NEW YORK STATE OF OPPORTUNITY. | Homes and Community Renewal | Housing Trust Fund Corporation

ANDREW M. CUOMO
Governor

JAMES S. RUBIN
Commissioner/CEO

MEMORANDUM

To: Members of the Corporation

From: Karen M. Hunter, Treasurer

Date: June 25, 2015

Subject: Approval of Annual Audit

Pursuant to the Public Authorities Law and HTFC's By-Laws, the Housing Trust Fund Corporation (HTFC) is required to engage an independent certified public accounting firm to perform an annual independent audit in accordance with generally accepted auditing standards. HTFC has engaged SaxBST, to conduct the 2015 audit.

Enclosed are the following reports prepared for the fiscal year ended March 31, 2015:

- Financial Report
- Internal Control and Compliance Report
- Report to the Board in compliance with SAS 114
- Management Letter
- Corporation's Response to the Management Letter

It is recommended that the Members review and approve the annual independent audit. The annual audit report must be submitted to the Authorities Budget Office no later than June 30, 2015.

Housing Trust Fund Corporation

(a Component Unit of the State of New York)

Financial Report

March 31, 2015 and 2014

Housing Trust Fund Corporation
(a Component Unit of the State of New York)

Financial Report

March 31, 2015 and 2014

C O N T E N T S

Independent Auditor's Report

Board of Directors
Housing Trust Fund Corporation
Albany, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Trust Fund Corporation (Corporation), a component unit of the State of New York, which comprise the statements of net position as of March 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the 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 audit 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 entity'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 the Corporation as of March 31, 2015 and 2014, and the changes in its financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 6, and the schedule of funding progress on page 20, 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 audits 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, 2015, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

SaxBST LLP

Albany, New York
June 23, 2015

The Housing Trust Fund Corporation (Corporation), a component unit of the State of New York, follows professional guidelines for government financial reporting by including in its annual financial report this discussion of management's views on its financial condition. No new guidelines or reporting methods have been adopted this year that resulted in significant changes to the financial statements. Therefore, management is presenting its discussion and analysis of the Corporation's financial activities for the fiscal year ended March 31, 2015, in a manner similar to last year's presentation.

Financial Highlights

- The Corporation's net position increased by approximately $13.4 million, or 56.8% from 2014 as a result of the current year's operations.

- During the year, the Corporation's revenue from State and Federal appropriations and contracts totaled just over $2.54 billion, and it expended just over $2.53 billion to provide decent and affordable housing, improve community infrastructure and facilities, provide economic opportunities, and to aid in the recovery from the impact of Hurricanes Sandy and Irene and Tropical Storm Lee, to the citizens of New York State.

- Federal program appropriations and fees accounted for approximately 94.6% of the Corporation's revenue and approximately 94.2% of its expenditures, while New York State appropriations were responsible for approximately 5.2% of revenues and approximately 5.4% of expenditures.

- Investment revenue decreased by approximately $42,400, or approximately 26% from 2014. This was primarily due to the continuing decline of overall investment rates of return.

- The Corporation began a new affordable housing program using post Tax Credit Assistance Program funds. Approximately $17 million was released from escrow for this project in 2015.

- The Federal Community Development Block Grant Disaster Recovery Program continued to grow during fiscal year 2015. Revenues grew by $85 million or 15.7% and expenditures grew by $86 million or 15.9%.

Using This Annual Report

This annual report consists of three financial statements: statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows. These statements provide information about the activities of the Corporation as a whole. They tell how the Corporation's programs were financed in the short-term as well as what remains for future spending. Immediately following the financial statements are a series of notes to the financial statements that provide additional information about some specific references in the financial statements. The notes also provide other important information about the Corporation.

Reporting on the Corporation

One of the most important questions asked about the Corporation's finances is, "Is the Corporation, as a whole, better off or worse off as a result of the year's activities?" The statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows report information about the Corporation in a way that helps answer this question. These financial statements include all assets, liabilities, revenues, and expenses using the accrual basis of accounting, which is similar to the procedures followed by most private sector companies.

Using This Annual Report- Continued

Reporting on the Corporation - Continued

These three statements report the Corporation's net position and changes in them, and the flow of cash into and out of the Corporation from its activities and investments. You can think of the Corporation's net position, the difference between its assets and liabilities, as one way to measure its financial health, or financial position. Over time, increases or decreases in the Corporation's net position are one indicator of whether its financial health is improving or getting worse. The information in these statements helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Corporation's programs.

All of the Corporation's activities are presented as an enterprise fund, which essentially means that the Corporation reports its activities as most businesses would. While the bottom line is not expressed in terms of profit, but in terms of funds available to provide services to the citizens of New York State, this reporting method presents the Corporation's activities more clearly to its audience. The Corporation's activities consist primarily of providing housing construction and rehabilitation funding, rental and homebuyer subsidies to low income individuals and families and to senior citizens, as well as funding for public facilities improvements and economic development activities from State and Federal appropriations and fees earned from the operation of its Federal Programs.

The Corporation's Overall Financial Condition

The Corporation's combined net position increased from one year ago, increasing overall by approximately $13.4 million this year, or approximately 56.8%. This increase was primarily attributable to the purchase of properties under the Community Development Block Grant (CDBG) Disaster Recovery Acquisition program. The appropriations under this grant were used to acquire properties to be sold and were recorded as assets. In addition, there was an increase in receipts from the CDBG Disaster Recovery appropriations. Also, the Corporation was able to release approximately $16 million tax credit assistance funds for new affordable housing projects, which were held in escrow at the end of 2014. Although the funds were committed to specific project, the Corporation had not spent all of the released funds causing a surplus. Our analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) from the Corporation's activities.

Table 1
Net Position (in millions)

	March 31, 2015	March 31, 2014	2013
Cash, investments and assets held in escrow	$ 273.00	$ 295.63	$ 250.78
Cash held for beneficiaries	63.13	11.23	-
Receivable from U.S. HUD	9.41	11.00	6.34
Accounts receivable	0.13	0.21	-
Notes and interest receivable, net	6.34	5.84	8.71
Property held for resale	61.47	-	-
Total assets	413.48	323.90	265.88
Accounts and awards payable	74.91	35.57	5.40
Unearned revenue	72.09	23.91	17.31
Postemployment benefits other than pensions	2.64	2.18	1.71
Other liabilities	15.33	27.12	14.87
Total liabilities	164.97	88.78	39.29
Net position			
Restricted	192.71	199.35	189.18
Unrestricted	55.79	35.77	37.41
Total net position	$ 248.50	$ 235.12	$ 226.58

Using This Annual Report- Continued

The Corporation's Overall Financial Condition - Continued

Restricted Net Position - represents program funds from Federal and State programs on hand at the end of the fiscal year. This description reflects a recognition that all funds generated by federal and state appropriations and contracts are considered earmarked for the purposes of that appropriation or contract unless specifically available for discretionary use. Restricted net position this year reflects a decrease from 2014 of approximately $6.64 million, or 3.33%.

Unrestricted Net Position - represents the portion of net position that can be used to finance day-to-day administrative expenditures or additional program awards beyond appropriated levels. Unrestricted net position increased from 2014 by approximately $20.02 million, or 56%.

