

New York City Housing Development Corporation

2025 audit results

January 23, 2026



The better the question. The better the answer. The better the world works.



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Executive summary

2025 audit results

Key considerations

Action items

- Areas of emphasis
- Required communications
- The Corporation's analysis for significant accounting matters is appropriate.
- No material corrected misstatements or uncorrected misstatements were identified.
- Entity level controls and other internal controls over financial reporting are designed effectively.
- Continued outstanding cooperation and communication occurred between the Corporation and EY.

- Significant or unusual transactions - none
- Significant accounting pronouncements
 - ▶ GASB 103, *Financial Reporting Model Developments*

- Inquiries of those charged with governance
- Status update/open items
 - ▶ Perform subsequent events procedures
 - ▶ Obtain executed letter of representation from management
 - ▶ Complete procedures including executive and concurring partner review over certain financial statement audit, Uniform Guidance audit, and USAP procedures

Areas of emphasis

Topic	Considerations
Revenue recognition	We used data analytical procedures to risk assess and confirm our understanding of the accounting and flow of the various revenue streams. We performed analytics in order to identify and investigate unusual transactions. For a sample of cash receipts, we traced the item to revenue source documentation and tested for proper classification to determine if it was recognized in accordance with the relevant revenue recognition rules. No issues have been identified to date related to revenue recognition.
Expense recognition	We tested expenses using a combination of detailed transaction testing and analytical procedures. We investigated unusual transactions. No findings were identified to date. The classification of expenses were in accordance with GASB 103.
Cash and investments	We confirmed all significant cash and investment balances and agreed responses to the Corporation's accounts and related reconciliations. Investments were tested to determine that they were properly valued and all risk disclosures were evaluated. No findings were identified to date.
Mortgage receivable and allowances	We confirmed a selection of the Corporation's mortgage receivable balances and utilized data analytical procedures. The Corporation's methodology for recording allowances and writing off old balances were tested and evaluated for reasonableness. No findings identified to date.

Areas of emphasis

Topic	Considerations
Debt	We confirmed all significant outstanding debt balances and tested the Corporation's compliance with related debt covenants. No findings were identified to date.
Risk of management override of controls	Professional standards require that we consider the risk of management override of controls to be a fraud risk on all audits. To be responsive to this risk, we designed and performed procedures, including testing the appropriateness of journal entries, reviewing estimates for evidence of management bias and evaluating the business rationale of significant unusual transactions.
Related parties	We performed procedures to obtain sufficient appropriate audit evidence about whether related-party relationships and transactions were appropriately identified, accounted for and disclosed in the financial statements. We tested the completeness and accuracy of related-party relationships and transactions identified by the Corporation, taking into account the information gathered during the audit. We also performed inquiries of management, read underlying agreements and determined that material related-party transactions were duly approved.
Compliance with Uniform Guidance (Single Audit)	The opinion on compliance for major grant programs is expected to be unmodified. No findings have been identified under the Uniform Guidance were identified during the 2025 audit to date.

Appendices

A Required communications

B Peer review report

C EY Future of Audit. Now.
Transformation journey

D Management representation letter

Appendix A

Required communications

The following is a summary of required communications between the audit team and the those charged with governance, as required by AICPA Clarified US Auditing Standard (AU-C) 260, *The Auditor's Communication With Those Charged With Governance*, and other applicable auditing standards. This communication is intended solely for the information and use of those charged with governance, management and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Required communications

Topic	Comments
Auditor's responsibility under generally accepted auditing standards, including our discussion of the type of auditor's report we are issuing and the circumstances that affect the form and content of our auditor's report, if applicable	<p>Our responsibilities are included in our audit engagement agreement. A copy of such agreement has previously been provided to the Corporation.</p> <p>Upon completion of our remaining audit procedures, we currently expect to issue an unqualified opinion on the Corporation's financial statements as of and for the years ended October 31, 2025 and 2024.</p>
Changes to the audit strategy, timing of the audit and significant risks identified	<p>Our audit strategy is consistent with the plan communicated during the October 2025 meeting.</p>
Changes to the terms of the audit with no reasonable justification for the change	<p>None.</p>
Fraud and noncompliance with laws and regulations (illegal acts)	<p>We are not aware of any matters that require communication.</p>
Matters relevant to our evaluation of the entity's ability to continue as a going concern	<p>We did not identify any events or conditions that led us to believe there was substantial doubt about the Corporation's ability to continue as a going concern.</p>
<p>Our views about the qualitative aspects of the entity's significant accounting practices, including:</p> <ul style="list-style-type: none"> ▪ Accounting policies ▪ Accounting estimates ▪ Financial statement disclosures 	<p>Refer to the "Areas of emphasis" section where we have discussed our conclusions and observations over significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures, we determine most critical to our audit.</p>
Related-party relationships and transactions	<p>We discussed related-party relationships and transactions in the "Areas of emphasis" section.</p> <p>We noted no significant matters regarding the Corporation's relationships and transactions with related parties.</p>

