

**ALABAMA ASSOCIATION OF HOUSING AND
REDEVELOPMENT AUTHORITIES
(A NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 and 2012

**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 financial statements of the Alabama Association of Housing and Redevelopment Authorities, (the "Association") (a nonprofit organization), which comprise the statements of financial position as of September 30, 2013 and 2012, 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 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.

Auditors' 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 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 auditors' 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 Association'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 Association'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 the Association as of September 30, 2013 and 2012, 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.

Moody & Company

November 15, 2013
Odenville, Alabama

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

	2013	2012
Assets		
Cash	\$ 250,738	\$ 167,990
Investments	105,320	105,129
Interest receivable	-	18
Accounts receivable	961	373
Total Assets	\$ 357,019	\$ 273,510
 Liabilities and Net Assets		
Accounts payable	\$ 908	\$ -
 Net Assets		
Unrestricted	356,111	273,510
 Total Liabilities and Net Assets	\$ 357,019	\$ 273,510

See Independent Auditors' Report and notes to financial statements.

**ALABAMA ASSOCIATION OF HOUSING AND
REDEVELOPMENT AUTHORITIES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30,**

	<u>2013</u>	<u>2012</u>
Revenues		
Annual meeting revenues	\$ 162,185	\$ 183,665
Registration and workshop revenues	83,425	75,475
Membership and dues	64,563	69,238
Interest	250	538
Total revenues	<u>310,423</u>	<u>328,916</u>
Operating Expenses		
Annual meeting	115,729	121,310
Workshop expense	45,814	57,270
Lobbying	41,112	54,580
Administrative	24,917	20,329
Donations to AHAEFF	250	538
Total operating expenses	<u>227,822</u>	<u>254,027</u>
Operating income and changes in net assets	82,601	74,889
Net Assets, October 1,	<u>273,510</u>	<u>198,621</u>
Changes in net assets, September 30,	<u>\$ 356,111</u>	<u>\$ 273,510</u>

See Independent Auditors' Report and notes to financial statements.

**ALABAMA ASSOCIATION OF HOUSING AND
REDEVELOPMENT AUTHORITIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30,**

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities:		
Cash received from:		
Operations	\$ 309,853	\$ 328,737
Cash paid to/for		
Programs	(226,664)	(254,797)
Scholarship awards	(250)	(538)
Net cash (used) by operating activities	<u>82,939</u>	<u>73,402</u>
Cash Flows Provided By Investing Activities:		
(Purchase) of investments	<u>(191)</u>	<u>(614)</u>
Net cash (used) by investing activities	<u>(191)</u>	<u>(614)</u>
Net increase in cash	82,748	72,788
Cash and cash equivalents beginning of year	<u>167,990</u>	<u>95,202</u>
Cash and cash equivalents end of year	<u>\$ 250,738</u>	<u>\$ 167,990</u>
Reconciliation of changes in net assets to net cash provided from operating activities:		
Increase in net assets	\$ 82,601	\$ 74,889
Adjustments to reconcile change in net assets to net cash from operating activities:		
Accounts receivable	(588)	(373)
Interest receivable	18	194
Accounts payable	908	(1,308)
Net cash flows from operations	<u>\$ 82,939</u>	<u>\$ 73,402</u>

See Independent Auditors' Report and notes to financial statements.

**ALABAMA ASSOCIATION OF HOUSING AND
REDEVELOPMENT AUTHORITIES
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012**

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 funding 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, 2013.

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 THE FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2013 AND 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 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, 2013.

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

Subsequent Events- In preparing the financial statement, management evaluated subsequent events through November 15, 2013 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.