

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
A COMPONENT UNIT OF THE DISTRICT OF COLUMBIA GOVERNMENT
FINANCIAL STATEMENTS
(Together with Reports of Independent Public Accountants)
SEPTEMBER 30, 2024 and 2023

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 and 2023**

TABLE OF CONTENTS

	<u>PAGE</u>
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-11
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	12
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	13
STATEMENTS OF CASH FLOWS	14
NOTES TO THE BASIC FINANCIAL STATEMENTS.....	15-23
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	24-25



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

The Mayor and Council of the Government of the District of Columbia
and the Board of Directors of the District of Columbia Green Finance Authority
Washington, DC

Opinion

We have audited the accompanying financial statements of the District of Columbia Green Finance Authority (DC Green Bank), 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 DC Green Bank'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 financial position of DC Green Bank as of September 30, 2024 and 2023, and the changes in its financial position and 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 audits 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 DC Green Bank and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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

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 controls 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 DC Green Bank's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 controls. 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 controls 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 DC Green Bank's internal controls. 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 DC Green Bank'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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024, on our consideration of DC Green Bank's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DC Green Bank's internal controls over financial reporting and compliance.

Washington, D.C.
December 13, 2024

SBC + Company, LLC

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2024, 2023, and 2022

FINANCIAL HIGHLIGHTS

INTRODUCTION

The following is a discussion and analysis of the District of Columbia Green Finance Authority's (DC Green Bank or the Bank) financial performance as of and for the fiscal years ended September 30, 2024 and 2023. This information should be read in conjunction with the financial statements and the accompanying notes which follow this discussion and analysis.

ABOUT OUR BUSINESS

Pursuant to the Green Finance Authority Establishment Act of 2018 (D.C. Law 22-155; D.C. Official Code § 8-173.01 et seq.), the DC Green Bank was established as an independent instrumentality of the Government of the District of Columbia (the District or DC). DC Green Bank was created to increase the use of private and public funds for sustainable projects and programs by offering and promoting the use of loans, loan guarantees, credit enhancements, bonds, or other financing mechanisms for sustainable projects and programs.

DC Green Bank is governed by an eleven (11) member Board of Directors, comprised of seven (7) voting members, appointed by the Mayor, with the advice and consent of the Council of the District of Columbia (the Council). These individuals include: two (2) members with experience at a financial institution operating within the District; three (3) members with financial, project development, or legal experience in clean energy, clean infrastructure, clean transportation, stormwater management, or green infrastructure; and two (2) members with experience in affordable housing or community development.

The Board of Directors also includes four (4) nonvoting ex-officio members, or their designees, which include the Director of Department of Energy and Environment, the Deputy Mayor for Planning and Economic Development, Executive Director of the Office of Public-Private Partnerships, and the District Chief Financial Officer.

Pursuant to DC Green Bank's enabling legislation, the Board of Directors may create additional advisory groups as it considers appropriate. The advisory groups provide the Board of Directors with recommendations on various matters and such groups do not have authority to act for, or on behalf of, the DC Green Bank.

Pursuant to the Green Finance Authority Establishment Act of 2018 (D.C. Law 22-155; D.C. Official Code § 8-173.01 et seq.), DC Green Bank's initial funding of \$7.0 million a year for five (5) years, fiscal years 2018 through 2023, was authorized from the District's Renewable Energy Development Fund (REDF). In addition to the funding from REDF, the Clean Energy DC Omnibus Amendment Act of 2018 calls for the transfer of \$15.0 million in fiscal years 2020 and 2021 and \$10.0 million a year for fiscal years 2022 through 2025 from the District's Sustainable Energy Trust Fund (SETF) to support sustainable projects and programs, provided the transfer is included in an approved budget and financial plan.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2024, 2023, and 2022

In fiscal year 2021, there was an amendment to the SETF statute stating that the SETF will transfer at least \$10.0 million, but no more than \$15.0 million to the Green Finance Authority in fiscal years 2022 through 2025, provided that the total amount of money transferred to the Green Finance Authority from the SETF in fiscal years 2020 through 2025 shall not exceed \$70.0 million.

In fiscal year 2024, there was a second amendment to the SETF statute stating that in fiscal years 2025, 2026, 2027, and 2028, the SETF will transfer at least \$7 million to the Green Finance Authority to support sustainable projects and programs, provided that funding for such transfers is included in an approved budget and financial plan, and further, that the total amount of money transferred to the Green Finance Authority from the Sustainable Energy Trust Fund in fiscal years 2025 through 2028 shall not exceed \$60 million. DC Green Bank offers financial products that accelerate the clean energy transition, lower barriers to the adoption of clean energy technology, and make energy efficiency, renewable energy, water conservation, and green infrastructure projects more accessible and affordable through financing instruments and incentives. These products benefit District residents, small business owners, commercial and affordable developers, and the local, clean energy workforce.

