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# Auditor's Summary

## Financial and Compliance Audit of the Hawai'i Housing Finance and Development Corporation

Financial Statements, Fiscal Year Ended June 30, 2017



PHOTO: HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

**THE PRIMARY PURPOSE** of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Hawai'i Housing Finance and Development Corporation (HHFDC), as of and for the fiscal year ended June 30, 2017, and to comply with the requirements of Code of Federal Regulations, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Title 2, Part 200 (Uniform Guidance), which established audit requirements for state and local governmental units that receive federal awards. The audit was conducted by Accuity LLP.

### About the Corporation

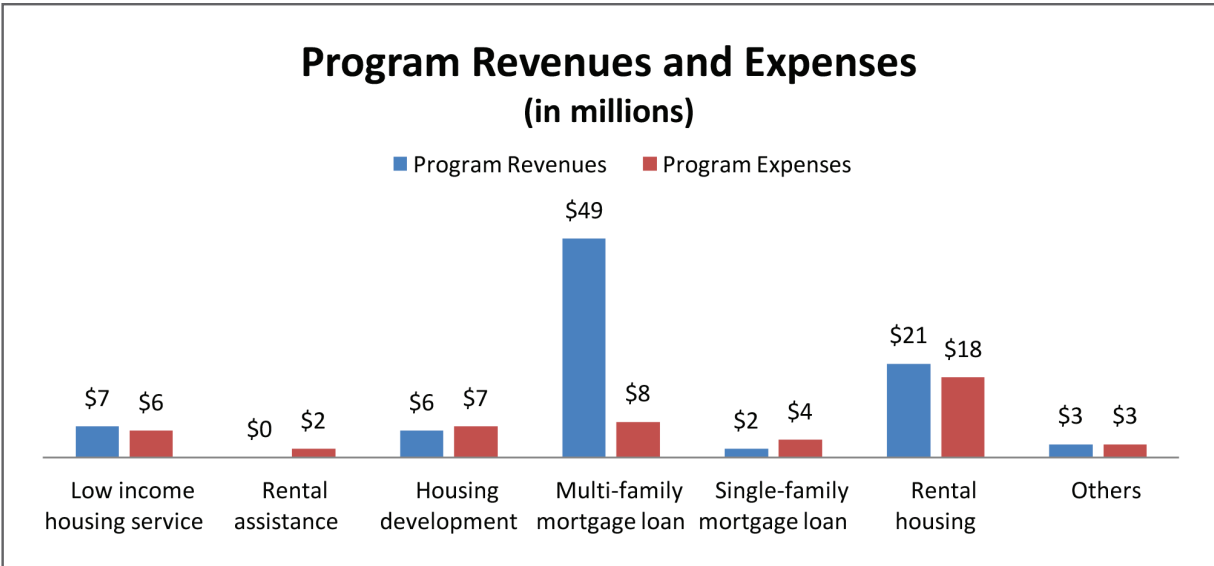
**HHFDC WAS CREATED** to perform housing finance, housing development, and residential leasehold functions. HHFDC's mission is to increase the supply of workforce and affordable homes by providing tools and resources to facilitate housing development. Tools and resources include housing tax credits, low-interest construction loans, equity gap loans, and developable land and expedited land use approvals. HHFDC is administratively attached to the Department of Business, Economic Development and Tourism.

### Financial Highlights

**HHFDC HAS TWO TYPES** of funds: governmental and proprietary. HHFDC's governmental funds are supported primarily by federal grants and proceeds of the State's general obligation bonds allotted to HHFDC. Governmental funds include the HOME Investment Partnership Program, the General Obligation Bond Fund, the Tax Credit Assistance Program Fund, the National Foreclosure Mitigation Counseling Program Fund, and the Housing Trust Program Fund.

HHFDC's proprietary funds operate similar to business-type activities and are used to account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing services to customers. HHFDC's proprietary funds include the Rental Housing Revolving Fund, the Dwelling Unit Revolving Fund, three revenue bond funds, and three other funds.

For the fiscal year ended June 30, 2017, HHFDC reported total program revenues of \$88 million and total program expenses of \$48 million.



As of June 30, 2017, total assets and deferred outflows of resources of \$1.2 billion exceeded total liabilities and deferred inflows of resources of \$403 million, resulting in a net position of \$830 million. Total assets and deferred outflows of resources of \$1.2 billion were comprised of cash of \$329 million, investments of \$63 million, notes and loans receivable of \$590 million, due from State and other State departments of \$122 million, net capital assets of \$86 million, and other assets of \$43 million. Total liabilities and deferred inflows of resources of \$403 million were comprised of revenue bonds payable of \$321 million, unearned income of \$21 million, estimated future costs of development of \$35 million, and other liabilities of \$26 million.

## Auditor's Opinions

**HHFDC RECEIVED AN UNMODIFIED OPINION** that the basic financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. HHFDC also received an unmodified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*.

## Findings

**THERE WERE NO REPORTED DEFICIENCIES** in internal control over financial reporting that were considered to be material weaknesses and no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. There were no findings that were considered material weaknesses in internal control over compliance in accordance with the *Uniform Guidance*.

For the complete report and financial statements visit our website at:  
[http://files.hawaii.gov/auditor/Reports/2017\\_Audit/HHFDC2017.pdf](http://files.hawaii.gov/auditor/Reports/2017_Audit/HHFDC2017.pdf)