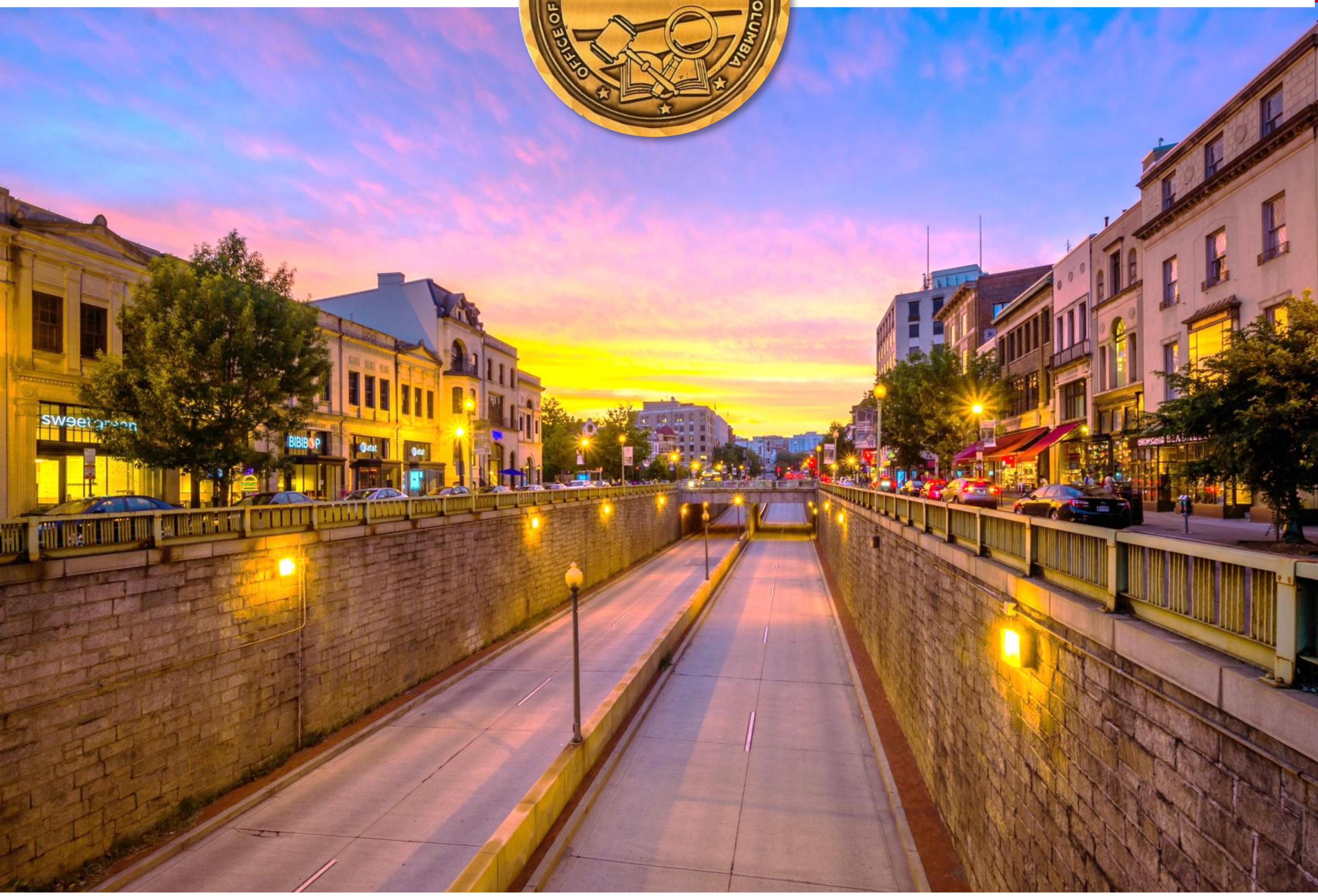
OFFICE OF THE
INSPECTOR GENERAL
DISTRICT OF COLUMBIA GOVERNMENT

AUDIT REPORT

Washington Convention and Sports Authority

Financial Statements and Independent Auditor's Reports
Fiscal Year 2024
OIG No. 24-1-24ES

January 31, 2025



DANIEL W. LUCAS
INSPECTOR GENERAL

OUR MISSION

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

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

OUR VISION

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

OUR VALUES

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

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

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

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

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

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

MEMORANDUM

To:	The Honorable Muriel Bowser Mayor of the District of Columbia The Honorable Phil Mendelson Chairman, Council of the District of Columbia
From:	Daniel W. Lucas Inspector General
Date:	January 31, 2025
Subject:	**Washington Convention and Sports Authority Annual Financial Statements** **OIG No. 24-1-24ES**

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

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

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

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, 2024 and 2023

AND

MANAGEMENT'S DISCUSSION AND ANALYSIS

WASHINGTON CONVENTION AND SPORTS AUTHORITY
FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024 and 2023

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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, 2024, and 2023, 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, 2024, and 2023, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

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 GAAS. 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, 2025, 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, 2025

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, 2024, and 2023, with comparative information for 2022. 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. Events DC sold the Marriott Marquis Hotel Building (Plumbers Building) in June of 2022 for $100 million. The 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 support of 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 a month long celebration of DC's diplomatic community through the culinary arts.

Fiscal Year 2024 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:

- Named one of North America's best convention centers for trade shows and events by Exhibitor Group Magazine for the sixth year in a row.
- Received the award for Best Customer Service and On-Site Support Award by Exhibitor Group.
- LEED (Leadership in Energy and Environmental Design) Platinum Certification.
- Named a Prime Site Award Winner for the Mid-Atlantic region by Facilities and Destinations Magazine.
- Events DC was named a Top Destination Award Winner for the Mid-Atlantic region by Facilities and Destination Magazine.

Fiscal Year 2024 Program Highlights

In fiscal year 2024, the Authority continued to support the District in administering critical grant programs, including distributing $715,000 in community grants to one hundred and three 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 to include: The 25th Anniversary Walking Town DC brought public tours to neighborhoods across the District; Passport DC, a month-long celebration of the District's thriving international diplomatic community and diverse culture including embassy open houses, street festivals, performances and including The District Cup polo match for the first time; our Art All Night activation filled the Carnegie Lawn with visitors; and Costume Carnival and Winter Wonderland brought holiday fun to neighbors. We served as a presenting sponsor of the DowntownDC BID's Kids World and Downtown DC Summer Flicks outdoor movie series and presented world-famous domino artist Lily Hervesh in summer residency at the National Building Museum.

Our Sports and Entertainment Division sponsored the Coastal Athletic Association Men's and Women's Basketball Tournaments at the Entertainment and Sports Arena, and events throughout the District and region including the Clipper Round the World at The Wharf; the Giant National Capital Barbecue Battle downtown; the Savannah Bananas at Nationals Park; international and soccer exhibition games with the Washington Spirit at Audi Field.

