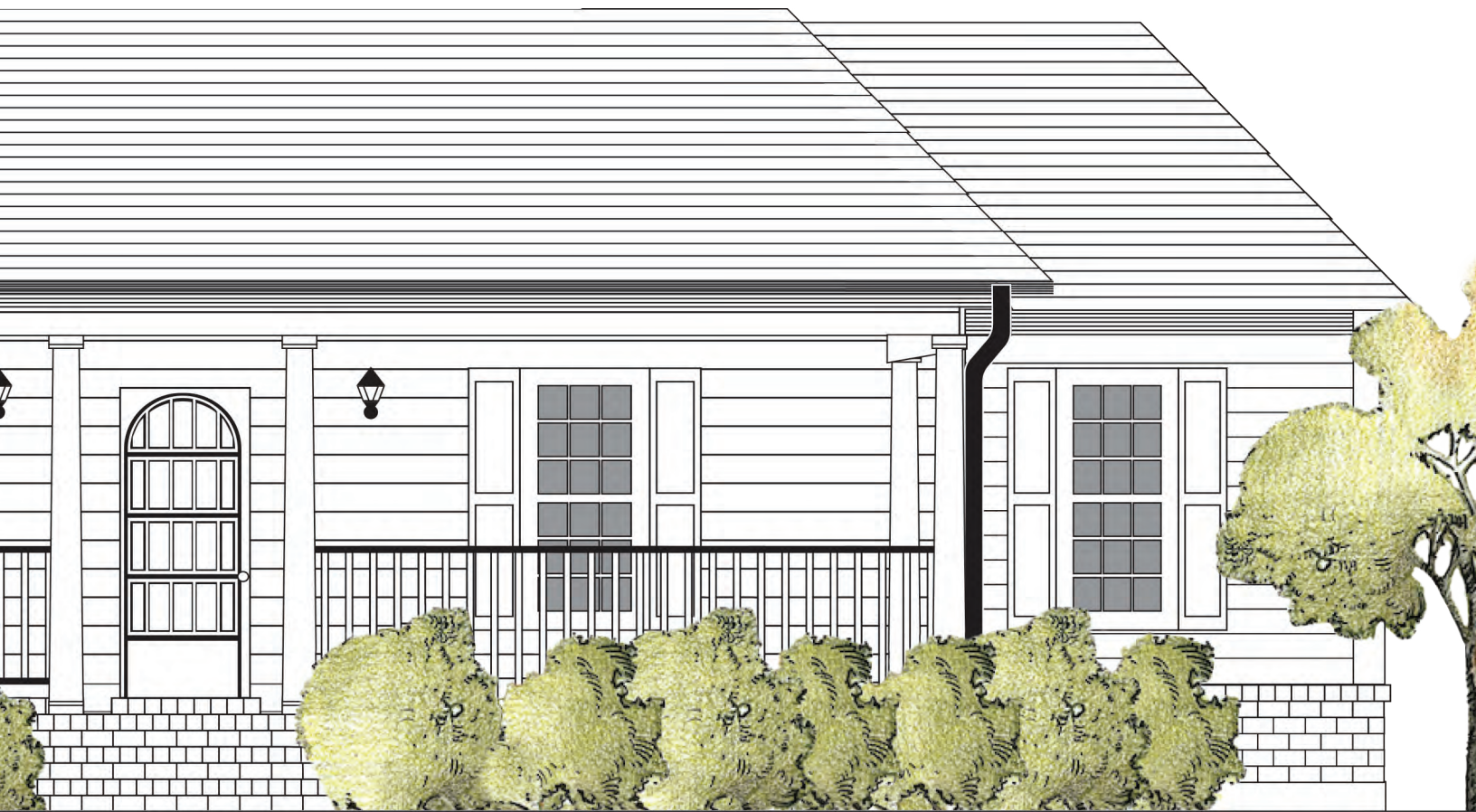


FLORIDA HOUSING  
FINANCE CORPORATION

---

2019 FINANCIAL REPORT



WELCOMING FAMILIES HOME



**GOVERNOR**

Ron DeSantis

**BOARD OF DIRECTORS**

Ron Lieberman, Chairman

**EXECUTIVE DIRECTOR**

Harold L. "Trey" Price



**TABLE OF CONTENTS**

---

	<b>Page</b>
REPORT OF INDEPENDENT AUDITORS.....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 .....	6
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019	
Statement of Net Position.....	16
Statement of Revenues, Expenses, and Changes in Net Position .....	17
Statement of Cash Flows.....	18
Notes to Financial Statements .....	20
SUPPLEMENTARY SCHEDULES AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019	
Program Statements of Net Position.....	48
Program Revenues, Expenses, and Changes in Program Net Position .....	49
Program Cash Flows.....	50
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards for the Year Ended December 31, 2019 .....	54
Notes to Schedule of Expenditures of Federal Awards for the Year Ended December 31, 2019 .....	55
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	57
Report of Independent Auditors on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	59
Schedule of Findings and Questioned Costs for the Year Ended December 31, 2019 .....	61





## **Report of Independent Auditors**

The Board of Directors, Executive Director, and Chief Financial Officer of Florida Housing Finance Corporation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Florida Housing Finance Corporation (“Florida Housing”), a component unit of the state of Florida, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Florida Housing’s basic financial statements as listed in the table of contents.

### ***Management’s Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### ***Auditor’s Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Housing as of December 31, 2019, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

## ***Other Matters***

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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, 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 Florida Housing's basic financial statements. The accompanying supplementary schedules as listed in the table of contents and schedule of expenditures of federal awards, 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.

The supplementary schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.





In our opinion, the supplementary schedules and schedule of expenditures of federal awards are 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 also have issued our report dated June 3, 2020 on our consideration of Florida Housing’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 Florida Housing’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 Florida Housing’s internal control over financial reporting and compliance.

*Ernst & Young LLP*

June 3, 2020





*MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019*

As management of the Florida Housing Finance Corporation (Florida Housing), we offer readers of Florida Housing's financial statements this narrative overview and analysis of Florida Housing's financial activities for the year ended December 31, 2019. This overview and analysis is required by accounting principles generally accepted in the United States.

**FINANCIAL HIGHLIGHTS**

- As a result of operations in 2019, net position increased \$225.0 million to \$2.8 billion as of December 31, 2019. This change consists of increases in State and Federal programs (\$111.0 million), Single Family bond programs (\$91.6 million), the Operating Fund (\$15.6 million), and the Guarantee Program (\$6.8 million).
- Loans receivable, net increased by \$120.6 million to \$2.4 billion in 2019. This change consists of increases in State and Federal programs (\$33.7 million), the Multifamily Housing Revenue bond programs (\$81.1 million), and the Single Family bond programs (\$5.9 million), with an offsetting decrease in the Operating Fund (\$0.1 million).
- Notes and bonds outstanding, net increased by \$162.9 million to \$2.2 billion in 2019. The overall increase is comprised of increases in Single Family bond programs (\$43.1 million) and Multifamily Housing Revenue bond programs (\$119.8 million).
- The change in net position for all programs and funds increased \$99.9 million from \$125.0 million in 2018 to \$225.0 million in 2019. This change consists of increases in the Single Family bond programs (\$67.1 million), the State and Federal programs (\$17.9 million), the Operating Fund (\$9.0 million), and the Guarantee Program (\$5.9 million).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements consist of two parts: Management's Discussion and Analysis and the Financial Statements. Florida Housing is a component unit of the state of Florida and follows enterprise fund reporting. Therefore, the financial statements are presented in a manner similar to that of a private business, using the economic resources measurement focus and the accrual basis of accounting.

The financial statements report information for all of Florida Housing's programs and operations. The *Statement of Net Position* includes all of Florida Housing's assets and liabilities. The difference between assets and liabilities is presented as net position, and is displayed in two components: restricted net position and unrestricted net position. Included in the *Statement of Net Position* are notes and bonds issued by Florida Housing as conduit debt and, as such, both principal and interest are payable solely from the assets and income of the various programs which are pledged under the bond resolutions authorizing the specific issues. These issues do not constitute an obligation, either general or special, of Florida Housing, the state of Florida, or of any local government therein. Neither the faith, credit and revenues nor the taxing power of the state of Florida or any local government therein may be pledged to the payment of the principal or interest on the obligations. Net position is restricted when external constraints are placed upon its use, such as trust indentures, legal agreements, statutes or laws. Conduit debt and related assets reported on the *Statement of Net Position* include \$2.9 billion in assets and \$2.2 billion in conduit debt of net notes and bonds payable as of December 31, 2019.

The *Statement of Revenues, Expenses, and Changes in Net Position* identifies all of Florida Housing’s revenues and expenses for the reporting period, distinguishing between operating and nonoperating activities. This statement measures Florida Housing’s operations over the past year and can be used to determine whether Florida Housing has recovered all of its costs through lending activities, externally funded programs and other revenue sources.

The *Statement of Cash Flows* provides information about Florida Housing’s cash receipts and cash payments during the reporting period. This statement reports cash transactions, including receipts, payments and net changes resulting from operations, noncapital financing, and investing activities. This statement provides information regarding the sources and uses of cash and the change in cash during the reporting period.

The *Notes to the Financial Statements* provide additional information that is essential for understanding financial data that may not be displayed on the face of the financial statements and, as such, are an integral part of Florida Housing’s basic financial statements.

## FINANCIAL ANALYSIS OF FLORIDA HOUSING

### Statements of Net Position

The following table summarizes the assets, liabilities, and net position (in millions) as of December 31:

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Current assets	\$ 1,476.1	\$ 1,478.1	\$ (2.0)	(0.1%)
Noncurrent assets				
Investments, net	1,693.8	1,414.3	279.5	19.8%
Loans receivable, net	2,202.2	2,080.5	121.7	5.8%
Other assets, net	1.4	1.5	(0.1)	(6.7%)
Total assets	<u>5,373.5</u>	<u>4,974.4</u>	<u>399.1</u>	<u>8.0%</u>
Current liabilities	357.2	299.9	57.3	19.1%
Noncurrent liabilities				
Notes payable, net	196.3	98.5	97.8	99.3%
Bonds payable, net	1,689.1	1,700.6	(11.5)	(0.7%)
Unearned fee income, net	144.1	132.9	11.2	8.4%
Due to developers	138.8	119.5	19.3	16.2%
Total liabilities	<u>2,525.5</u>	<u>2,351.4</u>	<u>174.1</u>	<u>7.4%</u>
Net position				
Restricted	2,674.5	2,463.2	211.3	8.6%
Unrestricted	173.5	159.8	13.7	8.6%
Total net position	<u>\$ 2,848.0</u>	<u>\$ 2,623.0</u>	<u>\$ 225.0</u>	<u>8.6%</u>

Total loans receivable, net (current and noncurrent) increased \$120.6 million in 2019. The largest components of this change were increases in mortgage loans outstanding in the Multifamily bond programs and the State and Federal programs. Loans receivable in the State and Federal programs increased by \$33.7 million, to \$1.3 billion, primarily due to an increase in SAIL loans. Loans receivable in the Multifamily bond programs increased by \$81.1 million, to \$954.1 million due to an increase in new bond issues.

Notes and bonds payable, net (current and noncurrent) increased \$162.9 million, to \$2.2 billion, in 2019. Single family bonds outstanding showed a net increase of \$43.1 million, primarily from new bond issues. The \$119.8 million net increase in multifamily notes and bonds outstanding is comprised of note and bond issuances (\$285.1 million), offset by principal payments on notes and bonds (\$165.3 million). Included in the total payments of \$165.3 million for notes and bonds are early retirements of \$83.3 million.

Net position of the bond programs, State and Federal programs and a portion of the Operating Fund are classified as restricted because the uses of the funds are directed by trust indentures, state statute, state law or federal regulations.

Florida Housing has designated all the unrestricted net position in the Operating Fund, \$173.5 million, for support of the single family program, a dedicated reserve for operations, including a housing credit compliance monitoring reserve, for demonstration and other program initiatives, and other risks and contingencies as approved by the Board.



## Statements of Revenues, Expenses and Changes in Net Position

The following table summarizes the revenues, expenses, and changes in net position (in millions) for the years ended December 31:

	<u>2019</u>	<u>2018</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
Operating revenues				
Interest on loans	\$ 51.3	\$ 49.5	\$ 1.8	3.6%
Investment income	186.7	75.2	111.5	148.3%
Fee income	19.0	16.9	2.1	12.4%
Federal program administrative fees	2.4	6.3	(3.9)	(61.9%)
Other income	0.4	1.2	(0.8)	(66.7%)
Total operating revenues	<u>259.8</u>	<u>149.1</u>	<u>110.7</u>	<u>74.2%</u>
Operating expenses				
Interest expense	66.6	60.5	6.1	10.1%
Payments to other governments	67.9	108.2	(40.3)	(37.2%)
Provision for uncollectible loans	17.5	(20.9)	38.4	(183.7%)
General and administrative	42.7	36.4	6.3	17.3%
Total operating expenses	<u>194.7</u>	<u>184.2</u>	<u>10.5</u>	<u>5.7%</u>
Nonoperating revenues (expenses)				
Federal and state program revenue	34.7	84.6	(49.9)	(59.0%)
Federal and state program expenses	(33.0)	(83.0)	50.0	(60.2%)
State documentary stamp tax revenue	340.2	312.9	27.3	8.7%
Payments to state agencies	(182.0)	(154.4)	(27.6)	17.9%
Net nonoperating revenues	<u>159.9</u>	<u>160.1</u>	<u>(0.2)</u>	<u>(0.1%)</u>
Change in net position	<u>\$ 225.0</u>	<u>\$ 125.0</u>	<u>\$ 100.0</u>	<u>80.0%</u>

Investment income increased \$111.5 million in 2019. The overall increase was comprised of increases in investment income for the Single Family bond programs (\$77.6 million), State and Federal programs (\$16.4 million), the Operating Fund (\$11.3 million), the Guarantee Program (\$5.9 million), and the Multifamily bond programs (\$0.3 million). Unrealized gain on investments in 2019 was \$66.4 million, compared to a \$25.7 million unrealized loss recorded in 2018. Actual income earned from investments increased \$19.4 million from 2018, a result of increasing interest rates.

