

# DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

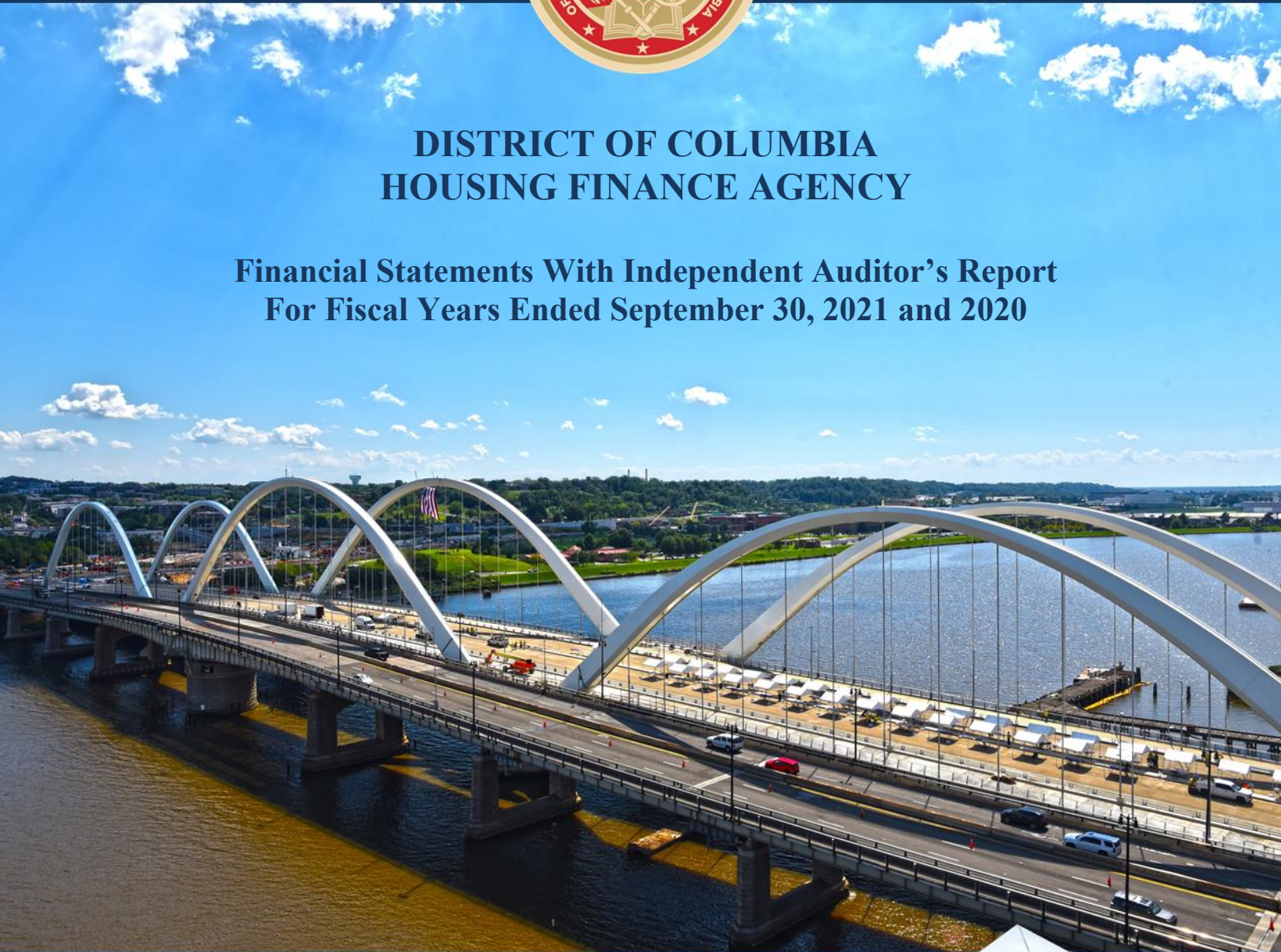
OIG Project No. 22-1-17HF

January 2022



## DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

**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



**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 *District of Columbia Housing Finance Agency Financial Statements With Independent Auditor's Report for the Fiscal Years Ended September 30, 2021, and 2020* (OIG No. 22-1-17HF). McConnell Jones, LLP (MJ) 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. MJ is contractually required to review the work papers of CohnReznick, LLP (CohnReznick) who audited the financial Statements of District of Columbia Housing Finance Agency to independently determine whether the financial statements are fairly presented.

On December 29, 2021, CohnReznick 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. CohnReznick identified no material weaknesses in internal control over financial reporting. MJ concurred with CohnReznick's opinion and conclusions.

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 Lis

DISTRIBUTION (via email):

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Mr. John Falcicchio, Deputy Mayor for Planning and Economic Development and Chief of Staff, Executive Office of the Mayor  
The Honorable Anita Bonds, Chairperson, Committee on Housing and Executive Administration, Council of the District of Columbia  
The Honorable Robert C. White, Jr., Chairperson, Committee on Government Operations and Facilities  
Ms. LaToya Foster, Director of Communications, Office of Communications, Executive Office of the Mayor  
Ms. Jennifer Reed, Director, Office of Budget and Performance Management, Office of the City Administrator  
Mr. Christopher E. Donald, Executive Director and CEO, DC Housing Finance Agency  
Buwa Binitie, Chairperson, Board of Directors, DC Housing Finance Agency  
Ms. Nyasha Smith, Secretary to the Council  
The Honorable Karl Racine, Attorney General for the District of Columbia  
Dr. Fitzroy Lee, Acting Chief Financial Officer, Office of the Chief Financial Officer  
Mr. Timothy Barry, Executive Director, Office of Integrity and Oversight, Office of the Chief Financial Officer  
The Honorable Kathy Patterson, D.C. Auditor, Office of the D.C. Auditor  
Mr. Jed Ross, Director and Chief Risk Officer, Office of Risk Management  
Mr. Wayne McConnell, Managing Partner, McConnell & Jones LLP



**District of Columbia  
Housing Finance Agency**

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

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**FINANCIAL STATEMENTS WITH**  
**INDEPENDENT AUDITOR’S REPORT**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

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## Independent Auditor's Report

To the Board of Directors  
District of Columbia Housing Finance Agency

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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 the 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 audit 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 Agency, 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.

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 12 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The supplemental information on pages 51 through 81 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 supplemental information is 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 December 29, 2021, on our consideration of the District of Columbia Housing Finance Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District of Columbia Housing Finance Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District of Columbia Housing Finance Agency's internal control over financial reporting and compliance.



Baltimore, Maryland  
December 29, 2021

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2021 AND 2020 (UNAUDITED)**

Our discussion and analysis of the District of Columbia Housing Finance Agency's financial performance provides an overview of the Agency's financial activities for the years ended September 30, 2021 and 2020. The financial statements, accompanying notes, and additional information should be read in conjunction with the following discussion.

**Overview**

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

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

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

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

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
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The accompanying financial statements exclude the Agency's HomeSaver Program (a U.S. Treasury Hardest Hit Fund Initiative). The Agency prepares separate financial statements for the HomeSaver Program Fund, which is set up to account for the HomeSaver Program proceeds received under the U.S. Treasury Hardest Hit Fund Initiative. The proceeds are used for program disbursements to fund mortgage loans to the homeowners of the District of Columbia who are at risk of foreclosure and who have experienced involuntary job loss or become underemployed with decreased employment income, and to pay the Agency's administrative expenses of the HomeSaver Program. Additionally, the proceeds are used for program disbursements to fund real property tax liabilities for homeowners of the District of Columbia who are at risk of foreclosure due to delinquent real property tax payments.

**Financial Highlights for the Year Ended September 30, 2021, and Comparative Financial Highlights for the Years Ended September 30, 2020, and 2019**

Significant Macroeconomic Factors and Program Updates

In fiscal year 2021, the Agency issued over \$245 million in tax exempt bonds. The Agency's core business continued to operate without interruption during the protracted COVID-19 impact to our work environment and community in general. We operated primarily from remote locations most of FY21 but did start to come into the office in a carefully managed fashion in Q4.

As the national and local economy started to recover in terms of reduced unemployment and increased productivity, the Agency started to see the risk of some of its assets decline. Some assets (less than 5%) in the Agency's permanent portfolio were impacted in the early stages of the COVID-19 pandemic in the second half of FY20 and availed themselves of forbearance options. We did not see this continue in FY21 as the overall economic environment in the District started to improve. The District of Columbia Government did provide Housing Stabilization Grants during December 2020 to Housing Providers in the Agency's portfolio to lessen the adverse impact of tenant delinquencies. The Agency carefully analyzed its portfolio of multifamily apartments and identified those tenants and buildings eligible for grant money and allocated the grant proceeds timely primarily in the month of December 2020.

The new business pipeline in the multifamily business line in FY21 and beyond has started to build up again after temporary pauses in the height of the COVID-19 Pandemic in mid to late FY20. Going forward, absent new exogenous events we expect our multifamily tax exempt bond execution to be in demand from area developers.

Despite the pandemic, the national and local single family real estate market performed very well in terms of volume and home price appreciation. As a result, the DCHFA Single Family Business had its largest year ever of over \$100 million in fundings. The Agency's general and administrative costs stayed below normal again in FY21 as employees predominantly worked from home lowering building and maintenance costs, travel and marketing expenses all downward.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2021 AND 2020 (UNAUDITED)**

The Agency’s total debt portfolio increased by \$83.6 million from \$199.3 million in fiscal year 2020 to \$282.9 million in fiscal year 2021. The Agency adopted the GASB Statement No. 91, *Conduit Debt Obligations*, standard with regard to our conduit debt portfolio which means that all multifamily loans structured as a conduit came off of our Statement of Net Position in fiscal year 2020. Fiscal debt totals have been adjusted for comparison purposes. In FY21 we issued approximately \$92.8 million outside of the conduit program. There were no issuances outside of our conduit in FY20 and \$37.9 million of multifamily bond project issuances outside of our conduit program in fiscal year 2019.

In March 2017, DCHFA entered into a grant agreement with the DC DHCD as the sub-recipient in the administration of the Home Purchase Assistance Program (“HPAP”) funded by a variety of sources to include the Community Development Block Grant (“CDBG”) funds. Accordingly, the Agency established a \$3,000,000 line of credit with Industrial Bank, which was increased to \$5,000,000 in fiscal year 2020, to serve as a facility to fund HPAP loans. The line is paid down upon receipt of reimbursements from DHCD on a monthly basis. As of September 30, 2021, the outstanding balance on the credit line totaled \$2.6 million.

**Basic Financial Statements**

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

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2021 AND 2020 (UNAUDITED)**

**Financial Statement Analysis**

The following information is an analysis of the Agency's financial statements for the year ended September 30, 2021, compared to the financial statements for the years ended September 30, 2020 and 2019:

	<u>2021</u>	<u>Net Change</u>	<u>2020</u>	<u>Net Change</u>	<u>2019</u>
Current assets	\$ 171,586,105	60.3%	\$ 107,009,880	-14.6%	\$ 125,371,500
Non-current other assets	415,724,688	21.3%	342,737,324	27.8%	268,279,182
Non-current capital assets	2,198,068	-14.0%	2,556,666	-0.7%	2,575,036
<b>Total assets</b>	<b>589,508,861</b>	<b>30.3%</b>	<b>452,303,870</b>	<b>14.2%</b>	<b>396,225,718</b>
Current liabilities	155,160,026	36.2%	113,951,935	78.0%	64,006,736
Non-current liabilities	278,794,370	42.2%	195,997,098	-2.4%	200,868,539
<b>Total liabilities</b>	<b>433,954,396</b>	<b>40.0%</b>	<b>309,949,033</b>	<b>17.0%</b>	<b>264,875,275</b>
<b>Net position</b>					
Net investment in capital assets	2,198,068	-14.0%	2,556,666	-0.7%	2,575,036
Restricted for:					
Bond fund, collateral and Risk Share Program	28,730,761	-4.1%	29,954,219	6.3%	28,178,929
McKinney Act Fund	9,156,761	3.2%	8,868,951	-3.3%	9,167,744
Total Restricted	37,887,522	-2.4%	38,823,170	4.0%	37,346,673
Unrestricted	115,468,875	14.4%	100,975,001	10.4%	91,428,734
<b>Total Net Position</b>	<b>155,554,465</b>	<b>9.3%</b>	<b>142,354,837</b>	<b>8.4%</b>	<b>131,350,443</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 589,508,861</b>	<b>30.3%</b>	<b>\$ 452,303,870</b>	<b>14.2%</b>	<b>\$ 396,225,718</b>

**Operating Results**

During fiscal year 2021, the Agency's combined net position increased by \$13.2 million, or 19.9%, which comprises operating income of \$14.4 million from operations and a non-operating loss of \$1.2 million due to a decrease in the unrealized fair value of mortgage-backed securities and other investments.

During fiscal year 2021, combined operating revenues increased by \$3.4 million or 11.5% from fiscal year 2020. Part of the operating revenue increase was associated with our large volume of Single-Family DC Open Doors transactions in FY21 that generated an extra \$2.6 million in revenue from FY20.

During fiscal year 2020, combined operating revenues decreased by \$2.7 million or 8.3% from fiscal year 2019, primarily due to a 25.5% decrease in investment interest income and a 29.5% decrease in mortgage-backed security interest income.

Combined operating expenses in fiscal year FY21 vs FY20 were mostly unchanged with a net decrease of \$.05 million or .3%, from fiscal year 2020.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2021 AND 2020 (UNAUDITED)**

Combined operating expenses in fiscal year 2020 were mostly unchanged as well resulting in a small increase of \$0.2 million or 0.9%, from fiscal year 2019.

	<u>2021</u>	<u>Net Change</u>	<u>2020</u>	<u>Net Change</u>	<u>2019</u>
<b>Operating Revenues</b>					
Investment interest income	\$ 2,518,369	-29.8%	\$ 3,588,311	-25.5%	\$ 4,815,165
Mortgage-backed security interest income	708,774	-3.3%	733,306	-29.5%	1,040,718
Interest on mortgage and construction loans	5,135,051	-30.9%	7,434,541	11.8%	6,647,255
Construction and development admin fees	3,103,655	11.6%	2,780,369	14.1%	2,435,825
Financing Fee income	4,721,625	-26.3%	6,409,195	0.6%	6,371,796
Bond administration fee income	6,357,252	58.4%	4,012,843	-36.5%	6,317,193
McKinney Act interest revenue	308,979	7.0%	288,898	63.6%	176,596
Application and commitment fees	136,797	-63.5%	374,964	218.7%	117,651
Other	10,421,010	139.4%	4,353,369	-8.6%	4,765,009
<b>Total operating revenues</b>	<b>33,411,512</b>	<b>11.5%</b>	<b>29,975,796</b>	<b>-8.3%</b>	<b>32,687,208</b>
Non-operating (expenses) revenues	(1,152,971)	-899.0%	144,299	-84.7%	945,983
<b>Total revenue</b>	<b>32,258,541</b>	<b>7.1%</b>	<b>30,120,095</b>	<b>-10.4%</b>	<b>33,633,191</b>
<b>Operating Expenses</b>					
General and administrative	6,095,806	45.7%	4,183,650	-27.7%	5,788,091
Personnel and related costs	5,970,199	-11.8%	6,770,659	2.6%	6,601,018
Interest expense	6,519,759	-13.8%	7,562,164	25.6%	6,020,372
Depreciation and amortization	382,481	-1.1%	386,627	-9.6%	427,911
Trustee fees and other expenses	90,668	-57.4%	212,601	98.4%	107,184
<b>Total operating expenses</b>	<b>19,058,913</b>	<b>-0.3%</b>	<b>19,115,701</b>	<b>0.9%</b>	<b>18,944,576</b>
<b>Operating Income (Loss)</b>	<b>14,352,599</b>	<b>32.2%</b>	<b>10,860,095</b>	<b>-21.0%</b>	<b>13,742,632</b>
<b>Change in Net Position</b>	<b>13,199,628</b>	<b>19.9%</b>	<b>11,004,394</b>	<b>-25.1%</b>	<b>14,688,615</b>
<b>Net position, beginning of year</b>	<b>142,354,837</b>	<b>8.4%</b>	<b>131,350,443</b>	<b>12.6%</b>	<b>116,661,828</b>
<b>Net position, end of year</b>	<b>\$ 155,554,465</b>	<b>9.3%</b>	<b>\$ 142,354,837</b>	<b>8.4%</b>	<b>\$ 131,350,443</b>

In fiscal year 2021, the Agency recorded \$12.6 million operating income and \$11.7 million overall net income in its General Fund, increasing its overall Agency net position from \$115.1 million at the beginning of the year to \$126.8 million at fiscal year-end. In fiscal years 2020 and 2019, the General Fund's operating income amounted to \$9.3 million and \$10 million, respectively.

### Debt Management

Debt activity and mortgage revenue bonds issued for the years ended September 30, 2021, 2020 and 2019 was as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 199,581,486	\$ 205,924,229	\$ 181,148,147
New issuance/draws	99,662,617	656,000	39,945,000
Redemptions/maturities	(16,377,521)	(6,998,743)	(15,168,918)
Ending balance	<u>\$ 282,866,582</u>	<u>\$ 199,581,486</u>	<u>\$ 205,924,229</u>

In fiscal year 2021, the Agency's combined outstanding debt increased by \$83.3 million from fiscal year 2020.



**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2021 AND 2020 (UNAUDITED)**

In March 2017, the Agency established a line of credit with Industrial Bank for the purpose of funding HPAP loans. As of September 30, 2021, the total outstanding balance on the Industrial credit line was \$2.6 million.

During fiscal year 2021, DCHFA financed 11 multifamily projects in total for a total bond issuance amount of \$245.4 million.

During fiscal year 2020, DCHFA financed 13 multifamily revenue projects in total for a total bond issuance amount of \$331.2 million.

