

**HOUSING FINANCE AUTHORITY
OF BROWARD COUNTY
2023 FINANCIAL REPORTS**

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
2023 FINANCIAL REPORTS**

INDEX

MULTIFAMILY ISSUES

1996 SERIES BANYAN BAY PROJECT

1996 SERIES LOS PRADOS PROJECT

2006 SERIES WOODSDALE OAKS APARTMENTS PROJECT

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**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
SEPTEMBER 30, 2023

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ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows of the Housing Finance Authority of Broward County, Florida, 1996 Series Multifamily Housing Revenue Refunding Bond Program Funds ("Banyan Bay Project") (the "Bond Program"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Finance Authority of Broward County, Florida, Banyan Bay Project as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Banyan Bay Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Banyan Bay Project's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Banyan Bay Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Banyan Bay Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2024, on our consideration of Banyan Bay Project’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 Banyan Bay Project’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 Banyan Bay Project’s internal control over financial reporting and compliance.



Miramar, Florida
May 24, 2024

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS

Current assets:

Cash equivalents	\$ <u>29,928</u>
Total current assets	<u>29,928</u>

Non-current assets (restricted):

Cash equivalents	151
Other asset	138,954
Note receivable from developer	<u>24,020,415</u>
Total non-current assets	<u>24,159,520</u>
Total Assets	<u>24,189,448</u>

LIABILITIES

Current liabilities:

Accrued bond interest payable	144,307
Other accrued liabilities	<u>24,575</u>
Total current liabilities	<u>168,882</u>

Non-current liabilities:

Deposits in escrow	151
Bonds payable	<u>24,020,415</u>
Total non-current liabilities	<u>24,020,566</u>
Total Liabilities	<u>24,189,448</u>

NET POSITION	\$ <u><u>-</u></u>
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The accompanying notes are an integral part of these financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Revenue:

Interest income on mortgage note receivable	\$ 1,958,847
Other income	<u>78,565</u>
Total revenue	<u>2,037,412</u>

Expenses:

Bond interest	1,958,847
General and administrative	<u>78,565</u>
Total expenses	<u>2,037,412</u>

Changes in net position	-
Net position - beginning of year	<u>-</u>
Net position - ending of year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (78,565)
Other cash receipts	<u>104,929</u>
Net cash provided by (used in) operating activities	<u>26,364</u>

Cash flows from investing activities:

Interest on note receivable	<u>1,755,741</u>
Net cash provided by investing activities	<u>1,755,741</u>

Cash flows from capital and related financing activities:

Interest payments on bonds payable	<u>(1,755,741)</u>
Net cash (used in) capital and related financing activities	<u>(1,755,741)</u>

Change in cash equivalents (unrestricted)	26,364
Cash equivalents (unrestricted), beginning of year	<u>3,564</u>
Cash equivalents (unrestricted), end of year	<u><u>\$ 29,928</u></u>

Reconciliation of change in net position to net cash provided by (used in) operating activities

Changes in net position	\$ -
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Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:

Bond interest expense	1,958,847
Interest income on note receivable	(1,958,847)
Amortization of discount on note receivable from Developer	203,106
Amortization of discount on bonds payable	(203,106)
Decrease (increase) in certain assets:	
Other assets	<u>26,364</u>
Net cash provided by (used in) operating activities	<u><u>\$ 26,364</u></u>

The accompanying notes are an integral part of these financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 - Organization and Purpose

The Housing Finance Authority of Broward County (the "Authority") was established in 1979 by the Board of County Commissioners for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority is authorized, under Section 159 of *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the County, the State of Florida, or any political subdivision thereof.

The 1985 Series Banyan Bay Project Guaranteed Multifamily Housing Revenue Bonds (the "1985 Series Bonds") were originally issued to finance a loan (the "Lender Loan") between the Authority and Lincoln Savings & Loan Association (the "Original Lender"). The Original Lender used the proceeds of the Lender Loan to make a development loan to Banyan Bay, Ltd., a Georgia limited partnership (the "Original Developer"), for the acquisition and construction of a multifamily rental housing development in Broward County, Florida. The Original Lender has assigned all rights under the development loan to the Authority.

On October 5, 1989, the Original Lender was closed by order of the Office of Thrift Supervision. The Resolution Trust Corporation was appointed as Receiver. The Lincoln Federal Savings and Loan Association (the "New Thrift") was formed. The New Thrift assumed all responsibilities and commitments as lender under this bond program. The Office of Thrift Supervision appointed the Resolution Trust Corporation as Conservator of the New Thrift.

On April 1, 1991, Mutual Benefit Life Insurance Company ("Mutual Benefit") assumed all responsibilities and commitments as lender under this bond program. Mutual Benefit was also the Guarantor and the ultimate parent of the Original Developer's sole general partner, Muben Realty Company. The 1985 Series Bonds were originally backed by the payments pursuant to the loan agreement, a mortgage note on the housing development, and a guaranty by Mutual Benefit.

On July 16, 1991, Mutual Benefit (the "Lender" and "Guarantor") was taken over by the State Insurance Commissioner of New Jersey for the purpose of undergoing rehabilitation.

During 1991, The Bank of New York Trust Company (the "Trustee") was advised that the rating on the 1985 Series Bonds, determined by a review of the Guarantor, had been suspended by Standard and Poor's Corporation. In addition, the remarketing agent for the 1985 Series Bonds notified the Trustee of intent to resign. The resignation became effective upon the appointment of a successor remarketing agent.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
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(BANYAN BAY PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 - Organization and Purpose (cont'd)

On December 5, 1991, the Trustee of the 1985 Series Bonds advised the bondholders that the rehabilitation proceedings did not appear to constitute an event of default pursuant to Section 6.01 of the mortgage with the Original Developer unless the Guarantor failed to make a required payment under the 1985 Series Bond or the guaranty. As a result, the Trustee did not believe any action could be taken against the Project at that time.

On January 13, 1992, the Trustee of the 1985 Series Bonds notified the bondholders that a Standstill Agreement with the Guarantor's Deputy Rehabilitator had been approved. The Standstill Agreement provided, among other things, that the Original Developer would remit interest payments on a monthly basis rather than semi-annually. The Standstill Agreement expired August 15, 1992. The Trustee was advised that the Standstill Agreement would not be extended. All payments were made pursuant to the Standstill Agreement.

