OFFICE OF THE
INSPECTOR GENERAL
DISTRICT OF COLUMBIA GOVERNMENT

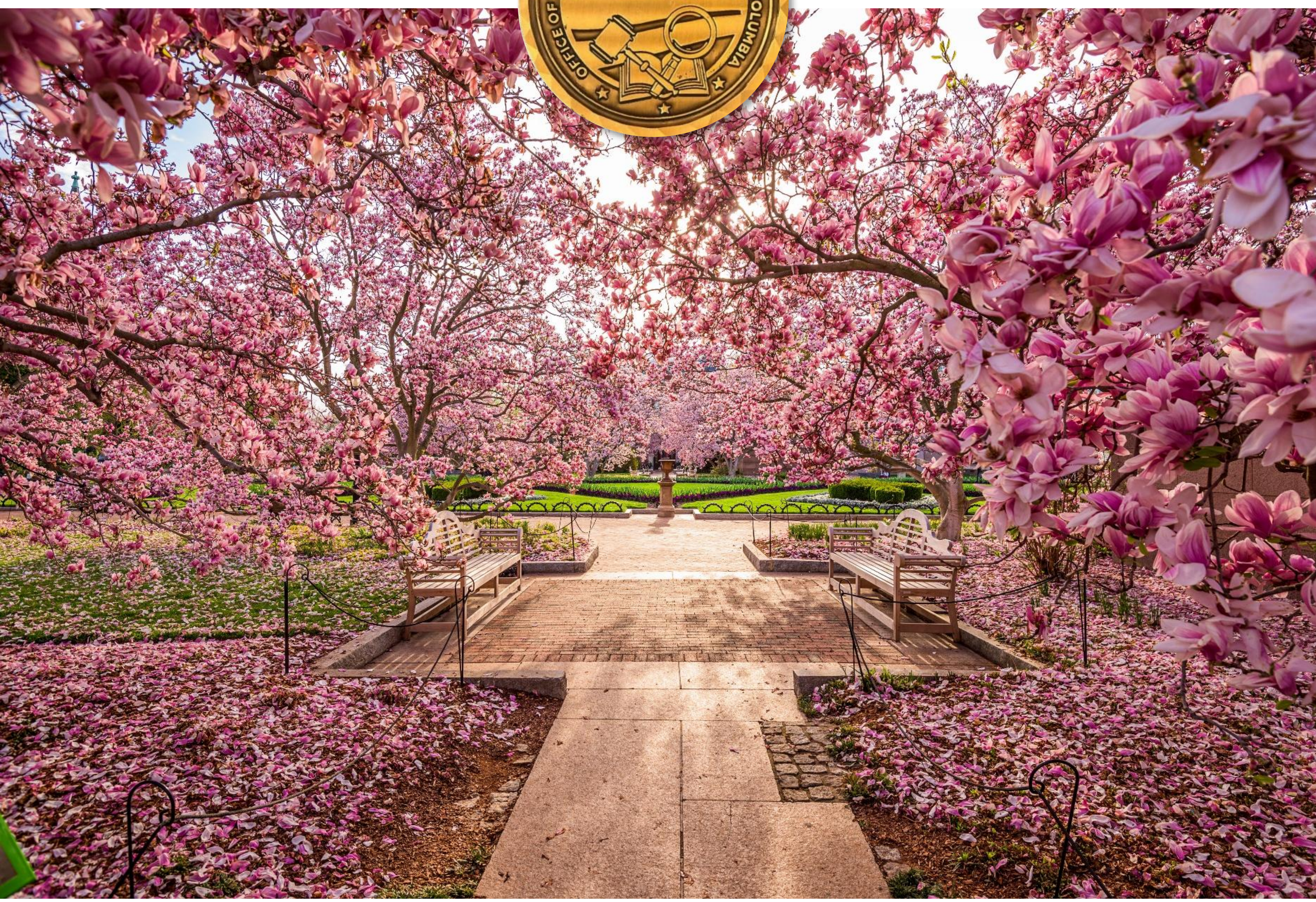
AUDIT REPORT

DC Housing Enterprises

Financial Statements and Independent Auditor's Report for FY 2025

OIG No. 25-1-12HY(e)

July 15, 2026



MATTHEW WILCOXSON
INTERIM INSPECTOR GENERAL

OUR MISSION

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

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

OUR VISION

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

OUR VALUES

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

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

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

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

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

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

MEMORANDUM

To:	Nicole Wickliffe, Interim Executive Director District of Columbia Housing Authority
	Isra A. Elkhazeen, Interim Chief Financial Officer District of Columbia Housing Authority
	Raymond Skinner, Board Chair Stabilization and Reform Board of Commissioners
From:	Matthew Wilcoxson *Matthew Wilcoxson* Acting Principal Deputy Inspector General
Date:	July 15, 2026
Subject:	**DC Housing Enterprises Annual Financial Statements and Independent Auditor's Report | OIG No. 25-1-12HY(e)**

This memorandum transmits the final *DC Housing Enterprises Annual Financial Statements and Independent Auditor's Report* for fiscal year 2025. CliftonLarsenAllen, LLP (CLA) conducted the audit and submitted these reports as part of our overall contract for the audit of the District of Columbia Housing Authority's basic financial statements for fiscal year 2025.

