

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

**Financial Statements
For the Years Ended September 30, 2023 and 2022
With Independent Auditor's Report**



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DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Financial Statements
For the Years Ended September 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
District of Columbia Housing Finance Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the District of Columbia Housing Finance Agency (the "Agency"), a component unit of the Government of the District of Columbia, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of September 30, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Agency as of and for the year ended September 30, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on December 29, 2022.

Responsibilities of Management for the Financial Statements

The Agency's 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.

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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 Agency'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Agency'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 Agency'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 on pages 5 through 12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency’s basic financial statements as of and for the year ended September 30, 2023. The combining statements of net position, combining statements of revenues, expenses and changes in net position, combining statements of cash flows, and schedules of cash/cash equivalents, investments and mortgage-backed securities by Program (the “supplementary information”) on pages 50 through 53 as of and for the year ended September 30, 2023 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information as of and for the year ended September 30, 2023 has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as of and for the year ended September 30, 2023 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The supplementary information as of and for the year ended September 30, 2022 was subjected to the auditing procedures applied by another auditor who indicated in their report dated December 29, 2022 that the supplemental information as of and for the year ended September 30, 2022 was fairly stated, in all material respects, in relation to the 2022 basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023 on our consideration of the District of Columbia Housing Finance Agency'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 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 Agency's internal control over financial reporting and compliance.

Mitchell Titus, LLP

December 29, 2023

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Management's Discussion and Analysis
September 30, 2023 and 2022 (Unaudited)

Our discussion and analysis of the District of Columbia Housing Finance Agency's financial performance provides an overview of the Agency's financial activities for the years ended September 30, 2023, and 2022. The financial statements, accompanying notes, and additional information should be read in conjunction with the following discussion.

Overview

The District of Columbia Housing Finance Agency (the "Agency") was established in 1979 to stimulate and expand homeownership and rental housing opportunities for low- and moderate-income families in the District of Columbia (the "District"). The Agency primarily issues taxable and tax-exempt mortgage revenue bonds to lower the financing costs for single family homebuyers and multifamily developers acquiring, constructing, and rehabilitating rental housing in the District of Columbia. The amount of tax-exempt bonds the Agency can issue each year is prescribed in a formula embedded in Federal legislation. In addition, the Agency administers the issuance of 4% low-income housing tax credits on behalf of the District of Columbia Department of Housing and Community Development ("DHCD"), to achieve its affordable housing preservation, rehabilitation, and development objectives. The Agency is self-sustaining, and its budget, finances, procurement, and personnel system are independent of the District of Columbia Government.

The Agency accounts for its financial activities using program revenues and funds, through housing revenue bonds financing and mortgage enhancement and lending programs, for its single family and multifamily loan programs and its general operations. The Agency's General Fund is used to record the receipt of income not directly pledged for repayment of debt securities, to pay expenses related to the Agency's administrative functions and operations, including bond program administration, mortgage servicing, the United States Department of Housing and Urban Development ("HUD") Risk-Sharing insurance program and the McKinney Act loan program. The Agency's currently active bond programs include (i) single family mortgage revenue bonds, (ii) multifamily housing revenue bonds (conduit financing), (iii) multifamily development program bonds, for acquisition, construction, rehabilitation of single-family homes and multifamily residential rental projects, and refinancing of existing debt. In conjunction with the Agency's multifamily revenue bonds, developers may be entitled to 4% Low Income Housing Tax Credits under the Internal Revenue Code.

The Agency also operates programs that include down payment and closing cost assistance, pre-development loans, construction monitoring services, multifamily mortgage loan servicing and a wide range of other technical assistance services that are available to prospective homeowners, developers and to the Washington D.C. Metropolitan Area at large.

These single family and multifamily programs funds are used to account for proceeds of bonds, notes, debentures or other financial indebtedness of the Agency issued under these programs, cash and investments held under the bond indenture revenue fund, debt service reserve fund, rebate fund, redemption fund and program subsidy fund, mortgage loans held pursuant to the bond indenture, and repayments and prepayments collected from mortgage loans originated under the bond indenture.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Management's Discussion and Analysis (*continued*)

September 30, 2023 and 2022 (Unaudited)

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED SEPTEMBER 30, 2023, AND COMPARATIVE FINANCIAL HIGHLIGHTS FOR THE YEARS ENDED SEPTEMBER 30, 2023, AND 2022

Significant Macroeconomic Factors and Program Updates

Fiscal year 2023 was another year of significant changes to the macro-economic environment. The inflation battle that emerged in FY22 continued to be a highly relevant issue in FY23. The Federal Reserve continued to raise interest rates a number of times in FY23 to cool the economy and stem rising inflation. These rate changes continued to cripple our single-family business volume as fewer borrowers were able to afford monthly mortgage payments at rates that reached a high of near 8% on 30 fixed mortgages from below 4% in early 2022. While rising interest rates also negatively impacted our multi-family business, there was a positive tailwind to the multi-family business from the DC Government as its Housing Production Trust Fund (HPTF) continued to have a large budget available from previous year's fundings for second trusts for the development of MF apartments focused on low- and moderate-income tenants. The Agency often underwrites and finances the first trust on multi-family projects but partners on most affordable housing financing projects with the DC Government as the second trust provider through the HPTF. The DC Government made a smaller contribution to the Housing Production Trust fund in FY23 but previous year's unused fundings provided private developers opportunity to leverage this fund to propose and produce a high number of low- and moderate-income apartment projects in Washington DC in FY23. The high amount of the HPTF funds available, and the availability of DCHFA's unused Federal tax-exempt bond issuance cap spurred private developer demand in the affordable housing sector. In fact, our pipeline of MF apartment projects grew substantially in FY23 and enabled us to have one of our biggest MF volume years in the Agency's history with over \$680 million in projects closed. Going forward the Agency's tax-exempt bond issuance ability will be more limited as will the DC Government's Housing Production Trust Fund will not likely be replenished as previous years such that we are likely to fall back towards our historic MF volume more in the \$300 million range.

Consistent with the overall mortgage market in the United States, the DCHFA single family first trust loan volume declined from \$59.1 million in FY22 to approximately \$30.9 million in FY23 as higher interest rates dampened both supply and demand for single family activity. This decline is largely macro-economic related as higher interest rates increased monthly mortgage payments significantly for the same size loan, disrupted mortgage-backed security markets, limited homes for sale, and caused overall consumer caution contributing to reduced volume. Similarly, the Agency's self-funded down payment assistance loan volume dropped substantially as well in FY23. Despite the conditions, the single-family business helped finance loans for over one hundred families with most of those families being first-time home buyers with income below 80% of the area median income.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Management's Discussion and Analysis (*continued*)

September 30, 2023 and 2022 (Unaudited)

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED SEPTEMBER 30, 2023, AND COMPARATIVE FINANCIAL HIGHLIGHTS FOR THE YEARS ENDED SEPTEMBER 30, 2023, AND 2022 (*continued*)

Significant Macroeconomic Factors and Program Updates (*continued*)

In March 2017, DCHFA entered into a grant agreement with the DC DHCD as the sub-recipient in the administration of the Home Purchase Assistance Program ("HPAP") funded by a variety of sources to include the Community Development Block Grant ("CDBG") funds. DCHFA continued to be one of two program administrators for the HPAP program in FY23 and has been selected for FY24 as well. The Agency processed over 300 HPAP loans in FY23 on behalf of the DC Government and DHCD. Accordingly, the Agency maintains a \$10 million line of credit with Industrial Bank to serve as a facility to fund HPAP loans. The line is paid down upon receipt of reimbursements from DHCD typically monthly. As of September 30, 2023, the outstanding balance on the credit line totaled \$9.9 million.

BASIC FINANCIAL STATEMENTS

The accompanying financial statements include Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows. The Statements of Net Position show the financial position of the Agency and its programs as of the end of the reporting period, while the Statements of Revenues, Expenses and Changes in Net Position show the results of operations for the reporting period. The Statements of Cash Flows show sources and uses of cash in the operating, investing, and financing activities of the Agency and its programs.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Management's Discussion and Analysis (*continued*)
September 30, 2023 and 2022 (Unaudited)

FINANCIAL STATEMENT ANALYSIS

The following information is an analysis of the Agency's financial statements as of and for the year ended September 30, 2023, compared to the financial statements as of and for the years ended September 30, 2022, and 2021:

	<u>2023</u>	<u>Net Change</u>	<u>2022</u>	<u>Net Change</u>	<u>2021</u>
ASSETS					
Current assets	\$ 202,717,321	54.2%	\$ 131,462,165	(23.4)%	\$ 171,586,105
Non-current other assets	467,107,560	13.6%	411,156,774	(1.1)%	415,724,688
Non-current capital assets	<u>2,029,902</u>	(11.9)%	<u>2,305,050</u>	(3.7)%	<u>2,393,891</u>
Total assets	<u>\$ 671,854,783</u>	23.3%	<u>\$ 544,923,989</u>	(7.6)%	<u>\$ 589,704,684</u>
LIABILITIES					
Current liabilities	\$ 154,352,914	48.1%	\$ 104,213,809	(32.9)%	\$ 155,196,966
Non-current liabilities	<u>327,066,057</u>	18.4%	<u>276,187,814</u>	(1.0)%	<u>278,950,195</u>
Total liabilities	<u>481,418,971</u>	26.6%	<u>380,401,623</u>	(12.4)%	<u>434,147,161</u>
NET POSITION					
Net investment in capital assets	<u>1,819,578</u>	(15.3)%	<u>2,149,225</u>	(2.4)%	<u>2,201,126</u>
<i>Restricted for</i>					
Bond fund, collateral and Risk					
Share Program	33,729,290	10.2%	30,607,809	6.5%	28,730,761
McKinney Act Program	<u>9,545,342</u>	(0.8)%	<u>9,624,933</u>	5.1%	<u>9,156,761</u>
Total restricted	<u>43,274,632</u>	7.6%	<u>40,232,742</u>	6.2%	<u>37,887,522</u>
Unrestricted	<u>145,341,602</u>	19.0%	<u>122,140,399</u>	5.8%	<u>115,468,875</u>
Total net position	<u>190,435,812</u>	15.8%	<u>164,522,366</u>	5.8%	<u>155,557,523</u>
Total liabilities and net position	<u>\$ 671,854,783</u>	23.3%	<u>\$ 544,923,989</u>	(7.6)%	<u>\$ 589,704,684</u>

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Management's Discussion and Analysis (continued)
September 30, 2023 and 2022 (Unaudited)

FINANCIAL STATEMENT ANALYSIS (continued)

	<u>2023</u>	<u>Net Change</u>	<u>2022</u>	<u>Net Change</u>	<u>2021</u>
OPERATING REVENUES					
Investment interest income	\$ 4,919,657	105.8%	\$ 2,390,291	(5.1)%	\$ 2,518,369
Mortgage-backed security interest income	482,451	(15.4)%	569,957	(19.6)%	708,774
Interest on mortgage and construction loans	6,293,299	20.4%	5,226,898	1.8%	5,135,051
Construction and development administration fees	4,078,138	79.2%	2,275,851	(26.7)%	3,103,655
Financing fee income	12,927,765	121.2%	5,845,154	23.8%	4,721,625
Tax credit fee income	3,251,154	130.8%	1,408,631	36.7%	1,030,806
Bond administration fee income	8,997,570	22.1%	7,370,384	15.9%	6,357,252
McKinney Act interest revenue	439,962	48.8%	295,733	(4.3)%	308,979
Application and commitment fees	693,024	162.8%	263,660	92.7%	136,797
Legal fees	792,208	47.4%	537,624	19.5%	450,000
Loan fees	402,682	(74.5)%	1,578,235	(53.2)%	3,371,990
Mortgage prepayment penalty income	25,050	(98.1)%	1,339,227	-	-
Project revenue	2,938,856	(43.5)%	5,203,638	44.2%	3,608,422
Other	1,091,794	(28.0)%	1,515,410	(22.7)%	1,959,792
Total operating revenues	<u>47,333,610</u>	<u>32.1%</u>	<u>35,820,693</u>	<u>7.2%</u>	<u>33,411,512</u>
OPERATING EXPENSES					
General and administrative	4,329,223	(4.6)%	4,537,753	(25.4)%	6,082,957
Personnel and related costs	8,223,552	14.7%	7,172,594	20.1%	5,970,199
Interest expense	8,499,265	7.3%	7,922,002	21.5%	6,519,759
Depreciation and amortization	548,119	62.7%	336,970	(14.1)%	392,272
Trustee fees and other expenses	24,662	(15.1)%	29,043	(68.0)%	90,668
Total operating expenses	<u>21,624,821</u>	<u>8.1%</u>	<u>19,998,362</u>	<u>4.9%</u>	<u>19,055,855</u>
Operating income	<u>25,708,789</u>	<u>62.5%</u>	<u>15,822,331</u>	<u>10.2%</u>	<u>14,355,657</u>
Non-operating revenues (expenses)	<u>204,657</u>	<u>(103.0)%</u>	<u>(6,857,488)</u>	<u>494.8%</u>	<u>(1,152,971)</u>
Change in net position	<u>25,913,446</u>	<u>189.1%</u>	<u>8,964,843</u>	<u>(32.1)%</u>	<u>13,202,686</u>
Net position, beginning of year	<u>164,522,366</u>	<u>5.8%</u>	<u>155,557,523</u>	<u>9.3%</u>	<u>142,354,837</u>
Net position, end of year	<u>\$ 190,435,812</u>	<u>15.8%</u>	<u>\$ 164,522,366</u>	<u>5.8%</u>	<u>\$ 155,557,523</u>

Operating Results

During fiscal year 2023, the Agency's combined net position increased by \$25.9 million, or 15.8%, which comprises operating income of \$25.7 million from operations and a non-operating gain of \$.2 million due to a change in the unrealized fair value of mortgage-backed securities and other investments.

Total assets increased \$126.9 million or 23.3% partially attributable to a strong net income year, growth in both our SF and MF indentures, and a new on balance sheet HUD MF risk share deal that closed in late September 2023.

Fiscal year 2023 operating income of \$25.7 million was 62.5% higher than FY22 operating income of \$15.8 million partially attributable to historically high volume and subsequent transaction fees earned from the Multifamily Business which more than offset the drop-in Single Family transaction fees. Due to a rising interest rate environment, our interest income from our investment portfolio rose from FY22.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Management's Discussion and Analysis (*continued*)

September 30, 2023 and 2022 (Unaudited)

FINANCIAL STATEMENT ANALYSIS (*continued*)

Operating Results (*continued*)

Combined operating expenses in fiscal year FY23 vs FY22 were up 1.6 million or 8.1% partially attributed to small growth in the number of employees, increases in overall compensation due to inflation, a higher percentage of benefits paid on behalf of employees and the addition of loan loss reserves.

Total operating expenses for the last three years have been \$21.6 million, \$20.0 million and \$19.1 million for the years FY23, FY22 and FY21, respectively, which is a reasonable growth range in the high inflation environment we experienced.

DEBT MANAGEMENT

Debt activity and mortgage revenue bonds issued for the years ended September 30, 2023, 2022 and 2021 was as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 280,782,284	\$ 282,866,582	\$ 199,581,486
New issuance/draws	72,103,880	47,789,334	99,662,617
Redemptions/maturities	<u>(13,877,217)</u>	<u>(49,873,632)</u>	<u>(16,377,521)</u>
Ending balance	<u>\$ 339,008,947</u>	<u>\$ 280,782,284</u>	<u>\$ 282,866,582</u>

The debt outstanding numbers represent DCHFA's risk share portfolio where it takes financial risk along with the Department of Housing and Urban Development in a portfolio of 21 multi-family projects.

The overall outstanding debt position increased from \$280.8 million at September 30, 2022 to \$339.0 million at September 30, 2023 partly due to one new project added in FY23 year.

In March 2017, the Agency established a line of credit with Industrial Bank for the purpose of funding HPAP loans. As of September 30, 2023, the total outstanding balance on the Industrial credit line was \$9.96 million.

During fiscal year 2023, DCHFA financed 16 new multifamily projects and issued supplemental bonds for two existing deals for \$683.4 million.

During fiscal year 2022, DCHFA financed 12 new multifamily projects for \$272.6 million.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Management's Discussion and Analysis (*continued*)

September 30, 2023 and 2022 (Unaudited)

KEY BOND PROGRAMS

Multifamily Development Program ("MFDP")

The Agency desired to implement a program that provides flexible financing options for loans made to finance housing projects through the issuance of bonds, notes, or other obligations by the Agency. In spring 2017, the Agency established a new multifamily bonds indenture to issue its multifamily mortgage revenue bonds, from time to time, for the purpose of (i) providing funds to finance, among other things, the acquisitions, construction, rehabilitation and equipping and/or permanent financing or refinancing of housing projects in the District of Columbia for occupancy by low- and moderate-income persons and (ii) refunding bonds previously issued by the Agency. The MFDP includes other indentures used prior to the 2017 indenture for the same purposes.

Single Family New Issue Bond Program

Due to the executive management decision several years ago, the Agency changed its single-family business model from bond financing to a purchase and sale of the mortgage-backed securities approach. These purchase and sale transactions are accounted for as General Activities and not under the Single-Family Program.

At the beginning of 2021, the Agency had three outstanding Single-Family indentures 1988, 1996 and 2009. During Fiscal Year 2022, the Agency consolidated the 1996 and 2009 indenture into the 1988 indenture to concentrate assets and reduce administrative costs. The Agency did not issue any new Mortgage Revenue Bonds in 2023 but is always analyzing that execution for possible financial benefits vs the existing strategy of leveraging the "To Be Announced"/MBS execution. The total bonds outstanding in the now consolidated SF indenture is \$.5 million on September 30, 2023.

