WASHINGTON CONVENTION AND SPORTS AUTHORITY
T/A EVENTS DC

A COMPONENT UNIT OF THE DISTRICT OF COLUMBIA GOVERNMENT

FINANCIAL STATEMENTS
(Together with Report of Independent Public Accountants)
SEPTEMBER 30, 2023, and 2022

AND

MANAGEMENT'S DISCUSSION AND ANALYSIS

WASHINGTON CONVENTION AND SPORTS AUTHORITY
FINANCIAL STATEMENTS
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SEPTEMBER 30, 2023 and 2022

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Jones

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Washington Convention and Sports Authority ("the Authority"), a component unit of the Government of the District of Columbia, as of and for the years ended September 30, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the Authority'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 Authority as of September 30, 2023, and 2022, and the respective changes in its financial position and, where applicable, its cash flows 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 Authority 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 Authority'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 Authority'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.

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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 opinion. 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 Authority'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 Authority'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 as listed 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 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

McConnell Jones

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.

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

McConnell Jones LLP

Washington, D.C.
January 3, 2024

As the management of Washington Convention and Sports Authority (Authority) doing business as Events DC, we present this Management's Discussion and Analysis (MD&A) of the Authority's financial condition and the results of operations for the years ended September 30, 2023, and 2022, with comparative information for 2021. This discussion is a narrative overview and analysis of our financial activities and should be read in conjunction with the accompanying financial statements.

Introduction

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

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

About Our Business

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

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

Sports and Entertainment Division – brings world-class sports, entertainment, cultural and hospitality events to the District while promoting the metropolitan region as a premier destination. It manages and programs the Robert F. Kennedy Memorial Stadium ("RFK Stadium"), the non-military functions of DC Armory, the RFK Festival Grounds, the Skate Park at RFK Stadium, the Fields at RFK, Gateway DC Pavilion, the RISE Demonstration Center and the Entertainment and Sports Arena on the St. Elizabeth East Campus. The Department of General Services (DGS) maintains the Stadium and the Armory based on the

Memorandum of Understanding (MOU) signed with Events DC. The Deputy Mayor for Planning and Economic Development (DMPED) provides the funding for the operation of the Gateway DC and the RISE Demonstration Center, based on the MOU with Events DC.

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

Fiscal Year 2023 Awards

The Walter E Washington Convention Center continued its success as an award-winning convention center around the country and the globe to include the following awards:

- North America's best convention centers for trade shows and events by Exhibitor Group Magazine for the fifth year in a row.
- Best Customer Service and On-Site Support Award by Exhibitor Group.
- LEED (Leadership in Energy and Environmental Design) Gold Certification.
- Silver Stella Award for being the best convention center in the Northeast region by NorthStar Meetings Group

Events DC won four Telly Awards at the 44th Annual Telly Awards. The Telly Awards honor excellence in video and television across all screens and are judged by leaders from video platforms, television, streaming networks, and production companies.

Fiscal Year 2023 Program Highlights

In FY 23, the Authority continued to support the District in administering critical grant programs, including distributing $10 million for grants to DC cultural institutions and distributing $500,000 in community grants to fifty-two non-profit organizations in DC that promote youth participation in the arts and athletics. We also continued to offer signature community-focused programming reaching all eight wards, including Summer Movie Series at the Carnegie Library Lawn, RFK Campus, and the Gateway DC Pavilion. Walking Town DC brought public tours to neighborhoods across the District, our Art All Night activation filled the Carnegie Lawn with visitors, and Costume Carnival and Winter Wonderland brought holiday fun to neighbors. The Safeway Feast of Sharing event at the Convention Center returned to its traditional fully seated-and-served format for the first time since 2019.

The Creative Services Division launched the inaugural International City Food Festival in October, and the Community Engagement Team hosted an inaugural Nonprofit Resource Fair in May for current and prospective community grantees. The Community Grant Program also added a Spanish-language version of the grant application and added information sessions in Spanish for prospective applicants.

Fiscal Year 2023 Financial Highlights

- Operating revenues for FY 23 were $29.4 million, a $4.8 million or 20% increase from fiscal year 2022. This was due to the continued effort of our sales team to book new business and our continued recovery from the COVID-19 pandemic. FY 23 saw an increase in the number of events and revenues. FY 23 actualized 117 events. This is an increase of 48% over the original forecasted numbers of 79 and a 23% increase over the FY 23 goal of 91. Forty-One events were booked as Citywide and MiniWides through Destination DC (DDC); Seventy-Six events were booked by the Events DC Sales team. Events DC saw the return of some of its larger events to include: OTAKON, The Association of the United States Army and the Washington Auto Show. And it welcomed some newcomers to include: The US African Leaders Summit, American Thoracic and ID Week.
- Operating expenses increased by $15.5 million, or 13%, from fiscal year 2022 due to contractual services costs associated with professional services and personnel costs due to increased hirings, salary adjustments to market rates and bonuses for all eligible staff.
- The Authority ended the fiscal year with $424 million in total net position, which is an increase of $21 million, or 5.2%, compared to the fiscal year ended September 30, 2022. This increase in net position is primarily attributed to an increase in total revenues.
- The Authority's long-term liabilities decreased to $15.4 million, or 3.5%, compared to fiscal year 2022, mainly due to payment of the scheduled current portion of outstanding debt.
- The Statements of Cash Flows reflect a decrease in cash and cash equivalents of $4.4 million.

Fiscal Year 2022 Financial Highlights

- Operating revenues for FY22 were $24.6 million, a $11 million or 80% increase from fiscal year 2021. This was due to the continued effort of our sales team to book new business. The increase was also due to a surge of in-person Events beginning around March of 2022, as we saw the decline in COVID-19 cases and the reopening of venues. We saw the return of our larger events This included the OTAKON Event that drew over 40 thousand attendees this year, The Association of the United States Army, AWS Event and American College of Cardiology Event. We held over 98 more events in FY22 compared to FY21.
- Operating expenses increased by $16.9 million, or 16%, from fiscal year 2021 due to contractual services costs associated with professional services. Occupancy expenses, including all utilities, increased due to live events and the return of most staff to the building for work.
- The Authority ended the fiscal year with $407.9 million in total net position, which is an increase of $71.5 million, or 21%, compared to the fiscal year ended September 30, 2021. This increase in net position is primarily attributed to an increase in revenues, as well as the gain from the land and building sale of the Marriott Marquis Hotel.
- The Authority's long-term liabilities decreased to $18.3 million, or 4%, compared to fiscal year 2021, mainly due to payment of the scheduled current portion of outstanding debt.
- The Statements of Cash Flows reflect an increase in cash and cash equivalents of $8.9 million.
- In June 2022, the Authority sold the Marriott Marquis Hotel Building (Plumbers Building) for over $100 million, with a carrying amount of $33.4 million.
- In FY22, the Authority went through a major Enterprise Resource Planning (ERP) Implementation to Oracle Fusion to support its HR, Finance and Procurement departments, housing each department's transactions for the organization under one system.

(1) Overview of the Financial Statements

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

- The Financial Statements are designed to provide readers with a broad overview of the Authority's financial activities in a manner similar to private sector business. These financial statements are prepared in conformity with the U.S. Generally Accepted Accounting Principles (GAAP) applied to governmental units on a full accrual basis. Under this basis of accounting, revenues are recognized in the period they are earned, while expenses are recognized in the period they are incurred. Depreciation and amortization of capital and deferred assets are recognized in the Statement of Revenues, Expenses, and Changes in Net Position. The basic financial statements include the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. This report also includes notes accompanying the statements to explain the activities detailed therein fully.
- The Statements of Net Position present information on all the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources is classified as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Authority's financial situation is improving or declining.
- The Statements of Revenues, Expenses, and Changes in Net Position report both the operating and non-operating revenues and expenses and other changes in net position for the end of the fiscal year.
- The Statements of Cash Flows present information showing how the Authority's cash and cash-equivalents position changed during the fiscal years. The Statements of Cash Flows classify cash receipts and cash payments resulting from operating activities, noncapital financing activities capital and related financing activities, and investing activities.
- The Authority's bonds are rated "Aa3" by Moody's Investor Service, "A+" by Standard & Poor's Global Ratings, and "AA" by Fitch Ratings Services.

(2) Financial Analysis

The following table reflects a summary of the Authority's net position as of September 30, 2023, 2022, and 2021 (in thousands):

Table 1
Condensed Statements of Net Position
(in thousands)

	2023	2022	2021	Percentage change 2023-2022	Percentage change 2022-2021
Assets:					
Current assets	$ 295,393	$ 263,155	$ 137,279	12%	92%
Capital assets, net of accumulated depreciation and amortization	$ 433,739	$ 464,561	$ 522,293	-7%	-11%
Other non-current assets	$ 212,868	$ 203,365	$ 197,011	5%	3%
Total Assets	$ 942,000	$ 931,081	$ 856,583	1%	9%
Deferred outflows of resources	$ 10,010	$ 10,576	$ 11,141	-5%	-5%
Total Assets and Deferred Outflow of Resources	$ 952,010	$ 941,657	$ 867,724	1%	9%
Liabilities:					
Current liabilities	$ 78,992	$ 73,613	$ 51,534	7%	43%
Noncurrent liabilities	$ 427,686	$ 443,097	$ 461,422	-3%	-4%
Total Liabilities	$ 506,678	$ 516,710	$ 512,956	-2%	1%
Deferred Inflow of resources	$ 16,303	$ 16,957	$ 18,278	-4%	-7%
Net Position:					
Net Investment in capital assets	$ 204,810	$ 225,214	$ 237,177	-9%	-5%
Restricted	$ 146,838	$ 131,060	$ 125,242	12%	5%
Unrestricted	$ 77,381	$ 51,716	$ (25,929)	50%	-299%
Total Net Position	$ 429,029	$ 407,990	$ 336,490	5%	21%

