

Comprehensive Annual Financial Report and
Independent Auditors' Report

The Housing Authority of the City of Atlanta, Georgia



For the fiscal years ended June 30, 2011 and 2010

**COMPREHENSIVE ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITORS' REPORT**

THE HOUSING AUTHORITY OF THE CITY OF ATLANTA, GEORGIA

For the fiscal years ended June 30, 2011 and 2010

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INTRODUCTORY SECTION

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November 30, 2011

Board of Commissioners
The Housing Authority of the City of Atlanta, Georgia

We are pleased to present the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011 (FY 2011) of The Housing Authority of the City of Atlanta, Georgia (AHA or the Authority).

The information presented in this report is the responsibility of the management of AHA. To the best of our knowledge and belief, the information as presented is accurate in all material respects, is presented in a manner designed to fairly state the financial position and the results of operations of the Authority, and includes all necessary disclosures to enable the reader to gain a complete understanding of AHA's financial position. To provide a reasonable basis for making these representations, management of the Authority has established internal controls that are designed both to protect its assets and the integrity of its operations, and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with generally accepted accounting principles (GAAP).

The U.S. Department of Housing and Urban Development (HUD) requires that each local housing authority publish, within nine months of the close of its fiscal year, a complete set of financial statements prepared in accordance with GAAP, consistently applied, and audited by a firm of independent certified public accountants. Metcalf Davis, engaged by AHA to audit its FY 2011 financial statements, issued an unqualified opinion on the financial statements of the Authority for the fiscal years ended June 30, 2011 and 2010, indicating that the Authority's financial statements are fairly presented in conformity with GAAP. The Independent Auditors' Report is included as the first component of the financial section of this report.

The independent audit of the financial statements of the Authority is part of a broader, federally mandated "Single Audit," designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require an independent auditor to report not only on the fair presentation of the financial statements, but also on the Authority's internal controls and compliance with Federal Program requirements.

The Basic Financial Statements for AHA consist of the Statements of Net Assets, Statements of Revenue, Expense and Changes in Net Assets, and Statements of Cash Flows. Notes to the Basic Financial Statements are an integral part of the financial statements.

The Government Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of a Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent public accountants.

Profile of the Authority

AHA is a public body corporate and politic created under the Housing Authorities Laws of the State of Georgia. AHA's mission is to provide affordable housing for the betterment of the community. Since 1994, AHA has been transforming its operations from a troubled public housing authority to become a well-managed, diversified real estate company, with a public mission and purpose. AHA meets its mission by deploying its assets to facilitate affordable housing opportunities for low-income households and low-income elderly and disabled persons in the City of Atlanta. AHA has broad corporate powers including, but not limited to, the power to: acquire, manage, own, operate, develop and renovate housing; invest and lend money; create for-profit and not-for-profit entities; administer Housing Choice vouchers; issue bonds for affordable housing purposes; and develop commercial, retail and market-rate properties that benefit affordable housing. Many of AHA's programs are funded, in part, and regulated by HUD under the provisions of the U.S. Housing Act of 1937, as amended, as modified by AHA's Moving to Work Agreement dated September 23, 2003, as amended and restated effective as of November 13, 2008 and as further amended effective as of January 16, 2009 ("the MTW Agreement").

Under the Housing Authorities Laws, the governing body of AHA is the Board of Commissioners, whose members are appointed by the Mayor of the City of Atlanta. The Board of Commissioners hires the President and Chief Executive Officer who, in turn, hires the staff of the Authority. The current President and Chief Executive Officer is Renée Lewis Glover, who was hired on September 1, 1994.

AHA has created affiliate entities to implement and execute a number of the Authority's program activities and initiatives. The financial statements of these affiliates are included in AHA's financial statements as blended component units. AHA has one affiliate that is not a component unit, but is considered a related entity. As such, the financial activities for this entity have been excluded from the Authority's financial statements. (See Note A of the Notes to the Basic Financial Statements for further details.)

AHA is one of the 11 founding members of Georgia HAP Administrators, Inc. d/b/a National Housing Compliance (Georgia HAP), a Georgia not-for-profit 501(c)(4) corporation that performs contract administration services for HUD's project-based Section 8 and FHA-insured portfolio in the states of Georgia and Illinois. Georgia HAP subcontracts with its members and pays incentive fees and makes distributions for work performed. Fees earned by AHA from performing such contract administration services are included in AHA's financial statements.

On an annual basis, AHA submits its Comprehensive Operating and Capital Budget to the Board of Commissioners for approval. Throughout the fiscal year, the Board-approved budget is used as a management tool to plan, control and evaluate proprietary fund spending for each major project.

AHA's Mission, Vision and Guiding Principles

Under Ms. Glover's leadership, AHA chartered a new course and embarked on an important and ambitious mission: to transform its delivery of affordable housing by ending the practice of concentrating low-income families, abandoning the traditional 100 percent public housing model through implementation of a comprehensive and strategic revitalization program (Revitalization Program). Under AHA's Revitalization Program, public-housing-assisted households are relocated to housing of their choice, primarily to private housing (using Housing Choice vouchers to close the gap for the cost of rent and utilities). After relocation, distressed and obsolete housing projects are demolished and the sites remediated and prepared for development. Through partnerships with excellent private-sector developers, market-rate quality, mixed-use, mixed-income communities are developed using public and private resources. AHA's Revitalization Program is designed to intentionally deconcentrate poverty and create communities of choice, where Atlanta's families from every socio-economic status can live, learn, work and play as they pursue their version of the American dream.

In response to the deteriorating conditions in AHA's remaining distressed and obsolete public housing projects, the escalating rates of crime in these projects and the need to facilitate the assisted households in moving from such detrimental conditions, AHA designed and began implementing in FY 2007 a program called the "Quality of Life Initiative" (QLI). QLI is discussed below in greater detail. As of June 30, 2010, AHA successfully completed the relocation of all affected public-housing-assisted households and by December 31, 2010, AHA had completed the demolition of these 12 properties. With the completion of the relocation and demolition phases of QLI, AHA no longer owned or operated any large family public housing projects, thereby ending the era of warehousing low-income households in distressed and obsolete developments in isolated and depressed areas.

AHA continues to own 11 elderly high-rise buildings and two small-family public-housing-assisted developments, all of which are well-located in economically integrated neighborhoods. AHA has continued to invest in these properties to improve the physical plant and quality of life for its residents.

As AHA expected, as a result of these strategic initiatives — the Revitalization Program and QLI — its operations are more stable and AHA's position is financially sound.

AHA's VISION

Healthy Mixed-Income Communities, Healthy Self-Sufficient Families

AHA's strategies and initiatives for facilitating housing opportunities in the City of Atlanta are governed by five guiding principles:

1. End the practice of concentrating low-income families in distressed and isolated neighborhoods.
2. Develop communities through public/private partnerships, leveraging private-sector know-how and using public and private sources of funding and private-sector real estate market principles.
3. Create mixed-use, mixed-income communities with the goal of creating market-rate communities with a seamlessly integrated, affordable residential component.

4. Create healthy mixed-use, mixed-income (children-centered) communities using a holistic and comprehensive approach to ensure long-term marketability and sustainability, and to support excellent outcomes for families, especially children, with emphasis on excellent, high-performing neighborhood schools and excellent quality-of-life amenities, such as first-class retail and green space.
5. Residents should be supported with adequate resources to assist them to achieve their life goals, focusing on self-sufficiency and educational advancement of the children. Expectations and standards for personal responsibility should be benchmarked for success.

Since 1994, AHA has been able to successfully deconcentrate poverty through implementation of its Revitalization Program. The Revitalization Program calls for AHA, in partnership with great private-sector developers, to leverage its public housing development funds, its land and its operating subsidies to facilitate for income-eligible households the availability of quality affordable housing opportunities in mixed-use, mixed-income communities. To date, AHA has sponsored the creation of 16 master-planned, mixed-use, mixed-income communities, leveraging more than \$300 million in HOPE VI, other public housing development funds and MTW Funds, resulting in a total financial investment and economic impact of more than \$3 billion.

Moving to Work (MTW) Status

Having moved from “troubled agency” status in 1994 to “high performer” status in 1999 and sustained that status thereafter, AHA applied for and received the MTW designation in 2001. After protracted negotiations with HUD, AHA executed its MTW Agreement with HUD on September 23, 2003, effective as of July 1, 2003. AHA negotiated and executed with HUD an extension of this agreement effective November 13, 2008, as amended on January 16, 2009, which extended the MTW Agreement until June 30, 2018, with rights to further ten-year extensions, subject to HUD’s approval and meeting certain agreed-upon conditions. AHA’s MTW Agreement provides substantial statutory and regulatory relief under the U.S. Housing Act of 1937, as amended. AHA’s program design for implementing its MTW Agreement is reflected in AHA’s multi-year Business Plan, which was prepared leveraging the statutory and regulatory relief under its MTW Agreement and the guiding principles, the lessons learned and best practices from AHA’s Revitalization Program. Under its MTW Agreement, AHA has the statutory and regulatory flexibility to implement local solutions to address local challenges in providing affordable housing opportunities to income-eligible households in Atlanta.

Consistent with the five guiding principles, AHA’s Business Plan sets forth three **primary goals**:

1. Developing quality living environments in mixed-income communities;
2. Enhancing AHA’s economic viability and sustainability; and
3. Increasing self-sufficiency, financial independence and successful outcomes for families by leveraging AHA’s investments in human development and support services.

FY 2011 Priority Activities

AHA's enterprise-wide activities continued to be aligned around the seven **major priorities** of AHA's Business Plan which are highlighted below:

1. **Revitalization Program** (including the Quality of Life Initiative) — AHA and its private-sector development partners will continue to advance their Master Plans and “comprehensive community building” projects which are underway with the goal of creating healthy and economically sustainable master-planned, market-rate quality, mixed-use, mixed-income communities.

During this period of depressed conditions in the financial and real estate markets, and as part of its Business Transformation initiative, during FY 2011, with guidance from its Business Transformation consultant, AHA began a comprehensive strategic planning process with the City of Atlanta, the Atlanta Development Authority, the Atlanta Regional Commission, the Department of Community Affairs of the State of Georgia and other key stakeholders, to begin to look at changes in demographics, the need for affordable housing in metropolitan-Atlanta and the City of Atlanta, and the availability of public and private resources with the goal of developing a five-year strategic plan. AHA is also working with its private-sector development partners to update the Master Plans for each of the ongoing mixed-use, mixed-income revitalization programs. This strategic planning process will continue into FY 2012 and will help inform AHA's revitalization and development activities well into the future.

2. **AHA-Owned Residential Communities (use of American Recovery and Reinvestment Act Funds)** — AHA continues to own 13 Residential Communities, 11 of which serve elderly and disabled persons. AHA is committed to improving the physical plant and programs to provide a better quality of life. Using Federal stimulus funds, AHA, through the professional private management companies, nearly completed an \$18.5 million renovation program for the 13 communities. These investments support the strategic goal of independent living and improving the quality of life for elderly and disabled persons “aging in place” by enabling more social interaction and enrichment opportunities in common areas. AHA is making additional capital investments, using an energy performance contracting arrangement, in FY 2012 to improve energy efficiency and lower the costs of utilities.
3. **Human Development** — AHA continues to invest in, facilitate and provide linkages for AHA-assisted households to human services providers to ensure healthy outcomes with the goals of economically independent families, educated children and self-sufficient elderly and disabled persons. To ensure that families are successful, AHA has three core philosophies that direct its Human Development activities:
 - a. All families must be served and benefited by Human Development and Supportive Services Programs, especially during relocation and community revitalization;
 - b. Families who have lived in the chaos, dysfunction and trauma associated with concentrated poverty environments must have comprehensive, hands-on support that connects and integrates them into mainstream society and opportunities; and
 - c. Human Development and Supportive Services Programs must be outcome-driven with the expectation of success for families based on the belief that all people, regardless of race, creed, culture or financial circumstance, have unlimited human potential.

4. **Project Based Rental Assistance (PBRA) as a Development Tool** — AHA continued to expand its PBRA Program, contracting with owners of private apartment communities, through a competitive process, to provide quality housing opportunities in healthy mixed-income rental communities. PBRA provides a 10-year renewable stream of rent subsidy that closes the affordability gap for households who earn between the minimum wage and 60 percent of the metropolitan area median income.

AHA also continued to expand its PBRA Program for persons with special needs, contracting with owners and developers of service-enriched private apartment communities to help the City of Atlanta address its critical shortage of housing for homeless persons and persons with mental and developmental disabilities. During FY 2011, AHA increased its commitment from 500 to 700 PBRA units.

5. **Asset Management** — AHA continued to develop and evolve its systems, processes, procedures and human resources to create comprehensive and integrated asset management capacity, with an emphasis on external business relationship management and technology-oriented solutions. Asset Management also drives policy development, exercising the authority under AHA's MTW Agreement, which further supports AHA's ongoing priority activities.
6. **Re-engineering the Tenant-Based Housing Choice Voucher Program (HCVP)** — As a major project under the Business Transformation initiative, AHA continued to enhance HCVP, including redesigning business systems and processes, assessing and designing technology solutions, improving customer service delivery, human resources development, and refining participant and landlord policies and procedures. The implementation of the integrated real estate-oriented Enterprise Resource Planning solution, including an Enterprise Content Management solution (collectively, the iERP Program) will result in major improvements to HCVP, including improved efficiency, effectiveness, service levels and customer service. Using the statutory and regulatory relief under its MTW Agreement, AHA has also made innovative operational changes to HCVP so that the households who elect tenant-based vouchers as their affordable housing resource can use the vouchers in lower-poverty, opportunity-enriched neighborhoods throughout the City of Atlanta, while continuing to pay no more than 30 percent of their adjusted income toward rent and utilities.
7. **Business Transformation** — During FY 2011, AHA continued its evolution to become a diversified real estate company, with a public mission and purpose. Through intentional and focused initiatives, AHA is improving its information technology, finance, procurement, data and business systems infrastructure, and human resources and operational capacity with the assistance of a world-class business consulting firm. One of the major projects under the Business Transformation initiative is the implementation of the iERP Program. The total cost for the iERP Program is approximately \$12.7 million. When completed in FY 2013, AHA expects the iERP Program to yield significant returns over time, including improved operational efficiency and effectiveness, improved service levels and timely customer service. When completed, the Business Transformation initiative will enhance AHA's organizational capacity to respond to the challenges and leverage the opportunities in the real estate market to advance the mission and business of AHA.

Economic Conditions

Like every other major metropolitan area in the United States, metropolitan-Atlanta has been adversely impacted by the global economic recession. Many local and national economists have stated that metropolitan-Atlanta and Georgia remain attractive places to live, work and invest because the fundamentals are quite strong. Metropolitan-Atlanta enjoys the benefits of moderate weather, an educated workforce, a concentration of excellent colleges and universities, and the Hartsfield Jackson International Airport. Such economists have stated that, given these fundamentals, Atlanta's economic recovery will be better than that of the nation. Job loss data suggests, however, that Atlanta in the near term has been hit slightly harder by the recession than the nation. Net job growth in metropolitan-Atlanta began in late 2010 and continued in 2011, but at a sluggish pace. All indications suggest full recovery will take several more years.

AHA has been similarly impacted as follows:

- AHA-Sponsored development activities, in partnership with private developers, rely on private investment and the conditions in the real estate and financial markets. AHA expects that our development activities will pick up as those markets improve and credit becomes more available.
- Recently, the multi-family rental market has begun to recover nationally and in the City of Atlanta. This growth is primarily in response to a very soft market for the production and sale of single-family homes.
- The downturn in the Atlanta real estate market has created both opportunities and challenges. AHA has been able to purchase real estate at more reasonable prices to advance revitalization activities. In this environment, real estate owners throughout the City of Atlanta have been willing to participate in the PBRA initiative, thereby guaranteeing a stream of income for a percentage of their units in a soft market. This has opened new markets in Atlanta for this initiative. Households using tenant-based Housing Choice vouchers have had a broader array of choices to use their vouchers, tempered by the heightened risk of foreclosure. With the recent recovery in the multi-family rental market, AHA will need to develop new incentives and approaches in order to facilitate continued access to Class A and B properties to tenant-based voucher holders.
- AHA-assisted households have been impacted by the downturn in the employment market which will result in higher aggregate subsidy payments from AHA until the employment market recovers.
- In preparing our budget for FY 2013 in the context of the reality of the staggering Federal deficit, AHA will be more conservative in making assumptions and projections concerning revenue and will make cuts in administrative and overhead costs. AHA believes that as a result of: a) the statutory and regulatory relief provided under its MTW Agreement; b) the operational and financial efficiencies resulting from combining its low-income operating funds, Housing Choice voucher funds and certain capital funds into a single fund and preparing a multi-year Business Plan; and c) the elimination of the obsolete, distressed and socially dysfunctional public housing projects through the thoughtful implementation of its comprehensive Revitalization Program and QLI, it is well-positioned to come through this economic downturn. Even in a down economy, these strategic steps have enabled AHA to provide substantially better housing opportunities to income-eligible households in amenity-rich communities and neighborhoods.

We wish to express our appreciation to all of the individuals who contributed to the preparation of this Report.

Sincerely,

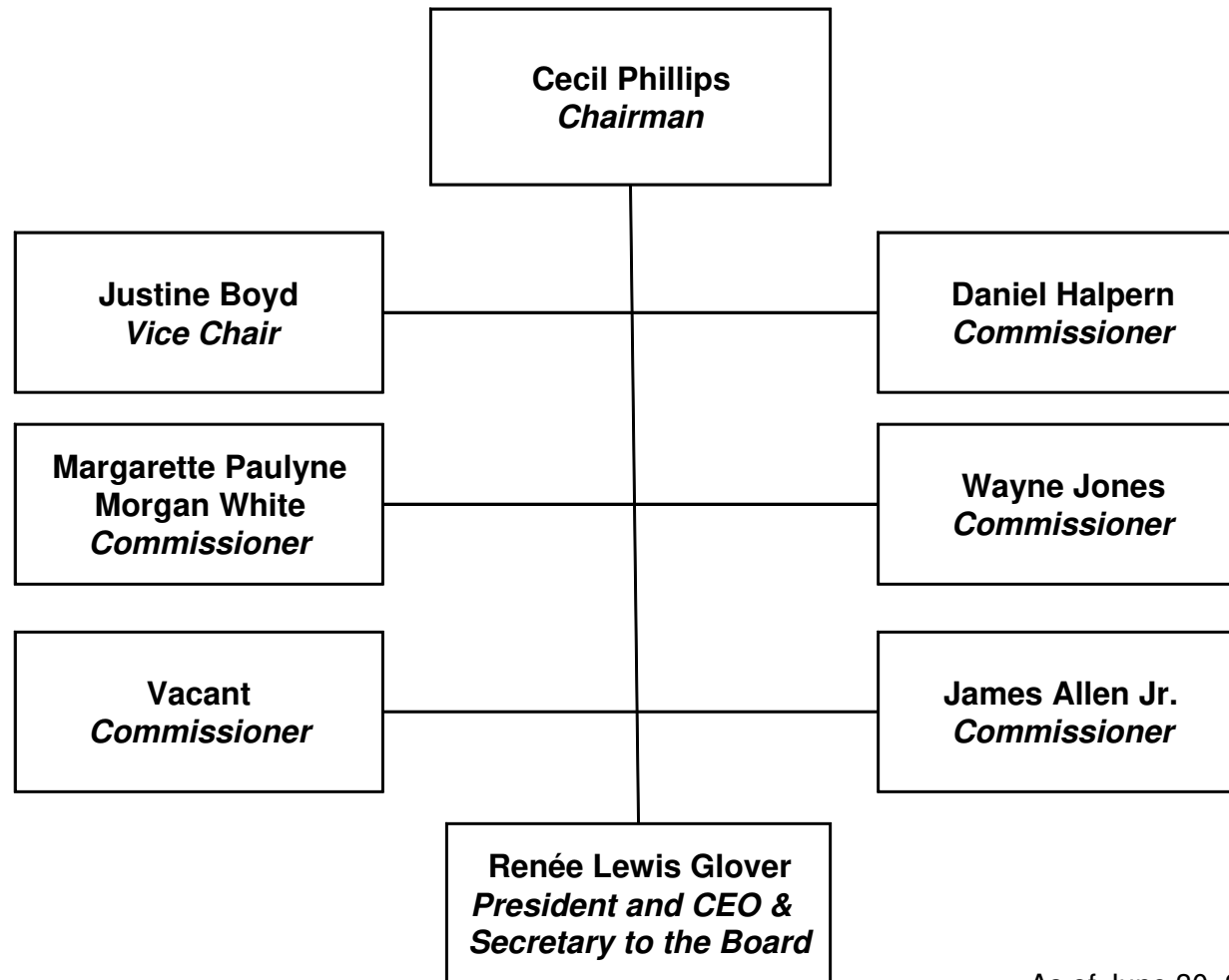


Renée Lewis Glover
President and Chief Executive Officer



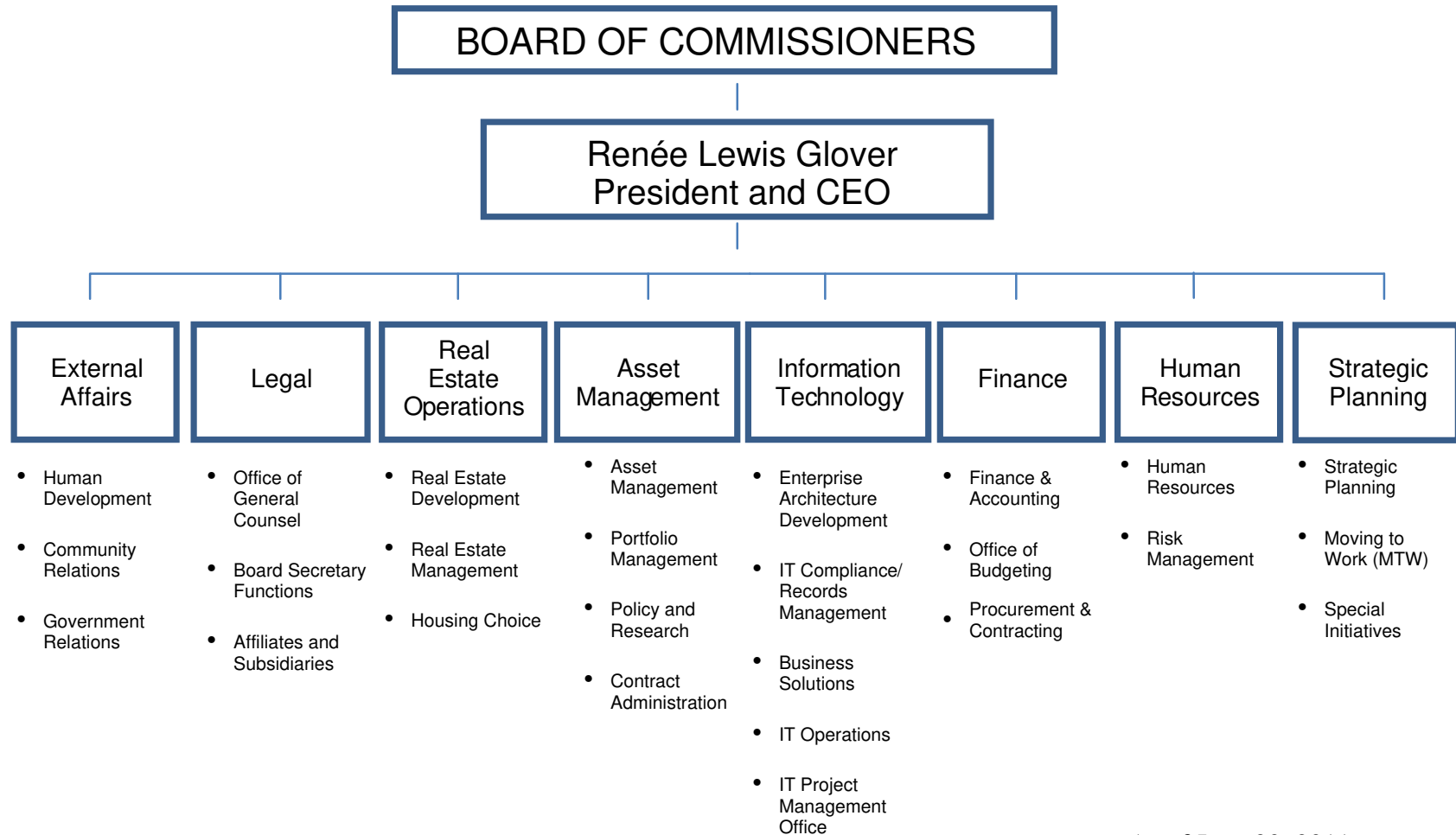
Suzi Reddekopp, CPA
Chief Financial Officer

AHA's Board of Commissioners



As of June 30, 2011

AHA's Organizational Structure



As of June 30, 2011

FINANCIAL SECTION

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Certified Public Accountants

Independent Auditors' Report

Board of Commissioners
The Housing Authority of the City of Atlanta, Georgia

We have audited the accompanying basic financial statements of **The Housing Authority of the City of Atlanta, Georgia**, as of and for the fiscal years ended June 30, 2011 and 2010, as listed in the table of contents. These basic financial statements are the responsibility of **The Housing Authority of the City of Atlanta, Georgia's** management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide 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 Housing Authority of the City of Atlanta, Georgia** as of June 30, 2011 and 2010 and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011 on our consideration of **The Housing Authority of the City of Atlanta, Georgia's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering and assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 36 and the Schedule of Pension Funding Progress on page 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of **The Housing Authority of the City of Atlanta, Georgia** taken as a whole. The Financial Data Schedules and notes thereto, the Schedule of HUD Funded Grants, and Program Cost Certification Schedules listed as other supplementary information in the table of contents are required by the United States Department of Housing and Urban Development and are presented for purposes of additional analysis and are not a required part of the basic financial statements of **The Housing Authority of the City of Atlanta, Georgia**. The Financial Data Schedules, the Schedule of HUD Funded Grants, and Program Cost Certification Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of **The Housing Authority of the City of Atlanta, Georgia** taken as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. These sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Atlanta, Georgia
November 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of The Housing Authority of the City of Atlanta, Georgia (AHA) is providing this Management's Discussion and Analysis as an analytical overview of AHA's financial performance for the fiscal years ended June 30, 2011 (FY 2011) and June 30, 2010 (FY 2010). This document should be read in conjunction with the Letter of Transmittal, AHA's Basic Financial Statements and accompanying Notes.

