

**University Area Community  
Development Corporation, Inc.**

**Audited Financial Statements  
And Supplementary Information**

**September 30, 2014**

## Table Of Contents

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	Page No.
<b>Independent Auditor's Report</b>	3-4
<b>Financial Statements</b>	
Statement Of Financial Position	5
Statement Of Activities	6
Statement Of Functional Expenses	7
Statement Of Cash Flows	8
Notes To Financial Statements	9-13
<b>Supplementary Information</b>	
Schedule Of Expenditures Of Federal Awards And State Financial Assistance	15
Notes To Schedule Of Expenditures Of Federal Awards And State Financial Assistance	16
<b>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 <i>Government Auditing Standards</i></b>	17-18
<b>Independent Auditor's Report On Compliance For Each Major Federal Program And State Project And Report On Internal Control Over Compliance Required By OMB Circular A-133 And Chapter 10.650, Rules Of The Auditor General</b>	19-20
<b>Schedule Of Findings And Questioned Costs</b>	21-22



## **Independent Auditor's Report**

Board of Directors  
University Area Community Development Corporation, Inc.  
Tampa, Florida

### ***Report On The Financial Statements***

We have audited the accompanying financial statements of University Area Community Development Corporation, Inc. which comprise the statement of financial position as of September 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility For The Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our 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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matter

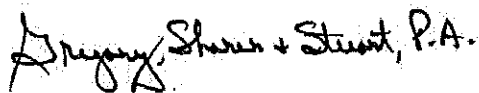
### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards and state financial assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations* and Chapter 10.650, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the 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 statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2015 on our consideration of University Area Community Development Corporation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our 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* in considering University Area Community Development Corporation, Inc.'s internal control over financial reporting and compliance.

**Gregory, Sharer & Stuart, P.A.**



St. Petersburg, Florida  
January 26, 2015

University Area Community Development Corporation, Inc.  
Statement Of Financial Position  
September 30, 2014

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**Assets**

Cash and cash equivalents	\$ 3,820,974
Grants receivable	770,644
Pledges receivable	3,000
Prepaid expenses	94,464
Property and equipment, net of accumulated depreciation	4,568,282
Other assets	<u>8,491</u>
<b>Total Assets</b>	<b><u>\$ 9,265,855</u></b>

**Liabilities And Net Assets**

**Liabilities**

Accounts payable and accrued expenses	\$ 625,437
Unearned revenue	1,463,661
Mortgages payable	
Golden Glade Mortgages	1,470,000
Golden Palms Mortgages	<u>1,004,688</u>
<b>Total Liabilities</b>	<b><u>4,563,786</u></b>

**Net Assets**

Unrestricted	4,686,120
Temporarily restricted	<u>15,949</u>
<b>Total Net Assets</b>	<b><u>4,702,069</u></b>

<b>Total Liabilities And Net Assets</b>	<b><u>\$ 9,265,855</u></b>
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University Area Community Development Corporation, Inc.  
Statement Of Activities  
Year Ended September 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, Gains/Losses, And Other Support			
Contributions	\$ 243,834	\$ 7,000	\$ 250,834
Government grants	3,826,733	-	3,826,733
Facility fees	1,010,446	-	1,010,446
Affordable Housing	229,913	-	229,913
Investments	3,856	-	3,856
Other	73,269	-	73,269
Net assets released from restriction	28,718	(28,718)	-
Total Revenue, Gains/Losses, And Other Support	<u>5,416,769</u>	<u>(21,718)</u>	<u>5,395,051</u>
Expenses			
Program services	3,968,434	-	3,968,434
Affordable Housing	332,670	-	332,670
Total Program Expenses	<u>4,301,104</u>	<u>-</u>	<u>4,301,104</u>
Fundraising	308,463	-	308,463
Support services	944,235	-	944,235
Total Expenses	<u>5,553,802</u>	<u>-</u>	<u>5,553,802</u>
Change In Net Assets	(137,033)	(21,718)	(158,751)
Net Assets At Beginning Of Year	<u>4,823,153</u>	<u>37,667</u>	<u>4,860,820</u>
Net Assets At End Of Year	<u>\$ 4,686,120</u>	<u>\$ 15,949</u>	<u>\$ 4,702,069</u>

