OFFICE OF THE
INSPECTOR GENERAL
DISTRICT OF COLUMBIA GOVERNMENT

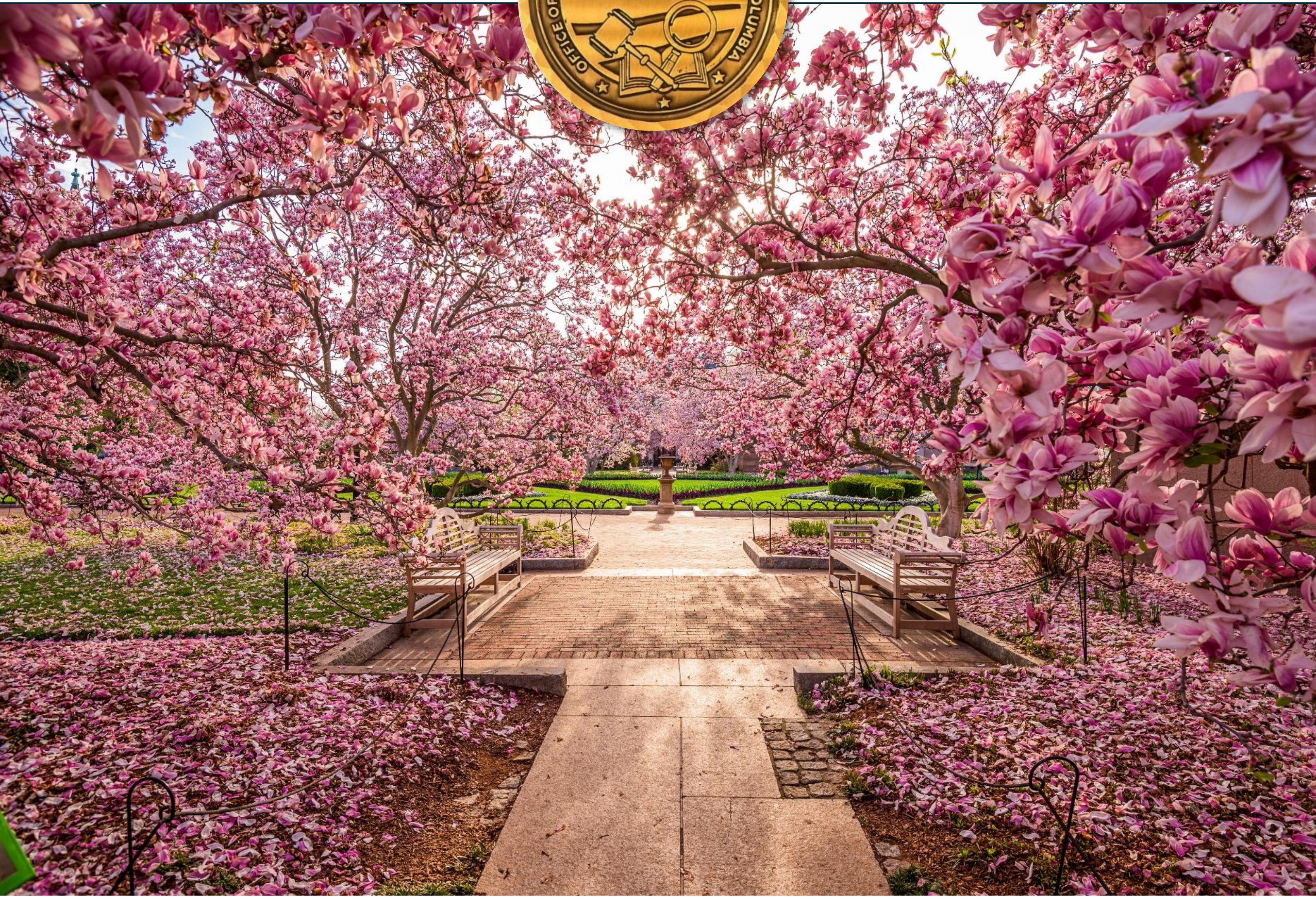
AUDIT REPORT

Colorado Columbia, LLC

Financial Statements and Independent Auditor's Report for FY 2025

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

July 15, 2026



MATTHEW WILCOXSON
INTERIM INSPECTOR GENERAL

OUR MISSION

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

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

OUR VISION

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

OUR VALUES

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

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

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

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

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

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

MEMORANDUM

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

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

Raymond Skinner, Board Chair
Stabilization and Reform Board of Commissioners

From: Matthew Wilcoxson *Matthew Wilcoxson*
Interim Inspector General

Date: July 15, 2026

Subject: **Colorado Columbia, LLC Annual Financial Statements and Independent Auditor's Report | OIG No. 25-1-12HY(f)**

This memorandum transmits the final *Colorado Columbia, LLC 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.