HUD Risk Sharing Program and Agency General Activities

The Agency has two risk sharing agreements with HUD where HUD pays 100% of the amount needed to retire bonds issued in connection with a defaulted project at the time of the initial claim. Both agreements provide loss sharing in the event of default. The most recent program enhancement allows the Agency to share premiums and losses 50% between the Federal Housing Administration ("FHA") and the Agency whereas the older program splits premiums and losses between FHA at 90% and the Agency at 10%. Due to DCHFA's A+ S&P rating, HUD does not require that DCHFA hold reserves against our risk sharing portfolio of multifamily loans. The Agency has or will have permanent mortgages of approximately \$241.7 million when all current projects complete construction. The risk share portfolio contains 12 projects with permanent mortgages of approximately \$40.6 million which have 10% risk share exposure to the Agency. The remaining nine projects totaling approximately \$201 million in permanent mortgages or commitments of permanent mortgages when construction is complete have a 50% risk share exposure to the Agency.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Management's Discussion and Analysis (*continued*)

September 30, 2023 and 2022 (Unaudited)

CAPITAL ASSETS

Capital assets, net of accumulated depreciation and amortization, were \$2.0 million and \$2.3 million, respectively, as of September 30, 2023 and 2022. The detailed analysis of changes in capital assets is in Note 5.

CONCLUSION

Management's discussion and analysis is presented to provide additional information regarding the activities of the Agency and to meet the disclosure requirements of the Governmental Accounting Standards Board ("GASB"). If you have questions about the report or need additional financial information, contact the Chief Financial Officer, Stephen Clinton, District of Columbia Housing Finance Agency, (202) 777-1620, 815 Florida Avenue, N.W. Washington DC 20001, sclinton@dchfa.org or go to our website at www.dchfa.org.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Statements of Net Position

As of September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
<i>Unrestricted current assets</i>		
Cash and cash equivalents	\$ 34,534,966	\$ 38,181,423
Investments	28,535,840	15,165,142
Other receivables	3,476,949	3,312,419
Accrued interest receivable	1,025,594	567,220
Prepaid expenses	266,907	212,990
Total unrestricted current assets	<u>67,840,256</u>	<u>57,439,194</u>
<i>Restricted current assets</i>		
Cash and cash equivalents	55,740,200	57,636,470
Investments	56,420,367	11,035,000
Accounts receivable - HPAP program	20,360,772	2,892,860
Mortgage-backed securities at fair value	36,965	-
McKinney Act loans receivable, net	750,000	1,585,808
Accrued interest receivable	1,568,761	872,833
Total restricted current assets	<u>134,877,065</u>	<u>74,022,971</u>
Total current assets	<u>202,717,321</u>	<u>131,462,165</u>
NON-CURRENT ASSETS		
<i>Unrestricted non-current assets</i>		
Investments	65,250,605	51,993,809
Mortgage and construction loans receivable, net	6,379,253	6,078,723
Total unrestricted non-current assets	<u>71,629,858</u>	<u>58,072,532</u>
<i>Restricted non-current assets</i>		
Investments held in trust	149,149,473	140,828,738
Investments in joint ventures	1,908,454	1,345,435
Mortgage-backed securities at fair value	10,455,150	12,389,739
Mortgage and construction loans receivable, net	232,337,244	196,796,048
Loans receivable	1,627,381	1,724,282
McKinney Act loans receivable, net	-	-
Total restricted non-current assets	<u>395,477,702</u>	<u>353,084,242</u>

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

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCYStatements of Net Position *(continued)*

As of September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CAPITAL ASSETS		
Land	\$ 573,000	\$ 573,000
Depreciable and amortizable capital assets	6,859,524	6,586,553
Less: Accumulated depreciation and amortization	<u>(5,402,622)</u>	<u>(4,854,503)</u>
Total capital assets, net	<u>2,029,902</u>	<u>2,305,050</u>
Total non-current assets	<u>469,137,462</u>	<u>413,461,824</u>
Total assets	<u><u>\$ 671,854,783</u></u>	<u><u>\$ 544,923,989</u></u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
<i>Current liabilities payable from unrestricted assets</i>		
Accounts payable and accrued liabilities	\$ 174,975	\$ 242,992
Accrued salary and vacation payable	602,002	558,674
Lease liability	39,221	36,940
Unearned income	<u>15,985,601</u>	<u>5,460,680</u>
Total current liabilities payable from unrestricted assets	<u>16,801,799</u>	<u>6,299,286</u>
<i>Current liabilities payable from restricted assets</i>		
Accounts payable and accrued liabilities	218,728	105,204
Project funds held for borrower and other liabilities	124,595,451	92,257,734
Interest payable	715,506	838,230
Current portion of loan payable	9,956,367	2,780,425
Current portion of bonds payable	<u>2,065,063</u>	<u>1,932,930</u>
Total current liabilities payable from restricted assets	<u>137,551,115</u>	<u>97,914,523</u>
Total current liabilities	<u>154,352,914</u>	<u>104,213,809</u>

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

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCYStatements of Net Position *(continued)*

As of September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
NON-CURRENT LIABILITIES		
<i>Non-current liabilities payable from unrestricted assets</i>		
Lease liability	\$ 78,540	\$ 118,885
Total non-current liabilities payable from unrestricted assets	<u>78,540</u>	<u>118,885</u>
<i>Non-current liabilities payable from restricted assets</i>		
Bonds payable - less current portion	<u>326,987,517</u>	<u>276,068,929</u>
Total non-current liabilities payable from restricted assets	<u>326,987,517</u>	<u>276,068,929</u>
Total non-current liabilities	<u>327,066,057</u>	<u>276,187,814</u>
Total liabilities	<u>481,418,971</u>	<u>380,401,623</u>
NET POSITION		
Net investment in capital assets	<u>1,819,578</u>	<u>2,149,225</u>
<i>Restricted for</i>		
Bond Fund, collateral and Risk Share Program	33,729,290	30,607,809
McKinney Act Program	<u>9,545,342</u>	<u>9,624,933</u>
Total restricted net position	<u>43,274,632</u>	<u>40,232,742</u>
Unrestricted net position	<u>145,341,602</u>	<u>122,140,399</u>
Total net position	<u>190,435,812</u>	<u>164,522,366</u>
Total liabilities and net position	<u>\$ 671,854,783</u>	<u>\$ 544,923,989</u>

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

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
 Statements of Revenues, Expenses and Changes In Net Position
 For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Investment interest income	\$ 4,919,657	\$ 2,390,291
Mortgage-backed security interest income	482,451	569,957
Interest on mortgage and construction loans	6,293,299	5,226,898
Construction and development admin fees	4,078,138	2,275,851
Financing fee income	12,927,765	5,845,154
Tax credit fee income	3,251,154	1,408,631
Bond administration fee income	8,997,570	7,370,384
McKinney Act interest revenue	439,962	295,733
Application and commitment fees	693,024	263,660
Legal fees	792,208	537,624
Gain on sale of single family loans	402,682	1,578,235
Mortgage prepayment income	25,050	1,339,227
Project revenue	2,938,856	5,203,638
Other	1,091,794	1,515,410
	<u>47,333,610</u>	<u>35,820,693</u>
OPERATING EXPENSES		
General and administrative	4,329,223	4,537,753
Personnel and related costs	8,223,552	7,172,594
Interest expense	8,499,265	7,922,002
Depreciation and amortization	548,119	336,970
Trustee fees and other expenses	24,662	29,043
	<u>21,624,821</u>	<u>19,998,362</u>
Total operating expenses	<u>21,624,821</u>	<u>19,998,362</u>
Operating income	<u>25,708,789</u>	<u>15,822,331</u>
NON-OPERATING REVENUES/(EXPENSES)		
<i>Federal and city grant programs</i>		
Grant program revenue	45,462,996	8,125,894
Grant program expenses	(45,459,031)	(8,125,894)
Increase (decrease) in fair value of mortgage-backed securities and investments	200,692	(6,857,488)
	<u>204,657</u>	<u>(6,857,488)</u>
Total non-operating (expenses)/revenues	<u>204,657</u>	<u>(6,857,488)</u>
Change in net position	25,913,446	8,964,843
Net position, beginning of year	164,522,366	155,557,523
Net position, end of year	<u>\$ 190,435,812</u>	<u>\$ 164,522,366</u>

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

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Statements of Cash Flows

For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received on loans	\$ 6,293,299	\$ 5,173,438
Administrative and financing cash receipts	27,324,175	15,491,389
Other cash receipts	50,669,075	(32,082,256)
Payments to vendors	(3,848,846)	(12,101,891)
Payments to employees	(8,180,224)	(7,222,511)
Net mortgage and construction loans principal receipts (disbursements)	(35,841,726)	6,999,129
Principal and interest received on mortgage-backed securities	2,278,419	(870,371)
Principal and interest received on McKinney Act loans	754,095	-
Other cash payments	-	(29,043)
Net cash provided by (used in) operating activities	<u>39,448,267</u>	<u>(24,642,116)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Interest paid on bonds and loans	(8,630,215)	(7,712,427)
Proceeds from bond issuances and loans	72,103,878	47,743,776
Principal payments on issued debt and loans	(13,868,991)	(49,873,632)
Bond premium	8,226	45,558
Grant program cash receipts	27,995,084	6,751,141
Grant program cash disbursements	(45,459,031)	(8,125,894)
Net cash provided by (used in) non-capital financing activities	<u>32,148,951</u>	<u>(11,171,478)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(272,970)	(248,147)
Principal payments on lease from operations	(38,064)	(36,940)
Net cash used in capital and related financing activities	<u>(311,034)</u>	<u>(285,087)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in joint ventures	(563,018)	(363,767)
Interest received on investments	3,765,355	2,390,291
Maturities and sales of investments	22,260,000	190,440,267
Purchase of investments	(102,291,248)	(131,597,212)
Net cash (used in) provided by investing activities	<u>(76,828,911)</u>	<u>60,869,579</u>
Net (decrease) increase in cash and cash equivalents	(5,542,727)	24,770,898
Cash and cash equivalents, beginning of year	<u>95,817,893</u>	<u>71,046,995</u>
Cash and cash equivalents, end of year	<u>\$ 90,275,166</u>	<u>\$ 95,817,893</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	\$ 34,534,966	\$ 38,181,423
Restricted cash and cash equivalents	<u>55,740,200</u>	<u>57,636,470</u>
Total cash, cash equivalents and restricted cash	<u>\$ 90,275,166</u>	<u>\$ 95,817,893</u>

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

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCYStatements of Cash Flows *(continued)*

For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Operating income	\$ 25,708,789	\$ 15,822,331
<i>Adjustments to reconcile operating income to net cash provided by (used in) operating activities</i>		
Depreciation and amortization	548,119	336,970
Gain on disposal of assets	-	18
Provision for uncollectible loans	521,675	-
Interest on bonds/loans	8,613,763	7,712,427
Provision for uncollectible interest revenue	-	31,339
Decrease (increase) in mortgage and construction loans	(35,841,726)	6,999,129
Decrease (increase) in mortgage-backed securities	1,795,968	(1,566,766)
Interest received on investments	(3,765,355)	(2,390,291)
<i>Effects of changes in operating assets and liabilities</i>		
<i>Asset/(liability) adjustment</i>		
<i>Decrease (increase) in assets</i>		
Accrued interest receivable	(1,154,302)	(254,094)
Other current assets	(53,917)	89,976
Other receivables	246,504	201,145
<i>Increase (decrease) in liabilities</i>		
Accounts payable and accrued liabilities	88,835	(1,702,729)
Unearned income	10,524,921	2,124,574
Project funds held for borrower and other liabilities	32,337,717	(52,255,720)
Accrued interest payable	(122,724)	209,575
Net cash provided by (used in) operating activities	\$ 39,448,267	\$ (24,642,116)

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

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 1 ORGANIZATION AND PURPOSE

The District of Columbia Housing Finance Agency (the “Agency” or “DCHFA”) was created as a corporate body which has a legal existence separate from the Government of the District of Columbia (the “District”) but which is an instrumentality of the District, created to effectuate certain public purposes. The Agency is empowered to, among other activities, generate funds from public and private sources to increase the supply and lower the cost of funds available for residential mortgages and notes and for the construction of permanent multifamily rental properties.

In 1991, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 14, *The Financial Reporting Entity*. The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the Agency considered whether its officials appoint a voting majority of an organization’s governing body and the Agency is either able to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Agency. The Agency also considered whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the Agency.

These financial statements present only financial information about the Agency. The Agency qualifies for inclusion in the District’s reporting entity pursuant to GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. These financial statements do not purport to, and do not, present fairly the financial position of the District and the changes in its financial position and its cash flows, in conformity with accounting principles generally accepted in the United States of America. The Agency is included in the District’s Annual Comprehensive Financial Report as a discretely presented component unit.

The accompanying combined financial statements include DCHFA’s General Activities and Revenue Obligation Programs: Single Family Program and Multifamily Program. Within each Revenue Obligation Program are separate accounts maintained for each obligation in accordance with the respective indentures.

The bonds and notes issued by the Agency are special obligations of the Agency payable principally from revenue and repayments of mortgage loans and mortgage-backed securities and investments, financed by or purchased from the proceeds of such bonds under applicable indentures and are not a debt of the District. Neither the faith and credit nor the taxing power of the District is pledged for the repayment of the bonds.

The Agency’s line of credit is backed by the Agency’s unrestricted assets and constitutes the Agency’s general obligation.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 1 ORGANIZATION AND PURPOSE *(continued)*

The following is a description of the activities and programs maintained by the Agency:

General Activities

The General Activities record the receipt and accrual of income not directly pledged for repayment of debt securities under the Revenue Obligation Programs, to pay expenses related to the Agency's administrative functions and operations, including mortgage servicing, HUD Risk-Share Insurance Program, McKinney Act Loan Program and purchase and sale of single-family mortgage-backed securities.

Single-Family Program

The Single-Family Program is used to account for the proceeds of single-family mortgage revenue bond issues, investments, mortgage loans and mortgage-backed securities held pursuant to the indentures authorizing the issuance of the bonds, the debt service requirements on the bonds, and debt service collected from mortgage loans purchased for the financing of owner-occupied single family residences in the District. The Single-Family Program includes the 1988 Collateralized Single Family Mortgage Revenue Bonds, which consolidated the 1996 and 2009 indentures into the 1988 indenture to concentrate assets and reduce administrative costs in 2021.

Multifamily Program

The Multifamily Program is used to account for proceeds of bonds, notes, debentures or other financial indebtedness of the Agency issued under the Multifamily Development Program Indenture ("MFDP") and smaller indentures under the multifamily HUD Risk-Share Insurance Program (the "Indentures"), cash and investments held under the Indentures' revenue funds, debt service reserve funds, rebate funds, redemption funds and program subsidy funds, mortgage loans held pursuant to the Indentures, and repayments and prepayments collected from mortgage loans originated to finance multifamily residential rental facilities within the District for persons or families of limited income.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the Agency's significant accounting policies:

Basis of Accounting and Measurement Focus

For financial reporting purposes only, the Agency is a component unit of the District. The Agency's General Activities and Revenue Obligation Programs are accounted for as an enterprise fund. Accordingly, the accompanying financial statements have been prepared using the accrual basis of accounting following accounting principles generally accepted in the United States of America.

Operating Revenues and Expenses

The Agency distinguishes operating revenues and expenses from non-operating items in conformity with GASB Statement No. 34. Operating revenues and expenses are identified with those activities that are directly related to financing affordable housing in the District. Operating revenues primarily consist of interest on mortgage-backed securities, interest on mortgage and construction loans and investment of bond proceeds, issuer fees, construction monitoring fees, servicing fees and other revenues. Operating expenses primarily consist of bond interest, personnel costs, bond issuance costs, bond administrative fees, trustee, legal and financial advisory fees, accretion of discounts and amortization of premiums and other operating expenses.

Non-Operating Revenues and Expenses

Non-operating revenue and expenses mainly consist of changes in fair value of mortgage-backed securities and other investments and of federal and city grant program related transactions. Federal and city grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, demand deposits, money market funds and investments in highly liquid short-term instruments with original maturities of three months or less at the time of purchase.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Investments

Investments consist of debt obligations of the U.S. Treasury and U.S. Government Agencies, government-sponsored enterprises (“GSEs”), corporate and municipal debt securities, certificates of deposit and investment agreements. Investments are reported at fair value as determined by financial services providers, except for certificates of deposit and certain non-participating fixed interest investment contracts, which are valued using cost-based measures. Debt securities are stated at fair value, based on the quoted market prices. General Activities investments are made in accordance with the Agency’s investment policy. Investments in the Revenue Obligation Programs follow the Agency investment policy and consist of those permitted by the respective trust indentures adopted by the Agency providing for the issuance of notes and bonds. Investments reported at fair value in the Statements of Net Position report changes in the fair value of investments in the Statements of Revenues, Expenses and Changes in Net Position as part of non-operating revenues.