In this report, CLA noted one material weakness relating to the Authority's financial reporting. Due to the significance of this issue, CLA did not express an opinion on the agency's financial statements.

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

DC HOUSING ENTERPRISES
(A Component Unit of the
District of Columbia Housing Authority)

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

DC HOUSING ENTERPRISES
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YEAR ENDED SEPTEMBER 30, 2025

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of DC Housing Enterprises, a component unit of the District of Columbia Housing Authority (DCHA), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise DC Housing Enterprises' basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of DC Housing Enterprises referred to above. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the accompanying financial statements.

Basis for Disclaimer of Opinion

In the prior year, DCHA implemented a new computerized accounting system, and the process to reconcile implementation issues of the new accounting system continued into fiscal year 2025. This resulted in numerous misstatements and accounts that we could not obtain sufficient audit evidence to verify amounts included in the financial statements of DCHA and its component units, including DC Housing Enterprises. As of the date of our audit report, management has not rectified its system deficiencies, corrected all misstatements, or provided support for certain balances related to assets, liabilities, net position, revenues, expenses, and cash flows. Although certain DC Housing Enterprises balances were adjusted based on available information, because of the significance and pervasiveness of these matters, we were unable to determine whether all amounts and disclosures included in the accompanying financial statements were materially correct or whether additional adjustments may have been necessary. Accordingly, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Emphasis of Matter

As discussed in Note 1, the financial statements present only DC Housing Enterprises and do not purport to, and do not, present fairly the financial position of DCHA as of September 30, 2025, the changes in its financial position, or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 7 to the financial statements, beginning net position has been restated to correct misstatements related to prior periods. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility was to conduct an audit of DC Housing Enterprises' financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of DC Housing Enterprises and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We were unable to apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America because of the matters described in the *Basis for Disclaimer of Opinion* section of our report. We do not express an opinion or provide any assurance on the information.

Other Reporting Required by *Government Auditing Standards*

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
July 2, 2026

Introduction

The District of Columbia Housing Authority (DCHA or the Authority) provides quality affordable housing to extremely low-through moderate-income households, fosters sustainable communities, and cultivates opportunities for residents to improve their lives.

The Authority presents this discussion and analysis of its not-for-profit entity – DC Housing Enterprises (DCHE), for the fiscal years ended September 30, 2025 and 2024 to assist the reader in focusing on significant financial issues of DCHE.

DCHE is solely owned and operated by DCHA. As disclosed in Note 1, the accompanying financial statements include DCHE and the Limited Liability Companies of which DCHE is the sole member.

DCHE's Financial Statements

DCHE presents the financial results in three financial statements – the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows. The financial results are compared for the years ended September 30, 2025, and 2024, allowing the readers to ascertain the reasons for changes in revenues, expenses, and net position balances. These financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The statement of net position presents information on all of DCHE's assets and liabilities. The difference between DCHE's assets and liabilities is reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of DCHE is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information, which shows how DCHE's net position changes during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of any unrelated cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., depreciation).

The statement of cash flows reports DCHE's net cash from operating, investing, capital, and related financing activities, and noncapital and related financing activities.

DCHE's Financial Highlights for Fiscal Year 2025

In summary, DCHE's fiscal year 2025 financial highlights included the following:

- At September 30, 2025, total assets and liabilities were $13,394,390 and $1,241,443, respectively. Total net position was $12,152,947.
- Total revenues and expenses were $920,618 and $535,459 respectively; thus total net position increased by $385,159.
- Cash flows provided by operating activities amounted to $704,214. After considering capital and related financing activities and investing activities, total cash decreased by $1,931,134.

DCHE's Financial Highlights for Fiscal Year 2024

In summary, DCHE's fiscal year 2024 financial highlights included the following:

- At September 30, 2024, total assets and liabilities were $13,327,759 and $1,559,971, respectively. Total net position was $11,767,788.
- Total revenues and expenses were $782,446 and $712,514 respectively; thus total net position increased by $69,932.
- Cash flows used by operating activities amounted to $2,486,174. After considering capital and related financing activities and investing activities, total cash increased by $201,292.

Summary of Net Position

DCHE's fiscal year 2025, and fiscal year 2024 statements of net position report all financial assets of DCHE and are presented in a format where assets, minus liabilities, equal net position. Table 1 reflects a condensed summary of net position as of September 30, 2025, and 2024. The change between September 30, 2025 and September 30, 2024 should be read in conjunction with the financial statements.

