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Report of Independent Auditors

Management and the Members of the
New York City Housing Development Corporation

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the New York City Housing Development Corporation (the “Corporation”), a component unit of the City of New York, as of and for the year ended October 31, 2014, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the Corporation as of October 31, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Adoption of GASB Statement No. 68, “Accounting and Financial Reporting for Pensions”

As discussed in Note 2 to the financial statements, the Corporation changed its method for accounting and financial reporting of pensions as a result of the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (“GASB 68”) effective November 1, 2012. Our opinions are not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Corporation’s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2013 is consistent, in all material respects, with the audited financial statements and the GASB 68 restatement discussed in Note 2, from which it has been derived.

Required Supplementary Information

U.S. generally accepted accounting principles require that Management’s Discussion and Analysis, the Schedule of Funding Progress for the Retiree Healthcare Plan, the Schedule of the Corporation’s Proportionate Share of the Net Pension Liability and the Schedule of the Corporation’s Contributions, as listed in the table of contents, 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 which 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, 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.



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying Schedule of Net Position for the Housing Revenue Bond Program as of October 31, 2014 and 2013 and the Schedule of Revenue, Expenses and Changes in Net Position for the years then ended, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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January 26, 2015