DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 22-1-08ES

January 2022

WASHINGTON CONVENTION AND SPORTS AUTHORITY
T/A EVENTS DC

Financial Statements (With Independent Auditor's Report)
For Fiscal Years Ended September 30, 2021 and 2020

Guiding Principles

*Workforce Engagement * Stakeholders Engagement * Process-oriented * Innovation*
** Accountability * Professionalism * Objectivity and Independence * Communication * Collaboration*
** Diversity * Measurement * Continuous Improvement*

Mission

Our mission is to 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.

Vision

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

Core Values

Excellence * Integrity * Respect * Creativity * Ownership * Transparency * Empowerment * Courage * Passion * Leadership

WE ARE WASHINGTON DC

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General

January 31, 2022

The Honorable Muriel Bowser
Mayor of the District of Columbia Mayor's
Correspondence Unit
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite
316 Washington, D.C. 20004

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004

Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the final report entitled *Washington Convention and Sports Authority T/A Events DC Financial Statements (With Independent Auditor's Report) for the Fiscal Years Ended September 30, 2021, and 2020* (OIG No. 22-1-08ES). McConnell Jones, LLP (MJ) conducted the audit and submitted this component report as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for fiscal year 2021.

On January 3, 2022, MJ issued its opinion and concluded that the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States of America. MJ identified no material weaknesses in internal control over financial reporting.

If you have questions about this report, please contact me or Fekede Gindaba, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Daniel W. Lucas
Inspector General

DWL/wms

Enclosure

cc: See Distribution List

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Mr. Wayne McConnell, Managing Partner, McConnell & Jones LLP

WASHINGTON CONVENTION AND SPORTS AUTHORITY
T/A EVENTS DC

A COMPONENT UNIT OF THE DISTRICT OF COLUMBIA GOVERNMENT

FINANCIAL STATEMENTS
(Together with Report of Independent Public Accountants)
SEPTEMBER 30, 2021 and 2020

AND

MANAGEMENT'S DISCUSSION AND ANALYSIS

)

WASHINGTON CONVENTION AND SPORTS AUTHORITY
FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021 and 2020

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McConnell
Jones

INDEPENDENT AUDITOR'S REPORT

To the Mayor, Members of the Council of the Government of the District of Columbia,
the Board of Directors of the Washington Convention and Sports Authority and
Inspector General of the Government of the District of Columbia
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of the Washington Convention and Sports Authority (the Authority), a component unit of the Government of the District of Columbia, as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2021 and 2020, 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.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16, 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 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 audits 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedules of net position by fund and revenues, expenses, and changes in net position by fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of net position by fund and revenues, expenses, and changes in net position by fund are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of net position by fund and revenues, expenses, and changes in net position by fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 3, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

McConnell & Jones

Washington, D.C.
January 3, 2022

As the management of Washington Convention and Sports Authority (Authority) doing business as Events DC, we present this Management's Discussion and Analysis (MD&A) of the Authority's financial condition and the results of operations for the years ended September 30, 2021, and 2020, with comparative information for 2019. This discussion is a narrative overview and analysis of our financial activities and should be read in conjunction with the accompanying financial statements.

Introduction

In 1994, the Washington Convention Center Authority (WCCA) was created as a corporate body and an independent authority of the District of Columbia government responsible for managing and operating the District's Convention Center and for bringing national and international conventions, trade shows, and meetings to the District of Columbia. ["Washington Convention Center Authority Act of 1994," DC Law 10-188, effective September 28, 1994]. Pursuant to the Fiscal Year 2010 Budget Support Second Emergency Act of 2009 and the Fiscal Year 2010 Budget Support Act, the District of Columbia Sports and Entertainment Commission was merged into WCCA to form a new organization, the Washington Convention and Sports Authority (WCSA). The merger created one umbrella organization with a broadened charter to promote the District as a key sports, entertainment, and special events destination. Also, as part of the merger, WCSA gained control over the Nationals Park, the Robert F. Kennedy Memorial Stadium (RFK), and the non-military portions of the DC Armory. Facility maintenance for RFK and the Armory, previously performed by the DC Sports and Entertainment Commission, was assumed by the Department of Real Estate Services, now the Department of General Services.

In June 2011, the Washington Convention and Sports Authority launched a brand name, "Events DC." The entity fully encompasses the event experience in the city, elevates the organization's core assets and portfolio, and perhaps most importantly, aligns with the existing brands for Washington DC and the city's promotional arm, Destination DC.

About Our Business

The Authority operates three distinct business divisions that generate significant regional economic impact by hosting conventions, tradeshows, consumer shows, meetings, banquets, sports and entertainment and other special events.

Conventions & Meetings Division – operates the Walter E. Washington Convention Center and the historic. Carnegie Library at Mount Vernon square. The Convention Center is a venue for large conventions, trade shows, and mid-sized to small meetings. Recognized as one of the most energy-efficient buildings of its size, the Convention Center has won awards both for inspiring design and as a major contributor toward urban renewal in downtown DC. Events DC generates economic activity at the Center which brings millions of visitors to a revitalized downtown and the historic Shaw neighborhood. To further leverage the power of large-scale meetings and conventions, Events DC made a significant investment in the Washington Marriott Marquis hotel and continues to create economic benefits for the District. Carnegie Library generates rental income after opening the Apple global flagship retail store in the first quarter of FY 2019.

Sports and Entertainment Division – brings world-class sports, entertainment, cultural and hospitality events to the District while promoting the metropolitan region as a premier destination. It manages and programs the Robert F. Kennedy Memorial Stadium ("RFK Stadium"), the non-military functions of DC

Armory, the RFK Festival Grounds, the Skate Park at RFK Stadium, the Fields at RFK, Gateway DC Pavilion, the RISE Demonstration Center and the Entertainment and Sports Arena on the St. Elizabeth East Campus. The Department of General Services (DGS) maintains the Stadium and the Armory based on the Memorandum of Understanding (MOU) signed with Events DC. The Deputy Mayor for Planning and Economic Development (DMPED) provides the funding for the operation of the Gateway DC and the RISE Demonstration Center, based on the MOU with Events DC.

Creative Services Division – is actively involved in the planning and supporting some of the city's most anticipated events, attracting thousands of attendees to locations around the city. Events DC makes strategic investments in various city-wide sports, entertainment and cultural events including the internationally renowned National Cherry Blossom Festival; an annual four-week long festival which features art; theater, and live performances throughout the city each spring, the annual DC Jazz festival, which showcases nearly 80 live performances in clubs, restaurants, hotels and galleries throughout the District, Events DC Embassy Chef Challenge Presented BY TCMA, a month long celebration of DC's diplomatic community through the culinary arts, and the Washington International Horse Show, which is held annually at the Capital One Arena. Additionally, Events DC supports the Washington Kastles, DC's multiple champion World Team Tennis squad.

In FY2021, the Authority was honored with a Gold Stella Award from NorthStar Meetings Groups as the best convention center in the Northeast region. The Exhibitor Magazine also recognized the Washington Convention Center as the best convention center in North America with 500 thousand to 1 million square feet exhibit space.

Fiscal Year 2021 Financial Highlights

- The COVID-19 pandemic related business operation restrictions and social distancing requirements put in place in March 2020 began to be lifted in May 2021 following vaccination availability and improvements in infection and hospitalization rates. During the pandemic, the Authority launched Gather by Events DC, a virtual venue that produces and streams live event, while adhering to public health guidelines. In February and March 2021, the Convention Center and Entertainment & Sports Arena opened as high capacity COVID-19 vaccination sites. The Convention Center hosted its first major live event (OTAKON 2021) in August 2021.
- The Authority's financial position continued to be negatively impacted by the COVID-19 pandemic in FY2021. Total net position decreased by $57.2 million or 15% compared to the fiscal year ended September 30, 2020. The decrease is primarily attributed to a reduction in revenues, and the use of unrestricted reserves to support the operation of the Authority during the COVID-19 pandemic.
- Operating revenues for FY2021 was $13.6 million a $4.7 million or 26% decrease from fiscal year 2020. This was due to the continued disruption of event operations for the entire FY2021 because of the COVID-19 pandemic.
- Operating expenses decreased by $3 million or 3% from the fiscal year 2020 mainly due to reductions in costs related to personal services and occupancy. Management continued freezing vacant positions and cost of living increases to reduce personal service expenses. Occupancy, which includes all utilities, was limited to usage only during events as the majority of personnel worked remotely from home.

- The Authority's long-term debt, excluding current maturities, decreased to $461 million. The Authority took advantage of attractive interest rates to lower the overall cost of its debt by selling $153 million Senior Lien Dedicated Tax Refunding Bonds (Series 2021ABC) to current refund its outstanding Series 20210 B Bonds and to advance refund a portion of its Series 2018A Bonds. That transaction resulted in net present value savings of $28.5million. The decrease was also due to payment of the scheduled current portion of outstanding debt offset by a Notes payable for Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) in the amount of $5 million.
- The Statements of Cash Flows reflect a decrease in cash and cash equivalents of $6.6 million.
- The Authority's bonds are rated "Aa3" by Moody's, "A+" by Standard & Poor's Corporation, and "AA" by Fitch Ratings Services.

Fiscal Year 2020 Financial Highlights

- In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak of COVID-19 significantly impacted the hospitality industry across the globe. Adherence to public health guidelines has halted mass gatherings, substantially limited travel and therefore, drastically reduced hotel stays and restaurant patronage, which negatively impacted Events DC's financial position for the fiscal year ended September 30, 2020.
- The Authority ended the fiscal year with $393.7 million in total net position, which is a decrease of $60.3 million or 13% compared to the fiscal year ended September 30, 2019. This decrease in net position is primarily attributed to the COVID-19 pandemic related declines in revenues, as well as emergency funding from unrestricted reserves to support DC's local hospitality and tourism industry impacted by the pandemic.
- Operating revenues decreased by $12.8 million or 41% from the fiscal year 2019. The decrease in revenues is primarily due to the global pandemic. Events DC experienced significant revenue declines, including cancellation and refunding deposits for booked events.
- Operating expenses decreased by $5.1 million or 5% from the fiscal year 2019 due to Events DC's management's immediate cost control efforts, including freezing vacant positions and pay increases, renegotiating existing contracts, and reducing the operating budget.
- The Authority's long-term debt, excluding current maturities, decreased to $471.8 million or 5% compared to the fiscal year 2019, mainly due to payment of the scheduled current portion of outstanding debt.
- The Statements of Cash Flows reflect an increase in cash and cash equivalents of $2.2 million.
- The Authority's bonds are rated "Aa1" by Moody's, "A+" by Standard & Poor's Corporation, and "AA+" by Fitch Ratings Services. These are the highest ratings the Authority has ever received.

(1) Overview of the Financial Statements

The Authority’s financial report includes Management’s Discussion and Analysis, the Financial Statements, and Notes to the Financial Statements.

- The Financial Statements are designed to provide readers with a broad overview of the Authority’s financial activities in a manner similar to a private sector business. These financial statements are prepared in conformity with the US Generally Accepted Accounting Principles (GAAP) applied to governmental units on a full accrual basis. Under this basis of accounting, revenues are recognized in the period they are earned, while expenses are recognized in the period they are incurred. Depreciation and amortization of capital and deferred assets are recognized in the Statement of Revenues, Expenses, and Changes in Net Position. The basic financial statements include the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. This report also includes notes accompanying the statements to explain the activities detailed therein fully.

- The Statements of Net Position present information on all the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources is classified as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Authority's financial situation is improving or declining.

- The Statements of Revenues, Expenses and Changes in Net Position report both the operating and non-operating revenues and expenses and other changes in net position for the end of the fiscal year.

- The Statements of Cash Flows present information showing how the Authority's cash and cash-equivalents position changed during the fiscal years. The Statements of Cash Flows classify cash receipts and cash payments resulting from operating activities, capital and related financing activities, noncapital financing activities, and investing activities.

(2) Financial Analysis

The Authority's audited Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows are presented on pages 17 through 19.

The following table reflects a summary of the Authority's net position as of September 30, 2021, 2020, and 2019 *(in thousands)*:

Table 1
Condensed Statements of Net Position
(in thousands)

	2021	2020	2019	Percentage change 2021-2020	Percentage change 2020-2019
Assets:					
Current assets	$ 137,279	$ 167,998	$ 195,232	-18%	-14%
Capital assets, net of accumulated depreciations	$ 522,292	$ 551,554	$ 573,869	-5%	-4%
Other non-current assets	$ 178,733	$ 208,645	$ 242,782	-14%	-14%
Total Assets	$ 838,304	$ 928,197	$ 1,011,883	-10%	-8%
Deferred outflows of resources	$ 11,141	$ 9,639	$ 10,165	16%	-5%
Total Assets and Deferred Outflow of Resources	$ 849,445	$ 937,836	$ 1,022,048	-9%	-8%
Liabilities:					
Current liabilities	$ 51,553	$ 72,233	$ 69,568	-29%	4%
Noncurrent liabilities	$ 461,422	$ 471,903	$ 498,516	-2%	-5%
Total Liabilities	$ 512,955	$ 544,136	$ 568,084	-6%	-4%
Net Position:					
Net Investment in capital assets	$ 237,177	$ 248,039	$ 247,243	-4%	0%
Restricted	$ 125,242	$ 136,696	$ 158,482	-8%	-14%
Unrestricted	$ (25,929)	$ 8,965	$ 48,239	-389%	-81%
Total Net Position	$ 336,490	$ 393,700	$ 453,964	-15%	-13%

2021 **-** The Authority's total net position decreased by $57.2 million or 15% for the year ended September 30, 2021. As of September 30, 2021, the Authority had a total net position of $336.5 million, with the largest portion of the Authority's net position, $237.2 million, or 70%, representing a net investment in capital assets. Of the Authority's remaining net position, $125.2 million or 37%, reflects resources subject to external restrictions on how they may be used (primarily related to the Authority's bond indenture minimum reserve requirements). Unrestricted net position was a negative $25.9 million.