Table 1
Summary of Net Position

	2025	2024 (As Restated)	2025/2024 Increase (Decrease)
Current Assets	$ 9,131,812	$ 11,725,482	$ (2,593,670)
Capital Assets	1,602,277	1,602,277	-
Noncurrent Assets	2,660,301	-	2,660,301
Total Assets	13,394,390	13,327,759	66,631
Current Liabilities	1,241,443	1,559,971	(318,528)
Net Position			
Net Investment in Capital Assets	1,602,277	1,602,277	-
Unrestricted	10,550,670	10,165,511	385,159
Total Net Position	$ 12,152,947	$ 11,767,788	$ 385,159

2025 - 2024 Comparative Analysis

Total Assets increased $66,631:

- Current Assets decreased by $2,593,670, among which cash and cash equivalents decreased $1,931,134, balances due from DCHA which decreased $64,452 and Developer's Fee Receivable which decreased $612,980. Activity was offset by accounts receivable which increased $651, prepaid expenses which increased $14,245.
- Noncurrent assets increased $2,660,301 due to an increase in notes receivable of $2,660,301 for UFAS Loans.

Total Liabilities decreased $318,528, primarily due to:

- Retainage payable decreased $69,152, shifting alongside year-to-year changes in construction activity.
- Accrued expenses decreased $249,777.
- Decrease was offset by accounts payable to DCHA increase of $401.

Summary of Revenues, Expenses, and Changes in Net Position

DCHE's fiscal year 2025 and fiscal year 2024 Statements of Revenues, Expenses, and Changes in Net Position include operating revenues such as contract and grant revenue, operating expenses such as administrative and contract costs, and nonoperating interest income. In fiscal year 2025, DCHE had an increase in net position of $385,159. Table 2 presents a condensed summary of data from DCHE's Statements of Revenues, Expenses, and Changes in Net Position.

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

	2025	2024 (As restated)	2025/2024 Increase (Decrease)
Revenues:			
Operating Revenues	$ 901,897	$ 730,177	$ 171,720
Nonoperating Revenues	18,721	52,269	(33,548)
Total Revenues	920,618	782,446	138,172
Expenses:			
Operating Expenses	535,459	712,514	(177,055)
Total Expenses	535,459	712,514	(177,055)
Change in Net Position	385,159	69,932	315,227
Total Net Position - Beginning of Year, As Originally Stated	11,767,788	12,080,599	(312,811)
Prior Period Adjustments - Correction of Errors		(382,743)	312,811
Total Net Position - End of Year	$ 12,152,947	$ 11,767,788	$ 385,159

2025 - 2024 Comparative Analysis

Operating revenues increased $171,720, due to the net effect of:

- $166,963 increase in contract revenues.
- $4,241 decrease in tenant revenue.
- $8,998 increase in other revenue.

Operating expenses decreased $177,055, primarily due to the net effect of:

- $152,927 decrease in administrative expenses.
- $24,128 decrease in insurance premiums.

Nonoperating activities changed as follows:

- Interest income decreased by $33,548 in fiscal year 2025.

Economic Factors and Next Year's Budgets and Rates

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

- The Washington DC Metro area economy continued with a steady performance during 2025, and the expected growth rate will continue with a steady pattern of growth during fiscal year 2026.
- Our budget for 2026 took into consideration of the continued growth pattern, despite our projections for federal funding reductions in fiscal year 2026 that may also impact DCHE's funding.

Requests for Information

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

The Office of the Director of Finance
District of Columbia Housing Authority
300 7th Street SW, 10th Floor
Washington, D.C. 20024
(202) 535-2878

DC HOUSING ENTERPRISES
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 8,517,262
Accounts Receivable, Net Allowance for Doubtful Accounts	69,043
Prepaid Expenses and Other Assets	26,739
Developer's Fee Receivable	232,496
Developer Advances Receivable	286,272
Total Current Assets	9,131,812
NONCURRENT ASSETS	
Notes Receivable	2,654,069
Investments, Unrestricted	6,232
Capital Assets, Not Being Depreciated	1,602,277
Total Noncurrent Assets	4,262,578
Total Assets	$ 13,394,390

LIABILITIES AND NET POSITION

LIABILITIES	
Accounts Payable - Due to DCHA	$1,241,443
Total Liabilities	1,241,443
NET POSITION	
Net Investment in Capital Assets	1,602,277
Unrestricted	10,550,670
Total Net Position	12,152,947
Total Liabilities and Net Position	$ 13,394,390

See accompanying Notes to Financial Statements.