Total operating expenses increased \$10.6 million, to \$194.8 million in 2019. Components of the increase include increases in the provision for uncollectible loans (\$38.4 million), interest expense (\$6.1 million), general and administrative expenses (\$6.3 million), offset by a decrease in payment of State Housing Initiatives Partnership (SHIP) funds to local governments (\$40.2 million). The increase in provision for uncollectible loans is due to a net loan increase over repayments, primarily in the SAIL program. The increase in bond interest expense is mainly due to the timing of the bond issuances in the Single Family Homeowner Mortgage program.

Net nonoperating revenues decreased \$0.2 million, to \$159.9 million in 2019. Increases in documentary stamp tax revenue and required transfers to the State were offset by decreases in net federal and state program revenue and net federal and state program expenses.

For the Multifamily and Single Family bond programs, investment income (\$141.7 million) is the primary component of total revenues. Bond interest expense (\$66.6 million) is the largest expense item.

Florida Housing's revenues in the Operating Fund were primarily generated from investment income (\$15.3 million), issuer fees (\$8.7 million), fees related to multifamily programs (\$8.7 million) and administrative fees for federal programs (\$1.8 million). General and administrative expenses (\$22.9 million), which include operating expenses and program administration (credit underwriting, servicing, and monitoring), comprise the bulk of expenses in the Operating Fund.

Receipt of documentary stamp taxes in the housing trust funds (\$340.2 million) and revenue from federal and state programs (\$34.4 million) make up most of the revenues in the State and Federal programs. Federal and state program expenses (\$33.0 million) and transfers to state agencies (\$182.0 million) are the largest components of expenses. The increase in the change in net position in the State and Federal programs is primarily due to an increase in investment income (16.4 million) and a decrease in payments to other governments (40.3 million) offset by an increase in provision for uncollectible loans (\$36.8 million).

## DEBT ADMINISTRATION

At year-end, Florida Housing had total notes and bonds outstanding of \$2.2 billion, net of unamortized premium. This represents a net increase of \$162.9 million during 2019, resulting from the issuance of bonds and premiums (\$465.6 million), offset by principal payments (\$302.7 million). All bonds issued in the First Time Homebuyer Program are backed by Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae) or Federal Home Loan Mortgage Corporation (Freddie Mac) securities and have maintained AAA or AA ratings. More detailed information about Florida Housing's debt is presented in Note 9 to the financial statements.





## OTHER FINANCIAL INFORMATION

The following comments on Florida's economy come primarily from a presentation entitled *Florida: An Economic Overview*, dated February 24, 2020, produced by The Florida Legislature Office of Economic and Demographic Research (EDR). This document highlights the key economic variables, including tourism, employment, construction and population, that impact Florida's economy and overall growth. These are issues that also impact Florida's affordable housing needs and capacity. The document was prepared prior to the declaration of emergency regarding the novel coronavirus pandemic.

Below are very summarized comments from the EDR report.

- The Florida economy continues to grow with the third quarter results for the 2019 calendar year showing a 2.4 percent growth, which was greater than the national average of 2.1 percent. However, the growth rate has slowed slightly compared to previous years.
- Current unemployment conditions in Florida show that the December 2019 unemployment rate was 3.0 percent compared to a 3.5 percent rate for the U.S. "The Revenue Estimating Conference considers Florida's rate to be below the "full employment" unemployment rate (about 4 percent)."
- Population growth "is the state's primary engine of economic growth ..." and continues to slow slightly. Florida's population grew 1.77 percent between April 2018 and April 2019. The growth rate is expected to continue slowing, averaging 1.5% over the next five years.
- Housing in Florida continues to improve. Documentary stamp tax collections are indicative of housing transactions. "Documentary Stamp Tax collections saw 3.8 percent growth in FY 2017-18 over FY 2016-17." Although growth continues, the rate was higher in the previous year.
- The homeownership rate for calendar year 2018 in Florida showed a small improvement over the previous year at 65.5 percent. The rate in 2017, 64.1 percent, was the lowest recorded point. Preliminary data for the fourth quarter of 2019 indicates that 2019 will again show improvement.
- Home financing is still challenging, especially for those with lower credit scores. Over 89 percent of all conventional home sales in January had credit scores at or above 700. Outstanding student loans and automobile debt still appear to be affecting borrowers' ability to qualify for residential loans.
- Single family building permit activity, an indicator of new construction, has shown increases over five of the last six calendar years, however, the growth rate has slowed dramatically. Annual activity in 2018 surpassed 2017 activity by 13.8 percent, compared to 13.5 percent between 2017 and 2016. Preliminary data for 2019 show a slower growth rate, 5.2 percent, than the recent past. This activity is still well below the historic norms.
- However, existing home sales volume has continued to exceed the previous peak year, 2005, with 2019 showing a significantly higher level of activity. Florida's median home price has continued on an upward trend, although slightly below the national level. Median home price in Florida in January 2020 was 98.7 percent of the national median price.

- According to the EDR report, Florida’s financial condition had largely achieved normalcy by the end of 2016/2017, and by the end of 2018/2019 most economic measures had returned to or surpassed prior peaks.
- “Challenging housing costs and shifting preferences among Millennials have caused residential rental vacancies to tighten strongly over the last five years (2015 through 2019); price pressure continues to build.” Projections for 2019 show an 8.4% vacancy rate, very close to the prior year.

At the end of 2019, the vacancy rate of the Florida Housing Finance Corporation funded portfolio of multifamily developments was three percent.

After being impacted by two hurricanes in 2017, Florida was hit by Hurricane Michael in 2018, a category five storm. Florida Housing programs include various federal and state initiatives designed to help improve the residential real estate market as well as provide recovery funding after events such as hurricanes. Florida Housing has agreed to administer \$140 million in Community Development Block Grant Disaster Relief funding for areas impacted by Hurricane Irma as a subrecipient to the Florida Department of Economic Opportunity. The U.S. Treasury Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets (Hardest Hit Fund) reached end of term in October 2019, with final report submissions and fund settlement occurring in January 2020.



On March 13, 2020, the US President declared a National Emergency concerning the Novel Coronavirus Disease (COVID-19) outbreak, which has been followed by various other similar federal, state and local government civic actions and decrees resulting in disruptive impacts to the financial markets. After the initial market volatility, financial markets have settled somewhat, assisted by the various federal stimulus plans. Florida Housing cannot, at this time, forecast the ultimate financial impact or long-term operational implications of the COVID-19 outbreak. Florida's need for affordable housing continues, and the construction and financial services industries have been declared essential; therefore, Florida Housing's operations continue.

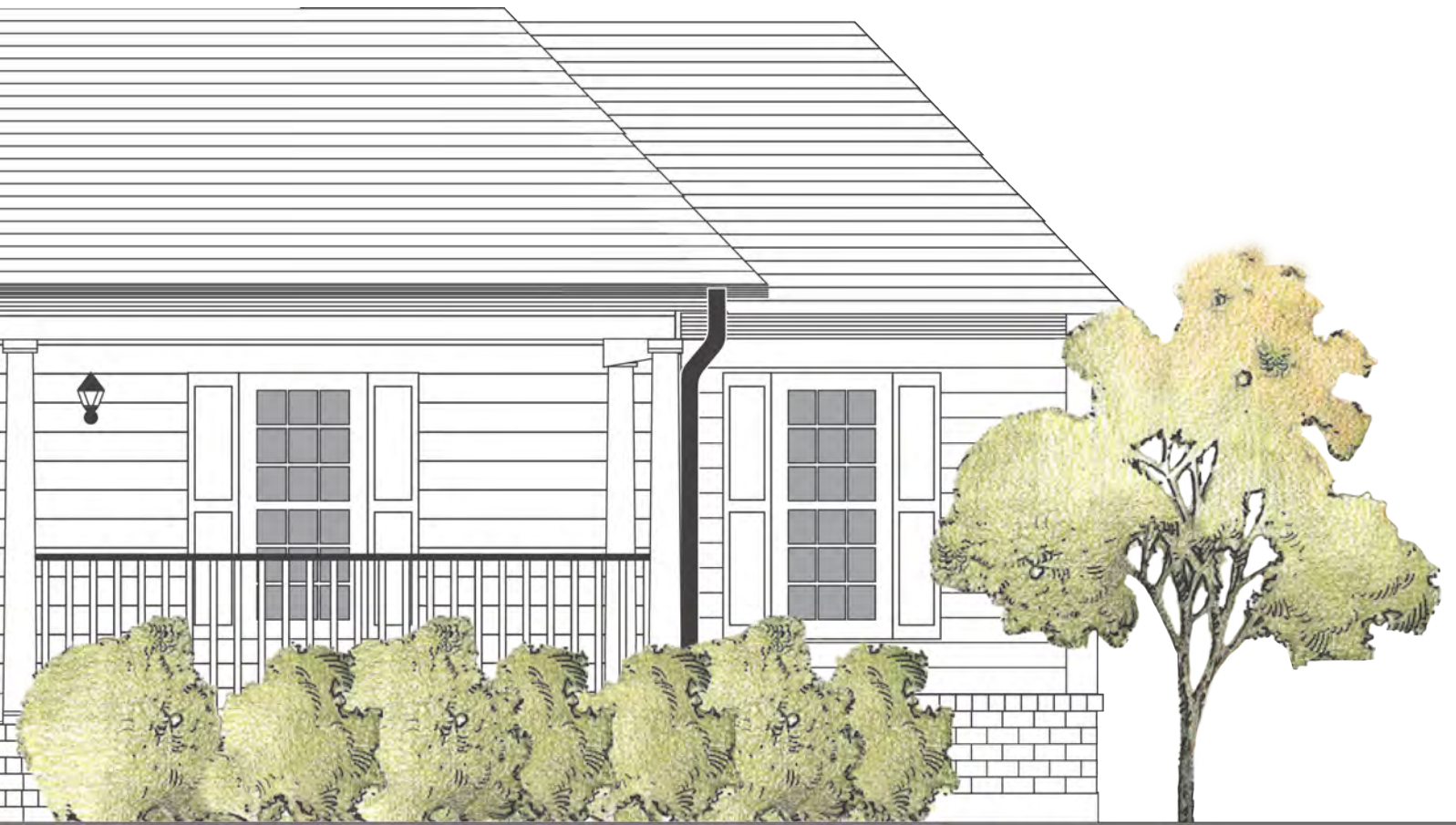
The Board-approved 2019 operating budget of \$23.8 million, exclusive of direct Hardest Hit Fund expenses which are fully funded by that program, was adequate to fund operations. Actual operating expenses of \$20.7 million were 13.2 percent less than the total approved budget.

The initial tax-exempt bond allocation for 2020 is \$539.4 million, an increase of \$4.7 million from the 2019 initial allocation. The per capita allocation remains \$105 in 2020; Florida's increased population accounts for the larger 2020 allocation.

Please contact Angie Sellers, Chief Financial Officer, at (850) 488-4197 with your comments, questions or requests for additional information.







**FLORIDA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Florida)

*STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2019***ASSETS****CURRENT ASSETS**

Cash and cash equivalents	\$ 201,359,708
Investments, net	1,085,721,702
Interest receivable on investments	8,888,740
Interest receivable on loans	6,722,126
Loans receivable, net	172,940,665
Other assets	462,971
Total current assets	<u>1,476,095,912</u>

**NONCURRENT ASSETS**

Investments, net	1,693,820,068
Loans receivable, net	2,202,197,094
Other assets, net	1,414,651
Total noncurrent assets	<u>3,897,431,813</u>

**TOTAL ASSETS**5,373,527,725**LIABILITIES****CURRENT LIABILITIES**

Accounts payable and other liabilities	10,557,958
Accrued interest payable	21,464,470
Notes payable, net	18,775,774
Bonds payable, net	302,687,265
Unearned fee income, net	3,666,444
Total current liabilities	<u>357,151,911</u>

**NONCURRENT LIABILITIES**

Notes payable, net	196,355,135
Bonds payable, net	1,689,050,056
Unearned fee income, net	144,134,026
Due to developers	138,827,086
Total noncurrent liabilities	<u>2,168,366,303</u>

**TOTAL LIABILITIES**2,525,518,214**NET POSITION**

Restricted	2,674,469,262
Unrestricted	173,540,249

**TOTAL NET POSITION**\$ 2,848,009,511

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

**FLORIDA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Florida)

*STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2019***OPERATING REVENUES**

Interest on loans	\$ 51,363,038
Investment income	186,682,576
Fee income	19,007,800
Federal program administrative fees	2,406,876
Other income	358,993
Total operating revenues	<u>259,819,283</u>

**OPERATING EXPENSES**

Interest expense	66,611,458
Payments to other governments	67,962,401
Provision for uncollectible loans	17,489,293
General and administrative	42,709,207
Total operating expenses	<u>194,772,359</u>

OPERATING INCOME 65,046,924

**NONOPERATING REVENUES (EXPENSES)**

Federal and state program revenue	34,705,021
Federal and state program expense	(32,975,504)
State documentary stamp tax revenue	340,170,649
Payments to state agencies	(182,000,000)
Net nonoperating revenues	<u>159,900,166</u>

**CHANGE IN NET POSITION** 224,947,090

**NET POSITION**

Beginning of year	<u>2,623,062,421</u>
End of year	<u>\$ 2,848,009,511</u>

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

**FLORIDA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Florida)

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Interest received on conduit debt fund investments	\$ 90,734,308
Cash received from interest on loans receivable	50,859,634
Cash received from principal payments on loans receivable	244,019,666
Cash received for federal program administrative fees	2,406,876
Cash received from fee income	15,538,752
Cash received from other revenues	16,006,792
Cash payments for issuance of loans and federal programs	(401,171,920)
Interest paid on conduit debt fund bonds	(65,347,161)
Cash payments for operating expenses	(61,149,452)
Payments to other governments	<u>(67,962,402)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(176,064,907)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Proceeds from issuance of notes	113,621,012
Proceeds from issuance of bonds	351,988,094
Principal payments on notes	(8,715,755)
Principal payments on bonds	(291,884,749)
Cash received for federal and state programs	34,705,021
State documentary stamp tax receipts	340,170,649
Payments to state agencies	<u>(182,000,000)</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>357,884,272</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of investments	(2,531,818,641)
Proceeds from the sale and maturity of investments	2,339,147,524
Interest received on investments	<u>27,268,650</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(165,402,467)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,416,898
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	<u>184,942,810</u>
End of year	<u>\$ 201,359,708</u>

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



STATEMENT OF CASH FLOWS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2019

RECONCILIATION OF OPERATING LOSS TO  
NET CASH USED BY OPERATING ACTIVITIES

Operating income	\$ 65,046,924
Adjustments to reconcile operating income to net cash used by operating activities	
Unrealized gain on investments	(66,351,157)
Provision for uncollectible loans	17,489,292
Amortization and depreciation	(6,744,777)
Interest received on investments	(27,268,650)
Changes in assets and liabilities which provided (used) cash	
Interest receivable on investments	(1,228,284)
Interest receivable on loans	(442,239)
Loans receivable	(171,030,351)
Other assets	(309,816)
Accounts payable and other liabilities	(23,083,918)
Accrued interest payable	3,366,679
Unearned fee income	15,174,371
Due to developers	19,317,019
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (176,064,907)</u>

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

NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

---

**1. REPORTING ENTITY**

The Florida Housing Finance Corporation (Florida Housing) was created by Chapter 420, Part V, Florida Statutes as a public corporation. On January 1, 1998, Florida Housing assumed all the rights, responsibilities, and obligations of its predecessor, the Florida Housing Finance Agency (the Agency).

