

**HOMELESS HOUSING AND ASSISTANCE
CORPORATION**

**Financial Statements and
Management's Discussion and Analysis**

March 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

HOMELESS HOUSING AND ASSISTANCE CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Homeless Housing and Assistance Corporation:

We have audited the accompanying statements of net assets of Homeless Housing and Assistance Corporation (a New York State public benefit corporation) as of March 31, 2012 and 2011 and the related statements of revenue, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Homeless Housing and Assistance Corporation as of March 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 1, 2012 on our consideration of Homeless Housing and Assistance 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 and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 and 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 1, 2012

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Management's Discussion and Analysis

March 31, 2012

The Homeless Housing and Assistance Corporation (the Corporation) is a component unit of the State of New York and reports its activities as an enterprise fund following generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB). As an enterprise fund, the Corporation reports under the modified accrual basis of accounting. The government wide financial statements required by GASB Statement No. 34 are the only statements required for this entity.

Chapter 215 of the laws of 1990 established the New York State Homeless Housing and Assistance Corporation as codified under Section 45-c of the Private Housing Finance Law. Pursuant to this, the Corporation is authorized to administer the Homeless Housing and Assistance Program (HHAP). The Corporation is a New York State public benefit corporation and a subsidiary of the New York State Housing Finance Agency (HFA). HFA issues bonds, which are the source of capital funds utilized by the Corporation.

The Corporation is operated by staff from the New York State Office of Temporary and Disability Assistance. The Corporation received a \$30,000,000 appropriation in the state fiscal year 2011 - 2012. Appropriated funds are drawn down as required during the year.

Financial Highlights

- The Corporation's total assets amounted to \$6,242,969 as of March 31, 2012. Total assets increased 156% from March 31, 2011. The cash account increased from \$1,695,801 as of March 31, 2011 to \$5,590,950 as of March 31, 2012, an increase of 230%. Also, worthy of note, in fiscal year 2011-2012 was the Corporation's continued practice of leaving funds on deposit in the main checking account rather than investing the funds. This is due to a decrease in investment rates of return. The Corporation actually earns more interest by leaving the funds in the main account.
- There was no significant capital asset or long-term debt activity during the year. As of March 31, 2012, all fixed assets are fully depreciated and no fixed assets were purchased during the year.
- New notes were recorded during fiscal year 2011 - 2012 amounting to \$2,138,301 and interest of \$1,965,928 accrued on notes receivable. All notes and interest accrued on the notes were written off as uncollectible, with the exception of a note being tracked separately on the books for African American Planning Commission, Inc.
- Capital projects expenditures were \$39,520,076 and mandated expenditures were \$1,474,867 for the 2011 - 2012 fiscal year. This represents a 9% decrease from the 2010 - 2011 capital projects and a 13% increase for mandated expenditures.

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Management's Discussion and Analysis, Continued

- The HFA has agreed to make up to \$500,000 in Infrastructure Development Demonstration Program (IDDP) funds available to the Corporation to support the development of eligible HHAP-funded projects. At least 75% of the funds must be made available for projects located in cities, towns or villages having a population of 30,000 or less. Of the \$500,000, a total of \$242,380 had been received by the Corporation prior to the start of state fiscal year 2010 - 2011. \$234,011 of this had been expended in prior periods and \$15,850 was expended in state fiscal year 2011 - 2012, leaving \$7,481 due from HFA at March 31, 2012.

Financial Reporting

This report contains several financial statements that provide more detailed information regarding the financial activities and the financial state of the Corporation. There are no decisions, conditions, or other factors that are expected to significantly effect the financial position or results of the Corporation presented herein.

Request for Information

This financial report is designed to provide a general overview for all those with an interest in the Corporation's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the President, Homeless Housing and Assistance Corporation, 40 North Pearl Street, Albany, New York 12243-0001.