- The D.C. Law 22-155 Green Finance Authority Establishment Act of 2018 became effective on August 22, 2018. DC Green Bank began operations on October 1, 2019, the start of the fiscal year 2020.
- As noted in Table I on page 8, DC Green Bank had an excess of total assets over total liabilities of \$85.6 million, \$77.0 million, and \$57.1 million as of September 30, 2024, 2023, and 2022, respectively, which is classified and reported as restricted and unrestricted net position in the Statements of Net Position. The restricted net position represents funds that are to be used for specified purposes.
- In fiscal year 2024, the Bank issued eight (8) promissory notes for a total of \$11.4 million compared to ten (10) promissory notes totaling \$15.8 million in 2023 and seventeen (17) promissory notes totaling \$24.6 million in 2022. As of September 30, 2024, the portfolio consisted of \$3.0 million in predevelopment loans, \$2.2 million in permanent financing, \$23.6 million in construction loans, \$4.1 million in Building Energy Performance Standards (BEPS) loans in affordable housing, and \$2.1 million in revolving construction loans.
- In the fiscal years 2024 and 2023, the Bank continued joint ventures and partnerships with other financial intuitions to reach areas of District populations that would not have otherwise been served, with total funding of \$670 thousand and \$1.3 million respectively.
- Operating revenue earned in the fiscal years ended September 30, 2024, 2023, and 2022 totaled \$2.9 million, \$1.5 million, and \$514 thousand, respectively. Non-Operating revenues totaled \$1.1 million in fiscal year 2024, \$697 thousand in fiscal year 2023, and a loss of \$42 thousand in fiscal year 2022. Included in non-operating revenue for fiscal year 2023 is \$301 thousand for unrealized gains on the investment portfolio.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2024, 2023, and 2022

- Operating expenses were \$5.4 million, \$5.1 million, and \$4.9 million for fiscal years ended September 30, 2024, 2023, and 2022, respectively, which were greater than operating and non-operating revenue resulting in a loss before transfers of \$1.5 million, \$2.9 million, and \$4.4 million for the fiscal years ended September 30, 2024, 2023, and 2022, respectively.
- Transfers from the District government totaled \$10.0 million, \$22.8 million, and \$20.8 million for the fiscal years ended September 30, 2024, 2023, and 2022, respectively, resulting in the net position of \$85.6 million, \$77.0 million and \$57.1 million as of September 30, 2024, 2023, and 2022, respectively. Refer to Table II on page 10 for further detail.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2024, 2023, and 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the DC Green Bank's basic financial statements. DC Green Bank's financial statements include three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Change in Net Position; and the Statement of Cash Flows. These financial statements and the related notes provide information about the financial activities of DC Green Bank.

1. ***Statement of Net Position*** – The Statement of Net Position presents information on DC Green Bank's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of DC Green Bank is improving or deteriorating.

2. ***Statement of Revenue, Expenses, and Change in Net Position*** – The Statement of Revenues, Expenses, and Change in Net Position reports operating and non-operating revenues and expenses for the fiscal year. The gains or losses in revenue and transfers from District of Columbia are presented as the change in net position for the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenue and expenses that are reported for some items will result in cash flows in future fiscal periods.

3. ***Statement of Cash Flows*** – The Statement of Cash Flows presents information showing how DC Green Bank's cash and cash equivalents changed during the fiscal year. The Statement of Cash Flows classifies cash receipts and cash payments resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The net result of those activities is reconciled to the cash and cash equivalents balances reported as of the end of the fiscal year. This statement is prepared using the direct method, which allows the reader to easily understand the amount of cash received, and how much cash was disbursed. The statement also reconciles the change in operating net position to the net cash used in operating activities.

4. ***Notes to the Financial Statements*** – The Notes to the Financial Statements provide additional information that is essential for a complete understanding of the data provided in the basic financial statements.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2024, 2023, and 2022

FINANCIAL ANALYSIS

CONDENSED FINANCIAL INFORMATION

The following table provides a summary of DC Green Bank’s total assets, liabilities, and net position as of September 30, 2024, 2023, and 2022.

Table I - Condensed Schedule of Net Position
As of September 30, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Cash and cash equivalents - unrestricted	\$ 24,612,108	\$ 12,444,851	\$ 12,770,428
Cash and cash equivalents - restricted	16,752,992	28,772,398	21,598,862
Investments	5,355,612	5,054,796	4,869,806
Due from District of Columbia	5,710,365	7,000,000	5,000,000
Program loans receivable	34,070,735	24,677,524	14,772,876
Other receivables	515,612	-	-
Prepaid expenses and other assets	173,075	107,699	65,079
Noncurrent assets:			
Capital assets, net	73,215	-	-
Right of use asset	1,537,509	-	-
Total Assets	<u>88,801,223</u>	<u>78,057,268</u>	<u>59,077,051</u>
Liabilities			
Current Liabilities	1,290,038	585,979	1,059,423
Noncurrent Liabilities	1,897,798	435,582	950,811
Total Liabilities	<u>3,187,836</u>	<u>1,021,561</u>	<u>2,010,234</u>
Net Position			
Unrestricted	68,525,462	49,370,225	43,388,958
Restricted	17,087,925	27,665,482	13,677,859
Total Net Position	<u>\$ 85,613,387</u>	<u>\$ 77,035,707</u>	<u>\$ 57,066,817</u>

For the fiscal years ended September 30, 2024, 2023, and 2022, DC Green Bank engaged in several activities including hiring staff and developing systems as well as the creation of operating policies, processes, and protocols to establish a variety of financial products targeted toward its mandate to advance sustainability, the clean economy, and inclusive prosperity in the District.