In 1980, the Agency, a public body corporate and politic with no taxing power, was established as a state agency within the Florida Department of Community Affairs by the Florida Housing Finance Agency Act (the Act). The Agency was created to finance housing for low, moderate, and middle income persons. Under the Act, the Agency was authorized to borrow money through the issuance of bonds, notes, or other obligations to finance multifamily housing developments and single family residential housing. The 2011 Legislature eliminated the Department of Community Affairs; Florida Housing is now administratively associated with the Department of Economic Opportunity.

Florida Housing is a discretely presented component unit of the state of Florida for financial reporting purposes. The accompanying component unit financial statements present the net position, changes in net position, and cash flows of the proprietary fund, which includes all programs administered by Florida Housing.

In July 2008, Florida Housing formed FHFC II, Inc. and in July 2009 added FHFC III, Inc. Both are wholly-owned subsidiaries established for the charitable, non-profit purpose of taking title to, managing and disposing of property acquired by Florida Housing from time to time through any of Florida Housing's programs.

Florida Housing has determined that, except for the blended activity of FHFC II and FHFC III, there are no other entities that meet the criteria for inclusion in Florida Housing's financial statements.

Notes and bonds issued by Florida Housing are conduit debt and are payable, both as to principal and interest, solely from the assets and income of the various programs which are pledged under the resolutions authorizing the particular issues. These issues do not constitute an obligation, either general or special, of Florida Housing, the state of Florida, or of any local government therein. Neither the faith, credit and revenues, nor the taxing power of the state of Florida or any local government therein shall be pledged to the payment of the principal or interest on the obligations. Conduit debt outstanding, net of unamortized premium, was \$2.2 billion as of December 31, 2019.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Florida Housing's financial statements have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental units engaged in business-type activities. The significant accounting policies of Florida Housing are described below.

***Basis of Presentation*** – Florida Housing accounts for its activities through the use of an enterprise fund. An enterprise fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Florida Housing's accounting records are organized using subfunds to account separately in the general ledger for the bond

programs, Guarantee Program, certain state and federally funded programs, subsidiary corporations and the operations of Florida Housing. The operations of each subfund are accounted for within a separate set of self-balancing accounts recording cash and other financial resources, together with related liabilities, net position, revenues, expenses, and transfers.

**Basis of Accounting** – Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements are prepared on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows.

**Financial Statement Presentation** – Florida Housing distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with Florida Housing’s ongoing operations. The principal operating revenues of Florida Housing are interest income on loans, investment income, and federal program administrative fees. Operating expenses include interest expense, provision for uncollectible loans and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Cash and Cash Equivalents** – Florida Housing considers all uninvested amounts to be cash and all investments with an original maturity of three months or less to be cash equivalents.

**Investments** – Investments are stated at fair value, except for nonparticipating guaranteed investment agreements, which are stated at cost. Fair value of Florida Housing’s investment in the state investment pool is determined by the fair value per share of the pool’s underlying portfolio.

**Loans Receivable** – Loans receivable are carried at their uncollected principal balances. Servicing of most loans is provided by various servicing organizations on behalf of Florida Housing. Servicing costs on single family bond loans are recorded as a reduction of interest income.

**Allowances** – The determination of the allowance for loan losses is based on an evaluation of the loan portfolio, current economic conditions, and other factors relevant to a determination of the collectability of the loans and reflects an amount which, in management’s judgment, is adequate to provide for potential losses. Adjustments to the allowance for loan losses are made by provisions charged to current operations. Allowances for forgiveness are recorded for the full outstanding balances of forgivable loans. Adjustments to the allowance for forgiveness are made by provisions charged to non-operating expenses.

**Bond Discounts / Premiums** – Discounts and premiums on bonds payable are amortized over the life of the related issue using the effective interest method.

**Interest Income** – Interest on mortgage loans and investments is recorded as income when earned. Interest income is recorded net of fees.

**Claims Expense and Recoveries** – Claims expense is recorded in the Guarantee Program when payment is made on the associated bonds. Recoveries are recorded at the time of foreclosure, when title to the property passes to Florida Housing and are adjusted upon sale of the property. Activity from the operation of the foreclosed property is included in operating revenues and expenses in the subsidiary holding title to the property.

**Related Party Transactions** – Board members are prohibited from participation in Florida Housing’s programs during and for two years following their board terms.

### 3. DESCRIPTION OF PROGRAMS

**Operating** – Florida Housing’s Operating Fund, which includes the operating subfund and the bond management subfund, collects program fees from the various bond issues, fees for awarding housing credits, and administrative fees associated with federal and state housing programs. Expenses are those incurred in operating Florida Housing and the administration of its various programs.

**Subsidiary Corporations** – Both FHFC II and FHFC III were created to take title to, manage, and dispose of property acquired by Florida Housing through its various programs. These funds are not restricted; however, the proceeds from the operation and sale of properties within these entities generally flow back to the program through which the property was acquired.

**The various bond programs of Florida Housing are as follows:**

**Single Family Home Ownership Program** – The Single Family Home Ownership Program includes private placements made to Fannie Mae and the GNMA Collateralized Home Ownership Mortgage Revenue Program. The bond proceeds were committed by Florida Housing to purchase mortgage backed securities to the extent mortgage loans were originated by participating lenders under this program. The mortgage loans provided single family residences for persons of low to middle income within the state of Florida.

**First Time Homebuyer Program** – Florida Housing funds loans originated under this program through financing options including revenue bond issuance proceeds and the sale of mortgage backed securities in the secondary market. The loans in this program are 30-year, fixed rate mortgage loans originated by private lenders. Under the current program, all loans originated are securitized into mortgage backed securities. Eligible borrowers must meet certain criteria, such as the first time homebuyer requirement, credit worthiness and an income level not to exceed program limits. Bonds are issued from two separate indentures for this program.

**Single Family Homeowner Mortgage Revenue Bonds** – This bond indenture began in 1995 and continues to add issues as needed to ensure the continued availability of funds for the First Time Homebuyer Program. Certain bond issues have been refunded with subsequent bond issues under the indenture.

**Homeowner Mortgage Revenue Bonds (Special Program)** – These bonds were issued under the federal New Issue Bond Program (NIBP) implemented in 2009 by the U.S. Treasury and HUD as a short term response to the credit and liquidity crises that made tax exempt bonds difficult to use for affordable housing programs. The NIBP lowered the debt service costs on tax exempt bonds by providing for the federal purchase of 60% of the issue. The remaining 40% was sold at market rates. Florida Housing issued a total of \$547.2 million of single family bonds under this program. The authority to issue new NIBP bonds terminated on December 31, 2012.

**Multifamily Housing Revenue Bond Programs** – Due to the similarity of program operations, the multifamily bond programs are presented as one program.

**Multifamily Mortgage Revenue Bond Program** – The Multifamily Mortgage Revenue Bond Program issues Multifamily Mortgage Revenue Bonds to finance the construction or acquisition of multifamily housing developments located in the state of Florida and intended for occupancy in part by persons of low, moderate, or middle income. Certain bond issues have been refunded with subsequent bond issues under the program.

**Multifamily New Issue Bond Program** – Florida Housing was awarded \$248.5 million in authority for multifamily bonds under the New Issue Bond Program (NIBP). As with the Single Family NIBP described above, the program provided for a lower cost of borrowing through the federal purchase of tax exempt bonds at below market rates. Under the multifamily NIBP, 100% of the bonds were purchased by the federal government. Florida Housing issued \$202.0 million of multifamily bonds under this program. The authority to issue new NIBP bonds terminated on December 31, 2012.

**Florida Housing administers the following programs and initiatives funded at the federal and state levels to provide affordable housing to Florida’s low and moderate income families:**

**Housing Trust Funds** – The State Housing Trust Fund and the Local Government Housing Trust Fund were created in 1992 as part of the William E. Sadowski Affordable Housing Act (Sadowski Act) to provide a stable source of funding for affordable housing in Florida. Through an increased documentary stamp tax implemented in 1992, the trust funds provide the opportunity for funding for homeownership and rental housing through Florida Housing’s programs. In recent years, a portion of both housing trust funds were transferred to the state’s general revenue fund as directed by the Legislature.

**Florida Homeownership Assistance Program** – The Florida Homeownership Assistance Program (HAP) was created, as part of the State Housing Incentive Partnership Act of 1988, for the purpose of providing assistance for down payments and closing costs for low-income and moderate-income persons purchasing a home.

The Florida Assist Program provides HAP funds to eligible homebuyers for down payments and closing costs. These non-interest bearing, nonamortizing second mortgage loans are used with the First Time Homebuyer Program.

The Homeownership Pool (HOP) Program was created to match qualified homebuyers with purchase assistance. The HOP Program is an ongoing, noncompetitive program that allows developers to reserve funds for eligible homebuyers to provide non-interest bearing, nonamortizing deferred second mortgage loans on a first come, first served basis. Currently, this program funds self-help developers only.

**State Apartment Incentive Loan Program** – The State Apartment Incentive Loan (SAIL) Program provides low-interest loans on a competitive basis to developers of affordable rental housing. SAIL funds are available to developers, including individuals, public entities, and nonprofit or for-profit organizations to provide gap financing for the construction or substantial rehabilitation of multifamily units. Special consideration is given to properties that target demographic groups such as the elderly, homeless people, special needs individuals, farmworkers, and commercial fishing workers.

A portion of the SAIL Program funding is set aside for the Elderly Housing Community Loan (EHCL) Program. Up to \$750,000 per loan is available to make life-safety, health, sanitation, or security related improvements to existing affordable elderly housing.

**Predevelopment Loan Program** – The Predevelopment Loan Program assists nonprofit and community-based organizations, local governments, and public housing authorities with planning, financing, and developing affordable housing. Eligible organizations may apply for a loan of up to \$750,000 for predevelopment activities such as rezoning, title searches, legal fees, impact fees, administrative costs, soil tests, engineering fees, appraisals, feasibility analyses, audit fees, earnest money deposits, insurance fees, commitment fees, administrative costs, marketing expenses, and acquisition expenses. Technical assistance is also provided.

**State Housing Initiatives Partnership Program** – The State Housing Initiatives Partnership (SHIP) Program was created in 1992 as part of the Sadowski Act. This program provides funds to all 67 counties and 53 entitlement cities on a population-based formula as an incentive to produce and preserve affordable housing for very low, low and moderate income families. The minimum allocation for most counties is \$350,000 per county, and at least 65% of funds must be used for homeownership. Under their Local Government Housing Assistance Plans, counties and eligible cities may fund such strategies as emergency repairs, new construction, rehabilitation, down payment and closing cost assistance, impact fees, property acquisition, matching dollars for federal programs and homeownership counseling. Annual appropriation language may more specifically direct program uses.

**Affordable Housing Guarantee Program** – The Guarantee Program was created to encourage affordable housing lending activities through the issuance of guarantees on obligations incurred in obtaining financing for affordable housing. The program does not directly provide funds for developments; rather it facilitates such efforts by reducing lender risk through the issuance of guarantees on mortgage loans. The program issued commitments to guarantee obligations for both single family homes and multifamily developments. In March 2009, the Board of Directors suspended issuance of additional guarantees by the Guarantee Program. The suspension remains in effect today. Documentary stamp taxes distributed to the State Housing Trust Fund may be used to support the Guarantee Program if payment obligations from amounts on deposit in the Guarantee Program would cause a downgrade in the Program’s claims paying rating, or to support the Program’s capitalizing debt, if any.

The Guarantee Program’s potential loss is limited to the amount of its outstanding guarantees. As of December 31, 2019, one multifamily development remains in the Guarantee Program.

**HOME Investment Partnerships Program** – The HOME Investment Partnerships Program was established pursuant to HUD Regulations, 24 CFR Part 92 (1992). HOME funds are available to eligible housing providers and individuals in the form of loans, grants, interest subsidies, and other forms of investment approved by Florida Housing.



### ***Other programs administered by Florida Housing:***

***Housing Credit Program*** – The Housing Credit Program provides qualified developers of rental property a federal income tax credit for providing low income rental housing. The program was permanently extended by Congress in 1993. The U.S. Treasury has authorized Florida Housing to allocate the tax credits within the state of Florida. At least 10% of the total annual allocation must be awarded to nonprofit organizations. For the year ended December 31, 2019, Florida Housing allocated \$85.3 million in housing credits, including returned credits.