Mortgage-Backed Securities

Mortgage-backed securities represent certificates issued by the Government National Mortgage Association (“Ginnie Mae” or “GNMA”), the Federal National Mortgage Association (“Fannie Mae” or “FNMA”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac” or “FHLMC”). These securities are stated at fair value as determined by financial services providers or financial publications. These guaranteed securities are issued in connection with single family mortgage loans and mortgage loans on multifamily projects. Each of these securities is generally intended to be held to maturity or optional par redemption date for the underlying bonds or until the payoff of the related loans. The repayment and prepayments of the mortgage-backed securities are at par value based on the guarantees embedded in these securities. Mortgage-backed securities are reported at fair value on the Statements of Net Position and unrealized changes in the fair value of mortgage-backed securities are recognized in the Statements of Revenues, Expenses and Changes in Net Position as part of non-operating income.

Mortgage and Construction Loans Receivable

Mortgage loans are carried at their unpaid principal balances, and construction loans are carried at amounts advanced, net of collections and allowances for potential loan losses. The Agency’s allowance for doubtful accounts policy is to charge expenses for estimated probable losses which are established as an allowance for loan losses. The allowance is an amount that management believes will be adequate to absorb losses inherent in existing loans based on evaluations of collectability and prior loss experience as well as a competitive benchmarking study.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital Assets

Capital asset purchases are recorded as General Activities, capitalized at cost and depreciated using the straight-line method over the estimated useful lives. Depreciable capital assets are depreciated over 5 to 40 years. Software is amortized over 5 years. Right to use leased assets are amortized over 63 months.

Bond Discounts and Premiums

Bond discounts or premiums arising from the sale of serial or term bonds are accreted/amortized using the straight-line method which approximates the effective yield method, over the life of the bond issue.

Net Position

The Agency first applies restricted resources when an expense is incurred, for purposes for which both restricted and unrestricted net position is available. Net position is reported in three separate categories:

- *Net investment in capital assets* - Capital assets, net of accumulated depreciation/amortization and outstanding principal balances of debt and lease liabilities attributable to the acquisition, construction or improvement of those assets.
- *Restricted* - Net position whose use by the Agency is subject to externally imposed stipulations (such as bond covenants, grantors, contributors, or laws or regulations of other governments; or are imposed by law through constitutional provisions or enabling legislation) that can be fulfilled by actions of the Agency pursuant to those stipulations or that expire with the passage of time. Such net assets include all Revenue Obligation Programs, HOME and DC Open Doors Program funds under the Single-Family Program, certain holdings under General Activities: the McKinney Act Program funds, HUD Risk-Share Reserve and assets used as collateral for the credit line draws or as warehouse securities for future bond issues.
- *Unrestricted* - Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Financing and Other Fee Revenue

The Agency originates single family mortgage loans which are pooled into mortgage- backed securities used as direct collateral for the respective bonds. As part of this securitization, the Agency earns servicing release fees net of originating lender fees.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of Estimates

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

Reclassifications

A number of reclassifications were made to the 2022 financial statements to conform them to the 2023 presentation, primarily involving breaking out “Other revenues” in the Statements of Revenues, Expenses and Changes in Net Position to provide more detailed information on the nature of such revenues and reporting “Grant program cash receipts and disbursements” gross in the Statements of Cash Flows.

NOTE 3 CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE- BACKED SECURITIES

Bond proceeds and revenues from mortgages, mortgage-backed securities and investments are invested in authorized investments as defined in the respective indentures and, for General Activities, in accordance with the Agency’s Investment Policy, until required for purchasing mortgage-backed securities or originating mortgage loans, funding reserves, paying debt service or redeeming outstanding bonds and notes, and funding program and administrative and operating expenses.

The following assets, held at September 30, 2023, were evaluated in accordance with GASB Statement No. 40 *Deposit and Investment Risk Disclosures* for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

NOTE 3 CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE- BACKED SECURITIES *(continued)*

Assets	General Activities	Single Family Program	Multifamily FHA - Insured		
		1988 Collateralized Single Family Mortgage Revenue Bonds	Pass-Through Revenue Refunding Bonds (MFDP)	Multifamily Program	Total
<i>Cash and cash equivalents</i>					
Non-Money Market Deposits	\$ 7,533,426	\$ -	\$ 181,501	\$ 12	\$ 7,714,939
Demand Money Market Deposits	45,302,301	-	3,779,724	1,524,913	50,606,938
Money Market Funds	-	9,494,019	22,188,901	270,369	31,953,289
Total cash and cash equivalents	52,835,727	9,494,019	26,150,126	1,795,294	90,275,166
<i>Investments</i>					
Certificate of Deposit	14,141,208	-	-	-	14,141,208
U.S. Treasury Obligations	26,161,197	-	64,749,714	-	90,910,911
Municipal Obligations	895,000	-	-	-	895,000
Investment Agreements	-	10,000,000	130,165,558	-	140,165,558
Corporate Obligations	50,223,982	-	-	-	50,223,982
GSE Obligations	2,365,059	-	654,567	-	3,019,626
Total investments	93,786,446	10,000,000	195,569,839	-	299,356,285
<i>Mortgage-Backed Securities</i>					
Ginnie Mae	365,353	1,619,868	-	-	1,985,221
Fannie Mae	876,572	1,587,605	-	-	2,464,177
Freddie Mac	3,040,842	3,001,875	-	-	6,042,717
Total Mortgage-Backed Securities	4,282,767	6,209,348	-	-	10,492,115
Total cash, investments and Mortgage-Backed Securities	\$ 150,904,940	\$ 25,703,367	\$ 221,719,965	\$ 1,795,294	\$ 400,123,566

The following assets, held at September 30, 2022, were evaluated in accordance with GASB Statement No. 40 *Deposit and Investment Risk Disclosures* for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Assets	General Activities	Single Family Program	Multifamily FHA - Insured		
		1988 Collateralized Single Family Mortgage Revenue Bonds	Pass-Through Revenue Refunding Bonds (MFDP)	Multifamily Program	Total
<i>Cash and cash equivalents</i>					
Non-Money Market Deposits	\$ 7,258,170	\$ -	\$ 3	\$ 12	\$ 7,258,185
Demand Money Market Deposits	46,613,003	-	3,459,985	1,483,615	51,556,603
Money Market Funds	-	8,919,567	27,832,041	251,497	37,003,105
Total cash and cash equivalents	53,871,173	8,919,567	31,292,029	1,735,124	95,817,893
<i>Investments</i>					
Certificate of Deposit	4,126,696	-	3,335,000	-	7,461,696
U.S. Treasury Obligations	12,703,359	-	-	-	12,703,359
Municipal Obligations	4,038,167	-	-	-	4,038,167
Investment Agreements	-	10,000,000	137,865,562	-	147,865,562
Corporate Obligations	43,028,816	-	-	-	43,028,816
GSE Obligations	3,261,913	-	663,176	-	3,925,089
Total investments	67,158,951	10,000,000	141,863,738	-	219,022,689
<i>Mortgage-Backed Securities</i>					
Ginnie Mae	385,941	2,380,458	-	-	2,766,399
Fannie Mae	926,734	1,886,975	-	-	2,813,709
Freddie Mac	3,453,504	3,356,127	-	-	6,809,631
Total Mortgage-Backed Securities	4,766,179	7,623,560	-	-	12,389,739
Total cash, investments and Mortgage-Backed Securities	\$ 125,796,303	\$ 26,543,127	\$ 173,155,767	\$ 1,735,124	\$ 327,230,321

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

NOTE 3 CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE- BACKED SECURITIES *(continued)*

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Under the Revenue Obligation Programs, the terms of the investments are set to allow for no market value loss at the time the invested funds are drawn for uses authorized under the indentures. As a means of limiting its exposure to fair value losses from rising interest rates for General Activities, the Agency's Investment Policy requires that the maturities of the investment portfolio are structured to be concurrent with cash needs in order to minimize losses that may be incurred from sale of investments prior to maturity. The money market funds operate in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. These funds can reasonably be 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. The cost of the money market mutual funds approximated fair value.

As of September 30, 2023, the amortized cost, carrying value and maturities for the cash, cash equivalents, investments and mortgage-backed securities for General Activities are as follows:

General Activities as of September 30, 2023:

Assets	Cost	Carrying Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<i>Cash and cash equivalents</i>							
Non-Money Market Deposits	\$ 7,533,426	\$ 7,533,426	\$ 7,533,426	\$ -	\$ -	\$ -	\$ -
Demand Money Market Deposits	45,302,301	45,302,301	45,302,301	-	-	-	-
Total cash and cash equivalents	52,835,727	52,835,727	52,835,727	-	-	-	-
<i>Investments</i>							
Certificate of Deposit	14,141,208	14,141,208	3,093,830	11,047,378	-	-	-
U.S. Treasury Obligations	27,198,692	26,161,197	3,704,927	22,320,578	135,692	-	-
Municipal Obligations	895,000	895,000	895,000	-	-	-	-
Corporate Obligations	51,884,525	50,223,982	19,722,943	30,211,610	289,429	-	-
GSE Obligations	2,493,059	2,365,059	1,119,140	1,169,518	76,401	-	-
Total investments	96,612,484	93,786,446	28,535,840	64,749,084	501,522	-	-
<i>Mortgage-Backed Securities</i>							
Ginnie Mae	399,314	365,353	-	-	-	-	365,353
Fannie Mae	965,248	876,572	-	-	-	-	876,572
Freddie Mac	3,974,614	3,040,842	-	-	-	-	3,040,842
Total Mortgage-Backed Securities	5,339,176	4,282,767	-	-	-	-	4,282,767
General Activities total cash, investments and Mortgage-Backed Securities	\$ 154,787,387	\$ 150,904,940	\$ 81,371,567	\$ 64,749,084	\$ 501,522	\$ -	\$ 4,282,767

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

NOTE 3 CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE- BACKED SECURITIES (continued)

Interest Rate Risk (continued)

As of September 30, 2022, the amortized cost, carrying value and maturities for the cash, cash equivalents, investments and mortgage-backed securities for General Activities were as follows:

General Activities as of September 30, 2022:

Assets	Cost	Carrying Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<i>Cash and cash equivalents</i>							
Non-Money Market Deposits	\$ 7,258,170	\$ 7,258,170	\$ 7,258,170	\$ -	\$ -	\$ -	\$ -
Demand Money Market Deposits	46,613,003	46,613,003	46,613,003	-	-	-	-
Total cash and cash equivalents	53,871,173	53,871,173	53,871,173	-	-	-	-
<i>Investments</i>							
Certificate of Deposit	4,126,696	4,126,696	4,126,696	-	-	-	-
U.S. Treasury Obligations	13,753,351	12,703,359	-	12,565,141	138,218	-	-
Municipal Obligations	4,120,149	4,038,167	3,174,966	863,201	-	-	-
Corporate Obligations	45,519,747	43,028,816	6,903,170	35,559,252	566,394	-	-
GSE Obligations	3,493,059	3,261,913	960,310	2,223,268	78,335	-	-
Total investments	71,013,002	67,158,951	15,165,142	51,210,862	782,947	-	-
<i>Mortgage-Backed Securities</i>							
Ginnie Mae	410,659	385,941	-	385,941	-	-	-
Fannie Mae	991,579	926,734	-	926,734	-	-	-
Freddie Mac	4,236,511	3,453,504	-	3,453,504	-	-	-
Total Mortgage-Backed Securities	5,638,749	4,766,179	-	4,766,179	-	-	-
General Activities total cash, investments and Mortgage-Backed Securities	\$ 130,522,924	\$ 125,796,303	\$ 69,036,315	\$ 55,977,041	\$ 782,947	\$ -	\$ -

Combined Revenue Obligation Programs as of September 30, 2023:

As of September 30, 2023, the amortized cost, carrying value and maturities for the cash, cash equivalents, investments and mortgage-backed securities for the Combined Revenue Obligation Programs are as follows:

Assets	Cost	Carrying Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<i>Cash and cash equivalents</i>							
Non-Money Market Deposits	\$ 181,513	\$ 181,513	\$ 181,500	\$ -	\$ -	\$ 1	\$ 12
Demand Money Market Deposits	5,304,637	5,304,637	5,304,637	-	-	-	-
Money Market Funds	31,953,289	31,953,289	31,953,289	-	-	-	-
Total cash and cash equivalents	37,439,439	37,439,439	37,439,426	-	-	1	12
<i>Investments</i>							
U.S. Treasury Obligations	64,541,271	64,749,714	1,945,367	62,804,347	-	-	-
Investment Agreements	140,165,558	140,165,558	54,475,000	85,690,558	-	-	-
GSE Obligations	689,822	654,567	-	654,567	-	-	-
Total investments	205,396,651	205,569,839	56,420,367	149,149,472	-	-	-
<i>Mortgage-Backed Securities</i>							
Ginnie Mae	1,751,702	1,619,868	36,965	173,164	448,646	-	961,093
Fannie Mae	1,658,690	1,587,605	-	3,193	-	1,419,925	164,487
Freddie Mac	3,038,030	3,001,875	-	-	-	2,713,433	288,442
Total Mortgage-Backed Securities	6,448,422	6,209,348	36,965	176,357	448,646	4,133,358	1,414,022
Combined revenue obligation programs total cash, investments and Mortgage-Backed Securities	\$ 249,284,512	\$ 249,218,626	\$ 93,896,758	\$ 149,325,829	\$ 448,646	\$ 4,133,359	\$ 1,414,034

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

NOTE 3 CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE- BACKED SECURITIES *(continued)*

Interest Rate Risk *(continued)*

Combined Revenue Obligation Programs as of September 30, 2022:

As of September 30, 2022, the amortized cost, carrying value and maturities for the cash, cash equivalents, investments and mortgage-backed securities for the Combined Revenue Obligations were as follows:

Assets	Cost	Carrying Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<i>Cash and cash equivalents</i>							
Non-Money Market Deposits	\$ 15	\$ 15	\$ 2	\$ -	\$ -	\$ -	\$ 13
Demand Money Market Deposits	4,943,600	4,943,600	4,943,600	-	-	-	-
Money Market Funds	37,003,105	37,003,105	37,003,105	-	-	-	-
Total cash and cash equivalents	41,946,720	41,946,720	41,946,707	-	-	-	13
<i>Investments</i>							
Certificate of Deposit	3,335,000	3,335,000	3,335,000	-	-	-	-
Investment Agreements	147,865,562	147,865,562	7,700,000	140,165,562	-	-	-
GSE Obligations	689,822	663,176	-	-	663,176	-	-
Total investments	151,890,384	151,863,738	11,035,000	140,165,562	663,176	-	-
<i>Mortgage-Backed Securities</i>							
Ginnie Mae	2,477,478	2,380,458	-	438,871	532,304	1,566,414	1,409,283
Fannie Mae	1,927,101	1,886,975	-	32,110	-	1,014,986	288,451
Freddie Mac	3,339,164	3,356,127	-	-	-	-	2,341,141
Total Mortgage-Backed Securities	7,743,743	7,623,560	-	470,981	532,304	2,581,400	4,038,875
Combined revenue obligation program total cash, investments and Mortgage-Backed Securities	\$ 201,580,847	\$ 201,434,018	\$ 52,981,707	\$ 140,636,543	\$ 1,195,480	\$ 2,581,400	\$ 4,038,888

As of September 30, 2023 and 2022, the amortized cost, carrying value and maturities for the cash, cash equivalents, investments and mortgage-backed securities for each Revenue Obligation Program are included as Supplemental Information to these financial statements.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits or investments may not be returned to it. The Agency does not have a policy for custodial credit risk.

As of September 30, 2023, \$71,705,419 of the Agency's bank balances of \$72,705,419 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,232,970
Uninsured and collateral held by pledging bank	64,472,449
Total	\$ 71,705,419

In addition, investments (excluding certificates of deposit which are included above as deposits) including U.S. Treasury Obligations, corporate obligations, municipal obligations, GSE obligations, and mortgage-backed securities are not subject to custodial credit risk since they are held with one custodian in the Agency's name.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

NOTE 3 CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE- BACKED SECURITIES *(continued)*

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. All of General Activity cash and investments are either collateralized, FDIC-insured, or invested in the U.S. Government, U.S. Government Agency or government- sponsored enterprises or highly rated corporate debt securities. In general all investment securities under the Revenue Obligation Programs must be at a rating not adversely affecting the rating of the respective bonds; and financial institutions who are counterparty to the Agency must be rated at least comparable to the existing rating on the Agency's bonds, unless counterparty ratings lower than the bond ratings are permitted in a specific indenture and do not affect the ratings on the bonds as determined at the time the investment securities are acquired or investment agreements are executed. The ratings on the 1988 Collateralized Single Family Mortgage Revenue Bonds as of September 30, 2023 and 2022 were AA+ by Standard & Poor's Global Ratings. All multifamily bond indentures under the Multifamily Development and Multifamily Programs were rated by Moody's Investor Service or Standard and Poor's Global Ratings at various levels depending on the credit quality of the underlying collateral or were unrated private placements where investment ratings conformed to the specific bond investor requirements.