Table 2
Changes in Net Position (in millions)

	Years Ended March 31, 2015	Years Ended March 31, 2014	2013
Revenues			
Program revenue			
Federal programs	$ 2,404.56	$ 2,214.66	$ 1,592.85
State programs	132.78	158.20	93.69
Donations	-	6.95	7.79
Other revenue			
Investments	0.12	0.16	0.19
Other	3.02	7.74	5.73
Total revenues	2,540.48	2,387.72	1,700.24
Expenses			
Federal programs	2,380.11	2,215.96	1,576.49
State programs	136.40	153.73	107.03
Donation program	3.61	1.74	7.78
Administrative and other expenses	6.98	7.76	0.84
Total expenses	2,527.10	2,379.19	1,692.13
Increase in net position	$ 13.38	$ 8.54	$ 8.11

The Corporation's total revenues increased from last year by approximately 6.4%, or $152.76 million, while the total cost of all programs and administration increased by approximately 6.2%, or $147.91 million. These figures show that the Corporation received approximately $13.38 million more than it spent this year, or approximately 3%.

Revenue from federal programs increased overall by approximately $189.90 million due primarily to an increase in funding for the Community Development Block Grant Disaster Recovery Program, which began during the fiscal year ended 2014. In addition, several other federal programs showed increases in funding. The Corporation was able to reuse tax credit assistance program funds in 2015.

Using This Annual Report- Continued

The Corporation's Overall Financial Condition - Continued

The Corporation experienced an overall increase in expenditures this year by approximately $147.91 million, or approximately 6.2%, due primarily to an increase in funding for the Community Development Block Grant Disaster Recovery Program, which began during the fiscal year ended 2014. In addition, several other federal programs showed increases in funding. Expenditures of the Corporation's federally-funded programs experienced an increase of approximately $164.15 million, or 7.4% from the previous year, while expenditures of State funded programs decreased by approximately $25.42 million, or approximately 16% from the previous year. The Corporation's expenses for administration and other expenses were essentially flat year over year.

Economic Factors on Future Operations

The Corporation's ability to accomplish its mission to provide decent and affordable housing to the citizens of New York State, from an economic standpoint, depends almost exclusively on the appropriations and contracts it receives from the Federal and New York State governments. New York State's budget is providing funding to the Corporation for its fiscal year April 1, 2015 through March 31, 2016, at approximately the same level overall as the previous year. Federal appropriation levels are expected to remain at current year levels as the $1.7 billion of federal CDBG Program funds in connection with the disaster recovery efforts related to Hurricanes Sandy and Irene, and Tropical Storm Lee will continue into the fiscal year ending 2016. Expenditures are expected to remain roughly consistent with current levels for current programs due to the continued disaster recovery efforts.

Contacting the Corporation's Financial Management

This financial report is designed to provide the citizens of New York State, banks, developers, and contractors with whom we do business, and Federal and New York State legislators, regulators, and other government officials with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have any questions about the report or need additional financial information, please contact the Corporation's Treasurer at the Housing Trust Fund Corporation, 38-40 State Street, Albany, New York 12207, by phone at (518) 457-3538, or via e-mail at HTFFinanceUnit@nyshcr.org.

Housing Trust Fund Corporation
(a Component Unit of the State of New York)

Statements of Net Position

	March 31, 2015	March 31, 2014
ASSETS		
Cash, unrestricted	$ 12,176,755	$ 3,349,449
Cash, federal restricted	19,048,392	41,550,930
Cash, state restricted	12,000,796	11,469,495
Cash, donor restricted	1,623,368	5,197,688
Total cash	44,849,311	61,567,562
Cash held for beneficiaries	63,126,783	11,230,996
Investments, unrestricted	51,721,188	35,940,267
Investments, federal restricted	45,362,060	47,892,225
Investments, state restricted	116,544,464	122,802,282
Total investments	213,627,712	206,634,774
Assets held in escrow	14,520,509	27,423,684
Due from other governments		
U.S. Department of Housing and Urban Development	9,409,777	10,997,730
Accounts receivable	133,359	205,278
Total current assets	345,667,451	318,060,024
Mortgage notes receivable, net	3,132,245	3,652,221
Accrued interest receivable, net	3,202,832	2,186,208
Properties held for sale	61,472,607	-
Total long-term assets	67,807,684	5,838,429
Total assets	**$ 413,475,135**	**$ 323,898,453**
LIABILITIES AND NET POSITION		
Accounts payable and accrued liabilities	$ 66,960,911	$ 3,120,240
Awards payable	7,953,382	32,453,523
Due to developers	1,125,509	707,282
Unearned revenue	72,086,206	23,906,002
Due to other governments	14,202,795	26,412,412
Total current liabilities	162,328,803	86,599,459
Postemployment benefits other than pensions	2,643,782	2,178,690
Total liabilities	164,972,585	88,778,149
COMMITMENTS AND CONTINGENCIES		
NET POSITION		
Restricted for Federal Programs	55,485,433	61,471,898
Restricted for State Programs	135,605,438	132,650,710
Restricted by donor	1,623,368	5,230,587
Unrestricted	55,788,311	35,767,109
Total net position	248,502,550	235,120,304
Total liabilities and net position	**$ 413,475,135**	**$ 323,898,453**

See accompanying Notes to Financial Statements.

Housing Trust Fund Corporation
(a Component Unit of the State of New York)

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended March 31, 2015	Years Ended March 31, 2014
REVENUES		
Federal Section 8 Project - Based Contract Administration Program	$ 1,266,489,474	$ 1,192,931,664
Federal Community Development Block Grant Disaster Recovery	627,809,262	542,790,894
Federal Section 8 Housing Choice Voucher and related programs	427,418,177	413,066,389
Federal Community Development Block Grant Program	36,458,350	38,221,828
Federal Home Investments Partnerships Program	27,982,672	24,092,425
Federal Disaster Homeowner Assistance Program	1,726,584	3,560,175
Post T-CAP Funds	16,679,934	-
Empire State Relief Fund Program donations	-	6,950,212
State of New York Programs	132,778,310	158,202,233
Investment income	119,349	161,793
Other	3,021,811	7,743,223
Total revenues	2,540,483,923	2,387,720,836
EXPENSES		
Federal Section 8 Project - Based Contract Administration Program	1,251,156,966	1,178,303,419
Federal Community Development Block Grant Disaster Recovery	628,998,119	542,850,017
Federal Section 8 Housing Choice Voucher and related programs	427,817,385	429,894,404
Federal Community Development Block Grant Program	36,454,085	37,260,287
Federal Home Investments Partnerships Program	28,347,828	24,092,425
Federal Disaster Homeowner Assistance Program	1,725,581	3,560,175
Post T-CAP Funds	5,610,364	-
Empire State Relief Fund Program	3,608,286	1,735,453
State of New York programs	136,403,368	153,727,159
Change in provision for contingent loans, net	(496,650)	2,875,010
Administrative	7,476,345	4,887,123
Total expenses	2,527,101,677	2,379,185,472
CHANGE IN NET POSITION	**13,382,246**	**8,535,364**
NET POSITION, ***beginning of year***	235,120,304	226,584,940
NET POSITION, ***end of year***	**$ 248,502,550**	**$ 235,120,304**

See accompanying Notes to Financial Statements.