Required communications

Topic	Comments
Significant unusual transactions	If there were no significant unusual transactions identified, we insert: "We are not aware of any significant unusual transactions entered into by the Corporation."
New accounting pronouncements	We have not identified issues regarding management's planned application of new accounting pronouncements.
Independence matters	We are not aware of any matters that in our professional judgment would impair our independence.
Obtain information relevant to the audit	<p>Inquiries regarding matters relevant to the audit are to be performed at this meeting.</p> <ul style="list-style-type: none"> ▪ Fraud and noncompliance with laws and regulations (illegal acts) ▪ Tips or complaints regarding the Corporation's financial reporting ▪ Significant unusual transactions ▪ Subsequent events
Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management	None.
Disagreements with management and significant difficulties encountered in dealing with management when performing the audit	None.
Management's consultations with other accountants	None.
Difficult or contentious matters subject to consultation outside of the audit team	None.
Material corrected misstatements related to accounts and disclosures	None identified.
Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial	None identified.

Required communications

Topic	Comments
Deficiencies in internal control over financial reporting A <i>significant deficiency</i> is a deficiency, or a combination of deficiencies, in internal control over financial reporting, that is less severe than a material weakness yet important enough to merit attention by those charged with governance A <i>material weakness</i> is a deficiency, or a combination of deficiencies, in internal control over financial reporting, 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	In planning and performing our audit of the financial statements of the Corporation as of and for the year ended October 31, 2025, we considered its 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. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control. Our consideration of internal control was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies might exist that were not identified. Given these limitations, we did not identify any material weaknesses.
Representations we are requesting from management	Refer to Appendix D.
AICPA ethics ruling regarding third-party service providers	From time to time, and depending on the circumstances, (1) we may subcontract portions of the audit services to other EY firms, who may deal with the Corporation or its affiliates directly, although EY alone will remain responsible to you for the audit services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the audit services. In addition, third-party service providers may perform services for EY in connection with the audit services.
Other matters	There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

Appendix B

Peer review report

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REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

November 24, 2025

To the Partners of Ernst & Young LLP and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Ernst & Young LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2025. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; an audit performed under FDICIA; and examinations of service organizations (SOC 1® and SOC 2® engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Ernst & Young LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2025, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Ernst & Young LLP has received a peer review rating of *pass*.

Grant Thornton LLP

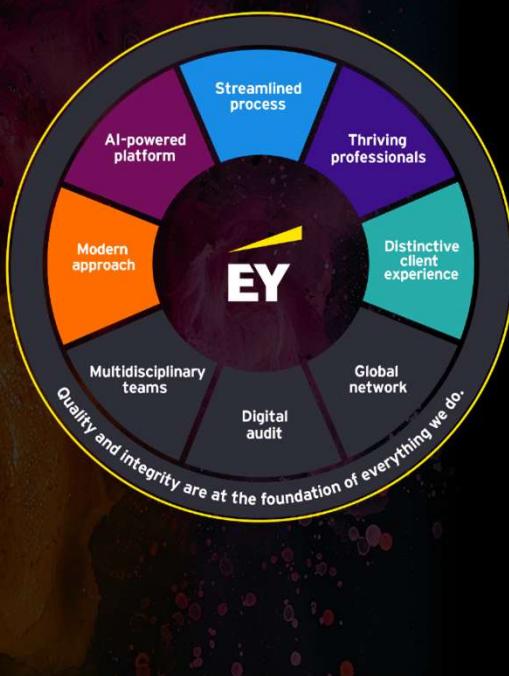
Appendix C

EY Future of Audit. Now. Transformation journey

EY audit transformation in action

Year in review

Transforming the audit experience across **people, technology and process** to drive confidence in the path forward



PEOPLE

Curated team with diverse backgrounds, sector knowledge, continuous improvement mindset and using the latest technology, including responsible use of artificial intelligence (AI)

