

**HOMELESS HOUSING AND ASSISTANCE
CORPORATION**
(A Component Unit of the State of New York)
Financial Statements and
Management's Discussion and Analysis
March 31, 2018 and 2017
(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 - 16
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>	17 - 18
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	19 - 20

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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, 2018 and 2017 and for the years then ended and the related notes to 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, 2018 and 2017, 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 11, 2018, 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 solely 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 11, 2018

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Management's Discussion and Analysis

March 31, 2018

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 decreased from \$61,791,028 as of March 31, 2017 to \$49,588,371 as of March 31, 2018. The cash account decreased from \$59,028,163 as of March 31, 2017 to \$49,162,464 as of March 31, 2018. 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 decreased from \$61,379,689 as of March 31, 2017 to \$48,779,431 as of March 31, 2018. This is due mainly to the decrease in appropriations received from New York State during the fiscal year 2017 - 2018 compared to fiscal year 2016 - 2017.
- There was no significant capital asset or long-term debt activity during the year. As of March 31, 2018, all fixed assets are fully depreciated and no fixed assets were purchased during the year.
- New notes were recorded during fiscal year 2017 - 2018 amounting to \$48,529,170 and interest of \$4,484,719 was accrued on notes receivable. All notes and interest accrued on the notes have been written off as uncollectible.
- Notes totaling \$2,000,000 expired during the fiscal year 2017 - 2018.
- The Corporation is operated by staff from the New York State Office of Temporary and Disability Assistance. The Corporation received a \$47,250,000 appropriation for HHAP and \$6,522,000 Mortgage Insurance Funds in the state fiscal year 2017 - 2018. 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 \$67,881,763 during the fiscal year 2017 - 2018, representing a 1% or a \$736,523 decrease from the 2016 - 2017 fiscal year.
- Capital projects expenditures were \$43,511,908 and mandated expenditures were \$1,129,871 for the 2017 - 2018 fiscal year. This represents a 2% increase from the 2016 - 2017 capital projects and a 7% 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, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash:		
Operating	\$ 49,162,245	59,027,946
Special revenue account - administrative expenses	219	217
Total cash	49,162,464	59,028,163
Mortgage notes receivable, less allowance of \$423,073,055 in 2018 and \$376,575,974 in 2017	-	-
Accrued interest receivable, less allowance of \$34,164,167 in 2018 and \$29,679,448 in 2017	-	-
Total current assets	49,162,464	59,028,163
Other asset - advances receivable, less allowance of \$150,000 in 2017	425,907	2,762,865
Total assets	49,588,371	61,791,028
<u>Liabilities and Net Position</u>		
Liabilities:		
Current liability - due to New York State	8,487	8,487
Noncurrent liabilities - unearned revenue	48,770,944	61,371,202
Total liabilities	48,779,431	61,379,689
Contingencies (note 8)	-	-
Net position	\$ 808,940	411,339

See accompanying notes to financial statements.

HOMELESS HOUSING AND ASSISTANCE CORPORATION
 Statements of Revenue, Expenses and Changes in Net Position
 Years ended March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenue:		
New York State appropriations	\$ 44,734,398	42,862,147
Medicaid Redesign Team	10,091,004	8,940,170
Mortgage Insurance Fund	12,603,859	16,651,413
Interest income	452,502	164,436
Miscellaneous income	<u>-</u>	<u>120</u>
Total operating revenue	<u>67,881,763</u>	<u>68,618,286</u>
Operating expenses:		
Capital projects	43,511,908	42,545,916
Medicaid Redesign Team	10,091,004	8,940,170
Mortgage Insurance Fund	12,603,859	16,651,413
Infrastructure Development Demonstration Program	92,620	20,000
Mandated expenditures	1,129,871	1,054,979
Administrative expenses	<u>54,900</u>	<u>61,529</u>
Total operating expenses	<u>67,484,162</u>	<u>69,274,007</u>
Change in net position	397,601	(655,721)
Net position at beginning of year	<u>411,339</u>	<u>1,067,060</u>
Net position at end of year	<u>\$ 808,940</u>	<u>411,339</u>

See accompanying notes to financial statements.

