Comprehensive Annual Financial Report and Independent Auditors' Report

Atlanta Housing Authority

For the fiscal years ended June 30, 2013 and 2012

The Housing Authority of the City of Atlanta, Georgia

Prepared by the Atlanta Housing Authority

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COMPREHENSIVE ANNUAL FINANCIAL REPORT AND INDEPENDENT AUDITORS' REPORT

THE HOUSING AUTHORITY OF THE CITY OF ATLANTA, GEORGIA

For the fiscal years ended June 30, 2013 and 2012

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INTRODUCTORY SECTION

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November 20, 2013

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

We are pleased to present the Comprehensive Annual Financial Report of The Housing Authority of the City of Atlanta, Georgia (AHA or the Authority) for the fiscal year ended June 30, 2013 (FY 2013).

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 2013 financial statements, issued an unmodified opinion on the financial statements of the Authority for the fiscal years ended June 30, 2013 and 2012, 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 Financial Statements of AHA consist of the Statements of Net Position, Statements of Revenue, Expense and Changes in Net Position, and Statements of Cash Flows. The Notes to the 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 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 quality affordable housing in amenity-rich, mixed-income communities for the betterment of the community. AHA has transformed its operations from a troubled public housing authority in 1994 to a well-managed, nationally recognized organization and is moving toward becoming a high-performing diversified real estate company, with a public mission and purpose. AHA meets its mission by deploying its assets to facilitate quality affordable housing opportunities for low-income households (including low-income elderly and disabled persons) in amenity-rich, mixed-income communities 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 acquire, own 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 (MTW 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.

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 Joy Fitzgerald, who was appointed Interim President and Chief Executive Officer by the Board of Commissioners, effective September 4, 2013. Until that date, Renée Lewis Glover had served as President and Chief Executive Officer since 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 Financial Statements for further details.)

AHA is one of the 11 founding members of National Housing Compliance (NHC), 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. NHC subcontracts with its members, and pays incentive fees and makes distributions for work performed. Fees earned by AHA as a member of NHC 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 spending for major activities and programs.

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 and by 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 were relocated to housing of their choice, primarily to private housing (using tenant-based Housing Choice vouchers). After relocation, distressed and obsolete housing projects were 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). 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.

As a result of the above-described strategic initiatives, AHA's portfolio of housing opportunities has changed dramatically since FY 1995. In 1994, AHA owned and operated 14,300 public-housing-assisted units in 43 conventional public housing projects and administered approximately 4,500 certificates and vouchers.

As of June 30, 2013, AHA owned and operated, through professional property management firms, 11 senior high-rise buildings and two small-family public-housing-assisted developments with a total of 1,953 units, all of which are well-located in economically integrated neighborhoods (referred to as AHA-Owned Residential Communities). In addition, during FY 2013, AHA: (a) provided operating subsidy for 2,471 ACC (HUD-subsidized) units in the 16 AHA-Sponsored mixed-income, mixed-finance rental communities owned and operated by related public/private owner entities; b) provided rental assistance for 1,409 PBRA-assisted units in six of the mixed-income, mixed-finance rental communities owned and operated by related public/private owner entities; (c) provided rental assistance for 2,403 PBRA-assisted units in other mixed-income communities owned and operated by unrelated private owners; (d) provided 546 PBRA-assisted units in Supportive Housing communities owned and operated by unrelated private owners; (e) provided tenant-based Housing Choice rental assistance for 9,308 units owned and operated by unrelated private owners; (f) provided mortgage assistance for 62 participants, who used their Section 8 tenant-based Housing Choice vouchers for homeownership; and (g) provided down payment assistance to 29 first-time home buyers.

The implementation of these initiatives has also changed the mix of AHA's revenue from HUD from being primarily comprised of Section 9 public housing operating funds and capital funds in FY 1995 to being primarily comprised of Section 8 Housing Choice Voucher Funds in FY 2013. As of June 30, 2013, approximately 90% of AHA's revenue from HUD was attributable to Section 8 Housing Choice Voucher Funds.

As a result of the above-described strategic initiatives, during FY 2012 and FY 2013 AHA has been able to focus more of its investments on the remaining AHA-Owned Residential Communities to improve the physical plants and quality of life for residents.

Moreover, as a result of these strategic initiatives — the Revitalization Program and QLI — and the shift from a primarily Section 9 public housing funds platform to a Section 8 Housing Choice Voucher Funds platform, AHA's operations are more stable and its financial position is stronger.

AHA's Vision

"Healthy Mixed-Income Communities, Healthy Self-Sufficient Families"

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

- End the practice of concentrating low-income families in distressed and isolated neighborhoods.
- Create healthy mixed-use, mixed-income (children-centered) communities using a holistic and comprehensive approach to assure long-term market competitiveness and sustainability of the community and to support excellent outcomes for families (especially children), with emphasis on excellent, high-performing neighborhood schools and high quality-of-life amenities, including first-class retail and green space.
- Create mixed-income communities with the goal of creating market-rate communities with a seamlessly integrated affordable residential component.
- Develop communities through public/private partnerships using public and private sources of funding and private-sector real estate market principles.
- Support AHA-assisted families with strategies and programs that help them achieve their life goals, focusing on self-sufficiency and educational advancement of the children with expectations and standards for personal responsibility 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 excellent 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 sustaining 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 options for 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 innovate and create new programs, and to create and 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**:

- Quality Living Environments — Provide quality affordable housing in healthy mixed-income communities with access to excellent quality-of-life amenities.
- Self-Sufficiency — (a) Facilitate opportunities for families and individuals to build economic capacity and stability which reduce their dependency on subsidy, ultimately becoming financially independent; (b) facilitate and support initiatives and strategies to support great educational outcomes for children; and (c) facilitate and support initiatives that enable the elderly and persons with disabilities to live independently with enhanced opportunities for aging well.
- Economic Viability — Maximize AHA's financial soundness and viability to ensure sustainability.

FY 2013 Priority Activities

AHA's enterprise-wide activities continued to be aligned around the **three major priorities** of its FY 2013 MTW Annual Implementation Plan which are highlighted as follows:

- Implement the Business Transformation Initiative, including an integrated Enterprise Resource Planning solution.
- Advance AHA's real estate initiatives with the goals of community sustainability, market competitiveness and long-term financial sustainability.
- Advance the human development services strategy through strategic partnerships and new funding strategies.

During FY 2013, AHA achieved the following:

- 21,174 households were served.
- 357 households were housed from AHA's Housing Choice waiting list.
- 35 veterans were housed through the HUD Veterans Affairs Supportive Housing (VASH) program and AHA's Supportive Housing Program. Based on this success and the local need identified by the Veterans Affairs Medical Center, HUD awarded AHA 185 additional VASH vouchers.
- 14 students were awarded $36,350 in scholarships through AHA's Atlanta Community Scholars Program, administered by the United Negro College Fund.
- A new rental community for elderly persons with 100 PBRA-assisted units was completed and leased by one of AHA's private-sector development partners as a part of AHA-Sponsored mixed-use, mixed-income communities developed on the sites of former public housing projects.
- 29 eligible, first-time home buyers received down payment assistance from AHA.
- AHA increased its commitment from 700 to 1,000 units of supportive housing to help eliminate homelessness in Atlanta in partnership with the Regional Commission on Homelessness and the United Way.
- $12.9 million in upgrades were completed across the 13 AHA-Owned (public-housing-assisted) Residential Communities.
- Advanced the Business Transformation Initiative and completed the first two phases of the Enterprise Resource Planning (ERP) solution.

These and other successes are highlighted in AHA's FY 2013 MTW Annual Report.

Transforming the Business of Helping People

We take our responsibility to serve the community and Atlanta's low-income families very seriously. Our MTW Agreement has allowed us to be innovative, and engage our partners and stakeholders in local problem-solving. This innovation extends to the back-office operations and the way we do business.

In FY 2010, AHA began a multi-year, comprehensive business transformation to better serve our families and to position AHA as a best-in-class diversified real estate company with a public mission and purpose. In partnership with Boston Consulting Group (BCG), an international strategy and business consulting firm, AHA assessed our business model, strategy and operations from five dimensions: process; policy and procedure; people; technology; and data.

During FY 2013, we continued to re-engineer our business and implement the Business Transformation Initiative.

In our first major success, AHA implemented the first two phases of the Enterprise Resource Planning (ERP) solution and immediately reduced manual paper invoice approval processes, improved financial reporting capabilities and automated the Housing Choice Voucher Program Port Out process. During 2014, we expect to substantially complete the remaining phases of the ERP solution, and begin realizing other long-term operating efficiencies and benefits to the families we serve.

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 Atlanta International Airport. Such economists have stated that, given these fundamentals, Atlanta's economic recovery will be stronger than that of the nation. Job loss data suggests, however, that Atlanta in the near term was hit slightly harder by the recession than the nation. Net job growth in metropolitan-Atlanta began in late 2010 and continued through 2012 and 2013, but at a slower pace than some of its counterparts. All indications suggest full recovery will take several more years.

AHA has been impacted as follows:

- AHA-Sponsored development activities, in partnership with private-sector developers, rely on private investment and the conditions in the real estate and financial markets. During FY 2013, the local real estate market began to strengthen, especially in the multi-family rental market. AHA expects that our development activities will continue to pick up as those markets improve and investors continue to return to the market.

- During FY 2013, the multi-family rental market began to recover nationally and in the City of Atlanta. There has also been steady improvement in the sales prices of single-family homes with the sustained reduction in excess inventory.

- 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 AHA's PBRA program, 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 program. Households using tenant-based Housing Choice vouchers have had a broader array of choices to use their vouchers, tempered by the recent improvements in the single-family home market. 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 for 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 2014 in the context of the reality of the staggering Federal deficit, AHA was more conservative in making assumptions and projections concerning revenue. AHA believes that, as a result of: a) the statutory and regulatory relief provided under its MTW Agreement; b) AHA's shift from a Section 9 public housing funds platform to a Section 8 Housing Choice Voucher Funds platform; c) 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 d) the elimination of the obsolete, distressed and socially dysfunctional public housing projects through the thoughtful implementation of its comprehensive Revitalization Program and QLI, AHA is well-positioned to come through this economic downturn. Even in a down economy, these strategic decisions have enabled AHA to provide income-eligible households with substantially better housing opportunities in amenity-rich communities and neighborhoods, while sustaining its strong financial position.

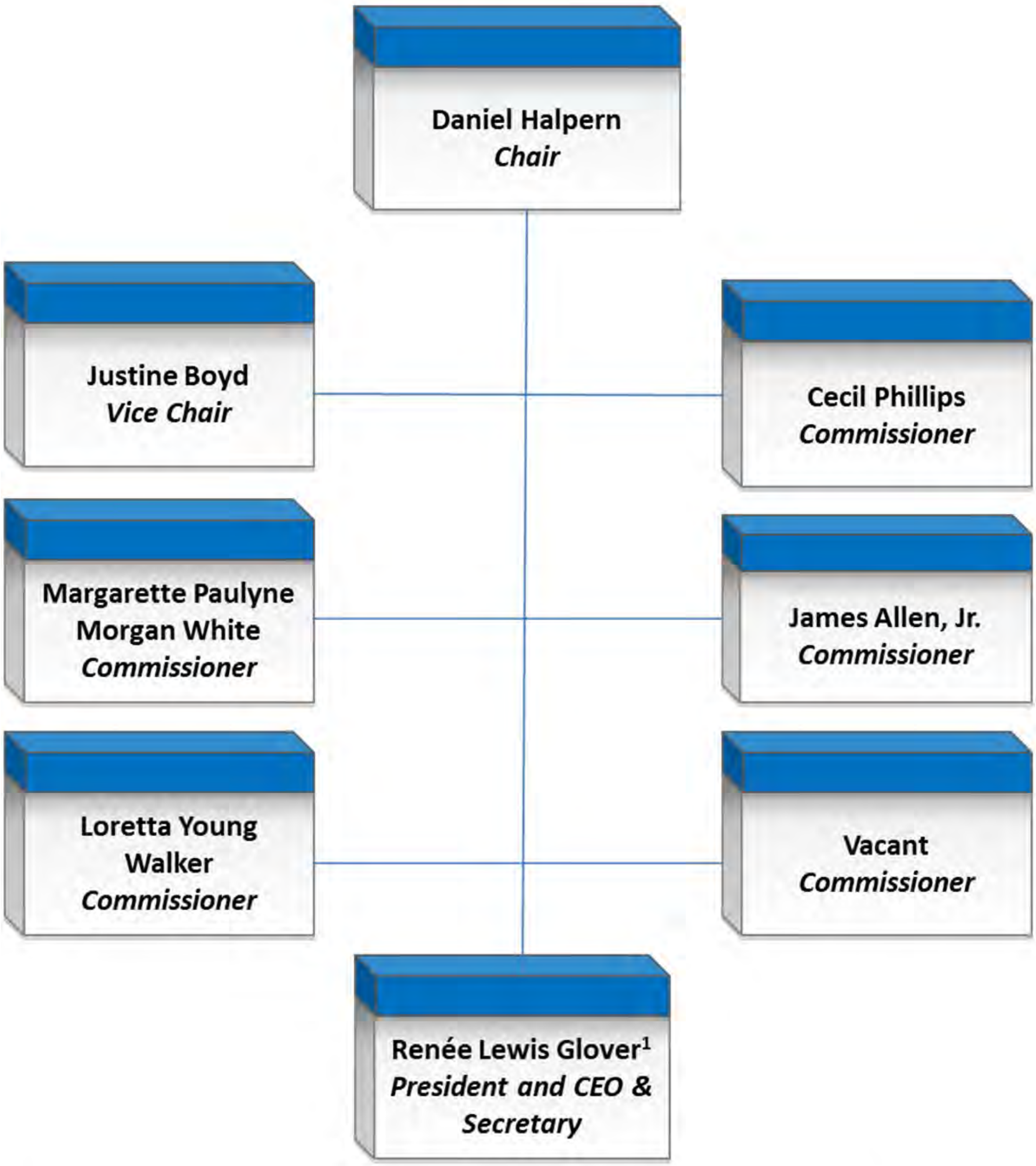
We wish to express our appreciation to all of the individuals who contributed to the preparation of this Report.

Renée Lewis Glover
Former President and CEO

Joy W. Fitzgerald
Interim President and CEO

Suzi Reddekopp
Chief Financial Officer

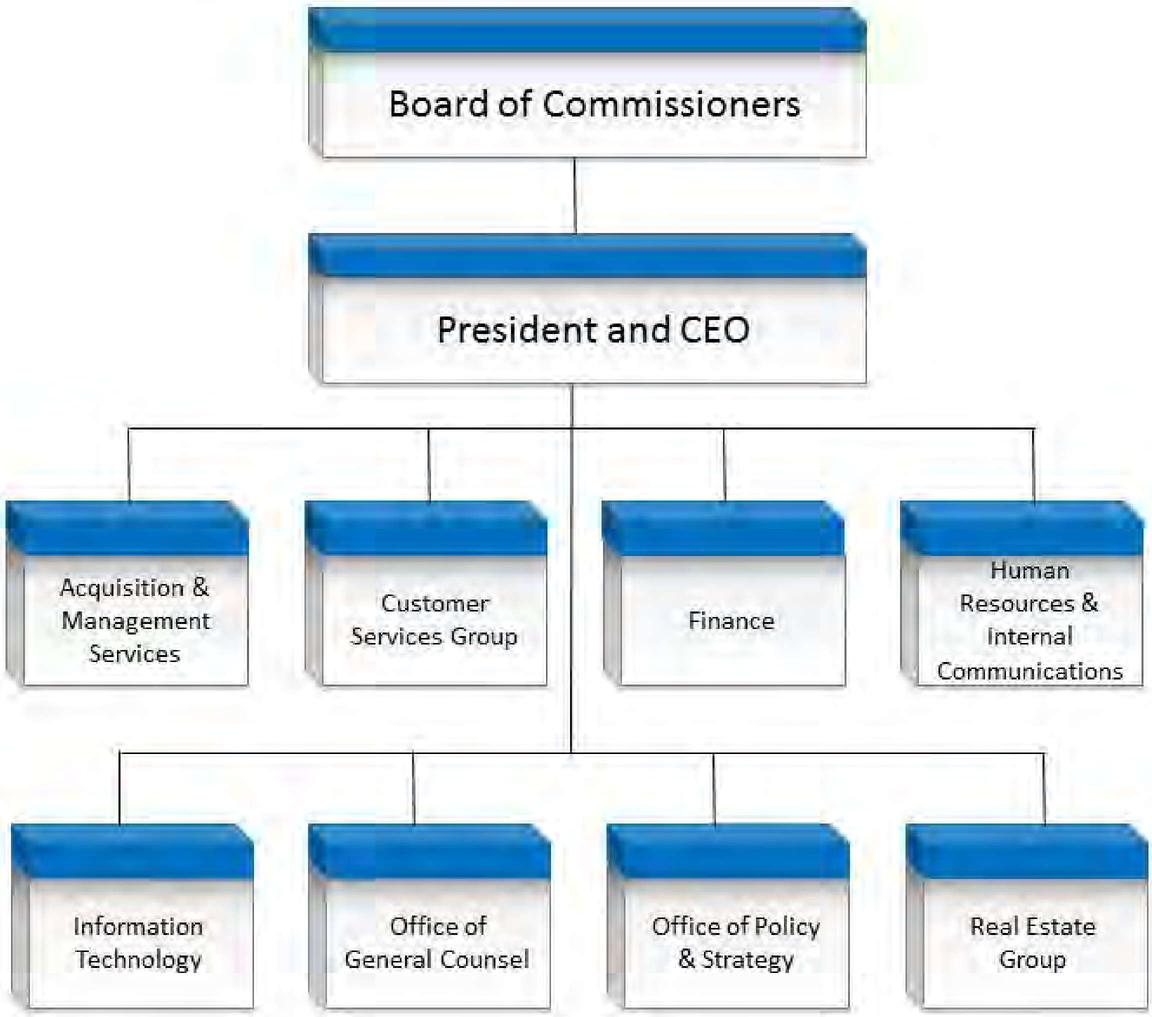
AHA's Board of Commissioners



[1]Ms. Glover resigned from AHA, effective September 4, 2013

As of June 30, 2013

AHA's Organizational Structure



As of June 30, 2013

FINANCIAL SECTION

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of **The Housing Authority of the City of Atlanta, Georgia** (hereinafter referred to as the "**Atlanta Housing Authority**"), as of and for the fiscal years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the **Atlanta Housing Authority's** basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Atlanta Housing Authority**, as of June 30, 2013 and 2012, and the respective changes in financial position and cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 46 and the Schedule of Pension Funding Progress on page 87 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.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Atlanta Housing Authority's** basic financial statements. 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 U.S. 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 **Atlanta Housing Authority**.

The Financial Data Schedules, the Schedule of HUD-Funded Grants, and Program Cost Certification Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

Such information has 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 basic financial statements or to the basic 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 that collectively comprise of the **Atlanta Housing Authority's** basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. This section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013 on our consideration of the **Atlanta Housing Authority's** internal control over financial reporting and on 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 the **Atlanta Housing Authority's** internal control over financial reporting and compliance.

Metcalf Davis

Atlanta, Georgia
November 20, 2013

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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, 2013 (FY 2013) and June 30, 2012 (FY 2012). This document should be read in conjunction with the Letter of Transmittal, AHA's Financial Statements and accompanying Notes.

BACKGROUND AND CONTEXT

Moving to Work (MTW) Demonstration Program

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, to be a nimble, efficient and effective real estate enterprise, and to serve more low-income families in the City of Atlanta. 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, realize better operating efficiencies and effectiveness, and 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.

