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
January 29, 2021

The Honorable Muriel Bowser
Mayor of the District of Columbia
Mayor’s Correspondence Unit
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:


On December 31, 2020, MJ issued its opinion and concluded that the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States of America. MJ identified no material weaknesses in internal control over financial reporting.

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

Sincerely,

[Signature]
Daniel W. Lucas
Inspector General

DWL/ws

Enclosure

cc: See Distribution List
DISTRIBUTION:

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Mr. Wayne McConnell, Managing Partner, McConnell & Jones LLP (via email)
GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM
FUND 0602

FINANCIAL STATEMENTS

For the Years Ended September 30, 2020 and 2019
(With Independent Auditors’ Report)
GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602

Table of Contents
For the Years Ended September 30, 2020 and 2019

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Report on Internal Controls over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
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INDEPENDENT AUDITORS’ REPORT

Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of the Government of the District of Columbia Home Purchase Assistance Program Fund 0602 (the Fund), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Fund’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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. 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 Fund as of September 30, 2020, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.
Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only the Fund and do not purport to, and do not present fairly the financial position of the Government of the District of Columbia as of September 30, 2020, or the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to the matter.

Other Matters

Prior Period Financial Statements

The financial statements of the Fund as of and for the year ended September 30, 2019 were audited by other auditors. Those auditors expressed an unmodified opinion on those statements in their report dated December 20, 2019.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 through 5, 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2020, on our consideration of the 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

Washington, D.C.
December 31, 2020
The following is a discussion and analysis of the Government of the District of Columbia’s (District) Home Purchase Assistance Program Fund 0602 (the Fund) financial performance for the fiscal years ended September 30, 2020 and 2019. The financial statements and accompanying notes on pages 6 through 10 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 a balance sheet and statement of revenues, expenditures, and changes in fund balances.

- **Notes to the financial statements.** The notes provide additional information that is essential to fully understand the data provided in the fund financial statements.

2020 Financial Highlights

- Net loans receivable decreased by $425,444 or 4%.

- 23 new loans were issued in 2020 totaling $1,390,549.

- The Fund’s allowance for uncollectible loans receivable as of September 30, 2020 was 44% for amortized loans, 0% for deferred loans with expected repayments and 100% for deferred loans without expected repayments. The allowance for amortized and deferred loans with expected repayments was calculated based on the average of 5 years of historical collection experience.

- Unearned revenue recorded for the Fund was $11,046,759, which corresponds to the net loans’ receivable.

2019 Financial Highlights

- Net loans receivable increased by $1,946,039 or 20%.

- 47 new loans were issued in 2019 totaling $1,217,080.

- The Fund’s allowance for uncollectible loans receivable as of September 30, 2019 was 45% for amortized loans, 0% for deferred loans with expected repayments and 100% for deferred loans without expected repayments. The allowance for amortized and deferred loans with expected repayments was calculated based on the average of 5 years historical collection experience.

- Unearned revenue recorded for the Fund was $11,472,203, which corresponds to the net loan receivable.
GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602

Management’s Discussion and Analysis
September 30, 2020 and 2019 (Unaudited)

Condensed Balance Sheets as of September 30, 2020, 2019 and 2018

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$11,423,475</td>
<td>$12,115,051</td>
<td>$10,501,548</td>
<td>$(691,576)</td>
<td>15%</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>11,212,953</td>
<td>11,736,728</td>
<td>9,652,353</td>
<td>(523,775)</td>
<td>22%</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>$210,521</td>
<td>$378,323</td>
<td>$849,195</td>
<td>$(167,802)</td>
<td>-44%</td>
</tr>
</tbody>
</table>

2020

Assets
- Net loans receivable decreased by $425,444, or 4%. The loan allowance decreased by $2,722,986, or 10%. The allowance on amortized and deferred loans with expected repayments is calculated based on the average of 5 years actual historical collection experience, and deferred loans without expected repayments are reserved at 100%. Also, 23 new loans, totaling $1,390,549, were issued from the Fund during the fiscal year.

Liabilities
- Liabilities decreased by $523,775, or 4%, primarily due to decreased accounts payable.

