

OFFICE OF THE
INSPECTOR GENERAL
DISTRICT OF COLUMBIA GOVERNMENT

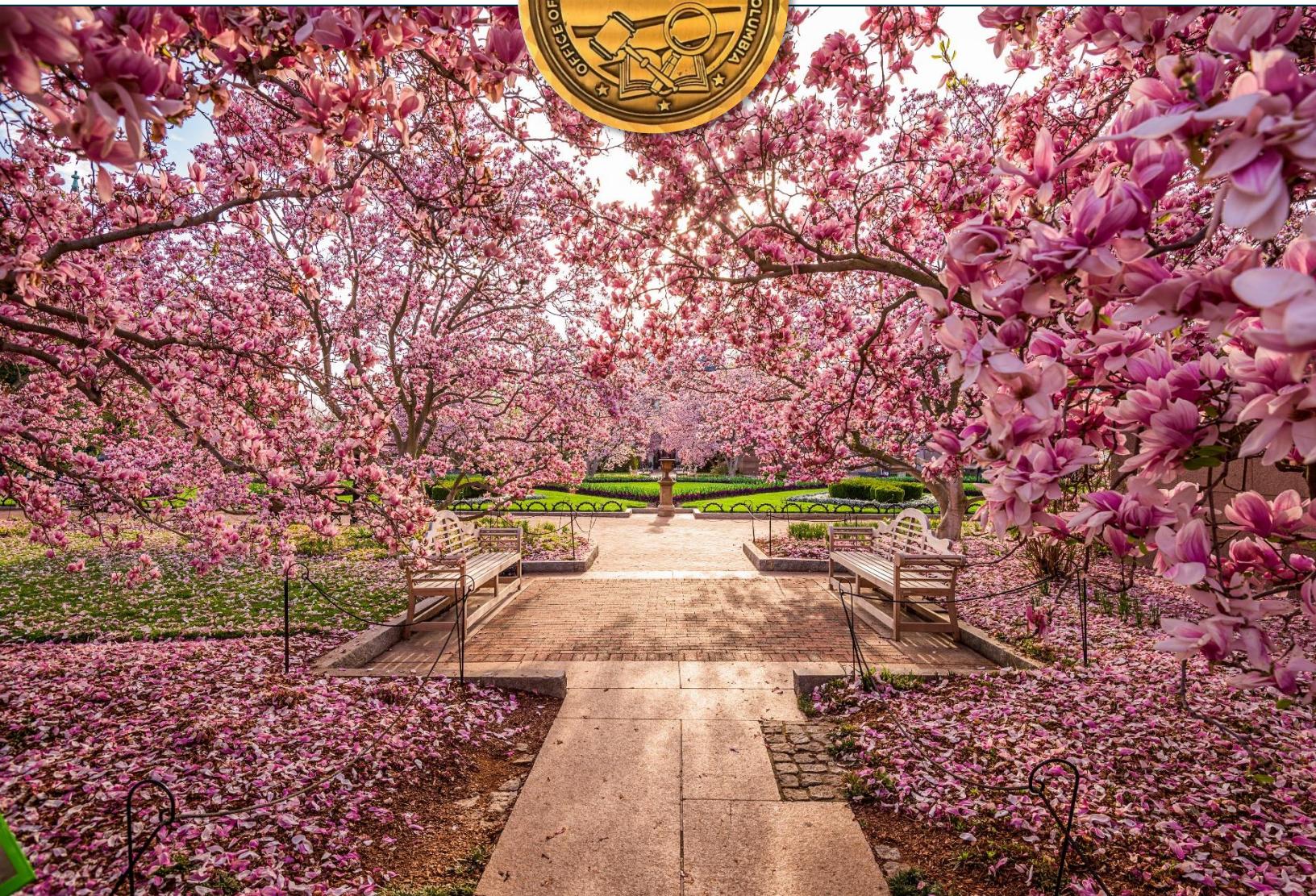
AUDIT REPORT

Green Finance Authority

Annual Financial Statements and Independent Auditor's Reports
Fiscal Year 2025

OIG No. 25-1-18KB

January 30, 2026



DANIEL W. LUCAS
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: The Honorable Muriel Bowser
Mayor of the District of Columbia

The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

From: Daniel W. Lucas 
Inspector General

Date: January 30, 2026

Subject: **Green Finance Authority Annual Financial Statements | OIG No. 25-1-18KB**

This memorandum transmits the final *Green Finance Authority Financial Statements and Independent Auditor's Reports* for fiscal year 2025. CliftonLarsonAllen LLP (CLA) provided these reports to the Office of the Inspector General as part of the annual audit of the District of Columbia's general-purpose financial statements for fiscal year 2025. As part of their contract, CLA reviewed the work papers of SB & Company (SBC), which audited the financial statements of the Green Finance Authority to independently determine whether the financial statements are fairly presented.

On December 17, 2025, SBC issued a **qualified opinion** on the financial statements; the qualification and its basis are described in the auditor's report (see Basis for Qualified Opinion and Note 4). SBC found no material weaknesses in internal control over financial reporting. CLA concurred with SBC's opinion and conclusions.

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

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
A COMPONENT UNIT OF THE DISTRICT OF COLUMBIA GOVERNMENT

FINANCIAL STATEMENTS
(Together with Reports of Independent Public Accountants)
SEPTEMBER 30, 2025 and 2024

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 and 2024**

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Certified Public
Accountants &
Business Advisors

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

The Mayor and Council of the Government of the District of Columbia
and the Board of Directors of the District of Columbia Green Finance Authority
Washington, DC

Qualified Opinion

We have audited the accompanying financial statements of the District of Columbia Green Finance Authority (DC Green Bank), a component unit of the Government of the District of Columbia, as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise DC Green Bank's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of DC Green Bank as of September 30, 2025 and 2024, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As discussed in Note 4 to the financial statements, DC Green Bank has a loan receivable of \$6,575,508, outstanding as of September 30, 2025, which has been determined to be impaired. Based on the information available, including the borrower's financial condition and repayment status, accounting standards generally accepted in the United States of America require management to recognize an impairment on this loan to record the loan at its estimated net realizable value, which may be significantly less than the current receivable balance in the event of a partial or total loss. Management believes it cannot reasonably estimate the net realizable value of the loan as of September 30, 2025, and as such, has not taken an impairment loss related to the loan as of September 30, 2025.

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

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 controls 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 Green Bank's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, 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.



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We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025, on our consideration of DC Green Bank's internal controls 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 to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DC Green Bank's internal controls over financial reporting and compliance.

