HOMELESS HOUSING AND ASSISTANCE CORPORATION

Financial Statements and
Management's Discussion and Analysis

March 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

HOMELESS HOUSING AND ASSISTANCE CORPORATION

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TOSKI & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Homeless Housing and Assistance Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Homeless Housing and Assistance Corporation (the Corporation), a New York State public benefit corporation, which comprise the statements of net position as of March 31, 2015 and 2014, and the related statements of revenue, expenses, and changes in net position and cash flows for years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Homeless Housing and Assistance Corporation as of March 31, 2015 and 2014, and the changes in its net position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 and 4 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 9, 2015, on our consideration of the 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 in considering the Corporation's internal control over financial reporting and compliance.

In accordance with Government Auditing Standards, we have also issued our report dated June 9, 2015, on the Corporation's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. The purpose of that report is to provide an opinion as to the Corporation's compliance with investment guidelines contained therein. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 9, 2015

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Management's Discussion and Analysis

March 31, 2015

The Homeless Housing and Assistance Corporation (the Corporation) is a component unit of the State of New York and reports its activities as an enterprise fund following generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB). As an enterprise fund, the Corporation reports under the accrual basis of accounting. The government wide financial statements required by GASB Statement No. 34 are the only statements required for this entity.

Chapter 215 of the laws of 1990 established the New York State Homeless Housing and Assistance Corporation as codified under Section 45-c of the Private Housing Finance Law. Pursuant to this, the Corporation is authorized to administer the Homeless Housing and Assistance Program (HHAP). The Corporation is a New York State public benefit corporation and a subsidiary of the New York State Housing Finance Agency (HFA). HFA issues bonds, which are the source of capital funds utilized by the Corporation.

The Corporation is operated by staff from the New York State Office of Temporary and Disability Assistance. The Corporation received a $30,000,000 appropriation for HHAP and $14,365,000 for Medicaid Redesign Team program in the state fiscal year 2014 - 2015. Appropriated funds are drawn down as required during the year.

Financial Highlights

- The Corporation's total assets amounted to $17,096,223 as of March 31, 2015. Total assets increased 1% from March 31, 2014. The cash account increased from $16,577,869 as of March 31, 2014 to $16,998,207 as of March 31, 2015. Also, worthy of note, in fiscal year 2014 - 2015 was the Corporation's continued practice of leaving funds on deposit in the main checking account rather than investing the funds. This is due to a decrease in investment rates of return. The Corporation actually earns more interest by leaving the funds in the main account.
- There was no significant capital asset or long-term debt activity during the year. As of March 31, 2015, all fixed assets are fully depreciated and no fixed assets were purchased during the year.
- New notes were recorded during fiscal year 2014 - 2015 amounting to $17,172,000 and interest of $2,255,609 was accrued on notes receivable. All notes and interest accrued on the notes have been written off as uncollectible.
- Capital projects expenditures were $30,001,996 and mandated expenditures were $1,017,610 for the 2014 - 2015 fiscal year. This represents a 25.5% decrease from the 2013 - 2014 capital projects and a 26% decrease for mandated expenditures.

- The HFA has agreed to make up to $500,000 in Infrastructure Development Demonstration Program (IDDP) funds available to the Corporation to support the development of eligible HHAP-funded projects. At least 75% of the funds must be made available for projects located in cities, towns or villages having a population of 30,000 or less. At the end of state fiscal year 2014 - 2015, all of the funds received were expended.

Financial Reporting

This report contains several financial statements that provide more detailed information regarding the financial activities and the financial state of the Corporation. There are no decisions, conditions, or other factors that are expected to significantly effect the financial position or results of the Corporation presented herein.

Request for Information

This financial report is designed to provide a general overview for all those with an interest in the Corporation's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the President, Homeless Housing and Assistance Corporation, 40 North Pearl Street, Albany, New York 12243-0001.