As of September 30, 2023, the credit quality and percentages of the total portfolio of cash equivalents and investments under the Agency's General Activities are as follows:

General Activities as of September 30, 2023

<u>Asset</u>	<u>Carrying Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating/Supporting Collateral</u>
<i>Cash and cash equivalents</i>					
Non-Money Market Deposits	\$ 7,533,426	5.0%	Not Rated		Third Party-Held Aaa Collateral
Demand Money Market Deposits	43,555,482	29.0%	Not Rated		Federal Reserve-Held Aaa Collateral
Demand Money Market Deposits	1,746,819	1.2%	P-1	Moody's	
Total cash and cash equivalents	52,835,727	35.2%			
<i>Investments</i>					
Certificate of Deposit	14,141,208	9.4%	Not Rated		Federal Reserve-Held Aaa Collateral
U.S. Treasury Obligations	26,161,197	17.3%	Aaa	Moody's	
Municipal Obligations	895,000	0.6%	Aa2	Moody's	
Corporate Obligations	213,701	0.1%	Aaa	Moody's	
Corporate Obligations	462,785	0.3%	Aa2	Moody's	
Corporate Obligations	2,240,727	1.5%	Aa3	Moody's	
Corporate Obligations	12,089,647	8.0%	A1	Moody's	
Corporate Obligations	17,077,881	11.2%	A2	Moody's	
Corporate Obligations	18,139,241	12.0%	A3	Moody's	
GSE Obligations	2,365,059	1.6%	Aaa	Moody's	
Total investments	93,786,446	62.0%			
<i>Mortgage-Backed Securities</i>					
Ginnie Mae	365,353	0.2%	Aaa	Moody's	
Fannie Mae	876,572	0.6%	Aaa	Moody's	
Freddie Mac	3,040,842	2.0%	Aaa	Moody's	
Total investments	4,282,767	2.8%			
General Activities total cash, investments and Mortgage-Backed Securities	\$ 150,904,940	100.0%			

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

NOTE 3 CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE- BACKED SECURITIES *(continued)*

Credit Risk and Concentration of Credit Risk *(continued)*

As of September 30, 2022, the credit quality and percentages of the total portfolio of cash equivalents and investments under the Agency's General Activities were as follows:

General Activities as of September 30, 2022

<u>Asset</u>	<u>Carrying Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating/Supporting Collateral</u>
<i>Cash and cash equivalents</i>					
Non-Money Market Deposits	\$ 7,258,170	5.8%	Not Rated		Third Party-Held Aaa Collateral
Demand Money Market Deposits	42,476,605	33.8%	Not Rated		Federal Reserve-Held Aaa Collateral
Demand Money Market Deposits	<u>4,136,398</u>	<u>3.3%</u>	P-1	Moody's	
Total cash and cash equivalents	<u>53,871,173</u>	<u>42.9%</u>			
<i>Investments</i>					
Certificate of Deposit	4,126,696	3.3%	Not Rated		Federal Reserve-Held Aaa Collateral
U.S. Treasury Obligations	12,703,359	10.1%	Aaa	Moody's	
Municipal Obligations	539,721	0.4%	Aa1	Moody's	
Municipal Obligations	3,498,446	2.8%	Aa2	Moody's	
Corporate Obligations	213,584	0.2%	Aaa	Moody's	
Corporate Obligations	463,512	0.4%	Aa2	Moody's	
Corporate Obligations	4,187,148	3.3%	Aa3	Moody's	
Corporate Obligations	8,965,439	7.1%	A1	Moody's	
Corporate Obligations	16,076,916	12.7%	A2	Moody's	
Corporate Obligations	12,146,517	9.7%	A3	Moody's	
Corporate Obligations	975,700	0.8%	Baa2	Moody's	
GSE Obligations	<u>3,261,913</u>	<u>2.6%</u>	Aaa	Moody's	
Total investments	<u>67,158,951</u>	<u>53.4%</u>			
<i>Mortgage-Backed Securities</i>					
Ginnie Mae	385,941	0.3%	Aaa	Moody's	
Fannie Mae	926,734	0.7%	Aaa	Moody's	
Freddie Mac	<u>3,453,504</u>	<u>2.7%</u>	Aaa	Moody's	
Total investments	<u>4,766,179</u>	<u>3.7%</u>			
General Activities total cash, investments and Mortgage-Backed Securities	<u>\$ 125,796,303</u>	<u>100.0%</u>			

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

NOTE 3 CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE- BACKED SECURITIES *(continued)*

Credit Risk and Concentration of Credit Risk *(continued)*

As of September 30, 2023, the credit quality and percentages of the total portfolio of cash equivalents, investments and mortgage-backed securities under the Revenue Obligation Programs are as follows:

Combined Revenue Obligation Programs as of September 30, 2023

<u>Asset</u>	<u>Carrying Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating/Supporting Collateral</u>
<i>Cash and cash equivalents</i>					
Non-Money Market Deposits	\$ 181,513	0.1%	Not Rated		Uncollateralized, Uninsured
Demand Money Market Deposits	5,304,637	2.1%	P-1	Moody's	
Money Market Funds	<u>31,953,289</u>	<u>12.8%</u>	Aaa-mf	Moody's	
Total cash and cash equivalents	<u>37,439,439</u>	<u>15.0%</u>			
<i>Investments</i>					
U.S. Treasury Obligations	64,749,714	26.0%	Aaa	Moody's	
Investment Agreements	47,340,558	19.0%	Aa2	Moody's	
Investment Agreements	54,475,000	21.9%	Aa3	Moody's	
Investment Agreements	38,350,000	15.4%	A1	Moody's	
GSE Obligations	<u>654,567</u>	<u>0.3%</u>	Aaa	Moody's	
Total investments	<u>205,569,839</u>	<u>82.6%</u>			
<i>Mortgage-Backed Securities</i>					
Ginnie Mae	1,619,868	0.6%	Aaa	Moody's	
Fannie Mae	1,587,605	0.6%	Aaa	Moody's	
Freddie Mac	<u>3,001,875</u>	<u>1.2%</u>	Aaa	Moody's	
Total Mortgage-Backed Securities	<u>6,209,348</u>	<u>2.4%</u>			
Combined revenue obligation programs total cash, investments and Mortgage-Backed Securities	\$ 249,218,626	100.0%			

As of September 30, 2022, the credit quality and percentages of the total portfolio of cash equivalents, investments and mortgage-backed securities under the Revenue Obligation Programs were as follows:

Combined Revenue Obligation Programs as of September 30, 2022

<u>Asset</u>	<u>Carrying Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating/Supporting Collateral</u>
<i>Cash and cash equivalents</i>					
Non-Money Market Deposits	\$ 15	0.0%	Not Rated		Uncollateralized, Uninsured
Demand Money Market Deposits	4,943,600	2.5%	P1	Moody's	
Money Market Funds	<u>37,003,105</u>	<u>18.4%</u>	Aaa-mf	Moody's	
Total cash and cash equivalents	<u>41,946,720</u>	<u>20.9%</u>			
<i>Investments</i>					
Certificate of Deposit	3,335,000	1.7%	Not Rated		Federal Reserve-Held Aaa Collateral
Investment Agreements	55,040,562	27.3%	Aa2	Moody's	
Investment Agreements	54,475,000	27.0%	Aa3	Moody's	
Investment Agreements	38,350,000	19.0%	A1	Moody's	
GSE Obligations	<u>663,176</u>	<u>0.3%</u>	Aaa	Moody's	
Total investments	<u>151,863,738</u>	<u>75.3%</u>			
<i>Mortgage-Backed Securities</i>					
Ginnie Mae	2,380,458	1.2%	Aaa	Moody's	
Fannie Mae	1,886,975	0.9%	Aaa	Moody's	
Freddie Mac	<u>3,356,127</u>	<u>1.7%</u>	Aaa	Moody's	
Total Mortgage-Backed Securities	<u>7,623,560</u>	<u>3.8%</u>			
Combined revenue obligation programs total cash, investments and Mortgage-Backed Securities	\$ 201,434,018	100.0%			

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 3 CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE- BACKED SECURITIES *(continued)*

Credit Risk and Concentration of Credit Risk *(continued)*

The cash and cash equivalents, investment and mortgage-backed security portfolio with breakdown by credit quality and percentage of total portfolio for each of the Revenue Obligation Programs at September 30, 2023 and 2022 are listed as Supplemental Information to these financial statements.

Cash and Cash Equivalents

The Agency's combined cash and cash equivalents balance as of September 30, 2023 and 2022 consists primarily of amounts held in fully collateralized demand deposit bank accounts for General Activities and in highly rated money market fund trust accounts set up for each revenue bond indenture and administered by the Agency's bond trustees. The collateral for the demand deposits is held by either the Federal Reserve Bank or a third-party, as a collateral agent under the tri-party agreements.

Investments

The Agency follows the Investment Policy guidelines with regard to its General Activities' financial assets and Revenue Obligation Program indentures. The policy states that the Agency financial assets shall be held in cash and cash equivalents or invested and managed with the intention of obtaining the highest possible total return consistent with the Agency's liquidity needs and a prudent level of investment risk. Under the bond programs the permitted investments are stipulated in the respective covenants of the indentures of trust.

Investments of proceeds from bond issuances in investment agreements are governed by the covenants of the respective indentures of trust entered between the Agency, the trustee and the investment agreement provider. All investment agreements are fixed interest rate investment contracts with rated financial institutions. In case of a downgrade beyond a preset threshold, the investment providers are required to collateralize both principal and interest with qualifying securities to be held by a designated collateral agent with mark to market and undervalue cure provisions.

Investments in money market funds are short-term in nature and are held by bond trustees for the benefit of the respective indentures. They carry the highest short- term credit ratings by nationally recognized statistical rating agencies, such as Standard & Poor's Global Ratings and Moody's Investors Service. Investments in the U.S. Treasury securities are guaranteed by the full faith and credit of the United States Government.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 3 CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE- BACKED SECURITIES *(continued)*

Mortgage-backed Securities

Ginnie Mae mortgage-backed securities are guaranteed by the Government National Mortgage Association (“Ginnie Mae or GNMA”), an instrument of the United States Government. GNMA securities are “fully modified pass-through” mortgage-backed securities which require monthly payments by an FHA lender, as the issuer of the Guaranteed Security to the Agency. GNMA guarantees timely payment of principal and interest on Guaranteed Securities.

Fannie Mae and Freddie Mac mortgage-backed pass-through securities are top-rated by Standard & Poor’s and Moody’s Investors Service. The principal and interest payment on these mortgage-backed securities are guaranteed by Fannie Mae and Freddie Mac, accordingly. Though there is no explicit guarantee that Fannie Mae and Freddie Mac mortgage-backed securities are backed by the full faith and credit of the U.S. Government, there is, however, an implicit guarantee, as government-sponsored enterprises are chartered by the U.S. Congress. In 2008 both Freddie Mac and Fannie Mae were placed into the U.S. Government conservatorship. The rating agencies continue to assign high credit ratings to both of these entities.

Ginnie Mae, Fannie Mae and Freddie Mac mortgage-backed securities are reported at their fair values in accordance with GASB Statement No. 31. It is the intention of the Agency and the indentures to hold these mortgage-backed securities until the underlying loans are paid in full, or, if allowed, until the respective bonds become optionally redeemable and the sale of these securities does not negatively affect the indenture cash flows.

For the years ended September 30, 2023 and 2022, under the Agency’s Single Family Program, (\$101,656) and (\$1,117,559), respectively, of non-operating (expense) was recorded in the Statements of Revenues, Expenses and Changes in Net Position to record the unrealized (loss) in the fair value of the Program’s mortgage-backed security and investment portfolio.

For the years ended September 30, 2023 and 2022, under the Agency’s Multifamily Program, \$199,831 and (\$114,635), respectively, of non-operating revenues (expense) was recorded in the Statements of Revenues, Expenses and Changes in Net Position to record the unrealized gain (loss) in the fair value of the Program’s mortgage-backed security and investment portfolio.

For the years ended September 30, 2023 and 2022, for the Agency’s General Activities, \$828,902 and (\$5,625,294), respectively, of non-operating revenues (expense) was recorded in the Statements of Revenues, Expenses and Changes in Net Position to record the unrealized gain (loss) in the fair value of the General Activity’s mortgage-backed security and investment portfolio.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 3 CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE- BACKED SECURITIES *(continued)*

Investments in Joint Ventures

DCHFA established the Housing Investment Platform (“HIP”) in June 2017 to make innovative investments in support of the District of Columbia housing market outside of its traditional bond and tax credit financing. The investments are targeted towards developing workforce housing by partnering with emerging developers. DCHFA is the sole member of the DCHFA HIP Manager, LLC, which is the general partner of the DC Housing Investment Platform, LP. DC Housing Investment Platform, LP is the limited partner in the ultimate development entity. As of September 30, 2023 and 2022, the investment in joint ventures totaled \$1,908,454 and \$1,345,435, respectively.

Fair Value of Investments

The Agency has adopted GASB No. 72, *Fair Value Measurement and Application*. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value:

Level 1: Quoted market prices in active markets.

Level 2: Inputs other than quoted market prices that are observable either directly or indirectly.

Level 3: Unobservable inputs.

The following tables present the investments that the Agency measured at fair value as of September 30, 2023 and 2022. Certificates of deposit of \$14,141,208 and \$7,461,696 and Investment Agreements of \$140,165,558 and \$147,865,562, as of September 30, 2023 and 2022, respectively, are included in Investments on the Statement of Net Position but are not included in the following schedule since they are not carried at fair value.

<u>2023</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate obligations	\$ 50,223,982	\$ -	\$ 50,223,982	\$ -
Municipal obligations	895,000	-	895,000	-
GSE obligations	3,019,626	-	3,019,626	-
U.S. Treasury Obligations	90,910,911	90,910,911	-	-
Mortgage Backed Securities	10,492,115	-	10,492,115	-
Total investments and MBS	\$ 155,541,634	\$ 90,910,911	\$ 64,630,723	\$ -

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 3 CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE- BACKED SECURITIES (continued)

Fair Value of Investments (continued)

2022	Total	Level 1	Level 2	Level 3
Corporate obligations	\$ 43,028,816	\$ -	\$ 43,028,816.00	\$ -
Municipal obligations	4,038,167	-	4,038,167	-
GSE obligations	3,925,089	-	3,925,089	-
U.S. Treasury Obligations	12,703,359	12,703,359	-	-
Mortgage Backed Securities	12,389,739	-	12,389,739	-
Total investments and MBS	\$ 76,085,170	\$ 12,703,359	\$ 63,381,811	\$ -

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

- Amounts invested in U.S. treasury securities are comprised of securities valued using quoted market prices (Level 1) which are then allocated to position holders.
- Amounts invested in corporate obligations, municipal obligations, GSE obligations and mortgage backed securities are comprised of securities which are priced by industry standard vendors, using observable inputs such as benchmark yields, reported trades broker/dealer quotes, and issuer spreads (Level 2) which are then allocated to position holders at a per unit value.

NOTE 4 MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE

Multifamily mortgage and construction loans receivable are assets primarily under the Multifamily Development Program secured by deeds of trust evidencing first mortgage liens on related real property. These loans are insured by the FHA, and the Agency through the Risk-Share Program. Fixed and periodic variable interest rates on these mortgage and construction loans as of September 30, 2023 range from 3.4% to 6.9% with a loan repayment period of up to 40 years.

The Agency offers a deferred second-lien loan that will become immediately due and payable upon the occurrence of specific events as defined in the Loan Disclosure document(s) of the DC Open Doors Down Payment Assistance Loan program. The amount of the deferred loans under this program as of September 30, 2023 and 2022, was \$6,379,253 and \$6,078,723, respectively.

Combined restricted mortgage and construction loans as of September 30, 2023 and 2022 were \$232,337,244 and \$196,796,048, respectively. For the years ended September 30, 2023 and 2022, there was no allowance for bond program loan losses under the Agency Revenue Obligation Programs.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 4 MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE *(continued)*

As part of its General Activity operations, the Agency performs loan servicing under the risk-sharing agreement with HUD, where HUD pays 100.0% of the amount needed to retire bonds issued in connection with a defaulted risk-share loan at the time of the initial claim. Any loss at the time of final claim on a defaulted multifamily project is risk-shared between FHA at 90.0% and the Agency at 10.0%. The most recent program enhancement allows the Agency to share losses on a 50%/50% basis with FHA. As of September 30, 2023, the Agency had 21 loans with a balance of \$232 million. As of September 30, 2022, the Agency had 20 loans with a balance of \$203 million.

In addition to its bond programs, as a General Activity the Agency administers the McKinney Act Program. Under its McKinney Act Program, the Agency originates predevelopment McKinney Act bridge loans to finance acquisition, predevelopment and rehabilitation costs associated with multifamily housing developments applying for bond financing with the Agency. These loans are typically unenhanced loans repaid at the time the bond financing is put in place. At September 30, 2023, the balance of total loans outstanding, before the allowance for uncollectible loans, was \$1,425,057, including \$675,057 in loans at various stages of default process. At September 30, 2022, the balance of total loans outstanding, before the allowance for uncollectible loans, was \$2,470,665, including \$884,857 in loans at various stages of default process.

The Agency recorded an allowance for uncollectible McKinney Act Program loans for the years ended September 30, 2023 and 2022 in the amount of \$675,057 and \$884,857, respectively. The Agency recorded a net (decrease) increase in the allowance for principal loss on McKinney Act Program loans during the years ended September 30, 2023 and 2022 in the amount of (\$209,800) and \$1,142, respectively.