Washington, D.C.
December 17, 2025

SBC Company, LLC

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2025, 2024, and 2023**

FINANCIAL HIGHLIGHTS

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) presents the financial position and operating results of the District of Columbia Green Finance Authority ("DC Green Bank" or the "Bank") for the fiscal years ended September 30, 2025, 2024, and 2023. This discussion should be read in conjunction with the accompanying financial statements and the related notes.

ABOUT OUR BUSINESS

The District of Columbia Green Finance Authority was established by the Green Finance Authority Establishment Act of 2018 (D.C. Law 22-155; D.C. Official Code § 8-173.01 et seq.) as an independent instrumentality of the Government of the District of Columbia. DC Green Bank's mission is to accelerate the deployment of private and public capital into sustainable infrastructure and clean energy projects across Washington, D.C., using loans, credit enhancements, and other financial tools.

DC Green Bank is governed by an eleven-member Board of Directors, consisting of seven voting members appointed by the Mayor with the advice and consent of the Council of the District of Columbia, and four non-voting ex-officio members representing District agencies.

The initial legislation intended to capitalize DC Green Bank consisted of \$7.0 million per year for five years (FY2018–FY2023) from the District's Renewable Energy Development Fund (REDF). In addition, the Clean Energy DC Omnibus Amendment Act of 2018 authorized transfers from the Sustainable Energy Trust Fund (SETF), including \$10.0 million annually for FY2022 through FY2025, subject to annual budget approval, with total transfers capped at \$70.0 million from FY2020–FY2025.

In fiscal year 2024, the SETF statute was amended to provide that in fiscal years 2025 through 2028, the SETF will transfer at least \$7.0 million annually to DC Green Bank, provided funding is included in an approved budget and financial plan, and total transfers from FY2025–FY2028 do not exceed \$60.0 million.

DC Green Bank began operations on October 1, 2019, at the start of fiscal year 2020.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2025, 2024, and 2023

FINANCIAL HIGHLIGHTS

As of September 30, 2025, DC Green Bank reported total net position of \$88.6 million, compared to \$85.6 million in 2024 and \$77.0 million in 2023. Net position consists of both restricted and unrestricted components, with restricted funds reserved for specific programmatic purposes.

At the conclusion of fiscal year 2025, DC Green Bank's outstanding loan portfolio totaled \$60.0 million, compared to \$34.1 million in 2024 and \$24.7 million in 2023. The portfolio as of September 30, 2025 consisted of:

- \$3.3 million in predevelopment loans
- \$26.2 million in permanent financing
- \$8.8 million in construction loans
- \$18.9 million in Building Energy Performance Standards (BEPS) affordable housing loans
- \$2.8 million in revolving construction loans

Operating revenues for the fiscal years ended September 30, 2025, 2024, and 2023 totaled \$4.8 million, \$2.9 million, and \$1.5 million, respectively. Non-operating revenues totaled \$1.3 million, \$1.1 million, and \$697 thousand, respectively. Included in non-operating revenue for fiscal year 2025 is \$226 thousand of unrealized gains on the Bank's investment portfolio.

Operating expenses totaled \$4.6 million, \$5.4 million, and \$5.1 million for fiscal years 2025, 2024, and 2023, respectively. In FY2025, total revenues exceeded total expenses by \$1.5 million before transfers from the District. In fiscal years 2024 and 2023, total revenues were insufficient to cover total expenses, resulting in losses before transfers of \$1.5 million and \$2.9 million, respectively.

Net transfers from the District government were \$1.5 million, \$10.0 million, and \$22.8 million in fiscal years 2025, 2024, and 2023, respectively, resulting in the net positions reported above. Transfer amounts depend on funding authorized in the District's approved budget, which led to lower transfers in FY25.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2025, 2024, and 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the DC Green Bank's basic financial statements. DC Green Bank's financial statements include three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Change in Net Position; and the Statement of Cash Flows. These financial statements and the related notes provide information about the financial activities of DC Green Bank.

1. ***Statement of Net Position*** – The Statement of Net Position presents information on DC Green Bank's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of DC Green Bank is improving or deteriorating.
2. ***Statement of Revenue, Expenses, and Change in Net Position*** – The Statement of Revenues, Expenses, and Change in Net Position reports operating and non-operating revenues and expenses for the fiscal year. The gains or losses in revenue and transfers from the District of Columbia are presented as the change in net position for the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenue and expenses that are reported for some items will result in cash flows in future fiscal periods.
3. ***Statement of Cash Flows*** – The Statement of Cash Flows presents information showing how DC Green Bank's cash and cash equivalents changed during the fiscal year. The Statement of Cash Flows classifies cash receipts and cash payments resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The net result of those activities is reconciled to the cash and cash equivalents balances reported as of the end of the fiscal year. This statement is prepared using the direct method, which allows the reader to easily understand the amount of cash received, and how much cash was disbursed. The statement also reconciles the change in operating net position to the net cash used in operating activities.
4. ***Notes to the Financial Statements*** – The Notes to the Financial Statements provide additional information that is essential for a complete understanding of the data provided in the basic financial statements.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2025, 2024, and 2023

FINANCIAL ANALYSIS

CONDENSED FINANCIAL INFORMATION

The following table provides a summary of DC Green Bank's total assets, liabilities, and net position as of September 30, 2025, 2024, and 2023.

Table I - Condensed Schedule of Net Position
As of September 30, 2025, 2024, and 2023

	2025	2024	2023
Assets			
Cash and cash equivalents - unrestricted	\$ 19,007,620	\$ 24,612,108	\$ 12,444,851
Cash and cash equivalents - restricted	23,547,893	16,752,992	28,772,398
Investments	5,581,306	5,355,612	5,054,796
Due from District of Columbia	-	5,710,365	7,000,000
Program loans receivable, net	59,391,957	34,070,735	24,677,524
Other receivables	432,440	515,612	-
Prepaid expenses and other assets	138,887	173,075	107,699
Capital assets, net	69,697	73,215	-
Right-to-use asset - lease	1,312,507	1,537,509	-
Total Assets	109,482,307	88,801,223	78,057,268
Liabilities			
Current liabilities	1,149,860	1,290,038	585,979
Noncurrent liabilities	19,744,707	1,897,798	435,582
Total Liabilities	20,894,567	3,187,836	1,021,561
Net Position			
Unrestricted	83,948,594	68,525,462	49,370,225
Restricted	4,639,146	17,087,925	27,665,482
Total Net Position	\$ 88,587,740	\$ 85,613,387	\$ 77,035,707

Total assets as of September 30, 2025, 2024, and 2023 were \$109.5 million, \$88.8 million, and \$78.1 million, respectively, driven primarily by District capitalization and portfolio growth.