The negative unrestricted net position was primarily due to the Marriott Hotel liability The Unrestricted Net Position is derived by subtracting Net Investment in Capital Assets and Restricted Assets from the Total Net Position. There is no Net Investment in Capital Assets for the Hotel, but the Authority owns the bonds for the hotel. Therefore, the result is always a negative Net Position when

(2) Financial Analysis (Continued)

looking at the hotel fund separately. The unrestricted reserves in the Convention Center operating fund have always been large enough to offset the negative unrestricted net position from the hotel until FY2021. The unrestricted reserves in FY2019-FY2021 declined significantly due to the FY2019 excess cash transfer to the District and FY2020 COVID-19 pandemic revenue declines. This limited the authority's ability to offset the negative unrestricted net position from the hotel. The last time the Authority reported a negative unrestricted net position was between FY2011-FY2014 when the authority was funding the construction of the Marriot Marquis Hotel.

Total Assets declined by $89.9 million or 10%. Current assets, mainly investments declined by $30.7 million and were used to fund operations of Events DC during the COVID-19 pandemic to make up for the revenue shortfall. Non-current assets other than capital assets, decreased by $29.9 million, primarily due to a $22.9 million reduction in restricted investments related to the Authority's bond indenture reserve requirement and a $7 million reduction in other receivables.

Total Liabilities declined by $31.2 million or 6% mainly due to payment of the scheduled current portion of outstanding debt, and the refunding of the 2010A, 2020B and a portion of 2018A bonds. This was partly offset by a $5.25 million Paycheck Protection Program (PPP) loan. The Authority borrowed funds under the PPP established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act implemented by the Small Business Administration to offset payroll, utilities and other costs incurred by the Authority due to the COVID-19 pandemic.

2020 – As summarized in the table above and detailed in the statements of net position, Events DC's total assets decreased by $83.7 or 8% in the fiscal year 2020. Current assets decreased by $27.2 million or 14%, capital assets, net of accumulated depreciation decreased by $22.3 or 4%, and other non-current assets decreased by $34.1 million or 14% for the year ended September 30, 2020. The decrease in both current and non-current assets is primarily due to spending from investments to support the operation of Events DC and the reduction in accounts receivable related to reduced billing as a result of the suspension of core operations in mid-March due to the COVID-19 pandemic.

Total liabilities decreased by $23.9 million or 4% mainly due to payment of the scheduled current portion of outstanding debt offset by a receipt of $9 million from the District to pass through to the Greater Washington Community Foundation to implement phase two of the DC CARES program to benefit DC workers excluded from the federal stimulus.

As of September 30, 2020, the Authority had a total net position amounting to approximately $393.7 million, with the largest portion of the Authority's net position, $248 million, or 63%, in net investment in capital assets. Of the Authority's remaining net position, $136.6 million or 35%, representing resources subject to external restrictions on how they may be used (primarily related to the Authority's bond indenture reserve requirements). The remaining balance of $9 million or 2% is unrestricted.

(2) ***Financial Analysis*** (Continued)

Table 2
Condensed Statements of Revenues, Expenses and Changes in Net Position
(in thousands)

	2021	2020	2019	Percentage change 2021-2020	Percentage change 2020-2019
Operating Revenues:					
Building rental	$ 5,357	$ 4,807	$ 8,807	11%	-45%
Building Lease rental	$ 3,912	$ 3,922	$ 3,419	0%	15%
Ancillary charges	$ 4,378	$ 9,614	$ 18,939	-54%	-49%
Total Operating Revenues	$ 13,647	$ 18,343	$ 31,165	-26%	-41%
Operating Expenses:					
Personal services	$ 31,484	$ 33,063	$ 30,376	-5%	9%
Contractual services	$ 25,413	$ 25,537	$ 33,058	0%	-23%
Depreciation	$ 40,722	$ 39,599	$ 37,828	3%	5%
Occupancy	$ 4,484	$ 5,698	$ 6,796	-21%	-16%
Payments to District	$ 803	$ 1,607	$ 2,232	-50%	-28%
Miscellaneous	$ 947	$ 1,044	$ 1,555	-9%	-33%
Net Bad debt (recovery)	$ (30)	$ 265	$ 74	-111%	258%
Total Operating Expenses	$ 103,823	$ 106,813	$ 111,919	-3%	-5%
Operating loss	$ (90,176)	$ (88,470)	$ (80,755)	2%	10%
Non-operating Revenues and (Expenses):					
Interest income	$ 1,126	$ 3,973	$ 8,478	-72%	-53%
Dedicated taxes	$ 54,932	$ 74,067	$ 147,633	-26%	-50%
TIF revenue	$ 5,838	$ 12,175	$ 19,248	-52%	-37%
Miscellaneous Revenue	$ 5,816	$ 6,197	$ 5,933	-6%	4%
Bond interest and amortization issue costs	$ (19,759)	$ (22,782)	$ (23,973)	-13%	-5%
Marketing agencies payments	$ (6,085)	$ (11,640)	$ (20,370)	-48%	-43%
Hospitality & Tourism Relief and other Grants	$ (822)	$ (22,814)	$ -	100%	NA
Miscellaneous Expenses	$ (8,080)	$ (10,970)	$ (11,971)	-26%	-
Excess Cash Transfer to the District	$ -	$ -	$ (47,847)		
Total Non-operating Revenues and (Expenses)	$ 32,966	$ 28,206	$ 77,131	17%	-63%
Change in net Positions	$ (57,210)	$ (60,264)	$ (3,624)	-5%	1563%
Net Position, beginning of year	$ 393,700	$ 453,964	$ 457,230	-13%	-1%
Change in Accounting Principle			$ 357		
Net Position, End of Year	$ 336,490	$ 393,700	$ 453,964	-15%	-13%

(2) Financial Analysis (Continued)

Analysis of Changes in Net Position

Revenues

For the fiscal years ended September 30, 2021, 2020 and, 2019 the Authority's operating revenues were $13.6 million, $18.3 million, and $31.2 million, respectively.

2021 – Total operating revenues decreased by $4.7 million or 26%. The COVID-19 pandemic disruption continued for most of FY2021. The Convention Center held only 1 citywide event in FY2021 compared to 10 in FY2020 resulting in a significant drop of ancillary revenues from such events. The slight revenue increases from Building rental and Miscellaneous revenue are reimbursements for the utilization of spaces in the Convention Center and the Entertainment & Sports Arena as high-capacity vaccination sites.

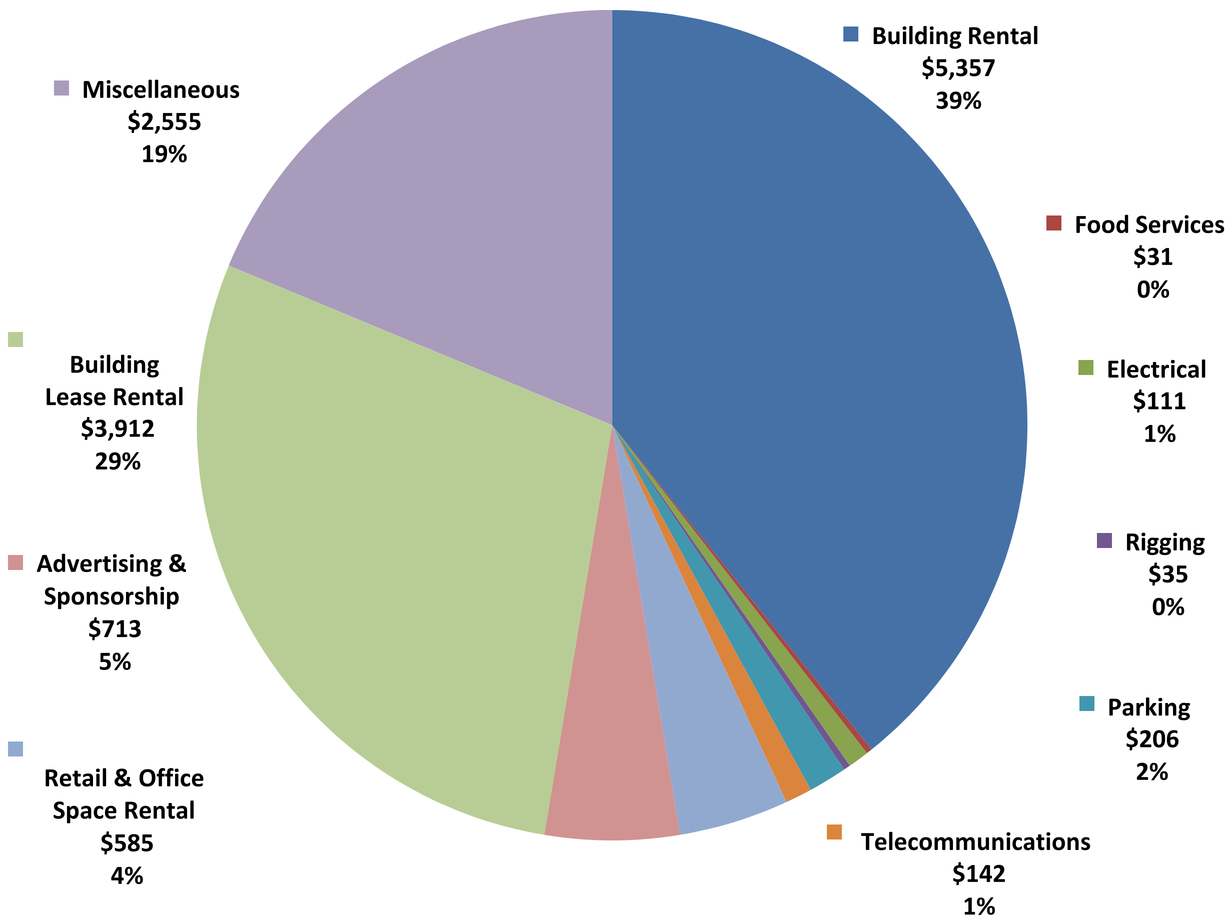
Non-operating revenues mainly dedicated taxes and TIF revenue declined by $19.1 and $6.3 million respectively compared to FY2020 because of the continued impact of COVID-19 on the travel, hospitality, and convention industries throughout FY2021. The non-operating revenues of FY2020 reflect 6 months of full operation before the March 2020 COVID shutdown.

2020 – In fiscal year 2020, total operating revenue decreased by 41% or $12.8 million. As a result of the COVID-19 pandemic, beginning mid-March 2020, Events DC canceled all events that were scheduled for the remainder of fiscal year 2020 and refunded the deposits received, which impacted the rent revenue to decrease by $4 million or 45% compared to the fiscal year 2019. Ancillary revenue such as food service, electrical, rigging, and telecommunication services decreased by $9.3 million or 49%, driven by related conventions and meeting cancellations.

Non-operating revenues, mainly dedicated taxes & TIF revenue, totaled $86.2 million and were substantially impacted by the COVID 19 pandemic, declining $80.6 million or 48% compared to the fiscal year 2019. Interest income also decreased by $4,5 million or 53% compared to the fiscal year 2019.

(2) Financial Analysis (Continued)

The following is a graphic illustration of 2021 operating revenues by source. *(In Thousands)*



Expenses
For fiscal years 2021, 2020 and 2019, the Authority's total operating expenses were $103.8 million, $106.8 million, and $111.9 million, respectively.

2021 **–** Total operating expenses decreased by $3 million or 3% from FY2020 mainly due to lower spending in personal services and occupancy offset by depreciation expenses. Personal services expenses declined by $1.6 million because of measures taken by management to freeze vacant positions in line with reduced level of operations throughout FY2021. Occupancy expenses such as electricity, telecommunications, water, sewer, and natural gas declined by $1.2 million or 21% as a result of cost containment measures taken by management in line with reduced event operations. Payment to the District, which represents expenses paid to the Department of General Services (DGS) for

(2) Financial Analysis (Continued)

maintenance of the RFK stadium and the non-military portion of DC Armory declined by $804 thousand because of measures taken by management to align expenses with the closing of the stadium.