Events DC also sponsored and/or hosted a new signature of events such as the Chocolate City Criterium, a USA Cycling-sanctioned criterium bicycling event at the RFK Campus; DC Bike Ride 2024, a 20-mile cycling tour of car-free streets from the Tidal Basin through Downtown DC and the Wharf enjoyed by over ten thousand cycling enthusiasts; the FI Go-Kart experience at Union Market; and Le Diner en Blanc presented at RFK Stadium. Finally, Events DC launched the Events DC Academy, a program to provide returning citizens, marginalized community seniors and veterans with a structured hands-on learning experience preparing participants for successful careers in hospitality and meeting the workforce needs of District hospitality and service providers. We facilitated apprentice training programs at our major venues, established strategic partnerships with District organizations such as Carlos Rosario International Career Center; DC Central Kitchen, DOES, the Hotel Association of Washington, Howard University and the Restaurant Association of Metropolitan Washington; and an apprenticeship program with Casa Innovation (Brazil). We look forward to graduating our first full class during fiscal year 2025.

Fiscal Year 2024 Financial Highlights

- Operating revenues for fiscal year 2024 were $29.5 million, a slight increase over our fiscal year 2023 revenue. Fiscal year 2024 saw a slight decrease in the number of events at the Convention Center of 114 vs 117 in fiscal year 2023.

- While the number of events decreased in fiscal year 2024, revenues maintained and had a slight increase because of our efforts in securing higher revenue generating events such as the 75th NATO Conference and the return of some of our larger events to the Convention Center.

- 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.

- Our major events included our traditional anchor events such as the Association of the United States Army, the Washington Auto Show and OTAKON; returning rotating major events such as the American Academy of Pediatrics, Society for Neuroscience and American Institute of Architects; and new events such as the Krewe of Pyros 2024 Mardi Gras Ball, the REALTORS Mid-Year Legislative Conference, PCMA's Business Events Industry Week and the National League of Cities. We also hosted NATO's 75th Anniversary Summit and the World Convention of Narcotics Anonymous."

- The St. Elizabeths East campus hosted a total of 206 events during fiscal year 2024, equaling the number of events held during fiscal year 2023.

- The RFK Campus hosted a total of 97 events during fiscal year 2024, a slight decrease from the 113 events held during fiscal year 2023. Significant St. Elizabeths East campus events included the Citi Shamrock Classic Women's Basketball, the Coast Athletic Association Men's and Women's Basketball Championships and the majority of the Washington Mystics home season at the Entertainment and Sports Arena; the Army Ten-Miler Expo and the DC Bar Exam at the DC Armory; and Project GLOW and the Chocolate City Criterium at the RFK Campus.

- Operating expenses increased by $14.7 million, or 11%, from fiscal year due to contractual services costs associated with professional services, other project costs and personnel costs due to increased hirings.

- The Authority ended the fiscal year with $484.8 million in total net position, which is an increase of $55.7 million, or 13%, compared to the fiscal year ended September 30, 2023. This increase in net position is primarily attributed to an increase in total revenues.

- The Authority's long-term liabilities decreased by $15.8 million, or 4%, compared to fiscal year 2023, primarily due to scheduled payments of outstanding debt.

- The Statements of Cash Flows reflect a decrease in cash and cash equivalents of $7.5 million.

Fiscal Year 2023 Financial Highlights

- Operating revenues for fiscal year 2023 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. Fiscal year 2023 saw an increase in the number of events and revenues. Fiscal year 2023 actualized 117 events. This is an increase of 48% over the original forecasted numbers of 79 and a 23% increase over the fiscal year 2023 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.

(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, 2024, 2023, and 2022 (in thousands):

Table 1
Condensed Statements of Net Position
(in thousands)

	2024	2023	2022	Percentage change 2024-2023	Percentage change 2023-2022
Assets:					
Current assets	$ 319,581	$ 295,393	$ 263,155	8%	12%
Capital assets, net of accumulated depreciation and amortization	420,034	433,739	464,561	-3%	-7%
Other non-current assets	223,251	212,868	203,365	5%	5%
Total Assets	$ 962,866	$ 942,000	$ 931,081	2%	1%
Deferred outflows of resources	9,444	10,010	10,576	-6%	-5%
Total Assets and Deferred Outflow of Resources	$ 972,309	$ 952,010	$ 941,657	2%	1%
Liabilities:					
Current liabilities	$ 60,229	$ 78,992	$ 73,613	-24%	7%
Noncurrent liabilities	411,865	427,686	443,097	-4%	-3%
Total Liabilities	$ 472,094	$ 506,678	$ 516,710	-7%	-2%
Deferred Inflows of resources	15,455	16,303	16,957	-5%	
Net Position:					
Net Investment in capital assets	$ 196,906	$ 204,810	$ 225,214	-4%	-9%
Restricted	152,557	146,838	131,060	4%	12%
Unrestricted	135,298	77,381	51,716	75%	50%
Total Net Position	$ 484,761	$ 429,029	$ 407,990	13%	5%

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

	For the years ended September 30,			Percentage change	
	2024	**2023**	**2022**	**2024-2023**	**2023-2022**
Operating Revenues:					
Venue Rental	$ 8,828	$ 8,286	$ 7,121	7%	16%
Building Lease rental	549	617	3,245	-11%	-81%
Ancillary charges	20,076	20,512	14,236	-2%	44%
Total Operating Revenues	$ 29,453	$ 29,415	$ 24,602	0%	20%
Operating Expenses:					
Personal services	$ 44,111	$ 38,623	$ 31,797	14%	21%
Contractual services	56,483	48,672	35,325	16%	38%
Depreciation	38,521	39,415	45,362	-2%	-13%
Occupancy	6,608	6,082	6,204	9%	-2%
Payments to District	-	-	319	0%	-100%
Miscellaneous	5,153	3,393	1,680	52%	102%
Total Operating Expenses	$ 150,876	$ 136,185	$ 120,687	11%	13%
Operating loss	$ (121,423)	$ (106,770)	$ (96,086)	14%	11%
Non-operating Revenues and (Expenses):					
Interest income	$ 25,516	$ 17,104	$ 1,673	49%	922%
Dedicated taxes	199,297	176,794	122,281	13%	45%
TIF revenue	20,494	15,163	12,029	35%	26%
Miscellaneous Revenue	1,500	-	74,319	-100%	-100%
Bond interest	(14,760)	(15,219)	(15,108)	-3%	1%
Marketing agencies payments	(49,560)	(32,601)	(15,308)	52%	113%
Miscellaneous Expenses	(2,010)	(24,405)	(12,300)	-92%	-
Total Non-operating Revenues and (Expenses)	$ 180,477	$ 136,836	$ 167,587	32%	-18%
Excess Cash Transfer to District	(3,322)	(9,027)	-	-63%	-
Change in net position	55,732	21,039	71,500	165%	-71%
Net Position, beginning of year as Restatec	429,029	407,990	336,490	5%	21%
Net Position, End of Year	$ 484,761	$ 429,029	$ 407,990	13%	5%

2024 – The Authority's total net position increased by $55.7 million, or 13%, for the year ended September 30, 2024. As of September 30, 2024, the Authority had a total net position of $484.8 million, with the largest portion of the Authority's net position, $196.9 million, or 41%, representing a net investment in capital assets. Of the Authority's remaining net position, $152.6 million, or 31%, 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 $135.3 million.

