

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Consolidated Financial Statements

**September 30, 2014 and 2013
(With Independent Auditor's Report Thereon)**

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

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Independent Auditor's Report

To the Board of Directors of
St. Petersburg Free Clinic, Inc. and Affiliate:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of St. Petersburg Free Clinic, Inc. and Affiliate (the "Free Clinic" a not-for-profit organization), which comprise the consolidated statements of financial position as of September 30, 2014 and 2013, and the related consolidated statements of activities, functional expenses and cash flows for the years 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 consolidated 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 consolidated 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 these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Free Clinic as of September 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 December 29, 2014, on our consideration of Free Clinic's internal control over financial reporting and on 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 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 the Free Clinic's internal control over financial reporting and compliance.

Margie Hoffmann McCarra P.C.

December 29, 2014
Clearwater, Florida

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Consolidated Statements of Financial Position

September 30, 2014 and 2013

Assets	2014	2013
Cash and cash equivalents	\$ 617,761	234,710
Grants and accounts receivable	21,813	-
Inventory	101,542	53,863
Prepaid expenses and other assets	67,570	67,158
Bequests receivable	1,705,000	87,000
Capital campaign receivables, net	2,566,160	-
Charitable remainder trusts	-	60,105
Investments	1,157,847	1,031,629
Beneficial interest in assets held by others	173,647	173,324
Property and equipment, net	1,544,135	1,615,255
Construction work in progress	357,862	-
	\$ 8,313,337	3,323,044
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other accrued expenses	\$ 130,036	44,309
Accrued salaries and related benefits	193,407	95,498
Mortgage loan payable	403,532	390,256
	726,975	530,063
Net assets:		
Unrestricted net assets:		
Operating (deficit)	(177,666)	70,924
Property and equipment, net of related debt	1,498,465	1,224,999
Board designated for endowment	905,641	780,496
	2,226,440	2,076,419
Temporarily restricted net assets	5,142,322	498,962
Permanently restricted net assets	217,600	217,600
	7,586,362	2,792,981
	\$ 8,313,337	3,323,044

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Consolidated Statement of Activities

For the Year Ended September 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue				
Contributions	\$ 837,706	-	-	837,706
Grants and contracts	448,610	538,479	-	987,089
Special events, net of \$82,524 in direct expense	355,022	-	-	355,022
Bequests	40,755	1,705,000	-	1,745,755
Capital campaign	-	3,228,824	-	3,228,824
In-kind donations:				
Services	272,136	-	-	272,136
Food	4,853,259	-	-	4,853,259
Investment income	90,351	-	-	90,351
Net assets released from restrictions	828,943	(828,943)	-	-
	7,726,782	4,643,360	-	12,370,142
Expenses				
Program services:				
Health Center	866,695	-	-	866,695
Food Bank	4,192,914	-	-	4,192,914
We Help Services	1,083,743	-	-	1,083,743
Women's Residence	254,718	-	-	254,718
Family Residence	270,134	-	-	270,134
Beacon House	360,702	-	-	360,702
	7,028,906	-	-	7,028,906
Support services:				
General and administrative	204,962	-	-	204,962
Fund raising	342,893	-	-	342,893
	547,855	-	-	547,855
	7,576,761	-	-	7,576,761
Change in net assets	150,021	4,643,360	-	4,793,381
Net assets, beginning of year	2,076,419	498,962	217,600	2,792,981
Net assets, end of year	\$ 2,226,440	5,142,322	217,600	7,586,362

See accompanying independent auditor's report and notes to consolidated financial statements.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Consolidated Statement of Activities

For the Year Ended September 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenue				
Contributions	\$ 1,032,391	-	-	1,032,391
Donated property	-	228,288	-	228,288
Grants and contracts	457,674	83,805	-	541,479
Special events, net of \$72,853 in direct expense	281,891	-	-	281,891
Bequests	229,728	87,000	-	316,728
In-kind donations:				
Services	280,041	-	-	280,041
Food	4,324,372	-	-	4,324,372
Investment income	101,595	-	-	101,595
Gain on disposal of fixed asset	1,500	-	-	1,500
Change in value of beneficial interest in assets held by others	-	4,162	-	4,162
Net assets released from restrictions	328,978	(328,978)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total public support and revenue	7,038,170	74,277	-	7,112,447
Expenses				
Program services:				
Health Center	862,238	-	-	862,238
Food Bank	3,778,282	-	-	3,778,282
We Help Services	1,088,572	-	-	1,088,572
Women's Residence	240,154	-	-	240,154
Family Residence	176,980	-	-	176,980
Beacon House	346,164	-	-	346,164
	<hr/>	<hr/>	<hr/>	<hr/>
Total program services	6,492,390	-	-	6,492,390
Support services:				
General and administrative	204,297	-	-	204,297
Fund raising	286,462	-	-	286,462
	<hr/>	<hr/>	<hr/>	<hr/>
Total support services	490,759	-	-	490,759
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	6,983,149	-	-	6,983,149
Change in net assets	55,021	74,277	-	129,298
Net assets, beginning of year	2,021,398	424,685	217,600	2,663,683
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 2,076,419	498,962	217,600	2,792,981
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**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Consolidated Statement of Functional Expenses