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Statements of Net Assets

March 31, 2012 and 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash:		
Operating	\$ 5,590,950	1,695,801
Special revenue account - administrative expenses	<u>214</u>	<u>214</u>
Total cash	5,591,164	1,696,015
Mortgage notes receivable, less allowance of \$235,739,638 in 2012 and \$233,601,337 in 2011	-	-
Accrued interest receivable, less allowance of \$17,378,766 in 2012 and \$15,412,838 in 2011	-	-
Due from related party	<u>7,481</u>	<u>-</u>
Total current assets	5,598,645	1,696,015
Note receivable	475,350	554,575
Other assets - advances receivable, less allowance of \$150,000 in 2012	<u>168,974</u>	<u>184,839</u>
Total assets	<u>\$ 6,242,969</u>	<u>2,435,429</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Current liabilities - warrants and accounts payable	9,297	8,487
Noncurrent liabilities - deferred revenue	<u>5,200,616</u>	<u>1,203,928</u>
Total liabilities	5,209,913	1,212,415
Net assets	<u>1,033,056</u>	<u>1,223,014</u>
Total liabilities and net assets	<u>\$ 6,242,969</u>	<u>2,435,429</u>

See accompanying notes to financial statements.

HOMELESS HOUSING AND ASSISTANCE CORPORATION
 Statements of Revenue, Expenses and Changes in Net Assets
 Years ended March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue:		
New York State appropriations	\$ 40,915,718	44,882,122
Infrastructure Development Demonstration Program	15,850	20,800
Interest income	7,374	5,563
Returned grant funds	<u>79,225</u>	<u>54,463</u>
Total operating revenue	<u>41,018,167</u>	<u>44,962,948</u>
Operating expenses:		
Capital projects	39,520,076	43,625,882
Infrastructure Development Demonstration Program	15,850	20,800
Mandated expenditures	1,474,867	1,310,703
Administrative expenses	<u>197,332</u>	<u>47,350</u>
Total operating expenses	<u>41,208,125</u>	<u>45,004,735</u>
Decrease in net assets	(189,958)	(41,787)
Net assets at beginning of year	<u>1,223,014</u>	<u>1,264,801</u>
Net assets at end of year	<u>\$ 1,033,056</u>	<u>1,223,014</u>

See accompanying notes to financial statements.

HOMELESS HOUSING AND ASSISTANCE CORPORATION
 Statements of Cash Flows
 Years ended March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
New York State appropriations	\$ 45,000,000	45,000,000
Interest income	7,374	5,563
Returned grant funds	<u>79,225</u>	<u>54,463</u>
	<u>45,086,599</u>	<u>45,060,026</u>
Capital projects	39,653,401	43,625,882
Infrastructure Development Demonstration Program	15,850	20,800
Mandated expenditures	1,474,867	1,310,703
Administrative expenses	<u>47,332</u>	<u>47,350</u>
	<u>41,191,450</u>	<u>45,004,735</u>
Net increase in cash	3,895,149	55,291
Cash at beginning of year	<u>1,696,015</u>	<u>1,640,724</u>
Cash at end of year	<u>\$ 5,591,164</u>	<u>1,696,015</u>
Cash flows from operating activities:		
Decrease in net assets	(189,958)	(41,787)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Allowance for doubtful accounts	150,000	-
Changes in:		
Due from related party	(7,481)	-
Note receivable	79,225	99,031
Advances receivable	(134,135)	-
Warrants and accounts payable	810	-
Deferred revenue	<u>3,996,688</u>	<u>(1,953)</u>
Net cash provided by operating activities	<u>\$ 3,895,149</u>	<u>55,291</u>

See accompanying notes to financial statements.