The Authority continues its strong bounce back from the COVID -19 pandemic due to continued increases in Operating Revenues from Events, increase TIF Revenues and the sale of the Marriot Marquis Hotel Building in fiscal year 2022. The unrestricted reserves for fiscal year 2024 exceeds pre-pandemic numbers and is at its highest in more than five years at $135.3 million.

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 fiscal year 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 fiscal year 2023 with a positive $77.4 million in unrestricted reserves.

Analysis of Changes in Net Position

<u>Revenues</u>

For the fiscal years ended September 30, 2024, 2023, and 2022 the Authority's operating revenues were $29.5 million, $29.4 million, and $24.6 million, respectively.

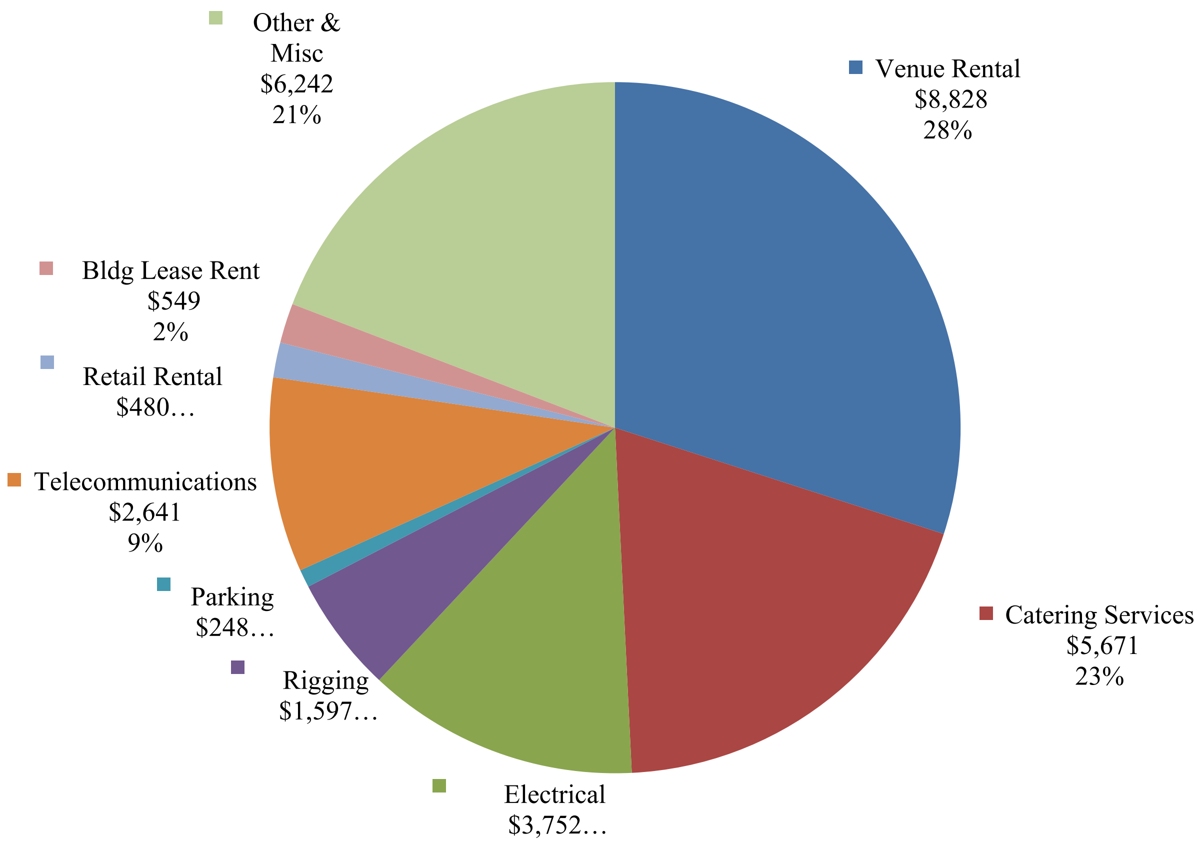
2024 – total operating revenues increased by $38 thousand, or 0.13%. This slight increase was due to hosting fewer events in fiscal year 2024 compared to fiscal year 2023, which were, however, higher revenue-generating events.

Dedicated Taxes and TIF revenues, which are non-operating revenues, increased by $22.5 million and $5.3 million respectively compared to fiscal year 2023. 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.

2023 – total operating revenues increased by $4.8 million, or 20%, due to an increase in Events in fiscal year 2023 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 fiscal year 2022. 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.

The following is a graphic illustration of 2024 operating revenues by source. (In Thousands)



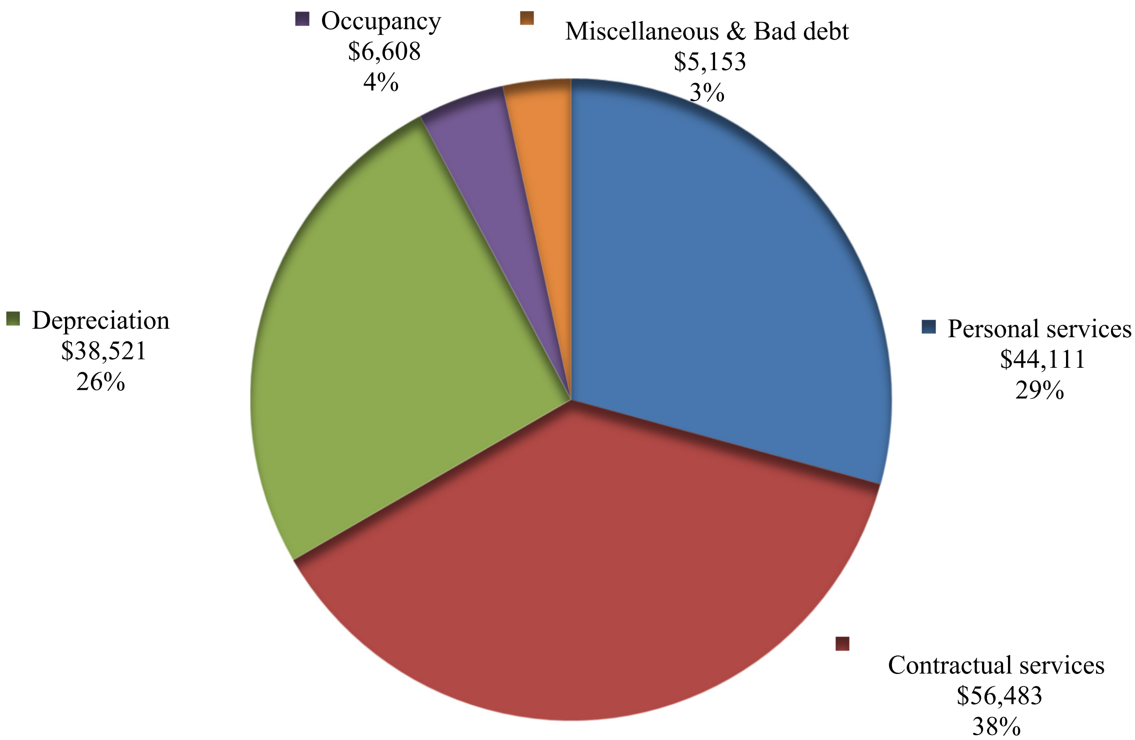
Expenses

For fiscal years 2024, 2023, and 2022, the Authority's total operating expenses were $150.9 million, $136.2 million, and $120.7 million, respectively.