For the fiscal years 2024, 2023, and 2022, DC Green Bank’s portfolio investments relate to solar construction, energy efficiency and green building, storm water abatement, and pre-development financing. Pursuant to the contractual loan arrangements, not all funds that DC Green Bank approved are disbursed immediately. These financings are “delayed draw” by design in that funds are not deployed until the projects meet certain set milestones or levels of percentage of completion. These funds are deposited in a secured account with the loan servicers to be disbursed over time as draws are requested from borrowers. Once the project is implemented, borrowers begin drawing down on capital over time.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2024, 2023, and 2022

In fiscal years 2024 and 2023, DC Green Bank continues to partner with local developers to support the construction of solar projects in underserved communities, new construction and building retrofit projects, stormwater retention mitigation projects, and green affordable housing projects across all Wards in the District.

Total assets of the DC Green Bank as of September 30, 2024, 2023, and 2022, were \$88.8 million, \$78.1 million, and \$59.1 million, respectively. This was mainly the result of the District government's capitalization of the DC Green Bank. Pursuant to the Green Finance Authority Establishment Act of 2018 (D.C. Law 22-155; D.C. Official Code § 8-173.01 et seq.) and the Clean Energy DC Omnibus Amendment Act of 2018, approximately \$11.7 million in 2024, \$12.0 million in 2023, and \$10.0 million in 2022 was made available to the DC Green Bank. The funding consists of \$1.3 million, \$12.0 million, and \$10.0 million in fiscal years 2024, 2023, and 2022, respectively, from the District's SETF. In fiscal year 2024, DC Green Bank also received \$6.0 million in budget appropriation from the District government, and \$4.4 million from the District's Department of Energy and Environment (DOEE) to establish the Energy Efficiency Revolving Loan Fund, an innovative loan fund intended to boost energy efficiency improvements in affordable housing.

Unrestricted cash and cash equivalents as of September 30, 2024, 2023, and 2022 were \$24.6 million, \$12.4 million, and \$12.8 million, respectively. Restricted cash and cash equivalents were \$16.8 million, \$28.8 million, and \$21.6 million, respectively. Program loans receivable amounted to \$34.1 million in 2024, net of the Allowance for Loan Losses of \$1.3 million; \$24.7 million, net of the Allowance for Loan Losses of \$621 thousand in fiscal year 2023; and \$14.8 million, net of the Allowance for Loan Losses of \$286 thousand as of September 30, 2022.

DC Green Bank's total liabilities were \$3.1 million, \$1.0 million, and \$2.0 million as of September 30, 2024, 2023, and 2022, respectively, which comprised accrued payroll and bonuses, deferred revenue, accrued expenses, long-term office lease, and loan-related liabilities.

Net position, the difference between DC Green Bank's assets and its liabilities, as of September 30, 2023, 2022, and 2021, was \$85.6 million, \$77.0 million, and \$57.1 million, respectively.

The following table presents condensed financial information from the Statement of Revenues, Expenses, and Change in Net Position for the fiscal years ended September 30, 2024, 2023, and 2022.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2024, 2023, and 2022

Table II - Condensed Schedule of Revenues, Expenses, and Change in Net Position
For the Years Ended September 30, 2024, 2023, and 2022

	2024	2023	2022
Operating Revenues	\$ 2,875,282	\$ 1,504,297	\$ 513,532
Operating Expenses	5,416,824	5,063,557	4,889,733
Operating Loss	(2,541,542)	(3,559,260)	(4,376,201)
Non-Operating Revenues (Expense)	1,085,267	696,829	(41,728)
Transfers from the District of Columbia	10,033,955	22,831,321	20,794,104
Change in Net Position	8,577,680	19,968,890	16,376,175
Net position, beginning of the year	77,035,707	57,066,817	40,690,642
Net Position, End of the Year	\$ 85,613,387	\$ 77,035,707	\$ 57,066,817

During the fiscal years ended September 30, 2024, 2023, and 2022, DC Green Bank's operating revenue totaled \$2.9 million, \$1.5 million, and \$514 thousand, respectively. The operating revenue is earned from program fees and interest charged on project loans.

The non-operating revenue of \$1.1 million, non-operating revenue of \$697 thousand, and non-operating expenses of \$42 thousand were derived from funds provided by the District government for operating purposes in fiscal years 2024, 2023, and 2022, respectively. DC government transfers represent the capitalization of \$10.0 million, \$22.8 million, \$20.8 million, that was made available to the DC Green Bank in fiscal years 2024, 2023, and 2022, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of September 30, 2024, DC Green Bank reports a right-to-use asset and a corresponding office lease liability in accordance with GASB 87. The right-to-use asset and lease liability are related to the Bank's office lease, reflecting the present value of future lease payments over the lease term. DC Green bank also capital assets in the amount of \$75 thousand during fiscal year 2024. DC Green Bank had no right-to-use assets, capital assets, or debt obligations as of September 30, 2024, 2023, and 2022.

BUDEGETARY CONTROLS

DC Green Bank adopts an annual operating budget which is approved by its Board of Directors in September of each year, for the subsequent fiscal year. Before approval by the Board, the budget is reviewed in detail and adjusted, if necessary. After approval by the Board of Directors, DC Green Bank submits its annual operating budgets to the Mayor and Council of the District of Columbia. The budget for fiscal years 2024, 2023, and 2022 was \$45.3 million, \$40.4 million, and \$42.2 million, respectively.