Housing Trust Fund Corporation
(a Component Unit of the State of New York)

Statements of Cash Flows

	Years Ended March 31, 2015	2014
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Receipts from:		
Federal programs	$ 2,388,455,848	$ 2,210,020,796
New York State programs	133,196,537	157,548,694
Other programs	19,773,664	14,488,157
Total sources of cash	2,541,426,049	2,382,057,647
Payments for:		
Federal programs	(2,459,752,377)	(2,180,750,180)
New York State programs	(136,403,368)	(153,727,159)
Other programs	(16,198,345)	(9,497,586)
Total uses of cash	(2,612,354,090)	(2,343,974,925)
	(70,928,041)	**38,082,722**
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Investments, net	(6,873,589)	(398,912)
Escrow accounts	12,903,175	(6,963,450)
Increase in unearned revenue	48,180,204	6,596,971
	54,209,790	**(765,391)**
Net increase (decrease) in cash	**(16,718,251)**	**37,317,331**
CASH, ***beginning of year***	61,567,562	24,250,231
CASH, ***end of year***	**$ 44,849,311**	**$ 61,567,562**
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net position	$ 13,382,246	$ 8,535,364
Adjustments to reconcile change in net position to net cash provided by operating activities		
Net investment income	(119,349)	(161,793)
Changes in		
Cash held for beneficiaries	(51,895,787)	(11,230,996)
Due from other governments	1,587,953	(4,618,552)
Accounts receivable	71,919	(205,278)
Mortgage notes and accrued interest receivables	(496,648)	2,875,008
Properties held for sale	(61,472,607)	-
Accounts payable and accrued liabilities	63,840,671	803,359
Awards payable	(24,500,141)	29,368,694
Due to developers	418,227	(653,539)
Due to other governments	(12,209,617)	12,898,858
Other postemployment benefits	465,092	471,597
	$ (70,928,041)	**$ 38,082,722**

See accompanying Notes to Financial Statements.

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

The Housing Trust Fund Corporation (Corporation) was established on February 13, 1985, by the Legislature of the State of New York. The Corporation is a component unit of the State of New York and is included in the State's financial statements. The Corporation was initially created to administer low income housing programs within New York State. The Corporation's Board of Directors is comprised of the Commissioner of the Division of Housing and Community Renewal (DHCR), the Chairman of the Housing Finance Agency, and one additional person appointed by the Commissioner. The Board is chaired by the Commissioner of DHCR. The Corporation administers the following significant programs:

Federal

- Section 8 Project-based Contract Administration Program - to provide low income housing rental subsidy to qualified landlords (previously identified as the Housing Assistance Payment Program).

- Section 8 Housing Choice Voucher (HCV) and Related Programs - to provide low income housing rental subsidy to qualified individuals. Related programs are the five-year mainstream program and the moderate rehabilitation program.

- Community Development Block Grant Program - to provide various housing and economic development activities to municipalities in New York State.

- Community Development Block Grant Program Disaster Recovery - in response to Hurricane Sandy, funding was appropriated to rebuild the affected areas and provide crucial seed money to start the recovery process.

- Home Investments Partnerships Program (HOME) - to provide funds for the construction and rehabilitation of low income housing.

State

- Low Income Trust Fund Housing Program - to provide funds for the construction and rehabilitation of low income housing.

- Public Housing Modernization and Drug Elimination Programs - to provide funds to rehabilitate state run public housing authorities and reduce drug and crime activities.

- Homes for Working Families Program - to provide funds to finance affordable housing for low income families and senior citizens by accessing tax exempt bond financing and low income housing credits.

- Medicaid Redesign Team Program - to create new supportive housing opportunities through leveraging other public and private investments to maximize potential Medicaid savings.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

b. Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. 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. A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

c. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

d. Mortgage Notes and Accrued Interest Receivables

The Corporation considers the collection of the majority of its mortgage notes and accrued interest receivable are contingent upon certain economic and compliance matters at the mortgagor level, and therefore, collection is not reasonably assured. Accordingly, the Corporation generally reserves all balances, with the exception of certain loans that have specific repayment requirements not contingent upon economic and compliance matters or, balances which based on a review of current and prior payments, indicate that a full allowance is not necessary. Repayments of the notes and interest fully reserved for are considered revenue when received.

e. Investments

The investment policy of the Corporation follows the guidance of New York State Law and stipulates that the Corporation may invest in obligations of the State of New York, 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.

f. Property Acquisition Programs

During the fiscal years ended March 31, 2015 and 2014, the Corporation acquired various properties under the Disaster Recovery Buyout program totaling approximately $109,423,000 and $78,467,000, respectively. As these properties will not be used for service delivery, the Corporation has valued them at the lower of cost or fair market value, similar to property held for redevelopment. The properties acquired under the Buyout program cannot be redeveloped, and it is anticipated that they will be transferred to the State of New York, or local governments to aid in environmental preservation. Accordingly, the Corporation has not assigned any value to Buyout properties.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

f. Property Acquisition - Continued

Properties acquired under the Disaster Recovery Acquisition program may be resold for development purposes. It is the Corporation's intention to dispose of Acquisition properties to qualified bidders under an auction process. During the fiscal years ended March 31, 2015 and 2014, the Corporation acquired various properties under the Acquisition program totaling approximately $61,472,600 and $-0-, respectively. Properties acquired under the Acquisition program are valued at the lower of cost or fair market value. The Corporation has not sold any of the properties acquired as of March 31, 2015.

g. Restricted Net Position

Restricted net position of the Corporation at March 31, 2015 and 2014, consists of the following:

(a) Restricted Net Position - Federal

Restricted net position - Results from funds that accumulate over time from all of the Corporation's federal programs primarily from mortgage collections, interest on restricted cash accounts, and surplus rental assistance payments accumulated during the current fiscal year. These funds are restricted for allowable program expenses.

(b) Restricted Net Position - State

Restricted net position - Results from funds that accumulate over time from all of the Corporation's state programs primarily from mortgage collections, interest on restricted cash accounts, and as yet unexpended but committed program funds. These funds are restricted for allowable program expenses.

(c) Restricted Net Position - Donors

Restricted net position - Results from funds that accumulate over time from the Empire State Relief Program. These funds are restricted for allowable program expenses.

h. Revenue Recognition

Federal awards are recognized as revenue at the time the approval of availability of funds is issued by the U.S. Department of Housing and Urban Development (HUD) or other departments and, when applicable, expenses are incurred. The Corporation recognizes appropriations from the State of New York as revenue at the time a certificate of approval of availability of funds is issued by the Division of the Budget of the State of New York and when the applicable expenses are incurred. Appropriations receivable represents the remaining balance of the amount made available by the Division of the Budget of New York State which has not been drawn down by the Corporation. Interest and other income are recognized as revenue when earned.

All revenue earned by the Corporation is considered operating revenue in support of the programs administered by the Corporation.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

i. State of New York Programs

State of New York programs consist of awards primarily to fund the construction of new properties, or the rehabilitation of vacant or under-utilized property, technical assistance expenses, and foreclosure prevention education. Disbursements are made upon approval of certified vouchers. Awards which have approved certified vouchers and are not paid as of March 31 are recorded as awards payable. Technical assistance expenses are primarily construction monitoring, planning, designing, and engineering consulting fees associated with the award contracts, as well as consulting fees for training award applicants.

j. Federal Grants

In the normal course of operations, the Corporation receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any receivable or liability which may arise as the result of these audits is not believed to be material, and will be recognized in the year it is determined.

k. Tax Status

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

l. New Accounting Pronouncements

Statement No. 69, *Government Combinations and Disposals of Government Operations.* This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations, including mergers and acquisitions. This statement requires disclosures to be made that will enable financial statement users to evaluate the nature and financial effect of those transactions.

Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.* This statement will require a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more-likely-than-not that the government will be required to make a payment on the guarantee. An obligation guaranteed in a nonexchange transaction will need to be reported until it is legally released as an obligor.