University Area Community Development Corporation, Inc.  
Statement Of Functional Expenses  
Year Ended September 30, 2014

	Program Expenses			Fundraising	Support Services	Total Expenses
	Program Services	Affordable Housing	Total Program Expenses			
Prodigy - contract services	\$ 1,942,584	\$ -	\$ 1,942,584	\$ 186	\$ -	\$ 1,942,766
Personnel	1,323,540	89,709	1,413,249	195,636	306,354	1,915,239
Operating	43,888	32,244	76,132	6,581	41,108	123,819
Equipment	42,447	1,691	44,138	864	88,501	133,503
Facilities management	409,767	169,762	579,529	14,555	260,573	854,660
Public information	8,257	150	8,407	66,424	175,061	249,893
Professional fees	88,811	6,221	95,032	5,803	51,507	152,343
Supplies	6,722	98	6,820	981	2,428	10,229
Activities and events	85,294	10,535	95,829	16,136	6,723	118,688
Travel	17,124	210	17,334	1,297	6,019	24,651
Facilities management	-	-	-	-	5,961	5,961
Interest	-	22,050	22,050	-	-	22,050
Total Expenses	<u>\$ 3,968,434</u>	<u>\$ 332,670</u>	<u>\$ 4,301,104</u>	<u>\$ 308,463</u>	<u>\$ 944,235</u>	<u>\$ 5,553,802</u>

University Area Community Development Corporation, Inc.  
Statement Of Cash Flows  
Year Ended September 30, 2014

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<b>Cash Flows From Operating Activities</b>	
Change in net assets	\$ (158,751)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	183,297
(Increase) decrease in operating assets	
Grants receivable	(14,373)
Pledges receivable	4,740
Prepaid expenses	(32,445)
(Decrease) increase in operating liabilities	
Accounts payable and accrued expenses	(72,032)
Unearned revenue	1,449,396
Net Cash Provided By Operating Activities	<u>1,359,832</u>
<b>Cash Flows From Investing Activities</b>	
Purchase of property and equipment	(121,230)
<b>Cash Flows From Financing Activities</b>	
Borrowings on long-term debt	<u>283,506</u>
<b>Net Increase In Cash And Cash Equivalents</b>	1,522,108
<b>Cash And Cash Equivalents At Beginning Of Year</b>	<u>2,298,866</u>
<b>Cash And Cash Equivalents At End Of Year</b>	<u>\$ 3,820,974</u>
<b>Supplemental Disclosure</b>	
Cash paid for interest	<u>\$ 22,050</u>



# University Area Community Development Corporation, Inc.

Notes To Financial Statements

September 30, 2014

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## Note A - 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 is headquartered in the University Area Community Center Complex, owned by Hillsborough County (the County), located at 14013 North 22nd Street, Tampa, an unincorporated area of the County.

Over the past year, 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, UACDC continues to foster positive youth development, expand affordable housing, and improve services for educational attainment through community outreach and programs. 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.

## Note B - Summary Of Significant Accounting Policies

### *Basis Of Accounting*

The financial statements of UACDC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### *Basis Of Presentation*

Financial statement presentation follows the requirements for not-for-profit organizations. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of UACDC and changes therein are classified and reported as follows:

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the organization. Generally, the donors of such assets permit the organization to use all or part of the income earned on the assets. UACDC has no permanently restricted net assets as of September 30, 2014.

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.

### *Use Of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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.

### *Cash And Cash Equivalents*

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

### *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, 2014.

# University Area Community Development Corporation, Inc.

## Notes To Financial Statements

September 30, 2014

### *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. No allowance for bad debts was considered necessary at September 30, 2014.

