

The background of the slide is a photograph of a modern building's interior. It features a large, curved glass ceiling with a grid of structural beams. The ceiling is illuminated from within, creating a warm, golden glow. Below the ceiling, several people are silhouetted against the light, walking across a wide, open space. The overall atmosphere is clean, bright, and professional.

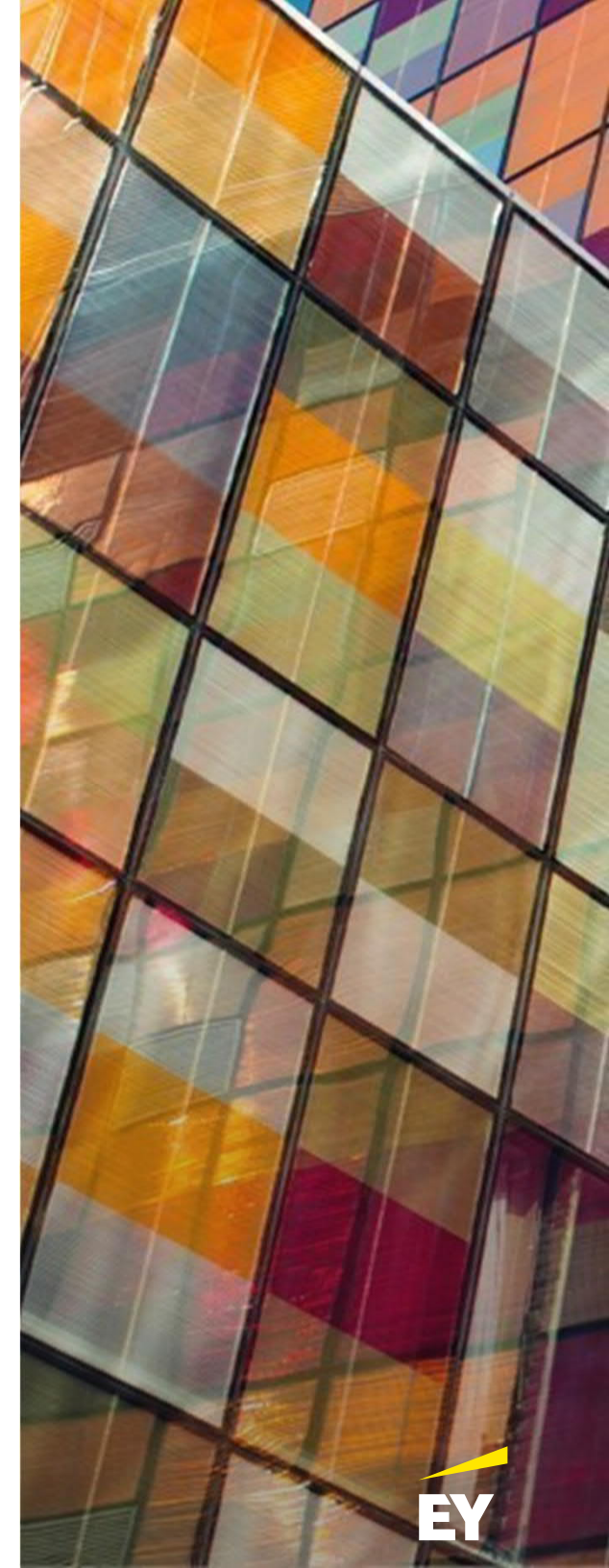
New York City Housing Development Corporation

2021 audit results

January 14, 2022

2021 EY Services

	Services and deliverables
Audit and audit-related services	<ul style="list-style-type: none">▶ Consistent with our audit plan, we express opinions on, and report to the Audit Committee:<ul style="list-style-type: none">– The financial statements of the Corporation– The Corporation’s Schedule of Expenditures of Federal Awards as required by the Uniform Guidance and the Single Audit Amendments Act– The Corporation’s Schedule of Investments
Internal control communications	<ul style="list-style-type: none">▶ Issue a 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 <i>Government Auditing Standards</i>▶ Issue a Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance▶ Issue a management letter that provides our recommendations regarding internal controls and opportunities for improvement or efficiency, based on observations made during the course of our audit, if applicable
Other services	<ul style="list-style-type: none">▶ Issue our report on the Corporation’s compliance with minimum servicing requirements



