DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
YEARS ENDED SEPTEMBER 30, 2003 AND 2002

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
District of Columbia Housing Finance Agency

We have audited the accompanying basic financial statements of the District of Columbia Housing Finance Agency ("the Agency"), a component unit of the District of Columbia Government, as of and for the years ended September 30, 2003 and 2002. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards,* issued by the Comptroller General of the United States; and the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of September 30, 2003 and 2002, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining financial statements on pages 44 through 47 are presented for purpose of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards,* we have also issued a report dated December 31, 2003, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Washington, D.C.
December 31, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the District of Columbia Housing Finance Agency's financial performance provides an overview of the Agency's financial activities for the year ended September 30, 2003. The financial statements, accompanying notes, and additional information should be read in conjunction with the following discussion.

Overview

The District of Columbia Housing Finance Agency (the Agency) was established in 1979 to stimulate and expand homeownership and rental housing opportunities in Washington, D.C. The Agency accomplishes its mission by issuing mortgage revenue bonds that lower the homebuyers' costs of purchasing and rehabilitating homes and the developers' costs of acquiring, constructing, and rehabilitating rental housing. The Agency uses funds to account for its financial activities. The General Fund is used to record the receipt of income not directly pledged for repayment of securities, to pay expenses related to the Agency's administrative functions, and to account for grant revenues and expenditures related to Section 8 grants from U. S. Department of Housing and Urban Development. The other funds are used to account for bond proceeds and debt service related to multifamily and single family mortgage revenue bonds and to account for certificates of participation, revenues and expenses related to the Building Finance Corporation.

Financial Highlights

The following information is an analysis of the year ended September 30, 2003.

- The Agency's net assets increased by $4.553 million, mainly as a result of this year's increased financing activities in multifamily rental housing rehabilitation and new construction.

- Bonds issued increased by $408.425 million as a result of the issuance of $126.59 million in multifamily revenue bonds and $281.835 million in single family draw-down series. In the aggregate, a total of $395.497 million in bonds were redeemed from sinking fund maturities, prepayment calls and draw-down calls.

- Operating revenues for the current year is $65.807 million which is 16% lower than last year while operating expenses for the current year is $69.817 million, which is 2% below last year. The decrease in operating revenues is mainly due to the decrease in unrealized gains on mortgage-backed securities (at fair value) that are a component of the operating revenues. In fiscal year 02, unrealized gains on mortgage-backed securities were 9.82% or $7.6950 million of operating revenue, while in FY 03, unrealized losses are 3.98% or ($2.616 million) of operating revenues. Moreover, pre-payments of mortgages fueled by low refinancing interest rates contributed to significant decline in operating revenues.

Table 1
Condensed Balance Sheet
September 30, 2003

Current assets	$ 25,013,067
Noncurrent assets	1,087,707,700
Total Assets	$1,112,720,767
Current liabilities	$ 91,500,079
Noncurrent Liabilities	941,007,529
Total Liabilities	1,032,507,608
Net assets:	
Invested in capital assets, net of related debt	1,000,049
Restricted for:	
Bond Fund and Risk Share Program	49,255,217
McKinney Act Fund	6,081,115
	55,336,332
Unrestricted	23,876,778
Total Net Assets	80,213,159
Total Liabilities and Net Assets	$1,112,720,767

Table 2
Condensed Statement of Revenues, Expenses,
and Changes in Net Assets
Year Ended September 30, 2003

Operating Revenues	
Mortgage-backed security income	$14,072,523
Interest on mortgage and construction loans	18,005,380
McKinney Act revenue	743,531
Application and commitment fees	175,442
HUD Section 8 housing assistance receipts	13,279,760
Service project receipts	6,369,578
Other	13,160,802
Total operating revenues	65,807,016
Operating Expenses	69,817,502
Operating Loss	(4,010,486)
Non-operating revenues	9,022,984
Extraordinary Item – loss on extinguishment of debt	(459,300)
Change in Net Assets	$4,553,198

New Business

During fiscal year 2003, the Agency instituted organizational reforms in alliance with its housing partners that effectively leveraged and strategically directed the investment of public and private funds into target communities. This resulted in the Agency's financing a total of 2,155 units of affordable new, ownership and rehabilitated rental housing at a community investment of $126.5 million in tax-exempt bonds. The Agency also streamlined the home-buying process for Spanish speaking citizens, leveraged funds to benefit special needs populations, low-income renters and senior citizens and was successful in refining its internal capacity to maintain a strong credit position within the financial markets.

With every passing day the HFA becomes more efficient at preserving affordable housing in Washington, DC. As we move forward the HFA will not rest on its accomplishments.

Debt Administration

The Agency's outstanding debt increased by 1.43% over the prior year. In fiscal year 2003, the Agency issued $126.59 million in multifamily revenue bonds to finance the construction and rehabilitation of eight projects. Upon completion of these projects, 2,099 rental units will be made available. The Agency also issued $281.835 million in single family draw down bonds during fiscal year 2003.

The Agency redeemed $23.792 million in multifamily bonds and $371.605 million in single family bonds.

Capital Assets

The Agency issued $2.4 million of Certificates of Participation in 1998 to finance the acquisition of the building at 815 Florida Avenue, N.W., Washington, D.C. and entered into a lease agreement with the D. C. Building Finance Corporation to lease the office space. The lease term is through June 2018; however, the Agency has an annual right to terminate the lease in the event that the Agency fails to appropriate sufficient amounts due under the lease terms for the ensuing fiscal year. The Agency has the option to purchase the building at any time during the lease at an amount necessary to discharge the Certificates. As of September 30, 2003, the lease agreement has approximately fifteen years remaining and an outstanding balance of $1.955 million of Certificates of Participation. The Agency redeemed $100,000 of Certificates of Participation in fiscal year 2003.

Programs

Multifamily - In fiscal year 2003, the Agency funded 2,099 rental units, of which 306 units are new housing. Of the eight multifamily projects funded, four are in a rapidly gentrifying neighborhood, and others are in the neighborhoods that may soon experience steeply rising rents. While about 56 units will be for seniors, over 777 units will be occupied by households earning less than 50% of the area median income. The Agency also used its McKinney Act program to fund three target area projects for $.966 million. As a result 51 units will be available to house the homeless and other special needs residents.

Single Family - Falling rates for conventional single-family mortgages narrowed the gap between market-rate and Agency-offered products. For that reason, the Agency did not make any new funds available this fiscal year. However, the Agency was able to make five loans at a reduced blended rate.

