

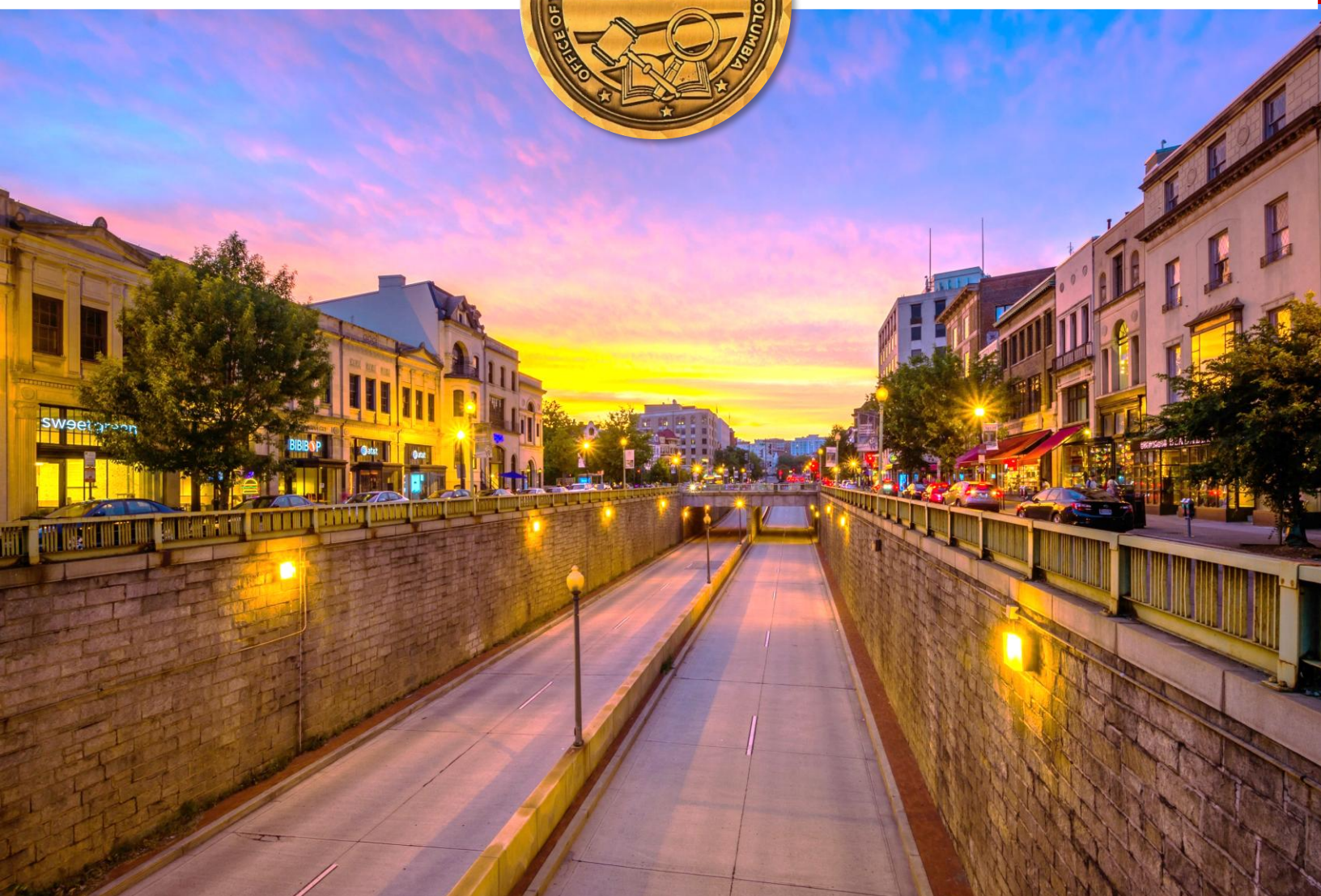
AUDIT REPORT

Northwest One/Temple Courts Redevelopment Corporation
Statement of Net Position Together with Reports of Independent Public
Accountants

Year Ended December 31, 2023

OIG No. 24-2-31HY

April 15, 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: Keith Pettigrew,
Executive Director
District of Columbia Housing Authority

Heather Mueller
Chief Financial Officer
District of Columbia Housing Authority

Raymond Skinner
Board Chair
Stabilization and Reform Board of Commissioners

From: Daniel W. Lucas 
Inspector General

Date: April 15, 2025

Subject: **Northwest One/Temple Courts Redevelopment Corporation**
Statement of Net Position | [OIG No. 24-2-31HY](#)

This memorandum transmits the final *Northwest One/Temple Courts Redevelopment Corporation Statement of Net Position Together with Reports of Independent Public Accountants* for the year ended December 31, 2023. SB & Company (SBC) conducted the audit and submitted these reports as part of our overall contract for the audit of the District of Columbia Housing Authority's basic financial statements for fiscal year 2024.