For the Year Ended September 30, 2014

	<u>Program Services</u>						<u>Program Totals</u>
	<u>Health Center</u>	<u>Food Bank</u>	<u>We Help Services</u>	<u>Women's Residence</u>	<u>Family Residence</u>	<u>Beacon House</u>	
Salaries	\$ 381,364	141,219	63,604	107,665	88,757	146,866	929,475
Payroll taxes and employee benefits	61,650	23,994	7,999	16,560	16,052	21,104	147,359
Total salaries and related expenses	443,014	165,213	71,603	124,225	104,809	167,970	1,076,834
Direct assistance	30,354	-	157,674	7,635	72	3,841	199,576
Food	-	3,899,271	768,476	33,846	39,558	64,520	4,805,671
Insurance	20,153	10,344	9,648	3,839	8,806	12,756	65,546
Interest	3,319	3,319	3,319	-	-	-	9,957
Legal and professional	4,848	4,867	6,507	5,047	5,005	4,321	30,595
Maintenance and repairs	8,730	18,352	8,368	10,105	13,877	15,014	74,446
Occupancy	10,853	10,853	10,853	25,034	34,347	26,966	118,906
Supplies	316,635	21,883	25,873	29,481	32,127	36,304	462,303
Other	9,019	3,418	3,724	1,338	1,900	1,783	21,182
Communication	2,081	1,464	1,464	4,292	9,726	2,145	21,172
Transportation	-	34,748	-	89	-	3,006	37,843
Depreciation	17,689	19,182	16,234	9,787	19,907	22,076	104,875
	<u>\$ 866,695</u>	<u>4,192,914</u>	<u>1,083,743</u>	<u>254,718</u>	<u>270,134</u>	<u>360,702</u>	<u>7,028,906</u>

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Consolidated Statement of Functional Expenses - Continued

For the Year Ended September 30, 2014

	<u>Support Services</u>			<u>Total Expenses</u>
	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>Support Total</u>	
Salaries	\$ 73,658	212,884	286,542	1,216,017
Payroll taxes and employee benefits	41,440	39,662	81,102	228,461
Total salaries and related expenses	115,098	252,546	367,644	1,444,478
Direct assistance	-	-	-	199,576
Food	-	-	-	4,805,671
Insurance	5,220	6,435	11,655	77,201
Interest	1,743	1,659	3,402	13,359
Legal and professional	2,666	9,753	12,419	43,014
Maintenance and repairs	13,677	4,190	17,867	92,313
Occupancy	6,595	6,159	12,754	131,660
Supplies	32,995	37,074	70,069	532,372
Other	17,891	17,395	35,286	56,468
Communication	804	-	804	21,976
Transportation	-	-	-	37,843
Depreciation	8,273	7,682	15,955	120,830
	<u>\$ 204,962</u>	<u>342,893</u>	<u>547,855</u>	<u>7,576,761</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Consolidated Statement of Functional Expenses