**Capital Assets**

Capital assets, net of accumulated depreciation and amortization, were \$2.2 million and \$2.6 million, respectively as of September 30, 2021 and 2020. The detailed analysis of changes in capital assets is in Note 5.

**Key Bond Programs**

Multifamily Development Program (“MFDP”)

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

Single Family New Issue Bond Program (“Single Family NIBP”)

The Single Family NIBP started in fiscal year 2010 with the issuance of \$25.0 million in taxable escrow bonds. All the Single Family NIBP bonds remained in escrow as of September 30, 2011. In fiscal year 2012, the Agency used the advantageous cost of NIBP capital to design competitive interest rate mortgage loan products offered to the District homebuyers. The Agency modified and redelivered \$14.2 million of taxable NIBP escrow bonds into tax-exempt mortgage revenue bonds. In fiscal year 2011, due to the non-negative arbitrage nature of the NIBP escrow bonds, the Agency elected to use its own General Fund monies and proceeds from the draw on the PNC Bank credit line to provide interim financing source for the acquisition of the mortgage-backed securities, the practice known as “warehousing.” The warehoused mortgage-backed securities became assets collateralizing the new NIBP tax-exempt bonds issued at the end of calendar year 2011, and the General Fund was reimbursed from the released bond proceeds. Early in fiscal year 2012, the Agency master servicer, Bank of America, terminated its corresponding lender relationship, which disrupted the Agency’s ability to securitize the originated homeownership loans into mortgage-backed securities for the remainder of the year and half of fiscal year 2013. The Agency decided to use \$5.1 million of the single family NIBP escrow bonds to finance one multifamily transaction, which is accounted for under the Multifamily NIBP, and to redeem the \$5.7 million in unused NIBP single family taxable escrow bonds as the deadline for their use was December 31, 2012. Due to the executive management

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2021 AND 2020 (UNAUDITED)**

decision, the Agency changed its single-family business model from bond financing to a purchase and sale of the mortgage-backed securities. These purchase and sale transactions are accounted for under the DCHFA General Fund and not under the Single-Family Program Funds. The total bonds outstanding is down to \$2.4 million at September 30, 2021.

**Single Family Program**

Outside the Single Family NIBP, the Agency has not issued new bonds under the Single-Family Program since 2007 due to the competitive execution opportunities to the government sponsored agencies, Freddie Mac, Fannie Mae and Ginnie Mae.

**HUD Risk Sharing Program and Agency General Fund**

The Agency has two risk sharing agreements with HUD where HUD pays 100% of the amount needed to retire bonds issued in connection with a defaulted project at the time of the initial claim. Both agreements provide loss sharing in the event of default. The most recent program enhancement allows the Agency to share premiums and losses 50% between the Federal Housing Administration ("FHA") and the Agency whereas the older program splits premiums and losses between FHA at 90% and the Agency at 10%. Due to DCHFA's A+ S&P rating, HUD does not require that DCHFA hold reserves against our risk sharing portfolio of multifamily loans. The Agency has or will have permanent mortgages of approximately \$210 million when all current projects complete construction. The risk share portfolio contains 13 projects with permanent mortgages of approximately \$72 million which have 10% risk share exposure to the Agency. The remaining seven projects totaling approximately \$138 million in permanent mortgages or commitments of permanent mortgages when construction is complete have a 50% risk share exposure to the Agency.

**Conclusion**

Management's discussion and analysis is presented to provide additional information regarding the activities of the Agency and to meet the disclosure requirements of the Governmental Accounting Standards Board ("GASB") Statement No. 34. If you have questions about the report or need additional financial information, contact the Chief Financial Officer, Stephen Clinton, District of Columbia Housing Finance Agency, (202) 777-1620, 815 Florida Avenue, N.W. Washington DC 20001, [sclinton@dchfa.org](mailto:sclinton@dchfa.org) or go to our website at [www.dchfa.org](http://www.dchfa.org).

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2021 AND 2020**

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
<b>Unrestricted current assets:</b>		
Cash and cash equivalents	\$ 32,358,729	\$ 31,509,181
Investments	15,782,837	24,222,789
Other receivables	3,513,564	2,263,789
Accrued interest receivable	669,159	478,693
Prepaid fees	302,966	115,753
<b>Total unrestricted current assets</b>	<b>52,627,255</b>	<b>58,590,205</b>
<b>Restricted current assets:</b>		
Cash and cash equivalents	38,688,266	43,084,584
Investments	74,415,000	-
Accounts receivable - HPAP program	1,518,107	1,643,650
Mortgage-backed securities at fair value	10,262	2,296
McKinney Act loans receivable, net	3,779,076	2,622,709
Accrued interest receivable	548,139	1,066,436
<b>Total restricted current assets</b>	<b>118,958,850</b>	<b>48,419,675</b>
<b>TOTAL CURRENT ASSETS</b>	<b>171,586,105</b>	<b>107,009,880</b>
<b>NON-CURRENT ASSETS</b>		
<b>Unrestricted non-current assets:</b>		
Investments	46,234,552	24,177,302
Mortgage and construction loans receivable, net	4,949,448	3,176,451
<b>Total unrestricted non-current assets</b>	<b>51,184,000</b>	<b>27,353,753</b>
<b>Restricted non-current assets:</b>		
Investments held in trust	141,547,990	123,173,397
Investments in joint ventures	981,668	885,532
Mortgage-backed securities at fair value	17,555,564	16,624,994
Mortgage and construction loans receivable, net	202,632,697	170,001,119
Loans receivable	1,822,769	1,922,810
McKinney Act loans receivable, net	-	2,775,719
<b>Total restricted non-current assets</b>	<b>364,540,688</b>	<b>315,383,571</b>
<b>Capital assets:</b>		
Land	573,000	573,000
Property and equipment	6,909,120	6,885,237
Less accumulated depreciation and amortization	(5,284,052)	(4,901,571)
<b>Total capital assets, net</b>	<b>2,198,068</b>	<b>2,556,666</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>417,922,756</b>	<b>345,293,990</b>
<b>TOTAL ASSETS</b>	<b>\$ 589,508,861</b>	<b>\$ 452,303,870</b>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**STATEMENTS OF NET POSITION (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

<u><b>LIABILITIES AND NET POSITION</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>CURRENT LIABILITIES</b>		
<b>Current liabilities payable from unrestricted assets:</b>		
Accounts payable and accrued liabilities	\$ 1,817,683	\$ 409,984
Accrued salary and vacation payable	608,591	711,418
Prepaid fees	3,336,106	3,797,124
<b>Total current liabilities payable from unrestricted assets</b>	<u><b>5,762,380</b></u>	<u><b>4,918,526</b></u>
<b>Current liabilities payable from restricted assets:</b>		
Accounts payable and accrued liabilities	183,325	183,325
Project funds held for borrower and other liabilities	144,513,454	104,584,990
Interest payable	628,655	916,614
Current portion of loan payable	2,582,887	2,047,815
Current portion of bonds payable	1,489,325	1,300,665
<b>Total current liabilities payable from restricted assets</b>	<u><b>149,397,646</b></u>	<u><b>109,033,409</b></u>
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>155,160,026</b></u>	<u><b>113,951,935</b></u>
<b>NON-CURRENT LIABILITIES</b>		
<b>Non-current liabilities payable from restricted assets:</b>		
Bonds payable - less current portion	278,794,370	195,997,098
<b>Total non-current liabilities payable from restricted assets</b>	<u><b>278,794,370</b></u>	<u><b>195,997,098</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>433,954,396</b></u>	<u><b>309,949,033</b></u>
<b>NET POSITION</b>		
<b>Net investment in capital assets</b>	<u><b>2,198,068</b></u>	<u><b>2,556,666</b></u>
<b>Restricted for:</b>		
Bond Fund, collateral and Risk Share Program	28,730,761	29,954,219
McKinney Act Fund	9,156,761	8,868,951
<b>Total restricted net position</b>	<u><b>37,887,522</b></u>	<u><b>38,823,170</b></u>
<b>Unrestricted net position</b>	<u><b>115,468,875</b></u>	<u><b>100,975,001</b></u>
<b>TOTAL NET POSITION</b>	<u><b>155,554,465</b></u>	<u><b>142,354,837</b></u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><b>\$ 589,508,861</b></u>	<u><b>\$ 452,303,870</b></u>

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

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>OPERATING REVENUES</b>		
Investment interest income	\$ 2,518,369	\$ 3,588,311
Mortgage-backed security interest income	708,774	733,306
Interest on mortgage and construction loans	5,135,051	7,434,541
Construction and development admin fees	3,103,655	2,780,369
Financing fee income	4,721,625	6,409,195
Bond administration fee income	6,357,252	4,012,843
McKinney Act interest revenue	308,979	288,898
Application and commitment fees	136,797	374,964
Other	10,421,010	4,353,369
<b>Total operating revenues</b>	<u><b>33,411,512</b></u>	<u><b>29,975,796</b></u>
<b>OPERATING EXPENSES</b>		
General and administrative	6,095,806	4,183,650
Personnel and related costs	5,970,199	6,770,659
Interest expense	6,519,759	7,562,164
Depreciation and amortization	382,481	386,627
Trustee fees and other expenses	90,668	212,601
<b>Total operating expenses</b>	<u><b>19,058,913</b></u>	<u><b>19,115,701</b></u>
<b>OPERATING INCOME</b>	<u><b>14,352,599</b></u>	<u><b>10,860,095</b></u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>		
Federal and city programs:		
Program revenue	9,369,420	9,486,672
Program expenses	(9,369,420)	(9,486,672)
(Decrease) increase in fair value of mortgage-backed securities and investments	(1,152,971)	144,299
<b>Total non-operating (expenses)/revenues</b>	<u><b>(1,152,971)</b></u>	<u><b>144,299</b></u>
<b>CHANGE IN NET POSITION</b>	<u><b>13,199,628</b></u>	<u><b>11,004,394</b></u>
Net position, beginning of year	142,354,837	131,350,443
<b>Net position, end of year</b>	<u><u><b>\$ 155,554,465</b></u></u>	<u><u><b>\$ 142,354,837</b></u></u>

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

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>Cash Flows from Operating Activities</b>		
Interest received on loans	\$ 6,013,630	\$ 7,451,690
Administrative and financing cash receipts	14,182,532	13,202,407
Other cash receipts	58,731,459	68,074,151
Payments to vendors	(14,705,758)	(12,501,983)
Payments to employees	(6,073,026)	(6,705,275)
Net mortgage and construction loans disbursements	(33,540,847)	(50,754,742)
Principal and interest received on mortgage-backed securities	29,214,764	5,251,344
Payment for the purchase of mortgage-backed securities	(30,819,770)	-
Other cash payments	(90,668)	(212,601)
<b>Net cash provided by operating activities</b>	<u><b>22,912,316</b></u>	<u><b>23,804,991</b></u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition of capital assets	(23,883)	(368,257)
<b>Net cash used in capital and related financing activities</b>	<u><b>(23,883)</b></u>	<u><b>(368,257)</b></u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Interest paid on bonds and loans	(6,760,307)	(7,227,969)
Proceeds from bond issuances and loans	99,662,617	656,000
Principal payments on issued debt and loans	(16,377,521)	(6,998,743)
<b>Net cash provided by/(used in) non-capital financing activities</b>	<u><b>76,524,789</b></u>	<u><b>(13,570,712)</b></u>
<b>Cash Flows From Investing Activities</b>		
Investment in joint ventures	(96,136)	196,007
Interest received on investments	2,518,369	3,588,311
Maturities and sales of investments	22,623,379	33,797,958
Purchase of investments	(128,005,604)	(54,365,068)
<b>Net cash used in investing activities</b>	<u><b>(102,959,992)</b></u>	<u><b>(16,782,792)</b></u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(3,546,770)	(6,916,770)
Cash and cash equivalents, beginning of year	74,593,765	81,510,535
Cash and cash equivalents, end of year	<u><b>\$ 71,046,995</b></u>	<u><b>\$ 74,593,765</b></u>
<b>Cash, cash equivalents and restricted cash</b>		
Cash and cash equivalents	\$ 32,358,729	\$ 31,509,181
Restricted cash and cash equivalents	38,688,266	43,084,584
<b>Total cash, cash equivalents and restricted cash</b>	<u><b>\$ 71,046,995</b></u>	<u><b>\$ 74,593,765</b></u>

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



**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating income	\$ 14,352,599	\$ 10,860,095
Depreciation and amortization	382,481	386,627
Amortization of prepaid items, premiums and discounts on debt	235,908	-
Interest on bonds/loans	6,571,810	7,227,969
Provision for uncollectible interest revenue	31,339	31,853
Increase in mortgage and construction loans	(33,540,847)	(50,754,742)
Decrease in mortgage-backed securities	28,747,759	4,468,171
Purchases of mortgage-backed securities	(30,819,770)	-
Interest received on investments	(2,518,369)	(3,588,311)
Asset/(liability) adjustment		
Decrease (increase) in assets:		
Accrued interest receivable	296,492	(253,735)
Other current assets	(187,213)	85,017
Other receivables	(1,124,232)	4,123,102
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	1,304,872	205,697
Prepaid items	(461,018)	943,008
Project funds held for borrower and other liabilities	39,928,464	49,736,045
Accrued interest payable	(287,959)	334,195
<b>Net cash provided by operating activities</b>	<u><u><b>\$ 22,912,316</b></u></u>	<u><u><b>\$ 23,804,991</b></u></u>

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

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 1: ORGANIZATION AND PURPOSE**

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

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

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

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

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

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 1: ORGANIZATION AND PURPOSE (Continued)**

The General Fund credit line draw by the Agency is backed by the General Fund assets and constitutes the Agency's general obligation.

The following is a description of the funds maintained by the Agency ("Funds"):

**General Fund** - The General Fund is used to record the receipt and accrual of income not directly pledged for repayment of debt securities under the Revenue Obligation Funds, to pay expenses related to the Agency's administrative functions and operations, including mortgage servicing, HUD Risk-Share insurance program, McKinney Act loan program and purchase and sale of single family mortgage-backed securities.

**Single Family Program Funds** - The Single Family Program Funds are used to account for the proceeds of single family mortgage revenue bond issues, investments, mortgage loans and mortgage-backed securities held pursuant to the indentures authorizing the issuance of the bonds, the debt service requirements on the bonds, and debt service collected from mortgage loans purchased for the financing of owner-occupied single family residences in the District. Single Family Program Funds include the following active bond programs: 1988 Collateralized Single Family Mortgage Revenue Bonds, 1996 Single Family Mortgage Revenue Bonds and 2009 Single Family New Issue Bond Program ("Single Family NIBP").

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

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of Accounting and Measurement Focus** - For financial reporting purposes only, the Agency is a component unit of the District. The Agency's General Fund and Revenue Obligation Funds are accounted for as enterprise funds. Accordingly, the accompanying combined financial statements have been

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America.

**Operating Revenues and Expenses** - The Agency distinguishes operating revenues and expenses from non-operating items in conformity with GASB Statement No. 34. Operating revenues and expenses are identified as those activities that are directly related to financing affordable housing in the District. The Agency's activities are considered to be operating except for unrealized changes in the fair value of mortgage-backed securities. Operating revenues primarily consist of interest on mortgage-backed securities, interest on mortgage and construction loans and investment of bond proceeds, issuer fees, construction monitoring fees, servicing fees and other revenues. Operating expenses primarily consist of bond interest, personnel costs, bond issuance costs, bond administrative fees, trustee, legal and financial advisory fees, depreciation and amortization of discounts and premiums and other operating expenses.

**Non-Operating Revenues and Expenses** - Non-operating revenue and expenses mainly consist of federal and city grant programs. Federal and city grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Cash and Cash Equivalents** - Cash and cash equivalents consist of cash, collateralized demand deposits, collateralized or insured by the Federal Deposit Insurance Corporation ("FDIC-insured") certificates of deposit, money market funds and investments in highly liquid short-term instruments with original maturities of three months or less at the time of purchase.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment** - Property and equipment purchases are recorded in the General Fund, capitalized at cost and depreciated using the straight-line method over the estimated useful lives in general ranging from five to 40 years.

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

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

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

**Financing and Other Fee Revenue** - Under the Single Family Program, the Agency originates single family mortgage loans which are pooled into mortgage-backed securities used as direct collateral for the respective bonds. As part of this securitization, the Agency earns servicing release fees net of originating lender fees.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and



**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

expenses during the reporting period. Actual results could differ from those estimates.