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

	For the years ended September 30,			Percentage change	
	2023	**2022**	**2021**	**2023-2022**	**2022-2021**
Operating Revenues:					
Venue Rental	$ 8,286	$ 7,121	$ 5,357	16%	33%
Building Lease rental	$ 617	$ 3,245	$ 3,912	-81%	-17%
Ancillary charges	$ 20,512	$ 14,236	$ 4,376	44%	225%
Total Operating Revenues	$ 29,415	$ 24,602	$ 13,646	20%	80%
Operating Expenses:					
Personal services	$ 38,623	$ 31,797	$ 31,484	21%	1%
Contractual services	$ 48,672	$ 35,325	$ 25,413	38%	39%
Depreciation and Amortization	$ 39,415	$ 45,362	$ 40,722	-13%	11%
Occupancy	$ 6,082	$ 6,204	$ 4,484	-2%	38%
Payments to District	$ -	$ 319	$ 803	-100%	-60%
Miscellaneous	$ 3,393	$ 1,680	$ 947	102%	77%
Net Bad debt (recovery)	$ -	$ -	$ (30)	-	-100%
Total Operating Expenses	$ 136,185	$ 120,687	$ 103,823	13%	16%
Operating loss	$ (106,770)	$ (96,086)	$ (90,177)	11%	7%
Non-operating Revenues and (Expenses):					
Interest income	$ 17,104	$ 1,673	$ 1,126	922%	49%
Dedicated taxes	$ 176,794	$ 122,281	$ 54,932	45%	123%
TIF revenue	$ 15,163	$ 12,029	$ 5,838	26%	106%
Miscellaneous Revenue	$ -	$ 74,318	$ 5,817	-100%	1178%
Bond interest	$ (15,219)	$ (15,108)	$ (19,759)	1%	-24%
Marketing agencies payments	$ (32,601)	$ (15,308)	$ (6,085)	113%	152%
Hospitality & Tourism Relief and other Grants	$ -	$ -	$ (822)	-	-100%
Miscellaneous Expenses	$ (24,405)	$ (12,300)	$ (8,080)	98%	52%
Total Non-operating Revenues and (Expenses)	$ 136,836	$ 167,586	$ 32,967	-18%	408%
Excess Cash Transfer to District	$ (9,027)	$ -	$ -		
Change in net position	$ 21,039	$ 71,500	$ (57,210)	-71%	-225%
Net Position, beginning of year as Restated	$ 407,990	$ 336,490	$ 393,700	21%	-15%
Net Position, End of Year	$ 429,029	$ 407,990	$ 336,490	5%	21%

2023 - The Authority's total net position increased by $21 million, or 5.2%, for the year ended September 30, 2023. As of September 30, 2023, the Authority had a total net position of $429 million, with the largest portion of the Authority's net position, $204.8 million, or 48%, representing a net investment in capital assets. Of the Authority's remaining net position, $146.8 million, or 34%, reflects resources subject to external restrictions on how they may be used (primarily related to the Authority's bond indenture minimum reserve requirements). The unrestricted net position was $77.4 million.

The unrestricted reserves in the Convention Center operating fund have always been significant enough to offset the negative unrestricted net position from the hotel until FY 2021. The Authority saw its first negative balance in unrestricted reserves in years at a negative $25.9 million. Since that time, the Authorities unrestricted reserves are showing a strong recovery starting with the increase in operating revenues, increase TIF revenues and the sale of the Marriot Marquis Hotel Building in FY 2022. The Authority ends FY 2023 with a positive $77.4 million in unrestricted reserves.

2022 - The Authority's total net position increased by $71.5 million, or 21%, for the year ended September 30, 2022. As of September 30, 2022, the Authority had a total net position of $407.9 million, with the largest portion of the Authority's net position, $225.2 million, or 56%, representing a net investment in capital assets. Of the Authority's remaining net position, $131.1 million, or 33%, reflects resources subject to external restrictions on how they may be used (primarily related to the Authority's bond indenture minimum reserve requirements). The unrestricted net position was $51.7 million.

The unrestricted reserves in the Convention Center operating fund have always been significant enough to offset the negative unrestricted net position from the hotel until FY2021. The unrestricted reserves declined drastically due to the FY2019 excess cash transfer to the District and FY2020 COVID-19 pandemic revenue declines.

Analysis of Changes in Net Position

Revenues

For the fiscal years ended September 30, 2023, 2022, and 2021 the Authority's operating revenues were $29.4 million, $24.6 million, and $13.6 million, respectively.

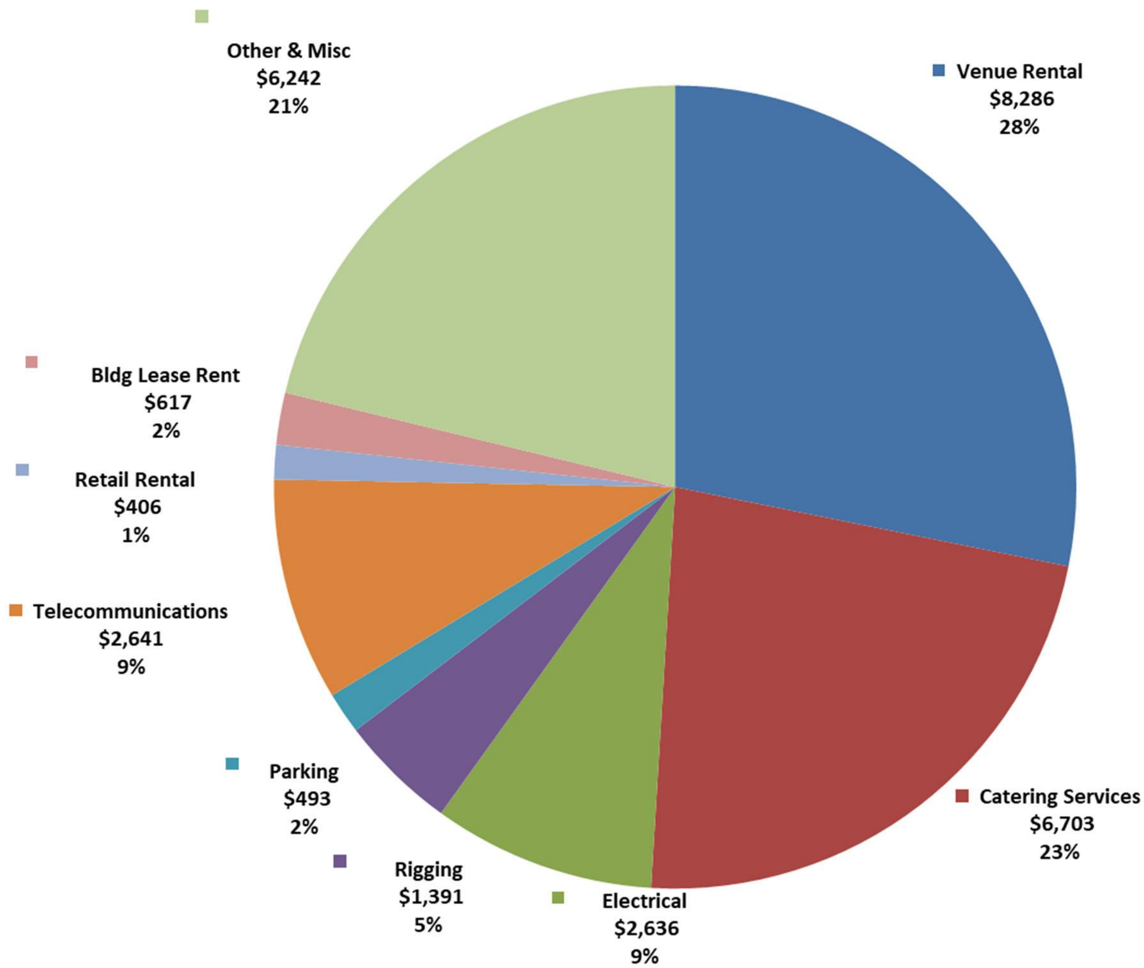
2023 – total operating revenues increased by $4.8 million, or 20%, due to an increase in Events in FY2023 and a full recovery of our Event operations post-pandemic.

Non-operating revenues, Dedicated taxes and TIF revenue, increased by $54.5 million and $3.1 million respectively compared to FY2022. The continued post pandemic surges in economic growth resulted in increases in tax revenue throughout the city, which resulted in increased Dedicated taxes and TIF Revenue.

2022 – total operating revenues increased by $11 million, or 80%, because of post-pandemic surges in events beginning in March 2022

Non-operating revenues, Dedicated taxes and TIF revenue, increased by $67.3 million and $6.2 million respectively compared to FY2021. Post pandemic surges in economic growth resulted in increases in tax revenue throughout the city, which resulted in increased Dedicated taxes and TIF Revenue.