HOMELESS HOUSING AND ASSISTANCE CORPORATION
Statements of Cash Flows
Years ended March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
New York State appropriations	\$ 47,250,000	54,250,000
Mortgage Insurance Fund	6,522,000	18,200,000
Interest income	452,502	164,436
Miscellaneous income	352,033	120
	<u>54,576,535</u>	<u>72,614,556</u>
Operating receipts		
Capital projects	40,469,980	44,401,175
Medicaid Redesign Team	10,091,004	8,940,170
Mortgage Insurance Fund	12,603,859	16,651,413
Infrastructure Development Demonstration Program	92,620	20,000
Mandated expenditures	1,129,871	1,054,979
Administrative expenses	54,900	116,269
	<u>64,442,234</u>	<u>71,184,006</u>
Operating disbursements		
Net cash provided by (used in) operating activities	(9,865,699)	1,430,550
Cash at beginning of year	<u>59,028,163</u>	<u>57,597,613</u>
Cash at end of year	<u>\$ 49,162,464</u>	<u>59,028,163</u>
Cash flows from operating activities:		
Change in net position	397,601	(655,721)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:		
Changes in:		
Advances receivable	2,336,958	(1,532,806)
Unearned revenue	(12,600,258)	3,619,077
Net cash provided by (used in) operating activities	<u>\$ (9,865,699)</u>	<u>1,430,550</u>

See accompanying notes to financial statements.

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements

March 31, 2018 and 2017

(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. Interest 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, 2018 and 2017.

(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, 2018 and 2017, the Corporation had recorded notes receivable of \$423,073,055 and \$376,575,974, respectively, and accrued interest totaling \$34,164,167 and \$29,679,448, 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, 2018 is as follows:

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(4) Mortgage Notes Receivable, Continued

			<u>March 31, 2018</u>	
<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Accrued Interest</u>
06/01/1990	04/17/2020	1.00%	\$ 2,282,000	635,521
03/01/1991	06/15/2020	1.00%	2,509,374	704,522
05/12/1992	05/12/2022	0.25%	1,317,824	88,488
9/13/1991	7/18/2018	0.00%	2,156,853	-
8/29/1996	12/15/2025	1.00%	2,500,000	575,007
6/25/1997	9/1/2027	1.00%	2,936,835	638,788
7/30/1998	2/12/2029	1.00%	378,768	84,607
7/28/1998	8/8/2030	1.00%	1,443,032	230,255
2/8/1999	11/1/2026	1.00%	399,716	89,586
9/11/1995	11/1/2027	1.00%	2,113,216	464,662
8/7/1995	11/25/2027	1.00%	4,693,235	1,069,301
8/8/1995	7/7/2027	1.00%	1,150,000	259,479
6/22/2012	4/23/2027	1.00%	4,760,631	988,938
9/16/1999	5/5/2018	1.00%	1,554,077	300,181
10/31/1997	8/29/2028	1.00%	695,170	140,840
3/25/1998	1/4/2029	1.00%	2,100,000	427,994
6/26/1997	7/30/2029	1.00%	1,175,240	239,080
12/4/1997	5/22/2029	1.00%	2,075,000	413,143
10/16/1995	12/29/2025	1.00%	400,000	89,484
12/23/2015	2/26/2029	1.00%	1,819,022	111,353
4/1/1996	10/2/2026	1.00%	160,000	34,625
12/20/1996	1/1/2055	1.00%	4,000,000	853,287
3/6/1998	10/1/2029	1.00%	4,000,000	803,726
7/28/1998	11/8/2030	1.00%	950,000	184,154
3/10/2006	3/10/2036	1.00%	15,000	1,814
10/1/2002	10/12/2034	1.00%	2,200,000	333,720
11/24/1999	10/31/2030	1.00%	1,421,000	253,211

(Continued)

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(4) Mortgage Notes Receivable, Continued

