

**ALABAMA ASSOCIATION OF HOUSING AND
REDEVELOPMENT AUTHORITIES**

Financial Statements

For the Years Ended September 30, 2019 and 2018

**ALABAMA ASSOCIATION OF HOUSING
AND REDEVELOPMENT AUTHORITIES**
Financial Statements
September 30, 2019 and 2018

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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, 2019 and 2018, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Alabama Association of Housing and Redevelopment Authorities, as of September 30, 2019 and 2018, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, as of October 1, 2018 Alabama Association of Housing and Redevelopment Authorities adopted Accounting Standards Update (ASU) No. 2016-14 "Not-for Profit Entities" (ASC Topic 958). Our opinion is not modified with respect to this matter.

Aprio, LLP

Birmingham, Alabama
June 10, 2020

ALABAMA ASSOCIATION OF HOUSING AND REDEVELOPMENT AUTHORITIES
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 and 2018

ASSETS

	2019	2018
Current Assets		
Cash and cash equivalents	\$ 132,568	\$ 270,791
Accounts receivable	12,757	3,300
Accrued interest receivable	-	457
Investments	240,013	108,550
Prepaid Expense	140	-
Total Current Assets	385,478	383,098
 Noncurrent Assets		
Accounts receivable - Long Term	20,000	20,000
 Total Assets	\$ 405,478	\$ 403,098

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 12,443	\$ 885
Total Current Liabilities	12,443	885
 Net Assets		
Without Donor Restrictions	393,035	402,213
Total Liabilities and Net Assets	\$ 405,478	\$ 403,098

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 YEARS ENDED SEPTEMBER 30, 2019 and 2018

	2019	2018
Revenues		
Annual Meeting Revenue	\$ 213,475	\$ 193,025
Registration and Workshop Revenue	100,500	57,900
Membership Dues	66,961	63,319
Contributions	3,375	6,750
Interest Revenue	3,162	870
Total Revenues	387,473	321,864
Expenses		
Program Services:		
Annual Meeting Expense	261,327	169,354
Workshops Expense	60,725	45,319
Lobbying Expense	48,159	48,557
Donations	4,224	870
Supporting Services:		
Administration	22,216	20,843
Total Expenses	396,651	284,943
Change in Net Assets Without Donor Restrictions	(9,178)	36,921
Net Assets, Beginning of the Year	402,213	365,292
Net Assets, End of the Year	\$ 393,035	\$ 402,213

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, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Change in Net Assets from Operations	\$ (9,178)	\$ 36,921
Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Decrease (increase) in accounts receivable	(9,457)	1,310
Decrease (increase) in accrued interest receivable	457	(253)
Decrease (increase) in prepaid expenses	(140)	5,000
(Decrease) increase in accounts payable	11,558	(967)
Net cash provided from (used by) operating activities	(6,760)	42,011
Cash flows provided from (used by) investing activities:		
Purchase of investments	(131,463)	(205)
Net cash provided from (used by) operating activities	(131,463)	(205)
Net increase (decrease) in cash and cash equivalents	(138,223)	41,806
Cash and cash equivalents at beginning of year	270,791	228,985
Cash and cash equivalents at end of year	\$ 132,568	\$ 270,791

See Independent Auditors' Report and notes to financial statements.

**ALABAMA ASSOCIATION OF HOUSING
AND REDEVELOPMENT AUTHORITIES**

**Notes to Financial Statements
September 30, 2019 and 2018**

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.

New Accounting Pronouncements - On August 18, 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The new standard changes the following aspects of the Organization’s financial statements:

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a new disclosure about liquidity and availability of resources.

**ALABAMA ASSOCIATION OF HOUSING
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Notes to Financial Statements (continued)
September 30, 2019 and 2018

Note 2 Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements - Continued

The changes have the following effect on net assets at October 1, 2017:

Net Asset Class	As Previously Presented	Reclassification	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 365,292	\$ (365,292)	\$ -
Net assets without donor restrictions	-	365,292	365,292
 Total net assets	 \$ 365,292	 \$ -	 \$ 365,292

The changes have the following effect on net assets at September 30, 2018:

Net Asset Class	As Previously Presented	Reclassification	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 402,213	\$ (402,213)	\$ -
Net assets without donor restrictions	-	402,213	402,213
 Total net assets	 \$ 402,213	 \$ -	 \$ 402,213

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. AAHRA does not have any net assets with donor restrictions.

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.

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.

**ALABAMA ASSOCIATION OF HOUSING
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Notes to Financial Statements (continued)
September 30, 2019 and 2018

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 2016, 2017 and 2018 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 ranging from 1.73% to 2.50% 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 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.

Note 3 Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	\$ 132,568	\$ 270,791
Accounts receivable	12,757	3,300
Investments	240,013	108,550
Total financial assets available for general expenditures withing one year	\$ 385,338	\$ 382,641

**ALABAMA ASSOCIATION OF HOUSING
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Notes to Financial Statements (continued)
September 30, 2019 and 2018

Note 4 **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 5 **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 6 **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 7 **Subsequent Events**

The Organization has evaluated subsequent events through June 10, 2020, which is the date on which the financial statements were available to be issued and concluded no events or transactions occurred during the period requiring additional recognition or disclosure, except as noted below.

The Organization's ongoing operations may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and resulting disruption to which these events effect the Company's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.