Total operating expenses were approximately \$5.4 million, \$5.1 million, and \$4.9 million, for the fiscal years ended September 30, 2024, 2023, and 2022, respectively. In FY24, DC Green Bank recorded non-cash loan loss provisions in accordance with US GAAP requirements, which reflect an estimated percentage of the total loan portfolio potentially uncollectible in the future. As DC Green Bank's loan portfolio grows, the loan loss provision correspondingly increases and reduces as loans mature or are repaid. Since inception,

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING SEPTEMBER 30, 2024, 2023, and 2022

DC Green Bank has written off only one loan, with a total value of \$14 thousand. Excluding the impact of loan loss provision growth, total annual expenses decreased by \$86.8 thousand, reflecting effective cost management across business operations.

ECONOMIC OUTLOOK

DC Green Bank operates within a dynamic economic environment that is influenced by various factors that may impact its financial performance related to its lending activities. The Bank's goal is to mitigate risks in the event of unforeseen threats to the loan portfolio as a result of economic downturn or other negative influences. As such, the Bank remains committed to proactive risk management, strategic planning to navigate potential challenges, and emerging opportunities to deploy capital in support of a clean energy economy.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Bank's finances for all those with an interest in its finances. Additional information regarding the Bank's financial statements may be obtained from DC Green Bank's CFO, Greg Haygood, ghaygood@dcgreenbank.com.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 24,612,108	\$ 12,444,851
Cash and cash equivalents - restricted	16,752,992	28,772,398
Investments	5,355,612	5,054,796
Due from District of Columbia	5,710,365	7,000,000
Program loans receivable, net	34,070,735	24,677,524
Other receivables	515,612	-
Prepaid expenses and other assets	173,075	107,699
Noncurrent assets:		
Capital assets, net	73,215	-
Right-to-use asset	1,537,509	-
Total Assets	88,801,223	78,057,268
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	234,159	104,459
Accrued payroll	186,788	223,510
Unearned revenue	768,998	186,325
Compensated absences	100,093	71,685
Noncurrent liabilities:		
Unearned revenue	122,830	-
Interest reserve	41,563	254,670
Debt service reserve	151,834	180,912
Lease liability	1,581,571	-
Total Liabilities	3,187,836	1,021,561
NET POSITION		
Unrestricted	68,525,462	49,370,225
Restricted	17,087,925	27,665,482
Total Net Position	\$ 85,613,387	\$ 77,035,707

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

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Interest on program loans	\$ 1,780,593	\$ 988,004
Program fees	<u>1,094,689</u>	<u>516,293</u>
Total Operating Revenues	<u>2,875,282</u>	<u>1,504,297</u>
Operating Expenses		
Salaries and benefits	3,227,054	3,020,909
General and administrative	1,273,008	1,555,609
Provision for loan loss	678,799	335,195
Depreciation and amortization	39,285	-
Other operating expenses	<u>198,678</u>	<u>151,844</u>
Total Operating Expenses	<u>5,416,824</u>	<u>5,063,557</u>
Operating Loss	<u>(2,541,542)</u>	<u>(3,559,260)</u>
Non-Operating Revenues (Expense)		
Interest income	784,452	434,339
Investment income	300,815	187,490
Grants	-	75,000
Total Non-Operating Revenues (Expense)	<u>1,085,267</u>	<u>696,829</u>
Loss Before Transfers	<u>(1,456,275)</u>	<u>(2,862,431)</u>
Transfers from the District of Columbia		
Local funding (SETF) - Sustainable Energy Trust Fund	1,300,000	12,000,000
Local funding (DOEE) - Department of Energy & Environment	(1,676,410)	10,831,321
Local funding (DC) - Budget Appropriation	6,000,000	-
Local funding (EERLF) - Energy Efficiency Revolving Loan Fund	<u>4,410,365</u>	<u>-</u>
Total Transfers from the District of Columbia	<u>10,033,955</u>	<u>22,831,321</u>
Change in net position	8,577,680	19,968,890
Net position, beginning of year	<u>77,035,707</u>	<u>57,066,817</u>
Net Position, End of Year	<u>\$ 85,613,387</u>	<u>\$ 77,035,707</u>

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

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities		
Payment to employees and benefit providers	\$ (3,235,368)	\$ (3,154,785)
Payments to suppliers and contractors	(695,297)	(2,089,641)
Loan program disbursement	(7,954,525)	(9,250,775)
Net Cash Used for Operating Activities	(11,885,190)	(14,495,201)
Cash Flows From Non-Capital Financing Activities		
Grants	-	75,000
Transfers from the District of Columbia	11,323,590	20,831,321
Net Cash Provided by Non-Capital Financing Activities	11,323,590	20,906,321
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(75,000)	-
Cash Flows From Investing Activities		
Purchase of investments	(300,816)	-
Sales of investments	-	2,500
Interest income	784,452	434,339
Investment income	300,815	-
Net Cash Provided by Investing Activities	784,451	436,839
NET INCREASE IN CASH AND CASH EQUIVALENTS	147,851	6,847,959
Cash and cash equivalents, October 1	41,217,249	34,369,290
Cash and Cash Equivalents, September 30	\$ 41,365,100	\$ 41,217,249
RECONCILIATION OF OPERATING LOSS TO NET		
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Loss from operation	\$ (2,541,542)	\$ (3,559,260)
Provision for loan loss	1,285,977	621,210
Depreciation	1,785	-
Amortization of right-to-use asset	37,500	-
Lease liability interest expense	6,562	-
Change in non-cash operating assets and liabilities:		
Increase in program loans receivable	(10,679,188)	(10,525,858)
Increase in other receivables	(515,612)	-
Increase in prepaid expenses and other assets	(65,376)	(42,620)
Increase (decrease) in accounts payable and accrued expenses	129,700	(342,639)
(Decrease) in accrued payroll	(36,722)	(131,419)
Increase in unearned revenue	705,503	3,071
Increase (decrease) in compensated absences liability	28,408	(2,457)
(Decrease) in interest reserve	(213,107)	(407,186)
(Decrease) in construction loan retainage	-	(238,619)
(Decrease) increase in debt service reserve	(29,078)	130,576
Net Cash Used for Operating Activities	\$ (11,885,190)	\$ (14,495,201)
Reconciliation of Cash to Amounts Reported in the Statements of Net Position		
Cash and cash equivalents - unrestricted	\$ 24,612,108	\$ 12,444,851
Cash and cash equivalents - restricted	16,752,992	28,772,398
	\$ 41,365,100	\$ 41,217,249