Centralized teams with specialized skills for more consistent, streamlined delivery

TECHNOLOGY

EYQ Code Explainer: clearer understanding, targeted inquiries

EY Canvas Financial Statement Tie-out: quick issue identification, resolution

EY Canvas AI: refined risk identification and assessment benchmarks

EY Helix: standardized data capture leading to actionable insights

PROCESS

Short work sprints and milestones led to fewer follow-ups later in the audit

EY/HDC protocols for clearer expectations, communication

Standardization driving consistency, streamlined process and quality

Transformative technology across the EY audit: what's ahead

Innovating the audit experience from kick off to conclusion

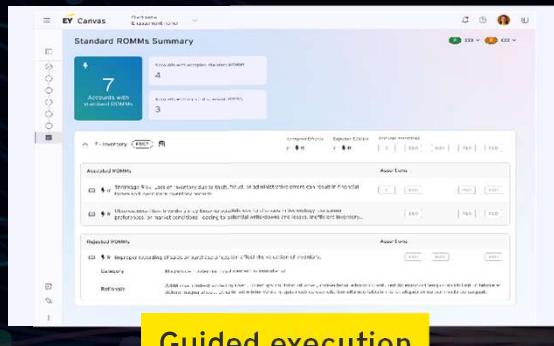
General scope and strategy

Risk assessment

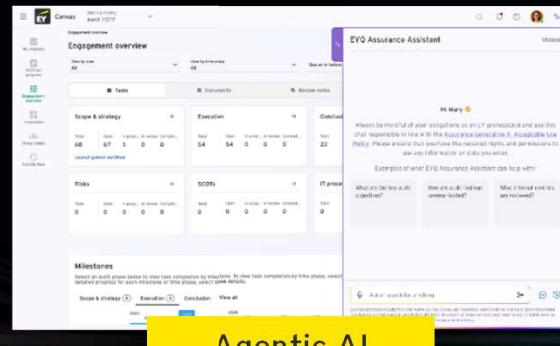
Execution

Conclusion

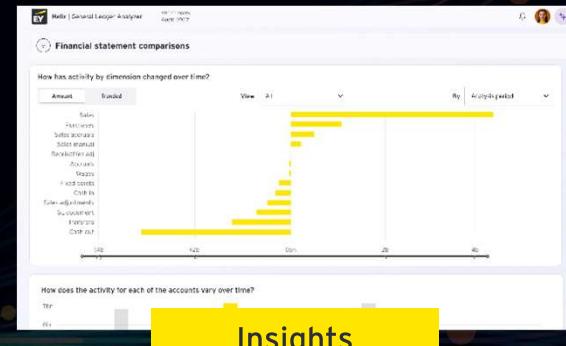
Examples of what is coming in 2026



Guided execution



Agentic AI



Insights

Modern end-to-end workflows

- Methodology that scales to client size and profile for a more tailored risk assessment
- Standardized, guided risk assessment for optimized collaboration
- Intuitive, transparent summary screens

Simplified processes, enhanced clarity and focused risks

Integrated multi-agent network

Agents will interface with audit teams to:

- Analyze data
- Share knowledge
- Perform quality checks
- Automate test of details

Making decisions faster and risks clearer

Actionable intelligence

- Streamlined and integrated data and analytics for early risk identification and client process insights
- Advanced peer and industry benchmarking

Powerful analytics for data informed decisions

Artificial intelligence (AI) in action

EY Intelligent Checklists

EY Intelligent Checklists use new AI features to suggest answers and provide contextual review, streamlining financial statement disclosure and documentation.

Benefits

Faster, smarter execution

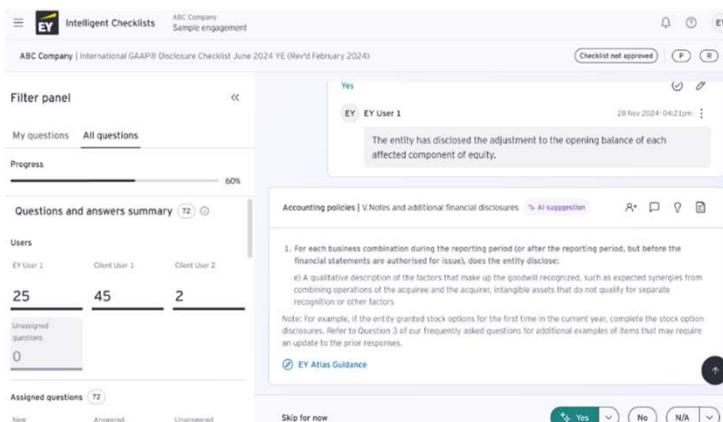
Build on prior answers to save time, minimize duplication and focus on what's changed, not what's already done.

