HOUSING TRUST
FUND CORPORATION
(A Component Unit of the State of New York)

FINANCIAL STATEMENTS

MARCH 31, 2022

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March 31, 2022

Lumsden McCormick LLP
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Housing Trust Fund Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Housing Trust Fund Corporation (the Corporation) (a component unit of the State of New York), a business-type activity, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of March 31, 2022, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained in sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

The Corporation is the administrator of the New York State Disaster Recovery Program and is subject to regular audits by the U.S. Department of Housing and Urban Development (HUD). As discussed in Note 8, HUD's Office of Inspector General (HUD IG) has issued seven audit reports to the Corporation. The HUD IG has deemed approximately $752 million in expenses as unsupported and subject to future follow-up. HUD also required the Corporation to begin a Recapture Program, in which amounts disbursed to beneficiaries are requested back due to duplication of benefits or ineligible uses of benefits. Management of the Corporation believes it is possible that HUD will enforce repayments on disallowed costs; however, that amount is currently not estimable. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prior Period Comparative Information

The financial statements of Housing Trust Fund Corporation as of March 31, 2021 were audited by other auditors, whose report dated June 25, 2021 expressed an unmodified opinion on the financial statements. The other auditors also reported the same emphasis of matter regarding the HUD IG as described on page 1.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, 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 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 financial statements, and other knowledge we obtained during our audit of the 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, 2022 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, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's 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.

Lumsden & McCormick, LLP

June 23, 2022

Management's Discussion and Analysis (unaudited)

March 31, 2022

Introduction

This Management's Discussion and Analysis (MD&A) of the Housing Trust Fund Corporation (the Corporation) provides an introduction and overview of the Corporation's financial activities for the years ended March 31, 2022 and 2021, and should be read in conjunction with the financial statements and notes to the financial statements. The Corporation reports as a special-purpose government engaged in business-type activities.

Overview of the Financial Statements

Following the MD&A are the financial statements of the Corporation, together with the notes, which are essential to a full understanding of the data contained in the financial statements. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Revenues and expenses are recorded using the accrual basis of accounting, meaning they are recorded and recognized by the Corporation as earned/incurred, regardless of when cash is received or paid.

The balance sheets present information on all the Corporation assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position serve as a relative indicator as to whether the Corporation's financial position is strengthening or weakening over time.

The statements of revenues, expenses, and changes in net position show the results of the Corporation's operations during the year and reflect both operating and non-operating activities. All changes in net position are reported when the transaction occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods.

The statements of cash flows provide an analysis of the sources and uses of cash. The cash flow statements show net cash provided or used in operating, non-capital financing, capital and related financing, and investing activities.

The notes to the financial statements include additional information to provide a further understanding of the financial statements.

Financial Highlights

Condensed Balance Sheets	2022	2021	Change $	%
Current assets	**$ 614,598,000**	$ 502,635,000	$ 111,963,000	22.3%
Noncurrent assets	**3,784,000**	3,419,000	365,000	10.7%
Deferred outflows of resources	**12,490,000**	10,589,000	1,901,000	18.0%
Total assets and deferred outflows of resources	**630,872,000**	516,643,000	114,229,000	22.1%
Current liabilities	**68,355,000**	57,404,000	10,951,000	19.1%
Noncurrent liabilities	**14,270,000**	23,785,000	(9,515,000)	(40.0%)
Total liabilities	**82,625,000**	81,189,000	1,436,000	1.8%
Deferred inflows of resources	**17,097,000**	4,714,000	12,383,000	262.7%
Net position				
Restricted	**420,407,000**	326,968,000	93,439,000	28.6%
Unrestricted	**110,743,000**	103,772,000	6,971,000	6.7%
Total net position	**531,150,000**	430,740,000	100,410,000	23.3%
Total liabilities, deferred inflows of resources, and net position	**$ 630,872,000**	$ 516,643,000	$ 112,793,000	21.8%

Changes in current and noncurrent assets resulted in an increase of $112,328,000 in total assets in 2022. Current assets increased $111,963,000 in 2022 primarily from cash and investments as a result of favorable operations during the year. Noncurrent assets increased $365,000 from 2021 as a result of an increase in accrued interest receivable.

Liabilities increased $1,436,000 in 2022 mostly due to increases in accounts and awards payable. The increases in accounts and awards payable comprise the majority of the increase in current liabilities of $10,951,000 and were a result of the timing of transactions at the end of the year. This was offset by a decrease of $12,028,000 in the net pension liability, which is the Corporation's proportionate share of the New York State and Local Employees' Retirement System (ERS), partially offset by increases in other noncurrent liabilities of $2,513,000. The ERS change is primarily the result of differences between projected and actual earnings on pension plan investments.