The Corporation fully adopted GASB Statements No. 69 and No. 70 as of April 1, 2014, and there were no significant impacts to the financial statements.

m. Subsequent Events

The Corporation has evaluated subsequent events for potential recognition or disclosure through June 23, 2015, the date the financial statements were available to be issued.

Note 2 - Cash, Restricted and Unrestricted

At March 31, 2015 and 2014, the Corporation's bank balances with Chase Bank and Bank of America were fully insured by federal depository insurance or by collateral held by the Corporation's agent in the Corporation's name.

Certain cash balances are restricted for programmatic purposes.

Note 3 - Investments, Restricted and Unrestricted

The Corporation's investments are comprised of United States Treasury bills, United States Treasury strips, and repurchase agreements. These investments are carried at fair value as determined by quoted market prices. All investments mature within one year, and related collateral is held by the Corporation's agent for repurchase agreements in the Corporation's name.

Certain investment balances are restricted for programmatic purposes.

Note 4 - Cash Held for Beneficiaries

Under the Federal Community Development Block Grant Disaster Recovery Program, the Corporation held federally funded cash intended for potential beneficiaries. As of March 31, 2015, the Corporation held $63,126,783 to the beneficiaries that had not yet been expended for the program.

Under the Disaster Recovery Buyout Program, the Corporation advanced federally funded cash to a fiscal agent to perform closings on the various properties in the program. As of March 31, 2014, the Corporation advanced $11,230,996 to the fiscal agent that had not yet been expended for the program.

Note 5 - Assets Held in Escrow

Assets held in escrow include approximately $10,960,000 and $9,980,000 as of March 31, 2015 and 2014, respectively, held by the Corporation for the benefit of the New York State Division of Housing and Community Renewal (DHCR) which DHCR accumulated in connection with the administration of the Section 8 HCV Program prior to the Corporation's assumption of those responsibilities (Note 9).

Assets held in escrow also include approximately $16,400,000 as of March 31, 2014, held by the Corporation related to the Tax Credit Assistance Program. This program was closed out during the fiscal year ended March 31, 2012. Any loan repayments and interest payments received by the Corporation subsequent to the close-out are required to be placed in escrow and will be used for new awards. The amounts held in escrow as of March 31, 2014, were used for new awards for affordable housing projects during the year ended March 31, 2015.

Note 5 - Assets Held in Escrow - Continued

In addition, the Corporation requires that operating and replacement reserves be established for construction projects. These reserves are used to fund annual operating expenses as needed and replacement of equipment and fixtures. In construction financing projects, private developers are required to contribute an equity investment in the form of cash or an irrevocable letter of credit at the beginning of the project. The cash and investments are held by the Corporation until the project is completed, at which time it is used to establish the required reserves, or, if the reserves have been funded, returned to the developer.

Note 6 - Mortgage Notes and Accrued Interest Receivable

The Corporation administers numerous loan programs as described below. The collections of these mortgages are based upon payment terms contingent with the related underlying debt and regulatory agreements with the Corporation's mortgagors. These agreements call for repayments based upon available cash flows, noncompliance with the regulatory agreement with the Corporation, and other contingent events, such as upon the sale of the underlying real property. The underlying agreements generally require that each mortgagor have an annual audit of its financial statements, including a review of compliance with the regulatory agreement. The Corporation's loans and related allowances for contingent collections are as follows:

	March 31, 2015					
Program	Mortgage Notes Receivable	Allowance for Contingent Loans	Net Mortgage Notes Receivable	Accrued Interest Receivable	Allowance for Contingent Loans	Net Accrued Interest Receivable
HOME	$ 183,537,448	$ (182,898,388)	$ 639,060	$ 5,454,345	$ (4,732,442)	$ 721,903
Housing Assistance Fund	2,000,000	(2,000,000)	-	15,000	(15,000)	-
Housing Trust Fund	629,113,030	(626,883,981)	2,229,049	30,972,959	(29,243,178)	1,729,781
Homes for Working Families	127,011,871	(126,747,735)	264,136	4,451,701	(4,163,961)	287,740
Medicaid Redesign Team Program	23,501,288	(23,501,288)	-	6,052	-	6,052
Subsidy	27,369,472	(27,369,472)	-	2,280,486	(2,261,486)	19,000
Tax Credit Assistance	88,995,135	(88,995,135)	-	1,041,003	(906,120)	134,883
Turnkey	97,277,458	(97,277,458)	-	1,387,129	(1,083,656)	303,473
Community Development Block Grant Disaster Recovery	1,175,313	(1,175,313)	-	-	-	-
PIP	4,756,199	(4,756,199)	-	-	-	-
Rural Community Investment Fund	2,136,076	(2,136,076)	-	-	-	-
Urban Community Investment Fund	2,341,851	(2,341,851)	-	-	-	-
Homes for Working Families; Post TCAP	5,500,736	(5,500,736)	-	-	-	-
	$ 1,194,715,877	$ (1,191,583,632)	$ 3,132,245	$ 45,608,675	$ (42,405,843)	$ 3,202,832

	March 31, 2014					
Program	Mortgage Notes Receivable	Allowance for Contingent Loans	Net Mortgage Notes Receivable	Accrued Interest Receivable	Allowance for Contingent Loans	Net Accrued Interest Receivable
HOME	$ 171,437,623	$ (170,798,563)	$ 639,060	$ 4,890,433	$ (4,299,055)	$ 591,378
Housing Assistance Fund	2,000,000	(2,000,000)	-	-	-	-
Housing Trust Fund	583,022,791	(580,470,071)	2,552,720	28,169,095	(26,833,010)	1,336,085
Homes for Working Families	124,332,734	(123,872,293)	460,441	3,684,678	(3,544,300)	140,378
Medicaid Redesign Team Program	18,444,082	(18,444,082)	-	-	-	-
Subsidy	27,369,472	(27,369,472)	-	2,127,517	(2,108,144)	19,373
Tax Credit Assistance	88,995,135	(88,995,135)	-	793,050	(734,360)	58,690
Turnkey	97,277,458	(97,277,458)	-	1,107,606	(1,067,302)	40,304
	$ 1,112,879,295	$ (1,109,227,074)	$ 3,652,221	$ 40,772,379	$ (38,586,171)	$ 2,186,208

Note 7 – Unearned Income

The Corporation administers Federal Section 8 Housing Choice Voucher and Related Programs. The Corporation holds Family Self-Sufficiency (FSS) funds on behalf of Section 8 participants. The Corporation is required to disburse the funds to the participants upon completion of certain goals approved by the Corporation, or if the participant fails to complete the program, funds are recognized as additional revenue subject to the restrictions of these programs. The amount of funds held by the Corporation for the Federal Section 9 Housing Choice Voucher and FSS programs amounted to $3,678,824 and $4,185,075 at March 31, 2015 and 2014, respectively, and is included in restricted cash and restricted investments.

Under the Federal Community Development Block Grant Disaster Recovery Program, the Corporation held federally funded cash intended for potential beneficiaries. As of March 31, 2015, the Corporation held $63,126,783 to the beneficiaries that had not yet been expended for the program.

The Corporation held funds for the Disaster Housing Assistance Program as the program advanced all funding for the program during fiscal year ended March 31, 2015. The amount of funds restricted for the Disaster Housing Assistance Program at March 31, 2015 and 2014, was $1,667,667 and $3,175,834, respectively. The remaining amount of funding is expected to be spent or sent back to HUD when the program ends.