DC HOUSING ENTERPRISES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2025

OPERATING REVENUES	
Contract Revenues	$ 892,899
Other Revenues	8,998
Total Operating Revenues	901,897
OPERATING EXPENSES	
Administrative	462,470
Insurance	72,989
Total Operating Expenses	535,459
OPERATING INCOME	366,438
NONOPERATING REVENUE	
Interest Income	18,721
Total Nonoperating Revenue	18,721
CHANGE IN NET POSITION	385,159
Total Net Position - Beginning of Year, As Originally Stated	12,400,308
Prior Period Adjustments - Correction of Errors	(632,520)
Total Net Position - Beginning of Year, As Restated	11,767,788
TOTAL NET POSITION - END OF YEAR	$ 12,152,947

See accompanying Notes to Financial Statements.

DC HOUSING ENTERPRISES
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	$ 1,575,942
Other Receipts	8,998
Payments to Employees	(711,846)
Payments to Vendors and Subcontractors	(168,880)
Net Cash Provided by Operating Activities	704,214
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	18,721
Issuance of Note Receivable	(2,654,069)
Net Cash Used by Investing Activities	(2,635,348)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,931,134)
Cash and Cash Equivalents - Beginning of Year	10,448,396
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,517,262
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 366,438
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Effects of Changes in Operating Assets and Liabilities:	
Accounts Receivable	(651)
Prepaid Expenses	(26,739)
Accounts Payable - Due to DCHA	401
Retainage Payable	(69,152)
Net Cash Provided by Operating Activities	$ 704,214

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

DC Housing Enterprises (DCHE) was organized as a nonprofit corporation under the laws of the District of Columbia Nonprofit Corporation Act on February 12, 2002. DCHE is operated exclusively for charitable purposes by engaging in activities that enhance the supply of affordable housing, as well as related community development. Also, DCHE's purpose is to acquire an interest in real property located in Washington, DC.

DCHE is wholly owned by and for the benefit and is an instrumentality of the District of Columbia Housing Authority (DCHA) located in Washington, DC. DCHE is not subject to federal or District of Columbia (DC) income taxes and is not required to file federal or DC income tax returns. As a component unit of DCHA, DCHE has chosen to present the financial statements in accordance with the Governmental Accounting Standards Board (GASB) in fiscal year 2025.

Reporting Entity

DCHE's financial statements include those of DCHE and component units. In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth by the GASB. These criteria include manifestation of oversight responsibility including financial accountability, imposition of will, financial benefit to or burden on a primary organization, and financial accountability as a result of fiscal dependency. On the basis of the application of these criteria, the following entities, of which DCHE is the sole member, are required to be reported as blended component units of DCHE:

- AccessiBuild GP I, LLC – this LLC is the general partner and has a 0.01% interest in AccessiBuild I, LP, a limited partnership, the purpose of which is to acquire, develop, rehabilitate, own, maintain, and operate a 22-unit complex for families of low and moderate income. The project is known as Henson Ridge Uniform Federal Accessibility Standards (UFAS) Rentals.

The financial statements of DCHE have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and under the principles of consolidation based on Section 810 of the Codification and GASB No. 61: *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. Under these principles, related receivables and payables are eliminated as well as related revenue and expense.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Accounting

DCHE is presented as a blended component unit in DCHA's financial statements. DCHE is presented as a blended component unit in the DCHA report because of the fiscal dependency and because of common members of the board of commissioners/directors who serve on the respective boards. The accompanying financial statements are only those of DCHE and are not intended to present the financial position, changes in financial position, and cash flows of DCHA taken as a whole.

DCHE uses the accrual basis of accounting in accordance with GAAP. Under this method, income is recognized as it is earned, and expenses are recognized as they are incurred whether or not cash is received or paid out at that time.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, DCHE considers all highly liquid investments with a maturity of three months or less when purchased and nonnegotiable certificates of deposit to be cash equivalents. There were no noncash investing and financing activities during the year. It is DCHE's policy that all funds on deposit are collateralized in accordance with the policies of DCHA.

Accounts Receivables – Net of Allowance

Accounts receivables are made up of amounts due from DCHA, District of Columbia, AccssesiBuild, and CUREs. All accounts receivable balances are reviewed to determine whether they are collectible. Allowance account estimates are established based on the historical experience. At September 30, 2025, no allowance for doubtful accounts was recorded.

Prepaid Items

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

All purchased capital assets are valued at cost when historical records are available. When no historical records are available, capital assets are valued at estimated historical cost. All normal expenditures of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold.

Land values are derived from development closeout documentation.

Donated capital assets are recorded at their acquisition value at the time they are received.

Donor-imposed restrictions are deemed to expire as the asset depreciates.

Depreciation: The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method.

Depreciation commences on modernization and development additions in the year following completion.

The useful life of vehicles for the purposes of computing depreciation is 5 years.