Non-operating expenses consisted of $19.8 million in bond interest and amortization and $6.1 million in payments to marketing entities. The Washington Convention Center Authority Act of 1994 (as amended in 1998) requires the Authority to transfer 17.4% of the hotel taxes received to the Marketing Fund to promote conventions and tourism in the District of Columbia. Effective October 1, 2017, under the Hospitality Tax Dedication section of the Act, an additional 0.3 percent hotel room tax was imposed. The 0.3 percent tax is dedicated to Destination DC through the Authority for marketing and promoting the District of Columbia as a destination. The non-operating expenses also include a one-time grant payment of $821,800 to support Go-Go related programming, branding, tourism, and marketing per D.C. Code§ 10-1202.08(h).

***2020* –** Total operating expenses decreased by $5.1 million or 5% from the fiscal year 2019. The decrease was driven by immediate cost control efforts taken by Events DC's management to mitigate COVID-related revenue shortfall.

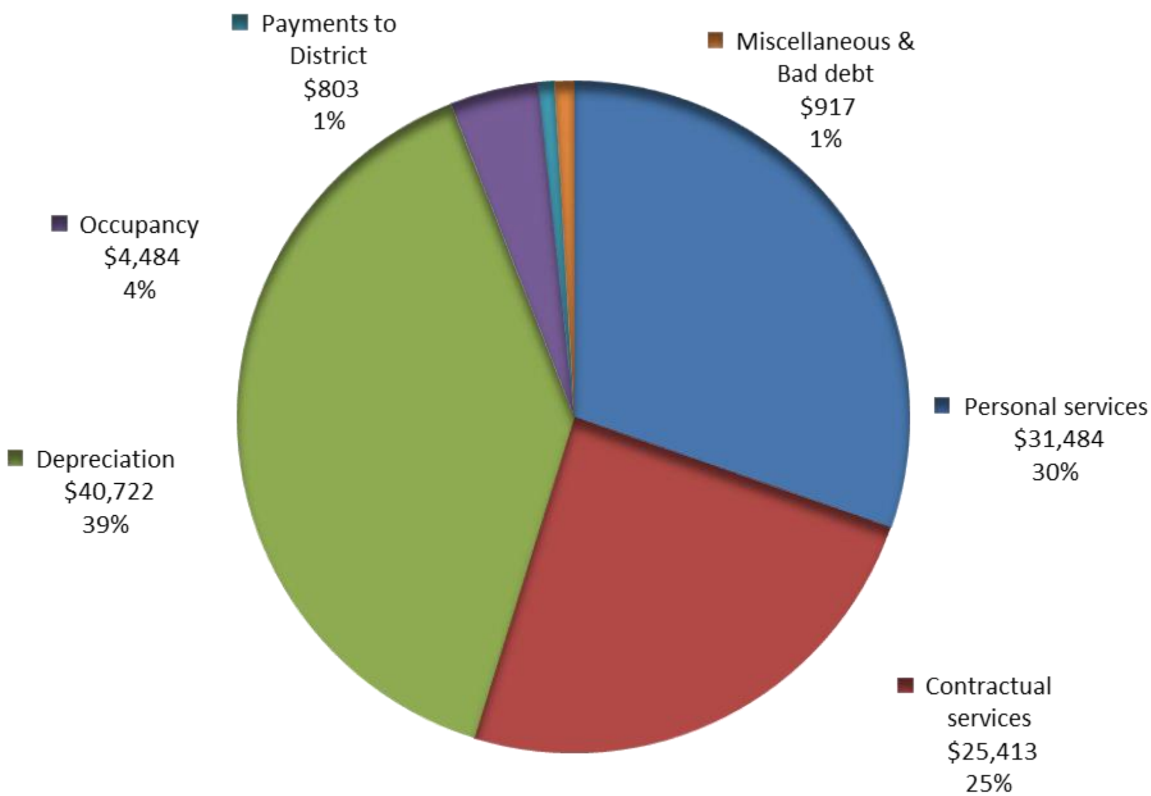
Personal services increased by $2.7 million or 9%. The increase was due to new hires and alignment of salaries (before COVID) and the full impact of positions that were filled around midyear in the previous fiscal year. Also, employee benefits grew due to the growth in salaries and wages and health care inflation. Contractual services costs decreased by $7.5 million or 23% compared to the fiscal year 2019. This was primarily due to Events DC's management's swift action in renegotiating existing contracts, suspend some services during the period of closure, and reducing the operating budget to align with the revenue shortfall. Occupancy expense, which includes all utility-related costs such as electricity, telecommunications, water, sewer, and natural gas, totaled $5.7 million, a decrease of 16% from the fiscal year 2019. The decline resulted from the pandemic-related reduction of events related activities due to the cancellation of events. Depreciation expense, primarily for the convention center building, amounted to $39.6 million.

The Authority's non-operating expenses consisted of $22.8 million in bond interest and amortization and $11.6 million in payments to marketing entities. The Washington Convention Center Authority Act of 1994 (as amended in 1998) requires the Authority to transfer 17.4% of the hotel taxes received to the Marketing Fund to promote conventions and tourism in the District of Columbia. Effective October 1, 2017, under the Hospitality Tax Dedication section of the Act, an additional 0.3 percent hotel room tax was imposed. The 0.3 percent tax is dedicated to Destination DC through the Authority for marketing and promoting the District of Columbia as a destination.

The fiscal year 2020 includes one-time costs of $12.7 million related to emergency funding for hospitality and tourism relief to address the impact of the COVID-19 pandemic. FY2020 non-operating expenses also include $10.1 million grant to support cultural institutions operating in the District of Columbia as mandated per the Fiscal Year 2020 Budget Support Act of 2019, DC Law 23-0016.

(2) Financial Analysis (Continued)

The following is a graphic illustration of 2021 operating expenses. *(In Thousands)*



(3) Capital Asset and Debt Administration

Capital Assets

The Authority has invested $522.3 million and $551.2 million in capital assets, net of depreciation as of 2021 and 2020, respectively. The Authority's 2021 net capital assets decreased by $28.9 million compared to the fiscal year 2020, which as primarily due to depreciation expenses of $40.7 million partially offset by the purchase of furniture, machinery, equipment and building improvement.

Table 3 summarizes the Authority's capital assets, net of accumulated depreciation as of September 30, 2021, 2020, and 2019. The changes are presented in detail in Note 4 to the financial statements.

Table 3
Capital Assets (Net of Depreciation)
(in thousands)

							Percentage Change	
		2021		**2020**		**2019**	**2020-2019**	**2019-2018**
Non-depreciable								
Land	$	4,785	$	4,785	$	4,785	0%	0%
Construction in progress	$	13,064	$	8,130	$	-	100%	100%
Artwork	$	2,742	$	2,742	$	2,742	0%	0%
Total non-depreciable capital assets	$	20,591	$	15,657	$	7,527		
Depreciable								
Building	$	769,409	$	769,409	$	769,409	0%	0%
Building improvements	$	50,984	$	50,324	$	49,920	1%	1%
Plumber's building	$	33,425	$	33,425	$	33,425	0%	0%
Stadium structure	$	19,037	$	19,037	$	19,037	0%	0%
Building Improvements/Displays (SED)	$	38,592	$	38,592	$	38,592	0%	0%
Building-ESA	$	73,976	$	73,976	$	73,975	0%	0%
RFK Multi-Purpose Fields	$	39,261	$	37,388	$	37,138	5%	0%
Parking Lot improvements	$	7,258	$	7,041	$	7,041	3%	0%
Central plant	$	16,265	$	16,265	$	16,265	0%	0%
Carnegie Library	$	14,798	$	14,798	$	14,798	0%	0%
Carnegie Library-building improvements	$	1,479	$	1,479	$	1,479	0%	0%
Financial systems	$	4,349	$	2,930	$	2,124	48%	38%
Furniture and fixtures	$	35,650	$	35,071	$	33,547	2%	5%
Furniture and fixtures-RFK	$	1,652	$	1,652	$	1,652	0%	0%
Machinery and equipment	$	35,829	$	34,049	$	27,881	5%	22%
Total depreciable capital assets	$	1,141,963	$	1,135,437	$	1,126,283		
Less accumulated depreciation	$	640,261	$	599,539	$	559,941	7%	7%
Net depreciable capital assets	$	501,702	$	535,897	$	566,342		

Debt Administration

The Authority had $477.9 and $497.8 million in long-term liabilities outstanding, including current maturities, as of September 30, 2021 and 2020, respectively. Principal payments of $16.2 million and $25.8 million were made during fiscal years 2021 and 2020, respectively. The Authority's long-term liabilities are summarized below and presented in more detail in the financial statements (see Note 8 for more information on long-term debt).

(3) Capital Asset and Debt Administration (Continued)

Table 4
Long-Term Debt Outstanding
(in thousands)

	2021	**2020**	**2019**	**Percentage change 2021-2020**	**Percentage change 2020-2019**
Bonds Payable, Premium & Deferral	$ 466,289	$ 491,247	$ 516,881	-5%	-5%
Capital Lease obligation	$ 4,541	$ 4,683	$ 4,826	-3%	-3%
Notes Payable-PPP	$ 5,251	$ -		100%	
Compensated Absences	$ 1,815	$ 1,836	$ 1,421	-1%	29%
Total debt outstanding	$ 477,896	$ 497,766	$ 523,128	-4%	-5%
Current portion of debt outstanding	$ 16,474	$ 25,862	$ 24,612	-36%	5%
Debt outstanding less current portion	$ 461,422	$ 471,904	$ 498,516	-2%	-5%

The current portion of debt outstanding includes $101 and $120 thousands compensated absences, as of September 30, 2021 and 2020, respectively. See Note 8 for detail.

The Authority's bonds are rated "Aa3" by Moody's, "A+" by Standard & Poor's Corporation, and "AA" by Fitch Ratings Services.

(4) Budgetary Controls

The Authority adopts an operating and capital budget approved by its Board of Directors in February of each year for the subsequent fiscal year. The budget is reviewed and adjusted, if necessary, and the Board approves changes. The budgets are loaded into the Authority's Financial Management System. The Financial Management Division prepares monthly reports for the Board of Directors and its Finance Committee. The reports are reviewed and acted upon each month to ensure the Authority complies with its authorized budget levels.

After approval by the Board of Directors, the Authority is required to submit its annual operating and capital budgets to the Mayor and Council of the District of Columbia to be included in the District's budgets sent to the United States Congress for approval.

(5) Economic Factors

The COVID-19 pandemic continued to negatively impact the Authority throughout FY2021. Operating revenues dropped by $4.7 million or 26%. Dedicated taxes, which are mainly derived from hotel and restaurant taxes, declined by $19 million or 26%. The September 30, 2021 OCFO revenue projection reduced the FY2022-FY2025 dedicated tax projections for the Authority by $53.9 million or 11% compared to the December 2020 estimate. This was due to the slow recovery of the hospitality and travel industry. The Authority revised its FY2022-FY2025 financial plan in line with the reduced OCFO dedicated tax projections by deferring capital projects and continuing to fund operations and key recovery initiatives to sustain and grow its business through the recovery. The Authority has managed its reserves to mitigate the effects of declining revenues and developed a plan to continue to do so for an extended period, if necessary.

(6) Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Mr. Henry W. Mosley, Chief Financial Officer, Washington Convention and Sports Authority, 801 Mount Vernon Place, N.W., Washington, DC 20001.