On August 3, 1992, the Rehabilitator filed the Plan of Rehabilitation (the "Plan") of Mutual Benefit with the New Jersey Court. On January 15, 1993, the Rehabilitator filed an Amended Plan of Rehabilitation (the "Amended Plan") with the New Jersey Court. The Plan and Amended Plan were not approved by the New Jersey Court in entirety.

On April 28, 1994, the Trustee of the 1985 Series Bonds notified the bondholders that the Trustee executed a Modification Agreement between the Trustee, the Original Developer, and Mutual Benefit on April 21, 1994.

As a result of the Modification Agreement, which required bondholder approval, the Original Developer ceased making semi-annual interest payments pursuant to the current debt service requirements of the note receivable. In lieu of the scheduled semi-annual payments, the Original Developer remitted monthly payments from available cash flow, as defined, to cover debt service requirements, including Base Interest (5.03% per annum), Contingent Interest (1.48% per annum for the first seven years and 3.77% per annum thereafter), and Principal Payments on the note receivable, as defined in the Modification Agreement.

The Modification Agreement, among other things, provided optional methods to restructure the 1985 Series Bonds, refund the 1985 Series Bonds, extend the maturity of the 1985 Series Bonds, or otherwise provide payment to bondholders. The Modification Agreement was subject to approval by the bondholders, although the Original Developer commenced making payments pursuant to the Modification Agreement in 1994.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 - Organization and Purpose (cont'd)

As a result of the rehabilitation proceedings, the guaranty by Mutual Benefit was treated as a general unsecured claim. As a result, the bondholders were awarded a pro rata interest in the stock trust that holds the common stock of a former subsidiary of Mutual Benefit that liquidated.

On October 16, 1995, the Trustee executed settlement documents (“the Settlement Agreements”) with, among other parties, the Original Developer, MBL Life Assurance Corporation, and Mutual Benefit. The Settlement Agreements collectively provide for the disposition of the 1985 Series Bonds and/or Project to be accomplished by a prepackaged bankruptcy of the Original Developer. On October 17, 1995, counsel for the Original Developer filed a petition with the Rehabilitation Court seeking approval of the Original Developer to reorganize the debt or dispose of the 1985 Series Bonds and/or Project as described in the Settlement Agreements.

On December 13, 1995, as part of a Prepackaged Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code (the “Prepackaged Plan”), the Authority adopted a Resolution authorizing the issuance of the 1996 Series Multifamily Housing Revenue Refunding Bonds to effect the refinancing of the 1985 Series Bonds. In January 1996, the Prepackaged Plan was filed and provided for the resolution of the bondholders' claims and for the settlement of disputes, litigation, and pending litigation arising from, among other things, defaults of the Original Developer and Mutual Benefit under the 1985 Series Bonds. In March 1996, the Original Developer's Prepackaged Plan was confirmed by the United States Bankruptcy Court.

On May 2, 1996, in connection with the restructuring, \$24,528,181 in Series 1996 A and B Multifamily Housing Revenue Refunding Bonds (the “Series 1996 A Bonds” and the “Series 1996 B Bonds”, respectively, and collectively the “1996 Series Bonds”) were issued to provide for the refunding of the outstanding principal and interest on the 1985 Series Bonds. On the refunding date, Banyan Bay, Ltd. merged into Consolidated Apartment Ventures, L.P.

On June 18, 1996, also in connection with the restructuring under the Prepackaged Plan, GE-BCC L.P. purchased the 1996 Series Bonds at a discount for the total amount of \$18,479,003 from Mutual Benefit, the former lender and guarantor of the 1985 Series Bonds. GE-BCC L.P. was a limited partnership affiliated with Mutual Benefit and the Developer, and was also the Sole General Partner of GEBAM Tax Exempt, L.P. (“GEBAM”) which provides certain services relating to the 1996 Series Bonds.

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1996 SERIES MULTIFAMILY HOUSING
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(BANYAN BAY PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 - Organization and Purpose (cont'd)

On June 22, 1999, Banyan Bay Apartments was sold to CGL Banyan Bay, L.P., a Delaware limited partnership (the "Developer"), that assumed the financing agreement and the mortgage obligations of the former owner, Consolidated Apartments Venture, L.P. On the same date, the Bonds which were held by GE-BCC L.P. were sold to Merrill Lynch Portfolio Management, Inc., a Delaware corporation.

Note 2 - Summary of Significant Accounting Policies

The 1996 Series Banyan Bay Project Multifamily Housing Revenue Refunding Bond Program Funds (the "Bond Program Funds") were created pursuant to the 1996 Series Bond Resolution, to account for the debt service requirements of the Bond indebtedness, and the redemption of the 1985 Series Bonds. These financial statements reflect only the activities of the funds created pursuant to the Bond Resolution and do not reflect the operations of the underlying project of the Developer.

Basis of accounting

The Bond Program Funds use the accrual basis of accounting.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid instruments with an original maturity of three months or less when purchased to be cash equivalents.

Restricted cash equivalents/deposits in escrow

Restricted cash equivalents represents amounts held by the Trustee and received from the Developer to (a) provide for payment of issuance costs resulting from the issuance of the Bonds described in Note 1, and (b) indemnify the Authority. Such amounts are classified as restricted cash equivalents with a corresponding liability included in deposits in escrow in the accompanying Statement of Net Position. Restricted cash equivalents balances are not included on the Statement of Cash Flows.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 2 - Summary of Significant Accounting Policies (cont'd)

Other asset/liability

Other asset/liability represents the cumulative results of operations of the bond issue which is due from/due to the Developer upon maturity of the bond program fund.

Net position

Net position represents the difference between assets and liabilities.

Note 3 - Investments and Cash Equivalents

Investments permitted by the Bond Program Funds are governed by certain provisions of the Trust Indenture that includes language that limits credit and custodial risk, concentration of credit risk, interest rate risk and foreign currency risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

Note 4 - Note Receivable from Developer

As of September 30, 2023, the Bond Program Funds had a non-recourse note receivable from the Developer in the amount of \$24,528,181. The Developer is obligated under the loan to make payments which will be sufficient to pay the principal and interest on the 1996 Series Bonds when due. The loan requires monthly payments of interest to be deposited by the Developer.

The principal will be due and payable when payments become due on the 1996 Series Bonds at the maturity or redemption.