**New GASB Standards** - GASB has issued several pronouncements prior to the year ended September 30, 2021, that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Agency:

- Statement No. 87, *Leases*, issued June 2017, effective for fiscal years ending June 30, 2022.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018, effective for fiscal year that ends December 31, 2021.
- Statement No. 92, *Omnibus*, effective for fiscal years that ends June 30, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020. The requirement in paragraph 11b is effective for fiscal years ending after December 31, 2021. All other requirements of the Statement are effective for fiscal years beginning after June 30, 2021.
- Statement No. 94, *Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, effective for the fiscal years beginning after June 30, 2022.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, effective for the fiscal years beginning after June 30, 2022.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, issued June 2020, effective immediately for paragraphs 4 and 5. All other requirements of the Statement are effective for fiscal years beginning after June 30, 2021.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

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

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

The following assets, reported at fair value and held by the Funds at September 30, 2021, were evaluated in accordance with GASB Statement No. 40 for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

	General Fund	Single Family Program Funds			Multifamily		Total
		1988 Collateralized Single Family Mortgage Revenue Bonds	1996 Single Family Mortgage Revenue Bonds	Series 2009 A-1 Single Family Housing Revenue Bonds (NIBP)	FHA - Insured Pass-Through Revenue Refunding Bonds (MFDP)	Multifamily Program Fund	
<u>Cash and Cash Equivalents</u>							
Non-Money Market Deposits	\$ 5,918,705	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 5,918,706
Demand Money Market Deposits	40,466,727	-	-	-	3,458,326	1,483,595	45,408,648
Money Market Funds		4,771,765	2,620,987	996,582	11,089,870	240,437	19,719,641
Total Cash and Cash Equivalents	<u>46,385,432</u>	<u>4,771,765</u>	<u>2,620,987</u>	<u>996,582</u>	<u>14,548,196</u>	<u>1,724,033</u>	<u>71,046,995</u>
<u>Investments</u>							
Certificate of Deposit	4,109,396	-	-	-	12,525,000	-	16,634,396
U.S. Treasury Obligations	7,656,012	-	-	-	-	-	7,656,012
Municipal Obligations	5,320,576	-	-	-	-	-	5,320,576
Investment Agreements	-	10,000,000	-	-	192,660,000	-	202,660,000
Corporate Obligations	41,342,292	-	-	-	-	-	41,342,292
GSE Obligations	3,589,113	-	-	-	777,990	-	4,367,103
Total Investments	<u>62,017,389</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>205,962,990</u>	<u>-</u>	<u>277,980,379</u>
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	914,018	-	1,413,555	2,032,782	-	-	4,360,355
Fannie Mae	1,077,514	-	2,501,058	202,194	-	-	3,780,766
Freddie Mac	4,791,882	-	4,632,823	-	-	-	9,424,705
Total Mortgage-Backed Securities	<u>6,783,414</u>	<u>-</u>	<u>8,547,436</u>	<u>2,234,976</u>	<u>-</u>	<u>-</u>	<u>17,565,826</u>
Total Cash, Investments and Mortgage-Backed Securities	<u>\$ 115,186,235</u>	<u>\$ 14,771,765</u>	<u>\$ 11,168,423</u>	<u>\$ 3,231,558</u>	<u>\$ 220,511,186</u>	<u>\$ 1,724,033</u>	<u>\$ 366,593,200</u>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

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

The following assets, reported at fair value and held by the Funds at September 30, 2020, were evaluated in accordance with GASB Statement No. 40 for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Assets	General Fund	Single Family Program Funds			Multifamily		Total
		1988 Collateralized Single Family Mortgage Revenue Bonds	1996 Single Family Mortgage Revenue Bonds	Series 2009 A-1 Single Family Housing Revenue Bonds (NIBP)	FHA - Insured Pass-Through Revenue Refunding Bonds (MFDPR)	Multifamily Program Fund	
<u>Cash and Cash Equivalents</u>							
Non-Money Market Deposits	\$ 6,039,416	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ 6,039,420
Demand Money Market Deposits	47,803,789	-	-	-	3,195,396	-	50,999,185
Money Market Funds	-	4,264,287	1,486,192	893,200	8,087,609	2,823,872	17,555,160
Total Cash and Cash Equivalents	<u>53,843,205</u>	<u>4,264,287</u>	<u>1,486,192</u>	<u>893,200</u>	<u>11,283,009</u>	<u>2,823,872</u>	<u>74,593,765</u>
<u>Investments</u>							
Certificate of Deposit	4,071,609	-	-	-	-	-	4,071,609
U.S. Treasury Obligations	304,361	-	-	-	-	-	304,361
Municipal Obligations	4,789,378	-	-	-	-	-	4,789,378
Investment Agreements	-	10,000,000	-	-	112,360,163	-	122,360,163
Corporate Obligations	37,897,579	-	-	-	-	-	37,897,579
GSE Obligations	1,337,164	-	-	-	813,234	-	2,150,398
Total Investments	<u>48,400,091</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>113,173,397</u>	<u>-</u>	<u>171,573,488</u>
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	1,095,678	-	2,420,558	2,795,663	-	-	6,311,899
Fannie Mae	1,630,309	-	2,764,915	305,925	-	-	4,701,149
Freddie Mac	-	-	5,614,242	-	-	-	5,614,242
Total Mortgage-Backed Securities	<u>2,725,987</u>	<u>-</u>	<u>10,799,715</u>	<u>3,101,588</u>	<u>-</u>	<u>-</u>	<u>16,627,290</u>
Total Cash, Investments and Mortgage-Backed Securities	<u>\$ 104,969,283</u>	<u>\$ 14,264,287</u>	<u>\$ 12,285,907</u>	<u>\$ 3,994,788</u>	<u>\$ 124,456,406</u>	<u>\$ 2,823,872</u>	<u>\$ 262,794,543</u>

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

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

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

As of September 30, 2021, the amortized cost, fair value and maturities for the cash, cash equivalents, investments and mortgage-backed securities for the General Fund are as follows:

General Fund as of September 30, 2021

			Maturities (in years)				
Assets	Cost	Fair Value	Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Non-Money Market Deposits	\$ 5,918,705	\$ 5,918,705	\$ 5,918,705	\$ -	\$ -	\$ -	\$ -
Demand Money Market Deposits	40,466,727	40,466,727	40,466,727	-	-	-	-
Total Cash and Cash Equivalents	46,385,432	46,385,432	46,385,432	-	-	-	-
<u>Investments</u>							
Certificate of Deposit	4,109,396	4,109,396	3,086,362	1,023,034	-	-	-
U.S. Treasury Obligations	7,676,610	7,656,012	126,475	7,365,991	163,546	-	-
Municipal Obligations	5,315,296	5,320,576	905,762	4,414,814	-	-	-
Corporate Obligations	41,437,516	41,342,292	11,664,238	28,299,300	1,378,754	-	-
GSE Obligations	3,593,059	3,589,113	-	3,492,165	96,948	-	-
Total Investments	62,131,877	62,017,389	15,782,837	44,595,304	1,639,248	-	-
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	860,406	914,018	-	-	-	-	914,018
Fannie Mae	1,016,410	1,077,514	-	-	-	-	1,077,514
Freddie Mac	4,768,739	4,791,882	-	-	-	-	4,791,882
Total Mortgage-Backed Securities	6,645,555	6,783,414	-	-	-	-	6,783,414
<u>General Fund Total Cash, Investments and Mortgage-Backed Securities</u>							
	\$ 115,162,864	\$ 115,186,235	\$ 62,168,269	\$ 44,595,304	\$ 1,639,248	\$ -	\$ 6,783,414

As of September 30, 2020, the amortized cost, fair value and maturities for the cash, cash equivalents, investments and mortgage-backed securities for the General Fund were as follows:

General Fund as of September 30, 2020

			Maturities (in years)				
Assets	Cost	Fair Value	Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Non-Money Market Deposits	\$ 6,039,416	\$ 6,039,416	\$ 6,039,416	\$ -	\$ -	\$ -	\$ -
Demand Money Market Deposits	47,803,789	47,803,789	47,803,789	-	-	-	-
Total Cash and Cash Equivalents	53,843,205	53,843,205	53,843,205	-	-	-	-
<u>Investments</u>							
Certificate of Deposit	4,071,609	4,071,609	3,048,917	1,022,692	-	-	-
U.S. Treasury Obligations	276,951	304,361	-	129,083	175,278	-	-
Municipal Obligations	4,790,000	4,789,378	599,962	4,189,416	-	-	-
Corporate Obligations	37,580,619	37,897,579	20,523,806	15,745,083	1,628,690	-	-
GSE Obligations	1,324,329	1,337,164	50,104	1,185,326	101,734	-	-
Total Investments	48,043,508	48,400,091	24,222,789	22,271,600	1,905,702	-	-
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	1,038,844	1,095,678	-	-	-	-	1,095,678
Fannie Mae	1,531,881	1,630,309	-	-	-	-	1,630,309
Total Mortgage-Backed Securities	2,570,725	2,725,987	-	-	-	-	2,725,987
<b>General Fund Total Cash, Investments and Mortgage-Backed Securities</b>							
	\$ 104,457,438	\$ 104,969,283	\$ 78,065,994	\$ 22,271,600	\$ 1,905,702	\$ -	\$ 2,725,987

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

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

As of September 30, 2021, the amortized cost, fair value and maturities for the cash, cash equivalents, investments and mortgage-backed securities for the Combined Revenue Obligation Funds are as follows:

Combined Revenue Obligation Funds as of September 30, 2021

			Maturities (in years)				
Assets	Cost	Fair Value	Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Non-Money Market Deposits	\$ 1	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ -
Demand Money Market Deposits	4,941,921	4,941,921	4,941,921	-	-	-	-
Money Market Funds	19,719,641	19,719,641	19,719,641	-	-	-	-
Total Cash and Cash Equivalents	24,661,563	24,661,563	24,661,563	-	-	-	-
<u>Investments</u>							
Certificate of Deposit	12,525,000	12,525,000	-	12,525,000	-	-	-
Investment Agreements	202,660,000	202,660,000	74,415,000	128,245,000	-	-	-
GSE Obligations	690,525	777,990	-	-	777,990	-	-
Total Investments	215,875,525	215,962,990	74,415,000	140,770,000	777,990	-	-
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	3,186,297	3,446,337	10,262	588,127	305,707	509,458	2,032,783
Fannie Mae	2,469,869	2,703,252	-	46,684	-	886,379	1,770,189
Freddie Mac	4,105,608	4,632,823	-	-	-	-	4,632,823
Total Mortgage-Backed Securities	9,761,774	10,782,412	10,262	634,811	305,707	1,395,837	8,435,795
<b>Combined Revenue Obligation Funds</b>							
<b>Total Cash, Investments and Mortgage-Backed Securities</b>	<b>\$ 250,298,862</b>	<b>\$ 251,406,965</b>	<b>\$ 99,086,825</b>	<b>\$ 141,404,811</b>	<b>\$ 1,083,697</b>	<b>\$ 1,395,837</b>	<b>\$ 8,435,795</b>

As of September 30, 2020, the amortized cost, fair value and maturities for the cash, cash equivalents, investments and mortgage-backed securities for the Combined Revenue Obligation Funds were as follows:

Combined Revenue Obligation Funds as of September 30, 2020

			Maturities (in years)				
Assets	Cost	Fair Value	Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Non-Money Market Deposits	\$ 4	\$ 4	\$ 4	\$ -	\$ -	\$ -	\$ -
Demand Money Market Deposits	3,195,396	3,195,396	3,195,396	-	-	-	-
Money Market Funds	17,555,160	17,555,160	17,555,160	-	-	-	-
Total Cash and Cash Equivalents	20,750,560	20,750,560	20,750,560	-	-	-	-
<u>Investments</u>							
Certificate of Deposit	-	-	-	-	-	-	-
U.S. Treasury Obligations	-	-	-	-	-	-	-
Municipal Obligations	-	-	-	-	-	-	-
Investment Agreements	122,376,088	122,360,163	-	112,360,163	10,000,000	-	-
Corporate Obligations	-	-	-	-	-	-	-
GSE Obligations	689,822	813,234	-	-	813,234	-	-
Total Investments	123,065,910	123,173,397	-	112,360,163	10,813,234	-	-
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	4,844,827	5,216,221	2,296	718,130	342,470	800,885	3,352,440
Fannie Mae	2,815,918	3,070,840	-	27,715	30,194	-	3,012,931
Freddie Mac	5,011,218	5,614,242	-	-	-	-	5,614,242
Total Mortgage-Backed Securities	12,671,963	13,901,303	2,296	745,845	372,664	800,885	11,979,613
<u>Combined Revenue Obligation Funds</u>							
Total Cash, Investments and Mortgage-Backed Securities	\$ 156,488,433	\$ 157,825,260	\$ 20,752,856	\$ 113,106,008	\$ 11,185,898	\$ 800,885	\$ 11,979,613

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

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

As of September 30, 2021 and 2020, the amortized cost, fair value and maturities for the cash, cash equivalents, investments and mortgage-backed securities for each Revenue Obligation Fund are included as Supplemental Information to these financial statements.

**Custodial Credit Risk** – Custodial credit risk is the risk that in the event of a bank failure, the Agency’s deposits may not be returned to it. The Agency does not have a deposit policy for custodial credit risk. As of September 30, 2021, \$61,770,686 of the Agency’s bank balance of \$68,020,686 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,452,969
Uninsured and collateral held by pledging bank	<u>54,317,717</u>
Total	<u><u>\$ 61,770,686</u></u>

**Credit Risk and Concentration of Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. All of General Fund cash and investments are either collateralized, FDIC-insured, or invested in the U.S. Government, U.S. Government Agency or government-sponsored enterprises or highly rated corporate debt securities. In general all investment securities under the Revenue Obligation Funds must be at a rating not adversely affecting the rating of the respective bonds; and financial institutions who are counterparty to the Agency must be rated at least comparable to the existing rating on the Agency’s bonds, unless counterparty ratings lower than the bond ratings are permitted in a specific indenture and do not affect the ratings on the bonds as determined at the time the investment securities are acquired or investment agreements are executed. The ratings on the 1996 Single Family Mortgage Revenue Bonds and 1988 Collateralized Single Family Mortgage Revenue Bonds as of September 30, 2021 and 2020 were AA+ by Standard and Poor’s. All multifamily bond indentures under the Multifamily Development and Multifamily Programs were rated by Moody’s or Standard and Poor’s at various levels depending on the credit quality of the underlying collateral or were unrated private placements where investment ratings conformed to the specific bond investor requirements.



**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

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

As of September 30, 2021, the credit quality and percentages of the total portfolio of cash equivalents and investments under the Agency's General Fund are as follows:

General Fund as of September 30, 2021

<u>Assets</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Non-Money Market Deposits	\$ 5,918,705	5.1%	Not Rated		Third Party-Held Aaa Collateral
Demand Money Market Deposits	37,955,680	33.0%	Not Rated		Federal Reserve-Held Aaa Collateral
Demand Money Market Deposits	<u>2,511,047</u>	<u>2.2%</u>	P-1	Moody's	
Total Cash and Cash Equivalents	<u>46,385,432</u>	<u>40.3%</u>			
<u>Investments</u>					
Certificate of Deposit	4,109,396	3.6%	Not Rated		Federal Reserve-Held Aaa Collateral
U.S. Treasury Obligations	7,656,012	6.6%	Aaa	Moody's	
Municipal Obligations	837,831	0.7%	Aa1	Moody's	
Municipal Obligations	4,482,745	3.9%	Aa2	Moody's	
Corporate Obligations	110,602	0.1%	Aaa	Moody's	
Corporate Obligations	145,991	0.1%	Aa1	Moody's	
Corporate Obligations	635,031	0.6%	Aa2	Moody's	
Corporate Obligations	4,338,323	3.8%	Aa3	Moody's	
Corporate Obligations	2,754,917	2.4%	A1	Moody's	
Corporate Obligations	20,542,402	17.8%	A2	Moody's	
Corporate Obligations	10,418,526	9.0%	A3	Moody's	
Corporate Obligations	2,396,500	2.1%	Baa2	Moody's	
GSE Obligations	<u>3,589,113</u>	<u>3.1%</u>	Aaa	Moody's	
Total Investments	<u>62,017,389</u>	<u>53.8%</u>			
<u>Mortgage-Backed Securities</u>					
Ginnie Mae	914,018	0.8%	Aaa	Moody's	
Fannie Mae	1,077,514	0.9%	Aaa	Moody's	
Freddie Mac	<u>4,791,882</u>	<u>4.2%</u>	Aaa	Moody's	
Total Investments	<u>6,783,414</u>	<u>5.9%</u>			
<b>General Fund Total Cash, Investments and Mortgage-Backed Securities</b>	<b><u>\$ 115,186,235</u></b>	<b><u>100.0%</u></b>			

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

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

As of September 30, 2020, the credit quality and percentages of the total portfolio of cash equivalents and investments under the Agency's General Fund were as follows:

General Fund as of September 30, 2020

<u>Assets</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Non-Money Market Deposits	\$ 6,039,416	5.8%	Not Rated		Third Party-Held Aaa Collateral
Demand Money Market Deposits	34,050,691	32.4%	Not Rated		Federal Reserve-Held Aaa Collateral
Demand Money Market Deposits	13,753,098	13.1%	P-1	Moody's	
Total Cash and Cash Equivalents	<u>53,843,205</u>	<u>51.3%</u>			
<u>Investments</u>					
Certificate of Deposit	4,071,609	3.9%	Not Rated		Federal Reserve-Held Aaa Collateral
U.S. Treasury Obligations	304,361	0.3%	Aaa	Moody's	
Municipal Obligations	652,546	0.6%	Aa1	Moody's	
Municipal Obligations	4,136,833	3.9%	Aa2	Moody's	
Corporate Obligations	114,259	0.1%	Aaa	Moody's	
Corporate Obligations	323,164	0.3%	Aa1	Moody's	
Corporate Obligations	1,745,057	1.7%	Aa2	Moody's	
Corporate Obligations	4,341,875	4.1%	Aa3	Moody's	
Corporate Obligations	2,873,622	2.7%	A1	Moody's	
Corporate Obligations	17,324,146	16.6%	A2	Moody's	
Corporate Obligations	9,686,173	9.2%	A3	Moody's	
Corporate Obligations	111,507	0.1%	Baa1	Moody's	
Corporate Obligations	1,377,775	1.3%	Baa2	Moody's	
GSE Obligations	1,337,164	1.3%	Aaa	Moody's	
Total Investments	<u>48,400,091</u>	<u>46.1%</u>			
<u>Mortgage-Backed Securities</u>					
Ginnie Mae	1,095,678	1.0%	Aaa	Moody's	
Fannie Mae	1,630,309	1.6%	Aaa	Moody's	
Total Investments	<u>2,725,987</u>	<u>2.6%</u>			
<b>General Fund Total Cash, Investments and Mortgage-Backed Securities</b>	<b><u>\$ 104,969,283</u></b>	<b><u>100.00%</u></b>			