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

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District of Columbia Green Finance Authority (DC Green Bank or the Bank) conform to U.S. Generally Accepted Accounting Principles (GAAP) as applicable to government enterprises. The following is a summary of DC Green Bank’s significant accounting policies:

• ***Reporting Entity***

On July 2, 2018, Mayor Bowser signed the District of Columbia Green Finance Authority Establishment Act of 2018 (the Act), creating DC Green Finance Authority, commonly known as DC Green Bank, as an independent instrumentality of the District of Columbia (the District or DC). As a part of DC’s Sustainable DC Plan, the DC Department of Energy & Environment (DOEE) incubated the launch of DC Green Bank after the passage of the Act.

The Board of Directors organized its inaugural meeting held on July 25, 2019, officially setting DC Green Bank on its journey. DC Green Bank launched its virtual operations in April 2020 amidst the global COVID-19 pandemic crisis and acute civil unrest, highlighting the urgent need to advance sustainability and social justice together.

In pursuit of DC’s ambitious Sustainable DC, Clean Energy, and Climate Readiness goals, DC Green Bank acts as a catalytic force for the District’s clean economy, supporting the District’s alignment with the Paris Climate Agreement. DC Green Bank seeks to make clean energy and sustainable choices the most affordable, practical, and easiest ones for all.

As DC’s clean economy accelerator, the Bank will serve as a model sustainable capital provider that drives local businesses and stakeholders to achieve inclusive prosperity in a clean economy for the people of the District.

Shortly after launching operations, in June 2020, DC Green Bank closed and funded its first construction loan portfolio to the Solar For All award recipient to deploy solar renewable energy technologies at multifamily buildings located in District Wards 7 and 8.

DC Green Bank is a component unit of the District of Columbia Government, operating as an independent instrumentality.

• ***Measurement Focus, Basis of Accounting, and Basis of Presentation***

DC Green Bank’s basic financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenue is 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 and which are included on the Statements of Net Position.

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

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

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

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

- ***Use of Restricted Components of Net Position***

During the fiscal years ending September 30, 2024 and 2023, DC Green Bank's funding primarily came from a budget appropriation from the government of the District of Columbia (DC) and DC's DOEE Sustainable Energy Trust Fund (SETF). Funds from both sources can be used to support all of DC Green Bank's operating purposes and thus are considered unrestricted funds in a net position.

In FY24, DC Green Bank also received funding from the Energy Efficiency Revolving Loan Fund (EERLF). The funds will be used to expand access to capital to support energy efficiency upgrades in affordable housing buildings/projects receiving financing and funding through the Department of Housing and Community Development (DHCD). DC Green Bank considers any net position from EERLF funds to be restricted.

- ***Cash and Cash Equivalents***

DC Green Bank considers all highly liquid instruments purchased with an original maturity of less than ninety (90) days to be cash equivalents. As of September 30, 2024 and 2023, cash equivalents consisted of a money market sweep account.

- ***Short-Term Investments***

DC Green Bank considers short-term investments as an investment that can be converted to cash after a period of 3-12 months. DC Green Bank categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; Level 2 inputs are valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and Level 3 inputs are valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

- ***Program Loans Receivable***

Program loans receivable, which are recorded at cost disbursed, is related to any loans offered by DC Green Bank, less any write-off for impairment. The carrying value of the program loans are net of the related allowance for uncollectible loans.

- ***Allowance for Uncollectible Loans***

DC Green Bank establishes an allowance for uncollectible loans for all loans receivable based on management review of the status of each specific loan, historical collection experience, and approximate write offs trends of similar loans in portfolios of other lenders. For the loans receivable balance as of September 30, 2024 and 2023, a 2.5% standard reserve was established based on industry trends and DC Green Bank write off history. In addition to the standard reserve, BEPS loans and the small business loans have established reserves based on the respective agreements with the funders. This was adjusted at the end of fiscal year 2024 to account for the increased loans receivable balance. As of September 30, 2024 and 2023, the allowance for loss was recorded as \$1.3 million, and \$621 thousand, respectively.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

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

- ***Capital Assets***

Capital assets consisted of furniture and equipment which are stated at cost. Donated assets are recorded at fair market value at the date of donation. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. DC Green Bank capitalizes all expenditures for capital assets in excess of \$2,500. Depreciation has been recorded over the estimated useful lives using the straight-line method. Furniture and equipment are depreciated over an estimated useful life of seven years. Expenditures for maintenance and repairs are charged to expense.

