

**ALABAMA ASSOCIATION OF HOUSING AND
REDEVELOPMENT AUTHORITIES**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

**ALABAMA ASSOCIATION OF HOUSING AND REDEVELOPMENT
AUTHORITIES**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Alabama Association of Housing
and Redevelopment Authorities

We have audited the accompanying statement of financial position of the Alabama Association of Housing and Redevelopment Authorities, (the "Association"), as of September 30, 2010, and the related statements of activity and changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of September 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

December 6, 2010



**ALABAMA ASSOCIATION OF HOUSING AND
REDEVELOPMENT AUTHORITIES
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2010**

| | |
|-----------------------------------|-------------------|
| Assets | |
| Cash | \$ 143,597 |
| Investments | 113,683 |
| Interest receivable | 177 |
| Accounts receivable | 1,657 |
| Total Assets | <u>\$ 259,114</u> |
| | |
| Liabilities and Net Assets | |
| Accounts payable | \$ 1,925 |
| | |
| Net Assets | |
| Unrestricted | <u>257,189</u> |
| Total Liabilities and Net Assets | <u>\$ 259,114</u> |

See Independent Auditors' Report and notes to financial statements.

**ALABAMA ASSOCIATION OF HOUSING AND
REDEVELOPMENT AUTHORITIES
STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

| | |
|--|-------------------|
| Revenues | |
| Annual meeting revenues | \$ 145,641 |
| Registration and workshop revenues | 79,000 |
| Membership and dues | 30,950 |
| Interest | 1,925 |
| Total revenues | <u>257,516</u> |
| Operating Expenses | |
| Annual meeting | 157,329 |
| Workshop expense | 55,909 |
| Lobbying | 36,045 |
| Administrative | 31,077 |
| Donations to AHAEFF | 10,086 |
| Total operating expenses | <u>290,446</u> |
| Operating income and changes in net assets | (32,930) |
| Net Assets, October 1, 2009 | <u>290,119</u> |
| Changes in net assets, September 30, 2010 | <u>\$ 257,189</u> |

See Independent Auditors' Report and notes to financial statements.

**ALABAMA ASSOCIATION OF HOUSING AND
REDEVELOPMENT AUTHORITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

| | |
|--|--------------------|
| Cash Flows From Operating Activities: | |
| Cash received from: | |
| Operations | \$ 256,045 |
| Cash paid to/for | |
| Programs | (279,092) |
| Scholarship awards | (10,086) |
| Net cash (used) by operating activities | <u>(33,133)</u> |
| Cash Flows (Used) By Investing Activities: | |
| Net decrease in cash | <u>(33,133)</u> |
| Cash and cash equivalents beginning of year | <u>176,730</u> |
| Cash and cash equivalents end of year | <u>\$ 143,597</u> |
| Reconciliation of changes in net assets to net cash provided from operating activities: | |
| (Decrease) in net assets | \$ (32,930) |
| Adjustments to reconcile change in net assets to net cash from operating activities: | |
| Accounts receivable | 2,125 |
| Interest receivable | (403) |
| Accounts payable | (1,925) |
| Net cash flows from operations | <u>\$ (33,133)</u> |

See Independent Auditors' Report and notes to financial statements.

**ALABAMA ASSOCIATION OF HOUSING AND REDEVELOPMENT
AUTHORITIES**

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 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 finding sources consist of annual membership dues, conferences, seminars and workshop fees.

Method 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 N. 117, “Financial Statements of Not-for-Profit Organizations”). Under FASB ASC 958, the Association 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 temporarily or permanently restricted net assets at September 30, 2010.

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.

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.

ALABAMA ASSOCIATION OF HOUSING AND REDEVELOPMENT
AUTHORITIES

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Federal Income Tax – AAHRA is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

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. All bank deposits are fully covered by FDIC insurance limits at year ended September 30, 2010.

Accounts Receivable – AAHRA uses the allowance method to account for uncollectible accounts receivable. Receivables are reported net of an allowance for uncollectible accounts. At September 30, 2010, AAHRA deems all accounts to be collectible; therefore, no allowance account is necessary.

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.

Subsequent Events- In preparing the financial statement, management evaluated subsequent events through December 6, 2010, the date the financial statements were available to be issued.

NOTE 2 – FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing 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.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

AAHRA 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.