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements

March 31, 2012 and 2011

(1) Organization

The Homeless Housing and Assistance Corporation (the Corporation), a New York State public benefit corporation, was established on June 8, 1990, by the Legislature of the State of New York (the State). The Corporation is a component unit of the State and is included in the State's financial statements. The Corporation was created to administer the Homeless Housing and Assistance Program that was formerly administered by the Department of Social Services (DSS), now known as the New York State Office of Temporary and Disability Assistance (OTDA). Funding received by the Corporation is used for the purpose of expanding the availability of housing for homeless persons by preserving and creating affordable housing. The monies may be used to construct new properties, rehabilitate underutilized property, or convert vacant nonresidential property to residential use for occupancy by persons of low income who are homeless. The Corporation's Board of Directors is comprised of the Commissioner of OTDA, the Commissioner of the Housing Finance Agency (HFA), and a member appointed by the Commissioner of OTDA. In addition, the Board of Directors includes non-voting advisory members comprised of the Commissioner of New York State Office of Alcoholism and Substance Abuse Services (OASAS) and the Commissioner of the New York State Office of Mental Health (OMH). The Board is chaired by the Commissioner of OTDA.

(2) Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

(a) Basis of Accounting

The accompanying financial statements have been prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Corporation applies all GASB pronouncements as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The Corporation has adopted the provisions of GASB Statement No. 33 - "Accounting and Financial Reporting for Nonexchange Transactions," GASB Statement No. 34 - "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" as amended by GASB Statement No. 37 - "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus," and GASB Statement No. 38 - "Certain Financial Statement Note Disclosures."

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(b) Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles for government entities as prescribed by the GASB for enterprise funds. The Corporation reports its financial activity in one enterprise fund.

(c) Estimates

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

(d) Cash

For purposes of reporting cash flows, cash includes money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

(e) Mortgage Notes and Accrued Interest Receivable

The Corporation considers that collection of its mortgage notes and accrued interest receivable are not reasonably assured and, accordingly, has fully reserved the balances. Repayments of the notes are considered revenue when received.

(f) Investments

The investment policy of the Corporation stipulates that the Corporation may invest in obligations of the State, the United States government, repurchase agreements, or money market deposit accounts. Repurchase agreements must be collateralized by obligations guaranteed by the United States government, which are equal in value to the repurchase agreement. The agreements shall not exceed sixty days and payment shall be made only upon delivery of collateral to the Corporation's agent. All investments and related collateral are held by the Corporation's agent in the Corporation's name.

(g) Capitalization and Depreciation

Equipment is recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of revenue, expenses and changes in net assets.

(h) Deferred Revenue and Revenue Recognition

The Corporation recognizes appropriations from the State at the time capital projects or mandated expenditures are recognized. Investment income is recognized as revenue when earned. Other revenues are recognized as cash is received.

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(2) Significant Accounting Policies, Continued

(i) Capital Projects Expenditures

Capital projects expenditures consist of awards to fund the projects of eligible homeless housing facilities. Project costs include the costs of any or all undertakings necessary for planning, financing, land acquisition, demolition, construction, rehabilitation, equipment and site development, per Social Services Law Section 42(3), other than project costs which the commissioner finds to be necessary in accordance with Social Services Law 43(9); and technical assistance expenditures. Disbursements are made upon approval of certified vouchers. Claims which have approved certified vouchers and are not paid at March 31 are shown as "warrants payable."

(j) Income Tax

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

(3) Cash

At March 31, 2012 and 2011, the Corporation's bank balances were fully insured by federal depository insurance or by collateral held by the Corporation's agent in the Corporation's name.

(4) Special Revenue Account - Administrative Expenses

OTDA provides administrative services to the Corporation. Services provided include, but are not limited to drafting policies and procedures, preparation and issuance of requests for proposals, evaluation of applications, recommendation of allocations of available funds, and technical assistance. Funds used to pay these services are held by the New York State Office of the State Comptroller. There were no costs charged to the Corporation for the years ended March 31, 2012 and 2011.

(5) Mortgage Notes Receivable

On June 8, 1990, the DSS held mortgage notes receivable totaling \$10,031,340, that were made to project sponsors. These loans were made in accordance with Section 43 of the Social Services Law regarding homeless housing and assistance contracts. The mortgages were assumed by the Corporation at its inception.