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 884,857	\$ 883,715
Net (decrease) increase in allowance for uncollectible loans	<u>(209,800)</u>	<u>1,142</u>
Ending balance	<u><u>\$ 675,057</u></u>	<u><u>\$ 884,857</u></u>

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 4 MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE *(continued)*

For the years ended September 30, 2023 and 2022, the respective balances and changes in the provision for uncollectible interest on the McKinney Act loans were as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 372,183	\$ 340,843
Net (decrease) increase in allowance for uncollectible interest	<u>(372,183)</u>	<u>31,340</u>
Ending balance	<u>\$ -</u>	<u>\$ 372,183</u>

The Agency's allowance for uncollectible accounts policy is to charge expenses for estimated probable losses, which are established as an allowance for loan losses. The allowance is an amount that management believes will be adequate to absorb losses inherent in existing loans based on evaluations of collectability and prior loss experience as well as a competitive benchmarking study.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

NOTE 5 CAPITAL ASSETS

The following is the detail of changes in capital assets during the year ended September 30, 2023:

	September 30, 2022	Additions	Dispositions	September 30, 2023
<i>Non-depreciable capital assets</i>				
Land	\$ 573,000	\$ -	\$ -	\$ 573,000
Total non-depreciable assets	573,000	-	-	573,000
<i>Depreciable and amortizable capital assets</i>				
Building and improvements	3,744,571	7,616	-	3,752,187
Furniture and equipment	815,214	168,445	-	983,659
Software	1,821,154	96,910	-	1,918,064
Right-to-use leased assets	205,614	-	-	205,614
Total depreciable and amortizable capital assets	6,586,553	272,971	-	6,859,524
<i>Less: Accumulated depreciation and amortization</i>				
Building and improvements	(3,003,469)	(80,601)	-	(3,084,070)
Furniture and equipment	(454,923)	(135,940)	-	(590,863)
Software	(1,347,155)	(292,413)	-	(1,639,568)
Right to use leased assets	(48,956)	(39,165)	-	(88,121)
Total accumulated depreciation/amortization	(4,854,503)	(548,119)	-	(5,402,622)
Total depreciable/amortizable capital assets, net	1,732,050	(275,148)	-	1,456,902
Total capital assets	\$ 2,305,050	\$ (275,148)	\$ -	\$ 2,029,902

The following is the detail of changes in capital assets during the year ended September 30, 2022:

	September 30, 2021	Additions	Dispositions	September 30, 2022
<i>Non-depreciable capital assets</i>				
Land	\$ 573,000	\$ -	\$ -	\$ 573,000
Total non-depreciable assets	573,000	-	-	573,000
<i>Depreciable and amortizable capital assets</i>				
Building and improvements	3,540,523	204,048	-	3,744,571
Furniture and equipment	1,547,443	44,081	(776,310)	815,214
Software	1,821,154	-	-	1,821,154
Right-to-use leased assets	205,614	-	-	205,614
Total depreciable and amortizable capital assets	7,114,734	248,129	(776,310)	6,586,553
<i>Less: Accumulated depreciation and amortization</i>				
Building and improvements	(2,934,467)	(69,002)	-	(3,003,469)
Furniture and equipment	(1,108,325)	(122,908)	776,310	(454,923)
Software	(1,241,260)	(105,895)	-	(1,347,155)
Right-to-use leased assets	(9,791)	(39,165)	-	(48,956)
Total accumulated depreciation/amortization	(5,293,843)	(336,970)	776,310	(4,854,503)
Total depreciable/amortizable capital assets, net	1,820,891	(88,841)	-	1,732,050
Total capital assets	\$ 2,393,891	\$ (88,841)	\$ -	\$ 2,305,050

Depreciation and amortization expense for fiscal years 2023 and 2022 was \$548,119 and \$336,970, respectively.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 6 BONDS PAYABLE AND OTHER DEBT OBLIGATIONS

The loans, bonds and notes issued by the Agency are special obligations of the Agency and are payable from the revenue and special funds of the applicable indentures. The bonds and notes do not constitute debt of and are not guaranteed by the District or any other program of the District. All mortgage revenue bond multifamily projects financed to date have been issued by the Agency as stand-alone pass-through financings with no direct economic recourse to the Agency as the issuer.

The provisions of the various bond indentures require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans and mortgage-backed securities. All outstanding bonds are subject to redemption at the option of the Agency or the borrower, in whole or in part at any time, after certain dates, as specified in the respective bond indentures and bond resolutions, at prescribed redemption prices. The redemption premiums can range up to 5.0%.

Under the Multifamily Programs, this option generally cannot be exercised until the bonds have been outstanding for ten years as provided in the various indentures. Term bonds are generally subject to redemption, without premium, from mandatory sinking fund payments.

Bonds issued to provide financing for the Agency's housing programs are collateralized by:

- Mortgage-backed securities made in connection with underlying loans.
- Mortgage loans made on the related multifamily developments or single-family residential mortgage loans purchased.
- Investments of bond proceeds, debt service reserves and escrow accounts, all revenues, mortgage payments, and recovery payments received by the Agency from investments, mortgage loans and mortgage-backed securities made on the related developments and pledged to the respective trust indentures.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

NOTE 6 BONDS PAYABLE AND OTHER DEBT OBLIGATIONS (continued)

The following is a summary of the debt activity for the year ended September 30, 2023 and the debt outstanding as of September 30, 2023:

General Activities	Range of Interest Rates	Range of Maturities	Debt Outstanding Balance at 9/30/2022	Debt Activity			Debt Outstanding Balance at 9/30/2023	Premium (+)/ Discount (-)	Debt Outstanding Balance at 9/30/2023	Due Within One Year
				New Obligations	Scheduled Maturity Payments	Obligations Paid				
Industrial Bank Credit Line	Variable	2023	\$ 2,780,425	\$ 7,505,272	\$ -	\$ 329,330	\$ 9,956,367	\$ -	\$ 9,956,367	\$ 9,956,367
Total			\$ 2,780,425	\$ 7,505,272	\$ -	\$ 329,330	\$ 9,956,367	\$ -	\$ 9,956,367	\$ 9,956,367
	Range of Interest Rates	Range of Maturities	Bond Payable at 9/30/2022	Bond Activity			Bond Payable at 9/30/2023	Premium (+)/ Discount (-)	Bond Payable at 9/30/2023	Due Within One Year
				New Bonds Issued	Scheduled Maturity Payments	Bond Redeemed				
1988 Single Family Mortgage Revenue Bonds										
1988 Series E-4	6.38%	2026	\$ 575,000	\$ -	\$ -	\$ 120,000	\$ 455,000	\$ -	\$ 455,000	\$ -
Total			575,000	-	-	120,000	455,000	-	455,000	-
Single Family New Issue Bond Program										
2009 Series A-1	2.49%	N/A	-	-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-	-
Combined Single Family Indentures Total			\$ 575,000	\$ -	\$ -	\$ 120,000	\$ 455,000	\$ -	\$ 455,000	\$ -

Project Name	Range of Interest Rates	Range of Maturities	Bonds Payable at 9/30/2022	Bond Activity			Bonds Payable at 9/30/2023	Premium (+)/ Discount (-)	Bond Payable at 9/30/2023	Due Within One Year
				New Bonds Issued	Scheduled Maturity Payments	Bonds Redeemed/ Adjustment				
MF Development Program										
Series 2017	3.24%	2049	\$ 17,546,473	\$ -	\$ -	\$ 462,913	\$ 17,083,560	\$ -	17,083,560	\$ -
Series 2018 A	2.55%-4.35%	2023-2058	24,225,000	-	310,000	-	23,915,000	-	23,915,000	320,000
Series 2018 B-2	2.50%-4.10%	2023-2039	39,830,000	-	385,000	-	39,445,000	-	39,445,000	395,000
Series 2022A	4.05%	2023-2039	3,375,000	-	30,000	-	3,345,000	-	3,345,000	30,000
Series 2019 A-1 and A-2	Variable	2023-2040	12,525,000	-	100,000	3,335,000	9,090,000	-	9,090,000	110,000
Series 2019 B-1 and B-2	Variable	2023-2039	25,255,000	-	325,000	7,700,000	17,230,000	-	17,230,000	315,000
Series 2021 A-1	1.75%-2.05%	2031-2033	2,505,000	-	-	-	2,505,000	-	2,505,000	-
Series 2021 A-2	2.20%	2034-2036	2,890,000	-	-	-	2,890,000	-	2,890,000	-
Series 2021 A-3	2.50%	2034-2036	44,080,000	-	-	-	44,080,000	-	44,080,000	-
Series 2021 B-1	.95%-2.05%	2024-2030	4,410,000	-	-	-	4,410,000	-	4,410,000	60,000
Series 2021 B-2	2.15%	2030-2031	590,000	-	-	-	590,000	-	590,000	-
Series 2021 B-1	.55%-2.10%	2025-2033	3,550,000	-	-	-	3,550,000	-	3,550,000	-
Series 2021 B-2	2.25%	2034-2036	1,355,000	-	-	-	1,355,000	-	1,355,000	-
Series 2021 B-3	2.55%	2037-2042	20,240,000	-	-	-	20,240,000	-	20,240,000	-
Series 2021 B-4	0.50%	2027	8,205,000	-	-	-	8,205,000	-	8,205,000	-
Series 2021 B-5	0.90%	2024	5,000,000	-	-	-	5,000,000	-	5,000,000	-
Series 2022 B-1	2.80%-4.25%	2026-2043	13,190,000	-	-	-	13,190,000	-	13,190,000	-
Series 2022 B-2	3.00%	2028	24,105,000	-	-	-	24,105,000	37,332	24,142,332	-
Series 2023 A-1	4.10-5.13%	2028-2045	-	18,415,000	-	-	18,415,000	(96,392)	18,318,608	-
Series 2023 A-2	4.40%	2025-2045	-	46,280,000	-	-	46,280,000	-	46,280,000	-
Total			252,876,473	64,695,000	1,150,000	11,497,913	304,923,560	(59,060)	304,864,500	1,230,000
MF Program										
DCCH Pool: Euclid Street	5.75%	2023-2039	1,110,000	-	30,000	-	1,080,000	-	1,080,000	30,000
DCCH Pool: Chapin Street	5.75%	2023-2039	945,000	-	25,000	-	920,000	-	920,000	30,000
DCHFA Pass-Through Refunding	3.88%	2023-2045	22,449,828	-	716,748	-	21,733,080	-	21,733,080	775,063
Total			24,504,828	-	771,748	-	23,733,080	-	23,733,080	835,063
Combined MF Program Bonds Total			277,381,301	64,695,000	1,921,748	11,497,913	328,656,640	(59,060)	328,597,580	2,065,063
Bonds total			\$ 277,956,301	\$ 64,695,000	\$ 1,921,748	\$ 11,617,913	\$ 329,111,640	\$ (59,060)	\$ 329,052,580	\$ 2,065,063

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Notes to Financial Statements
For the Years Ended September 30, 2023 and 2022

NOTE 6 BONDS PAYABLE AND OTHER DEBT OBLIGATIONS (continued)

The following is a summary of the debt activity for the year ended September 30, 2022 and the debt outstanding as of September 30, 2022:

General Activities	Range of Interest Rates	Range of Maturities	Debt Outstanding Balance at 9/30/2021	Debt Activity			Debt Outstanding Balance at 9/30/2022	Premium (+)/ Discount (-)	Debt Outstanding Balance at 9/30/2022	Due Within One Year
				New Obligations	Scheduled Maturity Payments	Obligations Paid				
Industrial Bank Credit Line	Variable	2023	\$ 2,582,887	\$ 7,073,776	\$ -	\$ 6,876,238	\$ 2,780,425	\$ -	\$ 2,780,425	\$ 2,780,425
Total			\$ 2,582,887	\$ 7,073,776	\$ -	\$ 6,876,238	\$ 2,780,425	\$ -	\$ 2,780,425	\$ 2,780,425

1988 Single Family Mortgage Revenue Bonds 1988 Series E-4	Range of Interest Rates	Range of Maturities	Bond Payable at 9/30/2021	Bond Activity			Bond Payable at 9/30/2022	Premium (+)/ Discount (-)	Bond Payable at 9/30/2022	Due Within One Year
				New Bonds Issued	Scheduled Maturity Payments	Bond Redeemed				
	6.38%	2026	\$ 685,000	\$ -	\$ -	\$ 110,000	\$ 575,000	\$ -	\$ 575,000	\$ -
Total			685,000	-	-	110,000	575,000	-	575,000	-

Single Family New Issue Bond Program 2009 Series A-1	Range of Interest Rates	Range of Maturities	Bond Payable at 9/30/2021	Bond Activity			Bond Payable at 9/30/2022	Premium (+)/ Discount (-)	Bond Payable at 9/30/2022	Due Within One Year
				New Bonds Issued	Scheduled Maturity Payments	Bond Redeemed				
	2.49%	N/A	2,390,000	-	-	2,390,000	-	-	-	-
Total			2,390,000	-	-	2,390,000	-	-	-	-

Combined Single Family Indentures Total			Bond Payable at 9/30/2021	New Bonds Issued	Scheduled Maturity Payments	Bond Redeemed	Bond Payable at 9/30/2022	Premium (+)/ Discount (-)	Bond Payable at 9/30/2022	Due Within One Year
			\$ 3,075,000	\$ -	\$ -	\$ 2,500,000	\$ 575,000	\$ -	\$ 575,000	\$ -

Project Name	Range of Interest Rates	Range of Maturities	Bonds Payable at 9/30/2021	Bond Activity			Bonds Payable at 9/30/2022	Premium (+)/ Discount (-)	Bond Payable at 9/30/2022	Due Within One Year	
				New Bonds Issued	Scheduled Maturity Payments	Bonds Redeemed/ Adjustment					
<i>MF Development Program</i>											
Series 2017	Pass Through Refunding (Taxable)	3.24%	2049	\$ 22,269,902	\$ -	\$ -	\$ 4,723,429	\$ 17,546,473	\$ -	\$ 17,546,473	\$ -
Series 2018 A	Woodmont Crossing Apartments	2.55%-4.35%	2023-2058	24,525,000	-	300,000	-	24,225,000	-	24,225,000	310,000
Series 2018 B-1	Delta Towers and Capitol Vista	Variable	N/A	34,395,000	-	-	34,395,000	-	-	-	-
Series 2018 B-2	Delta Towers and Capitol Vista	2.50%-4.10%	2023-2039	40,020,000	-	190,000	-	39,830,000	-	39,830,000	385,000
Series 2022A	Delta Towers and Capitol Vista	4.05%	2023-2039	-	3,375,000	-	-	3,375,000	-	3,375,000	30,000
Series 2019 A-1 and A-2	Petworth	Variable	2023-2040	12,525,000	-	-	-	12,525,000	-	12,525,000	100,000
Series 2019 B-1 and B-2	Randle Hills	Variable	2023-2039	25,420,000	-	165,000	-	25,255,000	-	25,255,000	325,000
Series 2021 A-1	Hill East	1.75%-2.05%	2031-2033	2,505,000	-	-	-	2,505,000	-	2,505,000	-
Series 2021 A-2	Hill East	2.20%	2034-2036	2,890,000	-	-	-	2,890,000	-	2,890,000	-
Series 2021 A-3	Hill East	2.50%	2034-2036	44,080,000	-	-	-	44,080,000	-	44,080,000	-
Series 2021 B-1	Hill East	.95%-2.05%	2024-2030	4,410,000	-	-	-	4,410,000	-	4,410,000	-
Series 2021 B-2	Hill East	2.15%	2030-2031	590,000	-	-	-	590,000	-	590,000	-
Series 2021 B-1	1530 First	.55%-2.10%	2025-2033	3,550,000	-	-	-	3,550,000	-	3,550,000	-
Series 2021 B-2	1530 First	2.25%	2034-2036	1,355,000	-	-	-	1,355,000	-	1,355,000	-
Series 2021 B-3	1530 First	2.55%	2037-2042	20,240,000	-	-	-	20,240,000	-	20,240,000	-
Series 2021 B-4	1530 First	0.50%	2027	8,205,000	-	-	-	8,205,000	-	8,205,000	-
Series 2021 B-5	1530 First	0.90%	2024	5,000,000	-	-	-	5,000,000	-	5,000,000	-
Series 2022 B-1	Terrace Manor	2.80%-4.25%	2026-2043	-	13,190,000	-	-	13,190,000	-	13,190,000	-
Series 2022 B-2	Terrace Manor	3.00%	2028	-	24,105,000	-	-	24,105,000	45,558	24,150,558	-
Total				251,979,902	40,670,000	655,000	39,118,429	252,876,473	45,558	252,922,031	1,150,000
<i>MF Program</i>											
	DCCH Pool: Euclid Street	5.75%	2023-2039	1,140,000	-	30,000	-	1,110,000	-	1,110,000	30,000
	DCCH Pool: Chapin Street	5.75%	2023-2039	965,000	-	20,000	-	945,000	-	945,000	25,000
	DCHFA Pass-Through Refunding	3.88%	2023-2045	23,123,793	-	673,965	-	22,449,828	-	22,449,828	727,930
Total				25,228,793	-	723,965	-	24,504,828	-	24,504,828	782,930
Combined MF Program											
Bonds Total				277,208,695	40,670,000	1,378,965	39,118,429	277,381,301	45,558	277,426,859	1,932,930
Bonds total				\$ 280,283,695	\$ 40,670,000	\$ 1,378,965	\$ 41,618,429	\$ 277,956,301	\$ 45,558	\$ 278,001,859	\$ 1,932,930

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 6 BONDS PAYABLE AND OTHER DEBT OBLIGATIONS (continued)

The required principal and interest payments for all Agency debt outstanding as of September 30, 2023 (including mandatory sinking fund payments but excluding special and optional redemptions) for each of the next five years and in five-year increments thereafter are as follows:

For the Year Ending September 30,	1988 Collateralized Single Family Mortgage Revenue Bonds	
	Interest	Principal
2024	\$ 29,006	\$ -
2025	29,006	-
2026	29,006	455,000
Totals	\$ 87,018	455,000
Bonds payable		\$ 455,000

For the Year Ending September 30,	Multifamily Development Program		Multifamily Program	
	Interest	Principal	Interest	Principal
2024	\$ 10,032,207	\$ 1,230,000	\$ 942,682	\$ 835,063
2025	10,181,056	7,325,000	908,334	889,314
2026	10,134,183	2,415,000	871,590	946,700
2027	10,063,814	10,745,000	832,614	1,002,420
2028	9,986,315	26,719,442	791,993	1,021,697
2029-2033	131,769,154	250,893,560	5,507,330	19,037,886
2034-2038	622,159	5,595,558	-	-
Totals	\$ 182,788,888	304,923,560	\$ 9,854,543	23,733,080
Unamortized Premium/(Discount)		(59,060)		-
Bonds payable		\$ 304,864,500		\$ 23,733,080

The interest calculations on outstanding variable rate bonds under the Multifamily Development Programs are based on the variable rates in effect on September 30, 2023 and are not indicative of the actual interest expense that will be incurred in future years. As rates vary, variable rate bond interest payments will vary.