Deferred outflows and deferred inflows of resources result from transactions related to the Corporation's OPEB plan and its participation in ERS. These amounts reflect the differences between projected and actual earnings on plan investments, actuarially assumption changes, and pension payments made subsequent to the actuarial measurement date of the plan.

Restricted net position results from Federal or State laws or donors restrictions that limit the Corporation to spending on specific activities. The largest portion of the Corporation's restricted net position, $243,016,000, relate to New York State (the State) programs, including: Low-Income Housing Trust Fund - $62,778,000, Governor's Office of Storm Recovery (GOSR) (Capital) - $40,954,000, Rural Rental Assistance Program - $25,627,000, Rural and Urban Community Investments Funds - $21,907,000, and Homes for Working Families Program - $17,392,000. Restricted net position from Federal sources totals $175,975,000 and primarily consists of Housing Choice Voucher and related programs of $132,051,000. The remaining $1,416,000 is restricted from other sources.

Condensed Statements of Revenues, Expenses, and Changes In Net Position	**2022**	2021	Change $	%
Operating revenues				
Project-Based Contract Administration fees	**$ 42,331,000**	$ 40,708,000	$ 1,623,000	4.0%
Fees from other federal programs	**78,323,000**	98,751,000	(20,428,000)	(20.7%)
Miscellaneous income	**187,000**	82,000	105,000	128.0%
Total operating revenues	**120,841,000**	139,541,000	(18,700,000)	(13.4%)
Operating expenses				
Salaries and wages	**12,976,000**	12,993,000	(17,000)	(0.1%)
Payroll taxes and employee benefits	**5,673,000**	8,672,000	(2,999,000)	(34.6%)
Professional service contracts	**24,245,000**	33,291,000	(9,046,000)	(27.2%)
Other operating expenses	**60,862,000**	60,958,000	(96,000)	(0.2%)
Total operating expenses	**103,756,000**	115,914,000	(12,158,000)	(10.5%)
Operating income	**17,085,000**	23,627,000	(6,542,000)	(27.7%)
Non-operating revenues (expenses)				
Federal grant revenues	**2,558,062,000**	2,459,957,000	98,105,000	4.0%
Federal grant expenses	**(2,534,212,000)**	(2,448,953,000)	(85,259,000)	3.5%
State grant revenues	**298,688,000**	183,377,000	115,311,000	62.9%
State grant expenses	**(239,639,000)**	(200,610,000)	(39,029,000)	19.5%
Investment income	**426,000**	2,757,000	(2,331,000)	(84.5%)
Total non-operating net revenues (expenses)	**83,325,000**	(3,472,000)	86,797,000	(2499.9%)
Change in net position	**100,410,000**	20,155,000	80,255,000	398.2%
Net position – beginning	**430,740,000**	410,585,000	20,155,000	4.9%
Net position – ending	**$ 531,150,000**	$ 430,740,000	$ 100,410,000	23.3%

Operating revenues decreased $18,700,000 in 2022 which was the result of $20,603,000 of Federal CARES Act funding related to the Housing Choice Voucher Program received in 2021, partially offset by additional funding received for the Emergency Housing Voucher Program of $4,094,000. Operating expenses decreased $12,158,000 which was primarily the result of corresponding CARES Act expenses incurred in the prior year and a decrease in pension expense of $3,352,000.

Non-operating revenues (expenses) include funds received and passed through the Corporation to other entities or beneficiaries and investment income. The net increase in these activities of $86,797,000 is primarily due to an increase in State grant revenue of $115,311,000 in 2022 while State grant expenses only increased $39,029,000. The State grant revenue and expense increases were mostly due to the GOSR capital project allocation for the support of recovery and rebuilding efforts in areas of the State impacted by natural disasters. Revenue received in 2022 was $117,000,000 as compared to none in 2021 as this program was not included in the 2021 State budget. State grant expense includes $76,381,000 of GOSR capital expenses in 2022 and remaining funds will be disbursed in future years. This increase was offset by reductions in various State grant expenses from the prior year.

Federal grant revenues increased $98,105,000 in 2022 which was primarily a result of increased funding for the Section 8 Project-Based Contract Administration and Section 8 Housing Choice Voucher programs as well as new funding in 2022 of $72,000,000 for the Homeowners Assistance Fund through the American Rescue Plan Act. Federal grant expenses increased $85,259,000 in 2022 from 2021 consistent with the related grant revenue.