The following is a graphic illustration of 2023 operating revenues by source. (In Thousands)



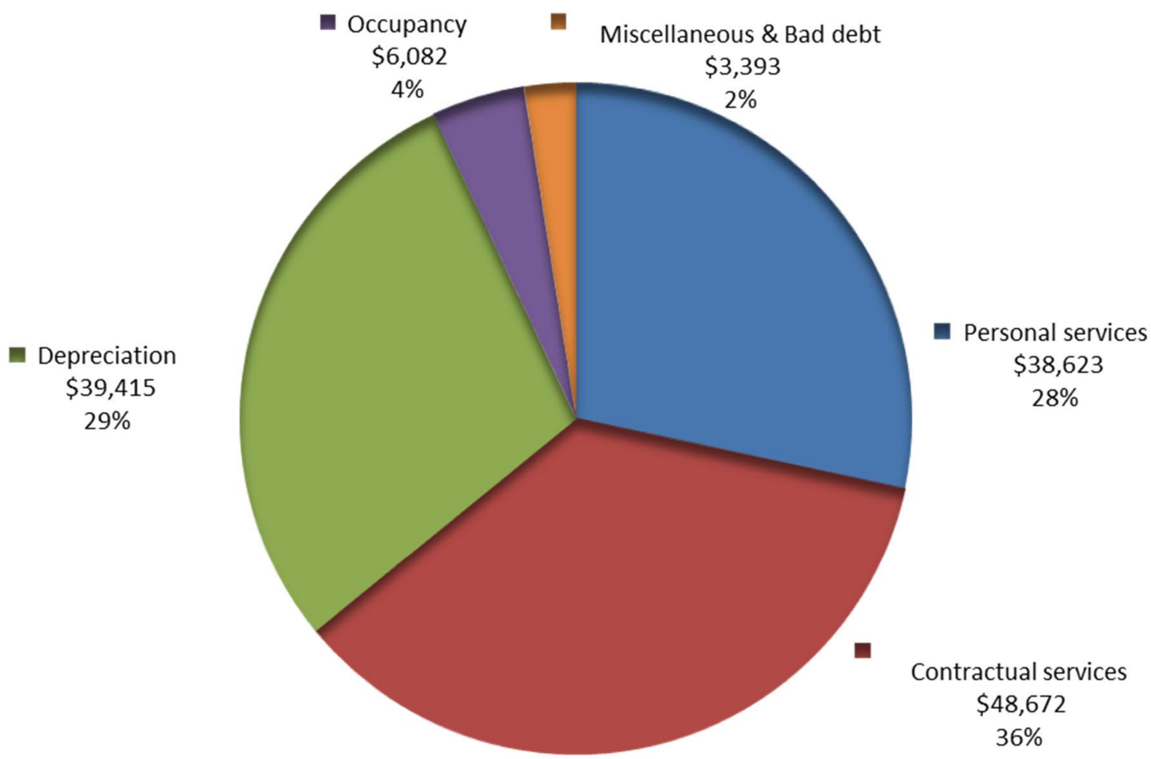
Expenses

For fiscal years 2023, 2022, and 2021, the Authority's total operating expenses were $136.2 million, $120.7 million, and $103.8 million, respectively.

2023 - Total operating expenses increased by $15.5 million, or 13%, from FY2022 primarily due to increased spending to generate revenue and economic impact for the district and strengthen Event DC internal operations. Personnel costs increased by $6.8 million because of aggressive measures taken by management to fill vacant positions in line with the increased level of operations throughout FY2023. Contractual Services related to professional services increased by 13.3 million primarily due to costs to continue the demolition of RFK Stadium, increases cost to support our information technology infrastructure our costs needed to support increased event engagements for fiscal year 2023.

2022 - Total operating expenses increased by $16.9 million, or 16%, from FY2021 mainly due to increased spending to generate revenue and economic impact for the District. Personal services expenses increased by $0.3 million because of measures taken by management to fill vacant positions in line with the increased level of operations throughout FY2022. Occupancy expenses such as electricity, telecommunications, water, sewer, and natural gas increased by $1.7 million, or 38.8%, as a result of measures taken by management in line with increased event operations.

The following is a graphic illustration of 2023 operating expenses. (In Thousands)



(3) Capital Asset and Debt Administration

Capital Assets

The Authority has invested $433.7 million, and $464.6 million in capital assets, net of depreciation as of September 30, 2023, and 2022, respectively. The Authority's 2023 net capital assets decreased by $30.9 million compared to the fiscal year 2022, which was primarily due to the sale of the Marriott Marquis Hotel Building (Plumbers Building) in FY22 and less purchases in other capital assets in FY23.

Table 3 summarizes the Authority's capital assets, net of accumulated depreciation as of September 30, 2023, 2022, and 2021. The changes are presented in detail in Note 4 to the financial statements.

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

							Percentage Change	
		2023		**2022**		**2021**	**2023-2022**	**2022-2021**
Non-depreciable								
Land	$	4,785	$	4,785	$	4,785	0%	0%
Construction in progress	$	18,655	$	20,792	$	13,064	-10%	59%
Artwork	$	2,742	$	2,742	$	2,742	0%	0%
Total non-depreciable capital assets	$	26,182	$	28,319	$	20,591		
Depreciable and Amortizable								
Building	$	769,409	$	769,409	$	769,409	0%	0%
Building improvements	$	62,453	$	60,034	$	50,984	4%	18%
Plumber's building	$	-	$	-	$	33,425	0%	-100%
Stadium structure	$	19,037	$	19,037	$	19,037	0%	0%
Building Improvements/Displays (SED)	$	33,762	$	33,762	$	38,592	0%	-13%
Building-ESA	$	73,976	$	73,976	$	73,976	0%	0%
RFK Multi-Purpose Fields	$	39,261	$	39,261	$	39,261	0%	0%
Parking Lot improvements	$	7,474	$	7,474	$	7,258	0%	3%
Central plant	$	16,335	$	16,265	$	16,265	0%	0%
Carnegie Library	$	14,798	$	14,798	$	14,798	0%	0%
Carnegie Library-building improvements	$	-	$	-	$	1,479	0%	-100%
Financial systems	$	8,399	$	2,930	$	4,349	187%	-33%
Furniture and fixtures	$	37,620	$	36,770	$	35,650	2%	3%
Furniture and fixtures-RFK	$	-	$	-	$	1,652	0%	-100%
Machinery and equipment	$	40,684	$	39,051	$	35,829	4%	9%
Total depreciable and amortizable capital assets	$	1,123,208	$	1,112,767	$	1,141,963		
Less accumulated depreciation and amortization	$	715,651	$	676,526	$	640,261	6%	6%
Net depreciable capital assets	$	407,557	$	436,242	$	501,702		

Debt Administration

The Authority had $441.1 million and $454.1 million in long-term liabilities outstanding, including current maturities, as of September 30, 2023, and 2022, respectively. Principal payments of $13 million and $10.7 million were made during the fiscal years 2023 and 2022, respectively. The Authority's long-term liabilities are summarized below and presented in more detail in the financial statements (see Note 7 for more information on long-term debt).

Table 4
Long-Term Debt Outstanding
(in thousands)

	2023	2022	2021	Percentage change 2023-2022	Percentage change 2022-2021
Bonds Payable, Premium & Deferral	$ 434,977	$ 447,868	$ 466,289	-3%	-4%
Lease Liability	$ 4,267	$ 4,402	$ 4,541	-3%	-3%
Notes Payable-PPP	$ -	$ -	$ 5,251	0%	-100%
Compensated Absences	$ 1,856	$ 1,822	$ 1,816	2%	0%
Total debt outstanding	$ 441,100	$ 454,092	$ 477,897	-3%	-5%
Current portion of debt outstanding	$ 13,040	$ 10,705	$ 16,474	22%	-35%
Debt outstanding less current portion	$ 428,060	$ 443,387	$ 461,422	-3%	-4%

The current portion of debt outstanding includes compensated absences and $244 thousand and $156 thousand, as of September 30, 2023, and 2022, respectively. See Note 7 for detail.

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

(4) Budgetary Controls

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

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

(5) Economic Factors

The District's continued recovery from the COVID-19 pandemic positively impacted the Authority. Operating revenues increased by $4.8 million, or 20%, in FY2023. Dedicated taxes, which are mainly derived from hotel and restaurant taxes increased by $54.5 million, or 45%.

On September 30, 2023, OCFO revenue estimates increased Dedicated tax projections for FY2024 to FY2027 by $26.4 million over the estimates from February 2023 continuing to respond to the economies strong recovery of the hospitality and travel industry from the COVID-19 pandemic. The Authorities FY2024-FY2027 financial plan will be revised in January 2024 in line with the increased Dedicated taxes by funding capital projects that were deferred to balance the budget in March 2023.

(6) Requests for Information

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

WASHINGTON CONVENTION AND SPORTS AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2023 AND 2022
(Dollar Amounts in Thousands)

	2023	2022
Assets		
Current assets:		
Total Cash	$ 15,549	$ 16,971
Cash-Restricted	7,123	10,058
Investment	229,331	207,362
Due From District	20,635	17,536
Accounts Receivable, Net of Allowance for Uncollectible Accounts	15,832	5,850
Prepaid and Others	6,010	4,420
Accrued Interest	913	957
Total current assets	**$ 295,393**	**$ 263,155**
Noncurrent Assets		
Lease Receivable	10,589	17,850
Other Receivables	4,010	10,164
Restricted Investment	198,269	175,351
Non-Depreciable Capital Assets	26,182	28,319
Depreciable and Amortizable Capital Assets, Net	407,557	436,242
Total Noncurrent Assets	**$ 646,607**	**$ 667,926**
Total Assets	942,000	931,080
Total Deferred Outflow of Resources	10,010	10,576
Total Assets and Deferred Outflow of Resources	**$ 952,010**	**$ 941,656**
Liabilities		
Current Liabilities		
Accounts Payable	$ 14,953	$ 14,399
Other Current Liabilities	29,863	27,778
Due to DC Government	1,974	2,276
Compensation Liabilities	2,474	1,563
Unearned Revenue	8,272	8,215
Accrued Interest Payable	8,286	8,542
Lease- Current Portion	130	134
Debt- Current Portion	13,040	10,705
Total Current Liabilities	**$ 78,992**	**$ 73,612**
Noncurrent Liabilities		
Compensated Absences	1,612	1,666
Lease- Long Term	4,137	4,268
Bonds Payable	421,937	437,163
Contributed Capital - Long Term		-
Total Noncurrent Liabilities	427,686	443,097
Total Liabilities	**$ 506,678**	**$ 516,708**
Total Deferred Inflow of Resources	16,303	16,957
Net Position		
Invested in Capital Assets, Net	204,810	225,214
Restricted Net Position:		
Kenilworth Park	144	144
Debt Service & Capitalized	12,414	21,592
Capital Renewal	38,279	33,509
Operating & Marketing fund	59,843	45,067
Debt Service Reserve	36,158	30,748
Unrestricted Net Position	77,381	51,716
Total Net Position	**429,029**	**407,990**
Total Liabilities, Net Position and Deferred Inflow of Resources	**$ 952,010**	**$ 941,656**

WASHINGTON CONVENTION AND SPORTS AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(Dollar Amounts in Thousands)