Executive summary

Key business priorities

- Mortgage loan portfolio
 - loan participation receivables
 - repayments
- Bond issuances
- Mortgage refinancings
- Investments
- Adoption of GASB No. 87, Leases
- COVID-19 Pandemic

2021 audit results

- The Corporation's analysis for significant accounting matters is appropriate.
- Reasonable judgments and consistency have been used by management to account for significant accounting estimates.
- No material corrected misstatements or uncorrected misstatements were identified.
- Entity level controls and other internal controls over financial reporting are designed effectively.
- Outstanding cooperation and communication occurred between the Corporation and EY.

Looking forward

- GASB No. 91, Conduit Debt Obligations
- GASB No. 93, Replacement of Interbank Offered Rates
- GASB No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements
- GASB No. 96, Subscription-Based Information Technology Arrangements
- GASB No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans
- GASB No. 98, The Annual Comprehensive Financial Report

Digital update

EY Digital leveraged for the 2021 Audit:

- Used collaborative technology in COVID-19 environment
 - EY Canvas Client portal
 - Teams meetings
- Implementing data analytics procedures in assessing risk and account balance testing
 - Mortgage receivables & revenue recognition
 - Operating expenses

Additional points to consider

- Required communications
- Open items:
 - Complete procedures including executive review over financial statement audit, Uniform Guidance audit, and USAP procedures
 - Complete concurring partner executive review over Financial Statements, Schedule of Investments, USAP report, and Uniform Guidance report
 - Perform subsequent event procedures
 - Obtain executed letter of representation from management

Areas of emphasis

Topic	Audit results
Internal controls over applications that affect the financial statements	<ul style="list-style-type: none"> • During our audit, we obtained an understanding of internal control and evaluated the various internal controls over financial reporting as a basis of determining our overall audit approach and scope. No findings were identified to date.
Adoption of GASB No. 87, Leases	<ul style="list-style-type: none"> • We assessed management’s analysis over the adoption of GASB No. 87, Leases, including (i) conclusions on which leases met the criteria, (ii) recording lease liability and assets at adoption, and (iii) disclosures. No findings were identified to date.
Cash and cash equivalents and investments	<ul style="list-style-type: none"> • 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 balances and allowances	<ul style="list-style-type: none"> • We confirmed a sample of mortgage receivable balances and working to implement data analytics over mortgage receivables. The Corporation’s methodology for recording allowances were tested and evaluated for reasonableness. No findings were identified to date.
Debt	<ul style="list-style-type: none"> • We confirmed all outstanding debt and tested the Corporation’s compliance with related debt covenants. No findings were identified to date.
Loan participation receivable	<ul style="list-style-type: none"> • We agreed participation loans to outstanding mortgage loan detail and to the corresponding Due to NYC detail. We tested participation receivable on a sample basis. No findings were identified to date.
Due to The City of New York	<ul style="list-style-type: none"> • We tested a sample of associated transactions that have been made for propriety. No findings were identified to date.
Payable to mortgagor	<ul style="list-style-type: none"> • We tested a sample of associated transactions that have been made for propriety. No findings were identified to date.
Litigation and loss contingencies	<ul style="list-style-type: none"> • We reviewed all litigation and loss contingencies. No significant findings were identified to date.
Interest on loans	<ul style="list-style-type: none"> • We tested interest on loans, including performance of substantive analytical procedures. We also are working to implement data analytics to evaluate the correlation between revenues, receivables, and cash and investigate unusual transactions. No findings were identified to date.
Net position	<ul style="list-style-type: none"> • We tested all changes to net position and evaluated the classification of net position balances. No findings were identified to date.
Interest and amortization of bond premium and discount	<ul style="list-style-type: none"> • We tested interest and amortization expense on a test basis, including performance of substantive analytical procedures. No findings were identified to date.
Operating expenses	<ul style="list-style-type: none"> • We tested operating expenses using a combination of detailed transaction testing and data analytics. We performed data analytics to evaluate the correlation between expenses, payables and accruals at year-end. We investigated unusual transactions. No findings were identified to date.