Factors Impacting the Corporation's Future

The Corporation's ability to accomplish its mission to provide decent and affordable housing to the citizens of the State, from an economic standpoint, depends almost exclusively on the appropriations and contracts it receives from the Federal and State governments. For the April 1, 2022 through March 31, 2023 fiscal year, the Corporation expects to receive additional State funding for local GOSR programs and the new Supporting Housing Capital Fund. Community Development Block Grant Disaster Recovery Program funding related to Hurricanes Sandy and Irene, Tropical Storm Lee, and Hurricane Ida is expected to continue for the foreseeable future with expenditures expected to remain roughly consistent with current levels due to the continued disaster recovery efforts.

The administration of the Project-Based Contract Administration Program contract remains in a request for proposal stage. The Corporation has received an extension through January 2023, during which time the request for proposal will be prepared. This program is the primary source of revenue for the Corporation.

Request for Information

The Management Discussion and Analysis is intended to provide general information related to Corporation operations for interested parties. Questions concerning this information or requests for additional information can be directed to 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@nyschr.org.

Balance Sheets

March 31,		2022		2021
Assets				
Current assets:				
Cash				
Cash, unrestricted	$	**20,567,513**	$	18,274,240
Cash, designated		**10,682,847**		1,290,622
Cash, restricted		**243,602,217**		125,564,694
Total cash		**274,852,577**		145,129,556
Investments				
Investments, unrestricted		**79,431,343**		86,752,708
Investments, designated		**21,486,553**		23,900,075
Investments, restricted		**195,566,736**		217,651,243
Total investments		**296,484,632**		328,304,026
Government grants receivable		**38,519,219**		27,654,162
Properties held for sale		**4,500,114**		1,335,000
Other current assets		**241,484**		211,822
		614,598,026		502,634,566
Noncurrent assets:				
Mortgage notes receivable, net		**1,363,785**		1,322,598
Accrued interest receivable, net		**2,420,400**		2,096,791
Total assets		**618,382,211**		506,053,955
Deferred outflows of resources				
Deferred outflows of resources related to pensions		**9,494,172**		7,340,273
Deferred outflows of resources related to OPEB		**2,995,663**		3,249,146
Total deferred outflows of resources		**12,489,835**		10,589,419
Total assets and deferred outflows of resources	$	**630,872,046**	$	516,643,374

See accompanying notes.

Balance Sheets (continued)

March 31,	2022	2021
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	$ 17,675,823	$ 10,126,569
Awards payable	28,747,572	25,387,817
Unearned revenue	7,237,634	6,984,436
Due to other governments	14,105,088	14,501,358
Other current liabilities	588,690	403,976
	68,354,807	57,404,156
Noncurrent liabilities:		
Other noncurrent liabilities	3,016,184	880,380
Net pension liability	39,821	12,068,283
Total OPEB liability	11,214,503	10,836,377
	14,270,508	23,785,040
Total liabilities	82,625,315	81,189,196
Deferred inflows of resources		
Deferred inflows of resources related to pensions	12,711,800	1,063,844
Deferred inflows of resources related to OPEB	4,384,846	3,650,518
Total deferred inflows of resources	17,096,646	4,714,362
Net position		
Restricted	420,406,874	326,968,115
Unrestricted	110,743,211	103,771,701
Total net position	531,150,085	430,739,816
Total liabilities, deferred inflows of resources, and net position	$ 630,872,046	$ 516,643,374

See accompanying notes.

Statements of Revenues, Expenses, and Changes in Net Position

For the years ended March 31,	2022	2021
Operating revenues:		
Project-Based Contract Administration fees	$ 42,330,865	$ 40,707,187
Fees from other federal programs	78,322,968	98,751,391
Miscellaneous income	187,824	82,409
Total operating revenues	120,841,657	139,540,987
Operating expenses:		
Salaries and wages	12,976,227	12,992,588
Payroll taxes and employee benefits	5,673,428	8,672,127
Professional service contracts	24,245,154	33,290,987
Other operating expenses	60,861,662	60,958,640
Total operating expenses	103,756,471	115,914,342
Operating income	17,085,186	23,626,645
Non-operating revenues (expenses):		
Federal grant revenue	2,558,061,884	2,459,957,468
Federal grant expenses	(2,534,211,932)	(2,448,578,730)
New York State grant revenue	298,688,110	183,376,851
New York State grant expenses	(239,639,096)	(200,984,735)
Investment income	426,117	2,757,009
Total non-operating net revenues (expenses)	83,325,083	(3,472,137)
Change in net position	100,410,269	20,154,508
Net position - beginning of year	430,739,816	410,585,308
Net position - end of year	$ 531,150,085	$ 430,739,816

See accompanying notes.