BACKGROUND AND CONTEXT

FY 2011 Overview

At the end of FY 2011, AHA's financial position remained strong. The significant activities and initiatives pursued by AHA during the year are summarized below and are further described in the **FY 2011 Financial Highlights** beginning on page 19.

AHA's primary annual funding comes from the U.S. Department of Housing and Urban Development (HUD). AHA also generates revenue from rents paid by residents of the 13 AHA-Owned Residential Communities; fees earned in connection with development activities under its Revitalization Program; participation in the cash flow from mixed-income, mixed-finance rental communities owned by Owner Entities (in the form of debt service payments on AHA's subordinated debt and ground lease payments); and fees earned as a subcontractor and member of Georgia HAP Administrators, Inc. *dba* National Housing Compliance (Georgia HAP).

In FY 2011, AHA used stimulus funds awarded in FY 2009 under the American Recovery and Reinvestment Act (ARRA), supplemented with MTW funds, to complete its Quality of Life Initiative (QLI) with the demolition of the last remaining seven public housing properties.

AHA also used ARRA funds, supplemented with MTW funds, to substantially complete major renovations at AHA-Owned Residential Communities. AHA's capital investments support the strategic goal of independent living and improved quality of life for seniors "aging in place" and disabled adults living in the communities.

As a diversified real estate company with a public mission and purpose, AHA, in partnership with its private-sector development partners, continued to advance the Master Plans for eight mixed-use, mixed-income communities which have replaced obsolete and distressed public housing projects. Each community is developed with a seamless affordable residential component on the site of a former public housing project. AHA, through its private-sector development partners, also continued to advance its Builders/Owners Agreement Initiative by entering into agreements with single-family homebuilders and owners to provide down payment assistance to qualified low-income families to purchase newly developed homes from those Builders/Owners at considerably discounted prices throughout the City of Atlanta.

AHA continued to expand and enhance its Project Based Rental Assistance (PBRA) Program. Under the PBRA Program, through a competitive process, AHA leverages private-sector development activity by entering into subsidy agreements, renewable for up to 15 years, with private-sector owners with respect to an agreed-upon percentage of units in multi-family rental developments so that the units are affordable to low-income families. The PBRA Program has proven to be an effective method for increasing the supply of quality, affordable units in mixed-income communities for income-eligible families throughout the City of Atlanta.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FY 2011 Overview — continued

AHA also used its PBRA initiative to assist the City of Atlanta, under the auspices of the Regional Commission on Homelessness, to address the critical shortage of service-enriched affordable housing for homeless persons and persons with special needs. Under the Homeless PBRA initiative, through a competitive process, AHA enters into a two-year renewable subsidy agreement with for-profit, not-for-profit and/or faith-based developers/owners with respect to an agreed percentage of units in a supportive service-enriched rental development so that the units are affordable to persons who are homeless or who have special needs. During FY 2011 AHA increased its commitment from 500 to 700 units.

During FY 2011, almost half of the families served by AHA were provided rental assistance vouchers through the Tenant-based Housing Choice Program. Through attrition, the number of families served decreased during FY 2011 under this program and AHA reprogrammed funds to support additional housing opportunities under the PBRA initiative.

In partnership with a global consulting firm, AHA continued its evolution to become a “best in class” diversified real estate company with a public mission and purpose. The scope of the engagement included strategic planning; the assessment and recommendations regarding (i) organizational structure, (ii) core competencies, (iii) operating committee structures, (iv) business process re-engineering, (v) IT systems, including the selection and implementation of an integrated Enterprise Resource Planning Solution (iERP), (vi) change management, and (vii) leadership development. The primary transition focus during FY 2011 was the selection of vendors for iERP and the kickoff of the design/discovery phase.

The financial impacts of AHA's FY 2011 initiatives and activities are further addressed in the **Financial Analysis** beginning on page 24.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Moving to Work (MTW) Agreement

AHA is an MTW agency under HUD's MTW Demonstration Program which provides certain "high-performing" agencies with substantial statutory and regulatory relief under the U.S. Housing Act of 1937, as amended (1937 Act), as reflected in an agreement between the selected agency and HUD. AHA negotiated and entered into its MTW Agreement with HUD on September 25, 2003 which was effective from July 1, 2003 through June 30, 2010. In response to HUD's decision to introduce a standard form of agreement and expand the MTW Demonstration Program, AHA successfully negotiated and executed an Amended and Restated MTW Agreement on November 13, 2008. On January 16, 2009, AHA and HUD executed a further amendment to the Amended and Restated MTW Agreement. AHA's MTW Agreement, as amended and restated, is referred to as the "MTW Agreement." AHA's MTW Agreement incorporates its legacy authorizations from its initial MTW Agreement and clarifies AHA's ability to use MTW-eligible funds outside of Section 8 and Section 9 of the 1937 Act. AHA's MTW Agreement was extended until June 30, 2018, and may be automatically extended for additional 10-year periods, subject to HUD approval and AHA meeting certain agreed-upon conditions. AHA developed its base Business Plan in FY 2004, which lays out AHA's strategic goals and objectives during the term of its MTW Agreement. AHA's Business Plan and its subsequent annual MTW Implementation Plans on a cumulative basis outline AHA's priority projects, activities and initiatives to be implemented during each fiscal year.

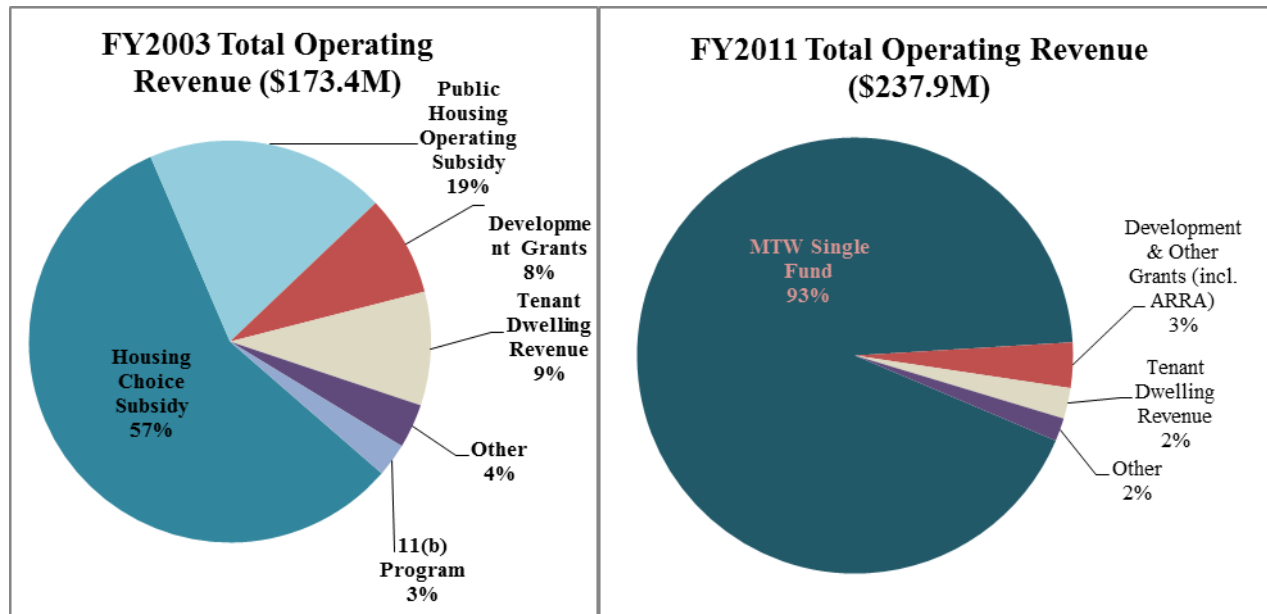
Significance of MTW

AHA's MTW Agreement has enabled it to strengthen its financial position and to face the headwinds resulting from Federal budget deficits and the Congressional Appropriations process. Under its auspices, AHA has been able to operate as an innovator and problem solver, and to be a nimble, efficient and effective real estate enterprise, and to serve more low-income families in the City of Atlanta. Under the MTW Agreement, AHA has combined its Housing Choice voucher funds, low-income operating funds and certain capital funds into a single fund known as the MTW Single Fund which may be used for "MTW-eligible activities" as authorized under the MTW Agreement and set forth in AHA's Business Plan and annual MTW Implementation Plans.

The MTW Agreement has removed regulatory and statutory barriers, and has enabled AHA to align its policies, business processes and practices with the goal of leveraging private-sector investment and incenting participation by private real estate developers and owners, as well as investors in long-term public/private partnerships, utilizing private-sector real estate business principles in achieving AHA's goals and objectives. Through these public/private partnerships, AHA is able to do more with less, to realize better operating efficiency and effectiveness, and to achieve dramatically better outcomes for AHA-assisted families and AHA's real estate investments. The relief provided AHA under the MTW Agreement is essential to AHA's continued success and long-term financial viability.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Significance of MTW — continued



Comparing operating revenue received by AHA in FY 2003 (the year prior to the effective date of AHA's MTW Agreement) to FY 2011, these charts illustrate the significance of the MTW Single Fund. The MTW Single Fund enables AHA to operate as a single integrated enterprise focused on achieving agreed-upon outcomes rather than managing multiple federal subsidy and grant programs with disparate conditions and requirements. The MTW Single Fund has allowed AHA to eliminate redundancy and inefficiency. Combining the various operating funds and certain capital grant programs into the MTW Single Fund provides AHA with the flexibility to use best practices and sound business principles in order to be more entrepreneurial and efficient in its decision-making and operations. In FY 2003, before AHA executed its MTW Agreement, AHA's revenue was spread among and subject to various HUD programs and regulations. In FY 2011, approximately 93 percent of AHA's revenue was combined into the MTW Single Fund, subject to AHA's MTW Agreement and guided by AHA's Business Plan and subsequent annual MTW Implementation Plans.

Creating Model Communities

By leveraging AHA's public housing funds and land with private-sector know-how and branding, private funds and other resources over the past 17 years, AHA, in partnership with excellent private-sector developers, has facilitated and expanded the availability of quality affordable housing opportunities in amenity-rich, mixed-use, mixed-income communities. By doing so, AHA has made a significant impact on deconcentrating poverty. AHA and its private-sector partners have leveraged well over \$300 million in HOPE VI and other public housing development funds, producing more than \$3 billion in new financial investments and economic impact in once-distressed and economically disinvested neighborhoods throughout the City of Atlanta. As described in the Letter of Transmittal, the FY 2011 strategy was again this year closely aligned around major priorities and several ongoing enterprise initiatives, which continue AHA's evolution as an effective, high-performing, diversified real estate company, with a public mission and purpose.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FY 2011 FINANCIAL HIGHLIGHTS

During the year, Net Assets increased \$45.7 million primarily from the use of HUD funds for capitalized expenditures at AHA-Owned Residential Communities, increases in notes receivable from Owner Entities of master-planned communities and MTW funding in excess of MTW-eligible expenses. The **FY 2011 Financial Highlights** follow, with a year-over-year **Financial Analysis** of the impact of these highlights beginning on page 24.

Business Transformation

- Continued the engagement with a global professional business consulting firm to:
 - properly align AHA's organization structure, culture, human resources, business processes, information technology and other systems in order to sustain and elevate its national reputation as a thought leader and innovator in affordable housing;
 - complete a business process review in which AHA thoroughly redesigned processes, operating policies and procedures to provide a road map to a "best in class" organization and to prepare for the implementation of an integrated Enterprise Resource Planning solution (iERP) which was approved by the Board of Commissioners in January 2011; and
 - kick-off the discovery/design phase of the iERP initiative in April 2011. This phase is the first step toward the implementation set to begin in July 2012.

Quality of Life Initiative

- Completed the demolition of the remaining seven public housing projects finalizing the four-year long Quality of Life Initiative (QLI). With these demolitions, AHA is the first housing authority in the nation to end the practice of concentrating low-income families in distressed, socially dysfunctional and destructive housing projects.
- Provided services to the families who were completing their 27 months of family-based human development counseling and continued those services beyond the 27 months for families with special needs.

AHA-Owned Residential Communities/Properties

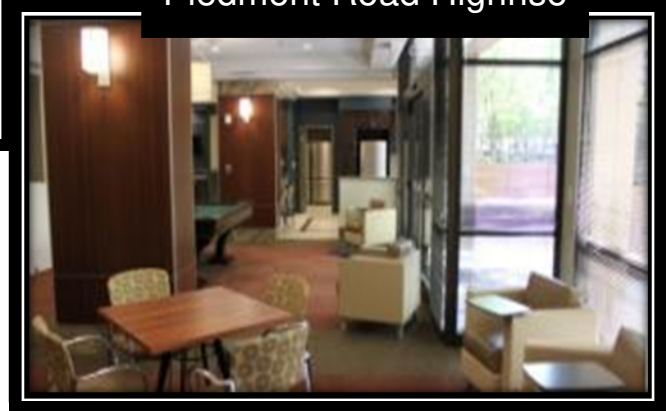
- Expended \$22.6 million in operating expenses (that were not covered by tenant rents) including resident services, to support 1,953 residents, 80 percent of whom are seniors.
- Expended \$21.4 million of the \$26.6 million Federal stimulus ARRA grant award for renovations and demolition to bring total cumulative grant expenditures to \$25.7 million (or 97 percent of the grant award).
- Completed demolition of four QLI properties utilizing ARRA funds (the other three QLI properties demolished during FY 2011 utilized MTW funds).
- Completed renovations at 11 of the 13 AHA-Owned Residential Communities primarily utilizing ARRA funds.
- Continued to advance the strategic goal of independent living and improving the quality of life for seniors "aging well" at AHA's 11 senior high-rises.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cosby Spear Highrise



Piedmont Road Highrise



Project Based Rental Assistance (PBRA)

- Increased the number of households in mixed-income, multi-family rental communities under PBRA agreements with private owners by 402, bringing total served under this program to 3,302.
- Expanded its total commitment of vouchers for homeless and mentally and developmentally disabled persons from 500 to 700. At year-end, there were 549 participants in AHA-assisted, supportive housing environments. AHA also utilizes PBRA agreements in partnership with for-profit, not-for-profit and faith-based developers/owners to support the development and rehabilitation of units for homeless persons and persons with special needs.
- Provided a total of \$29.2 million in PBRA payments.
- Extended a \$2 million loan and committed project based rental assistance for 81 units in a 90-unit amenity-rich, market-rate quality affordable senior community with a special emphasis on accessibility. Construction of these units will be completed during FY 2012.

Tenant-based Housing Choice Voucher Program

- Provided housing assistance payments of \$104.7 million. As of June 30, 2011 there were 9,907 families being served through tenant-based rental assistance vouchers as compared to 10,492 for the same period last year. In addition, 85 families were served utilizing homeownership vouchers under the Housing Choice Voucher Program compared to 86 for the same period last year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tenant-based Housing Choice Voucher Program — continued

- Implemented a new process for conducting rent determinations during voucher recertifications in the second half of the year, realizing net savings in excess of \$600,000. It is anticipated that net savings will increase substantially during FY 2012 as the remaining participants are recertified.
- Began billing other Public Housing Authorities (PHAs) rather than absorbing their vouchers for low-income families moving to AHA's jurisdiction, reducing AHA's voucher cost by collecting more than \$400,000 in reimbursements during FY 2011. This amount is expected to increase in future years as additional assisted families relocate to the City of Atlanta.

AHA Sponsored Master-Planned Communities

- Increased by 124 the number of AHA-assisted units developed and families residing in mixed-income, mixed-finance rental communities owned by Owner Entities, bringing total AHA-assisted units and families served in these communities to 2,424 at year-end.
- Provided \$13.5 million in operating subsidy to Owner Entities, in accordance with regulatory and operating agreements with them, to cover the operating costs of AHA-assisted units in mixed-income communities not covered by tenant rents.



Revitalization Activities

AHA and its private-sector development partners continued to advance eight mixed-use, mixed-income Master Plans, which are in various stages of development. Significant accomplishments during FY 2011, by Master Plan, follow:

Auburn Pointe — Grady Homes Revitalization

- Demolition and soil remediation were completed by AHA's development partner of two senior high-rise buildings, Antoine Graves and Antoine Graves Annex.
- Construction was completed by the Owner Entity on Phase III, a 154-unit mixed-income, mixed-finance, multi-family rental community consisting of public housing-assisted, tax credit and market rate units.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revitalization Activities (Auburn Pointe) — continued

- Construction was completed on Phase VI, a 98-unit mixed-income, mixed-finance, multi-family community for elderly persons consisting of PBRA and market rate units.
- Construction was substantially completed on Phase VII, a 102-unit mixed-income, mixed-finance, multi-family community for elderly persons consisting of PBRA and market rate units.
- Construction and sale of three off-site single-family homes in partnership with Atlanta Habitat for Humanity were completed.
- On-site public improvements and environmental remediation activities were advanced by AHA's development partner.
- Application was made by AHA's development partner for an allocation of 9 percent low-income housing tax credits for Phase IV, a proposed 150-unit mixed-income, mixed-finance, multi-family rental community.

Capitol Gateway — Capitol Homes Revitalization

- Provided down payment assistance in the form of subordinated loans to 34 homebuyers pursuant to the Builders/Owners Agreement Initiative.
- Acquired land in an effort to expand mixed-use development pursuant to the Capitol Master Plan.
- Construction by AHA's development partner was commenced on traffic and streetscape improvements to Memorial Drive.

CollegeTown at West End — Harris Homes Revitalization

- Construction was completed on Phase V, a 177-unit mixed-income, mixed-finance, multi-family rental community consisting of public housing-assisted, PBRA and market rate units.
- Provided down payment assistance in the form of subordinated loans to 14 homebuyers pursuant to the Builders/Owners Initiative.
- Construction was advanced for on-site public improvements and environmental remediation.

Mechanicsville — McDaniel Glenn Revitalization

- Construction financing was consummated and construction commenced on Phase VI, a 156-unit mixed-income, mixed-finance, multi-family rental community, consisting of public housing-assisted, PBRA, tax credit and market rate units. Construction of these units will be completed in FY 2012.
- Provided down payment assistance in the form of a subordinated loan to one homebuyer pursuant to the Builders/Owners Initiative.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revitalization Activities — continued

University — University Homes Revitalization

- Received and began implementation of a Choice Neighborhoods Initiative Planning Grant from HUD for community building to develop a comprehensive Neighborhood Transformation Plan to include the University Homes site and the surrounding neighborhood.
- Acquired land in an effort to expand mixed-use development pursuant to the University Master Plan.
- AHA's development partner received an award of 9 percent low-income housing tax credits for Phase I, a 100-unit mixed-income, mixed-finance multi-family community for the elderly.

Villages at Carver — Carver Homes Revitalization

- Acquired land to advance the Carver Master Plan.
- Construction of on-site public improvements and other site-work activities was advanced by AHA's development partner.

West Highlands at Heman E. Perry Boulevard — Perry Homes Revitalization

- Construction was advanced by AHA's development partner related to on-site public improvements and other site-work activities, including completion of a "punch-through" road to provide direct connection of on-site and off-site phases.
- Provided down payment assistance in the form of subordinated loans to seven homebuyers at West Highlands.
- AHA's development partner continued to construct single family homes in West Highlands and sold seven homes during the year.

Centennial Place — Techwood/Clark Howell Revitalization

- AHA's development partner submitted application for low-income housing tax credits for a senior phase (90 senior rental units).



The Housing Authority of the City of Atlanta, Georgia

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS

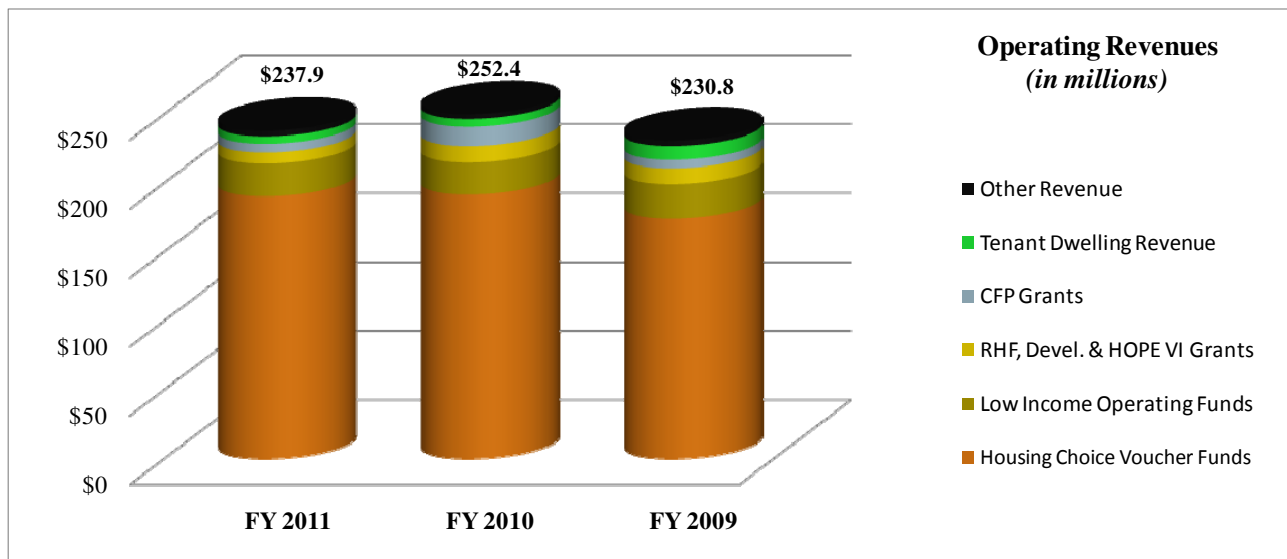
CONDENSED STATEMENTS OF REVENUE, EXPENSE AND
CHANGES IN NET ASSETS

(in millions)

				FY 2011 vs. FY 2010 Increase/ (Decrease)	FY 2010 vs. FY 2009 Increase/ (Decrease)
	FY 2011	FY 2010	FY 2009		
Operating revenue:					
MTW Single Fund and grants used for operations	\$228.4	\$240.8	\$211.6	(\$12.4)	\$29.2
Tenant dwelling revenue	5.4	5.7	9.9	(0.3)	(4.2)
Other revenue (including Georgia HAP)	4.1	5.9	4.1	(1.8)	1.8
Total operating revenue	\$237.9	\$252.4	\$225.6	(\$14.5)	\$26.8
Operating expense:					
Housing assistance payments (HAP)	\$147.4	\$147.3	\$123.6	\$0.1	\$23.7
Utilities, maintenance and protective services	12.5	13.1	27.3	(0.6)	(14.2)
Resident and participant services	1.2	1.0	1.8	0.2	(0.8)
General and administrative, including direct operating division expense and Georgia HAP	51.8	48.7	57.1	3.1	(8.4)
Depreciation and amortization	7.5	8.1	7.4	(0.6)	0.7
Total operating expense	\$220.4	\$218.2	\$217.2	\$2.2	\$1.0
Net operating income	\$17.5	\$34.2	\$8.4	(\$16.7)	\$25.8
Non-operating revenue:					
Capital grant revenue	\$40.9	\$24.2	\$32.1	\$16.7	(\$7.9)
Interest and investment income	0.4	1.3	1.8	(0.9)	(0.5)
Gain on sale of land	0.1	-	-	0.1	-
Total non-operating revenue	\$41.4	\$25.5	\$33.9	\$15.9	(\$8.4)
Non-operating expense:					
	\$0.0	\$0.0	\$23.8	\$0.0	(23.8)
Demolition and remediation expense	7.4	14.8	8.8	(7.4)	6.0
Other revitalization expense	1.2	4.1	4.1	(2.9)	-
Relocation-related expense	2.6	7.0	11.3	(4.4)	(4.4)
Accessibility grants to Owner Entities of mixed-income communities	-	-	0.5	-	(0.5)
Valuation allowance expense	1.9	1.0	3.5	0.9	(2.5)
Interest expense	0.1	0.2	0.3	(0.1)	(0.1)
Total non-operating expense	\$13.2	\$27.1	\$52.3	(\$13.9)	(\$25.3)
Net non-operating revenue/expense	\$28.2	(\$1.6)	(\$18.4)	\$29.8	\$16.9
Change in net assets	\$45.7	\$32.6	(\$10.0)	\$13.1	\$42.6
Net Assets — beginning of year	\$390.1	\$357.5	\$367.5	\$32.6	(\$10.0)
Net Assets — end of year	\$435.8	\$390.1	\$357.5	\$45.7	\$32.6

MANAGEMENT'S DISCUSSION AND ANALYSIS

OPERATING REVENUE



FY 2011 vs. FY 2010

Total operating revenue decreased by **\$14.5 million**, due to a decrease of **\$12.4 million** in MTW Single Fund and grants used for operations, a decrease of **\$1.9 million** in Other revenue and a decrease of **\$0.3 million** in Tenant dwelling revenue, as presented below:

- **MTW Single Fund and grants used for operations** decreased **\$12.4 million** primarily due to a decrease of **\$7.7 million** in Capital Fund Program grant revenue resulting from a strategic decision to defer the draw of those funds until FY 2012, a decrease of **\$1.2 million** in Housing Choice Voucher Funds due to the timing of HUD funding, and a **\$7.0 million** decrease in Development and HOPE VI grant revenue as the grants near completion, offset by an increase of **\$3.2 million** in ARRA grant revenue used primarily for reimbursement of demolition costs.
- **Tenant dwelling revenue** decreased **\$0.3 million** due to termination of rents from QLI properties that were either vacated or demolished in FY 2011.
- **Other revenue** decreased **\$1.8 million** primarily due to a **\$1.7 million** decrease in developer and transaction fees earned, resulting from substantially fewer development transaction closings during FY 2011.