Maintenance and Repairs: Maintenance and repairs expenditures are charged to operations when incurred. Betterments in excess of $5,000 with an estimated useful life of one year or more are capitalized. DCHE has defined acquisition costs to include labor cost, materials, and supplies, and contract costs incurred in connection with a betterment and addition. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Construction in Progress: DCHE acquired scattered sites consisting of land and single-family dwellings from DCHA. The terms of the sale include a sales price for each parcel as approved by HUD. It was desirous by all parties to establish terms that reflect prevailing market conditions and at terms that could be reasonably accomplished by DCHE. DCHE will pay DCHA the agreed upon amount at the time that each parcel is sold. Construction in progress represents agreed upon acquisition cost and fix up costs to date on sites in which renovations were not complete. As of September 30, 2025, there were no activities for construction in progress.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenues from contracts comprise income from time and material and fixed fee contracts. Revenue with respect to time and material contracts is recognized as related services are performed. Revenue from fixed fee contracts is recognized in accordance with the percentage of completion method under which the contract value of performance, including earnings thereon, is recognized by the proportion of construction costs incurred to date to estimated total construction costs for each contract. Because of the inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change in the near future.

Litigation Losses

DCHE recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurred if the loss is probable and the loss is reasonably estimable. There were no litigation losses recognized in fiscal year 2025.

Risk Management

DCHE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. DCHE carries commercial insurance for risks of loss, including general liability, fire and extended coverage, fidelity bond, automobile, and Director and Officers liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in fiscal year 2025. The use of a large deductible clause reduces the cost of insurance, but should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of DCHE. Additionally, there was no significant reduction in insurance coverage during fiscal year 2025.

Operating Revenues and Expenses

The principal operating revenues of DCHE are charges to customers for construction costs and services and fees for contract services. Operating expenses include costs related to general and subcontractors. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Income Taxes

No income tax provision is included in the financial statements because DCHE is a wholly owned instrumentality of DCHA which is a public body and a body corporate and politic and is therefore exempt from income taxes. Furthermore, AccessiBuild GP I, LLC, a blended component unit of DCHE, is a single member limited liability company, and is treated as a disregarded entity by the IRS. Accordingly, no federal tax returns need to be prepared and filed on behalf of the LLC, as long as they maintain their single member status.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position Classifications

Net position is displayed in three components:

Net Investment in Capital Assets – This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – This component of net position consists of restricted assets when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etcetera.

Unrestricted Net Position – This component consists of net position that does not meet the definition of “Net Investment in Capital Assets,” or “Restricted Net Position.”

It is DCHE’s policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Adoption of New Accounting Standards

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

NOTE 2 DEPOSITS AND INVESTMENTS

At September 30, 2025, DCHE deposits had a carrying amount of $8,517,263 and a bank balance of $8,512,012. Of the bank balances held in various financial institutions, certain amounts were covered by federal depository insurance and by collateral held under the dedicated method. At September 30, 2025, deposits were fully collateralized.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, DCHE typically limits investment portfolio to maturities of 12 months or less. DCHE has no specific policy regarding interest rate risk.

Credit Risk – DCHE has no policy regarding credit risk. DCHE had no assets that were considered to be investments under GAAP but does limit cash and cash equivalents held in savings and deposits accounts to under terms of 12 months.

Custodial Credit Risk – For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, DCHE will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. DCHE had no assets that were considered to be investments under GAAP. DCHE has no policy on custodial credit risk.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk – DCHE places no limit on the amount that DCHE may invest in any one issuer. DCHE had no assets that were considered to be investments under GAAP. DCHE has no policy regarding credit risk.

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets for fiscal year ended September 30, 2025:

	Balance September 30, 2024	Additions	Deletions	Impairments	Balance September 30, 2025
Not Being Depreciated:					
Construction in Progress	$ 1,602,277	$ -	$ -	$ -	$ 1,602,277
Total Not Being Depreciated	1,602,277	-	-	-	1,602,277
Total	$ 1,602,277	$ -	$ -	$ -	$ 1,602,277

There were no activities for capital assets during fiscal year 2025.

NOTE 4 RELATED PARTY TRANSACTIONS

DCHE has the following activities with various related parties as discussed below:

District of Columbia Housing Authority

Effective March 11, 2002, DCHA and DCHE signed a Memorandum of Understanding (MOU) by which the staff shared between DCHA and DCHE remain as DCHA employees for all purposes other than billing. DCHE would have full use of and access to all DCHA services and property necessary to fulfill DCHE's mission; DCHE would reimburse DCHA for all direct labor, a benefit factor, and an administrative overhead factor. There is an opportunity for the administrative overhead and benefit factors to be reviewed annually.

The following is a summary of balances due from and to DCHA from DCHE at September 30:

Due from (to) DCHA:	
Accounts Receivable	$ -
Accounts Payable	(1,241,443)
Net Due to DCHA	$ (1,241,443)

The amounts cited above will be eliminated when DCHE is blended with DCHA's audited financial statements.

