

FINANCIAL STATEMENTS, SUPPLEMENTARY  
INFORMATION ON EXPENDITURES OF FEDERAL  
AWARDS AND REPORTS AND SCHEDULE REQUIRED  
BY THE UNIFORM GUIDANCE

New York City Housing Development Corporation  
Year Ended October 31, 2020  
With Report of Independent Auditors

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New York City Housing Development Corporation

Financial Statements, Supplementary Information on Expenditures of Federal Awards and Reports and Schedule Required by the Uniform Guidance

October 31, 2020

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## Report of Independent Auditors

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information 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, 2020, 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 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 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.

### ***Opinion***

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 aggregate remaining fund information of the Corporation as of October 31, 2020 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 New Accounting Pronouncement***

As discussed in Note 2 to the financial statements, as of November 1, 2019, the Corporation adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Report on Summarized Comparative Information***

We have previously audited the Corporation's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2019 is consistent, in all material respects, with the audited financial statements 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 Changes in the Net OPEB Liability and Related Ratios, the Schedule of the Corporation's OPEB Contributions, the Schedule of OPEB Investment Returns, the Schedule of the Corporation's Proportionate Share of the Net Pension Liability and the Schedule of the Corporation's Pension 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 an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards 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. Such 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated January 29, 2021 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

January 29, 2021

**Financial Section**

**FINANCIAL STATEMENTS TO BE INSERTED LATER**

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Required Supplementary Information



**SCHEDULE TO BE INSERTED**

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**Supplementary Information**

New York City Housing Development Corporation

Schedule of Expenditures of Federal Awards

Year Ended October 31, 2020

| Federal Grantor/Pass-Through<br>Grantor/Program or Cluster Title                           | Federal<br>Assistance<br>Listing<br>Number | Pass-<br>Through<br>Entity<br>Identifying<br>Number | Total Federal<br>Expenditures |
|--|--|---|-------------------------------|
| <b>U.S. Department of Housing and Urban<br/>Development</b>                                |  |   |                               |
| Direct Program:  |  |   |                               |
| Interest Reduction Payments Rental and<br>Cooperative Housing for Lower Income<br>Families | 14.103                                     |   | \$ 17,698,147                 |
| Passed-Through New York City Department of<br>Housing Preservation and Development:        |  |   |                               |
| CDBG – Disaster Recovery Grants – Pub. L.<br>No. 113-2 Cluster:                            |  |   |                               |
| Hurricane Sandy Community<br>Development Block Grant Disaster<br>Recovery Grants (CDBG-DR) | 14.269                                     | N/A   | <u>193,315,555</u>            |
| Total expenditures of federal awards   |  |   | <u>\$ 211,013,702</u>         |

*See accompanying notes to the schedule of expenditures of federal awards.*

# New York City Housing Development Corporation

## Notes to Schedule of Expenditures of Federal Awards

Year Ended October 31, 2020

### **1. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards (“SEFA”) presents the financial activity of the federally assisted programs of the New York City Housing Development Corporation as of and for the year ended October 31, 2020. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Corporation.

### **2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles of OMB Circular A-87, *Cost Principles for State, Local and Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Corporation has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### **3. Interest Reduction Payments Program**

Disbursements reported under the Interest Reduction Payments program (CFDA #14.103) fall under one of two project categories: those insured under Section 223(f) of the General Housing Act and those that are uninsured under General Housing subsidiary projects.

### **4. Hurricane Sandy Community Development Block Grant Disaster Recovery Grants**

The City of New York, through the New York City Department of Housing Preservation and Development (“HPD”), applied for and was awarded funds from the United States Department of Housing and Urban Development (“HUD”) under the Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (“CDBG-DR”) program. On October 29, 2013, the Corporation executed a subrecipient agreement with HPD in which the Corporation is responsible for implementing and administering a portion of the Multi-Family Rehabilitation Loan Program (the “Program”). The Program is intended to lend CDBG-DR funds to eligible owners of eligible buildings for eligible work under CDBG-DR and Program regulations.

New York City Housing Development Corporation

Notes to Schedule of Expenditures of Federal Awards (continued)

**4. Hurricane Sandy Community Development Block Grant Disaster Recovery Grants  
(continued)**

The SEFA includes loans outstanding at the beginning of the year in the amount of \$184,119,040, plus current year loan advances in the amount of \$9,110,500, for which the federal government imposes continuing compliance requirements related to the CDBG-DR program. The balance of CDBG-DR loans outstanding at October 31, 2020 is \$193,229,540.

Pursuant to the Agreement with HPD, the Corporation may be reimbursed for general administrative costs incurred in conjunction with the program. This amount cannot exceed \$4,854,940 over the life of the agreement. Expenditures on the SEFA include \$86,015 of general administrative costs incurred by the Corporation during the year ended October 31, 2020.

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**Reports and Schedule Required by the Uniform  
Guidance**

# Report of Independent Auditors 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*

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

We have audited, in accordance with auditing standards generally accepted in the United States 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 the business-type activities and the aggregate remaining fund information 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, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated January 29, 2021.

## **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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 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.

## **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 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 29, 2021



# Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

## **Report on Compliance for Each Major Federal Program**

We have audited the New York City Housing Development Corporation's (the Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended October 31, 2020. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the Corporation's major federal programs for the year ended October 31, 2020.

### **Report on Internal Control Over Compliance**

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

January 29, 2021

New York City Housing Development Corporation

Schedule of Findings and Questioned Costs

Year Ended October 31, 2020

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified, with emphasis-of-matter paragraph for change in accounting

Internal control over financial reporting:

|   |       |     |       |   |       |               |
|---|-------|-----|-------|---|-------|---------------|
| Material weakness(es) identified?       | _____ | Yes | _____ | √ | _____ | No            |
| Significant deficiency(ies) identified? | _____ | Yes | _____ | √ | _____ | None reported |

Noncompliance material to financial statements noted?

|       |     |       |   |       |    |
|-------|-----|-------|---|-------|----|
| _____ | Yes | _____ | √ | _____ | No |
|-------|-----|-------|---|-------|----|

**Federal Awards**

Internal control over major federal program:

|   |       |     |       |   |       |               |
|---|-------|-----|-------|---|-------|---------------|
| Material weakness(es) identified?       | _____ | Yes | _____ | √ | _____ | No            |
| Significant deficiency(ies) identified? | _____ | Yes | _____ | √ | _____ | None reported |

Type of auditor’s report issued on compliance for major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

|       |     |       |   |       |    |
|-------|-----|-------|---|-------|----|
| _____ | Yes | _____ | √ | _____ | No |
|-------|-----|-------|---|-------|----|

Identification of major federal program:

**Federal Assistance**

**Listing Number Name of Federal Program or Cluster**

|        |  |
|--------|--|
| 14.103 | Interest Reduction Payments Rental and Cooperative Housing for Lower Income Families |
| 14.269 | Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR) |

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

√ Yes        No

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New York City Housing Development Corporation  
Schedule of Findings and Questioned Costs (continued)

Year Ended October 31, 2020

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None reported.

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