HOUSING AUTHORITY OF THE CITY OF FORT LAUDERDALE, FLORIDA

HACFL
HOUSING AUTHORITY OF THE CITY OF FORT LAUDERDALE

Basic Financial Statements and Supplementary Information

December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Fort Lauderdale, Florida
Fort Lauderdale, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Fort Lauderdale, Florida (the "Authority"), as of and for the year ended December 31, 2022, and the related notes to the basic financial statements, which collectively comprise the Authority'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 financial position of the Authority's business-type activities as of December 31, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Authority 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 opinion.

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 Authority'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.

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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 opinion. 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 Authority'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 Authority'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements as a whole. The accompanying financial data schedule and schedule of capital fund costs and advances are presented for purposes of additional analysis as required by U.S. Department of Housing and Urban Development, and are not a required part of the basic financial statements of the Authority. The accompanying schedule of expenditures of federal awards and local assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2023 on our consideration of the Authority'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 Authority'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 the Authority's internal control over financial reporting and compliance.

August 16, 2023
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

As management of the Housing Authority of the City of Fort Lauderdale, Florida ("HACFL" or "Authority"), we offer the readers of HACFL's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with HACFL's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Tam English, Housing Authority of the City of Fort Lauderdale, Florida, 437 SW 4th Avenue Suite 101, Fort Lauderdale, Florida 33315.

Financial Highlights

- The assets of HACFL exceeded its liabilities as of December 31, 2022 by $46,019,091 (net position).
- HACFL's cash and cash equivalents balance as of December 31, 2022 is $24,263,417, reflecting an increase of $5,827,141.
- HACFL had revenue from the U.S. Department of Housing and Urban Development ("HUD") of $40,484,607.
- The only Public Housing development remaining is Sunnyreach Acres, which HACFL intend to convert with the new HUD Voluntary Disposition Program. Before beginning the conversion, HACFL will use excess operating funds to build 18 additional units under the HUD Faircloth limit.
- HACFL is considering the various options for the potential sale of Federal Apartments.
- HACFL is working with the City of Fort Lauderdale to redevelop 47 acres known as Broadview Gardens.

Overview of Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a single business-type activity prepared on an accrual basis. Over time, significant changes in HACFL's net position serve as a useful indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any authority, the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of capital assets. The following statements are included:

- Statement of Net Position - this statement reports the Authority's assets, liabilities, and net position at the end of the fiscal year. You can think of the Authority's net position as the difference between the Authority's rights (assets) and the Authority's obligations (liabilities).

Overview of Financial Statements (continued)

- Statement of Revenues, Expenses, and Changes in Net Position - this statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows and cash outflows in prior or future periods.
- Statement of Cash Flows - this statement presents information showing the total cash receipts and cash disbursements of the Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt service, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Authority in prior periods and subsequently received during the current fiscal year (i.e. accounts receivable, notes receivable etc.).
- Notes to the Basic Financial Statements - notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, the notes reflect the impact (if any) of any uncertainties the Authority may face.

In addition to the basic financial statements listed above, our report includes supplementary information. This information is to provide more detail on the Authority's various programs and the required information mandated by regulatory bodies that fund the Authority's various programs.

Financial Analysis

Statement of Net Position

	2022	2021	Net Change
Current assets	$ 26,385,630	$ 21,270,072	$ 5,115,558
Capital assets, net	56,849,548	59,538,479	(2,688,931)
Notes receivable	14,435,000	14,804,000	(369,000)
Investment in joint ventures	1,563,720	2,124,119	(560,399)
Other noncurrent assets	1,486,121	1,174,737	311,384
Total assets	100,720,019	98,911,407	1,808,612
Current liabilities	6,350,035	6,260,447	89,588
Long-term debt	25,198,558	23,768,526	1,430,032
Prepaid ground leases	13,528,217	13,833,164	(304,947)
Loan	8,546,480	7,786,793	759,687
Other noncurrent liabilities	1,047,808	635,422	412,386
Total liabilities	54,671,098	52,284,352	2,386,746
assets	30,071,140	33,846,851	(3,775,711)
Restricted	6,824,833	6,165,396	659,437
Unrestricted	9,152,948	6,614,808	2,538,140
Total net position	$ 46,048,921	$ 46,627,055	$ (578,134)

Financial Analysis (continued)

Current Assets increased by $5,115,558 mainly due to an increase in cash of $5,827,141 due to cash from operations of $1,555,308, proceeds from the sale of capital assets of $2,282,323 and proceeds from long-term debt of $2,976,849.

Net Capital Assets decreased by $2,688,931 mainly due to depreciation of $2,491,866 and disposals of buildings offset by current year additions.

Notes Receivables decreased by $369,000 directly due to the collection of notes outstanding.

Long-Term Debt reflects an increase of $1,430,032 mainly due to the refinancing of the debt of Dixie Court Associates, Ltd. and Dixie Court III, Ltd.

Unearned Revenue TCEP Loan increased by $759,687 due to the annual forgiveness amount of $1,215,500 offset by the annual debt relief income of $455,813.

Net Position is the difference between the Authority's rights (assets) and the Authority's obligations (liabilities). Net position is categorized into three components:

1. Net investment in capital assets - capital assets, net of accumulated depreciation and related debt is due to the capital asset and long-term debt activity. As of December 31, 2022, HACFL had $30,071,140 of net investment in capital assets.
2. Restricted - the Authority's net position that is subject to constraints imposed by law or agreement consisting primarily of debt service reserves. As of December 31, 2022, HACFL had $6,824,833 reserved as restricted net position. The restricted net position consists of HAP reserves and funds held for guarantee and debt reserves of the Authority's blended component units.
3. Unrestricted - the Authority's net position that is neither invested in capital assets nor restricted, which increase principally due to operations. These resources are available to meet HACFL's ongoing obligations to its residents and creditors. HACFL has $9,152,948 in unrestricted net position, which is designated for housing purposes.

Financial Analysis (continued)

Statement of Revenues, Expenses, and Changes in Net Position

	2022	2021	Net Change
Operating revenues			
HUD revenues	$ 40,458,882	$ 40,503,481	$ (44,599)
Other revenues	10,956,049	9,019,711	1,936,338
Total operating revenues	51,414,931	49,523,192	1,891,739
Operating expenses			
Administrative	5,142,123	5,062,322	79,801
Tenant services	14,783	129,645	(114,862)
Utilities	898,027	729,091	168,936
Maintenance	3,169,453	2,731,157	438,296
Protective services	386,775	304,237	82,538
General	4,710,958	1,708,205	3,002,753
Depreciation	2,491,866	2,224,832	267,034
Housing assistance payments	36,711,914	36,083,044	628,870
Total operating expenses	53,525,899	48,972,533	4,553,366
Operating income (loss)	(2,110,968)	550,659	(2,661,627)
Nonoperating revenues (expenses)			
Gain on disposal of assets	1,721,052	1,500	1,719,552
Mortgage interest income	269,726	-	269,726
Debt relief income	472,480	472,480	-
Interest income	28,569	1,847	26,722
Bad debt - notes receivable	(239,896)	-	(239,896)
Interest expense	(719,097)	(581,567)	(137,530)
Total nonoperating revenues (expenses)	1,532,834	(105,740)	1,638,574
Change in net position	$ (578,134)	$ 444,919	$ (1,023,053)

Total Operating Revenue increased by $1,891,739 mainly due to the tenant revenue of Federal Apartments which has a full year of activity presented for the year ended December 31, 2022.

Total Operating Expenses increased by $4,553,366 during fiscal year ending 2022 as compared to the fiscal year ending 2021. The increase in total operating expenses is mainly due to the following:

- General expenses increased by $3,002,753 due to donations made by HEFL and the write off of debt issuance costs and investment in joint venture amounts relating to Dixie Court Associates, Ltd., Dixie Court II, Ltd. Dixie Court III, Ltd. and Northwest Properties I, Ltd. The debt issuance costs were removed as the Authority follows reporting guidelines established by the Government Accounting Standards Board (“GASB”), which differs from the presentation of the separately issued financial statements of these entities. The investment in joint venture amounts relating to these entities were removed as they are fully owned by the Authority and their assets are reported in the Authority’s statement of net position.

Financial Analysis (continued)

- Housing assistance payments increased by $628,870 due to increased rental rates and the HUD required implementation of small area fair market.

Non-Operating Revenues (Expenses) increased by $1,638,574 primarily due to the gain on sale of HEFL properties of $1,719,552.

Capital Asset and Debt Activity

At the end of fiscal year 2022, HACFL's net capital assets decreased by $2,688,931. The net change was mainly due to depreciation of $2,491,866 and disposals of buildings with a net book value of $561,271 offset by current year additions of $358,000.

At the end of fiscal year 2022, HACFL's total long-term debt balance, including the current portion, increased by $1,490,485. This is mainly due to the decrease of the TCEP loan and the refinancing of the debt associated with Dixie Court Associates, Ltd. and Dixie Court III, Ltd. The Authority refinanced debt of $5,689,351 with new loans in the amount of $8,666,200 including cash proceeds of $2,976,849.

The Authority has a line of credit in the amount of $1,000,000 with Truist Bank. At the end of the fiscal year 2022, HACFL had an outstanding balance of $573,000 relating to the line of credit. The balance did not change from the previous year.

Factors Affecting Next Year's Budget

The Authority is primarily dependent upon HUD for the funding The Housing Choice Voucher Program and remaining public housing and capital fund programs. In addition, the Authority is receiving Management fees from its various tax credit partnerships. The funding of programs could change as HACFL continues to transition the remaining public housing units to the voluntary disposition programs. The small area fair market rents continue, and the HAP payments are now based on zip codes. In addition, HUD has allowed higher rental limits due to the increasing market rents, which could impact future budgets.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, housing costs, supplies and other costs.
- Current trends in the housing market.

Housing Authority of the City of Fort Lauderdale, Florida

STATEMENT OF NET POSITION

December 31, 2022

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents - unrestricted	$ 16,164,546
Cash and cash equivalents - restricted	7,224,012
Receivables, net	455,702
Due from related parties	2,273,532
Inventory, net	47,638
Prepaid expenses	194,235
Investment in joint ventures	25,965
Total current assets	26,385,630
NONCURRENT ASSETS	
Cash and cash equivalents - restricted	874,859
Capital assets, net	56,849,548
Notes receivable from related parties	14,435,000
Investment in joint ventures	1,563,720
Other assets	611,262
Total noncurrent assets	74,334,389
Total assets	100,720,019
LIABILITIES	
CURRENT LIABILITIES	
Current portion of long-term debt	2,252,050
Accounts payable	1,212,348
Accrued salaries and benefits	84,515
Accrued compensated absences	259,424
Due to HUD	1,597,500
Tenant security deposits	365,405
Unearned revenue - ground leases - related parties	258,758
Family self-sufficiency escrow	33,774
Other current liabilities	286,261
Total current liabilities	6,350,035
NONCURRENT LIABILITIES	
Long-term debt	25,198,558
Accrued compensated absences	172,949
Unearned revenue - ground leases - related parties	13,528,217
Unearned revenue - TCEP loan	8,546,480
Family self-sufficiency escrow	874,859
Total noncurrent liabilities	48,321,063
Total liabilities	54,671,098
NET POSITION	
Net investment in capital assets	30,071,140
Restricted	6,824,833
Unrestricted	9,152,948
Total net position	$ 46,048,921

The accompanying notes are an integral part of this financial statement.