### *Property And Equipment*

Property and equipment are recorded at cost if purchased or at estimated fair market value at date of receipt if acquired by gift. 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. Management has determined there is no impairment in regard to its property and equipment at September 30, 2014.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. It is UACDC's policy to capitalize assets with costs greater than or equal to \$500 and estimated useful lives greater than one year. Depreciation expense for year ended September 30, 2014 was \$183,297. The estimated useful lives of the assets are as follows:

	<u>Years</u>
Buildings and improvements	10 to 27.5
Furniture, fixtures and equipment	5 to 10
Vehicles	5

Property acquired with governmental funds is considered to be owned by UACDC while used in the program for which it was purchased or in future authorized programs; however, its disposition and the ownership of any proceeds are subject to applicable regulations.

### *Tenant Security Deposits*

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

### *Revenue Recognition*

Funding for the Prodigy program is advanced to UACDC throughout the year. UACDC recognizes revenue to the extent UACDC has incurred allowed expenses. The balance is recorded as unearned revenue.

### *Contributions*

Contributions, including unconditional promises to give, are recognized as 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 increases unrestricted net assets.

### *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.

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 statements for non-specialists services.

### *Advertising Costs*

UACDC expenses advertising costs as such costs are incurred.

**University Area Community Development Corporation, Inc.**  
**Notes To Financial Statements**  
**September 30, 2014**

*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 statutes. However, UACDC is subject to federal income tax on any unrelated business taxable income. During the fiscal year ended September 30, 2014, there was no unrelated business income and, therefore, no tax was due.

Management has evaluated its tax positions taken for all open tax years and has not identified any uncertain tax positions. The 2010, 2011, and 2012 tax years are open and subject to examination by the Internal Revenue Service (IRS). UACDC is not currently under audit nor has it been contacted by the IRS.

*Statement Of Functional Expenses*

The costs of providing the various programs and other activities have been detailed in the accompanying statement of functional expenses. Salaries and other expenses that are associated with a specific program are charged directly to that program. Salaries and other expenses that benefit more than one program are allocated to the various programs based on the relative benefit provided.

**Note E - Mortgages Payable**

Mortgages payable consist of the following at September 30, 2014:

*Golden Glade*

Mortgage payable of \$1,300,000 to Hillsborough County; no principal payments required; interest accrued at 1.5% per annum on the outstanding principal balance. Starting at the end of year 10 of the agreement, the original principal balance will be reduced by the lender by 1/10 per year, provided UACDC is not in breach. The entire mortgage balance will be forgiven if the property continues to be used for its intended purpose through December 2028. The mortgage is collateralized by the Shadowood Property, which was subsequently renamed Golden Glade. Restrictions on the property by the lender require the property not be sold, mortgaged, liened, refinanced, foreclosed upon, or otherwise transferred without written consent from the County. In addition, UACDC is required to adhere to the guidelines outlined in the Land Use Restrictive Agreements (LURA).

\$ 1,300,000

Mortgage payable of \$170,000 to Hillsborough County; no principal payments required; interest accrued at 1.5% per annum on the outstanding principal balance. Starting at the end of year 10 of the agreement, the original principal balance will be reduced by the lender by 1/10 per year, provided UACDC is not in breach. The entire mortgage balance will be forgiven if the property continues to be used for its intended purpose through October 2028. The mortgage is collateralized by the Shadowood Property, which was subsequently renamed Golden Glade. Restrictions on the property by the lender require the property not be sold, mortgaged, liened, refinanced, foreclosed upon, or otherwise transferred without written consent from the County. In addition, UACDC is required to adhere to the guidelines outlined in the LURA.

170,000  
\$ 1,470,000

**Note C - Grants Receivable**

Grants receivable include payments due from the Florida Department of Juvenile Justice for \$548,057 as of September 30, 2014.