2024 – Total operating expenses increased by $14.7 million, or 11%, from fiscal year 2023 primarily due to increased spending to generate revenue and economic impact for the district and strengthen Event DC internal operations, and community and partnership engagements. Personnel costs increased by $5.4 million because of aggressive measures taken by management to fill vacant positions in line with the increased level of operations throughout fiscal year 2024. Contractual Services related to professional services increased by $7.8 million primarily due to costs to continue the demolition of RFK Stadium, increases cost to support our information technology infrastructure and costs needed to support increased event engagements and to support community grant and sponsorship programs for fiscal year 2024.

2023 – Total operating expenses increased by $15.5 million, or 13%, from fiscal year 2022 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 fiscal year 2023. 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.

The following is a graphic illustration of 2024 operating expenses. (In Thousands)



(3) Capital Asset and Debt Administration

Capital Assets

The Authority has invested $420 million, and $433.7 million in capital assets, net of depreciation as of September 30, 2024, and 2023, respectively. The Authority's 2024 net capital assets decreased by $13.7 million compared to fiscal year 2023. The Authority's investments in fiscal year 2024 were related to major capital improvements that are still in progress. And some existing capitalized assets became fully depreciated at the end of fiscal year 2023 and halfway through fiscal year 2024. Purchases in new capitalized assets took place in the last half of fiscal year 2024.

Table 3 summarizes the Authority's capital assets, net of accumulated depreciation as of September 30, 2024, 2023, and 2022. The changes are presented in detail in Note 4 to the financial statements.

Table 3
Capital Assets and Right to Use -Asset (Net of Depreciation)
(in thousands)

	2024	2023	2022	Percentage Change 2024-2023	Percentage Change 2023-2022
Non-depreciable					
Land	$ 4,785	$ 4,785	$ 4,785	0%	0%
Construction in progress	$ 31,745	$ 18,655	$ 20,792	70%	-10%
Artwork	$ 2,742	$ 2,742	$ 2,742	0%	0%
Total non-depreciable capital assets	$ 39,271	$ 26,182	$ 28,319		
Depreciable					
Building	$ 769,409	$ 769,409	$ 769,409	0%	0%
Building improvements	$ 65,819	$ 62,453	$ 60,034	5%	4%
Stadium structure	$ 19,037	$ 19,037	$ 19,037	0%	0%
Building Improvements/Displays (SED)	$ 33,763	$ 33,762	$ 33,762	0%	0%
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	$ 8,415	$ 7,474	$ 7,474	13%	0%
Central plant	$ 16,335	$ 16,335	$ 16,265	0%	0%
Carnegie Library	$ 14,798	$ 14,798	$ 14,798	0%	0%
Financial systems	$ 9,612	$ 8,399	$ 2,930	14%	187%
Furniture and fixtures	$ 41,062	$ 37,620	$ 36,770	9%	2%
Machinery and equipment	$ 43,446	$ 40,684	$ 39,051	7%	4%
Total depreciable capital assets	$ 1,134,933	$ 1,123,208	$ 1,112,767		
Less accumulated depreciation	$ 754,170	$ 715,651	$ 676,526	5%	6%
Net depreciable capital assets	$ 380,763	$ 407,557	$ 436,242		

Debt Administration

The Authority had $425.9 million and $441.1 million in long-term liabilities outstanding, including current maturities, as of September 30, 2024, and 2023, respectively. Principal payments of $13.5 million and $13 million were made during the fiscal years 2024 and 2023, 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)

				Percentage change	
	2024	**2023**	**2022**	**2024-2023**	**2023-2022**
Bonds Payable, Premium & Deferral	$ 419,752	$ 434,977	$ 447,868	-4%	-3%
Lease Liability	$ 4,137	$ 4,267	$ 4,402	-3%	-3%
Compensated Absences	$ 1,969	$ 1,856	$ 1,822	6%	2%
Total debt outstanding	$ 425,858	$ 441,100	$ 454,092	-3%	-3%
Current portion of debt outstanding	$ 13,570	$ 13,040	$ 10,705	4%	22%
Debt outstanding less current portion	$ 412,288	$ 428,060	$ 443,387	-4%	-3%

See Note 7 for details on all long-term debt. 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 and efforts to adjust in high inflation positively impacted the Authority. Operating revenues with less events than in fiscal year 2023 were maintained at $29.45 million. Dedicated taxes, which are derived from hotel and restaurant taxes increased by $27.8 million, or 14.5%.

On September 30, 2024, OCFO revenue estimates increased Dedicated tax projections for fiscal year 2025 to fiscal year 2028 by $1 million over the estimates from February 2024 continuing to respond to the economies strong recovery of the hospitality and travel industry from the COVID-19 pandemic. The Authorities fiscal years 2025 – 2008 financial plan will be revised in January 2025 in line with the increased Dedicated taxes by funding capital projects that were deferred to balance the budget in March 2024.

(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, 2024 AND 2023
(Dollar Amounts in Thousands)

	2024	2023
Assets		
Current assets:		
Cash-Unresticted	$ 9,787	$ 15,549
Cash-Restricted	5,311	7,123
Investment	254,858	229,331
Due From District	27,526	20,635
Accounts Receivable, Net of Allowance for Uncollectible Accounts	15,389	15,832
Prepaid and Others	3,762	6,010
Accrued Interest	2,948	913
Total current assets	**319,581**	**295,393**
Noncurrent Assets		
Lease Receivable	10,129	10,589
Other Receivables		4,010
Restricted Investment	213,122	198,269
Non-Depreciable Capital Assets	39,271	26,182
Depreciable and Amortizable Capital Assets, Net	380,763	407,557
Total Noncurrent Assets	**643,285**	**646,607**
Total Assets	962,866	942,000
Total Deferred Outflow of Resources	9444	10,010
Total Assets and Deferred Outflow of Resources	**$ 972,310**	**$ 952,010**
Liabilities		
Current Liabilities		
Accounts Payable	22,072	$ 14,953
Other Current Liabilities	4,242	29,863
Due to DC Government	998	1,974
Compensation Liabilities	2,062	2,474
Unearned Revenue	9,098	8,272
Accrued Interest Payable	8,060	8,286
Lease- Current Portion	127	130
Debt- Current Portion	13,570	13,040
Total Current Liabilities	**60,229**	**78,992**
Noncurrent Liabilities		
Compensated Absences	1,673	1,612
Lease- Long Term	4,010	4,137
Bonds Payable	406,182	421,937
Total Noncurrent Liabilities	411,865	427,686
Total Liabilities	**472,094**	**506,678**
Total Deferred Inflow of Resources	15,455	16,303
Net Position		
Invested in Capital Assets, Net	196,906	204,810
Restricted Net Position:		
Kenilworth Park	144	144
Debt Service & Capitalized	12,486	12,414
Capital Renewal	39,857	38,279
Operating & Marketing fund	64,962	59,843
Debt Service Reserve	35,108	36,158
Unrestricted Net Position	135,298	77,381
Total Net Position	**484,761**	**429,029**
Total Liabilities, Net Position and Deferred Inflow of Resources	**$ 972,310**	**$ 952,010**