The note receivable from the Developer is shown net of an unamortized discount of \$507,766 as of September 30, 2023. The discount is associated with the discount recorded upon the refunding of the 1985 Series Bonds and will be amortized over the remaining term of the note receivable from Developer.

The Developer has also agreed to pay all reasonable costs and expenses associated with the 1996 Series Bonds, including Trustee and Authority fees and expenses.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
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SEPTEMBER 30, 2023

Note 5 - Bonds Payable

In May 1996, the Authority issued \$24,528,181 of Series 1996 A Bonds and Series 1996 B Bonds. The Series 1996 A Bonds were issued in the amount of \$23,000,000 to provide for the refunding of the outstanding principal portion of the 1985 Series Bonds. The Series 1996 B Bonds are taxable bonds and were issued in the amount of \$1,528,181 to provide for the payment of a portion of the accrued and unpaid interest on the 1985 Series Bonds.

The 1996 Series Bonds are due April 1, 2026.

The 1996 Series Bonds shall bear interest at the bond rate that is in effect from time to time in accordance with the Trust Indenture. The Trust Indenture provides for interest to be determined using various methods over specified periods including the Initial Rate Period, the GEBAM Rate Period, and the Floating Rate Period.

The Initial Rate Period was from May 2, 1996 through June 18, 1996. During this period, the 1996 Series Bonds bore interest at a fixed rate of 7.06% per annum. The GEBAM Rate Period became effective June 18, 1996 and remains in effect until the 1996 Series Bonds are sold by GEBAM, an entity for which the Bondholder is the Sole General Partner (see Note 1). During this period, the 1996 Series Bonds shall bear interest at a variable rate determined weekly by an indexing agent and subject to a ceiling and floor with a pay rate and an accrual rate.

The interest calculated at the pay rate shall be payable on the first business day of each calendar month. Amounts calculated under the accrual rate in excess of amounts paid monthly shall be deferred and will continue bearing interest at the variable rate until such amounts are paid, before or on the purchase of the 1996 Series Bonds, as required under the Trust Indenture. The 1996 Series Bonds payable at September 30, 2023 of \$24,528,181 are shown net of an unamortized discount of \$507,766 which is being amortized over the remaining life of the 1996 Series Bonds. The interest rate at September 30, 2023 was 7.06%.

Should the 1996 Series Bonds be subsequently purchased in accordance with the provision of the Trust Indenture, the 1996 Series Bonds shall bear interest during the Floating Rate Period at a variable rate payable the first business day of each calendar month as determined by a remarketing agent. The variable rate is subject to conversion to a fixed rate at the election of the Developer. Upon conversion to a fixed rate, the interest shall be payable semi-annually on April 1 and October 1.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(BANYAN BAY PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 5 - Bonds Payable (cont'd)

The maturing principal and interest of the outstanding Bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 1,760,551	\$ 1,760,551
2025	-	1,755,741	1,755,741
2026	<u>24,528,181</u>	<u>1,019,773</u>	<u>25,547,954</u>
Total	<u>\$ 24,528,181</u>	<u>\$ 4,536,065</u>	<u>\$ 29,064,246</u>

Note 6 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 24,528,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,528,181</u>	<u>\$ -</u>

The 1996 Series Bonds are subject to redemption, in whole or in part at the option of the Developer from prepayments of the development loan, at prices ranging from 100% to 102% of par value, plus accrued interest to the redemption date. The 1996 Series Bonds are also subject to mandatory redemption upon conversion to a fixed rate or the variable rate during the Floating Rate Period. Further, the Developer shall obtain the prior written consent of the bondholders, or of its affiliates, during the GEBAM Rate Period, for any redemption.

The 1996 Series Bond Trust Indenture established certain reserve accounts held by the Trustee and determined the order in which revenues are to be deposited in these accounts. Debt service on the 1996 Series Bonds and related expenses are paid through these accounts, which are managed by the Trustee.

Note 7 - Subsequent Events

Management has evaluated subsequent events through May 24, 2024, the date on which the financial statements were available to be issued, and has determined that there were no events that occurred after the close of the fiscal year that require recognition or additional disclosure in these financial statements.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

**INDEPENDENT AUDITORS' REPORT 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**

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows of the Housing Finance Authority of Broward County, Florida, 1996 Series Multifamily Housing Revenue Refunding Bond Program Funds ("Banyan Bay Project") (the "Bond Program"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated May 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Banyan Bay Project'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 Banyan Bay Project's internal control. Accordingly, we do not express an opinion on the effectiveness of Banyan Bay Project'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 a 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.

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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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Banyan Bay Project's financial statements are free from 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.



Miramar, FL
May 24, 2024

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
SEPTEMBER 30, 2023

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
of the Housing Finance Authority
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Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows of the Housing Finance Authority of Broward County, Florida, 1996 Series Multifamily Housing Revenue Refunding Bond Program Funds ("Los Prados Project") (the "Bond Program"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Finance Authority of Broward County, Florida, Los Prados Project as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Los Prados Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Los Prados Project's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Los Prados Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Los Prados Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2024, on our consideration of the Los Prados Project’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 Los Prados Project’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 Los Prados Project’s internal control over financial reporting and compliance.



Miramar, Florida
May 24, 2024

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS

Current assets:

Cash equivalents	\$ 40,495
Interest receivable	<u>201,301</u>
Total current assets	<u>241,796</u>

Non-current assets (restricted):

Cash equivalents	249
Note receivable	<u>28,899,323</u>
Total non-current assets (restricted)	<u>28,899,572</u>
Total Assets	<u>29,141,368</u>

LIABILITIES

Current liabilities:

Accrued interest payable	201,301
Other accrued liabilities	26,416
Deposits in escrow	<u>249</u>
Total current liabilities	<u>227,966</u>

Non-current liabilities:

Other liabilities	14,079
Bonds payable, net	<u>28,899,323</u>
Total non-current liabilities	<u>28,913,402</u>
Total Liabilities	<u>29,141,368</u>

NET POSITION

\$ -

The accompanying notes are an integral part of these financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Revenue:

Interest income on mortgage note receivable	\$ 2,629,948
Other income	<u>91,850</u>
Total revenue	<u>2,721,798</u>

Expenses:

Bond interest	2,629,948
General and administrative	<u>91,850</u>
Total expenses	<u>2,721,798</u>