**Note D - Property, Plant And Equipment**

Property, plant and equipment, at cost, consists of the following at September 30, 2014:

Land	\$ 1,097,080
Buildings	3,618,064
Furniture, fixtures and equipment	3,093,076
Vehicles	<u>75,175</u>
	7,883,395
Accumulated depreciation	<u>(3,315,113)</u>
Property, plant and equipment, net	<u>\$ 4,568,282</u>

**University Area Community Development Corporation, Inc.**  
**Notes To Financial Statements**  
**September 30, 2014**

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*Golden Palms*

Mortgage payable of \$320,370 to Hillsborough County; no principal payments required; no interest; forgiven if the property continues to be used for its intended purpose through October 2032. The mortgage is collateralized by the Pines 1 Apartments, which was subsequently renamed Golden Palms. Restrictions on the property by the lender require the property not be sold, mortgaged, liened, refinanced, foreclosed upon, or otherwise transferred without written consent from the County. In addition, UACDC is required to adhere to the guidelines outlined in the LURA. \$ 320,370

Mortgage payable of \$684,318 to Hillsborough County; no principal payments required until the completion of three years after completion of the project; principal payments of 1/30 of the original loan balance due annually, thereafter up to available project cash flows; no interest; remaining balance forgiven at the end of 30 years if the property continues to be used for its intended purpose through October 2043. The mortgage is collateralized by the Pines 1 Apartments, which was subsequently renamed Golden Palms. Restrictions on the property by the lender require the property not be sold, mortgaged, liened, refinanced, foreclosed upon, or otherwise transferred without written consent from the County. In addition, UACDC is required to adhere to the guidelines outlined in the LURA. 684,318  
\$ 1,004,688

Maturities of the \$684,318 Golden Palms mortgage payable are as follows:

2016	\$ 22,811
2017	22,811
2018	22,811
2019	22,811
Thereafter	<u>593,074</u>
	<u>\$ 684,318</u>

The LURAs require that the apartment complexes are to be leased to tenants with certain income limitations.

**Note F - Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following at September 30, 2014:

Victor Crist scholarship	\$ 11,000
Garden, FMC	4,282
Other	<u>667</u>
	<u>\$ 15,949</u>

**Note G - Concentrations**

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

UACDC received significant grants revenue from the Florida Department of Juvenile Justice (DJJ). The DJJ agreements make up 95% of government grants revenue and 67% of total revenue for the year ended September 30, 2014. Additionally, the DJJ grant makes up 71% of grants receivable and 100% of unearned revenue as of September 30, 2014.

**Note H - 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.

**Note I - Lease And Management Agreement**

In 1999, UACDC entered into an agreement with Hillsborough County regarding the University Area Community Center Complex (the Complex). On behalf of Hillsborough County, UACDC is responsible for leasing and maintaining space at the Complex. For its services, UACDC received rent revenue from tenants and is responsible for certain operating costs. Hillsborough County is responsible for other operating costs and also receives reimbursement from UACDC for certain operating costs.

The agreement terminates in September 2029 and may be extended for up to two additional five-year terms at the option of UACDC.

**Note J - Sublease Agreements**

UACDC subleases commercial spaces in the Complex to third-party tenants under operating rental leases expiring through 2019. Revenue is included in facility fees in the accompanying statement of activities. As of September 30, 2014, future minimum rental revenue to be received under non-cancelable operating rental leases is as follows:

2015	\$ 494,632
2016	415,129
2017	379,552
2018	270,000
2019	270,000
	<u>\$ 1,829,313</u>

**Note K - Real Property Transfer Agreement**

UACDC entered into a real property transfer agreement with the County in October 2006. The property included land and a 72-unit apartment complex called Rainbow. As part of the agreement, UACDC operated and managed the apartments and property until such time as the County decided to construct a library on the existing property.

UACDC was responsible for maintenance and repair of the apartments and property. The property was not recorded on the books of UACDC.

Management made an agreement with the County in December 2013 to return the property in order for the construction of the library to begin. The property was transferred to the County in January 2014.

**Note L - 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 prior years, 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 participants' annual compensation. UACDC's contributions to the plan approximated \$16,500 for the year ended September 30, 2014.

**Note M - Subsequent Events**

Management has performed an analysis of the activities and transactions subsequent to September 30, 2014 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2014. Management has performed their analysis through January 26, 2015, the date the financial statements were available to be issued, and determined there are no matters requiring disclosure.

