

March 4, 2019

Ms. Carolyn Sutley
Alabama Association of Housing
And Redevelopment Authorities
149 Cox Road
Santa Rosa Beach, FL 32459

Dear Carolyn,

Enclosed you will find ten (10) bound copies of the Alabama Association of Housing and Redevelopment Authorities' audit report for year ended September 30, 2018 and 2017.

If you have any questions, please give me a call. Thank you for the opportunity of being your auditor and we look forward to working with you again.

Sincerely,



Becky McCune, CPA

Enclosures

March 1, 2019

To Board of Directors
Alabama Association of Housing and Redevelopment Authorities

We have audited the financial statements of Alabama Association of Housing and Redevelopment Authorities for the year ended September 30, 2018, and we will issue our report thereon dated March 1, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 3, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Alabama Association of Housing and Redevelopment Authorities are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2018. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was collectibility of accounts receivable. Management's estimate is based on probability of collecting. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Internal Control

In planning and performing our audit of the financial statements of Alabama Association of Housing and Redevelopment Authorities as of and for the year ended September 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Alabama Association of Housing and Redevelopment Authorities's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 Company's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Category title

Describe material weakness here.

Category title

Describe material weakness here.

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. We consider the following deficiencies in internal control to be significant deficiencies:

Category title

Describe significant deficiency here.

Category title

Describe significant deficiency here.

During our audit, we also became aware of the following matters that are opportunities for strengthening internal controls and operating efficiency:

Category title

Describe matter here.

Category title

Describe matter here.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes unrecorded misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 1, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Major Issues Discussed with Management Prior to Our Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Alabama Association of Housing and Redevelopment Authorities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Aprio, LLP

Aprio, LLP

**ALABAMA ASSOCIATION OF HOUSING AND
REDEVELOPMENT AUTHORITIES**

Financial Statements

For the Years Ended September 30, 2018 and 2017

**ALABAMA ASSOCIATION OF HOUSING
AND REDEVELOPMENT AUTHORITIES**
Financial Statements
September 30, 2018 and 2017

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions and results of operations and Redevelopment Authorities, as of September 30, 2018 and 2017, and the related changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2018 and 2017, 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 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 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.

ALABAMA ASSOCIATION OF HOUSING AND REDEVELOPMENT AUTHORITIES
STATEMENTS OF ACTIVITY AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2018 and 2017

	2018	2017
Revenues		
Annual Meeting Revenue	\$ 193,025	\$ 146,600
Registration and Workshop Revenue	57,900	60,150
Membership Dues	63,319	65,971
Contributions	6,750	4,300
Interest Revenue	870	861
Total Revenues	321,864	277,882
Expenses		
Program Services:		
Annual Meeting Expense	169,354	201,629
Workshops Expense	45,319	54,676
Lobbying Expense	48,557	48,302
Donations	870	861
Supporting Services:		
Administration	20,843	19,962
Total Expenses	284,943	325,430
Change in Net Assets	36,921	(47,548)
Net Assets, Beginning of the Year	365,292	412,840
Net Assets, End of the Year	\$ 402,213	\$ 365,292

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, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Change in Net Assets from Operations	\$ 36,921	\$ (47,548)
Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Decrease (increase) in accounts receivable	1,310	(2,610)
Decrease (increase) in accounts receivable - litigation fees	-	(20,000)
Decrease (increase) in accrued interest receivable	(253)	(32)
Decrease (increase) in prepaid expenses	5,000	(4,980)
(Decrease) increase in accounts payable	(967)	412
Net cash provided from (used by) operating activities	42,011	(74,758)
 Cash flows provided from (used by) investing activities:		
Purchase of investments	(205)	(805)
Net cash provided from (used by) operating activities	(205)	(805)
 Net increase (decrease) in cash and cash equivalents	41,806	(75,563)
 Cash and cash equivalents at beginning of year	228,985	304,548
 Cash and cash equivalents at end of year	\$ 270,791	\$ 228,985

See Independent Auditors' Report and notes to financial statements.

**ALABAMA ASSOCIATION OF HOUSING
AND REDEVELOPMENT AUTHORITIES**
Notes to Financial Statements
September 30, 2018 and 2017

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, 2018 and 2017

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(c)(6) of the Internal Revenue Code. Accordingly, these financial statements do not contain a provision for income taxes.

Currently the 2015, 2016 and 2017 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
AND REDEVELOPMENT AUTHORITIES**
Notes to Financial Statements (continued)
September 30, 2018 and 2017

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 **Concentration of Credit Risk**

The Organization maintains its cash balances at local banks. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to the applicable limits. At times during the year, the cash balances may exceed the FDIC insured limits. Management deems the risk to these cash balances to be low due to the credit rating of the bank.

Note 6 **Subsequent Events**

In preparing financial statements, management evaluated subsequent events through March 1, 2019, the date the financial statements were available to be issued.