WASHINGTON CONVENTION AND SPORTS AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2021 AND 2020
(Dollar Amounts in Thousands)

	2021	2020
Assets		
Current assets:		
Cash and Cash Equivalents	$ **11,716**	$ 10,263
Restricted Cash	**6,429**	**14,512**
Investments	**99,441**	**127,900**
Due from District of Columbia	**12,390**	**5,277**
Accounts Receivable, Net of Allowance for Uncollectible Accounts	**2,217**	**4,426**
Prepaid Expenses and Other Assets	**4,619**	**5,142**
Accrued Interest Receivable	**467**	**478**
Total current assets	**137,279**	**167,998**
Noncurrent Assets		
Lease Receivable	**83**	
Other Receivable	**11,464**	**18,543**
Restricted Investments	**167,186**	**190,102**
Non-Depreciable Capital Assets	**20,591**	**15,657**
Capital Assets, Net of Accumulated Depreciation	**501,701**	**535,897**
Total Noncurrent Assets	**701,025**	**760,199**
Total Assets	**$ 838,304**	**$ 928,197**
Deferred Outflow of Resources	**$ 11,141**	**$ 9,639**
Total Assets and Deferred Outflow of Resources	**$ 849,445**	**$ 937,836**
Liabilities and Net Position		
Current Liabilities		
Accounts Payable	**$ 9,394**	**$ 8,391**
Other Liabilities	**7,374**	**15,085**
Due to District Government	**2,233**	**3,323**
Compensation Liabilities	**1,336**	**1,071**
Unearned Revenue	**6,784**	**6,885**
Accrued Interest Payable	**8,039**	**11,736**
Capital Lease- Current Portion	**138**	**142**
Bonds Payable, Current Portion	**16,235**	**25,600**
Total Current Liabilities	**51,533**	**72,233**
Noncurrent Liabilities		
Compensated Absences	**1,715**	**1,716**
Capital Lease- Long-Term	**4,402**	**4,540**
Notes Payable-PPP	**5,251**	**-**
Long-term Bonds Payable including Premium	**450,054**	**465,647**
Total Noncurrent Liabilities	**461,422**	**471,903**
Total Liabilities	**512,955**	**544,136**
Net Position		
Net Position		
Net Investment in Capital Assets	**237,177**	**248,039**
Restricted Net Position:		
Debt Service and Capital Interest	**25,675**	**33,475**
Capital Renewal	**32,816**	**33,394**
Operating Fund	**35,352**	**42,129**
Debt Service Reserve	**31,255**	**27,554**
Kenilworth Park	**144**	**144**
Unrestricted Net Position	**(25,929)**	**8,965**
Total Net Position	**$ 336,490**	$ 393,700

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

WASHINGTON CONVENTION AND SPORTS AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
SEPTEMBER 30, 2021 AND 2020
(Dollar Amounts in Thousands)

	2021	2020
Operating Revenue and Expenses		
Operating Revenues:		
Building Rental- Events Related	$ 5,357	$ 4,807
Food Services	31	1,527
Electrical	111	1,496
Rigging	35	894
Parking	206	312
Telecommunications	142	1,093
Retail & Office Space Rental	585	870
Advertising & Sponsorship	713	1,093
Building Rental	3,912	3,922
Miscellaneous	2,555	2,329
Total Operating Revenues	13,647	18,343
Operating Expenses		
Personal Services	31,484	33,063
Contractual Services	25,413	25,537
Depreciation	40,722	39,599
Occupancy	4,484	5,698
Payment to District	803	1,607
Miscellaneous	947	1,044
Net Bad Debt Expense (recovery)	(30)	265
Total Operating Expenses	103,823	106,813
Operating Loss	(90,176)	(88,470)
Nonoperating Revenues and (Expenses)		
Interest Income	1,126	3,973
Dedicated Taxes	54,932	74,067
TIF Revenue	5,838	12,175
Miscellaneous Revenue	5,816	6,197
Interest Expense	(19,410)	(23,510)
Amortization of Bond Issuance Costs	(349)	728
Marketing Agencies Payments	(6,085)	(11,640)
Hospitality & Marketing Relief and other Grants	(822)	(22,814)
Miscellaneous Expenses	(8,080)	(10,970)
Total Nonoperating Revenues and (Expenses)	32,966	28,206
Excess Cash Transfer to the District	-	0
Increase (Decrease) in Net Position	(57,210)	(60,264)
Net Position, Beginning of Year	393,700	453,964
Net Position, End of Year	$ 336,490	$ 393,700

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

WASHINGTON CONVENTION AND SPORTS AUTHORITY
STATEMENTS OF CASH FLOWS
SEPTEMBER 30, 2021 AND 2020
(Dollar Amounts in Thousands

	2021	2020
Cash flows from operating activities:		
Receipts from Customers	**$ 12,181**	$ 18,981
Payments to Suppliers	**(36,830)**	(28,757)
Payments to Employees	**(31,220)**	(33,386)
Other Receipts (Payments)	**(2,089)**	(2,224)
Net cash used in Operating Activities	**(57,959)**	(45,386)
Cash flows from Noncapital Financing Activities:		
Dedicated Tax Receipts	**51,422**	90,049
Tax Incremet Financing Tax Receipts	**5,838**	12,175
Transfer toTourism Responsibility Centers	**(6,085)**	(11,640)
Other Payments	**(8,901)**	(33,784)
Other Receipts	**12,813**	16,098
Net cash provided by Noncapital Financing Activities	**55,087**	72,898
Cash flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	**(11,460)**	(17,284)
Proceeds on issuance of bonds	**181,944**	
Capital Lease Payment	**(144)**	(143)
Proceeds on issuance of notes	**5,251**	
Principal payment on bonds	**(204,485)**	(24,380)
Interest payments	**(27,373)**	(24,108)
Net cash used in Capital and Related Financing Activities	**(56,267)**	(65,915)
Cash flows from Investing Activities:		
Proceeds from sale and maturities of investment securities	**51,374**	162,338
Purchases of investment securities	**-**	(125,903)
Interest and dividends on investments	**1,137**	4,182
Net cash provided in Investing Activities	**52,511**	40,617
Net (decrease) increase in cash and cash equivalents	**(6,628)**	2,214
Cash and Cash Equivalents, Beginning of Year	**24,774**	22,560
Cash and Cash Equivalents, End of Year	**$ 18,146**	$ 24,774
Reconciliation of Operating Loss to Net Cash Used In Operating Activities		
Operating Loss	**$ (90,176)**	$ (88,470)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation	**40,722**	39,598
Provision for Doubtful Accounts	**(30)**	228
Decrease (Increase) in Receivables	**(1,366)**	1,002
(Increase) in Prepaid Expenses and Other Assets	**524**	(172)
Increase in Accounts Payable	**(7,797)**	3,461
(Decrease) Increase in Compensation Liabilities	**265**	(707)
(Decrease) Increase in Unearned Revenue	**(101)**	(326)
Net Cash Used in Operating Activities	**$ (57,959)**	$ (45,386)

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority's accounting policies conform to US Generally Accepted Accounting Principles (GAAP) as applicable to government enterprises. The following is a summary of the Authority's significant accounting policies:

Reporting Entity

The Washington Convention Center Authority (WCCA or Authority), a corporate body and independent Authority of the District of Columbia (District) Government, was created pursuant to the Washington Convention Center Authority Act of 1994 (the WCCA Act), effective September 28, 1994.

On October 1, 2009, the Washington Convention and Sports Authority (WCSA) was formed following the transfer of the DC Sports and Entertainment Commission's mission, responsibilities, and assets to WCCA in accordance with the Washington Convention Center Authority and Sports and Entertainment Commission Merger Amendment Act of 2009.

Following the transfer, the Authority’s Board of Directors (the Board) grew from nine to twelve members. Three members, including the District's Chief Financial Officer, the chief executive of the Hotel Association of Washington DC, and the third person designated by the mayor, serve as voting ex-officio members. The remaining nine public members are appointed by the mayor with the consent of the Council of the District of Columbia (the Council). The terms of the public members are four years. The mayor appoints one public member as chairperson with the advice and consent of the Council.

In June 2011, the Washington Convention and Sports Authority launched a new brand name, “Events DC.”

Events DC receives its funding by generating operating revenues from conventions, meetings, sports events, parking, advertising, sponsorships, and ancillary operations. A significant part of the funding comes from dedicated taxes from the hospitality industry. In addition, it receives interest and dividend income from investments. The dedicated taxes were established pursuant to the WCCA Act. The dedicated taxes consist of separate sales and use tax of 4.45% (of the District's 14.5%) on hotel room charges and a sales and use tax of 1% (of the District's 10%) on restaurant meals, alcoholic beverages consumed on-premises, and rental vehicle charges. Effective October 1, 2017, the hotel room charges of 14.5% changed to 14.8%, with the additional 0.3% increase going to Destination DC through the Authority for marketing and promoting the District of Columbia as a destination. The dedicated taxes are collected on behalf of the Authority in accordance with the September 1998 Lockbox and Collection Agreements executed by the Authority, the District, and a financial institution.

The Authority is a component unit of the District of Columbia Government.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The Authority’s basic financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are 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 inflow of resources associated with the operations and are included on Net Position's Statements.

The financial statements have been prepared in accordance with GAAP as prescribed by GASB and are presented as required by these standards to provide a comprehensive perspective of the Authority’s

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

net position, changes in net position, and cash flows.

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

The Authority accounts for its activities in nine separate funds: the Operating (C&M) Fund, the Building Fund, the Marketing Fund, Capital (C&M) Fund, operating (SED) Fund, New Stadium Fund, Capital (SED) Fund, Operating (Carnegie Library) Fund and Capital (Carnegie Library) Fund. The following activities are reported in each fund.

a. Operating (C&M) Fund – The operating fund accounts for the transactions related to the convention center's operation.

b. Building Fund – The building fund accounts for the transactions related to the new hotel and expansion projects.

c. Marketing Fund – The marketing fund accounts for the transactions related to marketing and promoting conventions and tourism in the District.

d. Capital (C&M) Fund – The capital fund accounts for the transactions related to the convention center's improvement.

e. Operating (SED) Fund – The operating SED fund accounts for transactions related to the operation of Robert F. Kennedy Memorial Stadium, DC Armory, ESA, and Gateway.

f. New Stadium Fund – The new stadium fund accounts for transactions related to the new Nationals Park Stadium.

g. Capital (SED) Fund – The SED capital fund accounts for the transactions related to the improvement of the Robert F. Kennedy Memorial Stadium and DC Armory.

h. Operating Carnegie Library Fund – The operating fund accounts for transactions related to the operation of Carnegie Library.

i. Capital Carnegie Library Fund – The capital fund accounts for the transactions related to the improvement of the Carnegie Library.

Current and Non-current

Current assets are used to designate cash and other assets, or resources commonly identified as those which are reasonably expected to be realized in cash or consumed during a normal operating cycle of business, usually one year or less, without interfering with normal business operations. Current liabilities are defined as obligations whose liquidation is reasonably expected to require the use of existing resources properly classifiable as current assets or the creation of other current liabilities.

Use of Restricted Components of Net Position

The Authority spends restricted reserve funds only when the unrestricted amounts are insufficient or unavailable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Authority considers all highly liquid instruments purchased with an original maturity of less than ninety (90) days to be cash equivalents.

Accounts Receivable

Accounts receivable, which is recorded at net realizable value, is related to transactions involving building rental, electrical, telecommunications, audio-visual, advertising, sponsorships, parking, and miscellaneous revenue. As of September 30, 2021, and 2020, accounts receivable was $2.2 million and $4.4 million, respectively.

Allowance for Uncollectible Accounts

The Authority establishes an allowance for uncollectible accounts for all account receivables over 180 days old and based on management review of specific accounts. As of September 30, 2021, and 2020, the allowance for uncollectible accounts was $279 thousand and $570 thousand, respectively.

Investments

Investments in money markets and repurchase agreements are recorded at market value, which approximates fair value. Treasury obligations and commercial paper are recorded at amortized cost, which approximates fair value.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of the assets' availability. Such constraints are either externally imposed by creditors, contributors, grantors, or other governments' laws, or are imposed by law through enabling legislation.

Capital Assets and Depreciation

Capital assets are carried at cost. The Authority capitalizes assets with an original cost of $5,000 or greater. Donated capital assets are recorded at fair market value at the date donated and capital lease assets are recorded at the net present value of minimum lease payments. Land and artwork are carried on the Authority’s books at cost and are not depreciated. Depreciation expense is calculated using the straight-line method over the following estimated useful lives:

Financial Systems	5 years
Machinery and Equipment	5 years
Furniture and Fixtures	10 years
Central Plant	20 years
Building and Building Improvements	30 years
Structure and Parking Lot Improvements	5-35 years
RFK Stadium	50 years

Expenditures for repairs and maintenance that do not increase the useful economic lives of related assets are charged to operations during the fiscal year in which the costs are incurred. Improvements are capitalized.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources

On February 22, 2018, and on May 14, 2021, the Authority defeased series 2010C and Series 2010B bonds and incurred bond refunding costs. The cost is the difference between the reacquisition price and the net carrying amount of the old debts and is deferred and amortized over the remaining life of the old debt Series 2010C and 2021B bonds are amortized over 22 years. As of September 30, 2021, bond refunding costs, which are reflected as a deferred outflow of resources in the Statements of Net Position,totaled $11.1 million.

Bond Premium and Discount

The bond premium and discount is recorded as an increment of the carrying cost of the bonds. Both are amortized based upon the weighted average of bonds outstanding over the term of the bonds.

Unearned Revenue

Unearned revenue represents revenue and deposits received in advance from show managers and promoters for events booked at the Walter E. Washington Convention Center and the Sports & Entertainment Division.

Revenue Recognition

Revenues are recorded when earned. Dedicated and Tax Increment Financing Taxes are recorded in the period when the exchange transaction on which the tax is imposed occurs.

Compensated Absences

The Authority accrues a liability for annual leave based on salary rates and accumulated leave hours on September 30. Employees earn annual leave during the year at varying rates, depending on their classification and years of service. Generally, non-union employees may carry over a maximum of 240 hours of annual leave and union employees may carry a maximum of 320 hours beyond December 31 of each calendar year. Carryover of annual leave in excess of 240 and 320 hours is permitted with appropriate Authority officials' approval. The accrued yearly maximum leave balance is payable to employees upon termination of employment.

Components of Net Position

Net position is reported in the following categories:

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted- Under the Bond Trust agreements, the Authority is required to maintain specific reserve requirements for debt service, operating and marketing, capital renewal and replacement, marketing, and hotel projects. The Authority held funds in various reserve accounts to meet the requirements. As of September 30, 2021, and 2020, those restricted funds totaled approximately $167.2 million and $190.1 million, respectively.