Unrestricted cash and cash equivalents were \$19.0 million, \$24.6 million, and \$12.4 million as of September 30, 2025, 2024, and 2023, respectively. Restricted cash and cash equivalents were \$23.5 million, \$16.8 million, and \$28.8 million, respectively. The year-over-year decrease in unrestricted cash and increase in restricted cash primarily reflect the timing and source of funding received during FY2025. Lower transfers from the District government reduced unrestricted cash used to support operations and lending, while federal grant awards received during the year increased restricted cash that may only be used for specific program purposes.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(*A Component Unit of the Government of the District of Columbia*)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2025, 2024, and 2023

Program loans receivable totaled \$59.4 million in 2025, net of an Allowance for Loan Losses of \$606 thousand; \$34.1 million in 2024, net of \$1.3 million; and \$24.7 million in 2023, net of \$621 thousand.

Total liabilities as of September 30, 2025, 2024, and 2023 were \$20.9 million, \$3.2 million, and \$1.0 million, respectively. The significant increase in fiscal year 2025 is primarily attributable to the addition of unearned grant revenue of \$7.6 million related to National Clean Investment Fund (NCIF) loan program and long-term debt related to DC Green Bank's new \$10 million senior term loan facility under the EPA NCIF program. Although no loan proceeds or grant funds had been deployed by year-end, the loan facility is recognized as long-term debt and the NCIF grant funding is recorded as unearned revenue until deployed for eligible programmatic purposes. Other liabilities continue to consist of accrued payroll and bonuses, deferred revenue, accrued expenses, and office lease obligations.

Net position for fiscal years totaled \$88.6 million, \$85.6 million, and \$77.0 million, respectively.

The following table presents condensed financial information from the Statement of Revenues, Expenses, and Change in Net Position for the fiscal years ended September 30, 2025, 2024, and 2023.

Table II - Condensed Schedule of Revenues, Expenses, and Change in Net Position
For the Years Ended September 30, 2025, 2024, and 2023

	2025	2024	2023
Operating Revenues	\$ 4,761,837	\$ 2,875,282	\$ 1,504,297
Operating Expenses	<u>4,579,902</u>	<u>5,416,824</u>	<u>5,063,557</u>
Operating Income (Loss)	181,935	(2,541,542)	(3,559,260)
Non-Operating Revenues	1,321,977	1,085,267	696,829
Transfers from the District of Columbia	<u>1,470,441</u>	<u>10,033,955</u>	<u>22,831,321</u>
Change in Net Position	2,974,353	8,577,680	19,968,890
Net position, beginning of the year	<u>85,613,387</u>	<u>77,035,707</u>	<u>57,066,817</u>
Net Position, End of the Year	<u>\$ 88,587,740</u>	<u>\$ 85,613,387</u>	<u>\$ 77,035,707</u>

During the fiscal years ended September 30, 2025, 2024, and 2023, DC Green Bank's operating revenue totaled \$4.8 million, \$2.9 million, and \$1.5 million, respectively. Operating revenues increased in FY25 due to the receipt of federal grant awards, strong performance in the Commercial Property Assessed Clean Energy (C-PACE) loan program, and fee revenue associated with the Building Energy Performance Standards (BEPS) loan program.

Non-operating revenue of \$1.3 million, \$1.1 million, and \$697 thousand for fiscal years 2025, 2024, and 2023, respectively, primarily reflects investment income earned on the Bank's available cash and short-term investment balances. Separately, transfers from the District government totaled \$1.5 million, \$10.0 million, and \$22.8 million for fiscal years 2025, 2024, and 2023, respectively, and represent annual capitalization provided to support the Bank's operations and lending activities.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2025, 2024, and 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of September 30, 2025, DC Green Bank reports a Right-to-Use (RTU) asset of \$1.3 million and a corresponding office lease liability of \$1.4 million, in accordance with GASB Statement No. 87, reflecting the present value of future lease payments over the lease term. The difference between the RTU asset and lease liability primarily reflects lease incentives, including rent abatement provided at lease commencement, which reduce the RTU asset but do not affect the measurement of the lease liability. Over the lease term, the RTU asset is amortized on a straight-line basis, while the lease liability is reduced as scheduled lease payments are made.

In addition, the Bank entered into a senior term loan facility with the Coalition for Green Capital on January 4, 2025, providing access to up to \$10.0 million to support qualified clean energy investments under the EPA Greenhouse Gas Reduction Fund program. No loan proceeds had been deployed as of fiscal year-end, and the loan is classified as long-term debt as it is payable starting in fiscal year 2028. The facility bears interest at 0.50% per year, with \$33,556 of interest paid during fiscal year 2025, and is secured by a first-priority security interest in eligible program collateral. Prior to fiscal year 2025, the Bank had no long-term debt obligations.

CREDIT CONCENTRATION AND EMERGING RISK

As of September 30, 2025, one borrower represented approximately 10.8% of DC Green Bank's outstanding loan portfolio, creating a concentration of credit risk. Late in the fiscal year, this borrower began exhibiting signs of financial stress, and subsequent to year-end made a final loan payment on October 1, 2025. The borrower is currently evaluating liquidation options, including the possibility of pursuing bankruptcy protection, which could result in a partial or total loss of DC Green Bank's outstanding principal as of September 30, 2025. At the same time, management is evaluating alternative resolution scenarios that could result in DC Green Bank obtaining assets associated with the loan that may have a value equal to or greater than the outstanding principal. Management continues to monitor the situation closely. Given the range of potential outcomes and the uncertainty regarding the probability and timing of recovery or loss, no adjustment to the allowance for credit losses has been recorded as of year-end.

BUDGETARY CONTROLS

DC Green Bank adopts an annual operating budget approved by its Board of Directors. The approved budgets for fiscal years 2025, 2024, and 2023 were \$6.5 million, \$6.1 million, and \$6.4 million, respectively.