Changes in net position	-
Net position - beginning of year	<u>-</u>
Net position - ending of year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (91,850)
Other cash receipts	<u>122,868</u>
Net cash provided by (used in) operating activities	<u>31,018</u>

Cash flows from non-capital and related financing activities:

Interest on bonds payable	<u>(2,449,161)</u>
Net cash used in non-capital and related financing activities	<u>(2,449,161)</u>

Cash flows from investing activities:

Interest received on note receivable	<u>2,449,161</u>
Net cash provided by investing activities	<u>2,449,161</u>

Change in cash equivalents (unrestricted)	31,018
Cash equivalents (unrestricted), beginning of year	<u>9,477</u>
Cash equivalents (unrestricted), end of year	<u>\$ 40,495</u>

Reconciliation of change in net position to net cash provided by (used in) operating activities

Changes in net position	\$ -
-------------------------	------

Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:

Bond interest expense	2,629,948
Interest income on note receivable	(2,629,948)
Amortization of discount on bonds payable	180,787
Amortization of discount on note receivable	(180,787)
Decrease (increase) in other assets:	
Other assets	16,939
Restricted cash	(9)
Increase (decrease) in certain liabilities:	
Deposits in escrow	9
Other liabilities	<u>14,079</u>
Net cash provided by (used in) operating activities	<u>\$ 31,018</u>

The accompanying notes are an integral part of these financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 - Organization and Purpose

The Housing Finance Authority of Broward County (the "Authority") was established in 1979 by the Board of County Commissioners for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority is authorized, under Section 159 of *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the County, the State of Florida, or any political subdivision thereof.

The 1985 Series Los Prados Project Guaranteed Multifamily Housing Revenue Bonds (the "1985 Series Bonds") were originally issued to finance a loan between the Authority and Lincoln Savings and Loan Association (the "Original Lender"). The Original Lender used the proceeds of the loan to make a development loan to Los Prados, Ltd., a Georgia limited partnership (the "Original Developer"), for the acquisition and construction of a low to moderate income rental housing development (the "Project") in Broward County, Florida. The Original Lender assigned all rights under the development loan to the Authority.

On October 5, 1989, the Original Lender was closed by order of the Office of Thrift Supervision. The Resolution Trust Corporation was appointed as Receiver. The Lincoln Federal Savings and Loan Association (the "New Thrift") was formed. The New Thrift assumed all responsibilities and commitments as lender under this bond program. The Office of the Thrift Supervision appointed the Resolution Trust Corporation as Conservator of the New Thrift.

On April 1, 1991, Mutual Benefit Life Insurance Company ("Mutual Benefit") assumed all responsibilities and commitments as lender under this bond program. Mutual Benefit was also the Guarantor. The 1985 Series Bonds were originally backed by all monies and investments held by The Bank of New York Trust Company (the "Trustee"), payments pursuant to the Lender Loan, the Development Loan and mortgage on the development and a guaranty of the Development Loan by Mutual Benefit.

On July 16, 1991, Mutual Benefit (the "Lender" and "Guarantor") was taken over by the State Insurance Commissioner of New Jersey for the purpose of undergoing rehabilitation.

During 1991, the Trustee of the 1985 Series Bonds was advised that the rating on the 1985 Series Bonds, determined by a review of the Guarantor, had been suspended by Standard and Poor's Corporation. In addition, the remarketing agent for the 1985 Series Bonds notified the Trustee of intent to resign. The resignation became effective upon the appointment of a successor remarketing agent.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 - Organization and Purpose (cont'd)

On December 5, 1991, the Trustee of the 1985 Series Bonds advised the bondholders that the rehabilitation proceedings did not appear to constitute an event of default pursuant to Section 8.01 of the mortgage with the Original Developer unless the Guarantor failed to make a required payment under the 1985 Series Bonds or the Guaranty. As a result, the Trustee did not believe any action could be taken against the Project at that time.

On January 13, 1992, the Trustee of the 1985 Series Bonds notified the bondholders that a Standstill Agreement with the Guarantor's Deputy Rehabilitator had been approved. The Standstill Agreement provided, among other things, that the Original Developer would remit interest payments on a monthly basis rather than semi-annually. The Standstill Agreement expired August 15, 1992 and the Trustee was advised that the Standstill Agreement would not be extended. All payments were made pursuant to the Standstill Agreement.

On August 3, 1992, the Rehabilitator filed the Plan of Rehabilitation (the "Plan") of Mutual Benefit with the New Jersey Court. On January 15, 1993, the Rehabilitator filed an Amended Plan of Rehabilitation (the "Amended Plan") with the New Jersey Court. The Plan and Amended Plan were not approved by the New Jersey Court in entirety.

On April 28, 1994, the Trustee of the 1985 Series Bonds notified the bondholders that the Trustee executed a Modification Agreement between the Trustee, the Original Developer, and Mutual Benefit on April 21, 1994. As a result of the Modification Agreement which required bondholder approval, the Original Developer ceased making semi-annual interest payments pursuant to the current debt service requirements of the note receivable. In lieu of the scheduled semi-annual payments, the Original Developer remitted monthly payments from Available Cash Flow, as defined, to cover debt service requirements, including Base Interest (5.35% per annum), Contingent Interest (1.6% per annum for the first seven years, and 4.01% per annum thereafter), and Principal Payments on the note receivable, as defined in the Modification Agreement.

The Modification Agreement provided, among other things, optional methods to restructure the 1985 Series Bonds, refund the 1985 Series Bonds, extend the maturity of the 1985 Series Bonds, or otherwise provide payment to bondholders. The Modification Agreement was subject to approval by the bondholders. The Original Developer commenced making payments pursuant to the Modification Agreement in 1994.

As a result of the rehabilitation proceedings, the guaranty by Mutual Benefit was treated as a general unsecured claim. As such, the bondholders were awarded a pro rata interest in the stock trust which held the common stock of a former subsidiary of Mutual Benefit that was in liquidation.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 - Organization and Purpose (cont'd)

On October 16, 1995, the Trustee executed settlement documents (the "Settlement Agreements") with, among other parties, the Original Developer, MBL Life Assurance Corporation, and Mutual Benefit. The Settlement Agreements collectively provided for the disposition of the 1985 Series Bonds and/or Project to be accomplished by a prepackaged bankruptcy of the Original Developer. On October 17, 1995, counsel for the Original Developer filed a petition with the Rehabilitation Court seeking approval of the Original Developer's intent to reorganize the debt or dispose of the 1985 Series Bonds and/or the Project as described in the Settlement Agreements.