Unrestricted- This amount is the portion of net position that does not meet the definition of net investment in a capital asset or restricted.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenses

The Authority distinguishes between operating revenues and expenses and non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's ongoing operations. The Authority's principal operating revenues consist of building rental, electrical, telecommunications, food services, retail/office, advertisements and sponsorship, and miscellaneous revenues such as audio-visual, event services, meeting setup charges, and equipment rental. Operating expenses include personnel services, contractual services, depreciation, occupancy, payment to District of Columbia, and miscellaneous expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 financial statements' date. Estimates and assumptions may also affect the reported amounts of revenues and expenses. Accordingly, actual results could differ from those estimates.

Rounding Numbers

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

New Accounting Standards

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases, in June 2017. The objective of GASB No. 87 is to improve the accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. GASB No. 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use an asset. GASB No. 87 is effective for reporting periods beginning after June 15, 2021. This will be effective for the Authority in fiscal year 2022. The Authority is currently in the planning stage of adopting GASB No. 87 on its financial statements and disclosures in FY2022.

NOTE 2 CASH DEPOSITS AND INVESTMENTS

Cash Deposits

The Authority's cash-carrying amounts as of September 30, 2021, and 2020 were $18.1 million and $24.8 million, respectively. The Authority’s bank balances as of September 30, 2021 and 2020 were $20.3 million and $25 million, respectively. These bank balances are entirely insured or collateralized with third parties' securities in the Authority's name.

NOTE 2 CASH DEPOSITS AND INVESTMENTS (continued)

Investments

In accordance with the Authority's investment policy adopted in 1997 and amended in 2009, the Authority may invest in bonds, notes, certificates of indebtedness, treasury bills, or other securities guaranteed by the US Government, its agencies such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); domestic interest-bearing savings accounts; certificate of deposits; time deposits or any other investments that are direct obligations of any bank; short-term obligations of US Corporations; shares or other securities legally issued by state or federal savings and loan associations that are insured by the FDIC; money market mutual funds registered under the amended Investment Act of 1940; repurchase agreements with any bank, trust company, or national banking association or government bond dealer reporting to the Federal Reserve Bank of New York; and investment agreements which represent the unconditional obligation of one or more banks; insurance companies or other financial institutions, or are guaranteed by a financial institution.

As of September 30, 2021, and 2020, the Authority's investments were in the money market, certificate of deposits, other US guaranteed securities, and federal agency securities, along with collateralized repurchase agreements. Agency securities and money market investments were rated AAA and/or collateralized by the fund provider.

Fair Value Measurement: The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets.
Level 2: Observable inputs other than quoted market prices.
Level 3: Unobservable inputs.

NOTE 2 CASH DEPOSITS AND INVESTMENTS (continued)

The Authority has the following recurring fair value measurements as of September 30, 2021, and 2020.

	Fair Value Measurement Using			
Investment by Fair Value Level	**9/30/2021**	**Level 1**	**Level 2**	**Level 3**
Debt Securities				
Repurchase Agreement Negotiable	$ 32,821	$ 32,821		
Certificate of Deposit	21,415	21,415		-
Money Market Deposits *	212,392			
Total investments by fair value level	$ 266,628	$ 54,236	$ -	$ -

	Fair Value Measurement Using			
Investment by Fair Value Level	**9/30/2020**	**Level 1**	**Level 2**	**Level 3**
Debt Securities				
U.S. Treasury Securities	$ 12,851	$ 12,851	$ -	$ -
Repurchase Agreement	32,821	32,821	-	-
Negotiable Certificate of Deposit	21,362		21,362	-
Money Market Deposit*	250,968			
Total investments by fair value level	$ 318,002	$ 45,672	$ 21,362	$ -

* Valued at net asset value

The Authority's investments are subject to certain risks. Those risks are as follows:

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not recover the value of its investments. As of September 30, 2021, and 2020, 20% and 21% of the Authority's investments were held by an insured and collateralized counterparty.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The risk may vary based on the type of investment. As of September 30, 2021, and 2020, all funds were invested in AAA-rated money market funds, agency securities and certificate of deposits (CDs), thereby limiting the Authority's exposure to interest rate risk. In accordance with the Authority's investment policy, the investment maturities vary from 1- 5 years.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy limits investments to investments that are highly rated by Moody's or Standard & Poor's. As of September 30, 2021, and 2020, the Authority's investments were allin AAA-rated short-term money market funds, AAA-rated agency securities, guaranteed investment contracts, and certificate of deposits.

Concentration of Credit Risk: To limit exposure to credit risk concentrations, the Authority's investment policy limits investment in US Treasury to 100%, Federal Agencies to 40%, money market mutual funds to 25%, and repurchase agreements to 25% to anyone issuer.

The following tables summarize the minimum reserve requirements and restricted and unrestricted amountsas of September 30, 2021and 2020 (in thousands).

Reserve Accounts	Investment Balance as of September 30, 2021	Minimum Required Reserve (Restricted)	Available Reserve Above the Required Minimum
Series 2018 A and 2021C Bonds			
Capital Renewal & Replacement	$ 77,582	$ 32,816	$ 44,766
Debt Service Account	$ 25,675	$ 25,675	$ -
Debt Service Reserve Acct	$ 31,255	$ 31,255	$ -
Operating & Marketing Reserve Acct	$ 88,375	$ 35,352	$ 53,023
Revenue Account	$ 1,652		$ 1,652
Totals	$ 224,539	$ 125,098	$ 99,441
Series 2021 and 2018B Bonds			
Tax Increment Financing Revenue Account	$ 18,300	$ 18,300	
Debt Service Reserve Accounts	$ 23,788	$ 23,788	
Totals	$ 42,088	$ 42,088	
Total Restricted and non-restricted Investments	$ 266,627	$ 167,186	$ 99,441

Reserve Accounts	Investment Balance as of September 30, 2020	Minimum Required Reserve (Restricted)	Available Reserve Above the Required Minimum
Series 2018A			
Capital Renewal & Replacement	$ 83,490	$ 33,394	$ 50,096
Debt Service Account	$ 33,474	$ 33,474	$ -
Debt Service Reserve Acct	$ 27,554	$ 27,554	$ -
Operating & Marketing Reserve Acct	$ 119,792	$ 42,129	$ 77,663
Revenue Account	$ 141		$ 141
Totals	$ 264,451	$ 136,551	$ 127,900
Series 2018B and 2010 Bonds			
Tax Increment Financing Revenue Account	$ 28,261	$ 28,261	
Debt Service Reserve Accounts	$ 25,290	$ 25,290	
Totals	$ 53,551	$ 53,551	
Total Restricted and non-restricted Investments	$ 318,002	$ 190,102	$ 127,900

NOTE 3 OTHER ASSETS

The Authority contributed $47 million in additional funding from its cash reserves to HQ Hotel LLC to facilitate the Marriott Marquis Convention Center Headquarters' Hotel Project development. The contribution is reimbursed from the collection of excess Tax Increment Revenues (TIF) generated by the hotel. The contribution was disbursed in the fiscal year 2013 and was recorded as other assets. As of September 30, 2021, and 2020, the outstanding balance was $11.5 million and $18.5 million, respectively.

WASHINGTON CONVENTION AND SPORTS AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 4 CAPITAL ASSETS

Capital asset balances as of September 30, 2021, are summarized as follows *(in thousands)*:

	Balance @ 09/30/2020	Additions	Disposals	Transfers/ Adjustments	Balance @ 09/30/2021
Non-depreciable					
Land	$ 4,785	$ -	$ -	$ -	$ 4,785
Construction In Progress	$ 8,130	4,934	-	-	13,064
Artwork	2,742	-	-	-	2,742
Total Non-depreciable Capital Assets	**$ 15,657**	**$ 4,934**	**$ -**	**$ -**	**$ 20,591**
Depreciable					
Building (WEWCC)	$ 769,409	$ -	$ -	$ -	$ 769,409
Building Improvements (WEWCC)	50,324	659.72	-	-	50,984
Plumber's Building	33,425	-	-	-	33,425
Stadium Structure	19,037	-	-	-	19,037
Building Improvements/Displays (SED)	38,592	-	-	-	38,592
Building-ESA	73,976	-	-	-	73,976
RFK Multi-Purpose Fields	37,388	1,873.06	-	-	39,261
Parking Lot Improvements (SED)	7,041	216.24	-	-	7,258
Central Plant	16,265	-	-	-	16,265
Carnegie Library -Capital Lease	14,798	-	-	-	14,798
Carnegie Library-Building Improvements	1,479	-	-	-	1,479
Financial Systems	2,930	1,418.91	-	-	4,349
Furniture and Fixtures	35,071	578.96	-	-	35,650
Furniture and Fixtures (SED)	1,652	-	-	-	1,652
Machinery and Equipment	34,049	1,779.58	-	-	35,829
Total Depreciable Capital Assets	1,135,437	6,526	-	-	1,141,963
Less: Accumulated Depreciation					
Building (WEWCC)	447,338	25,595	-	-	472,933
Building Improvements (WEWCC)	11,592	1,908	-	-	13,501
Plumber's Building	7,149	1,114	-	-	8,264
Stadium Structure	19,121	25	-	-	19,146
Building Improvements/Displays (SED)	37,046	487	-	-	37,533
Building-ESA	4,841	2,470	-	-	7,310
RFK Multi-Purpose Fields	1,521	1,245	-	-	2,766
Parking Lot Improvements	6,146	36	-	-	6,183
Central Plant	14,211	813	-	-	15,024
Carnegie Library-Capital Lease	4,126	505	-	-	4,631
Carnegie Library-Building Improvements	248	53	-	-	301
Financial Systems	1,670	293	-	-	1,963
Furniture and Fixtures	22,733	1,925	-	-	24,658
Furniture and Fixtures (SED)	1,068	199	-	-	1,267
Machinery and Equipment	20,729	4,055	-	-	24,784
Total Accumulated Depreciation	599,539	40,722	-	-	640,261
Total Net Depreciable Capital Assets	**$ 535,897**	**$ (34,196)**	**$ -**	**$ -**	**$ 501,702**

NOTE 4 CAPITAL ASSETS (continued)

Capital asset balances as of September 30, 2020, are summarized as follows *(in thousands)*:

	Balance @09/30/2019	Additions	Disposals	Transfers/ Adjust	Balance @09/30/2020
Non-depreciable					
Land	$ 4,785	$ -	$ -	$ -	$ 4,785
Construction In Progress	$ -	8,130	-	-	8,130
Artwork	2,742	-	-	-	2,742
Total Non-depreciable Capital Assets	**$ 7,527**	**$ 8,130**	**$ -**	**$ -**	**$ 15,657**
Depreciable					
Building (WEWCC)	$ 769,409	-	$ -	$ -	$ 769,409
Building Improvements (WEWCC)	49,920	407	-	(3)	50,324
Plumber's Building	33,425	-	-	-	33,425
Stadium Structure	19,037	-	-	-	19,037
Building Improvements/Displays (SED)	38,592	-	-	-	38,592
Building-ESA	73,975	-	-	-	73,975
RFK Multi-Purpose Fields	37,138	250	-	-	37,388
Parking Lot Improvements (SED)	7,041	-	-	-	7,041
Central Plant	16,265	-	-	-	16,265
Carnegie Library -Capital Lease	14,798	-	-	-	14,798
Carnegie Library-Building Improvements	1,479	-	-	-	1,479
Financial Systems	2,124	806	-	-	2,930
Furniture and Fixtures	33,547	1,524	-	-	35,071
Furniture and Fixtures (SED)	1,652	-	-	-	1,652
Machinery and Equipment	27,881	6,169	-	-	34,050
Total Depreciable Capital Assets	1,126,283	9,156	-	(3)	1,135,436
Less : Accumulated Depreciation					
Building (WEWCC)	421,743	25,595	-	-	447,338
Building Improvements (WEWCC)	9,927	1,664	-	-	11,591
Plumber's Building	6,035	1,114	-	-	7,149
Stadium Structure	19,096	25	-	-	19,121
Building Improvements/Displays (SED)	36,745	303	-	(3)	37,045
Building-ESA	2,371	2,470	-	-	4,841
RFK Multi-Purpose Fields	282	1,239	-	-	1,521
Parking Lot Improvements	6,110	36	-	-	6,146
Central Plant	13,397	813	-	-	14,210
Carnegie Library-Capital Lease	3,623	505	-	-	4,128
Carnegie Library-Building Improvements	195	53	-	-	248
Financial Systems	1,534	136	-	-	1,670
Furniture and Fixtures	20,521	2,213	-	-	22,734
Furniture and Fixtures (SED)	868	199	-	-	1,067
Machinery and Equipment	17,493	3,236	-	-	20,729
Total Accumulated Depreciation	559,940	39,601	-	(3)	599,538
Total Net Depreciable Capital Assets	**$ 566,343**	**$ (30,445)**	**$ -**	**$ (0)**	**$ 535,898**

NOTE 5 CAPITAL LEASE

A) The Authority as a Lessee:

In May 2011, the Authority entered a Memorandum of Understanding (MOU) with the District Government in order to assume the District's responsibility for the operation and maintenance of the historic Carnegie Library and grounds. Under the MOU, the Authority was required to pay $9 million over 3 years based on an agreed-upon schedule. Previously, the District had a 99-year lease in place with the Historical Society of Washington, DC (HSW); under the terms of the former lease, HSW was allowed to use the entire Library interior for certain revenue-generating programs and activities that supported HSW's mission. The MOU required the Authority to negotiate a lease agreement with HSW, which was executed on November 9, 2011. On August 10, 2017, the Authority signed an amendment to the lease agreement. Under the amended lease agreement, the annual payment to HSW increased by $50,000 for the remaining 81-year term to use approximately 80% of the library interior. The Authority is currently generating revenues from the leasable space for events and tourism-related activities.