HOMELESS HOUSING AND ASSISTANCE CORPORATION
Statements of Net Position
March 31, 2015 and 2014

Assets	2015	2014
Current assets:		
Cash:		
Operating	$ 16,998,207	16,577,869
Special revenue account - administrative expenses	215	215
Total cash	16,998,422	16,578,084
Mortgage notes receivable, less allowance of $315,769,605 in 2015 and $307,500,247 in 2014	-	-
Accrued interest receivable, less allowance of $22,878,048 in 2015 and $20,618,931 in 2014	-	-
Total current assets	16,998,422	16,578,084
Note receivable	-	316,900
Other assets - advances receivable, less allowance of $150,000 in 2015 and 2014	97,801	55,601
Total assets	17,096,223	16,950,585
Liabilities and Net Position		
Liabilities:		
Current liability - due to New York State	8,487	8,487
Noncurrent liabilities - unearned revenue	16,164,059	15,971,311
Total liabilities	16,172,546	15,979,798
Contingencies (note 8)		
Net position	$ 923,677	970,787

See accompanying notes to financial statements.

HOMELESS HOUSING AND ASSISTANCE CORPORATION
Statements of Revenue, Expenses and Changes in Net Position
Years ended March 31, 2015 and 2014

	2015	2014
Operating revenue:		
New York State appropriations	$ 30,932,701	39,108,242
Medicaid Redesign Team	6,887,132	2,588,355
Mortgage Insurance Fund	5,999,999	-
Infrastructure Development Demonstration Program	82,519	-
Interest income	3,524	18,716
Miscellaneous	86,905	2,528,673
Total operating revenue	43,992,780	44,243,986
Operating expenses:		
Capital projects	30,001,996	40,261,966
Medicaid Redesign Team	6,887,132	2,588,355
Mortgage Insurance Fund	5,999,999	-
Infrastructure Development Demonstration Program	82,519	-
Mandated expenditures	1,017,610	1,374,949
Administrative expenses	50,634	48,794
Total operating expenses	44,039,890	44,274,064
Change in net position	(47,110)	(30,078)
Net position at beginning of year	970,787	1,000,865
Net position at end of year	$ 923,677	970,787

See accompanying notes to financial statements.

HOMELESS HOUSING AND ASSISTANCE CORPORATION
Statements of Cash Flows
Years ended March 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
New York State appropriations	$ 32,500,000	33,400,000
Medicaid Design Team	5,912,000	2,000,000
Mortgage Insurance Fund	5,999,999	-
Interest income	3,524	18,716
Miscellaneous	86,904	2,528,673
	44,502,427	37,947,389
Capital projects	30,044,196	40,010,981
Medicaid Redesign Team	6,887,132	2,588,355
Mortgage Insurance Fund	5,999,999	-
Infrastructure Development Demonstration Program	82,519	-
Mandated expenditures	1,017,610	1,374,949
Administrative expenses	50,633	48,794
	44,082,089	44,023,079
Net increase (decrease) in cash	420,338	(6,075,690)
Cash at beginning of year	16,578,084	22,653,774
Cash at end of year	$ 16,998,422	16,578,084
Cash flows from operating activities:		
Decrease in net position	(47,110)	(30,078)
Adjustments to reconcile decrease in net position to net cash provided by (used in) operating activities:		
Changes in:		
Note receivable	316,900	79,225
Advances receivable	(42,200)	250,985
Unearned revenue	192,748	(6,375,822)
Net cash provided by (used in) operating activities	$ 420,338	(6,075,690)

See accompanying notes to financial statements.