Housing Authority of the City of Fort Lauderdale, Florida

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended December 31, 2022

OPERATING REVENUES	
HUD operating revenues	$ 40,458,882
Other government operating grants	25,725
Tenant revenue, net	7,916,723
Developer fees	1,028,221
Management fees	721,637
Other operating revenue	1,263,743
Total operating revenues	51,414,931
OPERATING EXPENSES	
Administrative	5,142,123
Tenant services	14,783
Utilities	898,027
Maintenance	3,169,453
Protective services	386,775
General	4,710,958
Depreciation	2,491,866
Housing assistance payments	36,711,914
Total operating expenses	53,525,899
OPERATING LOSS	(2,110,968)
NONOPERATING REVENUES (EXPENSES)	
Gain on sale of capital assets	1,721,052
Mortgage interest income	269,726
Debt relief income	472,480
Interest income	28,569
Bad debt - notes receivable	(239,896)
Interest expense	(719,097)
Total nonoperating revenues (expenses)	1,532,834
CHANGE IN NET POSITION	(578,134)
Total net position - beginning of the year	46,627,055
TOTAL NET POSITION - END OF THE YEAR	$ 46,048,921

The accompanying notes are an integral part of this financial statement.

Housing Authority of the City of Fort Lauderdale, Florida

STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
HUD operating grants received	$ 40,929,094
Other government operating grants received	25,725
Collections from tenants	7,974,434
Collections of management and development fees	1,979,499
Collections from other sources	595,779
Payments to employees	(5,701,170)
Payments to suppliers	(7,529,964)
Housing assistance payments	(36,711,914)
Net cash provided by operating activities	1,561,483
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Collection of notes receivable	369,000
Purchase of property and equipment	(364,206)
Proceeds from the sale of capital assets	2,282,323
Proceeds from long-term debt	2,976,849
Payments on long-term debt	(254,197)
Interest paid	(772,680)
Net cash provided by capital and related financing activities	4,237,089
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	28,569
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,827,141
Cash and cash equivalents at beginning of the year	18,436,276
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$ 24,263,417
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash and cash equivalents - unrestricted	$ 16,164,546
Cash and cash equivalents - restricted current	7,224,012
Cash and cash equivalents - restricted noncurrent	874,859
	$ 24,263,417

The accompanying notes are an integral part of this financial statement.

Housing Authority of the City of Fort Lauderdale, Florida

STATEMENT OF CASH FLOWS (continued)

For the year ended December 31, 2022

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	$ (2,110,968)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	2,491,866
Change in provision for allowance of doubtful accounts	60,311
(Increase) decrease in assets:	
Receivables, net	691,319
Due from related parties	(406,585)
Prepaid expenses	139,756
Investment in joint ventures	560,399
Other assets	106,056
Increase (decrease) in liabilities:	
Accounts payable	(50,374)
Accrued salaries and benefits	11,333
Accrued compensated absences	(12,635)
Tenant security deposits	1,869
Unearned revenue - ground leases	(257,314)
Family self-sufficiency escrow	255,177
Other current liabilities	81,273
Net cash provided by operating activities	$ 1,561,483
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION	
Refinance of Debt - Dixie I and Dixie III	$ 5,689,351
Debt forgiveness	$ 1,232,167
Debt relief income	$ 472,480

The accompanying notes are an integral part of this financial statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The Housing Authority of the City of Fort Lauderdale, Florida (the “Authority”), a governmental agency, was created pursuant to Florida Statutes Chapter 421 by the City of Fort Lauderdale, Florida (the “City”). The primary purpose of the Authority is to develop, acquire and operate safe, decent, sanitary and affordable housing for low-income families in the City of Fort Lauderdale in accordance with federal legislation and regulations.

The Authority's governing board consists of a five member Board of Commissioners (the “Board”), which is appointed by the Mayor of the City. The Authority is not a component unit of the City, as defined in Governmental Accounting Standards Board’s (“GASB”) *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, *Defining the Financial Reporting Entity* as the Board independently oversees the Authority’s operations.

The definition of the reporting entity as described by GASB Codification Section 2100 is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The Authority’s reporting entity is comprised of an enterprise fund which includes the activities of several housing programs and blended component units.

Blended component units

Some component units, despite being legally separate from the primary government, are so integrated with the primary government that they are in substance part of the primary government. These component units are blended with the primary government.

Housing Enterprises of Florida, Inc. (“HEFL”), a blended component unit, is included in the basic financial statements and consists of a legally separate entity for which the Authority is financially accountable and has a voting majority of the governing board. Separately issued financial statements of HEFL can be obtained by contacting the Authority’s management.

Northwest Properties I, Ltd. was organized on December 6, 2007, for the purpose of acquiring, constructing, and operating a 143-unit residential housing project known as Northwest Gardens I located in Fort Lauderdale, Florida. Profits, losses and tax credits are allocated in accordance with the Amended and Restated Agreement of Limited Partnership, dated May 28, 2010. The general partner of Northwest Properties I, Ltd. is HEF-Alan, Inc. On December 31, 2017, the limited partner rights were purchased by HEFL. As of January 1, 2018, Northwest Properties I, Ltd, is being presented as a blended component unit.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Blended component units (continued)

Dixie Court Associates, Ltd. (“Dixie I”), was organized on December 28, 2006, for the purpose of investing in real estate and the construction, operation, and sale and/or leasing of a 122-unit apartment complex located in Fort Lauderdale, Florida, currently known as Dixie Court Apartments. Profits, losses and tax credits are allocated in accordance with the Amended and Restated Agreement of Limited Partnership, dated December 3, 2007. During 2010, the Authority was required to remit a capital contribution to Dixie Court Associates, Ltd. in the amount of $250,000. The general partner of Dixie Court Associates, Ltd. is HEF-Dixie Court I, LLC.

Dixie Court II, Ltd. (“Dixie II”), was organized on August 2, 2007, for the purpose of investing in real estate and the construction, operation, and sale and/or leasing of a 32-unit apartment complex known as Dixie Court Phase II Apartments located in Fort Lauderdale, Florida. Profits, losses and tax credits are allocated in accordance with the Amended and Restated Agreement of Limited Partnership, dated February 21, 2008. The general partner of Dixie Court II, Ltd. is HEF-Dixie Court II, LLC.

Dixie Court III, Ltd. (“Dixie III”), was organized on April 4, 2007, for the purpose of acquiring, constructing, and operating a 100-unit residential housing project known as Dixie Court Phase III Apartments located in Fort Lauderdale, Florida. Profits, losses and tax credits are allocated in accordance with the Amended and Restated Agreement of Limited Partnership, dated December 31, 2008. The general partner of Dixie Court III, Ltd. is HEF-Dixie Court III, LLC.

On December 31, 2021, the limited partner rights for Dixie I, Dixie II, and Dixie III were purchased by HEFL, and therefore, as of December 31, 2022, these entities are being presented as blended component units of the Authority.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Blended component units (continued)

The remaining blended component units are related Florida Corporations created as instrumentalities of the Authority for the purpose of providing and developing affordable housing opportunities and management services. They are all included in the basic financial statements as the Authority is financially accountable and has a voting majority of each respective governing board.

Housing Enterprises of Florida, Inc. ("HEFL")		Other Entities
HEF-Development, LLC	Dixie Court Associates, Ltd.	HEF-Guarantor, LLC
HEF-Management, LLC	Dixie Court II, Ltd.	
HEF-Sailboat Bend, Inc.	Dixie Court III, Ltd.	
HEF-Sailboat Bend II, Inc.	Northwest Properties I, Ltd.	
HEF-Dixie Court I, LLC	HEF-Sunnyland, Inc.	
HEF-Dixie Court II, LLC	HEF-Sunnyreach Townhomes, LLC	
HEF-Dixie Court III, LLC	HEF-Poinciana Crossing, Inc.	
HEF-Kennedy, Inc.	HEF Suncrest Court GC, LLC	
HEF-Lindsey, Inc.	Sailboat Bend II Guarantor SPE, LLC	
HEF-Suncrest, Inc.	HEF-Federal Apartments, LLC	
HEF-Graff, Inc.	HEF-Broadview Gardens, Inc.	
HEF-Alan, Inc.	HEF-Northwest Properties VI, Inc.	
HEF-700, Inc.	Suncrest Court Redevelopment, LLC	

Related parties

The following entities are for-profit, limited partnerships created for the development and management of the Authority's properties and are therefore considered to be related parties. Separately issued financial statements for each of the following can be obtained from management.

Northwest Properties II, Ltd. was organized on December 6, 2007, for the purpose of acquiring, constructing, and operating a 128-unit residential housing project known as Northwest Gardens II located in Fort Lauderdale, Florida. Profits, losses and tax credits are allocated in accordance with the Amended and Restated Agreement of Limited Partnership, dated November 14, 2011. The general partner of Northwest Properties II, Ltd. is HEF-Graff, Inc.

Northwest Properties III, Ltd. was organized on December 6, 2007, for the purpose of acquiring, constructing, and operating a 150-unit residential housing project known as Northwest Gardens III located in Fort Lauderdale, Florida. Profits, losses and tax credits are allocated in accordance with the Amended and Restated Agreement of Limited Partnership, dated December 1, 2010. The general partner of Northwest Properties III, Ltd. is HEF-Sunnyland, Inc.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Related parties (continued)

Northwest Properties IV, Ltd. was organized on December 6, 2007, for the purpose of acquiring, constructing, and operating a 138-unit residential housing project known as Northwest Gardens IV located in Fort Lauderdale, Florida. Profits, losses and tax credits are allocated in accordance with the Amended and Restated Agreement of Limited Partnership, dated October 15, 2012. The general partner of Northwest Properties IV, Ltd. is HEF-Lindsey, Inc.

Northwest Properties V, Ltd. was organized on September 10, 2013, for the purpose of acquiring, constructing, and operating a 200-unit residential housing project known as Northwest Gardens V located in Fort Lauderdale, Florida. Profits, losses and tax credits are allocated in accordance with the Amended and Restated Agreement of Limited Partnership, dated February 8, 2016. The general partner of Northwest Properties V, Ltd. is HEF-700, Inc.

Dr. Kennedy Homes, Ltd. was organized on July 24, 2007, for the purpose of acquiring, constructing, and operating a 132-unit residential housing project known as Dr. Kennedy Homes located in Fort Lauderdale, Florida. Profits, losses and tax credits are allocated in accordance with the Amended and Restated Agreement of Limited Partnership, dated December 1, 2010. The general partner of Dr. Kennedy Homes, Ltd. is HEF-Kennedy, Inc.