BACKGROUND AND CONTEXT — continued

MTW Single Fund

Under its MTW Agreement, AHA has combined its Housing Choice Voucher Funds, Public Housing Operating Subsidy and Capital Fund Program Grant awards into an MTW Single Fund which may be used for MTW-eligible activities as authorized under the MTW Agreement and set forth in AHA's MTW Business Plan and annual MTW Implementation Plans. As discussed in the Transmittal Letter, as a result of AHA's strategic revitalization program (Revitalization Program) and the QLI initiative, the mix of AHA's funding sources from HUD changed from a Section 9 public housing funds platform to a Section 8 Housing Choice Voucher Funds platform. Housing Choice Voucher Funds make up approximately 94% of the FY 2013 MTW Single Fund revenues. Although the programmatic restrictions for the use of each of these funding sources have been waived under AHA's MTW Agreement, the various funds that make up AHA's MTW Single Fund continue to have different expiration dates, obligation and expenditure deadlines, and drawdown conditions, the most recent of which is HUD's new approach to disbursing the Housing Choice Voucher Funds.

At the beginning of calendar year 2012, HUD made a major change in its approach for disbursing Housing Choice Voucher Funds to public housing authorities (PHAs). HUD now disburses such funds based on a PHA's historical housing assistance payment spend rate and projected need, rather than in 12 equal installments of the full annual authorization. As a Moving to Work (MTW) agency, HUD also allows AHA to include in the spend rate and needs analyses expenditures of MTW funds for MTW-eligible activities under its HUD-approved MTW Annual Implementation Plans. PHAs may request additional disbursements up to their annual authorization, but must expend all funds drawn or face further disbursement reductions in the future. With approximately 90% of AHA's FY 2013 HUD funding coming from Housing Choice Voucher Funds, the recent change in HUD's disbursement approach has major implications to AHA's financial status and operations. In response to all of these factors, AHA adopted a cash management strategy (Cash Management Strategy) designed to meet such funding requirements while preventing the forfeiture of funds as a result of expenditure deadlines. This strategy requires AHA to more carefully manage its draws from the three components of AHA's MTW Single Fund.

The Villages at Carver

FY 2013 OVERVIEW

AHA's financial position remained strong with a Net Position *(formerly referred to as Net Assets)* of **$440.0 million** at June 30, 2013. An overview of AHA's operations, including initiatives and activities pursued by AHA during the year, are summarized below and are further described in the **FY 2013 Financial Highlights** beginning on page 26.

During FY 2013, AHA received over 95% of its total revenue from HUD which included Housing Choice Voucher Funds, Public Housing Operating Subsidy and Capital Funds grants. As stated previously, at the beginning of calendar year 2012, HUD made a major change in its approach in disbursing Housing Choice Voucher Funds to public housing authorities and, in response, AHA adopted a Cash Management Strategy designed to ensure that it meets funding requirements and precludes the forfeiture of funds.

AHA also received 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 net cash flows with the Managing General Partner of the individual limited partnerships or limited liability companies (Owner Entities) formed exclusively to own and operate individual phases of mixed-income, mixed-finance rental communities; profit participation from the sale of single-family homes at the sites of the master-planned, mixed-use, mixed-income communities; fees earned as a member of National Housing Compliance (NHC); and other miscellaneous activities.

Nearly 20 years ago, AHA chartered a new course and embarked on an important and ambitious mission: to end the practice of concentrating low-income families in poverty and to abandon the traditional 100% public housing model. AHA has accomplished this goal through the implementation of its comprehensive and strategic mixed-use, mixed-income Revitalization Program using the seed funding and regulatory flexibility under the HOPE VI Demonstration program (HOPE VI). During 1994, AHA and The Integral Partnership of Atlanta (a joint venture between Integral Development and McCormick Barron Salazar), its procured program manager and private-sector development partner for the revitalization of Techwood/Clark Howell Homes, created Centennial Place, the first mixed-use, mixed-income community (with public-housing-assisted units as a component) in the United States. The financial, regulatory and development model used to develop the first rental phase of Centennial Place was adopted and has been used by HUD since 1996 as the national blueprint for mixed-income, mixed-finance rental communities. Leveraging the learning and best practices from its early success in creating Centennial Place, AHA successfully competed for and received six additional HOPE VI revitalization grants, one public housing development grant and four HOPE VI demolition grants totaling approximately $200 million. To date, AHA and its private-sector development partners have created 16 mixed-use, mixed-income communities leveraging AHA-owned land and approximately $300 million in HOPE VI and other public housing development grants into approximately $3 billion in public and private investment and economic impact. During FY 2012, the financial close-outs for the remaining three HOPE VI grants were successfully submitted to HUD. Although the programmatic grant requirements have been met, AHA and its private-sector development partners are leveraging the value created in the

FY 2013 OVERVIEW — continued

newly revitalized communities to implement additional mixed-use rental and commercial development as described in the various Master Plans, primarily using private sources of funds. Consistent with this strategy, during FY 2013, AHA and its private-sector development partners continued to use MTW and other sources of funds as seed capital to advance the community-building strategies as outlined in the Master Plans. Significant FY 2013 revitalization activities by Master Plan are addressed on page 28.

Leveraging the learning and best practices from HOPE VI, HUD has created a new program called Choice Neighborhoods, which seeks to revitalize larger neighborhoods that are anchored by distressed public housing or distressed assisted housing. In FY 2011, AHA was awarded a $250,000 Choice Neighborhoods Planning Grant for the revitalization of University Homes and surrounding neighborhood (CN Study Area). Working with Integral Development (its private-sector development partner) and other stakeholders, AHA has developed a holistic Neighborhood Transformation Plan for the CN Study Area, including strategies and plans for mixed-income housing, cradle-to-career education, retail and commercial uses and economic development. In response to HUD's Notice of Funding Availability, AHA submitted its application for a Choice Neighborhoods Implementation Grant for the CN Study Area on September 10, 2013.

In collaboration with HUD, AHA and Integral Development, the Managing General Partner of each of the Owner Entities of the four rental phases of Centennial Place, continued their efforts to evolve AHA's Reformulation Demonstration Program for the four rental phases at Centennial Place. This program was designed by AHA under the auspices of its MTW Agreement to improve the long-term financial sustainability and market competitiveness of the four rental phases of Centennial Place and other AHA-Sponsored mixed-income, mixed-finance rental communities. This demonstration program, presented to HUD in 2010, proposed the conversion of the Section 9 public-housing-assisted ACC units into Section 8 project-based rental assisted units using AHA's form of Project Based Rental Assistance (PBRA) Agreement. AHA and HUD agreed to pilot the proposal at Centennial Place. As proposed, the conversion will facilitate the Managing General Partner of each of the Owner Entities of the four rental phases at Centennial Place to raise private debt and equity using the net operating income generated by each such phase, including the AHA-assisted units as converted, to pay for much-needed capital improvements. AHA will use the protocols and learning from this demonstration program to facilitate similar refinancings at other AHA-Sponsored master-planned communities. HUD has indicated that it also intends to leverage the learnings from this demonstration program to reform its Rental Assistance Demonstration Program. On November 2, 2012, HUD formally approved AHA's Reformulation Demonstration Program for Centennial Place. As part of AHA's and HUD's commitment to support the program for Centennial Place, HUD awarded AHA 160 Housing Choice vouchers and AHA agreed to supplement such new voucher funding with its MTW Single Funds to support the conversion. HUD awarded the voucher allocation to AHA effective April 4, 2013. AHA and Integral Development are currently taking the actions necessary to fully implement the reformulation of the four rental phases of Centennial Place.

FY 2013 OVERVIEW — continued

AHA also continued to advance first-time home ownership through agreements between its private-sector development partners and single-family homebuilders (Builder/Owner Agreements) by providing down payment assistance to qualified families to purchase homes throughout the City of Atlanta from such homebuilders. During the economic recession, first-time home buyers were able to purchase their homes at considerably discounted prices and historically low mortgage rates, which helped absorb Atlanta's excess single-family home inventory.

Ashley at CollegeTown

AHA continued to facilitate quality affordable housing opportunities in a variety of healthy mixed-income communities for low-income families as follows:

Tenant-Based Housing Choice Voucher Program

Almost half of the families served by AHA during FY 2013 received housing assistance through the Tenant-Based Housing Choice Voucher Program (HCVP). During FY 2013, AHA pulled households from the HCVP waiting list and 357 low-income families accessed affordable housing using a Housing Choice voucher. HCVP offers families the greatest amount of mobility and the broadest range of choice in selecting where they live. A household can move anywhere in the United States where there is a Tenant-Based Housing Choice Voucher Program. Participating property owners/landlords of single-family homes and apartments manage the properties and enter into landlord/tenant relationships with participants pursuant to a lease. HCVP includes in-jurisdiction participants, as well as participants who: (a) moved from AHA's service area to a residence outside of AHA's service area; (b) moved into AHA's service area from other public housing agencies' service areas; and (c) received mortgage assistance toward the purchase of their homes in AHA's service area.

Project Based Rental Assistance Program

AHA continued to expand and enhance its Project Based Rental Assistance (PBRA) program. Under this program, through a competitive process, AHA leverages private-sector development activity by entering into renewable long-term rental assistance agreements with unrelated private-sector developers and 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 and efficient method for increasing the supply of quality affordable units in mixed-income rental communities and Supportive Housing communities for income-eligible families throughout the City of Atlanta.

In addition, AHA entered into renewable PBRA rental assistance agreements for PBRA-assisted units in mixed-income, mixed-finance rental communities owned and operated by related public/private owner entities.

AHA also leveraged its PBRA program to partner with mission-oriented for-profit, not-for-profit and faith-based developers/owners to create Supportive Housing opportunities for at-risk populations combined with wraparound supportive services and case management. These Supportive Housing communities help address the critical shortage of service-enriched affordable housing for homeless persons and persons with mental, developmental and physical disabilities. Through a competitive process, AHA selects and enters into a two-year renewable PBRA agreement with for-profit, not-for-profit and/or faith-based developers/owners with respect to an agreed-upon 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. To support the City of Atlanta's initiative to address homelessness, AHA expanded its Supportive Housing project based rental assistance commitment from 700 to 1,000 units.

AHA-Sponsored Master-Planned Communities

As shared in the FY 2013 Overview on page 21, the AHA Revitalization Program facilitates the creation by private-sector real estate developers of market-rate quality mixed-use, mixed-income (children-centered) communities on the sites of former public housing projects. The Master Plan for each of these communities is holistic and transformational, and includes the following elements: new market-rate quality mixed-income housing for rent and for sale; high-performing neighborhood schools from cradle to college and/or career; great recreational facilities and amenities; green space and parks; and quality retail and commercial uses.

During FY 2013, AHA continued to provide operating subsidy to the Owner Entities of these mixed-income rental communities, in accordance with regulatory and operating agreements or Project Based Rental Assistance agreements to cover the operating costs of AHA-assisted units not covered by tenant rents.

AHA-Owned Residential Communities

AHA also continued to fund operating expenses not covered by tenant rents, including human development services to support residents, most of whom are elderly and disabled persons, at the AHA-Owned Residential Communities. Under its human development program, AHA funded initiatives that engaged the residents in social activities designed to promote physical, mental and intellectual well-being and enhanced computer literacy. In addition, during FY 2013, AHA continued its investment to enhance vibrant "aging well" environments through capital

FY 2013 OVERVIEW — continued

improvements in the communities through common area improvements, unit upgrades, and energy conservation and efficiency solutions. These communities are managed by professional private management firms.

In order to improve operational efficiencies and enhance services to the families we serve, AHA advanced its business transformation and continued the implementation of recommendations and strategies made by Boston Consulting Group and agreed to by AHA, including: (i) alignment of AHA's organization structure, culture, human resources, information technology and other systems in order to sustain and elevate its national reputation as a thought leader and innovator in affordable housing; (ii) business process improvements in which AHA redesigned processes, operating policies and procedures to become a "best in class" real estate organization; and (iii) implementation of a new integrated Enterprise Resource Planning (ERP) solution, including a document management system, as approved by the Board in January 2011. During FY 2013, the first two phases of the ERP solution were implemented with the remaining phases anticipated to be substantially complete during 2014.

As described in the Letter of Transmittal, AHA's strategy for FY 2013 was closely aligned around its major priorities and enterprise initiatives which advanced AHA's evolution as an effective, high-performing, diversified real estate company, with a public mission and purpose.

Cheshire Bridge Road Highrise

Peachtree Road Highrise

FY 2013 FINANCIAL HIGHLIGHTS

The FY 2013 Financial Highlights, as well as year-over-year analysis, follow.

AHA Continued to Facilitate Affordable Housing Opportunities

As stated in the FY 2013 Overview, AHA continued to facilitate quality affordable housing opportunities in a variety of healthy mixed-income communities for low-income families as follows:

Tenant-Based Housing Choice Voucher Program (HCVP)

Under HCVP, AHA supported 9,566 households at the end of FY 2013, including in-jurisdiction participants, as well as participants who: (a) moved from AHA's service area to a residence outside of AHA's service area; (b) moved into AHA's service area from other public housing agencies' service areas; or (c) received mortgage assistance toward the purchase of their homes in AHA's service area. Significant FY 2013 accomplishments include:

- Provided a total of **$89.1 million** in payments under this program.
- Entered into Housing Choice Rental Agreements with owners/landlords for 357 households pulled from AHA's HCVP waiting list, increasing in-jurisdiction participation (net of attrition) from 6,878 to 7,043 households.
- Received an additional 185 HUD Veterans Affairs Supportive Housing (VASH) vouchers, a cooperative program between HUD and the Veterans Administration to support homeless veterans; increasing veterans assisted by AHA's VASH program to 210. During FY 2013, AHA funded 25 VASH vouchers which are included in the 7,043 households reported above.
- Continued to support 2,265 participants at the end of FY 2013 who moved outside AHA's service area under HUD's Portability Program compared to 2,399 at the end of FY 2012.
- Increased the number of households served who ported into AHA's service area by 26, bringing the total to 196. Under this program, AHA invoices other public housing authorities (PHAs) for administering their vouchers (rather than AHA absorbing their vouchers), collecting more than $1.8 million in reimbursements for payments to landlords and administrative fees from PHAs during FY 2013.
- Continued to make Housing Choice mortgage assistance payments for 62 families at the end of FY 2013 compared to 83 households at the end of FY 2012.
- AHA increased its commitment from 700 to 1,000 units of supportive housing to help eliminate homelessness in Atlanta in partnership with the Regional Commission on Homelessness and the United Way.

FY 2013 FINANCIAL HIGHLIGHTS — continued

Project Based Rental Assistance (PBRA) Program

At the end of FY 2013, 4,358 households were supported under AHA's PBRA program, which included payments to related Owner Entities of AHA-Sponsored master-planned communities, unrelated private-sector owners of mixed-income developments and unrelated owners of Supportive Housing. Significant FY 2013 accomplishments include:

- Provided a total of **$33.3 million** in payments under this program.
- Provided rental assistance to 2,403 households in PBRA mixed-income developments under PBRA agreements with private property owners compared to 2,417 at the end of FY 2012.
- Increased the number of households served by a net of 82 at AHA-Sponsored master-planned communities under PBRA agreements with Owner Entities, bringing the total to 1,409 at the end of FY 2013.
- Increased the number of participants served to 546 in AHA-assisted Supportive Housing environments with PBRA agreements under AHA's Supportive Housing program compared to 536 at the end of FY 2012.

Operating Subsidy Provided to Owner Entities of Master-Planned Communities

AHA continued to serve 2,471 families in public-housing-assisted units in AHA-Sponsored mixed-income, mixed-finance rental communities, providing **$14.6 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.

Operating Expense and Capital Improvements at the AHA-Owned Residential Communities

AHA continued to serve households in two small-family communities and advance the strategic goals of independent living and improving the quality of life for elderly and disabled persons "aging well" at the 11 senior high-rises as follows:

- Funded $11.1 million in operating expenses not covered by tenant rents including human development services, to support 1,942 households.
- Invested an additional $12.9 million for renovation construction projects designed to improve the quality of life at senior high-rises including energy conservation and efficiency solutions started in FY 2012, fully utilizing the balance of the Energy Performance Contract (EPC) capital lease secured during FY 2012.
- Began to realize the benefit of the energy and efficiency improvements through energy savings.

FY 2013 FINANCIAL HIGHLIGHTS — continued

Revitalization Activities

AHA funded over $14 million for revitalization activities during FY 2013 as AHA and its private-sector development partners continued to advance the Master Plans for the mixed-use, mixed-income communities. Significant accomplishments during FY 2013 follow.

Auburn Pointe — Grady Homes Revitalization

- Consummated the financial closing and began construction on Ashley Auburn Pointe II, a 150-unit mixed-income multi-family community consisting of 51 public housing-assisted (PH)/9% Low-Income Housing Tax Credits (LIHTC) units, 39 LIHTC-only units and 60 market-rate units. Completion of construction and start of lease-up are scheduled for FY 2014.

Capitol Gateway — Capitol Homes Revitalization

- Initiated remediation and demolition activities for structures located on land acquired to expand future mixed-use residential development.
- Under the Livable Communities Initiative, the Atlanta Regional Commission, the City of Atlanta and AHA funded streetscape improvements along Memorial Drive; construction was completed by AHA's development partner in FY 2013.

Centennial Place — Techwood/Clark Howell Revitalization

- Received approval from HUD for the Reformulation Demonstration Program, authorizing the conversion of the public-housing-assisted units in Centennial Place Phases I–IV from Section 9 operating subsidy to Section 8 Project Based Rental Assistance.

FY 2013 FINANCIAL HIGHLIGHTS — continued

- Integral Development, as the Managing General Partner of the Owner Entity, submitted applications for 9% LIHTC for Centennial Place Phase I (181 units consisting of 74 PBRA/LIHTC units, 40 LIHTC-only units and 67 market-rate units) and Phase II (177 units consisting of 70 PBRA/LIHTC units, 37 LIHTC-only units and 70 market-rate units) as preservation projects in conjunction with the Reformulation Demonstration Program.

CollegeTown at West End — Harris Homes Revitalization

- Provided down payment assistance in the form of subordinated loans to 15 home buyers utilizing Builder/Owner Agreements for homes already constructed within three miles of the former Harris Homes site.

Mechanicsville — McDaniel Glenn Revitalization

- Supported a demonstration program sponsored by the City of Atlanta, Georgia Department of Community Affairs, and AHA's private-sector development partners, for scattered-site neighborhood stabilization and a lease-to-own homeownership initiative using 9% LIHTC. The financial closing for this initiative is anticipated to occur in FY 2014.
- Provided down payment assistance in the form of subordinated loans to 11 home buyers through Builder/Owner Agreements for homes already constructed within three miles of the former McDaniel Glenn site.

FY 2013 FINANCIAL HIGHLIGHTS — continued

The Villages at Carver — Carver Homes Revitalization

- AHA's private-sector development partner procured a retail development consultant to analyze feasibility and make development recommendations for the Carver retail sites.
- AHA negotiated the sale of property to Fulton County in support of the development of a regional library. Closing is anticipated to take place in FY 2014.

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

- AHA's development partner continued to construct single-family homes and sold 16 homes during the year. AHA participated in the net profit, if any, from the sale of these homes.
- AHA provided down payment assistance in the form of subordinated loans to three eligible home buyers.
- Executed contract with AHA's private-sector development partner to begin on-site public improvements to support the future construction of 154 single-family homes.