Section 8 HAP Contract Administration - The Agency has entered into a contractual agreement with the United States Department of Housing & Urban Development (HUD) to administer Section 8 Housing Assistance Payments for eleven projects. The Agency earned $345,105 in contract administration fees during fiscal year 2003.

HUD Risk-Sharing Program - The Agency has also entered into a risk-sharing agreement with HUD, where a multifamily project is insured by the Federal Housing Administration (FHA) for 90% of the mortgage while 10% of the mortgage is insured by the Agency. In order to participate in this program, the Agency deposited $500,000 in a reserve account with Merrill Lynch. With every risk-share, an FHA placement fee of 1% of the mortgage balance is collected and deposited into the reserve account. In fiscal year 2003, five of the multifamily deals totaling $36.71 million in mortgages are Risk-Sharing. The reserve account has a balance of $1.458 million.

Subsequent Events

On December 24, 2003, the Agency issued single-family draw-down bonds Series 2003 for $230.85 million and concurrently redeemed single-family draw-down bonds Series 2002 for $221.84 million.

Accounting Pronouncements

The Governmental Accounting Standards Board issued Statement No. 40, *Deposit and Investment Risk Disclosures*, to be implemented effective for financial statements for periods beginning after June 15, 2004. The District of Columbia Government (the District) elected to implement GASB Statement No. 40 for fiscal year 2003. Accordingly, the Agency, a component unit of the District, has implemented GASB Statement No. 40 for fiscal year 2003.

Conclusion

The above discussion and analysis is presented to provide additional information regarding the activities of the Agency and also to meet the disclosure requirements of GASB 34. If you have questions about the report or need additional financial information, contact the Chief Financial Officer, Solomon Haile, District of Columbia Housing Finance Agency, (202) 777-1620, 815 Florida Avenue, N.W. Washington DC 20001, shaile@dchfa.org or go to our website at www.dchfa.org.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
BALANCE SHEETS
SEPTEMBER 30, 2003 AND 2002

ASSETS	2003	2002
CURRENT ASSETS		
Cash and cash equivalents	$ 14,676,533	$ 12,800,633
Restricted cash and cash equivalents	9,774,556	8,390,020
Other receivables	561,978	618,101
Mortgage and construction loans receivable	-	253,186
Total current assets	25,013,067	22,061,940
NON-CURRENT ASSETS		
Other assets:		
Investments	6,457,913	4,998,402
Loans receivable	153,384	158,166
Prepaids	273,540	184,828
Bond issue costs—net	16,095,992	15,699,661
Total other assets	22,980,829	21,041,057
Restricted assets:		
Cash and cash equivalents	470,550	248,803
Investments held in trust	354,135,914	337,639,242
Mortgage backed securities at fair value	265,070,170	318,265,432
Mortgage and construction loans receivable	411,586,040	331,424,966
Rehab financed by tax credits	17,736,748	8,703,871
Loans receivable	1,585,923	1,493,400
McKinney Act Funds receivable	1,786,181	1,694,380
Other receivables	5,432,690	8,591,532
Accrued interest receivable	3,934,096	4,582,849
Total restricted assets	1,061,738,312	1,012,644,475
Capital assets:		
Land	573,000	573,000
Depreciable property and equipment	3,306,184	3,199,605
Leasehold improvements	1,024,669	981,379
Less accumulated depreciation and amortization	(1,915,294)	(1,659,766)
Total capital assets	2,988,559	3,094,218
Total non-current assets	1,087,707,700	1,036,779,750
TOTAL ASSETS	$ 1,112,720,767	$ 1,058,841,690

(Continued)

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

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
BALANCE SHEETS
SEPTEMBER 30, 2003 AND 2002

	2003	2002
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,881,436	$ 1,550,630
Accrued salary and vacation payable	211,647	175,511
Deferred revenue	714,837	580,822
Current portion of bonds payable	11,710,000	14,405,000
Current portion of certificates of participation	100,000	100,000
Total current liabilities	14,617,920	16,811,963
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Tenant subsidy funds	1,488,048	856,901
Escrow deposits	1,415,055	1,359,034
Deferred credits	61,488,703	44,808,969
Deferred revenue	1,912,219	2,140,906
Interest payable	10,578,134	10,977,372
Total current liabilities payable from restricted assets	76,882,159	60,143,182
NON-CURRENT LIABILITIES		
Deferred revenue—less current portion	-	364,537
Loans payable	30,489,438	11,012,742
Bonds payable—less current portion	908,663,091	892,894,305
Certificates of Participation—less current portion	1,855,000	1,955,000
Total non-current liabilities	941,007,529	906,226,584
Total liabilities	1,032,507,608	983,181,729
NET ASSETS		
Invested in capital assets—net of related debt	1,000,049	1,023,293
Restricted for:		
Bond Fund and risk share	49,255,217	48,350,313
McKinney Act Fund	6,081,115	5,398,908
Total restricted net assets	55,336,332	53,749,221
Unrestricted net assets	23,876,778	20,887,447
Total net assets	80,213,159	75,659,961
TOTAL LIABILITIES AND NET ASSETS	$ 1,112,720,767	$ 1,058,841,690

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

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2003 AND 2002

	2003	2002
OPERATING REVENUES		
Mortgage backed security income	$ 14,072,523	$ 28,731,790
Interest on mortgage and construction loans	18,005,380	16,599,851
McKinney Act revenue	743,531	666,439
Application and commitment fees	175,442	101,486
HUD Section 8 housing assistance receipts	13,279,760	13,064,801
Service project receipts	6,369,578	6,235,820
Other	13,160,802	12,929,739
Total operating revenues	65,807,016	78,329,926
OPERATING EXPENSES		
Operations	4,613,002	4,215,651
Personnel and related costs	3,353,370	3,236,576
Interest expense	36,998,889	39,707,911
Depreciation and amortization	255,528	237,037
Federal program payments	10,510,234	10,282,457
Housing assistance payments	9,139,104	9,018,164
Bond amortization	797,180	3,120,445
Trustee fees and other expenses	4,150,195	3,398,260
Total operating expenses	69,817,502	73,216,501
OPERATING INCOME (LOSS)	(4,010,486)	5,113,425
NON-OPERATING REVENUES		
Investment income	9,022,984	11,209,949
EXCESS OF REVENUE OVER EXPENSES BEFORE EXTRAORDINARY ITEM	5,012,498	16,323,374
EXTRAORDINARY ITEM - LOSS ON EXTINGUSHMENT OF DEBT	(459,300)	(67,961)
CHANGE IN NET ASSETS	4,553,198	16,255,413
NET ASSETS, BEGINNING OF YEAR	75,659,961	59,404,548
NET ASSETS, END OF YEAR	$ 80,213,159	$ 75,659,961