As of September 30, 2024, there were no construction projects in progress nor were there any commitments or contractual obligations related to construction. There were no impairments or adjustments to capital asset balances during the year, and there are no legal or contractual restrictions on the use or disposition of capital assets.

- ***Right-to-Use Asset and Liability***

DC Green Bank has entered into a lease agreement for office space where DC Green Bank conducts its operations. When DC Green Bank enters into leases, the right-to-use asset and associated lease liability are recorded at the net present value of the future lease payments. The lease asset is amortized over the shorter of the term of the lease or the estimated useful life of the lease.

- ***Construction Loan Retainage***

For construction loans in the portfolio, DC Green Bank may withhold a 10.0% retainage of the disbursed loan proceeds, as a way to mitigate risk. If retainage is withheld, the amount will be released to the borrower at the completion of the project. DC Green Bank may adjust retainage requirements based on the creditworthiness of the Borrower and the project's repayment risk. Currently, there are no construction loans in the portfolio that require retainage, based on the terms outlined in the lending agreement. For future construction loans that require retainage, the Bank will continue to classify construction loan retainage as a liability on the balance sheet and record the entire loan amount disbursed to the borrower for construction purposes in the balance of the loan, with the understanding that retainage will be released upon completion of the project.

- ***Interest Reserve***

DC Green Bank utilizes interest reserves on certain loans to fund the interest payments. Such reserves are established at the time of loan origination by either funding the entirety of the reserve at the close of the loan or by funding the interest amount due, on the date the payment is due, from the loan proceeds. The decision to establish a loan-funded interest reserve is made during the underwriting process, in which the Bank takes into consideration the creditworthiness, expertise and debt service coverage of the project. For loans in which an interest reserve is not fully funded at the close of the loan, the interest owed is paid by the loan proceeds periodically, as it becomes due, and payment is recognized as interest revenue in the accompanying statements of revenue, expenses, and change in net position. For loans that require an interest reserve to be fully funded at the close of the loan, DC Green Bank holds the interest reserve funds in a segregated bank account. As monthly interest payments become due, funds are moved from the interest reserve bank account to the operating bank account to signify payment and are recognized as interest revenue in the accompanying statements of revenue, expenses, and change in net position.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

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

- ***Revenue Recognition***

Revenue is recorded when earned. Interest revenue on program loans receivable is recorded monthly as interest is earned in accordance with the executed loan agreement. Program fee revenue is recognized on the closing date of the loan and is fully earned and non-refundable. DC Green Bank defers loan origination fees and recognizes them over the term of the executed loan agreement. Investment income includes interest on the money market sweep account and is recorded on an accrual basis.

DC Green Bank receives funding from DC to fund sustainable projects, including new solar and solar-related projects and programs, and to support general operations. This revenue is recorded when funds are committed by the District and is recorded as transfers from the District of Columbia in the accompanying statements of revenue, expenses, and change in net position.

- ***Compensated Absences***

DC Green Bank accrues a liability for annual leave based on salary rates and accumulated leave hours as of September 30, plus the related employer's share of FICA. Generally, employees earn up to 160 hours of annual leave during the year. Staff may carry over 80 hours of annual leave, and Executives may carry over 104 hours per fiscal year. The accrued maximum annual leave balance is payable to employees upon termination of employment.

- ***Components of Net Position***

Restricted - Restricted net position consisted of funds from the BEPS Revolving Loan Fund and the Energy Efficiency Revolving Loan Fund (EERLF) held to fund the loan programs and was \$17.1 million and \$27.7 million as of September 30, 2024 and 2023, respectively.

Unrestricted - This amount is the portion of net position that does not meet the definition of restricted. As of September 30, 2024 and 2023, unrestricted funds totaled \$68.5 million and \$49.4 million, respectively.

- ***Revenue and Expenses***

DC Green Bank distinguishes between operating revenue and expenses and non-operating items. Operating revenue and expenses generally result from providing services in connection with the DC Green Bank's ongoing operations. The principal operating revenue of DC Green Bank consists of interest on program loans receivable and program fees. Operating expenses include salaries and benefits, information technology costs, web development and design costs, professional, contractual, loan servicing, and other miscellaneous expenses. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses, which primarily consist of investment interest and income.

- ***Estimates***

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

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

NOTE 2 CASH DEPOSITS

DC Green Bank maintains cash and cash equivalents balances at several financial institutions. The cash balance at each financial institution is insured under the Federal Deposit Insurance Corporation (FDIC) limit of \$250 thousand. At times, the balances on deposit will exceed the balance insured by the FDIC. DC GreenBank has sweep investment accounts that roll under Insured Cash Sweep (ICS) accounts which are repurchase sweep investments in accordance with the District’s Financial Institutions and Deposit Act of 1997. Cash equivalents are subject to interest rate risk, which is the risk that changes in interest rates will adversely affect the value of the investment. As of September 30, 2024 and 2023, the Bank balances of cash deposits and cash equivalent deposits were \$41.4 million and \$41.2 million, respectively.

On May 18, 2023, DC Green Bank entered into a Memorandum of Understanding with the DC DOEE to support the Building Energy Performance Standards (BEPS) program and deploy capital for building improvements through the American Rescue Plan Act (ARPA) BEPS Revolving Loan Fund. These funds are to be utilized to support energy efficiency and green building improvements for Affordable Housing Buildings and Under-Resourced Buildings. As of September 30, 2024 and 2023, cash deposits include \$16.0 million and \$21.1 million, respectively, related to the BEPS Revolving Loan Fund.