(1) Organization

The Homeless Housing and Assistance Corporation (the Corporation), a New York State public benefit corporation, was established on June 8, 1990, by the Legislature of the State of New York (the State). The Corporation is a component unit of the State and is included in the State's financial statements. The Corporation was created to administer the Homeless Housing and Assistance Program that was formerly administered by the Department of Social Services (DSS), now known as the New York State Office of Temporary and Disability Assistance (OTDA). Funding received by the Corporation is used for the purpose of expanding the availability of housing for homeless persons by preserving and creating affordable housing. The monies may be used to construct new properties, rehabilitate under-utilized property, or convert vacant nonresidential property to residential use for occupancy by persons of low income who are homeless. The Corporation's Board of Directors is comprised of the Commissioner of OTDA, the Commissioner of the Housing Finance Agency (HFA), and a member appointed by the Commissioner of OTDA. In addition, the Board of Directors includes a non-voting advisory member consisting of the Commissioner of New York State Office of Alcoholism and Substance Abuse Services (OASAS). The Board is chaired by the Commissioner of OTDA.

(2) Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

(a) 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 (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Corporation's reports are based on all applicable GASB pronouncements.

The Corporation adopted the provisions of GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements." This statement codifies all sources of accounting principles generally accepted in the United States of America into the GASB's authoritative literature.

(b) Basis of Presentation

The accompanying financial statements have been prepared in accordance with GAAP for government entities as prescribed by the GASB for enterprise funds. The Corporation reports its financial activity in one enterprise fund.

(2) Significant Accounting Policies, Continued

(c) Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) Cash

For purposes of reporting cash flows, cash includes money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

(e) Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

(f) Mortgage Notes and Accrued Interest Receivable

The Corporation considers that collection of its mortgage notes and accrued interest receivable are not reasonably assured and, accordingly, has fully reserved the balances. Repayments of the notes are considered revenue when received.

(g) Investments

The investment policy of the Corporation stipulates that the Corporation may invest in obligations of the State, the United States government, repurchase agreements, or money market deposit accounts. Repurchase agreements must be collateralized by obligations guaranteed by the United States government, which are equal in value to the repurchase agreement. The agreements shall not exceed sixty days and payment shall be made only upon delivery of collateral to the Corporation's agent. All investments and related collateral are held by the Corporation's agent in the Corporation's name.

(h) Capitalization and Depreciation

Equipment is recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of revenue, expenses, and changes in net position.

(i) Unearned Revenue and Revenue Recognition

The Corporation recognizes appropriations from the State at the time capital projects or mandated expenditures are recognized. Investment income is recognized as revenue when earned. Other revenues are recognized as cash is received.

(2) Significant Accounting Policies, Continued

(j) Capital Projects Expenditures

Capital projects expenditures consist of awards to fund projects for eligible homeless housing facilities. Project costs include the costs of any or all undertakings necessary for planning, financing, land acquisition, demolition, construction, rehabilitation, equipment and site development, per Social Services Law Section 42(3), other than project costs which the commissioner finds to be necessary in accordance with Social Services Law 43(9); and technical assistance expenditures. Disbursements are made upon approval of certified vouchers. Claims which have approved certified vouchers and are not paid at March 31 are shown as "warrants payable."

(k) Income Tax

The revenues of the Corporation are exempt from all federal and state income taxes under the provisions of its enabling legislation.

(l) Subsequent Events

The Corporation has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(3) Special Revenue Account - Administrative Expenses

OTDA provides administrative services to the Corporation. Services provided include, but are not limited to drafting policies and procedures, preparation and issuance of requests for proposals, evaluation of applications, recommendation of allocations of available funds, and technical assistance. Funds used to pay these services are held by the New York State Office of the State Comptroller. There were no costs charged to the Corporation for these services for the years ended March 31, 2015 and 2014.

(4) Mortgage Notes Receivable

On June 8, 1990, the DSS held mortgage notes receivable totaling $10,031,340, that were made to project sponsors. These loans were made in accordance with Section 43 of the Social Services Law regarding homeless housing and assistance contracts. The mortgages were assumed by the Corporation at its inception.