For the Year Ended September 30, 2013

	<u>Program Services</u>						<u>Program Totals</u>
	<u>Health Center</u>	<u>Food Bank</u>	<u>We Help Services</u>	<u>Women's Residence</u>	<u>Family Residence</u>	<u>Beacon House</u>	
Salaries	\$ 378,692	123,138	75,782	88,498	35,390	134,405	835,905
Payroll taxes and employee benefits	61,662	22,324	11,803	16,391	3,605	19,592	135,377
Total salaries and related expenses	440,354	145,462	87,585	104,889	38,995	153,997	971,282
Direct assistance	31,709	-	158,182	6,796	46	3,864	200,597
Food	-	3,487,127	770,106	30,718	-	57,419	4,345,370
Insurance	15,999	9,362	8,274	10,690	6,747	9,303	60,375
Interest	3,319	3,319	3,319	-	-	-	9,957
Legal and professional	11,713	18,025	7,749	7,526	2,520	16,051	63,584
Maintenance and repairs	6,390	25,889	6,029	15,092	33,571	12,843	99,814
Occupancy	9,753	9,701	9,701	23,582	20,475	22,695	95,907
Supplies	321,002	23,275	23,639	27,568	57,367	40,813	493,664
Other	7,022	2,366	1,438	594	513	921	12,854
Communication	3,103	2,125	2,936	2,947	6,410	1,670	19,191
Transportation	-	38,887	40	48	81	5,565	44,621
Depreciation	11,874	12,744	9,574	9,704	10,255	21,023	75,174
	<u>\$ 862,238</u>	<u>3,778,282</u>	<u>1,088,572</u>	<u>240,154</u>	<u>176,980</u>	<u>346,164</u>	<u>6,492,390</u>

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Consolidated Statement of Functional Expenses - Continued

For the Year Ended September 30, 2013

	<u>Support Services</u>			<u>Total Expenses</u>
	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>Support Total</u>	
Salaries	\$ 78,103	158,575	236,678	1,072,583
Payroll taxes and employee benefits	38,767	30,572	69,339	204,716
Total salaries and related expenses	116,870	189,147	306,017	1,277,299
Direct assistance	-	-	-	200,597
Food	-	-	-	4,345,370
Insurance	4,976	4,252	9,228	69,603
Interest	1,663	1,659	3,322	13,279
Legal and professional	4,352	11,370	15,722	79,306
Maintenance and repairs	13,738	3,695	17,433	117,247
Occupancy	5,742	5,745	11,487	107,394
Supplies	37,825	48,580	86,405	580,069
Other	13,234	17,578	30,812	43,666
Communication	1,647	186	1,833	21,024
Transportation	-	-	-	44,621
Depreciation	4,250	4,250	8,500	83,674
	<u>\$ 204,297</u>	<u>286,462</u>	<u>490,759</u>	<u>6,983,149</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Consolidated Statements of Cash Flows

For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 4,793,381	129,298
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	120,830	83,674
Gain on disposal of assets	-	(1,500)
Accretion of loan discount	13,276	13,276
Non-cash property contributions	-	(228,288)
Unrealized gain on investments	(68,690)	(97,859)
Change in value of beneficial interest in assets held by others	(323)	(5,026)
Decrease (increase) in operating assets:		
Grants and accounts receivable	(21,813)	110,218
Inventory	(47,679)	29,049
Prepaid expenses and other assets	(412)	(16,545)
Bequests receivable	(1,618,000)	124,107
Capital campaign receivable	(2,566,160)	-
Charitable remainder trusts	60,105	(4,162)
Increase in operating liabilities:		
Accounts payable and other accrued expenses	85,727	2,618
Accrued salaries and related benefits	97,909	17,019
	<u>848,151</u>	<u>155,879</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(407,572)	(326,941)
Proceeds from sale of assets	-	1,500
Sales of investments	17,703	200,275
Purchases of investments	(75,231)	(48,183)
	<u>(465,100)</u>	<u>(173,349)</u>
Net cash used in investing activities		
Net increase (decrease) in cash and cash equivalents	383,051	(17,470)
Cash and cash equivalents at the beginning of the year	<u>234,710</u>	<u>252,180</u>
Cash and cash equivalents at the end of the year	<u>\$ 617,761</u>	<u>234,710</u>
Supplementary data for non-cash activities:		
Contributed services	<u>\$ 272,136</u>	<u>280,041</u>
In-kind donations	<u>\$ 4,853,259</u>	<u>4,324,372</u>
Donated property	<u>\$ -</u>	<u>228,288</u>
Assumed mortgage loan payable	<u>\$ -</u>	<u>100,000</u>

See accompanying independent auditor's report and notes to consolidated financial statements.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

(1) Nature of Activities and Summary of Significant Accounting Policies

(a) Nature of Activities

St. Petersburg Free Clinic is a multi-service, independent, not-for-profit human services agency providing community neighbors assistance with food, shelter and health care. The Free Clinic has been caring for the underserved facing temporary emergency needs throughout Pinellas County since 1970. Primary beneficiaries of the Free Clinic's programs are families and individuals in Pinellas County - specifically a combination of low income and working-poor who fall through the cracks of existing systems and services. Its current programs include:

Free Clinic Health Center

Established in 1970, Free Clinic Health Center provides primary health care services for adults aged 18 - 64 without private insurance, Medicare or Medicaid, and who do not qualify for county-subsidized health care. Free Clinic Health Center offers basic health and wellness services by a full-time nurse practitioner, a full-time Health Educator, full-time nurse coordinator, plus volunteer physicians and nurses. Available services include blood pressure and blood sugar testing, and diabetic screenings, over the counter medications, prescription drug assistance, physical therapy, health related support groups and referral services. The Free Clinic Health Center provided over 11,600 and 12,000 points of services and filled over 2,400 and 2,900 prescriptions valued at \$1.5 million for each of the fiscal years ending 2014 and 2013, respectively.

Free Clinic Food Bank

Established in 1980 as the second food bank in Florida, Free Clinic Food Bank solicits food products from all segments of the food industry, as well as from groups and organizations through food drives and individual donations. The Food Bank distributes food free of charge to over 60 partner agencies throughout our community, including food pantries, shelters, community kitchens, missions, residential programs and child care centers. These include Free Clinic's We Help Services, Women's Residence, Family Residence, Beacon House and the Community Kitchen. The Food Bank collected and distributed over 2.7 million and 2.5 million pounds of food for fiscal years ending 2014 and 2013, respectively. Every month, over 45,000 of our neighbors in need receive food assistance through these efforts.

Free Clinic We Help Services

Established in 1975, Free Clinic We Help Services provides emergency food and financial assistance, personal hygiene items, assistance with obtaining proper identification, and referral information. The Free Clinic We Help Services provided 46,000 and 50,000 services to over 32,000 clients for fiscal years ending 2014 and 2013, respectively.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements - Continued

(1) Nature of Activities and Summary of Significant Accounting Policies - Continued

(a) Nature of Activities - Continued

Free Clinic Women's Residence

Established in 1989, Free Clinic Women's Residence provides a safe place to stay as well as support services to single homeless women as they work toward their goal of self-sufficiency. Residents may stay from one to twelve months while working to save money, set goals and build life skills. The Free Clinic Women's Residence provided shelter and support to 66 and 45 women for fiscal years ending 2014 and 2013, respectively.

Free Clinic Family Residence

In February of 2013, the Free Clinic acquired property for the purpose of better serving homeless families. The newly launched Family Residence provided 116 families with transitional shelter for fiscal year ending 2014. Working with the Juvenile Welfare Board, 2-1-1 Tampa Bay Cares and Personal Enrichment for Mental Health Services (PEMHS), homeless families are referred to the program. These families are provided intensive navigation services to overcome the barriers to obtain permanent housing. The goal of the Family Residence is to serve families by providing safe shelter, as well as a path to permanent housing.

Free Clinic Beacon House

Established in 1997, Free Clinic Beacon House provides safe, supportive, transitional shelter to single, homeless men. The capacity of Beacon House is 25 residents. Residents work with staff to set goals, save money and work toward independent living. The Free Clinic Beacon House assisted 95 and 62 homeless men for fiscal years ending 2014 and 2013, respectively.

Free Clinic Community Kitchen

Located at Free Clinic Beacon House the community kitchen provides dinner six nights a week to anyone who is hungry. For fiscal year ending 2014 over 35,000 evening meals were served.

Free Clinic Dental Clinic

Free Clinic Dental Clinic provides uninsured adults with dental hygiene, fillings, and extractions. Volunteer dentists, dental assistants and dental hygienists provide care to patients through clinics that are hosted multiple times per month. The Free Clinic Dental Clinic assisted 463 patients with 741 procedures for fiscal year ending 2014.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements - Continued

(1) Nature of Activities and Summary of Significant Accounting Policies - Continued

(b) Affiliate

The Sister Margaret Freeman Foundation, Inc. (the Foundation), a not-for-profit foundation, was incorporated on May 20, 1996. The Free Clinic and the Foundation are related through an economic interest and a majority voting interest on the board of directors. The Foundation's activities for the fiscal years ended September 30, 2014 and 2013 are included in these financial statements. All significant intercompany balances and transactions are eliminated in consolidation.

(c) Basis of Presentation

Financial statement presentation follows the recommendations of the FASB Accounting Standards Codification Topic, "Not-for-Profit Entities" (958), in which the Free Clinic is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Unrestricted net assets - net assets not subject to donor-imposed stipulations;
- Temporarily restricted net assets - net assets subject to donor-imposed stipulations that may or will be met by actions of the Free Clinic and/or the passage of time;
- Permanently restricted net assets - net assets subject to donor-imposed stipulations that the assets be maintained in perpetuity.