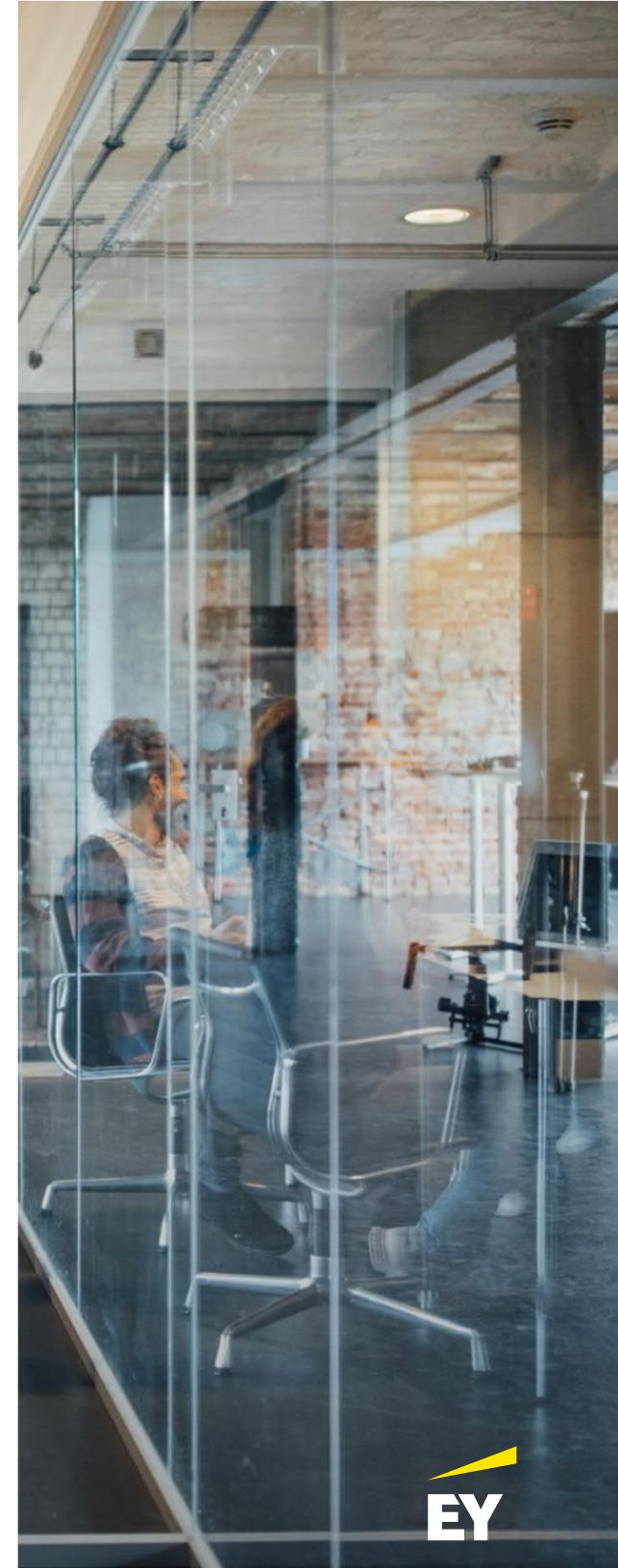
Areas of emphasis

Topic	Audit results
Compliance with Uniform Guidance (Single Audit)	<ul style="list-style-type: none"> • Overall opinion on compliance for major programs is expected to be unmodified. No findings required to be reported under the Uniform Guidance were identified during the 2021 audit to date.
Compliance with applicable laws, regulations, and contractual provisions	<ul style="list-style-type: none"> • We identified no non-compliance with applicable laws and regulations to date.
Risk of management override of controls	<ul style="list-style-type: none"> • We performed walkthroughs of the significant classes of transactions and perform inquiries with management. We also complete journal entry testing to verify that there was proper review and a valid business purpose for the selected journal entries. No findings were identified to date.
Related parties	<ul style="list-style-type: none"> • We performed procedures to verify the completeness of the related party listing and review for any related party transactions which required disclosure in the financial statements. No findings were identified to date.