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

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2003 AND 2002

	2003	2002
Operating Activities		
Cash receipts from (purchase to) loans and interest	$ 35,312,569	$ 38,093,061
Other cash receipts	13,316,412	13,030,019
Cash payments to vendors	(909,615)	(2,195,826)
Cash payments to employees	(3,317,234)	(3,212,838)
Receipts of federal program income	20,280,486	18,807,835
Payments of federal program expenses	(19,644,281)	(19,301,318)
Other cash payments	(7,593,876)	(6,448,859)
Net cash provided	37,444,461	38,772,074
Capital and Related Financing Activities		
Acquisition of fixed assets	(149,869)	(289,233)
Payments of long term debt	(100,000)	(95,000)
Payments of interest and charges	(106,668)	(111,275)
Net cash used	(356,537)	(495,508)
Non-Capital Financing		
Proceeds in rehab financed by tax credits	(5,967,374)	(32,420,016)
Proceeds from long term bonds	408,585,000	228,774,479
Payments of long term debt	(395,396,995)	(184,008,367)
Payments of interest and charges	(22,158,857)	(41,416,432)
Proceeds of Notes/loans payable	19,489,926	7,335,295
Net cash provided (used)	4,551,700	(21,735,041)
Investing Activities		
Receipts of interest and dividends	9,192,520	13,161,104
Principal payments (purchase) on mortgage and construction loans	(81,493,191)	(18,948,882)
Sale of investments	884,388,926	497,719,775
Purchase of investments	(850,245,696)	(507,572,594)
Net cash used	(38,157,441)	(15,640,597)
INCREASE IN CASH	3,482,183	900,928
Cash at October 1	21,439,456	20,538,528
Cash at September 30	$ 24,921,639	$ 21,439,456
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating		
Operating income (loss)	(4,010,486)	5,113,425
Extraordinary gain (loss)	5,873	(67,961)
Interest expense	36,998,889	39,707,911
Depreciation	255,528	237,037
Miscellaneous nonoperating revenue	365,940	448,165
Decrease (increase) in assets:		
Receivables	(111,764)	579,656
Other current assets	(30,848)	46,381
Loans receivable	-	(81,647)
Increase (decrease) in liabilities:		
Payables	300,751	(1,226,751)
Accrued liabilities	36,136	23,738
Deferred revenue and credits	128,084	2,153,399
Other current liabilities and changes in changes in mortgage loans	3,506,358	(8,161,279)
Net cash provided	$ 37,444,461	$ 38,772,074

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

NOTE 1: ORGANIZATION AND PURPOSE

The District of Columbia Housing Finance Agency (the Agency) was created as a corporate body which has a legal existence separate from the Government of the District of Columbia (the District) but which is an instrumentality of the District, created to effectuate certain public purposes. The Agency was empowered to, among other authorized activities, generate funds from public and private sources to increase the supply of, and to lower the cost of, funds available for residential mortgages and notes and for the construction of permanent multi-family rental properties.

In 1991, the Governmental Accounting Standards Board issued Statement No. 14, *The Financial Reporting Entity*. The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the Agency considered whether its officials appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Agency. The Agency also considered whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the Agency.

The Agency is included in the District's Comprehensive Annual Financial Report as a Discretely Presented Component Unit.

The Agency established the District of Columbia Building Finance Corporation (the Building Corporation) as a nonprofit corporation under the laws of the District of Columbia in July 1998. The Building Corporation's financial transactions are included as a separate fund of the Agency.

The bonds issued by the Agency and the Corporation are payable principally from repayments of mortgage loans financed by or purchased from the proceeds of such bonds and are not a debt of the Agency or the District. Neither the faith and credit nor the taxing power of the District is pledged for the repayment of the bonds.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies:

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting – For financial reporting purposes only, the Agency is a component unit of the District of Columbia Government. The operations of the Agency are accounted for as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. The financial activities of the Agency are recorded in funds, each of which represents a separate accounting entity. The Agency uses the accrual method of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

The following is a description of the funds maintained by the Agency:

General Fund - The General Fund is used to record the receipt of income not directly pledged for repayment of securities, to pay expenses related to the Agency's administrative functions, and to account for grant revenues and expenditures related to the Section 8A grants from HUD.

Multi-Family Program Fund - The Multi-Family Program Fund is used to account for the proceeds of multi-family mortgage revenue bond issues, investments held pursuant to the indenture authorizing the issuance of the bonds, the debt service requirements on the bonds, and the related mortgage loan financing for newly constructed or rehabilitated multi-family rental housing in the District of Columbia.

Single-Family Program Fund - The Single-Family Program Fund is used to account for the proceeds of single-family mortgage revenue bond issues, investments held pursuant to the indenture authorizing the issuance of the bonds, the debt service requirements on the bonds, and debt service collected from mortgage loans purchased for the financing of owner-occupied single-family residences in the District of Columbia.

D.C. Building Finance Corporation Fund - The D.C. Building Finance Corporation Fund is used to account for the lease and Certificates of Participation issued by the Agency to finance the purchase of a building.

Investments - Investments of the General Fund are made in accordance with the Agency's investment policy, which generally includes instruments issued or secured by the United States Government or covered by Federal insurance programs. These funds have been designated for use by the Agency for mortgage insurance premiums, maintenance costs related to federal financial assistance programs, and other contingencies.

Investments in the other funds consist of those permitted by the respective trust indentures adopted by the Agency providing for the issuance of notes and bonds.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Governmental Accounting Standards Board issued Statement No. 40, Deposit and Investment Risk Disclosures, to be implemented effective for financial statements for periods beginning after June 15, 2004. The District of Columbia Government (the District) elected to implement GASB Statement No. 40 for fiscal year 2003. Accordingly, the Agency, a component unit of the District, has implemented GASB Statement No. 40 for fiscal year 2003.

Mortgage-Backed Securities - Mortgage-backed securities represent certificates issued by the Government National Mortgage Association ("GNMA") and FANNIE MAE which guarantee the receipt by the Agency's trustee of monthly principal and interest from mortgages originated under the Agency's Single-Family and Multi-Family Loan Programs.