COLORADO COLUMBIA, LLC
(A Component Unit of the
District of Columbia Housing Authority)

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2025

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

COLORADO COLUMBIA, LLC
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Colorado Columbia, LLC, 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 Colorado Columbia, LLC's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of Colorado Columbia, LLC 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 Colorado Columbia, LLC. 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 Colorado Columbia, LLC 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 the accounts of Colorado Columbia, LLC 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, and its cash flows for the year then ended in accordance 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 6 to the financial statements, beginning net position has been restated to correct a misstatement 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 Colorado Columbia, LLC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility was to conduct an audit of Colorado Columbia, LLC's 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 Colorado Columbia, LLC 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 Colorado Columbia, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Colorado Columbia, LLC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Colorado Columbia, LLC's 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 – Colorado Columbia, LLC (Colorado Columbia) for the fiscal years ended September 30, 2025 and 2024 to assist the reader in focusing on significant financial issues of Colorado Columbia.

Colorado Columbia is solely owned and operated by DCHA.

Colorado Columbia's Financial Statements

Colorado Columbia 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 Colorado Columbia's assets and liabilities. The difference between Colorado Columbia'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 Colorado Columbia is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information, which shows how Colorado Columbia'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 Colorado Columbia's net cash from operating, investing, capital, and related financing activities, and noncapital and related financing activities.

Colorado Columbia's Financial Highlights for Fiscal Year 2025

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

- At September 30, 2025, total assets and liabilities were $4,879,261 and $141,177, respectively. Total net position was $4,738,084.
- Total revenues and expenses were $417,682 and $486,161, respectively; thus total net position decreased by $68,479.
- Cash flows provided by operating activities amounted to $14,832. After considering noncapital financing activities and investing activities, total cash decreased by $334,234.

Summary of Net Position

Colorado Columbia's fiscal year 2025, and fiscal year 2024 statements of net position report all financial assets of Colorado Columbia 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	Increase (Decrease)
Current Assets	$ 2,866,105	$ 3,222,239	$ (356,134)
Capital Assets	2,013,156	2,172,122	(158,966)
Total Assets	4,879,261	5,394,361	(515,100)
Current Liabilities	141,177	605,549	(464,372)
Net Position			
Investment in Capital Assets	2,013,156	2,172,122	(158,966)
Unrestricted	2,724,928	2,616,690	108,238
Total Net Position	$ 4,738,084	$ 4,788,812	$ (50,728)

2025 - 2024 Comparative Analysis

Total Assets decreased $515,100:

- Current Assets decreased $356,134, among which cash and cash equivalents decreased $334,234. Net accounts receivable tenant balances and other assets decreased by $21,900. Net capital assets decreased by $158,966 due to depreciation expense recorded for FY 2025.

Total Liabilities decreased $464,372, primarily due to:

- Payable due to DCHA decreased $398,560.
- Savings escrow liability decreased by $77,605

Summary of Revenues, Expenses, and Changes in Net Position

Colorado Columbia's fiscal year 2025 and fiscal year 2024 Statements of Revenues, Expenses, and Changes in Net Position include operating revenues such as tenant and other revenue, operating expenses such as administrative, utilities, ordinary maintenance and operations, and insurance and nonoperating interest income. In fiscal year 2025, Colorado Columbia had a decrease in net position of $68,479. Table 2 presents a condensed summary of data from Colorado Columbia's Statements of Revenues, Expenses, and Changes in Net Position.

