

AUDIT REPORT

Home Purchase Assistance Program Fund (1060027)
Annual Financial Statements and Independent Auditor's Reports
Fiscal Year 2024
OIG No. 24-1-14DB

January 31, 2025



DANIEL W. LUCAS
INSPECTOR GENERAL



OUR MISSION

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

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

OUR VISION

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

OUR VALUES

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

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

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

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

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

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






DISTRICT OF COLUMBIA | OFFICE OF THE INSPECTOR GENERAL

MEMORANDUM

To: The Honorable Muriel Bowser
Mayor of the District of Columbia

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

From: Daniel W. Lucas
Inspector General 

Date: January 31, 2025

Subject: **Home Purchase Assistance Program Fund (1060027) Annual
Financial Statements**
OIG No. 24-1-14DB

This memorandum transmits the final *Home Purchase Assistance Program Fund (1060027) Financial Statements and Independent Auditor's Reports* for fiscal year 2024. McConnell Jones, LLP (MJ) conducted the audit and submitted these reports as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for fiscal year 2024.

On January 3, 2025, MJ issued its opinion and concluded that the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States of America. MJ found no material weaknesses in internal control over financial reporting.

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

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 1060027**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023
*(With Independent Auditor's Report)***

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 1060027**

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FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Mayor, Members of the Council of the Government of the District of Columbia, and
Inspector General of the Government of the District of Columbia
Washington, D.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Government of the District of Columbia Home Purchase Assistance Program Fund 1060027 (the Fund), a part of the General Fund of the Government of the District of Columbia, as of and for the years ended September 30, 2024, and 2023, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Home Purchase Assistance Program as of September 30, 2024, and 2023, and the respective changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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



McConnell Jones

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2025 on our consideration of Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

McConnell Jones LLP

Washington, D.C.
January 3, 2025

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 1060027
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024 AND 2023 (UNAUDITED)

The following is a discussion and analysis of the Government of the District of Columbia's (District) Home Purchase Assistance Program Fund 1060027 (the Fund) financial performance for the fiscal years ended September 30, 2024 and 2023. The financial statements and accompanying notes on pages 10 through 12 should be read in conjunction with this discussion.

Basic Financial Statements

The Fund's basic financial statements are comprised of two components: fund financial statements and notes to the financial statements.

- **Fund financial statements.** The governmental financial statements focus primarily on the sources, uses, and balances of current financial resources. The financial statements consist of the balance sheets and statements of revenues, expenditures, and changes in fund balance.
- **Notes to the financial statements.** The notes provide additional information that is essential to fully understand the data provided in the fund financial statements.

2024 Financial Highlights

- Net loans receivable increased by \$2,921,473 or 23% due to the issuance of new loans.
- 34 new loans were issued in FY 2024.
- The Fund's allowance for uncollectible loans receivable as of September 30, 2024 was 11% for amortized loans and 100% for deferred loans. The allowance for amortized is calculated based on the average of 5 years historical collection experience.
- Deferred inflows of resources recorded for the Fund was \$15,463,203, which corresponds to the net loans receivable.

2023 Financial Highlights

- Net loans receivable increased by \$2,650,174 or 27% due to a decrease in the loan allowance.
- 19 new loans were issued in FY 2023.
- The Fund's allowance for uncollectible loans receivable as of September 30, 2023 was 28% for amortized loans and 100% for deferred loans. The allowance for amortized is calculated based on the average of 5 years historical collection experience.
- Deferred inflows of resources recorded for the Fund was \$12,541,730, which corresponds to the net loans receivable.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 1060027
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024 AND 2023 (UNAUDITED)**