The Corporation receives program income under the Federal Home Investments Partnerships Program, which is required to be used for that program. As of March 31, 2015 and 2014, the program income that had been collected and not yet been disbursed out amounted to $2,260,366 and $123,043.

Note 8 - Postemployment Benefits Other Than Pensions

a. *Plan Description* - The Corporation provides continuation of medical coverage for employees who retire with at least five years of credited service with the Corporation. The Corporation will also provide coverage in the event of early retirement if the employee qualifies for a State disability pension. The Corporation contributes 90% of the costs for employees and 75% of the cost of an employee's spouse. Surviving spouses of retired employees with at least ten years' service are also eligible for continued health insurance coverage subject to a 25% co-pay.

   Substantially all of the Corporation's employees may become eligible for these benefits if they reach the normal retirement age of the respective tier of the New York State Employees' Retirement System, while working for the Corporation. The Corporation, on an annual basis, accrues the cost which represents the present value of these benefits to be paid over the estimated lives of the retirees. Amounts charged to operations totaled $489,820 and $499,554 for the years ended March 31, 2015 and 2014, respectively.

   The number of participants was as follows:

	March 31,	
	2015	2014
Active	120	120
Retirees and dependents	3	3
Total	123	123

Note 8 - Postemployment Benefits Other Than Pensions - Continued

b. *Funding Policy* - The Corporation currently pays for postemployment health care benefits to satisfy current obligations on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

c. *Annual Other Postemployment Benefit (OPEB) Cost and Net OPEB Obligation* - The Corporation's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC).* The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Corporation's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Corporation's net obligation to the plan:

	March 31, 2015	March 31, 2014
Annual required contribution	$ 534,789	$ 534,789
Interest on net OPEB obligation	67,801	53,125
Amortization of net OPEB obligation	(112,770)	(88,360)
Annual OPEB cost/expense	489,820	499,554
Contribution made on a pay-as-you-go basis	(24,728)	(27,957)
Increase in net OPEB obligation	465,092	471,597
Net OPEB obligation, beginning of year	2,178,690	1,707,093
Net OPEB obligation, end of year	$ 2,643,782	$ 2,178,690

The Corporation's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

	March 31, 2015	March 31, 2014
Annual OPEB cost	$ 489,820	$ 499,554
Contribution for year ended March 31	24,728	27,957
Contribution as a percentage of required contribution	5.05%	5.60%

d. *Funded Status and Funding Progress* - The actuarial accrued liability for benefits was $4,007,297 as of March 31, 2015, all of which is unfunded.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Note 8 - Postemployment Benefits Other Than Pensions - Continued

e. *Actuarial methods and assumptions:*

Funding interest rate	3.112%
2014 Drug trend rate	7.5%
2014 Medical trend rate (Medicare Eligible)	5.5%
2014 Medical trend rate (Non-Medicare Eligible)	9%
Actuarial cost method	Projected Unit Credit Method

Note 9 - Commitments and Contingencies

a. *Remaining Unexpended Commitments*

Since its inception in 1985, the Corporation has provided funding under various Federal and State programs.

	March 31,	
	2015	2014
Obligated agreements	$ 18,183,107,932	$ 16,133,714,451
Expended	17,867,777,470	15,939,390,836
Remaining unexpended commitments	$ 315,330,462	$ 194,323,615

b. *Disaster Recovery Buyout and Acquisition Program*

The Corporation's administration of Buyout and Acquisition properties will require additional costs, including demolition and removal of existing structures, site remediation, infrastructure improvements, general property maintenance, and costs associated with disposition. The Corporation has not estimated the future costs will be incurred associated with Buyout and Acquisition properties; however, the Corporation believes these costs to be reimbursed by the Federal government under the Disaster Recovery program.

c. *Litigation*

The Corporation is involved in litigation with a former vendor. As the litigation is in early stages, counsel and management express no opinion on the probable outcome of the matter.

d. *Federal Programs*

The Corporation receives significant financial assistance from the Federal government in the form of grants and entitlements. Receipt of grants is generally conditioned upon compliance with the terms and conditions of grant agreements and applicable Federal regulations, including the expenditure of resources for eligible purposes. Substantially all Federal grants are subject to either the Federal Single Audit Act or to financial and compliance audits by the grantor agencies of the Federal government, or their designee. Disallowances by Federal program officials as a result of these audits may become liabilities of the Corporation.

Note 10 - Transactions with DHCR

The Corporation generally reimburses the New York State Division of Housing and Community Renewal (DHCR) for administrative expenditures (principally payroll) incurred in the various Federal and State programs to the extent permitted by the Division of the Budget of New York State. The Corporation's total liability to DHCR for administrative expenses at March 31, 2015 and 2014, was $14,191,572, and $11,789,349, respectively, and is included within Due to Other Governments on the accompanying statements of net position.

Note 11 - Project Based Contract Administration Program

The current Project Based Contract Administration Program contract with HUD expires in June 2016, which is the primary source of revenue for the Corporation.

Note 12 - Accounting Pronouncements Issued Not Yet Implemented

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement.

The scope of this statement also addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have certain characteristics as defined in the statement. It establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. This statement is effective for periods beginning after June 15, 2014, with early implementation encouraged.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date,* an amendment of GASB Statement No. 68. This statement addresses an issue regarding the application of the transition provisions of Statement No. 68, *Accounting and Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of the statement are to be adopted simultaneously with statement No. 68.

The Corporation's management is not able to estimate the extent of the potential impact, if any, of these statements on the financial statements.

Housing Trust Fund Corporation
(a Component Unit of the State of New York)

Required Supplementary Information
Schedule of Funding Progress

Schedule of Funding Progress for the Retiree Health Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
March 31, 2014	$ -	$ 4,007,297	$ 4,007,297	0.00%	$ 5,563,155	72%
March 31, 2011	-	3,358,042	3,358,042	0.00%	2,248,001	149%

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Housing Trust Fund Corporation
Albany, New York

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 statement of net position of the Housing Trust Fund Corporation (Corporation), a component unit of the State of New York, as of March 31, 2015, and the related statements of revenues, expenses, and change in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2015.

Internal Control over Financial Reporting

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

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, as described in the accompany schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness (2015-01).

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*.

The Corporation's Response to Finding

The Corporation's response to the finding identified in our audit is described in a separate letter dated June 23, 2015. The Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

SaxBST LLP

Albany, New York
June 23, 2015

Housing Trust Fund Corporation
(a Component Unit of the State of New York)

Schedule of Findings and Responses
Year Ended March 31, 2015

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	X	Yes		No
• Significant deficiency(s) identified that are not considered to be material weakness(es)?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No

Section II - Financial Statement Audit Finding

2015-01 Implementation of New Accounting Software

Criteria: Management of the Housing Trust Fund Corporation (Corporation) is required to have processes and controls in place to ensure the accurate reporting of financial information in accordance with accounting principles generally accepted in the United States of America.

Condition: During the fiscal year, management of the Corporation undertook the implementation of a new accounting software package. As a result, the Corporation experienced difficulty in obtaining a complete and accurate general ledger and financial reports to support amounts reported within its general ledger. The general ledger is the basis for preparing the year-end financial statements. We found an inconsistent approach to the review and reconciliation in many areas of the accounting and finance functions. We noted instances where data input was duplicated, and journal entries and transfers between accounts were incorrect. In addition, we noted a data input error into the accounts payable vendor system.

Effect: As a result of our audit, numerous correcting entries were required, some material in nature.

