

**BRAZOS VALLEY
AFFORDABLE HOUSING CORPORATION
(A NONPROFIT ORGANIZATION)**

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2011**

BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Brazos Valley Affordable Housing Corporation
Bryan, Texas

We have audited the accompanying statement of financial position of Brazos Valley Affordable Housing Corporation (the "Organization"), a nonprofit organization, as of September 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brazos Valley Affordable Housing Corporation as of September 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 6, 2012, on our consideration of Brazos Valley Affordable Housing Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Pattillo, Brown & Hill, LLP

April 6, 2012

BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2011

ASSETS

Current assets:

Cash	\$ 1,087,985
Accounts receivable, net of allowance for doubtful accounts	789,323
Prepaid expenses	<u>28,810</u>
Total current assets	<u>1,906,118</u>

Noncurrent assets:

Notes receivable, net of allowance for doubtful accounts	633,453
Property and equipment, net of accumulated depreciation of \$1,767,118	9,401,086
Investment in property held for sale	<u>1,078,908</u>
Total noncurrent assets	<u>11,113,447</u>

Total assets \$ 13,019,565

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 230,700
Accrued liabilities	105,337
Current portion of long-term debt	659,726
Deferred revenue	557,431
Security deposits	<u>82,049</u>
Total current liabilities	<u>1,635,243</u>

Long-term debt 9,139,935
Total liabilities 10,775,178

Net assets:

Unrestricted	1,887,922
Temporarily Restricted	<u>356,465</u>
Total net assets	<u>2,244,387</u>

Total liabilities and net assets \$ 13,019,565

The notes to the financial statements are an integral part of this statement.

BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenues and other support:			
Rental revenue	\$ 2,185,152	\$ -	\$ 2,185,152
Grant revenue	723,089	106,115	829,204
Contributions	600	-	600
Service income	38,058	-	38,058
Administrative fees	21,383	-	21,383
Miscellaneous	4,617	-	4,617
Interest	13,108	-	13,108
Total revenues and other support	<u>2,986,007</u>	<u>106,115</u>	<u>3,092,122</u>
Expenses and losses:			
Program services:			
Owner occupied home repair	146,183	-	146,183
Rental opportunities	169,536	-	169,536
Homebuyer assistance	162,593	-	162,593
New home construction	291,417	-	291,417
Economic development	74,562	-	74,562
Disaster recovery	302,466	-	302,466
Supporting services:			
Management and general	26,638	-	26,638
Investment in commercial real estate	1,641,603	-	1,641,603
Total expenses	<u>2,814,998</u>	<u>-</u>	<u>2,814,998</u>
Loss on sale of housing	19,559	45,664	65,223
Total expenses and losses	<u>2,834,557</u>	<u>45,664</u>	<u>2,880,221</u>
CHANGE IN NET ASSETS	151,450	60,451	211,901
NET ASSETS, BEGINNING OF YEAR	1,922,280	-	1,922,280
PRIOR PERIOD ADJUSTMENT	(185,808)	296,014	110,206
NET ASSETS, BEGINNING OF YEAR, RESTATED	<u>1,736,472</u>	<u>296,014</u>	<u>2,032,486</u>
NET ASSETS END OF YEAR	<u>\$ 1,887,922</u>	<u>\$ 356,465</u>	<u>\$ 2,244,387</u>

The notes to the financial statements are an integral part of this statement.

BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Program Services		
	Owner Occupied Home Repair	Rental Opportunities	Homebuyer Assistance
Personnel	\$ -	\$ 1,726	\$ 49,150
Professional services	3,481	38,552	2,328
Travel	355	28	1,855
Utilities	584	12,807	62
Maintenance and repairs	141,708	69,838	117
Insurance	-	14,257	-
Supplies	-	1,360	417
Printing and postage	55	534	2,716
Loan related expense	-	-	-
Membership dues	-	-	-
Training	-	-	44
Rental	-	91	2,242
Other	-	10,195	4,102
Depreciation	-	13,918	-
Interest	-	6,230	-
Property tax	-	-	-
Homebuyer assistance	-	-	99,560
TOTAL FUNCTIONAL EXPENSES	<u>\$ 146,183</u>	<u>\$ 169,536</u>	<u>\$ 162,593</u>

The notes to the financial statements are an integral part of this statement.

