OFFICE OF THE
INSPECTOR GENERAL
DISTRICT OF COLUMBIA GOVERNMENT

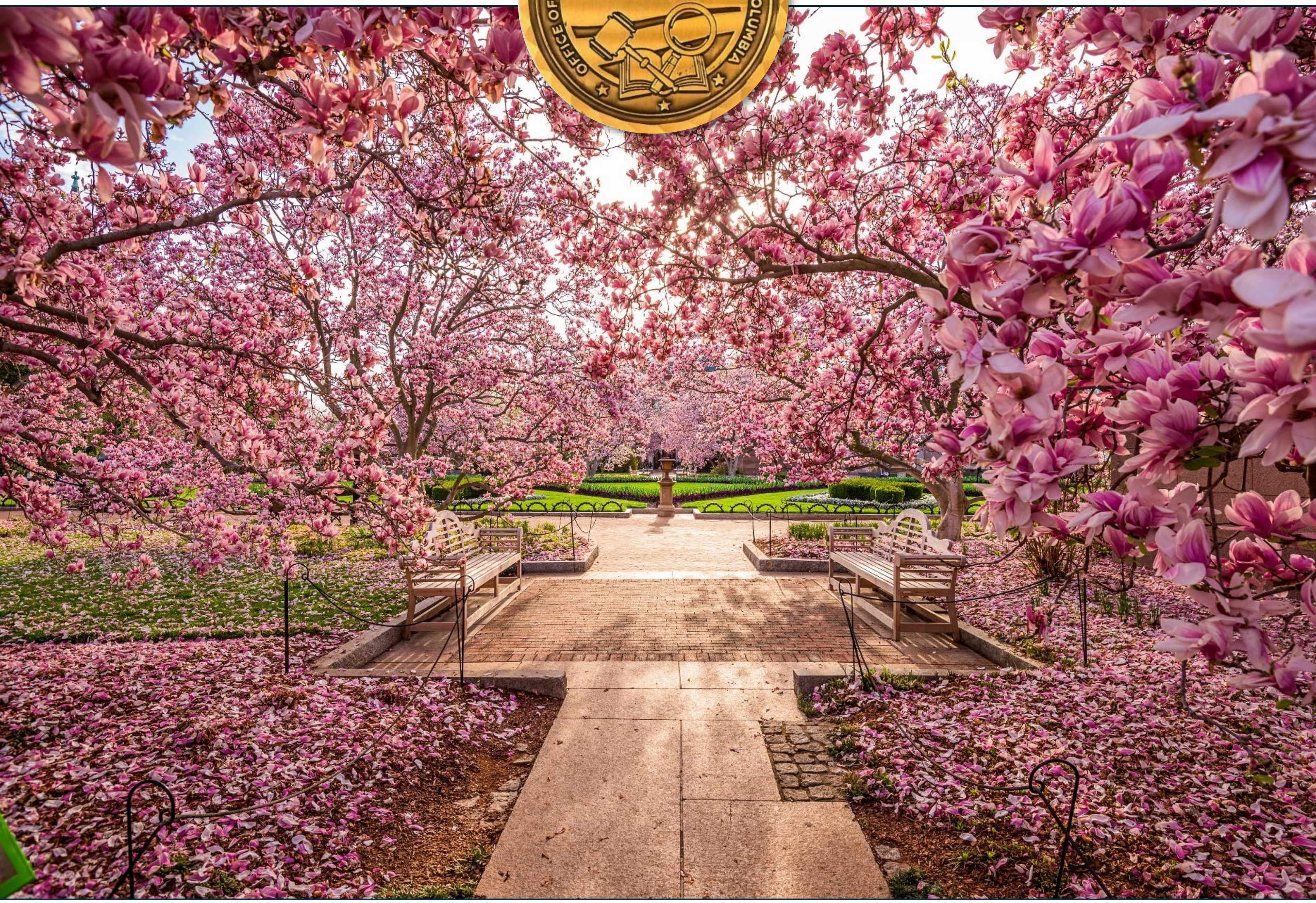
AUDIT REPORT

District of Columbia Housing Authority

Financial Statements and Independent Auditor's Reports for FY 2025

OIG No. 25-1-12HY

July 15, 2026



MATTHEW WILCOXSON
INTERIM INSPECTOR GENERAL

OUR MISSION

We independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

OUR VISION

We strive to be a world-class Office of the Inspector General that is customer focused and sets the standard for oversight excellence!

OUR VALUES

Accountability: We recognize that our duty extends beyond oversight; it encompasses responsibility. By holding ourselves accountable, we ensure that every action we take contributes to the greater good of the District.

Continuous Improvement: We view challenges not as obstacles, but as opportunities for growth. Our commitment to continuous improvement drives us to evolve, adapt, and enhance our practices.

Excellence: Mediocrity has no place in our lexicon. We strive for excellence in every facet of our work.

Integrity: Our integrity is non-negotiable. We act with honesty, transparency, and unwavering ethics. Upholding the public's trust demands nothing less.

Professionalism: As stewards of oversight, we maintain the utmost professionalism. Our interactions, decisions, and conduct exemplify the dignity of our role.

Transparency: Sunlight is our ally. Transparency illuminates our processes, decisions, and outcomes. By sharing information openly, we empower stakeholders, promote understanding, and reinforce our commitment to accountability.

MEMORANDUM

To: Nicole Wickliffe, Interim Executive Director
District of Columbia Housing Authority

Isra A. Elkhazeen, Interim Chief Financial Officer
District of Columbia Housing Authority

Raymond Skinner, Board Chair
Stabilization and Reform Board of Commissioners

From: Matthew Wilcoxson *Matthew Wilcoxson*
Interim Inspector General

Date: July 15, 2026

Subject: **District of Columbia Housing Authority Annual Financial Statements and Independent Auditor's Report | OIG No. 25-1-12HY**

This memorandum transmits the final *District of Columbia Housing Authority Annual Financial Statements and Independent Auditor's Report* for fiscal year 2025. CliftonLarsenAllen, LLP (CLA) provided the Office of the Inspector General these reports as part of the annual audit of the District of Columbia's general-purpose financial statements for fiscal year 2025.

In this report, CLA noted eight material weaknesses relating to the Authority's financial reporting. Due to the significance of these issues, CLA did not express an opinion on the agency's financial statements. CLA also issued four recommendations to improve the effectiveness of operational and programmatic internal controls. (See OIG Report No. 25-1-12HY(a).)

Should you have questions or concerns, please contact me or Dr. Slemo Warigon, Assistant Inspector General for Audits, at (202) 792-5684 or slemo.warigon@dc.gov.

DISTRICT OF COLUMBIA HOUSING AUTHORITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2025

DISTRICT OF COLUMBIA HOUSING AUTHORITY
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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Mayor, Members of the Council of the Government of the District of Columbia,
the Inspector General of the Government of the District of Columbia, and the Board
of Commissioners of the District of Columbia Housing Authority
District of Columbia Housing Authority
Washington, D.C.

Report on the Audit of the Financial Statements

Disclaimer of Opinion and Unmodified Opinion

We were engaged to audit the financial statements of the business-type activities and have audited the aggregate discretely presented component units of the District of Columbia Housing Authority (the Authority), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Disclaimer of Opinion on Business-Type Activities
We do not express an opinion on the accompanying financial statements of the business-type activities and the respective changes in financial position and cash flows thereof for the year ended September 30, 2025. Because of the significance of the matter described in the Basis for Disclaimer of Opinions on Business-Type Activities section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statement of the business-type activities.

Unmodified Opinion on the Aggregate Discretely Presented Component Units
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of the Authority, as of September 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Highland Residential, L.P. or Parkway Overlook II, LP, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units as of September 30, 2025. Those statements were audited by other auditors whose reports expressed unmodified opinions on those financial statements and have been furnished to us, and our opinions, insofar as it relates to the amounts included for Highland Residential, L.P. and Parkway Overlook II, LP is based solely on the report of the other auditors.

Basis for Disclaimer of Opinion on Business-Type Activities

The Authority was unable to provide sufficient appropriate audit evidence for the financial activity of the account balances of the business-type activities. In the prior year, the Authority implemented a new computerized accounting system and the process to reconcile implementation issues of the new accounting system continued in fiscal year 2025. This resulted in numerous misstatements and accounts that we could not obtain sufficient audit evidence to verify amounts in the accompanying financial statements. As of the date of our audit report, management has not rectified its system deficiencies, corrected all misstatements, or provided support for certain balances related to assets, liabilities, net position, revenue, expenses, and cash flow.

Basis for Unmodified Opinions on the Aggregate Discretely Presented Component Units

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Business-Type Activities

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with GAAS and *Government Auditing Standards* and to issue an auditors' report. However, because of the matter described in the Basis for Disclaimer of Opinions on Business-Type Activities section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the business-type activities.

We are required to be independent of the Authority, and meet our other ethical responsibilities, in accordance with the relevant ethical requirements to our audit.

Auditor's Responsibilities for the Audit of the Aggregate Discretely Presented Component Units

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We were unable to apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America because of the matters described in the *Basis for Disclaimer of Opinion on*

Business-Type Activities section. We do not express an opinion or provide any assurance on the information.

Supplementary Information

We were engaged for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information included in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on Business-Type Activities* section, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
July 2, 2026

Introduction

The District of Columbia Housing Authority (DCHA, or the Authority) provides quality affordable housing to extremely low- through moderate-income households, fosters sustainable communities, and cultivates opportunities for residents to improve their lives. DCHA is an independent public agency that provides housing assistance to almost ten percent of the City's population. As a landlord, property manager, voucher administrator, and real estate developer, DCHA is a key player in the provision, preservation, and production of affordable housing in the District of Columbia.

DCHA offers readers of the Authority's financial statements a narrative overview and analysis of our financial activities for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information in the financial statements and notes to the financial statements (which immediately follow this discussion).

DCHA is a Moving-to-Work (MTW) designated Housing Authority and as such, is allowed certain regulatory flexibility to design and test innovative approaches to local housing and policy issues. MTW also allows DCHA to combine Public Housing Operating, Capital Fund Program, and Housing Choice Voucher funding awarded by the U.S. Department of Housing and Urban Development (HUD) into one single budget with the flexibility to fund services and initiatives that would more effectively serve our clients. The Amended MTW agreements with HUD and the 39 MTW designated housing authorities were extended to FY 2028.

In FY 2025, DCHA continued to aggressively seek ways to utilize the agency's MTW authority to fulfill its mission and strategic goals in ways that are reflective of local housing needs, while implementing activities designed to meet one or more or the MTW statutory objectives.

Financial Highlights

Statements of Net Position (Table 1) - Net Position may serve over time as a useful indicator of whether the Authority's financial position is improving or deteriorating. DCHA's net position increased by $199.7 million, or 38.0%. DCHA's net position totaled $725.9 million on September 30, 2025. Table 1 reflects the Summarized Statements of Net Position as of September 30, 2025 and 2024.

Table 1
Summarized Statements of Net Position

	2025	2024	Total Change	% Change
Assets				
Current Assets	$ 307,609,576	$ 272,495,112	$ 35,114,464	12.9 %
Capital Assets, Net	664,123,799	484,990,723	179,133,076	36.9
Other Noncurrent Assets	132,303,027	161,619,741	(29,316,714)	(18.1)
Total Assets	$ 1,104,036,402	$ 919,105,576	$ 184,930,826	20.1
Liabilities				
Current Liabilities	$ 121,713,339	$ 214,380,465	$ (92,667,126)	(43.2)
Noncurrent Liabilities	191,957,201	113,792,164	78,165,037	68.7
Total Liabilities	313,670,540	328,172,629	(14,502,089)	(4.4)
Deferred Inflows of Resources	64,440,350	64,719,313	(278,963)	(0.4)
Net Position				
Net Investment in Capital Assets	558,236,170	372,748,454	185,487,716	49.8
Restricted Net Position	73,148,373	50,222,951	22,925,422	45.6
Unrestricted Net Position	94,540,969	103,242,229	(8,701,260)	(8.4)
Total Net Position	725,925,512	526,213,634	199,711,878	38.0
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,104,036,402	$ 919,105,576	$ 184,930,826	20.1 %

Assets – DCHA's total assets equaled $1.1 billion as of September 30, 2025, up 20.1% from last year. Of this amount, $664.1 million is accounted for as net capital assets detailed more fully in Table 3 of this report.

Liabilities – At September 30, 2025, DCHA had outstanding liabilities of $313.7 million, a decrease of 4.4% from the prior year.

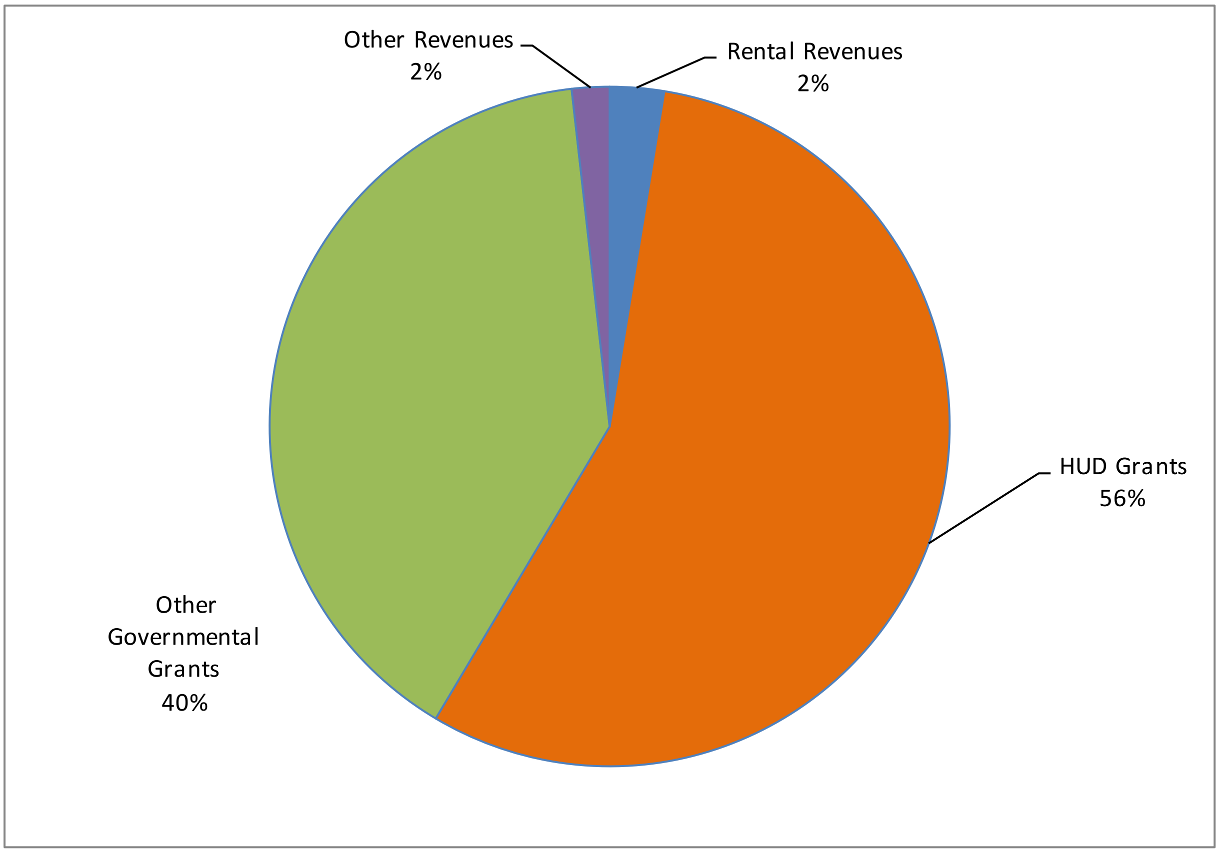
Deferred Inflows of Resources – At September 30, 2025, DCHA had deferred inflows of resources of $64.4 million related to a Public-Private Partnership Arrangement for 1133 North Capitol discussed further in Note 11.

Net Position – $558.2 million of DCHA's net position reflects its investment in capital assets, less any outstanding related debt used to acquire those assets. DCHA's capital assets are used to provide housing and services to District of Columbia citizens. Consequently, investments in capital assets are not available for future spending. Although DCHA's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital asset and related debt activity disclosed in Table 3 and Note 9, respectively.

DCHA's restricted net position of $73.1 million is restricted for future public housing projects, housing assistance payments, and public housing capital improvement needs. These restrictions are articulated in the HUD Annual Contributions Contract and HUD Regulatory agreements.

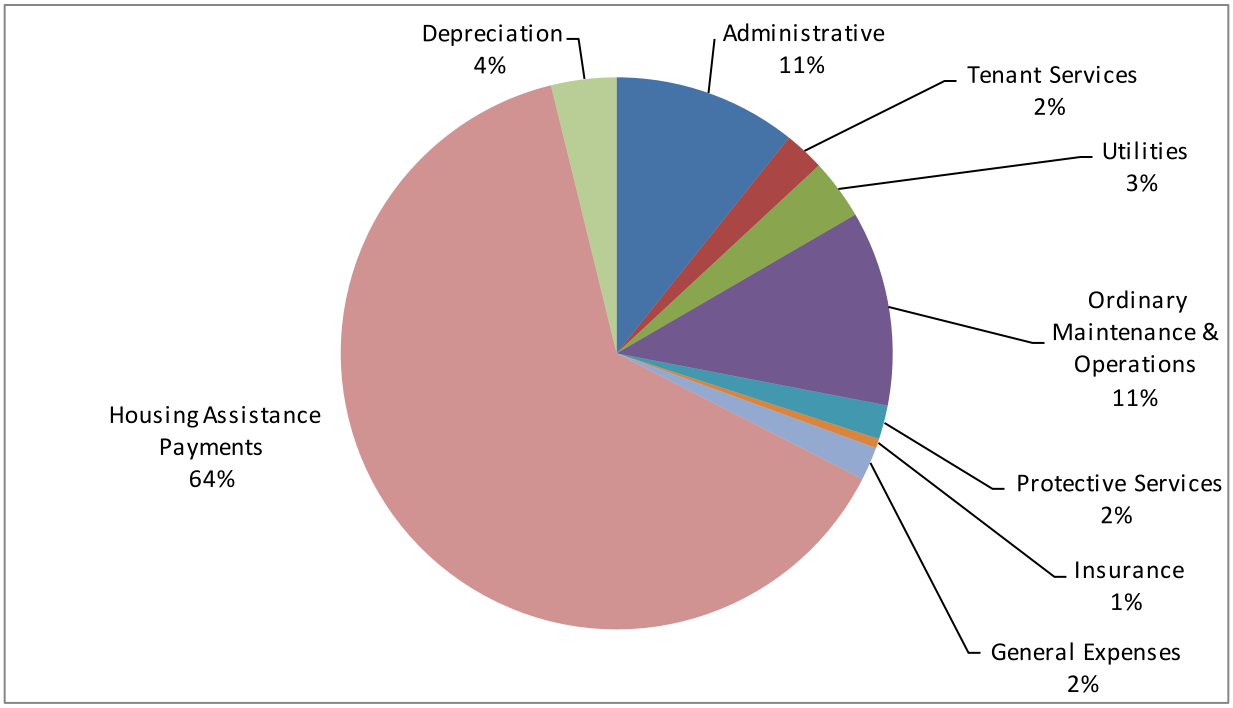
Fiscal Year 2025 Financial Highlights

Fiscal Year 2025 Operating Revenues



Total Operating Revenues	$ 878,889,126
Rental Revenues	22,651,343
HUD Grants	491,870,397
Other Governmental Grants	348,685,478
Other Revenues	15,681,908

Fiscal Year 2025 Operating Expenses



Total Operating Expenses	$ 846,442,972
Administrative	90,780,732
Tenant Services	20,015,431
Utilities	29,862,638
Ordinary Maintenance & Operations	96,622,827
Protective Services	16,902,107
Insurance	4,591,053
General Expenses	16,550,361
Housing Assistance Payments	538,701,081
Depreciation	32,416,742

Statement of Revenues, Expenses, and Changes in Net Position (Table 2) – DCHA's total net position increased by $199.7 million, or 38.0%, in 2025. The other key elements in changes in revenues and expenses are shown in Table 2.