At March 31, 2015 and 2014, the Corporation had recorded notes receivable of $315,769,605 and $307,500,247, respectively, and accrued interest totaling $22,878,048 and $20,618,931, respectively. Management of the Corporation considers that collection of these mortgage notes and related accrued interest receivable are not reasonably assured and, accordingly, has fully reserved the balances. Revenue (note payments) is recognized when received by the Corporation. A summary of mortgage notes receivable at March 31, 2015 is as follows:

(4) Mortgage Notes Receivable, Continued

			March 31, 2015	
Issue Date	Maturity Date	Interest Rate	Principal	Accrued Interest
01/11/89	06/01/19	1.00%	$ 1,200,000	313,940
01/11/89	06/01/19	0.00%	67,612	-
06/01/90	06/01/19	1.00%	2,282,000	566,999
09/13/91	09/13/16	0.00%	2,156,853	-
03/01/91	06/15/20	1.00%	2,509,374	629,172
05/12/92	05/12/22	0.25%	1,317,824	314,383
08/07/95	08/07/25	1.00%	4,693,235	928,376
08/08/95	08/08/25	1.00%	1,150,000	224,947
09/11/95	09/11/15	1.00%	2,113,216	401,958
10/16/95	10/16/25	1.00%	400,000	77,473
12/19/95	12/19/25	1.00%	4,500,000	848,323
04/01/96	04/12/26	1.00%	160,000	29,821
07/03/96	07/03/26	1.00%	852,616	175,934
08/29/96	03/31/26	1.00%	2,500,000	499,938
12/20/96	12/20/26	1.00%	4,000,000	733,177
06/25/97	06/25/27	1.00%	2,936,835	550,603
06/26/97	06/26/27	1.00%	1,175,240	203,791
08/19/97	08/19/27	1.00%	817,029	175,255
08/19/97	08/19/27	1.00%	756,250	152,530
08/19/97	08/19/27	1.00%	712,150	132,368
10/22/97	05/01/28	1.00%	2,000,000	333,504
10/31/97	10/31/27	1.00%	695,170	119,966
12/04/97	12/04/27	1.00%	2,075,000	350,836
01/14/98	01/14/28	1.00%	561,840	94,483
03/06/98	03/06/28	1.00%	4,000,000	683,616
03/25/98	03/25/28	1.00%	2,100,000	364,936
07/28/98	07/28/28	1.00%	1,443,032	196,928
07/28/98	07/28/28	1.00%	950,000	155,628
07/30/98	07/30/28	1.00%	378,768	73,233

(Continued)

(4) Mortgage Notes Receivable, Continued

			March 31, 2015	
Issue Date	Maturity Date	Interest Rate	Principal	Accrued Interest
02/08/99	02/08/29	1.00%	$ 399,716	77,584
09/16/99	09/16/29	1.00%	1,554,077	254,901
11/24/99	11/24/29	1.00%	1,421,000	210,542
07/25/00	07/25/30	1.00%	5,070,000	709,371
07/31/00	07/31/30	1.00%	227,464	34,032
02/02/01	02/02/31	1.00%	5,048,046	662,192
06/25/01	06/25/31	0.00%	3,005,100	-
09/28/01	09/28/31	1.00%	1,280,100	146,342
03/11/02	03/11/32	1.00%	725,600	92,845
10/01/02	10/01/32	1.00%	2,106,200	233,209
10/01/02	10/01/32	1.00%	2,200,000	267,660
12/03/02	12/03/32	1.00%	1,218,652	150,951
01/16/03	01/16/33	1.00%	5,469,414	606,409
06/10/03	06/10/33	1.00%	2,471,700	256,575
09/26/03	09/26/33	1.00%	1,295,070	140,032
09/29/03	09/29/33	1.00%	2,903,100	277,282
11/25/03	11/25/33	0.25%	3,647,000	95,100
12/30/03	12/30/33	1.00%	3,675,000	361,736
06/28/04	06/28/34	1.00%	3,100,000	318,635
06/29/04	06/29/34	1.00%	2,529,000	254,886
08/03/04	08/03/34	0.00%	1,140,000	-
12/20/04	12/20/34	1.00%	6,046,981	580,862
06/30/05	04/09/38	0.25%	6,200,387	245,914
08/08/05	08/08/35	1.00%	3,698,400	331,942
09/08/05	09/08/35	1.00%	2,890,000	311,524
09/19/05	09/19/35	1.00%	2,000,000	165,616
12/23/05	12/23/35	1.00%	6,749,800	563,057
02/23/06	02/23/36	1.00%	2,480,224	187,737
03/07/06	03/07/36	1.00%	3,282,777	291,087