Program Services			Supporting Services		Total
New Home Construction	Economic Development	Disaster Recovery	Management and General	Investment in Commercial Real Estate	
\$ 46,555	\$ 36,454	\$ 49,602	\$ 1,565	\$ 102,575	\$ 287,627
52,173	22,288	8,003	3,777	98,646	229,248
3,961	2,301	2,464	4,884	2,718	18,566
1,495	449	727	-	65,349	81,473
42,254	126	232,243	333	138,935	625,554
3,958	-	2,042	2,902	26,114	49,273
280	328	84	8	340	2,817
6,238	4,655	722	1,213	1,035	17,168
105,421	700	-	-	-	106,121
-	100	-	4,663	-	4,763
300	233	-	3,695	-	4,272
2,238	2,238	3,159	-	8,532	18,500
3,284	4,690	3,420	2,179	56,979	84,849
-	-	-	892	390,870	405,680
22,930	-	-	148	564,141	593,449
330	-	-	379	185,369	186,078
-	-	-	-	-	99,560
<u>\$ 291,417</u>	<u>\$ 74,562</u>	<u>\$ 302,466</u>	<u>\$ 26,638</u>	<u>\$ 1,641,603</u>	<u>\$ 2,814,998</u>

BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from contributors and grants	\$ 421,915
Cash received from service recipients	2,254,488
Interest received	13,108
Cash paid to suppliers for goods and services	(2,226,614)
Net cash provided by operating activities	<u>462,897</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash received from loan repayments	10,797
Investment in property held for sale	(507,873)
Disposal of property held for sale	306,095
Cash paid for property and equipment	(498,322)
Net cash used by investing activities	<u>(689,303)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issuance of long-term debt	991,662
Principal repayments on bonds	(254,512)
Net cash provided by financing activities	<u>737,150</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

510,744

CASH AND CASH EQUIVALENTS, BEGINNING

577,241

CASH AND CASH EQUIVALENTS, ENDING

\$ 1,087,985

RECONCILIATION OF DECREASE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES

Change in net assets	\$ 211,901
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	405,680
Provision for bad debt	105,386
Loss on sale of real property	65,223
Change in assets and liabilities:	
Decrease (increase) in accounts receivable	(439,703)
Decrease (increase) in prepaid expenses	459
Increase (decrease) in accounts payable	56,343
Increase (decrease) in accrued liabilities	20,516
Increase (decrease) in customer deposits	(7,908)
Increase (decrease) in unearned revenue	45,000
Total adjustments	<u>250,996</u>
Net cash provided by operating activities	<u>\$ 462,897</u>

The notes to the financial statements are an integral part of this statement.

BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

1. ORGANIZATION

Brazos Valley Affordable Housing Corporation (the "Organization") was incorporated in 1992. The Organization is a not-for-profit established to provide quality services and products to the residents and businesses in the Brazos Valley area in such a way as to maximize the affordability of safe and decent housing, especially for the low income; and to serve as a vehicle and assist in any way possible, through networking and/or forming of partnerships with other nonprofits, for-profits, and governmental entities, for the purpose of encouraging community development, economic growth, and general improvement to the standard of living for all the residents of the areas the Organization serves. In accomplishing this mission, the Organization provides rental opportunities, owner occupied home repair, homebuyer assistance (through down payment assistance and mortgages) and new construction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

A description of the three net asset categories follows:

Unrestricted Net Assets

Unrestricted Net Assets represent resources over which the Board of Directors has discretionary control and can be used currently for the general purposes of the Organization in accordance with its bylaws. The Board may voluntarily designate unrestricted resources for specific purposes, but this is a voluntary action of the governing Board that can be modified or reversed at its discretion. These designations of unrestricted resources by the governing Board do not have the same legal requirements as do restrictions of funds.