FY 2010 vs. FY 2009

Total operating revenue increased by **\$26.8 million**, primarily due to an increase of **\$29.2 million** in MTW Single Fund and grants used for operations and an increase of **\$1.8 million** in Other revenue, partially offset by a **\$4.2 million** decrease in Tenant dwelling revenue, as described below:

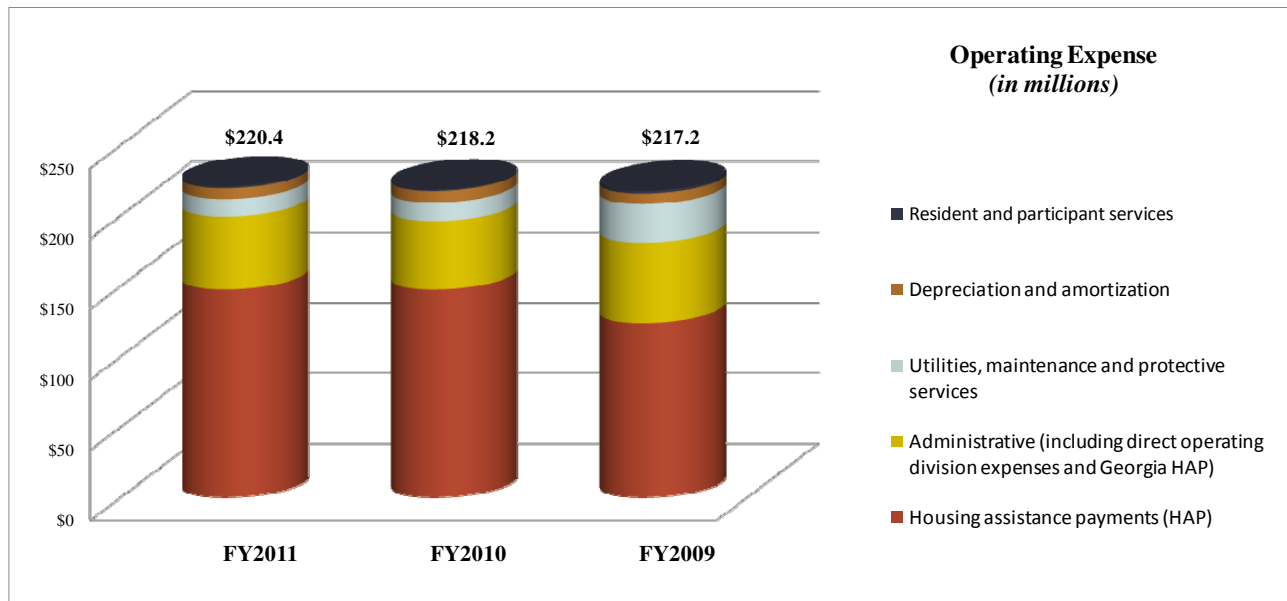
- **MTW Single Fund and grants used for operations** increased **\$29.2 million** which included a **\$17.4 million** increase in Housing Choice Voucher Funds, a **\$7.8 million** increase in Capital Fund Program grant revenue, a **\$4.0 million** increase in HOPE VI grant revenue and an increase of **\$1.7 million** in ARRA grant revenue used; offset by a **\$1.6 million** decrease in Public Housing Operating Subsidy.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Revenue (FY 2010 vs. FY 2009) — continued

- **Tenant dwelling revenue** decreased **\$4.2 million** due to reduced rents received as QLI properties were vacated during the completion of the relocation process in FY 2010.
- **Other revenue** increased **\$1.8 million** primarily due to a **\$2.5 million** increase in developer and transaction fees earned at the financial closing of new phases, offset by a net decrease of approximately **\$0.6 million** in the other operating revenue line items.

OPERATING EXPENSE



FY 2011 vs. FY 2010

Total operating expense increased by **\$2.2 million** as compared to FY 2010 primarily as a result of a **\$3.1 million** increase in general and administrative expense offset by lower utilities, maintenance and protective services costs:

- **General and administrative, including direct operating division expense and Georgia HAP** (excluding one-time Business Transformation expense) decreased **\$2.4 million** primarily as a result of reductions in employee-related expense. This decrease was offset by an increase in Business Transformation expense of **\$5.5 million** primarily comprised of services provided by a global consulting firm supporting transformation and the iERP initiative. This resulted in a net increase of **\$3.1 million**.
- **Utilities, maintenance and protective services** decreased **\$0.6 million** primarily due to QLI properties coming off-line.
- **Housing Assistance Payments (HAP)** consist of payments to landlords under the Tenant-based Housing Choice Voucher Program, PBRA paid to private-sector owners and Owner Entities under the PBRA Program, and operating subsidy paid to Owner Entities of the mixed-income, mixed-finance residential communities. Overall, HAP remained relatively consistent year-over-year as presented below:

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Expense (FY 2011 vs. FY 2010) — continued

Housing Assistance Payments by Program	FY2011	FY2010	FY2009	FY2011 vs. FY2010 Incr (Decr)	FY2010 vs. FY2009 Incr (Decr)
Tenant-Based Housing Choice Vouchers	\$104.7	\$107.2	\$90.7	(\$2.5)	\$16.5
Project Based Rental Assistance (PBRA)	29.2	27.0	21.5	2.2	5.5
MIMF Operating Subsidy	13.5	13.1	11.4	0.4	1.7
Total Housing Assistance Payments	\$147.4	\$147.3	\$123.6	\$0.1	\$23.7

- **Tenant-based Housing Choice Voucher** payments decreased **\$2.5 million** primarily due to a reduction in the average monthly cost per voucher as a result of AHA's rent reasonableness initiative, a reduced number of families served under this program due to absorption of vouchers by various public housing authorities and attrition during FY 2011. As attrition occurs under this program, AHA utilizes funds to further housing opportunities under PBRA. As of June 30, 2011 there were 9,907 families being served through rental assistance vouchers as compared to 10,492 at June 30, 2010. In addition, 85 families were served utilizing homeownership vouchers compared to 86 for the same period last year.
- **Project Based Rental Assistance (PBRA)** payments for AHA-assisted units in privately owned multi-family rental communities increased **\$2.2 million**. The increase was primarily attributable to an increase of 574 PBRA units coming on-line under the PBRA initiative during FY 2011. At June 30, 2011 and 2010, there were 3,851 and 3,423 AHA-assisted units, respectively, in mixed-income communities owned by private owners, and 549 and 519 AHA-assisted units, respectively, in supportive services communities owned by private owners serving homeless or mentally and developmentally disabled persons.
- **Mixed-Income, Mixed-Finance (MIMF) Operating Subsidy** for public-housing-assisted units in MIMF residential communities increased **\$0.4 million**. This increase was primarily due to a combination of slightly higher operating expense at the communities and an increase of 124 occupied units in additional Phases of MIMF residential communities coming on-line as construction was completed during FY 2011. There were 2,424 and 2,300 AHA-assisted families, respectively, served in these communities at June 30, 2011 and 2010.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Expense — continued

FY 2010 vs. FY 2009

Total operating expense increased by **\$1.0 million**, primarily due to an increase of **\$23.7 million** in Housing Assistance Payments, offset by aggregate decreases of **\$22.7 million** in the other operating expense line items as described below:

- **Housing Assistance Payments** increased **\$23.7 million** consisting of:
 - **Tenant-based Housing Choice Voucher payments** increased **\$16.5 million** primarily due to the impact of a full year of HAP expense for vouchers issued throughout FY 2009, the increase of relocation vouchers issued under QLI, implementation of the rent simplification policy, new utility allowances and declines in tenant payments. Tenant-based Housing Choice vouchers under contract at June 30, 2010 and June 30, 2009 were 10,492 and 10,127, respectively.
 - **Project Based Rental Assistance (PBRA)** payments for units in privately owned multi-family rental communities increased **\$5.5 million**. The increase was primarily attributable to increases in units, a rent simplification policy, new utility allowances and declines in tenant contributions. PBRA units under contract at June 30, 2010 and June 30, 2009 were 3,423 and 2,800, respectively, including 519 AHA-assisted units in supportive services communities owned by private owners serving homeless or mentally and developmentally disabled persons at June 30, 2010.
 - **Mixed-Income, Mixed-Finance (MIMF) Operating Subsidy** payments increased **\$1.7 million**, primarily attributable to retroactive subsidy adjustments, increased operating expense at the properties, implementation of rent simplification and implementation of a new utility allowance schedule. AHA-assisted units in MIMF residential communities at June 30, 2010 and June 30, 2009 were 2,300 and 2,232, respectively.
- **Other operating expense** (consisting of utilities, maintenance and protective services for AHA-Owned Properties, and general and administrative expense, including direct operating division expense) decreased by **\$22.7 million**, primarily as a result of the following:
 - Decrease of **\$14.2 million** in utilities, maintenance and protective services expense, primarily due to QLI properties coming off-line.
 - Decrease of **\$8.4 million** in general and administrative expense, primarily attributable to savings realized by streamlining consultant utilization and reductions in personnel costs for relocations.

NON-OPERATING REVENUE

FY 2011 vs. FY 2010

Total non-operating revenue increased by **\$15.9 million** as compared to FY 2010 as follows:

- **Capital grant revenue** increased **\$16.7 million** primarily due to draws relating to renovation projects at AHA-Owned Residential Communities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Non-operating Revenue (FY 2011 vs. FY 2010) — continued

- *Interest and investment income* decreased by **\$0.9 million** primarily due to the timing of related-party-development construction loan interest amortization between years (AHA recognizes interest income over the life of the construction loan).

FY 2010 vs. FY 2009

Total non-operating revenue decreased by **\$8.4 million** as compared to FY 2009 as follows:

- *Capital grant revenue* decreased by **\$7.9 million** primarily due to lower levels of planned activity for acquisitions and construction relating to revitalization (**\$5.3 million**), delayed construction activities at AHA-Owned Communities (**\$1.6 million**) and a decrease in down payment assistance (**\$1.0 million**).
- *Interest and investment income* decreased by **\$0.5 million** during FY 2010 primarily due to lower average cash balances and lower interest rates.

NON-OPERATING EXPENSE

FY 2011 vs. FY 2010

Total non-operating expense decreased by **\$13.9 million**, primarily as described below:

- *Demolition and remediation expense* decreased by **\$7.4 million** due to reduced demolition activity.
- *Other revitalization expense* decreased by **\$2.9 million** due to reduced public improvement activity at the master-planned communities.
- *Relocation-related expense* decreased by **\$4.4 million** due to reduced QLI relocation and related human development services activity.
- *Valuation allowance expense* increased by **\$0.9 million** due to establishing reserves for unsecured loans to Owner Entities for the purpose of complying with Uniform Federal Accessibility Standards (UFAS) under the Voluntary Compliance Agreement and unsecured loans for down payment assistance.

FY 2010 vs. FY 2009

Total non-operating expense decreased by **\$25.3 million**, primarily as described below:

- *Capital asset write-off* decreased by **\$23.8 million**, primarily due to net book value write-off of QLI properties in FY 2009.
- *Demolition and remediation expense* increased by **\$6.0 million** due to increased demolition activity at QLI properties.
- *Relocation-related expense* decreased by **\$4.4 million**, primarily due to the decrease in the number of residents who received relocation-related services and benefits.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Non-operating Expense (FY 2010 vs. FY 2009) — continued

- **Valuation allowance expense** decreased by **\$2.5 million** primarily due to establishing reserves for unsecured loans to Owner Entities for the purpose of complying with Uniform Federal Accessibility Standards (UFAS) under the Voluntary Compliance Agreement and due to other unsecured loans for down payment assistance. These loans are subject to a full valuation reserve per AHA policy. A lower volume of these financing arrangements were funded during FY 2010 as compared to FY 2009.

TOTAL ASSETS

CONDENSED STATEMENTS OF NET ASSETS

(in millions)

	FY 2011	FY 2010	FY 2009	FY 2011 vs. FY 2010 Increase/ (Decrease)	FY 2010 vs. FY 2009 Increase/ (Decrease)
ASSETS:					
Current assets	\$121.3	\$121.2	\$112.6	\$0.1	\$8.6
Related development loans, receivables and investment in partnerships, net of allowance	166.0	150.3	135.3	15.7	15.0
Capital assets, net of accumulated depreciation	143.1	120.7	119.3	22.4	1.4
Other non-current assets	34.0	29.7	30.1	4.3	(0.4)
Total assets	<u>\$464.4</u>	<u>\$421.9</u>	<u>\$397.3</u>	<u>\$42.5</u>	<u>\$24.6</u>
LIABILITIES:					
Current liabilities	\$24.4	\$27.0	\$34.5	(\$2.6)	(\$7.5)
Long-term debt, net of current portion	2.9	3.2	3.5	(0.3)	(0.3)
Other non-current liabilities	1.3	1.6	1.8	(0.3)	(0.2)
Total liabilities	<u>\$28.6</u>	<u>\$31.8</u>	<u>\$39.8</u>	<u>(\$3.2)</u>	<u>(\$8.0)</u>
NET ASSETS:					
Invested in capital assets, net of related debt	\$139.9	\$117.1	\$115.0	\$22.8	\$2.1
Restricted-expendable net assets	228.7	206.8	188.1	21.9	18.7
Unrestricted net assets	67.2	66.2	54.4	1.0	11.8
Total net assets	<u>\$435.8</u>	<u>\$390.1</u>	<u>\$357.5</u>	<u>\$45.7</u>	<u>\$32.6</u>
Total liabilities and net assets	<u>\$464.4</u>	<u>\$421.9</u>	<u>\$397.3</u>	<u>\$42.5</u>	<u>\$24.6</u>

FY 2011 vs. FY 2010

Total assets increased by **\$42.5 million**, primarily due to the following:

- **Related development loans, receivables and investment in partnerships, net of allowance** increased by **\$15.7 million**, primarily due to draws associated with construction activity at various master-planned, mixed-income communities and a mixed-income community with PBRA units.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total Assets (FY 2011 vs. FY 2010) — continued

- *Capital assets, net of accumulated depreciation* increased by **\$22.4 million** resulting primarily from the significant renovation construction projects, designed to improve the quality of life at senior high-rises, primarily utilizing the funds received from the American Recovery and Reinvestment Act (ARRA).
- *Other non-current assets* increased by **\$4.3 million**, primarily due to increases in the public improvement receivable, to be funded from the proceeds of the issuance of the Perry Bolton Tax Allocation District (TAD) bonds.

FY 2010 vs. FY 2009

Total assets increased by **\$24.6 million**, primarily due to the following:

- *Current assets* increased by **\$8.6 million**, primarily due to an increase in MTW Single Fund.
- *Related development loans, receivables and investment in partnerships, net of allowance* increased by **\$15.0 million**, primarily due to construction draws associated with construction activity at various master-planned, mixed-income communities and a mixed-income community with PBRA units.
- *Other non-current assets* decreased by **\$0.4 million**, comprised of these offsetting changes:
 - *Investments* decreased by **\$4.5 million**, primarily due to a scheduled bond payment related to Carver Phase V.
 - *Other assets, net of accumulated amortization and allowances*, increased by **\$4.1 million**, primarily due to a reclassification of expenditures into a public improvement receivable, to be funded from the proceeds of the issuance of the Perry Bolton Tax Allocation District (TAD) bonds.

TOTAL LIABILITIES

FY 2011 vs. FY 2010

Total liabilities decreased by **\$3.2 million**, primarily due to the following:

- *Current liabilities* decreased by **\$2.6 million**, comprised of these offsetting changes:
 - *Accounts payable* decreased by **\$5.0 million** primarily resulting from an overfunding of **\$2.7 million** by HUD for Operating Subsidy for FY 2010, whereas in FY 2011 no adjustment was deemed necessary. In addition, there was a lower balance in accounts payable of **\$1.9 million** at June 30, 2011 as compared to June 30, 2010 balances, offset by an increase in accrued liabilities, resulting in a net difference of **\$0.5 million** between periods.
 - *Accrued liabilities, other current liabilities, and current portion of long-term debt* increased by **\$2.4 million**, offset by a decrease of **\$1.9 million** in Accounts Payable as addressed above.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total Liabilities (FY 2011 vs. FY 2010) — continued

Invoices payable at year-end are captured in Accounts Payable or Accrued Liabilities based on when the invoice is received. If received prior to year-end, the invoice is captured in payables; if after year-end, it is accrued as a liability.

FY 2010 vs. FY 2009

Total liabilities decreased by **\$8.0 million**, primarily due to the timing of building projects under way at June 30, 2010, resulting in lower construction-related liabilities and reductions in liabilities for public improvement projects.

TOTAL NET ASSETS (EQUITY)

	TOTAL NET ASSETS (EQUITY)			FY 2011 vs.	FY 2010 vs.
	(in millions)			FY 2010	FY 2009
	FY 2011	FY 2010	FY 2009	Increase/ (Decrease)	Increase/ (Decrease)
Invested in capital assets, net of related debt	\$139.9	\$117.1	\$115.0	\$22.8	\$2.1
Restricted—expendable net assets:					
HUD-funded programs	55.0	50.8	39.4	4.2	11.4
Related development and other loans	164.5	147.1	140.2	17.4	6.9
Related development operating reserves	9.2	8.9	8.5	0.3	0.4
Unrestricted net assets	67.2	66.2	54.4	1.0	11.8
Total net assets	<u>\$435.8</u>	<u>\$390.1</u>	<u>\$357.5</u>	<u>\$45.7</u>	<u>\$32.6</u>

FY 2011 vs. FY 2010

Total net assets increased by **\$45.7 million** as presented below:

- **Invested in capital assets, net of related debt** is defined as land, buildings, improvements and equipment less the related debt outstanding to acquire those assets. AHA generally uses these assets to provide affordable housing to qualified income-eligible families. In addition, these assets have restricted use covenants tied to AHA's ownership, and cannot be used to liquidate liabilities. These net assets increased by **\$22.8 million**, primarily due to utilization of funds received from the ARRA to fund renovations at AHA-Owned Communities.
- **Restricted—expendable net assets**, subject to both internal and external constraints are calculated at the carrying value of restricted assets less related liabilities. Restricted—expendable net assets include restrictions for HUD-funded programs, related development and other loans, and partnership operating reserves made in conjunction with the AHA-Sponsored mixed-income development transactions. These assets cannot be used, pledged or mortgaged to a third party or seized, foreclosed upon or sold in the case of a default, ahead of any HUD lien or interest without HUD approval.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total Net Assets (Equity) (FY 2011 vs. FY 2010) — continued

Changes in Restricted—expendable net assets include:

- **HUD-funded programs** represent assets accumulated over previous years within the MTW Single Fund that can be used as working capital to implement strategies as prescribed under AHA's MTW Agreement. These assets increased by **\$4.2 million** due to lower use of the MTW Single Fund to fund operating and other expense in FY 2011.
 - **Related development project notes receivable** represent predevelopment, construction and permanent loans related to the development of mixed-income, mixed-finance communities and to certain other communities owned by private property owners with which AHA has entered into long-term PBRA agreements for an agreed percentage of the rental units. These assets increased by **\$17.4 million** due to increased loan advances (net of allowances) offset by payments received. AHA's related development and other loans receivable are not considered available to satisfy AHA's obligations due to their long-term, contingent nature.
 - **Related development partnership operating reserves** represent funds held in AHA escrow accounts for the sole purpose of covering operating subsidy shortfalls (under certain specified conditions) for the AHA-assisted units in the mixed-income, mixed-finance rental communities owned by various Owner Entities. These funds reflect an increase of **\$0.3 million**.
- **Unrestricted net assets** are not as restricted as the foregoing category but remain subject to varying degrees of restrictions. HUD approval is required, with some limited exceptions, to use or deploy these assets strategically outside of the ordinary course of AHA's business. AHA's eligible business activities are set forth in its HUD-approved Business Plan, as amended from time to time, by its MTW Annual Implementation Plans. In all cases, AHA's assets are subject to the limitations of AHA's charter and the Housing Authorities Laws of the State of Georgia. Unrestricted net assets increased by **\$1.0 million**, primarily due to net income earned from Georgia HAP in FY 2011.

FY 2010 vs. FY 2009

Total net assets increased by **\$32.6 million** primarily due to land acquisitions related to revitalizations, lower use of the MTW Single Fund to fund operating and other expense in FY 2010, increased loan advances (offset by loan allowances and payments received) and increases in the collection of developer fees, repayments of predevelopment advances and net income earned from Georgia HAP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mechanicsville Crossing



ECONOMIC FACTORS

Future HUD Funding — Subsidies and Multi-year Grant Awards

On November 18, 2011, President Obama signed into law a FY 2012 “minibus” spending package (H.R. 2112) which provided 2012 funding for HUD and other federal departments. Based on this spending package, AHA anticipates total HUD MTW funding for FY 2012 to be basically the same as in FY 2011. The number of funded Housing Choice vouchers is anticipated to increase slightly as HUD issues additional vouchers to AHA related to Atlanta landlords opting out of HUD multifamily programs. Current projections are that HUD’s per voucher funding level will be at or higher than those in FY2011.

Based on the final conference report, AHA anticipates total HUD MTW funding for FY 2012 to be basically the same as in FY 2011. The number of funded Housing Choice vouchers is anticipated to increase slightly as HUD issues additional vouchers to AHA related to Atlanta landlords opting out of HUD multi-family programs; current projections are that HUD’s per voucher funding level will be at or higher than those in FY 2011.

Public Housing Operating Funds, however, will continue to decrease as most QLI properties have reached the end of the scheduled three years of phased-down subsidy following demolition. Fortunately, these funds now make up only a small percentage of HUD funding to AHA.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors — continued

Capital Fund grants, which include Capital Fund Program (CFP) and Replacement Housing Factor (RHF) awards, are tied to the number, type and age of existing public housing assisted units. HUD awards CFP grants with respect to public-housing-assisted units until they are demolished and removed from AHA's inventory. After that time, in lieu of CFP grants, AHA is eligible to receive up to 10 years of RHF funds, the use of which is limited to the development of public-housing-assisted units. Since the majority of the remaining QLI-related properties have been removed from HUD's official inventory, CFP funding will fall significantly in FY 2012, with an off-setting increase in RHF funds. RHF funding will be reduced, however, as RHF awards for properties demolished 10 years ago expire. Finally, based on the final committee report, total RHF and CFP funding should be lower in FY 2012.

In addition, AHA's FY 2012 funding will be less than in FY 2011 as a result of AHA's receipt of \$21.4 million of the \$26.6 million in stimulus funds awarded in FY 2009 under the American Recovery and Reinvestment Act (ARRA). Based on receipt of a total of \$25.7 million in ARRA funds during FY 2010 and 2011, less than \$1 million in ARRA funds remain available to AHA in FY 2012.

The FFY 2013 appropriations process, which will provide for HUD funding in the last six months of AHA's FY 2013, has not yet begun. Regardless of what happens in the FFY 2013 appropriations process, Congress' "Deficit Super Committee" failed to meet its assigned goal of identifying at least \$1.2 trillion in deficit savings over the next 10 years. The Budget Control Act, which became law in August 2011, included incentives for the super committee to reach a deficit-reduction deal. If the committee failed to reach a deal, the legislation specified spending cuts would automatically go into effect in 2013. How Congress intends to address these reductions is unknown at this time, but potentially will have significant impacts on AHA's 2013 funding from HUD.

Local Market Issues

Current local market conditions directly affect AHA's families and will impact FY 2012 expense. Atlanta's unemployment rate continues to hover around 10 percent, exceeding the national average of approximately 9 percent, resulting in many AHA-assisted families continuing to face company downsizing and layoffs. A drop in participant income would result in an increase in the amount AHA would pay for housing assistance payments for Housing Choice Vouchers, PBRA-assisted units and AHA-assisted units in mixed-income communities, since participants contribute 30 percent of their adjusted income toward rent and utilities. Because the AHA-Owned Communities primarily house elderly and disabled individuals on fixed incomes, these properties would experience minimal impact. The mortgage foreclosure rate in the Atlanta metropolitan area continues to remain high — 16th highest rate in the nation. This has had an adverse effect on AHA's Housing Choice voucher holders as tenants are sometimes forced to relocate from homes undergoing foreclosure. AHA's due diligence process and the provisions of the *Protecting Tenants at Foreclosure Act of 2009* mitigate the exposure relating to such foreclosures, but they still pose hardships to affected families when required to move and additional program expense associated with processing moves and changes in unit ownership.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors — continued

After some recent weakness in the financial markets in the past few years, AHA has observed some return to normalcy in the tax credit syndication market. Where there had been limited syndicator interest in FY 2010, tax credit syndicators are now demonstrating renewed interest in both federal and state tax credits for the Atlanta market. This interest is especially strong for new senior developments, but has also become much stronger for new multi-family deals. The pricing for tax credits has increased significantly over the past year, and AHA's development partners received an attractive deal for the multi-family closing that took place in FY 2011, as well as solid commitments for the two tax credit applications submitted in FY 2011 and for the closing planned for early in FY 2012. Other revitalization components such as homeownership and retail development remain on hold until conditions in those segments of the market improve. Market conditions will continue to influence the timing of the development of various components and phases of AHA-Sponsored mixed-use, mixed-income communities.