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(5) Mortgage Notes Receivable, Continued

At March 31, 2012 and 2011, the Corporation had recorded notes receivable of \$235,739,638 and \$233,601,337, respectively, and accrued interest totaling \$17,378,766 and \$15,412,838, respectively. Management of the Corporation considers that collection of these mortgage notes and related accrued interest receivable are not reasonably assured and, accordingly, has fully reserved the balances. Revenue (note payments) is recognized when received by the Corporation. A summary of mortgage notes receivable at March 31, 2012 is as follows:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>March 31, 2012</u>	
			<u>Principal</u>	<u>Accrued Interest</u>
06/01/90	06/01/19	1.00%	\$ 2,282,000	501,512
06/01/90	06/01/19	1.00%	1,200,000	263,722
06/01/90	06/01/19	0.00%	67,612	-
03/01/91	03/01/15	1.00%	2,509,374	531,701
09/13/91	09/13/16	0.00%	2,156,853	-
05/12/92	05/12/22	0.25%	1,317,824	65,513
07/17/92	03/01/16	1.00%	4,007,662	804,873
04/02/93	04/02/23	0.00%	2,760,000	-
08/01/93	04/01/14	1.00%	344,980	64,397
12/27/94	12/27/14	1.00%	1,000,000	172,500
04/04/95	04/04/15	1.00%	300,000	51,000
08/07/95	08/07/25	1.00%	4,693,235	781,813
08/08/95	08/08/25	1.00%	1,150,000	191,404
09/11/95	09/11/15	1.00%	2,088,216	345,671
10/16/95	10/16/25	1.00%	400,000	65,830
12/19/95	12/19/25	1.00%	4,500,000	732,699
04/01/96	04/12/26	1.00%	160,000	25,547
07/03/96	07/03/26	1.00%	852,616	134,223
08/29/96	03/31/26	1.00%	2,500,000	389,658
11/26/96	11/26/26	1.00%	350,000	53,699
12/20/96	12/20/26	1.00%	4,000,000	611,068
06/25/97	06/25/27	1.00%	2,936,835	433,606
06/26/97	06/26/27	1.00%	1,175,240	173,485
08/19/97	08/19/27	1.00%	817,029	119,398
08/19/97	08/19/27	1.00%	756,250	110,516
08/19/97	08/19/27	1.00%	712,150	104,072
10/22/97	10/22/27	1.00%	2,000,000	288,767

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HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(5) Mortgage Notes Receivable, Continued

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>March 31, 2012</u>	
			<u>Principal</u>	<u>Accrued Interest</u>
10/31/97	10/31/27	1.00%	\$ 695,170	100,200
12/04/97	12/04/27	1.00%	2,075,000	297,151
01/14/98	01/14/28	1.00%	561,840	79,827
03/06/98	03/06/28	1.00%	4,000,000	562,740
03/25/98	03/25/28	1.00%	2,100,000	294,345
07/28/98	07/28/28	1.00%	79,800	10,906
07/28/98	07/28/28	1.00%	1,030,071	140,780
07/28/98	07/28/28	1.00%	950,000	129,837
07/30/98	07/30/28	1.00%	378,768	51,762
02/08/99	02/08/29	1.00%	399,716	52,511
09/16/99	09/16/29	1.00%	1,554,077	194,854
11/24/99	11/24/29	1.00%	1,421,000	175,490
07/25/00	07/25/30	1.00%	5,070,000	592,287
07/31/00	07/31/30	1.00%	227,464	24,460
02/02/01	02/02/31	1.00%	426,667	47,600
02/02/01	02/02/31	1.00%	258,083	28,792
02/02/01	02/02/31	1.00%	3,601,250	401,761
06/25/01	06/25/31	0.00%	1,597,500	-
06/25/01	06/25/31	0.00%	1,407,600	-
09/28/01	09/28/31	1.00%	1,181,567	124,145
09/28/01	09/28/31	1.00%	98,533	10,353
03/11/02	03/11/32	1.00%	725,600	72,958
07/22/02	07/22/32	1.00%	137,922	13,365
07/22/02	07/22/32	1.00%	1,968,278	190,734
10/01/02	10/01/32	1.00%	78,762	7,479
10/01/02	10/01/32	1.00%	2,121,238	201,430
12/03/02	12/03/32	1.00%	1,218,652	113,618
01/16/03	01/16/33	1.00%	677,881	62,384
01/16/03	01/16/33	1.00%	4,791,533	440,952
06/10/03	06/10/33	1.00%	2,411,700	212,375
06/10/03	06/10/33	1.00%	60,000	5,284
09/26/03	09/26/33	1.00%	1,222,869	104,078
09/26/03	09/26/33	1.00%	72,201	6,145
09/29/03	09/29/33	1.00%	45,117	3,836