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

WASHINGTON CONVENTION AND SPORTS AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

(Dollar Amounts in Thousands)

	2024	2023
Operating Revenue and Expenses		
Operating Revenues:		
Venue Rental	$ 8,828	$ 8,286
Catering Services	5,671	6,703
Electrical Services	3,752	2,636
Rigging Services	1,597	1,391
Parking Revenue	248	493
Telecommunications Services	2,681	2,641
Retail & Office Space Rental	480	406
Advertising & Sponsorship	286	214
Building Lease Rental	549	617
Digital Revenue	191	137
Audio and Visual	1,047	1,086
Miscellaneous Revenue	4,123	4,805
Total Operating Revenues	**29,453**	**29,415**
Operating Expenses:		
Personnel and Payroll Services	44,111	38,623
Contractual Services	56,483	48,672
Occupancy	6,608	6,082
Miscellaneous Expenses	5,153	3,393
Depreciation Expense	38,521	39,415
Total Operating Expenses	**150,876**	**136,185**
Operating Profit /(Loss)	**(121,423)**	**(106,770)**
Nonoperating Revenues and (Expenses)		
Debt Services	(14,760)	(15,219)
Marketing Agencies Payments	(49,560)	(32,601)
Miscellaneous Expenses	(2,010)	(24,405)
Interest Income-Total	25,516	17,104
Dedicated Tax	199,297	176,794
TIF Revenue	20,494	15,163
Miscellaneous -Non-operting	1,500	-
Total Nonoperating Revenues and (Expenses)	**180,477**	**136,836**
Excess Cash Transfer to District	**(3,322)**	**(9,027)**
Increase (Decrease) in Net Position	**55,732**	**21,039**
Net Position, Beginning of Year	**429,029**	**407,990**
Net Position, End of Year	**$ 484,761**	**$ 429,029**

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

WASHINGTON CONVENTION AND SPORTS AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023
(Dollar Amounts in Thousands)

	2024	2023
Cash flows from operating activities:		
Receipts from Customers	$ 31,183	$ 27,534
Payments to Suppliers	(84,498)	(55,131)
Payments to Employees	(44,462)	(37,766)
Other Payments	(976)	(2,269)
Net cash used in Operating Activities	(98,753)	(67,632)
Cash flows from Noncapital Financing Activities:		
Dedicated Tax Receipts	192,406	172,911
Tax Increment Financing Tax Receipts	20,494	15,163
Transfer to Tourism Responsibility Centers	(49,560)	(32,601)
Other Payments	(20,092)	(24,246)
Other Receipts (Payments)	4,662	(18,905)
Net cash provided by Noncapital Financing Activities	147,910	112,322
Cash flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(24,817)	(8,592)
Lease Payments	(130)	(135)
Principal payment on bonds	(13,040)	(10,705)
Interest payments	(1,846)	(1,876)
Net cash used for Capital and Related Financing Activities	(39,832)	(21,309)
Cash flows from Investing Activities:		
Proceeds from sale and maturities of investment securities	202,321	168,554
Purchases of investment securities	(242,700)	(213,441)
Interest and dividends on investments	23,481	17,148
Net cash flow provided (used) for investing activities	(16,898)	(27,739)
Net (decrease) increase in cash and cash equivalents	(7,574)	(4,357)
Cash and Cash Equivalents, Beginning of Year	22,672	27,029
Cash and Cash Equivalents, End of Year	**$ 15,098**	**$ 22,672**
Reconciliation of Operating Loss to Net Cash Used In Operating Activities		
Operating Loss	**$ (121,423)**	**$ (106,771)**
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation	38,521	39,415
Increase Allowance for Doubtful Accounts	237	-
Decrease (Increase) in Receivables	667	(1,937)
Decrease (Increase) in Prepaid Expenses and Other Assets	2,248	(1,589)
Decrease (Increase) in Accounts Payable	(19,417)	2,126
(Decrease) Increase in Compensation Liabilities	(412)	1,067
Increase in Unearned Revenue	826	57
Net Cash Used in Operating Activities	**$ (98,753)**	**$ (67,632)**

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

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) as applicable 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, 2023, the dedicated taxes was 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 fiscal year 2027. 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.

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

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.

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

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, 2024, and 2023, accounts receivable was $15.4 million and $15.8 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, 2024, and 2023, the allowance for uncollectible accounts was $943 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. Right-to-use assets are depreciated and amortized based on the lesser of the lease term or remaining estimated useful life. The categories of capitalized assets are listed below:

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.

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

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, 2024, bond refunding costs, which are reflected as a deferred outflows of resources in the Statements of Net Position, totaled $9.4 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, 2024, and 2023 the deferred inflows of resources were $15.5 million and $16.3 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 annualleave 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, 2024, and 2023, those restricted funds totaled approximately $213.1 million and $198.3 million, respectively.

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

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 estimatesand assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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

Th The Authority implemented the following new GASB Standards for fiscal year 2024: GASB Statement No. 100, *Accounting Changes and Error Corrections,* No. 101, *Compensated Absences*, No. 102 *Certain Risk Disclosures,* No. 103, *Financial Reporting Model Improvements,* and No. 104, *Disclosure of Certain Capital Assets.*

New Implementations

The Authority determined that only GASB Statement No. 100 *Accounting Changes and Error Corrections* was relevant to the organization for fiscal year 2024. In review of this standard, The Authority determined there was no impact to the fiscal year 2024 financial statements.

Future Implementation

The Authority has not determined the impact, if any, that implementation of GASB Standard No. 101 *Compensated Absences* and GASB No. 102 *Certain Risk Disclosures* will have on its financial statements but will evaluate the impact of these standards in fiscal year 2025.

NOTE 2 CASH DEPOSITS AND INVESTMENTS

Cash Deposits

The Authority's cash-carrying amounts as of September 30, 2024, and 2023 were $15.1 million and $22.7 million, respectively. The Authority's bank balances as of September 30, 2024, and 2023 were $15.9 million and $22.9 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 the U.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 issued by 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, 2024 and 2023, the Authority's investments were in money market, deposit accounts, U.S. Treasury bills, U.S. Treasury notes, and collateralized repurchase agreements. U.S. Treasury bills, U.S. Treasury notes 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.