Sailboat Bend Apartments, Ltd. was organized on April 20, 2011, for the purpose of acquiring, constructing, and operating a 105-unit residential housing project known as Sailboat Bend Apartments located in Fort Lauderdale, Florida. Profits, losses and tax credits are allocated in accordance with the Amended and Restated Agreement of Limited Partnership, dated November 21, 2011. The general partner of Sailboat Bend Apartments, Ltd. is HEF-Sailboat Bend, Inc.

Sailboat Bend Apartments II, Ltd. was organized on May 25, 2017, for the purpose of acquiring, constructing, and operating a 110-unit elderly residential housing project known as Sailboat Bend II Apartments located in Fort Lauderdale, Florida. Profits, losses and tax credits are allocated in accordance with the Amended and Restated Agreement of Limited Partnership, dated May 7, 2018. The general partner of Sailboat Bend Apartments II, Ltd. is HEF-Sailboat Bend II, Inc.

Suncrest Court Redevelopment, LLC was organized on October 10, 2017, for the purpose of acquiring, constructing, and operating a mixed finance residential housing project operating as Rock Island Apartments. The project consists of 66 Rental Assistance Demonstration ("RAD") units and 50 tax credit units located in Fort Lauderdale, Florida. Profits, losses, and tax credits are allocated in accordance with the Amended and Restated Operating Agreement dated October 1, 2019. The general partner of Suncrest Court Redevelopment, LLC is HEF-Suncrest, Inc.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

Related parties (continued)

Poinciana Crossing, Ltd. was organized on November 5, 2018, for the purpose of acquiring, constructing, and operating 113-units, including 8 market rate units, known as Poinciana Crossing located in Fort Lauderdale, Florida. Profits, losses and tax credits are allocated in accordance with the Amended and Restated Agreement of Limited Partnership, dated November 5, 2018. The general partner Poinciana Crossing, Ltd. is HEF- Poinciana Crossing, Inc.

Furthermore, the Authority has additional developments beginning construction that will have similar structures and agreements.

2. Government-wide and fund financial statements

The government-wide financial statements report information about the reporting government as a whole excluding fiduciary activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities rely to a significant extent on user fees and charges for support.

Governments use fund accounting whereby funds are organized into three major categories: governmental, proprietary and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures/expenses. For financial reporting purposes, the Authority reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and the fund financial statements are the same.

Enterprise funds are proprietary funds. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating activities generally arise from providing services in connection with a proprietary fund's principal activity. The operating revenues of the Authority generally consist primarily of rental charges to tenants, management fees, development fees and operating grants from the U.S. Department of Housing and Urban Development ("HUD") as well as the City and Broward County (the "County") and include, to a lesser extent, certain operating amounts of capital grants that offset operating expenses.

Operating expenses for the Authority include the cost of tenant services, general, administrative, maintenance, utilities, protective services, depreciation and housing assistance payments. Generally, all revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, except for capital contributions, which are presented separately.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

When restricted resources meet the criteria to be available for use and unrestricted resources are also available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources, as needed.

3. Measurement focus and basis of accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The basis of accounting used is similar to businesses in the private sector, thus, these funds are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

For financial reporting purposes, the Authority considers its HUD revenues associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than nonoperating activities.

Generally, HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity on the accompanying statement of revenues, expenses and changes in net position.

As provided by GASB Codification Section P80.115, *Proprietary Fund Accounting and Financial Reporting: Defining Operating Expenses*, and related guidance, tenant revenue is reported net of $60,311 in accounts written off.

4. Summary of programs

The accompanying basic financial statements include the activities of several housing programs of the Authority. A summary of each significant program is provided below.

Low Rent Public Housing Programs

The Low Rent Public Housing Programs include asset management projects ("AMPs"), which collect both operating and capital fund subsidy and various other related HUD grants.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Summary of programs (continued)

Low Rent Public Housing Programs (continued)

The purpose of these programs is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained and managed by the Authority. The properties are acquired, developed and modernized under HUD's Development and Capital Fund programs. Funding of operations and development is provided by federal annual contributions, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

Rental Assistance Demonstration (RAD)

The RAD program converts existing Public Housing properties to multi-family rental housing units owned by affiliates of the Authority to provide decent and affordable housing to low-income families. Funding of the program is provided by federal housing assistance contributions from HUD.

Housing Assistance Payments Programs

The Housing Assistance Payments Programs utilize existing privately owned family rental housing units to provide decent and affordable housing to low-income families. The Section 8 Housing Choice Voucher ("HCV") program, Mainstream Vouchers, Emergency Housing Voucher ("EHV") and Veterans Affairs Supportive Housing ("VASH") program are funded through federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants.

Other Programs

The Authority's other programs are involved in acquiring, renovating and making available for rent and homeownership, affordable housing within the City. These programs are funded by net operating income of affordable housing rentals and pass through grants. Properties are purchased with these funds in addition to debt financing, and the renovation work is performed by the Authority's Step-Up Apprenticeship program participants.

5. Assets, liabilities and net position

a. Cash and cash equivalents

For financial statement purposes cash and cash equivalents are considered to be cash in banks and highly liquid investments with original maturities of three months or less.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, liabilities and net position (continued)

b. Receivables

Receivables consist of revenues earned at year-end and not yet collected. Amounts presented as due from HUD principally result from grant revenue being accrued for allowable program expenses not yet funded. Other receivables consist of tenant receivables, accrued interest, fraud recovery receivables for the housing assistance payments programs and reimbursement receivables from various parties in the normal course of business. An allowance for uncollectible amounts is estimated by management based on account composition and prior experience (see Note B-2).

c. Due from other governments

Due from other governments consists of revenue earned for related costs incurred from government grants that have not yet been collected.

d. Due from related parties

Due from related parties consists of developer fees, partner management fees, incentive management fees, incentive leasing fees and pre-development costs that were advanced to the Authority's related parties (see Note A-1). The receivables and advances are non-interest bearing and are due on demand. In addition, the Authority is owed additional developer fees, but the amount is currently unknown, therefore, these are not reflected in the accompanying financial statements.

e. Inventory

Inventory consists principally of materials held for use or consumption and is recorded on the first in first out method. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. Based on management's experience with the types of items in inventory and related usage plans, an allowance for obsolescence of $1,567 is recorded as of December 31, 2022.

f. Investment in joint ventures

Investment in joint ventures consist of various costs related to the development of the related party entities of $1,881,359, which are amortized using the straight line basis over the life of the developments and leases which is sixty-five (65) years. These costs are being presented in the financial statements net of accumulated amortization of $291,674. For the year ended December 31, 2022, associated amortization expense was $25,965.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, liabilities and net position (continued)

g. Capital assets

The Authority's policy is to capitalize assets with a value in excess of $3,000 and a useful life in excess of two years. The Authority capitalizes the costs of site acquisition and improvement, structures, infrastructure, equipment and direct development costs meeting the capitalization policy. Assets are valued at historical cost, or estimated historical cost if actual historical cost is not available, and contributed assets are valued at fair value on the date contributed.

Depreciation has been provided using the straight-line method over the estimated useful lives, which range as follows:

Buildings and improvements	10 - 40 years
Equipment - administrative	3 - 7 years
Equipment - dwelling	3 - 7 years

h. Due to HUD

Amounts due to HUD consist of prepaid ground leases received by the Authority from Northwest Properties II, Ltd. and Northwest Properties IV, Ltd in the amounts of $1,110,000 and $487,500, respectively. Per the agreements, the Authority is required to remit these amounts to HUD.

i. Tenant security deposits

Tenant security deposits are deposits held by the Authority that are required of tenants before they are allowed to move into an Authority owned site. The Authority records this cash as restricted, with an offsetting liability, as these funds may be reimbursable to the tenant when they move out.

j. Accrued compensated absences

After six months of service, full-time permanent employees are granted paid time off at varying rates depending on tenure with the Authority and can accrue a maximum of 240 hours. Employees are entitled to 100% of any remaining accrued leave upon termination. Employees with leave time in excess of 240 hours must take time off to stay under the maximum. The amount of compensated absences earned in the current period is expensed with the cumulative amount owed per the policy reflected as a liability in the basic financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, liabilities and net position (continued)

k. Unearned revenues

Unearned revenues include amounts collected before revenue recognition criteria are met. The unearned items consist of prepaid rents and prepaid ground leases (see Note B-5). In addition, the Authority's blended component unit, Northwest Properties I, Ltd. participates in a tax credit exchange program ("TCEP") with a loan balance which is reflected as unearned revenue (see Note B-6).

l. Eliminations

For financial reporting purposes, certain amounts are internal and are therefore eliminated in the accompanying financial statements. The following have been eliminated from the financial statements:

i.) Interprogram due to/from

In the normal course of operations, certain programs may pay for common costs or advance funds for operations that create interprogram receivables or payables. The interprogram receivables and payables net to zero and as of December 31, 2022, $1,831,174 is eliminated for the presentation of the Authority as a whole.

ii.) Management fees

The Authority charges management fees to other programs within the Authority. For financial reporting purposes $2,046,053 of internal management fees have been eliminated for the year ended December 31, 2022.

iii.) Ground leases

The Authority entered into several 65-year ground leases with entities that are classified as blended component units. These leases required a prepaid base rent to be paid and recognized over the life of the lease. For financial reporting purposes $2,329,737 of prepaid rent and unearned revenues, as well as $74,704 of rental income and rental expense have been eliminated for the year ended December 31, 2022.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, liabilities and net position (continued)

l. Eliminations (continued)

iv.) Notes receivable and long-term debt

The Authority entered into a mortgage notes payable agreement with HEF Federal Apartments, LLC which is a blended component unit of the Authority. For financial reporting purposes, $2,565,321 of notes receivable and long-term debt have been eliminated.

m. Net position

In accordance with GASB Codification Section 1800.155, *Reporting Net Position in Government-Wide Financial Statements*, total equity as of December 31, 2022, is classified into three components of net position:

i.) Net investment in capital assets

This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.

ii.) Restricted component of net position

This category consists of restricted assets and deferred outflows of resources offset by related liabilities and deferred inflows of resources restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. As of December 31, 2022, the Authority reports the following amounts of restricted net position:

- $274,309 of housing assistance payments reserves
- $2,000,000 relating to guarantee funds (see Note B-9-c)
- $4,550,524 of debt reserves of the blended component units

iii.) Unrestricted component of net position

This category includes all of the remaining net position that does not meet the definition of the other two components.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Budgets

Budgets are prepared on an annual basis for each major program and are used as a management tool throughout the accounting cycle. Budgets are adopted, however are not required in the basic financial statement presentation.

7. Income taxes

The Authority is a governmental entity and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been made in the financial statements. The Authority's blended component units are subject to the income tax provisions of Florida Statutes and the Internal Revenue Code.