In 2009, the American Recovery and Reinvestment Act (ARRA) created Cash Assistance to States for Low Income Housing Projects in Lieu of Low Income Housing Tax Credits for 2009, also referred to as the Tax Credit Exchange Program (TCEP), to be administered by the U.S. Treasury. Under this program, housing credit allocating agencies “exchanged” a portion of their 2009 Housing Credit allocation, as well as previously awarded and returned Housing Credits, for cash grants that were used to replace the Housing Credit equity lost to affordable rental developments as a result of adverse market conditions. Florida Housing exchanged \$68.2 million credits for \$580.1 million in TCEP funds which was used to fund disbursements to properties in the program.

Florida Housing also disbursed \$101.1 million through another ARRA program, the Tax Credit Assistance Program (TCAP). This federal stimulus funding was directed to rental developments that had already received a Housing Credit allocation but required additional funding due to limited equity available in the housing credit market.

***Hardest Hit Fund*** – In February 2010, the federal government announced the Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets (Hardest Hit Fund), a new program for the five states hit hardest by foreclosures, housing price declines and unemployment. Florida was one of these states and received \$418 million. The program was subsequently expanded twice, with additional states and funding added each time. Additional funds were allocated to participating states in 2016. Florida’s final share of these funds totaled slightly more than \$1.1 billion. Over the course of the program, six strategies were approved by the U.S. Treasury. The Mortgage Loan Reinstatement Program was used to bring a delinquent mortgage current. The Unemployment Mortgage Assistance Program provided funds to make first mortgage payments to mortgage servicers on behalf of unemployed or underemployed borrowers. The Principal Reduction Program assisted homeowners who were underwater on their mortgage (they owed more than the property was worth) to bring down the principal owed to be more in line with their property values. The Elderly Mortgage Assistance Program assisted senior homeowners with reverse mortgages who faced foreclosure due to non-payment of property-related expenses. The Modification Enabling Pilot Program assisted homeowners in modifying their mortgage to an affordable level. The Downpayment Assistance Program worked with Florida Housing’s First Time Homebuyer Program to provide non-interest bearing, nonamortizing second mortgage loans in eleven Florida counties. Florida Housing made final program disbursements and declared end of term for the Hardest Hit Fund in October 2019. Loans made using the Hardest Hit Fund are forgivable over two to five years, depending on the strategy under which the loan was made.

***Legislative Initiatives*** – From time to time, Florida Housing receives appropriations for pilot programs or programs that target a specific segment of the affordable housing spectrum such as housing for persons with special needs or the homeless.

#### 4. CASH AND CASH EQUIVALENTS

As of December 31, 2019, Florida Housing had the following cash and cash equivalents:

	<u>Credit Rating</u>	<u>Fair Value</u>
Cash	–	\$ 43,995,691
Money Markets	AAA – AA-	<u>157,364,017</u>
		<u>\$ 201,359,708</u>

Cash on deposit is held in trust by financial institutions in the name of Florida Housing and is entirely insured by federal depository insurance or collateral held by the financial institutions' trust departments or agents in Florida Housing's name pursuant to Section 280.04, Florida Statutes.

#### 5. INVESTMENTS

Florida Housing is authorized to invest in securities permitted under Section 215.47, Florida Statutes, including direct obligations of the United States of America or any agency thereof, interest-bearing or demand deposits with any qualified depository institution, and commercial paper of prime quality. It is also authorized to invest in contracts for the purchase and sale of government obligations as described in the Florida Housing Act. Investments other than Guaranteed Investment Contracts (GICs) are recorded at fair value with changes in fair value recorded as a component of investment income. Florida Housing's GICs are considered to be non-participating; therefore, they are recorded at cost in accordance with applicable standards. Unrealized gain on investments in 2019 was \$66.4 million.

Funds in the State Housing Trust Fund and the Local Government Housing Trust Fund are held by the State Treasury in a general pool of investments. Florida Housing also has invested funds associated with single family bond issues, its pooled investments and Guarantee Program funds with the State Treasury in Special Purpose Investment Accounts (SPIAs). Pursuant to Section 17.61, Florida Statutes, these SPIAs allow statutorily created organizations to invest in the Treasury investment portfolio. Florida Statutes enumerate the various types of authorized deposits and investments, which include time deposits, federal government obligations, repurchase agreements, and reverse repurchase agreements through securities lending programs. Florida Housing's share of this investment pool is \$1.0 billion at December 31, 2019, which is the fair value of the pool share. Fair value is based on quoted market prices and other recognized pricing sources. No allocation will be made as to Florida Housing's share of the types of investments or their risk categories. Florida Housing's share of the assets and liabilities arising from the reverse repurchase agreements will likewise not be carried on the statement of financial position since the State Treasury operates on a pooled basis and to do so may give the misleading impression that Florida Housing itself has entered into such agreements. For further information, refer to the State of Florida Comprehensive Annual Financial Report or publications of the Office of the State Chief Financial Officer.



As of December 31, 2019, Florida Housing had investments with the following credit ratings and maturities (in thousands):

Investment Type	Credit Rating	Investment Maturities (in years)				Total Fair Value
		Less Than 1	1 – 5	6 – 10	More Than 10	
Asset-Backed Securities	AAA – AA	\$ 49	\$ 68,808	\$ 15,314	\$ 4,787	\$ 88,958
CMBS	AAA – AA+	—	830	—	10,961	11,791
Commercial Paper	A1	534	—	—	—	534
Corporate Bonds	AAA – BBB-	27,391	99,366	—	—	126,757
Fannie Mae MBS	AA+	—	4,068	4,148	196,287	204,503
Freddie Mac MBS	AA+	—	6,518	2,329	10,352	19,199
MBS	AAA – AA+	1,772	1,033	1,266	13,166	17,237
Municipal Bonds	AAA – BBB+	2,284	3,476	—	—	5,760
State Treasury	A+f	983,742	—	—	—	983,742
U.S. Agencies	AA+	2,318	3,678	512	—	6,508
U.S. Government Obligations	AA+	22	676	4,619	1,026,141	1,031,458
U.S. Treasury Notes	AA+	64,780	205,200	—	—	269,980
Other	AAA – AA+	2,830	10,285	—	—	13,115
		<u>\$1,085,722</u>	<u>\$ 403,938</u>	<u>\$ 28,188</u>	<u>\$1,261,694</u>	<u>\$2,779,542</u>

Credit ratings shown are by Standard & Poor's.

**Interest Rate Risk** – Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. Florida Housing's investment guidelines, which cover the pooled investments in the Operating Fund and the State and Federal Funds, seek to minimize interest rate risk by structuring the portfolio to meet ongoing program and operational cash requirements without having to sell securities in the open market. Interest rate risk in these funds is also minimized by maintaining a short duration portfolio. Investments in bond funds are structured to meet the cash requirements of the specific issue. Interest rate risk is also mitigated with guaranteed investment contracts.

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Florida Housing's investment guidelines, which cover the pooled investments in the Operating Fund and the State and Federal Funds, limit the purchase of securities to those rated in the four highest categories by a major rating agency. Certain types of investments are further limited up to the one or two highest rating categories. Investments in the bond funds are governed by their respective indentures; Florida Housing does not have a separate investment guideline covering them.

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of the failure of the counterparty, Florida Housing will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All securities owned by Florida Housing are either in the custody of the related bond indenture trustees or held in Florida Housing's name by a party other than the issuer of the security.

**Concentration of Credit Risk** – Concentration of credit risk is the increased risk of loss associated with a lack of diversification, or the ownership of securities from one issuer. Florida Housing’s investment guidelines, which cover the pooled investments in the Operating Fund and the State and Federal Funds, limit securities from a single corporate issuer to no more than 5% of the portfolio. Investments in the bond funds are governed by their respective indentures; Florida Housing does not have a separate investment guideline covering them.

**Fair Value** – Investments are stated at fair value and are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the investments. Level 1 inputs are quoted market prices for identical assets in active markets. Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for an asset, either directly or indirectly. Level 3 inputs are unobservable inputs. Fair value of Florida Housing’s investment in the state investment pool is determined by the fair value per share of the pool’s underlying portfolio.

Investments classified in Level 1 of the fair value hierarchy are valued using quoted market prices available in active markets. Investments classified in Level 2 are valued using (a) quoted prices for similar investments in active markets, (b) quoted prices for identical or similar investments in markets that are not active, and (c) inputs other than quoted prices such as yield curves and indices that are observable at commonly quoted intervals. There were no investments classified in Level 3.

As of December 31, 2019, Florida Housing had the following recurring fair value measurements (in thousands):

	12/31/2019	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<b>Investments Measured at Fair Value</b>				
Asset-Backed Securities	\$ 88,958	\$ —	\$ 88,958	\$ —
CMBS	11,791	—	11,791	—
Commercial Paper	534	—	534	—
Corporate Bonds	126,757	—	126,757	—
Fannie Mae MBS	204,503	—	204,503	—
Freddie Mac MBS	19,199	—	19,199	—
MBS	17,237	—	17,237	—
Municipal Bonds	5,760	—	5,760	—
State Treasury	983,742	—	983,742	—
U.S. Agencies	6,508	—	6,508	—
U.S. Government Obligations	1,031,458	—	1,031,458	—
U.S. Treasury Notes	269,980	—	269,980	—
Other	13,115	—	13,115	—
<b>Total Investments Measured at Fair Value</b>	<b>\$ 2,779,542</b>	<b>\$ —</b>	<b>\$2,779,542</b>	<b>\$ —</b>

## 6. RESERVE FUND REQUIREMENTS

Cash and investments are held to satisfy various reserve requirements in the Multifamily Mortgage Revenue program. At December 31, 2019, there was \$605,699 on deposit to satisfy a \$600,000 requirement, resulting in excess reserves of \$5,699.

## 7. LOANS RECEIVABLE

Loans receivable, net of allowance for loan losses were as follows at December 31, 2019:

Single family bond mortgage loans	\$	70,491,864
Multifamily bond mortgage loans		954,091,186
State and federal loans		1,540,436,932
Operating loans		<u>17,286,500</u>
		2,582,306,482
Less: Allowance for loan losses		<u>(207,168,723)</u>
		2,375,137,759
Less current portion		<u>(172,940,665)</u>
Noncurrent loans receivable, net	\$	<u>2,202,197,094</u>

The multifamily bond program loans are pledged as collateral for the payment of principal and interest on note and bond indebtedness. Substantially all of these multifamily mortgage loans have an interest rate equal to the interest rate on the notes and bonds plus expenses.

Certain single family bond mortgage loans are secured by first liens on single family residential property. Interest rates on the single family bond mortgage loans range from 3.0% to 7.25%. Under Florida Housing's program guidelines, all conventionally financed single family bond mortgage loans with an initial loan-to-value ratio greater than 80% are insured by private mortgage insurance carriers. The mortgage insurers, together with the approximate percentage of single family bond mortgage loans insured outstanding at December 31, 2019, (exclusive of Fannie Mae and GNMA guaranteed loans) are as follows: Federal Housing Administration (55%), Commonwealth Mortgage Assurance Company (Radian Guaranty, Inc.) (10%), Rural Housing Authority (7%), and Department of Veterans' Affairs (6%). Approximately 22% of single family bond mortgage loans outstanding at December 31, 2019 are uninsured.

Under the multifamily bond programs, mortgage loans are collateralized by various methods, including first liens on multifamily rental properties, letters of credit, surety bonds, and guarantees provided by the Florida Housing Guarantee Program and third parties. Approximately \$259.6 million of the outstanding multifamily bond mortgage loans at December 31, 2019, are secured, in part, by irrevocable direct-pay letters of credit provided by banking and savings and loan institutions. Approximately \$845.0 million of the outstanding multifamily bond mortgage loans at December 31, 2019 are secured, in part, by insurance as follows: Freddie Mac (17%), Fannie Mae (13%), and various other companies (58%). Approximately 12% of the multifamily bond mortgage loans are uninsured.

Mortgage loans in the Multifamily Mortgage Revenue Bond Programs are recorded at an amount generally equal to the outstanding conduit debt. Any loss resulting from the insufficiency of the available assets and credit enhancement to satisfy the obligations of a specific bond issue will be sustained by the specific bondholder.

State and federally funded loans are primarily second mortgages made on both single family residential property and multifamily housing developments. Interest rates range from 0% to 9%. Most loans made under the SAIL and TCAP programs contain interest payment provisions based upon the developments' cash flows, with deferral of interest payment until positive cash flow is generated. Principal is due at maturity.

Many of Florida Housing's loan programs defer payments, both for principal and interest, until maturity. Under some programs, loans may be forgivable if the borrower meets certain criteria or complies with certain criteria during a predetermined period.

## 8. COLLATERALIZED BANK LOAN

In April 1998, Florida Housing entered into a line of credit agreement with the Federal Home Loan Bank (the Bank) to preserve available single family tax-exempt bond allocations. Florida Housing's credit availability is \$650 million. All advances under this agreement are fully collateralized with cash, which may be replaced with other types of collateral in a form and amount acceptable to the Bank. The line of credit bears interest at the investment rate on the cash collateral account (2.3% at December 31, 2019) plus seven basis points. The agreement renews each July for an additional 12-month period. As a result, the collateralized bank loan is classified as a current liability.

Collateralized bank loan activity for the year ended December 31, 2019 included additions of \$49.6 million and reductions of \$49.6 million.

Bond proceeds from the Single Family Mortgage Revenue Bonds 2019 Series 1 issuance were used on August 28, 2019 to redeem the Federal Home Loan Bank of Atlanta FHFC Liquidity Advance Line (\$49.6 million). The ending balance at December 31, 2019 is zero.

## 9. NOTES AND BONDS PAYABLE

Notes and bonds issued by Florida Housing are limited obligations payable solely from and secured by a pledge of mortgage loans or other assets for payment of principal and interest on the applicable debt. Each issue, with the exception of certain single family issues, is collateralized by a separate collateral package. The bonds in the Single Family Homeowner Mortgage fund are collateralized under a single bond indenture. In addition, certain assets are further restricted for payment of interest and principal in the event that the related debt service and other available funds are insufficient. Such assets are segregated within the various funds and are held in cash or investments.