Table 2
Statements of Revenues, Expenses, and Changes in Net Position

	2025	2024	Variance	% Variance
Operating Revenues				
Rental Revenues	$ 22,651,343	$ 19,339,881	$ 3,311,462	17.1 %
HUD Grants	491,870,397	364,641,755	127,228,642	34.9
Other Governmental Grants	348,685,478	332,473,840	16,211,638	4.9
Other Revenues	15,681,908	6,100,129	9,581,779	157.1
Total Operating Revenues	878,889,126	722,555,605	156,333,521	21.6
Operating Expenses				
Administrative	90,780,732	73,711,487	17,069,245	23.2
Tenant Services	20,015,431	8,428,432	11,586,999	137.5
Utilities	29,862,638	26,725,363	3,137,275	11.7
Ordinary Maintenance and Operation	96,622,827	63,906,576	32,716,251	51.2
Protective Services	16,902,107	14,866,429	2,035,678	13.7
Insurance	4,591,053	5,061,405	(470,352)	(9.3)
General Expenses	16,550,361	30,796,638	(14,246,277)	(46.3)
Housing Assistance Payments	538,701,081	466,318,760	72,382,321	15.5
Depreciation/Amortization	32,416,742	28,247,036	4,169,706	14.8
Total Operating Expenses	846,442,972	718,062,126	128,380,846	17.9
Nonoperating Revenues (Expenses)				
Interest Income	597,085	3,306,154	(2,709,069)	(81.9)
Interest Expense	(3,650,196)	(3,283,237)	(366,959)	11.2
Gain (Loss) on Sale of Capital Assets	(19,676,815)	-	(19,676,815)	1.0
Total Nonoperating Expenses	(22,729,926)	22,917	(22,752,843)	(99283.7)
Income Before Contributions	9,716,228	4,516,396	5,199,832	115.1
Capital Contributions	24,348,789	-	24,348,789	100.0
Change in Net Position	34,065,017	4,516,396	29,548,621	654.3
Net Position - Beginning of Year, as Originally Stated	526,213,634	521,697,238	4,516,396	0.9
Prior Period Adjustments - Correction of Errors	165,646,861	-	165,646,861	100.0
Net Position - Beginning of Year, as Restated	691,860,495	521,697,238	170,163,257	32.6
Net Position - End of Year	$ 725,925,512	$ 526,213,634	$ 199,711,878	38.0 %

Operating Revenues – Total operating revenues for DCHA increased $156.3 million, 21.6% from 2024 to a total of $878.9 million. Operating revenues increased primarily due a $127.2 million increase in HUD grants, and a $25.8 million increase in other revenues.

Operating Expenses – Total operating expenses for DCHA were $846.4 million, an increase of $128.3 million, or 17.9% from 2024.

Capital Contributions increased by $24.3 million due to an increase in capital fund draws during the year, dependent upon active construction projects.

Table 3
Capital Assets

Capital Assets – DCHA's total investment in capital assets, including construction in progress, as of September 30, 2025 totaled $664.1 million, net of accumulated depreciation, an increase of $179.3 million, or 36.9%, from 2024. This investment in capital assets includes land, buildings, building improvements, furniture and equipment, construction in progress, and right to use assets. Additional details follow in the table below:

	2025	2024	Variance	% Change
Land	$ 98,481,742	$ 98,185,682	$ 296,060	0.3 %
Buildings and Improvements	773,756,305	668,974,506	104,781,799	15.7
Right to Use Asset - Buildings	56,731,562	56,731,562	-	0.0
Furniture and Equipment	63,277,310	98,838,444	(35,561,134)	(36.0)
Right to Use Equipment - SBITA	5,314,648	5,314,648	-	0.0
Construction in Progress	249,285,565	145,079,132	104,206,433	71.8
Subtotal	1,246,847,132	1,073,123,974	173,723,158	16.2
Less: Accumulated Depreciation	(582,723,333)	(588,133,251)	5,409,918	(0.9)
Total Capital Assets	$ 664,123,799	$ 484,990,723	$ 179,133,076	36.9 %

- $773.8 million represents buildings and improvements, a net increase of $104.8 million.

- $63.3 million represents furniture and equipment, a net decrease of $35.6 million.

- $249.3 million represents the value of assets under construction related to new construction and modernization activities generally funded by capital grants, as well as grants received from the District of Columbia for the funding of construction related to public improvements/infrastructure. Current year additions exceeded the capitalization of completed construction projects in connection with continued construction and development projects, including improvements of Public Housing properties.

- $63.3 million represents right to use assets for long-term, noncancelable contracts in accordance with GASB 87 and 96, discussed further in Note 6.

Table 4
Debt Administration

Debt Administration – As of fiscal year end, DCHA had $53.2 million of long-term notes and mortgages payable as reflected in the following table which represents a decrease of $13.2 million from the prior fiscal year due to routine payments.

	2025	2024	Variance	% Change
Long-Term Debt Payable	$ 53,151,989	$ 66,326,509	$ (13,174,520)	(19.9)%

For additional detail pertaining to the Authority's long-term debt, please see Note 9 to the financial statements within this report.

Currently Known Facts or Conditions Expected to Have a Significant Effect on Financial Position – The current federal budget deficit will continue having a significant impact on the Authority's operating budget due to our historical reliance on such federal sources. The Authority will continue to explore alternative funding options to lessen this dependency through its development activities and pursuit of other grants.

Historically, the federal government has played a principal role in providing funding for low income housing developments and housing authorities since prior to the National Housing Act of 1937. While federal support for affordable housing has fluctuated with each administration, there has been a long-term record of nationwide financial support. However, there are discussions at the federal level recommending decreased funding for the public housing and housing choice voucher programs, two of the largest programs administered by the Authority.

While we acknowledge the aforementioned challenges and face these political and economic realities head-on, we remain committed more than ever to our mission including future development and the expansion of quality affordable housing. Our strategy for accomplishing this includes growing and preserving appropriate residential assets and fostering local development and relationships with our community partners and other stakeholders. We are confident our strategy will allow us to attain these goals and continue to strengthen and enhance the Authority's ability to address the housing and quality of life challenges facing the DC community both now and in the future.

DCHA is in the process of converting certain Low Rent Public Housing Units into the Rental Assistance Demonstration (RAD) program. DCHA has been awarded various Commitments to enter into Housing Assistance Payment (CHAP) by HUD on the following Developments:

Project Name	Number of Converting Units
Judiciary House	256
MELVO	55
Potomac Gardens	208
Wheeler Creek	148
Fort Lincoln	120
Greenleaf Gardens	211
Hopkins Apartments	156
James Apartments	141
James Creek	242
Knox Hill	122
Lincoln Heights	407
Sibley Plaza	223
Syphax Gardens	174
Claridge Towers	343
Total	2,806

Once these units are converted to the Rental Assistance Demonstration (RAD) program, these units will be taken out of our Public Housing Inventory.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the year ending September 30, 2026:

- DCHA management to update for budget impacts
- HUD Grant funding
- DC Local Grant funding
- Economic performance and job creation

Requests for Information

This financial report is designed to provide a general overview of DCHA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

The Office of the Chief Financial Officer
District of Columbia Housing Authority
300 7th Street, S.W., 10th Floor
Washington, D.C. 20024
(202) 535-2878

DISTRICT OF COLUMBIA HOUSING AUTHORITY
STATEMENTS OF NET POSITION—BUSINESS-TYPE ACTIVITIES AND DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2025

	Business-Type Activities	Discretely Presented Component Units
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents, Unrestricted	$ 73,339,632	$ 2,843,054
Cash and Cash Equivalents, Restricted	73,544,457	26,264,992
Investments, Unrestricted	2,883,290	-
Accounts Receivable, Net	152,229,911	1,075,020
Notes and Mortgages Receivable, Current	1,909,600	-
Inventories, Net	1,697,186	-
Prepaid Expenses and Other Assets	2,005,500	242,765
Total Current Assets	307,609,576	30,425,831
NONCURRENT ASSETS		
Capital Assets, Not Being Depreciated/Amortized	347,767,307	1,800,000
Capital Assets, Net of Depreciation/Amortization	316,356,492	98,952,448
Notes and Mortgages Receivable	121,891,121	-
Other Noncurrent Assets	10,411,906	216,731
Total Noncurrent Assets	796,426,826	100,969,179
Total Assets	$ 1,104,036,402	$ 131,395,010
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 13,620,846	$ 171,180
Accrued Liabilities	16,488,068	5,269,121
Accrued Compensated Absences, Current	2,561,390	-
Unearned Revenue	74,591,648	-
Tenant Security Deposits	396,084	73,436
Due to Affiliates	-	2,165,568
Lease and SBITA Liability, Current	5,896,253	-
Current Portion of Long-Term Debt	8,159,050	911,516
Total Current Liabilities	121,713,339	8,590,821
NONCURRENT LIABILITIES		
Other Noncurrent Liabilities	-	-
Developer Fee Payable	-	6,965,241
Lease and SBITA Liability, Net of Current	46,839,387	-
Long-Term Debt, Net of Current	44,992,939	97,214,318
Accrued Compensated Absences, Net of Current	2,844,850	-
Other Noncurrent Liabilities	97,280,025	-
Total Noncurrent Liabilities	191,957,201	104,179,559
Total Liabilities	313,670,540	112,770,380
DEFERRED INFLOWS OF RESOURCES - PUBLIC PRIVATE PARTNERSHIP	64,440,350	-
NET POSITION		
Net Investment in Capital Assets	558,236,170	22,137,016
Restricted	73,148,373	5,067,157
Unrestricted	94,540,969	(8,579,543)
Total Net Position	725,925,512	18,624,630
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,104,036,402	$ 131,395,010

See accompanying Notes to Financial Statements.

DISTRICT OF COLUMBIA HOUSING AUTHORITY
COMBINING STATEMENT OF NET POSITION—DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2024

	Highland Residential, L.P.	Parkway Overlook II, LP	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents, Unrestricted	$ 1,786,904	$ 1,056,150	$ 2,843,054
Cash and Cash Equivalents, Restricted	3,303,012	22,961,980	26,264,992
Accounts Receivable, Net	595,871	479,149	1,075,020
Prepaid Expenses and Other Assets	141,700	101,065	242,765
Total Current Assets	5,827,487	24,598,344	30,425,831
NONCURRENT ASSETS			
Capital Assets, Not Being Depreciated	-	1,800,000	1,800,000
Capital Assets, Net of Depreciation	44,226,462	54,725,986	98,952,448
Other Noncurrent Assets	-	216,731	216,731
Total Noncurrent Assets	44,226,462	56,742,717	100,969,179
Total Assets	$ 50,053,949	$ 81,341,061	$ 131,395,010
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	$ 60,453	$ 110,727	$ 171,180
Accrued Liabilities	99,397	5,169,724	5,269,121
Tenant Security Deposits	1,573	71,863	73,436
Due to Affiliates	441,609	1,723,959	2,165,568
Current Portion of Long-Term Debt	315,832	595,684	911,516
Total Current Liabilities	918,864	7,671,957	8,590,821
NONCURRENT LIABILITIES			
Developer Fee Payable	2,736,155	4,229,086	6,965,241
Long-Term Debt, Net of Current	35,207,782	62,006,536	97,214,318
Total Noncurrent Liabilities	37,943,937	66,235,622	104,179,559
Total Liabilities	38,862,801	73,907,579	112,770,380
NET POSITION			
Net Investment in Capital Assets	8,702,848	13,434,168	22,137,016
Restricted	3,301,439	1,765,718	5,067,157
Unrestricted	(813,139)	(7,766,404)	(8,579,543)
Total Net Position	11,191,148	7,433,482	18,624,630
Total Liabilities and Net Position	$ 50,053,949	$ 81,341,061	$ 131,395,010

See accompanying Notes to Financial Statements.

DISTRICT OF COLUMBIA HOUSING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION—
BUSINESS-TYPE ACTIVITIES AND DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities	Discretely Presented Component Units
OPERATING REVENUES		
Rental Revenues	$ 22,651,343	$ 8,132,751
HUD Grants	491,870,397	-
Other Governmental Grants	348,685,478	-
Other Revenues	15,681,908	734,264
Total Operating Revenues	878,889,126	8,867,015
OPERATING EXPENSES		
Administrative	90,780,732	1,395,588
Tenant Services	20,015,431	-
Utilities	29,862,638	2,403,843
Ordinary Maintenance and Operations	96,622,827	1,425,173
Protective Services	16,902,107	-
Insurance	4,591,053	378,914
General Expenses	16,550,361	685,397
Housing Assistance Payments	538,701,081	-
Depreciation	32,416,742	4,811,674
Total Operating Expenses	846,442,972	11,100,589
OPERATING INCOME (LOSS)	32,446,154	(2,233,574)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	597,085	820,102
Interest Expense	(3,650,196)	(3,517,073)
Gain (Loss) on Sale of Capital Assets	(19,676,815)	-
Total Nonoperating Expenses	(22,729,926)	(2,696,971)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	9,716,228	(4,930,545)
CAPITAL CONTRIBUTIONS	24,348,789	-
INCREASE (DECREASE) IN NET POSITION	34,065,017	(4,930,545)
Total Net Position - Beginning of Year, as Originally Stated	526,213,634	23,555,175
Prior Period Adjustments - Correction of Errors	165,646,861	-
Total Net Position - Beginning of Year, as Restated	691,860,495	23,555,175
TOTAL NET POSITION - END OF YEAR	$ 725,925,512	$ 18,624,630

See accompanying Notes to Financial Statements.

DISTRICT OF COLUMBIA HOUSING AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION—
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2024

	Highland Residential, L.P.	Parkway Overlook II, LP	Total
OPERATING REVENUES			
Rental Revenues	$ 4,635,434	$ 3,497,317	$ 8,132,751
Other Revenues	231,030	503,234	734,264
Total Operating Revenues	4,866,464	4,000,551	8,867,015
OPERATING EXPENSES			
Administrative	623,434	772,154	1,395,588
Utilities	1,685,476	718,367	2,403,843
Ordinary Maintenance and Operations	774,300	650,873	1,425,173
Insurance	153,832	225,082	378,914
General Expenses	188,308	497,089	685,397
Depreciation	2,143,977	2,667,697	4,811,674
Total Operating Expenses	5,569,327	5,531,262	11,100,589
OPERATING INCOME (LOSS)	(702,863)	(1,530,711)	(2,233,574)
NONOPERATING REVENUE (EXPENSES)			
Interest Income	-	820,102	820,102
Interest Expense	(1,082,094)	(2,434,979)	(3,517,073)
Total Nonoperating Revenue (Expenses)	(1,082,094)	(1,614,877)	(2,696,971)
INCREASE (DECREASE) IN NET POSITION	(1,784,957)	(3,145,588)	(4,930,545)
Total Net Position - Beginning of Year	12,976,105	10,579,070	23,555,175
TOTAL NET POSITION - END OF YEAR	$ 11,191,148	$ 7,433,482	$ 18,624,630

See accompanying Notes to Financial Statements.

DISTRICT OF COLUMBIA HOUSING AUTHORITY
STATEMENT OF CASH FLOWS—BUSINESS-TYPE ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Dwelling Rentals	$ (2,061,240)
HUD and Other Government Grants	840,555,875
Other Receipts	139,697,971
Payments for Administrative and General	(100,797,753)
Payments for Housing Operations and Tenant Services	(164,516,540)
Payments to Landlords and Resident Benefits	(540,893,997)
Net Cash Provided by Operating Activities	171,984,316
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Contributions	24,348,789
Purchases of Capital Assets	(229,218,548)
Proceeds from Sale of Capital Assets	14,095,641
Principal Paid on Debt	(13,174,520)
Interest Paid on Debt	(3,716,531)
Proceeds from Debt	812,594
Net Cash Used by Capital and Related Financing Activities	(206,852,575)
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments Received on Notes Receivables	(24,810)
Disbursements for Notes Receivables	(14,982,180)
Interest Income	597,085
Net Cash Used by Investing Activities	(14,409,905)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(49,278,164)
Cash and Cash Equivalents - Beginning of Year	199,045,543
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 149,767,379
RECONCILIATION OF CASH FLOWS TO STATEMENT OF NET POSITION	
Cash and Cash Equivalents, Unrestricted	$ 73,339,632
Cash and Cash Equivalents, Restricted	73,544,457
Investments, Unrestricted	2,883,290
Total	$ 149,767,379

See accompanying Notes to Financial Statements.

DISTRICT OF COLUMBIA HOUSING AUTHORITY
STATEMENT OF CASH FLOWS—BUSINESS-TYPE ACTIVITIES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 32,446,154
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	32,416,742
Provision for Bad Debts	5,956,437
Prior Period Adjustments	149,582,379
Changes in Operating Assets and Liabilities:	
Accounts Receivable	(30,669,587)
Inventory	(1,113,537)
Prepaid Expenses	(2,192,916)
Other	1,150,247
Accounts Payable	(6,016,608)
Accrued Compensated Absences	992,760
Accrued Expenses	14,997,994
Unearned Revenue	(24,896,806)
Deferred Inflows of Resources	(669,510)
Tenant Security Deposits	567
Net Cash Provided by Operating Activities	$ 171,984,316

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The District of Columbia Housing Authority (DCHA or the Authority) was established as an independent authority of the District of Columbia government. DCHA's purpose is to provide decent, safe, and sanitary dwellings and related facilities for persons and families of low and moderate income in the District as prescribed by the U.S. Department of Housing and Urban Development (HUD). DCHA is governed by an eleven-member Board of Commissioners consisting of Mayoral appointees, an ex-officio Commissioner (Deputy Mayor for Planning and Economic Development), elected Resident Commissioners, a labor representative, a member selected by the advocate community and a Housing Choice Voucher Program representative.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, the basic financial statements of the reporting entity are reported as an enterprise fund. They include those of DCHA and all component units. Component units are separate legal entities in which officials of a primary government are financially accountable for the entity, or in which the nature and significance of the relationship between the entity and the primary government are such that to exclude the entity from the financial reporting entity would render the basic financial statements misleading or incomplete. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Codification of Governmental Accounting and Financial Reporting Standards and Statement No 61, (amended) of the Governmental Accounting Standards Board: The Financial Reporting Entity. Based upon the application of these criteria, the reporting entity includes DC Housing Enterprises (DCHE), Northwest One/Temple Courts Redevelopment Corporation (Temple Courts), Construction Services Administration (CSA), Community Vision Inc. (Community Vision), DC Housing Solutions, Inc. (DC Housing Solutions), Capital City Housing Corporation (Capital City), Oak Street Preservation LLC (Oak Street), Affordable Housing, Inc., and Colorado Columbia LLC. These component units are blended for financial reporting purposes under the "blended component units" column of the combining financial schedules presented in the "Supplementary Information" section of this report.

DCHA determined, based on the criteria above that two entities should be presented as discretely presented component units in DCHA's financial statements:

- Highland Residential, L.P – Highland Residential, L.P.'s purpose is to develop, own and operate an apartment complex. CHP, a blended component unit of DC Housing Solutions, is the sole member of Highland Residential GP, LLC which is the 0.01% general partner of Highland Residential, L.P. The financial statements of Highland Residential, L.P. are included in DCHA's statements as a discretely presented component unit. The partnership has a calendar year-end and accordingly, the amounts included are as of and for the respective year-end that falls within DCHA's September 30, 2025 year-end. Separate financial statements are issued for the discretely presented component unit, prepared in accordance with Financial Accounting Standards Board (FASB) guidance, and can be obtained by contacting the Director of Finance at the DCHA, 300 7th Street, S.W., 10th Floor, Washington, D.C. 20024.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

- Parkway Overlook II, L.P. – Parkway Overlook II, L.P.'s purpose is to develop, own and operate an apartment complex. CHP, a blended component unit of DC Housing Solutions, is the sole member of Parkway Overlook II GP, LLC which is the 0.01% general partner of Parkway Overlook II, L.P. The financial statements of Parkway Overlook II, L.P. are included in DCHA's statements as a discretely presented component unit. The partnership has a calendar year-end and accordingly, the amounts included are as of and for the respective year-end that falls within DCHA's September 30, 2022 year-end. Separate financial statements are issued for the discretely presented component unit, prepared in accordance with Financial Accounting Standards Board (FASB) guidance, and can be obtained by contacting the Director of Finance at the DCHA, 300 7th Street, S.W., 10th Floor, Washington, D.C. 20024.

There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, DCHA is not included in any other reporting entity as a component unit on the basis of such criteria.

Basis of Presentation and Accounting

In accordance with uniform financial reporting standards for HUD housing programs, the basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Based upon compelling reasons offered by HUD, DCHA reports its basic financial statements as an enterprise fund, which uses the accrual basis of accounting and the flow of economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The Authority is required to follow all statements of Governmental Accounting Standards Board (GASB).

Summary of Programs

HUD-Subsidized Programs

Moving to Work Program (MTW): The objective of this program is to provide greater flexibility for DCHA in providing housing, support services, and modernization services for the communities DCHA assists as well as provides resources and opportunities for the residents within DCHA's properties. DCHA is allowed to combine funding from the Low Rent Public Housing, Capital Fund Program, and the Housing Choice Voucher Program (partial funding) for use by all three programs.

Low Rent Public Housing: This type of housing consists of apartments and single-family dwellings owned and operated by DCHA. Funding is provided by tenant rent payments and subsidies provided from HUD.

Capital Fund Program: Substantially all additions to land, buildings, and equipment are accomplished through the Capital Fund Program. This program adds to, replaces, or materially upgrades deteriorated portions of DCHA's housing units. HUD provides annual funding based upon a predetermined formula applied nationwide.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Programs (Continued)

HUD-Subsidized Programs (Continued)

Housing Choice Voucher Program: The Section 8 Housing Choice Voucher Program also allows for existing housing units to be used for low-income housing. HUD provides annual funding for housing assistance payments as well as annual funding for related administrative expenses. DCHA has some vouchers included under the MTW Program, but other vouchers are not included.