On December 13, 1995, as part of a Prepackaged Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code (the "Prepackaged Plan"), the Authority adopted a Resolution authorizing the issuance of the 1996 Series Multifamily Housing Revenue Refunding Bonds to effect the refinancing of the 1985 Series Bonds. In January 1996, the Prepackaged Plan was filed and provided for the resolution of the bondholders' claims and for the settlement of disputes, litigation, and pending litigation arising from, among other things, default of the Original Developer and Mutual Benefit under the 1985 Series Bonds. In March 1996, the Original Developer's Prepackaged Plan was confirmed by the United States Bankruptcy Court.

On May 2, 1996, in connection with the restructuring, \$29,351,292 in Series 1996 A and B Multifamily Housing Revenue Refunding Bonds Series 1996 A and B (the "Series 1996 A Bonds" and the "Series 1996 B Bonds," respectively, and collectively the "1996 Series Bonds") were issued to provide for the refunding of the outstanding principal and interest on the 1985 Series Bonds. On the refunding date, Los Prados, Ltd. merged into Consolidated Apartment Ventures, L.P. (the "Developer"). On June 18, 1996, also in connection with the restructuring under the Prepackaged Plan, GE-BCC, L.P. purchased the 1996 Series Bonds from Mutual Benefit, the former lender and guarantor of the 1985 Series Bonds. GE-BCC, L.P. was a limited partnership affiliated with Mutual Benefit and the Developer, and was also the Sole General Partner of GEBAM Tax Exempt, L.P. ("GEBAM") which provides certain services relating to the 1996 Series Bonds.

On June 22, 1999, Los Prados Apartments was sold to CGL Los Prados, L.P., a Delaware limited partnership, which assumed the financing agreement and the mortgage obligations of the former owner, Consolidated Apartment Ventures, L.P. On the same date, the 1996 Series Bonds which were held by GE-BCC, L.P. were sold to Merrill Lynch Portfolio Management, Inc., a Delaware corporation.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 2 - Summary of Significant Accounting Policies

The 1996 Series Los Prados Project Multifamily Housing Revenue Refunding Bond Program Funds (the "Bond Program Funds") were created pursuant to the Bond Resolution, to account for the debt service requirements of the 1996 Series Bond indebtedness, and the redemption of the 1985 Bonds. These financial statements reflect only the activities of the funds created pursuant to the Bonds Resolution and do not reflect the operations of the underlying project of the Developer.

Basis of accounting

The Bond Program Funds use the accrual basis of accounting.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Other asset

Other asset represents the cumulative results of operations of the bond issue which may be remitted to the Developer upon maturity of the bond program fund.

Net position

Net position represents the difference between assets and liabilities.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 3 - Investments and Cash Equivalents

Investments, which are included in cash equivalents at September 30, 2023, represent the Bond Program Funds' ownership interest in money market accounts held by the Trustee.

Investment risk

Investments permitted by the Bond Program Funds are stipulated in agreements with the Authority for the benefit of the Bond Program Funds that include language that limits credit and custodial risk, concentration of credit risk, interest rate risk and foreign currency risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

Note 4 - Note Receivable from Developer

As of September 30, 2023, the Bond Program Funds had a non-recourse note receivable from the Developer in the amount of \$29,351,292. The Developer is obligated under the loan to make payments which will be sufficient to pay the principal and interest on the 1996 Series Bonds when due. The loan requires monthly payments of interest to be deposited by the Developer. The principal on the 1996 Series Bonds will be due and payable when payments are due at maturity or redemption.

The Note, as of September 30, 2023, is shown net of an unamortized discount of \$451,969. The discount is associated with the discount recorded upon the refunding of the 1985 Series Bonds and will be amortized over the remaining life of the Note from the Developer.

The Developer has also agreed to pay all reasonable costs and expenses associated with the 1996 Series Bonds, including Trustee and Authority fees and expenses.

Note 5 - Bonds Payable

In May 1996, the Authority issued \$29,351,292 of the Series 1996 A Bonds and the Series 1996 B Bonds. The Series 1996 A Bonds were issued in the amount of \$26,600,000 to provide for the refunding of the outstanding principal portion of the 1985 Series Bonds. The Series 1996 B Bonds are taxable Bonds and were issued in the amount of \$2,751,292 to provide for the payment of a portion of the accrued unpaid interest on the 1985 Series Bonds. On June 18, 1996, GE-BCC, L.P. purchased the 1996 Series Bonds from Mutual Benefit at a discount in connection with the refunding (see Note 1). The 1996 Series Bonds are due April 1, 2026.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 5 - Bonds Payable (cont'd)

The 1996 Series Bonds shall bear interest at the bond rate that is in effect from time to time in accordance with the Trust Indenture. The Trust Indenture provides for interest to be determined using various methods over specified periods including the Initial Rate Period, the GEBAM Rate Period, and the Floating Rate Period.

The Initial Rate Period was from May 2, 1996 through June 18, 1996. During this period, the 1996 Series Bonds bore interest at a fixed rate of 8.23% per annum. The GEBAM Rate Period became effective June 18, 1996 and remains in effect until the 1996 Series Bonds are sold by GEBAM, an entity for which the bondholder is the Sole General Partner (see Note 1). During this period, the 1996 Series Bonds shall bear interest at a variable rate, determined weekly by an indexing agent and subject to a ceiling and floor with a pay rate and an accrual rate.

The interest calculated at the pay rate shall be payable on the first business day of each calendar month. Amounts calculated under the accrual rate in excess of amounts paid monthly shall be deferred and will continue bearing interest at the variable rate until such amounts are paid, before or on the purchase of the 1996 Series Bonds as required under the Trust Indenture.

The 1996 Series Bonds payable at September 30, 2023, are shown net of an unamortized discount of \$451,969 which is being amortized over the remaining life of the 1996 Series Bonds. At September 30, 2023, the interest rate was approximately 8.23%.