Statements of Cash Flows

For the years ended March 31,	2022	2021
Operating activities:		
Fees received for program administration	$ 110,200,136	$ 147,599,682
Cash payments to suppliers for services	(74,594,077)	(105,695,696)
Cash payments to employees for salaries and benefits	(17,497,605)	(16,102,985)
Net operating activities	18,108,454	25,801,001
Non-capital financing activities:		
Federal grants, net	20,124,523	11,378,738
New York State grants, net	58,684,218	(15,292,521)
Net non-capital financing activities	78,808,741	(3,913,783)
Capital and related financing activities:		
Sale of properties held for sale	560,315	399,237
Investing activities:		
Investment income	426,117	2,757,009
Proceeds from sales and maturities of investments	329,818,542	329,535,146
Purchases of investments	(297,999,148)	(354,426,905)
Net investing activities	32,245,511	(22,134,750)
Net change in cash	129,723,021	151,705
Cash - beginning of year	145,129,556	144,977,851
Cash - end of year	$ 274,852,577	$ 145,129,556
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 17,085,186	$ 23,626,645
Adjustments to reconcile operating income to net cash provided by operating activities:		
Net pension activity	(2,534,405)	2,437,912
Net OPEB activity	1,365,937	1,839,462
Changes in assets and liabilities:		
Government grants receivable	(10,865,057)	8,908,066
Other current assets	(29,662)	85,072
Accounts payable and accrued expenses	7,549,254	(13,876,561)
Awards payable	3,359,755	1,058,432
Unearned revenue	253,198	(934,443)
Due to other governments	(396,270)	1,372,060
Other liabilities	2,320,518	1,284,356
Net cash provided by operating activities	$ 18,108,454	$ 25,801,001

See accompanying notes.

Notes to Financial Statements

1. Financial Reporting Entity

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

Federal Programs

- Section 8 Project-Based Contract Administration Program – to provide low-income housing rental subsidies to qualified landlords.
- Section 8 Housing Choice Voucher (HCV) and Related Programs – to provide low-income housing rental subsidies to qualified individuals. Related programs are the five-year mainstream program and the moderate rehabilitation program.
- Community Development Block Grant Program (CDBG) – to provide various housing and economic development activities to municipalities in New York State.
- CDBG Disaster Recovery Program – 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 and development activities to municipalities in New York State.
- COVID Rent Relief – to provide rent relief to landlords for tenants negatively affected by the coronavirus pandemic.

State Programs

- 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.
- New York State Housing Plan Funds – a multi-year state effort to provide funds for construction and rehabilitation of affordable housing through various subprograms such as the Supportive Housing Opportunities Program (SHOP), Multi-Family Preservation Program (MPP), and the Mobile and Manufactured Home Replacement Program (MMHR).
- Rural Rental Assistance Program – to provide subsidy housing assistance to low-income tenants in United States Department of Agriculture (USDA) housing projects.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Measurement Focus

The Corporation reports as a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The Corporation's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

The Corporation's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for services and payments made to purchase those goods or services. Certain other transactions are reported as non-operating activities and include government funding and investment income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investments

The Corporation's investment policy adheres to 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 may not exceed sixty days, and payment may 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. All investments have original maturities less than one year from the date of acquisition and are reported at amortized cost.

Mortgage Notes and Accrued Interest Receivable

The Corporation considers the collection of the majority of its mortgage notes and accrued interest receivable to be 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.

Property Acquisition Programs

The Corporation has acquired properties under the CDBG Disaster Recovery Buyout program that will not be used for service delivery. The properties acquired under the Buyout program cannot be redeveloped, and it is anticipated that they will be transferred to the State or local governments to aid in environmental preservation. Accordingly, the Corporation has not included the value of buyout properties in the balance sheets.

Properties acquired under the Disaster Recovery Acquisition program may be resold for development purposes. The Corporation disposes of these properties to qualified bidders through an auction process. The Corporation values these properties at the lower of cost or net realizable value. Properties held for sale under the Disaster Recovery Acquisition program totaled $4,500,114 and $1,335,000 as of March 31, 2022 and 2021, respectively. The Corporation estimates net realizable value on a non-recurring basis utilizing the most recent property dispositions sold through an auction process.