At December 31, 2019, notes and bonds payable consist of the following:

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
<b>NOTES PAYABLE</b>				
<b><i>Multifamily Housing Revenue Fund</i></b>				
2009 Series B Mortgage Revenue Note	12/23/2009	2024	5.70%	12,057,242
2014 Series F Mortgage Revenue Note	12/16/2014	2052	4.21%	5,112,559
2015 Series N Mortgage Revenue Note	12/18/2015	2034	4.74%	2,341,330
2016 Series B1 Mortgage Revenue Note	06/29/2016	2032	3.49%	9,961,524
2016 Series C Mortgage Revenue Note	10/14/2016	2034	Floating	6,085,316
2016 Series E1 Mortgage Revenue Note	09/30/2016	2032	3.58%	2,194,742
2016 Series F Mortgage Revenue Note	10/27/2016	2033	3.95%	8,725,000
2016 Series G1 Mortgage Revenue Note	10/03/2016	2032	3.48%	5,583,552
2016 Series H Mortgage Revenue Note	11/29/2016	2034	4.61%	3,139,379
2016 Series I1 Mortgage Revenue Note	10/28/2016	2032	3.81%	4,595,947
2016 Series J Mortgage Revenue Note	12/01/2016	2033	4.54%	4,688,349
2016 Series L Mortgage Revenue Note	12/29/2016	2034	Floating	17,950,000
2017 Series H1 Mortgage Revenue Note	12/19/2017	2034	4.35%	4,394,439
2018 Series A Mortgage Revenue Note	03/21/2018	2035	Floating	8,108,254
2018 Series C Mortgage Revenue Note	05/22/2018	2051	Floating	8,327,391
2018 Series D Mortgage Revenue Note	05/09/2018	2035	Floating	11,104,479
2018 Series E Mortgage Revenue Note	06/27/2018	2021	Floating	15,355,459
2019 Series C1 Mortgage Revenue Note	03/28/2019	2035	4.32%	3,253,763
2019 Series C2 Mortgage Revenue Note	03/28/2019	2021	3.55%	1,720,000
				4,973,763
2019 Series E Mortgage Revenue Note	08/08/2019	2036	Floating	5,791,317
2019 Series I Mortgage Revenue Note	10/31/2019	2052	Floating	1,000,000
2019 Series K Mortgage Revenue Note	10/30/2019	2036	Floating	835,529
2019 Series L Mortgage Revenue Note	11/21/2019	2036	Floating	605,338
2019 Series N Mortgage Revenue Note	11/14/2019	2039	3.98%	38,200,000
2019 Series O Mortgage Revenue Note	11/14/2019	2039	3.98%	26,500,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2019 Series R1 Mortgage Revenue Note	12/18/2019	2036	3.60%	5,250,000
2019 Series R2 Mortgage Revenue Note	12/18/2019	2022	2.91%	2,250,000
				<u>7,500,000</u>
Total notes payable				<u>\$ 215,130,909</u>

## BONDS PAYABLE

### *Single Family Home Ownership Fund*

1991 Series G1, G2 Term Bonds	09/26/1991	2023	Floating	159,000
1992 Series G1, G2 Term Bonds	06/30/1992	2023 - 2025	Floating	<u>958,903</u>
Total Single Family Home Ownership bonds payable				<u>1,117,903</u>
2015 Series 1 Serial Bonds	12/02/2015	2020 - 2027	1.55% - 3.00%	6,860,000
2015 Series 1 Term Bonds	12/02/2015	2030 - 2045	3.45% - 3.95%	19,615,000
2015 Series 1 PAC Term Bonds	12/02/2015	2047	4.00%	<u>11,670,000</u>
				38,145,000
* 2016 Series 1 Term Bonds	03/31/2016	2037	3.13%	35,189,206
2016 Series 2 Serial Bonds	06/16/2016	2020 - 2027	1.20% - 2.50%	13,175,000
2016 Series 2 Term Bonds	06/16/2016	2031 - 2046	2.90% - 3.45%	37,785,000
2016 Series 2 PAC Term Bonds	06/16/2016	2047	4.00%	<u>15,275,000</u>
				66,235,000
2017 Series 1 Serial Bonds	12/22/2017	2020 - 2028	1.80% - 2.90%	44,830,000
2017 Series 1 Term Bonds	12/22/2017	2032 - 2047	3.25% - 3.80%	83,885,000
2017 Series 1 PAC Term Bonds	12/22/2017	2048	4.00%	<u>50,100,000</u>
				178,815,000
2018 Series 1 Serial Bonds	08/22/2018	2020 - 2030	1.65% - 3.20%	26,405,000
2018 Series 1 Term Bonds	08/22/2018	2033 - 2048	3.40% - 3.88%	61,055,000
2018 Series 1 PAC Term Bonds	08/22/2018	2049	4.00%	<u>37,135,000</u>
				124,595,000
2018 Series 2 Serial Bonds	12/20/2018	2020 - 2030	2.10% - 3.70%	32,535,000
2018 Series 2 Term Bonds	12/20/2018	2033 - 2045	3.75% - 4.20%	89,685,000
2018 Series 2 PAC Term Bonds	12/20/2018	2050	4.25%	<u>52,660,000</u>
				174,880,000
2019 Series 1 Serial Bonds	08/28/2019	2021 - 2031	1.25% - 2.40%	34,230,000
2019 Series 1 Term Bonds	08/28/2019	2027 - 2049	2.00% - 3.30%	88,270,000
2019 Series 1 PAC Term Bonds	08/28/2019	2050	4.00%	<u>52,500,000</u>
				<u>175,000,000</u>

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
Total Single Family Homeowner Mortgage bonds payable				792,859,206
Unamortized bond premium				16,282,439
Net Single Family Homeowner Mortgage bonds payable				<u>809,141,645</u>
<b>Homeowner Mortgage Revenue Fund (Special Program)</b>				
2009 Series A1 Serial Bonds	01/12/2010	2020	4.00%	470,000
2009 Series A1 Term Bonds	01/12/2010	2020 - 2029	4.00% - 4.80%	10,535,000
				<u>11,005,000</u>
2010 Series A Serial Bonds	06/23/2010	2020 - 2022	3.88% - 4.10%	1,755,000
2010 Series A Term Bonds	06/23/2010	2021 - 2029	4.00% - 4.60%	9,890,000
				<u>11,645,000</u>
2010 Series B Serial Bonds	11/01/2010	2020	3.25%	220,000
2010 Series B Term Bonds	11/01/2010	2025 - 2028	4.00% - 4.13%	1,470,000
2010 Series B PAC Term Bonds	11/01/2010	2029	4.50%	70,000
2009 Series B2 Term Bonds	11/01/2010	2041	3.01%	11,090,000
				<u>12,850,000</u>
2011 Series A Serial Bonds	03/09/2011	2020 - 2021	4.10% - 4.30%	2,545,000
2011 Series A Term Bonds	03/09/2011	2026	5.00%	4,670,000
2011 Series A PAC Term Bonds	03/09/2011	2029	4.50%	1,365,000
				<u>8,580,000</u>
2011 Series B Serial Bonds	07/07/2011	2020 - 2021	3.50% - 3.70%	2,840,000
2011 Series B Term Bonds	07/07/2011	2026	4.45%	7,950,000
2011 Series B PAC Term Bonds	07/07/2011	2029	4.50%	1,830,000
				<u>12,620,000</u>
2011 Series C Serial Bonds	11/03/2011	2020 - 2022	3.40% - 3.65%	4,695,000
2011 Series C Term Bonds	11/03/2011	2026 - 2030	4.10% - 4.45%	12,835,000
2011 Series C PAC Term Bonds	11/03/2011	2030	4.50%	1,465,000
2009 Series B5 Term Bonds	11/03/2011	2041	2.32%	43,990,000
				<u>62,985,000</u>
* 2013 Series A Term Bonds	05/16/2013	2041	2.80%	42,776,777
* 2013 Series B Term Bonds	05/30/2013	2041	2.80%	33,958,365
2013 Series C Serial Bonds	12/23/2013	2020 - 2024	2.60% - 3.70%	9,540,000
2013 Series C Term Bonds	12/23/2013	2027	4.00%	6,405,000
2013 Series C PAC Term Bonds	12/23/2013	2035	4.00%	7,525,000
				<u>23,470,000</u>

<b>Description</b>	<b>Issue Date</b>	<b>Due Dates</b>	<b>Interest Rates</b>	<b>Balance Outstanding</b>
* 2014 Series A Term Bonds	05/28/2014	2036	3.00%	7,941,073
2014 Series B Serial Bonds	05/28/2014	2020 - 2024	2.00% - 3.10%	1,700,000
2014 Series B Term Bonds	05/28/2014	2029 - 2046	3.70% - 4.35%	11,505,000
2014 Series B PAC Term Bonds	05/28/2014	2045	3.00%	8,790,000
				<u>29,936,073</u>
2015 Series A Serial Bonds	02/18/2015	2020 - 2025	1.70% - 2.70%	5,870,000
2015 Series A Term Bonds	02/18/2015	2030 - 2041	3.20% - 3.65%	23,635,000
2015 Series A PAC Term Bonds	02/18/2015	2046	3.50%	8,975,000
				<u>38,480,000</u>
* 2016 Series A Term Bonds	09/14/2016	2043	2.45%	30,696,580
* 2016 Series B Term Bonds	09/14/2016	2043	2.55%	36,527,335
				<u>67,223,915</u>
Total Homeowner Mortgage Revenue (Special Program) bonds payable				355,530,130
Unamortized bond premium				4,359,651
				<u>359,889,781</u>

### **Multifamily Housing Revenue Fund**

#### **Multifamily Housing Revenue Bonds**

1985 Series SS Term Bonds	12/17/1985	2022	Floating	20,000,000
1985 Series XX Term Bonds	12/17/1985	2025	Floating	8,500,000
1999 Series G1, G2 Term Bonds	08/25/1999	2032	Floating	9,150,000
2000 Series R1, R2 Term Bonds	12/06/2000	2020 - 2033	5.75% - 5.88%	7,355,000
2002 Series A1, A2 Term Bonds	01/08/2002	2035	Floating	9,935,000
* 2002 Series M1 Term Bonds	11/14/2002	2032	Floating	4,400,000
* 2002 Series N1, N2 Term Bonds	11/14/2002	2032	Floating	6,850,000
2003 Series E1 Term Bonds	03/01/2003	2036	Floating	6,230,000
2003 Series G Term Bonds	03/18/2003	2036	Floating	6,125,000
2003 Series K Term Bonds	04/01/2003	2036	Floating	4,735,000
2003 Series N Term Bonds	07/22/2003	2035	Floating	11,045,000
2003 Series W Term Bonds	12/16/2003	2036	Floating	4,400,000
2004 Series F Serial Bonds	03/01/2004	2037	Floating	5,700,000
2004 Series H Term Bonds	06/01/2004	2037	Floating	7,300,000



Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2004 Series K Term Bonds	12/01/2004	2037	Floating	12,500,000
* 2004 Series L Term Bonds	12/22/2004	2034	Floating	13,310,000
* 2004 Series M Term Bonds	12/22/2004	2034	Floating	14,775,000
2005 Series A Term Bonds	01/25/2005	2037	Floating	9,915,000
2006 Series A Term Bonds	03/28/2006	2042	6.15%	6,075,181
2006 Series B Term Bonds	03/16/2006	2050	6.00%	6,142,222
* 2006 Series D Term Bonds	07/11/2006	2036	Floating	7,975,000
2006 Series E Term Bonds	04/19/2006	2038	5.50%	3,074,000
2006 Series G Term Bonds	06/30/2006	2039	Floating	3,360,000
2006 Series H Term Bonds	06/21/2006	2039	Floating	5,995,000
2006 Series K Term Bonds	09/21/2006	2038	5.49%	1,105,000
2006 Series L Term Bonds	10/26/2006	2038	5.29%	180,000
2006 Series N Term Bonds	12/13/2006	2044	Floating	12,440,000
2007 Series A Term Bonds	08/23/2007	2040	5.49%	2,910,000
2007 Series B Term Bonds	02/06/2007	2048	6.70%	9,118,563
* 2007 Series D Term Bonds	05/23/2007	2047	5.75%	38,540,000
2007 Series H Term Bonds	06/29/2007	2042	Floating	3,095,000
2007 Series I Term Bonds	11/02/2007	2042	Floating	15,770,000
2007 Series K Term Bonds	12/20/2007	2042	6.00%	1,720,000
2008 Series A Term Bonds	01/16/2008	2041	Floating	6,570,000
2008 Series C Term Bonds	02/11/2008	2035 - 2049	5.00% - 5.25%	4,945,000
2008 Series H Term Bonds	05/08/2008	2039	5.88%	4,006,060
2008 Series I Term Bonds	06/06/2008	2048	Floating	11,000,000
2008 Series J Term Bonds	07/09/2008	2040	5.95%	4,996,021
2008 Series K Term Bonds	07/31/2008	2041	Floating	5,770,000
2008 Series L Term Bonds	08/19/2008	2041	Floating	6,405,000
2008 Series M Term Bonds	11/14/2008	2041	Floating	6,720,000