(Continued)

(4) Mortgage Notes Receivable, Continued

			March 31, 2015	
Issue Date	Maturity Date	Interest Rate	Principal	Accrued Interest
03/10/06	03/10/36	1.00%	$ 15,000	1,364
05/17/06	12/27/37	1.00%	3,140,000	253,807
06/20/06	06/20/47	0.25%	1,950,000	39,374
07/11/06	07/01/37	1.00%	1,150,000	94,763
10/27/06	10/27/36	1.00%	4,500,000	329,813
12/27/06	12/27/56	1.00%	3,600,000	273,692
12/28/06	12/28/36	1.00%	6,521,157	436,869
12/28/06	12/28/56	1.00%	3,732,450	281,868
04/16/07	04/16/37	1.00%	720,700	55,603
05/03/07	05/03/37	1.00%	2,340,000	222,305
06/26/07	06/26/37	0.00%	2,000,000	-
11/02/07	03/15/45	1.00%	3,327,170	211,639
11/08/07	11/08/37	1.00%	3,150,000	147,483
12/19/07	12/19/37	1.00%	3,500,000	231,148
07/30/08	07/30/38	1.00%	1,007,400	60,514
08/04/08	08/04/38	1.00%	1,300,000	82,888
12/23/08	12/23/38	1.00%	5,500,000	315,792
06/08/09	06/08/39	1.00%	1,803,600	100,988
09/24/09	09/30/39	1.00%	4,623,300	198,865
10/14/09	10/14/44	1.00%	2,750,000	102,039
11/04/09	11/04/39	0.00%	4,432,620	-
12/18/09	12/18/59	0.00%	5,000,000	-
06/10/10	04/15/42	1.00%	5,580,554	245,388
07/08/10	12/05/42	0.00%	4,869,485	-
07/20/10	08/01/62	0.00%	4,572,614	-
08/02/10	12/31/62	1.00%	4,800,000	168,308
09/01/10	08/31/42	1.00%	3,000,000	106,336
08/13/10	03/29/41	1.00%	721,385	122,581
06/17/11	04/14/42	1.00%	3,185,950	161,544

(Continued)

(4) Mortgage Notes Receivable, Continued

			March 31, 2015	
Issue Date	Maturity Date	Interest Rate	Principal	Accrued Interest
06/29/11	12/31/43	1.00%	$ 5,200,000	145,718
09/08/11	11/22/42	0.00%	1,000,000	-
10/18/11	12/09/43	1.00%	3,575,390	99,209
02/15/12	TBD	0.00%	3,000,000	-
06/15/12	TBD	1.00%	4,000,000	91,344
06/21/12	12/31/63	6.25%	2,402,490	184,419
07/16/12	01/31/44	0.00%	3,500,000	-
09/26/12	01/19/44	1.00%	2,340,519	46,513
10/11/12	09/01/64	0.00%	4,481,622	73,189
12/10/12	TBD	1.00%	4,629,750	43,129
04/26/13	TBD	4.85%	7,000,000	314,453
06/26/13	TBD	6.25%	3,500,000	-
06/28/13	TBD	4.50%	3,250,000	102,889
06/25/13	TBD	1.00%	5,500,000	71,237
06/27/13	TBD	1.00%	3,720,000	43,783
06/27/13	TBD	1.00%	1,677,469	-
11/19/13	TBD	4.50%	5,684,000	9,821
12/19/13	TBD	0.00%	3,825,000	-
12/31/13	TBD	6.00%	3,179,128	224,015
06/23/14	TBD	5.25%	6,000,000	23,217
12/18/14	TBD	1.00%	7,500,000	-
12/30/14	TBD	0.00%	2,000,000	-
03/13/15	TBD	0.00%	1,672,000	-
			$ 315,769,605	22,878,048