During fiscal year 2025, DC Green Bank updated its Current Expected Credit Loss (CECL) methodology to include updated risk factors regarding the forward-looking estimate of lifetime expected losses on the Bank's loan portfolio. The Bank recorded the effect of the update as a current-period adjustment through provision for credit losses. While the CECL methodology increased certain loss-given-default percentages based on updated risk factors, the probability-of-default estimates derived from externally validated clean-energy lending data were historically low. As a result, the Bank's allowance for credit losses decreased from approximately \$2.23 million under the prior methodology to approximately \$606 thousand at year-end. The net effect of adoption was a one-time credit to provision for credit losses, which reduced total operating expenses for the fiscal year.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2025, 2024, and 2023

ECONOMIC OUTLOOK

DC Green Bank operates within a dynamic environment influenced by interest rate trends, construction costs, policy developments, and broader economic conditions. The Bank continues to prioritize disciplined underwriting, portfolio diversification, and risk management to mitigate credit exposure and manage uncertainty. Management remains focused on maintaining financial sustainability while expanding access to clean energy financing and supporting the District's climate and equity goals.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Bank's finances for all those with an interest in its finances. Additional information regarding the Bank's financial statements may be obtained from DC Green Bank's CFO, Greg Haygood, ghaygood@dcgreenbank.com.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2025 AND 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 19,007,620	\$ 24,612,108
Cash and cash equivalents - restricted	23,547,893	16,752,992
Investments	5,581,306	5,355,612
Due from District of Columbia	-	5,710,365
Program loans receivable	15,301,741	34,070,735
Other receivables	432,440	515,612
Prepaid expenses and other assets	138,887	173,075
Noncurrent asset:		
Program loans receivable, net	44,090,216	-
Capital assets, net	69,697	73,215
Right-to-use asset - lease	1,312,507	1,537,509
Total Assets	<u>109,482,307</u>	<u>88,801,223</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	253,763	234,159
Accrued payroll	228,937	186,788
Unearned revenue	120,701	768,998
Debt service reserve	151,443	-
Compensated absences	81,051	100,093
Accrued interest payable	155,003	-
Lease liability	158,962	-
Noncurrent liabilities:		
Unearned revenue	8,290,739	122,830
Interest reserve	-	41,563
Debt service reserve	67,756	151,834
Lease liability	1,386,212	1,581,571
Notes Payable	10,000,000	-
Total Liabilities	<u>20,894,567</u>	<u>3,187,836</u>
NET POSITION		
Unrestricted	83,948,594	68,525,462
Restricted	4,639,146	17,087,925
Total Net Position	<u>\$ 88,587,740</u>	<u>\$ 85,613,387</u>

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

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

	2025	2024
Operating Revenues		
Interest on program loans	\$ 2,559,585	\$ 1,780,593
Program fees	1,828,416	1,094,689
Grants	373,836	-
Total Operating Revenues	4,761,837	2,875,282
Operating Expenses		
Salaries and benefits	3,756,803	3,227,054
General and administrative	977,825	1,273,008
Provision for loan loss	(679,793)	678,799
Depreciation and amortization	237,049	39,285
Other operating expenses	288,018	198,678
Total Operating Expenses	4,579,902	5,416,824
Operating Income (Loss)	181,935	(2,541,542)
Non-Operating Revenues (Expense)		
Interest income	1,096,283	784,452
Investment income	225,694	300,815
Total Non-Operating Revenues (Expense)	1,321,977	1,085,267
Income (Loss) Before Transfers	1,503,912	(1,456,275)
Transfers from the District of Columbia		
Local funding (SETF) - Sustainable Energy Trust Fund	2,100,000	1,300,000
Local funding (DOEE) - Department of Energy & Environment	(397,434)	(1,676,410)
Local funding - DC Government Budget Appropriation	-	6,000,000
Local funding (EERLF) - Energy Efficiency Revolving Loan Fund	(232,125)	4,410,365
Total Transfers from the District of Columbia	1,470,441	10,033,955
Change in net position	2,974,353	8,577,680
Net position, beginning of year	85,613,387	77,035,707
Net Position, End of Year	\$ 88,587,740	\$ 85,613,387

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

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities		
Payment to employees and benefit providers	\$ (3,733,696)	\$ (3,235,368)
Payments to suppliers and contractors	(1,269,104)	(695,298)
Cash received from grantors	7,576,665	-
Loan program disbursements	(21,193,358)	(8,498,012)
Loan program repayments	1,577,743	543,487
Net Cash Used for Operating Activities	(17,041,750)	(11,885,191)
Cash Flows From Non-Capital Financing Activities		
Transfers from the District of Columbia	7,180,806	11,323,590
Proceeds from note payable	10,000,000	-
Net Cash Provided by Non-Capital Financing Activities	17,180,806	11,323,590
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(8,529)	(75,000)
Principal payments on lease	(36,397)	-
Net Cash Provided by Capital Financing Activities	(44,926)	(75,000)
Cash Flows From Investing Activities		
Interest income	1,096,283	784,452
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,190,413	147,851
Cash and cash equivalents, October 1	41,365,100	41,217,249
Cash and Cash Equivalents, September 30	\$ 42,555,513	\$ 41,365,100
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Income (loss) from operation	\$ 181,935	\$ (2,541,542)
Provision for loan loss	(679,793)	1,285,977
Depreciation	12,047	1,785
Amortization of right-to-use asset	225,002	37,500
Lease liability interest expense	-	6,562
Change in non-cash operating assets and liabilities:		
Increase in program loans receivable	(24,641,429)	(10,679,188)
Decrease (increase) in other receivables	83,172	(515,612)
Decrease (increase) in prepaid expenses and other assets	34,188	(65,376)
Increase in accounts payable and accrued expenses	19,604	129,700
Increase (decrease) in accrued payroll	42,149	(36,722)
Increase in unearned revenue	7,519,612	705,503
(Decrease) increase in compensated absences liability	(19,042)	28,408
Increase in accrued interest payable	155,003	-
Decrease in interest reserve	(41,563)	(213,107)
Increase (decrease) in debt service reserve	67,365	(29,079)
Net Cash Used for Operating Activities	\$ (17,041,750)	\$ (11,885,191)
Reconciliation of Cash to Amounts Reported in the Statements of Net Position		
Cash and cash equivalents - unrestricted	\$ 19,007,620	\$ 24,612,108
Cash and cash equivalents - restricted	23,547,893	16,752,992
	\$ 42,555,513	\$ 41,365,100

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

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(*A Component Unit of the Government of the District of Columbia*)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District of Columbia Green Finance Authority (DC Green Bank or the Bank) conform to U.S. Generally Accepted Accounting Principles (GAAP) as applicable to government enterprises. The following is a summary of DC Green Bank's significant accounting policies:

• ***Reporting Entity***

On July 2, 2018, Mayor Bowser signed the District of Columbia Green Finance Authority Establishment Act of 2018 (the Act), creating DC Green Finance Authority, commonly known as DC Green Bank, as an independent instrumentality of the District of Columbia (the District or DC). As a part of DC's Sustainable DC Plan, the DC Department of Energy & Environment (DOEE) incubated the launch of DC Green Bank after the passage of the Act.

The Board of Directors organized its inaugural meeting held on July 25, 2019, officially setting DC Green Bank on its journey. DC Green Bank launched its virtual operations in April 2020 amidst the global COVID-19 pandemic crisis and acute civil unrest, highlighting the urgent need to advance sustainability and social justice together.