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

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

As of September 30, 2021, the credit quality and percentages of the total portfolio of cash equivalents, investments and mortgage-backed securities under the Revenue Obligation Funds are as follows:

<u>Assets</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Non-Money Market Deposits	\$ 1	0.0%	Not Rated		Uncollateralized, Uninsured
Demand Money Market Deposits	4,941,921	2.0%	P1	Moody's	
Money Market Funds	19,719,641	7.8%	Aaa-mf	Moody's	
Total Cash and Cash Equivalents	<u>24,661,563</u>	<u>9.8%</u>			
<u>Investments</u>					
Certificate of Deposit	12,525,000	5.0%	Not Rated		Federal Reserve-Held Aaa Collateral
Investment Agreements	109,835,000	43.7%	Aa2	Moody's	
Investment Agreements	54,475,000	21.6%	Aa3	Moody's	
Investment Agreements	38,350,000	15.3%	A1	Moody's	
GSE Obligations	777,990	0.3%	Aaa	Moody's	
Total Investments	<u>215,962,990</u>	<u>85.9%</u>			
<u>Mortgage-Backed Securities</u>					
Ginnie Mae	3,446,337	1.4%	Aaa	Moody's	
Fannie Mae	2,703,252	1.1%	Aaa	Moody's	
Freddie Mac	4,632,823	1.8%	Aaa	Moody's	
Total Mortgage-Backed Securities	<u>10,782,412</u>	<u>4.3%</u>			
<b>Combined Revenue Obligation Funds Total</b>					
<b>Cash, Investments and Mortgage-Backed Securities</b>	<b><u>\$ 251,406,965</u></b>	<b><u>100.0%</u></b>			

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

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

As of September 30, 2020, the credit quality and percentages of the total portfolio of cash equivalents, investments and mortgage-backed securities under the Revenue Obligation Funds were as follows:

<u>Assets</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Non-Money Market Deposits	\$ 4	0.0%	Not Rated		Uncollateralized, Uninsured
Demand Money Market Deposits	3,195,396	2.0%	PI	Moody's	
Money Market Funds	17,555,160	11.1%	Aaa-mf	Moody's	
Total Cash and Cash Equivalents	<u>20,750,560</u>	<u>13.1%</u>			
<u>Investments</u>					
Investment Agreements	109,835,163	69.6%	Aa2	Moody's	
Investment Agreements	12,525,000	7.9%	Not Rated		
GSE Obligations	813,234	0.5%	Aaa	Moody's	
Total Investments	<u>123,173,397</u>	<u>78.0%</u>			
<u>Mortgage-Backed Securities</u>					
Ginnie Mae	5,216,221	3.3%	Aaa	Moody's	
Fannie Mae	3,070,840	1.9%	Aaa	Moody's	
Freddie Mac	5,614,242	3.6%	Aaa	Moody's	
Total Mortgage-Backed Securities	<u>13,901,303</u>	<u>8.8%</u>			
<b>Combined Revenue Obligation Funds Total</b>					
<b>Cash, Investments and Mortgage-Backed Securities</b>	<b>\$ 157,825,260</b>	<b>100.0%</b>			

The cash and cash equivalents, investment and mortgage-backed security portfolio with breakdown by credit quality and percentage of total portfolio for each of the Revenue Obligation Funds at September 30, 2021 and 2020 are listed as Supplemental Information to these financial statements.

**Cash and Cash Equivalents** - The Agency's combined cash and cash equivalents balance as of September 30, 2021 and 2020 consists primarily of amounts held in fully collateralized demand deposit bank accounts under the General Fund and in highly rated money market fund trust accounts set up for each revenue bond indenture and Certificates of Participation and administered by the Agency's bond trustees. The collateral for the demand deposits is held by either the Federal Reserve Bank or a third-party, as a collateral agent under the tri-party agreements.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

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

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

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

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

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

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

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

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

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

For the year ended September 30, 2021, under the Agency's Single Family Program Fund, \$150,175 of non-operating expense was recorded in the Statement of Revenues, Expenses and Change in Net Position to record the unrealized loss in the fair market value of the Fund's mortgage-backed security and investment portfolio. For the year ended September 30, 2020, under the same fund, non-operating revenue of \$145,135 was recorded due to an increase in the unrealized gain in the fair market value of the Fund's mortgage-backed security and investment portfolio.

For the years ended September 30, 2021 and 2020, under the Agency's Single Family NIBP Fund, \$32,012 and \$10,578, respectively, of non-operating expense was recorded in the Statement of Revenues, Expenses and Change in Net Position to record the unrealized loss in the fair market value of the Fund's mortgage-backed security and investment portfolio.

For the year ended September 30, 2021, under the Agency's Multifamily Development Program Fund, \$19,496 of non-operating expense was recorded in the Statement of Revenues, Expenses and Change in Net Position to record the unrealized loss in the fair market value of the Fund's mortgage-backed security and investment portfolio. For the year ended September 30, 2020, under the same fund, non-operating revenue of \$51,927 was recorded due to an increase in the unrealized gain in the fair market value of the Fund's mortgage-backed security and investment portfolio.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

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

For the years ended September 30, 2021 and 2020, under the Agency's General Fund, \$951,288 and \$42,185, respectively, of non-operating expense was recorded in the Statement of Revenues, Expenses and Change in Net Position to record the unrealized loss in the fair market value of the Fund's mortgage-backed security and investment portfolio.

**Investments in Joint Ventures** - DCHFA established the Housing Investment Platform ("HIP") in June 2017 to make innovative investments in support of the District of Columbia housing market outside of its traditional bond and tax credit financing. The investments are targeted towards developing workforce housing by partnering with emerging developers. DCHFA is the sole member of the DCHFA HIP Manager, LLC, which is the general partner of the DC Housing Investment Platform, LP. DC Housing Investment Platform LP is the limited partner in the ultimate development entity. DCHFA Housing Investment Platform LP closed on one investment during fiscal year 2021 and one investment during 2020. As of September 30, 2021 and 2020, the investment in joint ventures totaled \$981,668 and \$885,532, respectively.

**Fair Value of Investments**

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

- Level 1 - quoted market prices in active markets.
- Level 2 - inputs other than quoted market prices that are observable either directly or indirectly.
- Level 3 - unobservable inputs.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

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

As of September 30, 2021, the following table presents the investments that the Agency measured at fair value:

	Total	Level 1	Level 2	Level 3
Certificates of Deposit	\$ 16,634,396	\$ -	\$ 16,634,396	\$ -
Investment Agreements	202,660,000	-	202,660,000	-
Corporate Obligations	41,342,292	-	41,342,292	-
Municipal Obligations	5,320,576	-	5,320,576	-
GSE Obligations	4,367,103	-	4,367,103	-
U.S. Treasury Obligations	7,656,012	7,656,012	-	-
Mortgage Backed Securities	17,565,826	-	17,565,826	-
Total Investments and MBS	<u>\$ 295,546,205</u>	<u>\$ 7,656,012</u>	<u>\$ 287,890,193</u>	<u>\$ -</u>

As of September 30, 2020, the following table presents the investments that the Agency measured at fair value:

	Total	Level 1	Level 2	Level 3
Certificates of Deposit	\$ 4,071,609	\$ -	\$ 4,071,609	\$ -
Investment Agreements	122,360,163	-	122,360,163	-
Corporate Obligations	37,897,579	-	37,897,579	-
Municipal Obligations	4,789,378	-	4,789,378	-
GSE Obligations	2,150,398	-	2,150,398	-
U.S. Treasury Obligations	304,361	304,361	-	-
Mortgage Backed Securities	16,627,290	-	16,627,290	-
Total Investments and MBS	<u>\$ 188,200,778</u>	<u>\$ 304,361</u>	<u>\$ 187,896,417</u>	<u>\$ -</u>

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

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



**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 4: MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE**

Multifamily mortgage and construction loans receivable are assets under the Multifamily Development Program secured by deeds of trust evidencing first mortgage liens on related real property. These loans are insured by the FHA, and the Agency through the Risk-Share Program. Fixed and periodic variable interest rates on these construction loans as of September 30, 2021 range from 4.4% to 6.9% with a loan repayment period of up to 40 years.

During fiscal year 2019, the Agency funded subordinate lien forgivable 0% non-amortizing down-payment assistance loans in connection with the purchased and sold first lien loans under its General Fund. Due to the low likelihood of recovery for any of these loan amounts, the Agency recorded an allowance equivalent to the original loan amounts. Starting on September 9, 2019, the Agency discontinued the forgivable 0% non-amortizing down-payment assistance loan program and launched a new 0% fixed rate non-amortizing down-payment assistance loan program. The new program is a deferred loan that will become immediately due and payable upon the occurrence of specific events as defined in the Loan Disclosure document(s) of the DC Open Doors Down Payment Assistance Loan program. The amount of the forgivable loans and the corresponding allowance under the old program as of September 30, 2021 and 2020 was \$65,563 and \$1,489,313, respectively. The amount of the deferred loans under the new program as of September 30, 2021 and 2020, was \$4,949,448 and \$2,320,786, respectively.

Combined restricted mortgage and construction loans as of September 30, 2021 and 2020 were \$207,582,145 and \$173,177,570, respectively. For the years ended September 30, 2021 and 2020, there was no allowance for bond program loan losses under the Agency Revenue Obligation Funds.

As part of its General Fund operations, the Agency performs loan servicing under the risk-sharing agreement with HUD, where HUD pays 100.0% of the amount needed to retire bonds issued in connection with a defaulted risk-share loan at the time of the initial claim. Any loss at the time of final claim on a defaulted multifamily project is risk-shared between FHA at 90.0% and the Agency at 10.0%. The most recent program enhancement allows the Agency to share losses on a 50%/50% basis with FHA. As of September 30, 2021, the HUD Risk-Share Reserve funds had a balance of \$-0- and the outstanding principal balance of the risk-share insured loans comprised of 20 loans was \$202.2 million. As of September 30, 2020, the HUD Risk-Share Reserve funds had a balance of \$2.7 million and the outstanding principal balance of the risk-share insured loans comprised of 20 loans was \$170.4 million.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 4: MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE (Continued)**

In addition to its bond programs, within its General Fund the Agency administers the McKinney Act Program. Under its McKinney Act Program, the Agency originates predevelopment McKinney Act bridge loans to finance acquisition, predevelopment and rehabilitation costs associated with multifamily housing developments applying for bond financing with the Agency. These loans are typically unenhanced loans repaid at the time the bond financing is put in place. At September 30, 2021, the balance of total loans outstanding, before the allowance for uncollectible loans, was \$4,662,791, including \$883,715 in loans at various stages of default process. At September 30, 2020, the balance of total loans outstanding was \$6,280,514, of which \$882,086 was attributed to loans at various stages of default process.

The Agency recorded an allowance for uncollectible McKinney Act Program loans for the years ended September 30, 2021 and 2020 in the amount of \$883,715 and \$882,086, respectively. The Agency recorded a net increase in the allowance for principal loss on McKinney Act Program loans during the years ended September 30, 2021 and 2020 for an allowance of bad debt in the amount of \$1,629 and \$278,459, respectively.

	2021	2020
Beginning balance	\$ 882,086	\$ 603,627
Net increase in allowance for uncollectible loans	1,629	278,459
Ending balance	<u>\$ 883,715</u>	<u>\$ 882,086</u>

For the years ended September 30, 2021 and 2020, the respective balances and changes in the provision for uncollectible interest on the McKinney Act loans under the General Fund were as follows:

	2021	2020
Beginning balance	\$ 309,504	\$ 341,357
Net increase (decrease) in allowance for uncollectible interest	31,339	(31,853)
Ending balance	<u>\$ 340,843</u>	<u>\$ 309,504</u>

In addition to the reserves noted above for McKinney Act loans, the Agency also has an allowance for down payment assistance associated with forgivable single family loans as well as multi-family loans that are held on balance sheet (e.g., HUD risk share loans).

The Agency's allowance for doubtful accounts policy is to charge expenses for estimated probable losses which are established as an allowance for loan losses. The allowance is an amount that management believes will be adequate to absorb

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 4: MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE (Continued)**

losses inherent in existing loans based on evaluations of collectability and prior loss experience as well as a competitive benchmarking study.

Until September 9, 2019, DCHFA's down payment assistance core product was a 5-year forgivable 0% interest rate loan. The Agency reserved for the full amount of the down payment assistance at loan inception and then booked recoveries to the extent that borrowers paid off the loan within the five-year forgiveness period. As of September 30, 2021 and 2020, the Agency has \$.3 million and \$1.6 million in reserves, respectively.

**NOTE 5: CAPITAL ASSETS**

The following is the detail of changes in capital assets during the year ended September 30, 2021:

	September 30, 2020	Additions /Dispositions	September 30, 2021
Non-depreciable capital assets			
Land	\$ 573,000	\$ -	\$ 573,000
Total non-depreciable assets	573,000	-	573,000
Depreciable capital assets			
Building	3,540,523	-	3,540,523
Less: accumulated depreciation	(2,803,337)	(131,130)	(2,934,467)
Building net of accumulated depreciation	737,186	(131,130)	606,056
Furniture and equipment	1,523,560	23,883	1,547,443
Less: accumulated depreciation	(1,089,100)	(19,225)	(1,108,325)
Furniture and equipment net of accumulated depreciation	434,460	4,658	439,118
Total Building, furniture and equipment	5,064,083	23,883	5,087,966
Less: accumulated depreciation	(3,892,437)	(150,355)	(4,042,792)
Total Building, furniture and equipment, net of accumulated depreciation	1,171,646	(126,472)	1,045,174
Software	1,821,154	-	1,821,154
Less: accumulated amortization	(1,009,134)	(232,126)	(1,241,260)
Software net of accumulated amortization	812,020	(232,126)	579,894
Total capital assets	7,458,237	23,883	7,482,120
Less: accumulated depreciation and amortization	(4,901,571)	(382,481)	(5,284,052)
Total capital assets, net of accumulated depreciation and amortization	\$ 2,556,666	\$ (358,598)	\$ 2,198,068

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 5: CAPITAL ASSETS (Continued)**

The following is the detail of changes in capital assets during the year ended September 30, 2020:

	September 30, 2019	Additions /Dispositions	September 30, 2020
Non-depreciable capital assets			
Land	\$ 573,000	\$ -	\$ 573,000
Total non-depreciable assets	<u>573,000</u>	<u>-</u>	<u>573,000</u>
Depreciable capital assets			
Building	3,540,523	-	3,540,523
Less: accumulated depreciation	<u>(2,672,205)</u>	<u>(131,131)</u>	<u>(2,803,336)</u>
Building net of accumulated depreciation	<u>868,318</u>	<u>(131,131)</u>	<u>737,187</u>
Furniture and equipment	1,428,780	94,780	1,523,560
Less: accumulated depreciation	<u>(1,064,263)</u>	<u>(24,837)</u>	<u>(1,089,100)</u>
Furniture and equipment net of accumulated depreciation	<u>364,517</u>	<u>69,943</u>	<u>434,460</u>
Total Building, furniture and equipment	4,969,303	94,780	5,064,083
Less: accumulated depreciation	<u>(3,736,468)</u>	<u>(155,969)</u>	<u>(3,892,437)</u>
Total Building, furniture and equipment, net of accumulated depreciation	<u>1,232,835</u>	<u>(61,189)</u>	<u>1,171,646</u>
Software	1,547,677	273,477	1,821,154
Less: accumulated amortization	<u>(778,476)</u>	<u>(230,658)</u>	<u>(1,009,134)</u>
Software net of accumulated amortization	<u>769,201</u>	<u>42,819</u>	<u>812,020</u>
Total capital assets	7,089,980	368,257	7,458,237
Less: accumulated depreciation and amortization	<u>(4,514,944)</u>	<u>(386,627)</u>	<u>(4,901,571)</u>
Total capital assets, net of accumulated depreciation and amortization	<u>\$ 2,575,036</u>	<u>\$ (18,370)</u>	<u>\$ 2,556,666</u>

Depreciation and amortization expense for fiscal years 2021 and 2020 was \$382,481 and \$386,627, respectively.