<b>Description</b>	<b>Issue Date</b>	<b>Due Dates</b>	<b>Interest Rates</b>	<b>Balance Outstanding</b>
2008 Series N Term Bonds	12/18/2008	2043	Floating	3,850,000
2008 Series O Term Bonds	12/18/2008	2043	Floating	3,770,000
2010 Series A2 Term Bonds	09/20/2010	2027	7.25%	4,050,000
2009 Series A1 Term Bonds	09/29/2010	2044	3.07%	5,470,000
2009 Series D1 Term Bonds	11/10/2010	2044	3.01%	2,050,000
2010 Series A Term Bonds	11/10/2010	2027	4.20%	1,940,000
2009 Series C Term Bonds	11/10/2010	2044	3.01%	<u>7,000,000</u>
				8,940,000
2010 Series B1 Term Bonds	12/07/2010	2047	7.60%	790,000
2009 Series E Term Bonds	12/15/2010	2028	3.01%	2,780,000
2009 Series F Term Bonds	12/15/2010	2040	3.01%	5,220,000
2009 Series G Term Bonds	12/15/2010	2052	3.01%	10,160,000
2010 Series D1 Term Bonds	12/20/2010	2042	7.60%	2,595,000
2011 Series E Serial Bonds	05/19/2011	2020	3.85%	340,000
2011 Series E Term Bonds	05/19/2011	2022 - 2028	4.10% - 4.88%	3,595,000
2009 Series I Term Bonds	05/19/2011	2044	3.57%	<u>20,270,000</u>
				24,205,000
2011 Series F Serial Bonds	05/19/2011	2020	3.85%	335,000
2011 Series F Term Bonds	05/19/2011	2022 - 2029	4.10% - 4.95%	3,860,000
2009 Series J Term Bonds	05/19/2011	2044	3.57%	<u>19,460,000</u>
				23,655,000
2011 Series G1, G2 Term Bonds	05/26/2011	2029	4.85%	1,430,000
2009 Series K Term Bonds	12/13/2011	2052	2.32%	8,330,000
2009 Series L Term Bonds	10/21/2011	2044	2.32%	11,180,000
2009 Series M Term Bonds	10/21/2011	2041	2.32%	5,790,000
2009 Series N Term Bonds	10/21/2011	2041	2.32%	8,230,000
2009 Series O Term Bonds	12/13/2011	2052	2.32%	6,790,000
2009 Series P Term Bonds	12/13/2011	2052	2.32%	4,260,000
2009 Series Q Term Bonds	12/13/2011	2042	2.32%	6,050,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2009 Series R Term Bonds	12/13/2011	2042	2.32%	8,320,000
2009 Series S Term Bonds	12/13/2011	2045	2.32%	15,980,000
2009 Series T Term Bonds	12/13/2011	2044	2.32%	10,850,000
2009 Series U1, U2 Term Bonds	12/13/2011	2045	2.32%	6,360,000
2013 Series A Term Bonds	04/24/2013	2029	3.45%	3,965,000
* 2013 Series B Term Bonds	09/10/2013	2043	Floating	12,000,000
2014 Series D1 Term Bonds	10/03/2014	2032	4.90%	3,435,958
2015 Series B Term Bonds	03/06/2015	2057	5.30%	6,240,000
2015 Series H Term Bonds	07/27/2015	2057	5.00%	7,420,000
2015 Series J Term Bonds	12/14/2015	2057	5.00%	5,640,000
2015 Series K1 Term Bonds	10/30/2015	2053	4.44%	4,355,168
2015 Series M Term Bonds	11/20/2015	2032	Floating	6,801,003
2016 Series D Term Bonds	08/19/2016	2033	Floating	2,242,478
2017 Series A1 Term Bonds	03/21/2017	2039	5.35%	2,784,666
2017 Series E1 Term Bonds	12/15/2017	2035	Floating	6,300,000
2017 Series E2 Term Bonds	12/15/2017	2020	Floating	9,400,000
				<u>15,700,000</u>
2017 Series G Term Bonds	01/22/2018	2038	4.94%	8,900,000
2017 Series I1 Term Bonds	12/21/2017	2035	Floating	6,450,000
2017 Series I2 Term Bonds	12/21/2017	2020	Floating	9,150,000
				<u>15,600,000</u>
2018 Series B Term Bonds	02/27/2018	2020	2.00%	13,265,000
2018 Series F Term Bonds	08/23/2018	2020	1.90%	28,000,000
2018 Series G1 Term Bonds	08/23/2018	2036	Floating	5,275,000
2018 Series G2 Term Bonds	08/23/2018	2021	Floating	6,975,000
				<u>12,250,000</u>
2018 Series H Term Bonds	10/04/2018	2036	Floating	6,496,721
2018 Series J1 Term Bonds	12/05/2018	2036	Floating	10,000,000
2018 Series J2 Term Bonds	12/05/2018	2021	Floating	2,536,967
				<u>12,536,967</u>

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2018 Series K Term Bonds	12/12/2018	2061	Floating	15,752,996
2018 Series L Term Bonds	12/12/2018	2035	Floating	10,114,116
2019 Series A Term Bonds	02/28/2019	2021	2.00%	9,200,000
2019 Series B1 Term Bonds	03/27/2019	2036	Floating	1,516,653
2019 Series B2 Term Bonds	03/27/2019	2021	Floating	3,044,495
				<u>4,561,148</u>
2019 Series D1 Term Bonds	06/28/2019	2022	1.70%	2,200,000
2019 Series D2 Term Bonds	06/28/2019	2039	3.00%	16,200,000
				<u>18,400,000</u>
2019 Series F Term Bonds	07/30/2019	2059	4.32%	19,937,215
2019 Series G Term Bonds	09/24/2019	2021	1.55%	11,000,000
2019 Series J Term Bonds	10/31/2019	2023	1.45%	40,030,000
2019 Series P Term Bonds	12/13/2019	2037	Floating	3,666,509
2019 Series Q Term Bonds	12/20/2019	2040	Floating	51,000
				<u>51,000</u>
Total Multifamily Housing Revenue bonds payable				<u>821,587,992</u>
Total net bonds payable				<u>\$ 1,991,737,321</u>

Interest on outstanding notes and bonds is payable semiannually, except for the following bonds, which pay interest monthly:

- Single Family Pass Through Bonds
- Multifamily Floating Rate Bonds
- Multifamily Housing Revenue Bonds:

2006 Series A	2009 Series B	2016 Series E1	2019 Series C1 – C2
2006 Series B	2014 Series D1	2016 Series G1	2019 Series D1 – D2
2006 Series K	2014 Series F	2016 Series H	2019 Series F
2006 Series L	2015 Series B	2016 Series I1	2019 Series N
2007 Series A	2015 Series H	2016 Series J	2019 Series O
2007 Series B	2015 Series J	2017 Series A1	2019 Series R1 – R2
2007 Series D	2015 Series K1	2017 Series G	
2008 Series H	2015 Series N	2017 Series H1	
2008 Series J	2016 Series B1	2018 Series G	

The methods or indices used to determine the actual interest rates for floating rate bonds are outlined in the individual bond documents. Actual interest rates ranged from 1.06% to 5.02% during 2019. Rates in effect at December 31, 2019 ranged from 1.58% to 4.50%.

Scheduled maturities of notes and bonds payable, interest payments, and sinking fund requirements at December 31, 2019, are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 318,776,774	\$ 63,740,413	\$ 382,517,187
2021	98,751,374	60,685,757	159,437,131
2022	74,723,784	58,779,135	133,502,919
2023	90,132,898	56,604,132	146,737,030
2024	77,565,432	54,277,684	131,843,116
2025 – 2029	263,699,972	247,630,357	511,330,329
2030 – 2034	326,799,234	202,587,982	529,387,216
2035 – 2039	386,167,052	134,189,400	520,356,452
2040 – 2044	298,973,491	72,083,536	371,057,027
2045 – 2049	211,398,311	25,325,580	236,723,891
2050 – 2054	27,956,779	4,799,313	32,756,092
2055 – 2059	10,905,875	961,194	11,867,069
2060 – 2064	375,164	—	375,164
	<u>2,186,226,140</u>	<u>981,664,483</u>	<u>3,167,890,623</u>
Net unamortized bond premium	20,642,090	—	20,642,090
	<u>\$ 2,206,868,230</u>	<u>\$ 981,664,483</u>	<u>\$ 3,188,532,713</u>

#### Changes in Notes and Bonds Payable

Notes and bonds payable activity for the year ended December 31, 2019 is as follows:

	Notes and bonds payable	Unamortized premium (discount)	Total notes and bonds payable, net
Beginning Balance	\$ 2,026,702,215	\$ 17,259,797	\$ 2,043,962,012
Additions	460,124,431	5,485,254	465,609,685
Reductions	(300,600,506)	(2,102,961)	(302,703,467)
Ending Balance	<u>\$ 2,186,226,140</u>	<u>\$ 20,642,090</u>	<u>\$ 2,206,868,230</u>
Due Within One Year	\$ 318,776,774	\$ 2,686,265	\$ 321,463,039

In 2019, the 2006 Series C bonds were defeased. The outstanding balance was \$6,031,135 at December 31, 2019.

## 10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Florida Housing holds funds provided under the Hardest Hit Fund administered by the U.S. Treasury until expended in the program. Since unused funds must ultimately be returned to the administering agency, these funds are recorded in Accounts Payable and Other Liabilities. Revenue is recognized as the funds are disbursed to borrowers or used to pay administrative expenses. As of December 31, 2019, the balance of unexpended funds held for the Hardest Hit Fund is \$3.4 million.

## 11. DUE TO DEVELOPERS

All of Florida Housing's multifamily bond issues are conduit debt. The assets of each issue are pledged solely to support the outstanding debt, and the bondholders' claims on the assets of the indenture are limited to the amount of debt and any outstanding interest. Assets in excess of the related liabilities are owed to the borrower, and are therefore recorded as Due to Developer. These multifamily bond issues represent \$137.8 million of the total \$138.8 million Due to Developer amounts. The remaining balance represents Good Faith Deposits required from developers to begin the multifamily bond issuance process.

## 12. RESTRICTED NET POSITION

Pursuant to various trust indentures and loan agreements, the assets and equity of the bond programs are restricted. Upon satisfaction of all bondholder indebtedness and payment of all authorized expenses, any remaining funds are disbursed to Florida Housing or the respective developer as described in each trust indenture or loan agreement. The assets and equity of the state-funded programs are restricted by statute.

The following is a summary of restricted assets, liabilities, and net position as of December 31, 2019:

Total restricted cash	\$	198,903,438
Total restricted current assets	\$	1,299,033,914
Total restricted assets	\$	5,044,361,244
Total current liabilities payable from restricted current assets	\$	346,689,736
Total liabilities payable from restricted assets	\$	2,369,891,981
Total restricted net position	\$	2,674,469,262



### 13. UNRESTRICTED NET POSITION

Unrestricted net position provides additional security for Florida Housing’s general obligations, coverage of current and planned administrative costs, and tentative plans for future utilization, subject to the approval of Florida Housing’s management or Board of Directors. As of December 31, 2019, the balance of unrestricted net position in the Operating Fund, \$173.5 million, has been designated by the Board of Directors for a variety of uses: loans and loan commitments, including demonstration loans and other programs such as Multifamily Programs; and coverage of single family bond issuance costs. Additionally, unrestricted net position is designated for working capital and operating and capital expenses, including coverage of compliance monitoring fees for housing credit properties for which partial or no fees were collected at the time of allocation; and the costs associated with holding foreclosed property.

Below is a summary of the Operating Fund designated net position as of December 31, 2019:

Designated net position:

Demonstration and other initiatives	\$ 112,330,100
Dedicated reserve for operations	57,500,000
Single family	<u>3,700,000</u>
Total designated net position	<u>\$ 173,530,100</u>

### 14. DEVELOPER AND REGIONAL CONCENTRATION

As of December 31, 2019, seven developers accounted for approximately 46% (\$479.3 million) of bonds and notes outstanding in the multifamily bond programs. No other developer accounted for more than 4% of the bonds and notes outstanding. Developments in the following five counties represented 69% of the bonds and notes outstanding: Miami-Dade County (30%), Orange County (12%), Palm Beach County (10%), Broward County (9%), and Hillsborough County (8%). No other county represented 5% or more of the bonds and notes outstanding.

As of December 31, 2019, five developers accounted for approximately 38% (\$330.4 million) of loans outstanding in the SAIL Program. No other developer accounted for more than 4% of SAIL loans outstanding. Developments in the following six counties represented 50% of the SAIL loans outstanding: Miami-Dade County (14%), Hillsborough County (12%), Duval County (6%), Lake County (6%), Orange County (6%), and Palm Beach County (6%). No other county represented 6% or more of the SAIL loans outstanding.

As of December 31, 2019, three developers accounted for approximately 19% (\$74.5 million) of loans outstanding in the HOME Program. No other developer accounted for more than 5% of HOME loans outstanding. Outstanding loans in the following four counties represented 40% of HOME loans outstanding: Miami-Dade County (18%), Desoto County (8%), Duval County (8%), and Highlands County (6%). No other county represented 5% or more of the outstanding HOME loans.

## 15. COMMITMENTS AND CONTINGENCIES

### *Loans*

Florida Housing originates commitments to extend credit in the normal course of business to meet the financing needs of qualified first time homebuyers and developers providing affordable housing for low, moderate, and middle income families in the state of Florida. Commitments to extend credit are contractual obligations to lend to a developer or individual homebuyer as long as all established contractual conditions are satisfied.

As of December 31, 2019, Florida Housing had outstanding commitments under state and federally funded programs and other initiatives as follows:

State Apartment Incentive Loan Program	\$ 166,620,331
Demonstration Loan Program	16,657,242
HOME Investment Partnerships Program	13,363,277
National Housing Trust Fund	5,031,196
Predevelopment Loan Program	2,756,098
Legislative Initiatives	46,561
	<u>\$ 204,474,705</u>

### *Risk Management*

Florida Housing is subject to normal risks associated with its operations, including property damage, personal injury and employee dishonesty. All risks are managed through the purchase of commercial insurance. There have been no decreases in coverage over the last three years.

### *Leases*

Florida Housing leases office space under a noncancelable operating lease. The lease term runs through May 2029. Rent expense for the operating lease was \$747,432 for the year ended December 31, 2019. As of December 31, 2019, future minimum lease payments are as follows:

2020	\$ 760,515
2021	783,335
2022	806,834
2023	831,038
2024	855,969
2025 - 2029	<u>4,094,811</u>
	<u>\$ 8,132,502</u>



## 16. EMPLOYEE BENEFITS

Florida Housing is authorized by Section 420.507(32), Florida Statutes to establish pension plans for the benefit of its employees. There are two plans in place, a defined contribution pension plan and a deferred compensation plan.

### *Retirement Plan*

Florida Housing sponsors a defined contribution pension plan (the Plan) under Internal Revenue Code (IRC) Section 401(m) to provide retirement and survivor benefits to participating employees. The Plan, which is administered by Florida Housing, covers all employees over the age of 21 who have completed 90 continuous days of employment and are eligible employees at the end of that period, or have performed at least 1,000 hours of service before the first anniversary of their employment or during any Plan year. In accordance with Plan documents, Florida Housing, or its Board of Directors, as applicable, may order changes to the Plan. Such changes shall be effective upon execution of a written instrument amending the Plan. Under the Plan, Florida Housing's contribution is based on a two-tier system. First, Florida Housing contributes a percentage of the eligible employee's compensation to the Plan. The percentage for the year ended December 31, 2019 was 8%. Second, Florida Housing contributes \$0.50 to the Plan for every \$1.00 of compensation deferred by the eligible employee under Florida Housing's sponsored IRC Section 457 Deferred Compensation Plan, up to a maximum contribution by Florida Housing of 3% of the eligible employee's compensation. These contributions are recognized in the period they are due. Florida Housing contributions vest to the employee after three years of service.