(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Temporarily Restricted Net Assets

Temporarily Restricted Net Assets represent resources currently available for use, but expendable only for those operating purposes specified by the donor.

Permanently Restricted Net Assets

Permanently Restricted Net Assets represent principal amounts of gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity or a specified period, with only the income to be utilized.

Investment in Property Held for Sale

Investments in Property for Resale are composed of land and improvement purchases by the Organization for resale. These investments are reported at fair value which approximates cost of the investment.

Property and Equipment

Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets ranging from 3 to 40 years using the straight-line method.

All expenditures for land, buildings and equipment are capitalized; the fair value of donated fixed assets is similarly capitalized. Purchased assets are presented at historical cost.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

3. TAX STATUS

The Organization is a tax-exempt nonprofit Organization under Internal Revenue Service Code Section 501(c) (3). The Organization files a Form 990 annually for informational purposes.

4. NOTES RECEIVABLE

The Organization loaned Brazos Valley Community Development Corporation, Inc. \$173,800 in a prior fiscal year under a line of credit. This line of credit is not to exceed \$500,000 and has a final maturity no later than October 1, 2015. The interest rate on the line of credit is 2% payable quarterly.

The Organization has notes receivable from residents of Brazos Valley area for the down payment assistance to purchase low-income to moderate income housing. These notes receivables are \$713,552 as of September 30, 2011.

The Organization has notes receivable from residents of Brazos Valley for work performed on resident homes under the owner occupied home repair program. These notes receivable amounted to \$557,019 as of September 30, 2011.

Notes receivable are reported net of an allowance for uncollectible accounts. Allowances for uncollectible accounts include \$631,446 for down payment assistance loans and \$179,472 for owner occupied home repair loans.

5. NOTES PAYABLE

The Organization's notes payable at September 30, 2011, consist of the following:

Citibank, N.A.

Payments of \$3,684 monthly including interest, due November 16, 2013, and secured by Oakcreek Condominiums. Interest rate is variable and adjusted every 60 months. The current interest rate is 5.57%. \$ 90,488

Brazos Valley Council of Governments

A line of credit with Brazos Valley Council of Governments not to exceed \$960,000. Accrued interest and principal are due and payable in full on June 25, 2012. The interest rate is 5.95%. 100,000

Texas Mezzanine Fund

Payments made on a monthly basis include only interest at 6.0% per annum. Principal due no later than December 1, 2011. 343,714

Citibank, N.A.

Payments of \$58,550 monthly including interest, due December 19, 2020, and secured by Carter Creek Center. Interest rate is 5.64%. 9,265,459

Total \$ 9,799,661

(continued)

5. NOTES PAYABLE (Continued)

The future scheduled maturities of long-term debt are as follows:

<u>Years Ending September 30,</u>	<u>Principal</u>
2012	\$ 659,726
2013	230,157
2014	206,795
2015	210,447
2016	221,447
Thereafter	<u>8,271,089</u>
Total	<u>\$ 9,799,661</u>

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization estimates that the fair value of all financial instruments at September 30, 2011, does not differ from the aggregate carrying value of the financial instruments recorded in the accompanying statement of financial position.

7. PROPERTY AND EQUIPMENT

Changes in property and equipment for the year ended September 30, 2011, are detailed as follows:

	<u>09/30/10</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>09/30/11</u>
Land	\$ 2,253,747	\$ -	\$ -	\$ -	\$ 2,253,747
Buildings and improvements	8,305,929	498,322	-	110,206	8,914,457
Furniture and fixtures	<u>18,534</u>	<u>-</u>	<u>18,534</u>	<u>-</u>	<u>-</u>
	10,578,210	498,322	18,534	110,206	11,168,204
Less: accumulated depreciation	<u>(1,379,972)</u>	<u>(405,680)</u>	<u>(18,534)</u>	<u>-</u>	<u>(1,767,118)</u>
Net	<u>\$ 9,198,238</u>	<u>\$ 92,642</u>	<u>\$ -</u>	<u>\$ 110,206</u>	<u>\$ 9,401,086</u>

Depreciation expense for the year ended September 30, 2011, was \$405,680.