Condensed Balance Sheets as of September 30, 2024, 2023 and 2022

| | <u>FY 2024</u> | <u>FY 2023</u> | <u>FY 2022</u> | <u>Change</u> | | | |
|---|----------------|----------------|----------------|------------------|-------|------------------|------|
| | | | | <u>2024-2023</u> | | <u>2023-2022</u> | |
| Total Assets | \$ 15,464,087 | \$ 14,887,222 | \$ 11,638,557 | \$ 576,865 | 4% | \$ 3,248,665 | 28% |
| Total Liabilities and Deferred Inflows | 15,464,061 | 13,664,296 | 9,978,716 | 1,799,765 | 13% | 3,685,580 | 37% |
| Fund Balance | \$ 26 | \$ 1,222,926 | \$ 1,659,841 | \$ (1,222,900) | -100% | \$ (436,915) | -26% |

2024

Assets

- Net loans receivable increased by \$2,921,473, or 23%. The loan allowance decreased by \$232,102, or 1%. The allowance on amortized loans is calculated based on the average of 5 years actual historical collection experience and deferred loans are reserved at 100%.

Liabilities

- Liabilities and Deferred inflows of resources increased by \$1,799,765, or 13%, primarily due to the increased Deferred inflows of resources, which correspond to the net loans receivable.

2023

Assets

- Net loans receivable increased by \$2,650,174, or 27%. The loan allowance decreased by \$2,067,268, or 9%. The allowance on amortized loans is calculated based on the average of 5 years actual historical collection experience and deferred loans are reserved at 100%.

Liabilities

- Liabilities and Deferred inflows of resources increased by \$3,685,581, or 37%, primarily due to the increased Deferred inflows of resources, which correspond to the net loans receivable.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 1060027
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024 AND 2023 (UNAUDITED)

Condensed Statements of Revenues, Expenditures, and Changes in Fund Balance for the years ended September 30, 2024, 2023, and 2022.

| | 2024 | 2023 | 2022 | Change | | | |
|---|----------------|--------------|--------------|--------------|------|----------------|-------|
| | | | | 2024-2023 | | 2023-2022 | |
| Revenues | | | | | | | |
| Principal and Interest Recoveries | \$ 765,000 | \$ 1,221,415 | \$ 1,750,801 | \$ (456,415) | -37% | \$ (529,386) | -30% |
| Total Revenues | 765,000 | 1,221,415 | 1,750,801 | (456,415) | -37% | (529,386) | -30% |
| Expenditures | | | | | | | |
| Loans | 1,987,900 | 1,658,331 | - | 329,569 | 20% | 1,658,331 | 100% |
| Grants, Administration and Other | - | - | 90,960 | - | 0% | (90,960) | -100% |
| Total Expenditures | 1,987,900 | 1,658,331 | 90,960 | 329,569 | 20% | 1,567,371 | 1723% |
| Excess of Revenues Over Expenditures | (1,222,900) | (436,916) | 1,659,841 | (785,984) | 180% | (2,096,757) | 126% |
| Transfer Out | - | - | (466,817) | - | 0% | 466,817 | 100% |
| Net Change in Fund Balance | \$ (1,222,900) | \$ (436,916) | \$ 1,193,024 | \$ (785,984) | 180% | \$ (1,629,940) | 137% |

2024

Revenues

- Revenues decreased by \$456,415, or 37%, primarily due to a large decrease in loan payoffs. This follows a trend seen in other loan populations, largely attributable to increasing interest rates and a decline in refinancing and real property sales activity.

Expenditures

- Expenditures increased by \$329,569, or 20%, as the Home Purchase Assistance Program fully utilized all available funding sources for loan activity in FY 2024, due to high demand and higher program benefit levels. Administrative costs were absorbed by other funds. FY 2024 expenditures were limited to small administrative charges in support of the overall program due to the availability of other funding sources in that program year.

2023

Revenues

- Revenues decreased by \$529,386, or 30%, primarily due to a large decrease in loan payoffs. This follows a trend seen in other loan populations, largely attributable to increasing interest rates and a decline in refinancing and real property sales activity.

