

Proposal to Provide Auditing Services to the Florida Housing Finance Corporation

RFP 2008-06
September 3, 2008



Thomas Howell Ferguson P.A.

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Law, Redd, Crona & Munroe, P.A.

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2075 Centre Pointe Boulevard, Suite 200
Tallahassee, FL 32308

Phone: (850) 878-6189

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E-mail: bgandy@lrcm.com

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A. General Information

1. *Provide a description of the Offeror including the year organized, ownership, and the total number of audit staff employees by staff level designation, i.e. senior, manager, etc., a summary of revenues and the percentage of revenues earned from auditing/accounting, tax, management consulting, and other services for the latest year end.*

The Florida Housing Finance Corporation (Florida Housing) needs an accounting firm that has indepth knowledge of accounting issues, especially in such key areas as generally accepted accounting principles, government auditing standards and governmental compliance requirements. More importantly, the high volume and unique nature of Florida Housing's operations require an audit firm with sufficient depth and housing finance experience to ensure that services are performed in a timely manner.

In this proposal, we have combined the experience and resources of two of the largest accounting firms in Tallahassee. Thomas Howell Ferguson P.A. and Law, Redd, Crona & Munroe, P.A. (collectively, the Firm) have assembled a client service team which will provide continuity to the engagement and specific working knowledge of enterprise funds and housing finance operations. **Both firms are located in Tallahassee and all engagement personnel will be accessible throughout the year as needed.**

A profile of each firm follows.

Thomas Howell Ferguson P.A.

Thomas Howell Ferguson P.A. (THF) is a full-service, professional services firm which was founded in July 1993 to acquire the Tallahassee office of Ernst & Young, an international firm. Partners of THF are former partners or employees of Ernst & Young. Presently, we have over 70 professionals and support staff to serve you, 40 of which are CPAs.

The personnel of THF have extensive public sector experience and have served a multitude of local governments and state agencies. Our public sector practice is one of the largest in the North Florida area. We combine the quality training of a large firm with the responsiveness of professionals who know the local community and are committed to providing individualized services to our governmental clients.

THF is a member of the McGladrey Network, the national accounting firm association of RSM McGladrey, Inc. RSM McGladrey, Inc., working with McGladrey & Pullen, LLP, serves clients' needs from more than 80 offices nationwide. These two separate organizations are the fifth largest provider of accounting, tax, and consulting services in the United States. RSM McGladrey's consulting organization is among the 40 largest in the nation. In addition, RSM McGladrey, Inc. and McGladrey & Pullen, LLP, can satisfy clients' growing global needs through their affiliation with RSM International, which serves clients from more than 150 offices around the world. As a member of the McGladrey Network, we have access to the resources and services that RSM McGladrey, Inc. and McGladrey & Pullen, LLP, provide to their own clients. This partnership provides our clients with the resources of a national firm and the responsiveness of a local firm.

We maintain our name, autonomy, and independence as a locally owned accounting firm responsible for our own client fee arrangements, delivery of services, and maintenance of client relationships.

Law, Redd, Crona & Munroe, P.A.

Law, Redd, Crona & Munroe, P.A. (LRCM) has been serving North Florida since 1978 and has a total staff of 27 located in Tallahassee. The firm provides accounting, auditing, tax and consulting services to a wide range of clients including state and local governments, not-for-profit organizations as well as private enterprises in a wide range of industries. Our partners and staff have governmental auditing, accounting, and consulting experience.

We have dedicated substantial resources to our governmental practice. Services to municipalities, counties, special districts, and state agencies include: annual financial and compliance audits, single audits, accounting services, annual reports to the Florida Department of Financial Services, policy and procedural manuals, comfort letters, cost/benefit analyses, cost allocation plans, agreed-upon procedures, and assistance in preparation of comprehensive annual financial reports for submission to the Government

A. General Information

Finance Officers Association (GFOA) for a Certificate of Achievement. Within the office, there are 27 professional and support staff with specific experience providing accounting and auditing services to governments.

We make a significant effort to participate in governmental, nonprofit, and professional associations. Some of our partners and staff are or have been members of local nonprofit boards of directors, the Florida Institute of Certified Public Accountants' (FICPA) Board of Governors, Committee on Relations with State and Local Government, Governmental Finance Officers Association, Board of Trustees of the FICPA Health Benefit Trust, the FICPA Educational Foundation, and others. Our participation is a way to grow and share ideas, and to give back to the community and profession.

The Firm

All the audit partners and staff of the Firm have governmental auditing, accounting, and consulting experience. We have made a substantial commitment to serving state and local governmental clients and we intend to continue this commitment. We provide full auditing, accounting, tax, and consulting services in a wide range of industries.

We are attuned to the needs of governmental entities and deliver services to them with an unwavering commitment to superior quality. The specific challenges facing Florida Housing, as identified in Section D.2a, require a high degree of innovation, technical proficiency, business acumen, and experience. Our people possess these attributes and our organizational structure facilitates their ability to provide vital information and advice quickly and decisively.

The following is a detailed list of the Firm's professional staff:

The Firm's Professional Staff		
Level	Total	Audit
Partners	12	6
Prineipals	8	3
Managers	13	7
Seniors	22	13
Other Professional Staff	20	13
Administrative Staff	24	20
Total Number of Professional Staff	99*	62
<i>*Of the 99 professional staff, 54 are Certified Public Accountants (CPAs).</i>		

The combined revenues of the Firm are in excess of \$10 million. Below is a table of the Firm's percentage of revenues:

Service	Percentage
Auditing	44.5
Review & Compilations	3.5
Accounting	4
Tax	37
Consulting	5.5
Other	5.5

A. General Information

2. *The name, job title, address, office and cellular telephone numbers, fax number, and e-mail address of the primary contact person, who will be responsible for day-to-day contact with Florida Housing, and any backup personnel who shall be accessible if the primary contact cannot be reached.*

Primary Contact:

John P. Thomas, CPA
Audit Shareholder
Thomas Howell Ferguson P.A.
2615 Centennial Boulevard, Suite 200
Tallahassee, FL 32308
Office: (850) 668-8100
Cellular: (850) 933-2583
Fax: (850) 668-8199
Email: jpt@thf-epa.com

Alternate Contacts:

Bonnie T. Gandy
Audit Shareholder
Law, Redd, Crona & Munroe, P.A.
2075 Centre Pointe Boulevard, Suite 200
Tallahassee, FL 32308
Office: (850) 878-6189
Cellular: (850) 212-9683
Fax: (850) 942-5301
Email: bgandy@lrcm.com

Jeff Barbacci
Audit Shareholder
Thomas Howell Ferguson P.A.
2615 Centennial Boulevard, Suite 200
Tallahassee, FL 32308
Office: (850) 668-8100
Cellular: (850) 933-6509
Fax: (850) 668-8199
Email: barbacci@thf-cpa.com

A. General Information

3. *Provide documentation of the Offeror's ability to meet the following minimum professional qualifications. These minimum professional qualifications must be met in order to be considered for Contract award.*

a. *The Offeror must be a certified public accounting firm.*

Both Thomas Howell Ferguson P.A. and Law, Redd, Crona & Munroe, P.A., as well as all key members of the engagement team assigned to Florida Housing are properly licensed to practice public accounting in Florida. A copy of our Firm licenses are included in Section A.5.

b. *The Offeror must have annual/accounting revenues in excess of \$2 million.*

Annual revenues generated from auditing/accounting services significantly exceed \$2 million for both THF and LRCM.

c. *The Offeror and any Subcontractor must be independent according to Regulation S-X of the Securities Act of 1933 currently, and as may be amended, and meet the GAS independence standards issued by the General Accounting Office in January 2002.*

The firms of Thomas Howell Ferguson P.A. and Law, Redd, Crona & Munroe, P.A. are independent of the Florida Housing Finance Corporation, including the Board of Directors, as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Office's *Government Auditing Standards*.

In addition, we have identified two Subcontractors (Section A.3e) who will serve as consultants to the Firm. Both Sarah Hansard and Wendell Williams are independent of the Florida Housing Finance Corporation, including the Board of Directors, as defined by auditing standards generally accepted in the United States of America and the U.S. General Accounting Office's *Government Auditing Standards*.

d. *The Offeror must have performed audits of a state, local government, or an affordable housing finance entity with assets of over \$100 million within the last three years. Related experience with mortgage and commercial banks, with assets exceeding \$500 million that have substantial activity in the origination of mortgage loans may also be acceptable.*

We are currently engaged as independent auditors for numerous local governments and for certain bond financing entities or similar organizations. Some of our current clients include the Florida Local Government Finance Commission, the Sunshine State Governmental Finance Commission, the Florida Local Government Investment Trust, the Leon County School Board, Leon County, Apalachee Center, Inc., and Gadsden County. Additional clients and relevant experience is listed in Section B of this proposal.

A. General Information

- e. *The Offeror must provide information regarding the identity of proposed Subcontractors or members of a Joint Venture, if any.*

As stated in Section A.1 of this proposal, the firms of Thomas Howell Ferguson P.A. and Law, Redd, Crona & Munroe, P.A. have formed a joint venture in order to provide superior service to Florida Housing.

We have identified two Subcontractors that will be available to the Firm as consulting resources and/or for the performance of certain engagement objectives:

Sarah Hansard, CPA, has significant state and local government experience and has served that industry for the majority of her career in public accounting. She also has served on the audit of the Florida Housing Finance Agency during her time with Deloitte & Touche. Sarah's resume is included in Section C.1 of this proposal.

Wendell M. Williams, CPA, has over 20 years of experience in providing auditing and consulting experience to governmental and not-for-profit clients, including housing finance entities. Wendell has served on audit engagements with the Firm for over 14 years. His resume is included in Section C.1 of this proposal.

- f. *The Subcontractor, if any, must have performed audits of a state, local government, or an affordable housing finance entity within the last three years. Related experience with mortgage and commercial banks that have substantial activity in the origination of mortgage loans may also be acceptable.*

Both of our Subcontractors, Wendell Williams and Sarah Hansard, have significant experience participating in, supervising, and managing state and local government engagements. Both of our Subcontractors started their careers in public accounting with national firms. Both of their careers have been focused on providing audit and consulting services to state and local governments. Sarah's experience includes providing services to the Florida Housing Finance Corporation as well as the following:

- Broward County
- City of Daytona Beach
- City of Deltona
- City of Ocala
- City of Orlando
- City of Palm Bay
- City of Tamarac
- City of Vero Beach
- City of Sebastian
- East Central Florida Regional Planning Council
- Florida Health Department
- Ft. Lauderdale International Airport
- Greater Orlando Aviation Authority
- Indian River County
- Indian River County Housing Authority
- Marion County
- Memphis Shelby Airport Authority (Tennessee)
- Orange County
- Port Everglades Authority
- Volusia County

Wendell's experience includes providing services to the following:

- Brevard County Housing Finance Authority (bond issuing entity)
- City of Tallahassee
- Clay County Housing Finance Authority (bond issuing entity)
- Duval County Housing Finance Authority (bond issuing entity)
- Florida Agriculture and Mechanical University Athletic Department
- Leon County
- Leon County School Board

Resumes for both of our Subcontractors are included at Section C.1.

A. General Information

4. *Documentation of a minimum of \$3 million in professional liability errors and omissions insurance is required prior to contract signing and annually thereafter. Identify if such insurance is currently in place or briefly describe the plan to have it in place prior to contract signing.*

Both firms maintain general liability, business automobile liability, professional liability, and workers' compensation and employer's liability coverage in an amount sufficient to meet the requirements specified in Florida Housing's Request for Proposal 2008-06. Certificates of Insurance for both THF and LRCM are provided on the following pages.

A. General Information

Copy of Thomas Howell Ferguson P.A.'s Certificate of Liability Insurance:

ACORD - CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY): 07/14/2009			
PRODUCER BB&T-Landrum Yeager 3175-B Capital Circle, NE PO Box 14008 Tallahassee, FL 32317 INSURED Thomas Howell Ferguson PA PO Drawer 14889 Tallahassee, FL 32317		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.			
INSURERS AFFORDING COVERAGE		NAIC #			
INSURER A American Casualty Co of Reading, PA		20427			
INSURER B Continental Casualty Company		20443			
INSURER C Zenith Insurance Company		13268			
INSURER D Transportation Insurance Company		20494			
INSURER E					
COVERAGES THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.					
DESCRIPTION OF COVERAGE	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLICABLE PER ☐ POLICY ☐ PER ☐ PER	B1022587119	07/01/08	07/01/09	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (EXEMPT) \$500,000 MED. FEES & REPAIRS \$10,000 PERSONAL & ADJ. INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMPOUND \$2,000,000
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ AUTOMOBILE AUTO ☐ NON-OWNED AUTO ☒ HOME AUTO ☒ NEW OWNED AUTO	82681422009	07/01/08	07/01/09	COMBINED SINGLE - MPI (PER OCCURRENCE) \$1,000,000 BODILY INJURY (PER PERSON) \$1,000,000 BODILY INJURY (PER BODY) \$1,000,000 PROPERTY DAMAGE (PER OCCURRENCE) \$1,000,000
B	GARAGE LIABILITY ☐ ANY AUTO				AUTO ONLY - EXCLUDED \$0 OTHER THAN AUTO ONLY \$0
	WATERBORNE LIABILITY ☒ OCCUR ☐ CLAIMS MADE ☐ RETENTION \$10,000	B1073795139	07/01/08	07/01/09	EACH OCCURRENCE \$5,000,000 AGGREGATE \$15,000,000
C	WORKERS COMPENSATION AND EMPLOYERS LIABILITY AND FUTURE COMPENSATION/EXECUTIVE UNDER WRITERS REGISTRATION THIS COVERAGE IS NOT SPECIAL PROVISIONS EXCLUDED	Z065181604	07/01/08	07/01/09	☒ NO STAT. REQUIREMENTS ☐ OTHER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EXEMPT \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
B	OTHER EPLI	AEP26886611	05/14/08	05/14/09	\$500,000
B	E&O	88093377	07/01/08	07/01/09	\$5,000,000
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS					
CERTIFICATE HOLDER For Bid Purposes Only			CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT. BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE <i>Scott Jay</i>		

ACORD 25 (2001/08) 1 of 2

#62525051/M2525057

TPN

© ACORD CORPORATION 1983

A. General Information

Copy of Law, Redd, Crona & Munroe, P.A.'s Certificate of Liability Insurance:

ACORD CERTIFICATE OF LIABILITY INSURANCE				OP ID MS LAHRE-1	DATE (MM/DD/YYYY) 03/14/08
PRODUCER Rogers, Gunter, Vaughn Insurance, Inc. 1117 Thomasville Rd. Tallahassee FL 32301 Phone: 850-366-1111 Fax: 850-385-9827		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.			
INSURED Law, Redd, Crona & Munroe, PA 2727 Apalachee Parkway Tallahassee FL 32301		INSURERS AFFORDING COVERAGE INSURER A The Hartford INSURER B CHA Insurance Company INSURER C INSURER D INSURER E		NAIC #	
COVERAGES THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR ANY PERTAINING INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.					
PROPERTY LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER ☐ POLICY ☐ PRO- ☐ JECT ☐ LOC	21SBAGD4400	02/01/08	02/01/09	EACH OCCURRENCE \$1,000,000 COMBINED SINGLE LIMIT (E&A ACCIDENT) \$300,000 PREMISES (E&A OCCURRENCE) \$10,000 MED EXP (Any one person) \$1,000,000 PERSONAL & ADV INJURY \$200,000 GENERAL AGGREGATE \$200,000 PRODUCTS - COMBOP AGG \$200,000
A	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ☒ NON-OWNED AUTOS	21SBAGD4400	02/01/08	02/01/09	COMBINED SINGLE LIMIT (E&A ACCIDENT) \$1,000,000 BODILY INJURY (PER PERSON) \$ BODILY INJURY (PER PERSON) \$ PROPERTY DAMAGE (PER ACCIDENT) \$ AUTO ONLY - E&A ACCIDENT \$ OTHER THAN E&A ACC \$ AUTO ONLY AGG \$
	GARAGE LIABILITY ☐ ANY AUTO				AUTO ONLY - E&A ACCIDENT \$ OTHER THAN E&A ACC \$ AUTO ONLY AGG \$
A	EXCESS/UMBRELLA LIABILITY ☒ OCCUR ☐ CLAIMS MADE DEDUCTIBLE RETENTION \$	21SBAGD4400	02/01/08	02/01/09	EACH OCCURRENCE \$200,000 AGGREGATE \$200,000 \$ \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below OTHER	21WBCDR2140	01/01/08	01/01/09	VOLUNTARY LIMITS ☐ OTHER ☐ E & L EACH ACCIDENT \$100,000 E & L DISEASE - EA EMPLOYEE \$100,000 E & L DISEASE - POLICY LIMIT \$100,000
B	Professional Liability	APL004848438	06/16/07	06/16/08	Per Claim 2,000,000 Aggregate 2,000,000
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS					
CERTIFICATE HOLDER Proof of Insurance			CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL BECOME NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE Manuela B Stokes		

ACORD 25 (2001/08)

© ACORD CORPORATION 1988

A. General Information

5. Provide evidence of certification from the Florida Department of State that the Offeror and Subcontractor, if any, is qualified to do business in the State of Florida, and provide a copy of the Offeror's and Subcontractor's licenses from the Florida Department of Business and Professional Regulation.