The Authority's blended component units account for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 740, *Income Taxes*, which clarifies the accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the financial statements. The two-step approach involves recognizing any tax positions that are "more likely than not" to occur and then measuring those positions to determine if they are recognizable in the financial statements. Management regularly reviews and analyzes all tax positions and has determined no aggressive tax positions have been taken.

For the year ended December 31, 2022, the Authority's blended component units had limited activity or were 100% owned by the Authority, and accordingly, no provision or liability for federal income taxes is required. The Authority's blended component units income tax filings are subject to audit by various taxing authorities. The open audit periods for these entities are 2018 through 2022.

8. Leasing activities

The Authority is the lessor of dwelling units mainly to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time or renewed every year. The Authority may cancel the lease only for cause. In addition, a significant majority of the capital assets are used in these leasing activities. Revenues associated with these leases are recorded in the accompanying basic financial statements and related schedules within tenant revenue. In addition, the Authority maintains several prepaid ground leases as described in further detail in Note B-5.

Under GASB Statement No. 87, Leases, the determination of whether an arrangement is a lease is made at the lease's inception and a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having the right to direct the use of the asset. Management only reevaluates its determination if the terms and conditions of the contract are changed. Management determined that there were no significant impacts to the financial statements as a result of the implementation of this standard.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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 period. Actual results could differ from those estimates.

10. Impairment of long-lived assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. Management has determined that there were no impairments as of December 31, 2022.

11. Impact of recently issued accounting principles

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for the Authority's December 31, 2023 fiscal year end.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for the Authority's December 31, 2025 fiscal year end.

Management is currently evaluating the impact of the adoption of these statements on the Authority's financial statements.

12. Equity investment in related parties

The Authority's blended component units generally have a .01% investment in their related party partnerships (see Note A-1). Due to the nature of these agreements, the Authority does not consider the ownership an investment for reporting purposes. The Authority's contributions are solely to assist in the creation of additional affordable housing, not to earn a return on investment. Therefore, the balances are not reflected in the accompanying financial statements.

NOTE B - DETAILED NOTES

1. Cash and cash equivalents

As of December 31, 2022, the Authority's cash and cash equivalents consists of cash in the amount of $24,263,417.

In accordance with GASB Codification Sections C20, *Cash Deposits with Financial Institutions*, the Authority's exposure to risk is disclosed as follows:

Interest Rate Risk. Interest rate risk is the risk that the relative value of a security will decline due to a change in interest rates. The Authority's policy to limit its exposure to declines in fair values of its investment portfolio is to only invest in HUD allowed investments and to monitor investments. As of December 31, 2022, the Authority had no investments, and therefore was not exposed to interest rate risk.

Credit Risk. Credit risk is the risk that a counterparty will fail to meet its obligations in accordance with agreed terms. It is the Authority's policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies in the United States of America. As of December 31, 2022, the Authority mitigated their exposure to credit risk by following HUD regulations.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority's deposit policy for custodial credit risk requires collateral to be held in the Authority's name by its agent or by the bank's trust department. The Authority's deposits are insured by the Federal Depository Insurance Corporation up to $250,000, per financial institution, per depositor. Monies invested greater than the insurance coverage are secured by qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Authority pursuant to Section 280.08, Florida Statutes. Financial institutions must meet the criteria of being a Qualified Public Depository as described in the *Florida Security for Public Deposits Act*, under Chapter 280, Florida Statutes, before any investments are made with those institutions. As of December 31, 2022, none of the Authority's bank balance was exposed to custodial credit risk. However, $10,774,088 of the $13,024,088 total bank balances of accounts owned by the blended component units were uncollateralized at December 31, 2022.

NOTE B - DETAILED NOTES (continued)

1. Cash and cash equivalents (continued)

Restricted cash and cash equivalents

Cash and cash equivalents were restricted for the following purposes at December 31, 2022:

Current:	
Funds held for guarantee	$ 2,000,000
Debt reserves and escrows	669,269
Replacement reserves	2,187,396
Operating deficit reserves	1,693,859
Tenant security deposits	365,405
HAP reserves	274,309
Family self-sufficiency escrow	33,774
Subtotal current	7,224,012
Noncurrent:	
Family self-sufficiency escrow	874,859
Total restricted cash and cash equivalents	$ 8,098,871

2. Receivables, net

As of December 31, 2022, receivables, net consist of:

Due from HUD	$ 11,250
Fraud recovery	351,367
Tenant receivables	237,822
Portability receivables	1,287
Accrued interest - notes	29,830
Other receivables	73,972
Total receivables	705,528
Allowance for doubtful accounts - fraud	(170,000)
Allowance for doubtful accounts - tenants	(79,826)
Total receivables, net	$ 455,702

NOTE B - DETAILED NOTES (continued)

3. Capital assets

A summary of changes in capital assets is as follows:

	Balance at January 1, 2022	Transfers in/ Additions	Transfers out/ Deletions	Balance at December 31, 2022
Non-depreciable:				
Land	$ 14,016,145	$ 124,249	$ -	$ 14,140,394
Depreciated:				
Buildings and improvements	76,242,568	218,767	(1,558,879)	74,902,456
Equipment - administrative	1,169,369	25,674	(153,078)	1,041,965
Equipment - dwelling	6,054,078	209,501	-	6,263,579
Total depreciated	83,466,015	453,942	(1,711,957)	82,208,000
Total capital assets	97,482,160	578,191	(1,711,957)	96,348,394
Less accumulated depreciation				
Buildings and improvements	(30,910,699)	(2,413,214)	821,716	(32,502,197)
Equipment - administrative	(928,144)	(46,357)	-	(974,501)
Equipment - dwelling	(6,104,838)	(32,295)	114,985	(6,022,148)
Total accumulated depreciation	(37,943,681)	(2,491,866)	936,701	(39,498,846)
Capital assets, net	$ 59,538,479	$ (1,913,675)	$ (775,256)	$ 56,849,548

During the year, the Authority disposed of capital assets with a cost of $1,497,972 and associated accumulated of $936,701. The Authority received proceeds of $2,282,323 resulting in a gain on disposal of $1,721,052.

4. Notes receivable from related parties

As of December 31, 2022, notes receivable from related parties consist of:

	Total Principal
Sailboat Bend, Ltd.	$ 900,000
Sailboat Bend, Ltd. - additional	540,000
Northwest Properties V, Ltd.	3,149,000
Suncrest Court Redevelopment, LLC.	7,500,000
Sailboat Bend II, Ltd.	2,346,000
	$ 14,435,000

NOTE B - DETAILED NOTES (continued)

4. Notes receivable from related parties (continued)

The Authority entered into a promissory note with Sailboat Bend Apartments, Ltd., in the amount of $900,000. The loan has a maturity date of February 28, 2044 and bears no interest. No payments are required on this loan until the maturity date, at which time all principal is due. The note is secured by a mortgage on the real and personal property.

The Authority entered into an additional promissory note with Sailboat Bend Apartments, Ltd., in the amount of $900,000. No payments are required on this loan until the maturity date of February 28, 2044, at which time all principal is due. The note does not bear interest and is secured by a mortgage on the real and personal property.

During 2017, the Authority entered into a promissory note with Northwest Properties V, Ltd., in the amount of $3,500,000. The loan has a maturity date of May 6, 2045, and bears no interest. No payments are required on this loan until the maturity date, at which time all principal is due. The note is secured by a mortgage on the real and personal property.

During 2020, the Authority entered into a promissory note with Suncrest Court Redevelopment, LLC in the amount of $7,500,000. The loan has a maturity date of October 31, 2054, and bears interest at a rate of 3.0% per annum. Payments on principal and interest are due within 120 days of the fiscal year end of the borrower to the extent of available cash flow or proceeds of a capital transaction as defined in the operating agreement. Management has determined that interest is not likely to be paid and has recorded a full allowance against the accrued interest receivable. The note is secured by a mortgage on the real and personal property.

During 2019, the Authority loaned $2,355,000 to Sailboat Bend II, Ltd. as part of a construction loan agreement. During 2021, the loan was converted into a promissory note in the amount of $2,355,000. The loan has a maturity date of October 31, 2049, and bears interest at a rate equal to the Applicable Federal Rate for long-term debt, compounding annually. As of December 31, 2022, the Applicable Federal Rate was 1.90% and $29,830 of interest has been accrued. Payments on principal and interest are due within 120 days of the fiscal year end of the borrower to the extent of available cash flow. The note is secured by a mortgage on the real and personal property.

NOTE B - DETAILED NOTES (continued)

5. Unearned revenue - ground leases

A summary of changes in unearned revenue associated prepaid ground leases from the following entities as of December 31, 2022, is as follows:

	Balance at January 1, 2022	Additions	Reductions	Balance at December 31, 2022	Due within one year
Northwest Properties II, Ltd.	$ 1,843,441	$ -	$ (32,290)	$ 1,811,151	$ 32,290
Northwest Properties III, Ltd.	2,288,817	-	(42,385)	2,246,432	42,385
Northwest Properties IV, Ltd.	2,603,336	-	(58,650)	2,544,686	58,650
Northwest Properties V, Ltd.	2,064,616	-	(33,846)	2,030,770	33,846
Dr. Kennedy Homes, Ltd.	2,295,523	-	(42,510)	2,253,013	42,510
Suncrest Court Redevelopment, LLC.	1,000,000	-	(23,077)	976,923	23,077
Poinciana Crossing, Ltd.	1,950,000	-	(26,000)	1,924,000	26,000
Total ground leases	$ 14,045,733	$ -	$ (258,758)	$ 13,786,975	$ 258,758

The Authority entered into a 65-year ground lease on December 1, 2009 with Northwest Properties II, Ltd. The lease commenced on February 14, 2013, the date of the initial closing. The total lease revenue will be amortized over the term of the lease using the straight-line method. Upon expiration of the lease, all improvements to the property revert to the owner. Northwest Properties II, Ltd. is responsible for all real estate taxes and maintenance of any improvements during the term of the lease. The lease required a prepaid base rent to be paid in the amount of $3,200,000, however, per an agreement, the Authority must remit 37% of the ground lease received from Northwest Properties II, Ltd to HUD.

The Authority entered into a 65-year ground lease on April 30, 2009 with Northwest Properties III, Ltd. The lease commenced on December 10, 2010, the date of the construction loan closing. The total lease revenue will be amortized over the term of the lease using the straight-line method. Upon expiration of the lease, all improvements to the property revert to the owner. Northwest Properties III, Ltd. is responsible for all real estate taxes and maintenance of any improvements during the term of the lease. The lease required a prepaid base rent to be paid in the amount of $3,000,000.

