

HOMELESS HOUSING AND ASSISTANCE
CORPORATION

Financial Statements and
Management's Discussion and Analysis

March 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 4
Financial Statements:	
Statements of Net Position	5
Statements of Revenue, Expenses and Changes in Net Position	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 15
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 <u>Government Auditing Standards</u>	16 - 17
Independent Auditors' Report on Investment Compliance	18 - 19

* * * * *

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, 2016 and 2015, and the related statements of revenue, expenses, and changes in net position and cash flows for the 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, 2016 and 2015, 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 23, 2016, 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 23, 2016, 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.

Towri & Co., CPAs, P.C.

Williamsville, New York
June 23, 2016

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Management's Discussion and Analysis

March 31, 2016

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.

Financial Highlights

- The Corporation's total assets increased from \$17,096,223 as of March 31, 2015 to \$58,827,672 as of March 31, 2016. The cash account increased from \$16,998,207 as of March 31, 2015 to \$57,597,398 as of March 31, 2016. Also, worthy of note, in fiscal year 2015 - 2016 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.
- The Corporation's total liabilities increased from \$16,172,546 as of March 31, 2015 to \$57,760,612 as of March 31, 2016. This is due mainly to the increase in appropriations received from New York State but a smaller increase in the amount of appropriations that were drawn down during the fiscal year 2015 - 2016.
- There was no significant capital asset or long-term debt activity during the year. As of March 31, 2016, all fixed assets are fully depreciated and no fixed assets were purchased during the year.
- New notes were recorded during fiscal year 2015 - 2016 amounting to \$34,830,912 and interest of \$3,207,070 was accrued on notes receivable. All notes and interest accrued on the notes have been written off as uncollectible.
- The Corporation is operated by staff from the New York State Office of Temporary and Disability Assistance. The Corporation received a \$45,500,000 appropriation for HHAP, \$28,114,000 for Medicaid Redesign Team program and \$16,340,000 for Mortgage Insurance Funds in the state fiscal year 2015 - 2016. Appropriated funds are drawn down as required during the year.

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Management's Discussion and Analysis, Continued

- Total revenues amounted to \$48,582,989 during the fiscal year 2015 - 2016, representing a 10% or a \$4,590,209 increase from the 2014 - 2015 fiscal year.
- Capital projects expenditures were \$36,922,013 and mandated expenditures were \$939,586 for the 2015 - 2016 fiscal year. This represents a 23% increase from the 2014 - 2015 capital projects and a 7.67% 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, 2016 and 2015

<u>Assets</u>	<u>2016</u>	<u>2015</u>
Current assets:		
Cash:		
Operating	\$ 57,597,398	16,998,207
Special revenue account - administrative expenses	<u>215</u>	<u>215</u>
Total cash	57,597,613	16,998,422
Mortgage notes receivable, less allowance of \$349,790,957 in 2016 and \$315,769,605 in 2015	-	-
Accrued interest receivable, less allowance of \$26,085,118 in 2016 and \$22,878,048 in 2015	<u>-</u>	<u>-</u>
Total current assets	57,597,613	16,998,422
Other asset - advances receivable, less allowance of \$184,739 in 2016 and \$150,000 in 2015	<u>1,230,059</u>	<u>97,801</u>
Total assets	<u>58,827,672</u>	<u>17,096,223</u>
 <u>Liabilities and Net Position</u> 		
Liabilities:		
Current liability - due to New York State	8,487	8,487
Noncurrent liabilities - unearned revenue	<u>57,752,125</u>	<u>16,164,059</u>
Total liabilities	<u>57,760,612</u>	<u>16,172,546</u>
Contingencies (note 8)	<u>-</u>	<u>-</u>
Net position	<u>\$ 1,067,060</u>	<u>923,677</u>

See accompanying notes to financial statements.