Copy of Thomas Howell Ferguson P.A.'s License:

AC# 3579616 STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
BOARD OF ACCOUNTANCY SEQ# LD7123100592

DATE	BATCH NUMBER	LICENSE NBR
12/31/2007	077031330	AD0015619

The ACCOUNTANCY CORPORATION
Named below IS LICENSED
Under the provisions of Chapter 473 FS.
Expiration date: DEC 31, 2009

THOMAS HOWELL FERGUSON P A
2120 KILLARNEY WAY
TALLAHASSEE FL 32308

CHARLIE CRIST GOVERNOR DISPLAY AS REQUIRED BY LAW HOLLY BENSON SECRETARY

Copy of Law, Redd, Crona & Munroe, P.A.'s License:

AC# 3471112 STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
BOARD OF ACCOUNTANCY SEQ# LD7100500453

DATE	BATCH NUMBER	LICENSE NBR
10/05/2007	070197738	AD0005683

The ACCOUNTANCY CORPORATION
Named below IS LICENSED
Under the provisions of Chapter 473 FS.
Expiration date: DEC 31, 2009

LAW, REDD, CRONA & MUNROE, P.A.
2727 APALACHE PKY
TALLAHASSEE FL 32301-3629

CHARLIE CRIST GOVERNOR DISPLAY AS REQUIRED BY LAW HOLLY BENSON SECRETARY

A copy of each firm's certificate from the Department of State is on the following pages.

A. General Information

Copy of Thomas Howell Ferguson P.A.'s certificate from the Department of State:

State of Florida *Department of State*

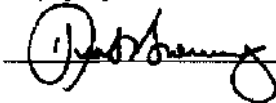
I certify from the records of this office that THOMAS HOWELL FERGUSON P.A. is a corporation organized under the laws of the State of Florida, filed on June 18, 1993.

The document number of this corporation is P93000043229.

I further certify that said corporation has paid all fees due this office through December 31, 2008, that its most recent annual report was filed on April 17, 2008, and its status is active.

I further certify that said corporation has not filed Articles of Dissolution.

*Given under my hand and the Great Seal of
Florida, at Tallahassee, the Capital, this the
Second day of September, 2008*



Secretary of State



Authentication ID: 700125113427-090208-P93000043229

To authenticate this certificate, visit the following URL, enter this ID, and then follow the instructions displayed:
<http://efile.sunbiz.org/certauthver.html>

A. General Information

Copy of Law, Redd, Crona & Munroe, P.A.'s certificate from the Department of State:

State of Florida *Department of State*

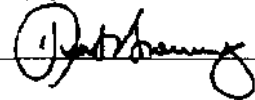
I certify from the records of this office that LAW, REDD, CRONA & MUNROE, P.A. is a corporation organized under the laws of the State of Florida, filed on October 1, 1982.

The document number of this corporation is G02695.

I further certify that said corporation has paid all fees due this office through December 31, 2008, that its most recent annual report was filed on April 9, 2008, and its status is active.

I further certify that said corporation has not filed Articles of Dissolution.

*Given under my hand and the Great Seal of
Florida, at Tallahassee, the Capital, this the
Second day of September, 2008*



Secretary of State



Authentication ID: 500135213855-090208-G02695

To authenticate this certificate visit the following site, enter this
ID, and then follow the instructions displayed.
<http://efile.sunbiz.org/eertauthver.html>

B. Firm Experience and Capability

1. Describe in detail attestation engagements with a state government, a local government, and/or an affordable housing finance entity with assets of \$100 million and/or related experience with mortgage and commercial banks with assets exceeding \$500 million that have substantial activity in the origination of mortgage loans that clearly support the experience as set forth in the minimum qualifications. Describe how this experience demonstrates the ability to provide the services outlined for the respective activities in Section Four. Include prior experience with Florida Housing, if any.

- **Florida Housing Finance Agency (FHFA)**

Engagement personnel were instrumental in designing, developing, and implementing the initial accounting system and management reports. The financial accounting and reporting formats have remained in use by FHFA. We have generated computerized general ledgers, prepared analyses, provided audit assistance, attended Florida Housing Board meetings, bond closings, meetings with underwriters, counsel, sureties, and bond rating agencies. We have provided consulting services and management reports to Florida Housing to assist in monitoring trust account activity. We developed and implemented systems to monitor bond reserve requirements, bond maturities, and prepared schedules to provide disclosure information in the Florida statewide financial statements. Additionally, our engagement team provided audit assistance to Florida Housing's external auditors.

- **Florida Housing Finance Corporation**

Members of the engagement team provided accounting assistance to Florida Housing as management transitioned the accounting function from an outsourced provider to an in-house accounting system.

- **Agency for Workforce Innovation**

For fiscal years ended June 30, 2005 through 2008, the Firm performed financial monitoring procedures at the Regional Workforce Boards (RWB) throughout the state. These consulting procedures were performed in accordance with AICPA standards, and focused on the sufficiency of financial operation policies and procedures with governing regulations. Reports provided to Agency for Workforce Innovation (AWI) detailed our observations, findings and recommendations for operational compliance and improvement. This engagement involved coordination of multiple project teams in onsite visits to 24 RWBs, maintaining working relationships with RWB personnel, meeting very tight project deadlines, and creating deliverable reports in a format acceptable to AWI.

We also performed comprehensive internal control studies for three Regional Workforce Boards and five Early Learning Coalitions during the Spring of 2008. These services involved gaining an understanding of all internal control components for each entity including Information Technology controls, testing the identified control, and communicating the results of the study both verbally and in writing.

- **AMBAC**

Members of the engagement team performed agreed-upon procedures for specific single family mortgage revenue bonds for AMBAC Indemnity Corporation.

B. Firm Experience and Capability

- **Auditor General, State of Florida**
THF was retained to provide quality review services relating to audit reports submitted to the Florida Department of Environmental Protection. The audit reports were required to support requests for reimbursement associated with petroleum environmental remediation projects. These projects involved visits to petroleum sites throughout the state, and development of agreed-upon procedures according to AICPA standards.
- **City of Tallahassee**
The Firm performed the financial and compliance audit, provided bond services, assistance in retaining the GFOA Certificate, assisted with Governmental Auditing Standards Board (GASB) 34 implementation, performed internal control projects, and provided other management and consulting services.
- **City of Quincy**
We performed forensic accounting procedures which included the development of an indepth understanding of controls over cash disbursements, payroll, and procurement. Written procedures were read to evaluate the effectiveness of their design. Actual procedures performed were compared to established policies to determine areas of potential risk. Various data mining techniques were used to identify duplicate transactions or other transactions or trends that appeared inappropriate or unusual. Supporting document trails were also reviewed to determine compliance with policies and regulatory requirements. A detail report was prepared including recommendations for further analysis by City personnel and recommendations to strengthen existing controls. The report was presented to the City Commission during a public meeting.
- **Florida Association of Court Clerks (FACC)**
Performed by the Firm, this outsourced monitoring project involved site visits to each of Florida's 67 Clerk of Courts to determine compliance with Title IV-D Child Support reimbursements (approximating \$15 million statewide). Procedures involved review of certain case files, proper reporting of cost allocations, consideration of allowable costs, and proper completion of reimbursement invoices. At the conclusion of each site visit, a summary finding letter was sent to each Clerk and at the conclusion of each quarter, a summary report was sent to FACC for submission to the Department of Revenue.
- **Florida Department of Children & Families**
LRCM performed agreed-upon procedures to determine allowable costs of certain federal grant programs over a five-year period and assisted in resolution of related audit findings.
- **Florida Department of Environmental Protection (FDEP)**
LRCM currently performs agreed-upon procedures for the petroleum contamination clean-up program for selected site rehabilitation activities. Objectives include 1) verification of remedial contractor's performance and financial compliance to the FDEP's guidelines and 2) conducting field observations of onsite activities. LRCM has performed such services since 2001.
- **Florida Department of Financial Services**
THF performed various consulting projects for the Department including operational reviews, development of accounting policies and procedures, forensic accounting, financial examinations, and program audits.
- **Florida Department of Financial Services, Revenue Cap established by Amendment of Section XII of the State Constitution**
We designed and developed a database file, consisting of all Statewide Automated Management Accounting System (SAMAS) revenue line items of the state of Florida, including all colleges and universities, to establish baseline revenue data and an ongoing mechanism to calculate and determine annual compliance with the Amendment.

B. Firm Experience and Capability

- **Florida Department of Management Services**
THF was retained to audit construction contract compliance relating to a number of state buildings.
- **Florida Department of Revenue, Child Support Enforcement (CSE) Program**
The Firm was engaged to document the flow of CSE funds in accordance with state and federal regulations, and performance of reconciliations of child support enforcement trust funds. This included reconciling statewide CSE collections over a four-year period (in excess of \$2 billion in collections) as recorded in the Florida System, to receipts recorded in the SAMAS.
- **Florida Emergency Communications Number E911 System Board**
LRCM has provided monthly accounting services to the Board since 2000. Annual fees remitted by wireless and non-wireless communication providers exceeded \$100 million. The E911 Fund financial statements are included as a blended component unit in the financial statements of the state of Florida.
- **Florida Residential Property and Casualty Joint Underwriting Association**
THF compiled annual and quarterly statutory filings and provided consulting services. Consulting projects include outsourced provision of all accounting and financial reporting functions during relocation, and providing consulting CFO services and tax consulting services.
- **Florida State University Housing System**
LRCM provided consulting services related to implementation of GASB 35 and compilation of financial statements of the University Housing System in order to meet reporting requirements for compliance with SEC continuing disclosure requirements on issuers of tax-exempt bonds.
- **Florida Transportation Commission**
Performance of cost/benefit analysis of providing funding for right-of-way acquisition through issuance of bonds versus a pay-as-you-go approach. This engagement also included an analysis by county of all transportation projects in the Department of Transportation's five-year work program and determination of alternative revenue sources needed to fund certain projects.
- **Leon County**
The Firm conducts financial and compliance audits, single audits, assistance in retaining the GFOA Certificate, GASB 34 implementation, assessment of internal controls, and building contract analysis.
- **Leon County School Board**
The Firm performs financial audit services, evaluation and review of the system of internal controls, and perform single audit services.
- **The Florida Lottery**
The Firm assisted in the development of the interface between the Lottery's gaming system and SAMAS; monthly and annual financial reports; internal control procedures, various reconciliation procedures, standard journal entries and attended meetings with their independent auditors and other state agencies, including the State Treasurer, and the Department of Financial Services.

LRCM has provided accounting assistance with year-end closing procedures and preparation of the Lottery's financial statements, cost benefit analyses and analysis of new business products.

B. Firm Experience and Capability

2. *Provide a list of all bond issuing entity clients, including state housing finance entity clients, for which your firm provided professional services within the last three (3) years, including names, addresses, telephone numbers and e-mail addresses. Prior to submittal of the Response, the Offeror must inform the named references that their names are being listed. Selected references may be contacted to determine the quality of work performed and personnel assigned to perform the work. The result of the reference checks will be provided to Board members prior to final selection.*

The Firm has served the following bond issuing entities:

- **Apalachee Center, Inc.**
Virginia Kelly, CFO
2634J Capital Circle, NE
Tallahassee, FL 32308
Phone: (850) 523-3255
Email: gingerk@apalacheecenter.org
- **City of Quincy**
Andy Gay, Mayor
404 West Jefferson Street
Quincy, FL 32351
Phone: (850) 627-7681
Email: gaya@netquincy.com
- **City of Tallahassee**
Sam McCall, City Auditor
300 South Adams Street
Tallahassee, FL 32301
Phone: (850) 891-8100
Email: mccalls@talgov.com
- **Florida Local Government Finance Commission**
Anna Doughty, CPA
100 South Monroe Street
Tallahassee, FL 32302
Phone: (850) 922-4300
Email: adoughty@fl-counties.com
- **Florida Local Government Investment Trust**
Donald J. Ringheisen
3544 Maclay Boulevard
Tallahassee, FL 32312
Phone: (850) 577-4523
Email: ringh@flclerks.com
- **FSU Financial Assistance, Inc.**
Sanford Lovingood
Florida State University
P.O. Box 1353
Tallahassee, FL 32303-1353
Phone: (850) 644-3484
Email: slovingood@admin.fsu.edu
- **Higher Educational Facilities Financing Authority**
Ben Donatelli, Treasurer
26851 Tanie Drive, Suite 101
Wesley Chapel, FL 33544
Phone: (850) 681-3188
Email: bdonatelli@icuf.org
- **Leon County**
David Reid, Finance Director
301 South Monroe Street
Tallahassee, FL 32301
Phone: (850) 606-8683
Email: dcreid@leoneountyfl.gov
- **Leon County District School Board**
Merrill Wimberly, CFO
2757 West Pensacola Street
Tallahassee, FL 32304-2998
Phone: (850) 487-7282
Email: wimberlym@mail.leon.k12.fl.us
- **Sunshine State Governmental Financing Commission**
Dick Dowdy, Program Administrator
P.O. Box 15468
Tallahassee, FL 32317-5468
Phone: (850) 878-1874
Email: gamsgpr@juno.com

B. Firm Experience and Capability

3. *Describe the firm's policy on assignment and rotation of engagement partners. Explain the management approach to be used for this engagement to assure maximum effectiveness, efficiency, and benefit. Describe the firm's approach to partner review of work performed under this contract.*

It is the policy of both firms to not rotate partners on an engagement, as we strive to maintain the continuity of the engagement team. However, because of promotions, attrition, and other real-life situations, responsibility and personnel changes do occur occasionally. In the event a partner change is necessary, Florida Housing can be assured that an equally qualified and capable individual will be assigned to the engagement team, subject to your approval. In addition, if Florida Housing requires partner rotation on this engagement, the frequency of rotation will be left to your discretion. The Firm has the ability to rotate partners and maintain the overall efficiency and effectiveness of the engagement.