The Authority entered into a 65-year ground lease on December 1, 2009 with Northwest Properties IV, Ltd. The lease commenced on February 14, 2013, the date of the initial closing. The total lease revenue will be amortized over the term of the lease using the straight-line method. Upon expiration of the lease, all improvements to the property revert to the owner. Northwest Properties IV, Ltd. is responsible for all real estate taxes and maintenance of any improvements during the term of the lease. The lease required a prepaid base rent to be paid in the amount of $3,450,000, however, per an agreement, the Authority must remit 15% of the ground lease received from Northwest Properties IV, Ltd to HUD.

NOTE B - DETAILED NOTES (continued)

5. Unearned revenue - ground leases (continued)

The Authority entered into a 65-year ground lease on February 8, 2016 with Northwest Properties V, Ltd. The lease commenced on February 8, 2016, the date of the initial closing. The total lease revenue will be amortized over the term of the lease using the straight-line method. Upon expiration of the lease, all improvements to the property revert to the owner. Northwest Properties V, Ltd. is responsible for all real estate taxes and maintenance of any improvements during the term of the lease. The lease required a prepaid base rent to be paid in the amount of $2,200,000.

The Authority entered into a 65-year ground lease on April 30, 2009 with Dr. Kennedy Homes, Ltd. The lease commenced on September 2, 2010, the date of the construction loan closing. The total lease revenue will be amortized over the term of the lease using the straight-line method. Upon expiration of the lease, all improvements to the property revert to the owner. Dr. Kennedy Homes, Ltd. is responsible for all real estate taxes and maintenance of any improvements during the term of the lease. The lease required a prepaid base rent to be paid in the amount of $2,766,735.

The Authority entered into a 65-year ground lease on October 31, 2019 with Suncrest Court Redevelopment, LLC. The lease is scheduled to commence in future years and will begin to be amortized over the term of the lease using the straight-line method. Upon expiration of the lease, all improvements to the property revert to the owner. Suncrest Court Redevelopment, LLC. is responsible for all real estate taxes and maintenance of any improvements during the term of the lease. The lease required a prepaid base rent to be paid in the amount of $1,000,000.

The Authority entered into a 75-year ground lease on October 8, 2020 with Poinciana Crossing, Ltd. The lease is scheduled to commence in future years and will begin to be amortized over the term of the lease using the straight-line method. Upon expiration of the lease, all improvements to the property revert to the owner. Poinciana Crossing, Ltd. is responsible for all real estate taxes and maintenance of any improvements during the term of the lease. The lease required a prepaid base rent to be paid in the amount of $1,950,000.

Of the amounts listed above, certain leases call for installment payments, but not all amounts have been received, and, in some cases, the lease payments are contingent on a future event. Any lease payments advanced are primarily reserved for the development of new projects. Reductions to ground leases are recorded as rental income. Certain amounts received may be due back to HUD and are being reflected as a current liability (see Note A-5-h).

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities

A summary of changes in noncurrent liabilities for the year ended December 31, 2022 is as follows:

	Payable at January 1, 2022, restated	Additions	Reductions	Payable at December 31, 2022	Due within one year
Long Term Debt					
Truist line of credit	$ 573,000	$ -	$ -	$ 573,000	$ 573,000
Truist loan	374,439	-	(21,978)	352,461	23,183
SBA loan payable	99,200	-	-	99,200	99,200
First mortgage - Northwest I	3,373,157	-	(51,355)	3,321,802	54,447
TCEP loan	5,773,625	-	(1,215,500)	4,558,125	1,215,500
County loan	300,000	-	(16,667)	283,333	16,667
HOME loan	250,000	-	-	250,000	-
First mortgage - Dixie I (refinanced)	2,175,706	-	(2,175,706)	-	-
First mortgage - Dixie I	-	4,946,200	(67,141)	4,879,059	137,318
SAIL loan	1,025,000	-	(1,025,000)	-	-
Rental recovery loan	5,346,305	-	-	5,346,305	-
First mortgage - Dixie III (refinanced)	1,638,645	-	(1,638,645)	-	-
First mortgage - Dixie III	-	3,720,000	(29,296)	3,690,704	90,235
FHFC loan	850,000	-	(850,000)	-	-
First mortgage - Federal Apartments	1,098,021	-	(84,427)	1,013,594	42,500
Second mortgage - Federal Apartments	3,083,025	-	-	3,083,025	-
Total Long term debt	25,960,123	8,666,200	(7,175,715)	27,450,608	2,252,050
FSS Escrow	653,456	267,727	(12,550)	908,633	33,774
Unearned revenues - ground leases	14,045,733	-	(258,758)	13,786,975	258,758
Unearned revenue - TCEP loan	7,786,793	1,215,500	(455,813)	8,546,480	-
Compensated absences	445,008	357,089	(369,724)	432,373	259,424
Total	$ 48,891,113	$ 10,506,516	$ (8,272,560)	$ 51,125,069	$ 2,804,006

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

a) Truist line of credit

In June 2011, the Authority entered into a line of credit with Truist Bank in the amount of $1,000,000. The line of credit bears interest at the bank's rate plus 0.25%, adjusted monthly. The maturity date is February 5, 2023 and is renewed annually. The line of credit may be used for the purchase and rehabilitation of property located in Fort Lauderdale, Florida and is secured by one of the Authority's business activity properties. The outstanding balance on the line of credit at December 31, 2022 was $573,000, with the entire balance classified as a current liability.

b) Truist loan

On December 17, 2019, the Authority refinanced the loan agreement with a bank in the amount of $415,609. The debt was issued with a fixed rate of 4.25% per annum with the payments calculated based on an amortization of 15 years with a balloon payment after 5 years and a maturity date of December 17, 2024. The mortgage is secured by the property. During 2022, the loan incurred interest of $15,461.

As of December 31, 2022, the future principal and interest maturities are as follows for the years ending December 31:

	Principal	Interest
2023	$ 23,183	$ 14,498
2024	329,278	13,494
	$ 352,461	$ 27,992

c) *SBA loan payable*

On June 16, 2020, the Authority applied for and received a new loan in the amount of $99,200 with the U.S Small Business Administration. The loan bears interest at 2.75% per annum. The proceeds may be used solely as working capital to alleviate economic injury caused by disasters occurring in the month of January 31, 2020 and continuing thereafter. The entire balance of the loan is presented as a current liability as it was paid off subsequent to year end.

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

d) First mortgage - Northwest Properties I, Ltd.

On December 28, 2018, Northwest Properties I, Ltd. refinanced its First Mortgage loan in the amount of $3,525,000. The loan bears interest at a rate of 5.78% and matures on December 28, 2028. Monthly installments of principal and interest of $20,638 are due with a balloon payment due upon maturity. During 2022, $196,303 of interest was incurred.

As of December 31, 2022, the future principal and interest maturities are as follows for the years ending December 31:

	Principal	Interest
2023	$ 54,447	$ 193,211
2024	57,178	190,480
2025	61,167	186,491
2026	64,849	182,809
2027	68,753	178,810
2028	3,015,408	175,365
	$ 3,321,802	$ 1,107,166

e) Tax Credit Exchange Program ("TCEP") loan

On June 3, 2010, Northwest Properties I, Ltd. applied for and received a loan in the original amount of $18,232,500, which was funded with tax credit exchange program ("TCEP") funds from the FHFC pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009 ("Section 1602"). Under Section 1602, state housing agencies can exchange allocations of low income housing tax credits ("LIHTC") which have been allocated to their state under Section 42 of the Internal Revenue Code (Section 42) for cash at a prescribed rate of up to $0.85 for each dollar of LIHTC. In turn, the state housing agencies can use Section 1602 funds to make forgivable loans to properties that qualify for LIHTC.

The loan does not bear interest and matures on June 3, 2025. Under the loan agreement, loan principal is forgiven annually at the rate of 6.67% over the 15 year IRS affordability and compliance monitoring extended use period. Forgiveness is subject to Northwest Properties I, Ltd. maintaining compliance with Section 42. Prior to being forgiven, the remaining outstanding portion of the loan is an amortizing loan and no principal payments are required as long as there are no instances of noncompliance by Northwest Properties I, Ltd. The annual forgiveness for 2022 was $1,215,500. The annual forgiveness amount is expected to be $1,215,500 over the remaining compliance period. The loan agreement provides a security interest in the rental property.

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

e) Tax Credit Exchange Program ("TCEP") loan (continued)

Loan proceeds funded with Section 1602 program funds are intended to assist with the payment of development costs of LIHTC properties. In exchange for the funds received, Northwest Properties I, Ltd. has agreed to operate the property in accordance with Section 42. Portions of the loan which have been forgiven are considered government grant assistance related to assets. Northwest Properties I, Ltd. has recorded the portions of the loan which have been forgiven as an unearned liability which will be recognized as income based on the total amount of the loan expected to be forgiven amortized on a straight line basis over the 40 year depreciable life of the buildings and improvements. The unearned liability is $8,546,480 at December 31, 2022, and is presented as unearned revenue TCEP loan on the accompanying Statement of Net Position.

Debt forgiveness income recognized in 2022 was $455,813 and is included in debt relief income. The annual income amount over the remaining life of the building is expected to be $455,813.

As of December 31, 2022, the future principal maturities are as follows for the years ending December 31:

	Principal
2023	$ 1,215,500
2024	1,215,500
2025	2,127,125
	$ 4,558,125

f) County loan

On June 3, 2010, Northwest Properties I, Ltd. has a loan agreement with Broward County (the "County") for $500,000. The County loan has a 30-year term and bears no interest. Under the loan agreement loan principal is forgiven annually at the rate of 3.34% over the 30 year period. Forgiveness is subject to Northwest Properties I, Ltd. maintaining compliance with the Affordable Housing Program Funding Agreement. Prior to being forgiven, the remaining outstanding portion of the loan is an amortizing loan and no principal payments are required as long as there are no instances of noncompliance by Northwest Properties I, Ltd. The annual forgiveness amount for 2022 was $16,667. The annual forgiveness amount is expected to be $16,667 for the compliance period.

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

f) County loan (continued)

As of December 31, 2022, the future principal maturities are as follows for the years ending December 31:

	Principal
2023	$ 16,667
2024	16,667
2025	16,667
2026	16,667
2027	16,667
2028-2032	83,335
2033-2037	83,335
2037-2039	33,328
	$ 283,333

g) HOME loan

Northwest Properties I, Ltd. has a loan agreement with the County for $250,000. The County loan has a 30-year term and bears no interest. No payments are due on the loan until maturity. The loan will mature on September 30, 2041. The loan is secured by the land and improvements, personal property, rents and income of the property.

h) First mortgage - Dixie Court Associates, Ltd.

Dixie I had previously entered into a construction loan, converted to a permanent loan on October 30, 2009, with PNC Real Estate on December 3, 2007, in the amount of $2,650,000. Interest accrued at a rate of 7.15%. The loan was amortized over a 30 year period and had a term of 15 years. Principal and interest were payable by the Partnership in equal monthly installments of $17,773 with a balloon payment due at the end of the term. The loan was collateralized by a first deed of trust on the Partnership's real property. At December 31, 2021 the outstanding principal balance was $2,175,706. For the year ended December 31, 2022, interest incurred and paid was $72,112.