NOTE 3 INVESTMENTS

DC Green Bank uses its securities portfolio to provide a source of liquidity and risk management and provide an appropriate return on funds invested. The Bank’s investment portfolio totaled \$5.4 million and \$5.1 million as of September 30, 2024 and 2023, respectively.

As of September 30, 2024 and 2023, DC Green Bank’s investments had the following maturities:

Investment Type	Fair Value			
	September 30, 2024	0-18 Months	18-24 Months	> 24 Months
U.S. Treasury Bonds	\$ 4,565,710	\$ 4,565,710	\$ -	\$ -
Money Market Funds	789,902	789,902	-	-
Total investments	\$ 5,355,612	\$ 5,355,612	\$ -	\$ -

Investment Type	Fair Value			
	September 30, 2023	0-18 Months	18-24 Months	> 24 Months
U.S. Treasury Bonds	\$ 4,751,173	\$ 4,751,173	\$ -	\$ -
Money Market Funds	303,623	303,623	-	-
Total investments	\$ 5,054,796	\$ 5,054,796	\$ -	\$ -

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

NOTE 3 INVESTMENTS (continued)

As of September 30, 2024 and 2023, DC Green Bank's investments had the following balances:

September 30, 2024				
Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Bonds	\$ 4,565,710	\$ 4,565,710	\$ -	\$ -
Money Market Funds	789,902	789,902	-	-
Total Investments by Fair Value Level	\$ 5,355,612	\$ 5,355,612	\$ -	\$ -
September 30, 2023				
Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Bonds	\$ 4,751,173	\$ 4,751,173	\$ -	\$ -
Money Market Funds	303,623	303,623	-	-
Total Investments by Fair Value Level	\$ 5,054,796	\$ 5,054,796	\$ -	\$ -

Interest rate risk. In accordance with its investment policy for operating funds, the DC Green Bank manages its exposure to declines in fair value due to rising interest rates by limiting the maturity of securities to no more than 12 months from the date of purchase, unless it is matched to a specific cash flow requirement.

Credit risk. DC Green Bank's investments in U.S. Treasury Securities are rated AA+ by S&P Global.

Concentration of credit risk. DC Green Bank mitigates concentration of credit risk by implementing a diversification strategy for its fixed-income investments. This strategy includes laddering the maturity dates of its investments to manage liquidity needs, reduce exposure to interest rate fluctuations, and ensure consistent returns over time.

Custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, DC Green Bank would not be able to recover the value of its investments. DC Green Bank mitigates this risk by ensuring that all investments are held in the name of the DC Green Finance Authority, commonly referred to as DC Green Bank. The Bank's investment policy requires that all investment securities be held by a third-party custodial agent, separate from the counterparty to the investment transaction, on a delivery-versus-payment basis. The custodial agent provides monthly reports detailing all securities held, their book values, and market values as of month-end. Additionally, all securities in the portfolio are U.S. Treasury obligations, which are backed by the full faith and credit of the U.S. government, further minimizing custodial credit risk.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

NOTE 4 PROGRAM LOANS RECEIVABLE

DC Green Bank has issued construction loans for sustainable projects and programs to promote energy efficiency improvements, clean energy installations, and the construction of green infrastructure. Program loans receivable are funded by DC Green Bank as expenditures are incurred by the borrower. As of September 30, 2024 and 2023, DC Green Bank has committed \$47.3 million and \$40.4 million to the borrowers, respectively. Actual draws on program loans totaled \$35.4 million and \$25.3 million as of September 30, 2024 and 2023, respectively.

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

	2024	2023
Construction Loans	\$ 23,605,186	\$ 10,999,454
Pre-Development Loans	3,027,139	2,804,655
Revolving Loans	2,105,674	8,088,492
Term Loans	2,201,106	2,477,043
Commercial Lines of Credit	-	322,155
CII Equipment Financing	-	536,949
Building Energy Performance Standard Loans	4,125,000	-
Small Business Loans	292,607	69,986
Total	35,356,712	25,298,734
Less: provision for loan loss	1,285,977	621,210
Total Program Loans Receivable	\$ 34,070,735	\$ 24,677,524

NOTE 5 CAPITAL ASSETS, NET

A summary of activity in capital assets for the year ended September 30, 2024, was as follows:

	September 30, 2023	Additions	Deletions	Transfers	September 30, 2024
Depreciable / Amortizable Capital Assets					
Equipment	\$ -	\$ 75,000	\$ -	\$ -	\$ 75,000
Right-to-use leased building	-	1,575,009	-	-	1,575,009
Total Depreciable / Amortizable Capital Assets	-	1,650,009	-	-	1,650,009
Less: accumulated depreciation / amortization					
Equipment	-	(1,785)	-	-	(1,785)
Right-to-use leased building	-	(37,500)	-	-	(37,500)
Total accumulated depreciation / amortization	-	(39,285)	-	-	(39,285)
Capital Assets, Net	\$ -	\$ 1,610,724	\$ -	\$ -	\$ 1,610,724

NOTE 6 LEASE OBLIGATIONS

In fiscal year 2024, DC Green Bank entered into a lease agreement as lessee for office space. DC Green Bank's lease has a term of seven years and does not include restrictive financial or other covenants. The office space lease also does not include variable payments. DC Green Bank has a one-time right to terminate the lease effective as of the last day of the fourth lease year. As of September 30, 2024, DC Green Bank does not expect to exercise the early termination option.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

NOTE 6 LEASE OBLIGATIONS (continued)

As the interest rate implicit in DC Green Bank’s lease is not readily determinable, DC Green Bank utilizes its incremental borrowing rate of five percent to discount the lease payments.