**NOTE 6: BONDS PAYABLE AND OTHER DEBT OBLIGATIONS**

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

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

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 6: BONDS PAYABLE AND OTHER DEBT OBLIGATIONS (Continued)**

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

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

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

The following is a summary of the bond and debt activity for the year ended September 30, 2021 and the debt outstanding and loans, bonds and certificates of participation payable as of September 30, 2021:

General Fund	Range of Interest Rates	Range of Maturities	Debt Outstanding at 9/30/2020	Debt Activity Scheduled Maturity Payments			Debt Outstanding at 9/30/2021	Premium (+) / Discount (-)	Debt Outstanding at 9/30/2021	Due Within One Year
				New Obligations	Obligations Paid					
Industrial Bank Credit Line	Variable	2021	\$ 2,047,815	\$ 6,837,617	\$ -	\$ 6,302,545	\$ 2,582,887	\$ -	\$ 2,582,887	\$ 2,582,887
<b>Total</b>			<b>\$ 2,047,815</b>	<b>\$ 6,837,617</b>	<b>\$ -</b>	<b>\$ 6,302,545</b>	<b>\$ 2,582,887</b>	<b>\$ -</b>	<b>\$ 2,582,887</b>	<b>\$ 2,582,887</b>
	Range of Interest Rates	Range of Maturities	Bond Payable at 9/30/2020	Bond Activity Scheduled Maturity Payments			Bond Payable at 9/30/2021	Premium (+) / Discount (-)	Bond Payable at 9/30/2021	Due Within One Year
				New Bonds Issued	Maturity Payments	Bond Redeemed				
<b>1988 Single Family Mortgage Revenue Bonds</b>										
1988 Series E-4	6.375%	2026	\$ 780,000	\$ -	\$ -	\$ 95,000	\$ 685,000	\$ -	\$ 685,000	\$ -
<b>Total</b>			<b>\$ 780,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 95,000</b>	<b>\$ 685,000</b>	<b>\$ -</b>	<b>\$ 685,000</b>	<b>\$ -</b>
<b>1996 Single Family Mortgage Revenue Bonds</b>										
2006 Series E	4.65%	2037	\$ 1,365,000	\$ -	\$ -	\$ 1,365,000	\$ -	\$ -	\$ -	\$ -
<b>Total</b>			<b>\$ 1,365,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,365,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Single Family New Issue Bond Program</b>										
2009 Series A-1	2.49%	2021-2041	\$ 3,110,000	\$ -	\$ 130,000	\$ 590,000	\$ 2,390,000	\$ -	\$ 2,390,000	\$ 125,000
<b>Total</b>			<b>\$ 3,110,000</b>	<b>\$ -</b>	<b>\$ 130,000</b>	<b>\$ 590,000</b>	<b>\$ 2,390,000</b>	<b>\$ -</b>	<b>\$ 2,390,000</b>	<b>\$ 125,000</b>
<b>Combined Single Family Indentures Total</b>			<b>\$ 5,255,000</b>	<b>\$ -</b>	<b>\$ 130,000</b>	<b>\$ 2,050,000</b>	<b>\$ 3,075,000</b>	<b>\$ -</b>	<b>\$ 3,075,000</b>	<b>\$ 125,000</b>

(Continued)

# DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### SEPTEMBER 30, 2021 AND 2020

#### NOTE 6: BONDS PAYABLE AND OTHER DEBT OBLIGATIONS (Continued)

Project Name			Range of Interest Rates	Range of Maturities	Bonds Payable at 9/30/2020	Bond Activity			Bonds Payable at 9/30/2021	Premium (+) or Discount (-)	Bonds Payable at 9/30/2021	Due Within One Year	
						New Bonds Issued	Scheduled Maturity Payments	Bonds Redeemed/ Adjustment					
MF Development Program													
Series 2017	Pass Through Refunding (Taxable)	3.24%	2049	\$	22,762,728	\$	-	\$	492,826	\$	22,269,902	\$	-
Series 2018 A	Woodmont Crossing Apartments	2.35% - 4.35%	2022-2058		24,820,000		295,000		24,525,000		-	24,525,000	300,000
Series 2018 B-1	Delta Towers and Capitol Vista	Variable	2023		34,395,000		-		34,395,000		-	34,395,000	-
Series 2018 B-2	Delta Towers and Capitol Vista	2.50% - 4.10%	2022-2039		40,020,000		-		40,020,000		-	40,020,000	190,000
Series 2019 A-1 & A-2	Peworth	Variable	2023-2040		12,525,000		-		12,525,000		-	12,525,000	-
Series 2019 B-1 & B-2	Randle Hills	Variable	2022-2039		25,420,000		-		25,420,000		-	25,420,000	165,000
Series 2021 A-1	Hill East	1.75% - 2.05%	2011-2033		-	2,505,000			2,505,000		-	2,505,000	-
Series 2021 A-2	Hill East	2.20%	2034-2036		-	2,890,000			2,890,000		-	2,890,000	-
Series 2021 A-3	Hill East	2.50%	2034-2036		-	44,080,000			44,080,000		-	44,080,000	-
Series 2021 B-1	Hill East	95% - 2.05%	2037-2042		-	4,410,000			4,410,000		-	4,410,000	-
Series 2021 B-2	Hill East	2.15%	2030-2031		-	590,000			590,000		-	590,000	-
Series 2021 B-3	1530 First	55% - 2.10%	2025-2033		-	3,550,000			3,550,000		-	3,550,000	-
Series 2021 B-4	1530 First	2.25%	2034-2036		-	1,355,000			1,355,000		-	1,355,000	-
Series 2021 B-5	1530 First	2.55%	2037-2042		-	20,240,000			20,240,000		-	20,240,000	-
Series 2021 B-6	1530 First	0.50%	2027		-	8,205,000			8,205,000		-	8,205,000	-
Series 2021 B-5	1530 First	0.90%	2024		-	5,000,000			5,000,000		-	5,000,000	-
Total					<u>\$ 150,942,728</u>	<u>\$ 92,825,000</u>	<u>\$ 295,000</u>	<u>\$ 492,826</u>	<u>\$ 251,979,902</u>	<u>\$ -</u>	<u>\$ 251,979,902</u>	<u>\$ 655,000</u>	
MF Program													
	DCCH Pool: Euclid Street	5.75%	2022-2039		\$ 1,175,000	\$ -	\$ 35,000	\$ -	\$ 1,140,000	\$ -	\$ 1,140,000	\$ 30,000	
	DCCH Pool: Chapin Street	5.75%	2022-2039		990,000	-	25,000	-	965,000	-	965,000	20,000	
	DCCHA Pass-Through Refunding	3.88%	2022-2045		30,170,943	-	492,826	6,554,324	23,123,793	-	23,123,793	699,325	
Total					<u>\$ 32,335,943</u>	<u>\$ -</u>	<u>\$ 592,826</u>	<u>\$ 6,554,324</u>	<u>\$ 23,228,793</u>	<u>\$ -</u>	<u>\$ 23,228,793</u>	<u>\$ 709,325</u>	
Combined MF Program													
Bonds Total					<u>\$ 192,278,671</u>	<u>\$ 92,825,000</u>	<u>\$ 847,826</u>	<u>\$ 7,047,150</u>	<u>\$ 277,208,695</u>	<u>\$ -</u>	<u>\$ 277,208,695</u>	<u>\$ 1,364,325</u>	
Bonds Total					<u>\$ 197,533,671</u>	<u>\$ 92,825,000</u>	<u>\$ 977,826</u>	<u>\$ 9,097,150</u>	<u>\$ 280,283,695</u>	<u>\$ -</u>	<u>\$ 280,283,695</u>	<u>\$ 1,489,325</u>	

The following is a summary of the bond and debt activity for the year ended September 30, 2020 and the debt outstanding and bonds and certificates of participation payable as of September 30, 2020:

General Fund	Range of Interest Rates	Range of Maturities	Debt		Debt Activity		Debt Outstanding at 9/30/2020	Premium (+) / Discount (-)	Debt Outstanding at 9/30/2020	Due Within One Year	
			Outstanding at 9/30/2019	New Obligations	Scheduled Maturity Payments	Obligations Paid					
PNC Bank Credit Line	Variable	2020	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	
Total			<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Industrial Bank Credit Line	Variable	2020	\$ 1,492,406	\$ 656,000	\$ -	\$ 100,591	\$ 2,047,815	\$ -	\$ 2,047,815	\$ 2,047,815	
Total			<u>\$ 1,492,406</u>	<u>\$ 656,000</u>	<u>\$ -</u>	<u>\$ 100,591</u>	<u>\$ 2,047,815</u>	<u>\$ -</u>	<u>\$ 2,047,815</u>	<u>\$ 2,047,815</u>	
Credit Line Totals			<u>\$ 3,492,406</u>	<u>\$ 656,000</u>	<u>\$ -</u>	<u>\$ 2,100,591</u>	<u>\$ 2,047,815</u>	<u>\$ -</u>	<u>\$ 2,047,815</u>	<u>\$ 2,047,815</u>	
	Range of Interest Rates	Range of Maturities	Bond Activity		Bond Payable at 9/30/2020	Premium (+) / Discount (-)	Bond Payable at 9/30/2020	Due Within One Year			
			Bond Payable at 9/30/2019	New Bonds Issued							
1988 Single Family Mortgage Revenue Bonds											
1988 Series E-4	6.375%	2026	\$ 860,000	\$ -	\$ -	\$ 80,000	\$ 780,000	\$ (47,411)	\$ 732,589	\$ -	
Total			<u>\$ 860,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 780,000</u>	<u>\$ (47,411)</u>	<u>\$ 732,589</u>	<u>\$ -</u>	
1996 Single Family Mortgage Revenue Bonds											
2006 Series D	4.60%	2020	\$ 35,000	\$ -	\$ 20,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	
2006 Series E	4.65%	2037	\$ 3,040,000	\$ -	-	\$ 1,675,000	\$ 1,365,000	\$ -	\$ 1,365,000	\$ -	
Total			<u>\$ 3,075,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 1,690,000</u>	<u>\$ 1,365,000</u>	<u>\$ -</u>	<u>\$ 1,365,000</u>	<u>\$ -</u>	
Single Family New Issue Bond Program											
2009 Series A-1	2.49%	2020-2041	\$ 3,960,000	\$ -	\$ 145,000	\$ 705,000	\$ 3,110,000	\$ -	\$ 3,110,000	\$ 130,000	
Total			<u>\$ 3,960,000</u>	<u>\$ -</u>	<u>\$ 145,000</u>	<u>\$ 705,000</u>	<u>\$ 3,110,000</u>	<u>\$ -</u>	<u>\$ 3,110,000</u>	<u>\$ 130,000</u>	
Combined Single Family Indentures Total			<u>\$ 7,895,000</u>	<u>\$ -</u>	<u>\$ 165,000</u>	<u>\$ 2,475,000</u>	<u>\$ 5,255,000</u>	<u>\$ (47,411)</u>	<u>\$ 5,207,589</u>	<u>\$ 130,000</u>	
MF Development Program	Project Name	Range of Interest Rates	Range of Maturities	Bond Activity			Bonds Payable at 9/30/2020	Premium (+) / Discount (-)	Bonds Payable at 9/30/2020	Due Within One Year	
				Bonds Payable at 9/30/2019	New Bonds Issued	Scheduled Maturity Payments					
Series 2017	Pass Through Refunding (Taxable)	3.24%	2049	\$ 22,728,730	\$ -	\$ -	\$ 466,002	\$ 22,762,728	\$ -	\$ 22,762,728	\$ -
Series 2018 A	Woodmont Crossing Apartments	1.90% - 4.35%	2020-2058	25,110,000	-	299,000	-	24,820,000	-	24,820,000	295,000
Series 2018 B-1	Delta Towers and Capitol Vista	Variable	2023	34,395,000	-	-	-	34,395,000	-	34,395,000	-
Series 2018 B-2	Delta Towers and Capitol Vista	2.50% - 4.10%	2022-2039	40,020,000	-	-	-	40,020,000	-	40,020,000	-
Series 2019 A-1 & A-2	Peworth	Variable	2023-2040	12,525,000	-	-	-	12,525,000	-	12,525,000	-
Series 2019 B-1 & B-2	Randle Hills	Variable	2022-2039	25,420,000	-	-	-	25,420,000	-	25,420,000	-
Total				<u>\$ 160,698,730</u>	<u>\$ -</u>	<u>\$ 299,000</u>	<u>\$ 466,002</u>	<u>\$ 159,942,728</u>	<u>\$ -</u>	<u>\$ 159,942,728</u>	<u>\$ 295,000</u>
MF Program											
	DCCH Pool: Euclid Street	5.75%	2020-2039	\$ 1,200,000	\$ -	\$ 25,000	\$ -	\$ 1,175,000	\$ -	\$ 1,175,000	\$ 30,000
	DCCH Pool: Chapin Street	5.75%	2020-2039	1,010,000	-	20,000	-	990,000	-	990,000	20,000
	DCCHA Pass-Through Refunding	3.88%	2020-2045	31,628,093	-	787,939	669,211	30,170,943	(188,497)	29,982,446	825,665
Total				<u>\$ 33,838,093</u>	<u>\$ -</u>	<u>\$ 832,939</u>	<u>\$ 669,211</u>	<u>\$ 32,335,943</u>	<u>\$ (188,497)</u>	<u>\$ 32,147,446</u>	<u>\$ 875,665</u>
Combined MF Program Bonds Total				<u>\$ 194,536,823</u>	<u>\$ -</u>	<u>\$ 1,122,939</u>	<u>\$ 1,135,213</u>	<u>\$ 192,278,671</u>	<u>\$ (188,497)</u>	<u>\$ 192,090,174</u>	<u>\$ 1,170,665</u>
Bonds Total				<u>\$ 202,431,823</u>	<u>\$ -</u>	<u>\$ 1,287,939</u>	<u>\$ 3,610,213</u>	<u>\$ 197,533,671</u>	<u>\$ (235,908)</u>	<u>\$ 197,297,763</u>	<u>\$ 1,300,665</u>

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 6: BONDS PAYABLE AND OTHER DEBT OBLIGATIONS (Continued)**

As of September 30, 2021, the required principal payments for all Agency debt outstanding (including mandatory sinking fund payments but excluding special and optional redemptions) that occurred subsequent to September 30, 2021 and interest payments for each of the next five years and in five-year increments thereafter are as follows:

For the Year Ending September 30,	1988 Collateralized Single Family Mortgage Revenue Bonds		Single Family Mortgage Revenue Bonds		Single Family New Issue Bonds Program	
	Interest	Principal	Interest	Principal	Interest	Principal
2022	\$ 43,669	\$ -	\$ -	\$ -	\$ 58,764	\$ 125,000
2023	43,669	-	-	-	55,589	130,000
2024	43,669	-	-	-	52,352	130,000
2025	43,669	-	-	-	49,178	120,000
2026	43,669	685,000	-	-	46,190	120,000
2027-2031	-	-	-	-	186,128	600,000
2032-2036	-	-	-	-	111,614	585,000
2037-2041	-	-	-	-	41,396	540,000
2042-2046	-	-	-	-	498	40,000
<b>Totals</b>	<b>\$ 218,345</b>	<b>\$ 685,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 601,709</b>	<b>\$ 2,390,000</b>
Unamortized Premium / (Discount)		\$ -		\$ -		\$ -
<b>Bonds Payable</b>		<b>\$ 685,000</b>		<b>\$ -</b>		<b>\$ 2,390,000</b>

For the Year Ending September 30,	Multifamily Development Program		Multifamily Program	
	Interest	Principal	Interest	Principal
2022	\$ 5,875,480	\$ 655,000	\$ 971,698	\$ 709,325
2023	5,856,344	35,515,000	942,559	755,416
2024	8,838,470	1,200,000	911,309	805,766
2025	6,175,535	18,325,000	878,128	858,155
2026	5,925,395	2,315,000	842,627	913,560
2027-2031	28,641,510	20,640,000	3,613,446	5,294,075
2032-2036	26,848,473	14,150,000	2,374,522	7,155,508
2037-2041	20,925,643	64,735,000	805,512	6,548,295
2042-2046	7,345,191	59,990,000	98,820	2,188,693
2047-2051	4,003,473	26,784,902	-	-
2052-2056	1,132,233	5,690,000	-	-
2057-2061	86,783	1,980,000	-	-
<b>Totals</b>	<b>\$ 121,654,530</b>	<b>\$ 251,979,902</b>	<b>\$ 11,438,621</b>	<b>\$ 25,228,793</b>
Unamortized Premium / (Discount)		\$ -		\$ -
<b>Bonds Payable</b>		<b>\$ 251,979,902</b>		<b>\$ 25,228,793</b>

The interest calculations on outstanding variable rate bonds under the Multifamily Development Programs are based on the variable rates in effect on September 30, 2021 and are not indicative of the actual interest expense that will be incurred in future years. As rates vary, variable rate bond interest payments will vary.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 6: BONDS PAYABLE AND OTHER DEBT OBLIGATIONS (Continued)**

The Agency secured a variable rate committed credit line with the PNC Bank, National Association (“PNC Bank”), in the total amount of \$15.0 million to be used for providing interim financing of the costs of extending multi and single family mortgages and/or mortgage-backed securities under the United States Treasury New Issue Bond Program or any subsequent bond program of the Agency as approved by PNC Bank. During the year ended September 30, 2020, the line of credit was repaid in full and the account closed.

In March 2017, DCHFA entered into a grant agreement with the DC DHCD as the sub-recipient in the administration of Community Development Block Grant (“CDBG”) funds. Accordingly, the Agency established a \$3.0 million line of credit with Industrial Bank to serve as a facility to fund Home Purchase Assistance Program (“HPAP”) loans. The credit line is paid down upon receipt of reimbursements for DHCD on a monthly basis. During fiscal year 2020, the line of credit was increased to \$5.0 million. As of September 30, 2021 and 2020, the total outstanding balance of the credit line totaled \$2,582,887 and \$2,047,815, respectively.

**NOTE 7: REBATE LIABILITY**

In accordance with the Internal Revenue Service Code (the “Code”), the Agency has recorded as rebate liability for excess investment earnings in connection with tax-exempt bonds and notes issued after 1981. The excess investment earnings arise due to actual investment yields permitted to be retained by the indentures under the Code. The Code requires 90.0% of such excess investment earnings to be remitted to the United States Treasury every five years and in full at the final redemption of the bonds. Interest income on the Statements of Revenues, Expenses and Change in Net Position is reduced by the rebate liability due to excess investment earnings. The increase/decrease in fair value of investments on the Statements of Revenues, Expenses and Change in Net Position is adjusted by the change in the estimated rebate liability due to the change in fair value of investments. The Revenue Obligation Funds had no rebate liability from interest income or from unrealized gains on investments. For the years ended September 30, 2021 and 2020, the rebate liability in the single family program was \$40,096 and \$40,096, respectively.

The project funds held for borrower and other liabilities include funds contributed by the owners of the projects and/or funds received from low-income housing tax credit equity providers, District agencies, and the Department of Housing and Community Development. The Agency includes in the financial statements, funds received from these providers to the extent of unexpended monies in the project accounts (see Note 3).



**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 8: PROJECT FUNDS HELD FOR BORROWER AND OTHER LIABILITIES**

Under the 1996 Single Family Mortgage Revenue Bonds, the Agency administers grant funds received from the District's DHCD under the U.S. Department of Housing and Urban Development's Home Investment Partnership Program ("HOME"). These funds were either blended with the bond proceeds to yield interest rate subsidy on mortgage loans securitized into mortgage-backed securities or were used to help homebuyers with closing costs, including down-payment assistance. Under the respective grant agreements, the Agency may recycle repayments of HOME funds into its bond programs. There was no transfer by the Agency of HOME funds back to DHCD during fiscal year 2021. As of September 30, 2021 and 2020, total HOME Program restricted assets were \$1,100,773 and \$1,100,773, respectively.