Mainstream Vouchers Program: This program assists nonelderly persons with disabilities. Aside from assisting a special population, the program policies are the same as the Housing Choice Voucher program.

Emergency Housing Vouchers (EHV) Program: This program is available through the American Rescue Plan Act (ARPA). Through EHV, HUD is providing housing choice vouchers to local Authority's in order to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability. Funding and financial reporting for EHV is separate from the regular tenant-based voucher program.

Section 8 Moderate Rehabilitation Program: This program provides for the rehabilitation of housing units, which then must be rented to low-income individuals for a contracted period of time. Under this program, developers must obtain their own rehabilitation financing and then HUD subsidizes rents.

Section 8 Single Room Occupancy (SRO) Program: This program provides for the rehabilitation of housing units, which then must be rented to low income individuals for a contracted period of time. Individuals have a single room and share common areas.

ROSS: This program provides funding for a program coordinator who works with residents to locate training opportunities, job placements, and employers. Residents set goals to become independent from welfare assistance.

Blended Component Units

DC Housing Enterprises (DCHE): This entity was organized as a nonprofit corporation under the District of Columbia Nonprofit Corporation Act, to be operated exclusively for charitable purposes by engaging in activities that enhance the supply of affordable housing as well as related community development and to acquire an interest in real property located in Washington, D.C., toward these purposes. DCHE is solely owned and operated by DCHA. DCHE has been able to provide services in a time sensitive manner to secure and maintain distressed property throughout the District of Columbia, as well as perform expedited construction or construction management services for the District of Columbia.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Programs (Continued)

Blended Component Units (Continued)

Northwest One/Temple Courts Redevelopment Corporation (Temple Courts): This entity was organized as a District of Columbia instrumentality and as a subsidiary of DCHA to acquire Temple Courts, relocate all residents through a de-occupancy process and to demolish the building after the apartments were determined not to be viable. Currently, there is a parking lot which is being managed by DCHA while the land is being held for future development.

Construction Services Administration, LLC (CSA): This entity was created as a for-profit limited liability company for purposes of undertaking construction management and administration services for the District of Columbia governmental agencies and public and private organizations. The CSA provides services for a fee that covers the cost of operations with any residual funds reverting to its sole member, DCHA. The CSA's major customers are the District of Columbia Department of Parks and Recreation and DCHA.

Community Vision Inc. (Community Vision): This entity supports the Authority by engaging in activities that may include, without limitation, developing, financing, managing, monitoring, and engaging in social service programming; and providing technical assistance to social service governmental and nongovernmental agencies that provide social service and other types of assistance that will enhance, expand, and foster self-sufficiency for low- and moderate-income individuals and families residing in DCHA properties.

DC Housing Solutions, Inc. (DC Housing Solutions): On November 28, 2012, DC Housing Solutions, Inc., a wholly owned nonprofit entity of the Authority, was formed as an instrument to facilitate the development of affordable housing and related facilities. In accordance with its mission, DC Housing Solutions, Inc. subsequently formed Capitol Housing Partners, LLC to provide certain construction and completion guarantees. Capitol Housing Partners is 100% owner of Parkway Overlook, LP. The LP is the owner entity of Parkway Overlook development project.

Capital City Housing Corporation (Capital City): DCHA (as the successor to National City Housing Authority) assumed control of Capital City Housing Corporation, and thereby assumed control of Oak Street Apartments, Ltd which is a privately managed 51-unit apartment complex.

Oak Street Preservation LLC (Oak Street): Successor owner of Oak Street Apartments and acquired debt from Capital City Housing Corporation.

Affordable Housing Corporation of the District of Columbia: This entity is a nonprofit District of Columbia entity, formed to facilitate ownership in various DCHA projects. This Corporation is currently dormant.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Programs (Continued)

Blended Component Units (Continued)

Colorado Columbia LLC: Under the Rental Assistance Demonstration (RAD) program, two developments were converted from public housing. Colorado (a 21-unit project) and Columbia (a 23-unit project) are both owned by Colorado Columbia LLC which is fully owned by DCHA.

Investments in Real Estate Ventures: DCHA has ownership interest in various LLCs and GPs that have very small ownership interest in various limited partnerships that provide residential low- and moderate-income subsidized units located throughout Washington D.C. However, they are not component units of DCHA and therefore are not reported.

Copies of financial statements for each blended component (if available) can be obtained by a written request to: District of Columbia Housing Authority, Attn: Director of Finance, 300 7th Street, S.W., 10th Floor, Washington, D.C. 20024.

Budgets

Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. Project budgets are adopted on a "project length" basis. Budgets are not, however, legally adopted nor legally required for financial statement presentation.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, DCHA considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, including nonnegotiable certificates of deposit and repurchase agreements, to be cash equivalents.

Accounts Receivable – Net of Allowance

Accounts receivable are made up of amounts due from HUD, District of Columbia, mixed finance projects, landlords and tenants in the Housing Choice Voucher Program (HCVP), including Moving to Work (MTW) vouchers, non-MTW vouchers, non-Federal program vouchers, and tenants in Low Income Public Housing (LIPH). All accounts receivable balances are reviewed to determine whether they are collectible. Allowance account estimates are established based on the historical data and tenant's ability to pay. See Note 3 for a breakout of allowances at September 30, 2025.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Notes and Mortgages Receivable

DCHA also has notes receivables from Mixed Finance Projects. The Authority advances loans to third-party developers in conjunction with multi-lender mixed income financing arrangements for new construction. The developer generally agrees to designate a specific number of units for public housing during the life of the note. A lump-sum payment of principal and interest, if applicable, is due at maturity, which is 40 years. These 40-year notes are supported by promissory notes and are collateralized by the respective properties. No currently known facts lead the Authority to believe there is a probability of default on these loans. An allowance for a loss contingency has not been recorded as both of the following criteria have not been met: 1) the amount of the loss can be reasonably estimated, and 2) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired, or a liability had been incurred at the date of the financial statements. It is implicit in this condition that it must be probable that one or more future events will occur confirming the fact of the loss. The Authority evaluates these notes each year and determines if an allowance is necessary.

Interest income on these notes is recognized as accrued. Due to the long-term nature of the loans and their respective payment terms, the Authority utilizes a conservative approach and recognizes a 100% allowance for the interest earned and receivable. Accrued interest receivable and the corresponding loss allowance balances were $37,762,375 and $37,762,375, respectively, as of September 30, 2025. Of the outstanding interest accrued, $-0- is deemed collectable.

DCHA has notes receivable from several homeownership programs known as Soft Second Mortgages. Based on the structure of these loans with the homeowners described in the Notes Receivable related to homeownership receivables, management has established a full allowance of $19,759,264 for these notes receivable due to the collectability of the notes.

Interprogram Receivables and Payables

Interprogram receivables/payables, when present, are all current, and are the result of the use of one designated program as the common paymaster for shared costs of DCHA. Cash settlements are made periodically, and all interprogram balances net zero. Offsetting due to/due from balances are eliminated for the basic financial statement presentation.

Investments

Investments are recorded at amortized cost. Investment instruments consist only of items specifically approved for public housing agencies by HUD. Investments are to be either insured or collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits and investments over the federal depository insurance coverage are collateralized with securities held by DCHA's agent in DCHA's name. It is DCHA's policy that all funds on deposit are collateralized in accordance with HUD requirements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories (consisting of materials and supplies) are valued at cost using the first in, first out (FIFO) method. If inventory falls below cost due to damage, deterioration or obsolescence, DCHA establishes an allowance for obsolete inventory.

Prepaid Items

Payments made to vendors for goods or services that will benefit periods beyond the fiscal year-end are recorded as prepaid items.

Capital Assets

Capital assets are stated at historical cost. Depreciation commences on modernization and development additions in the year following completion.

Maintenance and repairs expenditures are charged to operations when incurred. Betterments in excess of $5,000 are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Depreciation is calculated using the straight-line method over the estimated useful lives of each major class of depreciable fixed assets as follows:

Buildings	40 Years
Building Improvements	10 to 20 Years
Furniture and Equipment	5 to 7 Years

Impairment of Long-Lived Assets

DCHA has been and is currently involved in various demolition activities in conjunction with its modernization and development programs. In accordance with financial reporting standards issued by the Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, requires certain note disclosures. DCHA has at September 30, 2025, considered the impact of the demolition activities. Under the provisions of the statement, long-lived assets are to be reviewed for impairment. Application for measurement of long-lived assets should be at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. Based upon these criteria, no impairment loss was recorded for the year ended September 30, 2025 relating to assets held for sale by DCHE.

Leases

DCHA is a lessee for noncancelable leases of office space. DCHA recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the statement of net position. DCHA recognizes lease liabilities with an initial, individual value of $5,000 or more.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

At the commencement of a lease, DCHA initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how DCHA determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- DCHA uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, DCHA generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease and option years that DCHA is reasonably certain to exercise.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that DCHA is reasonably certain to exercise.

DCHA monitors change in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported as current and noncurrent on the statement of net position.

Subscription-Based Information Technology Arrangements (SBITA)

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received form the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation and sick. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of DCHA and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of DCHA and its employees are accounted for in the period in which such services are rendered or in which such events take place.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

Employees earn annual leave at rates ranging from 13 days per year for the first three years of service up to a maximum of 26 days per year at the beginning of their fifteenth (15th) year of service. Annual leave up to 240 hours can accumulate and carry over from one year to the next. Upon termination or death, accumulated annual leave is paid in a lump-sum.

Net Position

Accounting principles generally accepted in the United States of America for state and local governments require that resources be classified for accounting and reporting purposes into the following three net position categories:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Restricted assets whose use by DCHA is subject to externally imposed stipulations that can be fulfilled by actions of DCHA pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

Unrestricted – Assets that are not subject to externally imposed stipulations. The unrestricted net position may be designated for specific purposes by action of management or the DCHA Board or may otherwise be limited by contractual agreements with outside parties.

Certain assets including cash and investments may be classified as restricted net position on the statement of net position because their use is restricted for specific purposes. It is DCHA's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Litigation Losses

DCHA recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurred.

Annual Contribution Contracts

Annual contribution contracts provide that HUD shall have the authority to audit and examine the records of public housing authorities. Accordingly, final determination of the DCHA's financing and contribution status for the annual contribution contracts is the responsibility of HUD based upon financial reports submitted by DCHA.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

DCHA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. DCHA carries commercial insurance for all risks of loss, including workers' compensation, employee health, accident insurance, general liability, fire and extended coverage, fidelity bond, automobile, and Director and Officers liability. Settlements have not exceeded insurance coverage in each of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

Operating Revenues and Expenses

The principal operating revenues of DCHA's enterprise fund are charges to customers for rents and services. Operating expenses for DCHA's enterprise fund include the cost of providing housing and services, administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deferred Inflows

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority's deferred inflows of resources reported on the statement of net position represent payments for a lease term that relates to future periods. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Restatement – Correction of Errors

During 2025, corrections of errors resulting in an increase in beginning net position of $165,646,861 were required to properly state the financial statements. Due to a scope limitation and disclaimer of opinion, no details are available to disclose which statement of net position balances were impacted in the prior year.

Net Position as of September 30, 2024, as Previously Stated	$ 526,213,634
Corrections of Errors:	
Unsupported Balances	165,646,861
Net Position as of October 1, 2025, as Restated	$ 691,860,495

Adoption of New Accounting Standards

DCHA adopted GASB Statement No. 102, Certain Risk Disclosures, for the fiscal year beginning October 1, 2024. The Statement requires disclosure of vulnerabilities arising from certain concentrations or constraints when specific criteria are met. The adoption of GASB 102 did not have a material impact on the DCHA's financial statements, and no additional disclosures were required.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Business-Type Activities

HUD Deposit and Investment Restrictions

HUD requires authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes Federal Deposit Insurance Corporation (FDIC)/Federal Savings and Loan Insurance Corporation (FSLIC) insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by DCHA or with an unaffiliated bank or trust company for the account of DCHA.

At September 30, 2025, $72,813,150 of DCHA's deposits and investments were restricted for purposes of modernization and development or other externally imposed requirements. The remaining deposits and investments of $76,427,747 are not restricted and are either available on demand or have maturities of less than three months.

The following assets held by DCHA as of September 30, 2025, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk and custodial credit risk:

Asset	Amount
Cash and Cash Equivalents:	
Wells Fargo Government Money Market Fund	$ 167,391
Demand Deposit Accounts	144,015,174
Debt-Related Reserves	4,573,819
Petty Cash	10,995
Investments:	
Certificate of Deposit	1,000,000
Total	$ 149,767,379

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, DCHA's investment policy limits its investment portfolio to maturities not to exceed two years at time of purchase.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Business-Type Activities (Continued)

Interest Rate Risk (Continued)

As of September 30, 2025, the amortized cost, fair value and maturities for these assets were as follows:

Asset	Amortized Cost	Fair Value	Maturities (in Years) Less Than 1
Wells Fargo Government Money Market Fund	$ 167,391	$ 167,391	$ 167,391
Demand Deposit Accounts	144,015,174	144,015,174	144,015,174
Debt-Related Reserves	4,573,819	4,573,819	4,573,819
Petty Cash	10,995	10,995	10,995
Certificate of Deposit	1,000,000	1,000,000	1,000,000
Total	$ 149,767,379	$ 149,767,379	$ 149,767,379

The Wells Fargo Government Money Market Fund invests primarily in short-term, high-quality fixed-income securities such as U.S. Government obligations, bank obligations, corporate bonds, commercial paper, municipal securities, asset- and mortgage-backed securities, and repurchase agreements. The Government Money Market Fund is managed to meet the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended. It can be reasonably expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As noted above, as of September 30, 2025, the cost of the money market mutual fund approximated fair value. The Debt Securities are held with Wells Fargo and represent a Federal Home Loan Bank obligation.

Credit Risk and Concentration of Credit Risk

This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. DCHA's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the U.S. Government, its agencies and instrumentalities. As of September 30, 2025, DCHA did not have investments in any one issuer that represent 5% or more of their total investments and the Wells Fargo Government Money Market Fund was rated AAA-mf by Moody's.

Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty, DCHA will not be able to recover the value of its investments or collateral securities that are held by the counterparty. Approximately 78%, 8%, and 8% of DCHA's funds are held by Wells Fargo, Argent Institutional and Industrial Bank, respectively.

At September 30, 2025, DCHA deposits had a carrying amount of $160,699,807 and a bank balance of $149,809,206. Of the bank balances held in various financial institutions, certain amounts were covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method. As of September 30, 2025, $12,586,952 was not collateralized for various financial institutions and was related to bank accounts for the blended component units.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Business-Type Activities (Continued)

Fair Value Measurements

DCHA categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs. All remaining investments represent certificates of deposit and money market mutual funds which are not subject to the fair value measurement requirements.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities at September 30, 2025 consist of the following:

	Amount	Allowance for Doubtful Accounts	Net
HUD	$ 455,555	$ -	$ 455,555
Public Housing Authorities (Port-Ins)	73,906	-	73,906
District of Columbia	9,862,639	-	9,862,639
Public Housing Tenants	17,395,515	(14,906,251)	2,489,264
Due from Tenants and Landlords Voucher Program	143,006	(73,280)	69,726
CSA ECIP Project Receivables	1,745,117	-	1,745,117
Miscellaneous	140,884,145	(3,350,441)	137,533,704
Accrued Interest on Notes Receivable and Mortgages	30,866,597	(30,866,597)	-
Total	$ 201,426,480	$ (49,196,569)	$ 152,229,911

NOTE 4 NOTES RECEIVABLE

Notes receivable consists of amounts related to the sale of townhouses primarily from the HOPE VI program for various homeownership projects and advances to mixed finance entities for the construction of low-income housing.

For homeownership notes receivable the loan terms for each property are listed in the following table and all loans are noninterest bearing soft second mortgages. Each property has a separate type of loan and forgiveness attributes.

Each mixed finance note is subordinated and also subject to certain cash flows being available before principal and interest is due. Accrued interest is recorded each year along with a valuation allowance. Interest income is recorded either when received or in the period that collection becomes certain. DCHA has entered into long-term land leases that can range up to 99 years with each mixed finance related entity.

NOTE 4 NOTES RECEIVABLE (CONTINUED)

Notes receivable of the business-type activities at September 30, 2025, consist of the following:

Borrower	Originated	Interest Rate	Due Date	Principal Balance	Program
Total Bryant Street/Others	Various	Various	20 Years	$ 618,145	BA
Total Capitol Gateway	Various	Various	20 Years	5,142,817	BA
Total Capper Townhouses Ph I,II	Various	Various	30 Years	3,536,986	BA
Total Eastgate (aka Glenncrest)	Various	Various	20 Years	5,942,233	BA
Total Frontiers	Various	Various	20 Years	487,101	BA
Total H/O Group - Non-Profit	Various	Various	20 Years	227,566	BA
Total Henson Ridge	Various	Various	20 Years	332,014	BA
Total Scattered Sites	Various	Various	20 Years	1,214,514	BA
Total Sheridan Station Townes, LLC	Various	Various	15 Years	723,768	BA
Total Sheridan Townes LLC - 16 Owners	Various	Various	20 Years	63,290	BA
Total Wheeler Creek	Various	Various	15 Years	1,470,830	BA
		Subtotal Homeowner Loans		19,759,264	
Highland Residential, LP	2014	0.00%	10/23/2044	3,975,000	BA
Highland Residential, LP	2016	0.00%	10/23/2044	6,577,713	BA
Highland Residential, LP	2017	0.00%	10/23/2044	2,300,000	LR
Accessibuild I, LP	2008	8.00%	12/1/2049	2,900,000	COCC
Edgewood Seniors LP	2001	0.25%	11/1/2041	7,000,000	COCC
Rental Rehab Financial Assistance	Various	0.00%	Various	547,000	COCC
Somerset Cavalier Partners, LLC	2007	1.00%	7/27/2047	4,782,258	COCC
Eastgate Senior	2005	0.33%	10/31/2049	6,463,229	LR
FDS Residential II LP	2005	0.50%	2/28/2047	2,000,000	LR
FDS Residential II LP	2007	0.50%	2/28/2047	1,764,566	LR
Matthews Memorial Restitution Loan	2012	0.00%	9/1/2050	-	LR
Sheridan Limited Partnership	2012	0.00%	4/30/2050	1,146,749	LR
Sheridan Station III	2012	0.00%	4/30/2050	8,240,205	LR
Capper Residential I, LP	2008	0.00%	5/30/2051	6,257,928	LR
Capper Residential II, LP	2010	1.00%	10/14/2026	7,664,036	LR
Capper Senior I LP	2004	0.25%	12/22/2046	12,146,225	LR
Capper Senior II LP	2005	0.25%	10/20/2047	8,140,115	LR
Capper Senior II LP	2005	4.89%	10/20/2047	2,017,577	LR
Capper Senior II LP	2005	4.89%	10/20/2047	1,879,719	LR
East Capitol Family Rental LP	2005	0.22%	5/1/2049	11,507,899	LR
East Capitol Senior Rental LP	2003	2.82%	12/9/2045	3,705,498	LR
Eastgate Family Rental LP	2006	0.25%	11/30/2050	12,438,117	LR
FDS Residential I LP	2002	0.50%	10/24/2042	7,202,017	LR
Gibson Plaza Apartments	2010	0.00%	1/1/2052	6,519,811	LR
Highland Residential	2014	2.89%	10/23/2044	4,739,000	LR
Highland Residential, LP	2014	0.00%	10/23/2049	3,300,000	LR
Matthews Memorial Terrace	2010	0.00%	9/1/2050	6,847,690	LR
Oxford Manor, LP	2006	5.02%	11/30/2046	3,572,128	LR
Sheridan Station I	2010	0.00%	4/30/2050	10,872,004	LR
Square 882N Owner, LLC	2014	4.50%	12/31/2048	2,400,000	LR
TCB/Fairlawn Marshall Housing, LP	2009	5.00%	1/6/2046	3,824,189	LR
Victor Square (Parkside Senior, L.P.)	2010	0.00%	2/10/2051	5,000,000	LR
Wheeler Creek LP	1999	0.25%	12/31/2038	11,990,656	LR
Wheeler Creek LP	1999	0.25%	11/28/2049	3,640,000	LR
Phyllis Wheatley YWCA	2015	1.50%	9/29/2055	1,500,000	LR
Barry Farm Redevelopment Associated, LLC	2016	0.00%	Various	26,886,095	LR
Deanwood Hills LLC	2016	1.50%	10/27/2058	1,991,489	LR
William Smith	2020	0.00%	3/28/2022	950,000	LR
Square 882N Affordable, LP	2016	0.00%	6/23/2046	478,629	BCU
Parkway Overlook II, LP	2018	2.66%	2/8/2048	2,400,000	BCU
Parkway Overlook II, LP	2018	2.66%	2/8/2048	1,512,981	SL
		Subtotal Mixed Finance Loans		219,080,523	
		Total Notes Receivable		238,839,787	
		Less: Allowance for Uncollectible Notes		(115,039,066)	
		Net Notes Receivable		$ 123,800,721	

*Legend

BA - Business Activities	LR - Low-Rent Public Housing
SL - State and Local	COCC - Central Office Cost Center
BCU - Blended Component Unit	

NOTE 5 OTHER ASSETS

Other assets of the business-type activities at September 30, 2025 consist of the following:

Related Party Financing Costs	$ 2,369,458
Investment in HARRG and HAPI Insurance Companies	2,521,825
Prepaid Expenses	2,005,500
Other Assets	5,520,623
Total	$ 12,417,406

NOTE 6 CAPITAL ASSETS, LEASES, AND SBITAS

The following is a summary of changes in capital assets for the fiscal year ended September 30, 2025 and December 31, 2024 for the business-type activities and discretely presented component units, respectively:

Business-Type Activities

	Balance October 1, 2024, as Restated	Additions	Deletions	Transfers / Adjustments	Balance September 30, 2025
Capital Assets Not Being Depreciated:					
Land	$ 98,585,957	$ -	$ (104,215)	$ -	$ 98,481,742
Construction in Progress	169,800,318	104,336,860	(24,851,613)	-	249,285,565
Total Capital Assets Not Being Depreciated	268,386,275	104,336,860	(24,955,828)	-	347,767,307
Capital Assets Being Depreciated:					
Buildings and Improvements	664,744,038	123,071,052	(33,131,300)	19,072,515	773,756,305
Right-to-Use Asset - Buildings	56,731,562	-	-	-	56,731,562
Furniture and Equipment	93,523,796	1,810,636	(12,984,607)	(19,072,515)	63,277,310
Right-to-Use Equipment - SBITA	5,314,648	-	-	-	5,314,648
Subtotal	820,314,044	124,881,688	(46,115,907)	-	899,079,825
Less: Accumulated Depreciation	(584,622,514)	(28,906,005)	37,299,279	-	(576,229,240)
Less: Accumulated Amortization	(2,983,356)	(3,510,737)	-	-	(6,494,093)
Subtotal	(587,605,870)	(32,416,742)	37,299,279	-	(582,723,333)
Total Capital Assets, Being Depreciated/Amortized, Net	232,708,174	92,464,946	(8,816,628)	-	316,356,492
Total Capital Assets, Net	$ 501,094,449	$ 196,801,806	$ (33,772,456)	$ -	$ 664,123,799

The Authority leases certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through to 2039 and provide for various renewal options. The Authority has utilized an incremental borrowing rate of 3.28%.

