

NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2017



HOULDSWORTH, RUSSO & COMPANY

8675 S. Eastern Avenue | Las Vegas, Nevada 89123 | P: 702.269.9992 | F: 702.269.9993 | www.trustHRC.com

NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION

JUNE 30, 2017

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**NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

The following discussion and analysis of Nevada Affordable Housing Assistance Corporation (the Organization or NAHAC) provides an overview of the Organization's financial activities for the year ended June 30, 2017. As management of NAHAC, we encourage readers to consider the information presented here in conjunction with the financial statements and related notes to the financial statements.

The financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Codification. The financial statements presented focus on the financial condition of NAHAC and the results of operations and cash flows of the Organization as a whole.

Financial Highlights

- The Organization's net position totals \$783,614, while total assets increased by \$16,238,232 and consist primarily of cash and cash equivalents, net capital assets, and a long-term receivable from a related party.
- Program related expenditures increased from the prior year by \$2,531,096, an increase of approximately 66%. General and administrative expenses (support service expenses) remained relatively constant with only a 2% decrease over prior year.

Overview of the Financial Statements

There are three financial statements presented: the statement of net position; the statement of revenues, expenses, and change in net position; and the statement of cash flows. They are prepared using the accrual basis of accounting.

The statement of net position presents information on all of the Organization's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Organization is improving or deteriorating.

The statement of revenues, expenses, and change in net position presents information showing how the Organization's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The statement of cash flows provides relevant information about the cash receipts and cash payments during a period.

The notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the financial statements and should be read with the financial statements.

The Organization as a Whole

One important question asked about the Organization's finances is: "Is the Organization better or worse off as a result of the year's activities?" The information in the accompanying financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is the basis of accounting used by most private-sector companies.

The changes in net position (the difference between total assets and total liabilities) over time is one indicator of whether the Organization's financial health is improving or deteriorating. However, consideration should be given to other non-financial factors in making an assessment of the Organization's health, such as the success of efforts to raise additional funds from private sources, the ongoing demonstrated success of the programs in

**NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2017**

The Organization as a Whole (Continued)

operations, changes in the economy, and communications from the US Department of the Treasury (Treasury) who oversees the Hardest Hit Program and the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) who is the designated watchdog for Treasury related to funds from the Troubled Asset Relief Program to assess the overall health of the Organization.

Condensed Statements of Net Position

(in thousands)	2017	2016	Change	Percentage
Current assets	\$ 22,054	\$ 5,918	\$ 16,136	273%
Non-current assets				
Capital assets, net	152	53	99	185%
Long-term receivables	634	634	-	0%
Other non-current assets	15	12	3	22%
Total assets	<u>22,855</u>	<u>6,617</u>	<u>16,238</u>	<u>245%</u>
Current liabilities	22,071	5,758	16,313	283%
Total liabilities	<u>22,071</u>	<u>5,758</u>	<u>16,313</u>	<u>283%</u>
Net position	<u>\$ 784</u>	<u>\$ 859</u>	<u>\$ (75)</u>	<u>-9%</u>

The increase in current assets is due to additional funds drawn down from Treasury to fund short-term operations. Capital assets increased primarily due to the addition of a new software application developed for program related data tracking purposes (NMAS). NMAS has only partially been placed in operation, so only a portion of those assets have begun being depreciated as of June 30, 2017.

Condensed Statements of Revenues, Expenses, and Change in Net Position

(in thousands)	2017	2016	Change	Percentage
Revenue				
Program-specific revenue	\$ 8,319	\$ 5,905	\$ 2,414	41%
General revenue	<u>95</u>	<u>-</u>	<u>95</u>	<u>100%</u>
Total revenue	<u>8,414</u>	<u>5,905</u>	<u>2,510</u>	<u>43%</u>
Expenses				
Program expenses	6,369	3,837	2,531	66%
Support services	<u>2,120</u>	<u>2,153</u>	<u>-33</u>	<u>-2%</u>
Total expenses	<u>8,489</u>	<u>5,990</u>	<u>2,499</u>	<u>42%</u>
Change in net position	<u>\$ (75)</u>	<u>\$ (85)</u>	<u>\$ 10</u>	<u>-12%</u>

**NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2017**

Condensed Statements of Revenues, Expenses, and Change in Net Position (Continued)

NAHAC receives the largest portion of its funding through a federal award from Treasury under the Hardest Hit Funds Program. The total grant revenues received is determined by actual expenses incurred under that program. Total grant revenues and related program expenses increased in current year due to an increase in the amount of funds provided to homeowners in need of assistance in accordance with the Organization's stated mission and the terms of NAHAC's agreement with Treasury. This increase demonstrates the overall effectiveness in the operations of the organization in accomplishing its mission. Support services includes transaction related expenses and other general and administrative costs such as compensation-related expenses, facilities costs, and other general operating expenses. NAHAC, including both management and its dedicated employees, have worked hard over the past twelve months to improve its performance by increasing its program funding, while minimizing any increases in expenses related to support services. The largest increases in support services expenditures were related to information technology and communications costs in order enable NAHAC the capacity to handle additional funding to homeowners through the various programs while maintaining compliance with reporting requirements established by Treasury.