NOTE 2 CASH DEPOSITS AND INVESTMENTS *(continued)*

The Authority has the following recurring fair value measurements as of September 30, 2024, and 2023.

Investment Instruments Measured at Fair Value

(In Thousands)

Fair Value Measurement Using

Investment by Fair Value Level	9/30/2024	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	265,041	265,041	-	-
Total Debt Securities	**$ 297,862**	**$ 297,862**	**$ -**	**$ -**
Investments Measured at the net asset value (NAV)				
Money Market Deposits	$ 170,118			
Total Investment Measured at NAV	**$ 170,118**			
Total Investments Measured at Fair Value	**$ 467,980**			

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	$ -	$ -
Negotiable Certificates of Deposit	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 Investment Measured at NAV	**$ 341,043**			
Total Investments Measured at Fair Value	**$ 427,601**			

NOTE 2 CASH DEPOSITS AND INVESTMENTS *(continued)*

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, 2024, and 2023, 7% and 8% of the Authority's investments were held by an insured and or 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, 2024, and 2023, all funds were invested in AAA-rated money market funds, AAA-rated U.S. Treasury bills, AAA-rated U.S. Treasury notes and collateralized repurchase agreements, thereby limiting the Authority's exposure to interest rate risk. In accordance with the Authority's investment policy, the investment maturities vary from 1-3 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, 2024, and 2023, the Authority's investments were all in AAA-rated short-term money market funds, AAA-rated U.S. Treasury bills, AAA-rated U.S. Treasury notes and collateralized repurchase agreements.

Concentration of Credit Risk: To limit exposure to credit risk concentrations, the Authority's investment policy limits investment in U.S. Treasuries to 53%, U.S. Treasury Notes to 3% money market mutual funds to 36%, and repurchase agreements to 7% to anyone issuer.

NOTE 2 CASH DEPOSITS AND INVESTMENTS *(continued)*

The following tables summarize the minimum reserve requirements and restricted and unrestricted amounts as of September 30, 2024, and 2023 (in thousands).

Reserve Accounts	Investment Balance as of September 30, 2024	Minimum Required Reserve (Restricted)	Available Reserve Above the Required Minimum
Series 2018 A and 2021C Bonds			
Capital Renewal & Replacement	$ 138,616	$ 39,857	$ 98,759
Debt Service Account	16,927	16,927	-
Debt Service Reserve Acct	30,667	30,667	-
Operating & Marketing Reserve Acct	195,840	63,808	132,032
Revenue Account	25,221		25,221
Totals	$ 407,272	$ 151,260	$ 256,012
Series 2021A 2021B and 2018B Bonds			
Tax Increment Financing Revenue Account	$ 38,194	$ 38,194	$ -
Debt Service Reserve Accounts	22,514	22,514	-
Totals	$ 60,708	$ 60,708	$ -
Total Restricted and non-restricted Investments	$ 467,980	$ 211,968	$ 256,012

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

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). The outstanding balance at the end of September 30, 2023 was $4 million. This balance was paid in its entirety as of September 30, 2024.

NOTE 4 CAPITAL ASSETS

Capital asset balance as of September 30, 2024 are summarized as follows *(in thousands)*:

	Balance @ 09/30/2023	Additions	Disposals	Transfers/ Adjustments	Balance @ 09/30/2024
Non-depreciable					
Land	$ 4,785	$ -	$ -	$ -	$ 4,785
Construction In Progress	18,655	11,895	-	1,195	31,745
Artwork	2,742	-	-	-	2,742
Total Non-depreciable Capital Assets	**$ 26,182**	**$ 11,895**	**$ -**	**$ 1,195**	**$ 39,271**
Depreciable and Amortizable					
Building (WEWCC)	$ 769,409	$ -	$ -	$ -	$ 769,409
Building Improvements (WEWCC)	62,453	4,764	-	(1,398)	65,819
Stadium Structure	19,037	-	-	-	19,037
Building Improvements/Displays (SED)	33,762	-	-	-	33,763
Building-ESA	73,976	-	-	-	73,976
RFK Multi-Purpose Fields	39,261	-	-	-	39,261
Parking Lot Improvements (SED)	7,474	941	-	-	8,415
Central Plant	16,335	-	-	-	16,335
Right to Use-Building	14,798	-	-	-	14,798
Financial Systems	8,399	1,213	-	-	9,612
Furniture and Fixtures	37,620	3,442	-	-	41,062
Machinery and Equipment	40,684	2,498	-	265	43,446
Total Depreciable Capital Assets	**$ 1,123,208**	**$ 12,857**	**$ -**	**$ (1,133)**	**$ 1,134,933**
Less: Accumulated Depreciation and Amortization					
Building (WEWCC)	$ 524,175	$ 25,647	$ -	$ (534)	$ 549,288
Building Improvements (WEWCC)	25,354	1,229	-	(7,238)	19,345
Stadium Structure	19,161	-	-	-	19,161
Building Improvements/Displays (SED)	33,763	-	-	-	33,763
Building-ESA and RFK Multi-Purpose Fields	18,607	4,754	-	7,238	30,599
Parking Lot Improvements	6,361	256	-	-	6,617
Central Plant	16,381	8	-	-	16,389
Right to Use - Building	5,629	367	-	534	6,530
Financial Systems	3,264	1,402	-	-	4,666
Furniture and Fixtures	29,259	1,684	-	-	30,943
Machinery and Equipment	33,696	3,174	-	-	36,869
Total Accumulated Depreciation and Amortization	$ 715,651	$ 38,521	$ -	$ -	$ 754,170
Total Net Depreciable Capital Assets	**$ 407,557**	**$ (25,664)**	**$ -**	**$ (1,133)**	**$ 380,763**

NOTE 4 CAPITAL ASSETS *(continued)*

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 5 LEASES

The Authority as a Lessee

In May 2011, the Authority entered 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
2025	$ 126,674	$ 61,416	$ 188,090
2026	122,983	65,108	188,091
2027	119,403	68,690	188,093
2028	115,924	72,167	188,091
2029	112,547	75,543	188,090
2030-2033	427,355	341,467	768,822
2034 and thereafter	3,112,239	10,608,426	13,720,665
Total minimum lease payments	$ 4,137,125	$ 11,292,817	$ 15,429,942

The carrying value of the right-to-use asset is $14.8 million less accumulated amortization recorded as of September 30, 2024, of $5.6 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.

NOTE 5 LEASES *(continued)*

The total amount of deferred inflows of resources relating to leases recognized in fiscal years 2024 and 2023 were as follows (*In thousands*):

	Fiscal Year Ended September 30,	
	2024	**2023**
Lease Revenue	$ 1,029	$ 1,023
Interest Revenue	641	726
	$ 1,670	$ 1,749

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 operated Headquarters 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 was 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 in the 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 a portion 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% and 5%. The taxable Series 2021C Bonds mature on October 1, 2023 – 2029 and bear interest rates from 0.56% and 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 2024 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, 2024, and 2023, the Authority's bond liability totaled approximately $365.5 million and $378.5 million, respectively. A summary of annual maturities of the bonds payable as of September 30, 2024, is as follows (in thousands):

Fiscal Years	Principal	Interest	Total Debt Service
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	38,565	10,089	48,654
2030 -2034	119,250	28,813	148,063
2035-2039	76,005	12,754	88,759
2040-2041	30,185	509	30,694
Total	$ 365,505	$ 108,208	$ 473,713

As of September 30, 2024, and 2023, the unamortized bond premiums were $54.2 million and $56.4 million, respectively.