HOMELESS HOUSING AND ASSISTANCE CORPORATION
 Statements of Revenue, Expenses and Changes in Net Position
 Years ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenue:		
New York State appropriations	\$ 37,861,600	30,932,701
Medicaid Redesign Team	4,654,267	6,887,132
Mortgage Insurance Fund	5,844,194	5,999,999
Infrastructure Development Demonstration Program	-	82,519
Interest income	5,350	3,524
Miscellaneous	<u>217,578</u>	<u>86,905</u>
Total operating revenue	<u>48,582,989</u>	<u>43,992,780</u>
Operating expenses:		
Capital projects	36,922,013	30,001,996
Medicaid Redesign Team	4,654,267	6,887,132
Mortgage Insurance Fund	5,844,194	5,999,999
Infrastructure Development Demonstration Program	-	82,519
Mandated expenditures	939,586	1,017,610
Administrative expenses	44,807	50,634
Bad debt expense	<u>34,739</u>	<u>-</u>
Total operating expenses	<u>48,439,606</u>	<u>44,039,890</u>
Change in net position	143,383	(47,110)
Net position at beginning of year	<u>923,677</u>	<u>970,787</u>
Net position at end of year	<u>\$ 1,067,060</u>	<u>923,677</u>

See accompanying notes to financial statements.

HOMELESS HOUSING AND ASSISTANCE CORPORATION
Statements of Cash Flows
Years ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
New York State appropriations	\$ 45,500,000	32,500,000
Medicaid Design Team	28,114,000	5,912,000
Mortgage Insurance Fund	16,340,000	5,999,999
Interest income	5,350	3,524
Miscellaneous	217,577	86,904
	<u>90,176,927</u>	<u>44,502,427</u>
Capital projects	38,089,010	30,044,196
Medicaid Redesign Team	4,654,267	6,887,132
Mortgage Insurance Fund	5,844,194	5,999,999
Infrastructure Development Demonstration Program	-	82,519
Mandated expenditures	939,586	1,017,610
Administrative expenses	50,679	50,633
	<u>49,577,736</u>	<u>44,082,089</u>
Net increase in cash	40,599,191	420,338
Cash at beginning of year	<u>16,998,422</u>	<u>16,578,084</u>
Cash at end of year	<u>\$ 57,597,613</u>	<u>16,998,422</u>
Cash flows from operating activities:		
Increase (decrease) in net position	143,383	(47,110)
Adjustments to reconcile increase (decrease) in net position to net cash provided by operating activities:		
Changes in:		
Note receivable	-	316,900
Advances receivable	(1,132,258)	(42,200)
Unearned revenue	41,588,066	192,748
Net cash provided by operating activities	<u>\$ 40,599,191</u>	<u>420,338</u>

See accompanying notes to financial statements.

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements

March 31, 2016 and 2015

(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.

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(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.

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(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, 2016 and 2015.

(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, 2016 and 2015, the Corporation had recorded notes receivable of \$349,760,957 and \$315,769,605, respectively, and accrued interest totaling \$26,085,118 and \$22,878,048, 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, 2016 is as follows:

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(4) Mortgage Notes Receivable, Continued

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>March 31, 2016</u>	
			<u>Principal</u>	<u>Accrued Interest</u>
01/11/1989	06/01/2019	0.00%	\$ 67,612	-
01/11/1989	06/01/2019	1.00%	1,200,000	325,973
06/01/1990	06/01/2019	1.00%	2,282,000	589,881
03/01/1991	06/15/2020	1.00%	2,509,374	654,334
09/13/1991	09/13/2016	0.00%	2,156,853	-
05/12/1992	05/12/2022	0.25%	1,317,824	81,899
08/07/1995	08/07/2025	1.00%	4,693,235	975,437
08/08/1995	08/08/2025	1.00%	1,150,000	236,479
09/11/1995	09/11/2015	1.00%	2,113,216	422,897
10/16/1995	10/16/2025	1.00%	400,000	81,484
12/19/1995	04/23/2027	1.00%	4,500,000	853,320
04/01/1996	04/12/2026	1.00%	160,000	31,425
08/29/1996	03/31/2026	1.00%	2,500,000	525,007
12/20/1996	12/20/2026	1.00%	4,000,000	773,287
06/25/1997	06/25/2027	1.00%	2,936,835	580,052
06/26/1997	06/26/2027	1.00%	1,175,240	215,575
08/19/1997	08/19/2027	1.00%	2,285,429	483,070
10/22/1997	05/01/2028	1.00%	2,000,000	353,504
10/31/1997	10/31/2027	1.00%	695,170	126,937
12/04/1997	12/04/2027	1.00%	2,075,000	371,643
01/14/1998	01/14/2028	1.00%	561,840	100,117
03/06/1998	03/06/2028	1.00%	4,000,000	723,726
03/25/1998	03/25/2028	1.00%	2,100,000	385,994
07/28/1998	07/28/2028	1.00%	2,393,032	373,211
07/30/1998	07/30/2028	1.00%	378,768	77,032
02/08/1999	02/08/2029	1.00%	399,716	81,592
09/16/1999	09/16/2029	1.00%	1,554,077	270,022
11/24/1999	11/24/2029	1.00%	1,421,000	224,791
07/25/2000	07/25/2030	1.00%	5,070,000	760,209
07/31/2000	07/31/2030	1.00%	227,464	36,313
02/02/2001	02/02/2031	1.00%	4,286,000	605,205
06/25/2001	06/25/2031	0.00%	3,005,100	-

