

**HOMELESS HOUSING AND ASSISTANCE  
CORPORATION**  
(A Component Unit of the State of New York)  
Financial Statements and  
Management's Discussion and Analysis  
March 31, 2017 and 2016  
(With Independent Auditors' Report Thereon)

HOMELESS HOUSING AND ASSISTANCE CORPORATION

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## 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, as of March 31, 2017 and 2016 and for the years then ended and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial position of Homeless Housing and Assistance Corporation as of March 31, 2017 and 2016, and the changes in its financial position and cash flows thereof 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 7, 2017, 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.

Toski & Co., CPAs, P.C.

Williamsville, New York  
June 7, 2017

# HOMELESS HOUSING AND ASSISTANCE CORPORATION

## Management's Discussion and Analysis

March 31, 2017

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 \$58,827,672 as of March 31, 2016 to \$61,791,028 as of March 31, 2017. The cash account increased from \$57,597,613 as of March 31, 2016 to \$59,028,163 as of March 31, 2017. Also, worthy of note, in fiscal year 2016 - 2017, the Corporation's began to invest their excess funds due to the increase in rates of return compared to previous years. The New York State Department of Tax and Finance's Division of Treasury is the Corporation's fiscal agent and they control, the investment activity. The Corporation's investment policy restricts the types and duration of investments.
- The Corporation's total liabilities increased from \$57,760,612 as of March 31, 2016 to \$61,379,689 as of March 31, 2017. 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 2016 - 2017.
- There was no significant capital asset or long-term debt activity during the year. As of March 31, 2017, all fixed assets are fully depreciated and no fixed assets were purchased during the year.
- New notes were recorded during fiscal year 2016 - 2017 amounting to \$30,347,944 and interest of \$3,594,330 was accrued on notes receivable. All notes and interest accrued on the notes have been written off as uncollectible.
- Notes totaling \$3,562,927 expired during the fiscal year 2016 - 2017.
- The Corporation is operated by staff from the New York State Office of Temporary and Disability Assistance. The Corporation received a \$54,250,000 appropriation for HHAP and \$16,290,000 for Mortgage Insurance Funds in the state fiscal year 2016 - 2017. 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 \$68,618,286 during the fiscal year 2016 - 2017, representing a 41% or a \$20,035,297 increase from the 2015 - 2016 fiscal year.
- Capital projects expenditures were \$42,545,916 and mandated expenditures were \$1,054,979 for the 2016 - 2017 fiscal year. This represents a 15% increase from the 2015 - 2016 capital projects and a 12% increase for mandated expenditures.

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, 2017 and 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash:		
Operating	\$ 59,027,946	57,597,398
Special revenue account - administrative expenses	<u>217</u>	<u>215</u>
Total cash	59,028,163	57,597,613
Mortgage notes receivable, less allowance of \$376,575,974 in 2017 and \$349,790,957 in 2016	-	-
Accrued interest receivable, less allowance of \$29,679,448 in 2017 and \$26,085,118 in 2016	<u>-</u>	<u>-</u>
Total current assets	59,028,163	57,597,613
Other asset - advances receivable, less allowance of \$150,000 in 2017 and \$184,739 in 2016	<u>2,762,865</u>	<u>1,230,059</u>
Total assets	<u>61,791,028</u>	<u>58,827,672</u>
 <u>Liabilities and Net Position</u>  		
Liabilities:		
Current liability - due to New York State	8,487	8,487
Noncurrent liabilities - unearned revenue	<u>61,371,202</u>	<u>57,752,125</u>
Total liabilities	<u>61,379,689</u>	<u>57,760,612</u>
Contingencies (note 8)	<u>                    </u>	<u>                    </u>
Net position	<u>\$ 411,339</u>	<u>1,067,060</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenue:		
New York State appropriations	\$ 42,862,147	37,861,600
Medicaid Redesign Team	8,940,170	4,654,267
Mortgage Insurance Fund	16,651,413	5,844,194
Interest income	164,436	5,350
Miscellaneous	<u>120</u>	<u>217,578</u>
Total operating revenue	<u>68,618,286</u>	<u>48,582,989</u>
Operating expenses:		
Capital projects	42,545,916	36,922,013
Medicaid Redesign Team	8,940,170	4,654,267
Mortgage Insurance Fund	16,651,413	5,844,194
Infrastructure Development Demonstration Program	20,000	-
Mandated expenditures	1,054,979	939,586
Administrative expenses	61,529	44,807
Bad debt expense	<u>-</u>	<u>34,739</u>
Total operating expenses	<u>69,274,007</u>	<u>48,439,606</u>
Change in net position	(655,721)	143,383
Net position at beginning of year	<u>1,067,060</u>	<u>923,677</u>
Net position at end of year	<u>\$ 411,339</u>	<u>1,067,060</u>

See accompanying notes to financial statements.