Mortgage and Construction Loans Receivable - Mortgage and construction loans are carried at amounts advanced, net of collections and allowances for potential loan losses, if any. As of September 30, 2003 and 2002, no allowance for potential loan losses was necessary.

Property, Furniture and Equipment - Property, furniture and equipment purchases are capitalized at cost and depreciated using the straight-line method over the estimated useful lives ranging from five to seven years.

Leasehold Improvements - Capital improvements to leased space are recorded as leasehold improvements and amortized over the shorter of the applicable lease life or the useful life of the improvement.

Bond Issuance Costs - Costs related to the issuance of bonds and participation certificates are amortized over the life of the related debt on a straight-line basis, which approximates the effective yield method, or are recognized upon early redemption of the bonds.

Bond Discounts and Premiums - Bond discount or premium arising from the sale of serial or term bonds is amortized using the straight-line method which approximates the effective yield method, over the life of the bond issue.

Bond Accretion - Interest on multiplier bonds or capital appreciation bonds (which do not pay interest during the life of the bonds) is added to the bond principal outstanding as interest is earned. The increase in value is recorded as a liability in bonds payable on the combined balance sheet and as interest expense on the combined statement of revenues, expenses and changes in net assets.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loan Origination and Commitment Fees - The Agency originates single family mortgage loans and earns fees for these loan originations. The Agency also charges application and financing fees to developers and participating lenders for commitments on financing. These fees are recognized as revenue when the services have been performed.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statements of Cash Flows - The Agency has presented statements of cash flows using the direct method as required by Government Accounting Standards Board Statement No. 34 for the years ended September 30, 2003 and 2002. For purposes of the statements of cash flows, the Agency considers highly liquid investments with original maturities of three months or less to be cash equivalents, both unrestricted and restricted.

NOTE 3: CASH/CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents - The Agency's combined cash balance as of September 30, 2003, consists primarily of amounts held in trust accounts that are under the control of the Agency's trustees. Those amounts held in trust accounts and other demand deposit accounts are insured by Federal Deposit Insurance Corporation (FDIC) to the extent required by law.

Approximately $4,659,480 of (McKinney Act Savings) are restricted in nature as they are only to be used to benefit very low income persons. In addition, $119,851 is restricted and represents the DCHFA Minority Contractor Loan Fund Escrow.

As of September 30, 2003, the Agency's general fund had the following deposits:

	Bank Balance
Insured	$ 800,000
Collateralized:	
Collateral held by the Federal Reserve in joint name	21,004,125
Collateral held by bank through a tri-party agreement	554,803
Uninsured and un-collateralized	623,925

Total deposits	$22,982,853

NOTE 3: CASH/CASH EQUIVALENTS AND INVESTMENTS (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be recovered. The Agency does not have a formal custodial credit risk policy, but ensures that deposits with banks are fully collateralized. The fair value adjustment of the securities pledged as collateral resulted in the uninsured and un-collateralized amount of 2.72% of the total deposit. This condition was cured in October 2003.

Investments – General Fund

The Agency follows general investment guidelines approved by its Board of Directors with regard to its general fund. The policy states that investment securities shall be of investment grade rating, principal guaranteed and offer reasonable returns. The Agency adheres to the specific covenants as stipulated in the indenture of trust and other regulatory agreements of the bond programs and certificates of participation (COPs) regarding investments relating to its bond programs.

As of September 30, 2003, the Agency had the following investments relating to its general fund:

Investment Type	Fair value of investments with maturities less than 5 years	Rating	
Certificates of Deposit	$ 996,464	Not Rated	15%
Fannie Mae	1,142,078	AAA	18%
Corporate Bonds	1,762,850	A – AAA	26%
Merrill Lynch - Equities Index	1,958,749	Not Rated	31%
US Treasuries	597,772	Not Rated	10%
	$6,457,913		100%

Rated securities have a minimum of A. The equities index, which is not rated, is a total of various composite indexes of stocks of major U.S. corporations and European companies. The principal of equity index securities is guaranteed to be paid in full at maturity. The Agency practices a prudent policy of staggering maturities of its investments to manage its cash flow needs and also to lessen the effect of changes in interest rates.

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. The Agency's investment policy stipulates that the securities be rated investment grade and that the principal be secured. As of September 30, 2003, the Agency's investments were invested in fully diversified securities. The above securities are insured, rated between medium to top and guarantee payment of principal at maturity.

NOTE 3: CASH/CASH EQUIVALENTS AND INVESTMENTS (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency uses weighted average maturity method that considers the investment's time horizons and maturities. In FY 2003, the weighted average maturity of the Agency's investment was 2.13 years. In a declining interest rate environment, the Agency had to diversify its portfolio to maintain its return on investments.

Investments – Bonds and Certificates of Participation

As of September 30, 2003, the Agency had the following investments relating to its bonds and certificates of participation:

Investment Type	Fair Value	Maturities Less than 5 years	Maturities 6-10 years	Maturities over 10 years	Rating	
Guaranteed Investment Contract - I/A	$313,854,658	$239,754,217	$8,623,302	$65,477,139	Not Rated	50.7%
Money Market Funds	35,963,273	35,963,273	-	-	AAA	5.8%
U.S. Treasury Strips	4,317,983	-	4,317,983	-	Not Rated	0.7%
Ginnie Mae - Mortgage backed securities	221,442,965	14,390,000	11,115,001	195,937,964	AAA	35.8%
Fannie Mae - Mortgage backed securities	43,627,205	4,480,000	1,760,000	37,387,205	AAA	7.0%
	$619,206,084	$294,587,490	$25,816,286	$298,802,308		100.0%

Investments of proceeds from bond issuances are governed by the covenants of the indenture of trust entered between the issuer (the Agency), the respective trustee and the investment agreement provider. Normally, the investment agreements are with major financial institutions under which each financial institution:

- Has indemnified the Agency from market risk and has agreed to pay a guaranteed interest rate.
- Is required to deposit qualifying securities equivalent to principal and interest with the designated trustee to indemnify the Agency.

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. Investment agreements are not rated; however, the contracts entered with major financial institutions require the institutions to notify the trustees when rating down-grades occur. If such down-grades place the securities below the agreed-upon rating, the provider is required to put up additional cash collateral as determined by the trustee to bring it to the agreed-upon rating at the time of executing the investment agreement.