CONTACTING AHA'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of AHA's financial position and to demonstrate AHA's accountability for the assets it manages to interested persons, including citizens of our local jurisdiction, creditors and other interested parties. If you have questions about this report or wish to request additional financial information, contact the Chief Financial Officer at The Housing Authority of the City of Atlanta, Georgia, 230 John Wesley Dobbs Avenue., N.E., Atlanta, Georgia 30303, telephone number (404) 817-7374.

BASIC FINANCIAL STATEMENTS

The Housing Authority of the City of Atlanta, Georgia

COMBINED STATEMENTS OF NET ASSETS

As of June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash		
Unrestricted	\$ 56,647,160	\$ 50,218,347
Restricted	<u>43,174,173</u>	<u>49,190,808</u>
Total cash	99,821,333	99,409,155
Receivables	20,764,287	21,391,452
Prepaid expense	<u>729,056</u>	<u>356,960</u>
 Total current assets	 121,314,676	 121,157,567
NON-CURRENT ASSETS		
Investments, restricted	9,228,069	8,949,472
Related development and other loans, investments in partnerships, and development receivables, net of allowances of \$34,618,793 and \$34,038,027 at June 30, 2011 and 2010, respectively	166,027,043	150,313,997
Capital assets, net of accumulated depreciation of \$109,459,256 and \$101,984,294 at June 30, 2011 and 2010, respectively	143,135,216	120,680,756
Other assets, net of accumulated amortization and allowance of \$3,858,299 and \$2,540,323 at June 30, 2011 and 2010, respectively	<u>24,664,504</u>	<u>20,751,299</u>
 Total non-current assets	 <u>343,054,832</u>	 <u>300,695,524</u>
 TOTAL ASSETS	 <u><u>\$ 464,369,508</u></u>	 <u><u>\$ 421,853,091</u></u>

The accompanying notes are an integral part of these statements.

	<u>2011</u>	<u>2010</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,386,807	\$ 6,377,736
Accrued liabilities	14,502,525	11,822,369
Other current liabilities	8,165,157	8,426,223
Current portion of long-term debt	<u>331,315</u>	<u>317,148</u>
Total current liabilities	24,385,804	26,943,476
NON-CURRENT LIABILITIES		
Long-term debt, net of current portion	2,905,388	3,236,703
Other non-current liabilities	<u>1,270,244</u>	<u>1,538,609</u>
Total non-current liabilities	<u>4,175,632</u>	<u>4,775,312</u>
TOTAL LIABILITIES	28,561,436	31,718,788
NET ASSETS		
Invested in capital assets, net of related debt	139,898,513	117,126,905
Restricted—expendable:		
HUD-funded programs	55,026,883	50,769,422
Related development and other loans	164,438,300	147,123,466
Related development operating reserves	9,228,069	8,949,472
Unrestricted	<u>67,216,307</u>	<u>66,165,038</u>
Total net assets	<u>435,808,072</u>	<u>390,134,303</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 464,369,508</u>	<u>\$ 421,853,091</u>

The accompanying notes are an integral part of these statements.

The Housing Authority of the City of Atlanta, Georgia

COMBINED STATEMENTS OF REVENUE, EXPENSE AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenue:		
MTW Single Fund used for operations	\$ 220,387,957	\$ 228,895,356
ARRA grant used for non-capitalized expense	4,816,316	1,654,300
Tenant dwelling revenue	5,415,284	5,679,841
HOPE VI grants used for non-capitalized expense	3,187,142	10,220,644
Fees earned from Georgia HAP	1,813,846	1,823,883
Other operating revenue	<u>2,283,393</u>	<u>4,144,092</u>
Total operating revenue	237,903,938	252,418,116
Operating expense:		
Housing assistance payments	147,352,440	147,254,397
Administrative including direct operating division expense	47,572,716	44,104,887
Utilities, maintenance and protective services	12,504,797	13,076,756
Resident and participant services	1,215,962	1,023,137
General expense	3,489,006	4,028,221
Expense related to Georgia HAP	758,881	582,641
Depreciation and amortization	<u>7,478,954</u>	<u>8,152,155</u>
Total operating expense	<u>220,372,756</u>	<u>218,222,194</u>
Net operating income	17,531,182	34,195,922
Non-operating revenue/(expense):		
Interest and investment income	428,162	1,275,968
Gain on sale of fixed asset	84,118	-
Demolition and remediation expense	(7,463,417)	(14,843,453)
Other revitalization expense	(1,204,574)	(4,126,847)
Relocation-related expense	(2,579,158)	(6,939,323)
Grants to Owner Entities of mixed-income communities (UFAS)	-	(27,616)
Valuation allowance expense	(1,874,749)	(985,601)
Interest expense	<u>(151,992)</u>	<u>(175,851)</u>
Net non-operating expense	<u>(12,761,610)</u>	<u>(25,822,723)</u>
Capital grant revenue including ARRA —	21,266,200	3,362,297
Capital grant revenue — revitalization related	19,637,997	20,902,827
Change in net assets	45,673,769	32,638,323
Net assets — beginning of year	<u>390,134,303</u>	<u>357,495,980</u>
Net assets — end of year	<u>\$ 435,808,072</u>	<u>\$ 390,134,303</u>

The accompanying notes are an integral part of these statements.

The Housing Authority of the City of Atlanta, Georgia

COMBINED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2011 and 2010

	2011	2010
Increase (decrease) in Cash		
Cash flows from operating activities		
HUD funds used for non-capitalized expense	\$ 224,282,406	\$ 238,405,843
Receipts from residents	5,416,097	5,548,920
Payments to landlords	(147,352,440)	(147,254,397)
Payments to suppliers	(45,169,826)	(42,479,057)
Payments for employees	(24,637,542)	(27,726,122)
Other receipts (payments)	<u>7,361,035</u>	<u>(4,150)</u>
Net cash provided by operating activities	19,899,730	26,491,037
Cash flows from non-capital financing activity		
Net (advances) repayments related to public improvements	<u>(359,344)</u>	<u>619,336</u>
Net cash (used by) provided by non-capital financing activity	(359,344)	619,336
Cash flows from capital and related financing activities		
Capital grant revenues	41,222,780	22,069,431
Acquisition and modernization of capital assets	(29,929,419)	(9,506,249)
Gain on disposition of fixed assets	84,118	-
Demolition and remediation expense	(7,463,417)	(14,843,453)
Other revitalization expense	(1,204,576)	(4,126,847)
Grants to Owner Entities of mixed-income communities (UFAS)	-	(27,616)
Related development loans, investment in partnerships, and development-related receivables	(21,499,070)	(20,707,664)
Interest income on notes receivable	421,394	1,266,415
Payments under capital debt	<u>(474,305)</u>	<u>(937,945)</u>
Net cash (used by) capital and related financing activities	(18,842,495)	(26,813,928)
Cash flows from investing activities		
Purchases of investments, restricted	(449,843)	(316,176)
Sales of investments, restricted	157,361	4,730,152
Interest income on investments, restricted	<u>6,768</u>	<u>9,552</u>
Net cash provided by investing activities	<u>(285,714)</u>	<u>4,423,528</u>
Net increase in cash	412,178	4,719,973
Cash — beginning of the year	<u>99,409,155</u>	<u>94,689,182</u>
Cash — end of the year	<u>\$ 99,821,333</u>	<u>\$ 99,409,155</u>

The accompanying notes are an integral part of these statements.

The Housing Authority of the City of Atlanta, Georgia

COMBINED STATEMENTS OF CASH FLOWS — continued

For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Reconciliation of net operating income to net cash provided by operating activities		
Net operating income	\$ 17,531,182	\$ 34,195,922
Adjustments to reconcile net operating income to net cash provided by operating activities		
Depreciation and amortization expense	7,478,954	8,152,155
Provision for operating bad debts	13,122	52,150
Relocation-related expense	(2,579,158)	(6,939,322)
Changes in assets and liabilities		
(Increase) in receivables	(3,642,044)	(1,079,739)
(Increase) Decrease in prepaid expenses	(372,096)	26,448
Increase (Decrease) in accounts payable and accrued liabilities	2,089,365	(5,050,528)
(Decrease) in deferred revenue and public improvements	(351,230)	(2,652,444)
(Decrease) in other non-current liabilities	(268,365)	(213,604)
	<u>2,368,548</u>	<u>(7,704,884)</u>
Net cash provided by operating activities	<u>\$ 19,899,730</u>	<u>\$ 26,491,037</u>

The accompanying notes are an integral part of these statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS

1. Organization

The Housing Authority of the City of Atlanta, Georgia (“AHA” or “the Authority”) is a public body corporate and politic created under the Housing Authorities Laws of the State of Georgia, and is a diversified real estate company, with a public mission and purpose. The primary purpose of AHA is to facilitate affordable housing opportunities for low-income, elderly and disabled persons in the City of Atlanta (City). AHA has broad corporate powers including, but not limited to, the power to acquire, manage, own, operate, develop and renovate housing; invest and lend money; create for-profit and not-for-profit entities; administer Housing Choice vouchers; issue bonds for affordable housing purposes; and acquire, own, and develop commercial land, retail and market-rate properties that benefit affordable housing.

The governing body of AHA is its Board of Commissioners (Board) which is comprised of seven members appointed by the Mayor of the City of Atlanta. Two resident members serve one-year terms and five members serve five-year staggered terms. The Board appoints the President and Chief Executive Officer to operate the business of AHA. The Board provides strategic guidance and oversight of AHA’s operations; AHA is not considered a component unit of the City and is not included in the City’s financial statements.

2. Moving to Work (MTW) Agreement

MTW is a demonstration program established in 1996 by Congress and administered by the U.S. Department of Housing and Urban Development (HUD), authorizing certain “high-performing” public housing agencies, pursuant to an agreement with HUD, the flexibility to design and test various approaches and initiatives for facilitating and providing quality affordable housing opportunities and related services and amenities in their localities. AHA received its MTW designation in 2001 and executed its MTW Agreement with HUD on September 23, 2003, the initial period of which was effective from July 1, 2003 through June 30, 2010. In response to HUD’s decision to expand and extend the demonstration period until June 30, 2018, AHA and HUD negotiated and executed an Amended and Restated MTW Agreement, effective as of November 13, 2008, and further amended by that certain Second Amendment to the MTW Agreement, effective as of January 16, 2009. AHA’s MTW Agreement, as amended and restated is herein referred to as the “MTW Agreement.” The MTW Agreement may be extended beyond June 30, 2018, for additional 10-year periods subject to HUD approval and AHA meeting certain agreed-upon conditions.

The MTW Agreement provides substantial statutory and regulatory relief under the 1937 Act, and reaffirms, extends and expands the statutory and regulatory relief provided under AHA’s original MTW Agreement. The MTW Agreement forms the statutory and regulatory framework for AHA to carry out its work during the term of the MTW Agreement, as it may be extended, as set forth in AHA’s Business Plan, and as amended from time to time. In 2004, AHA submitted to HUD its base Business Plan, using this new statutory and regulatory framework (herein referred to as the “Business Plan”). AHA’s Business Plan and its subsequent Annual MTW Implementation Plans on a cumulative basis outline AHA’s priority projects, activities and initiatives to accomplish during each fiscal year.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS — continued

Pursuant to the authority in AHA's MTW Agreement, AHA has combined its low-income operating funds, Housing Choice voucher funds and certain capital funds into a single fund (herein referred to as the "MTW Single Fund" or "MTW Funds") which may be expended on MTW-eligible activities as set forth in its Business Plan. AHA receives funding, subject to HUD proration, for all MTW-eligible Housing Choice vouchers. Under AHA's MTW Agreement, MTW Housing Choice voucher funding is based on the number of HUD authorized MTW vouchers and is not subject to annual reconciliation or funding reduction based on the actual number of Housing Choice vouchers utilized. HUD monitors AHA's work for consistency and compliance with its Restated MTW Agreement, Business Plan and AHA's Annual MTW Implementation Plans.

3. Affiliate Entities and Component Units

To manage its business and financial affairs more effectively, AHA has created affiliate entities to support its various ventures. While AHA, the parent entity, manages federal programs, the affiliate entities support the various functions necessary to meet AHA's mission of providing quality affordable housing and related services and amenities.

Certain of these affiliate entities are considered component units in accordance with generally accepted accounting principles. Because of the nature and significance of their operational or financial relationships with AHA, the component units are included in AHA's reporting entity. These blended component units, although legally separate entities are, in substance, part of AHA's operations.

Separate financial information for each of the following blended component units is presented in Note B in Other Supplementary Information.

- Atlanta Affordable Housing for the Future, Inc. (AAHFI) is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AHA Board in order to facilitate the revitalization of AHA-Owned distressed public housing projects. AAHFI participates in the revitalization of AHA-Sponsored communities by holding limited partnership interests in either the related development project partnership (Owner Entity) or an interest in the general partner of the related development project partnership of the various public/private partnerships that own the mixed-income, mixed-finance rental communities.
- Special Housing and Homeownership, Inc. (SHHI) is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AHA Board in order to develop, maintain and implement programs to assist income-eligible individuals in achieving the goal of homeownership.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS — continued

- 230 John Wesley Dobbs Boulevard Ventures, Inc. (JWD) is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AHA Board in order to lessen the burdens of government by acquiring and holding title to real property and improvements, and by providing such real property and improvements to government agencies and tax-exempt organizations at cost.
- Renaissance Affordable Housing, Inc. (RAH) is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AHA Board in order for AHA to participate in the acquisition and development of certain properties to support the overall revitalization program at or near AHA communities or other appropriate locations in metropolitan-Atlanta.
- Westside Affordable Housing, Inc. (WAH) is a Georgia 501(c)(3) not-for-profit corporation and was created at the direction of the AHA Board in order for AHA to participate in the acquisition and development of certain properties to support the overall revitalization program at or near AHA communities or other appropriate locations in metropolitan-Atlanta.
- Atlanta Housing Investment Company, Inc. (AHICI) is a for-profit corporation created at the direction of the AHA Board in order to assist AHA in its revitalization efforts at or near AHA communities or other appropriate locations in metropolitan-Atlanta. AHICI participates in the revitalization of AHA-Sponsored communities by holding partnership and financial interests in various transactions.

AHA has one affiliate, Atlanta Housing Opportunity, Inc. (AHOI) that is not a component unit. It is, however, considered a related entity. AHOI is a Georgia not-for-profit corporation created at the direction of the AHA Board in order to facilitate the Housing Opportunity Bond Program established by the City of Atlanta. The activities of the nonprofit corporation are limited to participation in the Housing Opportunity Bond Program. Since the City of Atlanta is financially accountable and responsible for the debt of AHOI, the financial activity of AHOI is not included in AHA's financial statements but is included in the City's financial statements (see further disclosure in Note T).

AHA also has two additional component units that, while still active legal entities, have not had any financial activity and have not held any assets or liabilities in either of the past two fiscal years. Therefore, no financial information related to these entities is included in AHA's financial statements.

- Atlanta Housing Development Corporation (AHDC) is a Georgia not-for-profit organization, organized solely to serve as an "instrumentality" of AHA for the purpose of issuing tax-exempt bonds for construction, acquisition and rehabilitation of low-income housing pursuant to Section 11(b) of the Housing Act of 1937, as amended (42 U.S.C. Section 1437i).
- Strategic Resource Development Corporation, Inc. (SRDC) is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AHA Board to solicit and accept charitable donations to fund AHA initiatives.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Basis of Presentation and Accounting

The financial statements represent the combined results of AHA and its blended component units and have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) of the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. AHA and its blended component units maintain their accounts substantially in accordance with the chart of accounts prescribed by HUD and are organized utilizing the fund accounting model. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts.

AHA accounts for its operations in a single enterprise fund. Enterprise funds account for those operations financed and operated in a manner similar to private business or where AHA has decided that determination of revenue earned, costs incurred and net revenue over expense is necessary for management accountability.

Enterprise funds are proprietary funds used to account for business activities of special purpose governments for which a housing authority qualifies under GASB No. 34, *“Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments.”* Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Combined Statements of Net Assets. The Combined Statements of Revenue, Expense and Changes in Net Assets presents increases (revenue) and decreases (expense) in total net assets. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned while expense is recognized in the period in which the liability is incurred.

AHA has adopted GASB No. 62, *“Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.”* This guidance incorporates the FASB, APB, and ARB pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. GASB No. 62 supersedes GASB No. 20 that permitted enterprise funds and business type activities to apply those FASB statements and interpretations that did not conflict with or contradict GASB pronouncements. GASB No. 62 updated previous guidance to recognize the effects of the governmental environment and needs of governmental users. As AHA had previously not elected to follow the post 1989 FASB, APB, and ARB pronouncements, GASB No. 62 did not have a material effect on the financial statements of AHA.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

2. Inter-company and Inter-fund Receivables and Payables

Inter-company and inter-fund receivables and payables are the result of the use of a central fund as the common paymaster for shared costs of AHA. All inter-company and inter-fund balances net to zero in combination and, hence, are eliminated for financial statement presentation. All programs aggregate into one single enterprise fund. Cash settlements are made periodically.

3. Fair Value of Financial Instruments

The carrying amount of AHA's financial instruments at June 30, 2011 and 2010, which include cash, investments, accounts receivable, accounts payable and other current liabilities approximates fair value due to the relatively short maturity of these instruments.

Investments of HUD funds are made in financial instruments that are consistent with HUD regulations. AHA requires uninsured funds on deposit be collateralized in accordance with HUD requirements and in AHA's name, if held by a third party.

4. Inventories

AHA maintains no inventory. All supplies are expensed when purchased. Supplies on hand are nominal.

5. Prepaid Expense

Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid expense. Prepaid expense at June 30, 2011 and 2010 consists primarily of prepaid insurance premiums and service contracts.

6. Restricted Assets

Certain assets may be classified as restricted assets on the statement of net assets because their use is restricted by time or specific purpose. AHA's policy is to expend restricted assets prior to utilizing unrestricted assets if allowable for the intended purpose.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

7. Related Development and Other Loans and Valuation Allowance

AHA makes subordinated loans to the private-sector owners in conjunction with financing arrangements related to the development of the AHA-Sponsored mixed-income, mixed-finance rental communities. These subordinated loans are fully obligated to the Owner Entities at the financial closing and represent AHA's share of the development budget for AHA-assisted Annual Contribution Contract (ACC) units. Such loans are typically funded on a draw-down reimbursement basis using primarily HOPE VI grants or RHF funds. The loans are amortized over periods up to 55 years at interest rates ranging from zero percent to 7.99 percent, as agreed to by AHA and individual Owner Entities and approved by HUD. The respective loan agreements provide that these loans will be repaid by the Owner Entity to AHA from net cash flow, net project proceeds and/or condemnation proceeds for such phases, to the extent such amounts are available. For most of these development projects, AHA owns the land and enters into a long-term ground lease with the Owner Entity. At the end of the ground lease, the land and improvements revert to AHA.

Management evaluates its loans for collectability and records a valuation allowance for loans it determines may not be fully collectible. AHA adjusts the valuation allowance when appropriate.

AHA also provides down payment assistance by lending to income-eligible homebuyers a forgivable subordinated loan up to \$20,000, depending on the need. All homeownership mortgage down payment assistance notes are fully reserved and classified as non-current assets (see further disclosure in Note E, Note H and in Other Supplementary Information).

8. Allowance for Doubtful Accounts

AHA establishes an allowance for doubtful accounts for all unpaid balances from tenants for properties vacated or tenant accounts receivable older than 60 days. There are two types of loans that AHA fully reserves upon funding: homeownership mortgage down payment assistance; and loans to Owner Entities for the purpose of complying with Uniform Federal Accessibility Standards (UFAS) under AHA's Voluntary Compliance Agreement with HUD, the terms of which were met, ending AHA's agreement with HUD. Accordingly, these loans have been fully reserved. A general allowance has also been established for certain other accounts receivable.

9. Capital Assets

Capital assets include land, land improvements, buildings, equipment and modernization in process for improvements to land and buildings. Capital assets are defined by AHA as assets with an initial cost of more than \$2,500 and an estimated useful life of greater than one year.

Such assets are recorded at cost or fair value at the time of purchase or donation, respectively. Improvements and other capital activities are recorded as modernization in process until they are completed and placed in service.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

The costs of normal and extraordinary maintenance and repairs that do not add value to the asset or extend the useful life of the asset are expensed as incurred to operations. Generally, demolition costs, land preparation, soil remediation and other site improvement costs that do not add value are expensed as non-operating items.

Depreciation is calculated using the straight-line method assuming the following useful lives:

Buildings	20–40 years
Building improvements	10–30 years
Building equipment	10–15 years
Land improvements	15 years
Equipment	5–10 years

Long-lived assets are reviewed annually for impairment under the provisions and in accordance with GASB No. 42, “Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.”

AHA owns several paintings of historical significance which are being preserved for future educational and exhibition purposes. These works of art, commissioned in the 1940s at minimal cost, have an appraised value in excess of \$800,000 but have not been recorded on AHA’s books pursuant to the guidance of GASB No. 34.

10. Income and Property Taxes

Income received or generated by AHA is not generally subject to federal income tax, pursuant to Section 115 of the Internal Revenue Service Code. Although exempt from state and local property taxes, AHA makes payments in lieu of taxes (PILOT), pursuant to an agreement with the City of Atlanta and DeKalb and Fulton counties.

11. Accrued Compensated Absences

A liability for compensated absences (vacation) is accrued as employees earn the right to receive the benefit. The current portion represents the amount estimated to be taken in the ensuing year.

12. Fee and Interest Income Recognition on Related Development and Other Loans

In connection with its Revitalization Program, AHA earns developer and other fees in its role as sponsor and co-developer. Developer and other fees are recorded as earned. Developer fees are generally tied to equity payments from the tax credit investor.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

Any portions of the fees that are solely contingent on cash flow or where the owner is not otherwise required to pay by a certain date may be deferred. Under these circumstances, fees are not recorded until received or when reasonably expected to be received. If a guarantee of payment exists on a certain date in a future year, the receivable is discounted and recorded at its net present value.

Because interest on the related development loans is subordinated and contingent on cash flow from the property, recognition of interest income does not occur until payments are received or are reasonably expected to be received.

13. Revenue and Expense

Proprietary funds distinguish operating revenue and expense from non-operating items. Operating revenue and expense generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. AHA defines its operating revenue as income derived from operating funds received from HUD, tenant dwelling revenue and other operating revenue. When grant funds are used for operations, AHA recognizes operating revenue at the time such costs are incurred, pursuant to a draw-down process on a reimbursement basis. Operating expense for proprietary funds includes the cost of providing services, administrative expense and depreciation on capital assets.

When AHA completes capital work to be paid with grants, AHA's right to be reimbursed by HUD is perfected, and AHA records the asset and corresponding capital grant revenue as the work progresses. The unexpended portions of the grants held by HUD for AHA's account remain available for AHA's use, subject to the terms of the grant agreements and other agreements with HUD. The unexpended portions of the grants held by HUD are not reflected in AHA's financial statements.

Non-operating revenue includes interest and investment income, reimbursements for capitalized expenditures under capital grants received from HUD for modernization, revitalization and other development activities and gain from the sale of land. Non-operating expense includes interest, demolition and remediation, relocation, bad debt expense, capital asset write-off and adjustments to valuation allowances.

14. Self-insurance and Litigation Losses

AHA recognizes estimated losses related to self-insured workers' compensation claims and litigation claims in the period in which the occasion giving rise to the loss occurred when the loss is probable and reasonably estimable (see further disclosure in Note N).

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

15. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect the reported amounts. Accounting estimates for such items as depreciation, valuation of related development and other loans, other operating receivables, operating expense accruals and contingent liabilities are all reflected in AHA's financial statements and disclosed in the notes thereto.

16. Budgets

Annually, AHA submits a Comprehensive Operating and Capital budget to the Board of Commissioners for approval. Throughout the fiscal year, the budget is used as a management tool to plan, control and evaluate proprietary fund spending for each major program. Budgets are not required for financial statement presentation.

17. Risk Management

AHA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. AHA carries commercial insurance and certain reserves deemed sufficient to meet current requirements.

18. Change in Presentation

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation. These reclassifications had no effect on total net assets.

NOTE C — CASH AND INVESTMENTS

Cash and investments are stated at cost, which approximates fair value, and consist primarily of cash in checking accounts and/or money market accounts and other investments. All funds on deposit are FDIC insured or are fully collateralized in accordance with guidance recommended by HUD. HUD recommends housing authorities invest excess HUD funds in obligations of the United States, certificates of deposit or any other federally insured investments.

At June 30, 2011 and 2010, cash and investments consisted of deposits with financial institutions either fully insured by FDIC insurance, up to \$250,000 per institution, or collateralized by securities held by a third party in AHA's name and in government securities.

Cash and investments are classified as "Unrestricted" and "Restricted" for financial presentation purposes based on HUD guidance:

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE C — CASH AND INVESTMENTS — continued

Cash — Unrestricted includes cash and cash equivalents that are available for program purposes including current operations. Because the funds are not tied to a certain program or property, they are classified as unrestricted. They remain subject, however, to varying degrees of restrictions. For example, HUD approval is required, with some limited exceptions, to use or deploy these funds strategically outside of the ordinary course of AHA's business under the MTW Agreement. In all cases, AHA's assets are subject to the limitations of AHA's charter and the Housing Authorities Laws of the State of Georgia.