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HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(5) Mortgage Notes Receivable, Continued

Issue Date	Maturity Date	Interest Rate	March 31, 2012	
			Principal	Accrued Interest
09/29/03	09/29/33	1.00%	\$ 2,857,983	243,007
11/25/03	11/25/33	0.25%	38,815	810
11/25/03	11/25/33	0.25%	3,507,385	73,190
11/25/03	11/25/33	0.25%	100,800	2,103
12/30/03	12/30/33	1.00%	3,525,104	290,869
12/30/03	12/30/33	1.00%	149,896	12,369
06/28/04	06/28/34	1.00%	3,100,000	240,441
06/29/04	06/29/34	1.00%	2,384,507	184,881
06/29/04	06/29/34	1.00%	144,493	11,203
08/03/04	08/03/34	0.00%	48,901	-
08/03/04	08/03/34	0.00%	98,500	-
08/03/04	08/03/34	0.00%	992,599	-
12/20/04	12/20/34	1.00%	356,000	25,905
12/20/04	12/20/34	1.00%	5,543,909	403,414
12/20/04	12/20/34	1.00%	147,072	10,702
01/20/05	01/20/35	1.00%	754,046	54,229
01/20/05	01/20/35	1.00%	8,000	575
06/30/05	06/30/35	0.25%	360,100	6,077
06/30/05	06/30/35	0.25%	3,261,995	55,052
06/30/05	06/30/35	0.25%	102,905	1,737
08/08/05	08/08/35	1.00%	102,250	6,793
08/08/05	08/08/35	1.00%	3,451,297	229,299
08/08/05	08/08/35	1.00%	144,853	9,624
09/06/05	09/06/35	1.00%	2,836,598	186,205
09/08/05	09/08/35	1.00%	53,402	3,503
09/19/05	09/19/35	1.00%	2,000,000	130,575
12/23/05	12/23/35	1.00%	6,749,800	423,111
02/23/06	02/23/36	1.00%	2,400,300	146,386
02/23/06	02/23/36	1.00%	99,700	6,080
03/07/06	03/07/36	1.00%	3,446,877	209,079
03/10/06	03/10/36	1.00%	15,000	909
05/17/06	05/17/36	1.00%	2,508,750	147,295
05/17/06	05/17/36	1.00%	546,050	32,060
05/17/06	05/17/36	1.00%	85,200	5,002

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HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(5) Mortgage Notes Receivable, Continued