We received SBC's report on April 11, 2025. In this report, SBC noted one material internal control weakness over financial reporting and issued one recommendation for corrective action. Due to the significance of this issue, SBC did not express an opinion on the agency's financial statements.

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

**NORTHWEST ONE/TEMPLE COURTS
REDEVELOPMENT CORPORATION**

**Statement of Net Position with Reports of
Independent Public Accountants**

As of December 31, 2023

NORTHWEST ONE/TEMPLE COURTS REDEVELOPMENT CORPORATION

Statement of Net Position Together with Reports of Independent Public Accountants

DECEMBER 31, 2023

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Mayor, Members of the Council of the Government of the District of Columbia, the Inspector General of the Government of the District of Columbia, and the Board of Commissioners of the District of Columbia Housing Authority and Northwest One/Temple Courts Redevelopment Corporation
Washington, D.C.

Disclaimer of Opinion

We were engaged to audit the statement of net position of Northwest One/Temple Courts Redevelopment Corporation (Temple Courts) as of December 31, 2023, and the related notes to the statement of net position.

We do not express an opinion on the accompanying statement of net position of Temple Courts. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the accompanying statement of net position.

Basis for Disclaimer of Opinion

During the year ended December 31, 2023, Temple Courts implemented a new computerized accounting system. Because of the implementation of the new accounting system and other issues, we could not obtain sufficient audit evidence to verify amounts in the accompanying statement of net position. As of the date of our audit report, management has not rectified its system deficiencies, or provided support for certain balances related to assets, liabilities, and net position.

Responsibilities of Management for the Statement of Net Position

Management is responsible for the preparation and fair presentation of the statement of net position in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the statement of net position that is free from material misstatement, whether due to fraud or error.

In preparing the statement of net position, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Temple Courts' ability to continue as a going concern for one year after the date that the statement of net position is issued.



Auditor's Responsibilities for the Audit of the Statement of Net Position

Our responsibility was to conduct an audit of Temple Courts' statement of net position in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the statement of net position.

We are required to be independent of Temple Courts and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2025, on our consideration of Temple Courts' internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Temple Courts' internal controls over financial reporting and compliance.

Washington, D.C.
April 7, 2025

SB + Company, LLC

NORTHWEST ONE/TEMPLE COURTS REDEVELOPMENT CORPORATION

Statement of Net Position As of December 31, 2023

ASSETS

Current Assets

Cash	<u>\$ 492,231</u>
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NET POSITION

Unrestricted	<u>\$ 492,231</u>
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The accompanying notes to the statement of net position is an integral part of this statement.

NORTHWEST ONE/TEMPLE COURTS REDEVELOPMENT CORPORATION

Notes to the Statement of Net Position December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

Northwest One/Temple Courts Redevelopment Corporation (Temple Courts) was organized as a nonprofit corporation under the laws of the District of Columbia Nonprofit Corporation Act to acquire, construct, equip, maintain, develop, redevelop, expand, restore, repair, own, and operate Temple Courts Apartments, or to maintain and operate Temple Courts Apartments until such time as Temple Courts develops, expands, or redevelops such affordable housing project, in the furtherance of the Northwest One/Sursum Corda Affordable Protection, Preservation and Production Act of 2006, signed by the Mayor on July 25, 2006.

Temple Courts is wholly owned by and for the benefit, and is an instrumentality of the District of Columbia Housing Authority (DCHA) located in Washington, D.C. The Board of Directors consists of the Executive Director of the District of Columbia Housing Authority, the Chairperson of the District of Columbia Housing Authority Board of Directors, and the Deputy Mayor for Planning and Economic Development. Temple Courts is not subject to Federal or District of Columbia (D.C.) income taxes and is not required to file federal or D.C. income tax returns.

On June 13, 2007, Northwest One/Temple Courts purchased the Temple Courts apartment complex from the previous owners. Immediately after acquisition, Temple Courts began relocation of all residents, with the goal of emptying and demolishing the property. In fiscal year 2008, the property was fully vacated and during fiscal year 2009 demolition occurred at the site. The site is now used as a parking lot.

Reporting Entity

Temple Courts is included as a component unit in the financial statements of DCHA. Temple Courts is presented as a blended component unit in the DCHA financial statements because it is fiscally dependent on DCHA and because of common members of the Board of Commissioners/Directors who serve on the respective Boards.