Construction Services Administration, LLC

Effective November 11, 2002, Constructive Services Administration, LLC, a blended component unit of DCHA, entered into a Development Agreement for certain properties with DCHE. This agreement calls for DCHE to be paid a development fee equal to 10% of each property's actual construction and development cost and predevelopment costs. No fees were earned or outstanding as of September 30, 2025.

AccessiBuild

DCHE is the sole member of AccessiBuild GP I, LLC, which is the general partner of AccessiBuild I, LP. The purpose of AccessiBuild I, LP is to purchase, acquire, hold, improve, sell, convey, assign, lease, mortgage, encumber, manage and deal in real and personal property, improved or otherwise, of any nature and to take any and all actions and engage in all activities as may be necessary or appropriate in connection with DCHE. AccessiBuild GP I, LLC owns .01% of the partnership. The limited partners MMA Special Limited Partner, Inc. (a Florida Corporation) and MMA Henson Ridge, LLC (a Delaware Limited Liability company) own 99.99% of the partnership.

In January 2008, AccessiBuild I, LP closed on financing through tax credits and bonds to purchase, acquire, own, and manage a multifamily residential rental development comprised of 22 units built to Uniform Federal Accessibility Standards (UFAS). These 22 UFAS units are located at DCHA's Henson Ridge Hope VI Development and were acquired to house persons with mobility impairments on DCHA's public housing waiting list.

NOTE 4 RELATED PARTY TRANSACTIONS (CONTINUED)

AccessiBuild (Continued)

In connection with the transaction, DCHE has also unconditionally guaranteed the acquisition, construction, equipment, improvements, and operations of the 22 UFAS units which are sometimes referred to as the "Henson Ridge Apartments." The 22 UFAS units are referred to in the closing documents as the "Henson Ridge Apartments" which is the defined term for the project in the bond and tax credit transaction. During fiscal year 2019, DCHE made a guaranteed payment to AccessiBuild I, LP in connection with the operations of 22 UFAS units. As of September 30, 2025, $286,272 of the receivable remains outstanding.

The "Henson Ridge Apartments" only includes the 22 UFAS units and does not refer to any other rental or homeownership units located at the Henson Ridge Hope VI Development.

During fiscal year 2025, AccessiBuild I, LP paid developer’s fee of $605,950 to DCHE. As of September 30, 2025, AccessiBuild I, LP owed DCHE remaining developer’s fee of $232,496.

Community Urban Revitalization Enterprises, LLC

Community Urban Revitalization Enterprises, LLC (CURE) was organized as a Limited Liability Company under the laws of the District of Columbia on December 4, 2009. DCHE owns 0.01% of CURE. For tax purposes, CURE is considered to be a partnership and as such is required to file a partnership tax return – IRS Form 1065. The fiscal year-end for CURE is December 31. CURE’s purpose as stated in the Articles of Organization is to “engage in any lawful business”.

As of October 30, 2009, DCHE had been selected by the Community Development Financial Institutions Fund (CDFI) as an allocatee of New Markets Tax Credits, and as of July 10, 2009, DCHE had been certified by the CDFI as a Community Development Entity (CDE). In connection with its participation in the New Markets Tax Credit Program (NMTC), DCHE organized CURE as a subsidiary allocatee, and CDFI certified it as a CDE.

The express purpose of the NMTC program is to spur economic development and commercial investment projects in low income communities. *By Notice of Allocation* dated October 30, 2009, the CDFI notified DCHE of its selection as allocatee of NMTC authority in the amount of $50,000,000. By a Notice of Allocation dated June 5, 2014, an additional $33,000,000 was awarded to be allocated.

DCHE named CURE to serve as Subsidiary Allocatee and to manage the allocation of NMTC Authority. DCHE and CURE are both certified as a CDE. CURE creates subsidiaries which serve as investment vehicles into which an investor makes a Qualified Equity Investment (QEI), and which in turn makes a Qualified Low-Income Community Investment (QLICI) into a Qualified Active Low-Income Community Business (QALICB).

NOTE 4 RELATED PARTY TRANSACTIONS (CONTINUED)

Community Urban Revitalization Enterprises, LLC (Continued)

DCHE made reservation of NMTC authority to nine developers in the following amounts, and in connection with the following projects:

Entity	Developer	Project	NMTC Reservation	DCHE Investment 2025
CURE X, LLC	Early Childhood Academy Investment, LLC	Chase NMTC Early Childhood Academy Investment LLC	$ 7,802,034	$ 1,942
CURE XII, LLC	Bread for the City	Bread for the City	145,977,273	1,501
CURE XIII, LLC	Martin Luther King Community Hospital	DV-MLK CH QEI, LLC	5,872,153	600
CURE XIV, LLC	QEI, LLC	QEI, LLC	10,921,698	1,096
CURE XV, LLC	Chase NMTC WWH Investment Fund, LLC	Chase NMTC WWH Investment Fund, LLC	10,930,421	1,093
Total			$ 181,503,579	$ 6,232

In each transaction, an investor, or investment fund controlled by the investor has made, or intends to make, an equity investment in CURE or the respective CURE entity, in exchange for which equity investment such investor receives the NMTC. CURE, or the designated CURE entity, in turn, has made QLICI in, typically in the form of loans to, the applicable QALICB. The NMTC Reservation amount is reported as of December 31, 2024, the most recent CURE entity fiscal year that falls within DCHE's September 30, 2025 fiscal year-end.