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>March 31, 2012</u>	
			<u>Principal</u>	<u>Accrued Interest</u>
06/20/06	06/20/47	0.25%	\$ 1,950,000	28,168
10/27/06	10/27/36	1.00%	4,500,000	244,110
12/27/06	12/27/56	1.00%	76,962	4,046
12/27/06	12/27/56	1.00%	3,058,463	160,800
12/27/06	12/27/56	1.00%	464,575	24,425
12/28/06	12/28/36	1.00%	6,273,597	329,665
12/28/06	12/28/36	1.00%	247,560	13,009
12/28/06	12/28/56	1.00%	68,082	3,578
12/28/06	12/28/56	1.00%	3,664,368	192,555
04/16/07	04/16/37	1.00%	720,700	35,739
05/03/07	05/03/37	1.00%	2,085,873	102,465
05/03/07	05/03/37	1.00%	254,127	12,484
06/26/07	06/26/37	0.00%	2,000,000	-
07/26/07	07/26/37	1.00%	2,475,387	-
11/02/07	11/02/42	1.00%	3,327,170	115,902
11/08/07	11/08/37	1.00%	3,150,000	146,760
12/19/07	12/19/37	1.00%	3,500,000	138,428
07/30/08	07/30/38	1.00%	1,007,400	149,877
08/04/08	08/04/38	1.00%	1,300,000	36,956
12/23/08	12/23/38	1.00%	5,500,000	47,512
06/08/09	06/08/39	1.00%	1,803,600	179,767
09/30/09	09/30/39	1.00%	4,623,300	50,699
10/14/09	10/14/44	1.00%	2,750,000	115,871
11/04/09	11/04/39	0.00%	4,432,620	69,842
12/18/09	12/18/59	0.00%	5,000,000	-
06/09/10	06/09/40	1.00%	5,580,554	-
07/08/10	07/08/40	0.00%	4,869,485	85,925
07/20/10	07/20/60	0.00%	4,572,614	-
08/02/10	08/02/60	1.00%	4,800,000	-
09/01/10	09/01/40	1.00%	3,000,000	79,693
12/21/10	12/21/40	1.00%	2,938,078	47,342
10/18/11	TBD	1.00%	2,138,301	29,884
			<u>2,138,301</u>	<u>9,666</u>
			<u>\$ 235,729,638</u>	<u>17,378,766</u>

HOMELESS HOUSING AND ASSISTANCE CORPORATION
Notes to Financial Statements, Continued

(6) Note Receivable

The Corporation has a non-interest bearing note receivable from the African American Planning Commission, Inc. in the original amount of \$792,250. Terms of repayment include quarterly payments of \$19,806 through 2018. The balance of the note receivable amounted to \$475,350 and \$554,575 at March 31, 2012 and 2011, respectively.

(7) Deferred Revenue

Deferred revenue amounted to \$5,200,616 and \$1,203,928 at March 31, 2012 and 2011, respectively. This amount primarily represents appropriations from the State to the Corporation in advance of the period to be benefited.

(8) Related Party Transactions

Related party transactions for the years ended March 31, 2012 and 2011 are as follows:

(a) Fiscal Intermediary Fees

The Corporation pays quarterly fees to the New York State Treasury Department (the Department) who acts as a fiscal intermediary for the Corporation. For the years ended March 31, 2012 and 2011, total fees incurred for Department services amounted to \$33,948. The amount due to the Department at March 31, 2012 and 2011 totaled \$8,487.

(b) Due From Related Party

The HFA agreed to make up to \$500,000 in Infrastructure Development Demonstration Program (IDDP) funds available to the Corporation. HHAC is a subsidiary of HFA. Amounts expended under the IDDP amounted to \$15,850 and \$20,800 for the years ended March 31, 2012 and 2011, respectively. Amounts due from HFA totaled \$7,481 at March 31, 2012.

(9) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 57 - "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans," amends GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," to allow agent employers that have individual employer Other Post-Employment Benefits (OPEB) plans, with less than 100 plan members to use the alternate measurement method, regardless of the total number of plan members in the multiple-employer OPEB plan in which it participates. The requirements of this statement are effective for periods beginning after June 15, 2011, which is the fiscal year beginning April 1, 2012 for the Corporation. This statement is not expected to have a material effect on the financial statements of the Corporation.

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(9) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 60 - "Accounting and Financial Reporting for Service Concession Arrangements" addresses how to account for and report service concession arrangements, a type of public-private partnership. This statement provides guidance on whether the transferor or the operator should report the capital asset in its financial statements, when to recognize up-front payments from an operator as revenue and how to record any obligation of the transferor to the operator. The requirements of this statement are effective for periods beginning after December 15, 2011, which is the fiscal year beginning April 1, 2012 for the Corporation. This statement is not expected to have a material effect on the financial statements of the Corporation.