**NOTE 9: PREPAID FEES**

The prepaid fees include funds related to non-refundable construction monitoring fees associated with multifamily financing activities. The prepaid fees are recognized over each project's anticipated construction period.

**NOTE 10: NET POSITION**

**Net Investment in Capital Assets** - Capital Assets include non-depreciable land, as well as, building net of related debt and accumulated depreciation, furniture and equipment net of related accumulated depreciation, leasehold improvements and software net of related accumulated amortization. Net investment in capital assets at September 30, 2021 and 2020 were \$2,198,068 and \$2,556,666, respectively.

**Revenue Obligations Funds** - The Revenue Obligation Funds net position is restricted through debt covenants as collateral for the respective bond issues and credit lines. Combined restricted net position related to the Revenue Obligation Funds as of September 30, 2021 and 2020 were \$28,730,761 and \$27,246,378, respectively.

**Risk Share Program** - Under the General Fund, the initial deposit made to participate in the Risk Sharing Program and the contributions of 1.0% of the FHA-insured mortgage balances in the Risk Sharing Program reserve account are also restricted. The Agency maintained restricted net position related to the HUD Risk-Share Program as of September 30, 2021 and 2020 at \$-0- and \$2,707,841, respectively.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 10: NET POSITION (Continued)**

**McKinney Act Fund** - The Agency qualified for 50.0% of the savings resulting from Financing Adjustment Factors ("FAF") on Section (11)(b) bond refunding transactions. These funds are programmatically restricted as they are only to be used to benefit very low-income persons. As a result, the Agency established a revolving loan fund to provide credit enhancement or loan guarantees, and finance certain special need projects, such as, shelter for the District's homeless and facilities for individuals who have contracted AIDS. Restricted net position related to the McKinney Act Fund as of September 30, 2021 and 2020 was \$9,156,761 and \$8,868,951, respectively.

**Unrestricted Net Position** - As of September 30, 2021 and 2020, under the General Fund were \$115,468,875 and \$100,975,001, respectively, in unrestricted net position. The unrestricted net position is used to support the Agency's issuer credit rating.

**NOTE 11: RETIREMENT PLAN**

The Agency established a 457(b) deferred compensation plan (the "457(b) Plan") for the benefit of its eligible employees effective October 1, 1997. The Plan was amended and changed recordkeepers effective October 1, 2015. The amended Plan allows for an employee match up to 7.0% of an employee's salary on a five-year vesting schedule. Plan expense for the years ended September 30, 2021 and 2020 was \$246,768 and \$233,178, respectively.

**NOTE 12: OTHER INCOME**

The Agency's other income for fiscal year 2021 is comprised of the following:

Description	General Fund	Single Family Program Funds				Multifamily Program Funds	Total
		1986, 1996 Single Family Whole Loan Program	1988 Collateralized Single Family Mortgage Revenue Bonds	1996 Single Family Mortgage Revenue Bonds	Single Family New Issue Bond Program	2017 Multifamily Development Programs	
Tax credit fees	\$ 1,030,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,030,806
Legal fees	450,000	-	-	-	-	-	450,000
Mortgage servicing fees	119,751	-	-	-	-	-	119,751
MIP Risk Share Program	52,098	-	-	-	-	-	52,098
Loan fees	3,371,990	-	-	-	-	-	3,371,990
Recovery of debt	440,772	-	-	-	-	-	440,772
Revenue from release of escrow funds	-	-	-	-	-	3,608,422	3,608,422
Other	1,347,171	-	-	-	-	-	1,347,171
<b>Total</b>	<b>\$ 6,812,588</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,608,422</b>	<b>\$ 10,421,010</b>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 12: OTHER INCOME (Continued)**

The Agency's other income for fiscal year 2020 was comprised of the following:

Description	General Fund	Single Family Program Funds				Multifamily Program Funds	Total
		1986, 1996 Single Family Whole Loan Program	1988 Collateralized Single Family Mortgage Revenue Bonds	1996 Single Family Mortgage Revenue Bonds	Single Family New Issue Bond Program	2017 Multifamily Development Programs	
Tax credit fees	\$ 1,152,407	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,152,407
Legal fees	530,000	-	-	-	-	-	530,000
Mortgage servicing fees	71,252	-	-	-	-	-	71,252
MIP Risk Share Program	57,933	-	-	-	-	-	57,933
Loan fees	1,255,950	-	-	-	-	-	1,255,950
Recovery of debt	538,423	-	-	-	-	-	538,423
Other	642,741	-	-	-	-	104,663	747,404
Total	<u>\$ 4,248,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,663</u>	<u>\$ 4,353,369</u>

**NOTE 13: FEDERAL AND CITY PROGRAMS**

On March 1, 2017, DCHFA signed a Subrecipient Grant Agreement with the District of Columbia Department of Housing and Community Development to administer \$5.7 million of Community Development Block Grant funds, allocated to the District of Columbia by the U.S. Department of HUD under Title 1 of the U.S. Housing and Community Development Act of 1974. During 2020, the Subrecipient Grant Agreement was amended to include HOME Grant Funds. The Community Development Block and HOME Grant funds were used to fund down payment assistance activities and services. During the years ended September 30, 2021 and 2020, respectively, the DCHFA received a funding extension under the program in the total amounts of \$10.6 million and \$11.0 million, which includes \$8.1 million and \$9.5 million, to be funded from federal funds and \$2.5 million and \$1.5 million, to be funded from local funds. As of September 30, 2021 and 2020, the Agency had incurred program expenses of \$9.3 million and \$9.3 million, funded by \$9.3 million and \$9.3 million awards, respectively. Of the program expenses incurred during the years ended September 30, 2021 and 2020, \$7.3 million and \$7.9 million, respectively, were funded by Federal funds and \$2.0 million and \$1.4 million, respectively, were funded by local funds.

In fiscal year 2019, DCHFA, by enactment by the Council of the District of Columbia, established an 18-month pilot program, Reverse Mortgage Insurance and Tax Payment ("ReMIT"), that allows qualified homeowners to apply for and receive up to \$25,000 in financial assistance for payment of past due property taxes and property insurance debts that have put qualified homeowners at risk of foreclosure. The program was extended during fiscal year 2020. DCHFA records a lien on the subject property in the amount of the financial assistance provided to the qualified homeowner, which is subordinate to the reverse mortgage lender in the first position. As of September 30, 2021 and 2020, DCHFA provided \$90,384 and \$190,971, respectively, in financial assistance to qualified homeowners under the program.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 14: COMMITMENTS AND CONTINGENCIES**

As of September 30, 2021, the Agency had total mortgage commitments in the amount of \$211.4 million on projects under construction in the Multifamily Development Program, of which \$126.6 million has been drawn and \$84.8 million remains to be drawn.

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

Since early 2020, there has been a global outbreak of a novel strain of coronavirus ("COVID-19"), which has forced the United States to declare a national emergency, institute "stay-at-home" orders and restrict operations of non-essential businesses. Such actions are adversely impacting many industries. COVID-19 could have a continued and prolonged adverse impact on economic and market conditions and could trigger a period of economic shutdown. The impact of COVID-19 on businesses is evolving, and the extent and duration of the economic fallout from this pandemic remains unclear, making any estimate or assumption as of September 30, 2021 inherently less certain than they would be absent to current and potential impacts of COVID-19. The magnitude and duration of COVID-19 and its impact on the Agency's activities, its borrowers, and investments is uncertain and will mostly depend on future events, which cannot be predicted. As this pandemic continues and if economic conditions worsen, it may have a long-term impact on the Agency's financial position, results of operations and cash flows. The Agency is not able to reliably estimate the length or severity of this outbreak and the related financial impact.

**NOTE 15: CONDUIT DEBT OBLIGATIONS**

The Agency has issued bonds that provide mortgage loan financing for newly constructed or rehabilitated multifamily rental housing development in the District. No individual conduit multifamily project's assets are available to collateralize other project's debt obligations. Neither the faith and credit of the Agency nor the assets of any other Fund have been pledged as security for these bonds. The developments financed are pledged as collateral, and the bonds are payable solely from payments received from the mortgages on the underlying promissory notes. As of September 30, 2021 and 2020, the bonds have an aggregate outstanding principal amount payable of \$1,532,378,518 and \$1,553,896,972, respectively.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 16:     SUBSEQUENT EVENTS**

The events that occur after the date of the Statement of Net Position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the Statement of Net Position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the Statement of Net Position require disclosure in the accompanying notes. Management evaluated the activity of DCHFA through December 29, 2021 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

## **SUPPLEMENTAL INFORMATION**

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**COMBINING STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

<b>ASSETS</b>	<b>General Fund</b>	<b>Single Family Program Fund</b>	<b>Single Family NIBP Fund</b>	<b>Multifamily Program Fund</b>	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>						
<b>Unrestricted current assets:</b>						
Cash and cash equivalents	\$ 32,358,729	\$ -	\$ -	\$ -	\$ 32,358,729	\$ 31,509,181
Investments	15,782,837	-	-	-	15,782,837	24,222,789
Other receivables	3,513,564	-	-	-	3,513,564	2,263,789
Accrued interest receivable	669,159	-	-	-	669,159	478,693
Prepaid fees	302,966	-	-	-	302,966	115,753
Total unrestricted current assets	52,627,255	-	-	-	52,627,255	58,590,205
<b>Restricted current assets:</b>						
Cash and cash equivalents	14,026,703	7,392,752	996,582	16,272,229	38,688,266	43,084,584
Investments	-	-	-	74,415,000	74,415,000	-
Accounts receivable - HPAP Program	1,518,107	-	-	-	1,518,107	1,643,650
Mortgage-backed securities at fair value	-	10,262	-	-	10,262	2,296
McKinney Act loans receivable, net	3,779,076	-	-	-	3,779,076	2,622,709
Accrued interest receivable	-	267,177	8,284	272,678	548,139	1,066,436
Total restricted current assets	19,323,886	7,670,191	1,004,866	90,959,907	118,958,850	48,419,675
TOTAL CURRENT ASSETS	71,951,141	7,670,191	1,004,866	90,959,907	171,586,105	107,009,880
<b>NON-CURRENT ASSETS</b>						
<b>Unrestricted non-current assets:</b>						
Investments	46,234,552	-	-	-	46,234,552	24,177,302
Mortgage and construction loans receivable, net	4,949,448	-	-	-	4,949,448	3,176,451
Due from (to) other funds	2,232,300	(1,901,066)	(149,578)	(181,656)	-	-
Total unrestricted non-current assets	53,416,300	(1,901,066)	(149,578)	(181,656)	51,184,000	27,353,753
<b>Restricted non-current assets:</b>						
Investments held in trust	-	10,000,000	-	131,547,990	141,547,990	123,173,397
Investments in joint ventures	981,668	-	-	-	981,668	885,532
Mortgage-backed securities at fair value	6,783,414	8,537,174	2,234,976	-	17,555,564	16,624,994
Mortgage and construction loans receivable, net	-	330,000	85,000	202,217,697	202,632,697	170,001,119
Loans receivable	1,822,769	-	-	-	1,822,769	1,922,810
McKinney Act loans receivable, net	-	-	-	-	-	2,775,719
Total restricted non-current assets	9,587,851	18,867,174	2,319,976	333,765,687	364,540,688	315,383,571
<b>Capital assets:</b>						
Land	573,000	-	-	-	573,000	573,000
Property and equipment	6,909,120	-	-	-	6,909,120	6,885,237
Less accumulated depreciation and amortization	(5,284,052)	-	-	-	(5,284,052)	(4,901,571)
Total capital assets, net	2,198,068	-	-	-	2,198,068	2,556,666
TOTAL NON-CURRENT ASSETS	65,202,219	16,966,108	2,170,398	333,584,031	417,922,756	345,293,990
<b>TOTAL ASSETS</b>	<b>\$ 137,153,360</b>	<b>\$ 24,636,299</b>	<b>\$ 3,175,264</b>	<b>\$ 424,543,938</b>	<b>\$ 589,508,861</b>	<b>\$ 452,303,870</b>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**COMBINING STATEMENTS OF NET POSITION - (CONTINUED)**  
**SEPTEMBER 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

<b>LIABILITIES AND NET POSITION</b>	<b>General Fund</b>	<b>Single Family Program Fund</b>	<b>Single Family NIBP Fund</b>	<b>Multifamily Program Fund</b>	<b>2021</b>	<b>2020</b>
<b>CURRENT LIABILITIES</b>						
<b>Current liabilities payable from unrestricted assets:</b>						
Accounts payable and accrued liabilities	\$ 232,980	\$ -	\$ -	\$ 1,584,703	\$ 1,817,683	\$ 409,984
Accrued salary and vacation payable	608,591	-	-	-	608,591	711,418
Prepaid fees	3,336,106	-	-	-	3,336,106	3,797,124
Total current liabilities payable from unrestricted assets	4,177,677	-	-	1,584,703	5,762,380	4,918,526
<b>Current liabilities payable from restricted assets:</b>						
Accounts payable and accrued liabilities	-	40,096	4,376	138,853	183,325	183,325
Project funds held for borrower and other liabilities	3,569,092	1,100,773	-	139,843,589	144,513,454	104,584,990
Interest payable	-	14,556	19,837	594,262	628,655	916,614
Current portion of loans payable	2,582,887	-	-	-	2,582,887	2,047,815
Current portion of bonds payable	-	-	125,000	1,364,325	1,489,325	1,300,665
Total current liabilities payable from restricted assets	6,151,979	1,155,425	149,213	141,941,029	149,397,646	109,033,409
Total current liabilities	10,329,656	1,155,425	149,213	143,525,732	155,160,026	113,951,935
<b>NON-CURRENT LIABILITIES</b>						
<b>Non-current liabilities payable from restricted assets:</b>						
Bonds payable - less current portion	-	685,000	2,265,000	275,844,370	278,794,370	195,997,098
Total non-current liabilities payable from restricted assets	-	685,000	2,265,000	275,844,370	278,794,370	195,997,098
<b>TOTAL LIABILITIES</b>	10,329,656	1,840,425	2,414,213	419,370,102	433,954,396	309,949,033
<b>NET POSITION</b>						
Net investment in capital assets	2,198,068	-	-	-	2,198,068	2,556,666
<b>Restricted for:</b>						
Bond fund, collateral and Risk Share Program	-	22,795,874	761,051	5,173,836	28,730,761	29,954,219
McKinney Act Fund	9,156,761	-	-	-	9,156,761	8,868,951
Total restricted net position	9,156,761	22,795,874	761,051	5,173,836	37,887,522	38,823,170
Unrestricted net position	115,468,875	-	-	-	115,468,875	100,975,001
<b>TOTAL NET POSITION</b>	126,823,704	22,795,874	761,051	5,173,836	155,554,465	142,354,837
<b>TOTAL LIABILITIES AND NET POSITION</b>	\$ 137,153,360	\$ 24,636,299	\$ 3,175,264	\$ 424,543,938	\$ 589,508,861	\$ 452,303,870

See Accompanying Independent Auditor's Report.