NOTE 6 CAPITAL ASSETS, LEASES, AND SBITAS (CONTINUED)

Total future minimum lease payments under the lease agreements are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	$ 3,353,577	$ 1,599,870	$ 4,953,447
2027	3,592,426	1,454,819	5,047,245
2028	3,744,083	1,303,148	5,047,231
2029	3,233,181	1,152,808	4,385,989
2030	2,636,262	1,056,683	3,692,945
2031 - 2035	15,414,119	3,852,167	19,266,286
2036 - 2040	15,490,074	1,205,886	16,695,960
Total	$ 47,463,722	$ 11,625,381	$ 59,089,103

The Authority has also entered into a SBITA for Microsoft Office and accounting/housing-related software. The SBITA arrangements have an interest rate of 3.28% and expires in 2025 and 2028, respectively, with future payments as follows:

Year Ending September 30,	Principal	Interest	Total
2026	$ 2,542,676	$ 155,106	$ 2,697,782
2027	2,224,690	128,282	2,352,972
2028	504,552	92,580	597,132
2029	-	57,052	57,052
2030	-	20,341	20,341
Total	$ 5,271,918	$ 453,361	$ 5,725,279

Discretely Presented Component Unit – Highland Residential, L.P.

	Balance January 1, 2024	Additions	Transfers	Balance December 31, 2024
Capital Assets Not Being Depreciated:				
Land	$ -	$ -	$ -	$ -
Capital Assets Being Depreciated:				
Buildings and Improvements	74,206,873	-	-	74,206,873
Furniture and Equipment	1,272,773	-	-	1,272,773
Subtotal	75,479,646	-	-	75,479,646
Less: Accumulated Depreciation	(29,109,207)	(2,143,977)	-	(31,253,184)
Total Capital Assets, Being Depreciated, Net	46,370,439	(2,143,977)	-	44,226,462
Total Capital Assets, Net	$ 46,370,439	$ (2,143,977)	$ -	$ 44,226,462

NOTE 6 CAPITAL ASSETS, LEASES, AND SBITAS (CONTINUED)

Discretely Presented Component Unit – Parkway Overlook II, LP

	Balance January 1, 2024	Additions	Transfers	Balance December 31, 2024
Capital Assets Not Being Depreciated:				
Land	$ 1,800,000	$ -	$ -	$ 1,800,000
Capital Assets Being Depreciated:				
Buildings and Improvements	64,580,022	-	-	64,580,022
Furniture and Equipment	5,242,263	27,646	-	5,269,909
Subtotal	69,822,285	27,646	-	69,849,931
Less: Accumulated Depreciation	(12,470,243)	(2,653,702)	-	(15,123,945)
Total Capital Assets, Being Depreciated, Net	57,352,042	(2,626,056)	-	54,725,986
Total Capital Assets, Net	$ 59,152,042	$ (2,626,056)	$ -	$ 56,525,986

NOTE 7 ACCRUED LIABILITIES

Other accrued liabilities of the business-type activities at September 30, 2025 consisted of the following:

Retainage	$ 5,918,852
Accrued Wages and Taxes Payable	2,985,474
Accrued Interest Payable	63,510
Section 3 Liabilities	6,881
Other Payables	6,991,775
Tenant Escrows	521,576
Total	$ 16,488,068

NOTE 8 UNEARNED REVENUE

Unearned revenues of the business-type activities at September 30, 2025 are described below. The Authority partners with the District of Columbia government to provide Housing Assistance Payments to the low- to moderate-income families through programs other than the Federal Housing Choice Voucher program.

District of Columbia	$ 70,923,467
Emergency Housing Voucher Unspent Service Fees	483,498
Prepaid Rent and Other	3,184,683
Total	$ 74,591,648

NOTE 9 LONG-TERM DEBT

Long-term debt of the business-type activities at September 30, 2025 consist of the following direct borrowings:

Public Housing Energy Performance Contract (EPC) Refinanced

As of February 9, 2018, DCHA entered into a loan agreement with Capital One Public Funding, LLC in the original amount of $2,864,346. Interest accrues at a rate of 4.05% per annum. Monthly payments are $25,148, which include principal and interest. The loan matures on February 9, 2030. The debt is secured by an escrow account and the underlying energy performance equipment. Failure to pay for a period of 30 days, after written notice, may result in full payment being due or return of the collateralized equipment. The principal amount outstanding as of September 30, 2025, was $1,218,547.

ECIP Tranche I

As of March 9, 2018, DCHA entered into a loan agreement with Capital One Public Funding, LLC in the original amount of $43,259,660. Interest accrues at a rate of 4.05% per annum. Monthly payments are $379,802, which include principal and interest. The loan matures on March 9, 2030. The debt is secured by an escrow account and the underlying energy performance equipment. Failure to pay for a period of 30 days, after written notice, may result in full payment being due or return of the collateralized equipment. The principal amount outstanding as of September 30, 2025, was $18,684,504.

ECIP Tranche II

As of April 1, 2018, DCHA entered into a loan agreement with Sterling National Bank in the original amount of $24,870,390. Interest accrues at a rate of 4.05% per annum. Monthly payments are $218,352, which include principal and interest. The loan matures on April 10, 2030. The debt is secured by an escrow account and the underlying energy performance equipment. Failure to pay for a period of 30 days, after written notice, may result in full payment being due or return of the collateralized equipment. The principal amount outstanding as of September 30, 2025, was $10,943,807.

ECIP Tranche III

As of May 17, 2018, DCHA entered into a loan agreement with City National Bank in the original amount of $17,675,022. Interest accrues at a rate of 4.05% per annum. Monthly payments are $155,179, which include principal and interest. The loan matures on May 17, 2030. The debt is secured by an escrow account and the underlying energy performance equipment. Failure to pay for a period of 30 days, after written notice, may result in full payment being due or return of the collateralized equipment. The principal amount outstanding as of September 30, 2025, was $7,906,098.

NOTE 9 LONG-TERM DEBT (CONTINUED)

Public Housing Capital Fund Financing Program (CFFP)

Effective May 1, 2005, DCHA entered into a loan agreement with the District of Columbia Housing Finance Agency to fund certain capital improvements including land acquisition, site improvements, and building construction. The loan was funded by a bond issue in the principal amount of $76,045,000. Repayment of the loan is funded through contributions from HUD under the CFFP. The Authority pledges and assigned, as security for the loan, the capital grant funds paid by HUD pursuant to the Capital Fund Financing Amendment. Payments are made directly to the lender thereby reducing the amount available to draw by DCHA under the Capital Fund grants. In the event of default (failure to pay, failure to execute annual ACC amendment), the issue may apply undisbursed proceeds to the repayment, subject to the prior written consent of HUD. Payments on the bond began July 1, 2006 and are payable semi-annually thereafter through the July 1, 2025 maturity date. The debt is subject to semi-annual interest and principal payments. This note was paid off in 2025 and the principal amount outstanding as of September 30, 2025, was $-0-.

Other Public Housing Notes

DCHA has a note payable to the Department of Housing and Community Development (DCHD) with a principal balance of $1,700,000. The note is due 40 years from the execution date of November 21, 2005, and is secured by a Financing Statement and the Assignment of Deed of Trust and does not accrue interest. The principal amount outstanding as of September 30, 2025, was $1,700,000.

In 2011, DCHA entered into a loan agreement with DCHD to fund 35 affordable rental units (Phase I) and seven affordable rental housing units as part of a 125-unit mixed income housing development (Phase II). The loan commitment available for Phase I development is $1,327,000 with a 40-year term. The loan commitment available for Phase II development is $1,772,400 with a 40-year term. The interest rates are 0% per annum, and no monthly principal payments are required. The loans are secured by a Deed of Trust. The outstanding balances are due (a) 40 years following the date of loan closing, or (b) six months following the date on which the rental units are no longer operated and maintained as rental units assisted by operating subsidy from the United States Department of HUD. All principal, interest, and other amounts due in connection with this note which is not paid within 15 days of the date such amount is due shall be subject to a default interest rate, as determined by the lender. The total outstanding balance was $3,038,163 at September 30, 2025.

Oak Street Preservation

Oak Street Preservation entered into a 35-year loan agreement with Wells Fargo Bank in November 2015 in the amount of $7,910,000. Interest accrues at a rate of 3.61% per annum. Monthly payments are $33,197, which include principal and interest and total $398,364 each year. The last payment is due in December 2050. The indebtedness is secured by deed of trust on the property. If a monetary event of default occurs and is continuing for a period of thirty days, the entire unpaid principal balance, any accrued interest, and all other amounts payable to the lender shall at once become due and payable. The principal amount outstanding as of September 30, 2025, was $6,600,489.

NOTE 9 LONG-TERM DEBT (CONTINUED)

Oak Street Preservation (Continued)

Oak Street Preservation has a note due to the COCC in the amount of $5,121,340 related to the development of Oak Street Apartments. This note is eliminated entity wide.

Business Activities

Williston Preservation has a note payable to Wells Fargo with an interest rate of 3.17% and matures in December 2049. The principal balance at September 30, 2025 was $3,209,679. This mortgage note is insured by the FHA and is collateralized by the First Deed of Trust on the property. If a monetary event of default occurs and is continuing for a period of 30 days, the entire unpaid principal balance, any accrued interest, and all other amounts payable to the lender shall at once become due and payable. $15,959 is payable monthly, which includes principal and interest. The principal amount outstanding as of September 30, 2025, was $3,059,564.

Principal and interest payments due over the next five years, for successive five-year periods and in the aggregate are as follows:

EPC REFINANCED

Year Ending September 30,	Principal	Interest	Total
2026	$ 257,161	$ 44,613	$ 301,774
2027	267,771	34,002	301,773
2028	278,819	22,954	301,773
2029	290,324	11,450	301,774
2030	124,473	1,263	125,736
Total	$ 1,218,547	$ 114,281	$ 1,332,830

ECIP II TRANCHE 1

Year Ending September 30,	Principal	Interest	Total
2026	$ 3,870,782	$ 686,839	$ 4,557,621
2027	4,030,491	527,129	4,557,620
2028	4,196,791	360,830	4,557,621
2029	4,369,951	187,669	4,557,620
2030	2,216,489	26,678	2,243,167
Total	$ 18,684,504	$ 1,789,145	$ 20,473,649

ECIP II TRANCHE 2

Year Ending September 30,	Principal	Interest	Total
2026	$ 2,217,864	$ 402,356	$ 2,620,220
2027	2,309,374	310,846	2,620,220
2028	2,404,659	215,560	2,620,219
2029	2,503,876	116,343	2,620,219
2030	1,508,034	20,427	1,528,461
Total	$ 10,943,807	$ 1,065,532	$ 12,009,339

NOTE 9 LONG-TERM DEBT (CONTINUED)

ECIP II TRANCHE 3

Year Ending September 30,	Principal	Interest	Total
2026	$ 1,570,902	$ 285,948	$ 1,856,850
2027	1,635,717	220,914	1,856,631
2028	1,703,208	153,196	1,856,404
2029	1,773,483	82,684	1,856,167
2030	1,222,790	18,644	1,241,434
Total	$ 7,906,100	$ 761,386	$ 8,667,486

Oak Street Notes

Year Ending September 30,	Principal	Interest	Total
2026	$ 163,008	$ 241,132	$ 404,140
2027	141,200	229,378	370,578
2028	175,193	223,176	398,369
2029	181,623	216,746	398,369
2030	188,289	210,080	398,369
2031-2035	1,050,324	941,520	1,991,844
2036-2040	1,257,754	734,090	1,991,844
2041-2045	1,506,150	485,694	1,991,844
2046-2050	1,803,602	188,242	1,991,844
2051-2055	133,346	596	133,942
Total	$ 6,600,489	$ 3,470,654	$ 10,071,143

Other Public Housing Notes

Year Ending September 30,	Principal	Interest	Total
2041-2045	$ 1,700,000	$ -	$ 1,700,000
2051-2055	3,038,163	-	3,038,163
Total	$ 4,738,163	$ -	$ 4,738,163

Williston Notes

Year Ending September 30,	Principal	Interest	Total
2026	$ 79,333	$ 112,170	$ 191,503
2027	83,092	108,410	191,502
2028	86,228	105,274	191,502
2029	89,482	102,020	191,502
2030	92,859	98,644	191,503
2031-2035	519,578	437,933	957,511
2036-2040	625,300	332,212	957,512
2041-2045	752,533	204,978	957,511
2046-2050	731,159	55,148	786,307
Total	$ 3,059,564	$ 1,556,789	$ 4,616,353

NOTE 9 LONG-TERM DEBT (CONTINUED)

Combined Notes Payable

Year Ending September 30,	Principal	Interest	Total
2026	$ 8,159,050	$ 1,773,058	$ 9,932,108
2027	8,467,645	1,430,679	9,898,324
2028	8,844,898	1,080,990	9,925,888
2029	9,208,739	716,912	9,925,651
2030	5,352,934	375,736	5,728,670
2031-2035	1,569,902	1,379,453	2,949,355
2036-2040	1,883,054	1,066,302	2,949,356
2041-2045	3,958,683	690,672	4,649,355
2046-2050	2,534,761	243,390	2,778,151
2051-2055	3,171,509	596	3,172,105
Total	$ 53,151,175	$ 8,757,788	$ 61,908,963

Notes payable of the discretely presented component units at December 31, 2024 consist of the following:

Discretely Presented Component Unit – Highland Residential, L.P.

Mortgage Payable

Highland Residential L.P. entered into a first mortgage agreement on October 1, 2014 with the District of Columbia Housing Finance Agency (DCHFA), in the original amount of $35,510,000, funded with proceeds from the issuance of Multifamily Housing Revenue Bonds, Series 2014 (the Bonds). The Bonds are made up of a $21,600,000 permanent period loan and a $13,910,000 construction period loan. The note is secured by the property. In connection with this loan, the Partnership is subject to various lender restrictions and requirements as stated in the trust indenture between DCHFA and the Trustee. Pursuant to the bond purchase agreement, as of October 1, 2014, the total principal amount of the Bonds was purchased from DCHFA by Capital One, N.A. and Citibank, N.A. in the aggregate principal amounts of $25,510,000 and $10,000,000, respectively. Payments of principal and interest will be made directly to Capital One and Citibank. All other terms of the loan shall remain in place as set forth in the trust indenture. Commencing on the bond closing date of October 23, 2014, the Bonds bore interest at a tax-exempt fixed rate of 4.6% per annum. Interest was payable monthly in arrears, commencing November 1, 2014 and payments of interest-only were due during the construction period. During 2018, the construction portion of the bonds of $13,910,000 were paid in full from capital contributions from the investor limited partner. Following conversion, monthly amortizing principal and interest payments are due through April 23, 2033, the maturity date.

At December 31, 2024 the outstanding principal balance was $19,865,809. During the year ended December 31, 2024, $1,019,080 of interest was incurred, of which $79,463 remains payable.

NOTE 9 LONG-TERM DEBT (CONTINUED)

Discretely Presented Component Unit – Highland Residential, L.P. (Continued)

Seller Note

Highland Residential L.P. entered into a loan agreement (the Seller Note) on October 23, 2014, with DCHA, an affiliate of the general partner, in the original amount of $4,739,000. Commencing on the date of the note, interest shall accrue at a fixed rate of 2.98% per annum, compounding annually on the 15th day of January of each year. Payments of principal and interest shall be made from project surplus net cash flow and project available net capital proceeds at times and pari passu in right of payment in all other respects to the outstanding authority notes, in the amount and in the order of priority as provided in the partnership agreement. Payments shall be due and payable no later than 30 days after distribution of project surplus net cash flow or project available net capital proceeds. The entire outstanding principal amount of the note and any unpaid interest is due at maturity on October 23, 2044.

During the year ended December 31, 2024, $177,762 of interest was incurred and $1,596,601 remains payable at December 31, 2024. The Seller Note was entered into by the Partnership in exchange for the acquisition of the Project. In accordance with the accounting guidance for business combinations under common control, the Seller Note, and the associated interest is included as a component of the general partners' equity on the statement of partners' equity (deficit) included in the financial statements of Highland Residential L.P. Therefore, the loan balance is not included as a liability.

Authority Notes

Highland Residential L.P. entered into a loan agreement on October 23, 2014, with DCHA, an affiliate of the general partner, in the original amount of $10,552,713. The loan is evidenced by two promissory notes in the amounts of $3,975,000 (Authority Note A) and $6,577,713 (Authority Note B). DCHA was awarded Capital Fund Recovery Competition (CFRC) funds under the American Recovery and Reinvestment Act in the amount of $6,577,713, which comprises Authority Note B, for energy efficient improvements of the Project, which will be substantially rehabilitated. Additionally, DCHA has provided a Program Income Funds loan in the amount of $3,975,000, which comprises Authority Note A. Both promissory notes bear no interest during the term of the loans. Upon stabilization, as defined in the partnership agreement, principal payments shall be due to the extent that surplus cash exists at the end of each fiscal year. Payments of principal on one authority note shall be pari passu with the other Authority note and the Seller Note. Any unpaid principal shall be due at maturity. Authority Note A has a maturity date of October 23, 2044 and Authority Note B has a maturity date of October 23, 2049. At December 31, 2024, the outstanding principal balance of $10,552,713 remains payable.

NOTE 9 LONG-TERM DEBT (CONTINUED)

Discretely Presented Component Unit – Highland Residential, L.P. (Continued)

Authority Notes (Continued)

On March 18, 2016, Highland Residential L.P. entered into another loan agreement with DCHA in the original amount of $3,300,000. The proceeds of the loan will be used to rehabilitate, construct, and equip the development. The loan bears no interest during the term of the loan. Upon stabilization, as defined in the partnership agreement, principal payments shall be due to the extent that surplus cash exists at the end of each fiscal year and any payment on the loan shall be subordinate in right of payment to the Seller Note, Authority Note A and Authority Note B. Any outstanding principal shall be due at maturity on October 23, 2044. At December 31, 2024, the outstanding principal balance of $3,300,000 remains payable.

On November 20, 2017, Highland Residential L.P. obtained an additional loan from DCHA, in the original amount of $2,300,000. The proceeds of the loan were used to rehabilitate, construct, and equip the development. The loan bears no interest during the term of the loan. Upon stabilization, as defined in the partnership agreement, principal payments shall be due to the extent that surplus cash exists at the end of each fiscal year and any payment on the loan shall be subordinate in right of payment to the Seller Note, Authority Note A, Authority Note B, and Authority Note $3.3M. Any outstanding principal shall be due at maturity on October 23, 2044. At December 31, 2024, the outstanding principal balance of $2,300,000 remains payable.