Below is the lease asset activity for the fiscal year ended September 30, 2024:

	September 30, 2023	Additions	Reductions	September 30, 2024
Right-to-use asset	\$ -	\$ 1,556,259	\$ 18,750	\$ 1,537,509

The expected future minimum principal and interest lease payments as of September 30, 2024 were as follows:

Year Ending September 30,	Principal	Interest	Total
2025	\$ -	\$ -	\$ -
2026	285,877	21,051	306,928
2027	272,363	35,512	307,875
2028	265,584	49,988	315,572
2029	258,974	64,487	323,461
Thereafter	498,773	172,612	671,385
Total	\$ 1,581,571	\$ 343,650	\$ 1,925,221

NOTE 7 LONG TERM LIABILITIES

Long-term liabilities activity for the year ended September 30, 2024, was as follows:

	September 30, 2023	Additions	Payments	September 30, 2024	Amounts Due in One Year
Unearned revenue	\$ 186,325	\$ 8,526,756	\$ 7,821,253	\$ 891,828	\$ 768,998
Interest reserve	254,670	469,814	682,921	41,563	-
Debt service reserve	180,912	22,355	51,433	151,834	-
Lease liability	-	1,581,571	-	1,581,571	-
Total	\$ 621,907	\$ 10,600,496	\$ 8,555,607	\$ 2,666,796	\$ 768,998

NOTE 8 RELATED-PARTY TRANSACTIONS

During the years ending September 30, 2024 and 2023, approximately 72% and 90%, respectively, of DC Green Bank’s funding was provided by the District.

DISTRICT OF COLUMBIA GREEN FINANCE AUTHORITY
(A Component Unit of the Government of the District of Columbia)

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDING SEPTEMBER 30, 2024 AND 2023

NOTE 9 RISK MANAGEMENT

DC Green Bank is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; cyber threats and natural disasters. DC Green Bank maintains commercial insurance coverage for property, liability, errors and omissions, Directors and Officers, and employee accidents. There were no losses during fiscal years 2024 and 2023.

NOTE 10 COMMITMENTS AND CONTINGENCIES

As of September 30, 2024 and 2023, DC Green Bank has total unused commitments of \$11.1 million and \$15.1 million, respectively, relating to the undrawn funds in the portfolio. DC Green Bank expects that future draws will be based on the progression of the funded project.

In December 2022, DC Green Bank entered into a Small Business Loan Pool agreement with City First Enterprise to support the funding of small business loans. The committed amount of the Loan Pool totals \$825 thousand with DC Green Bank contributing \$495 thousand. There were no changes in fiscal years 2023 and 2024. The Loan Pool includes a \$100 thousand loan loss reserve that will cover 20% of a given loan on first loss. Eligible Loan Pool projects include Solar, Green Buildings, Stormwater Resilience, and Energy Storage. Projects must include sustainability and/or resiliency measures that identify the standard and/or projected impact. As of September 30, 2024, three (3) loans have been issued totaling \$555 thousand, with DC Green Bank committing \$333 thousand.

In January 2023, DC Green Bank entered into a loan loss reserve agreement with Clean Energy Credit Union (CECU), a federally chartered credit union to provide lending to District residents looking to finance energy efficiency on their homes. The loan loss reserve committed was \$225 thousand with the first tranche of \$75 thousand funded as the signing of the agreement, the remaining amount to be funded when the balance of the portfolio balance reaches \$3.0 million. Eligible borrowers must include owners of the real property where the financed assets are installed. If the resident is not the homeowner, then the resident should have legal consent by the homeowner to make all planned improvements that are part of the loan proceeds. The original principal amount of the loans eligible to be backed by this loan loss reserve may be from \$3 thousand up to and including \$90 thousand. Loans may be secured by a lien on the financial assets using a UCC-1 financing statement and as required, fixture filings against the borrowers with a loan term from 36 to 240 months. The interest rate on this loan program will be the rate advertised by CECU less 50 basis points. As of September 30, 2024, two loans have been funded under this program with an original principal value of \$14 thousand.

NOTE 11 SUBSEQUENT EVENTS

DC Green Bank has evaluated subsequent events and transactions occurring through December 13, 2024, the date these financial statements were available to be issued. No events or transactions have occurred that would require recognition or disclosure in the accompanying financial statements.



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

The Mayor and Council of the Government of the District of Columbia
and the Board of Directors of the District of Columbia Green Finance Authority
Washington, DC

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the District of Columbia Green Finance Authority (DC Green Bank or the Bank), 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 DC Green Bank's basic financial statements, and have issued our report thereon dated December 13, 2024.

Report on Internal Controls over Financial Reporting

In planning and performing our audits of the financial statements, we considered the DC Green Bank's internal controls over financial reporting (internal controls) as a basis for designing 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 DC Green Bank's internal controls. Accordingly, we do not express an opinion on the effectiveness of DC Green Bank's internal controls.

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

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether DC Green Bank'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 controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Washington, D.C.
December 13, 2024

SB + Company, LLC