Compensated Absences

The Corporation provides for vacation and sick time attributable to services already rendered and vested. The liabilities are recorded based on employees' rates of pay as of the end of the fiscal year and include all payroll-related liabilities. In the event of a voluntary termination, an employee is reimbursed for accumulated vacation days up to a stated maximum. Upon retirement, employees' accumulated sick days, up to a stated maximum, are converted to credit to be used to pay the employees' share of the Corporation's health insurance premiums. Compensated absences totaled $3,511,000 and $1,174,000 at March 31, 2022 and 2021 and are included in other current and noncurrent liabilities on the accompanying balance sheets.

Pension

The Corporation participates in the New York State and Local Employees' Retirement System (ERS). ERS recognizes benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. The Corporation recognizes its proportionate share of the net pension liability, deferred outflows and deferred inflows of resources, pension expense, and information about and changes in the fiduciary net position on the same basis as reported by ERS (Note 5).

Other Postemployment Benefits (OPEB)

The total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense for the Corporation's defined benefit healthcare plan (Note 6) have been measured on the same basis as reported by the plan. For this purpose, benefit payments in the plan are recognized when due and payable in accordance with benefit terms.

Net Position

- *Restricted* – consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets whose use is constrained to a particular purpose. Restrictions are imposed by external sources such as federal or state laws or donors.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of the above restrictions and are available for general use by the Corporation.

Operating Revenues

Revenue in support of the programs administered by the Corporation is considered operating income. The administration of the Project-Based Contract Administration Program and Housing Choice Voucher Program are the primary sources of operating revenues for the Corporation.

Non-Operating Revenues

Non-operating revenues include grants and awards for programmatic purposes that are passed on to recipients.

Federal awards are recognized as revenue at the time allowable and eligible expenses are incurred. The Corporation recognizes appropriations from the State as revenue at the time a certificate of approval of availability of funds is issued by the State Division of Budget and when the applicable expenses are incurred.

State programs consist primarily of awards to fund construction of new properties, 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 that are not paid as of March 31 are recorded as awards payable. Technical assistance expenses include construction monitoring, planning, designing, and engineering consulting fees associated with award contracts as well as consulting fees for training award applicants.

Investment and other income is recognized as revenue when earned.

Reclassifications

The financial statements for the year ended March 31, 2021 have been reclassified to conform with the presentation adopted for the year ended March 31, 2022.

3. Cash and Investments

Cash management is governed by State laws and as established in the Corporation's written policies. Cash resources must be deposited in FDIC-insured commercial banks located within the State. Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be recovered. At March 31, 2022 and 2021, the Corporation's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institution's agent in the Corporation's name. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to limit its exposure, the Corporation limits the maturity dates of its investments.

The Corporation's investments are carried at amortized cost at March 31, 2022 and 2021 in the amounts of $296,484,632 and $328,304,026, respectively. All of the Corporation's investments are comprised of United States Treasury Bills at March 31, 2022 and 2021.

The Corporation holds various cash and investments that it designated for certain purposes, including OPEB and programs. Designated cash and investments at March 31, 2022 and 2021 totaled $32,169,400 and $25,190,697.

The Corporation holds cash intended for potential beneficiaries through the CDBG Disaster Recovery Program. As of March 31, 2022 and 2021, the Corporation held cash of $143,526 and $426,668 which is included in restricted cash and unearned revenue on the accompanying balance sheets.

4. Mortgage Notes and Accrued Interest Receivable

The Corporation administers numerous loan programs. The collections of these mortgages are based upon payment terms defined in agreements between the Corporation and its mortgagors. These agreements call for repayments based on 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.

As of March 31, 2022 and 2021, mortgages receivable amounted to $2,205,222,181 and $2,084,524,148, with related allowances for doubtful accounts of $2,203,858,396 and $2,083,201,550, for net mortgage receivables of $1,363,785 and $1,322,598, respectively. As of March 31, 2022 and 2021, accrued interest receivable related to mortgage notes amounted to $84,598,183 and $77,527,009, with allowances for doubtful accounts of $82,177,783 and $75,430,218, for net accrued receivables of $2,420,400 and $2,096,791, respectively.