In pursuit of DC's ambitious Sustainable DC, Clean Energy, and Climate Readiness goals, DC Green Bank acts as a catalytic force for the District's clean economy, supporting the District's alignment with the Paris Climate Agreement. DC Green Bank seeks to make clean energy and sustainable choices the most affordable, practical, and easiest ones for all.

As DC's clean economy accelerator, the Bank will serve as a model sustainable capital provider that drives local businesses and stakeholders to achieve inclusive prosperity in a clean economy for the people of the District.

DC Green Bank is a component unit of the District of Columbia Government, operating as an independent instrumentality.

• ***Measurement Focus, Basis of Accounting, and Basis of Presentation***

DC Green Bank's basic financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The economic measurement focus reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operations and which are included on the Statements of Net Position.

The financial statements have been prepared in accordance with GAAP as prescribed by the Governmental Accounting Standards Board (GASB) and are presented as required by these standards to provide a comprehensive perspective of DC Green Bank's net position, change in net position, and cash flows.

For the purposes of financial reporting, DC Green Bank is an enterprise fund. However, for accounting purposes, and to ensure observation of limitations and restrictions placed on the use of the resources available to DC Green Bank, accounts are maintained in accordance with the principles of fund accounting.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

• ***Use of Restricted and Unrestricted Components of Net Position***

During the fiscal years ending September 30, 2025 and 2024, DC Green Bank's funding primarily came from DC's DOEE Sustainable Energy Trust Fund (SETF) and a budget appropriation from the government of the District of Columbia (DC). Funds from both sources can be used to support all of DC Green Bank's operating purposes and thus are considered unrestricted funds.

In FY24, DC Green Bank also received funding from the Energy Efficiency Revolving Loan Fund (EERLF). The funds will be used to expand access to capital to support energy efficiency upgrades in affordable housing buildings/projects receiving financing and funding through the Department of Housing and Community Development (DHCD). DC Green Bank considers any net position from EERLF funds to be restricted.

• ***Cash and Cash Equivalents***

DC Green Bank considers all highly liquid instruments purchased with an original maturity of less than ninety (90) days to be cash equivalents. As of September 30, 2025 and 2024, cash equivalents consisted of a money market sweep account.

• ***Short-Term Investments***

DC Green Bank considers short-term investments as an investment that can be converted to cash after a period of 3-12 months. DC Green Bank categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; Level 2 inputs are valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and Level 3 inputs are valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

• ***Program Loans Receivable***

Program loans receivable, which are recorded at cost disbursed, is related to any loans offered by DC Green Bank, less any write-off for impairment. The carrying value of the program loans are net of the related allowance for uncollectible loans.

• ***Allowance for Uncollectible Loans***

DC Green Bank accounts for uncollectible loans by recognizing the lifetime expected credit losses for financial assets measured at amortized cost. The allowance for credit losses represents management's estimate of expected losses over the contractual life of the Bank's loan portfolio and is measured using a probability-of-default and loss-given-default framework.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

• ***Allowance for Uncollectible Loans*** (continued)

DC Green Bank's credit loss model uses five portfolio segments based on the nature of the underlying financed assets: Green Buildings, Affordable Housing, Solar, Stormwater Management, and Electric Vehicles. Probability-of-default assumptions are derived from an external, validated dataset of historical loan performance for comparable asset classes. Loss-given-default assumptions are based on a multi-factor scoring model that incorporates borrower characteristics, collateral strength, loan purpose, and other qualitative factors.

DC Green Bank defines default as the occurrence of any of the following: (i) the borrower is 90 or more days past due, (ii) the loan is placed on nonaccrual status, (iii) a charge-off is recognized, or (iv) a borrower-specific credit event indicates that repayment is unlikely. Expected credit losses are measured for each loan to determine the total allowance for credit losses.

The allowance is adjusted through provision for credit losses. Charge-offs are recorded when management determines that amounts are uncollectible, and any subsequent recoveries are recognized when received. As of September 30, 2025 and 2024, the allowance for loss was recorded as \$606 thousand, and \$1.3 million, respectively.

• ***Change in Accounting Estimate***

During fiscal year 2025, DC Green Bank implemented a revised credit loss methodology based on the Current Expected Credit Loss (CECL) model. The implementation reflects a change in accounting estimate resulting from updated assumptions, risk factors, and forward-looking information used to estimate lifetime expected credit losses on the Bank's loan portfolio.

In accordance with GASB Statement No. 100, changes in accounting estimates are recognized prospectively in the period of change. The adoption of the CECL methodology resulted in a one-time reduction of the allowance for credit losses, which was recorded as a credit to provision for credit losses during fiscal year 2025. The allowance for credit losses decreased from approximately \$2.23 million under the prior methodology to \$606 thousand as of September 30, 2025, and the corresponding adjustment reduced operating expenses for the fiscal year.

The CECL methodology will continue to be applied consistently in future periods, with changes in expected credit losses recognized through ongoing provision activity.

• ***Capital Assets***

Capital assets consisted of furniture and equipment which are stated at cost. Donated assets are recorded at fair market value at the date of donation. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. DC Green Bank capitalizes all expenditures for capital assets in excess of \$2,500. Depreciation has been recorded over the estimated useful lives using the straight-line method. Furniture and equipment are depreciated over an estimated useful life of seven years. Expenditures for maintenance and repairs are charged to expense.

As of September 30, 2025, there were no construction projects in progress nor were there any commitments or contractual obligations related to construction. There were no impairments or adjustments to capital asset balances during the year, and there are no legal or contractual restrictions on the use or disposition of capital assets.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(*A Component Unit of the Government of the District of Columbia*)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

• ***Right-to-Use Asset and Lease Liability***

DC Green Bank has entered into a lease agreement for office space where DC Green Bank conducts its operations. When DC Green Bank enters into leases with terms greater than twelve months, the right-to-use asset and associated lease liability are recorded at the net present value of the future lease payments. The lease asset is amortized over the shorter of the term of the lease or the estimated useful life of the lease.

• ***Interest Reserve***

DC Green Bank utilizes interest reserves on certain loans to fund the interest payments. Such reserves are established at the time of loan origination by either funding the entirety of the reserve at the close of the loan or by funding the interest amount due, on the date the payment is due, from the loan proceeds. The decision to establish a loan-funded interest reserve is made during the underwriting process, in which the Bank takes into consideration the creditworthiness, expertise and debt service coverage of the project. For loans in which an interest reserve is not fully funded at the close of the loan, the interest owed is paid as it becomes due and payment is recognized as interest revenue in the accompanying statements of revenues, expenses, and change in net position.

For loans that require an interest reserve to be fully funded at the close of the loan, DC Green Bank holds the interest reserve funds in a segregated bank account. As monthly interest payments become due, funds are moved from the interest reserve bank account to the operating bank account to signify payment and are recognized as interest revenue in the accompanying statements of revenue, expenses, and change in net position.