Scholars Landing — University Homes Revitalization

- AHA's private-sector development partner completed construction and lease-up of Veranda at Scholars Landing, a 100-unit independent-living senior community consisting of 100 PBRA/LIHTC units.
- AHA's private-sector development partner received an allocation of LIHTC for Oasis at Scholars Landing, which will be the first affordable assisted-living community in Georgia involving the use of LIHTC. This community will consist of 60 PBRA/LIHTC units. The financial closing and commencement of construction will occur in FY 2014.

FY 2013 FINANCIAL HIGHLIGHTS — continued

Choice Neighborhoods

- AHA received a $250,000 Choice Neighborhoods Planning Grant from HUD in FY 2011, supporting the development of a Neighborhood Transformation Plan (NTP) to revitalize the former University Homes and the surrounding area. AHA submitted an application to HUD in response to a FY 2013 Notice of Funding Availability for a Choice Neighborhoods Implementation Grant during the first quarter of FY 2014.

FINANCIAL ANALYSIS

CONDENSED STATEMENTS OF REVENUE, EXPENSE AND CHANGES IN NET POSITION *

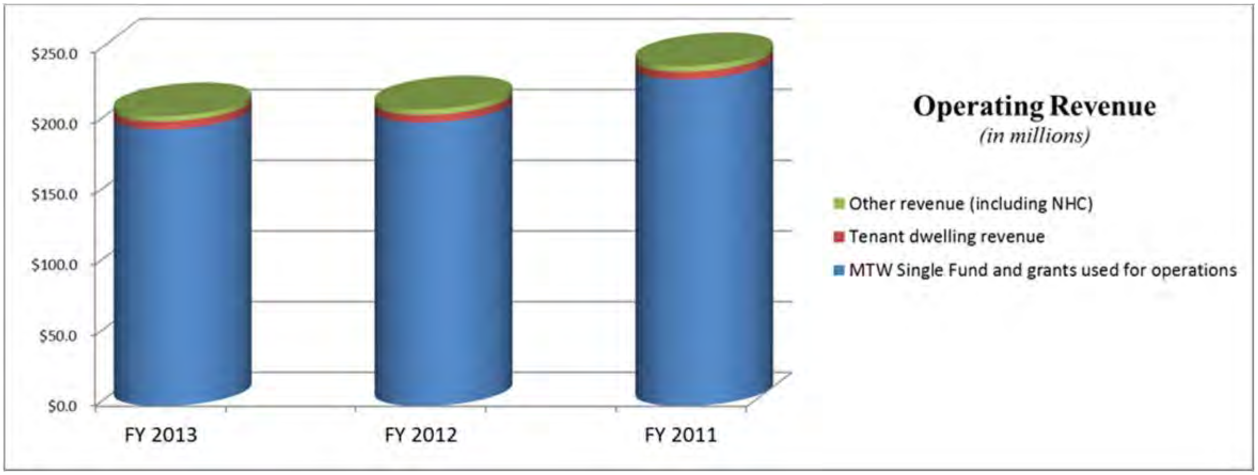
Years ended June 30,

(in millions)

	2013	2012	2011	2013 vs. 2012 Increase/ (Decrease)	2012 vs. 2011 Increase/ (Decrease)
Operating revenue:					
MTW Single Fund and grants used for operations	$ 195.7	$ 200.5	$ 231.0	$ (4.8)	$ (30.5)
Tenant dwelling revenue	5.6	5.4	5.4	0.2	0.0
Other revenue (including NHC)	3.8	4.0	4.1	(0.2)	(0.1)
Total operating revenue	205.1	209.9	240.5	(4.8)	(30.6)
Operating expense:					
Housing assistance payments (HAP)	137.0	140.6	147.4	(3.6)	(6.8)
Utilities, maintenance and protective services	13.1	13.8	13.0	(0.7)	0.8
Resident and participant services	3.6	4.0	3.6	(0.4)	0.4
General and administrative, including direct operating division and NHC expense	50.5	48.9	48.9	1.6	0.0
Depreciation and amortization	11.3	7.7	7.5	3.6	0.2
Total operating expense	215.5	215.1	220.4	0.5	(5.4)
Net operating income (loss)	(10.3)	(5.2)	20.1	(5.2)	(25.0)
Non-operating revenue:					
MTW Single Fund used for modernization	12.2	4.5	22.1	7.8	(17.6)
Capital grant revenue used for revitalization	6.0	1.6	16.3	4.6	(14.7)
Interest and investment income	0.5	1.2	0.4	(0.5)	0.6
Gain on sale of land	(0.0)	0.0	0.1	(0.0)	(0.1)
Total non-operating revenue	18.7	7.2	38.9	11.8	(31.8)
Non-operating expense:					
Demolition and remediation expense	0.2	0.6	7.4	(0.3)	(6.8)
Other revitalization expense	0.8	2.4	1.2	(1.7)	1.2
Relocation-related expense	-	0.1	2.6	(0.1)	(2.5)
Valuation allowance expense	0.4	0.8	1.9	(0.5)	(1.1)
Interest expense	0.2	0.7	0.1	(0.6)	0.7
Total non-operating expense	1.6	4.6	13.2	(3.0)	(8.6)
Net non-operating revenue (expense)	17.1	2.6	25.6	14.8	(23.0)
Change in net position	6.8	(2.6)	45.7	9.4	(48.3)
Net position — beginning of year	433.2	435.8	390.1	(2.6)	45.7
Net position — end of year	$ 440.0	$ 433.2	$ 435.8	$ 6.8	$ (2.6)

** As a result of rounding, the sum of individual line items may deviate slightly from the actual total.*

OPERATING REVENUE



FY 2013 vs. FY 2012

Total operating revenue decreased **$4.8 million** year-over-year primarily due to delays in draws from HUD based on AHA's Cash Management Strategy.

FY 2012 vs. FY 2011

Total operating revenue decreased **$30.6 million** year-over-year primarily due to a **$30.5 million** decrease in ***MTW Single Fund and grants used for operations*** due to the following:

- ***Public Housing Operating Subsidy*** decreased $5.8 million year-over-year due to the impact of the demolition of the QLI properties and the end of the phase-down subsidy period, as well as a decrease in funding levels by HUD (proration).
- ***Housing Choice Voucher Program*** revenue decreased primarily due to implementation of AHA's Cash Management Strategy impacting the timing of draws from HUD which resulted in a $9.0 million year-over-year decrease.
- ***Capital Fund Program (CFP)*** revenue decreased $8.8 million year-over-year as these funds were available but not drawn in FY 2012 based on AHA's Cash Management Strategy. These funds remain available in future years subject to expenditure deadlines.
- ***ARRA grant*** used for operations decreased $4.6 million year-over-year as AHA drew $4.8 million against the grant for non-capitalized expenditures in FY 2011 compared to $0.2 million in FY 2012.
- ***Development grants used for operations*** decreased $2.3 million year-over-year as AHA drew $5.7 million against the grants for non-capitalized expenditures in FY 2011 compared to $3.4 million in FY 2012.

OPERATING EXPENSE

FY 2013 vs. FY 2012

Total operating expense remained relatively consistent between years, increasing by **$0.5 million** year-over-year primarily due to the offsetting changes by category which follow:

- ***Housing Assistance Payments (HAP)*** consist of payments to landlords under the Tenant-Based Housing Choice Voucher Program, rental assistance paid to unrelated private-sector owners and related Owner Entities under the PBRA Program, and operating subsidy paid to related Owner Entities of the mixed-income, mixed-finance (MIMF) rental communities. HAP decreased by a net of **$3.6 million** year-over-year as presented below:

Housing Assistance Payments by Program *(in millions)*	2013	2012	2011	2013 vs. 2012 Increase/ (Decrease)	2012 vs. 2011 Increase/ (Decrease)
Tenant-Based Housing Choice Vouchers	$ 89.1	$ 94.9	$ 104.7	$ (5.8)	$ (9.8)
Project Based Rental Assistance (PBRA)	33.3	31.6	29.2	1.7	2.4
MIMF Operating Subsidy	14.6	14.1	13.5	0.5	0.6
Total Housing Assistance Payments	$ 137.0	$ 140.6	$ 147.4	$ (3.6)	$ (6.8)

  - ***Tenant-Based Housing Choice Voucher*** payments decreased by **$5.8 million** year-over-year. Although AHA entered into Housing Choice Rental Agreements with respect to 357 households pulled from the HCVP waiting list during FY 2013, the number of families served at the end of FY 2013 versus FY 2012 remained relatively constant. The decrease in HAP expense was primarily due to a full year's impact of the attrition which occurred during FY 2012 and normal attrition during FY 2013, combined with a reduction in the average cost per voucher as a result of AHA's rent reasonableness process.

OPERATING EXPENSE — continued

  - ***Project Based Rental Assistance (PBRA)*** paid to Owner Entities of AHA-Sponsored master-planned communities, private-sector owners of mixed-income developments and owners of Supportive Housing increased by **$1.7 million** year-over-year. The increase was primarily due to new units coming on-line during FY 2013 and full year funding for units that came on-line during FY 2012.
  - ***Mixed-Income, Mixed-Finance (MIMF) Operating Subsidy*** for public housing-assisted units in AHA-Sponsored mixed-income, mixed-finance rental communities increased by **$0.5 million** year-over-year. This increase was primarily due to a combination of slightly higher operating expense at the communities and the full year impact of 47 units that came on-line during FY 2012.

- ***Utilities, maintenance and protective services*** decreased **$0.7 million** year-over-year primarily as a result of $0.9 million in lower utility expenses at the AHA-Owned Residential Communities resulting from savings from EPC improvements, lower utility rates and milder weather. This decrease was partially offset by slight increases in maintenance and protective services.
- ***Resident and participant services*** decreased **$0.4 million** year-over-year primarily as a result of a reduction in staffing costs due to department reorganization as part of AHA's business transformation.
- ***General and administrative, including direct operating division and National Housing Compliance (NHC) expense***, increased **$1.6 million** year-over-year primarily due to a $1.1 million increase in salaries and related benefits due to merit increases and business transformation impacts; a $0.7 million increase in severance expense primarily due to reorganization of various departments as a part of the business transformation; and a $0.6 million increase in professional services/staff augmentation costs associated with business transformation, including support for the implementation of the ERP solution. These increases were offset by a combined $0.8 million decrease in various other general and administrative line items.

  While salary expenses increased overall, salary expenses incurred related to NHC activities decreased year-over-year by $0.2 million as, at HUD's direction, NHC suspended field reviews of assisted multi-family properties until HUD's procurement process is finalized. See Note F in the notes to the financial statements for additional information concerning NHC.
- ***Depreciation and amortization*** increased **$3.6 million** year-over-year primarily due to accelerated depreciation taken on capital expenditures incurred at the AHA-Owned Residential Communities dating back to the mid-'90s and, to a lesser degree, an increase in depreciation expense in FY 2013 due to overall increase in capital spending and a change in the mix of assets acquired (shorter lives).

OPERATING EXPENSE — continued

FY 2012 vs. FY 2011

Total operating expense decreased by **$5.4 million** year-over-year with significant changes addressed below:

- ***Housing Assistance Payments (HAP)*** decreased **$6.8 million** year-over-year, itemized by program as follows:
  - ***Tenant-Based Housing Choice Voucher*** payments decreased **$9.8 million** year-over-year primarily due to attrition, absorption of vouchers by various public housing authorities and a decrease in the average cost per voucher.
  - ***Project Based Rental Assistance (PBRA)*** increased **$2.4 million** year-over-year primarily due to new units that came on-line during FY 2012 and full year funding for units that came on-line in FY 2011.
  - ***Mixed-Income, Mixed-Finance (MIMF) Operating Subsidy*** increased **$0.6 million** year-over-year primarily due to slightly higher operating expenses at these communities combined with new units that came on-line during FY 2012.
- ***Utilities, maintenance and protective services*** increased **$0.8 million** year-over-year primarily as a result of addressing deferred maintenance at the AHA-Owned Residential Communities during FY 2012.
- ***Resident and participant services*** increased **$0.4 million** year-over-year primarily as a result of the change in program focus.

NON-OPERATING REVENUE

FY 2013 vs. FY 2012

HUD capital grants are funded through a reimbursement drawdown process; therefore, a decrease in requests for funding of reimbursable expenditures using these grants creates a corresponding decrease in disbursements from HUD for the period. The balances in these grants remain available to draw in future periods subject to expenditure deadlines.

Total non-operating revenue increased by **$11.8 million** year-over-year, primarily due to the following:

- ***MTW Single Fund used for modernization of AHA-Owned properties*** increased **$7.8 million** year-over-year as modernization was substantially funded by the MTW Single Fund during FY 2013 as opposed to EPC capital lease proceeds for much of the work completed during FY 2012.
- ***Capital grant revenue used for revitalization*** increased by **$4.6 million** year-over-year primarily due to increased construction loan and public improvement activity funded by capital grants.

NON-OPERATING REVENUE — continued

- ***Interest and investment income*** decreased by **$0.5 million** year-over-year primarily due to income recognized in related-party construction loan conversions during FY 2012 that did not occur during FY 2013.

FY 2012 vs. FY 2011

Total non-operating revenue decreased by **$31.8 million** year-over-year primarily due to the following:

- ***MTW Single Fund and grants used for modernization of the AHA-Owned properties*** decreased **$17.6 million** year-over-year primarily due to a $15.9 million decrease in the use of ARRA grant funds used for construction activities and the deferred use of $1.7 million of Capital Fund Program funds for modernization, which remain available in future years subject to expenditure deadlines. The American Recovery and Reinvestment Act (ARRA) grant was a one-time stimulus program by the Obama Administration, which allowed AHA (and other PHAs) to make much-needed capital improvements.
- ***Capital grant revenue used for revitalization*** decreased **$14.7 million** year-over-year due to reduced grant-funded acquisition, construction loan and public improvement activity during FY 2012.
- ***Interest and investment income*** increased by **$0.6 million** year-over-year primarily due to the income recognized in related-party construction loan conversions, as well as an increase in the receipt of related-party development interest payments.

NON-OPERATING EXPENSE

FY 2013 vs. FY 2012

Total non-operating expense decreased by **$3.0 million** year-over-year, primarily due to the following:

- ***Demolition and remediation expense*** decreased by **$0.3 million** year-over-year due to reduced demolition and remediation activity.
- ***Other revitalization expense*** decreased by **$1.7 million** year-over-year primarily due to a $0.9 million decrease in AHA-funded public improvements, as well as a one-time $0.8 million contribution in FY 2012 toward revitalization of a city-owned park.
- ***Valuation allowance expense*** decreased by **$0.5 million** year-over-year primarily due to adjustments in various reserves based on management's evaluation of the collectability of outstanding receivables.
- ***Interest expense*** decreased **$0.6 million** year-over-year primarily due to the elimination of the interest expense (including a prepayment premium) on the AHA headquarters building loan which was paid off during FY 2012 and a decrease in interest expense on the EPC capital lease during FY 2013.

NON-OPERATING EXPENSE — continued

FY 2012 vs. FY 2011

Total non-operating expense decreased by **$8.6 million** year-over-year, primarily due to the following:

- ***Demolition and remediation expense*** decreased by **$6.8 million** year-over-year due to completion of QLI related demolition during FY 2011.
- ***Other revitalization expense*** increased by **$1.2 million** year-over-year primarily due to a one-time $0.8 million contribution toward revitalization of a city-owned park as part of the Master Plan, as well as increased AHA-funded public improvement activity at the master-planned communities.
- ***Relocation-related expense*** decreased by **$2.5 million** year-over-year due to completion of QLI relocation during FY 2011 and completion of related human development services activity during FY 2012.
- ***Valuation allowance expense*** decreased by **$1.1 million** year-over-year primarily due to one-time unsecured loans made by AHA during FY 2011 to Owner Entities of the AHA master-planned communities for required improvements to meet Uniform Federal Accessibility Standards (UFAS) pursuant to AHA's Voluntary Compliance Agreement with HUD. Such loans were fully reserved at closing. No UFAS loans were made during FY 2012.
- ***Interest expense*** increased **$0.7 million** year-over-year primarily due to interest on the EPC capital lease that closed in FY 2012, as well as the prepayment premium paid in connection with the payoff of the loan on the AHA headquarters building during FY 2012.

FINANCIAL ANALYSIS — continued

CONDENSED STATEMENTS OF NET POSITION *
As of June 30,

(in millions)

	2013	2012	2011	2013 vs. 2012 Increase/ (Decrease)	2012 vs. 2011 Increase/ (Decrease)
ASSETS:					
Current assets	$ 100.5	$ 109.5	$ 121.3	$ (9.0)	$ (11.8)
Related development loans, receivables and investments in partnerships, net of allowance	174.9	167.9	166.0	7.0	1.9
Capital assets, net of accumulated depreciation	158.4	151.1	143.1	7.3	8.0
Other non-current assets	34.8	34.4	33.1	0.3	1.3
Total assets	468.6	462.9	463.6	5.7	(0.7)
DEFERRED OUTFLOWS	1.9	0.9	0.8	1.0	0.2
Total assets and deferred outflows	$ 470.6	$ 463.8	$ 464.4	$ 6.7	$ (0.5)
LIABILITIES:					
Current liabilities	$ 19.7	$ 20.0	$ 24.4	$ (0.3)	$ (4.4)
Long-term debt, net of current portion	9.0	9.3	2.9	(0.3)	6.4
Other non-current liabilities	1.8	1.3	1.3	0.5	0.1
Total liabilities	30.5	30.6	28.6	(0.1)	2.0
NET POSITION:					
Invested in capital assets, net of related debt	149.0	141.8	139.9	7.2	1.9
Restricted-expendable net assets	215.8	214.9	217.8	0.9	(2.9)
Unrestricted net assets	75.3	76.5	78.1	(1.3)	(1.6)
Total net position	440.0	433.2	435.8	6.8	(2.6)
Total liabilities and net position	$ 470.6	$ 463.8	$ 464.4	$ 6.7	$ (0.5)

** As a result of rounding, the sum of individual line items may deviate slightly from the actual total.*

TOTAL ASSETS AND DEFERRED OUTFLOWS

June 30, 2013 vs. June 30, 2012

Total assets and deferred outflows remained relatively consistent year-over-year reflecting balances of **$470.6** and **$463.8 million,** respectively, at June 30, 2013 and June 30, 2012. Changes by category follow:

- ***Current assets*** decreased by **$9.0 million** year-over-year primarily due to a decrease in Cash of $2.8 million, a decrease in Investments of $2.4 million which reflected the unspent proceeds of the EPC capital lease held in escrow at the end of FY 2012, a decrease in various Receivables totaling $2.5 million and a decrease in Prepaid expenses of $1.3 million primarily due to the processing of the July (FY 2013) subsidy payments in June (FY 2012).
- ***Non-current assets*** increased **$14.6 million** year-over-year primarily due to:
  - a year-over-year increase in ***Related-party development and other loan activity*** of **$7.0 million** which was primarily associated with construction activity at various master-planned, mixed-income communities during FY 2013;
  - a year-over-year increase in ***Capital assets, net of accumulated depreciation*** of **$7.3 million** resulting from capital expenditures of $20 million (including capitalized interest) primarily associated with renovation construction projects designed to improve the quality of life at senior high-rises as well as site improvements and land acquisitions related to revitalization activities partially offset by a $1.5 million land sale during FY 2013. The increase resulting from capital expenditures was offset by various write-offs during FY 2013 based on a comprehensive analysis performed on AHA's capital assets which translated into a reduction of capital assets and associated accumulated depreciation of $19.3 and $18.5 million, respectively. Additionally, accumulated depreciation increased by $10.4 million from current year depreciation; and
  - a year-over-year increase in ***Other non-current assets*** of **$0.3 million** primarily due to an increase in the Perry Bolton Tax Allocation District (TAD) receivable.
- ***Deferred outflows***, which reflects AHA's receivable from HUD for RHF unreimbursed expenditures, increased **$1.0 million** year-over-year primarily due to increased revitalization activity at the end of FY 2013. See Note B.10 in the Notes to the Financial Statements for additional information on Deferred outflows.