Expenditures

- Expenditures increased by \$1,567,371, or 1,723%, as the Home Purchase Assistance Program fully utilized all available funding sources for loan activity in FY 2023, due to high demand and higher program benefit levels. Administrative costs were absorbed by other funds. FY 2023 expenditures were limited to small administrative charges in support of the overall program due to the availability of other funding sources in that program year.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 1060027
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024 AND 2023 (UNAUDITED)

- Under Grants, Administration and Other, the FY 2022 amount reflects only administrative costs associated with the program administrator. These costs were absorbed by local sources in FY 2023 and 2024 to maximize the number of loans that could be made with fund resources.

Contact Information:

This report is designed to provide a general financial overview of the District of Columbia Government's Home Purchase Assistance Program Fund 1060027. If you have any questions regarding this report, please contact Beth Spooner, Agency Fiscal Officer of the Department of Housing and Community Development at (202) 442-7173.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 1060027
BALANCE SHEETS AS OF
SEPTEMBER 30, 2024 AND 2023

| | 2024 | 2023 |
|---|----------------------|----------------------|
| ASSETS | | |
| Pooled Cash | \$ 884 | \$ 2,345,492 |
| Loans Receivable, Net | 15,463,203 | 12,541,730 |
| Total Assets | \$ 15,464,087 | \$ 14,887,222 |
| LIABILITIES | | |
| Accounts Payable | \$ 858 | \$ 1,122,566 |
| DEFERRED INFLOWS OF RESOURCES -Unavailable Revenues | 15,463,203 | 12,541,730 |
| FUND BALANCE- Committed | 26 | 1,222,926 |
| Total Liabilities, Deferred Inflows and Fund Balance | \$ 15,464,087 | \$ 14,887,222 |

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

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 1060027
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

| | 2024 | 2023 |
|---|-------------|--------------|
| REVENUES | | |
| Principal and Interest Recoveries | \$ 765,000 | \$ 1,221,415 |
| Total Revenues | 765,000 | 1,221,415 |
| EXPENDITURES | | |
| Loans | 1,987,900 | 1,658,331 |
| Total Expenditures | 1,987,900 | 1,658,331 |
| Deficiency of Revenues Over Expenditures | (1,222,900) | (436,916) |
| Net Change in Fund Balance | (1,222,900) | (436,916) |
| Fund Balance, Beginning | 1,222,926 | 1,659,841 |
| Fund Balance, Ending | \$ 26 | \$ 1,222,926 |

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

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 1060027
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Home Purchase Assistance Program Fund 1060027 was established under the District of Columbia Home Purchase Assistance Fund Act of 1978, which was amended by D.C. Law 21-139, Home Purchase Assistance Program Amendment Act of 2016. D.C. Law 3-70 incorporated The Home Purchase Assistance Program Fund 1060027 into the General Fund where it is accounted for as a separate activity, while retaining its original name. It provides financial assistance to low- and moderate-income persons and District of Columbia Government employees participating in the District of Columbia Employer-Assisted Housing Program. Any unexpended balance at the end of the year shall be reserved as committed fund balance and used to provide authorization to expend for subsequent years subject to the direction of the Mayor. Title 14 Chapter 25 of the D.C. Municipal Regulations (DCMR) provides rules for loans made under the Home Purchase Assistance Program Fund 1060027. The Department of Housing and Community Development (DHCD) is responsible for the administration of the program.

The purpose of the District of Columbia Home Purchase Assistance Program Fund 1060027 is to:

Provide financial assistance to low and moderate income persons, and District of Columbia Government employees participating in the District of Columbia Employer-Assisted Housing Program, and families seeking to purchase homes in the District of Columbia, for the purposes of enabling them to purchase decent, safe, and sanitary homes in the District of Columbia.

The maximum amount of down payment and closing costs assistance that an eligible participant can receive under the program are \$202,000 and \$4,000, respectively.