5. Pensions

Plan Description

The Corporation participates in ERS, a cost-sharing, multiple employer, public employee retirement system. ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: ERS provides retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution requirements: No employee contribution is required for those hired prior to July 27, 1976. ERS requires employee contributions of 3% of salary for the first 10 years of service for those employees who joined on or after July 27, 1976 through December 31, 2009. Participants hired on or after January 1, 2010 through March 31, 2012 contribute 3% of their gross salary during the length of employment. Participants hired on or after April 1, 2012, are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. The Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the Corporation to the pension accumulation fund. For payments made in 2022 and 2021, rates ranged from 10.6% to 25.2% and 9.6% to 21.6%, respectively.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At March 31, 2022 and 2021, the Corporation reported a liability of $39,821 and $12,068,283, respectively, for its proportionate share of the net pension position.

The net pension position was measured as of March 31, 2021, and the total pension liability was determined by an actuarial valuation as of April 1, 2020 (measurement date of March 31, 2020, with an actuarial valuation as of April 1, 2019 for the March 31, 2021 net pension position). The Corporation's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS' total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2021 measurement date, the Corporation's proportion was 0.0399916%, a decrease of 0.0055825 from its proportion measured at March 31, 2020.

For the year ended March 31, 2022 and 2021, the Corporation recognized ERS pension expense of $568,698 and $3,920,688, respectively. At March 31, 2022 and 2021, the Corporation reported deferred outflows and deferred inflows of resources as follows:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 486,325	$ -	$ 710,267	$ -
Changes of assumptions	7,321,839	(138,092)	242,998	(209,825)
Net difference between projected and actual earnings on pension plan investments	-	(11,439,002)	6,186,788	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	65,681	(1,134,706)	200,220	(854,019)
Authority contributions subsequent to the measurement date	1,620,327	-	-	-
	$ 9,494,172	$ (12,711,800)	$ 7,340,273	$ (1,063,844)

Corporation contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending March 31,	
2023	$ (1,061,313)
2024	(523,783)
2025	(890,979)
2026	(2,361,880)
	$ (4,837,955)

Actuarial Assumptions

The actuarial assumptions used in the April 1, 2020 valuation, with update procedures used to roll forward the total pension liability to March 31, 2021, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

Inflation – 2.7% (2.5% for 2021)
Salary increases – 4.4% (4.2% for 2021)
Cost of living adjustments – 1.4% annually (1.3% annually for 2021)
Investment rate of return – 5.9% compounded annually, net of investment expense, including inflation (6.8% for 2021)
Mortality – Society of Actuaries' Scale MP-2020 (Society of Actuaries' Scale MP-2018 for 2021)
Discount rate – 5.9% (6.8% for 2021)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long-term inflation assumption) for each major asset class and ERS's target asset allocations as of the valuation date are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	32%	4.1%
International equities	15%	6.3%
Private equities	10%	6.8%
Real estate	9%	5.0%
Domestic fixed income securities	23%	-
Short-term	1%	0.5%
Other	10%	3.6%-6.0%
	100%	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Systems' combined fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Corporation's proportionate share of its net pension liability calculated using the discount rate of 5.9% and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
Corporation's proportionate share of the ERS net pension asset (liability)	$ (11,052,832)	$ (39,821)	$ 10,116,753

6. OPEB

The Corporation administers a single-employer defined-benefit post-employment healthcare plan which provides postemployment healthcare benefits for retirees meeting eligibility requirements based on attainment of retirement age and years of service. Spouses are eligible for coverage under the plan and benefits may continue to the surviving spouses. Retirees eligible for a retirement benefit under the New York State Health Insurance Program may elect to continue participating in Corporation health plans. The Corporation pays 90% of member premiums and 75% of dependent premiums. Benefit provisions and retiree contribution rates are determined through negotiations between the Corporation and its employees. The plan has no assets, does not issue financial statements, and is not a trust.

At March 31, 2021, employees covered by the Plan include:

Active employees	138
Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to but not yet receiving benefits	-
	153

Total OPEB Liability

The Corporation's total OPEB liability of $11,214,503 and $10,836,377 was measured as of March 31, 2022 and 2021, respectively, determined by an actuarial valuation as of March 31, 2021.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates – Based on August 2020 New York State Development of Recommended Actuarial Assumptions for Other Post Employment Benefit Plan Actuarial Valuations for Participating Agencies, initially 5.25% (4.8% for Medicare and 5.5% for prescription drugs) with an ultimate rate of 4.5% after 2026

Salary increases – 3.80%

Mortality – RPH-2014 mortality table (headcount weighted) fully generational with mortality improvement scale MP-2018 (SOA Pub-2010 Tables for 2021)

Discount rate – 2.83% based on high-quality 20-year municipal bonds as of the valuation date (2.27% for 2021)

Inflation rate – 2.75% (2.50% for 2021)