	2023	2022
Operating Revenue and Expenses		
Operating Revenue:		
Venue Rental	$ 8,286	$ 7,121
Catering Services	6,703	3,596
Electrical Services	2,636	2,375
Rigging Services	1,391	1,345
Parking Revenue	493	526
Telecommunications Services	2,641	2,435
Retail & Office Space Rental	406	735
Advertising & Sponsorship	214	701
Building Lease Rental	617	3,245
Digital Revenue	137	52
Audio and Visual	1,086	751
Miscellaneous Revenue	4,805	1,721
Total Operating Revenues	**29,415**	**24,602**
Operating Expenses:		
Personnel and Payroll Services	38,623	31,797
Contractual Services	48,672	35,325
Occupancy	6,082	6,204
Payment to District	-	319
Miscellaneous Expenses	3,393	1,680
Depreciation Expense	39,415	45,362
Net Bad Debt Expense (Recovery)		-
Total Operating Expenses	**136,185**	**120,687**
Operating Profit /(Loss)	**(106,770)**	**(96,086)**
Nonoperating Revenues and (Expenses)		
Debt Services	(15,219)	(15,108)
Marketing Agencies Payments	(32,601)	(15,308)
Miscellaneous Expenses	(24,405)	(12,300)
Interest Income-Total	17,104	1,673
Dedicated Tax	176,794	122,281
TIF Revenue	15,163	12,029
Miscellaneous -Non-operting		74,319
Total Nonoperating Revenues and (Expenses)	**136,836**	**167,586**
Excess Cash Transfer to District	**(9,027)**	**-**
Increase (Decrease) in Net Position	**21,039**	**71,501**
Net Position, Beginning of Year	**407,990**	**336,490**
Net Position, End of Year	**$ 429,029**	**$ 407,990**

WASHINGTON CONVENTION AND SPORTS AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022
(Dollar Amounts in Thousands)

	2023	2022
Cash flows from operating activities:		
Receipts from Customers	$ 27,534	$ 25,731
Payments to Suppliers	(55,131)	(19,768)
Payments to Employees	(37,766)	(31,618)
Other Receipts (Payments)	(2,269)	1,887
Net cash used in Operating Activities	(67,632)	(23,768)
Cash flows from Noncapital Financing Activities:		
Dedicated Tax Receipts	172,911	110,470
Tax Incremet Financing Tax Receipts	15,163	12,029
Transfer toTourism Responsibility Centers	(32,601)	(15,308)
Other Payments	(24,246)	(13,512)
Other Receipts	(18,905)	64,297
Net cash provided by Noncapital Financing Activities	112,322	157,975
Cash flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(8,592)	(11,955)
Proceeds from disposal of fixed assets	-	24,325
Lease Payments	(135)	(138)
Principal payment of notes	-	(5,251)
Principal payment on bonds	(10,705)	(16,235)
Interest payments	(1,876)	(1,167)
Net cash used in Capital and Related Financing Activities	(21,308)	(10,421)
Cash flows from Investing Activities:		
Proceeds from sale and maturities of investment securities	168,554	121,287
Purchases of investment securities	(213,441)	(237,373)
Interest and dividends on investments	17,148	1,183
Net cash flow provided (used) by investing activities	(27,739)	(114,903)
Net (decrease) increase in cash and cash equivalents	(4,357)	8,883
Cash and Cash Equivalents, Beginning of Year	27,029	18,146
Cash and Cash Equivalents, End of Year	**$ 22,672**	**$ 27,029**
Reconciliation of Operating Loss to Net Cash Used In Operating Activities		
Operating Loss	**$ (106,771)**	**$ (96,086)**
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation	39,415	45,362
Increase (Decrease) Allowance for Doubtful Accounts	(0)	427
Increase in Receivables	(1,937)	(729)
(Increase) in Prepaid Expenses and Other Assets	(1,589)	197
Increase in Accounts Payable	2,126	25,456
(Decrease) Increase in Compensation Liabilities	1,067	173
(Decrease) Increase in Unearned Revenue	57	1,431
Net Cash Used in Operating Activities	**$ (67,632)**	**$ (23,768)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Washington Convention Center and Sports Authority's (The Authority) accounting policies conform to U.S. Generally Accepted Accounting Principles (GAAP) asapplicable to government enterprises. The following is a summary of the Authority's significant accounting policies:

Reporting Entity

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

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

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

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

Events DC receives its funding by generating operating revenues from conventions, meetings, sports events, parking, advertising, sponsorships, and ancillary operations. A significant part of the funding comes from dedicated taxes from the hospitality industry. In addition, it receives interest and dividend income from investments. The dedicated taxes were established pursuant to the WCCA Act. The dedicated taxes consist of separate sales and use tax of 4.45% (of the District's 14.5%) on hotel room charges and a sales and use tax of 1% (of the District's 10%) on restaurant meals, alcoholic beverages consumed on-premises, and rental vehicle charges. Effective October 1, 2017, the hotel room charges of 14.5% changed to 14.8% subsequently raised to 14.95% with an additional 0.3% increase going to Destination DC through the Authority for marketing and promoting the District of Columbia as a destination. The dedicated taxes are collected on behalf of the Authority in accordance with the September 1998 Lockbox and Collection Agreements executed by the Authority, the District, and a financial institution. Effective April 1, 2027, the dedicated taxes were increased from 14.95% to 15.95% with 1% additional sales dedicated to Destination DC to boost tourism in the City. The transfer of the 1% hotel additional sales tax will end in the 1st quarter of FY2027. Destination DC will continue to receive the 0.3% hotel sales tax.

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

Measurement Focus, Basis of Accounting, and Basis of Presentation

The Authority's basic financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The economic measurement focus reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operations, which are included on the Statements of Net Position.

The financial statements have been prepared in accordance with GAAP as prescribed by the Governmental Accounting Standards Board (GASB). They are presented as required by these standards to provide a comprehensive perspective of the Authority's net position, changes in net position, and cash flows.

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

The Authority accounts for its activities in six separate funds: the Operating (C&M) Fund, the Hotel TIF Fund, the Marketing Fund, Capital (C&M) Fund, Operating (SED) RFK Campus Fund, and Operating (SED) Saint Elizabeth's Fund. The following activities are reported in each fund:

a. Operating (C&M) Fund – The operating fund accounts for the transactions related to the convention centers, Carnegie Library's operation and any operational transactions related to National's Park Stadium.

b. Hotel TIF Fund – The Hotel TIF fund accounts for the transactions related to the new hotel andexpansion projects.

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

d. Capital (C&M) Fund – The capital fund accounts for the transactions related to capital improvements for the Convention Center, Carnegie Library, RFK Memorial Stadium, DC Armory, ESA, Gateway, and the National's Park Stadium.

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

f. Operating (St. Elizabeth's) Fund – the operating St. Elizabeth's Fund accounts for transactions related to the operation of ESA and Gateway.

Current and Non-current

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

Use of Restricted Components of Net Position

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

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable, which are recorded at net realizable value, are related to transactions involving building rental (related to events and conferences), electrical, telecommunications, audio-visual, advertising, sponsorships, parking, trade accounts receivable, tenant space rental and miscellaneous transactions. As of September 30, 2023, and 2022, accounts receivable was $15.8 million and $5.8 million, respectively.

Allowance for Uncollectible Accounts

The Authority establishes an allowance for uncollectible accounts for all accounts receivable over 180 days old and based on management's review of specific accounts. As of September 30, 2023, and 2022, the allowance for uncollectible accounts remains $706 thousand and $706 thousand, respectively. These amounts are included in the accounts receivable balance reported on the Statements of Net Position.

Investments

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

Restricted Assets

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

Capital Assets and Depreciation/Amortization

Capital assets are carried at cost. The Authority capitalizes assets with an original cost of $5,000 or greater. Donated capital assets are measured at the acquisition value on the date of donation in accordance with GASB Statement No. 72 *Fair Value Measurement and Application* and right-to-use assets are recorded at the net present value of minimum lease payments including all expected renewal periods. Land and artwork are carried on the Authority's books at cost and are not depreciated. Depreciation and amortization expense is calculated using the straight-line method over the following estimated useful lives:

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

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

Deferred Outflows of Resources

On February 22, 2018, and on May 14, 2021, the Authority defeased series 2010C and Series 2010B bonds and incurred bond refunding costs. The cost is the difference between the reacquisition price and the net carrying amount of the old debts and is deferred and amortized over the remaining life of the old debt Series 2010C and 2021B bonds are amortized over 22 years. As of September 30, 2023, bond refunding costs, which are reflected as a deferred outflow of resources in the Statements of Net Position, totaled $10.0 million.

Deferred Inflows of Resources

Deferred inflows of resources consist of unamortized lease revenue from leases where the Authority leases the space to third parties. As of September 30, 2023, and 2022 the deferred inflows of resources were
$16.3 million and $17.0 million.

Bond Premium and Discount

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

Unearned Revenue

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

Revenue Recognition

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

Compensated Absences

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

Components of Net Position

Net position is reported in the following categories:

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

Restricted - Under the Bond Trust agreements, the Authority is required to maintain specific reserve requirements for debt service, operating and marketing, capital renewal and replacement, marketing, and hotel projects. The Authority held funds in various reserve accounts to meet the requirements. As of September 30, 2023, and 2022, those restricted funds totaled approximately $198.3 million and $175.4 million, respectively.

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

Revenues and Expenses

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

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets andliabilities as of the financial statements' date. Estimates and assumptions may also affect the reported amounts of revenues and expenses. Accordingly, actual results could differ from those estimates.

New Accounting Standards

The Authority implemented the following new GASB Standards for FY23: GASB Statement No. 91 *Conduit Debt Obligations*, No. 93 *Replacement of Interbank Offered Rates*, No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, No. 96 *Subscription-Based Information Technology Arrangements*, and No. 99 *Omnibus 2022*.

New Implementations

The Authority determined that only GASB 94 and 96 were relevant to the organization for FY 23. In reference to GASB 94, the authority reviewed all partnership agreements and determined that GASB 94 was not applicable to these partnership agreements. In reference to GASB 96, The Authority identified five subscription-based IT agreements all agreements were within one year or less and determined to be short-term agreements and all costs relevant incurred for the year were expensed and required no adjustment to meet the GASB 96 requirement.