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

	2025	2024	Increase (Decrease)
Revenues:			
Operating Revenues	$ 368,188	$ 373,208	$ (5,020)
Nonoperating Revenues	49,494	77,618	(28,124)
Total Revenues	417,682	450,826	(33,144)
Expenses:			
Operating Expenses	486,161	457,668	28,493
Total Expenses	486,161	457,668	28,493
Change in Net Position	(68,479)	(6,842)	(61,637)
Total Net Position - Beginning of Year, As Originally Stated	4,788,812	4,795,654	(6,842)
Prior Period Adjustments - Correction of Errors	17,751	-	17,751
Total Net Position - End of Year	$ 4,738,084	$ 4,788,812	$ (50,728)

2025 - 2024 Comparative Analysis

Total revenues decreased $33,144, primarily due to lower interest rate in FY 2025 resulting in $28,124 decrease in interest income.

Operating expenses increased $28,493, primarily due to the net effect of:

- $40,582 increase in general and administrative expenses.
- $7,153 increase in utilities, repairs and other operating costs
- $19,242 decrease in bad debt related to tenants' rents.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing Colorado Columbia's budget for the year ended September 30, 2025:

- 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 the continued growth pattern, despite our projections for federal funding reductions in fiscal year 2026 that may also impact Colorado Columbia's funding.

Requests for Information

This financial report is designed to provide a general overview of Colorado Columbia'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

COLORADO COLUMBIA, LLC
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents - Unrestricted	$ 2,537,009
Cash and Cash Equivalents - Restricted	260,279
Accounts Receivable, Net Allowance for Doubtful Accounts	67,495
Prepaid Expenses and Other Assets	1,322
Total Current Assets	2,866,105
NONCURRENT ASSETS	
Capital Assets, Not Being Depreciated	104,392
Capital Assets, Being Depreciated, Net	1,908,764
Total Noncurrent Assets	2,013,156
Total Assets	$ 4,879,261

LIABILITIES AND NET POSITION

LIABILITIES	
Accounts Payable	$ 20,194
Due to DCHA	104,862
Accrued Liabilities	11,960
Unearned Revenue	352
Tenant Security Deposits	448
Other Current Liabilities	3,361
Total Liabilities	141,177
NET POSITION	
Net Investment in Capital Assets	2,013,156
Unrestricted	2,724,928
Total Net Position	4,738,084
Total Liabilities and Net Position	$ 4,879,261

See accompanying Notes to Financial Statements.

COLORADO COLUMBIA, LLC
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2025

OPERATING REVENUES	
Tenant Revenue	$ 61,434
HAP Subsidy	239,830
Other Revenues	66,924
Total Operating Revenues	368,188
OPERATING EXPENSES	
Administrative	46,717
Utilities	148,003
Ordinary Maintenance and Operations	82,375
Insurance	33,412
Bad Debt	16,688
Depreciation	158,966
Total Operating Expenses	486,161
OPERATING LOSS	(117,973)
NONOPERATING REVENUE	
Interest Income	49,494
Total Nonoperating Revenue	49,494
CHANGE IN NET POSITION	(68,479)
Total Net Position - Beginning of Year, As Originally Stated	4,788,812
Prior Period Adjustments - Correction of Errors	17,751
Total Net Position - Beginning of Year, As Restated	4,806,563
TOTAL NET POSITION - END OF YEAR	$ 4,738,084

See accompanying Notes to Financial Statements.

COLORADO COLUMBIA, LLC
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Tenants	$ 51,294
Other Operating Receipts	1,953
HAP Subsidy Receipts	239,830
Payments to Vendors	(278,245)
Net Cash Provided by Operating Activities	14,832
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund Transfer from DCHA/General Fund	(398,560)
Net Cash Used by Noncapital Financing Activities	(398,560)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	49,494
Net Cash Provided by Investing Activities	49,494
NET CHANGE IN CASH AND CASH EQUIVALENTS	(334,234)
Cash and Cash Equivalents - Beginning of Year	3,131,522
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,797,288
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	$ (117,973)
Adjustments to Reconcile Cash and Cash Equivalents Provided by Operating Activities:	
Depreciation	158,966
Prior Period Adjustment/Beginning Net Position Restatement	17,751
Provision for Bad Debt	16,688
Effects of Changes in Operating Assets and Liabilities:	
Accounts Receivable	(8,238)
Prepaid Expenses	13,450
Accounts Payable and accrued liabilities	18,812
Tenant Security Deposits	(1,902)
Other Liabilities	(82,722)
Net Cash Provided by Operating Activities	$ 14,832

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Colorado Columbia, LLC (Colorado Columbia) supports the District of Columbia Housing Authority (DCHA) by acquiring, constructing, leasing, managing, operating, selling, and dealing with real property and improvement, including in particular affordable residential housing and homeownership units.