June 30, 2012 vs. June 30, 2011

Total assets and deferred outflows remained relatively consistent year-over-year reflecting balances of **$463.8** and **$464.4 million,** respectively, on June 30, 2012 and June 30, 2011.

TOTAL LIABILITIES

June 30, 2013 vs. June 30, 2012

Total liabilities remained consistent year-over-year reflecting balances of **$30.5** and **$30.6 million,** respectively, on June 30, 2013 and June 30, 2012.

- ***Current liabilities*** remained consistent year-over-year reflecting balances of **$19.7** and **$20.0 million**, respectively, on June 30, 2013 and June 30, 2012.
- ***Non-current liabilities***, including ***Long-term debt, net of current portion*** and ***Other non-current liabilities*** remained consistent year-over-year reflecting balances of **$10.8** and **$10.6 million**, respectively, on June 30, 2013 and June 30, 2012.

June 30, 2012 vs. June 30, 2011

Total liabilities increased by **$2.0 million** year-over-year primarily due to the following:

- ***Current liabilities*** decreased by **$4.4 million** year-over-year due primarily to a decrease of $4.8 million in accrued liabilities; $0.7 million in accounts payable and other current liabilities and $0.3 million in the current portion of long-term debt. This decrease was partially offset by an accrual of $1.3 million for agency-wide bonuses earned under the Pay for Performance Program.
- ***Non-current liabilities***, including ***Long-term debt, net of current portion*** and ***Other non-current liabilities*** increased by **$6.5 million** year-over-year primarily due to the addition of the EPC capital lease of $9.3 million partially offset by the payoff of the $3.2 million loan on the AHA headquarters building (including the current portion of $0.3 million).

TOTAL NET POSITION

TOTAL NET POSITION *
As of June 30,
(in millions)

	2013	2012	2011	2013 vs. 2012 Increase/ (Decrease)	2012 vs. 2011 Increase/ (Decrease)
Invested in capital assets, net of related debt	$ 149.0	$ 141.8	$ 139.9	$ 7.2	$ 1.9
Restricted–expendable net assets:					
HUD-funded programs	33.4	39.1	44.2	(5.7)	(5.1)
Related-party development and other loans	173.0	166.4	164.4	6.6	2.0
Related-party development operating reserves	9.3	9.4	9.2	(0.0)	0.1
Unrestricted net assets	75.3	76.5	78.1	(1.3)	(1.6)
Total net position	$ 440.0	$ 433.2	$ 435.8	$ 6.8	$ (2.6)

** As a result of rounding, the sum of individual line items may deviate slightly from the actual total.*

TOTAL NET POSITION — continued

June 30, 2013 vs. June 30, 2012

Total Net Position *(formerly referred to as Net Assets)* was **$440.0 million** and **$433.2 million,** respectively, at June 30, 2013 and June 30, 2012, reflecting a **$6.8 million** increase year-over-year. Changes by category follow:

- ***Invested in capital assets, net of related debt*** includes land, buildings, improvements and equipment less the related debt. The majority of these assets have restricted-use covenants tied to AHA's ownership and cannot be used to liquidate liabilities. AHA generally uses these assets to provide affordable housing to qualified income-eligible families. The **$7.2 million** increase year-over-year reflects a net increase of $7.3 million in capital assets net of depreciation, partially offset by an increase of $0.1 million in related debt. See additional information under **Total assets and deferred outflows** year-over-year analysis on page 40.

- ***Restricted–expendable net assets***, subject to both internal and external constraints, are calculated at the carrying value of restricted assets less related liabilities. These net assets are restricted by time and/or purpose. Restricted–expendable net assets include restrictions for HUD-funded programs, related-party development and other loans, and related development 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.

  Changes in ***Restricted–expendable net assets*** include:

  - ***HUD-funded programs*** represent assets accumulated over the years within the MTW Single Fund that can be used as working capital to implement strategies as prescribed under AHA's MTW Agreement and related MTW Business Plan and Annual Implementation Plans. These assets decreased by **$5.7 million** year-over-year primarily as the result of timing of HUD funding based on AHA's Cash Management Strategy.
  - ***Related-party development and other loans*** represent predevelopment, construction and permanent loans made by AHA related to the development of mixed-income, mixed-finance rental communities. These net assets increased by **$6.6 million** year-over-year as a result of related-party loan advances net of principal payments. AHA's related-party development and other loans receivable are not considered available to satisfy AHA's obligations due to their long-term, contingent nature.
  - ***Related-party development 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 AHA-Sponsored mixed-income, mixed-finance rental communities owned by various Owner Entities. These reserves remained consistent year-over-year.

TOTAL NET POSITION — continued

- ***Unrestricted net assets,*** although referred to as unrestricted, remain subject to varying degrees of restrictions. HUD approval is required, with some limited exceptions, to use or deploy these assets outside of the ordinary course of AHA's business. AHA's eligible business activities are set forth in its HUD-approved MTW 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 decreased by **$1.3 million** year-over-year.

June 30, 2012 vs. June 30, 2011

AHA's ***Total Net Position*** *(formally referred to as Net Assets)* remained relatively consistent year-over-year reflecting balances of **$433.2** and **$435.8 million**, respectively, at June 30, 2012 and June 30, 2011.

ECONOMIC FACTORS

Future HUD Funding — Subsidies and Multi-year Grant Awards

Funding for AHA's Fiscal Year 2014 (FY 2014) is uncertain as subsidies and other resources from HUD for the last six months of the fiscal year will be funded by HUD Federal Fiscal Year 2014 (FFY 2014) appropriations which have not yet been finalized by Congress. On October 17, 2013, the President signed into law H.R. 2775, the "Continuing Appropriations Act, 2014," which provides fiscal year 2014 appropriations for projects and activities of the Federal Government at FFY 2013 sequestration spending levels through Wednesday, January 15, 2014.

Congress must still pass and the President must sign an appropriations bill or continuing resolution(s) which will fund the federal government through September 30, 2014. Based on the contentiousness which surrounded the passage of H.R. 2775, it is uncertain when such action will occur and whether Congress will continue funding at sequestration levels.

AHA has sufficient cash balances and reserves to maintain current operations during FY 2014 in the event Congress applies sequestration to FFY 2014 funding, but would have to adjust its plans for future years if funding reductions continue and no new sources of funding are identified.

Local Market Conditions

Current market conditions in the metropolitan-Atlanta area continue to have a direct impact on AHA-assisted households which will, in turn, impact AHA's FY 2014 rental subsidy expenditures. The ongoing partisan debate in Washington over the FFY 2014 Budget and the continuing resolution to fund the government have added a significant level of uncertainty to the nation's prospects for a near-term recovery from the recession. An October 2013 report issued by the U.S. Bureau of Labor Statistics stated that, while the employment rate for non-farm jobs in the Atlanta metropolitan area has improved by 2.4% (above the national average of 1.7%), which, incidentally helped reduce Atlanta's unemployment rate to 8% in September 2013, Atlanta's overall unemployment rate still exceeded the national average of 7.2%. The construction sector posted the greatest gain in new jobs, while the manufacturing, service industry and government employment sectors posted losses. Employment is trending in a positive direction but primarily in areas that require specific training and skills. Many AHA-assisted household members, unfortunately, fall short on relevant experience and training in those growth areas of the economy and continue to face challenges in gaining and maintaining full-time employment. As a consequence, those households are forced to work several part-time jobs to make ends meet. The resulting impact of lower household incomes is a reduction in the portion of the rent they can afford, thereby increasing the amount of housing subsidy payments that AHA must remit to owners in order to close the gap in the total rent due. Conversely, a significant increase in household income would result in a corresponding decrease in AHA's rental subsidy expenditures.

The overall foreclosure rate in the metropolitan-Atlanta area, currently slightly lower than the national average, continues to trend downward. Notwithstanding these improving conditions, there is still a large inventory of bank-owned properties, including a number of owner-occupied

ECONOMIC FACTORS — continued

properties with mortgages that are underwater with respect to debt and value. The foreclosure or short sale of these properties continues to have an adverse impact on AHA's Housing Choice Voucher Program. In response to these challenges, AHA has strengthened its due diligence process. Such process improvements, coupled with new regulations (e.g., the "Protecting Tenants at Foreclosure Act of 2009"), have helped to mitigate the adverse impact such foreclosures have had on Housing Choice participants. Nonetheless, foreclosures, whenever they occur, still disrupt the lives of participants and result in higher AHA program expenditures.

AHA-Sponsored development activities, in partnership with private-sector developers, rely on private investment and the conditions in the real estate and the financial markets. During FY 2013, the metropolitan-Atlanta real estate market began to strengthen, especially in the multi-family rental market. AHA expects that our real estate development activities will continue to pick up as those markets improve and investors continue to return to the market. During FY 2013, there has also been steady improvement in the sales prices of single family homes with the sustained reduction in excess inventory.

Recent Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has released new pronouncements which will be implemented by the Authority starting in fiscal year 2014 through 2015: GASB 68, *"Accounting and Financial Reporting for Pensions"*; GASB 69, *"Government Combinations and Disposals of Government Operations";* and GASB 70, *"Accounting and Financial Reporting for Nonexchange Financial Guarantees."* See Note V to the Financial Statements.

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.

FINANCIAL STATEMENTS

The Housing Authority of the City of Atlanta, Georgia

STATEMENTS OF NET POSITION

As of June 30, 2013 and 2012

	2013	2012
CURRENT ASSETS		
Cash:		
Unrestricted	$ 54,805,954	$ 60,542,870
Restricted	43,743,926	40,800,144
Total cash	98,549,880	101,343,014
Investments, restricted	-	2,395,868
Receivables, net of allowance of $33,863 and $353,112 in 2013 and 2012, respectively	998,015	3,440,939
Prepaid expense	988,049	2,311,642
Total current assets	100,535,944	109,491,463
NON-CURRENT ASSETS		
Investments, restricted	9,341,052	9,359,926
Related-party development and other loans, development receivables and investments in partnerships, net of allowances of $34,170,098 and $34,639,029 in 2013 and 2012, respectively	174,908,333	167,930,497
Capital assets, net of accumulated depreciation of $109,095,124 and $117,179,696 in 2013 and 2012, respectively	158,435,819	151,092,159
Other assets, net of accumulated amortization and allowance of $4,815,818 and $4,278,414 in 2013 and 2012, respectively	25,409,850	25,065,563
Total non-current assets	368,095,054	353,448,145
TOTAL ASSETS	468,630,998	462,939,608
DEFERRED OUTFLOWS		
HUD receivables (Grants)	1,945,187	910,050
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 470,576,185	$ 463,849,658

The accompanying notes are an integral part of these statements.

	2013	2012
CURRENT LIABILITIES		
Accounts payable	$ 3,411,639	$ 1,102,938
Accrued liabilities	8,127,310	11,158,326
Other current liabilities	7,721,437	7,713,304
Current portion of long-term debt	463,396	-
Total current liabilities	19,723,782	19,974,568
NON-CURRENT LIABILITIES		
Long-term debt, net of current portion	8,988,602	9,293,862
Other non-current liabilities	1,826,633	1,341,235
Total non-current liabilities	10,815,235	10,635,097
TOTAL LIABILITIES	30,539,017	30,609,665
DEFERRED INFLOWS	-	-
NET POSITION		
Invested in capital assets, net of related debt	148,983,821	141,798,296
Restricted–expendable:		
HUD-funded programs	33,441,273	39,146,870
Related-party development and other loans	172,979,706	166,388,111
Related-party development operating reserves	9,341,053	9,359,926
Unrestricted	75,291,315	76,546,790
Total net position	440,037,168	433,239,993
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 470,576,185	$ 463,849,658

The accompanying notes are an integral part of these statements.

The Housing Authority of the City of Atlanta, Georgia

STATEMENTS OF REVENUE, EXPENSE AND CHANGES IN NET POSITION

Years Ended June 30, 2013 and 2012

	2013	2012
Operating revenue:		
MTW Single Fund used for operations	$ 193,894,971	$ 196,943,569
ARRA grant used for operations	-	235,428
Tenant dwelling revenue	5,595,112	5,435,556
Development grants used for operations	1,848,148	3,302,837
Fees earned from National Housing Compliance	820,022	1,302,261
Other operating revenue	2,983,292	2,715,078
Total operating revenue	205,141,545	209,934,729
Operating expense:		
Housing assistance payments	136,984,767	140,645,448
Administrative including direct operating division expense	48,844,339	47,080,893
Utilities, maintenance and protective services	13,095,127	13,809,507
Resident and participant services	3,614,930	4,033,862
General expense	1,497,723	1,589,610
Expense related to National Housing Compliance	176,669	245,938
Depreciation and amortization	11,252,920	7,724,701
Total operating expense	215,466,475	215,129,959
Net operating income (loss)	(10,324,930)	(5,195,230)
Non-operating revenue:		
MTW Single Fund used for Modernization of AHA-Owned Properties	12,186,023	4,492,985
Capital grant revenue — revitalization related	6,026,678	1,572,218
Interest and investment income	537,228	1,153,962
Gain (loss) on sale of assets	(22,645)	7,570
Total non-operating revenue	18,727,284	7,226,735
Non-operating expense:		
Demolition and remediation expense	235,445	551,003
Other revitalization expense	769,591	2,432,976
Relocation-related expense	-	56,789
Valuation allowance	367,413	845,009
Interest expense	232,730	713,807
Total non-operating expense	1,605,179	4,599,584
Change in net position	6,797,175	(2,568,079)
Net position — beginning of year	433,239,993	435,808,072
Net position — end of year	$ 440,037,168	$ 433,239,993

The accompanying notes are an integral part of these statements.

The Housing Authority of the City of Atlanta, Georgia

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2013 and 2012

	2013	2012
Increase (decrease) in cash		
Cash flows from operating activities		
HUD funds used for non-capitalized expense	$ 195,873,937	$ 206,984,746
Receipts from residents	5,572,823	5,356,435
Payments to landlords	(136,984,767)	(140,645,447)
Payments to suppliers	(37,824,524)	(46,738,005)
Payments for employees	(28,669,133)	(24,655,456)
Other receipts	4,751,467	3,643,762
Net cash provided by operating activities	2,719,803	3,946,035
Cash flows from non-capital financing activities		
Net repayments (advances) related to public improvements	1,300,825	(818,533)
Net cash provided by (used by) non-capital financing activities	1,300,825	(818,533)
Cash flows from capital and related financing activities		
Capital grant revenues	16,413,845	16,089,839
Acquisition and modernization of capital assets	(18,587,925)	(15,677,650)
Unrealized and realized gain on sale of fixed assets	1,174,355	7,570
Demolition and remediation expense	(235,445)	(551,003)
Other revitalization expense	(769,591)	(2,432,976)
Related-party development and other loans, development receivables and investments in partnerships	(7,661,474)	(3,149,517)
Interest income on notes receivable	536,927	994,492
Proceeds received from capital lease	158,136	9,293,862
Payments of debt including interest	(238,759)	(3,812,175)
Net cash provided by (used by) capital and related financing activities	(9,209,931)	762,442
Cash flows from investing activities		
Purchases of investments, restricted	-	(2,527,732)
Sales of investments, restricted	2,395,868	-
Interest income on investments, restricted	301	159,470
Net cash provided by (used by) investing activities	2,396,169	(2,368,262)
Net increase (decrease) in cash	(2,793,134)	1,521,681
Cash — beginning of the year	101,343,014	99,821,333
Cash — end of the year	$ 98,549,880	$ 101,343,014

The accompanying notes are an integral part of these statements.

The Housing Authority of the City of Atlanta, Georgia

STATEMENTS OF CASH FLOWS — continued

Years Ended June 30, 2013 and 2012

	2013	2012
Reconciliation of net operating income (loss) to net cash provided by operating activities		
Net operating income (loss)	$ (10,324,930)	$ (5,195,230)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	11,252,920	7,724,701
Operating bad debt expense	17,570	84,881
Relocation-related expense	-	(56,789)
Changes in assets and liabilities related to operating activities		
Decrease in receivables	1,115,337	6,586,823
Decrease (increase) in prepaid expenses	1,323,595	(1,582,587)
Increase (decrease) in accounts payable and accrued liabilities	38,780	(3,234,902)
Increase (decrease) in deferred revenue and public improvements	8,133	(451,853)
Increase (decrease) in other non-current liabilities	(711,602)	70,991
	13,044,734	9,141,265
Net cash provided by operating activities	$ 2,719,803	$ 3,946,035

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

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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 and includes two resident commissioners. The resident commissioners serve one-year terms and the five remaining members serve five-year staggered terms. The Board currently is comprised of six commissioners, including one resident member, with one vacancy. 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*

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.

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS — continued

3. *Affiliate Entities/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.

These blended component units do not issue separate financial statements. 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.
- 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.

NOTE A — ORGANIZATION AND NATURE OF OPERATIONS — continued

- 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.
- Strategic Resource Development Corporation, Inc. (SRDC) is a Georgia not-for-profit corporation created at the direction of the AHA Board to solicit and accept charitable donations to fund AHA initiatives.
- 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). This entity had no activity in recent years.

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 AHOI 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).

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 net position and 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 non-current) are included in the Statements of Net Position. The Statements of Revenue, Expense and Changes in Net Position present increases (revenue) and decreases (expense) in total Net Position. 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 the following GASB Standards:

GASB No. 61, "*The Reporting Entity,*" an amendment of GASBs No. 14 and 34. This Standard modifies certain requirements for inclusion of component units in the financial reporting entity. The Authority identified no changes to its reporting entity resulting from the adoption of GASB No. 61.

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, Accounting Principles Board Opinions (APB) and Accounting Research Bulletin (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.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

GASB No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."* This Standard amends the net asset reporting requirements in GASB No. 34, *"Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments"* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The adoption of this standard resulted in changes to captions in the basic financial statements. The Authority had transactions that resulted in deferred outflows as a result of GASB 63.

GASB No. 65, *"Items Previously Reported as Assets and Liabilities."* This Standard clarifies financial reporting by (1) classifying certain items that were previously reported as assets and liabilities as deferred outflows or deferred inflows of resources and (2) recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expense) or inflows of resources (revenue). AHA had deferred outflows consisting of $1,945,187 and $910,050 as of June 30, 2013 and 2012, respectively. The deferred outflows consisted of capital costs associated with the RHF grants that had been expended by AHA but had not yet been reimbursed by HUD. Accounting changes adopted to conform to the provision of GASB 65 have been applied retroactively by restating the fiscal year 2012 Financial Statements.

2. *Inter-company and Inter-program Receivables and Payables*

Inter-company and inter-program 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-program balances net to zero in combination and, hence, are eliminated for financial statement presentation. All programs aggregate into one single enterprise fund.

3. *Fair Value of Financial Instruments*

The carrying amount of AHA's financial instruments at June 30, 2013 and 2012, 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, 2013 and 2012 consisted primarily of prepaid insurance premiums and service contracts.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

6. *Restricted Assets*

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

7. *Related-Party Development and Other Loans and Valuation Allowance*

Related-Party Development Loans

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. During FY 2013, loan advances were funded from Replacement Housing Factor funds. Prior to FY 2013, the loans advances were funded using MTW Funds, HOPE VI grants, public-housing-development funds and/or Replacement Housing Factor funds. The loans are amortized over periods generally up to 55 years and bear interest at various rates, 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.

