

**ALABAMA ASSOCIATION OF HOUSING AND
REDEVELOPMENT AUTHORITIES**

Financial Statements

For the Years Ended September 30, 2017 and 2016

**ALABAMA ASSOCIATION OF HOUSING
AND REDEVELOPMENT AUTHORITIES**
Financial Statements
September 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Alabama Association of Housing and Redevelopment Authorities

Report on the Financial Statements

We have audited the accompanying basic financial statements of Alabama Association of Housing and Redevelopment Authorities which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities and changes in net assets, 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Corporation'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 Corporation'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 respective financial positions of the Alabama Association of Housing and Redevelopment Authorities, as of September 30, 2017 and 2016, and the respective changes in its net assets and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Aprio, LLP

Birmingham, Alabama
February 14, 2018

ALABAMA ASSOCIATION OF HOUSING AND REDEVELOPMENT AUTHORITIES
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 and 2016

ASSETS

	2017	2016
Current Assets		
Cash and cash equivalents	\$ 228,985	\$ 304,548
Accounts receivable	4,610	2,000
Accrued interest receivable	204	172
Investments	108,345	107,540
Prepaid Expense	5,000	20
Total Current Assets	347,144	414,280
Noncurrent Assets		
Accounts receivable - Long Term	20,000	-
Total Noncurrent Assets	20,000	-
Total Assets	\$ 367,144	\$ 414,280

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 1,852	\$ 1,440
Total Current Liabilities	1,852	1,440
Net Assets		
Unrestricted		
Undesignated	365,292	412,840
Total Unrestricted Net Assets	365,292	412,840
Total Liabilities and Net Assets	\$ 367,144	\$ 414,280

See Independent Auditors' Report and notes to financial statements.

ALABAMA ASSOCIATION OF HOUSING AND REDEVELOPMENT AUTHORITIES
STATEMENTS OF ACTIVITY AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
Revenues		
Annual Meeting Revenue	\$ 146,600	\$ 162,290
Registration and Workshop Revenue	60,150	55,210
Membership Dues	65,971	68,970
Contributions	4,300	220
Interest Revenue	861	1,440
Total Revenues	277,882	288,130
Expenses		
Program Services:		
Annual Meeting Expense	201,629	177,106
Workshops Expense	54,676	55,965
Lobbying Expense	48,302	48,000
Donations	861	3,440
Supporting Services:		
Administration	19,962	20,528
Total Expenses	325,430	305,039
Change in Net Assets	(47,548)	(16,909)
Net Assets, Beginning of the Year	412,840	429,749
Net Assets, End of the Year	\$ 365,292	\$ 412,840

See Independent Auditors' Report and notes to financial statements.

ALABAMA ASSOCIATION OF HOUSING AND REDEVELOPMENT AUTHORITIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities		
Change in Net Assets from Operations	\$ (47,548)	\$ (16,909)
Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Decrease (increase) in accounts receivable	(2,610)	(1,282)
Decrease (increase) in accounts receivable - litigation fees	(20,000)	-
Decrease (increase) in accrued interest receivable	(32)	728
Decrease (increase) in prepaid expenses	(4,980)	(20)
(Decrease) increase in accounts payable	412	(48)
(Decrease) increase in unearned revenue	-	(849)
Net cash provided from (used by) operating activities	(74,758)	(18,380)
Cash flows provided from (used by) investing activities:		
Purchase of investments	(805)	(1,902)
Net cash provided from (used by) operating activities	(805)	(1,902)
Net increase (decrease) in cash and cash equivalents	(75,563)	(20,282)
Cash and cash equivalents at beginning of year	304,548	324,830
Cash and cash equivalents at end of year	\$ 228,985	\$ 304,548

See Independent Auditors' Report and notes to financial statements.

**ALABAMA ASSOCIATION OF HOUSING
AND REDEVELOPMENT AUTHORITIES**

Notes to Financial Statements

September 30, 2017 and 2016

Note 1 Organization and Nature of Operations

Organization – Alabama Association of Housing and Redevelopment Authorities (AAHRA) is incorporated as a non-profit organization under the laws of the State of Alabama.

Nature of Activities – AAHRA is an organization of public housing authorities in the State of Alabama whose purpose is to improve the quality and management of assisted housing programs through seminars and workshops and the representation of public housing executive directors to the Department of Housing and Urban Development.

AAHRA provides a number of program services to members. These services include: the presentation of educational sessions at annual conferences and conventions; research and analysis on federal housing issues; production of a quarterly newsletter; maintenance of an informational Internet website; the interpretation of the Department of Housing and Urban Development’s regulations and policies.

AAHRA is guided by the Board of Directors with the management of business and affairs generally vested in the executive committee. Their principal funding sources consist of annual membership dues, conferences, seminars and workshop fees.

Note 2 Summary of Significant Accounting Policies

Basis of Accounting – The financial statements are prepared using the accrual method of accounting.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958 formerly known as FASB No. 117, “Financial Statements of Not-for-Profit Organizations.” Under FASB ASC 958, AAHRA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. AAHRA does not have any permanently restricted net assets.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles includes the use of management’s estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

**ALABAMA ASSOCIATION OF HOUSING
AND REDEVELOPMENT AUTHORITIES**
Notes to Financial Statements (continued)
September 30, 2017 and 2016

Note 2 Summary of Significant Accounting Policies (continued)

Prepaid Expenses – Prepaid items consists of payment made to vendors for services that will benefit future periods.

Revenue Recognition – Revenue and expenses are recorded on the accrual basis. Membership dues, workshop and conference revenues are recorded as income in the period in which they are earned. Amounts that have been collected but not earned are recorded as deferred income.

Federal Income Tax – AAHRA is exempt from federal income tax under Section 501©(6) of the Internal Revenue Code. Accordingly, these financial statements do not contain a provision for income taxes.

Currently the 2014, 2015 and 2016 tax years are open and subject to examination by the Internal Revenue Service. However, AAHRA is not currently under audit nor has AAHRA been contacted by any of these jurisdictions.

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include certificates of deposit with original maturities of three months or less.

Investments – Investments consist of certificates of deposit with maturities of twelve to eighteen months. The certificate of deposits bear interest of .75% and are valued at face value.

Accounts Receivable – AAHRA uses the allowance method to account for uncollectible accounts receivable. Receivables are reported net of any allowance for uncollectible accounts.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as unrestricted.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. All costs have been allocated to the programs benefited.

**ALABAMA ASSOCIATION OF HOUSING
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Notes to Financial Statements (continued)
September 30, 2017 and 2016

Note 3 Noncurrent Receivables

AAHRA paid the litigation fees for 16 members who are small Housing Authorities with no non-federal funds so that these Authorities could become a plaintiff in a lawsuit. The lawsuit will seek monetary damages for the reduction of public housing operating subsidies in 2012. The settlement payments received from the lawsuit will be paid out of a Judgement Fund and will not be considered federal funds. The fees will be paid back to AAHRA from the lawsuit proceeds. The fees are due within 30 days of receipt of settlement payment. AAHRA's management expects to be paid back in full when the lawsuit is settled.

Note 4 Commitments and Contingencies

The Organization receives a substantial amount of its support from its members. A significant reduction in the level of this support, if this were to occur, may have an effect on the programs and activities.

Note 5 Subsequent Events

In preparing financial statements, management evaluated subsequent events through February 14, 2018, the date the financial statements were available to be issued.