Basis of Presentation and Accounting

Colorado Columbia is presented as a blended component unit in DCHA's financial statements. This is because of fiscal dependency and because of common members of the board of commissioners/directors who serve on the respective boards. The accompanying statement of net position is only those of Colorado Columbia and is not intended to present the net position of DCHA taken as a whole.

Colorado Columbia uses the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in the United States (GAAP) for not-for-profit entities.

Use of Estimates

The preparation of the statement of net position in conformity with accounting 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 as of the date of the statement of net position. Actual results could differ from those estimates.

Income Taxes

Colorado Columbia is a District of Columbia (D.C.) limited liability company and is treated as a disregarded entity for tax purposes. Because Colorado Columbia is not a taxpaying entity for federal or state income tax purposes, no income tax expense or provision has been recorded in the statement of net position. Income of Colorado Columbia is passed through to its sole member, DCHA.

Cash and Cash Equivalents

Colorado Columbia considers all highly liquid investments with a maturity of three months or less when purchased and nonnegotiable certificates of deposit to be cash equivalents.

Tenant Receivables – Net of Allowance

Tenant rent receivables consist of amounts due from tenants for rental charges and related tenant balances. Management reviews outstanding tenant rent receivable balances to determine collectability based on the aging of outstanding balances, historical collection experience, subsequent collections, and other relevant information. Amounts considered uncollectible are recorded as an allowance for doubtful accounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

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

Capital Assets

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.

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

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 lives of buildings and equipment for purposes of computing depreciation are as follows:

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

Operating Revenues and Expenses

Operating revenues consist primarily of tenant revenue, housing assistance payments, and other revenues related to Colorado Columbia's principal operations. Operating expenses include administrative costs, utilities, ordinary maintenance and operations, insurance, bad debt expense, and depreciation. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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, etc.

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."

NOTE 2 CASH AND CASH EQUIVALENTS

As of September 30, 2025, cash and cash equivalents consisted of $2,537,009 of unrestricted cash and cash equivalents and $260,279 of restricted cash and cash equivalents, for total cash and cash equivalents of $2,797,288. The balance is presented net of pooled cash activity with DCHA. Actual bank deposits at September 30, 2025 totaled $3,257,117.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, Colorado Columbia's deposits may not be returned. As of September 30, 2025, Colorado Columbia's deposits were maintained at one financial institution. Of the total deposits of $3,257,117, $250,000 was covered by federal depository insurance and $3,007,117 was uninsured and uncollateralized.

NOTE 3 TENANT RENT RECEIVABLES

Tenant rent receivables reported on the statement of net position consist of amounts due from tenants for rental charges and related tenant balances. As of September 30, 2025, tenant rent receivables totaled $273,131. Management recorded an allowance for doubtful accounts of $205,636, resulting in tenant rent receivables, net of allowance, of $67,495. For the year ended September 30, 2025, Colorado Columbia recorded bad debt expense of $16,688 related to tenant rent receivables.

NOTE 4 CAPITAL ASSETS

Capital assets consist of land, buildings, leasehold improvements, furniture and equipment. The following is a summary of capital assets as of September 30, 2025:

	Balance September 30, 2024	Additions	Deletions	Impairments	Balance September 30, 2025
Not Being Depreciated:					
Construction in Progress	$ 179	$ -	$ -	$ -	$ 179
Land	104,213	-	-	-	104,213
Total Not Being Depreciated	104,392	-	-	-	104,392
Depreciable:					
Buildings	6,358,636	-	-	-	6,358,636
Furniture and Equipment-Dwelling	147,767	-	-	-	147,767
Leasehold Improvements	61,984	-	-	-	61,984
Total Depreciable Capital Assets	6,568,387	-	-	-	6,568,387
Accumulated Depreciation:					
Buildings	(4,290,906)	(158,966)	-	-	(4,449,872)
Furniture and Equipment-Dwelling	(147,767)	-	-	-	(147,767)
Leasehold Improvements	(61,984)	-	-	-	(61,984)
Total Accumulated Depreciation	(4,500,657)	(158,966)	-	-	(4,659,623)
Total Capital Assets, Being Depreciated, Net	2,067,730	(158,966)	-	-	1,908,764
Total	$ 2,172,122	$ (158,966)	$ -	$ -	$ 2,013,156

NOTE 5 RELATED PARTY TRANSACTIONS

Colorado Columbia is a blended component unit of DCHA. In the normal course of operations, certain transactions are processed through DCHA or other DCHA-related accounts on behalf of Colorado Columbia. These transactions may include cash transfers, payments made on behalf of Colorado Columbia, and other interfund activity.