(d) Cash and Cash Equivalents

The Free Clinic considers cash on hand and cash held in bank accounts as cash equivalents for purposes of the statement of cash flows. Money market accounts held in brokerage accounts and certificates of deposit with a maturity of over three months when purchased are reported as investments.

(e) Inventory

Inventory consists of donated food and is recorded at estimated fair value at date of receipt.

(f) Capital Campaign Receivables

Capital campaign receivables are recorded at their estimated net realizable value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements - Continued

(1) Nature of Activities and Summary of Significant Accounting Policies - Continued

(g) Property and Equipment

Property and equipment are capitalized at cost, if purchased or at estimated fair value at date of receipt if acquired by gift. It is the Free Clinic's policy to capitalize expenditures for those items in excess of \$1,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, ranging from 3 to 40 years. Depreciation expense amounted to \$120,830 and \$83,674 for the years ended September 30, 2014 and 2013, respectively. Gifts of long-lived assets are reported as unrestricted support.

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

(h) Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the consolidated statement of activities.

(i) Public Support and Revenue

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. All contributions are available for unrestricted use unless specifically restricted by the donor.

(j) Donated Services

Donated services that require specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value. These services consisted of medical services donated and totaled approximately \$272,000 and \$280,000 for the years ended September 30, 2014 and 2013, respectively.

The Free Clinic receives services from a large number of volunteers who give significant amounts of their time to the Free Clinic's programs and fund-raising campaigns. However, these services are not reflected on the accompanying consolidated statement of activities since they do not meet the criteria for recognition.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements - Continued

(1) Nature of Activities and Summary of Significant Accounting Policies - Continued

(k) Income Taxes

The Free Clinic and the Foundation are not-for-profit corporations under the laws of the State of Florida and are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Free Clinic believes that it has no liability for taxes with respect to unrelated business income. However, such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authorities.

The Free Clinic follows Accounting Standards Codification Topic 740, "Income Taxes" ("ASC 740"). A component of this standard prescribes a recognition and measurement threshold of uncertain tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Free Clinic's policy is to recognize interest and penalties associated with tax positions under this standard as a component of tax expense, and none were recognized since there was no material impact of the application of this standard for the years ended September 30, 2014 and 2013. The Free Clinic's information returns are open to IRS examination for the 2010 tax year ended September 30, 2011, and all subsequent years.

(l) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(m) Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and the supporting services benefited.

(n) Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements - Continued

(2) Investments

Investments are stated at fair value and consist of the following as of September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Money market funds	\$ -	33
Mutual funds	955,641	830,496
Certificates of deposit	<u>202,206</u>	<u>201,100</u>
Total	<u>\$ 1,157,847</u>	<u>1,031,629</u>

The following summarizes investment income reflected in the consolidated statement of activities:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 21,661	3,736
Unrealized and realized gains on investments	<u>68,690</u>	<u>97,859</u>
Total	<u>\$ 90,351</u>	<u>101,595</u>

(3) Bequests and Charitable Remainder Trust

(a) Bequests Receivable

The Free Clinic recognizes a receivable and revenue for their interest in bequests based on the inventories of estate assets and conditions contained in the respective wills. Amounts expected to be received in future years are discounted to provide estimates in current year dollars. The Free Clinic records bequests receivable (when the court declares the related will valid) as either temporarily restricted net assets, as these assets will not be available until future years, or as permanently restricted net assets. As funds from an estate (other than permanently restricted) are collected, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as assets released from restrictions. Bequests receivable as of September 30, 2014 is \$1,705,000 of which \$1,000,000 was collected subsequent to year end. Bequests receivable as of September 30, 2013 was \$87,000 which has been fully collected.

(b) Charitable Remainder Trust

The Free Clinic is the beneficiary of a charitable remainder trust established by individual donors and held by third parties. The asset recognized is the present value of the future distributions the Free Clinic expects to receive.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements - Continued

(4) Beneficial Interest in Assets Held by Others

In 2012, the Free Clinic invested \$52,600 within the Community Foundation of Tampa Bay. This amount is considered to be an asset of the Free Clinic and is presented as beneficial interest in assets held by others in the accompanying statements of financial position as of September 30, 2014. As of September 30, 2014 and 2013, this investment was valued at \$58,647 and \$58,324 respectively. In addition, at September 30, 2014 and 2013 the Community Foundation of Tampa Bay (the Community Foundation) was holding a balance of approximately \$59,000 and \$58,000, respectively, representing contributions made directly to the Community Foundation for the benefit of the Free Clinic. Earnings on these funds are earmarked to be distributed on a periodic basis to the Free Clinic. The Community Foundation has been granted variance power over these funds which provide the Community Foundation the unilateral power to redirect the use of the funds to other beneficiaries if the Free Clinic were to discontinue operations. Because the Community Foundation has been granted variance power, funds contributed by donors to the Community Foundation on behalf of the Free Clinic are not considered to be an asset of the Free Clinic and have not been reported in the financial statements.