The following table reflects amortization of long-term debt for the year ended December 31, 2024:

Year Ending December 31,	Principal	Interest	Total
2025	$ 315,832	$ 1,025,565	$ 1,341,397
2026	332,652	1,008,745	1,341,397
2027	350,369	991,029	1,341,398
2028	369,028	972,369	1,341,397
2029	388,682	952,715	1,341,397
2030-2034	2,672,249	5,040,785	7,713,034
2035-2039	4,928,207	5,132,272	10,060,479
2040-2044	16,847,736	2,787,743	19,635,479
2045-2049	9,318,859	229,209	9,548,068
Total	$ 35,523,614	$ 18,140,432	$ 53,664,046

NOTE 9 LONG-TERM DEBT (CONTINUED)

Discretely Presented Component Unit – Parkway Overlook II, L.P.

District of Columbia Housing Finance Agency (DCHFA) Mortgage

Parkway Overlook II, L.P. entered into a first mortgage agreement on February 7, 2018 with DCHFA, in the original amount of $38,041,000, funded with proceeds from the issuance of Multifamily Housing Bonds (the Bonds). The mortgage consists of 2018 Series Multifamily Tax-Exempt Mortgage-Backed Bonds (M-TEBS), in the amount of $22,041,000, and 2018 Series Multifamily Housing Revenue Bonds, in the amount of $16,000,000. In connection with this mortgage, the Partnership is subject to various lender restrictions, fees, and requirements stated in the trust indenture between the District of Columbia Housing Finance Agency and the Trustee. The 2018 Series M-TEBS bear interest at a tax-exempt fixed rate of 3.50% per annum and have a maturity date of March 1, 2036. The 2018 Series Multifamily Housing Revenue Bonds bear interest at a fixed rate of 2.00% per annum and were paid off in full on their maturity date of September 1, 2020. As of December 31, 2024, the outstanding principal balance of $21,043,195 remains payable.

Wells Fargo Construction Loan

Parkway Overlook II, L.P. entered into a construction loan agreement on February 7, 2018, with Wells Fargo Bank, National Association, an affiliate to the limited partner, in the original amount of $38,041,000. The loan bears interest at a rate of One-Month LIBO Rate, as defined. The One-Month LIBO Rate will equal the sum of 1.90% and the One-Month Rate, as defined, divided by one minus the Reserve Percentage, as defined. If, at any time, the One-Month Rate divided by one minus the Reserve Percentage falls below 0%, then during such time the One-Month Rate shall be deemed to be 0.25%. Interest accrued on the construction loan shall be due and payable on the first day of each month, commencing with the first month after February 7, 2018. The outstanding principal and all accrued and unpaid interest were all to be due in full on the maturity date, August 7, 2020, subject to extension provisions. The maturity date of the construction loan was extended to February 7, 2021, in accordance with the terms described in Section 2.9 of the loan agreement, which resulted in a $36,780 extension fee. During 2021, the maturity date was extended to February 1, 2022 which resulted in $36,780 extension fee. On December 31, 2022, $35,141,845 of the construction loan had been drawn and remained payable. During the year ended December 31, 2022, $303,337 of additional proceeds were drawn prior to the construction loan being paid in full on April 1, 2022. During 2024 and 2023, interest expense on the above mortgages of $1,785,783 and $2,058,358, respectively, including amortization expense of debt issuance costs of $101,019 and $101,016, respectively.

DHCD Housing Production Trust Funds Loan

Parkway Overlook II, L.P. entered into a loan agreement on February 7, 2018 with the Department of Housing and Community Development (DHCD) in an amount not to exceed $20,100,000. The loan bears interest at a rate of 3.00% per annum and has a maturity date of February 7, 2058. Payments of principal and interest will be deferred until the earlier of the Deferral Period, as defined, or 120 days after the end of the calendar year in which the Deferral Period occurs. The loan will be payable in annual installments, paid solely out of Available Cash Flow, as defined. As of December 31, 2024, $20,100,000 of the loan has been drawn and remains outstanding. Interest incurred during 2024 was $603,000 and accrued interest of $3,912,811 remains payable.

NOTE 9 LONG-TERM DEBT (CONTINUED)

Discretely Presented Component Unit – Parkway Overlook II, L.P. (Continued)

Solar for All Note

Parkway Overlook II, L.P. entered into a loan agreement on February 7, 2018 with DCHA, an affiliate of the general partner, in the original amount of $1,246,079. On August 1, 2018, the note was amended to increase the original principal amount by an additional $266,902 to a total of $1,512,981. The note bears interest at 2.66% per annum, compounding annually. Principal and interest payments shall be due no later than 90 days following the end of each fiscal year to the extent that Cash Flow or Net Proceeds exist as defined in the Amended and Restated Agreement of Limited Partnership. All accrued and unpaid interest and loan principal shall become due and payable in full on February 7, 2048. As of December 31, 2024, the outstanding principal balance of $1,512,981 remains payable. Interest incurred during 2024 was $46,196 and $269,890 of interest remains payable.

Seller Note

Parkway Overlook II, L.P. entered into a loan agreement (the Seller Note) on February 7, 2018 with Parkway Overlook LP, the general partner, in the original amount of $2,400,000. Commencing on the date of the note, interest shall accrue at a fixed rate of 2.66% per annum, compounding annually. Payments of principal and interest shall be made from available cash flow or net proceeds, as defined by the amended and restated agreement of limited partnership. Payments shall be due and payable no later than 90 days following the end of each fiscal year for any year in which the funds are available. The entire outstanding principal amount of the note and any unpaid interest is due at maturity on February 7, 2048. For the period ending December 31, 2022, $70,602 of interest was incurred. As of December 31, 2024, $471,709 of interest remains payable. The Seller Note was entered into by the Partnership in exchange for the acquisition of the Project. In accordance with the accounting guidance for business combinations under common control, the Seller Note and the associated interest is included as a component of the general partners' equity on the statement of partners' equity (deficit) included in the financial statements of Parkway Overlook II, L.P. Therefore, the loan balance is not included as a liability.

The following table reflects amortization of long-term debt for the year ended December 31, 2024:

Year Ending December 31,	Principal
2025	$ 595,684
2026	623,436
2027	652,484
2028	677,694
2029	714,458
2030-2034	-
2035-2039	37,725,483
2040-2044	-
2045-2049	1,512,981
2058	20,100,000
Total	$ 62,602,220

NOTE 10 SCHEDULE OF CHANGES IN NONCURRENT LIABILITIES

The following schedule summarizes changes in noncurrent liabilities of the business-type activities for the period ending September 30, 2025:

	9/30/2024 Balance, as Restated*	Additions	Reductions	9/30/2025 Balance	Current Portion	Long-Term Portion
Direct Borrowings:						
Notes and Bonds Payable	$ 66,326,509	$ -	$ (13,174,520)	$ 53,151,989	$ 8,159,050	$ 44,992,939
Lease and SBITA Liability	49,870,140	3,362,573	(497,073)	52,735,640	5,896,253	46,839,387
Accrued Compensated Absences	4,388,852	1,017,388	-	5,406,240	2,561,390	2,844,850
Other Noncurrent Liabilities	-	97,280,025	-	97,280,025	-	97,280,025
Total	$ 120,585,501	$ 101,659,986	$ (13,671,593)	$ 208,573,894	$ 16,616,693	$ 191,957,201

The following schedule summarizes changes in noncurrent liabilities of the discretely presented component units for the period ending December 31, 2024:

Discretely Presented Component Unit – Highland Residential, L.P.

	12/31/2023 Balance	Additions	Reductions	12/31/2024 Balance	Current Portion	Long-Term Portion
Mortgage and Notes Payable	$ 35,764,668	$ -	$ (241,054)	$ 35,523,614	$ 315,832	$ 35,207,782
Developer Fee Payable	2,668,808	67,347	-	2,736,155	-	2,736,155
Total	$ 38,433,476	$ 67,347	$ (241,054)	$ 38,259,769	$ 315,832	$ 37,943,937

Discretely Presented Component Unit – Parkway Overlook II, L.P.

	12/31/2023 Balance	Additions	Reductions	12/31/2024 Balance	Current Portion	Long-Term Portion
Mortgage and Notes Payable	$ 63,065,108	$ 101,016	$ (563,904)	$ 62,602,220	$ 595,684	$ 62,006,536
Developer Fee Payable	4,151,346	77,740	-	4,229,086	-	4,229,086
Total	$ 67,216,454	$ 178,756	$ (563,904)	$ 66,831,306	$ 595,684	$ 66,235,622

NOTE 11 PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS

Public-Private Partnership Arrangement for 1133 North Capitol

In May of 2022, the Authority entered into a public-public partnership arrangement with North Capitol Owner 1 LLC, North Capitol Owner 2 LLC, and North Capitol Owner 3 LLC (NCO), under which NCO will demolish, re-construct, operate, maintain, and retain rents from the 1133 North Capitol property for the next 99 years. At the end of the arrangement, the property will be transferred back to the Authority. The Authority received from NCO a lump-sum payment of $53,562,718 in May of 2022. During 2023, an additional $12,718,785 was received. The total consideration will be amortized over the life of the agreement, beginning in January 2023 through to January 2122. The Authority reports a deferred inflow of resources in the amount of $64,440,350 at fiscal year-end pursuant to the public-public partnership arrangement.

NOTE 12 CONDENSED FINANCIAL STATEMENTS

	Housing Authority	Blended Component Units	Total
Current Assets	$ 280,195,679	$ 27,413,897	$ 307,609,576
Noncurrent Assets	728,935,733	67,491,093	796,426,826
Total Assets	1,009,131,412	94,904,990	1,104,036,402
Current Liabilities	100,748,885	20,964,454	121,713,339
Noncurrent Liabilities	185,527,354	6,429,847	191,957,201
Total Liabilities	286,276,239	27,394,301	313,670,540
Deferred Inflows of Resources	64,440,350	-	64,440,350
Net Position	$ 658,414,823	$ 67,510,689	$ 725,925,512
Operating Revenue	$ 875,280,604	$ 8,280,496	$ 883,561,100
Operating Expenses	(837,020,809)	(9,430,359)	(846,451,168)
Operating Income (Loss)	38,259,795	(1,149,863)	37,109,932
Interest Income	388,565	208,520	597,085
Interest Expense	(3,264,659)	(377,341)	(3,642,000)
Change in Net Position	35,383,701	(1,318,684)	34,065,017
Net Position - Beginning of Year	444,282,394	81,931,240	526,213,634
Correction of Error	178,748,728	(13,101,867)	165,646,861
Net Position - End of Year, as Restated	$ 658,414,823	$ 67,510,689	$ 725,925,512

NOTE 13 PENSION PLANS

DCHA provides two defined contribution pension plans through approved outside fiduciaries for eligible full-time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plans are administered by the Office of Finance and Treasury of the Government of the District of Columbia.

The first plan, the Civil Service plan, exists for those employees who were with DCHA prior to October 1, 1987 or were prior federal employees. Employees under this plan have been fully vested since October 1, 1987. The plan is administered by the Civil Service Administration. DCHA contributed an amount equal to 8.5% of covered employees' payroll to the Civil Service plan amounting to $185,209 and employees contributed $152,346 for the year ended September 30, 2025.

NOTE 13 PENSION PLANS (CONTINUED)

The second plan, the District plan, exists for individuals who became employees of DCHA after September 30, 1987. Employees under this plan are eligible for coverage after one year of employment with the Authority. An employee becomes fully vested after five years of creditable service in covered employment or when becoming disabled or upon death. Annual contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce DCHA's current period contribution requirement. DCHA contributed approximately 5.0% of covered employees' payroll to the District plan amounting to $3,197,082 for the year ended September 30, 2025.

The total contributions by DCHA and employees for both plans for the year ended September 30, 2025 was $3,534,637. The plan reports can be obtained by writing the District of Columbia Office of Finance and Treasury, 1350 Pennsylvania Avenue, NW, Washington, D.C. 20004.

NOTE 14 ECONOMIC DEPENDENCY

DCHA receives approximately 57% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, DCHA's reserves could be adversely affected.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Contract costs include all direct material, labor and certain indirect costs related to contract performance. Provisions for estimated losses on contracts in-progress are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

DCHA is engaged in new construction and modernization programs funded by HUD. In this regard, DCHA has entered into multi-year construction-type contracts with approximately a Note $6.1 remaining until completion.

NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)

DCHA is a defendant in various legal claims arising in the ordinary course of business, which includes employee and tenant discrimination claims, torts, and contract disputes. DCHA plans to vigorously defend these claims and has recorded an accrual for its estimate of the settlement of these claims. After discussions with its legal counsel, DCHA believes that it has adequate legal defenses and that the results of the litigation will not have a material effect on these financial statements.

DCHA is subject to numerous laws and regulations. HUD, as well as other internal and external auditors, conducts inquiries and/or investigations regarding the compliance by DCHA and its programs with such laws and regulations. Management believes that there may be findings that result from these inquiries and/or investigations. The significance of such findings on DCHA cannot be determined; however, management does not believe them to be material.

DCHA's homeownership program assists low-income families to purchase houses by subsidizing the difference between the appraisal cost of the home and how much each family can afford. DCHA owns the properties that it sells to the buyers. Upon settlement of the property, these amounts are listed as trusts whereby DCHA enters into a promissory agreement with the purchaser for the amount of the trust. The promissory notes that have a forgivable provision are amortized over their respective holding periods and others that have an equity provision entitling DCHA to a share of any future gain upon sale of the property are recorded when received.

NOTE 16 SUBSEQUENT EVENTS

In December 2025, DC Housing Solutions obtained a line of credit from Key Bank to support predevelopment costs for upcoming projects. In addition, DCHA obtained a line of credit with Key Bank in May of 2026 to support development and operations at the Authority.

SUPPLEMENTARY INFORMATION

DISTRICT OF COLUMBIA HOUSING AUTHORITY
ENTITY-WIDE BALANCE SHEET SUMMARY
SEPTEMBER 30, 2025

Line Item#	Accounts Description	Project Total	14.881 MTW Demonstration Program	14.OPS MTW Demonstration Low Rent	14.CFP MTW Demonstration Capital Fund	14.871 Housing Choice Vouchers	14.871 Emergency Housing Vouchers	14.856 Sect 8 Moderate Rehabilitation	14.249 Sect 8 Single Room Occupancy
	CURRENT ASSETS								
	CASH								
111	Unrestricted	$ -	$ 20,796,799	$ -	$ -	$ -	$ -	$ 199,541	$ 231,630
113	Other Restricted	18,723,609	14,574,372	-	-	10,708,302	1,303,102	-	-
114	Tenant Security Deposits	378,554	-	-	-	-	-	-	-
115	Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-
100	Total Cash	19,102,163	35,371,171	-	-	10,708,302	1,303,102	199,541	231,630
	ACCOUNTS AND NOTES RECEIVABLE								
121	PHA Projects	-	-	-	-	-	-	-	-
122	HUD Other Projects	455,555	-	-	-	-	-	-	-
124	Other Government	-	-	-	-	-	-	-	-
125	Miscellaneous	8,009,491	4,677,877	-	-	331,147	151,801	258	-
126	Tenants	17,395,515	-	-	-	-	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	(14,906,251)	-	-	-	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	(23,522,625)	(863,273)	-	-	(82,787)	(37,950)	(65)	-
127	Notes, Loans, and Mortgages Receivable - Current	1,747,000	162,600	-	-	-	-	-	-
129	Accrued Interest Receivable	22,463,071	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances for Uncollectibles	11,641,756	3,977,204	-	-	248,360	113,851	193	-
131	Investments - Unrestricted	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	1,165,841	-	-	-	460,848	-	-	-
143	Inventories	176,728	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-
144	Inter-Program - Due From	25,481,443	-	-	-	-	2,080,103	3,261,655	2,397,473
150	Total Current Assets	57,567,931	39,348,375	-	-	11,417,510	3,497,056	3,461,389	2,629,103
	NONCURRENT ASSETS								
	CAPITAL ASSETS								
161	Land	26,016,185	-	-	-	-	-	-	-
162	Buildings	733,627,762	-	-	-	-	-	-	-
163	Furniture, Equipment, and Mach - Dwellings	63,286,630	-	-	-	-	-	-	-
164	Furniture, Equipment, and Mach - Admin.	-	-	-	-	-	-	-	-
165	Leasehold Improvements	-	-	-	-	-	-	-	-
166	Accumulated Depreciation	(565,280,747)	-	-	-	-	-	-	-
167	Construction in Progress	78,975,914	-	-	-	-	-	-	-
168	Infrastructure	32,286,417	-	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	368,912,161	-	-	-	-	-	-	-
171	Notes, Loans and Mortgages Receivable - Noncurrent	107,208,640	-	-	-	-	-	-	-
174	Other Assets	182,092	-	-	-	-	-	-	-
180	Total Noncurrent Assets	476,302,893	-	-	-	-	-	-	-
190	Total Assets	$ 533,870,824	$ 39,348,375	$ -	$ -	$ 11,417,510	$ 3,497,056	$ 3,461,389	$ 2,629,103

DISTRICT OF COLUMBIA HOUSING AUTHORITY
ENTITY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
SEPTEMBER 30, 2025

Line Item#	Accounts Description	14.879 Mainstream Vouchers	14.870 ROSS	Central Office Cost Center	State Local	Business Activities	Blended Component Units	Elimination	Total Entity	Discrete Component Units
	CURRENT ASSETS									
	CASH									
111	Unrestricted	$ 341,966	$ -	$ 27,789,499	$ -	$ 12,728,545	$ 11,251,652	$ -	$ 73,339,632	$ 2,940,446
113	Other Restricted	-	-	4,433,874	20,015,493	-	3,054,398	-	72,813,150	26,166,027
114	Tenant Security Deposits	-	-	331,701	-	-	21,052	-	731,307	1,573
115	Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-
100	Total Cash	341,966	-	32,555,074	20,015,493	12,728,545	14,327,102	-	146,884,089	29,108,046
	ACCOUNTS AND NOTES RECEIVABLE									
121	PHA Projects	-	-	73,906	-	-	-	-	73,906	-
122	HUD Other Projects	-	-	-	-	-	-	-	455,555	-
124	Other Government	-	-	-	3,367,908	-	6,494,731	-	9,862,639	-
125	Miscellaneous	48,534	-	40,386,009	80,525,158	4,430,181	4,068,806	-	142,629,262	535,227
126	Tenants	-	-	16,188	-	27,201	99,617	-	17,538,521	539,793
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	-	(21,963)	(51,317)	-	(14,979,531)	-
126.2	Allowance for Doubtful Accounts - Other	(2,449)	-	(8,214,008)	(829,785)	(5,238)	(658,858)	-	(34,217,038)	-
127	Notes, Loans, and Mortgages Receivable - Current	-	-	-	-	-	-	-	1,909,600	-
129	Accrued Interest Receivable	-	-	8,144,099	-	-	259,427	-	30,866,597	-
120	Total Receivables, Net of Allowances for Uncollectibles	46,085	-	40,406,194	83,063,281	4,430,181	10,212,406	-	154,139,511	1,075,020
131	Investments - Unrestricted	-	-	-	-	-	2,883,290	-	2,883,290	-
142	Prepaid Expenses and Other Assets	-	-	370,898	-	5,436	2,477	-	2,005,500	242,765
143	Inventories	-	-	1,564,362	-	-	(11,378)	-	1,729,712	-
143.1	Allowance for Obsolete Inventories	-	-	(32,526)	-	-	-	-	(32,526)	-
144	Inter-Program - Due From	-	-	134,500,519	1,170,733	21,692,059	-	(190,583,985)	-	-
150	Total Current Assets	388,051	-	209,364,521	104,249,507	38,856,221	27,413,897	(190,583,985)	307,609,576	30,425,831
	NONCURRENT ASSETS									
	CAPITAL ASSETS									
161	Land	-	-	5,819,997	-	10,653,522	55,992,038	-	98,481,742	8,612,520
162	Buildings	-	-	49,254,744	-	3,197,777	12,121,167	-	798,201,450	118,758,549
163	Furniture, Equipment, and Mach - Dwellings	-	-	-	-	-	147,767	-	63,434,397	6,542,682
164	Furniture, Equipment, and Mach - Admin.	-	-	5,157,561	-	-	-	-	5,157,561	-
165	Leasehold Improvements	-	-	-	-	-	-	-	-	13,215,826
166	Accumulated Depreciation	-	-	(10,392,804)	-	(977,093)	(6,072,689)	-	(582,723,333)	(46,377,129)
167	Construction in Progress	-	-	7,430,916	155,759,025	5,941,821	1,177,889	-	249,285,565	-
168	Infrastructure	-	-	-	-	-	-	-	32,286,417	-
160	Total Capital Assets, Net of Accumulated Depreciation	-	-	57,270,414	155,759,025	18,816,027	63,366,172	-	664,123,799	100,752,448
171	Notes, Loans and Mortgages Receivable - Noncurrent	-	-	7,295,115	-	4,608,904	2,778,462	-	121,891,121	-
174	Other Assets	-	-	8,187,575	478,629	217,151	1,346,459	-	10,411,906	216,731
180	Total Noncurrent Assets	-	-	72,753,104	156,237,654	23,642,082	67,491,093	-	796,426,826	100,969,179
190	Total Assets	$ 388,051	$ -	$ 282,117,625	$ 260,487,161	$ 62,498,303	$ 94,904,990	$ (190,583,985)	$ 1,104,036,402	$ 131,395,010