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Statements of Cash Flows

Years ended March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
New York State appropriations	\$ 54,250,000	45,500,000
Medicaid Design Team	-	28,114,000
Mortgage Insurance Fund	18,200,000	16,340,000
Interest income	164,436	5,350
Miscellaneous	<u>120</u>	<u>217,577</u>
Operating receipts	<u>72,614,556</u>	<u>90,176,927</u>
Capital projects	44,401,175	38,089,010
Medicaid Redesign Team	8,940,170	4,654,267
Mortgage Insurance Fund	16,651,413	5,844,194
Infrastructure Development Demonstration Program	20,000	-
Mandated expenditures	1,054,979	939,586
Administrative expenses	81,530	50,679
Bad debt	<u>34,739</u>	<u>-</u>
Operating disbursements	<u>71,184,006</u>	<u>49,577,736</u>
Net cash provided by operating activities	1,430,550	40,599,191
Cash at beginning of year	<u>57,597,613</u>	<u>16,998,422</u>
Cash at end of year	<u>\$ 59,028,163</u>	<u>57,597,613</u>
Cash flows from operating activities:		
Increase (decrease) in net position	(655,721)	143,383
Adjustments to reconcile increase (decrease) in net position to net cash provided by operating activities:		
Changes in:		
Advances receivable	(1,532,806)	(1,132,258)
Unearned revenue	<u>3,619,077</u>	<u>41,588,066</u>
Net cash provided by operating activities	<u>\$ 1,430,550</u>	<u>40,599,191</u>

See accompanying notes to financial statements.

# HOMELESS HOUSING AND ASSISTANCE CORPORATION

## Notes to Financial Statements

March 31, 2017 and 2016

### (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.

#### (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, 2017 and 2016.

#### (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, 2017 and 2016, the Corporation had recorded notes receivable of \$376,575,974 and \$349,790,957, respectively, and accrued interest totaling \$29,679,448 and \$26,085,118, 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, 2017 is as follows:

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(4) Mortgage Notes Receivable, Continued

			March 31, 2017	
<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Accrued Interest</u>
06/01/1990	06/01/2019	1.00%	\$ 2,282,000	612,701
03/01/1991	06/15/2020	1.00%	2,509,374	679,428
09/13/1991	09/13/2016	0.00%	2,156,853	-
05/12/1992	05/12/2022	0.25%	1,317,824	85,194
08/07/1995	08/07/2025	1.00%	4,693,235	1,022,369
08/08/1995	08/08/2025	1.00%	1,150,000	247,979
09/11/1995	09/11/2015	1.00%	2,113,216	443,779
10/16/1995	10/16/2025	1.00%	400,000	85,484
12/19/1995	04/23/2027	1.00%	4,500,000	894,259
04/01/1996	04/12/2026	1.00%	160,000	33,025
08/29/1996	03/31/2026	1.00%	2,500,000	550,007
12/20/1996	12/20/2026	1.00%	4,000,000	813,287
06/25/1997	06/25/2027	1.00%	2,936,835	609,420
06/26/1997	06/26/2027	1.00%	1,175,240	227,328
08/19/1997	08/19/2027	1.00%	-	-
10/22/1997	05/01/2028	1.00%	2,000,000	373,559
10/31/1997	10/31/2027	1.00%	695,170	133,889
12/04/1997	12/04/2027	1.00%	2,075,000	392,393
01/14/1998	01/14/2028	1.00%	561,840	105,735
03/06/1998	03/06/2028	1.00%	4,000,000	763,726
03/25/1998	03/25/2028	1.00%	2,100,000	406,994
07/28/1998	07/28/2028	1.00%	2,393,032	393,810
07/30/1998	07/30/2028	1.00%	378,768	80,819
02/08/1999	02/08/2029	1.00%	399,716	85,589
09/16/1999	09/16/2029	1.00%	1,554,077	285,101
11/24/1999	11/24/2029	1.00%	1,421,000	239,001
07/25/2000	07/25/2030	1.00%	5,070,000	810,909
07/31/2000	07/31/2030	1.00%	-	-
02/02/2001	02/02/2031	1.00%	4,286,000	712,810
06/25/2001	06/25/2031	0.00%	3,005,100	-