As of September 30, 2025, Colorado Columbia reported $104,862 due to DCHA. The balance represents amounts owed to DCHA related to intercompany or interfund activity as of year-end.

NOTE 6 PRIOR PERIOD ADJUSTMENT

During the current fiscal year 2025, management recorded an immaterial prior period adjustment that increased beginning net position by $17,751. As a result, beginning net position as of October 1, 2024 was restated from $4,788,812 to $4,806,563. Management has evaluated the impact and determined the adjustment is not material to prior or current period financial statements.

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

Mayor, Members of the Council of the Government of the District of Columbia,
the Inspector General of the Government of the District of Columbia, and the
Board of Commissioners of the District of Columbia Housing Authority and
Colorado Columbia, LLC
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 Colorado Columbia, LLC, 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 Colorado Columbia, LLC, we considered Colorado Columbia, LLC'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 Colorado Columbia, LLC's internal control. Accordingly, we do not express an opinion on the effectiveness of Colorado Columbia, LLC'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 Colorado Columbia, LLC'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 Colorado Columbia, LLC'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*.

Colorado Columbia, LLC's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Colorado Columbia, LLC's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Colorado Columbia, LLC'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 Colorado Columbia, LLC'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

<u>Finding 2025 – 001:</u>

Type of Finding:

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

Condition: Colorado Columbia, LLC did not have adequate controls to ensure financial statement account balances were properly reviewed, supported, and recorded. During the audit, we noted that capital assets totaling approximately $2.1 million, net of accumulated depreciation, were improperly written off and recorded as a loss, although management later determined the assets were still in service and reversed the write-off. In addition, current-year depreciation expense was not recorded, resulting in an audit adjustment of approximately $159,000.

We also noted that an escrow liability of approximately $83,000 was removed during FY2025 through current-year activity after management determined the liability did not exist. However, management was unable to provide sufficient support for the original liability or evidence that the related obligation was relieved or paid during FY2025 or prior. Email correspondence indicated the related cash transfer may have occurred in FY2026. As a result, we were unable to determine whether the liability existed as of September 30, 2025 or whether the FY2025 removal was appropriate.

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: These deficiencies resulted in material audit adjustments and increased the risk that assets, liabilities, expenses, losses, and net position may be materially misstated.

Cause: Management did not have sufficient review and reconciliation controls over account balances, including capital assets, depreciation, and escrow liabilities.

Repeat Finding: Yes; 2024-001

Recommendation: We recommend Colorado Columbia, LLC establish a formal closing process that reconciles and analyzes all account balances. This process should include specific timelines, defined responsibilities, appropriate supervisory reviews, and the necessary standard journal entries. This process should also ensure all transactions of the entity are properly included in the year end balances.

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

COLORADO COLUMBIA, LLC
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2025

U.S. Department of Housing and Urban Development

Colorado Columbia, LLC, 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 and Verification of Balances

Recommendation: We recommend Colorado Columbia, LLC establish a formal closing process that reconciles and analyzes all material account balances. This process should include specific timelines, defined responsibilities, appropriate supervisory reviews, and the necessary standard journal entries. This process should also ensure all transactions of the entity are properly included in the year-end balances.

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

Action taken or planned in response to finding:

Colorado Columbia, LLC Management agrees with the recommendation 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. Cross-check migrated data.
b. Revise month end close checklist.
c. Create and formalize SOPs.
d. Train staff on new SOPs and revised checklist.
e. Strengthen controls by implementing a formal review and approval process of work performed by third-party fee accountants.
f. 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.

COLORADO COLUMBIA, LLC
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2025

U.S. Department of Housing and Urban Development

Colorado Columbia, LLC, 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 Closing Process and Verification of Balances

Condition: SBC noted that Colorado Columbia 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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