In March 2017, DCHFA entered into a grant agreement with the DC DHCD as the sub-recipient in the administration of Community Development Block Grant (“CDBG”) funds. Accordingly, the Agency established a line of credit with Industrial Bank to serve as a facility to fund Home Purchase Assistance Program (“HPAP”) loans. The credit line is paid down upon receipt of reimbursements for DHCD on a monthly basis. During fiscal year 2023, the line of credit was increased from \$5.0 million to \$10.0 million. As of September 30, 2023 and 2022, the total outstanding balance of the credit line totaled \$9,956,367 and \$2,780,425, respectively.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 6 BONDS PAYABLE AND OTHER DEBT OBLIGATIONS *(continued)*

Leased Assets

The Agency is the lessee of equipment under lease agreements expiring through 2026. As a lessee, the Agency recognizes a lease liability at the present value of the payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. Right-to-use leased assets are initially recorded as the sum of 1) the amount of the initial measurement of the lease liability, 2) lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, 3) initial direct costs that are ancillary charges necessary to place the asset into service. Right-to-use leased assets are amortized on a straight-line basis over the shorter of the lease term or useful life of the underlying assets.

Included in capital assets are assets under these leases with a cost of \$205,614 as of September 30, 2023 and 2022. Amortization expense related to the leases was \$39,165 and \$39,165, respectively, for the years ended September 30, 2023 and 2022. Accumulated amortization relating to the leases was \$88,121 and \$48,956, respectively, as of September 30, 2023 and 2022.

Principal and interest requirements to maturity under the leases are as follows:

For the Year Ending September 30,	Principal	Interest
2024	\$ 39,221	\$ 2,996
2025	40,415	1804
2026	38,125	574
Total minium lease payments	\$ 117,761	\$ 5,374

Lease Liability

The following is a summary of changes in lease liability for the year ended September 30, 2023:

	Balance October 1, 2022	Increase	Decrease	Balance September 30, 2023	Due Within One Year
Lease liability	\$ 155,825	\$ -	\$ (38,064)	\$ 117,761	\$ 39,221
Total	\$ 155,825	\$ -	\$ (38,064)	\$ 117,761	\$ 39,221

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 6 BONDS PAYABLE AND OTHER DEBT OBLIGATIONS (continued)Lease Liability (continued)

The following is a summary of changes in lease liability for the year ended September 30, 2022:

	Balance October 1, 2021	Increase	Decrease	Balance September 30, 2022	Due Within One Year
Lease liability	\$ 192,765	\$ -	\$ (36,940)	\$ 155,825	\$ 36,940
Total	<u>\$ 192,765</u>	<u>\$ -</u>	<u>\$ (36,940)</u>	<u>\$ 155,825</u>	<u>\$ 36,940</u>

NOTE 7 REBATE LIABILITY

In accordance with the Internal Revenue Service Code (the "Code"), the Agency has recorded a rebate liability for excess investment earnings in connection with tax-exempt bonds and notes issued after 1981. The excess investment earnings arise due to actual investment yields permitted to be retained by the indentures under the Code. The Code requires 90.0% of such excess investment earnings to be remitted to the United States Treasury every five years and in full at the final redemption of the bonds. Interest income on the Statements of Revenues, Expenses and Changes in Net Position is reduced by the rebate liability due to excess investment earnings. The increase/decrease in fair value of investments on the Statements of Revenues, Expenses and Changes in Net Position is adjusted by the change in the estimated rebate liability due to the change in fair value of investments. The Revenue Obligation Programs had no rebate liability from interest income or from unrealized gains on investments. For the years ended September 30, 2023 and 2022, the rebate liability in the single family program was \$40,095.

NOTE 8 PROJECT FUNDS HELD FOR BORROWER AND OTHER LIABILITIES

The project funds held for borrower and other liabilities include funds contributed by the owners of the projects and/or funds received from low-income housing tax credit equity providers, District agencies, and the Department of Housing and Community Development. The Agency includes in the financial statements, funds received from these providers to the extent of unexpended monies in the project accounts.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 8 PROJECT FUNDS HELD FOR BORROWER AND OTHER LIABILITIES *(continued)*

Under the 1996 Single Family Mortgage Revenue Bonds, the Agency administers grant funds received from the District's DHCD under the U.S. Department of Housing and Urban Development's Home Investment Partnership Program ("HOME"). These funds were either blended with the bond proceeds to yield interest rate subsidy on mortgage loans securitized into mortgage-backed securities or were used to help homebuyers with closing costs, including down-payment assistance. Under the respective grant agreements, the Agency may recycle repayments of HOME funds into its bond programs. There was no transfer by the Agency of HOME funds back to DHCD during fiscal year 2023. As of September 30, 2023 and 2022, total HOME Program restricted assets were \$1,100,773, for both years.

NOTE 9 UNEARNED INCOME

Unearned income includes funds related to non-refundable construction monitoring fees and bond issuer fees associated with multifamily financing activities. The income is recognized over each project's anticipated construction period.

NOTE 10 NET POSITION

Net Investment in Capital Assets

Net investment in capital assets includes capital assets, net of related accumulated amortization and related debt (i.e. lease liability). Net investment in capital assets at September 30, 2023 and 2022 was \$1,819,578 and \$2,149,225, respectively.

Revenue Obligations Programs

The Revenue Obligation Programs net position is restricted through debt covenants as collateral for the respective bond issues. Combined restricted net position related to the Revenue Obligation Programs as of September 30, 2023 and 2022 was \$33,729,290 and \$30,607,809, respectively.

McKinney Act Program

The Agency qualified for 50.0% of the savings resulting from Financing Adjustment Factors ("FAF") on Section (11)(b) bond refunding transactions. These funds are programmatically restricted as they are only to be used to benefit very low-income people. As a result, the Agency established a revolving loan fund to provide credit enhancement or loan guarantees. Restricted net position related to the McKinney Act Program as of September 30, 2023 and 2022 was \$9,545,342 and \$9,624,933, respectively.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 10 NET POSITION *(continued)*Unrestricted Net Position

As of September 30, 2023 and 2022, unrestricted net position for General Activities amounted to \$145,341,602 and \$122,140,399, respectively. The unrestricted net position is used to support the Agency's issuer credit rating.

NOTE 11 RETIREMENT PLAN

The Agency established a 457(b) deferred compensation plan (the "457(b) Plan") for the benefit of its eligible employees effective October 1, 1997. The Plan was amended and changed recordkeepers effective October 1, 2015. The amended Plan allows for an employee match up to 10% (7.0% prior to 2023) of an employee's salary on a five-year vesting schedule. Plan expense for the years ended September 30, 2023 and 2022 was \$337,823 and \$274,240, respectively.

NOTE 12 OTHER INCOME

The Agency's other income for fiscal year 2023 and 2022 is comprised of the following:

<u>Description</u>	<u>General Activities</u>	
	<u>2023</u>	<u>2022</u>
Mortgage servicing fees	\$ 99,776	\$ 105,744
MIP Risk Share Program	132,872	197,608
Portfolio asset management fees	267,200	352,885
Other	591,946	859,173
Total	\$ 1,091,794	\$ 1,515,410

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 13 FEDERAL AND CITY PROGRAMS

On March 1, 2017, DCHFA signed a Subrecipient Grant Agreement with the District of Columbia Department of Housing and Community Development to administer \$5.7 million of Community Development Block Grant funds, allocated to the District of Columbia by the U.S. Department of HUD under Title 1 of the U.S. Housing and Community Development Act of 1974. During 2020, the Subrecipient Grant Agreement was amended to include HOME Grant Funds. The Community Development Block and HOME Grant funds were used to fund down payment assistance activities and services. During the years ended September 30, 2023 and 2022, respectively, the DCHFA received a funding extension under the program in the total amounts of \$46.1 million and \$10.1 million, which includes \$20.4 million and \$7.5 million, to be funded from federal funds and \$25.7 million and \$2.6 million, to be funded from local funds. For the years ended September 30, 2023 and 2022, the Agency incurred program expenses, and recorded a corresponding amount of revenues, of \$45.4 million and \$7.4 million, included in grant program revenues and expenses on the statement of revenues, expenses and change in net position. Of the program expenses incurred during the years ended September 30, 2023 and 2022, \$20.4 million and \$5.7 million, respectively, were funded by federal funds and \$25 million and \$1.7 million, respectively, were funded by local funds.

In fiscal year 2019, DCHFA, by enactment by the Council of the District of Columbia, established an 18-month pilot program, Reverse Mortgage Insurance and Tax Payment (“ReMIT”), that allows qualified homeowners to apply for and receive up to \$25,000 in financial assistance for payment of past due property taxes and property insurance debts that have put qualified homeowners at risk of foreclosure. The program was extended during fiscal year 2020. DCHFA records a lien on the subject property in the amount of the financial assistance provided to the qualified homeowner, which is subordinate to the reverse mortgage lender in the first position.

NOTE 14 COMMITMENTS AND CONTINGENCIES

As of September 30, 2023, the Agency had total mortgage commitments in the amount of \$189.1 million on projects under construction in the Multifamily Development Program, of which \$99.7 million has been drawn and \$89.4 million remains to be drawn.

The Agency is a defendant in two lawsuits and other claims that occur in the ordinary course of operations. It is the opinion of the General Counsel that such lawsuits and claims will not have a material adverse impact on the Agency’s financial condition.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Notes to Financial Statements

For the Years Ended September 30, 2023 and 2022

NOTE 15 CONDUIT DEBT OBLIGATIONS

The Agency has issued bonds that provide mortgage loan financing for newly constructed or rehabilitated multifamily rental housing developments in the District. No individual conduit multifamily project's assets are available to collateralize other project's debt obligations. Neither the faith and credit of the Agency nor the assets of any other Program have been pledged as security for these bonds. The developments financed are pledged as collateral, and the bonds are payable solely from payments received from the mortgages on the underlying promissory notes. As of September 30, 2023 and 2022, the bonds have an aggregate outstanding principal amount payable of \$1,834,964,018 and \$1,553,419,333, respectively.

NOTE 16 SUBSEQUENT EVENTS

The events that occur after the date of the Statement of Net Position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the Statement of Net Position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the Statement of Net Position require disclosure in the accompanying notes. Management evaluated the activity of DCHFA through December 29, 2023 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

SUPPLEMENTARY INFORMATION

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Combining Statements of Net Position

September 30, 2023

(With Comparative Totals For 2022)

	<u>General Activities</u>	<u>Single Family Program</u>	<u>Multifamily Program</u>	<u>2023</u>	<u>2022</u>
ASSETS					
CURRENT ASSETS					
<i>Unrestricted current assets</i>					
Cash and cash equivalents	\$ 34,534,966	\$ -	\$ -	\$ 34,534,966	\$ 38,181,423
Investments	28,535,840	-	-	28,535,840	15,165,142
Other receivables	3,476,949	-	-	3,476,949	3,312,419
Accrued interest receivable	1,025,594	-	-	1,025,594	567,220
Prepaid expenses	266,907	-	-	266,907	212,990
Total unrestricted current assets	<u>67,840,256</u>	<u>-</u>	<u>-</u>	<u>67,840,256</u>	<u>57,439,194</u>
<i>Restricted current assets</i>					
Cash and cash equivalents	18,300,761	9,494,019	27,945,420	55,740,200	57,636,470
Investments	-	-	56,420,367	56,420,367	11,035,000
Mortgage backed securities	-	36,965	-	36,965	-
Accounts receivable - HPAP Program	20,360,772	-	-	20,360,772	2,892,860
McKinney Act loans receivable, net	750,000	-	-	750,000	1,585,808
Accrued interest receivable	-	248,828	1,319,933	1,568,761	872,833
Total restricted current assets	<u>39,411,533</u>	<u>9,779,812</u>	<u>85,685,720</u>	<u>134,877,065</u>	<u>74,022,971</u>
Total current assets	<u>107,251,789</u>	<u>9,779,812</u>	<u>85,685,720</u>	<u>202,717,321</u>	<u>131,462,165</u>
NON-CURRENT ASSETS					
<i>Unrestricted non-current assets</i>					
Investments	65,250,605	-	-	65,250,605	51,993,809
Mortgage and construction loans receivable, net	6,379,253	-	-	6,379,253	6,078,723
Due from (to) other programs	181,655	-	(181,655)	-	-
Total unrestricted non-current assets	<u>71,811,513</u>	<u>-</u>	<u>(181,655)</u>	<u>71,629,858</u>	<u>58,072,532</u>

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Combining Statements of Net Position *(continued)*

September 30, 2023

(With Comparative Totals For 2022)

	<u>General Activities</u>	<u>Single Family Program</u>	<u>Multifamily Program</u>	<u>2023</u>	<u>2022</u>
NON-CURRENT ASSETS <i>(continued)</i>					
<i>Restricted non-current assets</i>					
Investments held in trust	\$ -	\$ 10,000,000	\$ 139,149,473	\$ 149,149,473	\$ 140,828,738
Investments in joint ventures	1,908,454	-	-	1,908,454	1,345,435
Mortgage-backed securities at fair value	4,282,767	6,172,383	-	10,455,150	12,389,739
Mortgage and construction loans receivable, net	-	275,000	232,062,244	232,337,244	196,796,048
Loans receivable	1,627,381	-	-	1,627,381	1,724,282
Total restricted non-current assets	<u>7,818,602</u>	<u>16,447,383</u>	<u>371,211,717</u>	<u>395,477,702</u>	<u>353,084,242</u>
<i>Capital assets</i>					
Land	573,000	-	-	573,000	573,000
Depreciable and amortizable capital assets	6,859,524	-	-	6,859,524	6,586,553
Less: Accumulated depreciation and amortization	(5,402,622)	-	-	(5,402,622)	(4,854,503)
Total capital assets, net	<u>2,029,902</u>	<u>-</u>	<u>-</u>	<u>2,029,902</u>	<u>2,305,050</u>
Total non-current assets	<u>81,660,017</u>	<u>16,447,383</u>	<u>371,030,062</u>	<u>469,137,462</u>	<u>413,461,824</u>
Total assets	<u>\$ 188,911,806</u>	<u>\$ 26,227,195</u>	<u>\$ 456,715,782</u>	<u>\$ 671,854,783</u>	<u>\$ 544,923,989</u>
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
<i>Current liabilities payable from unrestricted assets</i>					
Accounts payable and accrued liabilities	\$ 174,975	\$ -	\$ -	\$ 174,975	\$ 242,992
Accrued salary and vacation payable	602,002	-	-	602,002	558,674
Lease liability	39,221	-	-	39,221	36,940
Unearned income	15,985,601	-	-	15,985,601	5,460,680
Total current liabilities payable from unrestricted assets	<u>16,801,799</u>	<u>-</u>	<u>-</u>	<u>16,801,799</u>	<u>6,299,286</u>

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Combining Statements of Net Position *(continued)*

September 30, 2023

(With Comparative Totals For 2022)

	<u>General Activities</u>	<u>Single Family Program</u>	<u>Multifamily Program</u>	<u>2023</u>	<u>2022</u>
LIABILITIES AND NET POSITION <i>(continued)</i>					
CURRENT LIABILITIES <i>(continued)</i>					
<i>Current liabilities payable from restricted assets</i>					
Accounts payable and accrued liabilities	\$ 169,836	\$ 40,096	\$ 8,796	\$ 218,728	\$ 105,204
Project funds held for borrower and other liabilities	5,198,742	1,100,773	118,295,936	124,595,451	92,257,734
Interest payable	-	9,669	705,837	715,506	838,230
Current portion of loans payable	9,956,367	-	-	9,956,367	2,780,425
Current portion of bonds payable	-	-	2,065,063	2,065,063	1,932,930
Total current liabilities payable from restricted assets	<u>15,324,945</u>	<u>1,150,538</u>	<u>121,075,632</u>	<u>137,551,115</u>	<u>97,914,523</u>
Total current liabilities	<u>32,126,744</u>	<u>1,150,538</u>	<u>121,075,632</u>	<u>154,352,914</u>	<u>104,213,809</u>
NON-CURRENT LIABILITIES					
<i>Non-current liabilities payable from unrestricted assets</i>					
Lease liability	<u>78,540</u>	<u>-</u>	<u>-</u>	<u>78,540</u>	<u>118,885</u>
Total non-current liabilities payable from unrestricted assets	<u>78,540</u>	<u>-</u>	<u>-</u>	<u>78,540</u>	<u>118,885</u>
<i>Non-current liabilities payable from restricted assets</i>					
Bonds payable - less current portion	<u>-</u>	<u>455,000</u>	<u>326,532,517</u>	<u>326,987,517</u>	<u>276,068,929</u>
Total non-current liabilities payable from restricted assets	<u>-</u>	<u>455,000</u>	<u>326,532,517</u>	<u>326,987,517</u>	<u>276,068,929</u>
Total non-current liabilities	<u>78,540</u>	<u>455,000</u>	<u>326,532,517</u>	<u>327,066,057</u>	<u>276,187,814</u>
Total liabilities	<u>32,205,284</u>	<u>1,605,538</u>	<u>447,608,149</u>	<u>481,418,971</u>	<u>380,401,623</u>

