

BRAZOS VALLEY
AFFORDABLE HOUSING CORPORATION
(A NONPROFIT ORGANIZATION)

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2012**

BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

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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, 2012, 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, 2012, 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 8, 2013, 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, L.L.P.

April 8, 2013

BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2012

ASSETS

Current assets:	
Cash and cash equivalents	\$ 1,345,788
Accounts receivable	33,961
Grants receivable	653,307
Prepaid expenses	41,958
Total current assets	<u>2,075,014</u>
Noncurrent assets:	
Notes receivable, net of allowance for doubtful accounts	571,323
Property and equipment, net of accumulated depreciation	9,708,442
Investment in property held for sale	1,348,614
Total noncurrent assets	<u>11,628,379</u>
Total assets	<u>\$ 13,703,393</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 302,399
Accrued liabilities	37,332
Current portion of long-term debt	718,307
Deferred revenue	564,660
Security deposits	81,150
Total current liabilities	<u>1,703,848</u>
Long-term debt	<u>8,901,760</u>
Total liabilities	<u>10,605,608</u>
Net assets:	
Unrestricted	2,247,320
Temporarily Restricted	850,465
Total net assets	<u>3,097,785</u>
Total liabilities and net assets	<u>\$ 13,703,393</u>

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

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BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Unrestricted	Temporarily Restricted	Total
Revenues and other support:			
Rental revenue	\$ 2,244,714	\$ -	\$ 2,244,714
Grant revenue	1,051,888	494,000	1,545,888
Contributions	43,250	-	43,250
Service income	24,111	-	24,111
Administrative fees	20,810	-	20,810
Miscellaneous	29,342	-	29,342
Interest	11,656	-	11,656
Total revenues and other support	3,425,771	494,000	3,919,771
Expenses and losses:			
Program services:			
Owner occupied home repair	48,193	-	48,193
Rental opportunities	213,416	-	213,416
Homebuyer assistance	81,657	-	81,657
New home construction	521,136	-	521,136
Economic development	43,417	-	43,417
Disaster recovery	174,374	-	174,374
Supporting services:			
Management and general	19,437	-	19,437
Investment in commercial real estate	1,913,349	-	1,913,349
Total expenses	3,014,979	-	3,014,979
Loss on sale of housing	51,394	-	51,394
Total expenses and losses	3,066,373	-	3,066,373
CHANGE IN NET ASSETS	359,398	494,000	853,398
NET ASSETS, BEGINNING OF YEAR	1,887,922	356,465	2,244,387
NET ASSETS END OF YEAR	\$ 2,247,320	\$ 850,465	\$ 3,097,785

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, 2012

	Program Services		
	Owner Occupied Home Repair	Rental Opportunities	Homebuyer Assistance
Personnel	\$ 9,203	\$ 1,577	\$ 34,913
Professional services	3,500	38,329	2,804
Travel	750	94	3,136
Utilities	67	22,451	68
Maintenance and repairs	33,001	99,254	-
Insurance	-	16,041	-
Supplies	31	5,519	613
Printing and postage	89	806	1,138
Membership dues	-	-	347
Training	-	588	-
Rental	353	99	2,326
Other	1,199	10,693	5,158
Depreciation	-	13,918	-
Interest	-	4,047	-
Property tax	-	-	-
Homebuyer assistance	-	-	31,154
	-	-	31,154
TOTAL FUNCTIONAL EXPENSES	<u>\$ 48,193</u>	<u>\$ 213,416</u>	<u>\$ 81,657</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	
\$ 62,777	\$ 32,090	\$ 55,954	\$ -	\$ 117,749	\$ 314,263
348,539	1,851	1,936	1,395	108,420	506,774
6,846	1,104	2,108	4,634	2,696	21,368
5,014	68	700	-	62,161	90,529
23,921	-	99,873	-	422,043	678,092
10,997	-	1,967	3,009	24,340	56,354
597	237	86	586	173	7,842
8,585	856	815	190	2,613	15,092
620	-	-	3,130	-	4,097
438	399	-	2,763	710	4,898
3,665	2,225	3,412	-	8,380	20,460
21,483	4,587	7,523	3,730	18,912	73,285
-	-	-	-	423,145	437,063
27,270	-	-	-	526,659	557,976
384	-	-	-	195,348	195,732
-	-	-	-	-	31,154
<u>\$ 521,136</u>	<u>\$ 43,417</u>	<u>\$ 174,374</u>	<u>\$ 19,437</u>	<u>\$ 1,913,349</u>	<u>\$ 3,014,979</u>