Future Implementation

The Authority has not determined the impact, if any, that implementation of Statement No. 100 *Accounting Changes and Error Corrections*, and No. 101 *Compensated Absences* will have on its financial statements but will evaluate the impact of these standards in FY 24.

NOTE 2: CASH DEPOSITS AND INVESTMENTS

Cash Deposits

The Authority's cash-carrying amounts as of September 30, 2023, and 2022 were \$22.6 million and \$27 million, respectively. The Authority’s bank balances as of September 30, 2023, and 2022 were \$22.9 million and \$28.6 million, respectively. These bank balances are entirely insured or collateralized with third parties' securities in the Authority's name.

Investments

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

As of September 30, 2023, and 2022, the Authority's investments were in money market, deposit accounts, U.S. guaranteed securities, federal agency securities, and collateralized repurchaseagreements. Federal agency securities and money market investments were rated AAA and/or collateralized.

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

Level 1 - Quoted Prices in Active Markets for Identical Assets

*Level 2 -*Significant Other Observable Inputs

Level 3 - Significant Unobservable Inputs.

The Authority has the following recurring fair value measurements as of September 30, 2023, and 2022.

Investment Instruments Measured at Fair Value
(In Thousands)

		Fair Value Measurement Using		
Investment by Fair Value Level	**9/30/2023**	**Quoted Prices in Active Markets for Identical Assets Level 1**	**Significant Other Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**
Debt Securities				
Repurchase Agreements	$ 32,821	$ 32,821	$ -	$ -
U.S. Treasuries	53,737	53,737	-	-
Total Debt Securities	**$ 86,558**	**$ 86,558**	**$ -**	**$ -**
Investments Measured at the net asset value (NAV)				
Money Market Deposits	$ 341,043			
Total Investement Measured at NAV	**$ 341,043**			
Total Investments Measured at Fair Value	**$ 427,601**			

		Fair Value Measurement Using		
Investment by Fair Value Level	**9/30/2022**	**Quoted Prices in Active Markets for Identical Assets Level 1**	**Significant Other Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**
Debt Securities				
Repurchase Agreements	$ 32,821	$ 32,821	$ -	$ -
U.S. Treasuries	103,989	103,989	-	-
Total Debt Securities	**$ 136,810**	**$ 136,810**	**$ -**	**$ -**
Investments Measured at the net asset value (NAV)				
Money Market Deposits	$ 245,904			
Total Investement Measured at NAV	**$ 245,904**			
Total Investments Measured at Fair Value	**$ 382,714**			

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

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not recover the value of its investments. As of September 30, 2023, and 2022, 8% and 20% of the Authority's investments were held by an insured and collateralized counterparty.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The risk may vary based on the type of investment. As of September 30, 2023, and 2022, all funds were invested in AAA-rated money market funds, federal agency securities and certificates of deposit (CDs), thereby limiting the Authority's exposure to interest rate risk. In accordance with the Authority's investment policy, the investment maturities vary from 1- 5 years.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy limits investments to investments that are highly rated by Moody's or Standard & Poor's. As of September 30, 2023, and 2022, the Authority's investments were all in AAA-rated short-term money market funds, AAA-rated federal agency securities, guaranteed investment contracts, and certificates of deposit.

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

The following tables summarize the minimum reserve requirements and restricted and unrestricted amounts as of September 30, 2023, and 2022 (in thousands).

Reserve Accounts	Investment Balance as of September 30, 2023	Minimum Required Reserve (Restricted)	Available Reserve Above the Required Minimum
Series 2018 A and 2021C Bonds			
Capital Renewal & Replacement	$ 130,356	$ 38,279	$ 92,077
Debt Service Account	16,887	16,887	-
Debt Service Reserve Acct	31,685	31,685	-
Operating & Marketing Reserve Acct	190,320	62,861	127,459
Revenue Account	6,776	-	6,776
Totals	$ 376,025	$ 149,712	$ 226,313
Series 2021 and 2018B Bonds			
Tax Increment Financing Revenue Account	$ 28,023	$ 28,023	$ -
Debt Service Reserve Accounts	23,553	23,553	-
Totals	$ 51,576	$ 51,576	$ -
Total Restricted and non-restricted Investments	$ 427,600	$ 201,287	$ 226,313

Reserve Accounts	Investment Balance as of September 30, 2022	Minimum Required Reserve (Restricted)	Available Reserve Above the Required Minimum
Series 2018 A and 2021C Bonds			
Capital Renewal & Replacement	$ 108,716	$ 33,482	$ 75,234
Debt Service Account	21,545	21,545	-
Debt Service Reserve Acct	30,795	30,795	-
Operating & Marketing Reserve Acct	125,612	41,388	84,224
Revenue Account	47,905	-	47,905
Totals	$ 334,572	$ 127,210	$ 207,363
Series 2021 and 2018B Bonds			
Tax Increment Financing Revenue Account			
Debt Service Reserve Accounts	$ 23,139	$ 23,139	$ -
Totals	25,002	25,002	-
	$ 48,141	$ 48,141	$ -
Total Restricted and non-restricted Investments			
	$ 382,713	$ 175,351	$ 207,363

NOTE 3: OTHER ASSETS

The Authority contributed $47 million in additional funding from its cash reserves to HQ Hotel LLC to facilitate the Marriott Marquis Convention Center Headquarters' Hotel Project development. The contribution, which the Authority characterizes as equity because it is reimbursed from the collection of excess Tax Increment Financing (TIF) revenues generated by the hotel and is therefore technically at risk to the extent such excess revenues are not collected. The contribution was disbursed in the fiscal year 2013 and is recorded as other assets (Receivable). As of September 30, 2023, and 2022, the outstanding balance was $4 million and $10.2 million, respectively.

NOTE 4: CAPITAL ASSETS

Capital asset balances as of September 30, 2023, are summarized as follows *(in thousands)*:

	Balance @ 09/30/2022	Additions	Disposals	Transfers/ Adjustments	Balance @ 09/30/2023
Non-depreciable					
Land	$ 4,785	$ -	$ -	$ -	$ 4,785
Construction In Progress	20,792	2,809	-	(4,946)	18,655
Artwork	2,742	-	-	-	2,742
Total Non-depreciable Capital Assets	**$ 28,319**	**$ 2,809**	**$ -**	**$ (4,946)**	**$ 26,182**
Depreciable and Amortizable					
Building (WEWCC)	769,409	-	-	-	769,409
Building Improvements (WEWCC)	60,034	2,420	-	-	62,453
Stadium Structure	19,037	-	-	-	19,037
Building Improvements/Displays (SED)	33,762	-	-	-	33,762
Building-ESA	73,976	-	-	-	73,976
RFK Multi-Purpose Fields	39,261	-	-	-	39,261
Parking Lot Improvements (SED)	7,474	-	-	-	7,474
Central Plant	16,265	70	-	-	16,335
Right to Use-Building	14,798	-	-	-	14,798
Financial Systems	2,930	5,469	-	-	8,399
Furniture and Fixtures	36,770	1,073	-	(225)	37,620
Machinery and Equipment	39,051	1,634	-	-	40,684
Total Depreciable Capital Assets	**$ 1,112,767**	**$ 10,666**	**$ -**	**$ (225)**	**$ 1,123,208**
Less: Accumulated Depreciation and Amortization					
Building (WEWCC)	498,528	25,647	-	-	524,175
Building Improvements (WEWCC)	22,763	2,591	-	-	25,354
Stadium Structure	19,160	1	-	-	19,161
Building Improvements/Displays (SED)	34,747	-	-	(984)	33,763
Building-ESA and RFK Multi-Purpose Fields	13,791	3,832	-	984	18,607
Parking Lot Improvements	6,240	121	-	-	6,361
Central Plant	15,837	544	-	-	16,381
Right to Use - Building	5,136	493	-	-	5,629
Financial Systems	2,263	1,001	-	-	3,264
Furniture and Fixtures	27,695	1,854	-	(290)	29,259
Machinery and Equipment	30,366	3,331	-	-	33,696
Total Accumulated Depreciation and Amortiza	676,526	39,415	-	(290)	715,651
Total Net Depreciable Capital Assets	**$ 436,241**	**$ (28,749)**	**$ -**	**$ 65**	**$ 407,557**

NOTE 4: CAPITAL ASSETS *(continued)*

Capital asset balances as of September 30, 2022, are summarized as follows *(in thousands)*:

	Balance @ 09/30/2021	Additions	Disposals	Transfers/ Adjustments	Balance @ 09/30/2022
Non-depreciable					
Land	$ 4,785	$ -	$ -	$ -	$ 4,785
Construction In Progress	13,064	6,478	-	1,250	20,792
Artwork	2,742	-	-	-	2,742
Total Non-depreciable Capital Assets	**$ 20,591**	**$ 6,478**	**$ -**	**$ 1,250**	**$ 28,319**
Depreciable and Amortizable					
Building (WEWCC)	$ 769,409	$ -	$ -	$ -	$ 769,409
Building Improvements (WEWCC)	50,984	1,869	-	7,181	60,034
Plumber's Building	33,425		(33,425)	-	-
Stadium Structure	19,037	-	-	-	19,037
Building Improvements/Displays (SED)	38,592	-	-	(4,830)	33,762
Building-ESA	73,976	-	-	-	73,976
RFK Multi-Purpose Fields	39,261	-	-	-	39,261
Parking Lot Improvements (SED)	7,258	216	-	-	7,474
Central Plant	16,265	-	-	-	16,265
Right to Use-Building	14,798	-	-	-	14,798
Carnegie Library-Building Improvements	1,479	-	-	(1,479)	-
Financial Systems	4,349	-	-	(1,419)	2,930
Furniture and Fixtures	35,650	970	-	151	36,770
Furniture and Fixtures (SED)	1,652	-	-	(1,652)	-
Machinery and Equipment	35,829	1,475	-	1,747	39,051
Total Depreciable Capital Assets	$ 1,141,963	$ 4,530	$ (33,425)	$ (301)	$ 1,112,767
Less: Accumulated Depreciation and Amortization					
Building (WEWCC)	$ 472,933	$ 25,595	$ -	$ -	$ 498,528
Building Improvements (WEWCC)	13,501	5,578	-	3,685	22,763
Plumber's Building	8,264	836	(9,100)	-	-
Stadium Structure	19,146	14	-	-	19,160
Building Improvements/Displays (SED)	37,533	545	-	(3,331)	34,747
Building-ESA and RFK Multi-Purpose Fields	10,076	3,715	-	-	13,791
Parking Lot Improvements	6,183	56	-	-	6,240
Central Plant	15,024	813	-	-	15,837
Right to Use - Building	4,631	505	-	-	5,136
Carnegie Library-Building Improvements	301	53	-	(354)	-
Financial Systems	1,963	300	-	-	2,263
Furniture and Fixtures	24,658	3,037	-	-	27,695
Furniture and Fixtures (SED)	1,267	199	-	(1,466)	-
Machinery and Equipment	24,784	4,116	-	1,466	30,366
Total Accumulated Depreciation and Amortizati	$ 640,262	$ 45,362	$ (9,100)	$ -	$ 676,526
Total Net Depreciable Capital Assets	**$ 501,702**	**$ (40,832)**	**$ (24,325)**	**$ (301)**	**$ 436,242**