In 2012, the Sister Margaret Freeman Foundation invested \$115,000 with the Pinellas Community Foundation in an endowment. The Pinellas County Community Foundation matched the \$115,000 with 30% or \$34,500. The endowment will pay 5% of its year-end value to the Free Clinic each year. The 30% match is not considered to be an asset of the Free Clinic and has not been reported in the financial statements. As of September 30, 2014, this endowment including the 30% match was valued at \$161,546. The portion reinvested by Sister Margaret Freeman Foundation is reflected as beneficial interest in assets held by others on the consolidated statements of financial position.

(5) Capital Campaign Receivables

Capital campaign receivables at September 30, 2014 are summarized as follows:

Gross capital campaign receivables	\$ 2,585,300
Less unamortized discount, discounted using a rate of .48%	<u>(19,140)</u>
Net capital campaign receivables	<u><u>\$ 2,566,160</u></u>
Amounts due in -	
Less than one year	\$ 1,767,940
One to five years	<u>817,360</u>
	<u><u>\$ 2,585,300</u></u>

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements - Continued

(6) Property and Equipment

Property and equipment consisted of the following at September 30, 2014 and 2013:

	2014	2013
Land	\$ 422,987	422,987
Buildings and improvements	1,521,397	1,493,564
Furniture and equipment	270,355	262,059
Vehicles	170,571	171,850
	2,385,310	2,350,460
Less accumulated depreciation	841,175	735,205
	\$ 1,544,135	1,615,255

(7) Operating Lease

The Free Clinic has entered into operating leases, primarily for office equipment. Total rental expense for these leases was approximately \$16,000 and \$26,000 for the years ended September 30, 2014 and 2013, respectively. The approximate future minimum lease payments required under these operating leases as of September 30, 2014 are as follows:

<u>Year Ending September 30,</u>	
2015	\$ 14,000
2016	14,000
2017	14,000
2018	3,000
	\$ 45,000

(8) Mortgage Loans Payable

The Free Clinic is obligated to the City of St. Petersburg under two mortgage loans payable as of September 30, 2014 and 2013. Both loans are interest free with no current principal payments required. The loans were recorded based on fair value, using the prevailing interest rate for similar transactions at the time the mortgage was executed. The principal will be forgiven at maturity if the property continues to be used to provide services to low and moderate-income households in the form of housing, a food kitchen, and other emergency assistance. The maturity dates are December 31, 2014 and January 1, 2019 for \$100,000 and \$350,000 respectively. Each year, interest expense is recognized and the mortgage/note liability is increased (accreted). The loans are collateralized by real property with net book values of \$661,347 and \$634,464 for the fiscal years ended 2014 and 2013, respectively.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements - Continued

(8) Mortgage Loans Payable - Continued

The total debt before the discount is \$450,000; debt discounts for the years ended September 2014 and 2013 were \$46,468 and \$59,744 respectively. Debt net of discount was \$403,532 and \$390,256 for years ended 2014 and 2013, respectively.

Temporarily restricted net assets includes \$46,468 and \$59,744 of interest contributed for the years ended September 30, 2014 and 2013, respectively, based on the difference between the fair value of the mortgage as of the execution date and the face value of the mortgage.

(9) Donated Food and Medicine

During the years ended September 30, 2014 and 2013, the Free Clinic received approximately 2,800,000 and 2,500,000 pounds of donated food, respectively. The donated food is estimated to be valued at \$1.74 a pound for fiscal year 2014 and \$1.73 a pound for fiscal year 2013, which amounts to approximately \$4,872,000 and \$4,325,000, respectively. The donations and the inventory value of donated food are recorded when the Free Clinic has the unilateral power to redirect the use of the transferred assets to another beneficiary.