In 2022, Dixie I refinanced its First Mortgage loan with PNC Real Estate in the amount of $4,946,200. The loan bears interest at a rate of 2.98% and matures on June 1, 2047 with monthly installments of principal and interest of $23,404. During 2022, the loan incurred interest of $73,283.

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

h) First mortgage - Dixie Court Associates, Ltd. (continued)

As of December 31, 2022, the future principal maturities are as follows for the years ending December 31:

	Principal	Interest
2023	$ 137,318	$ 143,530
2024	141,466	139,382
2025	145,740	135,108
2026	150,143	130,705
2027	154,679	126,170
2028-2032	846,375	557,866
2033-2037	982,183	422,058
2038-2042	1,139,783	264,458
2043-2047	1,181,372	82,445
	$ 4,879,059	$ 2,001,722

i) SAIL loan

Dixie I entered into a loan agreement on December 3, 2007 with Florida Housing Finance Corporation ("FHFC") under the State Apartment Incentive Loan ("SAIL") program in the amount of $1,025,000. The loan bears interest at a rate of 3% and is payable annually based on cash flows, as defined. Unpaid principal and interest are due at maturity on December 1, 2024. The loan is collateralized by a second deed of trust on the Partnership's real property. For the year ended December 31, 2022, the loan incurred interest of $19,642. This loan and related interest was fully paid during 2022 with the Dixie I first mortgage refinance.

j) Rental recovery loan

Dixie II has a loan through the Rental Recovery Loan Program (the "RRLP") with the Florida Housing Finance Corporation dated February 21, 2008 in the original amount not to exceed $5,346,305. The loan consists of a base loan in the amount of $4,871,305 and a supplemental loan in the amount of $475,000. The base loan is further split into an Extremely Low-Income ("ELI") portion in the amount of $1,022,974 and a non-ELI portion in the amount of $3,848,331. The supplemental loan and ELI portion of the base loan bear no interest. The non-ELI portion of the base loan bears interest at an annual interest rate of 1%. The base loan matures on February 21, 2058 and the supplemental loan matures on February 21, 2028. The supplemental loan shall be automatically extended an additional thirty years if the ELI units funded by the loan remain targeted to ELI households for the initial 20 year period.

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

j) Rental recovery loan (continued)

The entire unpaid principal amounts along with all accrued and unpaid interest shall be due and payable on the maturity dates. No principal amounts are due prior to maturity. For year ended December 31, 2022, interest incurred was $38,483.

The liability of the Partnership under the mortgages is limited to the underlying value of the real estate collateral, improvements, easements of other interests, assignment of rents, assignment of leases, and personal property.

As of December 31, 2022, the future principal maturities are as follows for the years ending December 31:

	Principal	Interest
2023	$ -	$ 38,483
2024	-	38,483
2025	-	38,483
2026	-	38,483
2027	-	38,483
2028-2032	-	192,417
2033-2037	-	192,417
2038-2042	-	192,417
2043-2047	-	192,417
2048-2052	-	192,417
2053-2057	-	192,417
2058	5,346,305	38,484
	$ 5,346,305	$ 1,385,401

k) First mortgage - Dixie Court III, Ltd

Dixie III entered into a loan agreement on October 22, 2010 with Bank of America in the amount of $1,940,000. The loan had an interest rate of 7.2% per annum. The term of the loan was 30 years, maturing on November 1, 2040. Principal and interest were payable by the Partnership in annual installments of $158,000. The loan was collateralized by a first deed of trust on the Partnership's real property. For the year ended December 31, 2022, interest expense of $75,387 was incurred. As of December 31, 2022, the outstanding balance on the loan was $1,638,645. This loan was refinanced with a new first mortgage loan in 2022.

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

k) First mortgage - Dixie Court III, Ltd (continued)

In 2022 the Dixie III refinanced its First Mortgage loan with PNC Real Estate in the amount of $3,720,000. The loan bears interest at a rate of 3.95% and matures on August 1, 2047 with monthly installments of principal and interest of $19,533. During 2022, the loan incurred interest of $48,836.

As of December 31, 2022, the future principal maturities are as follows for the years ending December 31:

	Principal	Interest
2023	$ 90,235	$ 144,161
2024	93,864	140,531
2025	97,640	136,756
2026	101,567	132,828
2027	105,653	128,743
2028-2032	595,532	576,447
2033-2037	725,333	446,646
2038-2042	883,425	288,554
2043-2047	997,455	96,391
	$ 3,690,704	$ 2,091,057

l) FHFC loan

Dixie III entered into a loan agreement on December 31, 2008 with Florida Housing Finance Corporation for an original amount of $850,000. The non-interest bearing loan had a term of 15 years with an automatic extension for an additional 35 years, provided that the units for which the loan was awarded remain targeted to extremely low income households. The loan was secured by a second mortgage lien on the development and all collateral pledged in connection with the loan. As of December 31, 2021, the outstanding balance on the loan was $850,000. This loan was refinanced with the new first mortgage loan in 2022.

NOTE B - DETAILED NOTES (continued)

6. Noncurrent liabilities (continued)

m) First mortgage - Federal Apartments

On December 2, 2021, the Authority purchased Federal Apartments for $6,200,000. As part of the purchase, the Authority was assigned a first mortgage note with Red Mortgage Capital, LLC in the amount of $1,098,021. The loan bears interest at a rate of 2.33% per annum and has a maturity date of November 1, 2041. Principal and interest are payable in equal monthly installments of $5,506. The mortgage is secured by the property of Federal Apartments.

As of December 31, 2022, the future principal maturities are as follows for the years ending December 31:

	Principal	Interest
2023	$ 42,500	$ 23,574
2024	44,010	22,064
2025	45,047	21,028
2026	46,108	19,967
2027	47,194	18,881
2028-2032	247,347	83,027
2033-2037	277,877	52,497
2038-2041	263,511	18,198
	$ 1,013,594	$ 259,236

n) Second mortgage - Federal Apartments

As part of the purchase of Federal Apartments, the Authority was assigned the second mortgage, a HUD loan, in the amount of $3,083,025. Annually, the Authority is required to pay 75% of the surplus cash of Federal Apartments, as calculated in their audited financial statements, to HUD as payments on the note. Payments are to be made ten days after the financial statements are due to HUD. The payments are applied first to accrued interest and then to outstanding principal. The remaining unpaid principal and accrued interest, if any, are due and payable on March 1, 2035.

NOTE B - DETAILED NOTES (continued)

7. Pension plan

The Authority provides pension benefits for all of its full time regular employees through a defined contribution plan. During 2020, the Authority procured One Digital Retirement Services as the Investment Advisor and Empower Retirement as the recordkeeper of the plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Board is authorized to establish and amend plan benefits. Full-time employees are eligible to participate after six months of service. The Authority contributes 10% of the employee's base salary. The Authority's contributions for each employee (and investment earnings allocated to the employee's account) are fully vested after 5 years. Authority contributions for, and interest forfeited by, employees who leave employment before vesting are used to reduce the Authority's current-period contribution requirement. The Authority also contributes an additional 26% under a separate executive compensation plans. The amounts contributed by the Authority for the regular pension plan and the executive pension plans for the year ended December 31, 2022 were $458,274 and $62,510, respectively. The Authority recognized pension expense of $543,888, which includes forfeitures totaling $23,103.

8. Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of the Authority's risk management program, certain commercial insurance policies are purchased, and the Authority participates in an insurance pool and a risk retention group for property insurance and workers compensations. The insurance pool and risk retention group are reinsured through other reinsurance companies and are not retrospectively rated and do not pass on risk of loss to participants.

There were no significant reductions of insurance coverage from the prior years and actual settlements did not exceed insurance coverage for each of the past three years.

NOTE B - DETAILED NOTES (continued)

9. Commitments and contingencies

   a. *Legal*

      The Authority, including blended component units, is party to various pending or threatened legal actions arising in the normal course of operations. Although the outcome of these actions is not presently determinable, it is the Authority's opinion that any ultimate liability is not expected to have a material adverse effect on the Authority's financial position.

   b. *Grants and contracts*

      The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. As of the date of this report, management is not aware of any such examinations.

   c. *Guarantees*

      During 2014, the Authority established a blended component unit, HEF-Guarantor, LLC, which holds a guarantee of $2,000,000 for all applicable general partners for all tax credit partnerships. At this time, the Authority does not anticipate having to fulfill this obligation.

10. Concentrations

For the year ended December 31, 2022, approximately 77% of revenues are received from HUD and approximately 78% of receivables are due from related parties.

The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes. In addition, any excess reserves may reduce future funding levels and possibly be subject to recapture.

NOTE B - DETAILED NOTES (continued)

11. Financial data schedule

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The schedule's format presents certain operating items as non-operating such as depreciation expense, housing assistance payments and extraordinary maintenance expense. In addition, the schedule's format includes non-operating items as operating such as investment revenue, HUD capital grants revenue, gains and losses on the disposal of capital assets and interest expense. Furthermore, the schedule reflects tenant revenue and bad debt expense separately.

12. Subsequent events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through August 16, 2023, the date the financial statements were available to be issued and has determined that no additional material events occurred that would require disclosure as except as disclosed below.

a) SBA loan

Subsequent to year end, the loan of $99,200 with the U.S Small Business Administration was paid off (see Note B-6-c).

b) HEF-Federal Apartments

On July 19, 2023, the Authority reached an agreement to sell HEF-Federal Apartments. The closing date for the sale is currently scheduled for January 24, 2024.

NOTE B - DETAILED NOTES (continued)

13. Condensed blended component unit information

Condensed component unit information for the Authority's blended component units as listed in Note A-1 is presented below. Any entities listed in Note A-1 that are not reflected below incurred no activity as of December 31, 2022.