Cash — Restricted includes cash and cash equivalents that are only to be expended for specific purposes based on the source of the money. AHA's restricted cash generally includes: proceeds from the sale of property acquired with grant or development funds; program income from specific grants; income generated from development activities; partnership operating reserves; and public improvement funds.

Investments — Authority Reserves are held by escrow agents for the benefit of investors and Owner Entities of the mixed-income, mixed-finance rental communities. These reserves are restricted in accordance with agreements entered into in conjunction with the development of these properties. These reserves, while invested in short-term instruments, cannot be readily liquidated due to such restrictions.

Cash and investments at June 30, 2011 consisted of the following:

	<u>Fair value</u>	<u>Collateral held by third party</u>	<u>U.S.-backed securities and treasury obligations</u>
Unrestricted cash			
MTW cash	\$ 39,114,595		
MTW program income	7,947,901		
Georgia HAP	7,439,495		
Other	<u>2,145,169</u>		
	\$ 56,647,160		
Restricted cash			
Development-related program income	\$ 23,032,625		
Public Improvement funds	7,877,537		
Proceeds from disposition activity	6,115,576		
Perry program income	2,159,045		
Harris program income	2,056,657		
Other	<u>1,932,733</u>		
	\$ 43,174,173		
Total cash	\$ 99,821,333	\$ 117,408,996	\$ -
Investments, restricted (non-current)	<u>9,228,069</u>	<u>-</u>	<u>9,228,069</u>
Total in banks	<u>\$ 109,049,402</u>	<u>\$ 117,408,996</u>	<u>\$ 9,228,069</u>

The Housing Authority of the City of Atlanta, Georgia

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE C — CASH AND INVESTMENTS — continued

Cash and investments at June 30, 2010 consisted of the following:

	<u>Fair value</u>	<u>Collateral held by third party</u>	<u>U.S.-backed securities and treasury obligations</u>
Unrestricted cash			
MTW cash	\$ 29,788,221		
MTW program income	8,564,489		
Georgia HAP	6,595,180		
Other	<u>5,270,457</u>		
	\$ 50,218,347		
Restricted cash			
Development-related program income	\$ 21,668,515		
Proceeds from disposition activity	8,911,702		
Perry program income	5,755,901		
Harris program income	2,375,484		
Public Improvement funds	8,582,868		
Other	<u>1,896,338</u>		
	\$ 49,190,808		
Total cash	\$ 99,409,155	\$ 117,792,556	\$ -
Investments, restricted (non-current)	<u>8,949,472</u>	<u>-</u>	<u>8,949,472</u>
Total in banks	<u>\$ 108,358,627</u>	<u>\$ 117,792,556</u>	<u>\$ 8,949,472</u>

NOTE D — RECEIVABLES

Current receivables at June 30, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
HUD receivables	\$ 18,127,021	\$ 18,633,443
Predevelopment loans	183,580	131,420
Development and other fees receivable	1,369,639	2,008,371
Tenant dwelling rents (net of allowance of \$2,978 and \$3,194 in 2011 and 2010, respectively)	7,951	13,016
Other receivables	563,203	451,653
Public improvement advances	<u>512,893</u>	<u>153,549</u>
	<u>\$ 20,764,287</u>	<u>\$ 21,391,452</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE E — RELATED DEVELOPMENT LOANS, INVESTMENT IN PARTNERSHIPS AND RECEIVABLES

GAAP defines related parties as those parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties. The related development and other loans, investment in partnerships, development receivables and predevelopment loans at June 30, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Development loans (net of allowance of \$29,994,112 in 2011 and 2010)	\$ 156,813,749	\$ 142,013,699
Other loans (net of allowance of \$3,231,694 and \$2,650,928 in 2011 and 2010, respectively)	7,530,554	6,498,967
Investment in Partnerships (net of allowance of \$414,493 in 2011 and 2010)	-	-
Development and other fees receivable (net of allowance of \$978,494 in 2011 and 2010)	1,357,830	1,752,460
Predevelopment loans	<u>324,910</u>	<u>48,871</u>
	<u>\$ 166,027,043</u>	<u>\$ 150,313,997</u>

Development loans

AHA enters into subordinated development (construction and permanent) loans with the Owner Entities of the mixed-income, mixed-finance rental communities in conjunction with financing arrangements related to the development projects, as described in Note B.7. During FY 2011, subordinated construction loans to Owner Entities increased by \$14,800,050.

Other loans

AHA may provide gap financing to facilitate the construction of properties with up to a 15-year renewable PBRA agreement with the private owners. During FY 2011, loan draws of \$700,243 were advanced under such loans.

AHA and HUD were parties to a Voluntary Compliance Agreement (VCA). With respect to the mixed-income, mixed-finance rental communities, the VCA required AHA to ensure that the site, common areas and at least five percent of AHA-assisted units meet UFAS and other federal statutory requirements. AHA (or its affiliate) made loans, grants or capital contributions to the Owner Entities of the mixed-income, mixed-finance rental communities to achieve UFAS compliance with the VCA. During FY 2011, AHA made unsecured loans of \$936,109 to the Owner Entities to make improvements so that AHA-assisted units, common areas and amenities in the mixed-income, mixed-finance communities would comply with UFAS standards. AHA completed its obligations under the VCA on March 24, 2011. While AHA is no longer under the VCA, UFAS work continues at Centennial Place and is scheduled to be completed during FY 2012.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE E — RELATED DEVELOPMENT LOANS, INVESTMENT IN PARTNERSHIPS AND RECEIVABLES — continued

Development and other fees receivable

AHA earns development and other fees associated with the construction and revitalization activities at the mixed-income, mixed-finance rental communities and from certain properties with PBRA agreements. See further disclosure in Note B.12.

Predevelopment loans

AHA makes predevelopment loans to its development partners (typically an affiliate of the Owner Entity) prior to the financial closing to facilitate development of the site, including the purchase of building materials, permits and architectural/design services. Predevelopment loans are repaid upon closing the financial instruments that support the construction of the project, including AHA's subordinated construction loan. Loans expected to be paid within one year are classified as current.

Valuation allowance

Management evaluates its loans for collectability and records a valuation allowance for loans it determines may not be fully collectible. An increase of \$580,766 in the valuation allowance represents the amount of fully reserved unsecured loans made during FY 2011.

Related-party development income and expense

Related-party development income and expense for the years ended June 30, 2011 and 2010 consisted of the following:

Type of income/(expense):	2011	2010
Interest income	\$ 160,417	\$ 1,055,276
Developer and other fee income	\$ 1,198,689	\$ 3,046,032
Grants to Owner Entities of mixed-finance, mixed-income rental communities (UFAS)	\$ —	\$ (27,616)
Housing assistance payments to Owner Entities of the mixed-income communities	\$ (13,489,960)	\$ (13,130,872)
Housing assistance payments to Owner Entities or private owners where AHA has a PBRA agreement and has advanced a loan	\$ (11,555,824)	\$ (9,478,780)

Owner Entity financial statements are audited by independent accounting firms hired by each respective Owner Entity. See further disclosure in Note B.12 and in the Other Supplementary Information.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE F — OTHER RELATED-PARTY TRANSACTIONS

Georgia HAP Administrators, Inc. dba National Housing Compliance (Georgia HAP)

Georgia HAP Administrators, Inc. dba National Housing Compliance (Georgia HAP) is a non-profit organization located in Atlanta, Georgia that provides contract administration services for project-based Housing Assistance Payments Contracts under Section 8 of the United States Housing Act of 1937, as amended. Georgia HAP was incorporated as a 501(c)(4) organization pursuant to the laws of the State of Georgia in August 1999 and is comprised of 11 member organizations, of which AHA is a member. Georgia HAP earned fees for services provided to the U.S. Department of Housing and Urban Development with respect to properties located in the states of Illinois and Georgia for which HUD has entered subsidy agreements. Georgia HAP makes periodic distributions to members of revenue in excess of expense and pays base administrative fees and incentive fees for subcontract work performed by Georgia HAP members in their respective areas of operation. AHA earned unrestricted fees of \$1,813,846 and \$1,823,883 in FY 2011 and FY 2010, respectively, from Georgia HAP activities.

NOTE G — CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2011:

	Balance at June 30, 2010	Additions and reclasses	Deletions and reclasses	Balance at June 30, 2011
Land*	\$ 47,819,408	\$ 4,650,253	\$ (25,428)	\$ 52,444,233
Land improvements	18,616,180	202,722	-	18,818,902
Buildings and improvements	135,467,591	1,830,460	-	137,298,051
Equipment	15,684,247	2,812,486	-	18,496,733
Modernization in process*	5,077,624	22,625,461	(2,166,532)	25,536,553
	222,665,050	32,121,382	(2,191,960)	252,594,472
Less accumulated depreciation				
Land improvements	(7,884,982)	(1,175,953)	-	(9,060,935)
Buildings and improvements	(81,824,364)	(4,147,440)	-	(85,971,804)
Equipment	(12,274,948)	(2,151,566)	-	(14,426,517)
	(101,984,294)	(7,474,959)	-	(109,459,256)
Total capital assets, net	<u>\$ 120,680,756</u>	<u>\$ 24,646,423</u>	<u>\$ (2,191,960)</u>	<u>\$ 143,135,216</u>

* Non-depreciable assets

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE G — CAPITAL ASSETS — continued

Changes in capital assets for the year ended June 30, 2010:

	Balance at June 30, 2009	Additions and reclasses	Deletions and reclasses	Balance at June 30, 2010
Land*	\$ 44,285,782	\$ 3,602,607	\$ (68,981)	\$ 47,819,408
Land improvements	17,866,192	2,237,457	(1,487,469)	18,616,180
Buildings and improvements	134,730,450	737,141	-	135,467,591
Equipment	14,627,771	1,056,476	-	15,684,247
Modernization in process*	<u>1,652,837</u>	<u>6,495,943</u>	<u>(3,071,156)</u>	<u>5,077,624</u>
	213,163,032	14,129,624	(4,627,606)	222,665,050
Less accumulated depreciation				
Land improvements	(6,738,034)	(1,171,740)	24,792	(7,884,982)
Buildings and improvements	(76,804,925)	(5,038,637)	19,198	(81,824,364)
Equipment	<u>(10,297,406)</u>	<u>(1,981,042)</u>	<u>3,500</u>	<u>(12,274,948)</u>
	<u>(93,840,365)</u>	<u>(8,191,419)</u>	<u>47,490</u>	<u>(101,984,294)</u>
Total capital assets, net	<u>\$ 119,322,667</u>	<u>\$ 5,938,205</u>	<u>\$ (4,580,116)</u>	<u>\$ 120,680,756</u>

* Non-depreciable assets

NOTE H — OTHER NON-CURRENT ASSETS

Other non-current assets at June 30, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Public improvement funds received from the City of Atlanta and related entities	\$ 24,640,405	\$ 20,721,957
Homeownership down payment assistance notes (net of allowance of \$3,665,595 and \$2,351,612 in 2011 and 2010)	-	-
Loan costs (net of accumulated loan amortization of \$192,704 and \$188,711 in 2011 and 2010)	12,649	16,642
Other	<u>11,450</u>	<u>12,700</u>
	<u>\$ 24,664,504</u>	<u>\$ 20,751,299</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE I — ACCOUNTS PAYABLE

Accounts payable at June 30, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Accounts payable, trade	\$ 1,179,504	\$ 3,209,687
HUD payable	-	2,697,358
Other	<u>207,303</u>	<u>470,691</u>
	<u><u>\$ 1,386,807</u></u>	<u><u>\$ 6,377,736</u></u>

NOTE J — ACCRUED LIABILITIES

Accrued liabilities at June 30, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Accrued expense	\$ 10,065,842	\$ 7,127,461
Contract retention	2,737,033	3,193,205
Compensated absences	705,188	695,856
Wages payable	752,513	562,727
Contingencies and uncertainties (Note O)	200,000	200,000
Workers' compensation claims (Note N)	30,000	30,000
Interest payable	<u>11,949</u>	<u>13,120</u>
	<u><u>\$ 14,502,525</u></u>	<u><u>\$ 11,822,369</u></u>

Compensated absences at June 30, 2011 consisted of the following:

	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2011</u>	<u>Non- current</u>	<u>Current</u>
Compensated absences	<u>\$ 1,323,453</u>	<u>\$ 578,858</u>	<u>\$ (695,856)</u>	<u>\$ 1,206,455</u>	<u>\$ 501,267</u>	<u>\$ 705,188</u>

Compensated absences at June 30, 2010 consisted of the following:

	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2010</u>	<u>Non- current</u>	<u>Current</u>
Compensated absences	<u>\$ 1,417,498</u>	<u>\$ 705,328</u>	<u>\$ (799,373)</u>	<u>\$ 1,323,453</u>	<u>\$ 627,597</u>	<u>\$ 695,856</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE K — OTHER CURRENT LIABILITIES

Other current liabilities at June 30, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Public improvement funds received from the City of Atlanta and related entities	\$ 7,443,506	\$ 7,706,405
Prepaid construction loan interest	-	11,956
Other	<u>721,651</u>	<u>707,862</u>
	<u>\$ 8,165,157</u>	<u>\$ 8,426,223</u>

NOTE L — LONG-TERM DEBT

Long-term debt at June 30, 2011 consisted of the following:

	Balance at July 1, 2010	Additions	Reductions	Balance at June 30, 2011	Non-current	Current
J.W. Dobbs note payable	\$ 3,553,851	\$ -	\$ (317,148)	\$ 3,236,703	\$ 2,905,388	\$ 331,315
	<u>\$ 3,553,851</u>	<u>\$ -</u>	<u>\$ (317,148)</u>	<u>\$ 3,236,703</u>	<u>\$ 2,905,388</u>	<u>\$ 331,315</u>

Long-term debt at June 30, 2010 consisted of the following:

	Balance at July 1, 2009	Additions	Reductions	Balance at June 30, 2010	Non-current	Current
EPC capital lease	\$ 453,737	\$ -	\$ (453,737)	\$ -	\$ -	\$ -
J.W. Dobbs note payable	<u>3,857,095</u>	<u>-</u>	<u>(303,244)</u>	<u>3,553,851</u>	<u>3,236,703</u>	<u>317,148</u>
	<u>\$ 4,310,832</u>	<u>\$ -</u>	<u>\$ (756,981)</u>	<u>\$ 3,553,851</u>	<u>\$ 3,236,703</u>	<u>\$ 317,148</u>

Interest expense related to Long-term debt was \$151,992 and \$175,851 for the years ended June 30, 2011 and 2010, respectively.

EPC capital lease

AHA's Energy Performance Contract (EPC) is part of a HUD-sponsored program designed to incent local housing authorities to undertake energy-saving improvements at their properties. HUD allows such agencies to freeze the consumption base used to determine their utility funding at an agreed pre-constructed level for up to 20 years, so that the savings from such improvements can be used to finance the cost of water and energy conservation improvements. AHA's EPC capital lease, which consisted of a 12-year equipment lease and option agreement, had an original balance of \$4,623,000.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE L — LONG-TERM DEBT — continued

Generally, improvements under an EPC result in lower energy consumption that generates savings in utility expense. The EPC capital lease was refinanced effective September 19, 2003 with quarterly debt service payments of approximately \$115,910, based on a fixed interest rate of 3.42 percent. Final payment was made on June 30, 2010.

J.W. Dobbs note payable

The J.W. Dobbs capital lease agreements and note payable were refinanced and combined effective September 1, 2004 in the total amount of \$5,125,000 requiring monthly debt service payments of \$39,193, based on a fixed interest rate of 4.43 percent. A final balloon payment is due September 1, 2014. The note is collateralized by the land and building located at 230 J.W. Dobbs Avenue, which had a net book value of \$12,710,550 and \$13,322,382 at June 30, 2011 and 2010, respectively.

Aggregate long-term debt by year

Aggregate long-term debt service payments scheduled for the next four fiscal years (including a final balloon payment in fiscal 2015) are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 331,315	\$ 138,997	\$ 470,312
2013	346,881	123,430	470,311
2014	362,786	107,525	470,311
2015	<u>2,195,721</u>	<u>24,503</u>	<u>2,220,224</u>
	<u>\$ 3,236,703</u>	<u>\$ 394,455</u>	<u>\$ 3,631,158</u>

NOTE M — OTHER NON-CURRENT LIABILITIES

Other non-current liabilities at June 30, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Resident security deposits	\$ 334,193	\$ 325,323
Deferred rooftop satellite lease revenue	427,215	494,671
Compensated absences (Note J)	501,267	627,597
Other	<u>7,569</u>	<u>91,018</u>
	<u>\$ 1,270,244</u>	<u>\$ 1,538,609</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE N — INSURANCE AND CLAIMS

AHA is exposed to various risks of loss related to: torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters.

Self-insurance plan — workers' compensation

AHA is self-insured for workers' compensation claims and has purchased excess insurance for its workers' compensation self-insurance plan, which limits its liability to \$400,000 per accident. AHA has a system in place to identify incidents which might give rise to workers' compensation claims. It uses this information to compute an estimate of loss due to claims asserted and incidents that have been incurred but not reported. Periodically AHA obtains an actuarial study to assist them with their estimates. The last study completed was as of June 30, 2010. Settled claims have not exceeded the self-insured retention in any part of the past five years. AHA has recorded estimated liabilities of \$30,000 as of June 30, 2011 and 2010.

Litigation and claims

AHA is party to legal actions arising in the ordinary course of business. These actions are in various stages of the litigation process and their ultimate outcome cannot be determined currently. Accordingly, potential liabilities in excess of insurance coverage may not be reflected in the accompanying financial statements. While it is the opinion of outside and in-house legal counsel that the ultimate outcome of such litigation would be impossible to predict, the financial statements include estimates of probable liabilities in the amount of \$200,000 as of June 30, 2011 and 2010.

NOTE O — CONTINGENCIES AND UNCERTAINTIES

Easements, liens and other contractual obligations

Generally, real property owned by AHA under the public housing program or purchased using public housing development funds is subject to a HUD declaration of trust and most have various customary easements (e.g., utility rights-of-way). From time to time, mechanics' liens or other such liens may be recorded against AHA-Owned property. Notwithstanding any such liens, under Georgia law, all real property of AHA is exempt from levy and sale by virtue of execution, other judicial process or judgment. Additionally, real property owned by AHA affiliate entities and leasehold interests in AHA real property (ground leased to Owner Entities in connection with mixed-income communities) may be subject to mortgage liens and other contractual obligations.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE O — CONTINGENCIES AND UNCERTAINTIES — continued

Valuation of related development loans

The multi-family rental housing market is affected by a number of factors such as mortgage interest rates, supply and demand, changes in neighborhood demography and growth of the metropolitan-Atlanta area. Because related development loans to Owner Entities of the mixed-income, mixed-finance multi-family rental communities are subordinated and payable from net cash flows, local market conditions could impact the value of those receivables as reflected on AHA's books. AHA's strategy is to monitor the performance of the properties and local market conditions, and conduct a valuation study every two years by an expert third-party financial consultant. A valuation study based on a representative sample of such related development loans was performed as of June 30, 2011 and it was determined that no increase in valuation reserve was indicated (see further disclosure by Owner Entity in Other Supplementary Information).

Loan commitments

Total commitments on outstanding loans to Owner Entities for AHA-Sponsored master-planned mixed-income communities and to private owners of mixed-income communities with PBRA units as of June 30, 2011 were \$4,986,499.

Other commitments

AHA is undergoing a business transformation initiative to further its goals as a high-performing, diversified real estate company with a public mission and purpose. As part of this initiative, AHA is preparing for implementation of an integrated Enterprise Resource Planning solution (iERP) which was approved by the Board in January 2011. AHA projects a total of \$12.7 million for this project, and spent approximately \$3.6 million in FY 2011. A substantial portion of the remaining \$9.1 million is expected to be spent in FY 2012, of which \$1.7 million was committed as of June 30, 2011.

In addition to the external costs noted above, implementation of the iERP will require a substantial commitment on the part of AHA staff. While the total commitment cannot be reasonably estimated, AHA management believes that AHA's FY 2012 Budget provides sufficient funds to support staffing augmentation, if required, for the project.

NOTE P — DEFINED BENEFIT PENSION PLAN

Plan description

AHA's Retirement Plan (the Plan) is a single-employer, non-contributory defined benefit pension plan under a group annuity contract with Massachusetts Mutual Life Insurance Company, an insurance carrier, which maintains custody of Plan assets, administers the Plan and invests all funds through a General Investment account and a separate Money Market account. AHA is not required to provide a separate audited GAAP-basis pension plan report. Assets of the Plan represent less than one percent of the insurance carrier's total assets. None of the Plan's investments are the property of AHA. The Plan provides retirement, disability and death benefits to the participants and their beneficiaries.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

The AHA Board froze the Plan as of December 31, 2007. No employees hired or rehired on or after January 1, 2008, may be added to or accrue additional benefits under the Plan. The Board also froze benefit accruals under the Plan for all current participants, except certain vested employees whose age plus years of service equaled 60 at December 31, 2007 and who elected to continue accruals under the Plan (grandfathered employees). In FY 2009, AHA offered and made lump sum cash payments to those plan participants who are no longer employed with AHA, had vested in a retirement benefit but who had not retired nor been certificated by the Plan administrator. In August 2009, \$6,306,469 was paid from the Plan to the 304 participants who elected to take the lump sum. AHA is no longer liable to fund future retirement benefits for those participants who elected to take their retirement benefit under the lump sum option.

The plan document received a favorable determination letter from the IRS on June 3, 2011.

Funding policy

AHA's funding policy is to contribute an amount equal to or greater than the minimum required contribution. The Actuarial Standard of Practice recommends the use of best-estimate range for each assumption, based on past experience, future expectations and application of professional judgment. The recommended contributions were computed as part of the actuarial valuations performed as of January 1, 2011, 2010 and 2009. Beginning June 1996, AHA's contributions were determined under the Projected Unit Credit Actuarial Cost method (pay-related benefit formula). See the multi-year pension trend information presented in the Schedule of Pension Funding Progress immediately following Notes to the Basic Financial Statements, which presents information about the actuarial value of plan assets relative to the actuarial accrued liability for benefits.

Annual pension costs and annual required contribution

For the fiscal years ended June 30, 2011, 2010 and 2009, AHA funded pension payments of \$0, \$0 and \$1,000,000, respectively. Such payments were greater than or equal to AHA's annual required contributions of \$0, calculated as of January 1, 2011, 2010 and 2009.

Significant actuarial assumptions used to compute the annual contribution requirement as of the January 1, 2011 valuation date are as follows: 1) the valuation uses the Projected Unit Credit Actuarial Cost method; 2) the Plan's overfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at January 1, 2011 is 10 years; 3) the Actuarial Value of plan assets is equal to the market value at the date of valuation; 4) the assumed investment rate of return is 5.5 percent compounded annually; and 5) projected salary increases are 4 percent per year.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

Three-year trend information

	January 1, 2011	January 1, 2010	January 1, 2009
Market value of assets	\$40,673,163	\$42,249,247	\$49,447,193
Accumulated net pension obligations	40,720,186 *	42,121,920 *	46,407,109 *
Percentage funded	100%	100%	107%
Overfunded (Unfunded) net pension obligation	(47,023) *	127,327 *	3,040,084 *
Annual required contribution	-	-	-
Employer contributions	-	-	1,000,000
Overfunded (Unfunded) net pension obligations after employer contributions	(47,023)	127,327	4,040,084
Annual covered payroll	10,983,388	12,695,948	13,877,719
Overfunded (Unfunded) obligation as percentage of covered payroll	0%	1%	29%
Annual required contribution as percentage of covered payroll	0%	0%	0%
Net pension obligation	-	-	-
Accrued pension liability	-	-	-

* Based on interest rates of 5.5%, 5.25% and 6.0% for 2011, 2010 and 2009 respectively.

NOTE Q — DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PLANS

AHA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the 457 Plan). The 457 Plan is available to all full-time eligible employees and permits participants to defer a portion of their salary until future years. Effective February 1, 2008, all eligible employees had the option to participate in the 457 Plan with a deferral rate of two percent. Employees may change their deferral rates at any time. Employee contributions of \$687,608 and \$616,626 were made in the Plan years 2010 and 2009, respectively.

In conjunction with changes made to the Defined Benefit Plan, effective February 1, 2008, AHA's Board also approved the creation of the new Defined Contribution Plan under Internal Revenue Code Section 401(a) (the 401(a) Plan) for all eligible employees. The 401(a) Plan provides an employer matching contribution on amounts that employees defer into the 457 Plan, equal to 100 percent of the first two percent deferred by the participant. Additional matching contributions are made based on the participant's years of service with AHA. In addition, further contributions can be made at the discretion of management. The employer contribution to the 401(a) Plan was \$508,538 and \$561,407 during FY 2011 and FY 2010, respectively. Amounts from these plans are available to participants at the time of termination, retirement, death or emergency. As required by federal regulations, the funds are held in trust for the exclusive benefit of participants and their beneficiaries. AHA has no ownership of the plans. Accordingly, the plans' assets are not reported in AHA's financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE R — POST-EMPLOYMENT BENEFITS

AHA offered early retirement programs in FY 1995 and FY 2004. AHA employees, who elected early retirement under prescribed “open windows” in these years, were permitted to continue their medical benefits until age 65 at 50 percent of the premium cost. AHA records these expenditures on a pay-as-you-go basis. Annual costs were \$18,906 and \$28,680 for FY 2011 and FY 2010, respectively. As of June 30, 2011, four employees were receiving these benefits; two from FY 1995 and two from FY 2004.