DISTRICT OF COLUMBIA HOUSING AUTHORITY
ENTITY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
SEPTEMBER 30, 2025

Line Item#	Accounts Description	Project Total	14.881 MTW Demonstration Program	14.OPS MTW Demonstration Low Rent	14.CFP MTW Demonstration Capital Fund	14.871 Housing Choice Vouchers	14.871 Emergency Housing Vouchers	14.856 Sect 8 Moderate Rehabilitation	14.249 Sect 8 Single Room Occupancy
	CURRENT LIABILITIES								
312	Accounts Payable <=90 Days	$ 6,550,393	$ 86,555	$ -	$ -	$ -	$ -	$ -	$ -
321	Accrued Wage/Payroll Taxes Payable	606,673	522,214	-	-	-	-	-	-
322	Accrued Compensated Absences - Current	571,741	259,563	-	-	-	10,292	2,181	2,908
325	Accrued Interest Payable	-	-	-	-	-	-	-	-
331	Accounts Payable - HUD	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	391,422	-	-	-	-	-	-	-
342	Unearned Revenues	1,068,106	7,963	-	-	2,631	483,498	-	-
343	Current Portion of Long-Term Debt - Capital Projects	13,812,962	-	-	-	-	-	-	-
345	Other Current Liabilities	1,178,921	161,163	-	-	-	45,059	1,385	15,953
346	Accrued Liabilities - Other	4,881,278	175,741	-	-	-	-	-	-
347	Interprogram - Due to	128,563,547	44,678,560	-	-	1,291,204	-	-	-
310	Total Current Liabilities	157,625,043	45,891,759	-	-	1,293,835	538,849	3,566	18,861
	NONCURRENT LIABILITIES								
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	39,494,821	-	-	-	-	-	-	-
352	Long-Term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	2,680,703	9,541,092	-	-	5,708	83,539	16,471	20,724
354	Accrued Compensated Absences - Noncurrent	635,015	288,293	-	-	-	11,431	2,383	3,232
350	Total Noncurrent Liabilities	42,810,539	9,829,385	-	-	5,708	94,970	18,854	23,956
300	Total Liabilities	200,435,582	55,721,144	-	-	1,299,543	633,819	22,420	42,817
400	**DEFERRED INFLOWS OF RESOURCES**	-	-	-	-	-	-	-	-
	NET POSITION								
508.4	Net Investment in Capital Assets	315,604,378	-	-	-	-	-	-	-
511.4	Restricted Net Position	18,710,741	14,574,372	-	-	10,708,302	1,303,102	-	-
512.4	Unrestricted Net Position	(879,877)	(30,947,141)	-	-	(590,335)	1,560,135	3,438,969	2,586,286
513	Total Net Position	333,435,242	(16,372,769)	-	-	10,117,967	2,863,237	3,438,969	2,586,286
600	Total Liabilities and Net Position	$ 533,870,824	$ 39,348,375	$ -	$ -	$ 11,417,510	$ 3,497,056	$ 3,461,389	$ 2,629,103

DISTRICT OF COLUMBIA HOUSING AUTHORITY
ENTITY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
SEPTEMBER 30, 2025

Line Item#	Accounts Description	14.879 Mainstream Vouchers	14.870 ROSS	Central Office Cost Center	State Local	Business Activities	Blended Component Units	Elimination	Total Entity	Discrete Component Units
	CURRENT LIABILITIES									
312	Accounts Payable <=90 Days	$ 1,773	$ -	$ 2,941,683	$ 2,345,387	$ -	$ 778,988	$ -	$ 12,704,779	$ 171,180
321	Accrued Wage/Payroll Taxes Payable	-	-	1,851,615	-	1,845	3,127	-	2,985,474	-
322	Accrued Compensated Absences - Current	1,503	-	1,573,732	139,470	-	-	-	2,561,390	-
325	Accrued Interest Payable	-	-	-	-	9,459	54,051	-	63,510	4,343,706
331	Accounts Payable - HUD	-	-	150,000	-	-	2,863	-	152,863	-
333	Accounts Payable - Other Government	-	-	681,461	81,743	-	-	-	763,204	3,177,764
341	Tenant Security Deposits	-	-	-	4,449	-	213	-	396,084	1,573
342	Unearned Revenues	-	-	1,571,419	70,923,467	37,728	496,836	-	74,591,648	291,419
343	Current Portion of Long-Term Debt - Capital Projects	-	-	-	-	79,333	163,008	-	14,055,303	911,516
345	Other Current Liabilities	-	-	212,675	-	271,760	1,571,950	-	3,458,866	-
346	Accrued Liabilities - Other	-	-	1,061,647	1,814,289	297	2,046,966	-	9,980,218	6,658,904
347	Interprogram - Due to	204,223	-	-	-	-	15,846,452	(190,583,986)	-	-
310	Total Current Liabilities	207,499	-	10,044,232	75,308,805	400,422	20,964,454	(190,583,986)	121,713,339	15,556,062
	NONCURRENT LIABILITIES									
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	42,926,351	-	2,980,231	6,430,923	-	91,832,326	-
352	Long-Term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	97,214,318
353	Noncurrent Liabilities - Other	12,955	-	83,764,943	1,154,966	-	(1,076)	-	97,280,025	-
354	Accrued Compensated Absences - Noncurrent	1,669	-	1,747,919	154,908	-	-	-	2,844,850	-
350	Total Noncurrent Liabilities	14,624	-	128,439,213	1,309,874	2,980,231	6,429,847	-	191,957,201	97,214,318
300	Total Liabilities	222,123	-	138,483,445	76,618,679	3,380,653	27,394,301	(190,583,986)	313,670,540	112,770,380
400	**DEFERRED INFLOWS OF RESOURCES**	-	-	12,365,485	-	52,074,865	-	-	64,440,350	112,770,380
	NET POSITION									
508.4	Net Investment in Capital Assets	-	-	14,344,063	155,759,025	15,756,463	56,772,241	-	558,236,170	2,626,614
511.4	Restricted Net Position	-	-	4,765,575	20,011,044	-	3,075,237	-	73,148,373	22,866,297
512.4	Unrestricted Net Position	165,928	-	112,159,057	8,098,413	(8,713,678)	7,663,211	1	94,540,969	(6,868,281)
513	Total Net Position	165,928	-	131,268,695	183,868,482	7,042,785	67,510,689	1	725,925,512	18,624,630
600	Total Liabilities and Net Position	$ 388,051	$ -	$ 282,117,625	$ 260,487,161	$ 62,498,303	$ 94,904,990	$ (190,583,985)	$ 1,104,036,402	$ 131,395,010

DISTRICT OF COLUMBIA HOUSING AUTHORITY
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED SEPTEMBER 30, 2025

Line Item#	Accounts Description	Project Total	14.881 MTW Demonstration Program	14.OPS MTW Demonstration Low Rent	14.CFP MTW Demonstration Capital Fund	14.HCV MTW Housing Choice Voucher Program	14.871 Housing Choice Vouchers	14.871 Emergency Housing Vouchers	14.856 Sect 8 Moderate Rehabilitation	14.249 Sect 8 Single Room Occupancy
	REVENUE									
70300	Net Tenant Rental Revenue	$ 20,992,470	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
70400	Tenant Revenue - Other	-	1,200	-	-	-	-	-	-	-
70500	Total Tenant Revenue	20,992,470	1,200	-	-	-	-	-	-	-
70600	HUD PHA Operating Grants	16,789	-	68,978,225	13,527,659	367,633,506	20,280,831	15,832,394	1,730,865	1,558,368
70610	Capital Grants	-	-	-	24,348,789	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-	-	-
70730	Bookkeeping Fee	-	-	-	-	-	-	-	-	-
70800	Other Governmental Grants	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	114,105	97,550	-	-	-	-	-	-	-
71500	Other Revenue	1,171,524	216,581	-	-	-	-	-	-	-
71600	Gain or Loss on Sale of Capital Assets	(16,151,067)	(106,583)	-	-	-	-	-	-	-
70000	Total Revenue	6,143,821	208,748	68,978,225	37,876,448	367,633,506	20,280,831	15,832,394	1,730,865	1,558,368
	EXPENSES									
	Administrative:									
91100	Administrative Salaries	6,553,974	9,827,795	-	-	-	-	374,644	78,135	102,117
91200	Auditing Fees	-	-	-	-	-	-	-	-	-
91300	Management Fee	9,009,539	35,568,476	-	-	-	144,504	211,079	45,695	61,664
91310	Bookkeeping Fee	-	-	-	-	-	90,315	50,483	-	-
91400	Advertising and Marketing	-	283	-	-	-	-	12	2	3
91500	Employee Benefit Contributions - Administrative	4,181,803	2,415,780	-	-	-	-	56,579	16,523	26,127
91600	Office Expense	2,223,246	5,059,808	-	-	-	-	94,580	22,702	42,393
91700	Legal Expense	531,277	-	-	-	-	-	-	-	-
91800	Travel	628,243	45,841	-	-	-	-	1,855	387	525
91900	Other	2,608,927	999,842	-	-	-	1,091	44,847	8,778	298
	Total Administrative	25,737,009	53,917,825	-	-	-	235,910	834,079	172,222	233,127
	Tenant Services:									
92100	Salaries	967,762	536,723	-	-	-	-	22,395	4,670	6,334
92200	Relocation Costs	1,453,782	1,122	-	-	-	-	-	-	-
92300	Employee Benefit Contributions	4,938,224	555,120	-	-	-	-	23,163	4,831	6,550
92400	Other	8,019	1,820,120	-	-	-	64,469	61,990	-	-
	Total Tenant Services	7,367,787	2,913,085	-	-	-	64,469	107,548	9,501	12,884
	Utilities:									
93100	Water	15,791,632	-	-	-	-	-	-	-	-
93200	Electricity	9,082,888	-	-	-	-	-	-	-	-
93300	Gas	4,535,641	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	60,585	-	-	-	-	-	-	-	-
	Total Utilities	29,470,746	-	-	-	-	-	-	-	-
	Ordinary Maintenance and Operations:									
94100	Labor	19,496,072	2,917	-	-	-	-	122	24	34
94200	Materials and Other	3,397,621	50,059	-	-	-	-	2,089	435	590
94300	Contracts	49,803,003	538,275	-	-	-	-	22,474	4,688	6,355
94500	Employee Benefits Contribution	3,896,680	706	-	-	-	-	29	6	9
	Total Ordinary Maintenance and Operations	76,593,376	591,957	-	-	-	-	24,714	5,153	6,988

DISTRICT OF COLUMBIA HOUSING AUTHORITY
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

Line Item #	Accounts Description	14.879 Mainstream Vouchers	14.870 ROSS	Central Office Cost Center	State Local	Business Activities	Blended Component Units	Elimination	Total Entity	Discrete Component Units
	REVENUE									
70300	Net Tenant Rental Revenue	$ -	$ -	$ -	$ 305	$ 422,366	$ 1,235,002	$ -	$ 22,650,143	$ 8,132,741
70400	Tenant Revenue - Other	-	-	-	-	-	-	-	1,200	-
70500	Total Tenant Revenue	-	-	-	305	422,366	1,235,002	-	22,651,343	8,132,741
70600	HUD PHA Operating Grants	1,996,534	315,226	-	-	-	-	-	491,870,397	-
70610	Capital Grants	-	-	-	-	-	-	-	24,348,789	-
70710	Management Fee	-	-	48,998,399	-	-	6,749	(49,005,148)	-	-
70730	Bookkeeping Fee	-	-	147,556	-	-	-	(147,556)	-	-
70800	Other Governmental Grants	-	-	-	348,685,478	-	-	-	348,685,478	-
71100	Investment Income - Unrestricted	-	-	-	117,885	59,025	208,520	-	597,085	820,102
71500	Other Revenue	-	-	4,612,573	-	2,642,485	7,038,745	-	15,681,908	734,264
71600	Gain or Loss on Sale of Capital Assets	-	-	(3,419,165)	-	-	-	-	(19,676,815)	-
70000	Total Revenue	1,996,534	315,226	50,339,363	348,803,668	3,123,876	8,489,016	(49,152,704)	884,158,185	9,687,107
	EXPENSES									
	Administrative:									
91100	Administrative Salaries	54,703	-	23,228,929	5,076,059	36,000	52,240	-	45,384,596	571,404
91200	Auditing Fees	-	-	14,700	-	-	74,391	-	89,091	-
91300	Management Fee	18,595	315,226	-	6,418,657	82,538	97,573	(49,005,148)	2,968,398	147,408
91310	Bookkeeping Fee	6,758	-	-	-	-	-	(147,556)	-	-
91400	Advertising and Marketing	2	-	11,072	160	-	-	-	11,534	-
91500	Employee Benefit Contributions - Administrative	11,690	-	6,032,620	1,043,517	1,496	2,014	-	13,788,149	-
91600	Office Expense	16,089	-	8,263,087	2,362,496	40,643	385,049	-	18,510,093	101,065
91700	Legal Expense	-	-	3,444,841	-	-	1,842	-	3,977,960	-
91800	Travel	8	-	706,215	25,129	-	-	-	1,408,203	-
91900	Other	7,187	-	792,969	131,259	2,810	44,700	-	4,642,708	575,201
	Total Administrative	115,032	315,226	42,494,433	15,057,277	163,487	657,809	(49,152,704)	90,780,732	1,395,078
	Tenant Services:									
92100	Salaries	3,270	-	58,507	303,436	-	-	-	1,903,097	-
92200	Relocation Costs	-	-	872,676	125,985	-	-	-	2,453,565	-
92300	Employee Benefit Contributions	3,382	-	335,427	114,575	-	-	-	5,981,272	-
92400	Other	2,032	-	3,578,564	4,142,269	-	34	-	9,677,497	-
	Total Tenant Services	8,684	-	4,845,174	4,686,265	-	34	-	20,015,431	-
	Utilities:									
93100	Water	-	-	27,375	-	27,223	121,138	-	15,967,368	718,367
93200	Electricity	-	-	36,907	-	2,014	63,829	-	9,185,638	-
93300	Gas	-	-	1,835	-	1,645	13,694	-	4,552,815	-
93800	Other Utilities Expense	-	-	62,925	-	6,193	27,114	-	156,817	1,685,476
	Total Utilities	-	-	129,042	-	37,075	225,775	-	29,862,638	2,403,843
	Ordinary Maintenance and Operations:									
94100	Labor	18	-	603,256	1,647	-	-	-	20,104,090	-
94200	Materials and Other	305	-	1,701,327	28,295	-	21,192	-	5,201,913	-
94300	Contracts	3,281	-	5,120,771	94,572	118,774	7,373,183	-	63,085,376	1,425,173
94500	Employee Benefits Contribution	5	-	131,634	399	-	-	-	4,029,468	-
	Total Ordinary Maintenance and Operations	3,609	-	7,556,988	124,913	118,774	7,394,375	-	92,420,847	1,425,173

DISTRICT OF COLUMBIA HOUSING AUTHORITY
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

Line Item#	Accounts Description	Project Total	14.881 MTW Demonstration Program	14.OPS MTW Demonstration Low Rent	14.CFP MTW Demonstration Capital Fund	14.HCV MTW Housing Choice Voucher Program	14.871 Housing Choice Vouchers	14.871 Emergency Housing Vouchers	14.856 Sect 8 Moderate Rehabilitation	14.249 Sect 8 Single Room Occupancy
	EXPENSES (Continued)									
	Protective Services:									
95100	Labor	$ 13,505,053	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
95500	Employee Benefit Contributions	1,413,900	-	-	-	-	-	-	-	-
95000	Total Protective Services	14,918,953	-	-	-	-	-	-	-	-
96110	Property Insurance	1,546,428	-	-	-	-	-	-	-	-
96120	Liability Insurance	1,027,425	345,405	-	-	-	-	5,131	1,071	1,451
96130	Workmen's Compensation	-	-	-	-	-	-	-	-	-
96140	All Other Insurance	559,677	82,932	-	-	-	-	3,187	665	902
96100	Total Insurance Premiums	3,133,530	428,337	-	-	-	-	8,318	1,736	2,353
	General Expenses:									
96200	Other General Expenses	9,563,473	-	-	-	-	-	-	-	-
96400	Bad Debt - Tenant Rents	5,354,182	-	-	-	-	-	-	-	-
96500	Bad Debt - Mortgages	-	-	-	-	-	-	-	-	-
96600	Bad Debt - Other	(92,361)	-	-	-	-	-	-	-	-
96000	Total General Expenses	14,825,294	-	-	-	-	-	-	-	-
96710	Interest of Mortgage Payable	-	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable	1,737,161	-	-	-	-	-	-	-	-
96730	Amortization of Bond Issuance Costs	-	-	-	-	-	-	-	-	-
913100	Total Interest Expense and Amortization Cost	1,737,161	-	-	-	-	-	-	-	-
96900	Total Operating Expenses	173,783,856	57,851,204	-	-	-	300,379	974,659	188,612	255,352
97000	Excess of Operating Revenue Over Operating Expenses	(167,640,035)	(57,642,456)	68,978,225	37,876,448	367,633,506	19,980,452	14,857,735	1,542,253	1,303,016
97100	Extraordinary Maintenance	376,363	-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	-	256,934,113	-	-	-	18,324,707	15,057,052	1,303,196	916,616
97400	Depreciation Expense	24,319,762	-	-	-	-	-	-	-	-
90000	Total Expenses	198,479,981	314,785,317	-	-	-	18,625,086	16,031,711	1,491,808	1,171,968
	Other Financing Sources (Uses):									
10010	Operating Transfer In	26,271,346	370,350,815	-	-	-	-	-	-	-
10020	Operating Transfer Out	(10,927,501)	(67,048,315)	-	-	(367,633,506)	-	-	-	-
10093	Transfers Between Programs and Projects - In	106,850,571	106,854,673	-	-	-	-	-	-	-
10094	Transfers Between Programs and Projects - Out	-	(106,854,673)	(68,978,225)	(37,876,448)	-	-	-	-	-
10100	Total Other Financing Sources (Uses)	122,194,416	303,302,500	(68,978,225)	(37,876,448)	(367,633,506)	-	-	-	-
10000	**EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES**	$ (70,141,744)	$ (11,274,069)	$ -	$ -	$ -	$ 1,655,745	$ (199,317)	$ 239,057	$ 386,400
	Memo Account Information									
11020	Required Annual Debt Principal Payments	$ 11,901,918	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11030	Beginning Equity	268,803,865	(5,572,033)	-	-	-	2,120,913	3,060,761	3,186,401	2,199,886
11040	Prior Period Adjustments, Equity Transfers Correction	134,773,121	473,333	-	-	-	6,341,309	1,793	13,511	-
11170	Administrative Fee Equity	-	-	-	-	-	(590,335)	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	10,708,302	-	-	-

DISTRICT OF COLUMBIA HOUSING AUTHORITY
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2025

Line Item#	Accounts Description	14.879 Mainstream Vouchers	14.870 ROSS	Central Office Cost Center	State Local	Business Activities	Blended Component Units	Elimination	Total Entity	Discrete Component Units
	EXPENSES (Continued)									
	Protective Services:									
95100	Labor	$ -	$ -	$ 1,983,154	$ -	$ -	$ -	$ -	$ 15,488,207	$ -
95500	Employee Benefit Contributions	-	-	-	-	-	-	-	1,413,900	-
95000	Total Protective Services	-	-	1,983,154	-	-	-	-	16,902,107	-
96110	Property Insurance	-	-	19,051	-	33,165	70,800	-	1,669,444	225,082
96120	Liability Insurance	749	-	204,216	69,506	-	30,445	-	1,685,399	-
96130	Workmen's Compensation	-	-	-	-	990	2,521	-	3,511	-
96140	All Other Insurance	465	-	303,542	43,193	-	238,136	-	1,232,699	153,832
96100	Total Insurance Premiums	1,214	-	526,809	112,699	34,155	341,902	-	4,591,053	378,914
	General Expenses:									
96200	Other General Expenses	-	-	378,326	-	493,593	10,113	-	10,445,505	188,808
96400	Bad Debt - Tenant Rents	-	-	-	-	-	16,688	-	5,370,870	497,089
96500	Bad Debt - Mortgages	-	-	-	-	148,418	-	-	148,418	-
96600	Bad Debt - Other	-	-	-	-	5,669	672,259	-	585,567	-
96000	Total General Expenses	-	-	378,326	-	647,680	699,060	-	16,550,360	685,897
96710	Interest of Mortgage Payable	-	-	1,434,149	-	85,848	377,341	-	1,897,338	3,517,073
96720	Interest on Notes Payable	-	-	-	-	7,501	-	-	1,744,662	-
96730	Amortization of Bond Issuance Costs	-	-	-	-	2,729	5,467		8,196	-
96700	Total Interest Expense and Amortization Cost	-	-	1,434,149	-	96,078	382,808	-	3,650,196	3,517,073
96900	Total Operating Expenses	128,539	315,226	59,348,075	19,981,154	1,097,249	9,701,763	(49,152,704)	274,773,364	9,805,978
97000	Excess of Operating Revenue Over Operating Expenses	1,867,995	-	(9,008,712)	328,822,514	2,026,627	(1,212,747)	-	609,384,821	(118,871)
97100	Extraordinary Maintenance	-	-	-	3,525,617	300,000	-	-	4,201,980	-
97300	Housing Assistance Payments	1,877,168	-	118,568	244,169,662	-	-	-	538,701,082	-
97400	Depreciation Expense	-	-	7,931,085	-	59,958	105,937	-	32,416,742	4,811,674
90000	Total Expenses	2,005,707	315,226	67,397,728	267,676,433	1,457,207	9,807,700	(49,152,704)	850,093,168	14,617,652
	Other Financing Sources (Uses):									
10010	Operating Transfer In	-	-	68,381,359	-	189,641	-	(465,193,161)	-	-
10020	Operating Transfer Out	-	-	(2,717,309)	(16,862,429)	-	(4,101)	465,193,161	-	-
10093	Transfers Between Programs and Projects - In	-	-	-	-	-	-	(213,705,244)	-	-
10094	Transfers Between Programs and Projects - Out	-	-	-	-	-	4,101	213,705,245	-	-
10100	Total Other Financing Sources (Uses)	-	-	65,664,050	(16,862,429)	189,641	-	1	-	-
10000	**EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES**	$ (9,173)	$ -	$ 48,605,685	$ 64,264,806	$ 1,856,310	$ (1,318,684)	$ 1	$ 34,065,017	$ (4,930,545)
	Memo Account Information									
11020	Required Annual Debt Principal Payments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,901,918	$ -
11030	Beginning Equity	150,162	-	31,122,572	133,988,501	5,221,366	81,931,240	-	526,213,634	23,555,175
11040	Prior Period Adjustments, Equity Transfers Correction	24,939	-	51,540,438	(14,384,825)	(34,891)	(13,101,867)	-	165,646,861	-
11170	Administrative Fee Equity	-	-	-	-	-	-	-	(590,335)	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	10,708,302	-

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mayor, Members of the Council of the Government of the District of Columbia,
the Inspector General of the Government of the District of Columbia, and the Board
of Commissioners of the District of Columbia Housing Authority
District of Columbia Housing Authority
Washington, D.C.