2019

Assets
- Net loans receivable increased by $1,946,039, or 20%. The loan allowance decreased by $2,879,480, or 11%. The allowance on amortized and deferred loans with expected repayments is calculated based on the average of 5 years actual historical collection experience, and deferred loans without expected repayments are reserved at 100%. Also, 47 new loans, totaling $1,217,080, were issued from the Fund during the fiscal year.
GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602

Management’s Discussion and Analysis
September 30, 2020 and 2019 (Unaudited)


<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal and Interest</td>
<td>$1,378,347</td>
<td>$1,833,735</td>
<td>$1,795,905</td>
<td>($455,388)</td>
<td>$37,830</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>-</td>
<td>-</td>
<td>85,500</td>
<td>-100%</td>
<td>-100%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$1,378,347</td>
<td>$1,833,735</td>
<td>$1,881,405</td>
<td>($455,388)</td>
<td>($47,670)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>1,390,549</td>
<td>1,217,080</td>
<td>1,320,259</td>
<td>173,469</td>
<td>(103,179)</td>
</tr>
<tr>
<td>Professional,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractual &amp; Other Services</td>
<td>155,600</td>
<td>238,332</td>
<td>300,000</td>
<td>(82,732)</td>
<td>(61,668)</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>1,546,149</td>
<td>1,455,412</td>
<td>1,620,259</td>
<td>90,737</td>
<td>(164,847)</td>
</tr>
<tr>
<td>Excess Deficit) of Revenue Over Expenditures</td>
<td>($167,802)</td>
<td>378,323</td>
<td>261,146</td>
<td>(546,125)</td>
<td>117,177</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>($167,802)</td>
<td>$378,323</td>
<td>$261,146</td>
<td>($546,125)</td>
<td>117,177</td>
</tr>
</tbody>
</table>

**2020**

**Revenues**
- Revenues decreased by $455,388, or 25%, primarily due to a decrease in loan repayments, and specifically in the amount of loan payoffs, which indicate fewer refinancing or property sales. While some of the revenue decrease is likely related to the impact of COVID-19 on borrowers’ ability to pay, which would be measured in the delinquency rate, the program has worked with only a small number of borrowers to offer a temporary forbearance related to COVID impacts.

**Expenditures**
- Expenditures increased by $90,737, or 6%, due to increase in loan disbursements resulting from a larger average loan amount, offset by a decrease in administrative fees charged by the underwriter.

**2019**

**Revenues**
- Revenues decreased by $47,670, or 3%, primarily due to a decrease in Other Revenue recognized from prior year cost recovery.

**Expenditures**
- Expenditures decreased by $164,846, or 10%, due to smaller average loan amounts disbursed and decrease in professional, contractual and other services.

This report is designed to provide a general financial overview of the District of Columbia Government’s Home Purchase Assistance Program Fund 0602. 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 0602

Balance Sheets as of
September 30, 2020 and 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pooled Cash</td>
<td>$376,715</td>
<td>$560,892</td>
</tr>
<tr>
<td>Loans Receivable, Net</td>
<td>11,046,759</td>
<td>11,472,203</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>-</td>
<td>81,956</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$11,423,475</td>
<td>$12,115,051</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$166,194</td>
<td>$264,525</td>
</tr>
<tr>
<td>Unearned Revenue</td>
<td>11,046,759</td>
<td>11,472,203</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>11,212,953</td>
<td>11,736,728</td>
</tr>
<tr>
<td>Fund Balance- Committed</td>
<td>210,521</td>
<td>378,323</td>
</tr>
<tr>
<td><strong>Total Liabilities and Fund Balance</strong></td>
<td>$11,423,475</td>
<td>$12,115,051</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602

Statements of Revenues, Expenditures, and Changes in Fund Balance
For the Years Ended September 30, 2020 and 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal and Interest</td>
<td>$1,378,347</td>
<td>$1,833,735</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>1,378,347</td>
<td>1,833,735</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>1,390,549</td>
<td>1,217,080</td>
</tr>
<tr>
<td>Professional, Contractual</td>
<td>155,600</td>
<td>238,332</td>
</tr>
<tr>
<td>and Other Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>1,546,149</td>
<td>1,455,412</td>
</tr>
<tr>
<td><strong>Excess (Deficit) of Revenues Over Expenditures</strong></td>
<td>(167,802)</td>
<td>378,323</td>
</tr>
<tr>
<td>Fund Balance, Beginning</td>
<td>378,323</td>
<td>849,195</td>
</tr>
<tr>
<td>Designated Fund Transfer Out</td>
<td>-</td>
<td>(849,195)</td>
</tr>
<tr>
<td>Fund Balance, Ending</td>
<td>$210,521</td>
<td>$378,323</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Home Purchase Assistance Program Fund 0602 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. The Home Purchase Assistance Fund 0602, accounted for in the General Fund as a separate allocable revenue, 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 0602. 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 0602 is to:

- Provide financial assistance to lower and moderate-income residents of the District;
- Enable lower and moderate-income residents to purchase decent, safe, and sanitary homes within the District;
- Enable lower and moderate-income residents to make payments toward the purchase of a home within the District; and
- Enable lower and moderate-income residents to make a shared payment or other payment to a housing cooperative to secure occupancy rights to a home within the District as his or her principal place of residence.