Basis of Presentation and Accounting

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

NORTHWEST ONE/TEMPLE COURTS REDEVELOPMENT CORPORATION

Notes to the Statement of Net Position December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash

Cash includes all monies in the bank and on hand and are fully collateralized.

Income Tax

Temple Courts is organized exclusively for the charitable purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code, of promoting community welfare by acquiring or constructing housing that is affordable to low income families in D.C., and providing support services to the residents of such housing.

Use of Estimates

The preparation of the statement of net position in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the statement of net position. Actual results could differ from those estimates.

Subsequent Events

Temple Courts has evaluated the accompanying statement of net position for subsequent events and transactions as of April 7, 2025, the date the statement of net position was available for issue and have determined that no material subsequent events have occurred that affect the information presented in the accompanying statement of net position or require additional disclosure.

2. LIQUIDITY AND AVAILABILITY

Temple Courts' financial asset available within one year of the statement of financial position date are as follows:

Cash	<u>\$ 492,231</u>
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Temple Courts has sufficient cash flow to meet its operational needs.

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

To the Mayor, Members of the Council of the Government of the District of Columbia,
the Inspector General of the Government of the District of Columbia, and the
Board of Commissioners of the District of Columbia Housing Authority and
Northwest One/Temple Courts Redevelopment Corporation
Washington, D.C.

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the statement of net position of Northwest One/Temple Courts Redevelopment Corporation (Temple Courts) as of December 31, 2023, and the related notes to the statement of net position, and have issued our disclaimer of an opinion dated April 7, 2025. Our report disclaims an opinion on such statement of net position because we were not able to obtain sufficient audit evidence on certain assets, liabilities and net position to form an opinion.

Report on Internal Controls Over Financial Reporting

In connection with our engagement to audit the statement of net position of Temple Courts, we considered Temple Courts' internal controls over financial reporting (internal controls) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the statement of net position, but not for the purpose of expressing an opinion on the effectiveness of Temple Courts' internal controls. Accordingly, we do not express an opinion on the effectiveness of Temple Courts' internal controls.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of finding and response, we identified a certain deficiency in internal controls that we consider to be a material weaknesses. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *deficiency in internal controls* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of Temple Courts' statement of net position will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of finding and response to be material weaknesses.

Report on Compliance and Other Matters

In connection with our engagement to audit the statement of net position of Temple Courts, 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 statement of net position. However, providing an opinion on compliance with those provisions was not an objective of our engagement, 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*. However, if the scope of our work had been sufficient to enable us to express an opinion on the statement of net position, other instances of noncompliance or other matters may have been identified and reported herein.

Temple Court's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Temple Courts' response to the finding identified in our engagement and described in the accompanying schedule of finding and response. Temple Courts' responses were not subjected to the other auditing procedures applied in the engagement to audit the statement of net position and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Washington, D.C.
April 7, 2025



NORTHWEST ONE/TEMPLE COURTS REDEVELOPMENT CORPORATION

Schedule of Finding and Response December 31, 2023

Finding: 2023-01

Type of Finding: Material Weakness – Financial Closing Process and Verification of Balances

Condition:

SBC noted that Temple Courts lacks an adequate closing process. Additionally, there was no validation to ensure that all material account balances in the general ledger were supported and accurate. The deficiencies in the close process resulted in SBC being unable to obtain sufficient audit evidence to verify or determine the proper accounting for balances related to the statement of net position.

Criteria:

Management must implement a formal financial statement closing process that ensures all material account balances are verified to guarantee the accuracy and completeness of the statement of net position. The process should ensure all transactions of the entity are properly recorded and charged to the correct entity during the year.

Cause:

Management lacked adequate controls over the statement of net position closing process and the verification process for account balances to ensure the year end balances are accurate and all transactions during the year were properly recorded.

Effect:

There was a disclaimer of opinion issued on the statement of net position as of December 31, 2023 because the necessary support to identify incorrect or unsupported account balances was not in place or could not be found. There was also no assurance that all and only transactions related to the entity were properly recorded as of year end.

Recommendation:

SBC recommends that management establish a formal closing process that reconciles and analyzes all material account balances. This process should include specific timelines, defined responsibilities, appropriate supervisory reviews, and the necessary standard journal entries. This process should also ensure all transactions of the entity was properly included in the year end balances.

Management's Response:

Management acknowledges the recommendation. The management team went through several changes in the last few years and there have been delays in producing financial statements in a timely manner. Additionally, there was a financial and payroll software conversion completed in FY24. Management is working on developing a new closing process.



REPORT WASTE, FRAUD, ABUSE, AND MISMANAGEMENT

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