The partners of the Firm are involved in every aspect of the engagement, including planning, fieldwork and review. Being located in Tallahassee, the engagement partners are easily accessible on a daily basis.

B. Firm Experience and Capability

4. *Document the Offeror's ability to complete assignments in a timely manner.*

Many of our engagements are large, complex engagements subject to complicated audit and compliance standards. Many engagements require periodic status reports and have significant penalty clauses for failure to meet agreed upon deadlines. Our combined size provides us with tremendous flexibility in planning and staffing our engagements. Through our experience managing numerous large engagements, we have developed excellent scheduling, communication, and monitoring processes. These processes help us to ensure that we deliver final reports on or before our client's deadlines and that the quality of the engagement is maintained.

While the Firm takes responsibility for managing the timeliness of the engagement, our ability to do so is dependent on a certain level of assistance from management. Planning meetings to assign responsibility to both engagement staff and client personnel will help ensure the engagement is completed in a timely manner. We will take the opportunity during our pre-audit planning meeting with Firm staff, client personnel, and Subcontractors to focus on the timing of the audit engagement and outlining client/preparer responsibilities, to discuss any new accounting or auditing pronouncements that might have an impact on the audit process, and to address any financial evaluation concerns of bond rating agencies.

B. Firm Experience and Capability

5. *Provide a description of to what extent, if any, the Offeror, and any Subcontractors, including all holding companies and subsidiaries, or any officers or directors or other personnel are now, or have been during the five years ended September 30, 2007, under indictment, investigation or order issued by a regulatory or governmental entity, or engaged in litigation or subject to an order from a court of competent jurisdiction. If any such condition exists, or existed in the time period specified, discuss the outcome and to what extent this could impair the level of service of the Offeror or any Subcontractor. In addition, describe any allegations made against the Offeror or any Subcontractor for the period January 2003 through the date of the proposal of which Florida Housing should be aware.*

Thomas Howell Ferguson P.A., Law, Redd, Crona & Munroc, P.A. and their Subcontractors are not involved in any pending litigation nor do we have any pending enforcement actions from the State Board of Accountancy or any other regulatory agencies. THF, LRCM, and their Subcontractors are not currently in violation of any regulatory rules and/or regulations that might have an impact on operations. There has been no disciplinary action taken within the past five calendar years by any regulatory agency against THF, LRCM, their subcontractors, or any of the personnel proposed for this engagement.

B. Firm Experience and Capability

6. Provide a list of all governmental clients for which the Offeror has performed services through the three years ended December 31, 2007. Identify the type of service provided for each client. Provide contacts and phone numbers for five of these governmental units.

- **Agency for Workforce Innovation**
Kevin Thompson
Caldwell Building
107 East Madison Street, MSC 200
Tallahassee, FL 32399
Phone: (850) 245-7388
The Firm provides financial monitoring of the state's Regional Workforce Development Boards.
- **Florida Local Government Investment Trust (FLGIT)**
Donald J. Ringheisen
3544 Maclay Boulevard
Tallahassee, FL 32312
Phone: (850) 577-4523
THF performs the annual audit for FLGIT.
- **Leon County**
Bob Inzer
P.O. Box 726
Tallahassee, FL 32302
Phone: (850) 606-8683
The Firm performs financial and compliance audit, single audit, bond services, assistance in GFOA Certificate, GASB 34 implementation, building contract analysis, and other management and consulting services.
- **Leon County School Board**
Merrill Wimberley
2757 West Pensacola Street
Tallahassee, FL 32304-2998
Phone: (850) 487-7282
The Firm performs financial audit services, evaluate and review the system of internal controls, and perform single audit services.
- **Sunshine State Government Finance Commission (SSGFC)**
Diek Dowdy
P.O. Box 15468
Tallahassee, FL 32317-5468
Phone: (850) 878-1874
THF performs the annual audit for SSGFC.
- **City of Quincy**
THF provided forensic accounting services.
- **City of Tallahassee**
The Firm performed financial and compliance audit, single audit, bond services, assistance in retaining GFOA Certificate, GASB 34 implementation, inventory internal control project, and other management and consulting services.
- **Florida Birth-Related Neurological Injury Compensation Association (NICA)**
LRCM performs the annual financial and compliance audit of NICA, a component unit of the state of Florida.
- **Florida Clerks of Court Operations Corporation**
THF developed an efficiency study which examined cost factors affecting the operations of the Clerks of Court throughout the state. The study also looked at practices and procedures that the Clerks have instituted to enhance operating efficiency.
- **Florida Comprehensive Health Association (FCHA)**
LRCM performs quarterly accounting services for FCHA; preparation of statutory reports and various management reports. FCHA is a component unit of the state of Florida.
- **Florida Department of Elder Affairs**
THF performed a diagnostic review of close-out accounting procedures of a federally funded program to enable elders to manage and direct their own assisted care. The procedures were performed in advance of transfer of fiscal management of the program from a vendor to the Department.

B. Firm Experience and Capability

- **Florida Department of Financial Services**
THF performed consulting projects including preparation of income tax returns for various companies in receivership; performance of operational reviews; study and recommendations on accounting for assessments and recoveries from the second injury fund; forensic accounting projects related to companies in receivership, assistance in target market conduct, and financial examinations; audits of settlement programs; and developed and taught financial examiner training seminars.
- **Florida Local Government Finance Commission (FLGFC)**
THF performs the annual audit for the FLGFC.
- **Florida Workers' Compensation Joint Underwriting Association**
THF performed the annual audit and prepared federal income tax returns. Prior to 2001, compilation of annual and quarterly statutory filings, and consulting services. Consulting services include enhancing financial accounting and reporting systems, working with an investment advisor on asset/liability matching issues, and advisory services on reinsurance structuring and accounting.
- **FSU Financial Assistance (FSUFA)**
THF performs the annual audit of FSUFA and provides accounting assistance in relation to its bond issuances as needed.
- **Gadsden County**
LRCM performs the financial and compliance audit, single audit, and provides GASB 34 implementation, and other management consulting services.
- **Gulf County**
THF performed the financial and compliance audit, and provided accounting, management, and consulting services.
- **Higher Educational Facilities Financing Authority (HEFFA)**
THF performs the annual audit for HEFFA and provides accounting assistance, as needed.
- **Oseola County Clerk of the Circuit Court and Tax Collector**
LRCM performs the annual financial and compliance audit, and provides management and consulting services.
- **The Florida Legislature**
LRCM performs the annual audit of all departments under the Legislative Branch, including the Florida House and Senate, Auditor General, Office of Public Counsel, Commission on Ethics, Office of Program Policy Analysis and Government Accountability, and others.

B. Firm Experience and Capability

7. *Provide a list of all governmental client accounts terminated during the three years ended December 31, 2007 and provide the reason for termination.*

- **City of Quincy**

The engagement was completed.

- **City of Tallahassee**

We served as the City's independent auditors for over ten years. When our most recent contract expired, the City was required by Florida Statute to request proposals for audit services. The Firm outranked all competing firms in all categories except for fees, for which we were second. The grading system also subtracted points from any firm that had recently provided services to the City. The loss of points for this item and fees was enough to drop us to second place in the ranking and the City successfully negotiated with the number one ranked firm.

- **Gulf County**

This engagement contract was for one year with the option to renew for one year. Due to their size, Gulf County requires a higher level of client service and partner time. Funding cuts at the County level, combined with the increased cost to provide the level of service required, led us to mutually agree not to renew the contract.

B. Firm Experience and Capability

8. *Provide a copy of the most recent quality control review report and any other documentation regarding an independent review of your procedures, audits or services performed. Include documentation regarding resolution of any conditions identified. Clearly identify any outstanding unresolved items.*

Thomas Howell Ferguson P.A. is a member of the Private Companies Practice Section of the American Institute of Certified Public Accountants. The firm's most recent peer review, which included a review of specific government engagements, was performed in 2007 and the firm received an unqualified opinion.

Law, Redd, Crona & Munroe, P.A. has undergone triennial external peer reviews since 1990. The firm's most recent external peer review, which included a review of specific government engagements, was conducted in 2005*. All areas under review received an unqualified opinion.

A copy of each firm's most recent peer review is provided on the following pages.

*Note: Law, Redd, Crona & Munroe, P.A.'s 2008 peer review has been completed but has not yet been accepted by the FICPA committee.

B. Firm Experience and Capability

Copy of Thomas Howell Ferguson P.A.'s peer review letter from September 12, 2007:



HEVIA, BEAGLES & COMPANY, P.A.
PROFESSIONAL CONSULTING GROUP
CERTIFIED PUBLIC ACCOUNTANTS

September 12, 2007

To The Shareholders
Thomas Howell Ferguson P.A.

We have reviewed the system of quality control for the accounting and auditing practice of Thomas Howell Ferguson P.A. (the firm) in effect for the year ended May 31, 2007. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, audits of employee benefit plans and engagements performed under Government Auditing Standards. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

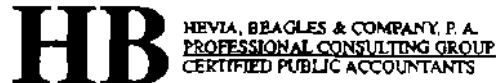
In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Thomas Howell Ferguson P.A. in effect for the year ended May 31, 2007, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

Hevia Beagles & Company
Certified Public Accountants

B. Firm Experience and Capability

Copy of Law, Redd, Crona & Munroe, P.A.'s peer review letter from July 21, 2005:



July 21, 2005

To the Shareholders
Law, Redd, Crona & Munroe, P.A.

We have reviewed the system of quality control for the accounting and auditing practice of Law, Redd, Crona & Munroe, P.A. (the firm) in effect for the year ended March 31, 2005. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. (The engagements selected included among others, audits of Employee Benefit Plans and engagements performed under *Government Auditing Standards*). Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Law, Redd, Crona & Munroe, P.A. in effect for the year ended March 31, 2005, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

A handwritten signature in dark ink, appearing to read "Hevia, Beagles & Company", is written over the printed text "Certified Public Accountants". The signature is stylized and includes a large, looping flourish at the end.

B. Firm Experience and Capability

9. *Describe the Offeror's approach to keeping clients informed of new, proposed or revised accounting pronouncements, standards, guidelines, accounting changes, auditing procedure additions or changes, and changes in markets or in regulations, especially as related to state housing finance agencies.*

Both firms maintain direct communication with a number of government agencies including, but not limited to, the Auditor General, Department of Financial Services, Attorney General, Department of Community Affairs, Department of Environmental Protection, Department of Health, Department of Children and Families, and Department of Revenue. With the large number and variety of state and local governmental clients we serve, we are in constant communication with these agencies in order to stay abreast of current developments and interpretations of auditing requirements.

In addition, our professionals have developed essential working relationships with key leaders within the Florida Auditor General's Office, the government section of the Florida Institute of Certified Public Accountants (FICPA), the Florida Government Finance Officers Association (FGFOA), and other organizations such as the Independent Government Auditors Association of Florida (IGAFA). Active leadership within these organizations allows us hands-on experience in dealing with significant issues as they develop and take a proactive role in planning for their effects.

During the 2001 legislative session, Jeff Barbacci as Chair of the FICPA State and Local Government Committee, and Richard Law as Chair of the Constitutional Officer Subcommittee, worked closely with the Florida Auditor General's Office to shape the laws related to financial reporting for constitutional officers. Upon amendment to the Florida Statutes, Jeff and Richard served on the Florida Auditor General's Task Force to rewrite the *Rules of the Auditor General* with respect to County audit requirements. Their efforts within these roles led to changes in the reporting requirements for county governments that eased the burden of implementing Governmental Accounting Standard No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments."

In 2006 and 2007, Jeff and Richard served on the Florida Auditor General's Task Force for auditor selection. This task force was comprised of various interest groups including the FICPA, the FGFOA, the Florida League of Cities, the Florida Association of Counties, and many more. The

purpose of the task force was to develop recommendations for the Florida Auditor General to bring before the legislature to improve the statutory auditor selection requirements. In addition, the task force provided guidance to the Florida Auditor General in the development of its Auditor Selection Guidelines.

All of our professional staff participate in national and/or state governmental accounting associations, auditing boards, committees, and professional groups. Several of the organizations we are actively and continuously a part of are the AICPA, the FICPA, the FGFOA, and many more. The level of participation varies from basic membership to chairs to board members. At the management level, many of our professionals serve as speakers to help educate the public sector of critical issues as they arise and require implementation. Working closely with committees from the FICPA, the FGFOA, and the Florida Auditor General, we have given presentations on the implementation and accounting issues associated with the *Federal Single Audit Act*, the *Florida Single Audit Act*, *Reporting for Constitutional Officers*, *Government Auditing Standards Updates*, and many others. Working in this capacity provides us with first-hand knowledge of pertinent issues that affect our clients.

Our continued leadership within the industries we serve is a valuable asset to our clients and an example of our commitment to excellence. As new or changing standards, issues, guidelines, and regulations develop in the governmental sector, you can be assured that both firms are aware of the potential effects for Florida Housing. We will apprise Florida Housing of these changes through letters to management, seminars, focus groups, management meetings, and/or our annual client event. Both firms will take every action to keep Florida Housing aware of ongoing changes in governmental auditing standards, especially those related to state housing finance agencies.

Periodically, the engagement team may consult with various regulatory agencies and standard setting organizations, such as the Governmental Accounting Standards Board, whenever required, to ensure that you receive the highest level of service possible.

C. Experience/Qualifications of Personnel

1. *Identify the engagement partner(s), manager(s), and senior(s), including Subcontractors, if any, to be assigned to this engagement, including their qualifications, experience and office location(s). All partners and managers assigned during the term of this contract shall be currently active and licensed certified public accountants.*

We are extremely proud of the outstanding team we have assembled for this engagement. Our team brings many years of relevant governmental and bond financing experience coupled with the technical skill, knowledge, authority, dedication and, most of all, the commitment you need from your business advisors.

The engagement team for Florida Housing is, first of all, a TEAM -- a group of individuals who work well together, with complementary skills that match your audit needs. The team is composed of people who are smart, disciplined, careful, but also creative. They will give you reliable opinions, and when appropriate, they will give you options. Every member is concerned not only with the technical requirements of his or her particular assignment, but also with the way that this knowledge and experience will relate to the total engagement and your overall audit environment. All members selected for this engagement are acutely aware of their responsibility for the total work we perform and make it a point to communicate effectively with each other and management about the status of our services.

Each individual listed below resides and works in Tallahassee, has the appropriate experience to serve Florida Housing, and is available to serve on the engagement team. Each individual holding the designation of Certified Public Accountant is licensed to practice as such in Florida.

Partners

John P. Thomas, CPA	Coordinating and Technical Review Partner
Bonnie T. Gandy, CPA	Engagement Partner
Jeff Barbacci, CPA	Engagement Partner

Managers

Nisha Vickers, CPA	Engagement Manager
Dana D. Powell, CPA	Engagement Manager
Allison Harrell, CPA	Engagement Manager
Mike Rosciam, CPA.CITP	IT Systems Manager

Consultants

Sarah Hansard, CPA	Engagement Consultant
Wendell M. Williams, CPA	Engagement Consultant

Seniors

Al Altun, CPA	Engagement Senior
Julian D. Dozier, CPA	Engagement Senior

Resumes for each member of the engagement team are provided on the following pages.