• ***Revenue Recognition***

Revenue is recorded when earned. Interest revenue on program loans receivable is recorded monthly as interest is earned in accordance with the executed loan agreement. Program fee revenue is recognized on the closing date of the loan and is fully earned and non-refundable. DC Green Bank defers loan origination fees and recognizes them over the term of the executed loan agreement. Grant revenue is recognized when expenses are incurred. As the grant revenue is considered conditional, amounts received in advance are considered deferred revenue until expended for the purposes of the grant. Investment income includes interest on the money market sweep account and is recorded on an accrual basis.

DC Green Bank receives funding from DC to fund sustainable projects, including new solar and solar-related projects and programs, and to support general operations. This revenue is recorded when funds are committed by the District and is recorded as transfers from the District of Columbia in the accompanying statements of revenues, expenses, and change in net position.

• ***Compensated Absences***

DC Green Bank accounts for compensated absences in accordance with its accrual-based paid time off (PTO) policy. Under this policy, employees earn and accumulate leave hours, and a liability for compensated absences is recorded based on earned but unused PTO as of the reporting date. Accrued PTO balances are payable upon separation from employment and are included in compensated absences in the accompanying financial statements.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

• ***Components of Net Position***

Restricted - Restricted net position consists of funds from the Building Energy Performance Standards Revolving Loan Fund (BEPS), the Energy Efficiency Revolving Loan Fund (EERLF), and the National Clean Investment Fund (NCIF), which are restricted for use in specific loan programs and remain restricted until disbursed in accordance with program requirements.

Unrestricted - This amount is the portion of net position that does not meet the definition of restricted.

• ***Revenue and Expenses***

DC Green Bank distinguishes between operating revenue and expenses and non-operating items. Operating revenue and expenses generally result from providing services in connection with the DC Green Bank's ongoing operations. The principal operating revenue of DC Green Bank consists of interest on program loans receivable and program fees. Operating expenses include salaries and benefits, information technology costs, web development and design costs, professional, contractual, loan servicing, and other miscellaneous expenses. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses, which primarily consist of investment interest and income.

• ***Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Estimates and assumptions may also affect the reported amounts of revenues and expenses. Accordingly, actual results could differ from those estimates.

• ***New Pronouncements***

DC Green Bank adopted GASB Statement No. 101, *Compensated Absences*; and Statement 102, *Certain Risk Disclosures*, during fiscal year 2025. The implementation of these standards did not have a material effect on the accompanying financial statements.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*, and GASB No. 104, *Disclosure of Certain Capital Assets*. DC Green Bank is analyzing the effects of these pronouncements and plans to adopt them by their respective effective dates.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

NOTE 2 CASH DEPOSITS

DC Green Bank maintains cash and cash equivalents balances at several financial institutions. The cash balance at each financial institution is insured under the Federal Deposit Insurance Corporation (FDIC) limit of \$250 thousand. At times, the balances on deposit will exceed the balance insured by the FDIC. DC GreenBank has sweep investment accounts that roll under Insured Cash Sweep (ICS) accounts which are repurchase sweep investments in accordance with the District's Financial Institutions and Deposit Act of 1997. Cash equivalents are subject to interest rate risk, which is the risk that changes in interest rates will adversely affect the value of the investment. As of September 30, 2025 and 2024, the bank balances of cash deposits and cash equivalent deposits were \$42.6 million and \$41.4 million, respectively.

On May 18, 2022, DC Green Bank entered into a Memorandum of Understanding with the DC DOEE to support the Building Energy Performance Standards (BEPS) program and deploy capital for building improvements through the American Rescue Plan Act (ARPA) BEPS Revolving Loan Fund. These funds are to be utilized to support energy efficiency and green building improvements for Affordable Housing Buildings and Under-Resourced Buildings. As of September 30, 2025 and 2024, cash deposits include \$579 thousand and \$16.0 million, respectively, related to the BEPS Revolving Loan Fund. These amounts are included in restricted cash and cash equivalents in the accompanying statements of net position.

On September 27, 2024, DC Green Bank received \$4.4 million under a Memorandum of Understanding with the DC Department of Energy and Environment (DOEE) to establish and administer the Energy Efficiency Revolving Loan Fund (EERLF). These federal funds, provided through the U.S. Department of Energy's State Energy Program, are designated to finance energy efficiency and clean energy improvements across the District of Columbia, with all principal and interest repayments reinvested into the revolving loan fund. As of September 30, 2025, cash deposits include \$4.6 million related to the EERLF program. These amounts are included in restricted cash and cash equivalents in the accompanying statements of net position.

On January 21, 2025 and February 3, 2025, DC Green Bank received a total of \$17.9 million under a grant agreement with the Coalition for Green Capital to administer the National Clean Investment Fund (NCIF) program. These federal funds, provided through the U.S. Environmental Protection Agency, are designated to finance energy efficiency and clean energy improvements across the District of Columbia, with all principal and interest repayments reinvested into the revolving loan fund. As of September 30, 2025, cash deposits include \$18.4 million related to the NCIF program. These amounts are included in restricted cash and cash equivalents in the accompanying statements of net position.

NOTE 3 INVESTMENTS

DC Green Bank uses its securities portfolio to provide a source of liquidity and risk management and provide an appropriate return on funds invested. The Bank's investment portfolio totaled \$5.6 million and \$5.4 million as of September 30, 2025 and 2024, respectively.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

NOTE 3 INVESTMENTS (continued)

As of September 30, 2025 and 2024, DC Green Bank's investments had the following maturities:

Investment Type	Fair Value			
	September 30, 2025	0-18 Months	18-24 Months	> 24 Months
U.S. Treasury Bonds	\$ 5,331,599	\$ 4,609,880	\$ 721,719	\$ -
Money Market Funds	249,707	249,707	-	-
Total investments	\$ 5,581,306	\$ 4,859,587	\$ 721,719	\$ -

Investment Type	Fair Value			
	September 30, 2024	0-18 Months	18-24 Months	> 24 Months
U.S. Treasury Bonds	\$ 4,565,710	\$ 4,565,710	\$ -	\$ -
Money Market Funds	789,902	789,902	-	-
Total investments	\$ 5,355,612	\$ 5,355,612	\$ -	\$ -

As of September 30, 2025 and 2024, DC Green Bank's investments had the following balances:

Investments by Fair Value Level	September 30, 2025			
	Total	Significant		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Bonds	\$ 5,331,599	\$ 5,331,599	\$ -	\$ -
Money Market Funds	249,707	249,707	-	-
Total Investments by Fair Value Level	\$ 5,581,306	\$ 5,581,306	\$ -	\$ -

Investments by Fair Value Level	September 30, 2024			
	Total	Significant		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Bonds	\$ 4,565,710	\$ 4,565,710	\$ -	\$ -
Money Market Funds	789,902	789,902	-	-
Total Investments by Fair Value Level	\$ 5,355,612	\$ 5,355,612	\$ -	\$ -

Interest rate risk. In accordance with its investment policy for operating funds, the DC Green Bank manages its exposure to declines in fair value due to rising interest rates by limiting the maturity of securities to no more than 12 months from the date of purchase, unless it is matched to a specific cash flow requirement.

