



**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 financial statements the Housing Trust Fund Corporation (Corporation), a component unit of the State of New York, as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated June 29, 2020, which contained an emphasis of matter paragraph regarding the U.S. Department of Housing and Urban Development's audit oversight activities of the Corporation's Disaster Recovery Program.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying *schedule of findings and responses* as item 2020-001 that we consider to be a significant deficiency.

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*.

Corporation's Response to Finding

The Corporation's response to the finding identified in our audit is described in the accompanying, *schedule of findings and responses*. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BST & CO. CPAs, LLP

Albany, New York
June 29, 2020



Housing Trust Fund Corporation

Schedule of Findings and Responses Year Ended March 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of report auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

- | | | |
|-------------------------------------------|-----------------------|---------------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> X </u> Yes | <u> </u> None Reported |

Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No
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Section II – Financial Statement Finding

2020-001 Revenue Recognition

Criteria: Accounting principles generally accepted in the United States of America (U.S. GAAP), as prescribed by the Governmental Accounting Standards Board (GASB) impose the rules surrounding the recognition of revenue from non-exchange transactions. Recognition of assets and revenues should not be delayed pending completion of purely routine requirements, such as the filing of claims for allowable costs under a reimbursement program or the filing of progress reports with the provider.

Condition and cause: The Corporation was not recognizing income of certain federal grant programs until administrative approval was received from HUD.

Effect or potential effect: Revenue and net assets were understated for the year ended March 31, 2020 and 2019. Ultimately, revenue would have been recognized, but not in the appropriate period.

Recommendation: The requirements of revenue recognition were discussed with management, who should continue to adhere to the standards in the future.

View of responsible officials: Management agrees with the recommendation and will implement processes and controls to ensure complete and accurate reporting of such grant revenues.