NOTE 3: CASH/CASH EQUIVALENTS AND INVESTMENTS (Continued)

Money market funds are short-term in nature and are held by trust banks for the benefit of projects. They are top rated by nationally recognized statistical rating organizations, such as Standard & Poor's and Moody's Investors Service. U.S. Treasury Strips are zero-coupon, accreted semi-annually to appreciate to the par value of the strips at maturity. Fannie Mae mortgage-backed pass-through securities are top rated by Standard & Poor's and Moody's Investors Service. Though there is no explicit guarantee that Fannie Mae mortgage-backed securities are backed by the full faith and credit of the U.S. government, there is an implicit guarantee, as government-sponsored entities are created by Congress.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Guaranteed investment contracts protect the Agency from interest rate risk as stipulated in the terms of the contracts entered with the investment providers. Money market funds of the bond programs are short-term by their nature as they are to be used to meet debt service obligations and project construction or rehabilitation payments. The effect of changes in interest rate is inconsequential. U.S. Treasury Strips are highly sensitive investments, backed by the full faith and credit of the federal government. They represent $4.318 million or 0.7% of the portfolio's investments. Ginnie Mae and Fannie Mae mortgage-backed securities are investments that are highly sensitive to changes in interest rates. Generally, when interest rates fall, mortgage borrowers tend to prepay their loans taking advantage of the lower rates through refinancing, thus eliminating the stream of interest payments that would have been received under the original amortization schedule. This reduces cash flow and diminishes the fair value of mortgage pass-through securities. Such securities represent $265.070 million or 42.8 % of the portfolio's investments.

Investments of bond programs are restricted and can only be used for the benefit of the respective bond series. Bond calls made from prepayments of mortgages are not subject to any premium. In effect, prepayments resulting from refinancing are used to redeem bonds on the next debt service payment date. The effective interest rate reduction could be the difference in the rate between the mortgage rate and the investment rate from the date of prepayment to the next debt service date, which could range from two to eight months.

These investments are with major financial institutions under which each financial institution has insured the Agency from market risk and has agreed to pay a guaranteed interest rate. In addition, each financial institution has deposited with its trust department, in the Agency's name, qualifying securities in an amount equivalent to principal and interest.

NOTE 3: CASH/CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments are reported at fair value in the balance sheet and changes in the fair value of investments are recognized in the statement of revenue, expenses and changes in net assets.

The Agency's Single Family Program recorded unrealized losses of $2,848,213 for fiscal year 2003 and unrealized gains of $3,704,927 for fiscal year 2002. The Agency's Multifamily Program recorded unrealized gains of $232,079 and $3,990,090 in fiscal years 2003 and 2002, respectively. These significant variances in fair value are caused by interest rate fluctuations and would be realized only upon sale of the securities. For all practical purposes, the GNMA and FANNIE MAE certificates are held until maturity, being reduced by the corresponding monthly remittances received over the life of the related mortgage loans, at the stated interest rate. Given the foregoing and notwithstanding the reporting requirements of GASB Statement No. 31, these fluctuations do not have a deleterious effect on the Agency's financial performance.

NOTE 4: MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE

Mortgage and construction loans receivable are secured by deeds of trust evidencing first mortgage liens on related real property. These loans are either insured by the Federal Housing Administration ("FHA"), the Veteran Administration ("VA"), or by private mortgage insurance up to a maximum of 90% of the outstanding mortgages. Both FHA and VA are U.S. Government agencies. Interest rates on these loans range from 5.74% to 12.00% and the loans have a repayment period of up to 40 years.

Mortgage and construction loans as of September 30, 2003, and 2002, were as follows:

	2003	2002
Restricted mortgage & construction loans receivable	$411,586,040	$331,424,966
Unrestricted mortgage & construction loans receivable	-	253,186
	$411,586,040	$331,678,152

NOTE 5: PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment consist of the following:

	September 30, 2002	Additions	September 30, 2003
Land	$ 573,000	$ -	$573,000
Building	1,795,238	-	1,795,238
Furniture and equipment	1,244,398	67,203	1,311,601
Software	159,969	39,376	199,345
Total	3,772,605	106,579	3,879,184
Leasehold improvements	981,379	43,290	1,024,669
Total	4,753,984	149,869	4,903,853
Depreciation	(1,218,347)	(209,088)	(1,427,435)
Amortization	(441,419)	(46,440)	(487,859)
Less accumulated depreciation and amortization	(1,659,766)	(255,528)	(1,915,294)
Total Capital Assets	$ 3,094,218	$(105,659)	$2,988,559

	September 30, 2001	Additions	September 30, 2002
Land	$ 573,000	$ -	$ 573,000
Building	1,795,238	-	1,795,238
Furniture and equipment	961,486	282,912	1,244,398
Software	158,264	1,705	159,969
Total	3,487,988	284,617	3,772,605
Leasehold improvements	976,763	4,616	981,379
Total	4,464,751	289,233	4,753,984
Depreciation	(1,027,262)	(191,085)	(1,218,347)
Amortization	(395,468)	(45,951)	(441,419)
Less accumulated depreciation and amortization	(1,422,730)	(237,036)	(1,659,766)
Total Capital Assets	$ 3,042,021	$ 52,197	$ 3,094,218

There were no disposals during the year ended September 30, 2003 and 2002. Depreciation and amortization expenses for fiscal years 2003 and 2002 were $255,528 and $237,036, respectively.

NOTE 6: BONDS PAYABLE

Bonds payable consists of term and serial bonds which are subject to redemption at the option of the Agency or borrower in accordance with the terms of the respective bond indenture and bond resolution, in whole or in part, on various dates at prescribed redemption prices. Included in certain bond issues are capital appreciation bonds. The principal amount of these bonds appreciate based on either annual or semi-annual compounding on the original principal balance. These bonds are recorded in the financial statements at their current appreciated amounts. Bonds have been issued to provide financing for the Agency's housing programs and are collateralized by:

- Mortgage loans made on the related multi-family developments or single-family residential mortgage loans purchased.
- Substantially all revenues, mortgage payments, and recovery payments received by the Agency from mortgage loans made on the related developments.
- Certain accounts, generally debt service reserve funds, established pursuant to the indenture authorizing issuance of the bonds.