C. Experience/Qualifications of Personnel

John P. Thomas, CPA

Coordinating and Technical Review Partner

Education: Bachelor of Science, Major in Accounting, Florida State University; Master of Accountancy, Florida State University; Kellogg Graduate School of Management, Northwestern University, Executive Development Program.

Experience: John has over 37 years of experience in providing personalized accounting, auditing, and consulting services to a significant number of clients in various industries. His clients have ranged from some of the largest and most well-established organizations to newly formed "start-up" entities. The breadth of John's experience is extensive. He has served trade associations, guaranty funds, insurance trust funds, healthcare organizations, charitable organizations, state government, finance agencies, JUAs, and residual market entities. In addition, he has provided a wide range of services including audits, special reviews, systems consulting, compliance review corporate financings, internal control reviews, strategic planning, and a host of other services that have expanded his ability to bring value-added benefits to an engagement.

Associations and Related Activities:

Member of the American Institute of Certified Public Accountants

- Board of Directors, 1987 - 1989
- Governing Council, 1982 - 1989
- Auditing Standards Board, 1978 - 1981
- Special Committee on Professional Conduct
- Special Committee on Accounting Standards Overload
- Task Force on Non-Profit Audit Guide
- Chairman, Task Force on Audit Manual
- Task Force on Going Concern
- Task Force on Audits of One Basic Financial Statement
- Chairman, Task Force on Audits of Federal Programs
- Task Force on Auditability

Member, Financial Accounting Standards Advisory Council

- Agenda Committee, 1983 - 1986
- Small Business Advisory Council, 1984 - 1986

Chairman and Director, Tallahassee Memorial Regional Medical Center

Chairman, Tallahassee Memorial Regional Medical Center Foundation

Member, Florida Chamber of Commerce Finance Committee

Leadership Florida, Class XXII

Bonnie T. Gandy, CPA

Engagement Partner

Education: Bachelor of Science, Major in Accounting, Florida State University.

Experience: Bonnie has over 30 years experience in providing auditing, accounting and management advisory services to clients in a wide range of industries. Formerly with Ernst & Young, Bonnie's assignments have included providing services for state and local governments including housing finance agencies, financial institutions, contractors, other commercial enterprises, and not-for-profit institutions. Her responsibilities include planning, budgeting, staffing, supervising field work, review, and report preparation on audit engagements and special assignments, design and implementation of accounting systems, procedural manuals, and review and evaluation of internal controls. She has specific experience in the design and development of accounting and management reporting systems for housing finance agencies. Bond related services include comfort letters, meetings with rating agencies, and special consulting projects.

Associations and Related Activities:

Member of the American Institute of Certified Public Accountants

Member of the Florida Institute of Certified Public Accountants

- Educational Foundation, Inc.
- Past Member, Board of Governors
- Past President, Tallahassee Chapter

Member, Florida Government Finance Officers Association

Past Chairman, State and Local Government Accounting Conference

Past Member, Committee on Specialization, Governmental Accounting and Auditing

C. Experience/Qualifications of Personnel

Jeff Barbacci, CPA *Engagement Partner*

Education: B.B.A. in Accounting, Stetson University; Masters of Accounting, Stetson University; AICPA Certificate of Achievement for Not-for-Profit and Governmental Auditing.

Experience: Jeff has 16 years of experience working with a variety of clients. Specific industries include not-for-profit organizations, workers compensation insurance, real estate management, condominium and timeshare associations, small business, and state and local government.

Jeff has dedicated the last 13 years of his career specializing in government and not-for-profit consulting and auditing. He has developed an excellent understanding of internal control assessment, compliance and regulatory issues, accounting and reporting issues, fraud prevention, Board and audit committee responsibilities, and cost allocation methodologies specific to these industries. He has also developed skills specifically directed at strategic planning and benchmarking for not-for-profit organizations.

Associations and Related Activities:

Member of the American Institute of Certified Public Accountants

Member of the Florida Institute of Certified Public Accountants

- Board of Governors, 2004 - 2008
- Regional Representative, 2004 - 2006
- Peer Review Task Force, 2007
- Chair, 2007 - 08 and 2008 - 09 State Legislative Policies Committee
- Chair, 2003 Young CPA Committee
- Chair, 2001 State and Local Government Committee
- Chair, 2001 Tallahassee Chapter CPE Committee

Past Chair, EDC of Tallahassee/Leon County Not-for-Profit Task Force

State of Florida Auditor General Task Forces on Auditor Selection and GASB 34

Speaker for various professional organizations including FICPA, FSAE, TSAE, AGA, and IIA

Author - FICPA's "CPAs Building Better Boards"

Treasurer, Capital Area Healthy Start Coalition

Member, Florida Society of Association Executives

Member, Tallahassee Society of Association Executives

Leadership Tallahassee, Class XVIII

American Heart Association, Heart Walk Captain 2002 and 2003

United Way Citizens Review Committee, 2000 - 2003

Nisha Vickers, CPA *Engagement Manager*

Education: Bachelor of Science, Major in Accounting, Florida State University.

Experience: Nisha has over ten years of accounting and auditing experience serving governmental, nonprofit and for-profit organizations. Her responsibilities as an audit manager consist of staff supervision, planning, fieldwork and report preparation in the areas of financial audits and attestation engagements. Nisha has specific experience with federal and state single audit requirements.

Associations and Related Activities:

Member of the American Institute of Certified Public Accountants

Member of the Florida Institute of Certified Public Accountants

C. Experience/Qualifications of Personnel

Dana D. Powell, CPA *Engagement Manager*

Education: Bachelor of Science, Majors in Accounting and Finance, Florida State University.

Experience: Dana has over six years experience in public accounting and governmental auditing. Her responsibilities as an auditor include planning, fieldwork, and report preparation. She has had considerable experience in governmental accounting, for-profit, and nonprofit organizations. Dana formerly worked for the Auditor General auditing various state agencies.

Associations and Related Activities:

Member of the American Institute of Certified Public Accountants

Member of the Florida Institute of Certified Public Accountants

Allison Harrell, CPA *Engagement Manager*

Education: Bachelor of Science, Major in Accounting, Florida State University; Masters of Accountancy, emphasis in Assurance Services, Florida State University.

Experience: Allison has over five years of experience with auditing governmental, not-for-profit and for-profit entities. She has provided a range of services which include financial statement audits, compliance audits, internal control studies, agreed-upon procedures, and financial reviews. Her responsibilities as an auditor consist of planning, fieldwork, and report preparation in the areas of financial and compliance audits. Allison has experience with OMB Circular A-133 and GASB Statement No. 34. She also has experience with operational audits of state agencies and certain local governments while employed with the State of Florida Auditor General.

Associations and Related Activities:

Member of the American Institute of Certified Public Accountants

Member of the Florida Institute of Certified Public Accountants

- Membership Task Force, 2006 - 2007
- Young CPA Committee, 2005 - 2008
- Membership Committee, 2007 - 2008

Member, Florida Governmental Finance Officers Association

Member, Tallahassee Society of Association Executives

Member, Board of Directors for the 2-1-1 Big Bend

Member, Access Tallahassee

C. Experience/Qualifications of Personnel

Mike Rosciam, CPA.CITP *IT Systems Manager*

Education: Bachelor of Science, Major in Accounting, San Diego State University.

Experience: Mike has over eight years of experience in public accounting providing audit and accounting services. He has experience in insurance and governmental industries. In addition, Michael has five years of experience with a national corporation. During that time he performed analysis of monthly financial statements and preparation of state income tax returns.

Mike has been the Accounting Technology Manager for over three years at THF. He possesses both accounting and IT knowledge, as illustrated by his CPA.CITP credential, and has a broad set of skills that have facilitated his understanding of organizational complexities. This understanding has enabled him to contribute significantly to bridging the gap between business and technology in companies. Also, he has used his knowledge in IDEA and Access to provide assistance in database management in the accounting and audit areas.

Associations and Related Activities:

Member of the American Institute of Certified Public Accountants

Member of the Florida Institute of Certified Public Accountants

- Tallahassee Chapter CPE Chapter Liaison, 2004 - 2005
- Biztech Resource Council

What is a CITP designation?

The CITP is an information technology credential from the AICPA. With the technology background as a CITP and experience as a CPA, Mike establishes trust between our clients' operational managers and IT departments to achieve both teams' objectives by utilizing technology to help increase profits and efficiencies.

Sarah Hansard, CPA *Engagement Consultant*

Education: Bachelor of Science, Majors in Accounting and Finance (Magna Cum Laude), Florida State University; Masters of Accounting, Florida State University; Honors Graduate, Liberal Studies Program, Florida State University.

Experience: Sarah has over 17 years of public accounting and governmental auditing experience, as well as over nine years of consulting experience relating to SEC clients. In addition, she has experience in litigation support work relating to the Resolution Trust Corporation and financial forensic ease work. Sarah also has experience in revenue bond covenant compliance, Florida Statute legal compliance, investment compliance, and audits under Federal Single Audit requirements and the Florida Single Audit Act. She has assisted in the preparation of (10K) Annual Reports, (10Q) Quarterly Filings, and monthly financial information for SEC corporations, as well as assistance in merger and acquisitions areas. Sarah has performed financial and accounting information systems needs assessments for not-for-profit organizations and governmental entities, plus she assisted in the development of procedural manuals for government entities in the areas of purchasing, receipts, and personnel.

Associations and Related Activities:

Member of the American Institute of Certified Public Accountants

Member, American College of Forensic Examiners

- Fellow-Diplomate Status

Member, Association of Certified Fraud Examiners

Member, Florida Government Finance Officers' Association

Member, Executive Women International

C. Experience/Qualifications of Personnel

Wendell M. Williams, CPA

Engagement Consultant

Education: Bachelor of Science, Major in Accounting, Florida Agricultural and Mechanical University; Master of Business Administration, Florida Agricultural and Mechanical University; Certified MBE Contractor.

Experience: Wendell has over 20 years experience in providing auditing and accounting services to clients in a wide range of industries. His responsibilities include planning, budgeting, fieldwork, review, supervision of staff, and report preparation on audit engagements and special assignments. He also reviews and evaluates accounting systems and internal control procedures and develops recommendations to management for improvements. Wendell has provided professional services as a sole proprietor since 1993.

Associations and Related Activities:

Member of the American Institute of Certified Public Accountants

Member of the Florida Institute of Certified Public Accountants

Numerous community and civic associations.

Al Altun, CPA

Engagement Senior

Education: Bachelor of Science, Major in Accounting, Florida State University.

Experience: Al has one year of experience auditing and performing agreed-upon procedures for governmental and not-for-profit organizations. In addition, Al has over ten years of experience working with different financial and program areas of State government. He has participated in the preparation of the Comprehensive Annual Financial Report (CAFR), the Schedule of Expenditures of Federal Awards (SEFA), and the Statewide Cost Allocation Plan (SWCAP) while employed with the Department of Financial Services. In addition, Al has served as the Finance and Accounting Director over grants and revenue for the Fish and Wildlife Conservation Commission, as well as preparing and negotiating the bi-annual Federal Indirect Cost Proposal for the Commission. Al's responsibilities also included performing onsite compliance reviews to School Districts and Community Colleges, to ensure allowability of expenditures per grant award budgets and the performance of state deliverables, while employed with the Department of Education.

Associations and Related Activities:

Member of the American Institute of Certified Public Accountants

Member of the Florida Institute of Certified Public Accountants

C. Experience/Qualifications of Personnel

Julian D. Dozier, CPA

Engagement Senior

Education: Bachelor of Science, Majors in Accounting and Finance (Magna Cum Laude), Florida State University; Masters of Accounting, emphasis in Assurance Services, Florida State University.

Experience: Julian has over two years of experience providing assurance, consulting, and other accounting services. His experience includes forensic audit and litigation support engagements of both for-profit and governmental enterprises; participating in audits and other assurance engagements, primarily for commercial and not-for-profit entities; providing accounting assistance. He is actively pursuing the Certified Fraud Examiner (CFE) designation. Julian also has six years of experience providing project management support in the construction industry, which included percentage-of-completion accounting.

Associations and Related Activities:

Member of the American Institute of Certified Public Accountants

Member of the Florida Institute of Certified Public Accountants

- Member, Young CPAs Network

Member, Association of Certified Fraud Examiners (ACFE)

Member, Network of Young Professionals

C. Experience/Qualifications of Personnel

2. *Provide the location(s) of the office(s) from which the work on this engagement is expected to be performed and a description of the range of activities performed by the office(s) to be assigned to this engagement.*

Thomas Howell Ferguson P.A. is located at 2615 Centennial Boulevard, Suite 200, in **Tallahassee, Florida**.

Law, Redd, Crona & Munroe, P.A. is located at 2075 Centre Pointe Boulevard, Suite 200, in **Tallahassee, Florida**.

The office locations listed above are the only office locations of the Firm. All services provided by the Firm are performed out of these offices. All personnel of the Firm work out of these offices.

Our location brings significant value to this engagement. We will incur no travel costs to perform the audit services. We will also not experience the logistical complications that are associated with servicing an out-of-town client. Your service team is located here in Tallahassee and will be available to you when you need us.

C. Experience/Qualifications of Personnel

3. Provide the number or percentage of fieldwork hours that staff is expected to be on-site at Florida Housing.

The table below lists the number of hours anticipated for this engagement by level of personnel and by general audit section. As with all of our engagements, we have planned for direct partner involvement of approximately 12% of the total engagement hours. The number of hours listed in the table include projected start-up time which will not be billed.

December 31, 2008 (Year 1)	Partner	Manager	Senior	Staff	Support	Total	Percentage of Engagement
	12%	26%	31%	29%	1%		
Perm file/Start-Up	60	100	100	-	40	300	11%
Financial Reporting/Wrap-Up	50	70	-	40	-	160	6%
Planning/Risk Assessment	50	90	40	40	-	220	8%
Internal Control- Documentation and Testing	40	120	160	160	-	500	19%
Fieldwork	110	330	540	540	-	1,500	56%
Total	310	710	840	780	40	2,680	100%

C. Experience/Qualifications of Personnel

4. *Describe the procedures used by the Offeror, and Subcontractor, if applicable, for changing assigned staff during the audit, including how the quality of staff over the term of the agreement will be maintained.*

As a matter of policy, we do not rotate personnel on engagements. Once an assignment is made, we endeavor to maintain continuity of the audit team. Because of promotions, attrition and other real-life situations, responsibilities and personnel changes do occur. For example, a Senior Accountant assigned to the engagement this year may be promoted and become a manager on the engagement in the future. We will endeavor to maintain the audit team presented to you in this proposal intact through the term of our engagement. In the event a personnel change is necessary, you can be assured that an equally qualified and capable individual will be assigned to your engagement, subject to your approval. If requested, qualifications of replacement personnel will be furnished to Florida Housing prior to beginning the audit.

C. Experience/Qualifications of Personnel

5. Describe the composition of the audit team by position levels.

Listed below are the anticipated roles of our engagement team, by position level for the audit of the Florida Housing Finance Corporation.

Coordinating and Technical Review Partner

The Coordinating and Technical Review Partner will be primarily responsible for maintaining the client relationship and ensuring compliance with applicable auditing standards. This partner is also responsible for the review of documentation maintained and conclusions reached by the engagement partners regarding specific accounting or auditing issues that arise during the engagement.