Other Loans

Other loans include various financing arrangements that support AHA's mission and purpose.

Valuation Allowance

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

8. *Other Allowances*

AHA establishes an allowance for all unpaid balances from tenants for accounts receivable older than 60 days.

Under AHA's Down Payment Assistance (DPA) Program, homeownership mortgage down payment loans are made to first time homebuyers. These loans are fully reserved at closing. The homeowner is subject to AHA's recapture policy as part of the terms and conditions of the DPA Program. The term of the subsidy loan is for ten years and can be forgiven based on the following: 100 percent recapture is in effect during the first five years of the loan; and the loan amount begins to burn off at 20 percent increments yearly, starting in year six through year ten.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

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.

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. *Deferred Outflows / Deferred Inflows*

Governmental Accounting Standards Board (GASB) Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,*" and Statement No. 65, "*Items Previously Reported as Assets and Liabilities,*" were implemented by AHA during FY 2013. These statements change the financial reporting requirements for all governmental entities and require such entities to include Deferred Outflows and Deferred Inflows on the Statements of Net Position.

Deferred Outflows of resources and Deferred Inflows of resources are the consumption or acquisition, respectively, of net assets that is applicable to a future reporting period. For AHA, Deferred Outflows primarily consist of reimbursable expenditures which are receivable from HUD and Deferred Inflows would typically consist of overpayments related to HUD grants.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

11. 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 (IRC). Although exempt from state and local property taxes, AHA makes payments in lieu of taxes (PILOT), pursuant to agreements with the City of Atlanta and DeKalb and Fulton counties.

12. 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.

13. Fee and Interest Income Recognition on Related-Party 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. Collection of developer fees are generally tied to equity payments from the tax credit investors.

Interest on the related-party development loans is subordinated and contingent on cash flows from the property. Recognition of interest income does not occur until payments are received or are reasonably expected to be received.

14. 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, fees earned in conjunction with development activities under its Revitalization Program 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 improvements 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 reimbursements for capitalized expenditures under capital grants received from HUD for modernization, revitalization and other development activities, interest and investment income, and gain or loss from the sale of assets. Non-operating expense includes demolition and remediation, revitalization, relocation expenses, adjustments to valuation allowances and interest.

NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — continued

15. 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).

16. 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, amortization, valuation of related-party development and other loans, other operating receivables, operating expense accruals and contingent liabilities are reflected in AHA's financial statements and disclosed in the notes thereto.

17. Budgets

On an annual basis, AHA submits its 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 spending for major activities and programs. Budgets are not required for financial statement presentation.

18. 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 cover potential uninsured losses.

19. 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 position.

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 up to $250,000 per institution or are fully collateralized in accordance with guidance recommended by HUD. HUD requires housing authorities to invest excess HUD funds in obligations of the United States, certificates of deposit or any other federally insured investments.

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

- *Cash — Unrestricted* includes cash available for program purposes including current operations (working capital and reserves). 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 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 — Restricted (current)* includes the proceeds from an Energy Performance Contract capital lease, held in escrow, at June 30, 2012.

- *Investments — Restricted (non-current)* includes operating reserves that 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 cannot be readily liquidated due to such restrictions.

NOTE C — CASH AND INVESTMENTS — continued

Cash and investments at June 30, 2013 consisted of the following:

	Fair value	Collateral held by third party	U.S.-backed securities and treasury obligations
Unrestricted cash:			
MTW working capital and reserves	$ 38,602,034	$ -	$ -
MTW program income	544,403		
National Housing Compliance	8,587,109		
Other	7,072,408		
	54,805,954		
Restricted cash:			
Development-related program income	28,643,548		
Public improvement funds	7,150,243		
Proceeds from disposition activity	3,620,167		
Perry program income	1,457,627		
Harris program income	1,542,767		
Other	1,329,574		
	43,743,926		
Total cash	98,549,880	104,995,486	-
Investments, restricted (current)	-		
Investments, restricted (non-current)	9,341,052	-	9,341,052
Total Cash and Investments	$ 107,890,932	$ 104,995,486	$ 9,341,052

NOTE C — CASH AND INVESTMENTS — continued

Cash and investments at June 30, 2012 consisted of the following:

	Fair value	Collateral held by third party	U.S.-backed securities and treasury obligations
Unrestricted cash:			
MTW working capital and reserves	$ 41,644,667	$ -	$ -
MTW program income	6,196,361		
National Housing Compliance	7,742,331		
Other	4,959,511		
	60,542,870		
Restricted cash:			
Development-related program income	25,606,870		
Public improvement funds	7,408,471		
Proceeds from disposition activity	3,701,896		
Perry program income	1,506,117		
Harris program income	1,734,551		
Other	842,239		
	40,800,144		
Total cash	101,343,014	122,958,259	-
Investments, restricted (current)	2,395,868		
Investments, restricted (non-current)	9,359,926	-	9,359,926
Total Cash and Investments	$ 113,098,808	$ 122,958,259	$ 9,359,926

NOTE D — RECEIVABLES

Current receivables at June 30, 2013 and 2012 consisted of the following:

	2013	2012
HUD receivables (MTW)	$ 23,110	$ 153,927
Predevelopment loans	197,118	297,937
Development and other fees receivable	468,385	937,934
Tenant dwelling rents (net of allowance of $7,492 and $3,112 in 2013 and 2012, respectively)	10,045	4,660
Other receivables (net of allowance of $26,371 and $350,000 in 2013 and 2012, respectively)	268,757	715,055
Public improvement advances	30,600	1,331,426
	$ 998,015	$ 3,440,939
Deferred Outflows		
HUD receivables (Grants)	$ 1,945,187	$ 910,050

NOTE E — RELATED-PARTY DEVELOPMENT AND OTHER LOANS, DEVELOPMENT RECEIVABLES AND INVESTMENTS IN PARTNERSHIPS

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. Related-party development and other loans, development receivables and investments in partnerships at June 30, 2013 and 2012 consisted of the following:

	2013	2012
Development loans (net of allowance of $30,262,101 in 2013 and 2012)	$ 162,656,937	$ 158,551,823
Other loans (net of allowance of $3,371,032 and $3,203,062 in 2013 and 2012, respectively)	10,322,769	7,906,280
Development and other fees receivable (net of allowance of $122,472 and $759,373 in 2013 and 2012, respectively)	1,928,627	1,472,394
Investments in partnerships (net of allowance of $414,493 in 2013 and 2012)	-	-
	$ 174,908,333	$ 167,930,497

NOTE E — RELATED-PARTY DEVELOPMENT AND OTHER LOANS, DEVELOPMENT RECEIVABLES AND INVESTMENTS IN PARTNERSHIPS — continued

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 2013, the subordinated construction loans to Owner Entities increased by a net of $4,105,114.

Other loans

Other loans that support AHA's mission are comprised of various financing arrangements and include (i) loans to the Owner Entities of mixed-income, mixed-finance rental communities for acquisitions and site improvements; (ii) a loan to a private sector development partner, representing the value of the lots supporting the financing and construction of single-family homes as a component of that AHA-Sponsored Master-planned community; (iii) a financing arrangement with a related Owner Entity of a mixed-income, mixed-finance rental community related to a land sale; (iv) loans to the Owner Entities of mixed-income, mixed-finance rental communities in order to meet federal statutory requirements (these loans are fully reserved); (v) predevelopment loans to development partners, typically an affiliate of the Owner Entity, prior to the financial closing to facilitate development of the site (these loans are paid off at the financial closing for the development financing); and (vi) gap financing to facilitate the construction of properties with up to a 15-year renewable PBRA agreement with private owners.

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 Project Based Rental Assistance (PBRA) agreements.

NOTE E — RELATED-PARTY DEVELOPMENT AND OTHER LOANS, DEVELOPMENT RECEIVABLES AND INVESTMENTS IN PARTNERSHIPS — continued

Related-party development income and expense

Related-party development income and expense for the years ended June 30, 2013 and 2012 consisted of the following:

	2013	2012
Type of income (expense):		
Interest income	$ 536,927	$ 724,640
Developer and other fee income	$ 1,782,067	$ 1,701,818
Housing assistance payments to Owner Entities of the mixed-income communities	$ (14,622,550)	$ (14,086,311)
Housing assistance payments to private owners/ Owner Entities where AHA has a PBRA agreement and has advanced a loan	$ (11,010,866)	$ (11,169,518)

Other Related-Party Information

Owner Entity financial statements are audited by independent accounting firms hired by the managing general partner of each respective Owner Entity. See further disclosure in Note B.13 and in the Other Supplementary Information.

NOTE F — OTHER RELATED-PARTY TRANSACTIONS

National Housing Compliance

National Housing Compliance (NHC) was formed in August 1999 as a 501(c)(4) not-for-profit corporation pursuant to the laws of the State of Georgia for the purpose of administering Housing Assistance Payments Contracts between HUD and private owners of multi-family housing with project-based rental assistance. NHC, headquartered in Atlanta, Georgia, is comprised of 11 member organizations, including AHA (Members). NHC earns fees for contract administration services as HUD’s Performance Based Contract Administrator (PBCA) for the states of Illinois and Georgia. NHC makes periodic contributions to Members based on NHC’s earned PBCA revenue in excess of NHC’s operating expenses. As a Member, AHA received unrestricted contributions (operating revenue) of $820,022 and $1,302,261 in FY 2013 and FY 2012, respectively, from NHC activities in Georgia and Illinois.

NOTE F — OTHER RELATED-PARTY TRANSACTIONS — continued

During FY 2012, an amendment was made to NHC's contract with HUD which suspended the PBCA requirement to perform management and occupancy reviews (MORs) of HUD-assisted properties in NHC's PBCA portfolios until HUD could complete its PBCA procurement process for each state. Consequently, NHC advised its Members under their respective subcontract agreements to stop performing MORs. As a result of this action, AHA ceased MOR activities, which, therefore, eliminated the need for compliance staff that performed MORs and reduced the associated salary expense incurred under this activity.

Effective December 31, 2012, NHC and its Members mutually agreed to terminate the subcontract agreements for MORs. As a result of this action, effective January 1, 2013, PBCA revenue distributable to NHC's Members in the form of contributions would be divided equally among the Members without regard to the proportionate share of the Georgia portfolio Members had been previously assigned under their subcontract agreements for their respective areas of operation.

NOTE G — CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2013 consist of the following:

	Balance at June 30, 2012	Additions and reclasses	Deletions and reclasses	Balance at June 30, 2013
Land*	$ 57,417,056	$ 6,247,130	$ (1,399,627)	$ 62,264,559
Land improvements	23,593,003	1,859,099	(946,916)	24,505,186
Buildings and improvements	143,562,067	17,305,334	(14,611,854)	146,255,547
Equipment	30,583,910	5,340,570	(3,807,748)	32,116,732
Modernization in process*	13,115,819	14,792,916	(25,519,816)	2,388,919
	268,271,855	45,545,049	(46,285,961)	267,530,943
Less accumulated depreciation				
Land improvements	(10,347,100)	(1,612,647)	946,916	(11,012,831)
Buildings and improvements	(89,974,516)	(7,020,104)	14,611,854	(82,382,766)
Equipment	(16,858,080)	(2,611,515)	3,770,068	(15,699,527)
	(117,179,696)	(11,244,266)	19,328,838	(109,095,124)
Total capital assets, net	$ 151,092,159	$ 34,300,783	$ (26,957,123)	$ 158,435,819

** Non-depreciable assets*

NOTE G — CAPITAL ASSETS — continued

Changes in capital assets for the year ended June 30, 2012 consist of the following:

	Balance at June 30, 2011	Additions and reclasses	Deletions and reclasses	Balance at June 30, 2012
Land*	$ 52,444,233	$ 4,989,201	$ (16,378)	$ 57,417,056
Land improvements	18,818,902	4,774,101	-	23,593,003
Buildings and improvements	137,298,051	15,326,683	(9,062,667)	143,562,067
Equipment	18,496,733	12,087,177	-	30,583,910
Modernization in process*	25,536,553	11,220,172	(23,640,906)	13,115,819
	252,594,472	48,397,334	(32,719,951)	268,271,855
Less accumulated depreciation				
Land improvements	(9,060,935)	(1,286,165)	-	(10,347,100)
Buildings and improvements	(85,971,804)	(4,002,712)	-	(89,974,516)
Equipment	(14,426,517)	(2,431,563)	-	(16,858,080)
	(109,459,256)	(7,720,440)	-	(117,179,696)
Total capital assets, net	$ 143,135,216	$ 40,676,894	$ (32,719,951)	$ 151,092,159

The cost and accumulated depreciation of AHA assets financed under Energy Performance Contract capital lease as of June 30, 2013 and 2012 were as follows:

	2013	**2012**
Building improvements	$ 5,477,122	$ -
Equipment	3,016,925	-
Modernization in process*	1,909,996	8,655,775
	10,404,043	8,655,775
Less accumulated depreciation	(371,566)	-
	$ 10,032,477	$ 8,655,775

** Non-depreciable assets*

NOTE H — OTHER NON-CURRENT ASSETS

Other non-current assets at June 30, 2013 and 2012 consisted of the following:

	2013	2012
Public improvement advances due from the City of Atlanta and related entities	$ 25,409,850	$ 25,047,719
Home ownership down payment assistance notes (net of allowance of $4,720,267 and $4,200,367 in 2013 and 2012, respectively)	-	-
Loan costs (net of accumulated loan amortization of $39,941 and $31,287 in 2013 and 2012, respectively)	-	8,654
Other (net of allowance of $55,610 and $46,760 in 2013 and 2012, respectively)	-	9,190
	$ 25,409,850	$ 25,065,563

NOTE I — ACCOUNTS PAYABLE

Accounts payable at June 30, 2013 and 2012 consisted of the following:

	2013	2012
Accounts payable, trade	$ 3,395,211	$ 582,229
HUD payable	-	309,170
Other	16,428	211,539
	$ 3,411,639	$ 1,102,938

NOTE J — ACCRUED LIABILITIES

Accrued liabilities at June 30, 2013 and 2012 consisted of the following:

	2013	2012
Accrued expense	$ 3,583,545	$ 6,781,443
Contract retention	853,164	1,284,466
Compensated absences	1,022,971	709,138
Wages payable	2,302,116	2,020,390
Insurance, claims and litigation (Note N)	208,611	208,611
Interest payable	156,903	154,278
	$ 8,127,310	$ 11,158,326

Compensated absences at June 30, 2013 consisted of the following:

	Balance at June 30, 2012	Additions	Reductions	Balance at June 30, 2013	Non-current	Current
Compensated absences	$ 1,353,952	1,054,804	(1,385,785)	$ 1,022,971	$ -	$ 1,022,971

Compensated absences at June 30, 2012 consisted of the following:

	Balance at June 30, 2011	Additions	Reductions	Balance at June 30, 2012	Non-current	Current
Compensated absences	$ 1,206,455	856,635	(709,138)	$ 1,353,952	$ 644,814	$ 709,138

NOTE K — OTHER CURRENT LIABILITIES

Other current liabilities at June 30, 2013 and 2012 consisted of the following:

	2013	2012
Public improvement advances received from the City of Atlanta and related entities	$ 6,728,898	$ 6,985,389
Other	992,539	727,915
	$ 7,721,437	$ 7,713,304

NOTE L — LONG-TERM DEBT

Long-term debt at June 30, 2013 consisted of the following:

	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013	Non-current	Current
EPC Capital Lease	$ 9,293,862	158,136	-	$ 9,451,998	$ 8,988,602	$ 463,396

Long-term debt at June 30, 2012 consisted of the following:

	Balance at July 1, 2011	Additions	Reductions	Balance at June 30, 2012	Non-current	Current
J.W. Dobbs Notes Payable	$ 3,236,703		(3,236,703)	$ -	$ -	$ -
EPC Capital Lease	-	9,293,862	-	9,293,862	9,293,862	-
	$ 3,236,703	9,293,862	(3,236,703)	$ 9,293,862	$ 9,293,862	$ -

Interest expense related to long-term debt was $232,730 and $713,807 for the years ended June 30, 2013 and 2012, respectively.

EPC capital lease

An 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. The EPC structure facilitates financing for the improvements to be repaid through future energy savings resulting from the improvements.

During FY 2012, AHA consummated an Energy Performance Contract (EPC) which combined an EPC capital lease of $9,104,935 with MTW funds to fund capital improvements for energy conservation and efficiency solutions at the AHA-Owned Residential Communities.

During FY 2013 and FY 2012, accrued interest of $158,136 and $188,927, respectively, was capitalized into the lease. The outstanding lease balance at June 30, 2013 and 2012, respectively, was $9,451,998 and $9,293,862. MTW funds of $952,045 were used to supplement the proceeds under the capital lease. The work under this project was substantially complete at June 30, 2013 with total cost of $10,404,043, including capitalized interest.

NOTE L — LONG-TERM DEBT — continued

J.W. Dobbs note payable

On June 29, 2012, AHA prepaid the full amount outstanding of $3,148,942 including the prepayment premium owed under the Amended and Restated Facilities Lease and Option Agreement by and between AHA and 230 John Wesley Dobbs Boulevard Ventures, Inc. and facilitated the release of the AHA headquarters property from the Amended and Restated Deed to Secure Debt held by Bank of America, N.A. The titles to the land and the building at 230 John Wesley Dobbs Avenue and the two parcels of land at the intersection of John Wesley Dobbs Avenue and Bell Street used for parking were transferred to AHA.

Aggregate long-term debt by year

Aggregate long-term debt service payments under the EPC capital lease scheduled for the next five fiscal years and thereafter are as follows:

	Principal	Interest	Total
2014	$ 463,396	$ 461,699	$ 925,095
2015	198,878	444,322	643,200
2016	223,177	434,013	657,190
2017	254,268	423,516	677,784
2018	287,507	412,817	700,324
Thereafter	8,024,772	3,377,171	11,401,943
	$ 9,451,998	$ 5,553,538	$ 15,005,536

NOTE M — OTHER NON-CURRENT LIABILITIES

Other non-current liabilities at June 30, 2013 and 2012 consisted of the following:

	2013	2012
Resident security deposits	$ 337,328	$ 336,661
Deferred rooftop satellite lease revenue	292,305	359,760
Compensated absences (Note J)	-	644,814
Deferred gain for land sale	1,197,000	-
	$ 1,826,633	$ 1,341,235

NOTE N — INSURANCE, CLAIMS AND LITIGATION

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 cover potential uninsured losses.

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. Settled claims have not exceeded the self-insured retention in any part of the past five years. AHA has recorded estimated liabilities of $60,000 and $50,000 as of June 30, 2013 and 2012, respectively.

Litigation and claims

AHA is party to legal actions arising in the ordinary course of business. Certain 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 liability of such litigation could reach up to $300,000, the financial statements include estimated liabilities in the amount of $148,611 and $158,611 as of June 30, 2013 and 2012, respectively.

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 owned by 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 rental communities) may be subject to mortgage liens and other contractual obligations.

NOTE O — CONTINGENCIES AND UNCERTAINTIES — continued

Valuation of related-party development loans

The multi-family rental housing market is affected by a number of factors such as overall economic conditions, unemployment rates, mortgage interest rates, supply and demand, changes in neighborhood demographics and growth of the metropolitan Atlanta area. Because related-party 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 to periodically engage a third-party financial expert to conduct valuation studies. During FY 2012, a valuation study based on a representative sample of such related development loans was completed and it was determined that no increase in valuation reserve was necessary (see further disclosure by Owner Entity in Other Supplementary Information).

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 is the property of AHA. The Plan provides retirement, disability and death benefits to the participants and their beneficiaries.