In each of the referenced transactions, DCHE retains a 0.01% membership interest in the applicable CURE Entity. In addition, DCHE continues as the managing member. DCHE’s primary duties as managing member are ensuring NMTC compliance throughout the seven-year compliance period, including reporting to the CDFI Fund. DCHE collects annual management fees for undertaking the ongoing asset management duties.

As managing member, DCHE earns various fees from each CURE entity. DCHE earns allocation, asset management, community benefit assessment and exit fees. Fees are paid from the CURE entities on varying frequencies (annually, semi-annually, quarterly, or monthly). For the year ended September 30, 2025, the various fees earned by DCHE were $892,899. As of September 30, 2025, there were no receivable from the CURE entities.

NOTE 5 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS

	Blended Component Units Accessibuild GP I, LLC	DCHE	Elimination	9/30/25 Total
Assets				
Unrestricted Cash	$ -	$ 8,517,262	$ -	$ 8,517,262
Accounts Receivable	-	69,043	-	69,043
Other Current Assets	-	14,245	-	14,245
Noncurrent Assets	531,262	2,660,301	-	3,191,563
Capital Assets	-	1,602,277	-	1,602,277
Total Assets	$ 531,262	$ 12,863,128	$ -	$ 13,394,390
Liabilities				
Current Liabilities	$ -	$ -	$ -	$ -
Due to Related Parties	-	1,241,443	-	1,241,443
Total Liabilities	-	1,241,443	-	1,241,443
Net Position				
Net Investment in Capital Assets	-	1,602,277	-	1,602,277
Unrestricted	531,262	10,019,408	-	10,550,670
Total Net Position	531,262	11,621,685	-	12,152,947
Total Liabilities and Net Position	$ 531,262	$ 12,863,128	$ -	$ 13,394,390

NOTE 5 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units Accessibuild GP I, LLC	DCHE	Elimination	9/30/25 Total
Operating Revenues				
Tenant Revenue	$ -	$ -	$ -	$ -
Government Grants	-	-	-	-
Other Revenue	-	901,897	-	901,897
Total Operating Revenues	-	901,897	-	901,897
Operating Expenses				
Administrative	-	462,470	-	462,470
Tenant Services	-	-	-	-
Ordinary Maintenance and Operations	-	-	-	-
Insurance Premiums	-	72,989	-	72,989
Other General Expenses	-	-	-	-
Bad Debt	-	-	-	-
Depreciation	-	-	-	-
Total Operating Expenses	-	535,459	-	535,459
Operating Income (Loss)	-	366,438	-	366,438
Nonoperating Revenue				
Impairment Loss on Assets Held for Sale	-	-	-	-
Interest Income	-	18,721	-	18,721
Total Nonoperating Revenues	-	18,721	-	18,721
Change in Net Position	-	385,159	-	385,159
Total Net Position - Beginning of Year, As Restated	531,262	11,236,526	-	11,767,788
Total Net Position - End of Year	$ 531,262	$ 11,621,685	$ -	$ 12,152,947

	Blended Component Units Accessibuild GP I, LLC	DCHE	9/30/25 Total
Net Cash Provided (Used) by			
Operating Activities	$ -	$ 704,214	$ 704,214
Investing Activities	-	(2,635,348)	(2,635,348)
Capital and Related	-		
Financial Activities	-	-	-
Net Increase in Cash	-	(1,931,134)	(1,931,134)
Cash and Cash Equivalents - Beginning of Year	-	10,448,396	10,448,396
Cash and Cash Equivalents - End of Year	$ -	$ 8,517,262	$ 8,517,262

NOTE 6 ECONOMIC DEPENDENCY

DCHE is economically dependent on DCHA, which provides the bulk of the contracts to DCHE.

NOTE 7 PRIOR PERIOD ADJUSTMENTS

During the year ended September 30, 2025, management identified that a portion of the CURE fee–related accounts receivable balance carried forward from FY2023 totaled $288,097.26 did not represent valid outstanding receivables. In addition, an error of $94,646 was identified between the FY2023 ending accounts receivable balance and the FY2024 beginning balance. This error was corrected through a prior-year adjustment recorded as a reduction to beginning net position and accounts receivable.

During fiscal year 2025, the management also identified a cutoff error related to payroll cost reimbursements, whereby costs attributable to fiscal year 2024 were recorded in fiscal year 2025. As a result, beginning net position as of October 1, 2024 was overstated by $249,777. The accompanying financial statements have been adjusted to correct this error by reducing beginning net position by $249,777 and increasing the accrued expenses by $249,777.