Engagement Partner

The engagement partners are responsible for monitoring the overall audit process. They will work closely with the engagement managers to identify engagement risk, to determine the appropriate audit approach, and to address any technical issues that may be identified. The engagement partners will also work closely with client personnel to address any concerns regarding the audit approach, timing, and staffing. At the conclusion of the engagement, the engagement partners will review the financial statements and communicate any internal control recommendations or audit deficiencies noted during the engagement. They will also present the results of the audit to the audit committee and/or Board of Directors. At least one of the engagement partners will be a member of the National Council of State Housing Agencies and attend the annual conference.

Engagement Manager

The engagement managers will be responsible for engagement planning, the supervision of fieldwork, and for the initial review of the client prepared financial statements. The engagement managers will also be responsible for documenting our understanding, and testing of, entity level controls and controls over significant transaction cycles. The engagement managers will provide regular status reports to client management and the engagement managers regarding audit progress. Each of the engagement managers available to serve Florida Housing has experience managing client engagements in excess of 2,000 hours. At least one of the engagement managers will be a member of the National Council of State Housing Agencies and attend the annual conference.

IT Systems Manager

The IT systems manager will be responsible for understanding and documenting critical IT systems and related internal controls that impact management assertions. The IT Manager will design appropriate tests of IT controls and work closely with the engagement managers and partners to modify the audit approach for risks identified.

Engagement Consultant

The engagement consultants will be available to serve on the engagement as needed. They will provide us with scheduling flexibility, assistance with technical issues, staff supervision, and fieldwork performance.

Engagement Senior

The engagement seniors will be responsible for carrying out the audit plan on a daily basis and for supervising the engagement staff in the field. They will work closely with the engagement managers to monitor the progress of the audit and to maintain a list of items needed to complete the engagement.

C. Experience/Qualifications of Personnel

6. *Describe in detail the extent to which Subcontractors will be used to perform the services including, but not limited to, the number of audit hours or percentage of audit time and the type of audit work to be performed by all Subcontractors.*

The Subcontractors we have identified for this engagement have significant government audit experience. In addition, they both have experience auditing bond transactions and bond agencies. Their experience and availability combined with our available staffing and local presence will provide us tremendous flexibility in the scheduling process. Both Sarah and Wendell will serve in whatever capacity brings the most value to the engagement. They are available to assist with control testing, fieldwork testing, and fieldwork supervision. We anticipate that we will use Subcontractors for up to 15% of the engagement hours.

The work assigned to the Subcontractors will be determined by the engagement partners and communicated to Florida Housing management. All work performed by Subcontractors will be reviewed by the engagement partners and subject to Firm quality control standards.

D. Approach to Services

1. *Describe the Offeror's approach to creating and negotiating a letter of engagement for the term of the contract. Provide a copy of the firm's standard format for an engagement letter. Indicate which items in the engagement letter the Offeror expects are non-negotiable, aside from those items required by applicable audit standards. Discuss the Offeror's usual method of conflict resolution.*

Our engagement letters are derived from standard templates utilized for the government industry and address the roles and responsibilities associated with *Government Auditing Standards*. We are open to discussion regarding any of the clauses contained in the engagement letter, provided that no modification violates or distorts communications of roles and responsibilities required by professional standards. A sample engagement letter has been included on the following pages.

Our audit approach is designed to limit surprises and to ensure effective communication processes are in place. We communicate with our clients throughout the year and during the planning stages of the audit to identify issues that may impact the audit or require specialized accounting treatment. This communication process typically eliminates conflicts regarding accounting treatment or audit approach. However, in the unlikely event that a conflict still exists, our approach to resolving the conflict would include the following steps:

1. Determine the materiality of the issue or circumstance that is causing the conflict with respect to the audited financial statements;
2. Provide the client with accounting and/or auditing standards on which we are basing our conclusions along with any narratives framing our understanding of the issue and the appropriate resolution;
3. Obtain a written response from the client outlining any differences in interpretation or application of the accounting and/or auditing standards identified, and any additional accounting or auditing standards the client believes is applicable;
4. Determine if there is an acceptable solution that would satisfy the client without violating accounting or auditing standards; and
5. If an acceptable solution cannot be identified and the conflict cannot be resolved, consider our options under the terms of the engagement letter and communicate our conclusions in writing to the client.

D. Approach to Services

September 3, 2008

Audit Committee
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

We have combined the experience and resources of Thomas Howell Ferguson P.A. and Law, Redd, Crona & Munroe, P.A (collectively, the Firm) to provide services to the Florida Housing Finance Corporation (the Corporation). This letter is to explain our understanding of the arrangements for the services we are to perform for the Corporation for the year ending December 31, 2008. We ask that you either confirm or amend that understanding.

We will perform an audit of the Corporation's financial statements as of and for the year ending December 31, 2008. We understand that the financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America.

We will also perform the audit of the Corporation's financial statements as of December 31, 2008, so as to satisfy the audit requirements imposed by the Federal and State Single Audit Act and the U.S. Office of Management and Budget (OMB) Circular No. A-133.

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the Federal and State Single Audit Act, OMB Circular A-133 and OMB's Compliance Supplement, the Rules of the Auditor General, and guidance provided in the audit guide titled *Government Auditing Standards and Circular A-133 Audits* issued by the American Institute of Certified Public Accountants dated May 1, 2007. Those standards, circulars, supplements, rules, provisions, or guides require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error, fraudulent financial reporting, or misappropriation of assets. Accordingly, a material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets, may remain undetected. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. As a result, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore *Government Auditing Standards* do not expect us to provide reasonable assurance of detecting abuse. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit will provide a reasonable basis for our report.

D. Approach to Services

Law, Redd, White
& Munro, P.C.

Audit Committee
Florida Housing Finance Corporation

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September 3, 2008

An audit of financial statements also includes obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to the Audit Committee and management any significant deficiencies or material weaknesses that become known to us during the course of the audit. We will also communicate to the Audit Committee (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (b) any fraud, illegal acts, violations or provisions of contracts or grant agreements and abuse that come to our attention (unless they are clearly inconsequential), (c) any disagreements with management and other serious difficulties encountered in performing the audit, and (d) various matters related to the Corporation's accounting policies and financial statements.

In addition to our report on the Corporation's financial statements, we will also issue the following reports or types of reports:

- A report on the fairness of the presentation of the Corporation's schedule of expenditures of federal awards for the year ended December 31, 2008.
- Reports on internal control related to the financial statements and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal controls.
- Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a direct and material effect on each major program.
- A schedule of findings and questioned costs.

The federal financial assistance programs that you have told us the Corporation participates in are listed below and should be included as part of the single audit.

U.S. Department of Housing and Urban Development
Housing Finance Agencies Risk Sharing Program
Home Investment Partnerships Program
Section 8 Housing Choice Vouchers Program

Our report on internal control will include any significant deficiencies or material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards, rules, and circular identified above. Our report on compliance matters will address material errors, fraud, violations of compliance requirements, and other responsibilities imposed by federal statutes and regulations and assumed by contracts, and any federal grant questioned costs of which we become aware, consistent with requirements of the standards, rules, and circular identified above.

D. Approach to Services

Audit Committee
Florida Housing Finance Corporation

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September 3, 2008

If circumstances arise relating to the conditions of the Corporation's records, the availability of sufficient, competent evidential matter, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.

Florida Housing Finance Corporation Responsibilities

Management is responsible for the preparation of the Corporation's financial statements, including adjusting the financial statement to correct material misstatements, and for making all financial records and related information available to us. Management is responsible for providing us with a written management representation letter confirming certain representations made during the course of our audit of the financial statements and affirming to us that it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and to the opinion units of the financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge.

Management is responsible for identifying and ensuring that the entity complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Corporation involving management employees who have significant roles in internal control and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Corporation received in communications from employees, former employees, analysts, regulators, or others.

Management is also responsible for (a) making us aware of significant vendor relationships where the vendor is responsible for program compliance, (b) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan, and (c) report distribution including submitting the reporting package.

The Audit Committee is responsible for informing us of its views about the risks of fraud within the Corporation, and its knowledge of any fraud or suspected fraud affecting the Corporation.

D. Approach to Services

Ernst & Young
& Wharton LLP

Audit Committee
Florida Housing Finance Corporation

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September 3, 2008

The Corporation hereby indemnifies the Firm and its shareholders, principals, and employees and holds them harmless from all claims, liabilities, losses, and costs arising in circumstances where there has been a known misrepresentation by a member of the Corporation's management, regardless of whether such person was acting in the Corporation's interest. This indemnification will survive termination of this letter.

As the engagement proceeds, we may accumulate records containing data, which should be reflected in your books and records. The Corporation will determine that all such data, if necessary, will be so reflected. Accordingly, the Corporation will not expect us to maintain copies of such records in our possession.

The working papers for this engagement are the property of the Firm. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit working papers upon their request; and that we shall maintain the working papers for a period of five years after the date of our report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to the requested working papers will be provided under the supervision of the Firm audit personnel and at a location designated by our Firm.

Periodically, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In the interest of facilitating our services to the Corporation, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential to the Corporation. Our firm employs measures in the use of facsimile machines and computer technology designed to maintain data security. While we will use reasonable efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, the Corporation recognizes and accepts that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these electronic devices during this engagement.

The assistance to be supplied by the Corporation's personnel, including the preparation of schedules and analyses of accounts will be coordinated with **Client Contact**. The timely and accurate completion of this work is an essential condition to our completion of the audit fieldwork and issuance of our report.

It is our understanding that the Corporation will draft the financial statements and update depreciation schedules. As part of the audit engagement, we may propose adjustments to the trial balance. Any adjustments identified are the responsibility of management.

D. Approach to Services

Audit Committee
Florida Housing Finance Corporation

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September 3, 2008

The two overarching principles of the independence standards of the *Government Auditing Standards* issued by the Comptroller General of the United States provide that management is responsible for the substantive outcomes of the work and, therefore, has a responsibility and is able to make any informed judgment on the results of the services described above. Accordingly, the Corporation agrees to the following:

1. **Client Contact**, will be accountable and responsible for overseeing the draft of the financial statements, trial balance adjustments, and updates to the fixed assets software.
2. The Corporation will establish and monitor the performance of the draft of the financial statements, trial balance adjustments, and depreciation schedules to ensure that they meet management's objectives.
3. The Corporation will make any decisions that involve management functions related to the draft of the financial statements, trial balance adjustments, and depreciation schedules, and accepts full responsibility for such decisions.
4. The Corporation will evaluate the adequacy of services performed and any findings that result.

Our fees will be based on hours worked by the various levels of personnel, at rates applicable to each, plus administrative, technology, and out-of-pocket expenses. Administrative and technology expenses are determined based on total hours worked at \$10 per hour. Our fee estimate, including technology, administrative, and out-of-pocket expenses for the audit services is \$_____. Our fees will be billed in installments to coincide with the performance of our work.

Additional services to be performed at the request of the Corporation will be based on the number of hours anticipated to complete the assignment by level of personnel using the following rates per hour:

Level of Personnel	Rate
Partner	\$ 265
Manager	\$ 180
Senior	\$ 140
Staff	\$ 115
Support Staff	\$ 95

If significant hours are expected, we will negotiate a maximum fee based on the above rates prior to performing any work.

In the event we are requested or authorized by the Corporation or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the Corporation, the Corporation will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

D. Approach to Services

J. W. KIMBLE, CLU, CFP®
& Associates, Inc.

Audit Committee
Florida Housing Finance Corporation

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September 3, 2008

Any claim arising out of services rendered pursuant to this agreement shall be resolved in accordance with the laws of Florida. It is agreed by the Corporation and the Firm or any successors in interest that no claim by or on behalf of either party arising out of services rendered pursuant to this agreement shall be asserted more than two years after the date of the audit report issued by the Firm.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a shareholder or professional employee leaves the Firm and is subsequently employed by or associated with a client. Accordingly, the Corporation agrees it will compensate the Firm for any additional costs incurred as a result of employment of a shareholder or professional employee of the Firm.

This letter constitutes the complete and exclusive statement of agreement between the Firm and the Corporation, superseding all proposals oral or written and all other communication, with respect to the terms of the engagement between the parties.

In accordance with *Government Auditing Standards*, a copy of our most recent peer review report is enclosed for your information.

If this letter defines the arrangements as you understand them, please sign, date, and return it to us in the provided business reply envelope. A copy has been enclosed for your files. If you have any questions regarding this arrangements letter, please contact John P. Thomas at 668-8100.

Sincerely,

Enclosures

Florida Housing Finance Corporation's

Agreed and accepted.

By: _____

Title: _____

Date: _____

D. Approach to Services

2. Describe the Offeror's audit approach for the engagement including, but not limited to, the following:

a. Risk assessment and audit planning.

We have worked to develop an audit approach to meet Florida Housing's needs as well as professional standards. Our approach will be:

- **Unique** - Tailored specifically to Florida Housing.
- **State of the Art** - Utilizing up-to-date technology and procedures.
- **Benefits Oriented** - Aimed at satisfying all technical and professional audit requirements and enhancing the operations and finances of Florida Housing.
- **Risk Driven** - Focused at areas of greatest audit risk.
- **Efficient** - Planned carefully to obtain maximum benefit from the efforts of Florida Housing personnel.
- **Unobtrusive** - Planned to minimize disruptions and burden on Florida Housing personnel.
- **Date Conscious** - Conducted to provide all deliverables in completed form by the agreed-upon due dates.

Audit Segmentation and Assignment of Staff

Areas of the audit will be assigned to each team member based upon the time budget, the individual's experience, and the degree of complexity of the section. All work performed will be subjected to the Firm's stringent quality control review procedures. A detailed timeline of our audit segments is included at page 57. The general methodology of our approach for audits of governmental entities is divided into four major segments, as follows:

- Familiarization and planning phase - all staff levels
- Interim audit phase - all staff levels
- Final audit phase - all staff levels
- Reporting phase - partner and engagement managers

In the first two phases we will work closely with management and provide your personnel with a detailed and timely listing of information needed to perform each phase. If necessary, we will work with management and key personnel to develop that information.

Familiarization and Planning Phase

Florida Housing accounts for its activities through an enterprise fund comprised of the bond programs, certain state and federally funded programs, and the operating fund. The primary objectives of this phase are (1) to both confirm and update our understanding of Florida Housing and review how the financial data we will audit reflects the reality of your operations; and (2) to arrive at a tentative evaluation of your current control environment, control risk, fraud risk, and selected significant applications and accounts in order to develop a general plan for the successful and timely completion of the audit. Our prior experience with Florida Housing's operating environment, organizing structure, and accounting system allows us to focus our time and attention on current issues, changes to the system, and concerns of Florida Housing.

The survey and preliminary review of operations include two stages. The first stage, the survey phase, is a process of obtaining information about the organization and about operations, internal control components, and procedures and methods prescribed for the processing of accounting data. Together with Florida Housing's staff, we will identify potential reporting issues, such as new component units or new governmental accounting standards required to be implemented. We will obtain an understanding of Florida Housing's process for implementing new GASB Statements No. 43 through 47; the effect on the financial reporting system and financial statements from the implementation of these Statements; and the status of the implementation. We will determine which tests will need to be performed for compliance issues, including grants, and we will identify preparations necessary to ready the Florida Housing's accounting system and records for the upcoming audit. During this stage, we will also identify data processing applications having audit significance and the extent to which manual or Electronic Data Processing (EDP) processes are used in these applications.