Other Financial and Program Related Information

NAHAC made significant program changes that were implemented May 31, 2017. Changes included an affordability component in the Principal Reduction Program that assist homeowners that have an unaffordable payment by reducing their principal, require the servicer to modify or recast the loan with the new principal amount, and reduce the homeowner's monthly mortgage payment to an affordability level defined in the NAHAC underwriting guidelines. The principal reduction amount will be determined by the type of primary source of income in the household; fixed income households will receive a principal reduction that will take the mortgage to the affordability threshold given their limited income (60% SMI = \$37,923.60). Households with other sources of income will be limited to a principal reduction of up to 80 percent loan-to-value. An additional \$20,000 will be available and applied only if it is necessary to bring the mortgage payment to the affordability threshold of 25-38 percent.

Additional changes approved include: Unemployment Mortgage Assistance Program will now include payment of monthly non-escrowed taxes and/or HOA assessments during the time the homeowner is receiving program assistance in order to reduce the risk of foreclosure; Mortgage Reinstatement Assistance Program will include payment of delinquent non-escrowed taxes and/or HOA assessments in order to reduce the risk of foreclosure.

The Second Mortgage Reduction Program was reinstated with minor changes. The goal of this program is to eliminate negative equity derived from a second mortgage by reducing or eliminating the second mortgage balance. Other changes implemented on all programs include a) limiting the liquid assets from "not to exceed the program assistance" to "not to exceed the program assistance or up to \$30,000, whichever is less"; and b) changing the household income limit from 150 percent of the Area Median Income (AMI) (currently ranging from \$70,350 to \$118,950), to 150 percent of the family State Median Income (SMI) which is \$94,809 across the board.

Request for information

The financial report is designed to provide a general overview of the Organization's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Nevada Affordable Housing Assistance Corporation at PO Box 15142 Las Vegas, NV 89114, and telephone number (702) 570-5662.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nevada Affordable Housing Assistance Corporation
Las Vegas, Nevada

We have audited the accompanying financial statements of Nevada Affordable Housing Assistance Corporation (NAHAC), a component unit of the Nevada Housing Division, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the NAHAC's basis 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 accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of NAHAC as of June 30, 2017, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants
20 YEARS & COUNTING

HOULDSWORTH, RUSSO & COMPANY

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1–3 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, who 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 of America, 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.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
January 19, 2018

NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 153,062
Cash and cash equivalents, held for Hardest Hit Fund	21,768,847
Accounts receivable	72,153
Prepaid expenses	<u>59,792</u>

22,053,854

NONCURRENT ASSETS

Capital assets, net	152,201
Deposits	14,837
Long-term receivable from Nevada Housing Division	<u>634,195</u>

801,233

\$ 22,855,087

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 87,750
Accrued expenses	92,456
Refundable advance	<u>21,891,267</u>
	22,071,473

NET POSITION

Unrestricted	<u>783,614</u>
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\$ 22,855,087

See notes to financial statements

NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES	
Program-specific grant revenue	\$ 8,318,917
General revenue	<u>95,388</u>
Total revenues	8,414,305
OPERATING EXPENSES	
Programs:	
Mortgage assistance	628,188
Second lien relief	886,651
Principal reduction	<u>4,853,732</u>
	6,368,571
Administrative expenses	<u>2,120,762</u>
Total operating expenses	<u>8,489,333</u>
CHANGE IN NET POSITION	(75,028)
NET POSITION, BEGINNING OF YEAR	<u>858,642</u>
NET POSITION, END OF YEAR	<u><u>\$ 783,614</u></u>

See notes to financial statements

NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from program activities	\$ 24,779,250
Payments for employee compensation	(767,800)
Payments for program expenses	(6,360,649)
Payments for administrative expenses	<u>(1,416,532)</u>
Net cash provided by operating activities	<u>16,234,269</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(75,358)</u>
Net cash used in investing activities	<u>(75,358)</u>
NET CHANGE IN CASH	16,158,911
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,762,998</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 21,921,909</u></u>
SUMMARY OF CASH ACCOUNTS	
Cash and cash equivalents	\$ 153,062
Cash and cash equivalents, held for Hardest Hit Fund	<u>21,768,847</u>
	<u><u>\$ 21,921,909</u></u>
RECONCILIATION OF NET CHANGE IN OPERATING INCOME TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net change in operating income	\$ (75,028)
Adjustments to reconciled changes in net assets to net cash provided by operating activities:	
Depreciation expense	(23,358)
Changes in operating assets and liabilities:	
Decrease in accounts receivable	39,512
Increase in prepaid expenses	(16,417)
Increase in deposits	(3,700)
Increase in accounts payable	62,126
Decrease in accrued expenses	(74,299)
Increase in refundable advance	<u>16,325,433</u>
Net cash provided by operating activities	<u><u>\$ 16,234,269</u></u>

See notes to financial statements.

NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Nevada Affordable Housing Assistance Corporation (NAHAC) is a nonprofit corporation. NAHAC's mission is to lessen the burdens of government by (i) owning, acquiring, developing, leasing and managing single or multi-family housing located in the State of Nevada (the State), (ii) providing funds or other benefits to facilitate single or multi-family housing located in the State, (iii) providing subsidies or other benefits to targeted groups of individuals within the State necessary or appropriate to provide affordable or subsidized single or multi-family housing in the State, (iv) promoting affordable or subsidized single or multi-family housing located in the State, (v) financing affordable or subsidized single or multi-family housing in the State, (vi) accepting and making grants for affordable or subsidized single or multi-family housing in the State and (vii) conducting or performing any ancillary or related activity in furtherance of the foregoing.

In 2010, NAHAC was selected to administer the "Hardest Hit Funds" program for the State of Nevada by the United States Department of Treasury. Nevada has been awarded over \$202 million in funds available to qualified recipients through a series of Federal grants to help Nevada homeowners.

Programs currently available to homeowners are the Principal Reduction Program (PRP), the Second Mortgage Reduction Program (SMRP) which stopped accepting new applications in November 2016, the Unemployment Mortgage Assistance Program (U-MAP), and Mortgage Reinstatement Assistance Program (MRAP). U-MAP participants receive assistance for up to eighteen months with no possibilities for extension, where NAHAC pays up to \$3,000 per month. Former programs which have been discontinued include the Mortgage Assistance Program Alternative (MAPA) which ended in October 2012 and the Short Sale Acceleration Program which ended in December 2012.

The "Hardest Hit Funds" Programs is set to sunset December 31, 2020, at which time all remaining cash and assets related to the program will be returned to the United States Department of Treasury. There were no significant activities outside of the Hardest Hit Funds program.

Change in Reporting Entity

When NAHAC was formed, it was determined that the Nevada Housing Division (NHD) was financially accountable for NAHAC as it appointed a voting majority of NAHAC's governing body. Therefore, NAHAC was reported as a discreetly presented component unit of NHD. In February 2013, due to changes in NAHAC's organizing documents, it was determined that NAHAC was not a component unit of NHD and reported as a nonprofit organization. During the year ended June 30, 2017, a majority of the Board members was appointed by NHD and other local governments; therefore, NAHAC is considered a nonprofit governmental organization during the year ended June 30, 2017.

NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

NAHAC is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally exempt from income taxes on related income pursuant to the appropriate section of the IRC. NAHAC did not conduct any unrelated business activities and, consequently, has no provision for federal or state taxes in the accompanying financial statements.

Basis of Presentation

NAHAC is considered to be a governmental not-for-profit because of its relationship with the NHD. The financial statements of NAHAC have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) Codification.

NAHAC is a component unit of NHD as defined by GASB Codification. As such, NAHAC reports its financial activities and position using a single column enterprise fund presentation.

The financial statements of NAHAC have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. The statement of net position and the statement of revenues, expenses and change in net position display information about NAHAC.

The statement of revenues, expenses, and change in net position is the statement of financial activities related to the current period.

Use of Estimates

Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts, some of which may require revision in future periods.

Net Position

NAHAC classifies net position, revenues, gains, and other support and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net position of NAHAC and changes therein are classified and reported as follows:

Restricted-nonexpendable - Net position subject to donor-imposed stipulations that must be maintained permanently by NAHAC.

Restricted-expendable - Net position subject to donor-imposed stipulations that will be transferred to the NAHAC for direct use by a designated program.

NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Unrestricted - Net position not subject to donor-imposed stipulations or received with restrictions that were satisfied in the same period.

Net investment in capital assets – Net position consisting of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Cash and Cash Equivalents

NAHAC considers all highly-liquid short-term interest-bearing investments purchased with an original maturity of three months or less and money market funds to be cash equivalents.

Accounts Receivable

Accounts receivable result from settlements related to repayments of homeowner assistance and down payment assistance loans that have been assigned from NHD (see Note 7), and are shown net of allowance. Management reviews accounts receivable balances to determine if an allowance for doubtful accounts is necessary. No interest income is charged or recognized on accounts receivable. At June 30, 2017, all accounts receivable are deemed collectible.