Additionally, the Free Clinic receives donated medicine throughout the year consisting primarily of sample items. Medicines are disbursed appropriately as needed. Due to the high volume of activity, and the difficulty in determining the fair value, revenue and expense are not recorded.

(10) Retirement Plan

The Free Clinic has a 401(k) retirement plan which covers all employees over 21 years of age having one year of service, provided they have met the 1,000 hours of service requirement. Annual contributions are made at the discretion of the Board. The contribution for fiscal 2014 and 2013 was \$30,000 and \$25,020, respectively.

(11) Foundation

The Sister Margaret Freeman Foundation, Inc.'s net assets as of September 30, 2014 and 2013 consisted of the following:

	2014	2013
Unrestricted, undesignated	\$ 37,747	56,314
Board designated for endowment purposes	905,641	780,496
Temporarily restricted	400,000	-
	\$ 1,343,388	836,810

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements - Continued

(12) Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following as of September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Discount on below market rate mortgages	\$ 46,468	59,744
Donated property	228,288	228,288
Bequests receivable	1,705,000	87,000
Grants and contributions	239,250	63,825
Charitable remainder trusts	-	60,105
Capital campaign	<u>2,923,316</u>	<u>-</u>
Total	<u>\$ 5,142,322</u>	<u>498,962</u>

(13) Permanently Restricted Net Assets

In 2007, the Free Clinic received a \$50,000 donation to establish a permanent endowment fund. A stipulation of the donation was the Free Clinic match the contributed amount from unrestricted monies. The matching funds are included as part of the Board designated funds described in Note 11. Terms of the donation require the funds to be segregated from the Free Clinic's operating funds. Earnings will be released to the Free Clinic for general operations. The donor-restricted endowment is reported as permanently restricted net assets.

In 2012, the Free Clinic invested \$52,600 within the Community Foundation of Tampa Bay. Only the earnings on these funds will be distributed on a periodic basis to the Free Clinic. Based on the terms of the investment, the invested amount will not ever be returned to the Free Clinic. The initial investment is reported as permanently restricted net assets and the year-end value in excess of the initial investment is reported in unrestricted net assets.

In 2012, the Sister Margaret Freeman Foundation invested \$115,000 within the Pinellas County Community Foundation. As an incentive for this investment the Pinellas County Community Foundation provided a 30% match on the funds invested into the Sister Margaret Freeman Foundation's account. Only the earnings on these funds will be distributed on a periodic basis to the Sister Margaret Freeman Foundation. Based on the terms of the investment, the invested amount, as well as the match provided, will not ever be returned to the Sister Margaret Freeman Foundation. The initial investment is reported as permanently restricted net assets and the year-end value in excess of the initial investment is reported in unrestricted net assets. The 30% match received is not reported in the Free Clinic's consolidated financial statements.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements - Continued

(14) Net Assets Released From Restrictions

Net assets were released from restrictions as follows during the years ended September 30, 2014 and 2013, by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by donors:

	<u>2014</u>	<u>2013</u>
Discount on below market rate mortgages	\$ 13,276	13,276
Bequests receivable	87,000	211,107
Grants and contributions	359,968	104,595
Charitable remainder trusts	60,105	-
Capital campaign	308,594	-
	<u> </u>	<u> </u>
Total	<u>\$ 828,943</u>	<u>328,978</u>

(15) Endowment

Endowment Net Asset Composition by Type of Fund as of September 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	-	217,600	217,600
Board designated endowment funds	905,641	-	-	905,641
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total funds	<u>\$ 905,641</u>	<u>-</u>	<u>217,600</u>	<u>1,123,241</u>

Changes in Endowment Net Assets for the Year Ended September 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets beginning of year	\$ 780,496	-	217,600	998,096
Investment return:				
Investment income	-	17,443	-	17,443
Net appreciation (realized and unrealized)	67,702	-	-	67,702
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total investment return	67,702	17,443	-	85,145
Funds invested in endowment	40,000	-	-	40,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net assets released from restriction	17,443	(17,443)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total funds	<u>\$ 905,641</u>	<u>-</u>	<u>217,600</u>	<u>1,123,241</u>

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements - Continued

(15) Endowment - Continued

Endowment Net Asset Composition by Type of Fund as of September 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	-	217,600	217,600
Board designated endowment funds	<u>780,496</u>	<u>-</u>	<u>-</u>	<u>780,496</u>
Total funds	<u>\$ 780,496</u>	<u>-</u>	<u>217,600</u>	<u>998,096</u>

Changes in Endowment Net Assets for the Year Ended September 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets beginning of year	\$ <u>659,559</u>	<u>-</u>	<u>217,600</u>	<u>877,159</u>
Investment return: Net appreciation (realized and unrealized)	<u>90,937</u>	<u>-</u>	<u>-</u>	<u>90,937</u>
Total investment return	<u>90,937</u>	<u>-</u>	<u>-</u>	<u>90,937</u>
Funds invested in endowment	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds	<u>\$ 780,496</u>	<u>-</u>	<u>217,600</u>	<u>998,096</u>

Return Objectives and Risk Parameters

The Free Clinic has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Free Clinic must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to emphasize total return.