The following is a summary of bonds outstanding by program fund (subject to varying redemption provisions) as of September 30, 2003 and 2002:

Single Family Program Fund		**2003**	**2002**
The Single-Family Mortgage Bonds outstanding are as follows:			
1)	1986 Series I serial and capital appreciation bonds due March 1, 2000 through September 1, 2016 with interest rates ranging from 7.00% to 9.50%.	$3,302,000	$4,097,000
2)	1988 Series A serial bonds due December 1, 1997 through June 1, 2019 with interest rates ranging from 7.6% to 8.375%.	5,000	2,170,000
3)	1988 Series B serial bonds due December 1, 1999 through December 1, 2018 with interest rates ranging from 7.4% to 8.25%.	5,000	1,885,000

NOTE 6: BONDS PAYABLE (Continued)

		2003	**2002**
4)	1988 Series D serial bonds due December 1, 1999 through December 1, 2022 with interest rates ranging from 7.4% to 8.25%.	5,000	5,370,000
5)	1988 Series E2 serial bonds due December 1, 1997 through December 1, 2022 with interest rates ranging from 7.00% to 7.70%.	8,095,000	9,630,000
6)	1988 Series E3 serial bonds due December 1, 2022 with an interest rate of 7.85%.	2,940,000	3,510,000
7)	1988 Series E4 serial bonds due June 1, 1999 through June 1, 2026 with interest rates ranging from 4.8% to 6.375%.	13,290,000	15,440,000
8)	1988 Series F1 serial bonds due December 1, 1999 through June 1, 2026 with interest rates ranging from 4.8% to 6.375%.	5,840,000	7,430,000
9)	1990 Series A serial bonds due December 1, 1997 through December 1, 2023 with interest rates ranging from 7.30 % to 8.10%.	2,430,000	3,265,000
10)	1990 Series B serial bonds due December 1, 1997 through December 1, 2024 with interest rates ranging from 6.1% to 7.1%.	4,970,000	6,060,000
11)	1990 Series C4 serial bonds due December 1, 1997 through December 1, 2024 with interest rates ranging from 4.80% to 6.35%.	3,665,000	4,055,000

NOTE 6: BONDS PAYABLE (Continued)

		2003	2002
12)	1994 Series A serial bonds due December 1, 2027 with an interest rate of 7.05%.	6,045,000	8,285,000
13)	1995 Series A serial bond due December 1, 2003 through December 1, 2026 with interest rates ranging from 5.1% to 6.4%.	5,325,000	6,520,000
14)	1996 Taxable Series capital appreciation bonds due November 1, 2011 with interest rates of 7.625%.	1,428,250	1,983,980
15)	1996 Series A serial and term bonds due December 1, 2000 through December 1, 2028 with interest rates ranging from 4.65% to 6.75%.	18,755,000	22,600,000
16)	1997 Series B serial and term bonds due December 1, 2001 through December 1, 2028 with interest rates ranging from 4.60% to 6.35%.	19,235,000	24,395,000
17)	1998 Series A bonds due December 1, 2002 through December 1, 2029 with interest rates ranging from 4.30% to 6.25%.	26,480,000	30,585,000
18)	1999 Series A bonds due December 1, 2001 through June 1, 2030 with interest rates ranging from 4.2% to 6.65%.	26,015,000	31,445,000
19)	Draw Down 1999 Series A bonds due on December 15, 2033 with an interest rate of 2.40%.	-	200,495,000
20)	2000 Series A bonds due December 1, 2002 through June 1, 2031 with interest rates ranging from 5.05% to 7.5%.	18,390,000	29,620,000

NOTE 6: BONDS PAYABLE (Continued)

		2003	2002
21)	2000 Series C bonds due December 1, 2010 through June 1, 2031 with interest rates ranging from 5.75% to 6.25%.	1,990,000	8,715,000
22)	2000 Series D bonds due December 1, 2010 through June 1, 2031 with interest rates ranging from 5.65% to 7.45%.	18,905,000	29,875,000
23)	2001 Series A serial bond due December 1, 2003 through December 31, 2032 with interest rates ranging from 4.00% to 6.85%.	18,455,000	21,840,000
24)	2002 Series bonds due December 1, 2054 with a variable interest rate of 1.12%	184,055,000	-
Subtotal		389,625,250	479,270,980
Add: Unamortized Bond Premium		4,644,268	4,817,065
Less: Unamortized Bond Discount		(698,321)	(735,705)
Total Single-Family Program Fund		$393,571,197	$483,352,340

NOTE 6: BONDS PAYABLE (Continued)

Multi-Family Program Fund

The Multi-Family Mortgage Bonds outstanding are as follows:

		2003	2002
1)	1985 Series A & B serial bonds due December 1, 2000 to December 1, 2029 with interest rates ranging from 5.875% to 12%.		
	• Carmel Plaza North	$ 8,830,000	$ 8,830,000
	• Southern Hills	-	10,948,548
2)	1987 Series A serial bond due January 1, 2026 with variable interest rates.		
	$ Mt. Vernon Plaza	13,105,000	13,105,000
3)	1999/1988 Series serial bonds due August 1, 1999 through February 1, 2031 with interest rates ranging from 5% to 5.85%.		
	$ Mayfair Mansions	13,685,000	13,875,000
4)	1989 Series A serial bonds due December 1, 2005 through October 1, 2019 with variable interest rates.		
	$ Fort Lincoln	7,550,000	7,780,000
5)	1991 Series serial bond due December 1, 2011 with an interest rate of 7.4%.		
	$ New Parkchester Apartments	6,535,000	6,770,000
6)	1992 Series A & B serial bonds due September 1, 2002 through January 1,2025 with interest rates ranging from 6.55% to 7.25%.		
	• Cavalier Apartments	11,570,000	11,720,000
	• Euclid, Kenyon, Franklin, Garfield and Ritch Homes	12,705,000	12,830,000

NOTE 6: BONDS PAYABLE (Continued)

		2003	2002
7)	1992 Series D & E serial bonds due July 1, 2002 through July 1, 2004 with interest rates ranging from 6% to 6.375%. • Faircliff, Ivy City and Southview Apartments	6,010,000	6,090,000
8)	1993 Series A & B serial bonds due July 1, 1997 through July 1, 2025 with interest rates ranging from 5.25% to 6%. • Southview II	4,955,000	5,030,000
9)	1994 Series A & B & C serial bonds due February 1, 1997 through August 1, 2024 with interest rates ranging from 5.875% to 6.80%. • Trinity Apartments	9,960,000	10,130,000
10)	1994 Series D serial bonds due January 1, 2006 through January 1, 2023 with interest rates ranging from 6.6% to 9.75%. • Oak Street	1,765,000	1,805,000
11)	1995 Series bonds due July 1, 2025 with an interest rate of 7.525%. • Tyler House	24,200,000	24,200,000
12)	1997 Series bonds due January 1, 1999 through January 1, 2012 with interest rates ranging from 5% to 6.3%. • Benning Road	3,495,001	3,770,000