These adjustments decreased beginning net assets by $382,743 and decreased the 2024 change in net assets by $249,777, resulting in a cumulative decrease to ending net assets of $632,520. Accordingly, net assets as of September 30, 2024 were restated as follows:

	2024 As Originally Reported	2024 Prior Period Adjustment	2024 As Restated
Net Position, Beginning of Year	$ 12,080,599	$ (382,743)	$ 11,697,856
Increase (Decrease) in Net Position	319,709	(249,777)	69,932
Net Assets, End of Year	$ 12,400,308	$ (632,520)	$ 11,767,788

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

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

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the DC Housing Enterprises (DCHE), as of and for the year ended September 30, 2025, and the related notes to the financial statements, and have issued our disclaimer of an opinion dated July 2, 2026. Our report disclaims an opinion on such financial statements because we were not able to obtain sufficient audit evidence on certain revenues, expenses, assets, liabilities and net position to form an opinion.

Report on Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statements of DCHE, we considered DC Housing Enterprises'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 DC Housing Enterprises's internal control. Accordingly, we do not express an opinion on the effectiveness of DC Housing Enterprises's internal control.

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

A *deficiency in internal controls* 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 controls, such that there is a reasonable possibility that a material misstatement of DC Housing Enterprises's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of finding and response as item 2025-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether DCHE'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*.

DCHE's Response to Findings

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
July 2, 2026

Finding 2025 – 001:

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting – Financial Statement Closing Process

Condition: DCHE did not complete its financial statement close process in a timely manner. As a result, material audit adjustments were required to properly state the financial statements.

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

Effect: Audit adjustments were necessary to ensure the financial statements are properly stated. The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected on a timely basis. Ineffective controls over the financial reporting and close process could result in inaccurate account balances, a significant number of audit adjustments or restatements or a lack of timely financial information.

Cause: DCHE lacked adequate internal controls over the financial reporting and close process, including insufficient review procedures and lack of timely reconciliation and analysis of account balances.

Repeat Finding: Yes; 2024-001

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

Views of Responsible Officials: There is no disagreement with the finding.

DC HOUSING ENTERPRISES
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2025

U.S. Department of Housing and Urban Development

DC Housing Enterprises (DCHE), a component unit of the District of Columbia Housing Authority, respectfully submits the following summary schedule of prior audit findings for the year ended September 30, 2025.

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

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

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2025-001 Material Weakness in Internal Control over Financial Reporting - Financial Statement Closing Process

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

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

Action taken or planned in response to finding:

DCHE Management acknowledges the finding and agrees that improvements are needed in the formal financial statement closing and reconciliation process.

A checklist was created and implemented as a result of the FY2024 finding. However, due to a miscommunication regarding the segregation of duties between the internal staff and fee accountants several functions were not completed timely and accurately.

The following steps will be taken immediately:

a. Revise month end close checklist.
b. Create and formalize SOPs.
c. Train staff on new SOPs and revised checklist.
d. Strengthen controls by implementing a formal review and approval process of work performed by third-party fee accountants.
e. Create a monthly comprehensive financial report for the Executive team's review.

Name(s) of the contact person(s) responsible for corrective action: Isra Elkhazeen and Zewdneh Shiferaw.
Planned completion date for corrective action plan: August 31, 2026.

DC HOUSING ENTERPRISES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2025

U.S. Department of Housing and Urban Development

DC Housing Enterprises (DCHE), a component unit of the District of Columbia Housing Authority, respectfully submits the following summary schedule of prior audit findings for the year ended September 30, 2025.

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

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

FINDINGS—FINANCIAL STATEMENT AUDIT

2024-001 Material Weakness – Financial Statement Closing and Verification of Balances

Condition: SBC noted that DCHE lacks an adequate closing process. Additionally, there was no validation to ensure that all material account balances in the general ledger were supported and accurate. The deficiencies in the close process resulted in SBC being unable to obtain sufficient audit evidence to verify or determine the proper accounting for balances related to the statement of net position.

Status: See current year finding 2025-001.

Reason for finding's recurrence: A checklist was created and implemented as a result of the FY2024 finding. However, during FY2025, responsibilities between the DCHA finance team and the fee accountant were not sufficiently defined and communicated. As a result, certain closing procedures, account reconciliations, and balance sheet reviews were not completed timely and consistently. This led to delays in validating and supporting certain account balances and contributed to the recurrence of the finding. Management has since clarified responsibilities, revised the closing process, and strengthened review procedures to ensure all material account balances are reconciled, supported, and reviewed timely.

Corrective Action: The following steps will be taken immediately:

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

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REPORT WASTE, FRAUD, ABUSE, AND MISMANAGEMENT

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