NOTE S — LEASES

AHA is party to lease agreements as lessor whereby it receives revenue for tenant dwellings leased in AHA-Owned public-housing-assisted residential properties. These leases are for a one-year period (which may or may not be renewed depending upon tenant eligibility and desire) and are considered operating leases for accounting purposes.

AHA is the ground lessor to Owner Entities of most of the mixed-income communities, as discussed further in Note B.7. Revenue derived from these leases is nominal.

AHA is party to operating lease agreements as lessee for office equipment used in the normal course of business. Estimated fiscal year disbursements over the remaining lives of these lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 268,575
2013	136,453
2014	<u>45,809</u>
Total	<u>\$ 450,837</u>

Lease expense was \$239,931 and \$160,040 for the years ended June 30, 2011 and 2010, respectively.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE T — CONDUIT DEBT

Taxable mortgage revenue refunding bonds

Taxable mortgage revenue refunding bonds were issued by AHA, as the conduit issuer, on September 25, 1995, related to the properties shown below. The bonds do not represent a debt or pledge of the full faith and credit of AHA and, accordingly, have not been reported in the accompanying financial statements.

<u>Property</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Oakland City	\$ 2,193,501	\$ 2,193,501
Bedford Pines	1,157,111	1,214,321
Bedford Towers	2,647,215	2,859,724
Grant Park	2,793,335	2,855,559
Capital Towers	1,281,692	1,285,355
Capital Avenue	<u>1,445,370</u>	<u>1,471,813</u>
	<u>\$ 11,518,224</u>	<u>\$ 11,880,273</u>

Taxable revenue bonds (Housing Opportunity Program)

Atlanta Housing Opportunity, Inc. (AHOI) is a Georgia not-for-profit corporation created at the direction of the AHA Board for the sole purpose of facilitating the Housing Opportunity Program for the City of Atlanta. AHOI has no other programs or purpose (see further disclosure in Note A.3).

The Urban Residential Finance Authority of the City of Atlanta, Georgia (URFA) is authorized to issue Housing Opportunity Bonds (conduit debt) and loan the proceeds to AHOI, up to a maximum principal amount not to exceed \$75 million. URFA issued the first bond series of \$35 million Series 2007 A bonds and loaned the proceeds to AHOI in FY 2007. The City of Atlanta has the absolute and unconditional obligation to make the debt payments. In addition to the debt payments, the City pays the administrative and corporate governance costs of AHOI. URFA serves as the program administrator for the Housing Opportunity Program. The City's program oversight role includes establishing the program, directing the activities, and establishing or revising the budget for the Housing Opportunity Program. As such, AHOI is considered a component unit of the City of Atlanta.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE T — CONDUIT DEBT — continued

Multi-family housing revenue bonds

In order to provide a portion of the funds for the construction of three AHA-Sponsored mixed-income, mixed-finance communities, multi-family housing revenue bonds were issued by AHA, as the conduit issuer, on May 1, 1999, July 1, 1999, and December 7, 2006, respectively. These bonds do not represent a debt or pledge of the full faith and credit of AHA and, accordingly, have not been reported in the accompanying financial statements.

Related development project	December 31, 2010	December 31, 2009
John Hope Community Partnership II, L.P.	\$11,121,100	\$ 10,789,586
Carver Redevelopment Partnership V, L.P.	3,425,000	3,425,000
East Lake Redevelopment II, L.P.	<u>11,140,000</u>	<u>11,440,000</u>
	<u>\$25,686,100</u>	<u>\$ 25,654,586</u>

NOTE U — NET ASSETS

Net assets (Assets less Liabilities) are comprised of three components: 1) capital assets, net of related debt; 2) restricted—expendable net assets; and 3) unrestricted net assets. Restricted—expendable net assets are temporarily restricted by time and/or purpose.

Capital assets, net of related debt represents the net book value of capital assets, net of outstanding debt used to acquire those assets.

Restricted—expendable net assets, subject to both internal and external constraints, are calculated at the carrying value of restricted assets less related liabilities. Restricted—expendable net assets include restrictions for HUD-funded programs, related development and other loans, and partnership operating reserves made in conjunction with the AHA-Sponsored mixed-income, mixed-finance development transactions. These assets cannot be used, pledged or mortgaged to a third party or seized, foreclosed upon or sold in the case of a default, ahead of any HUD lien or interest without HUD approval. In addition, the related development and other loans are not available to satisfy AHA's obligations due to the long-term, contingent nature of the underlying notes (see further disclosure in Note E, Note O and Other Supplementary Information).

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE U — NET ASSETS — continued

Unrestricted net assets are not as restricted as in the foregoing category but remain subject to varying degrees of limitations. HUD approval is required, with some limited exceptions, to use or deploy these assets strategically outside of the ordinary course of AHA's business. AHA's eligible business activities are set forth in its HUD-approved Business Plan, as amended from time to time, by its MTW Annual Implementation Plans. In all cases, AHA's assets are subject to the limitations of AHA's charter and the Housing Authorities Laws of the State of Georgia.

NOTE V — SUBSEQUENT EVENTS

The Board of Commissioners decided at the October 2011 Board meeting to implement a change in leadership at AHA. The Board agreed at the October meeting to hire outside counsel in order to advise the Board in its negotiations with Ms. Glover of an appropriate separation agreement and transition. Ms. Glover has led AHA as its CEO since September 1994, during which AHA has undergone a dramatic transformation from a "troubled" housing authority, on the verge of receivership to a high-performing and financially strong diversified real estate company, with a public mission and purpose. The Board has stated it intends to appoint an Interim CEO, after a period of transition, with the intention of conducting a national search for a permanent leader.

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REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE OF PENSION FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	(Underfunded) Overfunded AAL	Funded Ratio	Covered Payroll	AAL as a % of Covered Payroll
January 1, 2002	\$33,912,491	\$29,317,632	\$4,594,859	115.67%	\$17,043,407	26.96%
January 1, 2003	\$32,258,280	\$29,594,674	\$2,663,606	109.00%	\$14,592,516	18.25%
January 1, 2004	\$33,491,848	\$30,407,288	\$3,084,560	110.14%	\$15,699,710	19.65%
January 1, 2005	\$34,586,113	\$34,195,565	\$390,548	101.14%	\$14,243,999	2.74%
January 1, 2006	\$36,301,044	\$43,272,475	(\$6,971,431)	83.89%	\$13,150,498	-53.01%
January 1, 2007	\$39,878,195	\$44,672,523	(\$4,794,328)	89.27%	\$11,253,960	-42.60%
January 1, 2008	\$38,728,718	\$45,673,452	(\$6,944,734)	84.79%	\$13,822,948	-50.24%
January 1, 2009	\$49,447,193	\$46,407,109	\$3,040,084	106.55%	\$13,877,719	21.91%
January 1, 2010	\$42,249,247	\$42,121,920	\$127,327	100.30%	\$12,695,948	1.00%
January 1, 2011	\$40,673,163	\$40,720,186	(\$47,023)	99.88%	\$10,983,388	-0.43%

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OTHER SUPPLEMENTARY INFORMATION

The Housing Authority of the City of Atlanta, Georgia

**FINANCIAL DATA SCHEDULE OF
COMBINING BALANCE SHEET ACCOUNTS**

As of June 30, 2011

	Project Total	Moving to Work Demonstration Program	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	Component Units	Other Federal Program
ASSETS						
CURRENT ASSETS						
Cash						
Unrestricted	\$ 1,387,415	\$ 37,727,180	\$ -	\$ -	\$ 1,842,784	\$ -
Restricted	334,194	-	-	-	1,094,259	-
Total Cash	1,721,609	37,727,180	-	-	2,937,043	-
Receivables, net of allowance	3,729,104	5,053,323	-	7,035,472	46,565	-
Investments - Restricted	-	-	-	-	-	-
Prepaid expenses and other assets	91,341	35,401	22,236	-	6,432	-
Interprogram --- due from	9,137,645	18,334,672	2,779,574	13,082,262	-	-
Total current assets	14,679,699	61,150,576	2,801,811	20,117,734	2,990,040	-
NON-CURRENT ASSETS						
Capital Assets, net of accumulated depreciation	101,411,901	662,383	-	-	41,330,864	-
Notes, Loans and Mortgages Receivable - Non-Curren	-	-	-	-	(293,846)	-
Other Assets	-	-	-	-	414,494	-
Total non-current assets	101,411,901	662,383	-	-	41,451,512	-
Total ASSETS	\$ 116,091,600	\$ 61,812,959	\$ 2,801,811	\$ 20,117,734	\$ 44,441,552	\$ -
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	\$ 399,953	\$ 178,429	\$ -	\$ -	\$ 14,400	\$ -
Accrued liabilities	385,211	615,212	-	-	-	-
Other current liabilities	7,545,839	971,846	-	656,172	91,756	-
Current Portion of long-term debt	-	-	-	-	331,315	-
Interprogram -- due to	1,992,357	19,551,991	2,779,574	11,361,891	26,470	-
Total current liabilities	10,323,360	21,317,479	2,779,574	12,018,063	463,941	-
NON-CURRENT LIABILITIES						
Long-term debt, net of current portion	-	-	-	-	4,168,388	-
Other non-current liabilities	14,390	235,295	-	-	-	-
Total non-current liabilities	14,390	235,295	-	-	4,168,388	-
Total LIABILITIES	10,337,750	21,552,774	2,779,574	12,018,063	4,632,329	-
NET ASSETS						
Invested In capital assets, net of related debt	101,411,901	662,383	-	-	36,831,161	-
Restricted Net Assets	4,341,949	39,597,801	22,236	8,099,671	108,000	-
Unrestricted Net Assets	-	-	-	-	2,870,062	-
Total NET ASSETS	105,753,850	40,260,184	22,236	8,099,671	39,809,223	-
TOTAL LIABILITIES AND NET ASSETS	\$ 116,091,599	\$ 61,812,959	\$ 2,801,811	\$ 20,117,734	\$ 44,441,552	\$ -

State/Local	Business Activities	MTW Demonstration Program for Low Rent	MTW Demonstration Program for Capital Fund	MTW Demonstration Program for HCV program	Competitive Capital Fund Stimulus Grant	Central Office Cost Center	Total Pre-Eliminations	Eliminations	Total Post-Eliminations
\$ -	\$ 15,394,473	\$ -	\$ -	\$ -	\$ -	\$ 295,308	\$ 56,647,161	\$ -	\$ 56,647,160
<u>7,877,537</u>	<u>33,363,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,280</u>	<u>43,174,173</u>	<u>-</u>	<u>43,174,173</u>
7,877,537	48,758,375	-	-	-	-	799,589	99,821,333	-	99,821,333
512,893	4,019,207	-	-	-	2,965,225	75,182	23,436,971	-	23,436,971
-	9,228,069	-	-	-	-	-	9,228,069	-	9,228,069
-	-	-	-	-	-	573,646	729,056	-	729,056
<u>708</u>	<u>4,530,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>980,992</u>	<u>48,845,978</u>	<u>(48,845,978)</u>	<u>-</u>
8,391,138	66,535,775	-	-	-	2,965,225	2,429,409	182,061,406	(48,845,978)	133,215,429
-	36,109	-	-	-	-	751,939	144,193,196	(1,057,980)	143,135,216
-	165,499,305	-	-	-	-	-	165,205,459	(1,263,000)	163,942,459
<u>24,640,405</u>	<u>(978,494)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,076,405</u>	<u>-</u>	<u>24,076,405</u>
<u>24,640,405</u>	<u>164,556,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>751,939</u>	<u>333,475,059</u>	<u>(2,320,980)</u>	<u>331,154,079</u>
<u>\$ 33,031,543</u>	<u>\$ 231,092,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,965,225</u>	<u>\$ 3,181,348</u>	<u>\$ 515,536,466</u>	<u>\$(51,166,958)</u>	<u>\$ 464,369,508</u>
\$ 312,701	\$ 744	\$ -	\$ -	\$ -	\$ -	\$ 480,578	\$ 1,386,806	\$ -	\$ 1,386,807
-	5,658	-	-	-	-	681,619	1,687,701	-	1,687,701
3,936,838	402,680	-	-	-	-	700,323	14,305,454	-	14,305,454
-	-	-	-	-	-	-	331,315	-	331,315
<u>11,394,021</u>	<u>1,739,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,845,978</u>	<u>(48,845,978)</u>	<u>-</u>
15,643,561	2,148,756	-	-	-	-	1,862,520	66,557,254	(48,845,978)	17,711,276
-	-	-	-	-	-	-	4,168,388	(1,263,000)	2,905,388
<u>7,429,116</u>	<u>3,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,399</u>	<u>7,944,773</u>	<u>-</u>	<u>7,944,773</u>
<u>7,429,116</u>	<u>3,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,399</u>	<u>12,113,161</u>	<u>(1,263,000)</u>	<u>10,850,161</u>
<u>23,072,677</u>	<u>2,152,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,124,919</u>	<u>78,670,414</u>	<u>(50,108,978)</u>	<u>28,561,436</u>
-	36,109	-	-	-	-	751,939	139,693,493	205,020	139,898,513
-	173,666,369	-	-	-	2,965,225	-	228,801,252	-	228,801,252
<u>9,958,866</u>	<u>55,237,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,490</u>	<u>68,371,306</u>	<u>(1,263,000)</u>	<u>67,108,306</u>
<u>9,958,866</u>	<u>228,940,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,965,225</u>	<u>1,056,429</u>	<u>436,866,051</u>	<u>(1,057,980)</u>	<u>435,808,072</u>
<u>\$ 33,031,543</u>	<u>\$ 231,092,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,965,225</u>	<u>\$ 3,181,348</u>	<u>\$ 515,536,465</u>	<u>\$(51,166,958)</u>	<u>\$ 464,369,508</u>

The Housing Authority of the City of Atlanta, Georgia

**FINANCIAL DATA SCHEDULE OF COMBINING PROGRAM REVENUE, EXPENSE
AND CHANGES IN NET ASSET ACCOUNTS**

As of June 30, 2011

	Project Total	Moving to Work Demonstration Program	Housing Choice Vouchers	Revitalization of Severely Distressed Public Housing	Component Units	Other Federal Program
Tenant revenue	\$ 5,415,284	\$ -	\$ -	\$ -	\$ -	\$ -
HUD PHA operating grants	39,328	-	7,231,950	3,187,142	-	-
Capital grants	4,669,775	-	-	11,376,205	-	-
Other fees	-	-	-	-	-	-
Interest and investment income	13,314	102,703	-	-	10,102	-
Other revenue	287,834	77,950	465,466	2,528	155,972	-
Gain or loss on sale of capital assets	84,118	-	-	-	-	-
Total REVENUE	\$ 10,509,654	\$ 180,653	\$ 7,697,416	\$ 14,565,876	\$ 166,074	\$ -
Administrative	7,689,912	38,144,157	465,466	1,503,915	(1,527,320)	-
Tenant Services	3,550,613	340,700	-	(1,075,322)	-	-
Utilities, maintenance and protective services	11,093,214	117,377	-	-	1,149,588	-
General expense	14,501,155	2,338,903	-	-	64,219	-
Interest expense	-	-	-	-	151,992	-
Extraordinary Maintenance	1,472,893	(499,514)	-	2,489,657	-	-
Housing Assistance Payments	-	125,814,282	8,048,199	-	-	-
Depreciation Expense	6,224,723	451,673	-	-	633,742	-
Total EXPENSES	\$ 44,532,511	\$ 166,707,578	\$ 8,513,665	\$ 2,918,251	\$ 472,220	\$ -
Operating transfer in	\$ 28,649,752	\$ 72,576,759	\$ (10,001,426)	\$ (16,318,743)	\$ (3,580,434)	\$ 6,695
Operating transfer out	90,139,490	(11,024,443)	13,619,486	-	7,866,959	-
Operating transfers from/to component unit	(57,308,231)	129,571,548	-	-	(2,868,903)	-
Transfers between program and project — in	(13,629,714)	(8,261,791)	(2,779,574)	3,524,678	-	-
Transfers between project and program — out	-	7,709,118	-	-	-	-
Total other financing sources (uses)	47,851,297	190,571,191	838,485	(12,794,065)	1,417,621	6,695
Change in net assets	13,828,440	24,044,265	22,236	(1,146,440)	1,111,475	6,695
Net assets — beginning of year	91,925,410	16,215,919	-	9,246,112	38,697,748	(6,695)
Net assets — end of year	\$ 105,753,850	\$ 40,260,184	\$ 22,236	\$ 8,099,672	\$ 39,809,223	\$ -

State/Local	Business Activities	MTW Demonstration Program for Low Rent	MTW Demonstration Program for Capital Fund	MTW Demonstration Program for HCV program	Competitive Capital Fund Stimulus Grant	Central Office Cost Center	Total Pre-Eliminations	Eliminations	Total Post-Eliminations
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,415,284	\$ -	\$ 5,415,284
-	-	23,738,563	6,344,798	183,033,317	4,816,316	-	228,391,415	-	228,391,415
-	-	-	8,263,278	-	16,594,939	-	40,904,197	-	40,904,197
-	1,813,846	-	-	-	-	24,982,120	26,795,965	(24,982,120)	1,813,846
-	295,537	-	-	-	-	6,506	428,162	-	428,162
-	1,262,928	-	-	-	-	30,715	2,283,393	-	2,283,393
-	-	-	-	-	-	-	84,118	-	84,118
\$ -	\$ 3,372,310	\$ 23,738,563	\$ 14,608,076	\$ 183,033,317	\$ 21,411,254	\$ 25,019,340	\$ 304,302,534	\$ (24,982,120)	\$ 279,320,414
-	208,964	-	-	-	-	26,069,742	72,554,836	(24,982,120)	47,572,716
-	979,127	-	-	-	-	-	3,795,119	-	3,795,119
-	8,567	-	-	-	40,829	95,222	12,504,797	-	12,504,797
-	2,633,629	-	-	-	-	74,690	19,612,596	-	19,612,596
-	-	-	-	-	-	-	151,992	-	151,992
-	429,469	-	-	-	4,775,487	-	8,667,991	-	8,667,991
-	-	-	-	-	-	-	133,862,481	-	133,862,481
-	-	-	-	-	-	168,815	7,478,954	-	7,478,954
\$ -	\$ 4,259,756	\$ -	\$ -	\$ -	\$ 4,816,316	\$ 26,408,469	\$ 258,628,765	\$ (24,982,120)	\$ 233,646,645
\$(116,410,571)	\$ (4,308,653)	\$ (47,477,126)	\$ (29,216,153)	\$(366,066,634)	\$ (27,836,381)	\$ 31,746,173	\$(488,236,751)	\$ -	\$(488,236,751)
139,812,441	36,336,352	23,738,563	6,346,285	183,033,317	-	(1,631,698)	488,236,751	-	488,236,751
(26,628,862)	(16,161,292)	-	-	-	-	(26,604,260)	-	-	-
-	-	-	-	-	-	(1,669,579)	(22,815,980)	-	(22,815,980)
(3,312,337)	(3,472,305)	-	8,261,791	-	13,629,714	-	22,815,980	-	22,815,980
(6,539,329)	12,394,101	(23,738,563)	(14,608,076)	(183,033,317)	(14,206,667)	1,840,636	-	-	-
(6,539,329)	11,506,654	-	-	-	2,388,272	451,508	45,673,769	-	45,673,769
16,498,195	217,433,712	-	-	-	576,953	604,922	391,192,276	(1,057,973)	390,134,303
\$ 9,958,866	\$ 228,940,366	\$ -	\$ -	\$ -	\$ 2,965,225	\$ 1,056,430	\$ 436,866,045	\$ (1,057,973)	\$ 435,808,072

The Housing Authority of the City of Atlanta, Georgia

NOTES TO FINANCIAL DATA SCHEDULES

June 30, 2011

NOTE A — BASIS OF PRESENTATION

The accompanying Schedule of Combining Program Revenue, Expense and Changes in Net Asset Accounts and Schedule of Combining Balance Sheet Accounts have been prepared using the basis of accounting required by HUD's Real Estate Assessment Center (REAC) and as modified in accordance with the provisions, policies and requirements as contained in the MTW Agreement.

REAC requires certain items on the Schedule of Combining Balance Sheet Accounts to be classified entirely as short-term or long-term. However, these items are allocated between short and long-term in the basic financial statements prepared in accordance with GAAP. Also, REAC does not provide for presenting items on the Schedule of Combining Program Revenue, Expense and Changes in Net Asset Accounts as operating or non-operating. Accordingly, there are differences in classifications and presentation between these schedules and the basic financial statements. However, total assets, liabilities, net assets, and changes in net assets reported in these schedules agree to the basic financial statements prepared in accordance with GAAP.

The Housing Authority of the City of Atlanta, Georgia

NOTES TO FINANCIAL DATA SCHEDULES

June 30, 2011

NOTE B — COMBINING SCHEDULE OF BLENDED COMPONENT UNITS

AHA's blended component units are created at the direction of the AHA Board to assist the Authority with development and other acquisition activities in support of affordable housing. Under GASB 14 and 34, these blended component units are presented within the reporting entity of AHA and are identified within the Financial Data Schedule. See Note A.3 of the Notes to the Basic Financial Statements for additional information on AHA's component units. Balances and activity for FY 2011 are as follows:

	Year ended June 30, 2011						Total Component Units
	JWD	AAHFI	SHHI	RAH	WAH	AHICI	
ASSETS							
Current and non-current assets	\$ 814,189	\$ 175,497	\$1,094,259	\$ 155,499	\$ 852,051	\$ 19,193	\$ 3,110,688
Capital assets, net	13,949,191	-	-	-	27,381,673	-	41,330,864
Total assets	<u>\$14,763,380</u>	<u>\$ 175,497</u>	<u>\$1,094,259</u>	<u>\$ 155,499</u>	<u>\$28,233,724</u>	<u>\$ 19,193</u>	<u>\$ 44,441,552</u>
LIABILITIES AND NET ASSETS							
Current and non-current liabilities	\$ 437,659	\$ -	\$ -	\$ -	\$ 26,282	\$ -	\$ 463,941
Long-term debt outstanding	2,905,388	-	-	-	1,263,000	-	4,168,388
Total liabilities	3,343,047	-	-	-	1,289,282	-	4,632,329
Invested in capital assets, net of debt	11,043,803	-	-	-	26,118,673	-	37,162,476
Restricted	-	-	-	-	108,000	-	108,000
Unrestricted	376,530	175,497	1,094,259	155,499	717,769	19,193	2,538,747
Total net assets	<u>11,420,333</u>	<u>175,497</u>	<u>1,094,259</u>	<u>155,499</u>	<u>26,944,442</u>	<u>19,193</u>	<u>39,809,223</u>
Total liabilities and net assets	<u>\$14,763,380</u>	<u>\$ 175,497</u>	<u>\$1,094,259</u>	<u>\$ 155,499</u>	<u>\$28,233,724</u>	<u>\$ 19,193</u>	<u>\$ 44,441,552</u>
REVENUE							
Operating revenue	\$ 10,276	\$ 8,146	\$ -	\$ -	\$ 137,550	\$ -	\$ 155,972
Non-operating revenue	2,162	760	3,277	466	3,365	72	10,102
Total revenue	12,438	8,906	3,277	466	140,915	72	166,074
EXPENSE							
Operating and other expense	(818,640)	-	-	-	351,912	(5,493)	(472,221)
Operating transfers in/(out)	-	-	-	-	1,417,622	-	1,417,622
Change in net assets	(806,202)	8,906	3,277	466	1,910,449	(5,421)	1,111,475
Net assets — beginning of year	12,226,535	166,591	1,090,982	155,033	25,033,993	24,614	38,697,748
Net assets — end of year	<u>\$11,420,333</u>	<u>\$ 175,497</u>	<u>\$1,094,259</u>	<u>\$ 155,499</u>	<u>\$26,944,442</u>	<u>\$ 19,193</u>	<u>\$ 39,809,223</u>

*The following entities do not have any balances or activity: SRDC, AHDC, and AHOI