**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
**YEAR ENDED SEPTEMBER 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	<b>General Fund</b>	<b>Single Family Program Fund</b>	<b>Single Family NIBP Fund</b>	<b>Multifamily Program Fund</b>	<b>2021</b>	<b>2020</b>
<b>OPERATING REVENUES</b>						
Investment interest income	\$ 1,596,456	\$ 653,740	\$ 674	\$ 267,499	\$ 2,518,369	\$ 3,588,311
Mortgage-backed security interest income	122,062	485,898	100,814	-	708,774	733,306
Interest on mortgage and construction loans	-	-	-	5,135,051	5,135,051	7,434,541
Construction and development admin fees	3,103,655	-	-	-	3,103,655	2,780,369
Financing fee income	4,721,625	-	-	-	4,721,625	6,409,195
Bond administration fee income	6,357,252	-	-	-	6,357,252	4,012,843
McKinney Act interest revenue	308,979	-	-	-	308,979	288,898
Application and commitment fees	136,797	-	-	-	136,797	374,964
Other	6,812,588	-	-	3,608,422	10,421,010	4,353,369
Total operating revenues	<u>23,159,414</u>	<u>1,139,638</u>	<u>101,488</u>	<u>9,010,972</u>	<u>33,411,512</u>	<u>29,975,796</u>
<b>OPERATING EXPENSES</b>						
General and administrative	4,147,492	1,653	10,335	1,936,326	6,095,806	4,183,650
Personnel and related costs	5,970,199	-	-	-	5,970,199	6,770,659
Interest expense	-	114,141	68,661	6,336,957	6,519,759	7,562,164
Depreciation and amortization	382,481	-	-	-	382,481	386,627
Trustee fees and other expenses	9,800	4,500	2,750	73,618	90,668	212,601
Total operating expenses	<u>10,509,972</u>	<u>120,294</u>	<u>81,746</u>	<u>8,346,901</u>	<u>19,058,913</u>	<u>19,115,701</u>
<b>OPERATING INCOME</b>	<u><b>12,649,442</b></u>	<u><b>1,019,344</b></u>	<u><b>19,742</b></u>	<u><b>664,071</b></u>	<u><b>14,352,599</b></u>	<u><b>10,860,095</b></u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>						
Federal and city programs:						
Program revenue	9,369,420	-	-	-	9,369,420	9,486,672
Program expenses	(9,369,420)	-	-	-	(9,369,420)	(9,486,672)
(Decrease) increase in fair value of mortgage-backed securities and investments	<u>(951,288)</u>	<u>(150,175)</u>	<u>(32,012)</u>	<u>(19,496)</u>	<u>(1,152,971)</u>	<u>144,299</u>
Total non-operating revenues/(expenses)	<u>(951,288)</u>	<u>(150,175)</u>	<u>(32,012)</u>	<u>(19,496)</u>	<u>(1,152,971)</u>	<u>144,299</u>
Transfers of funds, net	<u>17,091</u>	<u>-</u>	<u>(17,091)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>11,715,245</u>	<u>869,169</u>	<u>(29,361)</u>	<u>644,575</u>	<u>13,199,628</u>	<u>11,004,394</u>
Net position, beginning of year	<u>115,108,459</u>	<u>21,926,705</u>	<u>790,412</u>	<u>4,529,261</u>	<u>142,354,837</u>	<u>131,350,443</u>
Net position, end of year	<u><u>\$ 126,823,704</u></u>	<u><u>\$ 22,795,874</u></u>	<u><u>\$ 761,051</u></u>	<u><u>\$ 5,173,836</u></u>	<u><u>\$ 155,554,465</u></u>	<u><u>\$ 142,354,837</u></u>

See Accompanying Independent Auditor's Report.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	<b>General Fund</b>	<b>Single Family Program Fund</b>	<b>Single Family NIBP Fund</b>	<b>Multifamily Program Fund</b>	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities:</b>						
Interest received on loans	\$ 308,979	\$ -	\$ -	\$ 5,704,651	\$ 6,013,630	\$ 7,451,690
Administrative and financing cash receipts	14,182,532	-	-	-	14,182,532	13,202,407
Other cash receipts	15,013,162	-	-	43,718,297	58,731,459	68,074,151
Payments to vendors	(14,342,147)	(1,653)	(10,335)	(351,623)	(14,705,758)	(12,501,983)
Payments to employees	(6,073,026)	-	-	-	(6,073,026)	(6,705,275)
Net mortgage and construction loans principal receipts / (disbursements)	(909,269)	-	-	(32,631,578)	(33,540,847)	(50,754,742)
Principal and interest received on mortgage-backed securities	25,742,650	2,544,593	927,521	-	29,214,764	5,251,344
Payment for the purchase of mortgage-backed securities	(30,819,770)	-	-	-	(30,819,770)	-
Other cash payments	(9,800)	(4,500)	(2,750)	(73,618)	(90,668)	(212,601)
<b>Net cash provided by operating activities</b>	<b>3,093,311</b>	<b>2,538,440</b>	<b>914,436</b>	<b>16,366,129</b>	<b>22,912,316</b>	<b>23,804,991</b>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Acquisition of capital assets	(23,883)	-	-	-	(23,883)	(368,257)
<b>Net cash used in capital and related financing activities</b>	<b>(23,883)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,883)</b>	<b>(368,257)</b>
<b>Cash Flows from Non-Capital Financing Activities</b>						
Interest paid on bonds and loans	-	(89,907)	(74,637)	(6,595,763)	(6,760,307)	(7,227,969)
Transfer from (to) other funds	1,054,705	-	(17,091)	(1,037,614)	-	-
Proceeds from bond issuances and loans	6,837,617	-	-	92,825,000	99,662,617	656,000
Principal payments on issued debt and loans	(6,302,545)	(1,460,000)	(720,000)	(7,894,976)	(16,377,521)	(6,998,743)
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>1,589,777</b>	<b>(1,549,907)</b>	<b>(811,728)</b>	<b>77,296,647</b>	<b>76,524,789</b>	<b>(13,570,712)</b>
<b>Cash Flows from Investing Activities</b>						
Investment in joint ventures	(96,136)	-	-	-	(96,136)	196,007
Interest received on investments	1,596,456	653,740	674	267,499	2,518,369	3,588,311
Maturities and sales of investments	22,623,379	-	-	-	22,623,379	33,797,958
Purchase of investments	(36,240,677)	-	-	(91,764,927)	(128,005,604)	(54,365,068)
<b>Net cash (used in) provided by investing activities</b>	<b>(12,116,978)</b>	<b>653,740</b>	<b>674</b>	<b>(91,497,428)</b>	<b>(102,959,992)</b>	<b>(16,782,792)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(7,457,773)</b>	<b>1,642,273</b>	<b>103,382</b>	<b>2,165,348</b>	<b>(3,546,770)</b>	<b>(6,916,770)</b>
Cash and cash equivalents, beginning of year	53,843,205	5,750,479	893,200	14,106,881	74,593,765	81,510,535
Cash and cash equivalents, end of year	<u>\$ 46,385,432</u>	<u>\$ 7,392,752</u>	<u>\$ 996,582</u>	<u>\$ 16,272,229</u>	<u>\$ 71,046,995</u>	<u>\$ 74,593,765</u>
<b>Cash, cash equivalents and restricted cash</b>						
Cash and cash equivalents	\$ 32,358,729	\$ -	\$ -	\$ -	\$ 32,358,729	\$ 31,509,181
Restricted cash and cash equivalents	14,026,703	7,392,752	996,582	16,272,229	38,688,266	43,084,584
<b>Total cash, cash equivalents and restricted cash</b>	<u><b>\$ 46,385,432</b></u>	<u><b>\$ 7,392,752</b></u>	<u><b>\$ 996,582</b></u>	<u><b>\$ 16,272,229</b></u>	<u><b>\$ 71,046,995</b></u>	<u><b>\$ 74,593,765</b></u>

See Accompanying Independent Auditor's Report.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**COMBINING STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	<b>General Fund</b>	<b>Single Family Program Fund</b>	<b>Single Family NIBP Fund</b>	<b>Multifamily Program Fund</b>	<b>2021</b>	<b>2020</b>
<b>Reconciliation of Operating Income to Net Cash</b>						
<b>Provided by Operating Activities</b>						
Operating income (loss)	\$ 12,649,442	\$ 1,019,344	\$ 19,742	\$ 664,071	\$ 14,352,599	\$ 10,860,095
Depreciation and amortization	382,481	-	-	-	382,481	386,627
Gain on disposal of assets	-	-	-	-	-	-
Amortization of prepaid items, premiums and discounts on debt	-	47,411	-	188,497	235,908	-
Interest on bonds/loans	-	89,907	74,637	6,407,266	6,571,810	7,227,969
Provision for uncollectible interest revenue	31,339	-	-	-	31,339	31,853
Decrease (increase) in mortgage and construction loans	(909,269)	-	-	(32,631,578)	(33,540,847)	(50,754,742)
Decrease in mortgage-backed securities	25,811,054	2,102,105	834,600	-	28,747,759	4,468,171
Purchases of mortgage-backed securities	(30,819,770)	-	-	-	(30,819,770)	-
Interest received on investments	(1,596,456)	(653,740)	(674)	(267,499)	(2,518,369)	(3,588,311)
<b>Decrease (increase) in assets:</b>						
Accrued interest receivable	(221,805)	(43,410)	(7,893)	569,600	296,492	(253,735)
Other current assets	(187,213)	-	-	-	(187,213)	85,017
Other receivables	(1,124,232)	-	-	-	(1,124,232)	4,123,102
<b>(Decrease) increase in liabilities:</b>						
Accounts payable and accrued liabilities	(279,831)	-	-	1,584,703	1,304,872	205,697
Prepaid items	(461,018)	-	-	-	(461,018)	943,008
Project funds held for borrower and other liabilities	(181,411)	-	-	40,109,875	39,928,464	49,736,045
Accrued interest payable	-	(23,177)	(5,976)	(258,806)	(287,959)	334,195
<b>Net cash provided by operating activities</b>	<b>\$ 3,093,311</b>	<b>\$ 2,538,440</b>	<b>\$ 914,436</b>	<b>\$ 16,366,129</b>	<b>\$ 22,912,316</b>	<b>\$ 23,804,991</b>

See Accompanying Independent Auditor's Report.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY  
SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND  
MORTGAGE-BACKED SECURITIES BY FUND  
SEPTEMBER 30, 2021 AND 2020**

**1988 Collateralized Single Family Mortgage Revenue Bonds as of September 30, 2021**

Asset	Cost	Fair Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Money Market Funds	\$ 4,771,765	\$ 4,771,765	\$ 4,771,765	\$ -	\$ -	\$ -	\$ -
Total Cash and Cash Equivalents	<u>4,771,765</u>	<u>4,771,765</u>	<u>4,771,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Investments</u>							
Investment Agreements	10,000,000	10,000,000	-	10,000,000	-	-	-
Total Investments	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>1988 Collateralized Single Family Mortgage Revenue Bonds Total</b>							
<b>Cash and Investments</b>	<b>\$ 14,771,765</b>	<b>\$ 14,771,765</b>	<b>\$ 4,771,765</b>	<b>\$ 10,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY  
SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND  
MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)  
SEPTEMBER 30, 2021 AND 2020**

**1988 Collateralized Single Family Mortgage Revenue Bonds as of September 30, 2020**

Asset	Cost	Fair Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Money Market Funds	\$ 4,264,287	\$ 4,264,287	\$ 4,264,287	\$ -	\$ -	\$ -	\$ -
Total Cash and Cash Equivalents	<u>4,264,287</u>	<u>4,264,287</u>	<u>4,264,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Investments</u>							
Investment Agreements	10,000,000	10,000,000	-	-	10,000,000	-	-
Total Investments	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	-	-	-	-	-	-	-
Total Mortgage-Backed Securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>1988 Collateralized Single Family Mortgage Revenue Bonds Total</b>							
<b>Cash, Investments and Mortgage-Backed Securities</b>	<b>\$ 14,264,287</b>	<b>\$ 14,264,287</b>	<b>\$ 4,264,287</b>	<b>\$ -</b>	<b>\$ 10,000,000</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY  
SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND  
MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)  
SEPTEMBER 30, 2021 AND 2020**

**1996 Single Family Mortgage Revenue Bonds as of September 30, 2021**

Asset	Cost	Fair Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Money Market Funds	\$ 2,620,987	\$ 2,620,987	\$ 2,620,987	\$ -	\$ -	\$ -	\$ -
Total Cash and Cash Equivalents	<u>2,620,987</u>	<u>2,620,987</u>	<u>2,620,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	1,283,008	1,413,555	10,262	588,127	305,707	509,459	-
Fannie Mae	2,281,116	2,501,058	-	46,684	-	886,379	1,567,995
Freddie Mac	4,105,584	4,632,823	-	-	-	-	4,632,823
Total Mortgage-Backed Securities	<u>7,669,708</u>	<u>8,547,436</u>	<u>10,262</u>	<u>634,811</u>	<u>305,707</u>	<u>1,395,838</u>	<u>6,200,818</u>
<b>1996 Single Family Mortgage Revenue Bonds Total Cash and Mortgage-Backed Securities</b>							
	<b><u>\$ 10,290,695</u></b>	<b><u>\$ 11,168,423</u></b>	<b><u>\$ 2,631,249</u></b>	<b><u>\$ 634,811</u></b>	<b><u>\$ 305,707</u></b>	<b><u>\$ 1,395,838</u></b>	<b><u>\$ 6,200,818</u></b>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**1996 Single Family Mortgage Revenue Bonds as of September 30, 2020**

Asset	Cost	Fair Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Money Market Funds	\$ 1,486,192	\$ 1,486,192	\$ 1,486,192	\$ -	\$ -	\$ -	\$ -
Total Cash and Cash Equivalents	<u>1,486,192</u>	<u>1,486,192</u>	<u>1,486,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Investments</u>							
Investment Agreements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	2,202,125	2,420,558	2,296	718,130	342,470	800,885	556,777
Fannie Mae	2,531,065	2,764,915	-	27,715	30,194	-	2,707,006
Freddie Mac	<u>5,011,218</u>	<u>5,614,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,614,242</u>
Total Mortgage-Backed Securities	<u>9,744,408</u>	<u>10,799,715</u>	<u>2,296</u>	<u>745,845</u>	<u>372,664</u>	<u>800,885</u>	<u>8,878,025</u>
<b>1996 Single Family Mortgage Revenue Bonds Total Cash, Investments and Mortgage-Backed Securities</b>							
	<u>\$ 11,230,600</u>	<u>\$ 12,285,907</u>	<u>\$ 1,488,488</u>	<u>\$ 745,845</u>	<u>\$ 372,664</u>	<u>\$ 800,885</u>	<u>\$ 8,878,025</u>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Single Family NIB Program as of September 30, 2021**

Asset	Cost	Fair Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Money Market Funds	\$ 996,582	\$ 996,582	\$ 996,582	\$ -	\$ -	\$ -	\$ -
Total Cash and Cash Equivalents	<u>996,582</u>	<u>996,582</u>	<u>996,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	1,903,367	2,032,782	-	-	-	-	2,032,782
Fannie Mae	<u>188,753</u>	<u>202,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,194</u>
Total Mortgage-Backed Securities	<u>2,092,120</u>	<u>2,234,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,234,976</u>
<b>Single Family NIB Program Total</b>							
<b>Cash and Mortgage-Backed Securities</b>	<b>\$ 3,088,702</b>	<b>\$ 3,231,558</b>	<b>\$ 996,582</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,234,976</b>

(Continued)



**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Single Family NIB Program as of September 30, 2020**

Asset	Cost	Fair Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Money Market Funds	\$ 893,200	\$ 893,200	\$ 893,200	\$ -	\$ -	\$ -	\$ -
Total Cash and Cash Equivalents	893,200	893,200	893,200	-	-	-	-
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	2,642,702	2,795,663	-	-	-	-	2,795,663
Fannie Mae	284,854	305,925	-	-	-	-	305,925
Total Mortgage-Backed Securities	2,927,556	3,101,588	-	-	-	-	3,101,588
<b>Single Family NIB Program Total</b>							
<b>Cash and Mortgage-Backed Securities</b>	<b>\$ 3,820,756</b>	<b>\$ 3,994,788</b>	<b>\$ 893,200</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,101,588</b>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Multifamily Development Program (MFDP) as of September 30, 2021**

Asset	Cost	Fair Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Demand Money Market Deposits	\$ 3,458,326	\$ 3,458,326	\$ 3,458,326	\$ -	\$ -	\$ -	\$ -
Money Market Funds	11,089,870	11,089,870	11,089,870	-	-	-	-
Total Cash and Cash Equivalents	14,548,196	14,548,196	14,548,196	-	-	-	-
<u>Investments</u>							
Certificate of Deposit	12,525,000	12,525,000	-	12,525,000	-	-	-
Investment Agreements	192,660,000	192,660,000	74,415,000	118,245,000	-	-	-
GSE Obligations	690,525	777,990	-	-	777,990	-	-
Total Investments	205,875,525	205,962,990	74,415,000	130,770,000	777,990	-	-
<b>Multifamily MFDP Program Total</b>							
<b>Cash and Investments</b>	<b>\$ 220,423,721</b>	<b>\$ 220,511,186</b>	<b>\$ 88,963,196</b>	<b>\$ 130,770,000</b>	<b>\$ 777,990</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Multifamily Development Program (MFDP) as of September 30, 2020**

Asset	Cost	Fair Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Non-Money Market Deposits	\$ 4	\$ 4	\$ 4	\$ -	\$ -	\$ -	\$ -
Demand Money Market Deposits	3,195,396	3,195,396	3,195,396	-	-	-	-
Money Market Funds	8,087,609	8,087,609	8,087,609	-	-	-	-
Total Cash and Cash Equivalents	11,283,009	11,283,009	11,283,009	-	-	-	-
<u>Investments</u>							
Investment Agreements	112,376,088	112,360,163	-	112,360,163	-	-	-
GSE Obligations	689,822	813,234	-	-	813,234	-	-
Total Investments	113,065,910	113,173,397	-	112,360,163	813,234	-	-
<b>Multifamily MFDP Program Total</b>							
<b>Cash and Investments</b>	<b>\$ 124,348,919</b>	<b>\$ 124,456,406</b>	<b>\$ 11,283,009</b>	<b>\$ 112,360,163</b>	<b>\$ 813,234</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Multifamily Program as of September 30, 2021**

Asset	Cost	Fair Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Non-Money Market Deposits	\$ 1	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ -
Demand Money Market Deposits	1,483,595	1,483,595	1,483,595	-	-	-	-
Money Market Funds	240,437	240,437	240,437	-	-	-	-
Total Cash and Cash Equivalents	1,724,033	1,724,033	1,724,033	-	-	-	-
Multifamily Program Total Cash	\$ 1,724,033	\$ 1,724,033	\$ 1,724,033	\$ -	\$ -	\$ -	\$ -

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Multifamily Program as of September 30, 2020**

Asset	Cost	Fair Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Money Market Funds	\$ 2,823,872	\$ 2,823,872	\$ 2,823,872	\$ -	\$ -	\$ -	\$ -
Total Cash and Cash Equivalents	<u>2,823,872</u>	<u>2,823,872</u>	<u>2,823,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Multifamily Program Total Cash and Cash Equivalents</b>	<b>\$ 2,823,872</b>	<b>\$ 2,823,872</b>	<b>\$ 2,823,872</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Combined Revenue Obligation Funds and General Fund as of September 30, 2021**

