowed any of the available \$387,000 from the County.

The LURA requires that apartment complex be leased to low and moderate income households who income does not exceed 80% of the Area's Median Income, as defined annually by the United States Department of Housing and Urban Development.



**SCHEDULE OF EXPENDITURES OF STATE AWARDS**

LEONARD D. MARSOCCI, CPA, PA  
CERTIFIED PUBLIC ACCOUNTANT

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Tampa, Florida 33611


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Board of Directors

**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**

**INDEPENDENT AUDITOR'S REPORT**

My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by *Chapter 10.650, Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Leonard D. Marsocci, CPA, PA  
Tampa, Florida

January 9, 2013

(15)

**Member**

★ ★

Florida Institute of Certified Public Accountants  
New York State Society of Certified Public Accountants  
American Institute of Certified Public Accountants

UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FLORIDA CFSA NUMBER	CONTRACT NUMBER		EXPENDITURES	TRANSFERS TO SUBRECIPIENTS
<b>STATE AWARDS:</b>					
State of Florida - Dept. of Juvenile Justice Tampa Arts and Youth Demonstration Project:	80.029	X1573	*	\$4,295,398	\$2,291,924
Total State Awards				<u>\$4,295,398</u>	<u>\$2,291,924</u>

\* Major Program

Note 1. Basis of Presentation:

The accompanying schedule of expenditures of state awards includes the state grant activity of UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

See accompanying Notes to Financial Statements

REPORT ON INTERNAL CONTROL AND ON COMPLIANCE

AND OTHER MATTERS OVER FINANCIAL REPORTING

(17)

**LEONARD D. MARSOCCI, CPA, PA**

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CERTIFIED PUBLIC ACCOUNTANT

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(813) 930-0489 Fax

Board of Directors

**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**

INDEPENDENT AUDITOR'S 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

I have audited the financial statements of **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.** (UACDC), as of and for the **year** ended **September 30, 2012**, and have issued my report thereon dated **January 9, 2013**. I conducted my 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 my audit, I considered UACDC's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UACDC's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of UACDC'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 UACDC'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 organization's financial statements that is more than inconsequential will not be prevented or detected by the UACDC'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 UACDC's internal control.

(18)

**Member**

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Florida Institute of Certified Public Accountants  
New York State Society of Certified Public Accountants  
American Institute of Certified Public Accountants

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether UACDC's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



Leonard D. Marsocci, CPA, PA  
Tampa, Florida

January 9, 2013

REPORT ON COMPLIANCE AND INTERNAL CONTROL -  
MAJOR STATE PROGRAMS

(20)

**LEONARD D. MARSOCCI, CPA, PA**



LEONARD D. MARSOCU, CPA, PA  
CERTIFIED PUBLIC ACCOUNTANT

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To the Board of Directors of  
**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

Compliance

I have audited the compliance of **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.** with the type of compliance requirements described in the Florida Department of Financial Services State Projects Compliance Supplement, that are applicable to each of its major State projects for the year ended **September 30, 2012**. **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**'s major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**'s management. My responsibility is to express an opinion on **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**'s compliance based on my audit.

I conducted my audit of compliance 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; and Chapter 10.650, Rules of the Auditor General. Those standards, and Chapter 10.650 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**'s compliance with those requirements. In my opinion, **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.** complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended **September 30, 2012**.

(21)

Member

★ ★

Florida Institute of Certified Public Accountants  
New York State Society of Certified Public Accountants  
American Institute of Certified Public Accountants



Internal Control over Compliance

The management of **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing my audit, I considered **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.'s** internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of The **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION's** internal control over compliance.

A *deficiency* in internal control over compliance 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 State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. 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, Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Leonard D. Marsocci, CPA, PA

Tampa, Florida

January 9, 2013

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**STATE PROGRAMS FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**A. SUMMARY OF AUDITOR RESULTS**

1. The auditor's report expresses an UNQUALIFIED opinion on the financial statements of **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.**
2. There were no Significant Deficiencies in internal control in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with General Auditing Standards.
3. There were no instances of noncompliance material to the financial statements of **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.** which would be required to be reported in accordance with *Government Auditing Standards*.
4. There were no significant deficiencies in internal control over major State award programs as required in the Report On Compliance With Requirements Applicable To Each Major State Program and Internal Control Over Compliance in accordance with Chapter 10.650, Rules of the Auditor General.
5. The auditor's report on compliance for the major State award programs for **UNIVERSITY AREA COMMUNITY DEVELOPMENT CORPORATION, INC.** expresses an UNQUALIFIED opinion.
6. My audit disclosed no findings required to be reported related to State projects required to be disclosed under Chapter 10.656.  
The programs tested as major programs include:

<u>Program Name</u>	<u>CFSA Number</u>
Florida Dept. of Juvenile Justice	80.029

7. The threshold for distinguishing Type A and Type B programs was \$300,000 for major State projects.

**B. Findings - Financial Statements:**

NONE

**C. Findings and Questioned Costs - Major Federal Programs:**

N/A

**D. Findings - Questioned Costs - Major State Projects:**

NONE

**E. Other Issues**

- \* There is no management letter because there were no findings required to be reported.
- \* There is no summary of prior audit findings because there were none.
- \* There is no corrective action plan because there were no findings required to be reported under the Florida Single Audit Act.