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY BALANCES

As of June 30, 2011

Owner Entity	Development Loans	Other Loans	Investment In Partnerships	Valuation Allowance
Predevelopment loans:				
Harris Redevelopment, LLC	\$ -	\$ -	\$ -	\$ -
Grady Multifamily II, L.P.	-	-	-	-
Grady Redevelopment, LLC	-	-	-	-
Grady Senior Partnership III, L.P.	-	-	-	-
UH Senior Partnership I, LP	-	-	-	-
Construction financing loans:				
Mercy Housing Georgia VI, L.P.	5,600,000	111,296	-	-
Carver Redevelopment Partnership V, L.P.	6,240,000	-	-	-
Grady Redevelopment Partnership I, L.P.	2,993,354	-	-	-
Grady Redevelopment Partnership II, L.P.	7,243,336	-	-	-
Mechanicsville Apartments Phase 3, L.P.	5,965,400	-	-	-
Mechanicsville Apartments Phase 4, L.P.	5,494,000	-	-	-
Harris Redevelopment Partnership Phase V, LP	9,196,000	-	-	(333,557)
Grady Senior Partnership II, LP	1,776,899	-	-	-
Mechanicsville Apartments Phase 6, L.P.	4,653,000	-	-	-
Permanent financing loans:				
Campbell Stone, L.P.	-	1,500,000	-	-
Gates Park Crossing HFOP Apartments, L.P.	-	756,531	-	-
Gates Park Crossing HFS Apartments, L.P.	-	854,023	-	-
West End Phase III Redevelopment Partnership, L.P.	1,298,400	97,805	-	(365,795)
Columbia Village, L.P.	2,250,000	-	111,914	(2,361,914)
Columbia Senior Residences at Edgewood, L.P.	1,139,652	-	-	-
Carver Redevelopment Partnership II, L.P.	740,000	-	-	-
John Hope Community Partnership I, L.P.	4,620,000	-	-	-
John Hope Community Partnership II, L.P.	7,980,000	-	-	-
CCH John Eagan I Homes, L.P.	5,896,000	-	-	(5,896,000)
CCH John Eagan II Homes, L.P.	4,536,000	-	-	(4,536,000)
Harris Redevelopment Partnership VI, L.P.	-	-	220,000	(220,000)
Capitol Gateway Partnership II, L.P.	3,946,821	-	-	-
Harris Redevelopment Partnership II, L.P.	-	-	-	-
Columbia Commons, L.P.	3,425,221	-	82,580	(707,801)
Columbia at Mechanicsville Apartments, L.P.	5,115,000	-	-	-
Columbia Senior Residences at Mechanicsville, L.P.	4,273,628	-	-	-
Carver Senior Building, L.P.	-	-	-	-
Kimberly Associates I, L.P.	2,605,000	152,484	-	(152,484)
Kimberly Associates II, L.P.	1,507,000	70,335	-	(70,335)
Kimberly Associates III, L.P.	1,305,000	22,080	-	(22,080)
Columbia Park Citi Residences, L.P.	4,828,164	117,687	-	(934,100)
Columbia Creste, L.P.	5,246,290	148,009	-	(401,173)
Columbia Estates, L.P.	4,566,413	168,791	-	(515,081)
Columbia Grove, L.P.	4,466,669	227,999	-	(390,772)
Carver Redevelopment Partnership I, L.P.	9,074,250	225,792	-	(1,472,042)
Carver Redevelopment Partnership III, L.P.	8,430,000	111,500	-	(111,091)
Harris Redevelopment Partnership I, L.P.	7,925,000	448,604	-	(115,047)
East Lake Redevelopment, L.P.	5,824,000	182,365	-	(6,031,653)
East Lake Redevelopment II, L.P.	11,903,505	297,548	-	(8,314,732)
Legacy Partnership I, L.P.	3,520,000	45,407	-	(8,348)
Legacy Partnership II, L.P.	3,445,000	93,144	-	(66,593)
Legacy Partnership III, L.P.	3,774,000	365,721	-	(237,462)
Legacy Partnership IV, L.P.	3,920,000	274,047	-	(195,002)
Capitol Gateway Partnership I, L.P.	10,084,861	181,236	-	(181,236)
Centennial Park North, LLC	-	108,000	-	-
Other:				
178 Elm Street, LLC	-	571,865	-	-
940 Cunningham Place, LLC	-	1,629,978	-	-
Adamsville Green	-	2,000,000	-	-
Columbia Heritage	-	-	-	-
Brock Built Homes, LLC	-	-	-	-
The Integral Partnership of Atlanta	-	-	-	-
Developer and other fees receivables — general allowance	-	-	-	-
	<u>\$ 186,807,862</u>	<u>\$ 10,762,247</u>	<u>\$ 414,494</u>	<u>\$ (33,640,299)</u>

Developer Fees and Other Fees Long-term	Developer Fees and Other Fees Allowance	Predevelopment Loans Long-term	Predevelopment Loans Current	Developer Fees and Other Fees Current	Accrued Interest (Not Recorded)
\$ -	\$ -	\$ -	\$ 8,468	\$ -	\$ -
-	-	-	60,000	-	-
-	-	-	-	-	-
-	-	-	115,113	-	-
-	-	324,910	-	-	-
-	-	-	-	2,470	46,831
66,498	-	-	-	-	5,393
-	-	-	-	-	-
96,767	-	-	-	200,781	748
92,086	-	-	-	351,065	-
44,840	-	-	-	65,231	-
90,539	-	-	-	218,182	-
274,508	-	-	-	-	-
386,497	-	-	-	102,833	-
-	-	-	-	-	233,226
177,118	-	-	-	92,757	114,100
72,393	-	-	-	139,982	116,649
-	-	-	-	-	663,289
-	-	-	-	-	1,984,827
-	-	-	-	-	15,226
62,654	-	-	-	-	223,106
-	-	-	-	-	342,650
-	-	-	-	-	671,650
-	(42,658)	-	-	-	373,413
-	(151,619)	-	-	-	245,813
19,311	-	-	-	-	-
-	-	-	-	-	95,270
-	-	-	-	-	632
-	-	-	-	-	657,342
-	-	-	-	9,377	339,548
-	-	-	-	-	293,252
187,891	(192,976)	-	-	-	-
-	-	-	-	-	1,643,692
7,833	-	-	-	-	681,359
91,241	(91,241)	-	-	-	508,500
25,275	-	-	-	-	1,112,217
25,499	-	-	-	-	939,050
26,525	-	-	-	-	877,404
19,842	-	-	-	-	483,566
-	-	-	-	-	548,136
-	-	-	-	-	338,066
68,831	-	-	-	-	384,782
-	-	-	-	-	846
-	-	-	-	28,725	1,179
-	-	-	-	-	3,654,314
-	-	-	-	-	3,587,069
-	-	-	-	-	2,748,792
-	-	-	-	-	2,168,677
-	-	-	-	-	216,492
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	158,236	4,977
259,335	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(500,000)	-	-	-	-
<u>\$ 2,095,482</u>	<u>\$ (978,494)</u>	<u>\$ 324,910</u>	<u>\$ 183,580</u>	<u>\$ 1,369,639</u>	<u>\$ 26,322,086</u>

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY BALANCES

As of June 30, 2010

Owner Entity	Development Loans	Other Loans	Investment In Partnerships	Valuation Allowance
Predevelopment loans:				
Harris Redevelopment, LLC	\$ -	\$ -	\$ -	\$ -
Grady Multifamily II, L.P.	-	-	-	-
Grady Redevelopment, LLC	-	-	-	-
Grady Senior Partnership III, L.P.	-	-	-	-
Construction financing loans:				
Carver Redevelopment Partnership V, L.P.	6,240,000	-	-	-
Grady Redevelopment Partnership I, L.P.	3,000,000	-	-	-
Grady Redevelopment Partnership II, L.P.	3,167,196	-	-	-
Grady Senior Partnership II, LP	789,474	-	-	-
Harris Redevelopment Partnership Phase V, LP	4,201,369	-	-	(333,557)
Mechanicsville Apartments Phase 3, L.P.	5,864,913	-	-	-
Mechanicsville Apartments Phase 4, L.P.	5,351,582	-	-	-
Mercy Housing Georgia VI, L.P.	5,600,000	-	-	-
Permanent financing loans:				
Campbell Stone, L.P.	-	1,500,000	-	-
Capitol Gateway Partnership I, L.P.	10,084,861	181,236	-	(181,236)
Capitol Gateway Partnership II, L.P.	4,000,000	-	-	-
Carver Redevelopment Partnership I, L.P.	9,074,250	225,792	-	(1,472,042)
Carver Redevelopment Partnership II, L.P.	740,000	-	-	-
Carver Redevelopment Partnership III, L.P.	8,430,000	111,500	-	(111,091)
Carver Senior Building, L.P.	-	-	-	-
CCH John Eagan I Homes, L.P.	5,896,000	-	-	(5,896,000)
CCH John Eagan II Homes, L.P.	4,536,000	-	-	(4,536,000)
Centennial Park North, LLC	-	108,000	-	-
Columbia at Mechanicsville Apartments, L.P.	5,115,000	-	-	-
Columbia Commons, L.P.	3,425,221	-	82,580	(707,801)
Columbia Creste, L.P.	5,246,290	148,009	-	(494,299)
Columbia Estates, L.P.	4,566,413	168,791	-	(985,204)
Columbia Grove, L.P.	4,466,669	227,999	-	(390,772)
Columbia Park Citi Residences, L.P.	4,828,164	117,687	-	(370,851)
Columbia Senior Residences at Edgewood, L.P.	-	1,163,800	-	-
Columbia Senior Residences at Mechanicsville, L.P.	4,455,000	-	-	-
Columbia Village, L.P.	2,250,000	-	111,914	(2,361,914)
East Lake Redevelopment II, L.P.	11,903,505	204,793	-	(8,263,973)
East Lake Redevelopment, L.P.	5,824,000	149,199	-	(6,009,052)
Gates Park Crossing HFOP Apartments, L.P.	-	756,531	-	-
Gates Park Crossing HFS Apartments, L.P.	-	854,023	-	-
Harris Redevelopment Partnership I, L.P.	7,925,000	351,060	-	(115,047)
Harris Redevelopment Partnership VI, L.P.	-	-	220,000	(220,000)
Harris Redevelopment Partnership II, L.P.	-	97,544	-	-
John Hope Community Partnership I, L.P.	4,620,000	-	-	-
John Hope Community Partnership II, L.P.	7,980,000	-	-	-
Kimberly Associates I, L.P.	2,605,000	152,484	-	(152,484)
Kimberly Associates II, L.P.	1,507,000	70,335	-	(70,335)
Kimberly Associates III, L.P.	1,305,000	22,080	-	(22,080)
Legacy Partnership I, L.P.	3,520,000	-	-	-
Legacy Partnership II, L.P.	3,445,000	-	-	-
Legacy Partnership III, L.P.	3,774,000	-	-	-
Legacy Partnership IV, L.P.	3,920,000	-	-	-
West End Phase III Redevelopment Partnership, L.P.	1,298,400	97,805	-	(365,795)
Other:				
178 Elm Street, LLC	-	539,996	-	-
940 Cunningham Place, LLC	-	1,629,978	-	-
Adamsville Green	-	1,299,757	-	-
Columbia Heritage	-	-	-	-
Brock Built Homes, LLC	-	24,000	-	-
Developer and other fees receivables — general allowance	-	-	-	-
	\$ 170,955,307	\$ 10,202,399	\$ 414,494	\$ (33,059,533)

Developer Fees and Other Fees Long-term	Developer Fees and Other Fees Allowance	Predevelopment Loans Long-term	Predevelopment Loans Current	Developer Fees and Other Fees Current	Prepaid Interest (Deferred)	Accrued Interest (Not Recorded)
\$ -	\$ -	\$ -	\$ 8,468	\$ -	\$ -	\$ -
-	-	48,871	-	-	-	-
-	-	-	7,841	-	-	-
-	-	-	115,113	-	10,490	-
44,631	-	-	-	-	10,207	45,025
-	-	-	-	-	13,233	-
297,563	-	-	-	250,488	29,297	-
196,429	-	-	-	78,079	-	-
308,721	-	-	-	261,364	39,460	-
46,676	-	-	-	397,475	11,956	-
91,242	-	-	-	365,960	-	-
-	-	-	-	7,081	-	391
-	-	-	-	-	-	193,613
-	-	-	-	-	-	182,045
-	-	-	-	-	-	61,716
-	-	-	-	-	-	503,271
62,654	-	-	-	-	-	207,934
-	-	-	-	-	-	309,780
201,976	(192,976)	-	-	-	-	-
-	(42,658)	-	-	-	-	353,760
-	(151,619)	-	-	-	-	230,693
-	-	-	-	-	-	-
30,330	-	-	-	395,092	-	-
-	-	-	-	-	-	591,896
25,499	-	-	-	-	-	835,865
26,525	-	-	-	-	-	789,871
19,842	-	-	-	-	-	410,100
25,275	-	-	-	-	-	1,013,156
-	-	-	-	-	-	3,588
-	-	-	-	29,827	-	-
-	-	-	-	-	-	1,897,736
-	-	-	-	14,550	-	833
-	-	-	-	-	-	595
269,875	-	-	-	-	-	100,437
212,375	-	-	-	-	-	101,417
68,831	-	-	-	-	-	357,780
-	-	-	-	19,311	-	-
-	-	-	-	-	-	470
-	-	-	-	174,763	-	327,250
-	-	-	-	-	-	645,050
-	-	-	-	-	-	1,556,515
7,833	-	-	-	-	-	641,423
91,241	(91,241)	-	-	-	-	477,561
-	-	-	-	-	-	3,514,821
-	-	-	-	-	-	3,427,563
-	-	-	-	-	-	2,634,640
-	-	-	-	-	-	2,066,665
-	-	-	-	-	-	624,590
-	-	-	-	-	-	-
-	-	-	-	-	-	-
203,259	-	-	-	14,381	-	17,091
259,335	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(500,000)	-	-	-	-	-
<u>\$ 2,490,112</u>	<u>\$ (978,494)</u>	<u>\$ 48,871</u>	<u>\$ 131,421</u>	<u>\$ 2,008,371</u>	<u>\$ 114,643</u>	<u>\$ 24,125,142</u>

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY TRANSACTIONS

Fiscal year ended June 30 , 2011

Owner Entity	Current Interest Income on Loans	Development Related Income	Grant Expenditures (UFAS)	Housing Assistance Payments		
				Mixed-income Communities	PBRA ¹	
Construction financing loans:						
Mercy Housing Georgia VI, L.P.	\$ 3,161	\$ 53,356	\$ -	\$ 453,000	\$ 966,114	
Carver Redevelopment Partnership V, L.P.		14,291	-	302,398	24,656	
Grady Redevelopment Partnership I, L.P.	35,631	12,130	-	201,917	714,986	
Grady Redevelopment Partnership II, L.P.			-	97,238	-	
Mechanicsville Apartments Phase 3, L.P.	11,956		-	431,736	289,327	
Mechanicsville Apartments Phase 4, L.P.			-	430,250	341,070	
Harris Redevelopment Partnership V, LP			-	71,971	-	
Grady Senior Partnership II, LP			-		-	
Mechanicsville Apartments Phase 6, L.P.		897,097				
Permanent financing loans:						
Campbell Stone, L.P.			-		1,432,898	
Gates Park Crossing HFOP Apartments, L.P.			-		1,047,566	
Gates Park Crossing HFS Apartments, L.P.			-		865,182	
West End Phase III Redevelopment Partnership, L.P.			-	148,238	-	
Columbia Village, L.P.			-	129,046	-	
Columbia Senior Residences @ Edgewood, L.P.	36,563		-		1,327,768	
Kimberly Associates I, L.P.			-	416,888	221,583	
Kimberly Associates II, L.P.			-	192,610	143,742	
Kimberly Associates III, L.P.			-	145,697	93,708	
Columbia Estates, L.P.			-	324,741	-	
Columbia Creste, L.P.			-	432,399	-	
Columbia Grove, L.P.			-	341,697	-	
Carver Redevelopment Partnership I, L.P.			-	683,057	49,654	
Carver Redevelopment Partnership II, L.P.		6,553	-	123,498	-	
Carver Redevelopment Partnership III, L.P.		18,852	-	670,800	44,896	
John Hope Community Partnership I, L.P.			-	357,162	-	
John Hope Community Partnership II, L.P.			-	533,562	-	
CCH John Eagan I Homes, L.P.			-	510,816	-	
CCH John Eagan II Homes, L.P.			-	657,546	-	
Harris Redevelopment Partnership I, L.P.		18,121	-	430,803	-	
East Lake Redevelopment, L.P.			-	613,668	-	
East Lake Redevelopment II, L.P.			-	1,047,312	-	
Legacy Partnership I, L.P.			-	376,122	-	
Legacy Partnership II, L.P.	6,689		-	251,430	-	
Legacy Partnership III, L.P.	10,317		-	246,036	-	
Legacy Partnership IV, L.P.			-	326,244	-	
Capitol Gateway Partnership I, L.P.		24,886	-	554,037	118,769	
Capitol Gateway Partnership II, L.P.		14,554	-	382,449	183,788	
Harris Redevelopment Partnership II, L.P.		9,282	-		667,426	
Centennial Park North, LLC			-		-	
Columbia Commons, L.P.			-	304,728	20,935	
Columbia Park Citi Residences, L.P.			-	348,996	-	
Columbia at Mechanicsville Apartments, L.P.		3,163	-	475,482	364,160	
Columbia Senior Residences at Mechanicsville, L.P.			-	284,856	658,034	
Carver Senior Building, L.P.		9,714	-		733,819	
Harris Redevelopment LLC			-		-	
Other:						
Adamsville Green	56,100		-		174,926	
Columbia Heritage			-		1,070,817	
Harris Redevelopment Partnership VI, LP			-	191,529	-	
Brock Built, LLC (West Highlands Homeownership Lot Sales Profit participation)		60,857	-		-	
Grady Redevelopment Partnership III, L.P.			-		-	
UH Senior Partnership I, L.P.		10,000				
Brock Built, LLC (Park Swap and PHR TAD Boundaries Lot Sales Profit participation)		32,205				
Carnegie Library, L.P.		13,628	-		-	
	\$ 160,417	\$ 1,198,689	\$ -	\$ 13,489,960	\$ 11,555,824	

¹ PBRA payments listed are not all inclusive. Related party only.

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY TRANSACTIONS

Fiscal year ended June 30, 2010

Owner Entity	Housing Assistance Payments				
	Current Interest Income on Loans	Development Related Income	Grant Expenditures (UFAS)	Mixed-income Communities	PBRA ¹
Construction financing loans:					
Mercy Housing Georgia VI, L.P.	\$ 70,948	\$ -	\$ -	\$ 437,814	\$ 972,358
Carver Redevelopment Partnership V, L.P.	33,415	26,246	-	470,613	-
Grady Redevelopment Partnership I, L.P.	55,763	10,195	-	297,976	689,329
Grady Redevelopment Partnership II, L.P.	-	586,159	-	-	-
Mechanicsville Apartments Phase 3, L.P.	240,640	1,565	-	287,560	-
Mechanicsville Apartments Phase 4, L.P.	220,037	32,698	-	380,143	311,084
Harris Redevelopment Partnership V, LP	-	601,996	-	-	-
Grady Senior Partnership II, LP	-	349,508	-	-	-
Permanent financing loans:					
Campbell Stone, L.P.	-	-	-	-	1,533,719
Gates Park Crossing HFOP Apartments, L.P.	-	15,000	-	-	1,174,702
Gates Park Crossing HFS Apartments, L.P.	-	15,000	-	-	997,551
West End Phase III Redevelopment Partnership, L.P.	-	-	-	163,671	-
Columbia Village, L.P.	-	-	13,915	119,586	-
Columbia Senior Residences @ Edgewood, L.P.	-	74,632	-	-	1,303,365
Kimberly Associates I, L.P.	-	-	-	359,784	-
Kimberly Associates II, L.P.	96,925	-	-	351,389	-
Kimberly Associates III, L.P.	-	-	-	262,911	-
Columbia Estates, L.P.	-	25,275	-	298,494	-
Columbia Creste, L.P.	-	26,525	-	393,756	-
Columbia Grove, L.P.	-	146,341	-	324,792	-
Carver Redevelopment Partnership I, L.P.	-	15,701	-	772,248	-
Carver Redevelopment Partnership II, L.P.	42,715	11,562	-	429,993	-
Carver Redevelopment Partnership III, L.P.	49,151	33,220	-	901,185	-
John Hope Community Partnership I, L.P.	-	-	(3,804)	337,968	-
John Hope Community Partnership II, L.P.	-	25,330	17,505	548,262	-
CCH John Eagan I Homes, L.P.	-	-	-	221,052	-
CCH John Eagan II Homes, L.P.	-	-	-	177,756	-
Harris Redevelopment Partnership I, L.P.	-	38,851	-	315,140	-
East Lake Redevelopment, L.P.	-	-	-	531,198	-
East Lake Redevelopment II, L.P.	-	14,550	-	1,036,674	-
Legacy Partnership I, L.P.	68,396	-	-	459,601	-
Legacy Partnership II, L.P.	69,902	-	-	273,411	-
Legacy Partnership III, L.P.	15,127	-	-	312,769	-
Legacy Partnership IV, L.P.	-	-	-	380,712	-
Capitol Gateway Partnership I, L.P.	-	48,375	-	389,813	-
Capitol Gateway Partnership II, L.P.	76,877	21,157	-	335,621	186,902
Harris Redevelopment Partnership II, L.P.	-	50,226	-	-	648,731
Centennial Park North, LLC	-	-	-	-	-
Columbia Commons, L.P.	-	-	-	299,520	17,099
Columbia Park Citi Residences, L.P.	-	-	-	329,514	-
Columbia at Mechanicsville Apartments, L.P.	-	22,835	-	399,096	350,829
Columbia Senior Residences at Mechanicsville, L.P.	-	69,137	-	331,938	666,159
Carver Senior Building, L.P.	-	17,431	-	-	626,952
Harris Redevelopment LLC	-	-	-	-	-
Other:					
Adamsville Green	14,381	303,259	-	-	-
Columbia Heritage	-	284,834	-	-	-
Harris Redevelopment Partnership VI, LP	-	-	-	198,912	-
Brock Built, LLC (West Highlands Homeownership Lot Sales Profit participation)	-	135,796	-	-	-
Grady Redevelopment Partnership III, L.P.	1,000	29,000	-	-	-
Carnegie Library, L.P.	-	13,628	-	-	-
	\$ 1,055,276	\$ 3,046,032	\$ 27,616	\$ 13,130,872	\$ 9,478,780

¹ PBRA payments listed are not all inclusive. Related party only.

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF HUD-FUNDED GRANTS

Year ended June 30, 2011

Program	Original Grant Award	Grant Draw Down			Expenditures			HUD Receivable/ (Payable)	Remaining Grant Award
	Authorized Amount	Cumulative as of June 30, 2010	Year ended June 30, 2011	Cumulative as of June 30, 2011	Cumulative as of June 30, 2010	Year ended June 30, 2011	Cumulative as of June 30, 2011	Balance as of June 30, 2011	Unexpended Balance as of June 30, 2011
Capital Fund Recovery Grants:									
3136 CFRG 2009 (ARRA)	\$ 26,579,168	\$ 3,671,335	\$ 19,022,983	\$ 22,694,318	\$ 4,248,289	\$ 21,411,254	\$ 25,659,543	\$ 2,965,225	\$ 919,625
					-				
Capital Fund Program Grants:									
3133 Capital Fund Program 2008	14,063,331	12,267,430	1,715,677	13,983,107	13,193,546	803,608	13,997,154	14,047	66,177
3137 Capital Fund Program 2009	12,535,836	7,678,225	1,425,918	9,104,143	8,083,339	9,732,611	17,815,950	8,711,807	(5,280,114)
3140 Capital Fund Program 2010	11,998,337	-	5,770,668	5,770,668	-	9,387,871	9,387,871	3,617,203	2,610,466
Total Capital Fund Program Grants	38,597,504	19,945,655	8,912,263	28,857,918	21,276,885	19,924,090	41,200,975	12,343,057	(2,603,471)
HOPE VI Grants:									
5102 HOPE VI - Harris Revitalization	35,000,000	24,647,946	9,918,713	34,566,659	31,120,926	3,879,074	35,000,000	433,341	-
5108 HOPE VI - Capitol Revitalization	35,000,000	28,277,696	947,612	29,225,308	28,377,151	5,784,575	34,161,726	4,936,418	838,274
5168 HOPE VI - Grady Homes Revitalization	20,000,000	11,578,142	5,956,145	17,534,287	15,126,481	4,073,519	19,200,000	1,665,713	800,000
Total HOPE VI Grants	90,000,000	64,503,784	16,822,470	81,326,254	74,624,558	13,737,168	88,361,726	7,035,472	1,638,274
Replacement Housing Factor Grants:									
3122 RHF 2004-1	4,540,123	4,008,145	531,978	4,540,123	4,440,140	99,983	4,540,123	-	-
3123 RHF 2004-2	3,398,919	2,943,633	455,286	3,398,919	2,724,926	673,993	3,398,919	-	-
3125 RHF 2005-1	2,712,327	2,374,572	337,755	2,712,327	2,560,448	151,879	2,712,327	-	-
3126 RHF 2005-2	5,292,808	5,078,392	214,416	5,292,808	5,283,219	9,589	5,292,808	-	-
3128 RHF 2006-1	1,567,427	1,038,228	529,199	1,567,427	1,567,427	-	1,567,427	-	-
3129 RHF 2006-2	5,941,122	3,848,768	2,092,354	5,941,122	4,852,784	1,088,338	5,941,122	-	-
3131 RHF 2007-1	1,430,750	1,049,365	381,385	1,430,750	849,875	580,875	1,430,750	-	-
3132 RHF 2007-2	5,388,268	4,652,949	735,319	5,388,268	4,748,659	639,609	5,388,268	-	-
3134 RHF 2008-1	1,461,675	448,316	360,146	808,462	590,196	452,534	1,042,730	234,268	418,945
3135 RHF 2008-2	5,472,872	3,531,231	858,832	4,390,063	3,715,566	1,022,920	4,738,486	348,423	734,386
3138 RHF 2008-2	3,112,679	-	986,780	986,780	982,605	19,695	1,002,300	15,520	2,110,379
3139 RHF 2008-2	4,838,507	-	1,999,544	1,999,544	1,571,521	592,076	2,163,597	164,053	2,674,910
3141 RHF 2010-1	2,347,162	-	-	-	-	1,586,916	1,586,916	1,586,916	760,246
3142 RHF 2010-2	3,958,066	-	-	-	-	1,344,871	1,344,871	1,344,871	2,613,195
Total Replacement Housing Factor Grants	51,462,705	28,973,599	9,482,994	38,456,593	33,887,366	8,263,278	42,150,644	3,694,051	9,312,061
Total Grants	<u>\$ 206,639,377</u>	<u>\$ 117,094,373</u>	<u>\$ 54,240,710</u>	<u>\$ 171,335,083</u>	<u>\$ 134,037,098</u>	<u>\$ 63,335,790</u>	<u>\$ 197,372,888</u>	<u>\$ 26,037,805</u>	<u>\$ 9,266,489</u>

The Housing Authority of the City of Atlanta, Georgia

**SCHEDULE OF RHF PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION**

Contract completed during the year ending June 30, 2011

GRANT NAME	RHF 2004
PROJECT NUMBER	<u>GA06R006501-04</u>
GRANT AWARD EFFECTIVE DATE*	August 19, 2004
CONTRACT COMPLETION DATE	June 30, 2011
BUDGET	<u>\$ 4,540,123</u>
ADVANCES	\$ 4,540,123
COSTS	<u>4,540,123</u>
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	\$ -
AMOUNT TO BE RECAPTURED BY HUD	<u>\$ -</u>

*Represents the LOCCS effective date.