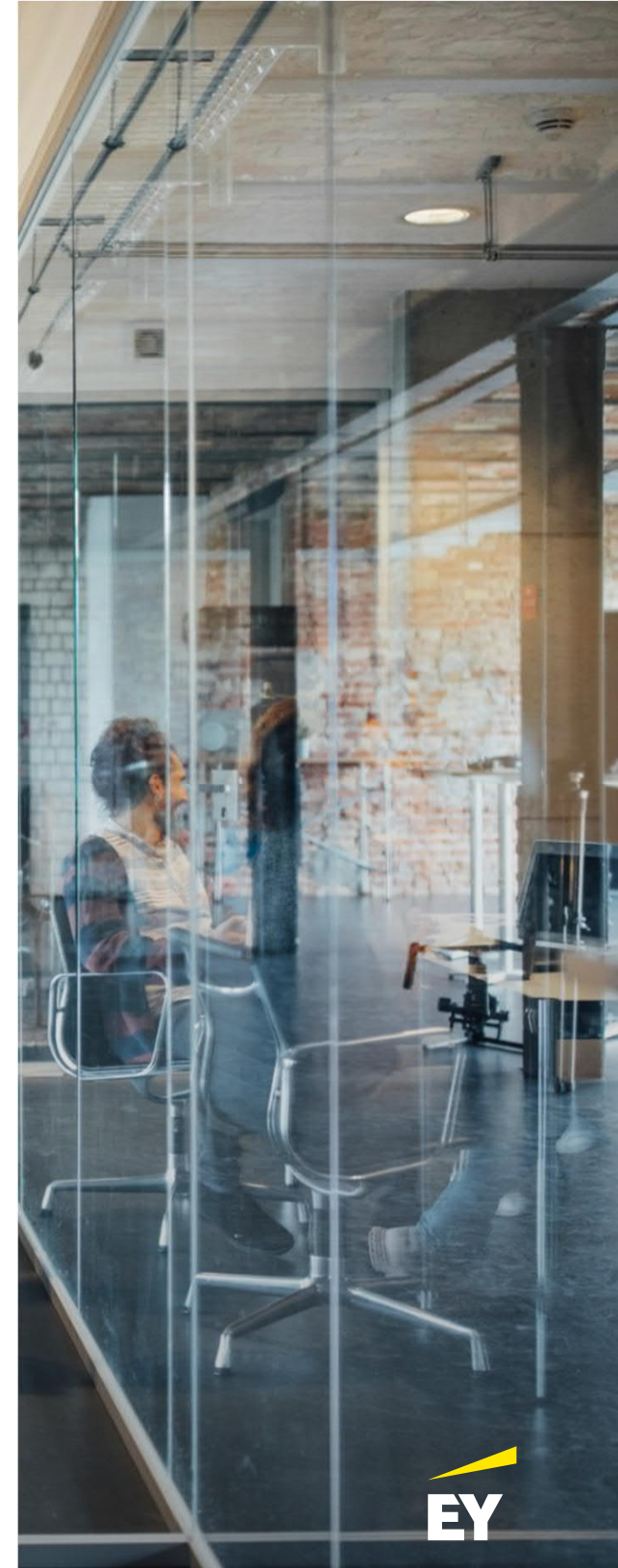
Required communications

Area	Comments
<ul style="list-style-type: none">Auditor's responsibility under generally accepted auditing standards, including a discussion of the type of auditor's report we are issuing and the reasons for any modification to our report	Our responsibilities are included in our audit engagement agreement. Upon completion of our remaining audit procedures, we currently expect to issue unmodified opinions on the Corporation's financial statements, the Uniform Guidance, and management's assertion that the Corporation complied with the servicing standards as of and for the year ended October 31, 2021.
<ul style="list-style-type: none">Changes to the audit strategy, timing of the audit and significant risks identified	Our audit strategy is consistent with the plan communicated during the October 2021 Audit Committee meeting.
<ul style="list-style-type: none">Matters relevant to our evaluation of the entity's ability to continue as a going concern	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.