Changes in the Total OPEB Liability

		Total OPEB Liability
Balance at March 31, 2020	$	(11,410,634)
Changes for the year:		
Service cost		(1,715,266)
Interest		(323,454)
Changes of benefit terms		512,585
Differences between expected and actual experience		-
Changes of assumptions or other inputs		1,933,537
Benefit payments, including implicit subsidy		166,855
Net changes		574,257
Balance at March 31, 2021		(10,836,377)
Changes for the year:		
Service cost		(1,427,973)
Interest		(275,966)
Changes of benefit terms		-
Differences between expected and actual experience		(55,571)
Changes of assumptions or other inputs		1,166,876
Benefit payments, including implicit subsidy		214,508
Net changes		(378,126)
Balance at March 31, 2022	$	(11,214,503)

The following presents the sensitivity of the Corporation's total OPEB liability to changes in the discount rate, including what the Corporation's total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (1.83%)	Discount Rate (2.83%)	1.0% Increase (3.83%)
Total OPEB liability	$ (13,411,348)	$ (11,214,503)	$ (9,467,210)

The following presents the sensitivity of the Corporation's total OPEB liability to changes in the healthcare cost trend rates, including what the Corporation's total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (4.25% to 3.5%)	Healthcare Cost Trend Rate (5.25% to 4.5%)	1.0% Increase (6.25% to 5.5%)
Total OPEB liability	$ (8,977,473)	$ (11,214,503)	$ (14,231,472)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended March 31, 2022 and 2021, the Corporation recognized OPEB expense of $1,580,445 and $1,839,462. At March 31, 2022 and 2021, the Corporation reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 80,431	$ (1,697,053)	$ 32,272	$ (1,875,468)
Changes of assumptions	2,915,232	(2,687,793)	3,216,874	(1,775,050)
	$ 2,995,663	$ (4,384,846)	$ 3,249,146	$ (3,650,518)

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending March 31,	
2023	$ (123,494)
2024	(123,494)
2025	(123,494)
2026	(123,494)
2027	(123,494)
Thereafter	(771,713)
	$ (1,389,183)

7. Risk Management

The Corporation is subject to certain business risks that could have a material impact on future operations and financial performance (Note 10). These risks include economic conditions, federal and state government regulations, and changes in law.

The Corporation is also exposed to various risks of loss related to torts; damage to, theft of, and destruction of property; errors and omissions; and natural disasters. To limit its exposure, the Corporation purchases a variety of insurance policies, subject to specific deductibles and coverage limits. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

8. Commitments and Contingencies

Commitments

The Corporation was provided approximately $5,843,000,000 of federal and state grant funds to provide subgrants to eligible recipients. At March 31, 2022, grants of $4,820,000,000 have been disbursed and $1,023,000,000 remains unexpended.

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 that will be incurred associated with such properties; however, the Corporation believes these costs will be reimbursed by the Federal government under the Disaster Recovery program.

Litigation

The Corporation is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims will not have a material adverse effect upon the financial position of the Corporation.

Grants

The Corporation receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Corporation.

Since 2015, the U.S. Department of Housing and Urban Development's Office of Inspector General (HUD IG) has issued seven audit reports to the Corporation. The HUD IG has deemed $752,000,000 in expenses as unsupported and subject to future follow-up. Management of the Corporation has responded to these audit reports and in many cases disagreed with the findings.

Management of the Corporation believes it is possible that HUD will enforce repayments on disallowed costs; however, that amount is currently not estimable.

As a result of the audits, HUD required the Corporation to begin a Recapture Program, in which amounts disbursed to beneficiaries are requested back due to duplication of benefits or ineligible use of benefits. The Corporation has requested $73,520,000 in costs due back from beneficiaries. Of the requests that have been sent, the Corporation has signed repayment agreements which amount to $14,910,000 in potential collections, of which $6,670,000 has been received from beneficiaries. The remaining amounts to be collected under the Recapture Program have not been recorded as a receivable as management has determined the likelihood of collection to be low. Included in the 2022-23 State budget is $32,000,000 to be used towards repayment of the HUD-identified unsupported costs.

Project-Based Contract Administration Program

The administration of the Project-Based Contract Administration Program contract is currently in a request for proposal stage. The Corporation has received notification from HUD that its current contract will be extended through January 2023, during which time the request for proposal will be prepared. This program is the primary source of revenue for the Corporation.

9. Related Party Transactions

The Corporation generally reimburses the New York State Division of Housing and Community Renewal (DHCR) for administrative expenses (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, 2022 and 2021 was $10,732,064 and $14,495,009, respectively, and is included within due to other governments on the accompanying balance sheets.