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) and who elected to take the lump-sum cash payments. In FY 2009, AHA offered and made lump sum cash payments to those plan participants who were no longer employed with AHA, had vested in a retirement benefit but who had not retired nor been certificated by the Plan administrator. AHA is no longer liable to fund future retirement benefits for those 304 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.

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

The recommended contributions were computed as part of the actuarial valuations performed as of January 1, 2013, 2012 and 2011, respectively. 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 the Notes to the 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 year ended June 30, 2013 and 2012, AHA funded pension payments of $1,000,000 and $1,500,000, respectively. Such payments were greater than or equal to AHA's annual required contributions for the respective years.

For the year ended June 30, 2013, AHA's annual pension cost was as follows:

Annual required contribution	$	(204,920)
Amortization of unfunded actuarial accrued liability		(287,588)
Interest		(24,133)
Annual pension costs		(516,641)
Contributions made		1,000,000
Decrease in net pension obligation (NPO)		483,359
NPO at beginning of year		(2,469,626)
Unfunded NPO at end of year	$	(1,986,267)

Three-year trend information is as follows:

	January 1, 2013		January 1, 2012		January 1, 2011	
Market value of assets	$	39,270,758	$	39,048,208	$	40,673,163
Actuarial accrued liability (AAL)	$	42,257,025 *	$	42,610,612 *	$	40,720,186
Unfunded AAL	$	(2,986,267) *	$	(3,562,404) *	$	(47,023)
Covered payroll	$	9,599,723	$	9,401,000	$	10,983,388
AAL as a % of covered payroll		-31.11%		-37.89%		-0.43%
Funded ratio		92.93%		91.64%		99.88%
Annual pension cost (APC)	$	516,641	$	575,285	$	-
Actual contributions during fiscal year	$	1,000,000	$	1,500,000	$	-
Percentage of APC contributed		193.56%		260.74%		n/a
Unfunded net pension obligations after employer contributions	$	(1,986,267)	$	(2,469,626)	$	-

* Based on level equivalent discount rates of 4.9%, 4.9% and 5.5% for 2013, 2012 and 2011, respectively

NOTE P — DEFINED BENEFIT PENSION PLAN — continued

Significant actuarial assumptions used to compute the annual contribution requirement as of the January 1, 2013 valuation date are as follows: 1) the valuation uses the Projected Unit Credit Actuarial Cost method; 2) the Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at January 1, 2013 is 15 years; 3) the Actuarial Value of plan assets is equal to the market value at the date of valuation; 4) the assumed average investment rate of return is 5.5 percent for participants without certificates and 4.25 percent for participants with certificates, for a level equivalent rate of 4.9 percent compounded annually; 5) mortality rates, used to calculate the actuarial accrued liability (AAL) were based upon the RP 2000 tables; and 6) projected salary increases are 4 percent per year.

NOTE Q — DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PLANS

AHA offers its employees a deferred compensation plan created in accordance with IRC 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 $895,729 and $770,030 were made in FY 2013 and FY 2012, 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 IRC 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 $700,031 and $590,231 during FY 2013 and FY 2012, 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.

Both of the plans are administered by Wells Fargo. AHA has no ownership of the plans. Accordingly, the plans' assets are not reported in AHA's financial statements. Upon receipt of appropriate approval, AHA may amend, modify or terminate the plans.

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 $8,985 and $30,172 for FY 2013 and FY 2012, respectively. As of June 30, 2013, three employees were receiving these benefits.

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, mixed-financed rental communities, as discussed further in Note B.7. Revenue derived from these leases is nominal.

The cost and accumulated depreciation of AHA-Owned assets used in leasing activities were as follows, as of June 30, 2013 and 2012:

	2013	2012
Land	$ 28,125,471	$ 28,370,098
Site improvements	24,391,707	23,479,524
Building and improvements	130,515,867	127,812,029
Equipment	21,233,128	16,954,690
Modernization in process	2,295,377	11,862,446
	206,561,550	208,478,787
Less accumulated depreciation	(93,837,522)	(100,009,774)
	$ 112,724,028	$ 108,469,013

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

Years ending December 31,	Amount
2014	$ 121,265
2015	63,328
	$ 184,593

Lease expense was $251,374 and $300,128 for the years ended June 30, 2013 and 2012, respectively.

NOTE T — CONDUIT DEBT

The following bonds, issued by AHA as conduit issuer, 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. AHA has no responsibility for this conduit debt beyond any resources provided by the related loans.

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 mortgage payable balances are as follows:

Property	December 31, 2012	December 31, 2011
Oakland City	$ 2,193,501	$ 2,193,501
Bedford Pines	1,025,531	1,094,360
Bedford Towers	1,817,402	2,096,394
Grant Park	2,682,178	2,727,797
Capital Towers	1,273,645	1,277,794
Capital Avenue	1,387,052	1,417,156
	$ 10,379,309	$ 10,807,002

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.

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. The mortgage payable balances are as follows:

Related development project	December 31, 2012	December 31, 2011
John Hope Community Partnership II, L.P.	$ 10,702,331	$ 10,924,916
Carver Redevelopment Partnership V, L.P.	3,425,000	3,425,000
East Lake Redevelopment II, L.P.	9,840,000	10,240,000
	$ 23,967,331	$ 24,589,916

NOTE U — NET POSITION

Net position (Assets plus Deferred Outflows less Liabilities and Deferred Inflows) are comprised of three components: 1) capital assets, net of related debt; 2) restricted–expendable net assets; and 3) unrestricted net assets.

Capital assets, net of related debt represents the net book value of capital assets, net of outstanding debt used to acquire or lease 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. These net assets are restricted by time and/or purpose. Restricted–expendable net assets include restrictions for HUD-funded programs, related development and other loans, and related-party development operating reserves made in conjunction with the AHA-sponsored mixed-income, mixed-finance rental 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-party 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).

NOTE U — NET POSITION — 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 — RECENT ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued new pronouncements which will be implemented by the Authority starting in fiscal year 2014 through 2015: GASB 68, *"Accounting and Financial Reporting for Pensions"*; GASB 69, *"Government Combinations and Disposals of Government Operations";* and GASB 70, *"Accounting and Financial Reporting for Non-exchange Financial Guarantees."*

GASB 68 will bring public pension accounting more in line with the private sector rules. Under the new standards, the financial statements will contain a liability which is the amount of the unfunded pension liability which is referred to in the new standards as the net pension liability (NPL). The NPL is the total pension liability (TPL) less the plan's fiduciary net position (PFNP). The PFNP represents the fair value of plan assets which are available to pay the pension benefits. The NPL is measured as of a date no earlier than the end of the employer's prior fiscal year (measurement date). AHA included a $1,500,000 contribution to the Pension Plan in its FY 2014 Comprehensive Operating and Capital Budget. If AHA does not fund the balance of the NPL (based on the actuarial model prepared by the Pension Plan administrator as of January 1, 2014) within its next fiscal year, this pronouncement could have a material impact on AHA's Financial Statements.

GASB 69 establishes accounting and financial reporting standards related to governmental combinations and disposals of governmental operations (in this statement, the term *combination* refers to mergers, acquisitions and transfers of operations). The distinction between a government merger and a government acquisition is based on whether an exchange of significant consideration is present within the transaction. Mergers are combinations without the exchange of significant consideration; mergers would require the use of carrying values to measure the assets and liabilities in the merger. Acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration; acquisitions would require a measurement of assets acquired and liabilities assumed to be based upon their acquisition values. This Statement is effective for reporting periods beginning after December 15, 2013.

NOTE V — RECENT ACCOUNTING PRONOUNCEMENTS — continued

GASB 70 defines a non-exchange financial guarantee as a financial guarantee extended for the obligations of another government, not-for-profit entity, or a private entity without receiving equal or approximately equal value in exchange. The Statement requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is likely that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of future cash outflows related to the guarantee. The Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation to recognize a liability until legally released as an obligor. The Statement further provides additional guidelines for intra-entity non-exchange financial guarantees involving blended component units. This Statement is effective for reporting periods beginning after June 15, 2013.

NOTE W — SUBSEQUENT EVENTS

The AHA Board of Commissioners decided at its September 3, 2013 meeting to implement a change in leadership at AHA, by accepting the resignation of Renee Lewis Glover, effective September 4, 2013, pursuant to the Separation and Consultation Agreement, between Ms. Glover and AHA. Ms. Glover had led AHA as its President and CEO since September 1, 1994, during which AHA underwent 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 appointed Joy W. Fitzgerald, the Chief Real Estate Officer of AHA, as the Interim President and CEO of AHA, effective September 4, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE OF PENSION FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Overfunded (Unfunded) AAL	Funded Ratio	Covered Payroll	Overfunded (Unfunded) AAL as a % of Covered Payroll
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%
January 1, 2012	$39,048,208	$42,610,612	($3,562,404)	91.64%	$9,401,000	-37.89%
January 1, 2013	$39,270,758	$42,257,025	($2,986,267)	92.93%	$9,599,723	-31.11%

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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, 2013

	Project Total	Moving to Work Demonstration Program	Housing Choice Vouchers	Mainstream Vouchers	Revitalization of Severely Distressed Public Housing	Choice Neighborhoods Planning Grant	Component Units
CURRENT ASSETS							
Cash:							
Unrestricted	$ 274,221	$ 38,471,487	$ -	$ -	$ -	$ -	$ 2,829,503
Restricted	1,329,574	-	-	-	1,061	-	-
Total cash	1,603,796	38,471,487	-	-	1,061	-	2,829,503
Receivables, net of allowance	2,146,623	(29,335)	183,874	23,109	-	7,384	-
Investments, restricted	-	-	-	-	-	-	-
Prepaid expenses and other assets	90,932	-	-	-	-	-	5,076
Interprogram - due from	1,716,285	576,945	-	-	66,360	3,111	351,992
Total current assets	5,557,636	39,019,097	183,874	23,109	67,421	10,495	3,186,571
NON-CURRENT ASSETS							
Capital Assets, net of accumulated depreciation	112,724,027	35,393	-	-	-	-	45,423,706
Notes, Loans and Mortgages Receivable - Non-Current	-	55,610	-	-	-	-	2,460,000
Other Assets	487,266	4,847,027	-	-	8,910,118	-	-
Total non-current assets	113,211,294	4,938,030	-	-	8,910,118	-	47,883,706
TOTAL ASSETS	$ 118,768,930	$ 43,957,127	$ 183,874	$ 23,109	$ 8,977,539	$ 10,495	$ 51,070,277
CURRENT LIABILITIES							
Accounts payable	$ 1,569,701	$ 49,090	$ -	$ -	$ -	$ -	$ 41,979
Accrued liabilities	1,346,163	195,525	-	-	-	-	56,920
Other current liabilities	1,488,245	85,085	62,687	-	709	-	-
Current Portion of long-term debt	463,396	-	-	-	-	-	-
Interprogram - due to	1,775,160	10,596	-	-	929,128	-	-
Total current liabilities	6,642,665	340,295	62,687	-	929,837	-	98,899
NON-CURRENT LIABILITIES							
Long-term debt, net of current portion	8,988,602	-	-	-	-	-	1,263,000
Other non-current liabilities	359,761	-	-	-	-	-	1,197,000
Total non-current liabilities	9,348,363	-	-	-	-	-	2,460,000
TOTAL LIABILITES	15,991,028	340,295	62,687	-	929,837	-	2,558,899
NET ASSETS							
Invested In capital assets, net of related debt	103,272,029	35,393	-	-	-	-	44,160,706
Restricted net assets	(3,420,340)	38,840,864	121,187	23,109	-	-	3,053,118
Unrestricted net assets	2,926,213	4,740,575	-	-	8,047,702	10,495	1,297,554
TOTAL NET ASSETS	102,777,902	43,616,832	121,187	23,109	8,047,702	10,495	48,511,378
TOTAL LIABILITIES AND NET ASSETS	$ 118,768,930	$ 43,957,127	$ 183,874	$ 23,109	$ 8,977,539	$ 10,495	$ 51,070,277

Other Federal Program	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
$ -	$ 951,121	$ 8,914,823	$ -	$ -	$ -	$ -	$ 3,364,799	$ 54,805,953	$ -	$ 54,805,953
44,116	7,149,182	35,219,993	-	-	-	-	-	43,743,927	-	43,743,927
44,116	8,100,303	44,134,816	-	-	-	-	3,364,799	98,549,880	-	98,549,880
-	30,600	555,277	-	-	-	-	25,671	2,943,203	-	2,943,203
-	-	9,341,053	-	-	-	-	-	9,341,053	-	9,341,053
-	-	-	-	-	-	-	892,041	988,049	-	988,049
191	-	-	-	-	-	-	-	2,714,884	(2,714,884)	-
44,308	8,130,903	54,031,146	-	-	-	-	4,282,511	114,537,070	(2,714,884)	111,822,185
-	-	-	-	-	-	-	1,310,672	159,493,798	(1,057,980)	158,435,818
-	-	173,251,105	-	-	-	-	-	175,766,716	(1,263,000)	174,503,716
-	3,366,022	8,204,033	-	-	-	-	-	25,814,466	-	25,814,466
-	3,366,022	181,455,138	-	-	-	-	1,310,672	361,074,979	(2,320,980)	358,753,999
$ 44,308	$ 11,496,925	$ 235,486,284	$ -	$ -	$ -	$ -	$ 5,593,183	$ 475,612,049	$ (5,035,864)	$ 470,576,185
$ 11,576	$ -	$ 22,672	$ -	$ -	$ -	$ -	$ 1,700,193	$ 3,395,211	$ -	$ 3,395,211
6,605	28,000	5,253	-	-	-	-	1,867,035	3,505,501	-	3,505,501
-	6,788,050	772,823	-	-	-	-	3,431,948	12,629,547	-	12,629,547
-	-	-	-	-	-	-	-	463,396	-	463,396
-	-	-	-	-	-	-	-	2,714,884	(2,714,884)	-
18,181	6,816,050	800,748	-	-	-	-	6,999,176	22,708,538	(2,714,884)	19,993,654
-	-	-	-	-	-	-	-	10,251,602	(1,263,000)	8,988,602
-	-	-	-	-	-	-	-	1,556,761	-	1,556,761
-	-	-	-	-	-	-	-	11,808,363	(1,263,000)	10,545,363
18,181	6,816,050	800,748	-	-	-	-	6,999,176	34,516,901	(3,977,884)	30,539,017
-	-	-	-	-	-	-	1,310,672	148,778,800	205,020	148,983,820
-	-	181,123,758	-	-	-	-	(2,716,665)	217,025,031	(1,263,000)	215,762,031
26,126	4,680,875	53,561,778	-	-	-	-	-	75,291,317	-	75,291,317
26,126	4,680,875	234,685,536	-	-	-	-	(1,405,993)	441,095,148	(1,057,980)	440,037,168
$ 44,308	$ 11,496,925	$ 235,486,284	$ -	$ -	$ -	$ -	$ 5,593,183	$ 475,612,049	$ (5,035,864)	$ 470,576,185

The Housing Authority of the City of Atlanta, Georgia

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

Year Ended June 30, 2013

	Project Total	Moving to Work Demonstration Program	Housing Choice Vouchers	Mainstream Vouchers	Revitalization of Severely Distressed Public Housing	Choice Neighborhoods Planning Grant	Component Units
Tenant Revenue	$ 5,595,112	$ -	$ -	$ -	$ -	$ -	$ -
HUD PHA Operating Grants	1,848,148	-	7,557,390	737,109	-	23,520	-
Capital Grants	6,026,678	-	-	-	-	-	-
Other Fees	67,455	-	-	-	-	-	-
Interest and Investment Income	-	-	-	-	-	-	-
Other Revenue	185,674	110,393	-	-	-	-	479,379
Gain or Loss on Sale of Capital Assets	(40,627)	-	-	-	-	-	-
TOTAL REVENUE	13,682,440	110,393	7,557,390	737,109	-	23,520	479,379
Administrative	4,739,925	161,350	427,164	44,964	7,318	23,520	322,447
Tenant Services	1,561,010	-	-	-	-	-	-
Utilities, maintenance and protective services	11,601,777	9,564	-	-	-	-	1,170,115
General expenses	1,056,184	1,021,413	23,111	-	-	-	61,141
Interest expense	232,730	-	-	-	-	-	-
Extraordinary Maintenance	880,051	122,485	-	-	-	-	-
Housing Assistance Payments	14,622,550	114,768,227	6,889,400	692,145	-	-	-
Depreciation Expense	9,597,836	317,009	-	-	-	-	1,006,009
TOTAL EXPENSES	44,292,062	116,400,049	7,339,674	737,109	7,318	23,520	2,559,713
Operating Transfer In	76,410,441	198,349,691	7,278,663	822,963	4,836,837	33,659	-
Operating Transfer Out	(76,410,441)	(47,228,584)	(7,014,321)	(846,072)	(234,396)	(34,727)	-
Operating Transfers from/to Component Unit	-	-	-	-	19,845	-	(7,048,343)
Transfers between Program and Project - In	21,956,611	-	-	-	-	-	-
Transfers between Project and Program - Out	-	(17,961,058)	-	-	(424,020)	-	-
Total Other financing Sources (Uses)	21,956,611	133,160,049	264,342	(23,109)	4,198,266	(1,068)	(7,048,343)
Change in net assets	(8,653,010)	16,870,393	482,057	(23,109)	4,190,948	(1,068)	(9,128,677)
NET ASSETS - beginning of year	106,638,552	34,880,731	-	-	(1,153,858)	(11)	43,798,097
Prior Period Adjustments, Equity Transfers and Correction of Errors	4,792,361	(8,134,292)	(360,871)	46,218	5,010,612	11,574	13,841,958
NET ASSETS - end of year	$ 102,777,902	$ 43,616,832	$ 121,187	$ 23,109	$ 8,047,702	$ 10,495	$ 48,511,378

Other Federal Program	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
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,595,112	$ -	$ 5,595,112
-	-	80,329	11,382,721	-	186,966,970	-	-	208,596,187	-	208,596,187
-	-	-	-	-	-	-	-	6,026,678	-	6,026,678
-	-	73,703	-	-	-	-	1,373,067	1,514,225	(1,373,067)	141,158
-	-	-	-	-	-	-	-	-	-	-
-	-	2,986,598	-	-	-	-	24,929	3,786,973	(254,634)	3,532,339
-	-	-	-	-	-	-	17,982	(22,645)	-	(22,645)
-	-	3,140,631	11,382,721	-	186,966,970	-	1,415,978	225,496,531	(1,627,701)	223,868,829
69,646	-	208,363	-	-	-	-	42,347,141	48,351,838	(1,627,701)	46,724,137
-	-	-	-	-	-	-	1,051,741	2,612,751	-	2,612,751
-	-	0	-	-	-	-	484,180	13,265,636	-	13,265,636
-	-	245,246	-	-	-	-	2,586,582	4,993,678	-	4,993,678
-	-	-	-	-	-	-	-	232,730	-	232,730
2,500	-	-	-	-	-	-	-	1,005,036	-	1,005,036
-	-	1,132	-	-	-	-	11,313	136,984,767	-	136,984,767
-	-	-	-	-	-	-	332,067	11,252,920	-	11,252,920
72,146	-	454,742	-	-	-	-	46,813,024	218,699,356	(1,627,701)	217,071,655
32,874	627,557	8,367,247	-	-	-	-	43,449,065	340,208,997	21,437	340,230,434
(131,147)	(3,880,051)	(6,101,004)	(11,382,721)	-	(186,966,970)	-	-	(340,230,434)	-	(340,230,434)
-	-	5,713,823	-	-	-	-	1,336,112	21,437	(21,437)	-
-	-	-	-	-	-	-	1,606,019	23,562,630	-	23,562,630
-	-	(4,904,357)	-	-	-	-	(273,195)	(23,562,630)	-	(23,562,630)
(98,273)	(3,252,494)	3,075,709	(11,382,721)	-	(186,966,970)	-	46,118,001	-	-	-
(170,419)	(3,252,494)	5,761,598	-	-	-	-	720,956	6,797,175	-	6,797,175
(10,873)	25,700,272	225,172,312	-	-	-	-	(727,249)	434,297,973	(1,057,980)	433,239,993
207,419	(17,766,903)	3,751,626	-	-	-	-	(1,399,702)	-	-	-
$ 26,126	$ 4,680,875	$ 234,685,536	$ -	$ -	$ -	$ -	$ (1,405,993)	$ 441,095,148	$ (1,057,980)	$ 440,037,168