D. Approach to Services

The second stage involves obtaining reasonable assurance that certain accounting control procedures are in use and have functioned as intended during the period being audited. We refer to the latter stage as "tests to confirm the effectiveness of internal control procedures" (or "tests of controls" as described below).

Our preliminary reviews will be conducted by prescheduled interviews of appropriate Florida Housing personnel, reviews of the information gathered and by performing walkthroughs of selected transactions. The purpose of these procedures is to update our understanding of the flow of significant transactions and the basic structure of the accounting controls for each significant application.

During this stage, we will identify the various types of significant transactions within each application and determine how they are processed. We will also identify the controls needed in the application by specifying how the objectives of accounting control apply, by identifying those points within the flow of transactions where data errors could occur, and by determining whether control procedures have been established to meet the objectives of accounting control (i.e., to prevent or detect the potential errors). We will update our descriptions of the flow of accounting information (forms, policies, procedures, practices) for further evaluation. With regard to the component units which have been identified as includable in Florida Housing's reporting entity, we will coordinate with Florida Housing staff, management and staff of the component units, and the auditors (if applicable) of the component units regarding the timing of the audit and the issuance of their financial statements to ensure a smooth and timely process.

Task 1 - Conduct Survey of Operations

In this task, we will interview and meet with Florida Housing's management and other key personnel to obtain or update information and potential issues concerning your operation and to ensure a common understanding of the scope of the engagement and its objectives. Tasks that will be completed during this phase will include:

- Based on inquiries of finance personnel, we will update our documentation regarding Florida Housing's organizational structure and the methods used to assess and mitigate fraud risk, and processes used to communicate responsibility. We will consider how the duties and authority of elected

and appointed officials, department supervisors and other personnel who execute transactions on behalf of the Florida Housing, affect the control environment. We will review accounting system changes which affect information generated for management's use. We will evaluate financial reports used by management for planning, such as budgets. Finally, we will assess how management supervises the enforcement of internal accounting and administrative controls in place. All of this information will be used to make a preliminary evaluation of the adequacy and effectiveness of Florida Housing's control consciousness.

- Identify the sources of information that affect the significant accounts (routine and nonroutine data and judgment processes). Also, identify federal and state financial assistance programs, and in accordance with the OMB Circular A-133 and the Florida Single Audit Act, determine which are major and identify the sources of information that affect those transactions.
- Assess risk associated with the financial statement assertions and the related audit objectives and procedures as they relate to significant accounts or groups of accounts in terms of:
 - Existence (or occurrence)
 - Completeness
 - Ownership or rights and obligations
 - Valuation (or allocation)
 - Presentation and disclosure
- Identify the applications to be reviewed, including those used to administer federal and state financial assistance programs. Applications such as receipts, expenditures, disbursements, purchasing, contracts administration, fixed assets, inventory, etc. are examined in order to assess their relationship to the financial statements and to assist us in planning our overall audit procedures. Applications such as eligibility, monitoring, allowable costs/cost principles, matching, federal and state financial reports, and others are examined in order to assess their effectiveness in Florida Housing's compliance with laws, rules, and regulations related to federal and state financial assistance programs.

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- Prior experience performing accounting services for Florida Housing has given us an indepth understanding of the various bond programs and state initiatives, which will facilitate our assessment of the overall trends, changes, and variances in account balances and the logical relationship of account balances to each other.

Because of the many regulatory and statutory compliance requirements that exist in a governmental environment, we review varied forms of and authority for compliance, such as federal laws, state statutes, Rules of the Auditor General, debt instruments, contracts, and other agreements governing or affecting your operations, as well as minutes of meetings of the Board of Directors and records of public hearings. We also assess current or planned changes in governmental accounting standards to determine the extent of the impact of these items on the Florida Housing's financial accounting systems and reports.

- Evaluate the nature of new and existing component units - We will evaluate the appropriate financial statement presentation of any new component units identified as includable in the Florida Housing's reporting entity. We will review previous financial statements issued by these entities and research their enabling legislation to assist in our evaluation.
- Determine laws and regulations subject to audit test work - When new laws and regulations are adopted, we review various forms and authority for compliance requirements, such as federal laws, state statutes, debt instruments, contracts, and other agreements governing or affecting your operations, as well as the minutes and records of public hearings. We also assess current or planned changes in governmental accounting standards to determine the extent that these will impact your financial accounting systems and reports.

After we have completed these surveying and data gathering efforts, we will make a detailed study and evaluation of specific internal accounting and administrative control procedures.

Task 2 - Understanding and Evaluating Internal Controls and Fraud Risk

A preliminary evaluation of the effectiveness of the internal accounting controls and fraud risk is an integral part of our auditing techniques. This evaluation enables us to tentatively decide upon the degree of reliance we will place on the various controls of the Florida Housing; the amount of testing for effectiveness required of the controls that we plan to rely upon; additional tests that may need to be designed to address potential areas of fraud risk; and the nature, timing, and extent of the auditing procedures needed to make detailed tests of related account balances.

In this task, we will perform an analysis of the various aspects of internal control and fraud risk by interviewing the appropriate personnel, obtaining responses to pertinent questions, confirming responsibilities, and observing specific controls. Our approach is designed to determine:

- The accuracy of the routine financial data (the detailed information about transactions produced by the accounting system and recorded in your books and records);
- The reasonableness of your accounting judgments as reflected in the statements (the numerous estimates, evaluations, choices, and decisions made in preparing the financial statement);
- The reasonableness of the amounts resulting from your nonroutine data processes;
- The adequacy of control procedures over federal and state financial assistance program transactions; and,
- The adequacy of control procedures in your EDP environment.

The high volume of transactions and diverse sources of data dictate the use of automation to the fullest extent possible. Our IT staff will document your EDP environment with a primary focus on:

- Significant new accounting applications in the system and other applications of audit significance;
- The errors and unusual conditions that could occur in each significant application; and,

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- The essential elements of accounting controls used by Florida Housing to prevent or detect such situations.

With all new applications and existing EDP practices we will test for and identify:

- Whether there are positive controls over access to the computer center and the equipment and terminals.
- The adequacy of file retention procedures.
- The adequacy of control over access to:
 - Application data files
 - System software
 - Run programs
 - Source programs
- Lack of proper segregation of functions between the EDP department and users, because the lack of such segregation may permit the perpetration and concealment of errors and irregularities, unauthorized changes to master files, inaccurate or erroneous data, uncorrected errors, and lost, added or altered data.
- Lack of segregation of functions within the EDP department which could result in unauthorized access to information and in the perpetration and concealment of errors or irregularities. We will be concerned about such matters as whether there are formal controls over the authorization, testing, and implementation of system and program changes, and whether there are preventive and detective measures to preclude unauthorized changes by EDP personnel.
- SAS 70 reports of key service providers.

We will also be concerned about your contingency control procedures, such as procedures in effect to ensure accurate and timely backup and recovery of the database.

Upon completion of the reviews, we will make a preliminary evaluation of the potential effectiveness of your accounting control procedures and we will assess the likelihood of errors in the data produced by the system. This will provide us with a basis for tentatively deciding upon (a) the degree of reliance to be placed on various control

procedures, (b) the nature, timing, and extent of the tests of the controls to be relied upon, and (c) the nature, timing, and extent of the auditing procedures needed to test the related account balances.

At this point, we will have sufficient information about Florida Housing's accounting process and controls to design our audit strategy. For example, where the likelihood of certain errors has been assessed as low and reliance on controls is desirable, we would design audit procedures to test the control procedures supplemented by limited tests of related account balances to confirm our belief that material errors have not occurred. Conversely, where the likelihood of errors or fraud appears greater (or where for other reasons reliance is not intended), our approach would include tests to determine (a) whether the errors in question had occurred, and (b) if they had, whether their effects on the financial statements are of audit importance.

In summary, our objectives in this task will be to:

- Identify points where failures to achieve control objectives could occur; and,
- Identify the control procedures that exist to prevent failures in achieving the control objectives and to detect failures that may have occurred.

We will be particularly concerned with the likelihood of errors arising from judgmental and nonroutine data processes.

Next, we will document our understanding of significant applications, confirm the authorization and approval process by a "walk-through" of control processes, and draft a narrative summary of the processes.

In this phase, we will also make a risk assessment of each account or account group and funds and fund-types to identify specific conditions we are likely to encounter. Within this framework, we will examine Florida Housing's commitments regarding securities issues, governmental grants, and contracts to determine the various compliance requirements that must be met.

The results of this preliminary evaluation of internal controls and this initial risk assessment will help us formulate our detailed audit approach and determine the extent of specific tests required for validation, conformance, and compliance.

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Task 3 - Develop Audit Plan

A major purpose for developing a detailed audit plan is to coordinate and control the overall aspects of the audit. As such, it is considered a blueprint of Florida Housing's unique audit needs. The plan is a flexible, dynamic tool, designed to communicate certain basic information relating to the audit, such as the scope of the effort; the accounting, auditing and reporting matters requiring attention and resolution; the involvement of Florida Housing personnel; and other planning considerations.

Significant steps contributing to the development of the audit plan include:

- Historical, statistical, and financial information about Florida Housing.
- Scope of the audit engagement, consistent with the prevailing controls and the tests and reviews mandated by generally accepted auditing standards, the Single Audit Act Amendments of 1996, OMB Circular A-133, and the Florida Single Audit Act.
- Responsibilities for completion of specific tasks assigned to the Firm and any assistance to be provided by Florida Housing personnel.
- Management procedures and controls to be tested during the audit.
- Additional testing and audit procedures that may be necessary due to Florida Statute and/or Auditor General requirements.
- Detailed hour and expense budgets for all work to be performed in connection with the audit engagement.
- Schedules of tasks to be completed, including specific timing and staffing assignments, progress reports, meetings, etc., to provide for appropriate communication during the audit and for timely completion of the engagement.
- Overview of the major accounting systems, accounting policies, applicable legal provisions, and reporting considerations.
- Specific observations regarding certain key accounts and transactions, such as cash and investments; loans, interest and fees receivable; grants and contracts; bonds and related interest payable; and contingencies and commitments.

Interim Audit Phase

The tasks to be performed during this phase of the audit will reflect the tentative conclusions reached as a result of the surveys, reviews, and evaluations we conducted during earlier phases. These conclusions will either confirm or cause us to modify our initial assessments, as well as provide additional footnote information on Florida Housing's financial statements. We will discuss any conditions observed with Florida Housing's management prior to their inclusion in the audit report.

Task 1 - Perform Tests of Controls

This task is concerned with testing to confirm our initial assessment of the effectiveness of internal controls and the likelihood or actual presence of errors in the accounting data produced by Florida Housing's systems. Again, the nature and extent of testing will be influenced by our initial assessment of Florida Housing's control procedures.

We view control procedures as being either one of two types: "detect controls" or "prevent controls." Detect controls are those designed to detect errors that may have occurred during the accounting process. Prevent controls are those designed to prevent errors during processing.

The type and extent of the tests of controls and the quality of evidence available to satisfy us that a control procedure functioned as intended depend, to a significant degree, on the type of control procedure being considered for reliance. In most organizations, tests of prevent controls are usually less effective and less efficient than tests of detect controls. However, because governmental entities are subjected to more stringent legal requirements than commercial organizations, our approach in certain areas will incorporate tests of both detect controls and prevent controls. For example, salary rates, hiring, and termination rules for governmental entities are often subject to special review and approval requirements in local ordinances. Governments receiving federal or state grants may be subject to certain federal or state regulations such as eligibility, matching or cash management requirements. Therefore, even if we find that Florida Housing's control procedures over such activities function exceptionally well, we would likely test the effectiveness of both detect controls and prevent controls in order to comply with bond covenants and federal or state audit standards.

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In emphasizing our commitment to efficient audits, however, we do not test both detect and prevent controls in other areas if we cannot expect to rely on such controls to reduce other audit procedures, such as testing account balances. However, where tests of controls can serve a dual purpose by also validating account balances, we will perform such tests. In either event, our audit philosophy is designed to help us select the best audit approach in relation to the conditions of the internal controls we encounter.

After executing our planned tests of control procedures, we will evaluate them and decide whether our initial assessment of the likelihood of errors was appropriate. If the preliminary assessment is confirmed, we will continue with the procedures as originally planned. If the preliminary assessment is rejected (that is, where the tests of the effectiveness of controls lead to the conclusion that controls are more or less effective than originally assessed) we make the necessary revisions to our planned approach to determine whether the account balances contain errors and, if they do, whether the errors are of audit importance.

Task 2 - Conduct Final Risk Assessment Review

Risk assessment requires evaluating the likelihood of errors important enough to materially affect the accuracy of financial statements being audited. Consequently, risk assessment must be a continuing effort throughout the audit. However, it is particularly important in our planning process because the conclusions reached contribute greatly to how we design our detailed auditing procedures. We will also utilize data acquired from earlier tests. The following factors, if present, could reduce the risk of material errors existing in the accounts and account groupings:

- Much of the data for significant accounts is routinely processed by computer and is edited for errors within the processing systems.
- Certain data is subject to significant management control features. For example, investment activity and debt service payments are subject to the requirements of investment agreements and trust indentures.
- Stringent budget limitations and a monitored encumbrance system minimize the possibility of large, undetected expenditures that are at variance with legislative or executive intent.

As noted in the discussion related to Phase I, the conclusions reached in our risk assessment will be based on many evaluations of internal controls, fraud risk, key systems, and accounts and transaction flows throughout the audit. The preliminary assessments we make early in the audit will continually be evaluated as we encounter the results of additional audit procedures.

Our next step is to construct substantive audit procedures which can identify the extent of material errors, if any, in each account balance, fund and account group in Florida Housing's financial statements. Upon completion of the risk assessment, we will develop a detailed audit program for each significant account. Our programs are specifically tailored to take into consideration the characteristics of the account and your accounting practices and control procedures. The procedures for each section of the audit will outline the objectives of that section and the specific steps to be performed to accomplish these objectives.

Task 3 - Perform Substantive Tests of Account Balances

We do not consider the various segments of the audit as discrete activities. Rather, we focus on the impact that each audit procedure will have on other procedures we perform during the course of the audit. This technique helps us select audit procedures that complement one another, as compared to procedures that overlap or are redundant, and thus inefficient.

The purpose of the substantive tests will be (a) to corroborate earlier conclusions that the risk of certain errors was minimal, (b) to limit the risk of failing to detect errors of audit importance and (c) to evaluate the reasonableness of management's judgments and estimates.

The end results of these tests are to verify that balancees in Florida Housing's financial statements are fairly presented and that Florida Housing's reporting is consistent with earlier years and in accordance with generally accepted governmental accounting principles.

Substantive tests involve examining the details of numerous specific transactions and balancees and selected analytical review procedures applied to this financial information. While some of these tests may be conducted concurrently with our tests of effectiveness of internal controls, the focus of the substantive tests is to complement our reliance on internal controls and to validate our earlier observa-

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tions. The substantive tests emphasize obtaining evidence as to the validity and propriety of the accounting treatment of transactions and balances and are directed at checking the timing, purpose, amount, compliance, allowability, and appropriateness of recorded transactions.

In this task, we will perform tests of account balances. We will also perform analytical review procedures to identify additional accounting and reporting issues and will record these issues for later discussions with Florida Housing's management.