The maximum amount of down payment and closing costs assistance that an eligible participant can receive under the program is $80,000 and $4,000, respectively.

Reporting Entity

The financial statements present only the District’s Home Purchase Assistance Program Fund 0602 and do not purport to, and do not present the financial position of the District 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. Expenditures are recorded when the related liabilities are incurred.

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. As of September 30, 2020, and 2019 the cumulative revenue exceeded the cumulative expenditures, resulting in positive net revenue.

Under the Fiscal Year 2019 Revised Local Budget Emergency Adjustment Act of 2019, D.C. Act 23-75, dated July 8, 2019, the Fund Balance of the Fund as of September 30, 2019 was transferred to the General Fund of the District.

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 ACCOUNTS RECEIVABLE

In 2020, the District changed its loan servicer and loan repayments are received into a District controlled bank account, resulting in no accounts receivable from the loan servicer at September 30, 2020. In 2019, the District had a servicer that received loan repayments, but did not remit those loan and interest payments to the District, totaling $81,956, as of September 30, 2019.

NOTE 4 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 subsequent to March 14, 1997, require repayment to begin after five years. Employee loans are provided under
Employee Assisted Housing Program (EAHP) to employees of the District of Columbia who are first time homebuyers purchasing in the District. Repayments on employee loans are deferred until the housing unit is sold, transferred or cease to be the borrower’s principal residence. In fiscal year 2020 and 2019, the Fund total principal amount of employee deferred loans were $1,958,357.02 and $2,137,531, respectively.

- Amortized loans are required to be paid-off over a specific period at a predetermined interest rate.

As of September 30, 2020, and 2019, loans receivable consisted of the following:

### 2020

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Amount</th>
<th>Allowance</th>
<th>Net Loan Receivable</th>
<th>Allowance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortized Loans</td>
<td>$19,803,598</td>
<td>$8,772,546</td>
<td>$11,031,052</td>
<td>-44%</td>
</tr>
<tr>
<td>Deferred Loans, with expected payments</td>
<td>15,707</td>
<td>-</td>
<td>15,707</td>
<td>0%</td>
</tr>
<tr>
<td>Deferred Loans, with no expected payments</td>
<td>14,955,431</td>
<td>$14,955,431</td>
<td>-</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>$34,774,736</td>
<td>$23,727,977</td>
<td>$11,046,759</td>
<td>-68%</td>
</tr>
</tbody>
</table>

### 2019

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Amount</th>
<th>Allowance</th>
<th>Net Loan Receivable</th>
<th>Allowance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortized Loans</td>
<td>$20,764,215</td>
<td>$9,343,897</td>
<td>$11,420,318</td>
<td>-45%</td>
</tr>
<tr>
<td>Deferred Loans, with expected payments</td>
<td>51,884</td>
<td>-</td>
<td>51,884</td>
<td>0%</td>
</tr>
<tr>
<td>Deferred Loans, with no expected payments</td>
<td>14,227,586</td>
<td>$14,227,586</td>
<td>-</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>$35,043,685</td>
<td>$23,571,482</td>
<td>$11,472,202</td>
<td>-67%</td>
</tr>
</tbody>
</table>

In 2020, allowance for amortized and deferred loans with expected payment was assessed at 44% and 0%, respectively, based on the average of 5 years actual collections experience, and deferred loans with no expected payment were assessed at 100% of the total outstanding loans balance. In 2019, allowance for amortized and deferred loans with expected payment was assessed at 45% and 0%, respectively, based on the average of 5 years actual collections experience, and deferred loans with no expected payment were assessed at 100% of the total outstanding loans balance.

### NOTE 5: SUBSEQUENT EVENTS

The Fund’s management has evaluated subsequent events through the date this report was available for issuance, which was December 31, 2020. There are no material events that would have an effect on the financial statements.
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR’S REPORT


Washington, D.C.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Government of the District of Columbia Home Purchase Assistance Program Fund 0602 (the Fund), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Fund’s basic financial statements, and have issued our report thereon dated December 31, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Washington, D.C.
December 31, 2020