### *Deferred Compensation Plan*

Florida Housing offers its employees a deferred compensation plan created in accordance with IRC Section 457 (the 457 Plan). The 457 Plan, available to all employees who have completed 90 continuous days of employment and have attained the age of 21, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. Florida Housing has the right to amend the 457 Plan. Amendments must be made in writing.

All amounts of compensation deferred under the 457 Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (notwithstanding the mandates of 26 U.S.C. s. 457(b)(6), all of the assets specified in subparagraph 1) held in trust for the exclusive benefit of participants and their beneficiaries as mandated by 26 U.S.C. s. 457(g)(1). Florida Housing does not contribute to the 457 Plan.

Participation under the 457 Plan is solely at the discretion of the employee. Florida Housing has no liability for losses under the 457 Plan, but does have the duty of due care.



## 17. SUBSEQUENT EVENTS

During the period January 1, 2020 through April 30, 2020, pursuant to various trust indentures, bonds in the aggregate amount of \$129.8 million were called for redemption from principal payments and excess revenues. The bonds were called at a redemption price equal to par value plus accrued interest.

Bonds and notes were called from the following programs:

Issue	Date	Redemption Amount
<b>Single Family Home Ownership</b>		
Various	January 2, 2020	\$ 8,000
Various	February 3, 2020	56,695
Various	March 2, 2020	31,536
Various	April 1, 2020	34,143
		<u>130,374</u>
<b>Single Family Homeowner Mortgage</b>		
Various	January 2, 2020	42,784,693
Various	February 3, 2020	2,431,812
Various	March 2, 2020	2,977,556
Various	April 1, 2020	9,075,912
		<u>57,269,973</u>
<b>Multifamily Housing Revenue</b>		
Various	January 2020	14,996,883
Various	February 2020	29,173,957
Various	March 2020	27,137,216
Various	April 2020	1,115,211
		<u>72,423,267</u>
		<u>\$ 129,823,614</u>



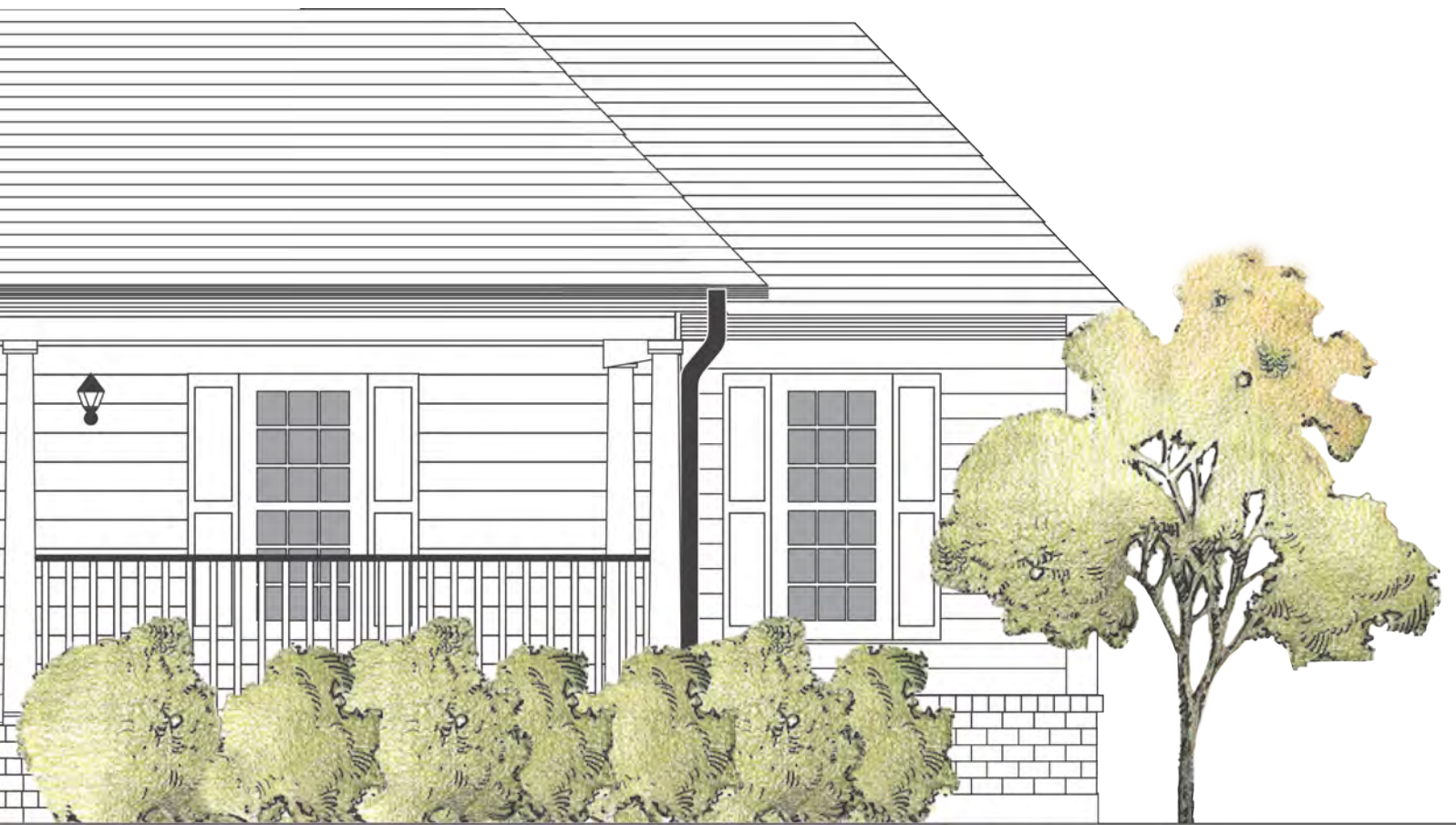
The following notes and bonds were issued in the Multifamily Housing Revenue Program in 2020:

<b>Issue</b>	<b>Date</b>	<b>Amount</b>
2020 Series A	January 17, 2020	\$ 14,000,000
2020 Series B	January 31, 2020	19,500,000
2020 Series C	March 10, 2020	25,500,000
2020 Series E	April 23, 2020	11,000,000
2020 Series F	April 1, 2020	15,300,000
		<u>\$ 85,300,000</u>

On March 13, 2020, the US President declared a National Emergency concerning the Novel Coronavirus Disease (COVID-19) outbreak, which has been followed by various other similar federal, state and local government civic actions and decrees resulting in disruptive impacts to the financial markets. Various stimulus initiatives designed to mitigate the negative effects of the disruption have also been implemented at all levels of government. Florida Housing cannot, at this time, forecast the ultimate financial impact or long-term operational implications of the COVID-19 outbreak. Florida’s need for affordable housing continues, and the construction and financial services industries have been declared essential; therefore, Florida Housing’s operations continue.







# FLORIDA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Florida)

## SUPPLEMENTARY SCHEDULE OF PROGRAM STATEMENTS OF NET POSITION AS OF DECEMBER 31, 2019

### Restricted Programs

	Single Family Home Ownership	Single Family Homeowner Mortgage	Homeowner Mortgage Revenue (Special Program)	Guarantee	Multifamily Housing Revenue	State and Federal	Subsidiary Corporations	Operating	2019
<b>ASSETS</b>									
<b>CURRENT ASSETS</b>									
Cash and cash equivalents	\$ 572,482	\$ 52,456,104	\$ 30,708,021	\$ 484,730	\$ 75,139,727	\$ 39,343,720	\$ 381	\$ 2,654,543	\$ 201,359,708
Investments, net	-	362,252,369	16,979,776	141,115,402	49,107,789	307,976,222	49,092	208,241,052	1,085,721,702
Interest receivable on investments	5,747	3,967,688	1,388,794	298,273	634,233	-	-	2,594,005	8,888,740
Interest receivable on loans	-	206,918	-	-	4,729,764	1,785,444	-	-	6,722,126
Loans receivable, net	-	3,380,125	-	-	149,068,149	17,926,204	-	2,566,187	172,940,665
Other assets	-	614	-	-	-	1,201	260,136	201,020	462,971
(Payable to) receivable from other programs	(3,015)	(3,504,180)	(406,993)	-	(768,104)	319,709	(332,136)	4,694,719	-
Total current assets	575,214	418,759,638	48,669,598	141,898,405	277,911,558	367,352,500	(22,527)	220,951,526	1,476,095,912
<b>NONCURRENT ASSETS</b>									
Investments, net	877,535	834,184,796	399,937,032	-	96,803,758	216,745,983	34,549	145,236,415	1,693,820,068
Loans receivable, net	-	64,095,929	-	-	805,023,037	1,323,590,931	-	9,487,197	2,202,197,094
Other assets, net	-	-	-	-	-	-	-	1,414,651	1,414,651
Total noncurrent assets	877,535	898,280,725	399,937,032	-	901,826,795	1,540,336,914	34,549	156,138,263	3,897,431,813
<b>TOTAL ASSETS</b>	<b>1,452,749</b>	<b>1,317,040,363</b>	<b>448,606,630</b>	<b>141,898,405</b>	<b>1,179,738,353</b>	<b>1,907,689,414</b>	<b>12,022</b>	<b>377,089,789</b>	<b>5,373,527,725</b>
<b>LIABILITIES</b>									
<b>CURRENT LIABILITIES</b>									
Accounts payable and other liabilities	-	-	-	-	2,029	3,733,985	1,873	6,820,071	10,557,958
Accrued interest payable	994	12,366,819	3,876,287	-	5,220,370	-	-	-	21,464,470
Notes payable, net	-	-	-	-	18,775,774	-	-	-	18,775,774
Bonds payable, net	335,000	37,102,933	134,286,957	-	130,962,375	-	-	-	302,687,265
Unearned fee income, net	-	-	-	26,213	-	-	-	3,640,231	3,666,444
Total current liabilities	335,994	49,469,752	138,163,244	26,213	154,960,548	3,733,985	1,873	10,460,302	357,151,911
<b>NONCURRENT LIABILITIES</b>									
Notes payable, net	-	-	-	-	196,355,135	-	-	-	196,355,135
Bonds payable, net	782,903	772,038,712	225,602,824	-	690,625,617	-	-	-	1,689,050,056
Unearned fee income, net	-	-	-	-	-	-	-	144,134,026	144,134,026
Due to developers	-	-	-	-	137,797,053	-	-	1,030,033	138,827,086
Total noncurrent liabilities	782,903	772,038,712	225,602,824	-	1,024,777,805	-	-	145,164,059	2,168,366,303
<b>TOTAL LIABILITIES</b>	<b>1,118,897</b>	<b>821,508,464</b>	<b>363,766,068</b>	<b>26,213</b>	<b>1,179,738,353</b>	<b>3,733,985</b>	<b>1,873</b>	<b>155,624,361</b>	<b>2,525,518,214</b>
<b>NET POSITION</b>									
Restricted	333,852	495,531,899	84,840,562	141,872,192	-	1,903,955,429	-	47,935,328	2,674,469,262
Unrestricted	-	-	-	-	-	-	10,149	173,530,100	173,540,249
<b>TOTAL NET POSITION</b>	<b>\$ 333,852</b>	<b>\$ 495,531,899</b>	<b>\$ 84,840,562</b>	<b>\$ 141,872,192</b>	<b>\$ -</b>	<b>\$ 1,903,955,429</b>	<b>\$ 10,149</b>	<b>\$ 221,465,428</b>	<b>\$ 2,848,009,511</b>

# FLORIDA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Florida)

## SUPPLEMENTARY SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND CHANGES IN PROGRAM NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2019

	Restricted Programs							Operating	2019
	Single Family Home Ownership	Single Family Homeowner Mortgage	Homeowner Mortgage Revenue (Special Program)	Guarantee	Multifamily Housing Revenue	State and Federal	Subsidiary Corporations		
<b>OPERATING REVENUES</b>									
Interest on loans	\$ -	\$ 2,725,023	\$ -	\$ -	\$ 32,275,581	\$ 16,326,867	\$ -	\$ 35,567	\$ 51,363,038
Investment income	80,362	109,527,657	30,170,271	7,381,979	1,921,894	22,347,117	3,664	15,249,632	186,682,576
Fee income	-	-	-	-	-	-	-	19,007,800	19,007,800
Federal program administrative fees	-	-	-	-	-	626,991	-	1,779,885	2,406,876
Other income	-	(241,247)	-	119,834	70,528	469,326	-	(59,448)	358,993
Total operating revenues	80,362	112,011,433	30,170,271	7,501,813	34,268,003	39,770,301	3,664	36,013,436	259,819,283
<b>OPERATING EXPENSES</b>									
Interest expense	83,509	25,207,763	11,315,221	-	30,004,965	-	-	-	66,611,458
Payments to other governments	-	-	-	-	-	67,962,401	-	-	67,962,401
Provision for uncollectible loans	-	1,528,240	-	-	-	16,022,236	-	(61,183)	17,489,293
General and administrative	264	11,501,410	1,011,327	669,723	4,263,038	2,377,387	122	22,885,936	42,709,207
Total operating expenses	83,773	38,237,413	12,326,548	669,723	34,268,003	86,362,024	122	22,824,753	194,772,359
OPERATING INCOME (LOSS)	(3,411)	73,774,020	17,843,723	6,832,090	-	(46,591,723)	3,542	13,188,683	65,046,924
<b>NONOPERATING REVENUES (EXPENSES)</b>									
Federal and state program revenue	-	-	-	-	-	34,428,552	-	276,469	34,705,021
Federal and state program expense	-	-	-	-	-	(32,975,504)	-	-	(32,975,504)
State documentary stamp tax revenue	-	-	-	-	-	340,170,649	-	-	340,170,649
Payments to state agencies	-	-	-	-	-	(182,000,000)	-	-	(182,000,000)
Total nonoperating revenues (expenses)	-	-	-	-	-	159,623,697	-	276,469	159,900,166
Income (Loss) before transfers	(3,411)	73,774,020	17,843,723	6,832,090	-	113,031,974	3,542	13,465,152	224,947,090
<b>TRANSFERS FROM (TO) OTHER PROGRAMS</b>									
	-	490,007	(490,007)	-	-	(2,075,189)	-	2,075,189	-
<b>CHANGE IN NET POSITION</b>	(3,411)	74,264,027	17,353,716	6,832,090	-	110,956,785	3,542	15,540,341	224,947,090
<b>NET POSITION</b>									
Beginning of year	337,263	421,267,872	67,486,846	135,040,102	-	1,792,998,644	6,607	205,925,087	2,623,062,421
End of year	\$ 333,852	\$ 495,531,899	\$ 84,840,562	\$ 141,872,192	\$ -	\$ 1,903,955,429	\$ 10,149	\$ 221,465,428	\$ 2,848,009,511