The following is a schedule by year of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of September 30, 2021 *(in thousands)*:

The carrying value of the capital lease is $14.8 million and the accumulated depreciation recorded as of September 30, 2021, was $4.6 million.

Year Ended September 30,	Amount
2022	$ 188
2023	188
2024	188
2025	188
2026	188
2027-2031	946
2032-2036	969
2037-2041	974
2042-2046	998
2047-2051	1,003
2052-2056	1,028
2057-2061	1,033
2062-2066	1,058
2067-2071	1,064
2072-2076	1,090
2077-2081	1,096
2082-2086	1,123
2087-2091	1,129
2092-2096	1,157
2097-2099	386
Total	15,994
Less: Interest Costs	(11,454)
Present Value of Minimum Lease Payments	$ 4,540

NOTE 6 OPERATING LEASES (Rental Income)

The Authority leases buildings and retail spaces to outside parties. As of September 30,2021, and 2020 rental income from operating leases was $4.8 million and $4.8 million, respectively.

Year Ended September 30	Amount
2022	$ 4,718
2023	4,787
2024	4,860
2025	4,869
2026	4,933
2027-2031	23,258
2032-2036	25,471
2037-2041	24,429
2042-2046	11,571
2047-2051	2,060
2052-2056	2,160
2057-2061	2,260
2062-2066	2,360
2067-2071	2,460
2072-2076	2,560
2077-2081	2,660
2082-2086	2,760
2087-2091	2,860
2092-2096	2,960
2097-2101	3,060
2102-2106	3,160
2107-2111	1,940
Total	**$ 142,156**

NOTE 7 BONDS AND NOTES PAYABLE

The Authority was authorized to issue bonds to finance the new convention center's costs pursuant to the WCCA Act, as amended. On September 28, 1998, the Authority issued $524.5 million in senior lien dedicated tax revenue bonds (Series 1998A Bonds) to finance the new Walter E. Washington Convention Center's construction.

On February 1, 2007, WCCA issued $492.5 million of refunding Series 2007A Bonds, with a net premium of $15.6 million to affect a refunding for the Series 1998A Bonds. These refunding bonds were delivered on February 8, 2007, with maturities ranging from October 1, 2008, to October 1, 2036, at interest rates ranging from 3.75% to 5%. The net proceeds of these refunding bonds were used to 1) advance refund all of the Series 1998A Bonds in the aggregate principal amount of $480.6 million; 2) refinance a portion of the land acquisition cost of WCCA related to the Headquarters Hotel; 3) pay the premium for the Reserve Account Facility that funded the Series 2007A Debt Service Reserve Requirement; and 4) pay Costs of Issuance of the Series 2007A Bonds, including the premium for the Financial Guaranty Insurance Policy. As a result, the previously outstanding refunded bonds were defeased and the liabilities for those

NOTE 7 BONDS AND NOTES PAYABLE (continued)

bonds were extinguished. The aggregate difference in debt service between the refunded debt and the refunding debt was $9.7 million (NPV).

Between June 2006 and July 2009, the Council passed a series of legislative Acts (collectively, the "Hotel Acts"),[1] which authorized the financing, construction, and development of a privately owned and operated Headquarters Hotel (the "HQ Hotel") for the Convention Center, including a program to train DC residents for HQ Hotel jobs. In October 2010, the Authority issued senior lien dedicated tax revenue bonds (Series 2010 Bonds) with a $249.2 million face value. On October 26, 2010, these Bonds were delivered with maturities ranging from October [1], 2015 to October [1] 2040, at interest rates ranging from 3.1% to 7%. The proceeds were used to (i) make funds available to the Developer to pay a portion of the costs of acquiring, developing, constructing, and equipping the Convention Center Hotel Project to be constructed on the Hotel Site adjacent to the Convention Center; (ii) fund capitalized interest for a portion of the Series 2010 Bonds during the construction phase of the Convention Center Hotel Project; (iii) fund the Debt Service Reserve Account Requirement for each series of Series 2010 Bonds; (iv) defease to the earliest optional redemption date that portion of the Authority's outstanding Senior Lien Dedicated Tax Revenue and Refunding Bonds, Series 2007A maturing on December 1, 2036, in the aggregate principal amount of $25.4 million; (v) make $2 million available to the Authority for the establishment of the DC Citizen's Job Program created pursuant to the Hotel Act; and (vi) pay the Cost of Issuance for the Series 2010 Bonds. As the hotel will be privately owned, the disbursement of the hotel-related bond proceeds was recorded as an expense by the Authority.

A portion of the net proceeds from the issuance of Series 2010 Bonds was used to purchase US Government Securities which were deposited in an irrevocable trust with an escrow agent to provide debt service payments on the $25.4 million defeased Series 2007 Bonds. The Trustee fully paid the amount on October 1, 2016.

On February 22, 2018, the Authority issued $333.1 million in Senior Lien Dedicated Tax Revenue Refunding Bonds, with a net premium of $37.9 million, with interest rates ranging between 1.390%-3%. (Series A) and 2.05%-4.12% (Series B). The proceeds from the Series 2018A and 2018B Bonds were used to current refund the remaining outstanding maturities of the Series 2007 Bonds and advance refund the Series 2010C Bonds, respectively. The Authority deposited the net proceeds from Series 2018B along with other funds of the Authority in an irrevocable trust to provide for all future debt service on the refunded 2010C Bonds. As a result, the 2010C series bonds are considered legally defeased and, as such, are not reflected in the Authority's books. The aggregate difference in debt service between the refunded debt and the refunding debt was $9.7 million Net Present Value (NPV).

In May of 2021, the Authority issued $153.2 million of Senior Lien Dedicated Tax Revenue Refunding Bonds in three Series: $53.5 million of Series 2021A (Tax Exempt) which were sold on April 28; $70.35 million of Series 2021B (Tax Exempt) and $29.36 million of Series 2021C (Taxable), which sold on May 13, 2021. The proceeds of the Series 2021 Bonds were used to current refund the Authority's outstanding Series 20210A and B Bonds and to advance refund a portion of its Series 2018A Bonds. That transaction resulted in aggregate Net Present Value savings of $28.5 million The pricings of the three Series of Bonds were separated by 14 days for tax reasons. All three Series of Bonds closed on May 27. The proceeds of the Series 2021A Bonds were used, together with certain other funds of the Authority, to refund all the Outstanding Series 2010A Bonds. The proceeds of the Series 2021BBonds were used, together with certain other funds of the Authority, to: (i) refund a portion of the Outstanding Series 2010B Bonds; (ii) fund the reserve requirement for the Series 2021B Bonds; and (iii) pay the costs of issuance of the

NOTE 7 BONDS AND NOTES PAYABLE (continued)

Series 2021B Bonds and the TIF Note. The proceeds of the Series 2021C Bonds were used to: (i) refund the remaining portion of the Outstanding Series 2010B Bonds; (ii) refund aportion of the Outstanding Series 2018A Bonds; (iii) fund the reserve requirement for the Series 2021C Bonds, and (iv) pay costs of issuance of the Series 2021A Bonds and Series 2021C Bonds. The Series 2021A Bonds mature on October 1, 2026-2040 and bear interest rates between 4% and 5%. The Series 2021B Bonds mature on October 1 2029-2039 and bear interest rates from 4% to 5%. The taxable Series 2021C Bonds mature on October 1, 2023-2029 and bear interest rates from .56%-2.2%. Upon the issuanceof the Series 2021 Bonds those Bonds and the unrefunded portion of the Authority's Series 2018 Bonds arethe only Bonds of the Authority that are Outstanding.

In connection with the issuance of the Series 1998 Bonds, the District and the Authority entered into lockbox and collection agreements with a local bank into which the dedicated taxes are deposited and transferred to the Bond trustee. Beginning in Fiscal Year 2018, certain features of the collection process contained in the Collection Agreement were automated and modernized. Under the Collection Agreement, the Lockbox Bank created the Transfer Account, the District Account, the Lockbox Account, and the Exceptions Account, each as defined and described below. The District Account has been closed. The Transfer Account is now called the "Sales and Use Transfer Account." Amounts that would have been transferred to the District Account are now retained in the Sales and Use Transfer Account and credited tothe district. The Exceptions Account is now comprised of two accounts – the mixed tax payments accountand the unknown tax payments account. For purposes of the description of the collection procedures herein,the Sales and Use Transfer Account is referred as the "Transfer Account" and the mixed tax payments account and the unknown tax payments account are collectively referred to as the "Exceptions Account," unless in either case the context requires otherwise.

The Lockbox Account constitutes an account within the Revenue Fund established under the Master Trust Agreement. Pursuant to the terms of the Collection Agreement, the parties acknowledge and agree that moneys on deposit in the Lockbox Account have been irrevocably assigned and pledged by the Authority to the Trustee as security for the Bonds pursuant to the Master Trust Agreement and are subject to the lien of the Trust Estate. Furthermore, under the terms of the Collection Agreement, the District, and the Authority, to the extent of their respective interests, have assigned and pledged to the Trustee for the benefit of the Holders of the Bonds, that portion of all amounts deposited in the Transfer Account and the Exceptions Account attributable to the Dedicated Taxes allocable to the Authority. However, until such amounts in the Transfer Account and Exceptions Account are transferred to the Lockbox Account of the Revenue Fund, they are not subject to the lien of the Trust Estate, although they are pledged to the Bonds. In no event shall moneys or investments on deposit in the Lockbox Account be used to make any refund orrepayment of taxes to any taxpayer or to the district. On each Business Day, not later than 4:00 p.m., without further direction from the District or WCSA, the Lockbox Bank must transfer all funds on deposit in the Lockbox Account to the Trustee for credit, at the direction of WCSA, to either the Revenue Account or the Revenue Stabilization Account in the Revenue Fund. Pursuant to the Collection Agreement, the Lockbox Bank is required to provide, not later than the 15th day of each month, a statement for the previous month itemizing (1) all Hotel Sales Taxes, Restaurant/Rental Car Sales Taxes, and other sales and use taxes received by it, (2) all transfers between accounts, and (3) all transfers made to the Trustee under the provisions of the Collection Agreement. Moneys and investments on deposit in the Lockbox Account are not available to or accessible by the district. Moneys and investments on deposit in the Transfer Account and Exceptions Account are not available to or accessible by the district until credited to the District pursuant to the Collection Agreement.

NOTE 7 BONDS AND NOTES PAYABLE (continued)

The WCCA Act states that on or before July 15 of each year, the District's Auditor should deliver a certification relating to the sufficiency of the projected dedicated tax revenues, Authority's operating revenues, and any amounts in excess of the minimum reserve account deposits to meet the sum of the projected operating and debt service expenditures and reserve requirements. If the projected revenues are insufficient, the WCCA Act requires the mayor to impose a surtax in an amount sufficient to meet the projected deficiency. The District's Auditor determined that the projected dedicated taxes for the fiscal year 2021 were expected to be sufficient to meet the projected expenditures and reserve requirements. Therefore, no surtax was imposed by the mayor.

The Tax Increment Financing (TIF) revenue generated from the HQ Hotel operations is projected to cover the hotel project's debt services. If the TIF revenue is not sufficient to pay the debt service, the Authority will utilize dedicated taxes to meet the requirements.

As of September 30, 2021, and 2020, the Authority's bond and note liabilities amounted to approximately $410.7 million and $456.8 million, respectively.

As of September 30, 2021, and 2020, the unamortized bond premiums were $60.8 million and $34.7 million, respectively, and unamortized bond discount was $0 for FY2021 and $243 thousand for FY2020, respectively.

In June 2021, with the unanimous approval of the Board of Directors, the Authority applied for and received the PPP Loan through Wells Fargo Bank for $5.25 million. The Authority borrowed funds under the PPP established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act implemented by the Small Business Administration (SBA) to offset payroll, utilities and other costs incurred by the Authority due to the COVID-19 pandemic. Per ASC 470, the Authority classified this loan as debt, and it will remain as an outstanding debt until the Authority is approved for debt forgiveness and released from its debt repayment obligations by the SBA. The Authority will be applying for debt forgiveness of the PPP loan in FY2022.