The Employer-Assisted Housing Program loan maximum is \$20,000, with another \$5,000 available in matching grants. First responders and educators are eligible for an additional \$10,000 in down payment assistance grants, with a maximum matching grant of \$15,000.

Reporting Entity

The financial statements present only the District's Home Purchase Assistance Program Fund 1060027 and do not purport to, and do not present the financial position or changes in financial position of the District's general fund or other funds of the Home Purchase Assistance Program.

Basis of Accounting and Measurement Focus

The Fund's activities are accounted for in the District's general fund, a governmental fund type, which is accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (that is when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to be used to pay liabilities of the current period, which is considered by the District to be 60 days per District's policy. The Fund's loans receivable is not available under this policy and, therefore, is offset by an equal deferred inflows amount. Expenditures are recorded when the related liabilities are incurred.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 1060027
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Fund's fund balance is classified as committed. For the years ending September 30, 2024 and 2023 the Fund has a positive ending fund balance.

NOTE 2 POOLED CASH

The Fund's cash is deposited into an invested pooled account with the District. In accordance with District policies, substantially all its deposits were insured or collateralized with securities held by the District or by its agent in the name of the District.

NOTE 3 LOANS RECEIVABLE

The Fund's loans consist of two types: deferred and amortized.

- Deferred loans allow the borrower to defer payment of the principal until the property purchased ceases to be their principal residence. Except for employee deferred loans, deferred loans with a closing date after March 14, 1997, require repayment to begin after five years. Employee loans are provided under the Employee Assisted Housing Program (EAHP) to employees of the District of Columbia who are first time homebuyers in the District. Repayments on employee loans are deferred until the housing unit is sold, transferred, or ceases to be the borrower's principal residence.
- Amortized loans are required to be paid off over a specific period at a predetermined interest rate.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 1060027
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

As of September 30, 2024, and 2023, loans receivable consisted of the following:

| 2024 | | | | |
|-----------------|--------------------|------------------|--------------------------------|--------------------|
| | Loan Amount | Allowance | Net Loan Receivable | Allowance % |
| Amortized Loans | \$ 17,462,978 | \$ (1,999,775) | \$ 15,463,203 | 11% |
| Deferred Loans | 17,980,850 | (17,980,850) | - | 100% |
| Total | \$ 35,443,828 | \$ (19,980,625) | \$ 15,463,203 | 56% |

| 2023 | | | | |
|-----------------|--------------------|------------------|--------------------------------|--------------------|
| | Loan Amount | Allowance | Net Loan Receivable | Allowance % |
| Amortized Loans | \$ 17,364,279 | \$ (4,822,549) | \$ 12,541,730 | 28% |
| Deferred Loans | 15,390,178 | (15,390,178) | - | 100% |
| Total | \$ 32,754,457 | \$ (20,212,727) | \$ 12,541,730 | 62% |

In FY 2024, allowance for amortized was assessed at 11% based on the average of 5 years actual collections experience, and deferred loans were assessed at 100% of the total outstanding loans balance. In FY 2023, allowance for amortized was assessed at 28% based on the average of 5 years actual collections experience and deferred loans were assessed at 100% of the total outstanding loans balance.

NOTE 4 SUBSEQUENT EVENTS

The Fund's management has evaluated subsequent events through the date this report was available for issuance, which was January 3, 2025. There are no material events that would have an effect on the financial statements.



**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 Mayor, Members of the Council of the Government of the District of Columbia, and
Inspector General of the Government of the District of Columbia
Washington, D.C.

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 Home Purchase Assistance Program Fund 1060027 (the Fund), a part of the General Fund of the Government of the District of Columbia, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 3, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 Fund'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund'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*.



McConnell Jones

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 Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McConnell Jones LLP

Washington, D.C.
January 3, 2025

REPORT WASTE, FRAUD, ABUSE, AND MISMANAGEMENT.

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

 <https://oig.dc.gov>

 oig@dc.gov