The actual RHF Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undischarged liens (mechanics, laborers, contractors or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

The Housing Authority of the City of Atlanta, Georgia

**SCHEDULE OF RHF PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION**

Contract completed during the year ending June 30, 2011

GRANT NAME	RHF 2004
PROJECT NUMBER	<u>GA06R006502-04</u>
GRANT AWARD EFFECTIVE DATE*	August 19, 2004
CONTRACT COMPLETION DATE	June 30, 2011
BUDGET	<u>\$ 3,398,919</u>
ADVANCES	\$ 3,398,919
COSTS	<u>3,398,919</u>
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	\$ -
AMOUNT TO BE RECAPTURED BY HUD	<u>\$ -</u>

*Represents the LOCCS effective date.

The actual RHF Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undischarged liens (mechanics, laborers, contractors or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

The Housing Authority of the City of Atlanta, Georgia

**SCHEDULE OF RHF PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION**

Contract completed during the year ending June 30, 2011

GRANT NAME	RHF 2005
PROJECT NUMBER	<u>GA06R006501-05</u>
GRANT AWARD EFFECTIVE DATE*	August 18, 2005
CONTRACT COMPLETION DATE	June 30, 2011
BUDGET	<u>\$ 2,712,327</u>
ADVANCES	\$ 2,712,327
COSTS	<u>2,712,327</u>
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	\$ -
AMOUNT TO BE RECAPTURED BY HUD	<u>\$ -</u>

*Represents the LOCCS effective date.

The actual RHF Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undischarged liens (mechanics, laborers, contractors or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

The Housing Authority of the City of Atlanta, Georgia

**SCHEDULE OF RHF PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION**

Contract completed during the year ending June 30, 2011

GRANT NAME	RHF 2005
PROJECT NUMBER	<u>GA06R006502-05</u>
GRANT AWARD EFFECTIVE DATE*	August 18, 2005
CONTRACT COMPLETION DATE	June 30, 2011
BUDGET	<u>\$ 5,292,808</u>
ADVANCES	\$ 5,292,808
COSTS	<u>5,292,808</u>
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	\$ -
AMOUNT TO BE RECAPTURED BY HUD	<u>\$ -</u>

*Represents the LOCCS effective date.

The actual RHF Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undischarged liens (mechanics, laborers, contractors or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

The Housing Authority of the City of Atlanta, Georgia

**SCHEDULE OF RHF PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION**

Contract completed during the year ending June 30, 2011

GRANT NAME	RHF 2006
PROJECT NUMBER	<u>GA06R006501-06</u>
GRANT AWARD EFFECTIVE DATE*	July 18, 2006
CONTRACT COMPLETION DATE	June 30, 2011
BUDGET	<u>\$ 1,567,427</u>
ADVANCES	\$ 1,567,427
COSTS	<u>1,567,427</u>
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	\$ -
AMOUNT TO BE RECAPTURED BY HUD	<u>\$ -</u>

*Represents the LOCCS effective date.

The actual RHF Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undischarged liens (mechanics, laborers, contractors or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

The Housing Authority of the City of Atlanta, Georgia

**SCHEDULE OF RHF PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION**

Contract completed during the year ending June 30, 2011

GRANT NAME	RHF 2006
PROJECT NUMBER	<u>GA06R006502-06</u>
GRANT AWARD EFFECTIVE DATE*	July 18, 2006
CONTRACT COMPLETION DATE	June 30, 2011
BUDGET	<u>\$ 5,941,122</u>
ADVANCES	\$ 5,941,122
COSTS	<u>5,941,122</u>
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	\$ -
AMOUNT TO BE RECAPTURED BY HUD	<u>\$ -</u>

*Represents the LOCCS effective date.

The actual RHF Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undischarged liens (mechanics, laborers, contractors or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

The Housing Authority of the City of Atlanta, Georgia

**SCHEDULE OF RHF PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION**

Contract completed during the year ending June 30, 2011

GRANT NAME	RHF 2007
PROJECT NUMBER	<u>GA06R006501-07</u>
GRANT AWARD EFFECTIVE DATE*	September 19, 2007
CONTRACT COMPLETION DATE	June 30, 2011
BUDGET	<u>\$ 1,430,750</u>
ADVANCES	\$ 1,430,750
COSTS	<u>1,430,750</u>
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	\$ -
AMOUNT TO BE RECAPTURED BY HUD	<u>\$ -</u>

*Represents the LOCCS effective date.

The actual RHF Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undischarged liens (mechanics, laborers, contractors or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

The Housing Authority of the City of Atlanta, Georgia

**SCHEDULE OF RHF PROGRAM COMPLETION
COSTS AND ADVANCES PROGRAM CERTIFICATION**

Contract completed during the year ending June 30, 2011

GRANT NAME	RHF 2007
PROJECT NUMBER	<u>GA06R006502-07</u>
GRANT AWARD EFFECTIVE DATE*	September 19, 2007
CONTRACT COMPLETION DATE	June 30, 2011
BUDGET	<u>\$ 5,388,268</u>
ADVANCES	\$ 5,388,268
COSTS	<u>5,388,268</u>
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	\$ -
AMOUNT TO BE RECAPTURED BY HUD	<u>\$ -</u>

*Represents the LOCCS effective date.

The actual RHF Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undischarged liens (mechanics, laborers, contractors or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

STATISTICAL SECTION
(Unaudited)

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FINANCIAL TRENDS

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The Housing Authority of the City of Atlanta, Georgia

COMBINED STATEMENTS OF NET ASSETS (unaudited)

As of June 30,

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
ASSETS										
CURRENT ASSETS										
Cash	\$ 99,821,333	\$ 99,409,155	\$ 94,689,182	\$ 114,340,407	\$ 83,446,899	\$ 90,422,944	\$ 73,628,517	\$ 34,415,971	\$ 47,675,997	\$ 37,717,711
Receivables, net of allowance	20,764,287	21,391,452	17,462,336	22,107,440	32,506,086	21,957,997	11,541,838	34,979,655	16,022,578	17,865,767
Other current assets	<u>729,056</u>	<u>356,960</u>	<u>383,408</u>	<u>14,801,659</u>	<u>15,302,879</u>	<u>14,151,035</u>	<u>382,948</u>	<u>464,657</u>	<u>165,679</u>	<u>5,375,519</u>
Total current assets	121,314,676	121,157,567	112,534,926	151,249,506	131,255,864	126,531,976	85,553,303	69,860,283	63,864,254	60,958,997
NON-CURRENT ASSETS										
Related development and other loans, investments in partnerships, and development receivables, net of allowances	166,027,043	150,313,997	135,322,659	123,102,703	125,644,170	111,739,378	98,586,157	81,524,051	78,986,158	72,523,475
Capital assets, net of accumulated depreciation	143,135,216	120,680,756	119,322,667	130,334,865	144,758,303	151,499,170	164,713,591	188,410,049	196,666,662	183,798,946
Investments, restricted	9,228,069	8,949,472	13,395,241	13,668,312	12,860,328	7,626,315	11,140,359	10,100,501	9,604,853	5,701,719
Other assets, net of accumulated amortization and allowances	<u>24,664,504</u>	<u>20,751,299</u>	<u>16,686,461</u>	<u>14,290,399</u>	<u>2,259,241</u>	<u>324,119</u>	<u>6,912,542</u>	<u>653,004</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>343,054,832</u>	<u>300,695,524</u>	<u>284,727,028</u>	<u>281,396,279</u>	<u>285,522,042</u>	<u>271,188,982</u>	<u>281,352,649</u>	<u>280,687,605</u>	<u>285,257,673</u>	<u>262,024,140</u>
TOTAL ASSETS	<u>\$ 464,369,508</u>	<u>\$ 421,853,091</u>	<u>\$ 397,261,954</u>	<u>\$ 432,645,785</u>	<u>\$ 416,777,906</u>	<u>\$ 397,720,958</u>	<u>\$ 366,905,952</u>	<u>\$ 350,547,888</u>	<u>\$ 349,121,927</u>	<u>\$ 322,983,137</u>
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Accounts payable	\$ 1,386,807	\$ 6,377,736	\$ 6,103,198	\$ 11,912,802	\$ 7,462,134	\$ 8,206,977	\$ 6,942,035	\$ 7,979,039	\$ 18,340,134	\$ 6,038,274
Accrued liabilities	14,502,525	11,822,369	15,721,265	13,486,057	6,876,858	14,118,003	12,348,108	3,563,098	1,930,873	2,005,048
Other current liabilities	8,165,157	8,426,223	11,878,466	21,710,135	13,250,720	15,097,902	10,813,878	11,164,675	9,346,400	16,339,375
Line of credit	-	-	-	10,906,077	10,906,077	-	-	-	-	-
Current portion of long-term debt	<u>331,315</u>	<u>317,148</u>	<u>756,981</u>	<u>728,288</u>	<u>700,093</u>	<u>10,474,190</u>	<u>648,695</u>	<u>635,572</u>	<u>785,660</u>	<u>742,561</u>
Total current liabilities	24,385,804	26,943,476	34,459,910	58,743,359	39,195,882	47,897,072	30,752,716	23,342,384	30,403,067	25,125,258
NON-CURRENT LIABILITIES										
Long-term debt, net of current portion	2,905,388	3,236,703	3,553,851	4,310,832	5,039,120	5,739,213	16,213,414	16,681,345	17,335,501	8,462,920
Other non-current liabilities	<u>1,270,244</u>	<u>1,538,609</u>	<u>1,752,213</u>	<u>2,133,171</u>	<u>2,567,710</u>	<u>3,399,080</u>	<u>3,695,873</u>	<u>3,955,293</u>	<u>3,062,885</u>	<u>2,938,571</u>
Total non-current liabilities	<u>4,175,632</u>	<u>4,775,312</u>	<u>5,306,064</u>	<u>6,444,003</u>	<u>7,606,830</u>	<u>9,138,293</u>	<u>19,909,287</u>	<u>20,636,638</u>	<u>20,398,386</u>	<u>11,401,491</u>
TOTAL LIABILITIES	<u>28,561,436</u>	<u>31,718,788</u>	<u>39,765,974</u>	<u>65,187,362</u>	<u>46,802,712</u>	<u>57,035,365</u>	<u>50,662,003</u>	<u>43,979,022</u>	<u>50,801,453</u>	<u>36,526,749</u>
NET ASSETS										
Invested in capital assets, net of related debt	139,898,513	117,126,905	115,011,835	125,295,746	139,019,090	145,109,703	147,851,482	171,093,132	178,545,501	174,593,465
Restricted	228,693,252	206,842,360	188,077,271	201,672,716	202,084,151	165,869,954	148,468,556	92,852,175	88,666,046	78,288,851
Unrestricted	<u>67,216,307</u>	<u>66,165,038</u>	<u>54,406,874</u>	<u>40,489,961</u>	<u>28,871,953</u>	<u>29,705,936</u>	<u>19,923,911</u>	<u>42,623,559</u>	<u>31,108,927</u>	<u>33,574,072</u>
Total net assets	<u>435,808,072</u>	<u>390,134,303</u>	<u>357,495,980</u>	<u>367,458,423</u>	<u>369,975,194</u>	<u>340,685,593</u>	<u>316,243,949</u>	<u>306,568,866</u>	<u>298,320,474</u>	<u>286,456,388</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 464,369,508</u>	<u>\$ 421,853,091</u>	<u>\$ 397,261,954</u>	<u>\$ 432,645,785</u>	<u>\$ 416,777,906</u>	<u>\$ 397,720,958</u>	<u>\$ 366,905,952</u>	<u>\$ 350,547,888</u>	<u>\$ 349,121,927</u>	<u>\$ 322,983,137</u>

The Housing Authority of the City of Atlanta, Georgia

OPERATING AND NON-OPERATING REVENUE AND EXPENSE (unaudited)

For the Years Ended June 30,

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating revenue:										
Operating subsidies	-	-	-	-	\$174,261,326	\$ 175,078,599	\$ 185,380,097	\$ 175,552,213	\$ 153,332,589	\$ 138,152,226
MTW Single Fund used for operations	\$220,387,957	\$228,895,356	\$205,294,340	\$214,576,452	-	-	-	-	-	-
ARRA grant	4,816,316	1,654,300	-	-	-	-	-	-	-	-
Tenant dwelling revenue	5,415,284	5,679,841	9,946,947	14,472,567	17,282,562	18,405,002	17,608,530	17,054,377	15,848,502	16,247,613
Development and HOPE VI grants	3,187,142	10,220,644	11,514,248	11,260,438	-	-	-	-	-	-
Fees earned from Georgia HAP Administrators, Inc.	1,813,846	1,823,883	1,827,643	1,833,476	-	-	-	-	-	-
Other operating revenue	2,283,393	4,144,092	2,290,441	3,786,412	6,561,773	6,437,735	6,187,147	3,319,634	4,244,383	4,055,653
Total operating revenue	237,903,938	252,418,116	230,873,619	245,929,345	198,105,661	199,921,336	209,175,774	195,926,224	173,425,474	158,455,492
Operating expense:										
Housing assistance payments	147,352,440	147,254,397	123,618,931	87,842,298	84,812,490	96,382,051	104,855,563	104,999,798	97,623,892	83,284,541
Administrative including direct operating division expense	47,572,716	44,104,887	51,193,471	46,151,465	36,427,974	34,113,054	36,436,848	34,507,988	32,762,674	34,009,792
Utilities, maintenance and protective services	12,504,797	13,076,756	27,294,444	35,317,437	-	-	-	-	-	-
Utilities	-	-	-	-	15,367,163	15,675,579	16,572,186	15,529,271	13,046,759	14,321,388
Resident services, including relocation	-	-	-	-	7,422,976	5,445,229	6,732,464	6,035,585	5,489,328	3,634,498
Resident and participant services	1,215,962	1,023,137	1,849,462	5,644,670	-	-	-	-	-	-
Ordinary maintenance and operation	-	-	-	-	14,662,047	14,947,511	14,271,361	12,755,308	11,263,215	13,481,964
Protective services	-	-	-	-	5,916,121	5,589,844	6,823,744	6,567,239	6,231,832	6,877,988
General expense	3,489,006	4,028,221	5,251,842	16,338,822	9,087,882	11,013,021	9,715,232	4,795,527	2,695,283	3,085,337
Expenses related to Georgia HAP Administrators, Inc.	758,881	582,641	614,700	383,438	-	-	-	-	-	-
Depreciation and amortization	7,478,954	8,152,155	7,435,239	11,611,915	13,841,139	13,906,235	15,750,949	13,314,185	12,828,224	13,371,347
Total operating expense	220,372,756	218,222,194	217,258,089	203,290,045	187,537,792	197,072,524	211,158,347	198,504,901	181,941,207	172,066,855
Net operating income	17,531,182	34,195,922	13,615,530	42,639,300	10,567,869	2,848,812	(1,982,573)	(2,578,677)	(8,515,733)	(13,611,363)
Non-operating revenue/(expense):										
Interest and investment income	428,162	1,275,968	1,814,301	5,356,916	5,722,435	6,197,582	2,089,429	1,528,676	1,620,330	1,559,366
Gain on sale of land	84,118	-	-	2,473,956	421,431	1,179,361	2,441,081	-	-	-
Capital asset write-off	-	-	(23,779,910)	(28,089,033)	(5,721,395)	(632,200)	(11,880,879)	(3,095,441)	-	-
Demolition and remediation expense	(7,463,417)	(14,843,453)	(8,773,739)	(11,227,208)	-	-	-	-	-	-
Other revitalization expense	(1,204,574)	(4,126,847)	(4,098,581)	(5,862,316)	(4,030,000)	-	-	-	-	-
Relocation-related expense	(2,579,158)	(6,939,323)	(11,304,341)	(9,272,600)	-	-	-	-	-	-
Extraordinary sitework and maintenance	-	-	-	-	(5,008,566)	(5,937,887)	(1,794,960)	(5,799,792)	(6,231,432)	(1,863,600)
Grants to Owner Entities of mixed-income communities (UFAS)	-	(27,616)	(484,914)	-	-	-	-	-	-	-
Bad debt expense	-	-	-	(3,986,000)	-	-	-	-	-	-
Valuation allowance	(1,874,749)	(985,601)	(3,548,831)	(19,952,268)	(2,569,048)	-	-	(6,742,351)	-	(12,554,995)
Interest expense	(151,992)	(175,851)	(331,821)	(866,836)	(957,866)	(900,851)	(741,761)	(723,768)	(510,302)	(461,022)
Net non-operating revenue/(expense)	(12,761,610)	(25,822,723)	(50,507,836)	(71,425,389)	(12,143,009)	(93,995)	(9,887,090)	(14,832,676)	(5,121,404)	(13,320,251)
Capital grant revenue — modernization of AHA-owned communities	21,266,200	3,362,297	4,948,674	8,993,544	-	-	-	-	-	-
Capital grant revenue — revitalization related	19,637,997	20,902,827	21,981,189	17,275,774	-	-	-	-	-	-
Multiyear grants used for capitalized expenditures	-	-	-	-	30,864,741	21,686,827	21,544,746	25,659,745	25,501,223	29,150,919
Change in net assets	45,673,769	32,638,323	(9,962,443)	(2,516,771)	29,289,601	24,441,644	9,675,083	8,248,392	11,864,086	2,219,305
Net assets — beginning of year	390,134,303	357,495,980	367,458,423	369,975,194	340,685,593	316,243,949	306,568,866	298,320,474	286,456,388	284,237,083
Net assets — end of year	\$ 435,808,072	\$ 390,134,303	\$ 357,495,980	\$ 367,458,423	\$ 369,975,194	\$ 340,685,593	\$ 316,243,949	\$ 306,568,866	\$ 298,320,474	\$ 286,456,388

OPERATING REVENUE CAPACITY

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The Housing Authority of the City of Atlanta, Georgia

OPERATING REVENUE (unaudited)

For the Years Ended June 30,

Year	MTW Single Fund, Development, HOPE VI and ARRA Grant Revenue		Tenant Dwelling Revenue		Other Revenue		Total Operating Revenue		Number of AHA Employees
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	
2002	138,152,226	87.2%	16,247,613	10.3%	4,055,653	2.6%	158,455,492	100.0%	313
2003	153,332,589	88.4%	15,848,502	9.1%	4,244,383	2.4%	173,425,474	100.0%	337
2004	175,552,213	89.6%	17,054,377	8.7%	3,319,634	1.7%	195,926,224	100.0%	311
2005	185,380,097	88.6%	17,608,530	8.4%	6,187,147	3.0%	209,175,774	100.0%	224
2006	174,000,129	87.0%	18,405,002	9.2%	7,516,205	3.8%	199,921,336	100.0%	207
2007	174,261,326	88.0%	17,282,562	8.7%	6,561,773	3.3%	198,105,661	100.0%	233
2008	225,836,890	91.8%	14,472,567	5.9%	5,619,888	2.3%	245,929,345	100.0%	287
2009	216,808,588	93.9%	9,946,947	4.3%	4,118,084	1.8%	230,873,619	100.0%	318
2010	240,770,300	95.4%	5,679,841	2.3%	5,967,975	2.4%	252,418,116	100.0%	262
2011	228,391,415	96.0%	5,415,284	2.3%	4,097,239	1.7%	237,903,938	100.0%	250

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DEBT CAPACITY

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The Housing Authority of the City of Atlanta, Georgia

LONG-TERM DEBT (unaudited)

As of June 30,

Year	Notes payable	Capital leases	Total long-term debt	Capital assets, net of accumulated depreciation	Ratio of total long-term debt to capital assets, net
2002	616,302	7,846,618	8,462,920	183,798,946	4.6%
2003	14,330,143	3,005,358	17,335,501	196,666,662	8.8%
2004	14,815,374	2,501,272	17,316,646	188,410,049	9.2%
2005	14,742,367	2,119,743	16,862,110	164,713,591	10.2%
2006	14,488,883	1,724,531	16,213,414	151,499,170	10.7%
2007	4,423,778	1,315,435	5,739,213	144,758,303	4.0%
2008	4,147,045	892,075	5,039,120	130,334,865	3.9%
2009	3,857,095	453,737	4,310,832	119,322,667	3.6%
2010	3,553,851	-	3,553,851	120,680,756	2.9%
2011	3,236,703	-	3,236,703	143,135,216	2.3%

Long-term debt includes both Current and Non-Current portions. AHA has no bond financing

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DEMOGRAPHIC AND ECONOMIC INFORMATION

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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Population¹	4,247,981	4,432,950	4,555,490	4,673,146	4,802,300	4,947,012	5,119,641	5,267,527	5,385,586	5,475,213	5,268,860
Labor Force²	2,377,183	2,422,668	2,449,804	2,452,018	2,497,640	2,592,385	2,659,234	2,713,668	2,736,027	2,709,883	2,662,877
Employment²	2,304,515	2,335,175	2,330,487	2,334,092	2,379,513	2,456,221	2,535,341	2,589,484	2,565,229	2,438,096	2,398,488
Unemployment Rate²	3.1%	3.8%	4.9%	4.8%	4.7%	5.3%	4.7%	4.6%	6.2%	9.7%	10.2%
Nonagricultural Employment²	2,289,200	2,300,900	2,258,200	2,235,700	2,266,000	2,335,700	2,402,700	2,452,400	2,426,400	2,289,800	2,258,300
Annual Net Job Creation	61,200	11,700	-42,700	-22,500	30,300	69,700	67,000	-26,000	-136,000	-136,000	-31,500
Annual Growth Rate	2.7%	0.5%	-1.9%	-1.0%	1.4%	3.1%	2.9%	2.1%	-1.1%	-5.6%	-1.4%
Total Establishments³	113,998	121,961	129,092	131,795	135,688	138,629	142,249	144,554	148,923	146,302	145,017
Gross Domestic Product (billions)⁴	n/a	\$204.4	\$211.6	\$218.4	\$229.6	\$243.7	\$257.7	\$271.6	\$272.1	\$264.7	not released
Total Personal Income (billions)⁵	\$144.6	\$150.6	\$153.2	\$157.6	\$166.2	\$179.1	\$192.5	\$204.0	\$209.6	\$203.1	not released
Per Capita Personal Income⁵	\$33,759	\$33,965	\$33,826	\$33,719	\$34,615	\$36,213	\$37,591	\$38,731	\$38,915	\$37,101	not released
Bank Deposits (billions)⁶	\$65.9	\$68.7	\$63.6	\$75.7	\$80.6	\$94.5	\$109.3	\$113.3	\$117.2	\$114.6	\$110.5
Total Housing Units Authorized by Building Permits⁷	64,216	65,268	66,551	68,377	74,007	72,981	68,266	44,770	19,294	6,533	7,575
Single Family	46,747	48,423	50,151	55,033	57,316	61,558	53,927	31,889	11,989	5,421	6,384
Multi-Family & Apartments	17,469	16,845	16,400	13,344	16,691	11,303	14,339	13,681	7,305	1,112	1,191
Commercial Real Estate Net Absorption (million SF)⁸											
Office	9.2	6.2	1.8	2.0	5.3	5.9	5.5	3.8	6.57	-3.3	-0.02
Industrial	18.5	5.1	-0.01	1.6	16.1	14.6	15.2	11.9	-2.4	-7.0	-3.0
Retail	5.3	5.5	9.6	6.4	6.8	6.7	9.4	6.2	3.9	-2.1	0.62
Hartsfield-Jackson Atlanta International Airport⁸											
Total Operations (takeoffs & landings)	915,454	890,494	889,966	911,727	965,204	980,386	976,447	994,346	978,083	970,235	956,119
Total Passengers	80,162,407	75,858,500	76,876,128	79,087,928	83,605,218	85,907,423	84,846,639	89,379,287	90,039,280	88,001,381	89,331,662
International Passengers	5,808,897	5,606,617	5,715,838	5,501,361	6,204,940	6,734,452	8,073,855	8,897,291	9,180,491	8,832,195	9,139,022
Total Freight (metric tons)	660,796	589,712	640,897	687,159	768,739	725,446	738,180	715,359	648,704	554,888	643,562

Sources:

1: Population figures for 2000 and 2010 are decennial Census counts; 2001 - 2009 are annual estimates by the Census Bureau between decennial Censuses.

2: Bureau of Labor Statistics, not seasonally adjusted, data extracted June 1, 2011.

3: A single physical location where business is conducted or where services or industrial operations are performed. Georgia Department of Labor, Workforce Information & Analysis, Employment & Wages Unit, 2011.

4: Bureau of Economic Analysis; GDP revised February 23, 2011; Total Personal and Per Capita Income revised April 23, 2011.

5: Federal Deposit Insurance Corporation (FDIC), June 30 annual data.

6: Census Bureau, Manufacturing & Construction Division.

7: CoStar Group, Year-End 2010.

8: Hartsfield-Jackson Atlanta International Airport.

updated 6/22/2011