# FLORIDA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Florida)

## SUPPLEMENTARY SCHEDULE OF PROGRAM CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

### Restricted Programs

	Single Family Home Ownership	Single Family Homeowner Mortgage	Homeowner Mortgage Revenue (Special Program)	Guarantee	Multifamily Housing Revenue	State and Federal	Subsidiary Corporations	Operating	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Interest received on conduit debt fund investments	\$ 86,269	\$ 70,882,546	\$ 18,096,668	\$ -	\$ 1,668,825	\$ -	\$ -	\$ -	\$ 90,734,308
Cash received from interest on loans receivable	-	2,682,463	-	-	32,431,450	15,710,154	-	35,567	50,859,634
Cash received from principal payments on loans receivable	-	8,277,114	-	-	159,182,632	76,488,497	-	71,423	244,019,666
Cash received for federal program administrative fees	-	-	-	-	-	626,991	-	1,779,885	2,406,876
Cash received from fee income	-	-	-	-	-	-	-	19,007,800	19,007,800
Cash received from other revenues	-	(241,247)	-	95,306	70,528	-	-	12,613,157	12,537,744
Cash payments for issuance of loans and federal programs	-	(20,435,953)	-	-	(221,650,793)	(158,699,917)	-	(385,257)	(401,171,920)
Interest paid on conduit debt fund bonds	(90,499)	(22,165,576)	(12,877,215)	-	(30,213,871)	-	-	-	(65,347,161)
Cash payments for operating expenses	(264)	(6,714,106)	(1,011,327)	(669,722)	(4,261,010)	(25,621,084)	-	(22,871,939)	(61,149,452)
Payments to other governments	-	-	-	-	-	(67,962,402)	-	-	(67,962,402)
Cash receipts from (payments to) other funds	146	1,074,622	(60,627)	-	83,790	12,427	-	(1,110,358)	-
<b>NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>	<b>(4,348)</b>	<b>33,359,863</b>	<b>4,147,499</b>	<b>(574,416)</b>	<b>(62,688,449)</b>	<b>(159,445,334)</b>	<b>-</b>	<b>9,140,278</b>	<b>(176,064,907)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>									
Proceeds from issuance of notes	-	-	-	-	113,621,012	-	-	-	113,621,012
Proceeds from issuance of bonds	-	180,484,675	-	-	171,503,419	-	-	-	351,988,094
Principal payments on notes	-	-	-	-	(8,715,755)	-	-	-	(8,715,755)
Principal payments on bonds	(366,383)	(64,105,952)	(70,842,905)	-	(156,569,509)	-	-	-	(291,884,749)
Transfers from (to) other programs	-	490,007	(490,007)	-	-	(2,075,189)	-	2,075,189	-
Cash received for federal and state programs	-	-	-	-	-	34,428,552	-	276,469	34,705,021
State documentary stamp tax receipts	-	-	-	-	-	340,170,649	-	-	340,170,649
Payments to state agencies	-	-	-	-	-	(182,000,000)	-	-	(182,000,000)
<b>NET CASH PROVIDED BY (USED BY) NONCAPITAL FINANCING ACTIVITIES</b>	<b>(366,383)</b>	<b>116,868,730</b>	<b>(71,332,912)</b>	<b>-</b>	<b>119,839,167</b>	<b>190,524,012</b>	<b>-</b>	<b>2,351,658</b>	<b>357,884,272</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Purchases of investments	-	(1,434,559,572)	(88,156,635)	(3,650,663)	(85,589,993)	(704,184,892)	(48,816)	(215,628,070)	(2,531,818,641)
Proceeds from the sale and maturity of investments	347,975	1,306,084,762	150,027,115	178,988	49,719,379	635,920,820	46,821	196,821,664	2,339,147,524
Interest received on investments	-	-	-	4,196,353	-	14,025,177	2,260	9,044,860	27,268,650
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>347,975</b>	<b>(128,474,810)</b>	<b>61,870,480</b>	<b>724,678</b>	<b>(35,870,614)</b>	<b>(54,238,895)</b>	<b>265</b>	<b>(9,761,546)</b>	<b>(165,402,467)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(22,756)</b>	<b>21,753,783</b>	<b>(5,314,933)</b>	<b>150,262</b>	<b>21,280,104</b>	<b>(23,160,217)</b>	<b>265</b>	<b>1,730,390</b>	<b>16,416,898</b>
<b>CASH AND CASH EQUIVALENTS</b>									
Beginning of year	595,238	30,702,321	36,022,954	334,468	53,859,623	62,503,937	116	924,153	184,942,810
End of year	\$ 572,482	\$ 52,456,104	\$ 30,708,021	\$ 484,730	\$ 75,139,727	\$ 39,343,720	\$ 381	\$ 2,654,543	\$ 201,359,708



# FLORIDA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Florida)

## SUPPLEMENTARY SCHEDULE OF PROGRAM CASH FLOWS (continued) FOR THE YEAR ENDED DECEMBER 31, 2019

### Restricted Programs

	Single Family Home Ownership	Single Family Homeowner Mortgage	Homeowner Mortgage Revenue (Special Program)	Guarantee	Multifamily Housing Revenue	State and Federal	Subsidiary Corporations	Operating	2019
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES									
Operating income (loss)	\$ (3,411)	\$ 73,774,020	\$ 17,843,723	\$ 6,832,090	\$ -	\$ (46,591,723)	\$ 3,542	\$ 13,188,683	\$ 65,046,924
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities									
Unrealized (gain) loss on investments	3,506	(36,921,922)	(12,019,622)	(3,128,853)	(125,989)	(8,316,725)	(1,400)	(5,840,152)	(66,351,157)
Provision for uncollectible loans	-	1,528,240	-	-	-	16,022,236	-	(61,184)	17,489,292
Amortization and depreciation	-	(2,346,453)	(897,846)	(119,834)	46,886	(39,703)	(6)	(3,387,821)	(6,744,777)
Interest received on investments	-	-	-	(4,196,353)	-	(14,025,177)	(2,260)	(9,044,860)	(27,268,650)
Changes in assets and liabilities which provided (used) cash									
Interest receivable on investments	2,401	(910,223)	213,805	(56,772)	(173,966)	34,488	-	(338,017)	(1,228,284)
Interest receivable on loans	-	18,605	-	-	155,869	(616,713)	-	-	(442,239)
Loans receivable	-	(7,371,632)	-	-	(81,181,918)	(82,680,746)	-	203,945	(171,030,351)
Other assets	-	97	-	-	-	2,438	-	(312,351)	(309,816)
Accounts payable and other liabilities	-	-	-	-	2,028	(23,246,136)	124	160,066	(23,083,918)
Accrued interest payable	(6,990)	4,514,509	(931,934)	-	(208,906)	-	-	-	3,366,679
Unearned fee income	-	-	-	95,306	-	-	-	15,079,065	15,174,371
Due to developers	-	-	-	-	18,713,757	-	-	603,262	19,317,019
Interfund receivable (payable)	146	1,074,622	(60,627)	-	83,790	12,427	-	(1,110,358)	-
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	<u>\$ (4,348)</u>	<u>\$ 33,359,863</u>	<u>\$ 4,147,499</u>	<u>\$ (574,416)</u>	<u>\$ (62,688,449)</u>	<u>\$ (159,445,334)</u>	<u>\$ -</u>	<u>\$ 9,140,278</u>	<u>\$ (176,064,907)</u>





SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	CFDA Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Housing Finance Agencies (HFA) Risk Sharing		14.188	\$ 4,481,942
HOME Investment Partnerships Program		14.239	299,822,981
ARRA – Tax Credit Assistance Program		14.258	101,134,952
National Housing Trust Fund		14.275	<u>2,703,560</u>
TOTAL			<u>\$ 408,143,435</u>

See Notes to Schedule of Expenditures of Federal Awards.



*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019*

---

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Florida Housing Finance Corporation (Florida Housing) under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Florida Housing, it is not intended to and does not present the financial position, changes in net position, or cash flows of Florida Housing.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in either the Uniform Guidance or the OMB Cost Circulars wherein certain types of expenditures are not allowable or are limited as to reimbursement. Florida Housing has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. HOUSING FINANCE AGENCIES (HFA) RISK SHARING – CFDA # 14.188**

On November 9, 1994, Florida Housing and the U.S. Department of Housing and Urban Development (HUD) entered into a Risk Sharing Agreement providing for HUD's assumption, or endorsement, of 50 percent of the post-construction obligation on specific multifamily developments financed by Florida Housing or local housing finance authority bonds. Pursuant to the Uniform Guidance, the value of federal awards expended under loan and loan guarantee programs is calculated as the value of new loans made during the fiscal year plus the balance of loans from previous years for which the federal government imposes continuing compliance requirements. There were no new guarantees made during 2019. The HUD-guaranteed portion of the one outstanding loan at the beginning of the year is included in the accompanying Schedule of Expenditures of Federal Awards. The HUD-guaranteed portion at year-end is zero.

**4. HOME INVESTMENT PARTNERSHIPS PROGRAM – CFDA # 14.239**

Florida Housing processes loans under the HOME Investment Partnerships Program (HOME). New loans made during the year ended December 31, 2019 are included in the schedule of federal awards. There were \$290.0 million in loans outstanding at December 31, 2019.

**5. ARRA – TAX CREDIT ASSISTANCE PROGRAM – CFDA # 14.258**

In 2009, the American Recovery and Reinvestment Act (ARRA) created the Tax Credit Assistance Program (TCAP). This federal stimulus funding was directed to rental developments that had already received a Housing Credit allocation but required additional funding due to limited equity available in the housing credit market. There were \$101.1 million in TCAP loans outstanding at December 31, 2019.

## 6. NATIONAL HOUSING TRUST FUND – CFDA # 14.275

In 2008, the Housing and Economic Recovery Act created the National Housing Trust Fund. The purpose of the funding was to provide grants to state governments to increase and preserve the supply of rental housing for extremely low- and very low-income families, including homeless families, and to increase homeownership for extremely low- and very low-income families. There were \$2.7 million in Housing Trust Fund grant receipts for the year ended December 31, 2019.





## **Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Directors, Executive Director, and Chief Financial Officer of Florida Housing Finance Corporation

We have audited, in accordance with auditing standards generally accepted in the United States 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 Florida Housing Finance Corporation (“Florida Housing”), which comprise the statement of financial position as of December 31, 2019, and the related statements of revenues, expenses, and changes in net position, and statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 3, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Florida Housing’s internal control over financial reporting (internal control) to determine 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 Florida Housing’s internal control. Accordingly, we do not express an opinion on the effectiveness of Florida Housing’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

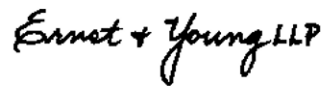
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Florida Housing’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 determination of financial statement amounts. However,

providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style font.

June 3, 2020





Ernst & Young LLP  
Suite 2800  
200 South Orange Avenue  
Orlando, FL 32801-1671

Tel: +1 407 872 6600  
ey.com

## **Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

The Board of Directors, Executive Director, and Chief Financial Officer of Florida Housing Finance Corporation

### **Report on Compliance for Each Major Federal Program**

We have audited Florida Housing Finance Corporation's (Florida Housing's) compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Florida Housing's major federal programs for the year ended December 31, 2019. Florida Housing's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Florida Housing's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Florida Housing's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Florida Housing's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Florida Housing complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.



## Report on Internal Control Over Compliance

Management of Florida Housing is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Florida Housing's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Florida Housing's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Ernst & Young LLP*

June 3, 2020

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019*

**Section I – Summary of Auditor’s Results**

***Financial Statements***

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	<u>    </u> yes	<u>  X  </u> no	
			none
• Significant deficiency(ies) identified?	<u>    </u> yes	<u>  X  </u> reported	
• Noncompliance material to financial statements noted?	<u>    </u> yes	<u>  X  </u> no	

***Federal Awards***

Internal control over major programs:			
• Material weakness(es) identified?	<u>    </u> yes	<u>  X  </u> no	
			none
• Significant deficiency(ies) identified?	<u>    </u> yes	<u>  X  </u> 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)?	<u>    </u> yes	<u>  X  </u> no	
--	-----------------	-----------------	--

Identification of major federal programs:

Name of Federal Program	CFDA Number
HOME Investment Partnerships Program	14.239
National Housing Trust Fund	14.275

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
--	-----------

Auditee qualified as low-risk auditee?	<u>  X  </u> yes	<u>    </u> no
--	------------------	----------------

**Section II – Financial Statement Findings Section**

The audit disclosed no findings required to be reported by *Government Auditing Standards*.

**Section III – Federal Award Findings and Questioned Costs Section**

The audit disclosed no findings required to be reported by 2 CFR 200.516(a).







we make housing affordable™  
**Florida Housing**  
Finance Corporation

227 North Bronough Street, Suite 5000  
Tallahassee, Florida 32301  
(850) 488-4197  
[www.FloridaHousing.org](http://www.FloridaHousing.org)