**Supplementary Information**

University Area Community Development Corporation, Inc.  
 Schedule Of Expenditures Of Federal Awards And State Financial Assistance  
 Year Ended September 30, 2014

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Federal/State Agency <i>Pass-Through Entity</i> Federal Program/State Project	CFDA Number	CSFA Number	Contract Number	Federal Expenditures	State Expenditures	Transfers To Subrecipients
<b>U.S. Department of Housing and Urban Development</b>						
<i>Passed through Hillsborough County, Florida</i>						
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii						
Neighborhood Stabilization Program (NSP)	14.228		N/A	\$ 1,004,688 *		\$ -
<b>State of Florida Department of Juvenile Justice</b>						
<i>Passed through Hillsborough County, Florida</i>						
Delinquency Prevention						
Prodigy Cultural Arts Program		80.029	X1573		\$ 2,711,513	1,479,324
Prodigy Cultural Arts Program		80.029	10163		909,581	463,442
				<u>\$ 1,004,688</u>	<u>\$ 3,621,094</u>	<u>\$ 1,942,766</u>

\* Represents loan funding that is reported in mortgages payable on the accompanying financial statements for which the federal agency imposes continuing compliance requirements.

**University Area Community Development Corporation, Inc.**  
**Notes To Schedule Of Expenditures Of Federal Awards And State Financial Assistance**  
**Year Ended June 30, 2014**

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**Note A - Basis Of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activities of the University Area Community Development Corporation, Inc. The information in the schedule is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the Auditor General. Because the schedule presents only a select portion of the operations of the University Area Community Development Corporation, Inc., it is not intended to, and does not present the financial position, activities, functional expenses, or cash flows of the University Area Community Development Corporation, Inc.

Some amounts presented in the schedule may differ from amounts presented or used in the preparation of the financial statements.

**Note B - Summary Of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or limited as to reimbursement.

**Note C - Contingencies**

Expenditures incurred by the University Area Community Development Corporation, Inc. are subject to audit and possible disallowance by federal and/or state grantor agencies. Management believes that, if audited, any adjustment for disallowed expenses would be immaterial.





# Gregory, Sharer & Stuart, P.A.

Certified Public Accountants and Business Consultants

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## 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*

Board of Directors  
University Area Community Development Corporation, Inc.  
Tampa, Florida

We have audited, 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, the financial statements of University Area Community Development Corporation, Inc., which comprise the statement of financial position as of September 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 26, 2015.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered University Area Community Development Corporation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of University Area Community Development Corporation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of University Area Community Development Corporation, Inc.'s internal control.

A *deficiency in 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

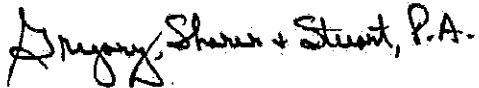
### Compliance And Other Matters

As part of obtaining reasonable assurance about whether University Area Community Development Corporation, Inc.'s financial statements are free from material misstatement, we performed tests of their 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 or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose Of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of University Area Community Development Corporation, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University Area Community Development Corporation, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Gregory, Sharer & Stuart, P.A.**

A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." The signature is written in a cursive, flowing style.

St. Petersburg, Florida  
January 26, 2015



**Independent Auditor's Report On Compliance For Each Major Federal Program  
And State Project And Report On Internal Control Over Compliance  
Required By OMB Circular A-133 And Chapter 10.650,  
Rules Of The Auditor General**

Board of Directors  
University Area Community Development Corporation, Inc.  
Tampa, Florida

**Report On Compliance For Each Major Federal Program And State Project**

We have audited University Area Community Development Corporation, Inc.'s compliance 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 could have a direct and material effect on University Area Community Development Corporation, Inc.'s major federal program and state project for the year ended September 30, 2014. University Area Community Development Corporation, Inc.'s major federal program and state project are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program and state project.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for University Area Community Development Corporation, Inc.'s major federal program and state project based on our audit of the types of compliance requirements referred to above. We conducted our 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; 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 noncompliance 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 University Area Community Development Corporation, Inc.'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 on compliance for the major federal program and state project. However, our audit does not provide a legal determination of University Area Community Development Corporation, Inc.'s compliance.