Should the 1996 Series Bonds be subsequently purchased in accordance with the provisions of the Trust Indenture, the 1996 Series Bonds shall bear interest during the Floating Rate Period at a variable rate payable the first business day of each calendar month as determined by a remarketing agent. The variable rate is subject to conversion to a fixed rate at the election of the Developer. Upon conversion to a fixed rate, the interest shall be payable semi-annually on April 1 and October 1.

The 1996 Series Bonds are subject to redemption, in whole or in part at the option of the Developer from prepayments of the development loan at prices ranging from 100% to 102% of par value, plus accrued interest to the redemption date. The 1996 Series Bonds are also subject to mandatory redemption upon conversion to a fixed rate or the variable rate during the Floating Rate Period. Further, the Developer shall obtain the prior written consent of the bondholder or of its affiliates, during the GEBAM Rate Period, for any redemption.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
1996 SERIES MULTIFAMILY HOUSING
REVENUE REFUNDING BOND PROGRAM FUNDS
(LOS PRADOS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 5 - Bonds Payable (cont'd)

The maturing principal and interest of the outstanding Bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 2,455,872	\$ 2,455,872
2025	-	2,449,162	2,449,162
2026	<u>29,351,292</u>	<u>1,422,527</u>	<u>30,773,819</u>
Total	<u>\$ 29,351,292</u>	<u>\$ 6,327,561</u>	<u>\$ 35,678,853</u>

The 1996 Series Bond Trust Indenture established certain reserve accounts held by the Trustee and determined the order in which program revenues are to be deposited in the accounts. Debt service on the 1996 Series Bonds and related expenses are paid through these accounts, which are managed by the Trustee.

Note 6 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 29,351,292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,351,292</u>	<u>\$ -</u>

Note 7 - Subsequent Events

Management has evaluated subsequent events through May 24, 2024, the date on which the financial statements were available to be issued, and has determined that there were no events that occurred after the close of the fiscal year that require recognition or additional disclosure in these financial statements.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

**INDEPENDENT AUDITORS' REPORT 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**

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows of the Housing Finance Authority of Broward County, Florida, 1996 Series Multifamily Housing Revenue Refunding Bond Program Funds ("Los Prados Project") (the "Bond Program"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated May 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Program'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 Bond program's internal control. Accordingly, we do not express an opinion on the effectiveness of Bond Program'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 a 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bond Program’s financial statements are free from 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.



Miramar, Florida
May 24, 2024

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
SEPTEMBER 30, 2023**

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ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows of the Housing Finance Authority of Broward County, Florida, 2006 Series Multifamily Housing Revenue Bond Program Funds ("Woodsdale Oaks Apartments Project") (the "Bond Program"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Finance Authority of Broward County, Florida, Woodsdale Oaks Apartments Project as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Woodsdale Oaks Apartments Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Woodsdale Oaks Apartments Project's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Woodsdale Oaks Apartments Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Woodsdale Oaks Apartments Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2024, on our consideration of the Woodsdale Oaks Apartments Project'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 Woodsdale Oaks Apartments Project'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 Woodsdale Oaks Apartments Project's internal control over financial reporting and compliance.



Miramar, Florida
May 24, 2024

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS

Current assets:

Interest receivable	\$ 34,142
Total current assets	<u>34,142</u>

Non-current assets (restricted):

Cash equivalents	767,307
Note receivable	<u>6,487,908</u>
Total non-current assets (restricted)	<u>7,255,215</u>
Total Assets	<u>7,289,357</u>

LIABILITIES

Current liabilities:

Accrued bond interest payable	34,142
Bonds payable	<u>110,218</u>
Total current liabilities	<u>144,360</u>

Non-current liabilities:

Deposits in escrow	767,307
Bonds payable	<u>6,377,690</u>
Total non-current liabilities	<u>7,144,997</u>
Total Liabilities	<u>7,289,357</u>

NET POSITION	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of these financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Revenue:

Interest income on note receivable	\$ 418,295
Other income	<u>50,404</u>
Total revenue	<u>468,699</u>

Expenses:

Bond interest	418,295
General and administrative	<u>50,404</u>
Total expenses	<u>468,699</u>

Changes in net position	-
Net position - beginning of year	<u>-</u>
Net position - ending of year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (50,404)
Other cash receipts	<u>50,404</u>
Net cash provided by (used in) operating activities	<u>-</u>

Cash flows from investing activities:

Interest received on note receivable	(418,846)
Decrease in note receivable	<u>(103,403)</u>
Net cash provided by investing activities	<u>(522,249)</u>

Cash flows from non-capital and related financing activities:

Interest on bonds payable	418,846
Payments on bonds payable	<u>103,403</u>
Net cash used in non-capital and related financing activities	<u>522,249</u>

Change in cash equivalents (unrestricted)	-
Cash equivalents (unrestricted), beginning of year	<u>-</u>
Cash equivalents (unrestricted), end of year	<u><u>\$ -</u></u>

Reconciliation of change in net position to net cash provided by (used in) operating activities

Changes in net position	\$ -
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Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:

Bond interest expense	418,295
Interest income on note receivable	(418,295)
Decrease (increase) in certain assets:	
Restricted cash	(141,204)
(Decrease) increase in certain liabilities:	
Deposits in escrow	<u>141,204</u>
Net cash provided by (used in) operating activities	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 - Organization and Purpose

The Housing Finance Authority of Broward County (the "Authority") was established in 1979 by the Board of County Commissioners for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority is authorized, under Section 159 of *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the County, the State of Florida, or any political subdivision thereof.

The 2006 Series Multifamily Housing Revenue Bonds ("Woodsdale Oaks Apartments Project") (the "Bonds") were issued to provide funds for a mortgage loan (the "Loan") between the Authority and Woodsdale Oaks Preservation, Limited Partnership (the "Borrower") duly organized and validly existing under the laws of the State of Delaware, and authorized to transact business in the State of Florida for the purpose of financing the acquisition and rehabilitation of 120 multifamily residential rental apartment units (the "Project") in Broward County, Florida.

Pursuant to the terms of the Financing Agreement, the Borrower executed and delivered a mortgage note (the "Note") in the amount of \$7,525,000, payable to the Authority, due July 1, 2048, to be secured by a mortgage on the project (the "Mortgage").

The Bonds are backed by payments pursuant to the Mortgage Loan Agreement, all the amounts held by The Bank of New York Trust Company (the "Trustee"), and payments under the investment agreement.