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the District of Columbia Housing Authority (the Authority), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our disclaimer of an opinion dated July 2, 2026. Our report disclaims an opinion on such financial statements because we were not able to obtain sufficient audit evidence on certain assets, liabilities, net position, revenues, expenses, and cash flows to form an opinion.

We did not audit the financial statements of Highland Residential, L.P. or Parkway Overlook II, LP, which represent 100 percent of the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units as of and for the year ended December 31, 2024. Those financial statements were audited by another auditor, whose reports expressed unmodified opinions have been furnished to us, and our opinion, insofar as it relates to the amounts included for Highland Residential, L.P. and Parkway Overlook II, LP is based solely on the reports of the other auditor. Those audits were not performed in accordance with *Government Auditing Standards.*

Report on Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statements of the Authority, we considered District of Columbia Housing Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District of Columbia Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 through 2025-008 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether District of Columbia Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District of Columbia Housing Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
July 2, 2026

Financial Statement Findings

2025 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting - Financial Statement Closing and Verification of Balances

Condition: The Authority did not complete its financial statement close process in a timely manner. As a result, the unaudited financial statements submitted to HUD contained material misstatements. The Authority did not perform a quality control review to ensure that all material account balances in the general ledger were supported and accurate. The deficiencies in the close process resulted in CLA being unable to obtain sufficient audit evidence to verify or determine the proper accounting for $51 million in unsupported receivables, $8 million in unsupported other assets, $96 million in unsupported liabilities, $85 million in unsupported unearned revenue, $378 million in revenues and $166 million in prior period adjustments.

Criteria or specific requirement: The Internal Control-Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and demonstrate compliance with laws, regulations and other compliance requirements. Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP. According to GASB Cod. Sec. 1100.101, a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected on a timely basis. Ineffective controls over the financial reporting and close process could result in inaccurate account balances, a significant number of audit adjustments or restatements or a lack of timely financial information. Inaccurate reporting to HUD could adversely affect the Agency's funding. The lack of internal controls resulted in a disclaimer of opinion issued on the financial statements as of and for the year ended September 30, 2025 because the necessary support to verify account balances could not be located.
Specifically, we noted the following:

- Multiple versions of the trial balance were provided for fiscal year 2024 and 2025.
- Several accounts were not properly classified in the correct financial statement grouping or financial data schedule line.
- Management was unable to provide explanations for changes of year-to-year balances for analytical purposes. This resulted in unexplained variances when performing predictive analytics.
- The Authority did not properly implement GASB Statement No. 101, *Compensated Absences*.
- The Authority did not properly implement GASB Statement Nos. 87, *Leases* and 96, *Subscription-Based Information Technology Arrangements* in 2024 or 2025.
- Developer fees are not properly recorded and tracked.
- Subsequent disbursements are not properly captured in the correct period.

Financial Statement Findings (Continued)

2025 – 001 (Continued)

- Accrued wages are not properly recorded and supported.
- There were many account balances that were not supported by documentation.
- There were many schedules that did not agree to the trial balance.

Cause: The Authority lacked adequate internal controls over the financial statement close and verification process over account balances.

Repeat finding: Yes; 2024-002, 2023-001

Recommendation: We recommend the Authority strengthen its financial reporting and close processes by implementing a formalized month-end and year-end close timeline and checklist with clearly defined responsibilities. The Authority should enhance supervisory review controls over schedules, reconciliations, supporting documentation, and financial statements prior to submission to the auditors and HUD. Additionally, the Authority should perform timely reconciliations and analytical procedures to ensure accuracy and completeness of reported amounts.

Views of responsible officials: There is no disagreement with the finding.

Financial Statement Findings (Continued)

2025 – 002

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting - Cash Adjustments

Condition: The initial cash reconciliation was materially misstated and required multiple revisions, including adjustments to the trial balance before an accurate reconciliation was provided. The final cash reconciliation still contained minor unresolved differences, which have been reported as a passed adjustment.

Criteria or specific requirement: Strong internal controls require that all cash accounts be monitored and properly adjusted as transactions occur, enabling accurate bank account reconciliations and book balances per the trial balance. Additionally, old balances in the general ledger should be cleared promptly and adjusted for if they do not represent valid cash. According to GASB Cod. Sec. 1100.101, A governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Effect: Errors in the reconciliation process increase the risk of undetected misstatements in cash and related accounts. The absence of supporting documentation for bank accounts led to inaccurate reporting of account balances, which necessitated audit adjustments.

Cause: The Authority did not maintain sufficient internal controls over financial reporting for cash, resulting in the lack of proper documentation and account reconciliation for bank and cash accounts.

Repeat finding: Yes; 2024-001

Recommendation: We recommend that the Authority strengthen controls over the cash reconciliation process by performing monthly bank reconciliations in a timely manner and writing off any unsupported balances in the general ledger.

Views of responsible officials: There is no disagreement with the finding.

Financial Statement Findings (Continued)

2025 – 003

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting – Journal Entry Authorization, Review and Approval

Condition: We identified several journal entries that were not reviewed properly by management and lacked sufficient supporting documentation. In addition, the Authority utilizes an outsourced accounting firm with access to the financial system to post journal entries. Journal entries prepared by the outsourced accounting firm also lacked supporting documentation and were not approved or reviewed by Authority management.

Criteria or specific requirement: Effective internal controls over financial reporting require that all journal entries be supported by appropriate documentation and be subject to timely review and approval by authorized personnel. Proper segregation of duties and oversight over third-party service providers are essential to ensure the accuracy and completeness of financial records. Internal controls should be place in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP. According to GASB Concepts Statement No. 1 -Objectives of Financial Reporting, financial reporting is the means of communicating financial information to users. For this communication to be effective, information in financial reports must have these basic characteristics: understandability, reliability, relevance, timeliness, consistency, and comparability. Financial reporting should be reliable; that is, the information presented should be verifiable and free from bias and should faithfully represent what it purports to represent.

Effect: The absence of adequate review and supporting documentation over journal entries increases the risk of errors, unauthorized transactions, or potential misstatements in the financial statements not being detected in a timely manner.

Cause: The Authority lacks established procedures and internal controls to ensure that all journal entries are properly supported, reviewed, approved, and recorded.

Repeat finding: Yes; 2024-003

Recommendation: We recommend that management strengthen controls over the journal entry process by requiring all entries to include adequate supporting documentation and documented evidence of review and approval. Standard monthly and year-end journal entries should be established as part of the financial closing process.

Views of responsible officials: There is no disagreement with the finding.

Financial Statement Findings (Continued)

2025 – 004

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting – Capital Assets

Condition: The Authority does not maintain proper internal controls over capital assets. The Authority does not maintain schedules for additions and deletions, does not monitor construction in progress (CIP) and does not ensure that capital asset schedules reconcile to the trial balance. Additionally, the Authority does not maintain proper controls or supporting documentation over retainage payables.

Criteria or specific requirement: Financial reporting standards require the Authority to maintain proper internal controls over capital assets to ensure that amounts per the capital asset software are reconciled to the general ledger and that capital assets are accurately reported, documented, and reconciled in accordance with GASB Codification Section 1400.

Effect: Capital assets may be misstated and related disclosures may be incorrect in the financial statements. Capital assets may not exist if they are unable to be supported by documentation. Assets may not be properly depreciated when placed in service or properly disposed.

Specifically, we noted the following:

- Accumulated depreciation per the capital asset roll forward schedule did not agree to the trial balance by $6.1 million.
- Detailed schedules were not provided to support additions of $111 million, deletions of $60 million and adjustments of $133 million.

Cause: The Authority did not maintain sufficient controls over capital assets to ensure that the Authority's general ledger agrees to the capital asset software. The Authority does not properly monitor or track capital assets or CIP.

Repeat finding: Yes; 2024-005, 2024-007 and 2024-019

Recommendation: We recommend that management implement adequate controls over capital assets, establish criteria for transferring project costs out of CIP, and ensure proper supporting documentation for transfers to appropriate asset classes. The capital asset software should be monitored and updated monthly to ensure it agrees to the trial balance accounts. Construction management should play a key role in determining when a project is placed in service and communicate this information to the finance team. In addition, the corresponding retainage payable should be reconciled on a monthly basis.

Views of responsible officials: There is no disagreement with the finding.

Financial Statement Findings (Continued)

2025 – 005

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting – Monitoring of Loans and Mortgages Receivables

Condition: The Authority does not maintain an adequate monitoring process over loans and mortgage receivables. Specifically, the Authority lacks procedures to consistently assess the collectability of outstanding loans and mortgages and does not have sufficient controls in place to ensure timely and accurate recognition of new loan and mortgage receivable balances. We noted a $20 million variance between the records of a related party and the Authority. Accrued interest on notes receivable per the schedule prepared by the Authority did not agree to the trial balance.

Criteria or specific requirement: The Authority must maintain an adequate monitoring process over loans and mortgage receivables. This is to ensure the Authority is properly recording collections and new issuances. Proper control allows the Authority to perform timely identification of potential impaired loans, inquire about uncollected principal and interest that should be paid, and properly evaluate the collectability of loans and mortgages. According to GASB Codification Section 1100.101, A governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Effect: Loans and mortgages receivable balances and corresponding allowances could be misstated in the financial statements. The Authority may fail to collect amounts owed or identify loans in default.

Cause: The Authority does not have a formal process in place for servicing or monitoring loans and mortgages receivable and it does not have a team responsible for this function. The Authority has reestablished the department responsible for this function, but they are presently accumulating documentation for loans and mortgages and establishing contact with the borrowers.

Repeat finding: Yes; 2024-008 and 2024-009

Recommendation: We recommend that the Authority implement a formal process to monitor all loans and mortgages receivable, with regular updates provided to finance when conditions change. Management should also implement controls to ensure that new loans and mortgage receivables are recorded timely, supported by appropriate documentation, and reviewed for accuracy and completeness.

Views of responsible officials: There is no disagreement with the finding.

Financial Statement Findings (Continued)

2025 – 006

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting – Insufficient Collateralization of Cash Deposits

Condition: The Authority did not provide adequate insurance or collateralization to fully cover all deposits held in financial institutions. Specifically, certain cash balances exceeds the federal deposit insurance corporation (FDIC) coverage of $250,000 and were not sufficiently collateralized to mitigate custodial credit risk. As of September 30, 2025, the Authority did not provide us with support that it had adequate insurance or collateral that its banks had pledged to protect its deposits. As of September 30, 2025, $12,586,952 was not collateralized.

Criteria or specific requirement: Government and state statutes require that all bank deposits over the FDIC limit be adequately collateralized or insured to mitigate the risk of fund loss in the event of a bank failure. 24 CFR Section 982.156 requires public housing authorities to enter into agreements with the depositary in the form prescribed by HUD.

Effect: The Authority is exposed to custodial credit risk for the portion of deposits that are uninsured and uncollateralized. In the event of a financial institution failure, the Authority may not be able to recover these funds, potentially impacting its financial position and ability to meet operational obligations.

Cause: The Authority did not have proper oversight over its bank deposits to ensure the deposits were properly collateralized or insured.

Repeat finding: Yes; 2024-015

Recommendation: We recommend that the Authority implement procedures to ensure that all deposits exceeding FDIC insurance limits are properly collateralized in accordance with applicable requirements. Additionally, management should review and strengthen its investment and cash management policies to explicitly address custodial credit risk and related monitoring controls.

Views of responsible officials: There is no disagreement with the finding.

Financial Statement Findings (Continued)

2025 – 007

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting – Reconciliation of Transfers and Inter-entity Accounts

Condition: Significant increases in inter-entity financial activity were identified. Inter-entity balances increased by approximately $134,143,601 and interfund transfers increased by approximately $438,761,595 compared to the prior year.

In addition, at year-end, several federal programs reflected interfund receivables due from other funds, including:

- Emergency Housing Vouchers – $2,080,103
- Section 8 Moderate Rehabilitation Program – $3,261,655
- Section 8 Single Room Occupancy – $2,397,473

These balances indicate that federal program funds were used to support other funds or activities and were not settled within an appropriate timeframe.

Criteria or specific requirement: In accordance with 2 CFR 200.302 (Financial Management) and 2 CFR 200.305 (Payment), recipients must maintain effective control over, and accountability for, federal funds and ensure that federal program resources are used only for authorized purposes. Additionally, interfund activity should be properly supported, monitored, and settled timely to ensure compliance with program requirements and proper financial reporting.

Effect: Failure to properly monitor and settle interfund activity may result in misstatements to the financial statements and noncompliance with federal cash management requirements.

Cause: The Authority lacks controls over monitoring, reconciliation, and timely settlement of interfund activity and balances. Additionally, there appears to be inadequate oversight of cash management practices across funds, including those related to federally funded programs.

Repeat finding: Yes; 2024-013

Recommendation: We recommend that the Authority establishes a formal process to monitor and analyze inter-entity and transfer balances to ensure they are properly accounted for and that the same amounts are recorded in each funds general ledger. They should also reconcile all inter-entity balances and transfers as part of the close process.

Views of responsible officials: There is no disagreement with the finding.

Financial Statement Findings (Continued)

2025 – 008

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting – Internal Controls over Receipts and Disbursements

Condition: During our audit, we noted the following issues related to the Authority's internal controls over receipts and disbursements:

- Receipts
    a. We were unable to observe adequate support for 4 sampled other receipt transactions (excluding rental income). Adequate supporting documentation for cash receipts or approved bank reconciliations was not provided.
    b. We were unable to observe adequate support for 6 sampled rental receipts. Supporting documentation was not provided, including HUD 50058 forms, lease agreements, and deposit slip information.
- Disbursements
    a. American Express (General Disbursements): We were unable to observe adequate support for 8 sampled general disbursements, including appropriate transaction approvals, copies of signed checks, or bank reconciliations.
    b. HAP Expenses: We were unable to observe adequate support for 2 HAP expenses. Issues included missing approvals via signed lease agreements, one instance where the HAP contract address did not match the HAP register, and one transaction supported by an outdated 50058. It appeared that annual recertification had not been completed for several years.
    c. American Express (Credit Card): We were unable to observe adequate support for 3 sampled AMEX credit card disbursements. Invoices supporting the payments did not include evidence of approval.

Criteria or specific requirement: Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP. According to GASB Concepts Statement No. 1 -Objectives of Financial Reporting, financial reporting is the means of communicating financial information to users. For this communication to be effective, information in financial reports must have these basic characteristics: understandability, reliability, relevance, timeliness, consistency, and comparability. Financial reporting should be reliable; that is, the information presented should be verifiable and free from bias and should faithfully represent what it purports to represent.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Cause: The Authority does not have formalized controls or procedures over disbursements and cash receipt accounts and a process to retain appropriate backup documentation.

Repeat finding: No

Recommendation: The Authority should evaluate its financial reporting processes and controls, including consideration of the COSO Internal Control–Integrated Framework, to determine and implement appropriate controls over receipts and disbursements. These controls should provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Views of responsible officials: There is no disagreement with the finding.

DISTRICT OF COLUMBIA HOUSING AUTHORITY
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2025

U.S. Department of Housing and Urban Development

The District of Columbia Housing Authority respectfully submits the following corrective action plan for the year ended September 30, 2025.

Audit period: October 1, 2024 – September 30, 2025

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2025-001 Material Weakness in Internal Control over Financial Reporting - Financial Statement Closing and Verification of Balances

Recommendation: We recommend the Authority strengthen its financial reporting and close processes by implementing a formalized month-end and year-end close timeline and checklist with clearly defined responsibilities. The Authority should enhance supervisory review controls over schedules, reconciliations, supporting documentation, and financial statements prior to submission to the auditors and HUD. Additionally, the Authority should perform timely reconciliations and analytical procedures to ensure accuracy and completeness of reported amounts.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken or planned in response to finding:
A checklist was created and implemented as a result of the FY2024 finding. However, due to the conversion from AccountMate (former accounting software) to Yardi (current accounting system) as of October 1st, 2024, beginning balances and supporting documents were brought forward prior to the completion of FY2023 audit. FY2025 auditors confirmed that the conversions and begining balances were inaccurate. Beginning balances and account reconciliation of prior year transactions will be researched, adjusted, and/or written off as needed.

The following steps will be taken immediately:

a. Verify and adjust FY2024 beginning balances.
b. Revise month end close checklist.
c. Create and formalize SOPs.
d. Train staff on new SOPs and revised checklist.
e. Create a monthly comprehensive financial report for the Executive team's review.

Name(s) of the contact person(s) responsible for corrective action: Isra Elkhazeen and Zewdneh Shiferaw.

Planned completion date for corrective action plan: December 31, 2026.

2025-002 Material Weakness in Internal Control over Financial Reporting – Cash Reconciliation

Recommendation: We recommend that the Authority strengthen controls over the cash reconciliation process by performing monthly bank reconciliations in a timely manner and writing off any unsupported balances in the general ledger.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken or planned in response to finding:
As of February 2026, management implemented a daily report to monitor cash balances and began entering transactions in the system in a timely manner.

The following steps will be taken immediately:

a. Revise the cash reconciliation SOP.
b. Provide training for staff and fee accountants.
c. Reconcile the General Ledger against the bank recociliations and recommend to senior leadership the writeoff of any unsupported balances in the general ledger.

Name(s) of the contact person(s) responsible for corrective action: Isra Elkhazeen and Zewdneh Shiferaw.

Planned completion date for corrective action plan: August 31, 2026.

2025-003 Material Weakness in Internal Control over Financial Reporting – Journal Entry Authorization, Review and Approval

Recommendation: We recommend that management strengthen controls over the journal entry process by requiring all entries to include adequate supporting documentation and documented evidence of review and approval. Standard monthly and year-end journal entries should be established as part of the financial closing process.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken or planned in response to finding:
The procedures were put into place in response to the FY2024 audit finding, for preparing, reviewing and posting journal entries in the general ledger.

Management acknowledges certain transactions lacked sufficient supporting documentation. More training will be provided for staff on acceptable documentation that meets required audit standards. Additionally, quality control reviews will be conducted on fee accountants’ work product.

2025-003 Material Weakness in Internal Control over Financial Reporting – Journal Entry Authorization, Review and Approval (Continued)

Action taken or planned in response to finding (Continued):
Management will strengthen second level review procedures and implement sample testing as part of the month end close, to ensure proper documentation.

Name(s) of the contact person(s) responsible for corrective action: Isra Elkhazeen and Zewdneh Shiferaw.

Planned completion date for corrective action plan: July 31, 2026.

2025-004 Material Weakness in Internal Control over Financial Reporting – Capital Assets

Recommendation: We recommend that management implement adequate controls over capital assets, establish criteria for transferring project costs out of CIP, and ensure proper supporting documentation for transfers to appropriate asset classes. The capital asset software should be monitored and updated monthly to ensure it agrees to the trial balance accounts. Construction management should play a key role in determining when a project is placed in service and communicate this information to the finance team. In addition, the corresponding retainage payable should be reconciled on a monthly basis.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken or planned in response to finding:
OFM will work in conjunction with the Capital and Construction Department (CCD) and the Office of Capital Programs (OCP) to develop SOPs that will include the following: adequate controls over capital assets , criteria for transferring project costs out of CIP, and proper supporting documentation for transfers to appropriate asset classes, and retainage payables reconciliation and reconciliation of GL balances with the fixed asset module. This will be included in the month end checklist.