***Opinion On Each Major Federal Program And Major State Project***

In our opinion, University Area Community Development Corporation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and state project for the year ended September 30, 2014.

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 or Chapter 10.650, Rules of the Auditor General, and which are described in the accompanying schedule of findings and questioned costs as item #2014-001. Our opinion on major federal program and state project is not modified with respect to these matters.

University Area Community Development Corporation, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. University Area Community Development Corporation, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report On Internal Control Over Compliance

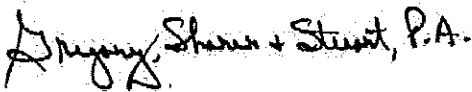
Management of University Area Community Development Corporation, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered University Area Community Development Corporation, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, 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 University Area Community Development Corporation, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project 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 or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

**Gregory, Sharer & Stuart, P.A.**



St. Petersburg, Florida  
January 26, 2015

**University Area Community Development Corporation, Inc.**  
**Schedule Of Findings And Questioned Costs**  
**Year Ended June 30, 2014**

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**Section I - Summary Of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified?        Yes   X   No  
 Significant deficiency(ies) identified?        Yes   X   None reported

Noncompliance material to financial statements noted?        Yes   X   No

*Federal Awards*

Type of auditor's reports issued on compliance for federal awards: Unqualified

Internal control over major federal programs:  
 Material weakness(es) identified?        Yes   X   No  
 Significant deficiency(ies) identified?        Yes   X   None reported

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?   X   Yes        No

Identification of major federal program:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii (Neighborhood Stabilization Program)

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

Auditee qualified as low-risk auditee?        Yes   X   No

*State Financial Assistance*

Type of auditor's reports issued on compliance for state financial assistance: Unqualified

Internal control over major state projects:  
 Material weakness(es) identified?        Yes   X   No  
 Significant deficiency(ies) identified?        Yes   X   None reported

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, Rules of the Auditor General?        Yes   X   No

Identification of major state project:

CSFA Number	Name of State Project
80.029	Delinquency Prevention (Prodigy Cultural Arts Program)

Dollar threshold used to distinguish between type A and type B projects \$ 300,000

**University Area Community Development Corporation, Inc.**  
**Schedule Of Findings And Questioned Costs**  
**Year Ended June 30, 2014**

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**Section II - Financial Statement Findings**

None reported.

**Section III - Federal Award Findings And Questioned Costs**

**Finding #2014-001:**

*Information on the Federal Program:*

CFDA #14.228, Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii (Neighborhood Stabilization Program) - U.S. Department of Housing and Urban Development

*Criteria or Specific Requirement:*

OMB Circular A-133, Section \_\_.320, requires that a data collection form (SF-SAC) and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

*Condition:*

A data collection form (SF-SCA) and related reporting package was not filed for the 2013 fiscal year end.

*Questioned Costs:*

None.

*Context:*

Data collection forms (SF-SAC) and related reporting packages have not been filed since 2009.

*Effect:*

The organization was not in compliance with the reporting requirements of OMB Circular A-133. The Organization did not qualify as a low-risk auditee for the 2014 fiscal year end.

*Cause:*

The organization was not aware that a filing was required.

*Recommendation:*

File the data collection form (SF-SAC) and reporting package in accordance with OMB Circular A-133 requirements.

*Views of Responsible Officials and Planned Corrective Actions:*

Management incorrectly believed that their data collection form (SF-SAC) was included in the oversight agency's data collection form (SF-SAC) and that all requirements were fulfilled. UACDC will promptly file the 2013 data collection form (SF-SAC) and updated its audit review procedures to ensure the data collection form (SF-SAC) is completed timely going forward.

**Section IV - State Financial Assistance Findings And Questioned Costs**

None reported.

**Section V - Other Matters**

No summary of prior audit findings is required as there were no prior audit findings.

No State of Florida Auditor General management letter is required because there were no matters noted that are required to be reported.