Refundable Advance

Refundable advance consists of funds advanced by the United States Department of Treasury to administer the Hardest Hit Fund programs (see “Nature of Activities” sub-heading above).

Capital Assets

NAHAC capitalizes all expenditures for property and equipment in excess of \$5,000 and with a useful life of greater than one year. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Assets associated with the Hardest Hit Funds program are depreciated based on the greater of the estimated duration of the program or useful lives. All other assets are depreciated over useful lives of 3-5 years.

Restricted Activity

NAHAC’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Advertising

NAHAC expensed all of its advertising costs as they were incurred. Advertising costs totaled \$42,055 during the year ended June 30, 2017.

NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

NAHAC has concentrated its credit risk by maintaining deposits in two financial institutions, which at most times exceeded amounts covered by the Federal Deposit Insurance Corporation (FDIC). The loss would represent the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by Federal insurance. NAHAC has not experienced any losses in such accounts and does not believe it is exposed to a significant credit risk to cash. As of June 30, 2017, the total uninsured balances in these accounts totaled \$21,567,780. NAHAC does not have formal deposit policies.

NOTE 3. CAPITAL ASSETS

	2016	Increases	Decreases	2017
Capital assets, being depreciated:				
Furniture, equipment and software	\$ 386,461	\$ 6,182	\$ (181,260)	\$ 211,383
Less accumulated depreciation	(332,976)	(23,358)	177,152	(179,182)
	53,485	(17,176)	(4,108)	32,201
Capital assets, nondepreciated				
Implementation costs, work in progress	-	120,000	-	120,000
	\$ 53,485	\$ 102,824	\$ (4,108)	\$ 152,201

NOTE 4. OPERATING LEASES

NAHAC has various non-cancelable operating leases with certain renewal and escalation clauses. The following is a schedule of the future minimum operating lease payments at June 30, 2017:

2018	\$ 86,291
2019	80,034
Total	\$ 166,325

Rent expense for all operating leases was \$93,645 during the year ended June 30, 2017 and included certain contingent amounts for maintenance of the leased space.

NOTE 5. FUTURE COMMITMENT

In March 2017, NAHAC entered into a service agreement with Speridian Technologies, LLC for the implementation services of a document management system. Under the agreement, NAHAC is required to pay 12 monthly installment payments of \$20,000, starting April 2017, totaling of \$240,000. Since approximately 50% of the work was done by June 30, 2017, \$120,000 was capitalized by the year end. Three installment payments, totaling \$60,000, were made by June 30, 2017, and \$60,000 was recorded as accounts payable and accrued expenses on the statement of net position as of June 30, 2017.

NEVADA AFFORDABLE HOUSING ASSISTANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 6. FUNDS HELD FOR HARDEST HIT FUND

Funds received from the United States Department of Treasury for administration of the Hardest Hit Fund programs are required to be held in a separate bank account. These are reported separately on the statement of financial position.

NOTE 7. RECEIVABLE FROM NEVADA HOUSING DIVISION

In June 2008, NAHAC received a \$940,000 grant from NHD to promote the development of decent, safe and sanitary housing for persons eligible as determined within Nevada Assembly Bill 629. The funds from the grant were to be used for the creation of employer assisted housing programs. Pursuant to this grant award, NAHAC entered into a Memorandum of Understanding with the Culinary Union of Clark County, Nevada (the "Culinary MOU") which provided that NAHAC would partner with the Culinary Union to provide funding to the Culinary Union's down payment assistance program. NAHAC and the Culinary Union each provided 50% of the funds for down payment assistance loans to qualified employees. The loans were 0% loans with no monthly payments which are due and payable upon a sale, transfer of title or refinance. At the time the loans are paid off, 50% of the proceeds are to be paid to the Culinary Union and 50% to NAHAC. The loans are serviced by the NHD and the NHD is named as the lender on the documentation evidencing the loans, including the deeds of trust securing the loans. At June 30, 2017, this totaled \$634,195 and was recorded as a long-term receivable from NHD.

NOTE 8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 19, 2018, which is the date the financial statements were available to be issued.

In February 2016, the US Treasury announced that it would extend the HHF Program through 2020 and make \$2 billion of additional assistance available under the HHF Program as "Fifth Round Funding". Accordingly, the US Treasury created a re-allocation model designed to maximize the utilization of these funds by reallocating unused portions of the funds to other states that met certain defined criteria for utilization of the funds. In December 2017, NAHAC was unable to meet the 2017 utilization threshold, as defined, and their total HHF program allocation of approximately \$202.9 million was reduced by approximately \$6.6 million, for a new total HHF program allocation of approximately \$196.2 million. As of June 30, 2017 and 2016, NAHAC had used approximately \$116.0 and \$107.8 million, respectively of their total available allocation.