Note 2 - Summary of Significant Accounting Policies

The 2006 Series Woodsdale Oaks Apartments Project Multifamily Housing Revenue Bond Program Funds (the "Bond Program Funds") were created pursuant to the Bond Resolution to account for the proceeds from the sale of the Bonds, the debt service requirements of the Bond indebtedness, and the Loan to the Borrower made with the Bond proceeds. These financial statements reflect only the activities of the funds created pursuant to the Bond Resolution and do not reflect the operations of the underlying project of the Borrower.

Basis of accounting

The Bond Program Funds use the accrual basis of accounting.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 2 - Summary of Significant Accounting Policies (cont'd)

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Restricted cash equivalents/deposits in escrow

Restricted cash equivalents represents amounts held by the Trustee and received from the Borrower to (a) provide for payment of issuance costs resulting from the issuance of the Bonds described in Note 1, and (b) indemnify the Authority. Such amounts are classified as restricted cash with a corresponding liability included in deposits in escrow in the accompanying Statement of Net Position. Restricted cash equivalents balances are not included on the Statement of Cash Flows.

Other asset/liability

Other asset/liability represents the cumulative results of operations of the bond issue which is due from/due to the Developer upon maturity of the bond program fund.

Net position

Net position represents the difference between assets and liabilities.

Note 3 - Investments and Cash Equivalents

Investments, which are included in cash equivalents at September 30, 2023, represent the Bond Program Funds' ownership interest in money market accounts held by the Trustee.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 3 - Investments and Cash Equivalents (cont'd)

Investment risk

Investments permitted by the Bond Program Funds are stipulated in agreements with the Authority for the benefit of the Bond Program Funds that include language that limits credit and custodial risk, concentration of credit risk, interest rate risk and foreign currency risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

Note 4 - Note Receivable from Developer

As of September 30, 2023, the Bond Program Funds had a note receivable of \$6,487,908 from the Borrower. The Note is made pursuant to the Mortgage Loan Agreement. The Borrower's obligated under the Mortgage Loan Agreement to make payments which will be sufficient to pay the principal and interest, when due, on the Bonds.

In addition, the Developer has agreed to pay all reasonable costs, fees and expenses associated with the Bonds according to certain time schedules as described in the Mortgage Loan Agreement and the Trust Indenture, including Trustee and Authority fees and expenses.

Note 5 - Bonds Payable

As of September 30, 2023, there were Bonds outstanding in the amount of \$6,487,908. The Bonds bear interest at the rate of 6.40% and are due July 1, 2048. Interest is paid on the first day of each month and on each Bond payment date.

The maturing principal and interest of the outstanding Bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 110,218	\$ 406,504	\$ 516,722
2025	117,483	399,239	516,722
2026	125,224	391,496	516,720
2027	133,478	383,242	516,720
2028	142,277	374,444	516,721
2029 – 2033	865,038	1,718,569	2,583,607
2034 – 2038	1,190,256	1,393,351	2,583,607
2039 – 2043	1,637,744	945,866	2,583,610
2044 – 2048	<u>2,166,190</u>	<u>332,674</u>	<u>2,498,864</u>
Total	<u>\$ 6,487,908</u>	<u>\$ 6,345,385</u>	<u>\$ 12,833,293</u>

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2006 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(WOODSDALE OAKS APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

Note 6 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	\$ 6,591,309	\$ -	\$ (103,401)	\$ 6,487,908	\$ 110,218

The Bonds are subject to optional and mandatory redemption by the issuer and purchase in lieu of redemption by the Borrower prior to maturity as a whole or in part at such time or times, under such circumstances, at such redemption prices and such in such manner as is set forth in the Indenture.

Note 7 - Subsequent Events

Management has evaluated subsequent events through May 24, 2024, the date on which the financial statements were available to be issued, and has determined that there were no events that occurred after the close of the fiscal year that require recognition or additional disclosure in these financial statements.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

**INDEPENDENT AUDITORS' REPORT 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**

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows of the Housing Finance Authority of Broward County, Florida, 2006 Series Multifamily Housing Revenue Bond Program Funds ("Woodsdale Oaks Apartments Project") (the "Bond Program"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated May 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Program'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 Bond program's internal control. Accordingly, we do not express an opinion on the effectiveness of Bond Program'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 a 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bond Program's financial statements are free from 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.



Miramar, Florida
May 24, 2024

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
SEPTEMBER 30, 2023**

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ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows of the Housing Finance Authority of Broward County, Florida, 2008 Series Multifamily Housing Revenue Bond Program Funds ("Driftwood Terrace Apartments Project") (the "Bond Program"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Finance Authority of Broward County, Florida, Driftwood Terrace Apartments Project as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Driftwood Terrace Apartments Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Driftwood Terrace Apartments Project's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Driftwood Terrace Apartments Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Driftwood Terrace Apartments Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2024, on our consideration of the Driftwood Terrace Apartments Project'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 Driftwood Terrace Apartments Project'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 Driftwood Terrace Apartments Project's internal control over financial reporting and compliance.



Miramar, Florida
May 24, 2024

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS

Current assets:

Cash equivalents	\$ <u>2,552</u>
Total current assets	<u>2,552</u>

Non-current assets (restricted):

Other asset	39,933
Note receivable	<u>8,324,934</u>
Total non-current assets (restricted)	<u>8,364,867</u>
Total Assets	<u>8,367,419</u>

LIABILITIES

Current liabilities:

Accrued bond interest payable	42,457
Bonds payable	<u>122,023</u>
Total current liabilities	<u>164,480</u>

Non-current liabilities:

Bonds payable	<u>8,202,939</u>
Total non-current liabilities	<u>8,202,939</u>
Total Liabilities	<u>8,367,419</u>

NET POSITION	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of these financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Revenue:

Interest income on note receivable	\$ 470,280
Other income	<u>62,593</u>
Total revenue	<u>532,873</u>

Expenses:

Bond interest	512,736
General and administrative	<u>20,137</u>
Total expenses	<u>532,873</u>

Changes in net position	-
Net position - beginning of year	<u>-</u>
Net position - ending of year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Cash flows from operating activities:

Cash paid for general and administrative expenses	\$ (20,137)
Other cash receipts	<u>12,868</u>
Net cash (used in) operating activities	<u>(7,269)</u>

Cash flows from investing activities:

Interest received on note receivable	470,280
Payments received on note receivable	<u>105,265</u>
Net cash provided by investing activities	<u>575,545</u>

Cash flows from non-capital and related financing activities:

Interest payments on bonds payable	(513,321)
Payments on bonds payable	<u>(114,535)</u>
Net cash (used in) non-capital and related financing activities	<u>(627,856)</u>

Decrease in cash equivalents (unrestricted)	(59,580)
Cash equivalents (unrestricted), beginning of year	<u>62,132</u>
Cash equivalents (unrestricted), end of year	<u>\$ 2,552</u>

Reconciliation of change in net position to net cash provided by (used in) operating activities

Changes in net position	\$ -
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Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:

Bond interest expense	512,736
Interest income on note receivable	(470,280)
(Increase in other assets)	(39,933)
(Decrease) in other liabilities	<u>(9,792)</u>
Net cash (used in) operating activities	<u>\$ (7,269)</u>

The accompanying notes are an integral part of these financial statements.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 1 - Organization and Purpose

The Housing Finance Authority of Broward County (the "Authority") was established in 1979 by the Board of County Commissioners for the purpose of encouraging the investment of private capital and stimulating the construction of residential housing for low and moderate income families through the use of public financing. The Authority is authorized, under Section 159 of *Florida Statutes*, to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County Commissioners. Amounts issued by the Authority shall not be deemed to constitute a debt of the County, the State of Florida, or any political subdivision thereof.

The 2008 Series Multifamily Housing Revenue Bonds ("Driftwood Terrace Apartments Project") (the "Bonds") were issued to provide funds for a mortgage loan (the "Loan") between the Authority and Driftwood Preservation, Limited Partnership (the "Borrower") duly organized and validly existing under the laws of the State of Delaware, and authorized to transact business in the State of Florida for the purpose of financing the acquisition, rehabilitation and equipping of 176 multifamily residential rental apartment units (the "Project") in Broward County, Florida.

Pursuant to the terms of the Financing Agreement, the Borrower executed and delivered a mortgage note (the "Note") in the amount of \$10,500,000, payable to the Authority, due September 1, 2040, to be secured by a mortgage on the project (the "Mortgage").

The Bonds are backed by payments pursuant to the Mortgage Loan Agreement, all the amounts held by The Bank of New York Trust Company (the "Trustee"), and payments under the investment agreement.

Note 2 - Summary of Significant Accounting Policies

The 2008 Series Driftwood Apartments Project Multifamily Housing Revenue Bond Program Funds (the "Bond Program Funds") were created pursuant to the Bond Resolution to account for the proceeds from the sale of the Bonds, the debt service requirements of the Bond indebtedness, and the Loan to the Borrower made with the Bond proceeds. These financial statements reflect only the activities of the funds created pursuant to the Bond Resolution and do not reflect the operations of the underlying project of the Borrower.

Basis of accounting

The Bond Program Funds use the accrual basis of accounting.

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2008 SERIES MULTIFAMILY HOUSING
REVENUE BOND PROGRAM FUNDS
(DRIFTWOOD TERRACE APARTMENTS PROJECT)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Note 2 - Summary of Significant Accounting Policies (cont'd)

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Cash equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Other liability

Other asset/liability represents the cumulative results of operations of the bond issue which is due from/due to the Developer upon maturity of the bond program fund.

Net position

Net position represents the difference between assets and liabilities.

Note 3 - Investments and Cash Equivalents

Investments, which are included in cash equivalents at September 30, 2023, represent the Bond Program Funds' ownership interest in money market accounts held by the Trustee.

Investment risk

Investments permitted by the Bond Program Funds are stipulated in agreements with the Authority for the benefit of the Bond Program Funds that include language that limits credit and custodial risk, concentration of credit risk, interest rate risk and foreign currency risk as defined in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

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Note 4 - Note Receivable from Developer

As of September 30, 2023, the Bond Program Funds had a note receivable of \$8,430,199 from the Borrower. The Note is made pursuant to the Mortgage Loan Agreement. The Borrower's obligated under the Mortgage Loan Agreement to make payments which will be sufficient to pay the principal and interest, when due, on the Bonds.

In addition, the Developer has agreed to pay all reasonable costs, fees and expenses associated with the Bonds according to certain time schedules as described in the Mortgage Loan Agreement and the Trust Indenture, including Trustee and Authority fees and expenses.

Note 5 - Bonds Payable

As of September 30, 2023, there were bonds amounting to \$8,324,962 outstanding. The 2008 bonds are due September 1, 2040. Interest is paid at a fixed rate of 6.12% on the first day of each month and on each Bond payment date.

The Bonds are subject to optional and mandatory redemption by the issuer and purchase in lieu of redemption by the Borrower prior to maturity as a whole or in part at such time or times, under such circumstances, at such redemption prices and such in such manner as is set forth in the Indenture.

The maturing principal and interest of the outstanding Bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 122,023	\$ 506,104	\$ 628,127
2025	130,001	498,415	628,416
2026	138,502	490,223	628,725
2027	147,558	481,496	629,054
2028	157,207	472,198	629,405
2029 – 2033	954,336	2,198,791	3,153,127
2034 – 2039	1,625,411	2,175,755	3,801,166
2040	<u>5,049,924</u>	<u>299,734</u>	<u>5,349,658</u>
Total	<u>\$ 8,324,962</u>	<u>\$ 7,122,716</u>	<u>\$ 15,447,678</u>

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Note 6 - Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 8,439,497</u>	<u>\$ -</u>	<u>\$ (114,535)</u>	<u>\$ 8,324,962</u>	<u>\$ 122,023</u>

Note 7 - Subsequent Events

Management has evaluated subsequent events through May 24, 2024, the date on which the financial statements were available to be issued, and has determined that there were no events that occurred after the close of the fiscal year that require recognition or additional disclosure in these financial statements.



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

**INDEPENDENT AUDITORS' REPORT 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**

To the Board of Directors
of the Housing Finance Authority
of Broward County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows of the Housing Finance Authority of Broward County, Florida, 2008 Series Multifamily Housing Revenue Refunding Bond Program Funds ("Driftwood Terrace Apartments Project") (the "Bond Program"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Bond Program's basic financial statements, and have issued our report thereon dated May 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Program'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 Bond Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Program'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 a 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bond Program’s financial statements are free from 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.



Miramar, Florida
May 24, 2024