Summary of Annual Maturites of Bonds and Notes Payable as of September 30, 2021 *(in thousands)*:

Fiscal Years	Principal	Interest	Total Debt Service
2022	$ 16,235	$ 14,655	$ **30,890**
2023	15,956	17,083	**33,039**
2024	13,040	16,571	**29,611**
2025	13,570	16,120	**29,690**
2026	16,285	15,631	**31,916**
2027 -2031	193,430	58,609	**252,039**
2032-2036	63,930	24,495	**88,425**
2037-2041	78,290	9,473	**87,763**
Total	**$ 410,736**	**$ 172,638**	**$ 583,374**

NOTE 8 LONG-TERM LIABILITIES

The following summarizes long-term liabilities as of September 30, 2021, and 2020 *(in thousands)*:

	Balance @ 09/30/2020	Additions	Reductions	Balance @ 09/30/2021	Amount Due Within One Year
Series 2018 Bonds Payable	$ 297,030		$ (44,760)	$ 252,270	$ 16,235
Series 2010 Bond Payable	159,725	-	$ (159,725)	-	
Series 2021 Bonds Payable		153,215		153,215	
Series 2010 Bond Discount	(243)	-	243	-	-
Series 2018 Bond Premium	34,735		(2,341)	32,394	
Series 2021 Bond Premium	-	28,729	(319)	28,410	
Bonds Payable, net	$ 491,247	$ 181,944	$ (206,902)	$ 466,289	$ 16,235
Notes Payable-PPP				5,251	
Capital Lease Obligation	4,684		(142)	4,542	138
Compensated Absences	1,836	47	(68)	1,815	101
Total Long-term Liabilities	$ 497,767	187,242	($207,112)	$477,897	$16,474

	Balance @ 09/30/2019	Additions	Reductions	Balance @ 09/30/2020	Amount Due Within One Year
Series 2018 Bond Payable	$ 318,130		$ (21,100)	$ 297,030	$ 22,220
Series 2010 Bond Payable	163,005	-	(3,280)	159,725	3,380
Series 2010 Bond Discount	(255)	-	12	(243)	-
Series 2018 Bond Premium	36,001		(1,266)	34,735	-
Bonds Payable, net	$ 516,881	$ -	$ (25,634)	$ 491,247	$ 25,600
Capital Lease Obligation	4,826		(142)	4,684	142
Compensated Absences	1,421	415		1,836	120
Total Long-term Liabilities	$ 523,128	415	($25,776)	$497,767	$25,862

NOTE 9 RETIREMENT PLAN

Since April 1998, all Events DC full-time employees are covered by a defined contribution plan. The plan, which is managed by ICMA Retirement Corporation, requires no employee contributions. All employees are fully vested after 4 years of service. The contribution is 7% of total employee's salaries. The Authority's contributions for fiscal years 2021 and 2020 were approximately $1.5 million and $1.4 million, respectively. The Plan's administrator issues financial statements and required supplemental information, which is available upon request. This report may be obtained from the following location: ICMA Retirement Corporation, 777 North Capitol Street, NE, Washington, DC 20002-4240.

NOTE 10 RELATED PARTY TRANSACTIONS

Dedicated Taxes
In accordance with the WCCA Act and amended Master Trust Agreement, the District of Columbia Government collects and forwards to the Authority the dedicated tax receipts that are used to fund the debt service and reserve requirements of its Series 2018A Bonds. In fiscal years 2021 and 2020, the Authority recognized transfers from dedicated tax receipts of $54.9 million and $74.1 million, respectively. The transfers include the 0.3% hotel room tax that is dedicated to Destination DC which amounts to $1.75 million and 3.5 million in fiscal years 2021, and 2020, respectively. As of September 30, 2021, and 2020, the dedicated taxes due from the District Government were $8.6 million and $3.6 million, respectively. These receivables represent September tax payments collected by the District in October.

Tax Increment Financing (TIF) Revenue
The District issued the TIF Note to the WCSA, and the WCSA pledged the TIF Note to the Trustee to secure the payment of the Series 2021A Bonds and the 2021B Bonds (collectively, the "Bonds"). Pursuant to the TIF Note, the District has agreed to make regularly scheduled payments of principal and interest (the "Regular Payments") to the extent that funds are available in the New Convention Center Hotel Fund. TIF revenue is from the sales and use taxes and property taxes generated from the operation of the HQ Hotel. In fiscal years 2021 and 2020, the Authority recognized revenue from TIF tax receipts of $5.8 million and $12.2 million, respectively. As of September 30, 2021, TIF receivables due from the District Government were $187 thousand. No receivables were recognized at year-end on September 30, 2020.

Excess Cash Transfer to the District's General Fund
In accordance with DC Code § 10-1202.13, Transfer of Excess Cash, if, at the end of a fiscal year, the Authority's balance of cash and investments in its Convention Center Operating Fund exceeds the balance of current liabilities, reserves, and any amounts the Authority will need to purchase or redeem its outstanding indebtedness during the upcoming fiscal year, the Authority must transfer the excess, in cash, to the District's General Fund. Consistent with District legislation, the Master Trust Agreement between the Authority and The Bank of New York (as Trustee), and a Memorandum of Understanding between theDistrict and the Authority, the Authority must maintain the following reserves: (1) maximum annual debtservice on outstanding bonds and notes issued by the Authority; (2) an operating reserve equal to 1.5 timesthe operating and marketing budget; and (2) a capital reserve of 5% of the original cost of the convention center adjusted for inflation. There was no excess cash transfer made in the fiscal year 2021.

District's (DGS) Management Agreement
On October 1, 2009, under the Washington Convention Center Authority and Sports and Entertainment Commission Merger Amendment Act of 2009, the Authority merged with the DC Sports and Entertainment Commission to form the Washington Convention and Sports Authority (WCSA). As part of the merger, the District of Columbia's Department of General Services (DGS), formerly known as Department of Real Estate Services (DRES), became responsible for the facility maintenance tasks on RFK Stadium and the

NOTE 10 RELATED PARTY TRANSACTIONS (continued)

DC Armory previously performed by the DC Sports and Entertainment Commission. The Authority has agreed to pay DGS up to $2.5 million each year for facility maintenance services.

Relationship to the United States Government
The United States Government contracted with the DC Sports and Entertainment Commission's predecessor, the District of Columbia Armory Board, for the construction of RFK Stadium while the United States Government constructed the surrounding motor vehicle parking areas. Both were constructed on land owned by the United States Government (DC Official Code § 3–322).

In 1988, the United States Government deeded, pursuant to Public Law 99-581, "all rights, title, and interest of the United States in and to the Stadium" to the District. In addition, the United States Department of the Interior leased to the District the land occupied by the stadium and the parking areas without consideration for 50 years.

Relationship to the District of Columbia Government
Prior to the merger, the DC Sports and Entertainment Commission (DCSEC) entered into a lease agreement in March 2006 with the government of the District of Columbia under which the District leased the Baseball Stadium Site and the Baseball Stadium complex to the DCSEC for a 99-year term, for one dollar ($1) for the entire term. The DCSEC subsequently, entered into a Lease Agreement dated March 6, 2006, with Baseball Expos, LP, which is now the Washington Nationals Baseball Club (the "Team"). The agreement established provisions for the DCSEC, as lessor, to sublease the Baseball Stadium Site and the Baseball Stadium Complex to the Team. The lease term extends for 30 years with an initial lease payment of $3.5 million and with an added escalation clause after that. The Team is required to pay additional rent in each lease year in which the number of certain tickets issued exceeds $2.5 million.

The former DCSEC also entered into a Funding and Assignment Agreement dated May 1, 2006, with the District of Columbia whereby the DCSEC assigned to the District all rent and other revenue amount that it receives or is entitled to receive under or related to the March 6, 2006, Lease Agreement with the Team. During fiscal years 2020 and 2019, the District received annual rent equal to $6.2 million and $6.1 million, respectively. The District uses the rent revenue to pay the outstanding debt related to the Baseball Stadium Bonds. The Authority assumed all rights and obligations of the former DCSEC pursuant to the merger.

Leasing Arrangements-Carnegie Library (Visitor Center)
The District of Columbia holds the former Central Public Library known as the Carnegie Library at Mount Vernon Square situated on Lot 800 in Square 403N, with a street address at 801 K Street, NW, under a grant of jurisdiction dated March 3, 1899, from the Fifty-Fifth session of the Congress of the United States of America, in Chapter 455, entitled "An act to provide a site for a building for the Washington Public Library."

On June 1, 1999, the District and the Historical Society of Washington, DC (HSW) entered into a lease agreement with respect to the building as the leased premises for a term of the ninety-nine (99) years commencing on June 1, 1999 and ending on May 31, 2098. The Original Lease was amended on April 17, 2002, and May 29, 2002.

In 2006, the United States of America transferred to the District administrative jurisdiction of US Reservation 8, being the land underneath and adjacent to the building.

NOTE 10 RELATED PARTY TRANSACTIONS (continued)

On May 5, 2011, the District and the Authority entered a Memorandum of Understanding (MOU) regarding the Carnegie Library and Reservation 8, whereby the District transferred to the Authority all its rights and obligations with respect to the administrative jurisdiction over the Carnegie Library and with respect to the Original Lease, as amended, as well as setting forth certain obligations and rights with respect to Reservation 8, among other items, for $9 million payable in three annual installments beginning November 30, 2011. The MOU is effective from May 1, 2011, through April 30, 2110.

The Authority reported the lease as a capital asset and the related debt as a long-term liability in the Authority's Statements of Net Position.

NOTE 11 MARKETING SERVICE CONTRACTS

In accordance with the provisions of Section 208(a) of the Washington Convention Center Act of 1994 (as amended in 1998), the Authority is required to maintain a Marketing Fund for the payment of marketing service contracts to promote conventions, tourism, and leisure travel in the District. The Act states that thetotal payment amount of the marketing service contracts is based on 17.4% of the hotel sales tax received.Effective October 1, 2017, under the Hospitality Tax Dedication section of the Act, an additional 0.3 percenthotel room tax was imposed. The 0.3 percent tax is dedicated to Destination DC through the Authority formarketing and promoting the District of Columbia as a destination.

During fiscal years 2021 and 2020, the total amount of dedicated taxes allocated to the Marketing Fund was approximately $4.6 million and $11.6 million, respectively. The Authority incurred the following marketing services expenses in fiscal years 2021 and 2020 *(in thousands)*, respectively:

Marketing Agencies	**FY2021**	**FY2020**
Destination DC	$ 4,000	$ 7,712
Destination DC-0.3% Additional	1,535	3,478
DC Chamber of Commerce	250	150
Ibero Chamber of Comm	300	300
	$ 6,085	$11,640

NOTE 12 BASEBALL STADIUM

Capital Fund Reserve

Pursuant to the lease agreement dated March 6, 2006, the District contributes $1.5 million to the Capital Reserve Fund each year to be used for necessary improvements and repairs costs to the Baseball Stadium. The Authority manages the Capital Reserve Fund balance and the contribution received in FY2020 and FY2019 was fully utilized.

Close Out Project

A memorandum of agreement was signed between the District and former DCSEC on September 30, 2009, to close out all spending to construct and develop the Baseball Stadium. A transfer of $1.9 million was made to the New Stadium Account, which is managed by the Authority. During fiscal years 2020 and 2019, there was no activity other than a bank service charge fee. As of September 30, 2020, and 2019, the remaining balance of $664,840 and $664,906, respectively, is reflected in Due to District Government in the financial statements.

NOTE 12 BASEBALL STADIUM (continued)

Contingency Reserve Fund
Pursuant to the lease agreement dated March 6, 2006, the District was required to contribute $5 million, on or before the Commencement Date's fifth anniversary, to the Contingency Reserve Fund. The fund is to be used for necessary and appropriate expenditures to preserve, maintain, or enhance the Baseball Stadium complex's value. The Authority manages the Contingency Reserve Fund. As of September 30, 2020, and 2019, the remaining balance of $3.4 million and $5 million is included in Other Liabilities in the financial statements.

NOTE 13 BASEBALL ACADEMY

On March 7, 2012, the District entered into a ground lease agreement with the Washington Nationals Youth Baseball Academy, Inc. (the “Academy”) for a portion of the Fort DuPont Park Site that the Academy will use to construct and operate a youth baseball academy. In accordance with the lease agreement, the District is to make payments for the Academy improvements and has requested the Authority to facilitate the timely transfer of these payments. The Authority is in receipt of the first payment in the amount of $1 million which is included in Other Liabilities in the financial statements.

On March 7, 2012, the Authority also entered into a grant agreement with the Academy to fund $10.2 million to construct and develop a youth baseball academy. The funding was completed in 2014, and there is no outstanding commitment as of September 30, 2021.