Cause: Contributing factors to the deficiencies mentioned above include:

- Lack of training within the finance department on preparation of financial information in accordance with U.S. generally accepted accounting principles;
- Resources within the department appeared strained which resulted in lack of review and reconciliation of financial statement accounts, and
- Insufficient training on the new accounting system.

Recommendations:

- The Corporation should provide finance staff with the necessary training to ensure they can prepare monthly and year-end financial reports and reconciliations in accordance with U.S. generally accepted accounting principles.

Section II - Financial Statement Audit Finding - Continued

2015-01 Implementation of New Accounting Software - Continued

- The Corporation should establish review and reconciliation policies and procedures at all levels of management. We feel that many of the problems identified by the audit process could have been avoided or brought to the attention of management much earlier if the records were reviewed and reconciled on a timely basis by appropriate personnel.

- The Corporation should also limit the ability to post manual journal entries to two individuals in the finance department. This will limit the chance of incorrect entries from being entered into the accounting software.

- The Corporation should enhance training opportunities for the newly implemented accounting system for finance staff.

- When posting and/or paying an invoice into the vendor system, the accounting staff should be trained on the difference between the invoice date, the service date, and the pay date. This will ensure that the invoice is captured in the proper fiscal period.

- We recommend that the Corporation develop a procedure for tracking and reconciling accounts receivable. Cash receipts should be matched to a billed invoice that is posted on the accounts receivable aging, and any discrepancy should be researched and resolved. Procedures should also be established to ensure that accounts receivable balances are reconciled between the general ledger and the subsidiary on a consistent and timely basis.

Views of Responsible Officials and Planned Corrective Actions:

The Corporation recognizes that the implementation of the new accounting system presented significant challenges to the Finance Unit, both in terms of timing and of staff capacity. We agree with the auditor's list of factors that contributed to the finding. Additional training on both the accounting system and generally accepted accounting principles is required across the Finance Unit. We acknowledge that the Unit currently has limited accounting capacity, with only one high level accountant with an understanding of governmental accounting principles. While training and resource information was provided to staff as the implementation of the accounting system took place, the Corporation acknowledges that it was not sufficient. In addition, the volume of work that needed to continue while the implementation was underway put the Unit under serious stress in terms of available staff resources. Finally, the full implementation of the accounting system was also delayed, which prevented the Unit from accessing reports necessary to perform monthly reconciliations and reviews until after the end of the fiscal year.

Steps are currently underway for the new fiscal year to ensure proper review and reconciliation procedures are in place, including procedures for reconciliation of accounts receivable. The most recent version of the accounting system includes the required security features needed to limit staff access to only roles assigned by management, and limited roles have been established and assigned to staff. Training sessions are anticipated to be scheduled on a regular basis for all staff utilizing the accounting system in order to improve their understanding of the system and of proper accounting procedures. Finally, Finance Unit staff processing vendor invoices have been trained on the proper way to utilize the vendor system to properly capture accounts payable.

Section III - Compliance Finding

None noted.

MEMORANDUM

To: SaxBST

From: Karen M. Hunter, Treasurer

Date: June 25, 2015

Subject: Response to Audit Finding 2015-01

Per your Audit Finding 2015-01 – Implementation of New Accounting Software, for the year ended March 31, 2015, please note the following response presented on behalf of the Corporation:

The Corporation recognizes that the implementation of the new accounting system presented significant challenges to the Finance Unit, both in terms of timing and of staff capacity. We agree with the auditor's list of factors that contributed to the finding. Additional training on both the accounting system and the generally accepted accounting principles is required across the Finance Unit. We acknowledge that the Unit currently has limited accounting capacity, with only one high level accountant with an understanding of governmental accounting principles. While training and reference material was provided to staff as the implementation of the accounting system took place, the Corporation acknowledges that it was not sufficient. In addition, the volume of work that needed to continue while the implantation was underway put the Unit under serious stress in terms of available staff resources. Finally, the full implementation of the accounting system was also delayed, which prevented the Unit from accessing system reports necessary to perform monthly reconciliations and reviews until after the end of the fiscal year.

Steps are currently underway for the new fiscal year to ensure proper review and reconciliation procedures are in place, including procedures for reconciliation of accounts receivable and review of all journal entries. The most recent version of the accounting system included the required security features needed to limit staff access to only roles assigned by management and limited roles have been established and assigned to staff. Training sessions are anticipated to be scheduled on a regular basis for all staff utilizing the accounting system in order to improve their understanding of the system and of proper accounting procedures. Finally, Finance Unit staff have been trained on the proper way to utilize the accounting system accounts payable module in order to properly capture invoice data, and a procedure to review their work has been implemented.

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June 23, 2015

Board of Directors
Housing Trust Fund Corporation
Hampton Plaza
38-40 State Street
Albany, New York 12207

Dear Members of the Board:

We are pleased to present this report related to our audit of the financial statements of the Housing Trust Fund Corporation (Corporation), (a component unit of the State of New York) for the year ended March 31, 2015. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Corporation's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Corporation.

Very truly yours,

SaxBST LLP

Paul L. Goetz, Partner

PLG/dmc

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ALBANY, NY CLIFTON, NJ MINEOLA, NY NEW YORK, NY

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Housing Trust Fund Corporation
(a component Unit of the State of New York)

Communication With Those Charged With Governance
Year Ended March 31, 2015

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities and the Planned Scope and Timing of the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated February 27, 2015.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Corporation. Following is a description of accounting standards the Corporation adopted during the year to comply with accounting principles generally accepted in the United States of America (GAAP):

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement provides specific accounting and financial reporting guidance for combinations in this environment and improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement provides financial reporting and disclosure guidance to those governments that extend and receive nonexchange financial guarantees, thereby enhancing comparability of financial statements among governments.

The Corporation fully adopted GASB Statements No. 69 and 70 as of April 1, 2014, and there was no significant impact to the financial statements.

Accounting Policies and Practices - Continued

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Exhibit A, Summary of Significant Accounting Estimates.

Audit Adjustments

Audit adjustments proposed by us and recorded by the Corporation are shown on the attached Exhibit B, Summary of Recorded Audit Adjustments.

Uncorrected Misstatements

Uncorrected misstatements are summarized in the attached in Exhibit C, Summary of Uncorrected Misstatements.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

Following is a description of significant issues arising from the audit that were discussed with management.

- The administration of the Community Development Block Grant Disaster Recovery Program
- New accounting software

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Housing Trust Fund Corporation
(a component Unit of the State of New York)

Communication With Those Charged With Governance
Year Ended March 31, 2015

Letter Communicating Significant Deficiencies and Material Weakness in Internal Control over Financial Reporting

We have separately communicated any significant deficiencies and material weakness identified during our audit of the financial statements.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Corporation, including the representation letter provided to us by management, are attached as Exhibit D.

We will be pleased to respond to any questions you have about these matters. We appreciate the opportunity to be of continued service to you.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

SaxBST LLP

Albany, New York
June 23, 2015

Housing Trust Fund Corporation
(a Component Unit of the State of New York)

Summary of Significant Accounting Estimates
Year Ended March 31, 2015

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Corporation's March 31, 2015 financial statements:

Estimate	Accounting Policy	Estimation Process
Allowance on Mortgages and Interest Receivable	Allowance is based on a review of outstanding amounts on a monthly basis.	Management determines the allowance by identifying the mortgages and related interest that have specific repayment requirements not contingent upon economic and compliance matters, subsequent payments, and a review of prior payment history.
Other Postemployment Benefits (OPEB) Liability	The Corporation recognizes a net OPEB obligation in long-term liabilities.	The estimate is developed by management with the assistance of a third-party specialist using actuarial assumptions applied to participant census and plan information.