NOTE 7 LONG-TERM LIABILITIES

The following summarizes long-term liabilities as of September 30, 2024, and 2023 *(in thousands)*:

	Balance @ 09/30/2023	Additions	Reductions	Balance @ 09/30/2024	Amount Due Within One Year
Series 2018 Bonds Payable	$ 225,330	$ -	$ (8,795)	$ 216,535	$ 12,660
Series 2021 Bonds Payable	153,215	-	(4,245)	148,970	910
Series 2018 Bond Premium	29,938	-	(1,228)	28,710	
Series 2021 Bond Premium	26,495	-	(958)	25,537	
Bonds Payable, net	$ 434,977	$ -	$ (15,226)	$ 419,752	$ 13,570
Lease Obligations	4,268	-	(127)	4,141	127
Compensated Absences	1,856	159	(46)	1,969	296
Total Long-term Liabilities	$ 441,101	$ 159	$ (15,399)	$ 425,862	$ 13,993

	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
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

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 2024 and 2023 were approximately $2.3 million and $1.9 million, respectively. The Plan's administrator issues financial statements and required 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 2024 and 2023, the Authority recognized transfers from dedicated tax receipts of $199.3 million and $176.8 million, respectively. The transfers include the 1.3% hotel room tax that is dedicated to Destination DC which amounts to $32.2 million and $19.3 million in fiscal years 2024 and 2023, respectively. As of September 30, 2024 and 2023, the dedicated taxes due from the District Government were $21.8 million and $20 million, respectively. These receivables represent September tax payments collected by the District in October and November.

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 to the 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 2024 and 2023, the Authority recognized revenue from TIF tax receipts of $20.5 million and $15.2 million, respectively. As of September 30, 2024 and 2023, TIF receivables due from the District Government were $2.2 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 balance of 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 times the operating and marketing budget; and (2) a capital reserve of 5% of the original cost of the convention center adjusted for inflation. Based on the fiscal year 2022 audit that was completed in November 2023, and the subsequent fiscal year 2023 audit completed in December 2023, the Authority recorded a liability in fiscal year 2023 of $9 million in excess cash and a liability of $3.3 million in fiscal year 2024 based on the fiscal year 2023 audit. We transferred a total of $12.3 million in fiscal year 2024 from the fiscal year 2022 and fiscal year 2023 excess cash calculated amounts to the District's General Fund.

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 Entertainment Commission 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 fiscal year 2024, there was no MOU in place for DGS to provide maintenance services at RFK and no payments were made during fiscal year 2024.

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 United States Government constructed the surrounding motor vehicle parking areas. Both were constructed on land owned 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 the Interior leased to the District the land occupied by the stadium and the parking areas without consideration for 50 years.

Relationship to the District of Columbia Government

Prior to the merger, the DC Sports and Entertainment Commission (DCSEC) entered into a lease agreement in March 2006 with the government of the District of Columbia under which the District leased the Baseball Stadium 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 2024 and 2023, 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 States of 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.

On May 5, 2011, the District and the Authority entered a Memorandum of Understanding (MOU) regarding the Carnegie Library and Reservation 8, whereby the District transferred to the Authority all its rights and obligations with respect to the administrative jurisdiction over the Carnegie Library and with respect to the original 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.

NOTE 9 RELATED-PARTY TRANSACTIONS *(continued)*

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 (as amended 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. Effective April 1, 2023, the additional tax was raised to 1.3%.

During fiscal years 2024 and 2023, the total amount of dedicated taxes allocated to the Marketing Fund was approximately $16.3 million and $14.8 million excluding the 1.3% additional taxes collected for Destination DC (DDC), respectively. The Authority incurred the following marketing services expenses in fiscal years 2024 and 2023 (in thousands), respectively:

	2024	2023
Destination DC	$ 16,369	$ 14,790
Destination DC 1.3% Additional	31,875	16,641
DC Chamber of Commerce	250	250
Ibero Chamber of Comm	350	300
	$ 48,844	$ 31,981

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 fiscal years 2024 and 2023 were not fully utilized.

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 2024 and 2023, there was no activity other than a bank service charge fee. As of September 30, 2024 and 2023, 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, 2024 and 2023, the remaining balance of $3.4 million and $5.2 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, 2024.

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, 2024 and 2023, 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 surety bonds.

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 2024, will not have a material adverse effect on the financial statements.

NOTE 16 COMMUNITY GRANT PROGRAM

In fiscal year 2024, the Authority continued to support the District in administering critical grant programs, including distributing $715,000 in community grants to one hundred and three non-profit organizations in DC that promote youth participation in the arts and athletics.

NOTE 17 SUBSEQUENT EVENTS

The Authority evaluated the subsequent events and transactions through January 3, 2025, the date these financial statements were available for issue, and has determined that no subsequent events have occurred that would materially affect the information presented in the accompanying financial statements or require additional disclosure, individually or in the aggregate.

STATEMENTS OF NET POSITION BY FUND
AS OF September 2024
(ACTUAL DOLLARS)

