

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q/A

Amendment No. 1 to  
Quarterly Report Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

For the Quarter Ended June 30, 1999

Commission File Number  
0-9811

BFC FINANCIAL CORPORATION  
(Exact Name of Registrant as Specified in its Charter)

Florida 59-2022148  
-----  
(State of Organization) (I.R.S. Employer Identification Number)

1750 E. Sunrise Boulevard  
Ft. Lauderdale, Florida 33304  
-----  
(Address of Principal Executive Office) (Zip Code)

(954) 760-5200  
Registrant's telephone number, including area code

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes [ X ] No [ ]

Indicate the number of shares outstanding for each of the Registrant's classes of common stock, as of the latest practicable date:

Class A Common Stock of \$.01 par value, 6,454,494 shares outstanding.

Class B Common Stock of \$.01 par value, 2,354,907 shares outstanding.

The undersigned Registrant hereby amends the following items, financial statements, exhibits or other portions of its Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, as set forth in the pages attached hereto:

Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. - Replace section of Management's Discussion and Analysis of Financial Condition and Results of Operations entitled "Year 2000 Considerations" with the following replacement section.

BFC Financial Corporation and Subsidiaries  
Management's Discussion and Analysis of Results  
of Operations and Financial Condition

Year 2000 Considerations

Many existing computer programs use only two digits to identify a year in the date field. These programs were designed and developed without considering the impact of the upcoming change in the century. If not corrected, many computer applications could fail or create erroneous results by or at the year 2000. The consequences of incomplete or untimely resolution of year 2000 issues represent an uncertainty that could affect future financial results. The year 2000 issue

affects virtually all companies and organizations.

The Company's computer system is composed of seven personal computers running on a Windows NT network. The Company's primary in-house computer applications consist of general ledger, accounts payable, property management, spreadsheet and database applications. The personal computers have been tested and found to be year 2000 compliant. The vendor of the general ledger, accounts payable and property management packages have indicated that their software is also year 2000 compliant. The spreadsheet and database applications utilized are the most recent versions available from Microsoft. Accordingly, the Company does not expect to expend material amounts to third parties to remediate any year 2000 problems. Should any of the above systems fail, the Company believes it would be able to process its data and monitor its accounts through manual systems or other alternative means. Additionally, the Company does not anticipate that it will have any material expenditure with respect to real estate owned by the Company.

BBC has undertaken various initiatives intended to ensure that computer applications will function properly with respect to dates in the Year 2000 and thereafter. BBC has established a Year 2000 action plan, which was presented, to BBC's Board of Directors on December 2, 1997. The action plan was developed using the guidelines outlined in the Federal Financial Institutions Examination Council's "The Effect of 2000 on Computer Systems". The six phases of BBC's action plan are: (1) Awareness - Define the Year 2000 issues, gain executive level support, establish a project team and develop a strategy which encompasses technology and business issues, (2) Assessment - Assess the size and complexity of the issues and detail the magnitude of the effort necessary to address them, (3) Renovation - Code enhancements, hardware and software upgrades, and system replacements, (4) Validation - Testing of software, system components and connections between systems, (5) Implementation - Systems should be certified as Year 2000 ready by the business users, and (6) Contingency planning - determination of strategy to handle the most likely worst case scenarios on Year 2000 issues.

BBC has completed its action plan for mission critical system and processes. Certain non-critical system and process validation and implementation not yet finalized will be completed in the third quarter.

The majority of BBC's mission critical information technology system structure ("IT") has been outsourced to third party vendors. BBC's internal IT primarily consists of a minicomputer for item processing and a personal computer based wide area network. The wide area network's primary function is to communicate with third party service bureaus and secondarily to run non-critical personal computer applications such as E-mail, word processing and spreadsheet programs. BBC has various non-IT systems including but not limited to, vault security equipment, branch security equipment, telephone systems, circuit boards on building equipment, building elevators, and appliances. While the above IT and non-IT systems could fail or create erroneous results by or at the Year 2000, BBC believes that all mission critical IT and non-IT systems are Year 2000 compliant.