NOTE 5: LEASES

The Authority as a Lessee

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

The following is a schedule by year of future minimum lease payments for the right -to-use asset, *(In thousands):*

Year Ending September 30,	*Principal*	*Interest*	*Total*
2024	130,474	57,617	188,091
2025	126,673	61,417	188,091
2026	122,984	65,107	188,091
2027	119,402	68,689	188,091
2028	115,924	72,167	188,091
2029-2033	539,902	417,010	956,912
2034 and thereafter	3,112,239	10,608,426	13,720,665
Total minimum lease payments	**$ 4,267,598**	**$ 11,350,433**	**$ 15,618,032**

The carrying value of the right-to-use asset is $14.8 million less accumulated amortization recorded as of September 30, 2023, of $5.1 million.

The Authority as the Lessor

The Authority leases buildings and retail space to outside parties under various lease agreements with terms through fiscal year 2037 including renewal options for some of the leases. The Authority has included these renewal periods in the lease term when they are both non-cancellable and reasonably certain to be exercised. The Authority's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the Authority's leases is not readily determinable, the Authority utilizes its estimated incremental borrowing rate to discount the lease payments. Although the Authority is exposed to changes in the residual value at the end of the current leases, the Authority typically enters into new operating leases and, therefore, will not immediately realize any reduction in residual value at the end of these leases.

The total amount of deferred inflows of resources relating to leases recognized in fiscal years 2023 and 2022 were as follows (*In thousands*):

	Fiscal Year Ended September 30,	
	2023	**2022**
Lease Revenue	$ 1,023	$ 1,320
Interest Revenue	726	758
	$ 1,749	**$ 2,078**

NOTE 6: BONDS AND NOTE PAYABLE

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

On February 1, 2007, WCCA issued $492.5 million in refunding Series 2007A Bonds, with a net premium of $15.6 million to affect a refunding for the Series 1998A Bonds. These refunding bonds were delivered on February 8, 2007, with maturities ranging from October 1, 2008, to October 1, 2036, at interest rates ranging from 3.75% to 5%. The net proceeds of these refunding bonds were used to 1) advance refund all of the Series 1998A Bonds in the aggregate principal amount of $480.6 million; 2) refinance a portion of the land acquisition cost of WCCA related to the Headquarters Hotel; 3) pay the premium for the Reserve Account Facility that funded the Series 2007A Debt Service Reserve Requirement; and 4) pay Costs of Issuance of the Series 2007A Bonds, including the premium for the Financial Guaranty Insurance Policy. As a result, the previously outstanding refunded bonds were defeased and the liabilities for those bonds were extinguished. The aggregate difference in debt service between the refunded debt and the refunded debt was $9.7 million (NPV).

Between June 2006 and July 2009, the D.C. City Council passed a series of legislative Acts (collectively, the "HotelActs"),[1] which authorized the financing, construction, and development of a privately owned and operatedHeadquarters Hotel (the "HQ Hotel") for the Convention Center, including a program to train DC residents for HQ Hotel jobs. In October 2010, the Authority issued senior lien dedicated tax revenue bonds (Series 2010 Bonds) with a $249.2 million face value. On October 26, 2010, these Bonds were delivered with maturities ranging from October 1, 2015, to October 1, 2040, at interest rates ranging from 3.1% to 7%. The proceeds were used to (i) make funds available to the Developer to pay a portion of the costs of acquiring, developing, constructing, and equipping the Convention Center Hotel Project to be constructed on the Hotel Site adjacent to the Convention Center; (ii) fund capitalized interest for a portion of the Series2010 Bonds during the construction phase of the Convention Center Hotel Project; (iii) fund the Debt Service Reserve Account Requirement for each series of Series 2010 Bonds; (iv) defease to the earliest optional redemption date that portion of the Authority's outstanding Senior Lien Dedicated Tax Revenue and Refunding Bonds, Series 2007A maturing on December 1, 2036, in the aggregate principal amount of $25.4 million; (v) make $2 million available to the Authority for the establishment of the DC Citizen's Job Program created pursuant to the Hotel Act; and (vi) pay the Cost of Issuance for the Series 2010 Bonds. As the hotel will be privately owned, the disbursement of the hotel-related bond proceeds will be recorded as an expense by the Authority.

NOTE 6: BONDS AND NOTE PAYABLE *(continued)*

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

On February 22, 2018, the Authority issued $333.1 million in Senior Lien Dedicated Tax Revenue Refunding Bonds, with a net premium of $37.9 million, with interest rates ranging between 1.39% - 3%. (Series A) and 2.05%-4.12% (Series B). The proceeds from the Series 2018A and 2018B Bonds were used to refund the remaining outstanding maturities of the Series 2007 Bonds and advance refund the Series 2010C Bonds, respectively. The Authority deposited the net proceeds from Series 2018B along with other funds of the Authority in an irrevocable trust to provide for all future debt service on the refunded 2010C Bonds. As a result, the 2010C series bonds are considered legally defeased and, as such, are not reflected inthe Authority's books. The aggregate difference in debt service between the refunded debt and the refunding debt was $9.7 million Net Present Value (NPV).

In May 2021, the Authority issued $153.2 million of Senior Lien Dedicated Tax Revenue Refunding Bonds in three Series: $53.5 million of Series 2021A (Tax Exempt) which were sold on April 28, 2021: $70.35 million of Series 2021B (Tax Exempt) and $29.36 million of Series 2021C (Taxable), which sold on May 13, 2021. The proceeds of the Series 2021 Bonds were used to refund the Authority's outstanding Series 2010A and B Bonds and to advance refund a portion of its Series 2018A Bonds. That transaction resulted in aggregate Net Present Value savings of $28.5 million. The pricing of the three Series of Bonds were separated by 14 days for tax reasons. All three Series of Bonds closed on May 27. The proceeds of the Series 2021A Bonds were used, together with certain other funds of the Authority, to refund all the Outstanding Series 2010A Bonds. The proceeds of the Series 2021B Bonds were used, together with certain other funds of the Authority, to: (i) refund a portion of the Outstanding Series 2010B Bonds; (ii) fund the reserve requirement for the Series 2021B Bonds; and (iii) pay the costs of issuance of the Series 2021B Bonds and the TIF Note. The proceeds of the Series 2021C Bonds were used to: (i) refund the remaining portion of the Outstanding Series 2010B Bonds; (ii) refund aportion of the Outstanding Series 2018A Bonds; (iii) fund the reserve requirement for the Series 2021C Bonds, and (iv) pay costs of issuance of the Series 2021A Bonds and Series 2021C Bonds. The Series 2021A Bonds mature on October 1, 2026-2040 and bear interest rates between 4% and 5%. The Series 2021B Bonds mature on October 1 2029-2039 and bear interest rates from 4% to 5%. The taxable Series 2021C Bonds mature on October 1, 2023-2029 and bear interest rates from 0.56%-2.2%. Upon the issuance of the Series 2021 Bonds those Bonds and the unrefunded portion of the Authority's Series 2018 Bonds are the only Bonds of the Authority that are Outstanding.

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

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

NOTE 6: BONDS AND NOTE PAYABLE *(continued)*

As of September 30, 2023, and 2022, the Authority's bond liability totaled approximately $378.5 million and $389.2 million, respectively. A summary of annual maturities of the bonds payable as of September 30, 2023, is as follows (in thousands):

Fiscal Years	Principal	Interest	Total Debt Service
2024	$ 13,040	$ 16,120	$ 29,160
2025	13,570	15,631	29,201
2026	16,285	15,075	31,360
2027	34,940	13,502	48,442
2028	36,705	11,835	48,540
2029 -2033	145,030	29,664	174,694
2034-2038	71,865	18,820	90,685
2039-2041	47,110	3,681	50,791
Total	**$ 378,545**	**$ 124,328**	**$ 502,873**

As of September 30, 2023, and 2022, the unamortized bond premiums were $56.4 million and $58.6 million, respectively.