	C&M	Marketing	Capital	Hotel -TIF	RFK Campus (SED)	ESA (St Elizabeth)	All Fund Values
Assets							
Current assets:							
Total Cash	$ 1,514,653	$ 1,982,542	$ 3,639,094	$ -	$ 878,398	$ 1,772,202	$ 9,786,889
Cash-Restricted	-	-	4,099,351	-	1,211,791	-	5,311,142
Investment	177,548,497	77,309,602	-	-	-	-	254,858,099
Due From District	21,558,724	5,967,749	-	-	-	-	27,526,473
Accounts Receivable	11,182,257	-	-	2,202,811	1,001,655	1,002,806	15,389,529
Prepaid and Others	3,746,615	(475)	-	-	15,374	252	3,761,766
Accrued Interest	2,613,546	-	-	334,074	-	-	2,947,620
Intercompany Receivables (Payables)	(565,760)	(123,036)	1,235,103	-	(80,290)	(466,017)	-
Total current assets	217,598,532	85,136,382	8,973,548	2,536,885	3,026,928	2,309,243	319,581,518
Noncurrent Assets							
Lease Receivable	10,128,582	-	-	-	-	-	10,128,582
Net Capital Assets	227,523,951	-	153,239,399	-	-	-	380,763,350
Other Receivables	-	-	-	-	-	-	-
Restricted Investment	152,413,681	-	-	60,707,858	-	-	213,121,539
Non-Depreciable Capital Assets	7,510,395	-	31,760,952	-	-	-	39,271,347
Total Noncurrent Assets	**397,576,609**	**-**	**185,000,351**	**60,707,858**	**-**	**-**	**643,284,818**
Total Assets	615,175,141	85,136,382	193,973,899	63,244,743	3,026,928	2,309,243	962,866,336
Deferred Outflows of Resources	1,672,131	-	-	7,771,722	-	-	9,443,853
Total Assets and Deferred Outflow of Resources	**$ 616,847,272**	**$ 85,136,382**	**$ 193,973,899**	**$ 71,016,465**	**$ 3,026,928**	**$ 2,309,243**	**$ 972,310,189**
Liabilities and Net Position							
Current Liabilities							
Accounts Payable	$ 6,757,286	$ 3,511,085	$ 8,584,779	$ 500,000	$ 1,104,249	$ 1,615,058	$ 22,072,458
Other Current Liabilities	84,366	-	2,858,489	-	1,259,469	40,000	4,242,324
Due to DC Government	91,884	-	664,840	-	7,461	233,799	997,983
Compensation Liabilities	1,731,988	-	-	-	158,287	172,131	2,062,406
Unearned Revenue	6,536,274	-	-	-	11,263	2,550,202	9,097,739
Accrued Interest Payable	4,267,458	-	-	3,792,436	-	-	8,059,894
Lease- Current Portion	126,674	-	-	-	-	-	126,674
Debt- Current Portion	12,660,000	-	-	910,000	-	-	13,570,000
Total Current Liabilities	32,255,930	3,511,085	12,108,108	5,202,436	2,540,729	4,611,190	60,229,478
Noncurrent Liabilities							
Compensated Absences	1,460,074	-	-	-	72,363	140,408	1,672,845
Capital Lease-Long Term	4,010,414	-	-	-	-	-	4,010,414
Bonds Payable	204,614,384	-	-	201,567,156	-	-	406,181,540
Contributed Capital - Long Term	-	-	-	-	-	-	-
Total Noncurrent Liabilities	210,084,872	-	-	201,567,156	72,363	140,408	411,864,799
Total Liabilities	242,340,802	3,511,085	12,108,108	206,769,592	2,613,092	4,751,598	472,094,277
Deferred Inflows of Resources	15,455,054	-	-	-	-	-	15,455,054
Net Position							
Net Position							
Invested in Capital Assets, Net	11,921,699	-	184,983,955	-	-	-	196,905,654
Restricted Net Position:							-
Kenilworth Park	-	-	-	-	144,014	-	144,014
Debt Service & Capitalized	12,486,250	-	-	-	-	-	12,486,250
Capital Renewal	39,857,102	-	-	-	-	-	39,857,102
Operating & Marketing fund	64,961,880	-	-	-	-	-	64,961,880
Senior Proceeds	7,551,635	-	-	-	-	-	7,551,635
Debt Service Reserve	27,556,813	-	-	-	-	-	27,556,813
Unrestricted Net Position	211,897,500	28,814,577	(7,215,021)	(154,628,956)	1,883,711	(1,186,351)	79,565,460
YTD Net Position	(17,181,463)	52,810,720	4,096,857	18,875,829	(1,613,889)	(1,256,004)	55,732,050
Total Net Position	359,051,416	81,625,297	181,865,791	(135,753,127)	413,836	(2,442,355)	484,760,858
Total Liabilities, Net Position and Deferred Inflow of Resources	**$ 616,847,272**	**$ 85,136,382**	**$ 193,973,899**	**$ 71,016,465**	**$ 3,026,928**	**$ 2,309,243**	**$ 972,310,189**

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY FUND
As of September 2024
(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	$ 8,316,594	$ -	$ -	$ -	$ 354,092	$ 157,266	$ 8,827,952
Catering Services	5,513,521	-	-	-	97,796	59,575	5,670,892
Electrical Services	3,714,809	-	-	-	37,660	-	3,752,469
Rigging Services	1,590,376	-	-	-	6,487	-	1,596,863
Parking Revenue	-	-	-	-	247,694	-	247,694
Telecommunications Services	2,672,314	-	-	-	8,643	36	2,680,993
Retail & Office Space Rental	466,141	-	-	-	1,608	12,000	479,749
Advertising & Sponsorship	-	-	-	-	117,500	168,900	286,400
Building Lease Rental	266,781	-	-	-	-	281,984	548,765
Digital Revenue	190,817	-	-	-	-	-	190,817
Audio and Visual	1,040,388	-	-	-	6,495	-	1,046,883
Miscellaneous Revenue	552,723	-	-	-	1,332,265	2,238,601	4,123,589
Total Operating Revenues	**$ 24,324,464**	**$ -**	**$ -**	**$ -**	**$ 2,210,240**	**$ 2,918,362**	**$ 29,453,066**
Operating Expenses							
Personnel and Payroll Services	36,018,017	-	-	-	3,372,158	4,721,168	44,111,343
Contractual Services	24,620,634	9,408,451	11,335,561	-	6,010,602	5,107,937	56,483,185
Occupancy	5,651,315	-	-	-	199,265	757,673	6,608,253
Payment to District	-	-	-	-	-	-	-
Miscellaneous Expenses	4,490,195	5,692	3,216	-	269,220	384,628	5,152,951
Depreciation Expense	26,353,617	-	12,166,900	-	-	-	38,520,517
Total Operating Expenses	**97,133,778**	**9,414,143**	**23,505,677**	**-**	**9,851,245**	**10,971,406**	**150,876,249**
Operating Profit /(Loss)	**$ (72,809,314)**	**$ (9,414,143)**	**$ (23,505,677)**	**$ -**	**$ (7,641,005)**	**$ (8,053,044)**	**$ (121,423,183)**
Nonoperating Revenues and (Expenses)							
Debt Services	(7,452,964)	-	-	(7,046,787)	-	(202,594)	(14,702,345)
Leases - Interest Expense	(57,615)	-	-	-	-	-	(57,615)
Marketing Agencies Payments	-	(49,559,906)	-	-	-	-	(49,559,906)
Payment to District – NOE	(3,322,583)	-	-	(2,009,661)	-	-	(5,332,244)
Miscellaneous Expense	-	-	-	-	-	-	-
Interest Income-Total	22,645,988	96	102,534	2,740,532	27,117	-	25,516,267
Dedicated Tax	147,824,273	19,243,552	-	-	-	-	167,067,825
TIF Revenue	-	-	-	20,494,102	-	-	20,494,102
Additional DDC Tax	-	32,229,150	-	-	-	-	32,229,150
Miscellaneous -Non-operating	-	-	1,500,000	-	-	-	1,500,000
Total Nonoperating Revenues and (Expenses)	**159,637,099**	**1,912,892**	**1,602,534**	**14,178,186**	**27,117**	**(202,594)**	**177,155,234**
Increase (Decrease) in Net Position	**$ 86,827,785**	**$ (7,501,251)**	**$ (21,903,143)**	**$ 14,178,186**	**$ (7,613,888)**	**$ (8,255,638)**	**$ 55,732,051**

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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, 2024, 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, 2025.

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, 2025

REPORT WASTE, FRAUD, ABUSE, AND MISMANAGEMENT.

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