Condensed Statement of Net Position

	HEFL and Subsidiaries	HEF-Guarantor, LLC	Total Blended Component Units
ASSETS			
Current assets	$ 12,460,453	$ 2,120,325	$ 14,580,778
Capital assets, net	39,036,674	-	39,036,674
Other noncurrent assets	6,553,902	-	6,553,902
Total assets	58,051,029	2,120,325	60,171,354
LIABILITIES			
CURRENT LIABILITIES			
Current liabilities	4,051,546	1,140	4,052,686
Noncurrent liabilities	36,022,414	-	36,022,414
Total liabilities	40,073,960	1,140	40,075,100
NET POSITION			
Net investment in capital assets	12,610,727	-	12,610,727
Restricted	4,550,524	2,000,000	6,550,524
Unrestricted	815,818	119,185	935,003
Total net position	$ 17,977,069	$ 2,119,185	$ 20,096,254

NOTE B - DETAILED NOTES (continued)

13. Condensed blended component unit information (continued)

Condensed Statement of Revenues, Expenses and Changes in Net Position

	HEFL and Subsidiaries	HEF-Guarantor, LLC	Total Blended Component Units
OPERATING REVENUES			
Tenant revenue, net	$ 6,638,219	$ -	$ 6,638,219
Other operating revenue	2,626,476	-	2,626,476
Total operating revenues	9,264,695	-	9,264,695
OPERATING EXPENSES			
Depreciation	1,713,772	-	1,713,772
Other operating expenses	8,887,513	145	8,887,658
Total operating expenses	10,601,285	145	10,601,430
OPERATING LOSS	(1,336,590)	(145)	(1,336,735)
NONOPERATING REVENUES (EXPENSES)			
Gain on sale of capital assets	1,598,123	-	1,598,123
Interest income	1,335	27,102	28,437
Interest expense	(674,566)	-	(674,566)
Total nonoperating revenues (expenses)	924,892	27,102	951,994
Change in net position	(411,698)	26,957	(384,741)
Total net position - beginning	18,388,767	92,228	18,480,995
Equity transfer in	-	2,000,000	2,000,000
Total net position - ending	$ 17,977,069	$ 2,119,185	$ 20,096,254

NOTE B - DETAILED NOTES (continued)

13. Condensed blended component unit information (continued)

Condensed Statement of Cash Flows

	HEFL and Subsidiaries	HEF-Guarantor, LLC	Total Blended Component Units
NET CASH PROVIDED BY (USED IN):			
Operating activities	$ (338,609)	$ (26,061)	$ (364,670)
Capital and related financing activities	5,004,975	-	5,004,975
Investing activities	(673,231)	27,102	(646,129)
NET INCREASE IN CASH	3,993,135	1,041	3,994,176
Cash at beginning of year	7,127,595	2,119,284	9,246,879
Cash at end of year	$ 11,120,730	$ 2,120,325	$ 13,241,055

SUPPLEMENTARY INFORMATION

Housing Authority of the City of Fort Lauderdale, Florida

FINANCIAL DATA SCHEDULE

For the year ended December 31, 2022

PHA: FL010 FYED: 12/31/2022

Line Item No.	Account Description	Sunnyreach AMP 7 Operating 14.850	Sunnyreach AMP 7 Capital 14.872	Total AMPS 14.850/14.872	Business Activities (Affordable Housing)	Mainstream Vouchers 14.879	Family Self-Sufficiency Program 14.896	Housing Choice Voucher Program 14.871	Emergency Housing Vouchers 14.EHV	Blended Component Units	Eliminations	Total Primary Government
111	Cash - Unrestricted	3,319,705	-	3,319,705	3,102,070	-	5,835	2,947,113	367,073	6,422,750	-	16,164,546
113	Cash - other restricted	-	-	-	-	134,374	-	1,014,794	-	6,550,524	-	7,699,692
114	Cash - Tenant Security Deposits	12,166	-	12,166	85,458	-	-	-	-	267,781	-	365,405
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-	33,774	-	-	-	33,774
100	Total Cash	3,331,871	-	3,331,871	3,187,528	134,374	5,835	3,995,681	367,073	13,241,055	-	24,263,417
121	Accounts Receivable - PHA Projects	-	-	-	-	1,287	-	-	-	-	-	1,287
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	11,250	-	-	-	-	11,250
125	Accounts Receivable - Miscellaneous	-	-	-	1,209,731	-	-	4,936	-	1,132,837	-	2,347,504
126	Accounts Receivable - Tenants - Dwelling Rents	6,045	-	6,045	67,649	-	-	-	-	164,128	-	237,822
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(604)	-	(604)	(1,229)	-	-	-	-	(77,993)	-	(79,826)
128	Fraud recovery	-	-	-	-	-	-	351,367	-	-	-	351,367
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	(170,000)	-	-	-	(170,000)
120	Total Receivables, net of allowances for doubtful accounts	5,441	-	5,441	1,305,981	1,287	11,250	186,303	-	1,218,972	-	2,729,234
142	Prepaid Expenses and Other Assets	5,732	-	5,732	60,330	-	-	7,422	-	120,751	-	194,235
143	Inventories	-	-	-	49,205	-	-	-	-	-	-	49,205
143.1	Allowance for Obsolete Inventories	-	-	-	(1,567)	-	-	-	-	-	-	(1,567)
144	Interprogram due from	-	-	-	1,746,287	-	-	84,887	-	-	(1,831,174)	-
150	Total Current Assets	3,343,044	-	3,343,044	6,347,764	135,661	17,085	4,274,293	367,073	14,580,778	(1,831,174)	27,234,524
161	Land	999,756	-	999,756	6,889,022	-	-	-	-	6,251,616	-	14,140,394
162	Buildings	3,003,050	-	3,003,050	12,278,240	-	-	-	-	52,267,621	-	67,548,911
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-	-	6,263,579	-	6,263,579
164	Furniture, Equipment & Machinery - Administration	176,567	-	176,567	592,018	-	-	260,512	-	12,868	-	1,041,965
165	Leasehold Improvements	6,319,864	-	6,319,864	596,351	-	-	-	-	437,330	-	7,353,545
166	Accumulated Depreciation	(7,515,258)	-	(7,515,258)	(5,574,284)	-	-	(212,964)	-	(26,196,340)	-	(39,498,846)
160	Total Fixed Assets, Net of Accumulated Depreciation	2,983,979	-	2,983,979	14,781,347	-	-	47,548	-	39,036,674	-	56,849,548
171	Notes, loans, and mortgages receivable - Noncurrent	-	-	-	14,907,759	-	-	-	-	2,092,562	(2,565,321)	14,435,000
174	Other Assets	-	-	-	-	-	-	-	-	2,940,999	(2,329,737)	611,262
176	Investment in joint ventures	69,344	-	69,344	-	-	-	-	-	1,520,341	-	1,589,685
180	Total Non-Current Assets	3,053,323	-	3,053,323	29,689,106	-	-	47,548	-	45,590,576	(4,895,058)	73,485,495
190	**Total Assets**	**6,396,367**	**-**	**6,396,367**	**36,036,870**	**135,661**	**17,085**	**4,321,841**	**367,073**	**60,171,354**	**(6,726,232)**	**100,720,019**

See independent auditor's report.

FINANCIAL DATA SCHEDULE

For the year ended December 31, 2022

PHA: FL010 FYED: 12/31/2022

Line Item No.	Account Description	Sunnyreach AMP 7 Operating 14.850	Sunnyreach AMP 7 Capital 14.872	Total AMPS 14.850/14.872	Business Activities (Affordable Housing)	Mainstream Vouchers 14.879	Family Self-Sufficiency Program 14.896	Housing Choice Voucher Program 14.871	Emergency Housing Vouchers 14.EHV	Blended Component Units	Eliminations	Total Primary Government
312	Accounts Payable <= 90 Days	9,221	-	9,221	426,541	58	7,781	602,720	9,365	156,662	-	1,212,348
313	Accounts Payable >90 Days Past Due	-	-	-	15,850	-	-	-	-	3,339	-	19,189
321	Accrued Wage/Payroll Taxes Payable	-	-	-	37,626	-	-	22,943	-	23,946	-	84,515
322	Accrued Compensated Absences	-	-	-	169,463	-	-	27,962	-	61,999	-	259,424
325	Accrued interest payable	-	-	-	-	-	-	-	-	69,313	-	69,313
331	Accounts Payable - HUD PHA Programs	-	-	-	1,597,500	-	-	-	-	-	-	1,597,500
341	Tenant Security Deposits	12,166	-	12,166	85,458	-	-	-	-	267,781	-	365,405
342	Unearned Revenues	-	-	-	309,146	-	-	-	-	42,235	(45,724)	305,657
343	Current portion of L-T debt - capital projects	-	-	-	23,183	-	-	-	-	1,556,667	-	1,579,850
344	Current portion of L-T debt - operating borrowings	-	-	-	573,000	-	-	-	-	99,200	-	672,200
345	Other current liabilities	-	-	-	68,757	-	-	33,774	-	-	-	102,531
346	Accrued liabilities - other	54,843	-	54,843	-	-	-	-	-	27,260	-	82,103
347	Interprogram due to	2,003	-	2,003	-	63,813	9,304	-	11,770	1,744,284	(1,831,174)	-
310	Total Current Liabilities	78,233	-	78,233	3,306,524	63,871	17,085	687,399	21,135	4,052,686	(1,876,898)	6,350,035
351	Long-term debt, net of current - capital projects	-	-	-	329,278	-	-	-	-	24,869,280	-	25,198,558
352	Long-Term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-	2,565,321	(2,565,321)	-
353	Noncurrent Liabilities - Other	-	-	-	15,812,230	-	-	874,859	-	8,546,480	(2,284,013)	22,949,556
354	Accrued compensated Absences - Non Current	-	-	-	112,975	-	-	18,641	-	41,333	-	172,949
350	Total Noncurrent Liabilities	-	-	-	16,254,483	-	-	893,500	-	36,022,414	(4,849,334)	48,321,063
300	Total Liabilities	78,233	-	78,233	19,561,007	63,871	17,085	1,580,899	21,135	40,075,100	(6,726,232)	54,671,098
508.4	Net Investment in Capital Assets	2,983,979	-	2,983,979	14,428,886	-	-	47,548	-	12,610,727	-	30,071,140
511.4	Restricted Net Position	-	-	-	-	134,374	-	139,935	-	6,550,524	-	6,824,833
512.4	Unrestricted Net Position	3,334,155	-	3,334,155	2,046,977	(62,584)	-	2,553,459	345,938	935,003	-	9,152,948
513	Total Equity	6,318,134	-	6,318,134	16,475,863	71,790	-	2,740,942	345,938	20,096,254	-	46,048,921
600	**Total Liabilities and Equity**	**6,396,367**	**-**	**6,396,367**	**36,036,870**	**135,661**	**17,085**	**4,321,841**	**367,073**	**60,171,354**	**(6,726,232)**	**100,720,019**