The Housing Authority of the City of Atlanta, Georgia

FINANCIAL DATA SCHEDULE OF COMBINING BALANCE SHEET ACCOUNTS

As of June 30, 2012

	Project Total	Moving to Work Demonstration Program	Housing Choice Vouchers	Mainstream Vouchers	Revitalization of Severely Distressed Public Housing	Choice Neighborhoods Planning Grant	Component Units
CURRENT ASSETS							
Cash:							
Unrestricted	$ 3,000,050	$ 38,644,617	$ -	$ -	$ -	$ -	$ 2,644,965
Restricted	336,661	-	-	-	-	-	15,000
Total cash	3,336,711	38,644,617	-	-	-	-	2,659,965
Receivables, net of allowance	1,372,554	287,518	47,921	153,927	-	9,428	-
Investments, restricted	2,395,868	-	-	-	-	-	-
Prepaid expenses and other assets	1,884,346	36,862	-	-	-	-	1,945
Interprogram - due from	40,607,083	18,684,808	-	-	-	-	94,452
Total current assets	49,596,562	57,653,805	47,921	153,927	-	9,428	2,756,362
NON-CURRENT ASSETS							
Capital Assets, net of accumulated depreciation	108,421,231	352,401	-	-	157,899	-	42,248,789
Notes, Loans and Mortgages Receivable - Non-Current	-	8,468	-	-	-	-	108,000
Other Assets	-	9,190	-	-	-	-	55,220
Total non-current assets	108,421,231	370,059	-	-	157,899	-	42,412,009
TOTAL ASSETS	$ 158,017,793	$ 58,023,864	$ 47,921	$ 153,927	$ 157,899	$ 9,428	$ 45,168,371
CURRENT LIABILITIES							
Accounts payable	$ 53,148	$ 78,947	$ -	$ -	$ 56,665	$ -	$ 18,731
Accrued liabilities	4,975,018	36,481	-	-	34,809	9,439	88,543
Other current liabilities	1,209,032	301,734	-	-	-	-	-
Current Portion of long-term debt	-	-	-	-	-	-	-
Interprogram - due to	34,901,628	22,614,550	47,921	153,927	1,220,283	-	-
Total current liabilities	41,138,826	23,031,712	47,921	153,927	1,311,757	9,439	107,274
NON-CURRENT LIABILITIES							
Long-term debt, net of current portion	9,293,862	-	-	-	-	-	1,263,000
Other non-current liabilities	946,553	111,421	-	-	-	-	-
Total non-current liabilities	10,240,415	111,421	-	-	-	-	1,263,000
TOTAL LIABILITES	51,379,241	23,143,133	47,921	153,927	1,311,757	9,439	1,370,274
NET ASSETS							
Invested In capital assets, net of related debt	99,127,374	352,401	-	-	157,899	-	41,000,789
Restricted net assets	18,759,819	31,634,425	-	-	-	-	-
Unrestricted net assets	(11,248,641)	2,893,905	-	-	(1,311,757)	(11)	2,797,308
TOTAL NET ASSETS	106,638,552	34,880,731	-	-	(1,153,858)	(11)	43,798,097
TOTAL LIABILITIES AND NET ASSETS	$ 158,017,793	$ 58,023,864	$ 47,921	$ 153,927	$ 157,899	$ 9,428	$ 45,168,371

Other Federal Program	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
$ -	$ 7,096	$ 13,938,692	$ -	$ -	$ -	$ -	$ 2,292,450	$ 60,527,869	$ -	$ 60,527,869
-	7,408,471	32,549,434	-	-	-	-	505,578	40,815,144	-	40,815,144
-	7,415,567	46,488,126	-	-	-	-	2,798,028	101,343,014	-	101,343,014
-	1,329,393	1,071,251	-	-	-	-	90,478	4,362,470	-	4,362,470
-	-	9,359,926	-	-	-	-	-	11,755,794	-	11,755,794
-	-	-	-	-	-	-	972,255	2,895,408	(583,762)	2,311,646
-	708	1,306,980	-	-	-	-	364,204	61,058,235	(61,058,235)	-
-	8,745,668	58,226,283	-	-	-	-	4,224,965	181,414,921	(61,641,997)	119,772,923
-	-	36,109	-	-	-	-	922,226	152,138,655	(1,057,980)	151,080,675
-	-	167,778,926	-	-	-	-	-	167,895,394	(1,263,000)	166,632,394
-	25,047,719	1,251,537	-	-	-	-	-	26,363,666	-	26,363,666
-	25,047,719	169,066,572	-	-	-	-	922,226	346,397,715	(2,320,980)	344,076,735
$ -	$ 33,793,387	$ 227,292,855	$ -	$ -	$ -	$ -	$ 5,147,191	$ 527,812,636	$ (63,962,977)	$ 463,849,658
$ -	$ -	$ 744	$ -	$ -	$ -	$ -	$ 374,262	$ 582,497	$ -	$ 582,497
10,873	80,531	8,059	-	-	-	-	2,437,813	7,681,566	-	7,681,566
-	7,343,890	656,936	-	-	-	-	2,532,543	12,044,135	-	12,044,135
-	-	-	-	-	-	-	-	-	-	-
-	668,694	1,451,232	-	-	-	-	-	61,058,235	(61,058,235)	-
10,873	8,093,115	2,116,971	-	-	-	-	5,344,618	81,366,433	(61,058,235)	20,308,198
-	-	-	-	-	-	-	-	10,556,862	(1,263,000)	9,293,862
-	-	3,572	-	-	-	-	529,822	1,591,368	(583,762)	1,007,605
-	-	3,572	-	-	-	-	529,822	12,148,230	(1,846,762)	10,301,467
10,873	8,093,115	2,120,543	-	-	-	-	5,874,440	93,514,663	(62,904,997)	30,609,665
-	-	36,109	-	-	-	-	918,704	141,593,276	205,020	141,798,296
-	-	165,763,663	-	-	-	-	-	216,157,907	(1,263,000)	214,894,907
(10,873)	25,700,272	59,372,540	-	-	-	-	(1,645,953)	76,546,790	-	76,546,790
(10,873)	25,700,272	225,172,312	-	-	-	-	(727,249)	434,297,973	(1,057,980)	433,239,993
$ -	$ 33,793,387	$ 227,292,855	$ -	$ -	$ -	$ -	$ 5,147,191	$ 527,812,636	$ (63,962,977)	$ 463,849,658

The Housing Authority of the City of Atlanta, Georgia

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

Year Ended June 30, 2012

	Project Total	Moving to Work Demonstration Program	Housing Choice Vouchers	Mainstream Vouchers	Revitalization of Severely Distressed Public Housing	Choice Neighborhoods Planning Grant	Component Units
Tenant Revenue	$ 5,435,557	$ -	$ -	$ -	$ -	$ -	$ -
HUD PHA Operating Grants	1,748,692	-	6,975,461	776,523	1,512,906	181,891	15,000
Capital Grants	1,446,850	-	-	-	125,368	-	-
Other Fees	-	-	-	-	-	-	-
Interest and Investment Income	-	-	-	-	-	-	-
Other Revenue	359,602	231,119	427,164	44,963	-	-	1,912,136
Gain or Loss on Sale of Capital Assets	7,570	-	-	-	-	-	-
TOTAL REVENUE	8,998,271	231,119	7,402,625	821,486	1,638,274	181,891	1,927,136
Administrative	7,408,866	41,012,728	427,164	44,963	1,871	181,902	319,142
Tenant Services	1,539,179	178,374	-	-	-	-	-
Utilities, maintenance and protective services	12,364,653	-	-	-	(2,947)	-	1,158,862
General expenses	14,754,547	2,049,877	-	-	-	-	47,565
Interest expense	343,206	-	-	-	-	-	370,602
Extraordinary Maintenance	1,175,497	-	-	-	1,536,912	-	-
Housing Assistance Payments	-	118,706,004	7,067,599	776,523	-	-	-
Depreciation Expense	6,030,812	316,183	-	-	-	-	1,124,850
TOTAL EXPENSES	43,616,760	162,263,166	7,494,763	821,486	1,535,836	181,902	3,021,021
Operating Transfer In	21,555,442	192,844,722	69,901	-	9,094,196	-	-
Operating Transfer Out	(21,555,442)	(377,917)	-	-	(5,399,797)	-	-
Operating Transfers from/to Component Unit	(330)	(3,148,942)	-	-	(1,361,622)	-	5,082,759
Transfers between Program and Project - In	16,224,274	-	-	-	-	-	-
Transfers between Project and Program - Out	-	(13,434,320)	-	-	(941,789)	-	-
Total Other financing Sources (Uses)	16,223,944	175,883,543	69,901	-	1,390,988	-	5,082,759
Change in net assets	(18,394,545)	13,851,496	(22,237)	-	1,493,426	(11)	3,988,874
NET ASSETS - beginning of year	105,753,846	40,260,186	22,237	-	8,099,672	-	39,809,223
Prior Period Adjustments, Equity Transfers and Correction of Errors	19,279,251	(19,230,951)	-	-	(10,746,956)	-	-
NET ASSETS - end of year	$ 106,638,552	$ 34,880,731	$ -	$ -	$ (1,153,858)	$ (11)	$ 43,798,097

Other Federal Program	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
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,435,557	$ -	$ 5,435,557
-	-	-	17,933,751	328,520	173,562,810	235,428	-	203,270,982	-	203,270,982
-	-	-	-	1,019,641	-	684,197	-	3,276,056	-	3,276,056
-	-	-	-	-	-	-	34,788,022	34,788,022	(34,788,022)	-
-	-	884,110	-	-	-	-	-	884,110	-	884,110
-	18	3,159,529	-	-	-	-	41,403	6,175,934	(1,888,744)	4,287,190
-	-	-	-	-	-	-	-	7,570	-	7,570
-	18	4,043,639	17,933,751	1,348,161	173,562,810	919,625	34,829,425	253,838,231	(36,676,766)	217,161,465
38,906	-	487,801	-	-	-	-	34,028,987	83,952,330	(36,676,766)	47,275,564
-	-	289,794	-	-	-	-	466,306	2,473,653	-	2,473,653
-	-	42,050	-	-	-	-	228,722	13,791,340	-	13,791,340
-	-	555,009	-	-	-	-	809,373	18,216,371	-	18,216,371
-	-	-	-	-	-	-	-	713,808	-	713,808
-	-	36,142	-	-	-	235,428	-	2,983,979	-	2,983,979
-	-	-	-	-	-	-	-	126,550,126	-	126,550,126
-	-	-	-	-	-	-	252,858	7,724,703	-	7,724,703
38,906	-	1,410,796	-	-	-	235,428	35,786,246	256,406,310	(36,676,766)	219,729,544
-	2,310,563	3,524,018	-	-	-	-	75,057	229,473,901	-	229,473,901
-	-	(9,238,985)	(17,933,751)	(1,348,161)	(173,562,810)		(57,038)	(229,473,901)	-	(229,473,901)
-	-	(571,865)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	16,224,274	-	16,224,274
-	(126,308)	-	-	(1,019,641)	-	(684,197)	(18,019)	(16,224,274)	-	(16,224,274)
-	2,184,255	(6,286,832)	(17,933,751)	(2,367,802)	(173,562,810)	(684,197)	-	-	-	-
(38,906)	2,184,273	(3,653,989)	-	(1,019,641)	-	-	(956,821)	(2,568,079)	-	(2,568,079)
-	9,958,867	228,940,366	-	-	-	2,965,225	1,056,429	436,866,052	(1,057,980)	435,808,072
28,033	13,557,132	(114,065)	-	1,019,641	-	(2,965,225)	(826,857)	-	-	-
$ (10,873)	$ 25,700,272	$ 225,172,312	$ -	$ -	$ -	$ -	$ (727,249)	$ 434,297,973	$ (1,057,980)	$ 433,239,993

NOTE A — BASIS OF PRESENTATION

The accompanying Schedule of Combining Balance Sheet Accounts and Schedule of Combining Program Revenue, Expenses and Changes in Net Assets 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 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 financial statements prepared in accordance with GAAP. Also, REAC does not provide for presenting items on the Schedule of Combining Program Revenue, Expenses and Changes in Net Assets Accounts as operating or non-operating. Accordingly, there are differences in classifications and presentation between these schedules and the financial statements. However, total assets, total liabilities, total net assets and changes in net assets reported in these schedules agree to total assets and deferred outflows, total liabilities, total net position and change in net position, respectively, reported in the financial statements prepared in accordance with GAAP.

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 GASBs No. 14 and 34, these blended component units are presented within the reporting entity of AHA and are identified within the Financial Data Schedules. See Note A.3 of the Notes to the Financial Statements for additional information on AHA's component units. Balances and activity for FY 2013 are as follows:

	As of June 30, 2013							
	JWD	AAHFI	SHHI	RAH	SRDC	WAH	AHICI	Total Component Units
ASSETS								
Current and non-current assets	$ 667,516	$ 189,088	$ 1,099,083	$ 156,183	$ -	$ 3,002,487	$ 180,222	$ 5,294,579
Capital assets, net	11,959,460	-	-	-	-	33,816,239	-	45,775,698
Total assets	$ 12,626,976	$ 189,088	$ 1,099,083	$ 156,183	$ -	$ 36,818,726	$ 180,222	$ 51,070,277
LIABILITIES AND NET ASSETS								
Current and non-current liabilities	$ 74,398	$ 20	$ 20	$ 20	$ 20	$ 1,218,286	$ 3,135	$ 1,295,899
Long-term debt outstanding	-	-	-	-	-	1,263,000	-	1,263,000
Total liabilities	74,398	20	20	20	20	2,481,286	3,135	2,558,899
Invested in capital assets, net of debt	11,959,460	-	-	-	-	32,553,238	-	44,512,698
Unrestricted	593,118	189,068	1,099,063	156,163	(20)	1,784,201	177,087	3,998,679
Total net assets	12,552,578	189,068	1,099,063	156,163	(20)	34,337,440	177,087	48,511,378
Total liabilities and net assets	$ 12,626,976	$ 189,088	$ 1,099,083	$ 156,183	$ -	$ 36,818,726	$ 180,222	$ 51,070,277

	Year ended June 30, 2013							
REVENUE								
Operating revenue	$ 263,391	$ 7,934	$ 2,007	$ 284	$ -	$ 7,087	$ 198,676	$ 479,379
Non-operating revenue	-	-	-	-	-	-	-	-
Total revenue	263,391	7,934	2,007	284	-	7,087	198,676	479,379
EXPENSE								
Operating and other expense	(2,424,246)	(60)	(60)	(60)	(1,860)	(90,174)	(43,254)	(2,559,713)
Operating transfers out	(1,301,262)	(40)	(40)	(40)	(1,840)	(5,742,678)	(2,443)	(7,048,343)
Change in net assets	(3,462,117)	7,834	1,907	184	(3,700)	(5,825,765)	152,979	(9,128,677)
Net assets — beginning of year	13,574,082	181,154	1,097,076	155,899	-	28,770,664	19,223	43,798,097
Prior period adjustments and equity transfers	2,440,613	80	80	80	3,680	11,392,541	4,885	13,841,958
Net assets — end of year	$ 12,552,578	$ 189,068	$ 1,099,063	$ 156,163	$ (20)	$ 34,337,440	$ 177,087	$ 48,511,378

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY BALANCES

As of June 30, 2013

Owner Entity:	Development Loans	Other Loans	Investment In Partnership	Valuation Allowance
Predevelopment Loans:				
Grady Multifamily II, L.P.	$ -	$ -	$ -	$ -
Harris Redevelopment, LLC	-	-	-	-
UH Senior Partnership II, L.P.	-	-	-	-
Construction/Permanent Financing Loans:				
Adamsville Green, LP	-	2,024,724	-	-
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.	3,946,821	-	-	-
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	-	(111,500)
Carver Redevelopment Partnership V, L.P.	6,240,000	-	-	-
Carver Senior Building, L.P.	-	-	-	-
CCH John Eagan I Homes, L.P.	5,896,000	46,565	-	(5,942,565)
CCH John Eagan II Homes, L.P.	4,536,000	-	-	(4,536,000)
Centennial Park North, LLC	-	-	-	-
Centennial Place Holdings	-	2,460,000	-	-
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.	1,084,908	-	-	-
Columbia Senior Residences at Mechanicsville, L.P.	4,273,628	-	-	-
Columbia Village, L.P.	2,250,000	-	111,914	(2,361,914)
East Lake Redevelopment II, L.P.	11,903,505	318,728	-	(8,356,728)
East Lake Redevelopment, L.P.	5,824,000	197,702	-	(6,021,702)
Gates Park Crossing HFOP Apartments, L.P.	-	1,203,535	-	-
Gates Park Crossing HFS Apartments, L.P.	-	1,074,078	-	-
Grady Multifamily II, L.P.	4,521,176	-	-	-
Grady Redevelopment Partnership I, L.P.	2,830,213	-	-	-
Grady Redevelopment Partnership II, L.P.	7,451,027	-	-	-
Grady Senior Partnership II, L.P.	2,860,098	-	-	-
Harris Redevelopment Partnership I, L.P.	7,925,000	351,060	-	(351,060)
Harris Redevelopment Partnership II, L.P.	-	97,544	-	(97,544)
Harris Redevelopment Partnership Phase V, L.P.	9,196,000	-	-	-
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	43,382	-	(43,382)
Legacy Partnership II, L.P.	3,445,000	116,560	-	(116,560)
Legacy Partnership III, L.P.	3,774,000	391,289	-	(391,289)
Legacy Partnership IV, L.P.	3,920,000	284,483	-	(284,483)
Mechanicsville Apartments Phase 3, L.P.	5,965,395	-	-	-
Mechanicsville Apartments Phase 4, L.P.	5,494,000	-	-	-
Mechanicsville Apartments Phase 6, L.P.	5,170,000	-	-	-
Mercy Housing Georgia VI, L.P.	5,600,000	111,296	-	-
Veranda at Scholar's Landing	-	-	-	-
West End Phase III Redevelopment Partnership, L.P.	1,298,400	97,805	-	(365,795)
Other Loans:				
940 Cunningham Place, LLC	-	1,757,136	-	-
Brock Built Homes, LLC	-	192,000	-	-
Columbia Colony Senior	-	-	-	-
Columbia Heritage Senior Residences, L.P.	-	-	-	-
Harris Redevelopment Partnership VI, L.P.	-	-	220,000	(220,000)
	$ 192,919,038	**$ 13,693,801**	**$ 414,494**	**$ (34,047,628)**