Our substantive tests would incorporate, for example, procedures to verify by physical inspection, confirmation, and other appropriate procedures that investments do, in fact, exist, that they are owned by Florida Housing, that the account representing investments is stated in its entirety (i.e., complete), that they are carried at proper values and that they are properly classified, described, and disclosed in the financial statements in accordance with Statements 3 and 31 of the Governmental Accounting Standards Board.

Other accounts such as cash, receivables, accounts and bonds payable, accrued liabilities, and accrued interest payable will be subjected to similar substantive procedures.

Substantive tests may be initiated in the interim audit phase and completed in the final audit phase. Based on the above efforts and previous audit procedures, we will compile, submit, and discuss any proposed adjustments with appropriate members of Florida Housing staff and management prior to beginning the year-end closing and financial reporting phase.

Task 4 - Perform Procedures/Tests Related to the Implementation of GASB Statements Number 43 through 47

Accounting and reporting issues related to the implementation of these Statements will be assessed and appropriate audit procedures/tests will be developed. The audit procedures/tests will be customized and integrated in the overall audit process as much as possible to avoid duplication of procedures and to streamline the audit fieldwork. The initial assessment and the development of the audit procedures will be performed as part of the planning phase of the audit. However, implementation of the audit procedures is planned for interim fieldwork. Also, see Section IX of this proposal regarding identification of anticipated significant audit issues.

Final Audit Phase

In this phase of the audit, we will focus on those tasks relating to closing and financial reporting. Upon completion, we will begin drafting our year-end reports and management letter.

Task 1 - Continuation of Substantive Tests of Account Balances

At year-end, we will perform limited reviews of the systems of internal accounting controls to determine whether there have been any significant changes in them since the completion of our interim work. Significant changes in either the systems of internal accounting control or internal accounting policies will be evaluated to determine their potential impact on planned audit test procedures. After we complete this review, we will perform our detailed audit test procedures including substantive procedures and work to resolve any remaining accounting and reporting issues which could affect Florida Housing's financial statement disclosures.

At this time, we will formally document potential financial statement adjustments identified during the course of the audit and discuss the effects of these adjustments with management. Additionally, we will document how accounting issues were resolved.

Task 2 - Review Draft of Annual Financial Report

We will make a detailed review of Florida Housing's Annual Financial Report to determine that the data conforms to generally accepted accounting principles and to offer our comments on its form and content.

Task 3 - Obtain Legal and Management Representation

Throughout the course of the audit, we will inquire of management concerning various facets of Florida Housing's operations, commitments, contingencies, pending or actual suits and judgments, and obligations. Responses to our inquiries may be provided both orally and in writing. During this task, we will request and obtain written legal and management representation from Florida Housing's management and its representatives in response to various inquiries. Our intention is to confirm the continuing appropriateness of these representations and to assure a mutual understanding of the subject matters relating to these representations.

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Task 4 - Review of Subsequent Events

One of the final major tasks to be performed will include a review of financial and nonfinancial events occurring from the financial statement date to the date of our report that have a material effect on the financial statements. Our objectives will be to determine whether any significant direct or contingent liabilities or commitments have occurred; whether there have been any significant changes in the status of items accounted for in the financial statements on the basis of estimates or on the basis of tentative, preliminary or inconclusive data; whether there have been any unusual adjustments since the balance sheet date; and whether there have been any significant changes in Florida Housing's financial condition or operations since the balance sheet date.

Reporting Phase

Task 1 - Complete Our Final Report

Throughout the course of the audit, we plan to meet with Florida Housing's management to discuss developments in the audit and resolve issues as they arise. With the appropriate dialogue between Florida Housing's management group and our team throughout the course of the audit, all reporting issues should be identified and resolved well in advance of our final report. Management will also have an opportunity to make a final review of any proposed adjustments to the financial statements that will accompany our audit opinion and any adjustments which have been waived.

We would expect that the reports to be issued by us would include:

- Our opinion on the financial statements of Florida Housing as the reporting entity.
- A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.
- A report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133 and the Florida Single Audit Act.
- A report on the schedule of federal and state financial assistance in relation to Florida Housing's financial statements taken as a whole.

- If discovered, a report on fraud, abuse or illegal acts, or indications of such acts.
- Perform procedures on Florida Housing's compliance with Florida Statute § 420.5092(6)(a).

Task 2 - Exit Conference and Report to Board of Directors

We will alert management, before the exit conference briefing, to any conditions requiring attention. This will give management a chance to review the conditions reported and to decide on an appropriate course(s) of action. This also gives us a chance to discuss in our final report any corrective action management implements, or plans to implement. We will request an exit conference with management and the Audit Committee to ensure that corrections and revisions to our comments are obtained.

Standards established by the AICPA in Statement of Auditing Standards Number 112, "Communicating Internal Control Related Matters Identified in an Audit," and Number 114, "The Auditor's Communication with Those Charged with Governance," require that certain matters related to the conduct and results of the audit be communicated, either orally or in writing, to Florida Housing's Audit Committee or its equivalent. Such matters include significant audit adjustments; significant control deficiencies identified during the audit; independence issues; disagreements with management, whether or not resolved; difficulties encountered in performing the audit; the auditor's level of responsibility under generally accepted auditing standards for the financial statements, for the internal control structure and for other information in documents containing the audited financial statements; changes in Florida Housing's significant accounting policies; the auditors' basis for conclusions as to accounting estimates; and management's consultations, if any, with other accountants. We will make such communications as required by the standards.

We would plan to make oral report(s) of our findings to the Board of Directors in workshop sessions or official meetings or both, if necessary. If any exceptions related to noncompliance are noted, we will seek management's input on recommended corrective actions. Also, if management desires, we will meet with the cognizant federal audit agency to discuss the nature and content of our single audit reports.

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Our Approach to Management Letters

We believe our management letter is one of the most significant products of our basic audit services. We view it as a means by which we can assist our client in a positive and constructive manner beyond an opinion on their financial statements. Our goal is to assist our clients in every way we can. When writing our recommendations, we strive always to give practical advice that recognizes our client's philosophy and style of doing business. We are particularly concerned that the "fix" does not exceed the tangible benefit -- and we will not waste your time on unimportant issues.

In assessing our audit findings and the matters to be included in our management letters, we are also mindful of our responsibility to third parties, such as the federal and state government, rating agencies, and trustees. Therefore, our audit procedures will also take into consideration the need to assess any possible violations of laws, rules, and regulations which may materially affect the financial statements; any illegal or improper expenditure; and the other matters required by these regulatory bodies.

We will review our findings with management on an ongoing basis and again before a permanent record is made of the findings in the management letter. This approach assures a complete understanding, by all parties, of all the facts and circumstances surrounding each finding. Moreover, management will remain informed as to the progress of the audit on a continuing basis which will permit management to take immediate action, if necessary, on any issues which may arise.

At the conclusion of the audit, we will present a draft of the findings to management in order to obtain a written response to each item included in the letter. Our final report will be presented to your Board of Directors for their review and we will be pleased to make an oral presentation to that body.

Statistical Sampling

The use of sampling is an integral part of our audit approach. Toward that end, we have developed practical tools that allow effective use of statistical techniques in most larger audit engagements. Our primary objective in developing these tools is to help our people design the most efficient and effective combination of procedures.

To help accomplish our audit objectives, we have developed audit risk tables. This innovative, statistically based model incorporates the various assessments of risk that we make when we are planning our audit. It provides a direct tie-in to the procedures necessary to be effective in testing related balances and classes of transactions. In addition, it demonstrates the trade-offs made in selecting different types of procedures and alternatives. We can measure the cost in terms of audit effort by using the model to design the combination of tests that provide the desired flexibility in the nature, timing, and extent of testing. Because the model is based on the statistical theories used in auditing, it allows us to use the most efficient combination of procedures in a given audit situation, thus controlling our audit effort.

Use of EDP Computer Applications

Technology today affords us the ability to collect and process information almost immediately. As this technology changes, so does our audit approach and technique. The use of EDP applications has become a standard part of our audit approach, and is utilized from the planning through reporting phases of our audit.

In the field, all audit personnel will have portable printers/scanners, and individual laptops with direct access to our paperless audit files via our dedicated client servers. We use the Windows operating systems, along with Microsoft Word and Excel. Using our audit software (CaseWare) will allow us to quickly and easily roll information from the prior year and import current year information. We utilize random number generators for sample selection and audit program generators for performance of fieldwork. If necessary, we have access to several research databases through the Internet and on our firm networks. Both of these sources can be accessed from our laptop computers in the field.

In the past several years, we have expanded our use of technology to include the use of IDEA, a powerful data extraction and analysis software. This software provides us with the ability to analyze, compare, and sample 100% of multiple independent, or stand alone, databases within seconds. This time saving software provides information beyond that used for the audit, while creating time and cost efficiencies.

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Florida Housing needs auditors who are also familiar with Florida Housing EDP software and applications. Because Florida Housing uses Excel and Word, we are able to externally email documents to Florida Housing management for their review and comments before emailing it back to us. This process is not only convenient, but extremely timely.

Type and Extent of Analytical Review Procedures to be Used

Analytical review procedures are used throughout the audit. During planning, we use them to identify issues and help focus our audit effort. During the substantive part of the audit, corroborative and persuasive analytical review procedures are used to support our conclusion about account balances. During the report phase of the audit, analytical review procedures assist in our review of the reasonableness of the financial statements and help support our quality control review effort. Some of the types of analytical review procedures we use for public sector clients are:

- Fluctuation analysis comparing current period revenues and expenses to those of the prior year;
- Comparisons of actual revenue and expenditure balances to budgeted amounts;
- Reasonableness tests of fee revenues;
- Comparison of average full-time equivalent wages with the same information from the prior year or with the adopted budget; and
- Comparison of fringe benefits as a percentage of wages and salaries with the same information from the prior year.

Determining Laws and Regulations Subject to Audit Test Work

An audit of a governmental entity in the state of Florida is by definition a financial and compliance audit. For this reason, our audit tests must be designed to provide support for our report on the entity's compliance with laws and regulations, noncompliance with which could have a material effect on the financial statements. In order to determine which laws and regulations fall into this category, research into local ordinances, debt instruments, contracts

and agreements, and state statutes is necessary. We are already familiar with these requirements. Annually, we will update our customized programs for any new laws and regulations adopted since the last audit.

Federal and state programs also require a compliance audit. However, compliance in this area relates to those laws and regulations, noncompliance with which could have a material effect on the allowability of program expenditures. We have been performing audits of federal and state grants and programs since they originated in the 1960s and 1970s and we are familiar with the compliance requirements for many federal and state programs. Members of the audit team assigned to Florida Housing have extensive experience with the SHIP Program, Community Development Block Grants, FEMA Grants, Rental Rehabilitation Programs, Headstart Programs, Environmental Protection Agency Grants, Education Grants, and the other federal and state financial assistance programs.

Sampling for Tests of Compliance

Whenever possible, we design tests which will serve more than one audit objective. As it relates to compliance, we try to perform dual purpose tests which provide support for the financial statement balances at the same time as they provide evidence of compliance with laws and regulations. In this way, fewer documents have to be gathered by Florida Housing staff and greater efficiency is achieved in the overall conduct of the audit.

As required by the Single Audit Act, if a transaction involving federal funds is tested in any part of Florida Housing's audit, it will also be subject to compliance testing as appropriate for the type of transaction being tested. When this occurs, we reduce the sample size for program specific tests so that over auditing does not occur.

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2. *Describe the Offeror's audit approach for the engagement including, but not limited to, the following:*

b. *Use of computer audit and/or other specialists.*

Our audit is designed to gain an understanding of relevant information technology systems, including internal controls over access and process controls. The engagement requires a high degree of coordination between the auditors and Florida Housing personnel, trustees, servicers, and state agencies. Once the contract is executed, we will schedule an entrance conference with management to identify contacts and establish lines of communication early in the planning phase. Our consideration will include policies and standards established by Florida Housing with respect to information technology, security controls and practices; processes to monitor the effectiveness of established controls; and unauthorized access to information; change management controls; vendor management controls; and disaster recovery controls. We have personnel with the experience necessary to evaluate these processes and application controls. If necessary, we can also utilize our affiliation with the RSM McGladrey Network to provide consultation on extremely complex or unusual information technology systems.

c. *Gaining and documenting an understanding of Florida Housing's business, its transactions and internal controls.*

We recognize that you will need a professional accounting firm and business advisor that is easily accessible, aware of your needs, and can provide the needed services within your budget. We welcome the free flow of information relating to issues impacting Florida Housing and will not bill you for gaining this level of understanding. Our fees include the absorption of engagement start-up costs such as accumulating corporate documents and contracts for our files, conducting initial research regarding compliance requirements specific to Florida Housing, and the initial understanding and documentation of your key operating systems. Our approach is designed to utilize existing management reports, schedules, and analyses and to minimize any disruptions to management associated with the execution of our audit procedures.

d. *The types and formats of client schedules and any other information to be provided by Florida Housing.*

The following are examples of information to be provided by Florida Housing in electronic format:

- Schedules of investments, investment income, and investment income receivable
- Analyses of developer loans receivable, interest income, and related interest accrual
- Schedules of deferred financing charges and related amortization
- Schedules of deferred fee income
- Analyses of bonds payable, related interest expense, and accrued interest payable
- Amortization of discount and premium bonds
- Schedules of bond maturities and sinking fund requirements
- Schedules of accretion relative to capital appreciation bonds
- Mortgage loan commitment information
- Reserve fund requirements
- Schedules of amortization of bond issuance cost
- Mortgage loan reconciliations
- Schedules of average daily cash balances

e. *Tentative schedule for completing required reports by due dates specified in Section Four of this RFP including tentative dates for performance of interim audit work, if any.*

A tentative schedule is provided on page 57.

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- f. *Coordinating with Florida Housing's Office of Internal Audit on any direct assistance provided by internal audit staff.*

Each year several months prior to the start of the engagement, we will work with Florida Housing management to determine the availability of internal audit staff and the extent to which their assistance will be requested. Typically in an engagement of this size we would utilize the internal audit function to assist us with systems documentation and testing. Prior to any work beginning, we will establish the level of services to be performed, the timeframe in which the services will be provided, and the specific program steps that will be completed. We will communicate regularly with the Director of the internal audit department to monitor their progress and to assess the results of the procedures performed. In accordance with professional standards we will re-perform a portion of their work to be sure it has been completed in accordance with the established program steps and that we arrive at the same conclusions. At the completion of the audit, we will debrief with the internal audit department to identify process improvements for the following year and any risk areas that should be added to their annual work plan. We will also identify monitoring procedures that could be performed throughout the year by the internal audit department that would enhance internal control of Florida Housing and might also reduce the overall audit time for both parties in the subsequent year.

- g. *The plan for transitioning from the predecessor auditing firm, if necessary.*

A smooth and effective transition depends largely on relevant experience. Engagement personnel were instrumental in designing, developing, and implementing Florida Housing's initial automated accounting and reporting system. The financial accounting and reporting formats have remained in use by Florida Housing. They have generated computerized general ledgers, prepared analyses, provided audit assistance, attended Florida Housing Board meetings, bond closings, meetings with underwriters, counsel, sureties, and bond rating agencies. They have provided consulting services and management reports to Florida Housing to assist in monitoring trust account activity. They developed and implemented systems to monitor bond reserve requirements, bond maturities, and prepared schedules to provide disclosure information in the Florida statewide financial statements. Additionally, our engagement team provided audit assistance to Florida Housing's external auditors. This previous experience has provided our team with knowledge of Florida Housing's system requirements, structure of the numerous bond issues and trust indentures, state and federally funded programs, and an understanding of Florida Housing's operations.