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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, 2017</u>	
			<u>Principal</u>	<u>Accrued Interest</u>
09/28/2001	09/28/2031	1.00%	\$ 1,280,100	171,751
03/11/2002	03/11/2032	1.00%	725,600	107,377
07/22/2002	07/22/2032	1.00%	2,106,200	275,391
10/01/2002	10/01/2032	1.00%	2,200,000	311,720
12/03/2002	12/03/2032	1.00%	1,218,652	175,357
01/16/2003	01/16/2033	1.00%	5,469,414	715,947
06/10/2003	06/10/2033	1.00%	2,471,700	305,728
09/26/2003	09/26/2033	1.00%	1,295,070	165,969
09/29/2003	09/29/2033	1.00%	2,903,100	335,424
11/25/2003	11/25/2033	0.25%	3,647,000	113,025
12/30/2003	12/30/2033	1.00%	3,675,000	433,118
06/28/2004	06/28/2034	1.00%	3,100,000	380,720
06/29/2004	06/29/2034	1.00%	2,529,000	305,535
08/03/2004	08/03/2034	0.00%	1,140,000	-
12/20/2004	12/20/2034	1.00%	6,046,981	701,968
01/20/2005	01/20/2035	1.00%	762,046	50,480
06/30/2005	04/09/2038	0.25%	3,725,000	279,002
08/08/2005	08/08/2035	1.00%	3,698,400	406,011
09/06/2005	09/06/2035	1.00%	2,836,598	369,403
09/08/2005	09/08/2035	1.00%	53,402	-
09/19/2005	09/19/2035	1.00%	2,000,000	202,540
12/23/2005	12/23/2035	1.00%	6,749,800	698,238
02/23/2006	02/23/2036	1.00%	2,480,224	237,410
03/07/2006	03/07/2036	1.00%	3,282,777	360,119
03/10/2006	03/10/2036	1.00%	15,000	1,664
05/17/2006	12/27/2037	1.00%	3,140,000	314,088
06/20/2006	06/20/2047	0.25%	1,950,000	49,137
07/11/2006	07/01/2037	1.00%	1,150,000	117,794
10/27/2006	10/27/2036	1.00%	4,500,000	419,136
12/27/2006	12/27/2056	1.00%	3,600,000	360,636
12/28/2006	12/28/2036	1.00%	6,521,157	567,471
12/28/2006	12/28/2056	1.00%	3,732,450	356,521
04/16/2007	04/16/2037	1.00%	720,700	70,037

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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, 2017</u>	
			<u>Principal</u>	<u>Accrued Interest</u>
05/03/2007	05/03/2037	1.00%	\$ 2,340,000	269,169
06/26/2007	06/26/2037	0.00%	2,000,000	-
07/26/2007	04/09/2038	1.00%	2,475,387	32,998
11/02/2007	03/15/2045	1.00%	3,327,170	278,274
11/08/2007	11/08/2037	1.00%	3,150,000	210,570
12/19/2007	12/19/2037	1.00%	3,500,000	301,244
07/30/2008	07/30/2038	1.00%	1,007,400	80,689
08/04/2008	08/04/2038	1.00%	1,300,000	108,924
12/23/2008	12/23/2038	1.00%	5,500,000	425,943
06/08/2009	06/08/2039	1.00%	1,803,600	137,103
09/24/2009	09/30/2039	1.00%	4,632,300	283,743
10/14/2009	10/14/2044	1.00%	2,750,000	157,114
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	357,152
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	261,727
08/13/2010	03/29/2041	1.00%	721,386	179,143
09/01/2010	08/31/2042	1.00%	3,000,000	166,418
06/17/2011	04/14/2042	1.00%	3,185,950	225,350
06/29/2011	12/31/2043	1.00%	5,200,000	249,861
09/08/2011	11/22/2042	0.00%	1,000,000	-
10/18/2011	12/09/2043	1.00%	3,575,390	173,170
02/15/2012	12/31/2063	0.00%	3,000,000	-
06/15/2012	06/15/2044	1.00%	4,000,000	172,189
06/21/2012	12/31/2063	6.25%	2,402,490	512,189
06/22/2012	04/23/2027	1.00%	260,631	47,339
07/16/2012	01/31/2044	0.00%	3,500,000	-
09/26/2012	01/19/2044	1.00%	2,340,519	93,388
10/11/2012	09/01/2064	1.00%	4,481,621	162,578
12/20/2012	11/13/2044	1.00%	4,629,750	130,579
04/26/2013	12/22/2045	4.85%	7,000,000	1,035,523