Credit risk. DC Green Bank's investments in U.S. Treasury Securities are rated AA+ by S&P Global.

Concentration of credit risk. DC Green Bank mitigates concentration of credit risk by implementing a diversification strategy for its fixed-income investments. This strategy includes laddering the maturity dates of its investments to manage liquidity needs, reduce exposure to interest rate fluctuations, and ensure consistent returns over time.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

NOTE 3 **INVESTMENTS** (continued)

Custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, DC Green Bank would not be able to recover the value of its investments. DC Green Bank mitigates this risk by ensuring that all investments are held in the name of the DC Green Finance Authority, commonly referred to as DC Green Bank. The Bank's investment policy requires that all investment securities be held by a third-party custodial agent, separate from the counterparty to the investment transaction, on a delivery-versus-payment basis. The custodial agent provides monthly reports detailing all securities held, their book values, and market values as of month-end. Additionally, all securities in the portfolio are U.S. Treasury obligations, which are backed by the full faith and credit of the U.S. government, further minimizing custodial credit risk.

NOTE 4 **PROGRAM LOANS RECEIVABLE**

DC Green Bank has issued construction loans for sustainable projects and programs to promote energy efficiency improvements, clean energy installations, and the construction of green infrastructure. Program loans receivable are funded by DC Green Bank as expenditures are incurred by the borrower. As of September 30, 2025 and 2024, DC Green Bank has committed \$69.4 million and \$47.3 million to the borrowers, respectively. Actual draws on program loans totaled \$60 million and \$35.4 million as of September 30, 2025 and 2024, respectively. As of September 30, 2025 and 2024, outstanding commitments were \$9.4 million and \$11.9 million, respectively.

Program loans receivable consisted of the following as of September 30, 2025 and 2024:

	2025	2024
Construction Loans	\$ 31,694,248	\$ 23,605,186
Pre-Development Loans	3,300,469	3,027,139
Revolving Loans	2,158,607	2,105,674
Term Loans	2,994,658	2,201,106
Building Energy Performance Standard Loans	18,942,500	4,125,000
Commercial Line of Credit	600,000	-
Small Business Loans	307,659	292,607
Total	59,998,141	35,356,712
Less: provision for loan loss	606,184	1,285,977
Total Program Loans Receivable	\$ 59,391,957	\$ 34,070,735

Credit Concentration and Vulnerability Disclosure

One borrower represented approximately 10.8% of DC Green Bank's outstanding loan portfolio as of September 30, 2025, resulting in a concentration of credit risk. Late in fiscal year 2025, the borrower began experiencing financial stress, and subsequent to year-end made a final loan payment on October 1, 2025. The borrower is currently evaluating liquidation options, including the potential initiation of bankruptcy proceedings, which could result in a partial or total loss of principal. As of September 30, 2025, management considered the loan to be impaired. Subsequent to year-end, DC Green Bank stopped accruing interest on the loan and evaluated recording the loan at its net realizable value. Given the uncertainty surrounding the outcome of these proceedings and the timing and amount of any potential recovery, management has not adjusted the allowance for credit losses as of year-end to record the loan at its net realizable value.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

NOTE 5 CAPITAL ASSETS, NET

A summary of activity in capital assets for the year ended September 30, 2025 and 2024, was as follows:

	<u>September 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>September 30, 2025</u>
Depreciable / Amortizable Capital Assets					
Equipment	\$ 75,000	\$ 8,529	\$ -	\$ -	\$ 83,529
Right-to-use asset - lease	<u>1,575,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,575,009</u>
Total Depreciable / Amortizable Capital Assets	1,650,009	8,529	-	-	1,658,538
Less: accumulated depreciation / amortization					
Equipment	(1,785)	(12,047)	-	-	(13,832)
Right-to-use asset - lease	<u>(37,500)</u>	<u>(225,002)</u>	<u>-</u>	<u>-</u>	<u>(262,502)</u>
Total accumulated depreciation / amortization	(39,285)	(237,049)	-	-	(276,334)
Capital Assets, Net	\$ 1,610,724	\$ (228,520)	\$ -	\$ -	\$ 1,382,204

	<u>September 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>September 30, 2024</u>
Depreciable / Amortizable Capital Assets					
Equipment	\$ -	\$ 75,000	\$ -	\$ -	\$ 75,000
Right-to-use asset - lease	<u>-</u>	<u>1,575,009</u>	<u>-</u>	<u>-</u>	<u>1,575,009</u>
Total Depreciable / Amortizable Capital Assets	-	1,650,009	-	-	1,650,009
Less: accumulated depreciation / amortization					
Equipment	-	(1,785)	-	-	(1,785)
Right-to-use asset - lease	<u>-</u>	<u>(37,500)</u>	<u>-</u>	<u>-</u>	<u>(37,500)</u>
Total accumulated depreciation / amortization	-	(39,285)	-	-	(39,285)
Capital Assets, Net	\$ -	\$ 1,610,724	\$ -	\$ -	\$ 1,610,724

NOTE 6 LEASE OBLIGATIONS

In August 2024, DC Green Bank entered into a lease agreement as lessee for office space. DC Green Bank's lease has a term of seven years and does not include restrictive financial or other covenants. The office space lease also does not include variable payments. DC Green Bank has a one-time right to terminate the lease effective as of the last day of the fourth lease year. As of September 30, 2025, DC Green Bank does not expect to exercise the early termination option.

As the interest rate implicit in DC Green Bank's lease is not readily determinable, DC Green Bank utilizes its incremental borrowing rate of five percent to discount the lease payments.

The expected future minimum principal and interest lease payments as of September 30, 2025, were as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 158,962	\$ 75,507	\$ 234,469
2027	245,394	63,764	309,158
2028	265,856	51,030	316,886
2029	287,564	37,245	324,809
2030	310,584	22,345	332,929
2031	276,814	6,383	283,197
Total	\$ 1,545,174	\$ 256,274	\$ 1,801,448

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

NOTE 7 NOTE PAYABLE

On January 4, 2025, the Bank entered into a senior term loan facility with the Coalition for Green Capital, for \$10.0 million to support qualified clean energy investments under the EPA Greenhouse Gas Reduction Fund program. No loan proceeds had been deployed as of September 30, 2025, and the loan is classified as long-term debt. The facility bears interest at 0.50% per year, with \$33,556 of interest paid during fiscal year 2025, and is secured by a first-priority security interest in eligible program collateral.