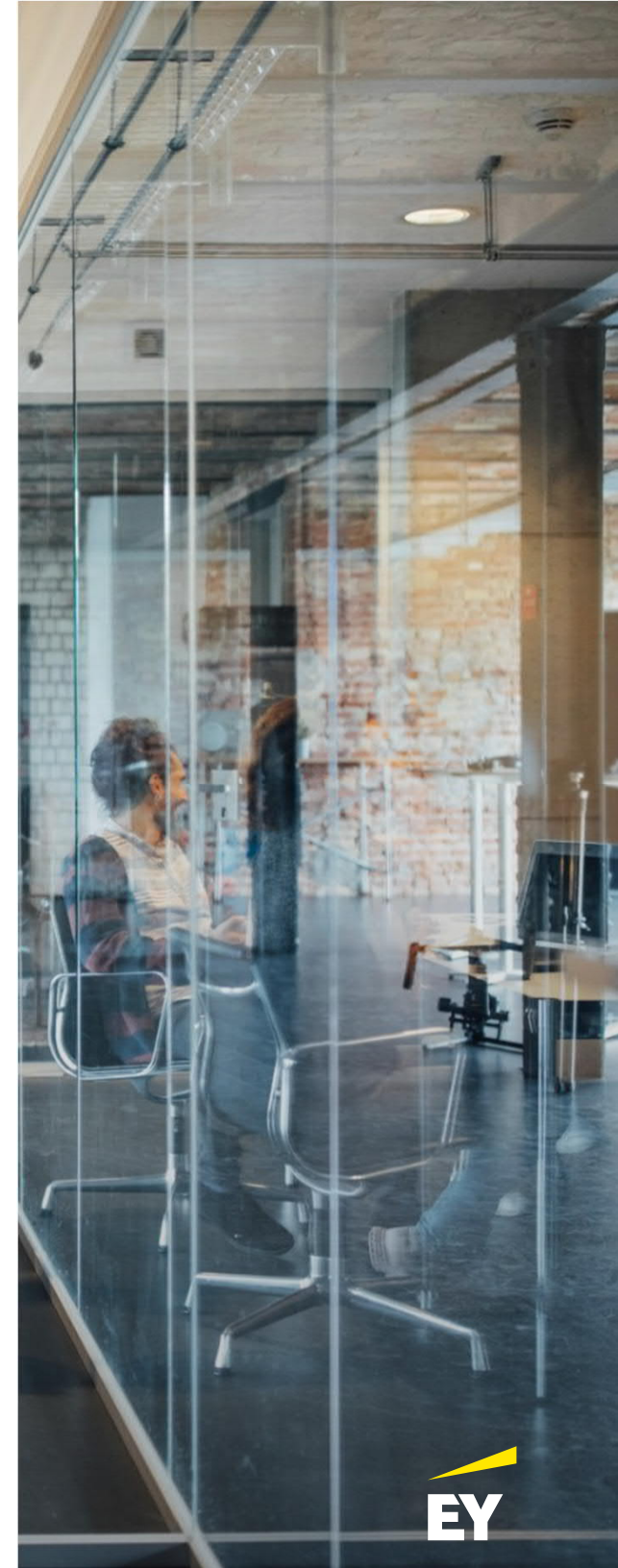
Required communications

Area	Comments
<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 	<p>Management has not selected or changed any significant policies or changed the application of those policies in the current year, except for the adoption of GASB No. 87. We have provided a discussion of significant accounting policies and our views regarding significant accounting estimates and financial statement disclosures and related matters in the section titled "Areas of emphasis" on page 4.</p>
<ul style="list-style-type: none"> Related party relationships and transactions 	<p>We noted no significant matters regarding the Corporation's relationships and transactions with related parties.</p>
<ul style="list-style-type: none"> Changes to the terms of the audit with no reasonable justification for the change 	<p>None.</p>
<ul style="list-style-type: none"> Significant unusual transactions 	<p>We are not aware of any significant unusual transactions executed by the Corporation.</p>
<ul style="list-style-type: none"> Difficult or contentious matters subject to consultation outside of the audit team 	<p>None.</p>