Collaborative workspace

With integrated review comments to enhance transparency.

Single, real-time checklist

Real-time updates to make sure your financial statements reflect the latest requirements.



Features

Agile and scalable

Customize to meet company-specific requirements and reporting needs.

Greater visibility and key change insights

Monitor progress, unanswered questions and review note status.

AI suggestions

Available directly in the checklist workflow, with additional dedicated filters to assess the AI suggestions.



Confidence



Experience



Perspective

Artificial intelligence (AI) in action

EYQ Code Explainer

Leverages generative AI to help EY teams summarize and understand programming code for a wide range of programming code languages.

Benefits

Greater confidence in code evaluation

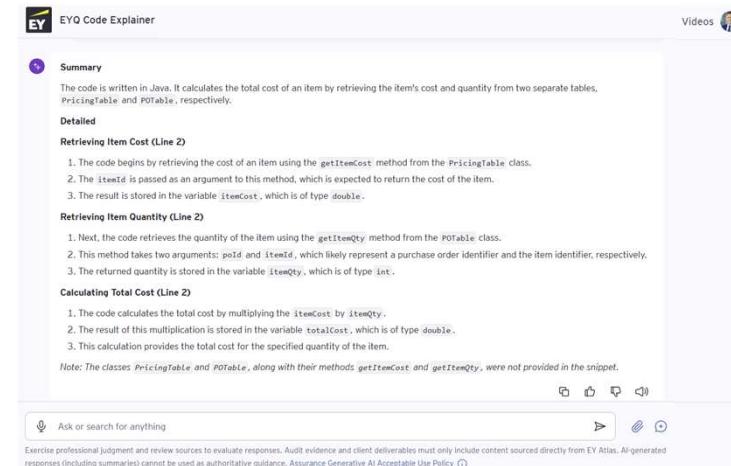
AI takes the first pass, reducing risk in assessing functionality of the company's IT configurations.

Saves time in walkthroughs

Brings new perspectives, understanding and more informed questions to complex programming code snippets.

Focus on business context, not paperwork

Less time spent preparing technical documentation means more time understanding the impact on your business.



Features

Generative AI

Simplified evaluation with natural language.

Multiple coding languages

Effectively reads diverse programming code.

Continuous improvement

Integrates the most recent publicly available information on coding languages.



Confidence



Experience



Perspective

Artificial intelligence (AI) in action

EY Financial Statement Tie-Out

Financial statement tie-out procedure preparation prepared by AI; now supports financial statements prepared in English, Portuguese, Italian, German, French, Spanish and Japanese languages.

Benefits

Automatic validations

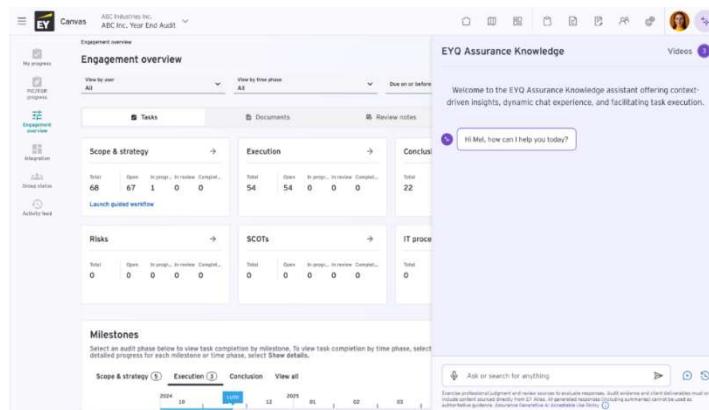
Adds an extra layer of assurance by reducing the risk of human error through AI-driven validations.

Streamlined collaboration

Accelerates resolution of comments and questions during peak periods, helping timely confirmation that numbers tie out.

Quick action items

Speeds up turnaround time for outstanding queries, providing faster sign-off.



Features

Smarter review

Verifies calculations, compares figures and detects discrepancies, including in footnotes.

Robust project management

User-friendly dashboard displays progress and prioritizes areas needing attention.

Advanced collaboration

Work simultaneously and leave comments on the same financial statements in a single shared view.