					<u>March 31, 2018</u>	
<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>		<u>Principal</u>	<u>Accrued Interest</u>	
2/2/2001	1/22/2033	1.00%	\$	5,048,046	813,771	
7/25/2000	11/13/2032	1.00%		5,070,000	861,609	
9/28/2001	5/26/2034	1.00%		1,280,100	184,437	
6/25/2001	2/12/2033	1.00%		3,005,100	-	
12/20/2004	5/31/2037	1.00%		6,046,981	762,437	
3/11/2002	9/16/2032	1.00%		725,600	114,633	
7/22/2002	11/2/2035	1.00%		2,106,200	296,453	
6/10/2003	11/29/2035	1.00%		2,471,700	330,271	
12/3/2002	10/6/2036	1.00%		1,218,652	187,544	
9/29/2003	10/2/2036	1.00%		2,903,100	364,455	
1/16/2003	5/15/2035	1.00%		5,469,414	770,641	
9/26/2003	4/30/2030	1.00%		1,295,070	178,920	
6/30/2005	4/9/2038	1.00%		6,200,387	344,998	
5/3/2007	1/31/2037	1.00%		2,340,000	292,569	
11/25/2003	7/1/2035	0.25%		3,647,000	121,976	
6/29/2004	5/8/2036	1.00%		2,529,000	330,825	
12/30/2003	3/31/2036	1.00%		3,675,000	468,760	
9/8/2005	4/14/2035	1.00%		2,890,000	398,303	
8/19/2015	8/3/2030	0.00%		1,468,170	-	
6/28/2004	5/31/2036	1.00%		3,100,000	411,724	
5/17/2006	12/27/2037	1.00%		3,140,000	344,187	
3/7/2006	3/15/2038	1.00%		3,282,777	394,588	
8/8/2005	7/13/2036	1.00%		3,698,400	442,995	
9/19/2005	6/1/2037	1.00%		2,000,000	220,978	
12/23/2005	4/30/2039	1.00%		6,749,800	765,736	
2/23/2006	1/1/2038	1.00%		2,480,224	262,212	
12/27/2006	8/7/2059	1.00%		3,600,000	399,968	
9/24/2009	12/1/2041	1.00%		4,632,300	326,124	
6/20/2006	6/20/2047	0.25%		1,950,000	54,012	
7/11/2006	7/1/2037	1.00%		1,150,000	129,294	
10/27/2006	10/21/2039	1.00%		4,500,000	464,136	
12/28/2006	1/31/2041	1.00%		6,521,157	632,682	
12/28/2006	11/24/2058	1.00%		3,732,450	393,799	

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HOMELESS HOUSING AND ASSISTANCE CORPORATION
Notes to Financial Statements, Continued

(4) Mortgage Notes Receivable, Continued

March 31, 2018				
<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Accrued Interest</u>
4/16/2007	12/5/2037	1.00%	\$ 720,700	77,244
06/26/2007	3/31/2039	0.00%	2,000,000	-
11/12/2007	3/15/2045	1.00%	3,327,170	311,546
12/19/2007	1/14/2040	1.00%	3,500,000	336,244
11/8/2007	11/29/2041	1.00%	3,150,000	242,070
12/18/2009	12/20/2061	0.00%	5,000,000	-
8/4/2008	4/30/2039	1.00%	1,300,000	121,924
7/30/2008	2/28/2040	1.00%	1,007,400	90,763
12/23/2008	8/31/2040	1.00%	5,500,000	480,943
6/17/2011	4/14/2042	1.00%	3,185,950	257,210
6/8/2009	3/29/2041	1.00%	1,803,600	155,136
10/14/2009	6/10/2042	1.00%	2,750,000	184,614
11/4/2009	10/18/2042	0.00%	4,423,620	-
8/2/2010	12/31/2062	1.00%	4,800,000	308,420
6/10/2010	4/15/2042	1.00%	5,580,554	412,957
8/13/2010	3/29/2041	1.00%	721,386	207,385
7/8/2010	12/5/2042	0.00%	4,869,485	-
7/20/2010	8/1/2062	0.00%	4,572,614	-
9/1/2010	8/31/2042	1.00%	3,000,000	191,744
6/29/2011	12/31/2043	1.00%	5,200,000	301,861
10/18/2011	12/9/2043	1.00%	3,575,390	210,656
9/8/2011	11/22/2042	0.00%	1,000,000	-
6/15/2012	6/15/2044	1.00%	4,000,000	212,689
9/26/2012	1/19/2044	1.00%	2,340,519	116,793
2/15/2012	11/30/2044	0.00%	3,000,000	-
6/21/2012	12/31/2063	6.25%	2,402,490	705,427
7/16/2012	1/31/2044	0.00%	3,500,000	-
10/11/2012	9/1/2064	1.00%	4,481,621	207,394
12/20/2012	11/13/2044	1.00%	4,629,750	174,679
4/26/2013	12/22/2045	4.85%	7,000,000	1,425,246
6/26/2013	12/30/2075	6.25%	3,500,000	492,637
6/28/2013	10/28/2075	4.50%	3,250,000	539,519
6/25/2013	6/27/2044	1.00%	5,500,000	236,044

(Continued)

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(4) Mortgage Notes Receivable, Continued