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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, 2017</u>	
			<u>Principal</u>	<u>Accrued Interest</u>
06/25/2013	06/27/2044	1.00%	\$ 5,500,000	181,045
06/26/2013	12/30/2075	6.25%	3,500,000	273,887
06/27/2013	01/20/2046	1.00%	3,720,000	113,553
06/27/2013	12/30/2045	1.00%	1,677,469	20,592
06/28/2013	10/28/2075	4.50%	3,250,000	394,103
11/19/2013	09/30/2046	4.50%	5,684,000	369,590
12/19/2013	10/14/2046	0.00%	3,825,000	-
12/31/2013	12/31/2044	6.00%	3,179,128	640,190
06/23/2014	TBD	5.25%	6,000,000	521,006
12/18/2014	TBD	1.00%	7,500,000	32,057
12/30/2014	TBD	0.00%	2,000,000	-
03/13/2015	06/16/2046	0.00%	1,672,000	-
06/03/2015	TBD	4.50%	3,680,000	-
06/15/2015	TBD	5.50%	5,240,915	383,180
06/30/2015	TBD	3.75%	6,000,000	209,687
08/18/2015	09/28/2046	0.00%	1,500,000	-
08/19/2015	08/03/2034	0.00%	328,170	-
10/27/2015	TBD	1.00%	3,000,000	22,465
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%	4,283,637	-
04/26/2016	TBD	1.00%	6,508,240	6,751
04/27/2016	TBD	0.00%	1,750,000	-
06/23/2016	TBD	2.22%	4,250,000	7,491
09/22/2016	TBD	2.25%	5,850,000	-
11/07/2016	TBD	5.00%	5,500,000	1,341
11/10/2016	TBD	1.00%	2,015,000	240
11/29/2016	TBD	1.00%	1,711,839	170
02/28/2017	TBD	1.00%	2,762,865	2,411
			<u>\$ 376,575,974</u>	<u>29,679,448</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, 2017 and 2016, the advances receivable, net of allowance amounted to \$2,762,865 and \$1,230,059, respectively.

#### (6) Unearned Revenue

Unearned revenue amounted to \$61,371,202 and \$57,752,125 at March 31, 2017 and 2016, 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, 2017 and 2016 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 \$34,975 and \$34,331 at March 31, 2017 and 2016, respectively.

##### (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. No amounts were expended for the years ended March 31, 2017 and 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, 2017, 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 7, 2017.

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 7, 2017

**REPORT ON INVESTMENT COMPLIANCE WITH SECTION 201.3  
OF TITLE TWO OF THE OFFICIAL COMPILATION OF CODES,  
RULES AND REGULATIONS OF THE STATE OF NEW YORK**

The Board of Directors  
Homeless Housing and Assistance Corporation:

We have examined the Homeless Housing and Assistance Corporation's (the Corporation), a New York State public benefit corporation, compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules and Regulations of the State of New York during the year ended March 31, 2017. Management is responsible for the Corporation's compliance with those requirements. Our responsibility is to express an opinion on the Corporation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion.

In our opinion, the Corporation complied in all material respects with the aforementioned requirements during the year ended March 31, 2017.

In accordance with Government Auditing Standards, we are required to report significant deficiencies in internal control, violations of contracts, or grant agreements, and abuse that are material to 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 and any fraud or illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain views of management on those matters. We performed our examination to express an opinion on whether the Corporation complied with the aforementioned requirements and not for the purpose of expressing an opinion on internal control over compliance with those requirements or other matters; accordingly, we express no such opinion. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of Corporation management, the Board of Directors, the New York State Office of the State Comptroller, and the New York State Authority Budget Office and is not intended and should not be used by anyone other than those specified parties.

Toski & Co., CPAs, P.C.

Williamsville, New York  
June 7, 2017