Confidence



Experience



Perspective

Artificial intelligence (AI) in action

EY Canvas AI

AI-driven algorithms assist in evaluating risk and testing strategies by analyzing audit data and public sources.

Benefits

Enhance understanding

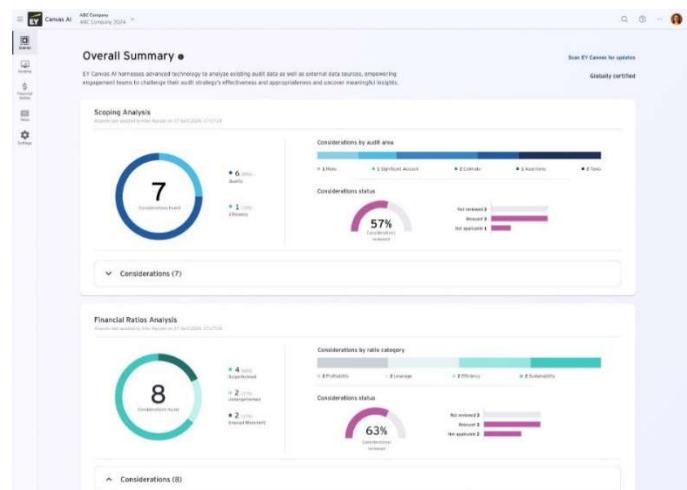
Benchmark audit decisions against EY audit guidance to identify opportunities for improving scoping and focusing on what matters most.

Risk identification and assessment

AI-driven analytics enable more targeted risk assessment and refined audit scope.

Global benchmarking

Benchmark against peers to right-size the approach within your sector.



Features

Risk assessment module

Collective knowledge of risk assessment on similar engagements.

Financial ratio module

Advanced pattern recognition of financial metrics, including prior year and peer entity performance.

News module

AI-aggregated newsfeeds on areas of audit risk, changes in operations or other matters of relevance.

Confidence

Experience

Perspective

Artificial intelligence (AI) in action

EYQ Assurance Knowledge

Generative AI integrated directly into the EY cloud-based global audit platform the responds to EY teams' questions based on authoritative guidance from the EY accounting and auditing knowledge repository.

Benefits

Knowledge at your fingertips

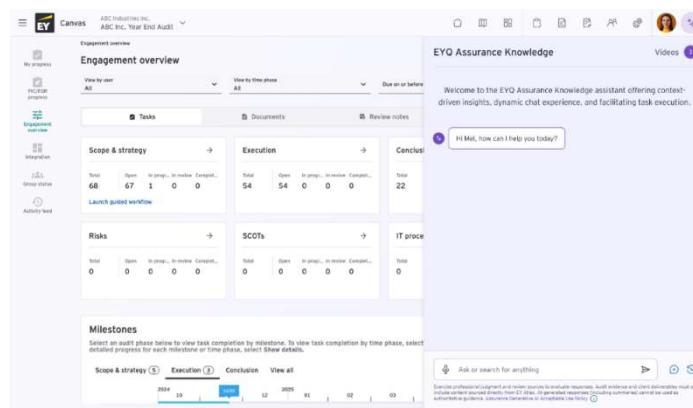
Instant access to authoritative guidance across global and local regulations, making sure every decision is backed by the most relevant standards.

The right answer, faster

Accelerates turnaround on complex accounting questions by leveraging benchmarking and sector context, so responses are timely and precise during critical moments.

Informs decision making

Provides a clarified viewpoint supported by comprehensive research and access to the full suite of accounting guidance.



Features

Integrated experience

Responses linked to source materials for validation and documentation.

Profile personalization

Automatically contextualizes accounting and audit research for tailored responses.

Video recommendations

Proactively receive access to the latest digital content.



Confidence

Experience

Perspective

Appendix D

Management representation letter
(see attached)

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multidisciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

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About EY's Assurance Services

Our assurance services help our clients meet their reporting requirements by providing an objective and independent examination of the financial statements that are provided to investors and other stakeholders. Throughout the audit process, our teams provide a timely and constructive challenge to management on accounting and reporting matters and a robust and clear perspective to audit committees charged with oversight.

The quality of our audits starts with our 90,000 assurance professionals, who have the breadth of experience and ongoing professional development that come from auditing many of the world's leading companies.

For every client, we assemble the right multidisciplinary team with the sector knowledge and subject matter knowledge to address your specific issues. All teams use our Global Audit Methodology and latest audit tools to deliver consistent audits worldwide.

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