NOTE 6: BONDS PAYABLE (Continued)

		2003	2002
13)	1998 Series bonds due January 1, 2027 with interest rate 5.2%		
	• Benning Heights	5,935,000	5,935,000
14)	1998 Series A-2 bonds due January 1, 2022 with an interest rate of 6.5%.		
	• Temple Courts	3,750,000	3,750,000
15)	1998 Series A-3 bonds due July 1, 2028 with an interest rate of 6.5%.		
	• Parcel 13	1,305,000	1,305,000
16)	1998 Series A-4 bonds due January 1, 2027 with an interest rate of 5.35%.		
	• Congress Park II	7,740,000	7,740,000
17)	1998 B Series taxable bonds due January 1, 2008 with an interest rate of 6%.	1,315,000	1,890,000
18)	1999 Series bonds due December 1, 2017 through December 1, 2027 with interest rates of 5.85% to 5.95%.		
	• Colorado Avenue	935,000	950,000
19)	1999 Series bonds due August 1, 2008 through August 1, 2026 with interest rates ranging from 4.4% to 5.15%		
	• Burke, Randolph, Ft. Stevens and 7th St.	8,720,000	8,890,000
20)	1999 Series bonds due February 20, 2009 through February 20, 2041 with interest rates ranging from 5.2% to 5.75%.		
	• Rockburne Estates	8,420,000	8,480,000

NOTE 6: BONDS PAYABLE (Continued)

		2003	2002
21)	1999 Series bonds due July 1, 2031 with an interest rate of 7.25%.		
	• Garfield Park Apartments	3,188,636	3,222,964
22)	1999 Series bonds due January 1, 2005 with an interest rate of 4.4%.		
	• Wheeler Terrace	1,645,000	1,645,000
23)	1999 A Series bonds due December 1, 2039 with an interest rate of 6.1%.		
	• Walbraff Apartments	1,965,000	1,980,000
24)	1999 Series bonds due May 1, 2032 with an interest rate of 7.38%		
	• Barnaby Manor Apartments	4,438,838	4,482,668
25)	1999 Series bonds due January 1, 2036 with an interest rate of 6.9%		
	• Fort Chaplin Apartments	25,268,597	25,473,560
26)	1999/2000 Series bond due May 1, 2042 with interest rates ranging from 5.6% to 6.28%		
	• Staten Glenn Apartments	23,220,000	23,325,000
27)	2000 Series bond due April 1, 2032 with interest rate 7.96%		
	• Widrich Court Apartments	3,537,764	3,572,239
28)	2000 Series bond due October 1, 2001 through November 20, 2036 with interest rates ranging from 5.95% to 9.0%.		
	• Congress Park Plaza	3,690,000	4,630,000
29)	2000 Series C bond due June 1, 2040 with interest rate 6.5%.		
	• 636 Coop	610,000	610,000

NOTE 6: BONDS PAYABLE (Continued)

		2003	2002
30)	2000 Series bonds due March 1, 2023 with interest rate 6.15%. • Aspen Court	4,080,000	4,100,000
31)	2000 Series A bonds due December 1, 2042 with interest rate 6.5%. • Haven House	830,000	835,000
32)	2000 Series B bonds due December 1, 2002 with interest rate 5.55%. • Haven House	-	810,000
33)	2000 Series D serial bonds due December 1, 2041 with an interest rate of 6.10%. • Chesapeake/Hartford/Knox	4,575,000	4,595,000
34)	2000 Series Revenue bonds due August 1, 2033 with interest rates ranging from 5.7% to 7.15%. • Carver Terrace	15,350,000	15,350,000
35)	2000 Series Mortgage Revenue bonds due December 1, 2033 with an interest rate of 2.052%. • WDC 1 Limited Partnership Development	8,825,000	8,825,000
36)	2001 Series A serial bonds due January 1, 2043 with interest rate 5.9%. • Douglas Knoll (Douglas Gardens)	9,994,000	10,014,000
37)	2001 Series Mortgage Revenue bonds due November 1, 2033 with variable interest rates. • Clifton Terrace	10,700,000	10,700,000

NOTE 6: BONDS PAYABLE (Continued)

		2003	2002
38)	2001 Series B serial bonds due December 1, 2042 with interest rates ranging from 5.55% to 5.56%. • Parkway Overlook	11,600,000	11,600,000
39)	2001 Series C serial taxable term bonds due December 1, 2019 with interest rates ranging from 6.625% to 7.125%. • Parkway Overlook	2,405,000	2,465,000
40)	2001 Series D tax exempt term bonds due December 1, 2008 with an interest rate of 5.00%. • Parkway Overlook	640,000	740,000
41)	2001 Series D serial bonds due December 1, 2037 with interest an rate of 5.70%. • Meridian Manor Apartments	2,400,000	2,400,000
42)	2001 Series Woodmont Crossing Apartments bonds due September 1, 2034 with an interest rate of 5.45%. • Woodmont Crossing Apartments	10,400,000	10,400,000
43)	2001 Series E serial bonds due June 1, 2038 with an interest rate of 5.45%. • Huntwood Apartments	6,845,000	6,850,000
44)	2001 Series serial bonds due November 1, 2033 with an interest rate of 2.5% • Edgewood Terrace	-	8,000,000
45)	2001 Series serial bonds due May 20, 2043 with interest rates ranging from 5% to 7% • Columbia Heights	34,760,000	34,760,000
46)	2002 Series serial bonds due July 20, 2043 with interest rates ranging from 5.65% to 5.80% • Jeffrey Gardens	12,285,000	12,285,000

NOTE 6: BONDS PAYABLE (Continued)