8. CHANGE IN ACCOUNTING ESTIMATE

During the current fiscal year, the Organization increased its estimate of the allowance for doubtful accounts for certain notes receivable. The effects of this change were an increase to the loan related functional expenses for the New Home Construction program and a decrease to the change in net assets for 2011 by approximately \$105,000.

(continued)

9. CONTINGENCIES

The Organization has received significant financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Organization. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material adverse effect on the Organization's financial position at September 30, 2011.

10. SUBSEQUENT EVENTS

In preparing these financial statements, subsequent events were evaluated through April 6, 2012, which is the date the financial statements were available to be issued.

11. PRIOR PERIOD ADJUSTMENT

In the current year, the Organization determined that certain prior year expenses should have been capitalized. The result of correcting this error in the current year was an increase of \$110,206 to beginning unrestricted net assets.

Also in the current year, the Organization determined that the use of any proceeds from the sale of certain prior year assets was restricted by grant requirements. The result of correcting this error in the current year was an increase of \$296,014 to beginning temporarily restricted net assets and a decrease of \$296,014 to beginning unrestricted net assets.



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Brazos Valley Affordable Housing Corporation
Bryan, Texas

We have audited the financial statements of Brazos Valley Affordable Housing Corporation, a nonprofit organization, as of and for the year ended September 30, 2011, and have issued our report thereon dated April 6, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Brazos Valley Affordable Housing Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brazos Valley Affordable Housing Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brazos Valley Affordable Housing Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, LLP

April 6, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Brazos Valley Affordable Housing Corporation
Bryan, Texas

Compliance

We have audited Brazos Valley Affordable Housing Corporation's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Brazos Valley Affordable Housing Corporation's major federal programs for the year ended September 30, 2011. Brazos Valley Affordable Housing Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Brazos Valley Affordable Housing Corporation's management. Our responsibility is to express an opinion on Brazos Valley Affordable Housing Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Brazos Valley Affordable Housing Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Brazos Valley Affordable Housing Corporation's compliance with those requirements.

In our opinion, Brazos Valley Affordable Housing Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control Over Compliance

Management of Brazos Valley Affordable Housing Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Brazos Valley Affordable Housing Corporation's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Brazos Valley Affordable Housing Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, LLP

April 6, 2012

BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>Expenditures</u>
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through the General Land Office:			
CDBG Disaster Recovery Program	14.228	10-5275-000-5281	\$ <u>302,466</u>
Total Passed through the General Land Office			<u>302,466</u>
Passed through Washington County HOME Consortium			
Home Investment Partnerships Program	14.239	M07DC480233	70,228
Home Investment Partnerships Program	14.239	M08DC480233	139,080
Home Investment Partnerships Program	14.239	M09DC480233	197,013
Home Investment Partnerships Program	14.239	M10DC480233	<u>74,344</u>
Total Passed through Washington County Home Consortium			<u>480,665</u>
Total Department of Housing and Urban Development			<u>783,131</u>
Total Federal Awards			\$ <u>783,131</u>

BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Brazos Valley Affordable Housing Corporation and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance
for major programs Unqualified

Any audit findings disclosed that are required to be reported
in accordance with Section 510(a) of OMB Circular A-133? None

Identification of major programs:

CFDA Number(s):	Name of Federal/State Program or Cluster:
14.228	CDBG Disaster Recovery Program
14.239	Home Investment Partnerships Program

Dollar threshold used to distinguish between type A
and type B federal programs \$300,000

Auditee qualified as low-risk auditee under Section
510(a) of OMB Circular A-133? No

**Findings Relating to the Financial Statements Which
Are Required to be Reported in Accordance With
Government Auditing Standards**

None

Findings and Questioned Costs for Federal Awards

None