(Continued)

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(4) Mortgage Notes Receivable, Continued

			March 31, 2016	
<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Accrued Interest</u>
09/28/2001	09/28/2031	1.00%	\$ 1,280,100	159,064
03/11/2002	03/11/2032	1.00%	725,600	100,121
07/22/2002	07/22/2032	1.00%	2,106,200	254,329
10/01/2002	10/01/2032	1.00%	2,200,000	289,720
12/03/2002	12/03/2032	1.00%	1,218,652	163,171
01/16/2003	01/16/2033	1.00%	5,469,414	661,253
06/10/2003	06/10/2033	1.00%	2,471,700	281,185
09/26/2003	09/26/2033	1.00%	1,295,070	153,018
09/29/2003	09/29/2033	1.00%	2,903,100	306,393
11/25/2003	11/25/2033	0.25%	3,647,000	104,075
12/30/2003	12/30/2033	1.00%	3,675,000	397,476
06/28/2004	06/28/2034	1.00%	3,100,000	349,720
06/29/2004	06/29/2034	1.00%	2,529,000	280,245
08/03/2004	08/03/2034	0.00%	1,140,000	-
12/20/2004	12/20/2034	1.00%	6,046,983	641,498
01/20/2005	01/20/2035	1.00%	762,046	107,605
06/30/2005	04/09/2038	0.25%	3,725,000	167,616
08/08/2005	08/08/2035	1.00%	3,698,400	369,027
09/06/2005	09/06/2035	1.00%	2,836,598	334,211
09/08/2005	09/08/2035	1.00%	53,402	6,292
09/19/2005	09/19/2035	1.00%	2,000,000	184,103
12/23/2005	12/23/2035	1.00%	6,749,800	630,740
02/23/2006	02/23/2036	1.00%	2,480,224	212,608
03/07/2006	03/07/2036	1.00%	3,282,777	325,650
03/10/2006	03/10/2036	1.00%	15,000	1,514
05/17/2006	12/27/2037	1.00%	3,140,000	283,989
06/20/2006	06/20/2047	0.25%	1,950,000	44,262
07/11/2006	07/01/2037	1.00%	1,150,000	106,294
10/27/2006	10/27/2036	1.00%	4,500,000	374,293
12/27/2006	12/27/2056	1.00%	3,600,000	321,693
12/28/2006	12/28/2036	1.00%	6,521,157	502,259
12/28/2006	12/28/2056	1.00%	3,732,450	319,246
04/16/2007	04/16/2037	1.00%	720,700	62,830

(Continued)

HOMELESS HOUSING AND ASSISTANCE CORPORATION
Notes to Financial Statements, Continued