10. Risks and Uncertainties Due to COVID-19

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and resulted in a severe disruption of operations. The full extent of the impact of COVID-19 on the Corporation's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on state and local governments and their residents, employees, and vendors, none of which can be predicted.

Required Supplementary Information
Schedule of the Corporation's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2021	2020	2019	2018	2017	2016	2015
Corporation's proportion of the net pension position	0.0399916%	0.0455741%	0.0502821%	0.0472707%	0.0517446%	0.0392498%	0.0253949%
Corporation's proportionate share of the net pension liability	$ 39,821	$ 12,068,283	$ 3,562,638	$ 1,525,636	$ 4,862,035	$ 6,299,695	$ 857,901
Corporation's covered payroll	$ 11,462,292	$ 12,390,282	$ 13,488,927	$ 13,209,144	$ 13,183,273	$ 8,946,583	$ 6,395,198
Corporation's proportionate share of the net pension position as a percentage of its covered payroll	0.35%	97.40%	26.41%	11.55%	36.88%	70.41%	13.41%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:							
Inflation	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

Required Supplementary Information
Schedule of Corporation Contributions
New York State and Local Employees' Retirement System

For the years ended March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,620,327	$ 1,470,633	$ 1,538,449	$ 1,728,067	$ 1,596,862	$ 1,645,019	$ 1,740,780	$ 1,444,987	$ 677,026
Contribution in relation to the contractually required contribution	(1,620,327)	(1,470,633)	(1,538,449)	(1,728,067)	(1,596,862)	(1,645,019)	(1,740,780)	(1,444,987)	(677,026)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Corporation's covered payroll	$ 11,387,219	$ 11,462,292	$ 12,390,282	$ 13,488,927	$ 13,209,144	$ 13,183,273	$ 8,946,583	$ 6,395,198	$ 3,444,888
Contributions as a percentage of covered payroll	14.23%	12.83%	12.42%	12.81%	12.09%	12.48%	19.46%	22.59%	19.65%

Data prior to 2014 is unavailable.

Required Supplementary Information
Schedule of Changes in the Corporation's Total OPEB Liability and Related Ratios

March 31,	2022	2021	2020	2019	2018	2017
Total OPEB liability	$ 10,836,377	$ 11,410,634	$ 8,282,653	$ 6,561,286	$ 4,913,246	$ 3,618,431
Changes for the year:						
Service cost	1,427,973	1,715,266	1,297,029	1,259,251	1,196,150	1,161,311
Interest	275,966	323,454	324,987	275,938	287,590	170,985
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	55,571	(512,585)	37,986	(1,814,096)	-	-
Changes of assumptions or other inputs	(1,166,876)	(1,933,537)	1,622,255	2,123,540	274,032	-
Benefit payments, including implicit subsidy	(214,508)	(166,855)	(154,276)	(123,266)	(109,732)	(37,481)
Net change in total OPEB liability	378,126	(574,257)	3,127,981	1,721,367	1,648,040	1,294,815
Total OPEB liability - ending	$ 11,214,503	$ 10,836,377	$ 11,410,634	$ 8,282,653	$ 6,561,286	$ 4,913,246
Covered-employee payroll	$ 13,040,236	$ 14,562,848	$ 14,615,780	$ 14,080,713	$ 15,921,187	$ 15,457,463
Total OPEB liability as a percentage of covered-employee payroll	86.00%	74.41%	78.07%	58.82%	41.21%	31.79%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Differences between expected and actual experience include demographic changes, less than expected claim cost increases, revised Medicare Advantage claims methodology, and changes to medical and life insurance eligibility.

The following is a summary of changes of assumptions:

	2022	2021	2020	2019	2018	2017
Healthcare cost trend rates	5.25%-4.50%	5.50%-4.80%	5.25%-4.80%	5.50%-4.95%	6.75%-4.95%	6.75%-4.95%
Inflation	2.75%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary increases	3.80%	3.80%	3.80%	3.00%	3.00%	3.00%
Discount rate	2.83%	2.27%	2.48%	3.42%	4.50%	4.75%
Society of Actuaries' mortality scale	MP-2018	PUB-2010	MP-2018	MP-2018	MP-2016	MP-2016

Data prior to 2017 is unavailable.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Housing Trust Fund Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Housing Trust Fund Corporation (the Corporation) (a component unit of the State of New York), a business-type activity, as of and for the year ended March 31, 2022, 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 23, 2022.

Report on 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) as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

June 23, 2022