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Combining Statements of Net Position *(continued)*

September 30, 2023

(With Comparative Totals For 2022)

	<u>General Activities</u>	<u>Single Family Program</u>	<u>Multifamily Program</u>	<u>2023</u>	<u>2022</u>
NET POSITION					
Net investment in capital assets	\$ 1,819,578	\$ -	\$ -	\$ 1,819,578	\$ 2,149,225
<i>Restricted for</i>					
Bond fund, collateral and Risk Share Program	-	24,621,657	9,107,633	33,729,290	30,607,809
McKinney Act Program	9,545,342	-	-	9,545,342	9,624,933
Total restricted net position	9,545,342	24,621,657	9,107,633	43,274,632	40,232,742
Unrestricted net position	145,341,602	-	-	145,341,602	122,140,399
Total net position	156,706,522	24,621,657	9,107,633	190,435,812	164,522,366
Total liabilities and net position	<u>\$ 188,911,806</u>	<u>\$ 26,227,195</u>	<u>\$ 456,715,782</u>	<u>\$ 671,854,783</u>	<u>\$ 544,923,989</u>

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Combining Statements of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2023
(With Comparative Totals for 2022)

	General Activities	Single Family Program	Multifamily Program	2023	2022
OPERATING REVENUES					
Investment interest income	\$ 2,558,135	\$ 983,194	\$ 1,378,328	\$ 4,919,657	\$ 2,390,291
Mortgage-backed security interest income	138,458	343,993	-	482,451	569,957
Interest on mortgage and construction loans	-	-	6,293,299	6,293,299	5,226,898
Construction and development admin fees	4,078,138	-	-	4,078,138	2,275,851
Financing fee income	12,927,765	-	-	12,927,765	5,845,154
Tax credit fee income	3,251,154	-	-	3,251,154	1,408,631
Bond administration fee income	8,933,747	-	63,823	8,997,570	7,370,384
McKinney Act interest revenue	439,962	-	-	439,962	295,733
Application and commitment fees	693,024	-	-	693,024	263,660
Legal fees	792,208	-	-	792,208	537,624
Gain on sale of single family loans	402,682	-	-	402,682	1,578,235
Mortgage prepayment income	25,050	-	-	25,050	1,339,227
Project revenue	-	-	2,938,856	2,938,856	5,203,638
Other	1,091,794	-	-	1,091,794	1,515,410
Total operating revenues	<u>35,332,117</u>	<u>1,327,187</u>	<u>10,674,306</u>	<u>47,333,610</u>	<u>35,820,693</u>
OPERATING EXPENSES					
General and administrative	3,874,963	288	453,972	4,329,223	4,537,753
Personnel and related costs	8,223,552	-	-	8,223,552	7,172,594
Interest expense	-	31,025	8,468,240	8,499,265	7,922,002
Depreciation and amortization	548,119	-	-	548,119	336,970
Trustee fees and other expenses	-	1,750	22,912	24,662	29,043
Total operating expenses	<u>12,646,634</u>	<u>33,063</u>	<u>8,945,124</u>	<u>21,624,821</u>	<u>19,998,362</u>
Operating income	<u>22,685,483</u>	<u>1,294,124</u>	<u>1,729,182</u>	<u>25,708,789</u>	<u>15,822,331</u>
NON-OPERATING REVENUES (EXPENSES)					
<i>Federal and city programs</i>					
Grant program revenue	45,462,996	-	-	45,462,996	8,125,894
Grant program expenses	(45,459,031)	-	-	(45,459,031)	(8,125,894)
Increase (decrease) in fair value of mortgage-backed securities and investments	102,517	(101,656)	199,831	200,692	(6,857,488)
Total non-operating revenues/(expenses)	<u>106,482</u>	<u>(101,656)</u>	<u>199,831</u>	<u>204,657</u>	<u>(6,857,488)</u>
Transfers of funds, net	-	-	-	-	-
Change in net position	22,791,965	1,192,468	1,929,013	25,913,446	8,964,843
Net position, beginning of year	133,914,557	23,429,189	7,178,620	164,522,366	155,557,523
Net position, end of year	<u>\$ 156,706,522</u>	<u>\$ 24,621,657</u>	<u>\$ 9,107,633</u>	<u>\$ 190,435,812</u>	<u>\$ 164,522,366</u>

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Combining Statements of Cash Flows

Year Ended September 30, 2023

(With Comparative Totals for 2022)

	<u>General Activities</u>	<u>Single Family Program</u>	<u>Multifamily Program</u>	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received on loans	\$ -	\$ -	\$ 6,293,299	\$ 6,293,299	\$ 5,173,438
Administrative and financing cash receipts	27,260,352	-	63,823	27,324,175	15,491,389
Other cash receipts	15,663,591	-	35,005,484	50,669,075	(32,082,256)
Payments to vendors	(3,305,386)	(2,037)	(541,423)	(3,848,846)	(12,101,891)
Payments to employees	(8,180,224)	-	-	(8,180,224)	(7,222,511)
Net mortgage and construction loans principal receipts/(disbursements)	(300,530)	140,000	(35,681,196)	(35,841,726)	6,999,129
Principal and interest received on mortgage-backed securities	621,870	1,656,549	-	2,278,419	(870,371)
Principal and interest received on McKinney Act loans	754,095	-	-	754,095	-
Other cash payments	-	-	-	-	(29,043)
Net cash provided by (used in) operating activities	<u>32,513,768</u>	<u>1,794,512</u>	<u>5,139,987</u>	<u>39,448,267</u>	<u>(24,642,116)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Interest paid on bonds and loans	-	(34,744)	(8,595,471)	(8,630,215)	(7,712,427)
Change in due from (to) other programs	2,038,061	(2,050,644)	12,583	-	-
Proceeds from bond issuances and loans	7,505,270	-	64,598,608	72,103,878	47,743,776
Principal payments on issued debt and loans	(329,330)	(120,000)	(13,419,661)	(13,868,991)	(49,873,632)
Bond premium amortization	-	-	8,226	8,226	45,558
Grant program cash receipts	27,995,084	-	-	27,995,084	6,751,141
Grant program cash disbursements	(45,459,031)	-	-	(45,459,031)	(8,125,894)
Net cash (used in) provided by non-capital financing activities	<u>(8,249,946)</u>	<u>(2,205,388)</u>	<u>42,604,285</u>	<u>32,148,951</u>	<u>(11,171,478)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(272,970)	-	-	(272,970)	(248,147)
Principal payments on lease from operations	(38,064)	-	-	(38,064)	(36,940)
Net cash used in capital and related financing activities	<u>(311,034)</u>	<u>-</u>	<u>-</u>	<u>(311,034)</u>	<u>(285,087)</u>

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Combining Statements of Cash Flows *(continued)*

Year Ended September 30, 2023

(With Comparative Totals for 2022)

	General Activities	Single Family Program	Multifamily Program	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in joint ventures	\$ (563,018)	\$ -	\$ -	\$ (563,018)	\$ (363,767)
Interest received on investments	2,099,761	985,328	680,266	3,765,355	2,390,291
Maturities and sales of investments	11,225,000	-	11,035,000	22,260,000	190,440,267
Purchase of investments	<u>(37,749,977)</u>	<u>-</u>	<u>(64,541,271)</u>	<u>(102,291,248)</u>	<u>(131,597,212)</u>
Net cash (used in) provided by investing activities	<u>(24,988,234)</u>	<u>985,328</u>	<u>(52,826,005)</u>	<u>(76,828,911)</u>	<u>60,869,579</u>
Net increase (decrease) in cash and cash equivalents	(1,035,446)	574,452	(5,081,733)	(5,542,727)	24,770,898
Cash and cash equivalents, beginning of year	<u>53,871,173</u>	<u>8,919,567</u>	<u>33,027,153</u>	<u>95,817,893</u>	<u>71,046,995</u>
Cash and cash equivalents, end of year	<u>\$ 52,835,727</u>	<u>\$ 9,494,019</u>	<u>\$ 27,945,420</u>	<u>\$ 90,275,166</u>	<u>\$ 95,817,893</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH					
Cash and cash equivalents	\$ 34,534,966	\$ -	\$ -	\$ 34,534,966	\$ 38,181,423
Restricted cash and cash equivalents	<u>18,300,761</u>	<u>9,494,019</u>	<u>27,945,420</u>	<u>55,740,200</u>	<u>57,636,470</u>
Total cash, cash equivalents and restricted cash	<u>\$ 52,835,727</u>	<u>\$ 9,494,019</u>	<u>\$ 27,945,420</u>	<u>\$ 90,275,166</u>	<u>\$ 95,817,893</u>

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Combining Statements of Cash Flows *(continued)*

Year Ended September 30, 2023

(With Comparative Totals for 2022)

	<u>General Activities</u>	<u>Single Family Program</u>	<u>Multifamily Program</u>	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 22,685,483	\$ 1,294,124	\$ 1,729,182	\$ 25,708,789	\$ 15,822,331
<i>Adjustments to reconcile operating income to net cash provided by (used in) operating activities</i>					
Depreciation and amortization	548,119	-	-	548,119	336,970
Gain on disposal of assets	-	-	-	-	18
Provision for uncollectible loans	521,675	-	-	521,675	-
Interest on bonds/loans	-	34,744	8,579,019	8,613,763	7,712,427
Provision for uncollectible interest revenue	-	-	-	-	31,339
Decrease (increase) in mortgage and construction loans	(300,530)	140,000	(35,681,196)	(35,841,726)	6,999,129
Decrease (increase) in mortgage-backed securities	483,412	1,312,556	-	1,795,968	(1,566,766)
Interest received on investments	(2,099,761)	(985,328)	(680,266)	(3,765,355)	(2,390,291)
<i>Effects of changes in operating assets and liabilities</i>					
<i>Decrease (increase) in assets</i>					
Accrued interest receivable	(458,374)	2,134	(698,062)	(1,154,302)	(254,094)
Other current assets	(53,917)	-	-	(53,917)	89,976
Other receivables	246,504	-	-	246,504	201,145
<i>(Decrease) increase in liabilities</i>					
Accounts payable and accrued liabilities	145,147	1	(56,313)	88,835	(1,702,729)
Unearned income	10,524,921	-	-	10,524,921	2,124,574
Project funds held for borrower and other liabilities	271,089	-	32,066,628	32,337,717	(52,255,720)
Accrued interest payable	-	(3,719)	(119,005)	(122,724)	209,575
Net cash provided by (used in) operating activities	<u>\$ 32,513,768</u>	<u>\$ 1,794,512</u>	<u>\$ 5,139,987</u>	<u>\$ 39,448,267</u>	<u>\$ (24,642,116)</u>

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program
September 30, 2023 and 2022

1988 Collateralized Single Family Mortgage Revenue Bonds as of September 30, 2023

<u>Assets</u>	<u>Cost</u>	<u>Carrying Value</u>	<u>Maturities (in years)</u>				
			<u>Less Than 1</u>	<u>From 1 Up To 5</u>	<u>From 5 Up To 10</u>	<u>From 10 Up To 15</u>	<u>15 and More</u>
CASH AND CASH EQUIVALENTS							
Money Market Funds	\$ 9,494,019	\$ 9,494,019	\$ 9,494,019	\$ -	\$ -	\$ -	\$ -
Total cash and cash equivalents	<u>9,494,019</u>	<u>9,494,019</u>	<u>9,494,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INVESTMENTS							
Investment agreements	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
MORTGAGE-BACKED SECURITIES							
Ginnie Mae	1,751,702	1,619,868	36,965	173,164	448,646	-	961,093
Fannie Mae	1,658,690	1,587,605	-	3,193	-	1,419,925	164,487
Freddie Mac	<u>3,038,030</u>	<u>3,001,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,713,433</u>	<u>288,442</u>
Total Mortgage-Backed Securities	<u>6,448,422</u>	<u>6,209,348</u>	<u>36,965</u>	<u>176,357</u>	<u>448,646</u>	<u>4,133,358</u>	<u>1,414,022</u>
1988 Collateralized Single Family Mortgage Revenue Bonds total cash and investments	<u>\$ 25,942,441</u>	<u>\$ 25,703,367</u>	<u>\$ 9,530,984</u>	<u>\$ 10,176,357</u>	<u>\$ 448,646</u>	<u>\$ 4,133,358</u>	<u>\$ 1,414,022</u>

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program *(continued)*
September 30, 2023 and 2022

1988 Collateralized Single Family Mortgage Revenue Bonds as of September 30, 2022

<u>Assets</u>	<u>Cost</u>	<u>Carrying Value</u>	<u>Maturities (in years)</u>				
			<u>Less Than 1</u>	<u>From 1 Up To 5</u>	<u>From 5 Up To 10</u>	<u>From 10 Up To 15</u>	<u>15 and More</u>
CASH AND CASH EQUIVALENTS							
Money Market Funds	\$ 8,919,567	\$ 8,919,567	\$ 8,919,567	\$ -	\$ -	\$ -	\$ -
Total cash and cash equivalents	<u>8,919,567</u>	<u>8,919,567</u>	<u>8,919,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INVESTMENTS							
Investment agreements	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
MORTGAGE-BACKED SECURITIES							
Ginnie Mae	2,477,478	2,380,458	-	438,871	532,304	-	1,409,283
Fannie Mae	1,927,101	1,886,975	-	32,110	-	1,566,414	288,451
Freddie Mac	<u>3,339,164</u>	<u>3,356,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,014,986</u>	<u>2,341,141</u>
Total Mortgage-Backed Securities	<u>7,743,743</u>	<u>7,623,560</u>	<u>-</u>	<u>470,981</u>	<u>532,304</u>	<u>2,581,400</u>	<u>4,038,875</u>
1988 Collateralized Single Family Mortgage Revenue Bonds total cash and investments	<u>\$ 26,663,310</u>	<u>\$ 26,543,127</u>	<u>\$ 8,919,567</u>	<u>\$ 10,470,981</u>	<u>\$ 532,304</u>	<u>\$ 2,581,400</u>	<u>\$ 4,038,875</u>

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program *(continued)*
September 30, 2023 and 2022

Multifamily Development Program (MFDP) as of September 30, 2023

<u>Assets</u>	<u>Cost</u>	<u>Carrying Value</u>	<u>Maturities (in years)</u>				
			<u>Less Than 1</u>	<u>From 1 Up To 5</u>	<u>From 5 Up To 10</u>	<u>From 10 Up To 15</u>	<u>15 and More</u>
CASH AND CASH EQUIVALENTS							
Non-Money Market Deposits	\$ 181,501	\$ 181,501	\$ 181,501	\$ -	\$ -	\$ -	\$ -
Demand Money Market Deposits	3,779,724	3,779,724	3,779,724	-	-	-	-
Money Market Funds	22,188,901	22,188,901	22,188,901	-	-	-	-
Total cash and cash equivalents	<u>26,150,126</u>	<u>26,150,126</u>	<u>26,150,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INVESTMENTS							
U.S. Treasury Obligations	64,541,271	64,749,714	1,945,367	62,804,347	-	-	-
Investment agreements	130,165,558	130,165,558	54,475,000	75,690,558	-	-	-
GSE Obligations	689,822	654,567	-	654,567	-	-	-
Total investments	<u>195,396,651</u>	<u>195,569,839</u>	<u>56,420,367</u>	<u>139,149,472</u>	<u>-</u>	<u>-</u>	<u>-</u>
Multifamily MFDP Program total cash and investments	<u>\$ 221,546,777</u>	<u>\$ 221,719,965</u>	<u>\$ 82,570,493</u>	<u>\$ 139,149,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program *(continued)*
September 30, 2023 and 2022

Multifamily Development Program (MFDP) as of September 30, 2022

<u>Assets</u>	<u>Cost</u>	<u>Carrying Value</u>	<u>Maturities (in years)</u>				
			<u>Less Than 1</u>	<u>From 1 Up To 5</u>	<u>From 5 Up To 10</u>	<u>From 10 Up To 15</u>	<u>15 and More</u>
CASH AND CASH EQUIVALENTS							
Non-Money Market Deposits	\$ 3	\$ 3	\$ 3	\$ -	\$ -	\$ -	\$ -
Demand Money Market Deposits	3,459,985	3,459,985	3,459,985	-	-	-	-
Money Market Funds	27,832,041	27,832,041	27,832,041	-	-	-	-
Total cash and cash equivalents	<u>31,292,029</u>	<u>31,292,029</u>	<u>31,292,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INVESTMENTS							
Certificate of Deposit	3,335,000	3,335,000	3,335,000	-	-	-	-
Investment agreements	137,865,562	137,865,562	7,700,000	130,165,562	-	-	-
GSE Obligations	689,822	663,176	-	-	663,176	-	-
Total investments	<u>141,890,384</u>	<u>141,863,738</u>	<u>11,035,000</u>	<u>130,165,562</u>	<u>663,176</u>	<u>-</u>	<u>-</u>
Multifamily MFDP Program total cash and investments	<u>\$ 173,182,413</u>	<u>\$ 173,155,767</u>	<u>\$ 42,327,029</u>	<u>\$ 130,165,562</u>	<u>\$ 663,176</u>	<u>\$ -</u>	<u>\$ -</u>