BBC relies on third party vendors to perform loan, deposit, general ledger, clearing agent functions and other application processing. BBC has monitored the Year 2000 progress of its mission critical and non-mission critical vendors. Most contracts with vendors signed after January 1998 have included Year 2000 warranty language. While BBC believes that these contractual provisions are enforceable, BBC nevertheless has established alternatives in its contingency planning in the event Year 2000 problems arise. For those contracts signed prior to January 1998, BBC has worked closely with vendors to evaluate Year 2000 compliance. BBC sent out questionnaires to all of its vendors and 62% of the total vendors responded and 100% of the mission critical vendors responded. Thirty-three vendors have been identified as providing mission critical systems, processes or services. All but one of the mission critical vendors are believed to be Year 2000 compliant. The one noncompliant vendor is a governmental agency that provides software for regulatory reports filed with such agency. While BBC expects to receive an upgraded version of the reporting software from the governmental agency later this year, the reporting requirement can be satisfied by filing manual documents if the software is not compliant. Although BBC expects all of its vendors to be Year 2000 compliant, BBC may experience adverse consequences if any of its vendors or the services provided by the vendors are impacted by Year 2000 computer failures. Included in BBC's Statement of Operations during the three and six months ended June 30, 1999 and 1998 were \$19,000 and \$67,000 and \$35,000 and \$36,000, respectively, of third party expenses related to the Year 2000 action plan. BBC estimates that it will spend approximately \$100,000 on Year 2000 consulting services, \$300,000 on software and hardware maintenance specifically related to Year 2000, \$100,000 on RBCO system upgrades and consulting services and \$100,000 for contingency planning during the year ended December 31, 1999. The above items will be expensed as incurred and do not include employee compensation allocated for time spent on the Year 2000 project. Included in BBC's above Year 2000 expenses are remediation expenses. Remediation expenses through June 30, 1999 were approximately \$25,000. BBC anticipates incurring approximately \$50,000 of additional remediation expenses during 1999.

Risk factors associated with the Year 2000 include the risk that BBC's business

could be disrupted due to vendors, suppliers, and customer system failures, or even the possible loss of electrical power or phone service. BBC has assessed the probability of these events and has formulated a contingency plan. BBC could also be subjected to Year 2000 litigation from customers, borrowers and suppliers as a result of both internal and third party system failures. Further, the credit quality of BBC's loans may be affected by the failure of a borrower's operating or other systems as a consequence of a Year 2000 issue or the related failure of a borrower's key suppliers, customers, or service providers resulting in higher provisions for loan losses.

BBC's underwriting and credit policies have been revised to now include consideration of a borrower's potential Year 2000 issues. BBC has determined that consumer and residential loans involve little or no Year 2000 risk, while small business loans and commercial loans have potential Year 2000 risk. BBC's small business and commercial lending departments have established specific Year 2000 credit policies, which are summarized below.

BBC's Small Business Loans - The individual dollar amount of these loans in this category is low. Most loans are for less than \$100,000. BBC has sent out Year 2000 questionnaires to all small business borrowers and received a 60% response rate. Based on our review of the responses, BBC attempted to assess the Year 2000 risk of each borrower.

BBC's Commercial Loans - The majority of BBC's commercial loans are collateralized by real estate, some of which involve land only, which mitigates the Bank's risk for this category of loan. BBC has sent out Year 2000 questionnaires to all commercial loan borrowers and received a 54% response rate. The Commercial Loan officers have had one-on-one meetings with each Borrower to discuss Year 2000 issues. Based on the responses and the meetings, the officer's categorized each loan as High, Medium or Low Year 2000 risk. High risk loans are being monitored to determine the Borrower's progress towards Year 2000 compliance. Once achieved, the loan is moved to a lower risk category. There have been no loans made in 1999 that are considered High Risk. Should BankAtlantic decide to extend a credit to a High Risk Borrower, policies are in place to mitigate the risk, such as protracted terms or charging a premium on the loan's interest rate.

There is no assurance that BBC's borrowers will be able to meet their obligations to BBC if these borrowers experience Year 2000 problems.

Certain assets of BBC may have to be replaced, based on upgrades to equipment and software that are part of BBC's normal business needs, rapidly developing technology, and a three year capital equipment and software replacement plan. BBC does not anticipate impairment or significant replacement of assets related to the Year 2000 issue.

There is no assurance that the foregoing has identified all costs, risks or possible losses which BBC may experience associated with Year 2000 issues. The failure to correct a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect BBC's results of operations, liquidity and financial condition. Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of third-party suppliers, borrowers and customers, BBC is unable to determine at this time whether the consequences of Year 2000 failures will have a material impact on BBC's results of operations, liquidity or financial condition. The goal of the Year 2000 Project is to significantly reduce BBC's level of uncertainty about the Year 2000 issues and, BBC believes that, with the implementation of new business systems and completion of the project as scheduled, the possibility of significant interruptions of normal operations should be reduced.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BFC FINANCIAL CORPORATION

Date: September 9, 1999 By: /s/ Alan B. Levan  
-----  
Alan B. Levan, President

Date: September 9, 1999 By: /s/ Glen R. Gilbert  
-----  
Glen R. Gilbert, Executive Vice President

Chief Accounting Officer and  
Chief Financial Officer