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BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from contributors and grants	\$ 1,668,420
Cash received from service recipients	2,383,551
Interest received	11,656
Cash paid to suppliers for goods and services	(2,591,731)
Net cash provided by operating activities	<u>1,471,896</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash received from loan repayments	45,276
Cash paid for loan disbursements	(31,154)
Investment in property held for sale	(741,317)
Disposal of property held for sale	310,068
Cash paid for property and equipment	(744,419)
Net cash used by investing activities	<u>(1,161,546)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issuance of long-term debt	163,797
Principal repayments on bonds	(216,344)
Net cash used by financing activities	<u>(52,547)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 257,803

CASH AND CASH EQUIVALENTS, BEGINNING 1,087,985

CASH AND CASH EQUIVALENTS, ENDING \$ 1,345,788

RECONCILIATION OF CHANGE IN NET ASSETS

TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Change in net assets	\$ 853,398
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	437,063
Loss on sale of real property	34,496
Change in assets and liabilities:	
Decrease (increase) in accounts receivable	17,773
Decrease (increase) in grants receivable	84,282
Decrease (increase) in prepaid expenses	(13,148)
Increase (decrease) in accounts payable	71,699
Increase (decrease) in accrued liabilities	(68,005)
Increase (decrease) in customer deposits	(899)
Increase (decrease) in unearned revenue	<u>55,237</u>
Total adjustments	<u>618,498</u>
Net cash provided by operating activities	\$ <u><u>1,471,896</u></u>

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

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BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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 the Brazos Valley area for the down payment assistance to purchase low-income to moderate income housing. These notes receivable are \$697,954 as of September 30, 2012.

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 \$504,488 as of September 30, 2012.

Notes receivable are reported net of an allowance for uncollectible accounts. Allowances for uncollectible accounts include \$628,348 for down payment assistance loans and \$176,571 for owner occupied home repair loans.

5. NOTES PAYABLE

The Organization's notes payable at September 30, 2012, 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 5.52%. \$ 50,088

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, 2013. The interest rate is 5.95%. 200,000

Brazos Valley Community Development Corporation

A line of credit with Brazos Valley Community Development Corporation not to exceed \$200,000. Accrued interest and principal are due and payable in full on February 8, 2013. The interest rate is 5.50%. 63,797

Texas Mezzanine Fund

Payments made on a monthly basis include only interest at 6.0% per annum. Principal due no later than December 1, 2012. 216,667

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%. 9,089,515

Total \$ 9,620,067

(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>
2013	\$ 718,307
2014	198,778
2015	210,447
2016	221,447
2017	235,802
Thereafter	<u>8,035,286</u>
Total	<u>\$ 9,620,067</u>

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization estimates that the fair value of all financial instruments at September 30, 2012, 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, 2012, are detailed as follows:

	<u>09/30/11</u>	<u>Additions</u>	<u>Retirements</u>	<u>09/30/12</u>
Land	\$ 2,253,747	\$ -	\$ -	\$ 2,253,747
Buildings and improvements	<u>8,914,457</u>	<u>744,419</u>	<u>-</u>	<u>9,658,876</u>
	11,168,204	744,419	-	11,912,623
Less: accumulated depreciation	<u>(1,767,118)</u>	<u>(437,063)</u>	<u>-</u>	<u>(2,204,181)</u>
				-
Net	<u>\$ 9,401,086</u>	<u>\$ 307,356</u>	<u>\$ -</u>	<u>\$ 9,708,442</u>

Depreciation expense for the year ended September 30, 2012, was \$437,063.

8. 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, 2012.

9. SUBSEQUENT EVENTS

In preparing these financial statements, subsequent events were evaluated through April 8, 2013, which is the date the financial statements were available to be issued.

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**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, 2012, and have issued our report thereon dated April 8, 2013. 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

Management of Brazos Valley Affordable Housing Corporation is responsible for establishing and maintaining effective 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, L.L.P.

April 8, 2013



**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, 2012. 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, 2012.

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.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of Brazos Valley Affordable Housing Corporation's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the Corporation's compliance but not to provide an opinion on the effectiveness of the Corporation's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

April 8, 2013

BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

<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>589,238</u>
Total Passed through the General Land Office			<u>589,238</u>
Passed through Washington County HOME Consortium			
Home Investment Partnerships Program	14.239	M08DC480233	223,134
Home Investment Partnerships Program	14.239	M09DC480233	270,866
Home Investment Partnerships Program	14.239	M10DC480233	<u>26,315</u>
Total Passed through Washington County Home Consortium			<u>520,315</u>
Total U. S. Department of Housing and Urban Development			<u>1,109,553</u>
Total Federal Awards			\$ <u><u>1,109,553</u></u>

BRAZOS VALLEY AFFORDABLE HOUSING CORPORATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

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, 2012

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):

14.228

Name of Federal/State Program or Cluster:

CDBG Disaster Recovery 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

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