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements - Continued

(15) Endowment - Continued

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Free Clinic relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Free Clinic targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Free Clinic has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior 12 months through the fiscal year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Free Clinic considers the long-term expected return on its endowment. Accordingly, over the long term, the Free Clinic expects the current spending policy to allow its endowment to grow. This is consistent with the Free Clinic's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(16) Fair Value of Financial Instruments

The Free Clinic follows FASB Accounting Standards Codification Topic 820, *Fair Value and Measurement* ("ASC 820"). ASC 820 establishes a framework for using fair value to measure assets and liabilities and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) as opposed to the price that would be paid to acquire the asset or received to assume the liability (an entry price).

Under ASC 820, a fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of nonperformance. ASC 820 requires disclosures that stratify balance sheet amounts measured at fair value based on inputs the Free Clinic used to derive fair value measurements. These strata include:

- Level 1: Valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the counter markets with sufficient volume);
- Level 2: Valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market;

**ST. PETERSBURG FREE CLINIC, INC.
AND AFFILIATE**

Notes to Consolidated Financial Statements - Continued

(16) Fair Value of Financial Instruments - Continued

Level 3: Valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Organization-specific data. These unobservable assumptions reflect the Organization's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Fair value of assets measured on a recurring basis at September 30, 2014 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ -	-	-	-
Mutual funds	955,641	955,641	-	-
Certificates of deposit	202,206	-	202,206	-
	<u>\$ 1,157,847</u>	<u>955,641</u>	<u>202,206</u>	<u>-</u>

Fair value of assets measured on a recurring basis at September 30, 2013 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ 33	33	-	-
Mutual funds	830,496	830,496	-	-
Certificates of deposit	201,100	-	201,100	-
	<u>1,031,629</u>	<u>830,529</u>	<u>201,100</u>	<u>-</u>
Charitable remainder trusts	<u>60,105</u>	<u>-</u>	<u>60,105</u>	<u>-</u>
	<u>\$ 1,091,734</u>	<u>830,529</u>	<u>261,205</u>	<u>-</u>

(17) Subsequent Events

The Free Clinic has evaluated subsequent events occurring from the statement of financial position date through December 29, 2014, the date the financial statements were available to be issued. No subsequent events were identified that required adjustments to a disclosure within the financial statements.

SUPPLEMENTARY FINANCIAL INFORMATION

ST. PETERSBURG FREE CLINIC, INC.

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2014

<u>Loans</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development				
<i>Passed through City of St. Petersburg, Florida:</i>				
Community Development Block Grant	14.218	B-97-MC-12-0017	\$ 350,000	350,000 ⁽¹⁾
Community Development Block Grant	14.218	B-03-MC-12-0017	100,000	100,000 ⁽¹⁾

(1) OMB Circular A-133 defines expenditures of federal awards to include any federal loan balances outstanding during the year. The \$450,000 loan included above does not represent actual funds expended during the current year.

ST. PETERSBURG FREE CLINIC, INC.

Notes to Schedule of Expenditures of Federal Awards

September 30, 2014

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the St. Petersburg Free Clinic, Inc. 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.

(2) Contingencies

Grant expenses incurred by the St. Petersburg Free Clinic, Inc. are subject to audit and possible disallowance by the grantor agencies. Management believes that if audited, any adjustment for disallowed expenses would not have a material impact on the consolidated financial statements.



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*

To the Board of Directors of
St. Petersburg Free Clinic, Inc.:

We have audited, in accordance with the 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 consolidated financial statements of St. Petersburg Free Clinic, Inc. and Affiliate (the "Free Clinic" a not-for-profit organization), which comprise the consolidated statements of financial position as of September 30, 2014, and 2013 the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Free Clinic'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 consolidated 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 the Organization's consolidated financial statements are free from 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 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maureen Heffman Mc Conn P.C.

December 29, 2014
Clearwater, Florida