We have evaluated management's significant accounting estimates noted above as part of our audit, and concluded that management's estimates and the estimation process appear reasonable in the context of the financial statements taken as a whole.

Housing Trust Fund Corporation
(a Component Unit of the State of New York)

Summary of Recorded Audit Adjustments
Year Ended March 31, 2015

Description	Effect - Increase (Decrease) Assets	Liabilities	Net Position	Revenue	Expense
To correct accounts payable	$ -	$ (2,698,931)	$ -	$ -	$ (2,698,931)
To recognize funds held by Gotham as of March 31, 2014	-	-	-	11,230,996	11,230,996
To record current year OPEB expense	-	465,092	-	-	465,092
To record properties held for sale	61,472,607	-	-	-	(61,472,607)
To reverse amount due to DHCR	-	2,820,895	-	(2,820,895)	-
To adjust DHAP activity	-	(3,151,163)	-	1,519,256	(1,631,907)
To increase payable to DHCR	-	326,667	-	-	326,667
To record unearned income for held checks	-	63,121,620	-	-	63,121,620
Total Statement of Revenues, Expenses, and Changes in Net Position Effect			588,427	$ 9,929,357	$ 9,340,930
Total Statement of Net Position Effect	$ 61,472,607	$ 60,884,180	$ 588,427		

Thinking Differently / Achieving More

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Housing Trust Fund Corporation
(a Component Unit of the State of New York)

Summary of Uncorrected Misstatements
Year Ended March 31, 2015

During the course of our audit, we accumulated uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the statements of financial position, results of operations, and cash flows and to the related financial statement disclosures. Following is a summary of those differences.

	Effect - Increase (Decrease)				
Description	Assets	Liabilities	Net Position	Revenue	Expense
Cumulative Carryover Impact From Previous Years					
Due to DHCR for contract administration	$ -	$ -	$ (527,546)	$ -	$ (527,546)
Vacation time	-	-	(361,623)	-	(361,623)
Accrued payroll	-	-	(517,193)	-	(517,193)
Current Year Uncorrected Misstatements					
To record accrued payroll liability	-	818,321	-	-	818,321
To record accrued vacation liability	-	779,002	-	-	779,002
To record projected misstatement in accounts payable	-	(7,026,638)	-	-	(7,026,638)
Cumulative Statement of Revenues, Expenses, and Changes in Net Position Effect			6,835,677	$ -	$ (6,835,677)
Cumulative Statement of Net Position Effect	$ -	$ (5,429,315)	$ 5,429,315		

Housing Trust Fund Corporation
(a Component Unit of the State of New York)

Significant Written Communications
Between Management and our Firm
Year Ended March 31, 2015

Representation Letter

NEW YORK STATE OF OPPORTUNITY. | Homes and Community Renewal | Housing Trust Fund Corporation

ANDREW M. CUOMO
Governor

JAMES S. RUBIN
Commissioner/CEO

July 23, 2015

SaxBST LLP
26 Computer Drive West
Albany, New York 12205

This representation letter is provided in connection with your audits of the financial statements of the Housing Trust Fund Corporation (Corporation) (a component unit of the State of New York), which comprise the statements of net position as of March 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of your independent auditor's report, the following representations made to you during your audits:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated February 27, 2015, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the dates of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. As of and for the year ended March 31, 2015, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate to the financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

	Effect - Increase (Decrease)				
Description	Assets	Liabilities	Net Position	Revenue	Expense
Cumulative Carryover Impact From Previous Years					
Due to DHCR for contract administration	$ -	$ -	$ (527,546)	$ -	$ (527,546)
Vacation time	-	-	(361,623)	-	(361,623)
Accrued payroll	-	-	(517,193)	-	(517,193)
Current Year Uncorrected Misstatements					
To record accrued payroll liability	-	818,321	-	-	818,321
To record accrued vacation liability	-	779,002	-	-	779,002
To record projected misstatement in accounts payable	-	(7,026,638)	-	-	(7,026,638)
Cumulative Statement of Revenues, Expenses, and Changes in Net Position Effect			6,835,677	$ -	$ (6,835,677)
Cumulative Statement of Net Position Effect	$ -	$ (5,429,315)	$ 5,429,315		

9. We are a component unit of the State of New York as this term is defined in Section 2100 of GASB Codification of Governmental Accounting and Financial Reporting Standards.

10. We are responsible for compliance with laws and regulations applicable to the Corporation, including adopting, approving, and amending budgets, and submitting all required reports to the New York State Authorities Budget Office (ABO) by the deadlines set by the ABO.

11. We believe that the actuarial assumptions and methods used to measure postretirement benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Information Provided

12. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audits.

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d. Minutes of the meetings of the Board of Directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.

13. All transactions have been recorded in the accounting records and are reflected in the financial statements.

14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

15. We have no knowledge of allegations of fraud or suspected fraud affecting the Corporation's financial statements involving:

    a. Management.

    b. Employees who have significant roles in the internal control.

    c. Others where the fraud could have a material effect on the financial statements.

16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation's financial statements received in communications from employees, former employees, analysts, regulators, or others.

17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

18. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

19. We have disclosed to you the identity of the Corporation's related parties and all related-party relationships and transactions of which we are aware.

20. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Corporation's ability to record, process, summarize, and report financial data.

21. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

22. We know of no violations of state or federal statutory or regulatory provisions, grants or other contractual provisions, or of provisions of local ordinances.

23. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.

24. Net positions restricted; and unrestricted are properly classified and, when applicable, approved.

25. Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses, and changes in net position, and allocations have been made on a reasonable basis.

26. Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position within program revenues and general revenues.

Government Auditing Standards

27. We are responsible for compliance with laws and regulations applicable to the Corporation, including the requirement of adopting, approving, and amending budgets.

28. We have identified and disclosed to you:

    a. All laws and regulations that have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

    b. Violations and possible violations of laws, regulations, and provisions of contracts and other agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.

29. We have taken timely and appropriate action to evaluate and address fraud, illegal acts, violations of provisions of contracts or other agreements, or abuse that has been reported.

30. We have implemented a process to track the status of audit findings and recommendations.

31. We have identified for you previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audits being undertaken and the corrective action taken to address significant findings and recommendations.

32. We have provided you with our views on your reported findings, conclusions, and recommendations, as well as our planned corrective actions for the report, if any.

33. We have reviewed, approved, and take full responsibility for all adjustments, the financial statements, related notes, and required supplementary information and acknowledge the auditor's role in the preparation of this information.

Required Supplementary Information

34. With respect to the required supplementary information presented in relation to the financial statements as a whole:

    a. We acknowledge our responsibility for the presentation of such information.

    b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.

    c. The methods of measurement or presentation have not changed from those used in the prior period.

35. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Very truly yours,

HOUSING TRUST FUND CORPORATION

Ted Houghton, Executive Deputy Commissioner

Karen M. Hunter, Director of Corporate Finance/Treasurer

June 23, 2015

Board of Directors
Housing Trust Fund Corporation
38-40 State Street
Hampton Plaza
Albany, New York 12207

Dear Members of the Board:

This letter includes observations and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of the Housing Trust Fund Corporation (Corporation), a component unit of the State of New York, for the year ended March 31, 2015. These observations are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the Corporation's practices and procedures.