The loan matures on December 29, 2034, when all outstanding principal and accrued and unpaid interest become due. The agreement requires a mandatory prepayment on December 31, 2027, equal to all loan proceeds that have not been deployed into NCIF-financed loans as of that date, together with any accrued and unpaid interest. Following this prepayment, the remaining principal balance is repayable in equal quarterly installments through maturity. The agreement also requires the Bank to provide audited financial statements to the Coalition for Green Capital within 120 days after the end of each fiscal year.

NOTE 8 LONG TERM LIABILITIES

Long-term liabilities activity for the years ended September 30, 2025 and 2024, was as follows:

	September 30,		Reductions	September 30,		Amounts Due in One Year
	2024	Additions		2025		
Unearned revenue	\$ 891,828	\$ 9,366,705	1,847,093	\$ 8,411,440	\$ 120,701	
Interest reserve	41,563	-	41,563	-	-	
Debt service reserve	151,834	-	84,078	67,756	-	
Lease liability	1,581,571	-	36,397	1,545,174	158,962	
Notes Payable	-	10,000,000	-	10,000,000	-	
Total	\$ 2,666,796	\$ 19,366,705	\$ 2,009,131	\$ 20,024,370	\$ 279,663	

	September 30,		Reductions	September 30,		Amounts Due in One Year
	2023	Additions		2024		
Unearned revenue	\$ 186,325	\$ 8,526,756	\$ 7,821,253	\$ 891,828	\$ -	
Interest reserve	254,670	469,814	682,921	41,563	-	
Debt service reserve	180,912	22,355	51,433	151,834	-	
Lease liability	-	1,581,571	-	1,581,571	-	
Total	\$ 621,907	\$ 10,600,496	\$ 8,555,607	\$ 2,666,796	\$ -	

NOTE 9 RELATED-PARTY TRANSACTIONS

During the years ended September 30, 2025 and 2024, substantially all of DC Green Bank's funding was provided by the District of Columbia, either through direct transfers from District special revenue funds or through federal grant funds passed through the District. In fiscal year 2025, DC Green Bank also received a single \$50,000 grant from a non-District source; however, the District remained the primary funding source for the Bank. Accordingly, the District is considered a related party, and DC Green Bank is economically dependent on continued appropriations and grant passthroughs from the District to support its operations and lending activities.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

NOTE 10 RISK MANAGEMENT

DC Green Bank is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; cyber threats and natural disasters. DC Green Bank maintains commercial insurance coverage for property, liability, errors and omissions, Directors and Officers, and employee accidents. There were no losses during fiscal years 2025 and 2024.

NOTE 11 COMMITMENTS AND CONTINGENCIES

As of September 30, 2025 and 2024, DC Green Bank has total unused commitments of \$9.4 million and \$10.7 million, respectively, relating to the undrawn funds in the portfolio. DC Green Bank expects that future draws will be based on the progression of the funded project.

In December 2021, DC Green Bank entered into a Small Business Loan Pool Agreement with City First Enterprises (CFE) to support the funding of small business loans that advance sustainability and resiliency outcomes. The Loan Pool authorizes up to \$825 thousand in total lending capacity, with DC Green Bank contributing up to \$495 thousand and CFE contributing up to \$330 thousand. The agreement includes a \$100 thousand Loss Reserve maintained by DC Green Bank, which provides up to 20% first-loss coverage on qualifying loans, subject to the terms established in subsequent amendments. Eligible projects include solar, green buildings, stormwater resilience, and energy storage measures that demonstrate measurable sustainability or resiliency impact. Through Amendment 1 (June 2023), Amendment 2 (May 2024), and Amendment 3 (September 2024), the parties extended the origination period, modified participation and loss reserve procedures, and updated certain program administration terms. As of September 30, 2025, the program has concluded, and a total of three loans remain outstanding under the program with aggregate principal of \$513 thousand, of which DC Green Bank has committed \$333 thousand.

In January 2023, DC Green Bank entered into a loan loss reserve agreement with Clean Energy Credit Union (CECU), a federally chartered credit union, to support lending to District residents for residential energy efficiency improvements. Under the agreement, DC Green Bank committed a loan loss reserve of \$225,000, of which \$75,000 was funded upon execution. The remaining \$150,000 would have been funded once the related loan portfolio reached \$3.0 million. Eligible loan amounts ranged from \$3,000 to \$90,000, and borrowers were required to be homeowners or to have documented homeowner consent for the financed improvements. Loan terms ranged from 36 to 240 months, and interest rates were established at CECU's advertised rates less 50 basis points.

The loan loss reserve represents cash pledged and held by CECU, and DC Green Bank does not record a loan loss reserve liability on its books. The pledged funds remain restricted until loan obligations under the program are satisfied.

As of September 30, 2025, the CECU program has concluded, and only one loan remains outstanding with a principal balance of \$1,074.96, maturing on July 1, 2026. Upon repayment or maturity of this remaining loan, the pledged funds are expected to be returned to DC Green Bank. No further funding obligations exist under this program.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2025 AND 2024

NOTE 12 SUBSEQUENT EVENTS

DC Green Bank has evaluated subsequent events and transactions occurring through December 17, 2025, the date these financial statements were available to be issued. Subsequent to September 30, 2025, DC Green Bank transitioned from an accrual-based paid time off (PTO) policy to an unlimited PTO policy. Under the unlimited PTO policy, employees do not accrue leave balances and no liability for compensated absences will be recorded in future periods.

Other than the matters described above, no additional events or transactions occurred that would require recognition or disclosure in the accompanying financial statements.



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

The Mayor and Council of the Government of the District of Columbia
and the Board of Directors of the District of Columbia Green Finance Authority
Washington, DC

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the District of Columbia Green Finance Authority (DC Green Bank or the Bank), a component unit of the Government of the District of Columbia, as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise DC Green Bank's basic financial statements, and have issued our report thereon dated December 17, 2025.

Report on Internal Controls over Financial Reporting

In planning and performing our audits of the financial statements, we considered the DC Green Bank's internal controls over financial reporting (internal controls) as a basis for designing 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 Green Bank's internal controls. Accordingly, we do not express an opinion on the effectiveness of DC Green Bank's internal controls.

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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



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Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal controls 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 controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Washington, D.C.
December 17, 2025

SBC Company, LLC

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