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DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program *(continued)*
September 30, 2023 and 2022

Multifamily Program as of September 30, 2023

<u>Assets</u>	<u>Cost</u>	<u>Carrying Value</u>	<u>Maturities (in years)</u>					
			<u>Less Than 1</u>	<u>From 1 Up To 5</u>	<u>From 5 Up To 10</u>	<u>From 10 Up To 15</u>	<u>15 and More</u>	
CASH AND CASH EQUIVALENTS								
Non-Money Market Deposits	\$ 12	\$ 12	\$ 3	\$ -	\$ -	\$ 1	\$ 8	
Demand Money Market Deposits	1,524,913	1,524,913	1,524,913	-	-	-	-	
Money Market Funds	270,369	270,369	270,369	-	-	-	-	
Total cash and cash equivalents	1,795,294	1,795,294	1,795,285	-	-	1	8	
Multifamily Program total cash	\$ 1,795,294	\$ 1,795,294	\$ 1,795,285	\$ -	\$ -	\$ 1	\$ 8	

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DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program *(continued)*
September 30, 2023 and 2022

Multifamily Program as of September 30, 2022

<u>Assets</u>	<u>Cost</u>	<u>Carrying Value</u>	<u>Maturities (in years)</u>					
			<u>Less Than 1</u>	<u>From 1 Up To 5</u>	<u>From 5 Up To 10</u>	<u>From 10 Up To 15</u>	<u>15 and More</u>	
CASH AND CASH EQUIVALENTS								
Non-Money Market Deposits	\$ 12	\$ 12	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ 10
Demand Money Market Deposits	1,483,615	1,483,615	1,483,615	-	-	-	-	-
Money Market Funds	251,497	251,497	251,497	-	-	-	-	-
Total cash and cash equivalents	<u>1,735,124</u>	<u>1,735,124</u>	<u>1,735,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>
Multifamily Program total cash	<u>\$ 1,735,124</u>	<u>\$ 1,735,124</u>	<u>\$ 1,735,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>

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DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program *(continued)*
September 30, 2023 and 2022

Combined Revenue Obligation Programs and General Activities as of September 30, 2023

<u>Assets</u>	<u>Cost</u>	<u>Carrying Value</u>	<u>Maturities (in years)</u>				
			<u>Less Than 1</u>	<u>From 1 Up To 5</u>	<u>From 5 Up To 10</u>	<u>From 10 Up To 15</u>	<u>15 and More</u>
CASH AND CASH EQUIVALENTS							
Non-Money Market Deposits	\$ 7,714,939	\$ 7,714,939	\$ 7,714,939	\$ -	\$ -	\$ -	\$ -
Demand Money Market Deposits	50,606,938	50,606,938	50,606,938	-	-	-	-
Money Market Funds	31,953,289	31,953,289	31,953,289	-	-	-	-
Total cash and cash equivalents	90,275,166	90,275,166	90,275,166	-	-	-	-
INVESTMENTS							
Certificates of Deposits	14,141,208	14,141,208	3,093,830	11,047,378	-	-	-
U.S. Treasury Obligations	91,739,963	90,910,911	5,650,294	85,124,925	135,692	-	-
Municipal Obligations	895,000	895,000	895,000	-	-	-	-
Investment Agreements	140,165,558	140,165,558	54,475,000	85,690,558	-	-	-
Corporate Obligations	51,884,525	50,223,982	19,722,944	30,211,610	289,428	-	-
GSE Obligations	3,182,881	3,019,626	1,119,140	1,824,085	76,401	-	-
Total investments	302,009,135	299,356,285	84,956,208	213,898,556	501,521	-	-
MORTGAGE-BACKED SECURITIES							
Ginnie Mae	2,151,016	1,985,221	36,965	173,164	448,646	-	1,326,446
Fannie Mae	2,623,938	2,464,177	-	3,192	-	1,419,925	1,041,060
Freddie Mac	7,012,644	6,042,717	-	-	-	2,713,433	3,329,284
Total Mortgage-Backed Securities	11,787,598	10,492,115	36,965	176,356	448,646	4,133,358	5,696,790
Combined General Activities and Revenue Obligation Programs total cash, investments and Mortgage-Backed Securities							
	\$ 404,071,899	\$ 400,123,566	\$ 175,268,339	\$ 214,074,912	\$ 950,167	\$ 4,133,358	\$ 5,696,790

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program *(continued)*
September 30, 2023 and 2022

Combined Revenue Obligation Programs and General Activities as of September 30, 2022

<u>Assets</u>	<u>Cost</u>	<u>Carrying Value</u>	<u>Maturities (in years)</u>				
			<u>Less Than 1</u>	<u>From 1 Up To 5</u>	<u>From 5 Up To 10</u>	<u>From 10 Up To 15</u>	<u>15 and More</u>
CASH AND CASH EQUIVALENTS							
Non-Money Market Deposits	\$ 15	\$ 15	\$ 5	\$ -	\$ -	\$ -	\$ 10
Demand Money Market Deposits	4,943,600	4,943,600	4,943,600	-	-	-	-
Money Market Funds	37,003,105	37,003,105	37,003,105	-	-	-	-
Total cash and cash equivalents	<u>41,946,720</u>	<u>41,946,720</u>	<u>41,946,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>
INVESTMENTS							
Certificates of Deposits	3,335,000	3,335,000	3,335,000	-	-	-	-
Investment Agreements	147,865,562	147,865,562	7,700,000	140,165,562	-	-	-
GSE Obligations	689,822	663,176	-	-	663,176	-	-
Total investments	<u>151,890,384</u>	<u>151,863,738</u>	<u>11,035,000</u>	<u>140,165,562</u>	<u>663,176</u>	<u>-</u>	<u>-</u>
MORTGAGE-BACKED SECURITIES							
Ginnie Mae	2,477,478	2,380,458	-	438,871	532,304	-	1,409,283
Fannie Mae	1,927,101	1,886,975	-	32,110	-	1,566,414	288,451
Freddie Mac	3,339,164	3,356,127	-	-	-	1,014,986	2,341,141
Total Mortgage-Backed Securities	<u>7,743,743</u>	<u>7,623,560</u>	<u>-</u>	<u>470,981</u>	<u>532,304</u>	<u>2,581,400</u>	<u>4,038,875</u>
Combined General Activities and Revenue Obligation Programs total cash, investments and Mortgage-Backed Securities							
	<u>\$ 201,580,847</u>	<u>\$ 201,434,018</u>	<u>\$ 52,981,710</u>	<u>\$ 140,636,543</u>	<u>\$ 1,195,480</u>	<u>\$ 2,581,400</u>	<u>\$ 4,038,885</u>

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program (*continued*)
September 30, 2023 and 2022

1988 Collateralized Single Family Mortgage Revenue Bonds as of September 30, 2023

<u>Asset</u>	<u>Carrying Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating/Supporting Collateral</u>
CASH AND CASH EQUIVALENTS					
Money Market Funds	\$ 9,494,019	36.9%	Aaa-mf	Moody's	Uncollateralized, Uninsured
Total cash and cash equivalents	9,494,019	36.9%			
INVESTMENTS					
Investment Agreements	10,000,000	38.8%	Aa2	Moody's	
Total investments	10,000,000	38.8%			
MORTGAGE-BACKED SECURITIES					
Ginnie Mae	1,619,868	6.4%	Aaa	Moody's	
Fannie Mae	1,587,605	6.2%	Aaa	Moody's	
Freddie Mac	3,001,875	11.7%	Aaa	Moody's	
Total Mortgage-Backed Securities	6,209,348	24.3%			
1988 Collateralized Single Family Mortgage Revenue Bonds total cash, investments and Mortgage-Backed Securities	\$ 25,703,367	100.0%			

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DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program (*continued*)
September 30, 2023 and 2022

1988 Collateralized Single Family Mortgage Revenue Bonds as of September 30, 2022

<u>Asset</u>	<u>Carrying Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating/Supporting Collateral</u>
CASH AND CASH EQUIVALENTS					
Money Market Funds	\$ 8,919,567	33.6%	Aaa-mf	Moody's	Uncollateralized, Uninsured
Total cash and cash equivalents	8,919,567	33.6%			
INVESTMENTS					
Investment Agreements	10,000,000	37.7%	Aa2	Moody's	
Total investments	10,000,000	37.7%			
MORTGAGE-BACKED SECURITIES					
Ginnie Mae	2,380,458	9.0%	Aaa	Moody's	
Fannie Mae	1,886,975	7.1%	Aaa	Moody's	
Freddie Mac	3,356,127	12.6%	Aaa	Moody's	
Total Mortgage-Backed Securities	7,623,560	28.7%			
1988 Collateralized Single Family Mortgage Revenue Bonds total cash, investments and Mortgage-Backed Securities	\$ 26,543,127	100.0%			

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DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program (*continued*)
September 30, 2023 and 2022

Multifamily Development Program (MFDP) as of September 30, 2023

<u>Asset</u>	<u>Carrying Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating/Supporting Collateral</u>
CASH AND CASH EQUIVALENTS					
Non-Money Market Deposits	\$ 181,501	0.1%	Not Rated		Uncollateralized, Uninsured
Demand Money Market Deposits	3,779,724	1.7%	P-1	Moody's	
Money Market Funds	<u>22,188,901</u>	<u>10.0%</u>	Aaa-mf	Moody's	
Total cash and cash equivalents	<u>26,150,126</u>	<u>11.8%</u>			
INVESTMENTS					
U.S. Treasury Obligations	64,749,714	29.2%	Aaa	Moody's	
Investment Agreements	37,340,558	16.8%	Aa2	Moody's	
Investment Agreements	54,475,000	24.6%	Aa3	Moody's	
Investment Agreements	38,350,000	17.3%	A1	Moody's	
GSE Obligations	<u>654,567</u>	<u>0.3%</u>	Aaa	Moody's	
Total investments	<u>195,569,839</u>	<u>88.2%</u>			
Multifamily MFDP Program total cash and investments	<u>\$ 221,719,965</u>	<u>100.0%</u>			

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program *(continued)*
September 30, 2023 and 2022

Multifamily Development Program (MFDP) as of September 30, 2022

<u>Asset</u>	<u>Carrying Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating/Supporting Collateral</u>
CASH AND CASH EQUIVALENTS					
Non-Money Market Deposits	\$ 3	0.0%	Not Rated		Uncollateralized, Uninsured
Demand Money Market Deposits	3,459,985	2.0%	P-1	Moody's	
Money Market Funds	<u>27,832,041</u>	<u>16.1%</u>	Aaa-mf	Moody's	
Total cash and cash equivalents	<u>31,292,029</u>	<u>18.1%</u>			
INVESTMENTS					
Certificate of Deposit	3,335,000	1.9%	Not Rated		Federal Reserve-Held Aaa Collateral
Investment Agreements	45,040,562	26.0%	Aa2	Moody's	
Investment Agreements	54,475,000	31.5%	Aa3	Moody's	
Investment Agreements	38,350,000	22.1%	A1	Moody's	
GSE Obligations	<u>663,176</u>	<u>0.4%</u>	Aaa	Moody's	
Total investments	<u>141,863,738</u>	<u>81.9%</u>			
Multifamily MFDP Program total cash and investments	<u>\$ 173,155,767</u>	<u>100.0%</u>			

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program *(continued)*
September 30, 2023 and 2022

Multifamily Program as of September 30, 2023

<u>Asset</u>	<u>Carrying Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating/Supporting Collateral</u>
CASH AND CASH EQUIVALENTS					
Non-Money Market Deposits	\$ 12	0.0%	Not Rated		Uncollateralized, Uninsured
Demand Money Market Deposits	1,524,913	84.9%	P-1	Moody's	
Money Market Funds	<u>270,369</u>	<u>15.1%</u>	Aaa-mf	Moody's	
Total cash and cash equivalents	<u>1,795,294</u>	<u>100.0%</u>			
Multifamily Program total cash and investments	<u>\$ 1,795,294</u>	<u>100.0%</u>			

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program *(continued)*
September 30, 2023 and 2022

Multifamily Program as of September 30, 2022

<u>Asset</u>	<u>Carrying Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating/Supporting Collateral</u>
CASH AND CASH EQUIVALENTS					
Non-Money Market Deposits	\$ 12	0.0%	Not Rated		Uncollateralized, Uninsured
Demand Money Market Deposits	1,483,615	85.5%	P-1	Moody's	
Money Market Funds	<u>251,497</u>	<u>14.5%</u>	Aaa-mf	Moody's	
Total cash and cash equivalents	<u>1,735,124</u>	<u>100.0%</u>			
Multifamily Program total cash and investments	<u>\$ 1,735,124</u>	<u>100.0%</u>			

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

Schedules of Cash/Cash Equivalents, Investments and

Mortgage-Backed Securities By Program (*continued*)

September 30, 2023 and 2022

Combined Revenue Obligation Programs and General Activities as of September 30, 2023

<u>Asset</u>	<u>Carrying Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating/Supporting Collateral</u>
CASH AND CASH EQUIVALENTS					
Non-Money Market Deposits	\$ 7,533,426	1.9%	Not Rated		Third Party-Held Aaa Collateral
Non-Money Market Deposits	181,513	0.0%	Not Rated		Uncollateralized, Uninsured
Demand Money Market Deposits	43,555,481	10.9%	Not Rated		Federal Reserve-Held Aaa Collateral
Demand Money Market Deposits	7,051,457	1.8%	P-1	Moody's	
Money Market Funds	31,953,289	8.0%	Aaa-mf	Moody's	
Total cash and cash equivalents	<u>90,275,166</u>	<u>22.6%</u>			
INVESTMENTS					
Certificates of Deposits	14,141,208	3.5%	Not Rated		Federal Reserve-Held Aaa Collateral
U.S. Treasury Obligations	90,910,911	22.7%	Aaa	Moody's	
Municipal Obligations	895,000	0.2%	Aa1	Moody's	
Investment Agreements	47,340,558	11.8%	Aa2	Moody's	
Investment Agreements	54,475,000	13.6%	Aa3	Moody's	
Investment Agreements	38,350,000	9.6%	A1	Moody's	
Corporate Obligations	213,700	0.1%	Aaa	Moody's	
Corporate Obligations	462,785	0.1%	Aa2	Moody's	
Corporate Obligations	2,240,727	0.6%	Aa3	Moody's	
Corporate Obligations	12,089,647	3.0%	A1	Moody's	
Corporate Obligations	17,077,882	4.3%	A2	Moody's	
Corporate Obligations	18,139,241	4.5%	A3	Moody's	
GSE Obligations	3,019,626	0.8%	Aaa	Moody's	
Total investments	<u>299,356,285</u>	<u>74.8%</u>			
MORTGAGE-BACKED SECURITIES					
Ginnie Mae	1,985,221	0.5%	Aaa	Moody's	
Fannie Mae	2,464,177	0.6%	Aaa	Moody's	
Freddie Mac	6,042,717	1.5%	Aaa	Moody's	
Total Mortgage-Backed Securities	<u>10,492,115</u>	<u>2.6%</u>			
Combined general activities and revenue obligation programs total cash, investments and Mortgage-Backed Securities					
	<u>\$ 400,123,566</u>	<u>100.0%</u>			

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
Schedules of Cash/Cash Equivalents, Investments and
Mortgage-Backed Securities By Program (*continued*)
September 30, 2023 and 2022

Combined Revenue Obligation Programs and General Activities as of September 30, 2022

<u>Asset</u>	<u>Carrying Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating/Supporting Collateral</u>
CASH AND CASH EQUIVALENTS					
Non-Money Market Deposits	\$ 15	0.0%	Not Rated	Moody's	Uncollateralized, Uninsured
Demand Money Market Deposits	4,943,600	2.5%	P-1	Moody's	
Money Market Funds	<u>37,003,105</u>	<u>18.4%</u>	Aaa-mf	Moody's	
Total cash and cash equivalents	<u>41,946,720</u>	<u>20.9%</u>			
INVESTMENTS					
Certificates of Deposits	3,335,000	1.7%	Not Rated		Federal Reserve-Held Aaa Collateral
Investment Agreements	55,040,562	27.3%	Aa2	Moody's	
Investment Agreements	54,475,000	27.0%	Aa3	Moody's	
Investment Agreements	38,350,000	19.0%	A1	Moody's	
GSE Obligations	<u>663,176</u>	<u>0.3%</u>	Aaa	Moody's	
Total investments	<u>151,863,738</u>	<u>75.3%</u>			
MORTGAGE-BACKED SECURITIES					
Ginnie Mae	2,380,458	1.2%	Aaa	Moody's	
Fannie Mae	1,886,975	0.9%	Aaa	Moody's	
Freddie Mac	<u>3,356,127</u>	<u>1.7%</u>	Aaa	Moody's	
Total Mortgage-Backed Securities	<u>7,623,560</u>	<u>3.8%</u>			
Combined general activities and revenue obligation programs total cash, investments and Mortgage-Backed Securities					
	<u>\$ 201,434,018</u>	<u>100.0%</u>			

See Accompanying Independent Auditor's Report.



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

To the Board of Directors
District of Columbia Housing Finance Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the District of Columbia Housing Finance Agency (the "Agency"), a component unit of the Government of the District of Columbia, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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*.

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.

Mitchell Titus, LLP

December 29, 2023