Developer Fees and Other Fees Current	Developer Fees and Other Fees Long Term	Developer Fees and Other Fees Allowance	Predevelopment Loans Current
$ -	$ -	$ -	$ -
-	-	-	8,468
-	-	-	188,650
9,954	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	52,448	-	-
-	-	-	-
7,781	185,836	-	-
-	125,291	-	-
-	-	-	-
-	122,472	(122,472)	-
-	-	-	-
-	-	-	-
3,539	19,152	-	-
-	-	-	-
13,658	47,838	-	-
11,913	47,675	-	-
10,233	37,978	-	-
13,838	73,062	-	-
-	1,024	-	-
11,917	15,179	-	-
-	42,197	-	-
42,275	-	-	-
-	-	-	-
37,500	182,554	-	-
182,105	45,270	-	-
-	262,500	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	89,636	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	7,833	-	-
-	91,241	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
16,031	1,565	-	-
15,970	90,305	-	-
530	63,141	-	-
-	-	-	-
79,695	79,695	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	40,000	-	-
11,447	307,898	-	-
-	19,311	-	-
$ 468,385	**$ 2,051,099**	**$ (122,472)**	**$ 197,118**

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY BALANCES

As of June 30, 2012

Owner Entity:	Development Loans	Other Loans	Investment In Partnership	Valuation Allowance
Predevelopment Loans:				
Grady Multifamily II, L.P.	$ -	$ -	$ -	$ -
Harris Redevelopment, LLC	-	8,468	-	-
UH Senior Partnership II, L.P.	-	-	-	-
Construction/Permanent Financing Loans:				
Adamsville Green, LP	-	1,990,879	-	-
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.	3,946,821	-	-	-
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 Redevelopment Partnership V, L.P.	6,240,000	-	-	-
Carver Senior Building, L.P.	-	-	-	-
CCH John Eagan I Homes, L.P.	5,896,000		-	(5,942,562)
CCH John Eagan II Homes, L.P.	4,536,000	-	-	(4,536,000)
Centennial Park North, LLC	-	108,000	-	-
Centennial Place Holdings	-		-	-
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.	1,139,652	-	-	-
Columbia Senior Residences at Mechanicsville, L.P.	4,273,628	-	-	-
Columbia Village, L.P.	2,250,000	-	111,914	(2,361,914)
East Lake Redevelopment II, L.P.	11,903,505	297,548	-	(8,340,020)
East Lake Redevelopment, L.P.	5,824,000	182,365	-	(6,006,365)
Gates Park Crossing HFOP Apartments, L.P.	-	1,203,535	-	-
Gates Park Crossing HFS Apartments, L.P.	-	1,074,078	-	-
Grady Multifamily II, L.P.	-	-	-	-
Grady Redevelopment Partnership I, L.P.	2,957,625	-	-	-
Grady Redevelopment Partnership II, L.P.	7,545,027	-	-	-
Grady Senior Partnership II, L.P.	3,000,000	-	-	-
Harris Redevelopment Partnership I, L.P.	7,925,000	351,060	-	(115,047)
Harris Redevelopment Partnership II, L.P.	-	97,544	-	
Harris Redevelopment Partnership Phase V, L.P.	9,196,000	-	-	(333,557)
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	43,382	-	(13,508)
Legacy Partnership II, L.P.	3,445,000	116,560	-	(108,689)
Legacy Partnership III, L.P.	3,774,000	391,289	-	(326,349)
Legacy Partnership IV, L.P.	3,920,000	284,483	-	(251,653)
Mechanicsville Apartments Phase 3, L.P.	5,965,395	-	-	-
Mechanicsville Apartments Phase 4, L.P.	5,494,000	-	-	-
Mechanicsville Apartments Phase 6, L.P.	5,170,000	-	-	-
Mercy Housing Georgia VI, L.P.	5,600,000	111,296	-	-
Veranda at Scholar's Landing	-	-	-	-
West End Phase III Redevelopment Partnership, L.P.	1,298,400	97,805	-	(365,795)
Other Loans:				
940 Cunningham Place, LLC	-	1,693,137	-	-
Brock Built Homes, LLC	-	132,000	-	-
Columbia Colony Senior	-	-	-	-
Columbia Heritage Senior Residences, L.P.	-	-	-	-
Harris Redevelopment Partnership VI, L.P.	-	-	220,000	(220,000)
	$ 188,813,924	**$ 11,109,342**	**$ 414,494**	**$ (33,879,656)**

Developer Fees and Other Fees Current	Developer Fees and Other Fees Long Term	Developer Fees and Other Fees Allowance	Predevelopment Loans Current
$ -	$ -	$ -	$ 297,937
-	-	-	-
-	308,470	-	-
86,883	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	52,448	(17,802)	-
-	-	-	-
-	185,836	(58,716)	-
-	187,891	(178,891)	-
-	89,223	(42,656)	-
-	274,091	(274,091)	-
-	-	-	-
-	-	-	-
-	32,610	-	-
-	-	-	-
-	47,838	-	-
-	47,675	-	-
-	37,978	-	-
-	73,062	-	-
-	1,024	-	-
-	27,022	-	-
-	42,197	-	-
-	42,275	-	-
-	-	-	-
37,500	182,554	-	-
182,105	45,270	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	89,636	(68,831)	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	7,833	(7,833)	-
-	91,241	(91,241)	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
54,979	17,449	-	-
87,137	20,936	-	-
489,330		-	-
-		-	-
		-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	307,898	-	-
-	19,311	(19,311)	-
$ 937,933	**$ 2,231,767**	**$ (759,373)**	**$ 297,937**

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF RELATED-PARTY TRANSACTIONS

Year Ended June 30, 2013

Owner Entity:	Current Interest Income on Loans	Development Related Income	Housing Assistance Payments: Mixed-income Communities	Housing Assistance Payments: PBRA [1]
Construction/Permanent Financing Loans:				
Campbell Stone, L.P.	$ -	$ -	$ -	$1,425,040
Capitol Gateway Partnership I, L.P.	-	-	332,406	130,416
Capitol Gateway Partnership II, L.P.	19,393	-	240,532	181,960
Carver Redevelopment Partnership I, L.P.	-	19,206	933,422	24,336
Carver Redevelopment Partnership II, L.P.	-	5,632	252,463	-
Carver Redevelopment Partnership III, L.P.	-	-	553,003	11,739
Carver Redevelopment Partnership V, L.P.	-	7,781	405,663	8,738
Carver Senior Building, L.P.	-	70,366	-	736,215
CCH John Eagan I Homes, L.P.	-	-	491,724	-
CCH John Eagan II Homes, L.P.	-	-	463,020	-
Centennial Park North, LLC	-	-	392,486	-
Columbia at Mechanicsville Apartments, L.P.	106,004	16,997	417,551	353,329
Columbia Commons, L.P.	-	-	278,609	87,769
Columbia Creste, L.P.	-	13,658	388,125	-
Columbia Estates, L.P.	-	11,913	336,060	-
Columbia Grove, L.P.	-	10,233	276,956	-
Columbia Park Citi Residences, L.P.	-	13,838	-	-
Columbia Senior Residences at Edgewood, L.P.	66,678	143,513	-	1,271,952
Columbia Senior Residences at Mechanicsville, L.P.	60,250	11,917	242,638	632,138
Columbia Village, L.P.	-	-	153,150	-
East Lake Redevelopment II, L.P.	-	13,050	1,229,868	-
East Lake Redevelopment, L.P.	-	-	771,004	-
Gates Park Crossing HFOP Apartments, L.P.	-	-	-	1,026,385
Gates Park Crossing HFS Apartments, L.P.	-	-	-	844,469
Grady Multifamily I, L.P.	72,037	-	-	-
Grady Multifamily II, L.P.	53,507	749,924	-	-
Grady Redevelopment Partnership I, L.P.	-	-	182,600	684,683
Grady Redevelopment Partnership II, L.P.	-	-	320,773	-
Grady Senior Partnership II, L.P.	20,292	-	-	-
Grady Senior Partnership III, L.P.	-	83,120	-	-
Harris Redevelopment Partnership I, L.P.	-	-	357,764	-
Harris Redevelopment Partnership II, L.P.	-	46,608	-	92,120
Harris Redevelopment Partnership Phase V, L.P.	48,255	-	398,470	-
John Hope Community Partnership I, L.P.	-	-	631,251	-
John Hope Community Partnership II, L.P.	-	-	585,405	-
Kimberly Associates I, L.P.	-	-	352,572	126,909
Kimberly Associates II, L.P.	-	-	205,161	92,200
Kimberly Associates III, L.P.	-	-	148,183	79,155
Legacy Partnership I, L.P.	-	-	394,479	-
Legacy Partnership II, L.P.	27,848	-	311,260	-
Legacy Partnership III, L.P.	9,633	-	372,597	-
Legacy Partnership IV, L.P.	-	-	332,459	-
Mechanicsville Apartments Phase 3, L.P.	-	16,031	397,508	267,214
Mechanicsville Apartments Phase 4, L.P.	-	15,970	380,548	360,530
Mechanicsville Apartments Phase 6, L.P.	-	-	320,100	-
Mercy Housing Georgia VI, L.P.	46,661	45,912	445,008	935,254
West End Phase III Redevelopment Partnership, L.P.	-	-	140,566	-
Other:				
Adamsville Green, L.P.	6,370	-	-	581,255
Boundaries Lot Sales Profit participations	-	-	-	-
Brock Built Homes, LLC	-	375,846	-	-
Carnegy Library, L.P.	-	27,264	-	-
Columbia Colony Senior	-	50,000	-	-
Columbia Heritage Senior Residences, L.P.	-	11,977	-	1,057,060
Harris Redevelopment Partnership VI, L.P.	-	-	187,165	-
Imperial Hotel	-	13,812	-	-
UH Senior Partnership II, L.P.	-	7,500	-	-
	$ 536,927	**$ 1,782,067**	**$ 14,622,550**	**$ 11,010,866**

[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

Year Ended June 30, 2012

			Housing Assistance Payments	
Owner Entity:	**Current Interest Income on Loans**	**Development Related Income**	**Mixed-income Communities**	**PBRA [1]**
Construction/Permanent Financing Loans:				
Campbell Stone, L.P.	$ 180,588	$ -	$ -	$ 1,456,671
Capitol Gateway Partnership I, L.P.	-	23,693	447,268	137,840
Capitol Gateway Partnership II, L.P.	56,000	13,528	226,621	203,724
Carver Redevelopment Partnership I, L.P.	-	120	690,198	88,428
Carver Redevelopment Partnership II, L.P.	15,413	34,736	241,740	-
Carver Redevelopment Partnership III, L.P.	-	16,932	658,907	63,535
Carver Redevelopment Partnership V, L.P.	-	147,556	393,174	48,567
Carver Senior Building, L.P.	-	9,732	-	741,308
CCH John Eagan I Homes, L.P.	-	-	474,204	-
CCH John Eagan II Homes, L.P.	-	122,472	442,768	-
Centennial Park North, LLC	-	-	-	-
Columbia at Mechanicsville Apartments, L.P.	-	32,610	417,630	369,472
Columbia Commons, L.P.	-	-	254,106	22,550
Columbia Creste, L.P.	-	21,313	376,596	-
Columbia Estates, L.P.	-	22,400	161,819	-
Columbia Grove, L.P.	-	18,136	239,580	-
Columbia Park Citi Residences, L.P.	-	13,208	390,828	-
Columbia Senior Residences at Edgewood, L.P.	1,024	49,858	-	1,310,070
Columbia Senior Residences at Mechanicsville, L.P.	103,361	39,843	239,340	662,291
Columbia Village, L.P.	42,197	-	132,078	-
East Lake Redevelopment II, L.P.	-	13,550	1,282,447	-
East Lake Redevelopment, L.P.	-	-	770,630	-
Gates Park Crossing HFOP Apartments, L.P.	171,481	15,000	-	1,025,338
Gates Park Crossing HFS Apartments, L.P.	-	15,000	-	-
Grady Multifamily I, L.P.	-	-	-	
Grady Multifamily II, L.P.	-	10,000	-	
Grady Redevelopment Partnership I, L.P.	25,111	12,234	187,161	706,031
Grady Redevelopment Partnership II, L.P.	-	(35,383)	284,321	-
Grady Redevelopment Partnership III, L.P.	-	288,106	-	-
Grady Senior Partnership II, L.P.	-	3,172	-	
Grady Senior Partnership III, L.P.	-	-	-	
Harris Redevelopment Partnership I, L.P.	-	37,368	411,678	-
Harris Redevelopment Partnership II, L.P.	28,294	12,506	-	732,517
Harris Redevelopment Partnership Phase V, L.P.		10,438	293,296	
John Hope Community Partnership I, L.P.	-	-	387,198	-
John Hope Community Partnership II, L.P.	-	-	495,546	-
Kimberly Associates I, L.P.	-	120	433,386	186,375
Kimberly Associates II, L.P.	-	110	212,472	103,202
Kimberly Associates III, L.P.	-	100	194,862	92,527
Legacy Partnership I, L.P.	32,440	-	554,137	
Legacy Partnership II, L.P.	7,373	-	397,779	-
Legacy Partnership III, L.P.	-	-	306,679	-
Legacy Partnership IV, L.P.	-	-	477,501	-
Mechanicsville Apartments Phase 3, L.P.	-	53,982	375,372	268,585
Mechanicsville Apartments Phase 4, L.P.	-	57,785	354,390	352,657
Mechanicsville Apartments Phase 6, L.P.	-	-	115,192	-
Mercy Housing Georgia VI, L.P.	-	15,029	441,264	950,384
West End Phase III Redevelopment Partnership, L.P.	-	-	137,946	-
Other:				
Adamsville Green, L.P.	39,818	-	-	569,003
Boundaries Lot Sales Profit participations	-		-	-
Brock Built Homes, LLC	-	153,413	-	-
Carnegy Library, L.P.	-		-	-
Columbia Colony Senior	-		-	-
Columbia Heritage Senior Residences, L.P.	21,541	61,378	-	1,078,443
Harris Redevelopment Partnership VI, L.P.	-	3,303	186,196	-
Imperial Hotel	-	-	-	-
UH Senior Partnership II, L.P.	-	408,470	-	-
	$ 724,640	**$ 1,701,818**	**$ 14,086,311**	**$ 11,169,518**

[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

As of and Year Ended June 30, 2013

	Original Grant Award	Grant Drawdown			Expenditures			HUD Receivables **	Remaining Grant Award
Program	Authorized Amount	Cumulative as of June 30, 2012	Year ended June 30, 2013	Cumulative as of June 30, 2013	Cumulative as of June 30, 2012	Year ended June 30, 2013	Cumulative as of June 30, 2013	Balance as of June 30, 2013	Unexpended Balance as of June 30, 2013
Capital Fund Program Grants:									
GA06P006501-09 Capital Fund Program 2009	$ 12,535,836	$10,629,350	$ -	$ 10,629,350	$ 10,631,236	$ -	$ 10,631,236	$ 1,886	$ 1,906,486
GA06P006501-10 Capital Fund Program 2010	11,998,337	9,771,230	-	9,771,230	9,771,230	-	9,771,230	-	2,227,107
GA06P006501-11 Capital Fund Program 2011	9,426,542	-	-	-	-	-	-	-	9,426,542
GA06P006501-12 Capital Fund Program 2012	4,667,238	-	-	-	-	-	-	-	4,667,238
Total Capital Fund Program Grants	38,627,953	20,400,580	-	20,400,580	20,402,466	-	20,402,466	1,886	18,227,373
HOPE VI Grants:									
GA4APH006CN110 Choice Neighborhood Plannin	250,000	172,463	25,564	198,027	181,891	23,520	205,411	7,384	51,973
Total HOPE VI Grants	250,000	172,463	25,564	198,027	181,891	23,520	205,411	7,384	51,973
Replacement Housing Factor Grants:									
GA06R006501-08 RHF 2008-1	1,461,675	1,266,650	195,025	1,461,675	1,303,607	158,068	1,461,675	-	-
GA06R006502-08 RHF 2008-2	5,472,872	5,085,507	387,365	5,472,872	4,776,390	696,482	5,472,872	-	-
GA06R006501-09 RHF 2009-1	3,112,679	1,919,049	1,193,630	3,112,679	2,139,846	972,833	3,112,679	-	-
GA06R006502-09 RHF 2009-2	4,838,507	2,754,831	2,083,676	4,838,507	3,643,591	1,194,916	4,838,507	-	-
GA06R006501-10 RHF 2010-1	2,347,162	1,914,346	432,816	2,347,162	1,914,346	432,816	2,347,162	-	-
GA06R006502-10 RHF 2010-2	3,958,066	1,544,495	2,235,962	3,780,457	1,545,045	2,235,412	3,780,457	-	177,609
GA06R006501-11 RHF 2011-1	2,534,662	-	-	-	-	1,943,302	1,943,302	1,943,302	2,534,662
GA06R006502-11 RHF 2011-2	2,136,846	-	-	-	-	-	-	-	2,136,846
GA06R006501-12 RHF 2012-1	6,618,731	-	-	-	-	-	-	-	6,618,731
GA06R006502-12 RHF 2012-2	1,429,204	-	-	-	-	-	-	-	1,429,204
Total Replacement Housing Factor Grants	33,910,404	14,484,878	6,528,474	21,013,352	15,322,825	7,633,829	22,956,654	1,943,302	12,897,052
Total Grants	$ 72,788,357	$35,057,921	$ 6,554,038	$ 41,611,959	$ 35,907,182	$ 7,657,349	$ 43,564,531	$ 1,952,572	$ 31,176,398

** Total amount presented in this schedule is higher than the figure presented as deferred outflows in Financial Statements by $7,384 due to the exclusion of Hope VI Grants.

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, 2013

GRANT NAME		RHF 2008-1
PROJECT NUMBER		GA06R006501-08
GRANT AWARD EFFECTIVE DATE*		May 24, 2008
CONTRACT COMPLETION DATE		June 30, 2013
BUDGET	$	1,461,675
ADVANCES	$	1,461,675
COSTS		1,461,675
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD		-
AMOUNT TO BE RECAPTURED BY HUD	$	-

*Represents the LOCCS effective date.

The actual CFRG 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, 2013

GRANT NAME		RHF 2008-2
PROJECT NUMBER		GA06R006502-08
GRANT AWARD EFFECTIVE DATE*		May 24, 2008
CONTRACT COMPLETION DATE		June 30, 2013
BUDGET	$	5,472,872
ADVANCES	$	5,472,872
COSTS		5,472,872
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD		-
AMOUNT TO BE RECAPTURED BY HUD	$	-

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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, 2013

GRANT NAME	RHF 2009-1
PROJECT NUMBER	GA06R006501-09
GRANT AWARD EFFECTIVE DATE*	September 12, 2009
CONTRACT COMPLETION DATE	June 30, 2013
BUDGET	$ 3,112,679
ADVANCES	$ 3,112,679
COSTS	3,112,679
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	-
AMOUNT TO BE RECAPTURED BY HUD	$ -

*Represents the LOCCS effective date.

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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, 2013

GRANT NAME		RHF 2009-2
PROJECT NUMBER		GA06R006502-09
GRANT AWARD EFFECTIVE DATE*		September 12, 2009
CONTRACT COMPLETION DATE		June 30, 2013
BUDGET	$	4,838,507
ADVANCES	$	4,838,507
COSTS		4,838,507
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD		-
AMOUNT TO BE RECAPTURED BY HUD	$	-

*Represents the LOCCS effective date.

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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, 2013

GRANT NAME	RHF 2010-1
PROJECT NUMBER	GA06R006501-10
GRANT AWARD EFFECTIVE DATE*	July 15, 2010
CONTRACT COMPLETION DATE	June 30, 2013
BUDGET	$ 2,347,162
ADVANCES	$ 2,347,162
COSTS	2,347,162
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	-
AMOUNT TO BE RECAPTURED BY HUD	$ -

*Represents the LOCCS effective date.

The actual CFRG 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.