NOTE 7 LONG-TERM LIABILITIES

The following summarizes long-term liabilities as of September 30, 2023, and 2022 *(in thousands)*:

	Balance @ 09/30/2022	Additions	Reductions	Balance @ 09/30/2023	Amount Due Within One Year
Series 2018 Bonds Payable	$ 236,035	$ -	$ (10,705)	$ 225,330	$ 13,040
Series 2021 Bonds Payable	153,215	-	-	153,215	-
Series 2018 Bond Premium	31,166	-	(1,228)	29,938	-
Series 2021 Bond Premium	27,452	-	(958)	26,495	-
Bonds Payable, net	$ 447,868	$ -	$ (12,891)	$ 434,977	$ 13,040
Notes Payable-PPP	$ -	$ -	$ -	$ -	$ -
Lease Obligations	4,402	-	(134)	4,268	130
Compensated Absences	1,822	41	(7)	1,856	244
Total Long-term Liabilities	$ 454,092	$ 41	$ (13,032)	$ 441,101	$ 13,414

	Balance @ 09/30/2021	Additions	Reductions	Balance @ 09/30/2022	Within One Year
Series 2018 Bonds Payable	$ 252,270	$ -	$ (16,235)	$ 236,035	$ 10,705
Series 2021 Bonds Payable	153,215	-	-	153,215	-
Series 2018 Bond Premium	32,394	-	(1,228)	31,166	-
Series 2021 Bond Premium	28,410	-	(958)	27,452	-
Bonds Payable, net	$ 466,289	$ -	$ (18,421)	$ 447,868	$ 10,705
Notes Payable-PPP	$ 5,251		$ (5,251)	$ -	$ -
Lease Obligations	4,541	-	(139)	4,402	134
Compensated Absences	1,815	37	(30)	1,822	156
Total Long-term Liabilities	$ 477,896	$ 37	$ (23,841)	$ 454,092	$ 10,995

NOTE 8: RETIREMENT PLAN

Since April 1998, all Events DC full-time employees are covered by a defined contribution plan. The plan, which is managed by Mission Square Retirement (formerly ICMA Retirement Corporation), requires no employee contributions. All employees are fully vested after four years of service. The contribution is 7% of total employee's salaries. The Authority's contributions for fiscal years 2023 and 2022 were approximately $1.9 million and $1.5 million, respectively. The Plan's administrator issues financial statements and requires supplemental information, which is available upon request. This report may be obtained from the following location: Mission Square Retirement Corporation, 777 North Capitol Street, NE, Washington, DC 20002-4240.

NOTE 9: RELATED-PARTY TRANSACTIONS

Dedicated Taxes

In accordance with the WCCA Act and amended Master Trust Agreement, the District of Columbia Government collects and forwards to the Authority the dedicated tax receipts that are used to fund the debt service and reserve requirements of its Series 2018A Bonds. In fiscal years 2023 and 2022, the Authority recognized transfers from dedicated tax receipts of $176.8 million and $122.3 million, respectively. The transfers include the 1.3% hotel room tax that is dedicated to Destination DC which amounts to $19.3 million and $3.8 million in fiscal years 2023, and 2022, respectively. As of September 30, 2023, and 2022, the dedicated taxes due from the District Government were $20 million and $15.6 million, respectively. These receivables represent September tax payments collected by the District in October.

Tax Increment Financing (TIF) Revenue

The District issued the TIF Note to the WCSA, and the WCSA pledged the TIF Note to the Trustee to secure the payment of the Series 2021A Bonds and the 2021B Bonds (collectively, the "Bonds"). Pursuant tothe TIF Note, the District has agreed to make regularly scheduled payments of principal and interest (the "Regular Payments") to the extent that funds are available in the New Convention Center Hotel Fund. TIF revenue is from the sales and use taxes and property taxes generated from the operation of the HQ Hotel. In fiscal years 2023 and 2022, the Authority recognized revenue from TIF tax receipts of $15.2 million and $12 million, respectively. As of September 30, 2022, and 2021, TIF receivables due from the District Government were $4.5 million and $1.1 million, respectively.

Excess Cash Transfer to the District's General Fund

In accordance with DC Code § 10-1202.13, Transfer of Excess Cash, if, at the end of a fiscal year, the Authority's balance of cash and investments in its Convention Center Operating Fund exceeds the balanceof current liabilities, reserves, and any amounts the Authority will need to purchase or redeem its outstanding indebtedness during the upcoming fiscal year, the Authority must transfer the excess, in cash, to the District's General Fund. Consistent with District legislation, the Master Trust Agreement between the Authority and The Bank of New York (as Trustee), and a Memorandum of Understanding between the District and the Authority, the Authority must maintain the following reserves: (1) maximum annual debt service on outstanding bonds and notes issued by the Authority; (2) an operating reserve equal to 1.5 timesthe operating and marketing budget; and (2) a capital reserve of 5% of the original cost of the convention center adjusted for inflation. There was no excess cash transfer made in the fiscal years 2023 and 2022. Based on the FY2022 audit that was completed in November of 2023, the Authority has recorded a liability in fiscal year 2023 of $9 million in excess cash that we expect to transfer to the District in fiscal year 2024.

The District's Department of General Services (DGS) Management Agreement

On October 1, 2009, under the Washington Convention Center Authority and Sports and Entertainment Commission Merger Amendment Act of 2009, the Authority merged with the DC Sports and EntertainmentCommission to form the Washington Convention and Sports Authority (WCSA). As part of the merger, the District of Columbia's Department of General Services (DGS), formerly known as Department of Real Estate Services (DRES), became responsible for the facility maintenance tasks on RFK Stadium and the DC Armory previously performed by the DC Sports and Entertainment Commission. The Authority has agreed to pay DGS up to $2.5 million each year for facility maintenance services. In FY23, there was no MOU in place for DGS to provide maintenance services at RFK and no payments were made during FY23.

NOTE 9: RELATED-PARTY TRANSACTIONS *(continued)*

Relationship to the United States Government

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

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

Relationship to the District of Columbia Government

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

The former DCSEC also entered into a Funding and Assignment Agreement dated May 1, 2006, with the District of Columbia whereby the DCSEC assigned to the District all rent and other revenue amount that it receives or is entitled to receive under or related to the March 6, 2006, Lease Agreement with the Team. During fiscal years 2023 and 2022, the District received annual rent equal to $6.1 million, respectively. The District uses the rent revenue to pay the outstanding debt related to the Baseball Stadium Bonds. The Authority assumed all the rights and obligations of the former DCSEC pursuant to the merger.

Leasing Arrangements-Carnegie Library (Visitor Center)

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

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

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

NOTE 9: RELATED-PARTY TRANSACTIONS *(continued)*

On May 5, 2011, the District and the Authority entered a Memorandum of Understanding (MOU) regardingthe Carnegie Library and Reservation 8, whereby the District transferred to the Authority all its rights andobligations with respect to the administrative jurisdiction over the Carnegie Library and with respect to theOriginal Lease, as amended, as well as setting forth certain obligations and rights with respect to Reservation 8, among other items, for $9 million payable in three annual installments beginning November 30, 2011. The MOU is effective from May 1, 2011, through April 30, 2112.

The Authority reported the lease as a right to use asset and the related debt as a long-term liability (lease obligation) in the Authority's Statements of Net Position.

NOTE 10: MARKETING SERVICE CONTRACTS

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

During fiscal years 2023 and 2022, the total amount of dedicated taxes allocated to the Marketing Fund was approximately $15 million and $12.8 million excluding the 0.3% additional taxes collected for Destination DC (DDC), respectively. The Authority incurred the following marketing services expenses in fiscal years 2022 and 2021 (in thousands), respectively:

Marketing Agencies	FY2023	FY2022
Destination DC	$ 14,790	$ 10,175
Destination DC-0.3% Additional	16,641	4,583
DC Chamber of Commerce	250	250
Ibero Chamber of Commerce	300	300
	$ 31,981	$ 15,308

NOTE 11: BASEBALL STADIUM

Capital Fund Reserve

Pursuant to the lease agreement dated March 6, 2006, the District contributes $1.5 million to the Capital Reserve Fund each year to be used for necessary improvements and repairs costs to the Baseball Stadium. The Authority manages The Authority manages the Capital Reserve Fund balance and the contribution received in FY2023 and FY2022 were not fully utilized.

NOTE 11: BASEBALL STADIUM *(continued)*

Close Out Project

A memorandum of agreement was signed between the District and former DCSEC on September 30, 2009, to close out all spending to construct and develop the Baseball Stadium. A transfer of $1.9 million was made to the New Stadium Account, which is managed by the Authority. During fiscal years 2023 and 2022, there was no activity other than a bank service charge fee. As of September 30, 2023, and 2022, the remaining balance of $664,840 and $664,840, respectively, is reflected in Due to District Government in the financial statements.

Contingency Reserve Fund

Pursuant to the lease agreement dated March 6, 2006, the District was required to contribute $5 million, on or before the Commencement Date’s fifth anniversary, to the Contingency Reserve Fund. The fund is to be used for necessary and appropriate expenditures to preserve, maintain, or enhance the Baseball Stadium complex’s value. The Authority manages the Contingency Reserve Fund. As of September 30, 2023, and 2022, the remaining balance of $5.2 million and $5.8 million is included in Other Liabilities in the financial statements.

NOTE 12: BASEBALL ACADEMY

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

On March 7, 2012, the Authority also entered into a grant agreement with the Academy to fund $10.2 million to construct and develop a youth baseball academy. The funding was completed in 2014, and there is no outstanding commitment as of September 30, 2023.

NOTE 13: KENILWORTH PARK PROJECT

The former DCSEC received funds from the Federal Government, the Washington Nationals and the District of Columbia Department of Parks and Recreation to renovate a soccer field at Kenilworth Fort Greble fields, which was completed in the fiscal year 2008. At the time of the merger, the Kenilworth fund had a balance of $145 thousand. This project had no activities besides monthly interest/service charge payments in fiscal years 2021 and 2020. As of September 30, 2023, and 2022, there was an account balance of $144 thousand. The amounts are reflected as Restricted Net Position in the financial statements.

NOTE 14: RISK MANAGEMENT

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

NOTE 15: CONTINGENCIES

Due to the nature of the Authority's business, it is involved in several claims and lawsuits. In the opinion of management and legal counsel, the expected outcome of claims and lawsuits, individually or in the aggregate for fiscal year 2023, will not have a material adverse effect on the financial statements.

NOTE 16 CULTURAL INSTITUTION GRANTS PROGRAM

In Fiscal Year 2023, the Authority continued to support the District in administering critical grant programs, including distributing $10 million for grants to DC cultural institutions and distributing $500,000 in community grants to fifty-two non-profit organizations in DC that promote youth participation in the arts and athletics. The FY 23 Grant Program was funded by proceeds from the sale of Marriott Marquis hotel in FY22.