Asset	Cost	Fair Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Non-Money Market Deposits	\$ 5,918,706	\$ 5,918,706	\$ 5,918,706	\$ -	\$ -	\$ -	\$ -
Demand Money Market Deposits	45,408,648	45,408,648	45,408,648	-	-	-	-
Money Market Funds	19,719,641	19,719,641	19,719,641	-	-	-	-
Total Cash and Cash Equivalents	<u>71,046,995</u>	<u>71,046,995</u>	<u>71,046,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Investments</u>							
Certificates of Deposits	16,634,396	16,634,396	3,086,362	13,548,034	-	-	-
U.S. Treasury Obligations	7,676,610	7,656,012	126,475	7,365,991	163,546	-	-
Municipal Obligations	5,315,296	5,320,576	905,762	4,414,814	-	-	-
Investment Agreements	202,660,000	202,660,000	74,415,000	128,245,000	-	-	-
Corporate Obligations	41,437,516	41,342,292	11,664,238	28,299,300	1,378,754	-	-
GSE Obligations	4,283,584	4,367,103	-	3,492,165	874,938	-	-
Total Investments	<u>278,007,402</u>	<u>277,980,379</u>	<u>90,197,837</u>	<u>185,365,304</u>	<u>2,417,238</u>	<u>-</u>	<u>-</u>
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	4,046,703	4,360,355	10,262	588,127	305,707	509,458	2,946,801
Fannie Mae	3,486,279	3,780,766	-	46,684	-	886,379	2,847,703
Freddie Mac	8,874,347	9,424,705	-	-	-	-	9,424,705
Total Mortgage-Backed Securities	<u>16,407,329</u>	<u>17,565,826</u>	<u>10,262</u>	<u>634,811</u>	<u>305,707</u>	<u>1,395,837</u>	<u>15,219,209</u>
<b>Combined General Fund and Revenue Obligation Funds Total</b>							
<b>Cash, Investments and Mortgage-Backed Securities</b>	<b>\$ 365,461,726</b>	<b>\$ 366,593,200</b>	<b>\$ 161,255,094</b>	<b>\$ 186,000,115</b>	<b>\$ 2,722,945</b>	<b>\$ 1,395,837</b>	<b>\$ 15,219,209</b>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Combined Revenue Obligation Funds and General Fund as of September 30, 2020**

Asset	Cost	Fair Value	Maturities (in years)				
			Less than 1	From 1 Up To 5	From 5 Up To 10	From 10 Up To 15	15 and More
<u>Cash and Cash Equivalents</u>							
Non-Money Market Deposits	\$ 6,039,420	\$ 6,039,420	\$ 6,039,420	\$ -	\$ -	\$ -	\$ -
Demand Money Market Deposits	50,999,185	50,999,185	50,999,185	-	-	-	-
Money Market Funds	17,555,160	17,555,160	17,555,160	-	-	-	-
Total Cash and Cash Equivalents	<u>74,593,765</u>	<u>74,593,765</u>	<u>74,593,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Investments</u>							
Certificates of Deposits	4,071,609	4,071,609	3,048,917	1,022,692	-	-	-
U.S. Treasury Obligations	276,951	304,361	-	129,083	175,278	-	-
Municipal Obligations	4,790,000	4,789,378	599,962	4,189,416	-	-	-
Investment Agreements	122,376,088	122,360,163	-	112,360,163	10,000,000	-	-
Corporate Obligations	37,580,619	37,897,579	20,523,806	15,745,083	1,628,690	-	-
GSE Obligations	2,014,151	2,150,398	50,104	1,185,326	914,968	-	-
Total Investments	<u>171,109,418</u>	<u>171,573,488</u>	<u>24,222,789</u>	<u>134,631,763</u>	<u>12,718,936</u>	<u>-</u>	<u>-</u>
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	5,883,671	6,311,899	2,296	718,130	342,470	800,885	4,448,118
Fannie Mae	4,347,799	4,701,149	-	27,715	30,194	-	4,643,240
Freddie Mac	5,011,218	5,614,242	-	-	-	-	5,614,242
Total Mortgage-Backed Securities	<u>15,242,688</u>	<u>16,627,290</u>	<u>2,296</u>	<u>745,845</u>	<u>372,664</u>	<u>800,885</u>	<u>14,705,600</u>
<b>Combined General Fund and Revenue Obligation Funds Total</b>							
<b>Cash, Investments and Mortgage-Backed Securities</b>	<b>\$ 260,945,871</b>	<b>\$ 262,794,543</b>	<b>\$ 98,818,850</b>	<b>\$ 135,377,608</b>	<b>\$ 13,091,600</b>	<b>\$ 800,885</b>	<b>\$ 14,705,600</b>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**1988 Collateralized Single Family Mortgage Revenue Bonds as of September 30, 2021**

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Money Market Funds	\$ 4,771,765	32.3%	Aaa-mf	Moody's	Uncollateralized, Uninsured
Total Cash and Cash Equivalents	<u>4,771,765</u>	<u>32.3%</u>			
<u>Investments</u>					
Investment Agreements	10,000,000	67.7%	Aa2	Moody's	
Total Investments	<u>10,000,000</u>	<u>67.7%</u>			
<b>1988 Collateralized Single Family Mortgage Revenue Bonds Total Cash, Investments and Mortgage-Backed Securities</b>	<b><u>\$ 14,771,765</u></b>	<b><u>100.0%</u></b>			

(Continued)



**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY  
SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND  
MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)  
SEPTEMBER 30, 2021 AND 2020**

**1988 Collateralized Single Family Mortgage Revenue Bonds as of September 30, 2020**

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Money Market Funds	\$ 4,264,287	29.9%	Aaa-mf	Moody's	Uncollateralized, Uninsured
Total Cash and Cash Equivalents	4,264,287	29.9%			
<u>Investments</u>					
Investment Agreements	10,000,000	70.1%	Aa2	Moody's	
Total Investments	10,000,000	70.1%			
<u>Mortgage-Backed Securities</u>					
Ginnie Mae	-	0.0%	Aaa	Moody's	
Total Mortgage-Backed Securities	-	0.0%			
<b>1988 Collateralized Single Family Mortgage Revenue Bonds Total Cash, Investments and Mortgage-Backed Securities</b>	<b>\$ 14,264,287</b>	<b>100.0%</b>			

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**1996 Single Family Mortgage Revenue Bonds as of September 30, 2021**

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Money Market Funds	\$ 2,620,987	23.5%	Aaa-mf	Moody's	
Total Cash and Cash Equivalents	<u>2,620,987</u>	<u>23.5%</u>			
<u>Mortgage-Backed Securities</u>					
Ginnie Mae	1,413,555	12.7%	Aaa	Moody's	
Fannie Mae	2,501,058	22.4%	Aaa	Moody's	
Freddie Mac	<u>4,632,823</u>	<u>41.4%</u>	Aaa	Moody's	
Total Mortgage-Backed Securities	<u>8,547,436</u>	<u>76.5%</u>			
<b>1996 Single Family Mortgage Revenue Bonds Total Cash, Investments and Mortgage-Backed Securities</b>	<b><u>\$ 11,168,423</u></b>	<b><u>100.0%</u></b>			

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**1996 Single Family Mortgage Revenue Bonds as of September 30, 2020**

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Money Market Funds	\$ 1,486,192	12.1%	Aaa-mf	Moody's	
Total Cash and Cash Equivalents	<u>1,486,192</u>	<u>12.1%</u>			
<u>Investments</u>					
Investment Agreements	-	0.0%	Aa3	Moody's	
Total Investments	<u>-</u>	<u>0.0%</u>			
<u>Mortgage-Backed Securities</u>					
Ginnie Mae	2,420,558	19.7%	Aaa	Moody's	
Fannie Mae	2,764,915	22.5%	Aaa	Moody's	
Freddie Mac	5,614,242	45.7%	Aaa	Moody's	
Total Mortgage-Backed Securities	<u>10,799,715</u>	<u>87.9%</u>			
<b>1996 Single Family Mortgage Revenue Bonds Total Cash, Investments and Mortgage-Backed Securities</b>	<b><u>\$ 12,285,907</u></b>	<b><u>100.0%</u></b>			

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Single Family NIB Program as of September 30, 2021**

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Money Market Funds	\$ 996,582	30.8%	Aaa-mf	Moody's	
Total Cash and Cash Equivalents	<u>996,582</u>	<u>30.8%</u>			
<u>Mortgage-Backed Securities</u>					
Ginnie Mae	2,032,782	62.9%	Aaa	Moody's	
Fannie Mae	<u>202,194</u>	<u>6.3%</u>	Aaa	Moody's	
Total Mortgage-Backed Securities	<u>2,234,976</u>	<u>69.2%</u>			
<b>Single Family NIB Program Total Cash and Mortgage-Backed Securities</b>	<b><u>\$ 3,231,558</u></b>	<b><u>100.0%</u></b>			

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Single Family NIB Program as of September 30, 2020**

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Money Market Funds	\$ 893,200	22.4%	Aaa-mf	Moody's	
Total Cash and Cash Equivalents	<u>893,200</u>	<u>22.4%</u>			
<u>Mortgage-Backed Securities</u>					
Ginnie Mae	2,795,663	69.9%	Aaa	Moody's	
Fannie Mae	<u>305,925</u>	<u>7.7%</u>	Aaa	Moody's	
Total Mortgage-Backed Securities	<u>3,101,588</u>	<u>77.6%</u>			
<b>Single Family NIB Program Total Cash and Mortgage-Backed Securities</b>	<b><u>\$ 3,994,788</u></b>	<b><u>100.0%</u></b>			

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Multifamily Development Program (MFDP) as of September 30, 2021**

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Demand Money Market Deposits	\$ 3,458,326	1.6%	P-1	Moody's	
Money Market Funds	11,089,870	5.0%	Aaa-mf	Moody's	
Total Cash and Cash Equivalents	<u>14,548,196</u>	<u>6.6%</u>			
<u>Investments</u>					
Certificate of Deposit	12,525,000	5.7%	Not Rated		Federal Reserve-Held Aaa Collateral
Investment Agreements	99,835,000	45.2%	Aa2	Moody's	
Investment Agreements	54,475,000	24.7%	Aa3	Moody's	
Investment Agreements	38,350,000	17.4%	A1	Moody's	
GSE Obligations	<u>777,990</u>	<u>0.4%</u>	Aaa	Moody's	
Total Investments	<u>205,962,990</u>	<u>93.4%</u>			
<b>Multifamily MFDP Program Total</b>					
<b>Cash and Investments</b>	<b><u>\$ 220,511,186</u></b>	<b><u>100.0%</u></b>			

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Multifamily Development Program (MFDP) as of September 30, 2020**

Asset	Fair Value	Percentage of Total Investments	Credit Rating	Rating Agency	Underlying Securities Credit Rating / Supporting Collateral
<u>Cash and Cash Equivalents</u>					
Non-Money Market Deposits	\$ 4	0.0%	Not Rated		Uncollateralized, Uninsured
Demand Money Market deposit	3,195,396	2.6%	P-1	Moody's	
Money Market Funds	8,087,609	6.5%	Aaa-mf	Moody's	
Total Cash and Cash Equivalents	11,283,009	9.1%			
<u>Investments</u>					
Investment Agreements	99,835,163	80.1%	Aa2	Moody's	
Investment Agreements	12,525,000	10.1%	Not Rated	Moody's	
GSE Obligations	813,234	0.7%	Aaa	Moody's	
Total Investments	113,173,397	90.9%			
<b>Multifamily MFDP Program Total</b>					
<b>Cash and Investments</b>	<b>\$ 124,456,406</b>	<b>100.0%</b>			

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Multifamily Program as of September 30, 2021**

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Non-Money Market Deposits	\$ 1	0.0%	Not Rated		Uncollateralized, Uninsured
Demand Money Market Deposits	1,483,595	86.1%	P-1	Moody's	
Money Market Funds	240,437	13.9%	Aaa-mf	Moody's	
Total Cash and Cash Equivalents	<u>1,724,033</u>	<u>100.0%</u>			
<b>Multifamily Program Total Cash and Investments</b>	<b><u>\$ 1,724,033</u></b>	<b><u>100.0%</u></b>			

(Continued)



**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Multifamily Program as of September 30, 2020**

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Money Market Funds	\$ 2,823,872	100.0%	Aaa-mf	Moody's	
Total Cash and Cash Equivalents	<u>2,823,872</u>	<u>100.0%</u>			
<b>Multifamily Program Total Cash and Cash Equivalents</b>	<b><u>\$ 2,823,872</u></b>	<b><u>100.0%</u></b>			

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Combined Revenue Obligation Funds and General Fund as of September 30, 2021**

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Non-Money Market Deposits	\$ 5,918,705	1.6%	Not Rated	Moody's	Third Party-Held Aaa Collateral
Non-Money Market Deposits	1	0.0%	Not Rated	Moody's	Uncollateralized, Uninsured
Demand Money Market Deposits	37,955,680	10.4%	Not Rated	Moody's	Federal Reserve-Held Aaa Collateral
Demand Money Market Deposits	7,452,968	2.0%	P-1	Moody's	
Money Market Funds	19,719,641	5.4%	Aaa-mf	Moody's	
Total Cash and Cash Equivalents	<u>71,046,995</u>	<u>19.4%</u>			
<u>Investments</u>					
Certificates of Deposits	16,634,396	4.5%	Not Rated		Federal Reserve-Held Aaa Collateral
U.S. Treasury Obligations	7,656,012	2.1%	Aaa	Moody's	
Municipal Obligations	837,831	0.2%	Aa1	Moody's	
Municipal Obligations	4,482,745	1.2%	Aa2	Moody's	
Investment Agreements	109,835,000	29.9%	Aa2	Moody's	
Investment Agreements	54,475,000	14.9%	Aa2	Moody's	
Investment Agreements	38,350,000	10.5%	A1	Moody's	
Corporate Obligations	110,602	0.0%	Aaa	Moody's	
Corporate Obligations	145,991	0.0%	Aa1	Moody's	
Corporate Obligations	635,031	0.2%	Aa2	Moody's	
Corporate Obligations	4,338,323	1.2%	Aa3	Moody's	
Corporate Obligations	2,754,917	0.8%	A1	Moody's	
Corporate Obligations	20,542,402	5.6%	A2	Moody's	
Corporate Obligations	10,418,526	2.8%	A3	Moody's	
Corporate Obligations	2,396,500	0.7%	Baa2	Moody's	
GSE Obligations	4,367,103	1.2%	Aaa	Moody's	
Total Investments	<u>277,980,379</u>	<u>75.8%</u>			

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Combined Revenue Obligation Funds and General Fund as of September 30, 2021**

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Mortgage-Backed Securities</u>					
Ginnie Mae	4,360,355	1.2%	Aaa	Moody's	
Fannie Mae	3,780,766	1.0%	Aaa	Moody's	
Freddie Mac	9,424,705	2.6%	Aaa	Moody's	
Total Mortgage-Backed Securities	<u>17,565,826</u>	<u>4.8%</u>			
 <b>Combined General Fund and Revenue Obligation Funds Total Cash, Investments and Mortgage- Backed Securities</b>					
	<u><b>\$ 366,593,200</b></u>	<u><b>100.0%</b></u>			

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Combined Revenue Obligation Funds and General Fund as of September 30, 2020**

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Non-Money Market Deposits	\$ 6,032,240	2.3%	Not Rated	Moody's	Third Party-Held Aaa Collateral
Non-Money Market Deposits	7,180	0.0%	Not Rated	Moody's	Uncollateralized, Uninsured
Demand Money Market Deposits	34,050,691	13.0%	Not Rated	Moody's	Federal Reserve-Held Aaa Collateral
Demand Money Market Deposits	16,948,494	6.4%	P-1	Moody's	
Money Market Funds	17,555,160	6.7%	Aaa-mf	Moody's	
Total Cash and Cash Equivalents	<u>74,593,765</u>	<u>28.4%</u>			
<u>Investments</u>					
Certificates of Deposits	4,071,609	1.5%	Not Rated	Moody's	Federal Reserve-Held Aaa Collateral
U.S. Treasury Obligations	304,361	0.1%	Aaa	Moody's	
Municipal Obligations	652,546	0.2%	Aa1	Moody's	
Municipal Obligations	4,136,832	1.6%	Aa2	Moody's	
Investment Agreements	109,835,163	41.9%	Aa2	Moody's	
Investment Agreements	12,525,000	4.8%	Aa2	Moody's	Standard & Poors A2
Corporate Obligations	114,259	0.0%	Aaa	Moody's	
Corporate Obligations	323,164	0.1%	Aa1	Moody's	
Corporate Obligations	1,745,057	0.7%	Aa2	Moody's	
Corporate Obligations	4,341,875	1.7%	Aa3	Moody's	
Corporate Obligations	2,873,622	1.1%	A1	Moody's	
Corporate Obligations	17,324,147	6.6%	A2	Moody's	
Corporate Obligations	9,686,173	3.7%	A3	Moody's	
Corporate Obligations	111,507	0.0%	Baa1	Moody's	
Corporate Obligations	1,377,775	0.5%	Baa2	Moody's	
GSE Obligations	2,150,398	0.8%	Aaa	Moody's	
Total Investments	<u>171,573,488</u>	<u>65.3%</u>			

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**SCHEDULES OF CASH/CASH EQUIVALENTS, INVESTMENTS AND**  
**MORTGAGE-BACKED SECURITIES BY FUND (CONTINUED)**  
**SEPTEMBER 30, 2021 AND 2020**

**Combined Revenue Obligation Funds and General Fund as of September 30, 2020**

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Mortgage-Backed Securities</u>					
Ginnie Mae	6,311,899	2.4%	Aaa	Moody's	
Fannie Mae	4,701,149	1.8%	Aaa	Moody's	
Freddie Mac	5,614,242	2.1%	Aaa	Moody's	
Total Mortgage-Backed Securities	<u>16,627,290</u>	<u>6.3%</u>			
 <b>Combined General Fund and Revenue Obligation Funds Total Cash, Investments and Mortgage- Backed Securities</b>					
	<u><b>\$ 262,794,543</b></u>	<u><b>100.0%</b></u>			

See Accompanying Independent Auditor's Report.

Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors  
District of Columbia Housing Finance Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the District of Columbia Housing Finance Agency (the "Agency"), a component unit of the Government of the District of Columbia, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 29, 2021.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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



Baltimore, Maryland  
December 29, 2021



**To report fraud, waste, abuse, or mismanagement:**

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



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