					<u>March 31, 2018</u>
<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>		<u>Principal</u>	<u>Accrued Interest</u>
6/27/2013	1/20/2046	1.00%	\$	3,720,000	150,629
6/27/2013	12/30/2045	1.00%		1,677,469	37,074
11/19/2013	9/30/2046	4.50%		5,684,000	638,733
12/19/2013	10/14/2046	0.00%		3,825,000	-
12/31/2013	12/31/2044	6.00%		3,179,128	869,349
6/23/2014	3/15/2047	5.25%		6,000,000	833,430
8/18/2015	9/28/2046	0.00%		1,500,000	-
12/18/2014	8/15/2047	1.00%		7,500,000	88,343
12/30/2014	1/28/2048	0.00%		2,000,000	-
3/13/2015	6/16/2046	0.00%		1,672,000	-
6/3/2015	TBD	4.50%		3,680,000	-
6/15/2015	TBD	5.50%		5,240,915	662,216
6/30/2015	10/15/2047	4.50%		6,000,000	431,312
10/27/2015	6/1/2068	5.50%		3,000,000	51,376
11/18/2015	TBD	3.75%		2,500,000	-
12/23/2015	TBD	0.00%		5,133,891	4,663
2/11/2016	7/31/2047	0.00%		1,907,120	-
2/25/2016	5/1/2047	1.00%		4,283,637	-
4/26/2016	TBD	0.00%		6,508,240	66,948
4/27/2016	TBD	0.00%		1,717,911	-
6/23/2016	TBD	1.00%		4,250,000	43,019
9/22/2016	TBD	0.00%		5,850,000	3,169
11/7/2016	TBD	0.00%		5,500,000	87,839
11/10/2016	4/9/2048	1.00%		2,015,000	10,155
11/29/2016	TBD	0.00%		1,711,839	6,004
2/28/2017	2/8/2047	2.22%		2,762,865	-
3/16/2017	TBD	2.25%		3,500,000	63,611
3/22/2017	TBD	5.00%		2,500,000	-
5/17/2017	TBD	1.00%		2,700,000	2,725
5/12/2017	TBD	1.00%		2,993,268	-
6/28/2017	TBD	1.00%		5,060,000	22,915

(Continued)

HOMELESS HOUSING AND ASSISTANCE CORPORATION
Notes to Financial Statements, Continued

(4) Mortgage Notes Receivable, Continued

			March 31, 2018	
<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Accrued Interest</u>
6/29/2017	TBD	0.00%	\$ 3,120,000	-
6/29/2017	TBD	1.00%	6,222,012	-
6/29/2017	TBD	0.00%	5,900,000	-
8/30/2017	TBD	0.00%	3,771,676	-
10/2/2017	TBD	1.00%	3,021,260	8,709
9/28/2017	TBD	4.00%	770,000	-
12/7/2017	TBD	0.00%	1,250,000	-
1/22/2018	TBD	3.61%	5,498,735	-
3/14/2018	TBD	0.00%	2,222,219	-
			\$ 423,073,055	34,164,167

(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, 2018 and 2017, the advances receivable, net of allowance amounted to \$425,907 and \$2,762,865, respectively.

(6) Unearned Revenue

Unearned revenue amounted to \$48,770,944 and \$61,371,202 at March 31, 2018 and 2017, 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, 2018 and 2017 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 \$35,674 and \$34,975 at March 31, 2018 and 2017, respectively.

HOMELESS HOUSING AND ASSISTANCE CORPORATION
Notes to Financial Statements, Continued

(7) Related Party Transactions, Continued

(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, 2018 and 2017.

(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, 2018, 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 11, 2018.

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 11, 2018

**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 the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules and Regulations of the State of New York (Section 201.3) during the year ended March 31, 2018. Management is responsible for the Corporation's compliance with Section 201.3. Our responsibility is to express an opinion on the Corporation's compliance with Section 201.3 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about the Corporation's compliance with Section 201.3. An examination involves performing procedures to obtain evidence about the Corporation's compliance with Section 201.3. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Corporation's compliance with Section 201.3, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Corporation complied in all material respects with Section 201.3 during the year ended March 31, 2018.

In accordance with Government Auditing Standards, we are required to report significant deficiencies in internal control, violations of provisions of laws, regulations, contracts, or grant agreements, and abuse that are material to the Corporation's compliance with Section 201.3 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 Corporation's compliance with Section 201.3 and not for the purpose of expressing an opinion on internal control over compliance with Section 201.3 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 11, 2018