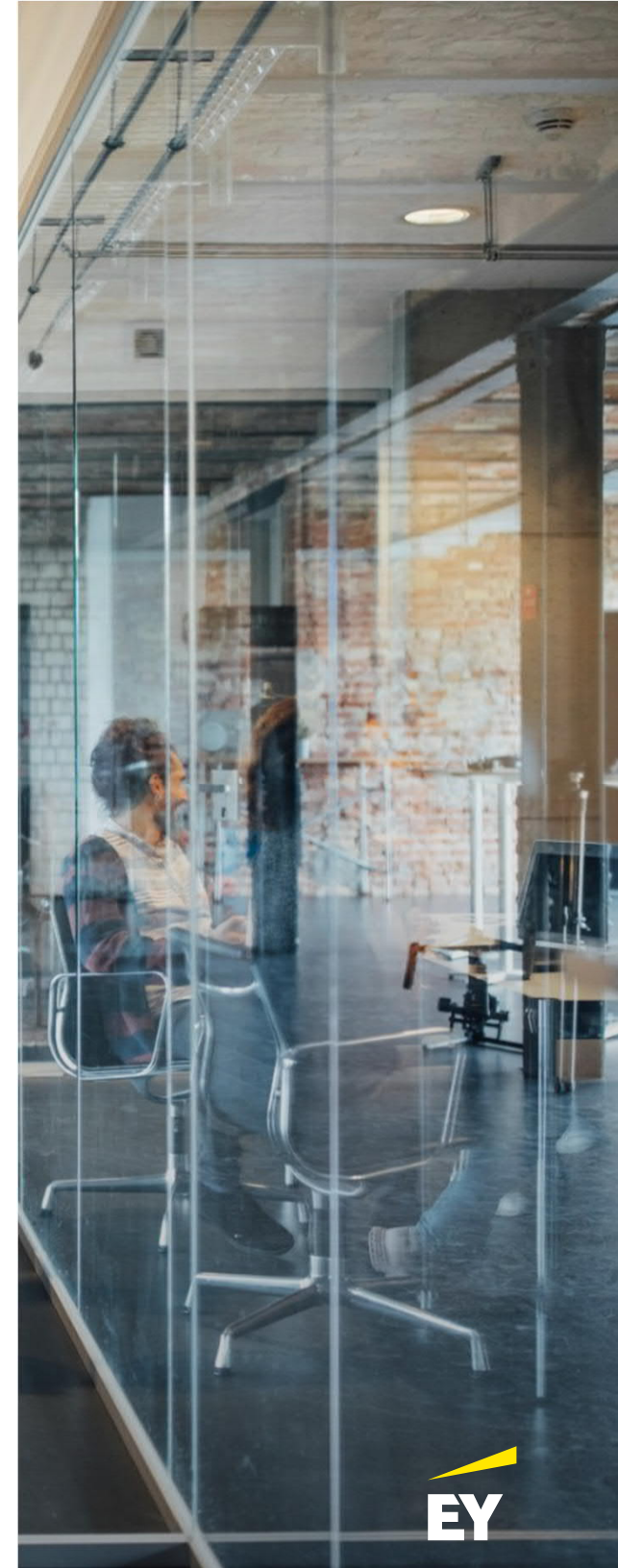
Required communications

Area	Comments
<ul style="list-style-type: none"> Material corrected misstatements related to accounts and disclosures Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial 	<p>There were no corrected or uncorrected misstatements, related to accounts or disclosures for the FY2021 audits.</p>
<ul style="list-style-type: none"> Significant deficiencies and material weaknesses in internal control over financial reporting 	<p>No material weaknesses have been identified.</p>
<ul style="list-style-type: none"> Our responsibility, procedures performed, the results of those procedures and any reporting to be included in our auditor's report relating to other information included in the annual report 	<p>We have reviewed the Corporation's "Management Discussion and Analysis" and "Required Supplemental Information" and found the information presented to be consistent with the information in the audited financial statements.</p>
<ul style="list-style-type: none"> Fraud and noncompliance with laws and regulations (illegal acts) 	<p>We are not aware of any matters that require communication.</p>
<ul style="list-style-type: none"> 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"> Independence matters 	<p>We are not aware of any matters that in our professional judgment would impair our independence.</p>