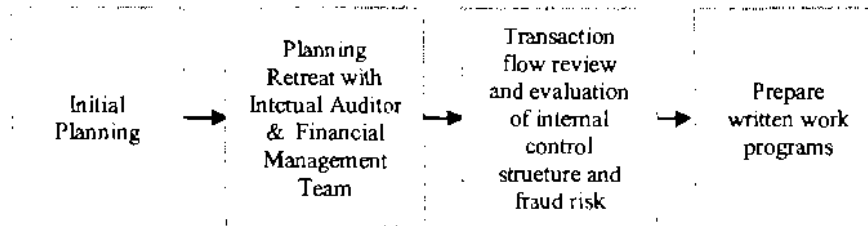
To ensure a smooth transition from a predecessor auditor and to make certain the audit process is efficient with sufficient time for management to address findings and audit issues, we will perform the engagement planning early in the engagement process. This level of planning and execution of the audit approach allows us to understand your issues, suggest ideas, and transfer knowledge; thus eliminating last minute surprises and ensuring that we meet your delivery schedule.

FLORIDA HOUSING FINANCE CORPORATION

PROPOSED AUDIT TIMETABLE FOR FISCAL YEAR ENDED DECEMBER 31, 2008

PLANNING PHASE October - November 2007

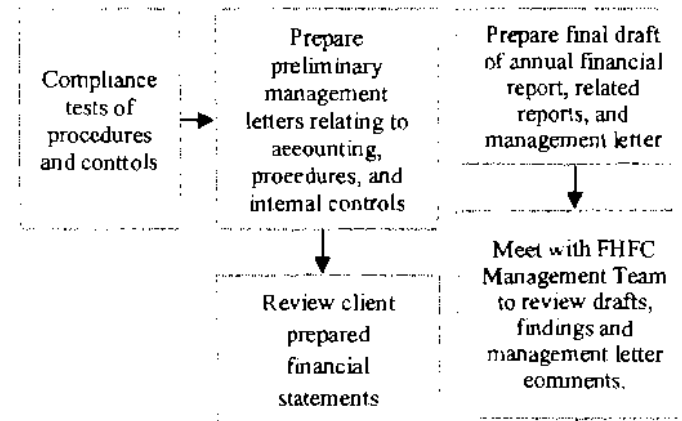
Ongoing progress meetings



- Review work papers to determine extent of historical work on significant issues from the prior year
- Prepare detailed Audit Plan for interim and year-end
- Identify and address new issues likely to impact the audit
- Communicate audit approach and arrange for appropriate participation by FHFC personnel
- Discuss timing of interim and year-end procedures
- Discuss significant accounting and auditing issues
- Review operational development
- Perform specific risk and fraud evaluation
- Determine nature, timing, and extent of audit tests (i.e., scope of work)
- Determine use of micro-computer audit applications
- Finalize the audit plan, including budgeted time requirements
- Update/Customize programs based on existing procedures and internal control structure

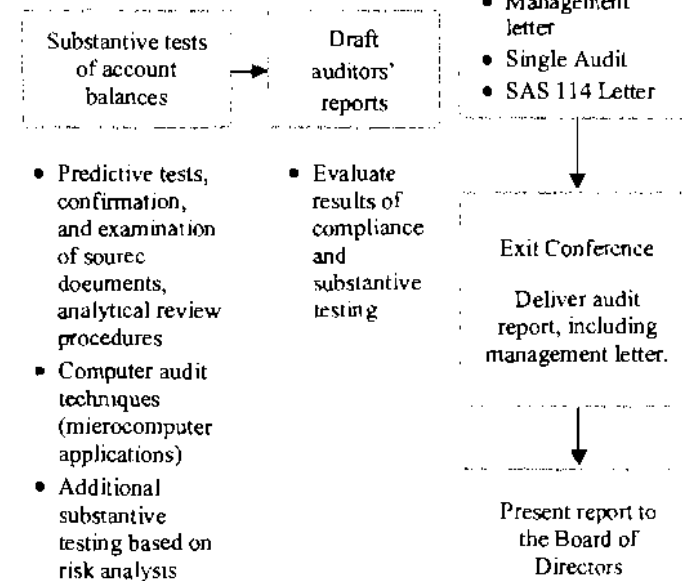
INTERIM PHASE December 2007 - March 2008

Ongoing bi-monthly progress meetings



FINAL PHASE - Fieldwork March - May 2008

Ongoing bi-monthly progress meetings



D. Approach to Services

D. Approach to Services

3. *Describe how the Offeror will develop and provide recommendations on a regular, but no less than annual, basis to improve Florida Housing's present financial and information technology management, procedures, and internal controls.*

One of the most significant products of our audit services is our report on internal control. We view it as a means by which we can assist our clients in a positive and constructive manner beyond expressing an opinion on their financial statements. When writing our recommendations, we strive always to give practical advice that recognizes our client's philosophy and style of doing business. We are particularly concerned that the "fix" does not exceed the tangible benefit - and we will not waste your time on unimportant issues.

All control deficiencies identified, including those determined to be significant deficiencies and material weaknesses, will be communicated to management and to the Audit Committee as required by auditing standards generally accepted in the United States. We typically will discuss with management any findings identified prior to finalizing the letter of management recommendations. This is to ensure that our understanding of the issues identified is correct and that the finding is not a result of a miscommunication.

We are available, throughout the year, to provide guidance as Florida Housing implements our recommendations. Because we are located in Tallahassee, we will be able to meet with Florida Housing regularly to discuss industry developments and the impact those developments may have on the accounting and auditing approach.

As a member of the Government Quality Practice Section of the AICPA, we typically participate, and invite our clients to participate, in webcasts specifically addressing government accounting and auditing issues. For example, a recent webcast offered by the GAQC was *Tax-Exempt Bonds - Accounting and Auditing Considerations in the Current Environment*.

As mentioned in a previous section of our proposal, we commit to having at least one partner and one manager become members of the National Council of State Housing Agencies and attend the annual meeting. At the conclusion of the conference, we will meet with Florida Housing management to discuss any issues, best practices, or other matters that were identified during the conference.

E. Cost Proposal

1. *Provide a schedule of fees for the services outlined in Section Four A. - J. of this RFP. Provide either a flat fee or a maximum amount based on an hourly rate for each service. Include the estimated number of hours for the engagement.*

Based on the table presented on page 34, our fee estimate to provide the services listed in Section Four A through K of the request for proposals is \$349,000.

Fees for services listed in Section Four L and M will be based on the number of hours required by level of personnel using the following rates:

Level of Personnel	Rate
Partner	\$ 265
Manager	\$ 180
Senior	\$ 140
Staff	\$ 115
Support Staff	\$ 95

Maximum fees for any additional services requested that may require a significant time commitment, including those described in Section Four L and Four M of the proposal, will be negotiated prior to work commencing.

E. Cost Proposal

2. Provide the amount of direct assistance, if any, that will be requested of Florida Housing internal audit staff starting from zero, in increments of 40 hours, to an amount that represents the maximum number of hours the Offeror deems appropriate for the provision of direct assistance, in accordance with SAS 65. This chart must also provide the fee associated with each increment of direct assistance hours and the percentage of the total audit hours the direct assistance hours represent.

In the table below we have identified the impact on the proposed audit fee of any assistance to be provided by the Florida Housing internal audit staff. The amount of time to be provided will be discussed and agreed upon with Florida Housing management each year during the planning stages of the engagement.

Potential Internal Audit Participation			
Hours	Fee Reduction	Net Engagement Hours	Percent Reduction of Audit Hours
40	\$ 4,600	2,640	1.5%
80	\$ 9,200	2,600	3.0%
120	\$ 13,800	2,560	4.5%
160	\$ 18,400	2,520	6.0%
200	\$ 23,000	2,480	7.5%
240	\$ 27,600	2,440	9.0%
280	\$ 32,200	2,400	10.4%
320	\$ 36,800	2,360	11.9%

F. Drug-Free Workplace

If the Offeror has implemented a drug-free workplace program, pursuant to Section 287.087, Fla. Stat., the Offeror must submit a valid affidavit to demonstrate its status.

Our clients require the highest quality professional services delivered by individuals with unimpaired judgment. The quality of our services depends on the successful performance of job responsibilities by each individual in a cost-effective and timely manner. Drug or alcohol use may impair an individual's ability to arrive to work, to be on time, or to perform his or her responsibilities satisfactorily. For these reasons, because drug use is illegal, and because of both firms' desire to observe the requirements of the Drug-Free Workplace Act of 1988, the following policy regarding drug and alcohol use applies to all Thomas Howell Ferguson P.A. and Law, Redd, Crona & Munroe, P.A. personnel:

- The use of drugs or alcohol, which impairs an individual's ability to perform his or her job, is prohibited. Even outside of the workplace the illegal use of drugs, just as any other criminal act, must be avoided at all times.
- Both firms prohibit the possession, use, sale, or dispensing of illegal drugs and narcotics while on the job, at firm sponsored meetings or events, or on firm or client premises, and prohibits the use of drugs which impairs the individual's ability to satisfactorily perform his or her job.

An individual who is unable to satisfactorily perform the work assignment as a result of drug or alcohol use will not be permitted to work or remain on firm or client premises. Both Thomas Howell Ferguson P.A. and Law, Redd, Crona & Munroe, P.A. retain the right to require an individual to submit to a screening test for drugs or alcohol if the individual appears to be under the influence of either. Depending on the circumstances surrounding a violation, an individual may be terminated from either firm or required to participate in a rehabilitation program.

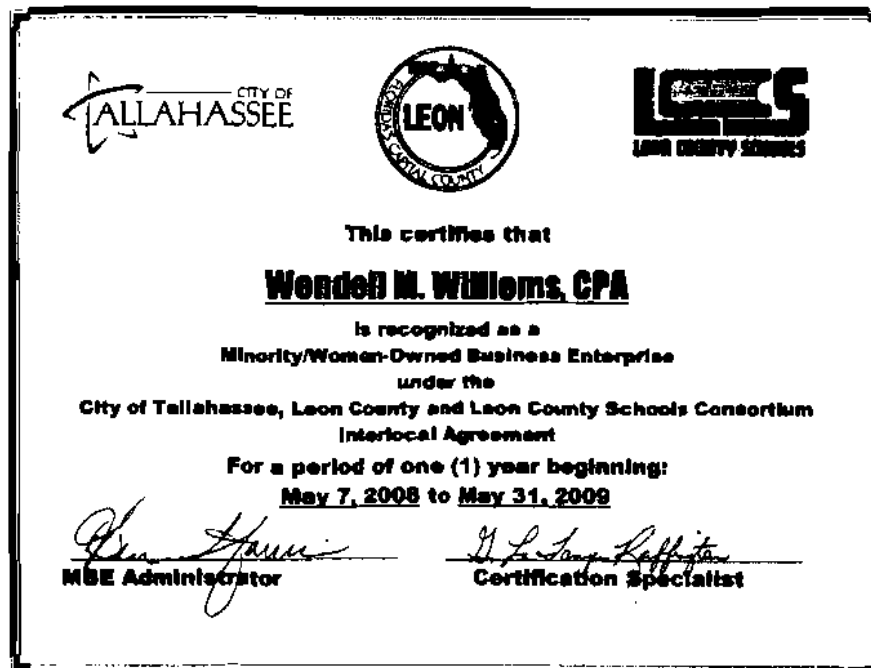
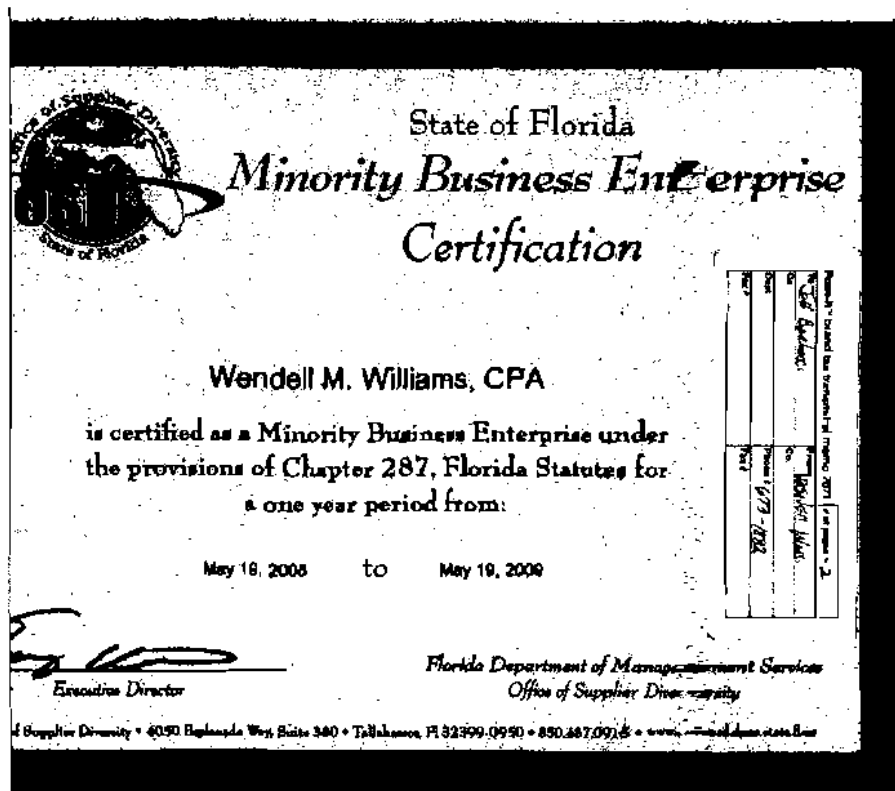
G. Minority Business Enterprise

If the Offeror is a minority business enterprise as defined in Section 288.703, Fla. Stat., the Offeror must submit a valid affidavit to demonstrate its status.

As discussed in Section A.3e, Wendell Williams, CPA, a certified Minority Business Enterprise (MBE), will be part of your engagement team. We have subcontracted with Wendell to perform audit services for over 14 years and he has assumed responsibility for significant portions of engagements. Wendell's certificates as a MBE are included on the following page.

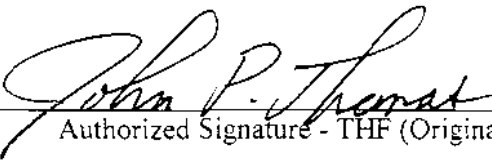
G. Minority Business Enterprise

Copies of Wendell M. Williams's, CPA, certificates as a MBE Enterprise:

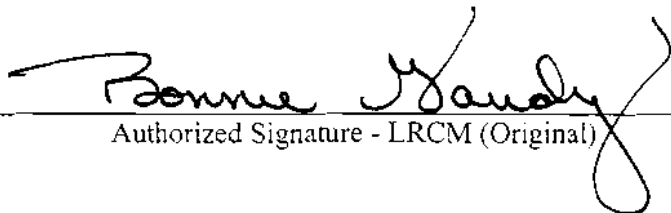


H. Certification

I agree to abide by all conditions of RFP 2008-06 and certify that all information Provided in this Response is true and correct, that I am authorized to sign this Response as the Applicant and that I am in compliance with all requirement of the RFP, including but not limited to, the certification requirements stated in Section Five of this RFP.


Authorized Signature - THF (Original)

John P. Thomas - Director
Print Name and Title


Authorized Signature - LRCM (Original)

Bonnie Gandy - President
Print Name and Title