GASB Statement No. 61 - "The Financial Reporting Entity: Omnibus" is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14 "The Financial Reporting Entity" and No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." This statement amends the criteria for including component units by only including those component units for which the elected officials are financially accountable or that the government determines would be misleading to exclude. This statement also amends the criteria for blending of component units to include only those component units that are so intertwined with the primary government that they are essentially the same as the primary government. The requirements of the statements are effective for periods beginning after June 15, 2012, which is the fiscal year beginning April 1, 2013 for the Corporation. This statement is not expected to have a material effect on the financial statements of the Corporation.

GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and American Institute of Certified Public Accountants (AICPA) pronouncements. This statement incorporates into the GASB's authoritative literature the applicable guidance issued before November 30, 1989 from FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. The requirements of the statement are effective for periods beginning after December 15, 2011, which is the fiscal year beginning April 1, 2012 for the Corporation. This statement is not expected to have a material effect on the financial statements of the Corporation.

GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows and inflows are the consumption and acquisition of net assets by a governmental entity that is applicable to a future reporting period. This statement amends the net asset reporting requirements in Statement No. 34 - "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and other pronouncements by incorporating

HOMELESS HOUSING AND ASSISTANCE CORPORATION

Notes to Financial Statements, Continued

(9) Accounting Standards Issued But Not Yet Implemented, Continued

deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measures and by renaming that measure as net position, rather than net assets. The requirements of this statement are effective for periods beginning after December 15, 2011, which is the fiscal year beginning April 1, 2012 for the Corporation. This statement is not expected to have a material effect on the financial statements of the Corporation.

GASB Statement No. 64 - "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53" clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement are effective for periods beginning after June 15, 2011, which is the fiscal year beginning April 1, 2012 for the Corporation. This statement is not expected to have a material effect on the financial statements of the Corporation.

GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities" establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources such as changes in the determination of the major fund calculations and limiting the use of the term deferred in the financial statement presentations. This requirement of this statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning April 1, 2013 for the Corporation. This statement is not expected to have a material effect on the financial statements of the Corporation.

GASB Statement No. 66 - "Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62" improves accounting and financial reporting for a governmental entity by resolving conflicting guidance that resulted from the issuance of two pronouncements. Statements No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" and No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The requirements of this statement are effective for periods beginning after December 15, 2012, which is the fiscal year beginning April 1, 2013 for the Corporation. This statement is not expected to have a material effect on the financial statements of the Corporation.



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

The Board of Directors
Homeless Housing and Assistance Corporation:

We have audited the financial statements of Homeless Housing and Assistance Corporation (the Corporation), a New York State public benefit corporation, as of and for the year ended March 31, 2012, and have issued our report thereon dated June 1, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of the Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of 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.

We noted a matter that we reported to management of the Corporation in a separate letter dated June 1, 2012.

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

Toski & Co., CPAs, P.C.

Williamsville, New York
June 1, 2012

INDEPENDENT ACCOUNTANTS' REPORT ON INVESTMENT COMPLIANCE

The Board of Directors
Homeless Housing and Assistance Corporation:

We have examined the Homeless Housing and Assistance Corporation's (the Corporation) compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York during the year ended March 31, 2012. Management is responsible for the Corporation's compliance with those requirements. Our responsibility is to express an opinion on the Corporation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Corporation's compliance with specified requirements.

In our opinion, the Corporation complied, in all material respects, with the aforementioned requirements during the year ended March 31, 2012.

In accordance with Government Auditing Standards, we are required to report findings of deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Corporation's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Corporation complied with the aforementioned requirements and not for the purpose of expressing an opinion on the internal control over compliance with those requirements or other matters; accordingly, we express no such opinion. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

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

Toski & Co., CPAs, P.C.

Williamsville, New York
June 1, 2012