Name(s) of the contact person(s) responsible for corrective action: Isra Elkhazeen, Zewdneh Shiferaw, Daniel Denning, Fakhrullah Khan and Erin Wilson.

Planned completion date for corrective action plan: July 31, 2026.

2025-005 Material Weakness in Internal Control over Financial Reporting – Monitoring of Loans and Mortgage Receivables

Recommendation: We recommend that the Authority implement a formal process to monitor all loans and mortgages receivable, with regular updates provided to finance when conditions change. Management should also implement controls to ensure that new loans and mortgage receivables are recorded timely, supported by appropriate documentation, and reviewed for accuracy and completeness.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken or planned in response to finding:
Currently, the process is a manual process performed by Office of Asset Management (OAM). As a result of the FY2024 audit finding, OAM identified and procured the Yardi Debt Management module with an anticipated go-live date before the end of the calendar year 2026.

In the interim, OAM and OFM will strengthen information sharing and communication to ensure all notes receivable and loans are being recorded timely.

An internal review will be conducted, and any missing transactions will be entered into the respective fiscal year.

Name(s) of the contact person(s) responsible for corrective action: Isra Elkhazeen, Zewdneh Shiferaw, and Grace Campion.

Planned completion date for corrective action plan: December 31, 2026.

2025-006 Material Weakness in Internal Control over Financial Reporting – Insufficient Collateralization of Cash Deposits

Recommendation: We recommend that the Authority implement procedures to ensure that all deposits exceeding FDIC insurance limits are properly collateralized in accordance with applicable requirements. Additionally, management should review and strengthen its investment and cash management policies to explicitly address custodial credit risk and related monitoring controls.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

2025-006 Material Weakness in Internal Control over Financial Reporting – Insufficient Collateralization of Cash Deposits (Continued)

Action taken or planned in response to finding:
Only bank accounts that hold public funds were collateralized. Management will work with the bank institutions to make sure all accounts are labeled as holding public funds and therefore need to be included in the collateralization calculation.

Name(s) of the contact person(s) responsible for corrective action: Isra Elkhazeen and Zewdneh Shiferaw.

Planned completion date for corrective action plan: August 31, 2026.

2025-007 Material Weakness in Internal Control over Financial Reporting – Reconciliation of Transfers and Inter-entity Accounts

Recommendation: We recommend that the Authority establishes a formal process to monitor and analyze inter-entity and transfer balances to ensure they are properly accounted for and that the same amounts are recorded in each fund's general ledger. They should also reconcile all inter-entity balances and transfers as part of the close process.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken or planned in response to finding:
Management will establish and implement procedures to reconcile inter-entity and transfer balance that will be included in the month end close checklist. Management will ensure that FDS matches the book balances regarding MTW and non-MTW vouchers.

Name(s) of the contact person(s) responsible for corrective action: Isra Elkhazeen and Zewdneh Shiferaw.

Planned completion date for corrective action plan: September 30, 2026

2025-008 Material Weakness in Internal Control over Financial Reporting – Internal Controls over Receipts and Disbursements

Recommendation: We recommend that the Authority evaluates its financial reporting processes and controls, including consideration of the COSO Internal Control-Integrated Framework, to determine and implement appropriate controls over receipts and disbursements. These controls should provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken or planned in response to finding:

a. A process is in place for rental receipts. However, management will implement a review process for all deposit transactions entered before they are posted and verified during the month end process. Testing of procedure will be performed routinely by OFM leadership.
b. Management will implement new procedures to strengthen our controls over disbursement and make sure a proper review, and sufficient supporting documentation is provided and uploaded to each transaction including credit card transactions. Management will implement procedures to ensure that all recertifications due are done timely and all supporting documentation is available.

Name(s) of the contact person(s) responsible for corrective action: Isra Elkhazeen and Zewdneh Shiferaw.

Planned completion date for corrective action plan: August 31, 2026.

DISTRICT OF COLUMBIA HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2025

U.S. Department of Housing and Urban Development

The District of Columbia Housing Authority respectfully submits the following summary schedule of prior audit findings for the year ended September 30, 2025.

Audit period: October 1, 2024 – September 30, 2025

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2024-001 Material Weakness – Cash Adjustment

Condition: During our audit, we identified approximately $6 million of cash recorded in the general ledger that did not exist in the bank. Management indicated that this balance has been carried forward for several years.

Status: See current year finding 2025-002.

Reason for finding's recurrence: The said amount was carried over from the previous fiscal year and the actual bank account was closed and moved to another bank account. The transfer of fund from one bank account to another bank account was not recorded in the book and the balance was sitting in the book, which should be zeroed out. It was explained to the SBC audit team at the time of their audit. The required JEs were prepared and posted.

Corrective Action:
As of February 2026, management implemented a daily report to monitor cash balances and began entering transactions in the system in a timelier manner.

The following steps will be taken immediately:

a. Revise the cash reconciliation SOP.
b. Provide training for staff and fee accountants.
c. Reconcile the General Ledger against the bank reconciliations and recommend to senior leadership the write off of any unsupported balances in the general ledger.

2024-002 Material Weakness – Financial Statement Closing and Verification of Balances

Condition: SBC noted that the Authority's financial statements were not closed in a timely manner. Additionally, there was no validation to ensure that all material account balances in the general ledger were supported and accurate. This resulted in the submission of materially misstated unaudited financial statements to the U.S. Department of Housing and Community Development (HUD). The deficiencies in the close process resulted in SBC being unable to obtain sufficient audit evidence to verify or determine the proper accounting for $72 million in unsupported receivables, $58 million in unsupported in other assets, $136 million in unsupported liabilities, and $90 million in unsupported unearned revenue.

Status: See current year finding 2025-001.

Reason for finding's recurrence: A checklist was created and implemented as a result of the FY2024 finding. However, due to the conversion from AccountMate (former accounting software) to Yardi (current accounting system) as of October 1st, 2024, beginning balances and supporting documents were brought forward prior to the completion of FY2023 audit. FY2025 auditors confirmed that the conversions and beginning balances were inaccurate. Beginning balances and account reconciliation of prior year transactions will be researched, adjusted, and/or written off as needed.

In addition, during FY2025, responsibilities between the DCHA finance team and the fee accountant were not sufficiently defined and communicated. As a result, certain closing procedures, account reconciliations, and balance sheet reviews were not completed timely and consistently. This led to delays in validating and supporting certain account balances and contributed to the recurrence of the finding. Management has since clarified responsibilities, revised the closing process, and strengthened review procedures to ensure all material account balances are reconciled, supported, and reviewed timely.

Corrective Action: The following steps will be taken immediately:

a. Verify and adjust FY2024 beginning balances.
b. Revise month end close checklist.
c. Create and formalize SOPs.
d. Train staff on new SOPs and revised checklist.
e. Create a monthly comprehensive financial report for the Executive team's review.

2024-003 Material Weakness – Journal Entry Authorization, Review and Approval

Condition: SBC identified several journal entries that were not reviewed properly by management. Additionally, one material journal entry was prepared but not posted, and no supporting documentation or approval sign-off was available for the adjustments entered. Management does not have a formal process for standard closing journal entries, or formal review, approval, and required documentation to support journal entries.

Status: See current year finding 2025-003.

2024-003 Material Weakness – Journal Entry Authorization, Review and Approval (Continued)

Reason for finding's recurrence: The procedures were put in place in response to the FY2024 audit finding, for preparing, reviewing and posting journal entries in the general ledger. Management acknowledges certain transactions lacked sufficient supporting documentation. More training will be provided to staff on acceptable documentation that meets required audit standards. Additionally, quality control reviews will be conducted on fee accountants work product.

Corrective Action: Management acknowledges certain transactions lacked sufficient supporting documentation. More training will be provided to staff on acceptable documentation that meets required audit standards. Additionally, quality control reviews will be conducted on fee accountants work product.

Management will strengthen second level review procedures and implement sample testing as part of the month end close, to ensure proper documentation.

2024-004 Material Weakness – Capital Asset System

Condition: SBC noted that capital assets were maintained in an Excel file, which is manually updated.

Status: Corrective action was taken. All current and new Fixed Assets are recorded in the Yardi fixed asset module. The Property Management Operation (PMO) department is manually tagging fixed assets. PMO will procure a tagging software system in FY27 to remove manual tagging. Depreciation is calculated automatically through the Yardi fixed asset module.

2024-005 Material Weakness – Construction in Progress (CIP) Transfers

Condition: SBC noted that the Authority did not actively monitor or review Construction in Progress (CIP) transfers to ensure that completed project costs were properly transferred out of CIP and recorded in the appropriate capital asset categories for depreciation.

Status: See current year finding 2025-004.

Reason for finding's recurrence: During FY2025, DCHA implemented the Yardi Fixed Asset Module, replacing the manual excel-based process previously used to track capital assets. The accounting team reviews completed projects and purchase orders eligible for capitalization and records them in the Fixed Asset Module, where depreciation is recorded monthly.

Management acknowledges that, although completed assets were transferred to the Fixed Asset Module and depreciation was recorded, the related costs were not consistently transferred out of the Construction in Progress (CIP) accounts in the general ledger. As a result, differences existed between the general ledger balances and the fixed asset records.

Corrective Action: To address this finding, OFM will work in conjunction with the Capital and Construction Department (CCD) and the Office of Capital Programs (OCP) to develop SOPs that will include the following: adequate controls over capital assets, criteria for transferring project costs out of CIP, and proper supporting documentation for transfers to appropriate asset classes, and retainage payables reconciliation and reconciliation of GL balances with the fixed asset module. This will be included in the month end checklist.

2024-006 Material Weakness – Depreciation Expense

Condition: SBC noted that capital assets were maintained in an Excel file, which is manually updated.

Status: Corrective action was taken. All current and new Yardi fixed assets are recorded in the fixed asset module. Depreciation is automatically calculated through the Yardi fixed assets module.

2024-007 Material Weakness – Disposals of Capital Assets

Condition: SBC noted that the Authority did not actively monitor or account for disposals, lost assets, or non-usable capital assets.

Status: See current year finding 2025-004.

Reason for finding's recurrence: During FY2025, DCHA implemented the Yardi Fixed Asset Module, replacing the manual Excel-based process previously used to track capital assets and depreciation.

Management acknowledges that procedures for identifying, tracking, and recording asset disposals, lost assets, and assets that are no longer in service were not fully formalized. As a result, disposals and asset retirements were not consistently reviewed and recorded in a timely manner.

Corrective Action: OFM will work in conjunction with the Capital and Construction Department (CCD) and the Office of Capital Programs (OCP) to develop SOPs that will include the following: adequate controls over capital assets, criteria for transferring project costs out of CIP, and proper supporting documentation for transfers to appropriate asset classes, and retainage payables reconciliation, periodic reviews of disposed, lost and non-usable assets and reconciliation of GL balances with the fixed asset module. This will be included in the month end checklist.

2024-008 Material Weakness – Monitoring of Loans and Mortgages Receivable

Condition: SBC noted that the Authority lacked a formal process for servicing and monitoring its loans and mortgages receivable. The department that previously monitored the loan portfolio was eliminated, leaving no one responsible for tracking collections, loan impairments, or non-compliance with loan terms.

Status: See current year finding 2025-005.

Reason for finding's recurrence: Currently, the process is a manual process performed by Office of Asset Management (OAM). As a result of the FY2024 audit finding, OAM identified and procured Yardi Debt Management module with an anticipated go-live date before the end of the calendar year 2026.

Corrective Action: OAM identified and procured Yardi Debt Management module with an anticipated go-live date before the end of the calendar year 2026. In the interim, OAM and OFM will strengthen information sharing and communication to ensure all notes receivables and loans are being recorded timely. An internal review will be conducted, and any missing transactions will be entered in the respective fiscal year.

2024-009 Material Weakness – Loan Loss Allowance Methodology

Condition: SBC noted that the Authority lacks a formal methodology for establishing a loan loss allowance for loans and mortgages receivable, and management does not review or update the allowance annually.

Status: Corrective action was taken. The Authority established the Office of Asset Management (OAM) who will oversee this process. OAM revised the prior policies and procedures to calculate loan loss allowance and the frequency of the reviews. Management reviews the OAM reports and ensures the allowances are reviewed annually.

2024-010 Material Weakness – Accounting for Unearned Revenue and Revenue Recognition

Condition: SBC identified unusually high unearned revenue and lower related revenue compared to the prior period in the unaudited amount from the financial statement close process. Their review and audit of the unearned revenue revealed that unearned revenue was overstated at year-end by over $200 million, leading to understated revenue. We were not able to obtain sufficient audit evidence to determine what the unearned revenue balance should have been as of September 30, 2024.

Status: See current year finding 2025-001.

Reason for finding's recurrence: A checklist was created and implemented as a result of the FY2024 finding. However, due to the conversion from AccountMate (former accounting software) to Yardi (current accounting system) as of October 1, 2024, beginning balances and supporting documents were brought forward prior to the completion of FY2023 audit. During the FY2025 audit, the auditors confirmed that the conversions and beginning balances were inaccurate. Beginning balances and account reconciliation of prior year transactions will be researched, adjusted, and/or written off as needed.

Corrective Action: The following steps will be taken immediately:

a. Verify and adjust FY2024 beginning balances.
b. Revise month end close checklist.
c. Create and formalize SOPs.
d. Train staff on new SOPs and revised checklist.
e. Create a monthly comprehensive financial report for the Executive team's review.

2024-011 Material Weakness – Internal and Interim Financial Statement Review

Condition: SBC found that the Authority does not have a formal review process to review and approval of internal and interim financial statements and financial information provided to senior management for oversight.

Status: Corrective action was taken. Daily cash reports are provided to the Office of Executive Director(OED) and Office of Financial Management (OFM) leadership. Monthly profit and loss statements are provided to the OED for review. Monthly Agency-wide profit and loss for a quarter and year to date figures are provided to the Budget & Audit Committee which include three DCHA Board of Commissioners (BOC). A process has been created that once interim financial statements are prepared, they are reviewed by the Director of Budgeting and Financial Reporting, Deputy CFO and CFO before being shared with the OED.

2024-012 Material Weakness – Grant Accounting Process

Condition: SBC noted that grant revenue was improperly accounted for at year-end, requiring an audit adjustment.

Status: See current year finding 2025-001.

Reason for finding's recurrence: A checklist was created and implemented as a result of the FY2024 finding. However, due to the conversion from AccountMate (former accounting software) to Yardi (current accounting system) as of October 1, 2024, beginning balances and supporting documents were brought forward prior to the completion of FY2023 audit. During the FY2025 audit, the auditors confirmed that the conversions and beginning balances were inaccurate. Beginning balances and account reconciliation of prior year transactions will be researched, adjusted, and/or written off as needed.

In addition, during FY2025, responsibilities between the DCHA finance team and the fee accountant were not sufficiently defined and communicated. As a result, certain closing procedures, account reconciliations, and balance sheet reviews were not completed timely and consistently. This led to delays in validating and supporting certain account balances and contributed to the recurrence of the finding. Management has since clarified responsibilities, revised the closing process, and strengthened review procedures to ensure all material account balances are reconciled, supported, and reviewed timely.

Corrective Action: The following steps will be taken immediately:

a. Verify and adjust FY2024 beginning balances.
b. Revise month end close checklist.
c. Create and formalize SOPs.
d. Train staff on new SOPs and revised checklist.
e. Create a monthly comprehensive financial report for the Executive team's review.

2024-013 Material Weakness – Reconciliation of Transfers and Inter-entity

Condition: SBC identified several unsupported inter-entity account balances and transfers, and that certain inter-entity balances on the general ledger of each entity did not agree to each other.

Status: See current year finding 2025-007.

Reason for finding's recurrence: This is an ongoing issue which requires more research and make the necessary adjustment for the accumulated multi-year account balances.

Corrective Action: Management will establish and implement procedures to reconcile inter-entity and transfer balance that will be included in the month end close checklist. Management will ensure that FDS matches the book balances regarding MTW and non-MTW vouchers.

2024-014 Material Weakness – Risk Assessment and Mitigation Strategy

Condition: SBC noted that the Authority has not conducted a formal financial, internal controls, and key operating systems risk assessment, established its risk mitigation strategy, established order of priority to implement improvements, and developed a system to monitor progress on addressing the issues. Such a process would have identified the areas requiring attention sooner and would allow senior management to develop a strategy to improve the conditions and monitor the process in addressing the issues.

Status: Corrective action was taken. In FY2025, the agency engaged Baker Tilly to perform a risk assessment of the entire agency operations, which includes inventory management, to ensure best practices are followed throughout the Authority. This assessment is complete and is being reviewed by BOC and OED.

2024-015 Significant Deficiency – Insufficient Collateralization of Cash Deposits

Condition: The Authority is required to have sufficient insurance or collateral that its banks should pledge that is sufficient to cover all the deposits the Authority has at any point in time at its banks. As of September 30, 2024, the Authority did not provide us with support that it had adequate insurance or collateral that its banks had pledged to protect its deposits.

Status: See current year finding 2025-008.

Reason for finding's recurrence: Only bank accounts that hold public funds were collateralized.

Corrective Action: Management will work with the bank institutions to make sure all accounts are labeled as holding public funds and therefore need to be included in the collateralization calculation.

2024-016 Significant Deficiency – Classification of Restricted and Unrestricted Cash

Condition: The Authority relies solely on the general ledger to determine whether accounts are restricted instead of a process to monitor which cash received represents restrictions based on the funding agreement related to the receipts.

Status: Corrective action was taken. OFM has put a process in place to review its cash balances to ensure they are properly classified in accordance with accounting standards for restricted and unrestricted balances. A thorough review will be conducted at least annually as part of the year end closing process and figures are recorded in HUDs Financial Data System (FDS) form.

2024-017 Significant Deficiency – Lack of a Non-Accrual Policy

Condition: The Authority does not have a formal policy to identify loans for which the accrual of interest should be discontinued until its principal has been paid in full.

Status: Corrective action was taken. OAM was established in late 2024 and in partnership with OFM, the two teams jointly oversee loans and mortgage receivables. To better track loans, OAM and OFM secured a contract with Yardi to implement two models that will help with reporting and informing OFM and other involved parties on status of loan. OAM and OFM are part of the core team currently receiving Yardi implementation training and will be working to migrate all loan information into Yardi this calendar year. DCHA has established a Non-Accrual Loan policy.

2024-018 Significant Deficiency – Inaccurate Inventory Accounting

Condition: The Authority does not have a perpetual inventory system that always keeps track of the inventory on hand. Instead, the Authority capitalizes all inventory purchases during the year into inventory and adjusts the inventory down to the actual inventory on hand at year-end after taking a physical count of inventory. As of September 30, 2024, inventory after closing the books was overstated by approximately $2.4 million because the adjustment to reduce the inventory balance was not recorded. Also, the physical inventory count was performed at the end of October 2024 instead of on September 30, 2024.

Status: Corrective action was taken. Inventory control module has been implemented in the Yardi software system and staff are utilizing it. A reconciliation will occur to ensure the Yardi system is up to date, as well as all staff trained on receiving the inventory to the warehouse. Inventories are then expensed to the applicable property and work order when used. New procedures for inventory control are being modified to reflect the Yardi inventory module. This will include an annual inventory count as part of the year-end procedures.

2024-019 Significant Deficiency – Accounting for Retainage Payable

Condition: Approximately $2.5 million of the $7.53 million year-end retainage payable balance as of September 30, 2024 lacked supporting documentation.

Status: See current year finding 2025-004.

Reason for finding's recurrence: OFM will work in conjunction with the Capital and Construction Department (CCD) and the Office of Capital Programs (OCP) to develop SOPs that will include the following: adequate controls over capital assets, criteria for transferring project costs out of CIP, and proper supporting documentation for transfers to appropriate asset classes, and retainage payables reconciliation and reconciliation of GL balances with the fixed asset module. This will be included in the month end checklist.

Corrective Action: OFM will work in conjunction with the Capital and Construction Department (CCD) and the Office of Capital Programs (OCP) to develop SOPs that will include the following: adequate controls over capital assets, criteria for transferring project costs out of CIP, and proper supporting documentation for transfers to appropriate asset classes, and retainage payables reconciliation and reconciliation of GL balances with the fixed asset module. This will be included in the month end checklist.

2024-020 Significant Deficiency – Lack of Physical Asset Verification

Condition: The Authority does not have a formalized process to periodically physically verify that movable capital assets still exist and are in use.

Status: Corrective action was taken. All capital assets and construction in progress are being recorded in Yardi. CCD and OFM will utilize Yardi to track construction in progress through the applicable module. Staff are being trained on the system. OFM and CCD will formalize SOPs on transferring costs out of construction in progress when completed. Routine reconciliations will be completed to ensure proper entries are being recorded to realize the assets and costs.

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