



City of Greensboro

Date: March 25, 2003
To: Ed Kitchen, City Manager
From: Internal Audit
Subject: Project Homestead (Cumberland Shopping Center)

The Internal Audit Division has performed a program and compliance audit of Project Homestead, Incorporated which received a Community Development Loan from the City of Greensboro in August of 1999 in the amount of \$500,000.

This loan was made to help Project Homestead acquire the property located at 709 East Market Street known as the Cumberland Shopping Center. These funds were used in the pay-off of loans; appraisals; survey; demolition; environmental abatement and legal fees incurred with the purchase of the property. The loan agreement specified that the loan would be changed to a grant and forgiven if certain requirements were met by the agency. One requirement to the loan agreement was amended by City Council at their meeting on June 4, 2002 and the entire loan was forgiven on that date. Today this property is known as the Dudley-Lee Professional Center.

We examined selected financial transactions and program documentation maintained by the agency for compliance with the loan agreement. Based on our review, it appears the funds have been spent according to the terms of the agreement with no exceptions noted.

We would like to thank Mr. Steven Elliott, Controller of Project Homestead; Mr. Ronald Matamoros and Mr. William Hoyle, Attorneys; and Mr. Mac Sims, President of East Market Street Development Corporation for their courtesy and cooperation shown us during this audit. If there are any questions or comments concerning the details of this audit, please contact us at 373-2821.

Len Lucas
Internal Auditor

Cc: Mitchell Johnson, Assistant City Manager
Ben Brown, Assistant City Manager for Economic Development
Bob Morgan, Assistant City Manager
Andy Scott, Director of Housing & Community Development
Reverend Michael King, President of Project Homestead, Incorporated
Ronald Matamoros, Attorney
William Hoyle, Attorney
Mac Sims, President of East Market Street Development Corporation