NOTE 14 KENILWORTH PARK PROJECT

The former DCSEC received funds from the Federal Government, the Washington Nationals and the District of Columbia Department of Parks and Recreation to renovate a soccer field at Kenilworth Fort Greble fields, which was completed in the fiscal year 2008. At the time of the merger, the Kenilworth fund had a balance of $145 thousand. This project had no activities besides monthly interest/service charge payments in fiscal years 2021 and 2020. As of September 30, 2021, and 2020, there was an account balance of $144 thousand. The amounts are reflected as Restricted Net Position in the financial statements.

NOTE 15 CORONAVIRUS RELIFE FUNDING FOR HOSPITALITY INDUSTRY

The coronavirus pandemic has severely impacted the hospitality industry in the District of Columbia’s, including the suspension of numerous hotels and restaurants' operations, resulting in loss of business income and layoffs of thousands of hospitality workers. The Authority disbursed $12.1 million emergency funding to assist inproviding relief to hotel and restaurant operators and workers in the District of Columbia impacted by the COVID-19 pandemic.

NOTE 16 CULTURAL INSTITUTIONS GRANT PROGRAM

The Fiscal Year 2020 Budget Support Act of 2019, D.C. Law 23-0016, directs the Authority to issue beginning in FY2020 not less than Ten Million Dollars ($10,000,000) in grants from the Authority's Convention Center Fund to support cultural institutions operating in the District of Columbia; provided that funds are available for such purpose and that the Authority first satisfies its current liabilities and legally required reserves. The Authority established a Cultural Institutions Grant Program ("Grant Program") for the FY2020 and disbursed $10.1 million as of September 30, 2020. The Authority made no payments to the program in FY2021 as all payments were completed in the prior fiscal year.

NOTE 17 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage for property, liability, errors and omissions, employee accident and surety bonds.

NOTE 18 CONTINGENCIES

Due to the nature of the Authority's business, it is involved in several claims and lawsuits. In the opinion of management and legal counsel, the expected outcome of claims and lawsuits, individually or in the aggregate, will not have a material adverse effect on the financial statements.

NOTE 19 SUBSEQUENT EVENTS

The Authority evaluated the subsequent events and transactions through January 3, 2022, the date these financial statements were available for issue and has determined that no subsequent material events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure. individually or in the aggregate, will not have a material adverse effect on the financial statements.

SUPPLEMENTAL SCHEDULES

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WASHINGTON CONVENTION AND SPORTS AUTHORITY
SCHEDULE OF NET POSITION BY FUND
AS OF SEPTEMBER 30, 2021
(In Thousands)

	Operating (WCC) Fund	Operating (SED) Fund	Marketing Fund	Capital Fund	Building Fund	New Stadium Fund	SED Fund Capital	Visitor Center Operating Fund	Visitor Center Capital Fund	TOTAL
ASSETS										
Current assets:										
Cash and cash equivalents	(587,486)	4,796,207	2,696,813	3,228,557	-	-	-	1,582,204	-	$ 11,716,295
Restricted cash	-	1,184,674	-	-	-	5,054,483	-	190,125	-	6,429,282
Investments	91,588,894	-	7,852,117	-	-	-	-	-	-	99,441,011
Due from District of Columbia	9,036,299	2,041,288	1,114,979	-	197,861	-	-	-	-	12,390,426
Accounts receivable, net of allowance for uncollectible accounts	507,653	1,709,517	-	-	-	-	-	-	-	2,217,171
Lease receivable	-	-	-	-	-	-	-		-	-
Prepaid expenses and other assets	628,588	-	-	-	-	-	-	3,989,147	-	4,617,735
Accrued interest receivable	394,237	-	-	-	73,107	-	-	-	-	467,344
Interfund Receivable (Payable)	(835,609)	(2,560)	1,798,469	49,000	(1,000,000)	-	(9,300)	-	-	-
Total current assets	100,732,576	9,729,126	13,462,378	3,277,557	(729,032)	5,054,483	(9,300)	5,761,476	-	137,279,264
Noncurrent Assets										
Lease receivable								83,009		83,009
Other Receivable	11,463,669	-	-	-	-	-	-	-	-	11,463,669
Restricted investments	125,098,382	-	-	-	42,088,026	-	-	-	-	167,186,408
Non-Depreciable Capital Assets	7,510,395	-	-	13,080,422	-	-	-	-	-	20,590,817
Capital assets, net depreciable	300,084,273	31,032	-	161,815,625	25,161,907	-	3,261,154	10,166,669	1,181,254	501,701,914
	-	-	-	-	-	-	-	-	-	-
Total Noncurrent Assets	444,156,719	31,032	-	174,896,047	67,249,933	-	3,261,154	10,249,678	1,181,254	701,025,817
Total Assets	$ 544,889,295	$ 9,760,158	$ 13,462,378	$ 178,173,604	$ 66,520,901	$ 5,054,483	$ 3,251,854	$ 16,011,154	$ 1,181,254	$ 838,305,081
Deferred Outflow of Resources	2,110,904	-	-	-	9,030,392	-	-	-	-	11,141,296
Total Assets and Deferred Outflow of Resources	547,000,199	9,760,158	13,462,378	178,173,604	75,551,293	5,054,483	3,251,854	16,011,154	1,181,254	849,446,377

WASHINGTON CONVENTION AND SPORTS AUTHORITY

SCHEDULE OF NET POSITION BY FUND *(Continued)*

AS OF SEPTEMBER 30, 2021

(In Thousands)

LIABILITIES AND NET POSITION										
Current Liabilities										
Accounts payable	1,679,918	1,142,419	2,175,964	4,255,929	-	-	110,633	29,182	-	$ 9,394,045
Other Short-term Liabilities	77,617	1,908,710	-	-	1,000,000	4,389,643	-	-	-	7,375,970
Due to District Government	1,821	566,531	-	-	1,000,000	664,840		-	-	2,233,192
Compensation liabilities	1,140,019	193,631	-	-	-	-	-	2,534	-	1,336,184
Unearned Revenue	1,473,244	3,642,318		-	-	-	-	1,668,050	-	6,783,612
Accrued interest payable	4,894,250	-	-	-	3,144,620	-	-	-	-	8,038,870
Capital Lease- Current portion	-	-	-	-	-	-	-	138,419	-	138,419
Bonds payable, current portion	14,985,000	-	-	-	1,250,000	-	-	-	-	16,235,000
Total Current Liabilities	24,251,869	7,453,609	2,175,964	4,255,929	6,394,620	5,054,483	110,633	1,838,185	-	51,535,292
Noncurrent Liabilities										
Compensated absences	1,459,592	255,248	-	-	-	-	-	-	-	1,714,840
Capital Lease- Long-Term	-	-	-	-	-	-	-	4,401,949	-	4,401,949
Notes Payable-PPP	5,250,685									5,250,685
Bonds payable including premium	242,539,011	-	-	-	207,515,086	-	-	-	-	450,054,097
Total Noncurrent Liabilities	249,249,288	255,248	-	-	207,515,086	-	-	4,401,949	-	461,421,571
Total Liabilities	273,501,157	7,708,857	2,175,964	4,255,929	213,909,706	5,054,483	110,633	6,240,134	-	512,956,863
Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-	-
Total Deferred Outflow of Resources	-	-	-	-	-	-	-	-	-	-
NET POSITION										
Net Position										
Invested in capital assets, net of related debt	52,181,561	31,032	-	174,896,047		-	3,261,154	5,626,301	1,181,254	237,177,349
Restricted for:	-	-	-	-		-	-	-	-	
Debt service Reserve and capitalized interest	25,675,187	-	-	-	-	-	-	-	-	25,675,187
Capital renewal	32,816,066	-	-	-	-	-	-	-	-	32,816,066
Operating & Marketing fund	35,352,271		-	-	-	-	-	-	-	35,352,271
Debt services reserve	31,254,857		-	-	-	-	-	-	-	31,254,857
Kenilworth Park	-	144,014	-	-	-	-	-	-	-	144,014
			-	-	-	-	-	-	-	-
Unrestricted Net Position	96,219,100	1,876,255	11,286,414	(978,372)	(138,358,413)	-	(119,933)	4,144,719	-	(25,930,230)
Total Net Position	$ 273,499,042	$ 2,051,301	$ 11,286,414	$ 173,917,675	$ (138,358,413)	$ -	$ 3,141,221	$ 9,771,020	$ 1,181,254	$ 336,489,514

WASHINGTON CONVENTION AND SPORTS AUTHORITY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(In Thousands)

	Operating (WCC) Fund	Operating (SED) Fund	Marketing Fund	Capital Fund	Building Fund	New Stadium Fund	SED Fund Capital	Visitor Center Operating Fund	Visitor Center Capital Fund	Total
Operating Revenues:										
Building rental- Events Related	2,990,385	2,367,043	-	-	-	-	-	-	-	$ 5,357,428
Food services	-	31,034	-	-	-	-	-	-	-	31,034
Electrical	110,586	-	-	-	-	-	-	-	-	110,586
Rigging	35,343	-	-	-	-	-	-		-	35,343
Parking	-	205,561	-	-	-	-	-	-	-	205,561
Telecommunications	141,636	-	-	-	-	-	-		-	141,636
Retail/ office rental	293,148	291,401	-	-	-	-	-	-	-	584,549
Advertising & Sponsorship	-	713,079	-	-	-	-	-		-	713,079
Building Rental	-	335,848	-	-	2,746320	-	-	829,796	-	3,911,964
Miscellaneous	1,375,654	1,177,708	-	-	-	-	-	1,268	-	2,554,630
Total Operating Revenues	4,946,752	5,121,674	-	-	2,746320	-	-	831,064	-	13,645,810
Operating Expenses										
Personal services	26,567,238	4,818,691	-	-	-	-	-	98,002	-	31,483,931
Contractual services	13,993,609	4,884,276	4,602,855	1,400,786	-	-	239,291	292,534	-	25,413,351
Depreciation	26,572,442	2,102	-	11,615,733	1,114,180	-	856,964	504,615	55,944	40,721,980
Occupancy	3,187,918	1,131,886	-	-	-	-	-	164,249	-	4,484,053
Payment to District	-	803,024	-	-		-	-	-	-	803,024
Miscellaneous	703,613	243,507	-		-	-	-	-	-	947,120
Bad debt	(29,875)	(16)	-	-		-	-	-	-	(29,891)
Total Operating Expenses	70,994,945	11,883,470	4,602,855	13,016,519	1,114,180	-	1,096,255	1,059,401	55,944	103,823,569
Operating Loss	(66,048,193)	(6,761,796)	(4,602,855)	(13,016,519)	1,632,140	-	(1,096,255)	(228,337)	(55,944)	(90,177,759)
Nonoperating Revenues and (Expenses)										
Interest Income	837,411	-	128	-	207,773	-	-	81,027	-	1,126,339
Dedicated taxes	54,931,693	-	-	-	-	-	-	-	-	54,931,693
TIF Revenue	-	-	-	-	5,838,244	-	-	-	-	5,838,244
Miscellaneous revenue	-	-		3,951	5,812,660	-	-		-	5,816,611
Interest expense	(10,352,000)	-	-	-	(9,012,955)	-	-	(44,955)	-	(19,409,910)
Amortization of Bond Premium	310,192	-	-	-	(659,100)	-	-	-	-	(348,908)
Marketing Agencies Payments		-	(6,084,850)	-	-	-	-	-	-	(6,084,850)
Hospitality & Marketing Relief and Other Grants	(821,800)									(821,800)
Other			-		(8,078,878)	-	-	-	-	(8,078,878)
Total Nonoperating Revenues and (Expenses)	44,905,496	-	(6,084,722)	3,951	(5,892,256)	-	-	36,072	-	32,968,541
Increase (Decrease) in Net Position before Transfers	(21,142,697)	(6,761,796)	(10,687,577)	(13,012,568)	(4,260,116)	-	(1,096,255)	(192,265)	(55,944)	(57,209,218)
Transfer In (out)	(34,759,504)	13,000,006	7,274,734	12,233,027	1,474,837	-	766,973	9,927	-	0
Change in Net Position	(55,902,201)	6,238,210	(3,412,843)	(779,541)	(2,785,279)	-	(329,282)	(182,339)	(55,944)	(57,209,218)
Net Position, Beginning of Year	329,401,243	(4,186,909)	14,699,257	174,697,216	(135,573,134)	-	3,470,503	9,953,359	1,237,198	393,698,733
Net Position, End of Year	$ 273,499,042	$ 2,051,301	$ 11,286,414	$ 173,917,675	$ (138,358,413)	$ -	$ 3,141,221	$ 9,771,020	$ 1,181,254	$ 336,489,514

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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*

INDEPENDENT AUDITOR'S REPORT

To the Mayor, Members of the Council of the Government of the District of Columbia,
the Board of Directors of the Washington Convention and Sports Authority and
Inspector General of the Government of the District of Columbia
Washington, D.C.

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 Washington Convention and Sports Authority (the Authority), a component unit of the Government of the District of Columbia, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 3, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

McConnell & Jones

Washington, D.C.
January 3, 2022

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(202) 724-TIPS (8477) and (800) 521-1639

http://oig.dc.gov

oig@dc.gov