(4) Mortgage Notes Receivable, Continued

			March 31, 2016	
<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Accrued Interest</u>
05/03/2007	05/03/2037	1.00%	\$ 2,340,000	245,769
06/26/2007	06/26/2037	0.00%	2,000,000	-
07/26/2007	04/09/2038	1.00%	2,475,387	111,387
11/02/2007	03/15/2045	1.00%	3,327,170	245,002
11/08/2007	11/08/2037	1.00%	3,150,000	179,070
12/19/2007	12/19/2037	1.00%	3,500,000	266,244
07/30/2008	07/30/2038	1.00%	1,007,400	70,615
08/04/2008	08/04/2038	1.00%	1,300,000	95,924
12/23/2008	12/23/2038	1.00%	5,500,000	370,943
06/08/2009	06/08/2039	1.00%	1,803,600	119,070
09/24/2009	09/30/2039	1.00%	4,632,300	241,363
10/14/2009	10/14/2044	1.00%	2,750,000	129,614
11/04/2009	11/04/2039	0.00%	4,423,620	-
12/18/2009	12/18/2059	0.00%	5,000,000	-
06/10/2010	04/15/2042	1.00%	5,580,554	301,346
07/08/2010	12/05/2042	0.00%	4,869,485	-
07/20/2010	08/01/2062	0.00%	4,572,614	-
08/02/2010	12/31/2062	1.00%	4,800,000	216,552
08/13/2010	03/29/2041	1.00%	721,387	150,900
09/01/2010	08/31/2042	1.00%	2,782,422	136,418
06/17/2011	04/14/2042	1.00%	3,185,950	193,491
06/29/2011	12/31/2043	1.00%	5,200,000	197,861
09/08/2011	11/22/2042	0.00%	1,000,000	-
10/18/2011	12/09/2043	1.00%	3,575,390	136,056
02/15/2012	TBD	0.00%	3,000,000	-
06/15/2012	TBD	1.00%	4,000,000	131,689
06/21/2012	12/31/2063	6.25%	2,402,490	343,555
06/22/2012	04/23/2027	1.00%	260,631	40,940
07/16/2012	01/31/2044	0.00%	3,500,000	-
09/26/2012	01/19/2044	1.00%	2,340,519	69,983
10/11/2012	09/01/2064	1.00%	4,481,621	117,762
12/20/2012	11/13/2044	1.00%	4,629,750	86,689
04/26/2013	12/22/2045	4.85%	7,000,000	663,827

(Continued)

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(4) Mortgage Notes Receivable, Continued

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>March 31, 2016</u>	
			<u>Principal</u>	<u>Accrued Interest</u>
06/25/2013	06/27/2044	1.00%	\$ 5,500,000	126,044
06/26/2013	12/30/2075	6.25%	3,500,000	54,541
06/27/2013	01/20/2046	1.00%	3,720,000	78,484
06/27/2013	12/30/2045	1.00%	1,677,469	4,109
06/28/2013	10/28/2075	4.50%	3,250,000	248,684
11/19/2013	TBD	4.50%	5,684,000	123,271
12/19/2013	TBD	0.00%	3,825,000	-
12/31/2013	12/31/2044	6.00%	3,179,128	424,780
06/23/2014	TBD	5.25%	6,000,000	211,396
12/18/2014	TBD	1.00%	7,500,000	637
12/30/2014	TBD	0.00%	2,000,000	-
03/13/2015	TBD	0.00%	1,672,000	-
06/03/2015	TBD	4.50%	3,680,000	-
06/15/2015	TBD	5.50%	5,240,915	117,022
06/30/2015	TBD	3.75%	6,000,000	16,271
08/18/2015	TBD	0.00%	1,500,000	-
08/19/2015	08/03/2034	0.00%	328,170	-
10/27/2015	TBD	1.00%	3,000,000	1,893
11/18/2015	TBD	0.00%	2,500,000	-
12/23/2015	01/14/2028	0.00%	1,257,182	-
12/23/2015	TBD	1.00%	5,133,891	-
02/11/2016	TBD	0.00%	1,907,120	-
02/25/2016	TBD	0.00%	4,283,634	-
			<u>\$ 349,790,957</u>	<u>26,085,118</u>

HOMELESS HOUSING AND ASSISTANCE CORPORATION
Notes to Financial Statements, Continued

(5) Other Asset - Advance Receivable

The Corporation advances funds to various projects during the fiscal year. When services are performed by the contracting vendor and warrants are submitted to the Corporation, amounts are then recognized as an expense and reflected in the statements of revenue, expenses, and changes in net position. As of March 31, 2016 and 2015, the advances receivable, net of allowance amounted to \$1,230,059 and \$97,801, respectively.

(6) Unearned Revenue

Unearned revenue amounted to \$57,752,125 and \$16,164,059 at March 31, 2016 and 2015, 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, 2016 and 2015 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. Total fees incurred for department services amounted to \$34,331 and \$33,949 at March 31, 2016 and 2015, respectively. The amount due to the Department at March 31, 2016 and 2015 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, 2016.

(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.

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, 2016, 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 23, 2016.

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.

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 23, 2016

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, 2016.

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.

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, 2016.

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 23, 2016