Required communications

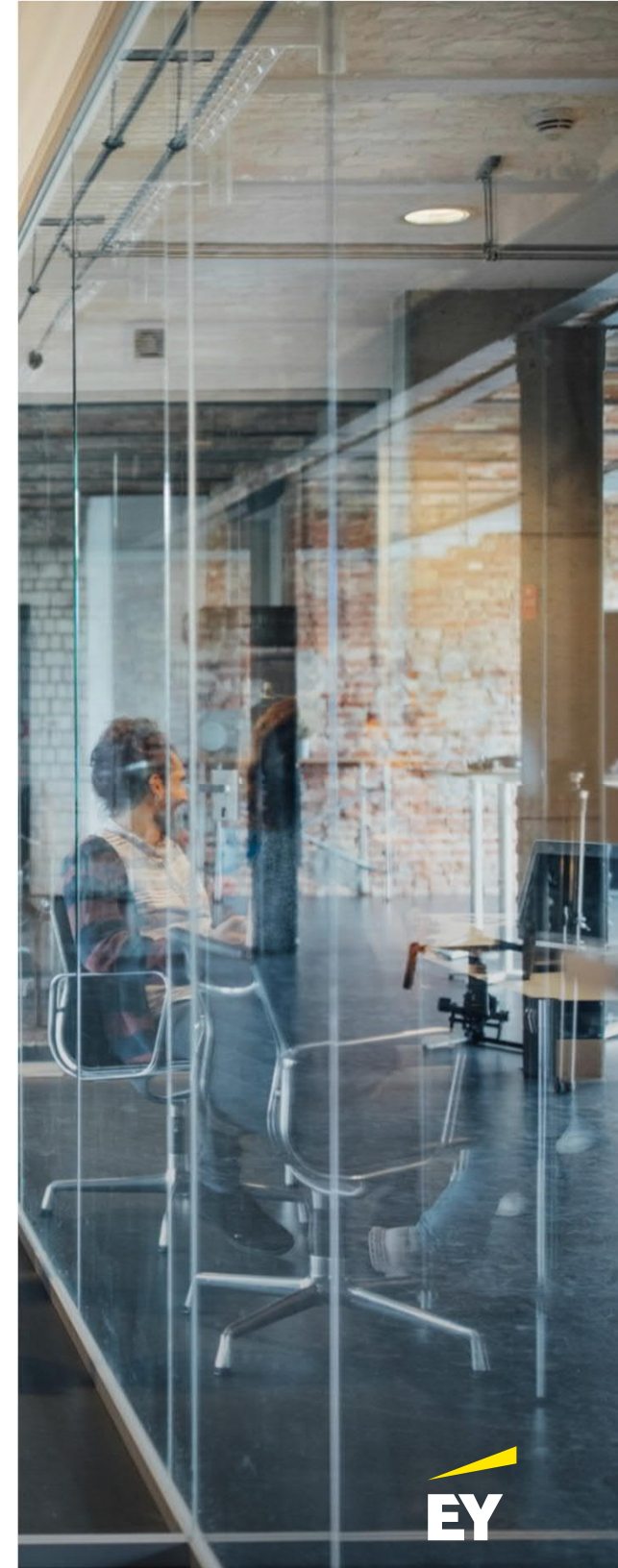
Area	Comments
<ul style="list-style-type: none"> New accounting pronouncements 	<p>No issues have been identified with regard to management's planned application of new accounting pronouncements.</p>
<ul style="list-style-type: none"> Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention Disagreements with management and significant difficulties encountered in dealing with management when performing the audit Management's consultations with other accountants 	<p>None.</p>
<ul style="list-style-type: none"> Other material written communications with management 	<p>No additional communications with management necessary besides those already discussed.</p>
<ul style="list-style-type: none"> Other matters 	<p>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.</p>



Required communications

Area	Comments
<ul style="list-style-type: none"> AICPA ethics ruling regarding third-party service providers 	<p>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 Company 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.</p>
<ul style="list-style-type: none"> Representations we are requesting from management 	<p>We will obtain from management letters of representations related to the audits.</p>

As required, provided above is a summary of required communications between the audit team and 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 the audit committee and, if appropriate, management, and is not intended to be, and should not be, used by anyone other than these specified parties.



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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.

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