Housing Authority of the City of Fort Lauderdale, Florida

FINANCIAL DATA SCHEDULE

For the year ended December 31, 2022

PHA: FL010 FYED: 12/31/2022

Line Item No.	Account Description	Sunnyreach AMP 7 Operating 14.850	Sunnyreach AMP 7 Capital 14.872	Total AMPS 14.850/14.872	Business Activities (Affordable Housing)	Mainstream Vouchers 14.879	Family Self-Sufficiency Program 14.896	Housing Choice Voucher Program 14.871	Emergency Housing Vouchers 14.EHV	Blended Component Units	Eliminations	Total Primary Government
70300	Net Tenant Rental Revenue	117,370	-	117,370	1,131,910	-	-	-	-	6,586,747	-	7,836,027
70400	Tenant Revenue - Other	1,215	-	1,215	30,046	-	-	-	-	109,746	-	141,007
70500	Total Tenant Revenue	118,585	-	118,585	1,161,956	-	-	-	-	6,696,493	-	7,977,034
70600	HUD PHA Grants	123,697	73,854	197,551	-	707,463	135,000	38,972,884	445,984	-	-	40,458,882
70610	HUD PHA Capital Grants	-	-	-	-	-	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-	-	1,069,813	(348,176)	721,637
70750	Other Fees	-	-	-	53,162	-	-	-	-	-	(53,162)	-
70800	Other government grants	-	-	-	25,725	-	-	-	-	-	-	25,725
71100	Investment Income - Unrestricted	-	-	-	132	-	-	-	-	27,104	-	27,236
71400	Fraud recovery	-	-	-	-	-	-	141,812	-	-	-	141,812
71500	Other revenue	800	-	800	2,740,564	-	-	44,024	-	1,556,663	(1,719,419)	2,622,632
71600	Gain/Loss on Sale of Fixed Assets	-	-	-	122,929	-	-	-	-	1,598,123	-	1,721,052
72000	Investment income - restricted	-	-	-	-	-	-	-	-	1,333	-	1,333
70000	**Total Revenue**	**243,082**	**73,854**	**316,936**	**4,374,194**	**707,463**	**135,000**	**39,158,720**	**445,984**	**10,949,529**	**(2,120,757)**	**53,967,069**
91100	Administrative Salaries	22,533	-	22,533	1,239,891	22,943	98,097	1,037,255	22,943	666,517	-	3,110,179
91200	Auditing Fees	4,300	-	4,300	6,721	-	-	21,700	-	105,500	-	138,221
91300	Management Fee	-	-	-	-	-	-	-	-	1,081,738	(1,081,738)	-
91400	Advertising and Marketing	-	-	-	309	-	-	-	-	3,515	-	3,824
91500	Employee Benefit Contributions - Administrative	1,724	-	1,724	438,187	3,681	36,903	345,004	3,677	246,289	-	1,075,465
91600	Office Expenses	3,208	-	3,208	118,132	-	-	209,586	-	129,113	-	460,039
91700	Legal Expenses	-	-	-	8,799	-	-	9,812	-	127,022	-	145,633
91800	Travel	-	-	-	7,121	-	-	779	-	722	-	8,622
91900	Other Administrative Expenses	25,212	-	25,212	79,157	1,889	-	944,381	30,086	83,730	(964,315)	200,140
92400	Tenant Services - Other	725	-	725	-	-	-	-	-	14,058	-	14,783
93100	Water	13,299	-	13,299	188,688	-	-	-	-	492,324	-	694,311
93200	Electricity	503	-	503	36,811	-	-	-	-	104,367	-	141,681
93600	Sewer	14,365	-	14,365	-	-	-	-	-	47,670	-	62,035
94100	Ordinary Maintenance and Operations - Labor	-	-	-	525,043	-	-	-	-	338,999	-	864,042
94200	OMO - Materials and Other	14,917	-	14,917	296,252	-	-	6,970	-	201,651	-	519,790
94300	Ordinary Maintenance and Operations - Contract Costs	9,260	-	9,260	327,588	-	-	6,546	-	1,049,494	-	1,392,888
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	173,547	-	-	-	-	119,546	-	293,093

See independent auditor's report.

Housing Authority of the City of Fort Lauderdale, Florida

FINANCIAL DATA SCHEDULE

For the year ended December 31, 2022

PHA: FL010 FYED: 12/31/2022

Line Item No.	Account Description	Sunnyreach AMP 7 Operating 14.850	Sunnyreach AMP 7 Capital 14.872	Total AMPS 14.850/14.872	Business Activities (Affordable Housing)	Mainstream Vouchers 14.879	Family Self-Sufficiency Program 14.896	Housing Choice Voucher Program 14.871	Emergency Housing Vouchers 14.EHV	Blended Component Units	Eliminations	Total Primary Government
95200	Protective Services - Other Contract Costs	1,529	-	1,529	1,812	-	-	-	-	341,842	-	345,183
95300	Protective Services - Other	-	-	-	29,270	-	-	-	-	12,322	-	41,592
96110	Property Insurance	18,429	-	18,429	50,031	-	-	-	-	369,472	-	437,932
96120	Liability Insurance	6,384	-	6,384	17,318	-	-	17,831	-	130,789	-	172,322
96130	Workmen's Compensation	2,313	-	2,313	55,029	-	-	29,314	-	7,311	-	93,967
96140	All Other Insurance	3,148	-	3,148	15,937	-	-	2,467	-	46,688	-	68,240
96200	Other General Expenses	17,821	-	17,821	110,110	-	-	459,644	-	2,804,185	(74,704)	3,317,056
96210	Compensated Absences	-	-	-	133,572	-	-	74,762	-	148,755	-	357,089
96300	Payments in Lieu of Taxes	1,626	-	1,626	9,101	-	-	-	-	97,593	-	108,320
96400	Bad Debt - Tenant Rents	2,037	-	2,037	-	-	-	-	-	58,274	-	60,311
96600	Bad Debt - Other	-	-	-	239,896	-	-	85,000	-	71,032	-	395,928
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	15,703	-	-	-	-	583,069	-	598,772
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	28,828	-	-	-	-	15,895	-	44,723
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	75,602	-	75,602
96900	Total Operating Expenses	163,333	-	163,333	4,152,853	28,513	135,000	3,251,051	56,706	9,575,084	(2,120,757)	15,241,783
97000	Excess Operating Revenue over Operating Expenses	79,749	73,854	153,603	221,341	678,950	-	35,907,669	389,278	1,374,445	-	38,725,286
97100	Extraordinary Maintenance	4,176	-	4,176	43,462	-	-	6,588	-	45,414	-	99,640
97300	Housing Assistance Payments	-	-	-	-	616,258	-	35,492,745	562,423	-	-	36,671,426
97350	HAP Portability-in	-	-	-	-	-	-	40,488	-	-	-	40,488
97400	Depreciation Expense	381,729	-	381,729	373,526	-	-	22,839	-	1,713,772	-	2,491,866
90000	Total Expenses	549,238	-	549,238	4,569,841	644,771	135,000	38,813,711	619,129	11,334,270	(2,120,757)	54,545,203
10010	Operating transfers in	73,854	-	73,854	-	-	-	-	-	-	(73,854)	-
10020	Operating transfers out	-	(73,854)	(73,854)	-	-	-	-	-	-	73,854	-
10100	Total other financing sources (Uses)	73,854	(73,854)	-	-	-	-	-	-	-	-	-
10000	**Excess (deficiency) of total revenue over (under) total expenses**	**(232,302)**	**-**	**(232,302)**	**(195,647)**	**62,692**	**-**	**345,009**	**(173,145)**	**(384,741)**	**-**	**(578,134)**
11020	Required Annual Debt Principal Payments	-	-	-	-	-	-	-	-	-	-	-
11030	Beginning Equity	6,550,436	-	6,550,436	18,671,510	9,098	-	2,395,933	519,083	18,480,995	-	46,627,055
11040	Prior Period Adjustments, Equity transfer and correction of errors	-	-	-	(2,000,000)	-	-	-	-	2,000,000	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	2,601,007	-	-	-	2,601,007
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	139,935	-	-	-	139,935
11190	Unit Months Available	348	-	348	1,536	792	-	39,522	876	5,016	-	48,090
11210	Number of Unit Months Leased	332	-	332	1,458	554	-	34,677	507	4,862	-	42,390
11270	Excess Cash	3,245,468	-	3,245,468	-	-	-	-	-	-	-	3,245,468

Housing Authority of the City of Fort Lauderdale, Florida

SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES

For the year ended December 31, 2022

		CFP
PROGRAM		501-22
BUDGET	$	73,854
ADVANCES		
Cash receipts - prior years	$	-
Cash receipts - current year		73,854
Cumulative as of December 31, 2022		73,854
COSTS		
Prior years		-
Current year		73,854
Cumulative as of December 31, 2022		73,854
RECEIVABLES DUE FROM HUD	$	-
SOFT COSTS		
Prior years	$	-
Current year		73,854
Cumulative as of December 31, 2022		73,854
HARD COSTS		
Prior years		-
Current year		-
Cumulative as of December 31, 2022		-
CUMULATIVE HARD AND SOFT COSTS	$	73,854

See independent auditor's report.

SINGLE AUDIT SECTION

Housing Authority of the City of Fort Lauderdale, Florida

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND LOCAL ASSISTANCE

For the year ended December 31, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number		Expenditures
FEDERAL AWARDS			
Direct from the U.S. Department of Housing and Urban Development:			
Public and Indian Housing	14.850		$ 123,697
Housing Voucher Cluster:			
Housing Choice Voucher Program	14.871	$ 38,972,884	
Emergency Housing Vouchers	14.871	445,984	
Mainstream Vouchers	14.879	707,463	
Subtotal Housing Voucher Cluster			40,126,331
Public Housing Capital Fund Program	14.872		73,854
Family Self-Sufficiency Program	14.896		135,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			40,458,882
Partnership Agreement with the School Board of Broward County, Florida	N/A		25,725
TOTAL EXPENDITURES OF FEDERAL AWARDS AND LOCAL ASSISTANCE			$ 40,484,607

Note A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and local assistance includes the federal grant activity of the Housing Authority of the City of Fort Lauderdale, Florida and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations *(CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

In accordance with HUD regulations, HUD considers the Annual Budget Authority for the Section 8 Housing Choice Voucher Program ("HCV"), AL No. 14.871, to be an expenditure for the purposes of this schedule. Therefore, the amount in this schedule is the total amount received directly from HUD and not the expenditures paid by the Authority.

Note B: INDIRECT COST RATE

The Authority did not elect to use the 10-percent de minimis indirect cost rate.

Note C: SUB-RECIPIENTS

During the year ended December 31, 2022, the Authority had no sub-recipients.

Note D: NONCASH ASSISTANCE AND OTHER

The Authority did not receive any noncash assistance, federal loans, or federally funded insurance during the year ended December 31, 2022.

INDEPENDENT AUDITOR'S 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*

Board of Commissioners
Housing Authority of the City of Fort Lauderdale, Florida
Fort Lauderdale, 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 statements of the business-type activities of the Housing Authority of the City of Fort Lauderdale, Florida (the "Authority"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 21, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 Authority'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 Authority's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

August 16, 2023
Melbourne, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Housing Authority of the City of Fort Lauderdale, Florida
Fort Lauderdale, Florida

Report on Compliance for The Major Federal Program

Opinion on The Major Federal Program

We have audited the Housing Authority of the City of Fort Lauderdale's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2022.

Basis for Opinion on The Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

August 16, 2023
Melbourne, Florida

Housing Authority of the City of Fort Lauderdale, Florida

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2022

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:
Material weakness identified? **No**
Significant deficiency identified? **None Reported**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:
Material weakness identified? **No**
Significant deficiency identified? **None Reported**

Type of auditor's report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **No**

The program tested as a major program is as follows:

Housing Voucher Cluster

The threshold for distinguishing types A and B programs was **$1,213,766**

Did the auditee qualify as a low-risk auditee? **Yes**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None.