NOTE 17: NATIONALS SETTLEMENT

In fiscal year 2023, Events DC completed two settlements with the Nationals organization related to the Baseball Stadium over capital improvement costs referenced by the lease agreement. The Authority first settled and paid the $10 million originally recorded as a contingent liability in fiscal year 2022 to support prior years capital improvements. In September of 2023, the Authority also settled with the Nationals for $16.2 million to support capital improvement costs for the 2023 to 2024 lease term. This payment was made in October of 2023.

NOTE 18: SUBSEQUENT EVENTS

The Authority evaluated the subsequent events and transactions through January 3, 2024, the date these financial statements were available for issue and has determined that no subsequent material events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure, individually or in the aggregate, will not have a material adverse effect on the financial statements.

WASHINGTON CONVENTION AND SPORTS AUTHORITY
SUPPLEMENTAL FINANCIAL INFORMATION

STATEMENTS OF NET POSITION BY FUND
AS OF SEPTEMBER 2023
(ACTUAL DOLLARS)

	C&M	Marketing	Capital	Hotel -TIF	RFK Campus (SED)	ESA (St Elizabeth)	All Fund Values
Assets							
Current assets:							
Total Cash	$ 6,264,197	$ 1,971,566	$ 2,764,306	$ -	$ 2,631,306	$ 1,917,569	$ 15,548,944
Cash-Restricted	-	-	5,938,414	-	1,184,674	-	7,123,088
Investment	201,509,014	27,822,079	-	-	-	-	229,331,094
Due From District	14,609,004	5,404,745	-	-	-	620,881	20,634,629
Accounts Receivable	13,210,765	-	-	4,501	1,026,531	1,589,835	15,831,633
Prepaid and Others	4,121,635	-	1,885,634	-	-	3,510	6,010,779
Accrued Interest	736,367	-	-	176,767	-	-	913,135
Intercompany Receivables (Payables)	(971,184)	(2,365,128)	4,807,442	(1,000,000)	(94,151)	(376,979)	-
Total current assets	239,479,798	32,833,262	15,395,796	(818,732)	4,748,360	3,754,816	295,393,302
Noncurrent Assets							
Lease Receivable	10,589,473	-	-	-	-	-	10,589,473
Net Capital Assets	253,877,568	-	153,679,873	-	-	-	407,557,441
Other Receivables	4,009,660	-	-	-	-	-	4,009,660
Restricted Investment	146,693,651	-	-	51,575,535	-	-	198,269,185
Non-Depreciable Capital Assets	7,510,395	-	18,671,309	-	-	-	26,181,703
Total Noncurrent Assets	**422,680,747**	**-**	**172,351,182**	**51,575,535**	**-**	**-**	**646,607,462**
Total Assets	662,160,545	32,833,262	187,746,978	50,756,803	4,748,360	3,754,816	942,000,764
Deferred Outflows of Resources	1,818,389	-	-	8,191,279	-	-	10,009,667
Total Assets and Deferred Outflow of Resources	**$ 663,978,934**	**$32,833,262**	**$ 187,746,978**	**$ 58,948,082**	**$ 4,748,360**	**$ 3,754,816**	**$ 952,010,433**
Liabilities and Net Position							
Current Liabilities							
Accounts Payable	$ 22,023	$ 4,018,686	$ 6,111,882	$ 2,500,000	$ 880,408	$ 1,420,417	$ 14,953,416
Other Current Liabilities	25,361,736	-	3,201,322	-	1,259,469	40,000	29,862,527
Due to DC Government	4,839	-	664,840	1,000,000	4,434	299,729	1,973,841
Compensation Liabilities	2,044,281	-	-	-	208,223	221,261	2,473,765
Unearned Revenue	5,193,256	-	-	-	248,105	2,830,867	8,272,228
Accrued Interest Payable	4,479,344	-	-	3,806,405	-	-	8,285,749
Lease- Current Portion	130,474	-	-	-	-	-	130,474
Debt- Current Portion	12,245,000	-	-	795,000	-	-	13,040,000
Total Current Liabilities	49,480,952	4,018,686	9,978,044	8,101,405	2,600,639	4,812,274	78,992,000
Noncurrent Liabilities							
Compensated Absences	1,363,014	-	-	-	124,319	124,568	1,611,902
Capital Lease-Long Term	4,137,087	-	-	-	-	-	4,137,087
Bonds Payable	216,461,760	-	-	205,475,632	-	-	421,937,392
Contributed Capital - Long Term	-	-	-	-	-	-	-
Total Noncurrent Liabilities	221,961,861	-	-	205,475,632	124,319	124,568	427,686,381
Total Liabilities	271,442,813	4,018,686	9,978,044	213,577,037	2,724,958	4,936,842	506,678,380
Deferred Inflows of Resources	16,303,242	-	-	-	-	-	16,303,242
Net Position							
Net Position							
Invested in Capital Assets, Net	32,458,759	-	172,351,181	-	-	-	204,809,941
Restricted Net Position:							
Kenilworth Park	-	-	-	-	144,014	-	144,014
Debt Service & Capitalized	12,413,777	-	-	-	-	-	12,413,777
Capital Renewal	38,278,786	-	-	-	-	-	38,278,786
Operating & Marketing fund	59,842,873	-	-	-	-	-	59,842,873
Senior Proceeds	7,411,471	-	-	-	-	-	7,411,471
Debt Service Reserve	28,746,743	-	-	-	-	-	28,746,743
Unrestricted Net Position	202,935,148	12,030,211	7,196,442	(165,826,323)	1,342,830	(1,335,785)	56,342,522
YTD Net Position	(5,854,678)	16,784,365	(1,778,689)	11,197,368	536,558	153,759	21,038,683
Total Net Position	376,232,879	28,814,576	177,768,934	(154,628,955)	2,023,402	(1,182,026)	429,028,810
Total Liabilities, Net Position and Deferred Inflow of Resources	**$ 663,978,934**	**$32,833,262**	**$ 187,746,978**	**$ 58,948,082**	**$ 4,748,360**	**$ 3,754,816**	**$ 952,010,432**

WASHINGTON CONVENTION AND SPORTS AUTHORITY
SUPPLEMENTAL FINANCIAL INFORMATION

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION YTD BY FUND
AS OF SEPTEMBER 2023
(ACTUAL DOLLARS)

	C&M	Marketing	Capital	Hotel-TIF	RFK Campus (SED)	ESA (St Elizabeth)	All Fund Values
Operating Revenue and Expenses							
Operating Revenue:							
Venue Rental	$ 7,690,630	$ -	$ -	$ -	$ 408,596	$ 186,365	$ 8,285,591
Catering Services	6,478,911	-	-	-	144,242	79,646	6,702,799
Electrical Services	2,630,662	-	-	-	5,173	-	2,635,835
Rigging Services	1,391,253	-	-	-	-	-	1,391,253
Parking Revenue	-	-	-	-	348,264	144,512	492,776
Telecommunications Services	2,638,575	-	-	-	2,714	120	2,641,409
Retail & Office Space Rental	389,154	-	-	-	4,558	12,000	405,712
Advertising & Sponsorship	5,500	-	-	-	138,970	70,000	214,470
Building Lease Rental	318,593	-	-	-	-	298,903	617,497
Digital Revenue	136,990	-	-	-	-	-	136,990
Audio and Visual	1,079,595	-	-	-	6,875	-	1,086,470
Miscellaneous Revenue	844,734	-	-	-	1,544,165	2,414,875	4,803,773
Total Operating Revenues	**$ 23,604,597**	**$ -**	**$ -**	**$ -**	**$ 2,603,557**	**$ 3,206,421**	**$ 29,414,575**
Operating Expenses							
Personnel and Payroll Services	31,971,102	-	-	-	2,875,795	3,776,166	38,623,064
Contractual Services	24,261,217	4,958,468	8,822,832	-	5,573,064	5,056,805	48,672,385
Occupancy	5,045,875	-	-	-	259,234	776,547	6,081,656
Payment to District	-	-	-	-	-	-	-
Miscellaneous Expenses	2,808,017	1,780	-	-	354,614	228,906	3,393,317
Depreciation Expense	26,454,722	-	12,955,857	-	4,324	-	39,414,904
Total Operating Expenses	**90,540,933**	**4,960,248**	**21,778,689**	**-**	**9,067,031**	**9,838,424**	**136,185,326**
Operating Profit /(Loss)	**$ (66,936,336)**	**$ (4,960,248)**	**$ (21,778,689)**	**$ -**	**$ (6,463,474)**	**$ (6,632,003)**	**$ (106,770,751)**
Nonoperating Revenues and (Expenses)							
Debt Services	(7,876,736)	-	-	(7,074,724)	-	(213,915)	(15,165,375)
E81000 Leases - Interest Expense	(53,700)	-	-	-	-	-	(53,700)
Marketing Agencies Payments	-	(32,601,285)	-	-	-	-	(32,601,285)
Payment to District – NOE	(9,027,417)	-	-	(8,154,132)	-	-	(17,181,549)
Miscellaeous Expense	(16,249,953)						(16,249,953)
Interest Income-Total	15,625,467	122	-	1,478,646	-	-	17,104,235
Dedicated Tax	142,458,797	14,996,970	-	-	-	-	157,455,767
TIF Revenue	-	-	-	15,162,891	-	-	15,162,891
Addtional DDC Tax	-	19,338,403	-	-	-	-	19,338,403
Miscellaneous -Non-operting	-	-	-	-	-	-	-
Total Nonoperating Revenues and (Expenses)	**124,876,458**	**1,734,210**	**-**	**1,412,681**	**-**	**(213,915)**	**127,809,434**
Increase (Decrease) in Net Position	**$ 57,940,122**	**$ (3,226,038)**	**$ (21,778,689)**	**$ 1,412,681**	**$ (6,463,474)**	**$ (6,845,918)**	**$ 21,038,683**

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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,
the Board of Directors of Washington Convention Center and Sports Authority and
Inspector General of the Government of the District of Columbia
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, the financial statements of the Washington Convention and Sports Authority (the Authority), a component unit of the Government of the District of Columbia, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 3, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McConnell Jones LLP

Washington, D.C.
January 3, 2024

REPORT WASTE, FRAUD, ABUSE, AND MISMANAGEMENT.

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