Current Year Observations

1. Cash Management

Criteria: The Corporation administers a number of programs that are funded using Federal resources. Organizations that are funded by Federal programs on the reimbursement basis must pay program costs before reimbursements are requested from the Federal government. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the drawdown of funds from the U.S. Treasury and disbursement of the funds to program recipients. At various points during the year, we observed the Corporation with cash in excess of current disbursement needs. Based on our discussions with management, excess cash typically stems from the unpredictable nature of property acquisition closings and the signing of repair/reimbursement grant agreements.

Suggestion: We acknowledge the need to have cash on hand in advance of certain expenditures given the Corporation's programmatic responsibilities; however, we do recommend the Corporation work with the Federal government to conclude on a reasonable policy for cash management that does not interfere with program delivery. We also suggest the Corporation verify infrastructure reimbursements are reconciled by DHSES prior to drawing down Federal funds.

2. Check Generation

Observation: The Corporation generates checks for program participants prior to signing finalized grant agreements under the Repairs and Reimbursement programs. As a result, a significant number of checks are voided due to time elapsing between the date of generation and the check expiration, or because of changes to the program participant's eligibility criteria, including willingness to participate in the program. Additionally, a significant number of uncashed checks are held by the Corporation in anticipation of finalizing grant agreements with program personnel.

The generation of checks in advance of finalized program eligibility determinations may put the Corporation at risk of expending Federal dollars to ineligible participants. The number of held checks also exposes the Corporation to additional risk of loss due to fraud, or theft. Additionally, this process appears to place additional burden on administrative resources within the Corporation. We also consider this process to be a driver of the cash management finding noted above.

Suggestion: We suggest that the Corporation reexamine its cash disbursement process to minimize the number of outstanding (held) and voided checks.

3. Board Members

Observation: Enabling legislation provides for the Corporation to have three members: the Commissioner of Housing and Community Renewal, who will be the Chairperson of the Corporation, the Chairperson of the Housing Finance Agency (HFA Chairperson), or the HFA Chairperson's designee, and a member appointed by the Chairperson of the Corporation. For several years, the Corporation has only had two Board members.

Suggestion: We suggest that the Corporation's Board appoint, and or work with those parties responsible for appointing the third member in order to better provide oversight, review and monitor internal controls, establish polices surrounding compensation, keep apprised of and review current best government practice and recommend updates to the Corporation's governance principles.

4. Prompt Payment

Observation: The Prompt Payment Act requires New York State entities to pay invoices by specified or agreed-upon due date and to pay interest penalties when payments are made late. During the audit, we noted the Corporation's accounts payable increased significantly due to late payments, lack of payments, or disputed amounts. In accounts payable, there are several months of invoices outstanding for each vendors.

Suggestion: The Corporation should create a method to pay invoices as soon as they are due to be in compliance with the prompt payment law and avoid prompt payment interest.

Schedule of Prior Year Findings

Comment	Observation	Status
Land Acquisition - Home Buyout Program	Under the Home Buyout Program, the Corporation has acquired disaster prone property that cannot be developed in the future. It is expected that some properties will require future maintenance expenditures while under the Corporation's ownership.	The Corporation maintains a real property report for the New York State Authorities Budget Office (ABO) reporting.
Land Acquisition - Acquisition Program	Under the Acquisition Program, the Corporation has acquired property that is held for resale to qualifying developers. The Corporation's sale of property acquired using Federal dollars will result in Program Income. Generation of Program Income will require separate tracking for Federal compliance purposes.	The Corporation maintains a real property report for ABO reporting. In addition, the Corporation is aware of the proper treatment of program income.

Comment	Observation	Status
Mortgages and Accrued Interest Receivable	During our testing of the mortgage interest receivable, we noted loans that the Corporation was owed money based on the recipient's excess income from rental operations, per agreements. For those loans where no payment has been received, the Corporation has not been following up for payment.	The Corporation's Financial Managers will re-examine this issue as additional staff are made available to the mortgage servicing function to determine a process that will allow for a more streamlined follow-up.
Mortgages and Accrued Interest Receivable	During our testing of the mortgages receivable, we noted thirty loans that have matured prior to March 31, 2014. A portion of these loans requires prepaid interest and additional renewals every 15 years up to 99 years. As of the date of our report, the Corporation's legal department is in the process of renewing these loans and has been successful in renewing a portion of the loans.	The Corporation's legal staff is actively reviewing the remaining individual loan contracts in question. It should be noted that the prepaid interest requirement only applies to the initial fifteen-year period, and all required prepaid interest from each initial loan has been received. A number of loans have been renewed after the initial period and the majority of those renewals have required interest to continue for the balance of the ninety-nine-year loan term at the rate of 1% annually, similar to the majority of the existing Corporation loans in the other programs.
Mortgages and Accrued Interest Receivable	Per management, there is no expectation of collection of the majority of the Corporation's outstanding mortgage loans and accrued interest, most of which require no current principal payments, despite the fact that the Corporation has a lien against each property. This concept relates to the fact that it is the Corporation's primary mission to provide decent, safe, and affordable housing to the State's low income citizens, so the lien is used as an enforcement mechanism, not a collection tool. The Corporation does not have a policy in place that addresses the collection of the loan upon maturity.	The collection of nearly all the Corporation mortgages will not be an issue until the loans reach maturity. The Corporation's long standing policy in this regard is that it would be premature to establish a policy that requires a course of action without the ability to be certain of the conditions of the market as to the real estate values and interest rates three decades in the future. In addition, the administration has determined that it would be inappropriate to deprive subsequent administrations of the ability to make decisions regarding the course of action that they deem to be in the best interest of the State or the program's low income constituents.

Comment	Observation	Status
Due to Developers	The Corporation has $1,125,509 of developer money. Two developers requested money from the account while seven others have remained inactive for many years. The inactive accounts total $592,785, an amount which is not significant to the financial statements.	The Corporation continues to confer with Program management to determine if action can be taken on any inactive accounts.

This letter is solely for the information and use of the Board of Directors, management, and others within the Corporation and is not intended to be and should not be used by anyone other than the specified parties. We appreciate serving the Housing Trust Fund Corporation and would be happy to assist you in addressing and implementing any of the observations and suggestions in this letter.

Very truly yours,

SAXBST LLP

Paul L. Goetz, Partner

PLG/dmc

NEW YORK STATE OF OPPORTUNITY. | Homes and Community Renewal | Housing Trust Fund Corporation

ANDREW M. CUOMO
Governor

JAMES S. RUBIN
Commissioner/CEO

MEMORANDUM

To: Members of the Corporation

From: Karen M. Hunter, Treasurer

Date: June 25, 2015

Subject: Comments on the Audit Management Letter

The Corporation appreciated the work of SaxBST on this year's audit. We acknowledge the validity of the comments in this year's management letter and, to the extent discussed below, we will address them and implement the recommendations.

Current Year Observations

1. Cash Management (GOSR)

   This observation has been referred to the Governor's Office of Storm Recovery (GOSR) Management to review and consider as GOSR moves forward with program implementation.

2. Check Generation (GOSR)

   This observation has been referred to the Governor's Office of Storm Recovery (GOSR) Management to review and consider as GOSR moves forward with program implementation.

3. Board Members

   This observation has been referred to Agency management for corrective action.

4. Prompt Payment (GOSR)

   This observation has been referred to the Governor's Office of Storm Recovery (GOSR) Management to review and consider as GOSR moves forward with program implementation.