(5) Note Receivable

The Corporation had a non-interest bearing note receivable from the African American Planning Commission, Inc. in the original amount of $792,250. Terms of repayment include quarterly payments of $19,806 through 2018. The balance of the note receivable amounted to $316,900 at March 31, 2014. This note receivable was determined to be uncollectible and written off during the year ended March 31, 2015.

(6) Unearned Revenue

Unearned revenue amounted to $16,164,059 and $15,971,311 at March 31, 2015 and 2014, respectively. This amount primarily represents appropriations from the State to the Corporation in advance of the period to be benefited.

(7) Related Party Transactions

Related party transactions for the years ended March 31, 2015 and 2014 are as follows:

(a) Fiscal Intermediary Fees

The Corporation pays quarterly fees to the New York State Department of Taxation and Finance (the Department) who acts as a fiscal intermediary for the Corporation. For each of the years ended March 31, 2015 and 2014, total fees incurred for Department services amounted to $33,949. The amount due to the Department at March 31, 2015 and 2014 totaled $8,487.

(b) Due From Related Party

The HFA agreed to make up to $500,000 in Infrastructure Development Demonstration Program (IDDP) funds available to the Corporation. Amounts expended under the IDDP amounted to $82,519 for the year ended March 31, 2015. No amounts were expended for the year ended March 31, 2014. Unearned revenue totaled $82,519 at March 31, 2014.

(8) Contingencies

The Corporation is involved in various claims and lawsuits against the Corporation arising in the normal course of business. Management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the Corporation's financial position.

(9) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The requirements of this statement are effective for periods beginning after June 15, 2014, which is the year beginning April 1, 2015 for the Corporation. This statement is not expected to have a material effect on the financial statements of the Corporation.

GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date" addresses an issue regarding application of the transition provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions." This Statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this statement are effective for the same period that the entity implements GASB Statement No. 68. This statement is not expected to have a material effect on the financial statements of the Corporation.

GASB Statement No. 72 - "Fair Value Measurement and Application" amends the definition of fair value used throughout existing GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This statement is effective for the period ended March 31, 2016 for the Corporation and will require changes in how some financial instruments are reported, and disclosed within the financial statement.

INDEPENDENT AUDITORS' 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

The Board of Directors
Homeless Housing and Assistance Corporation:

We have audited, in accordance with the 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, the financial statements of Homeless Housing and Assistance Corporation (the Corporation), a New York State public benefit corporation, which comprise the statement of net position as of March 31, 2015, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated June 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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 Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 9, 2015

INDEPENDENT AUDITORS' REPORT ON INVESTMENT PROGRAM COMPLIANCE

The Board of Directors
Homeless Housing and Assistance Corporation:

Report on Investment Program Compliance

We have audited the Homeless Housing and Assistance Corporation's (the Corporation), a New York State public benefit corporation, compliance with the types of compliance requirements described in the Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program during the year ended March 31, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of the Corporation's investment program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the investment program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for the investment program. However, our audit does not provide a legal determination of the Corporation's compliance.

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Opinion on Investment Program

In our opinion, the Homeless Housing and Assistance Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its investment program for the year ended March 31, 2015.

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirement that could have a direct and material effect on the investment program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the investment program and to test and report on internal control over compliance in accordance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York, 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 the 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 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 will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. Accordingly, this report is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 9, 2015