		2003	2002
47)	2002 Series serial bonds due January 1, 2035 with an interest rate of 1.57% • Trenton Park	6,335,000	6,335,000
48)	2002 Series serial bonds due March 1, 2039 with interest rates ranging from 7.2% to 7.9% • Faircliff Plaza	7,000,000	7,000,000
49)	2002 Series A serial bonds due June 1, 2039 with an interest rate of 5.75% • Chapin St./Euclid St.	1,450,000	1,450,000
50)	2002 Series B serial bonds due June 1, 2004 with an interest rate of 3.5% • Chapin St./Euclid St.	200,000	200,000
51)	2002 Series C serial bonds due June 1, 2039 with an interest rate of 5.75% • Chapin St./Euclid St.	1,225,000	1,225,000
52)	2002 Series D serial bonds due June 1, 2004 with an interest rate of 3.5% • Chapin St./Euclid St.	275,000	275,000
53)	2002 Series serial bonds due December 1, 2038 with interest rates ranging from 3% to 5.55% • Trinity Towers	9,200,000	9,200,000
54)	2002 Series E serial bonds due December 1, 2044 with interest rates ranging from 4.75% to 5.7% • Golden Rule	6,370,000	6,370,000

NOTE 6: BONDS PAYABLE (Continued)

		2003	2002
55)	2002 Series F serial bonds due December 1, 2044 with an interest rate of 3.5% • Golden Rule	2,500,000	2,500,000
56)	2002 Series revenue bonds due November 1, 2035 with an interest rate of 5.35% • Capitol Park Plaza/Capitol Park Twin Towers Apartments	30,000,000	-
57)	2003 Series C serial bonds due December 1, 2023 with an interest rate of 5.4%	730,000	-
58)	2003 Series C serial bonds due December 1, 2033 with an interest rate of 5.50%	905,000	-
59)	2003 Series C serial bonds due December 1, 2045 with an interest rate of 5.60%	1,945,000	-
60)	2003 Series D serial bonds due December 1, 2005 with an interest rate of 2.0%	600,000	-
61)	2003 Series GNMA Collateralized serial bonds due June 20, 2023 with an interest rate of 4.50% • Bowling Green Apartments	2,510,000	-
62)	2003 Series GNMA Collateralized serial bonds due December 20,2044 with an interest rate of 4.79% • Bowling Green Apartments	8,230,000	-
63)	2003 Series B serial bonds due June 1, 2044 with an interest rate of 5.25% • Urban Village Apartments	6,325,000	-
64)	2003 Series A serial bonds due December 1, 2022 with an interest rate of 4.95% • Elsinore Courtyard Apartments	1,320,000	-
65)	2003 Series A serial bonds due December 1, 2032 with an interest rate of 5.05% • Elsinore Courtyard Apartments	1,510,000	-
66)	2003 Series A serial bonds due December 1, 2044 with an interest rate of 5.16% • Elsinore Courtyard Apartments	3,170,000	-

NOTE 6: BONDS PAYABLE (Continued)

		2003	2002
67)	2003 Series GNMA Collateralized serial bonds due September 20, 2008 with an interest rate of 5.30% • Wingate Towers and Garden Apartments	50,000	-
68)	2003 Series GNMA Collateralized serial bonds due September 20, 2033 with an interest rate of 5.30% • Wingate Towers and Garden Apartments	8,990,000	-
69)	2003 Series GNMA Collateralized serial bonds due September 20, 2033 with an interest rate of 5.40% • Wingate Towers and Garden Apartments	10,915,000	-
70)	2003 Series GNMA Collateralized serial bonds due September 20, 2045 with an interest rate of 5.50% • Wingate Towers and Garden Apartments	25,045,000	-
71)	2002 Series I serial bonds due January 1, 2005 with an interest rate of 2.80% • Henson Ridge	4,140,000	-
72)	2002 Series I serial bonds due October 1, 2002 with an interest rate of 5.40% • Henson Ridge	4,080,000	-
73)	2003 Series J serial bonds due December 1, 2012 with an interest rate of 4.50% • Fairmont I and II Apartments	1,350,000	-
74)	2002 Series J serial bonds due December 1, 2022 with an interest rate of 5.10% • Fairmont I and II Apartments	2,870,000	-
75)	2002 Series J serial bonds due December 1, 2040 with an interest rate of 5.30% • Fairmont I and II Apartments	11,905,000	-

Subtotal	526,882,836	424,048,979
Add: Unamortized Bond Premium	362,398	376,290
Less: Unamortized Bond Discount	(443,340)	(478,304)
Total Multi-Family Program Fund	526,801,894	423,946,965
Total Bonds Payable	920,373,091	907,299,305
Less: amounts due within 1 year	(11,710,000)	(14,405,000)
	$908,663,091	$892,894,305

The Agency or the borrower has the option to redeem the various bonds at premiums ranging up to 5%. This option generally cannot be exercised until the bonds have been outstanding for ten years as provided in the various indentures. Term bonds are generally subject to redemption, without premium, from mandatory sinking fund payments.

Amounts payable subsequent to 2003, when actually due, will include additional accretion on capital appreciation bonds and the effects of amortization of both premium and discount.

NOTE 6: BONDS PAYABLE (Continued)

Principal payments related to bond indebtedness for the next five years and the following in five year increments are as follows:

Fiscal Year Ending September 30,	Multi-Family Program Fund	Single-Family Program Fund	Total
2004	$ 9,395,000	$ 2,315,000	$ 11,710,000
2005	6,590,000	2,060,000	8,650,000
2006	650,000	1,815,000	2,465,000
2007	460,000	1,900,000	2,360,000
2008	3,355,000	1,780,000	5,135,000
2009-2013	18,710,000	11,570,000	30,280,000
2014-2018	6,835,000	4,337,000	11,172,000
2019-2023	36,080,000	40,325,000	76,405,000
2024-2028	107,935,000	49,045,000	156,980,000
2029-2033	52,515,238	90,423,250	142,938,488
2034-2038	119,503,598	-	119,503,598
2039-2043	110,204,000	-	110,204,000
2044-2048	54,650,000	-	54,650,000
2049-2053	-	-	-
2054-2058	-	184,055,000	184,055,000
Subtotals	526,882,836	389,625,250	916,508,086
Add: unamortized bond premium	362,398	4,644,268	5,006,666
Less: unamortized bond discount	(443,340)	(698,321)	(1,141,661)
Totals	$526,801,894	$393,571,197	$920,373,091

NOTE 6: BONDS PAYABLE (Continued)

Interest payments related to bond indebtedness for the next five years and the following in five year increments are as follows:

Fiscal Year Ending September 30,	Multi-Family Program Fund	Single-Family Program Fund	Total
2004	$ 28,999,214	$ 14,706,305	$ 43,705,519
2005	28,416,838	14,592,861	43,009,699
2006	28,385,178	14,502,434	42,887,612
2007	28,360,553	14,409,250	42,769,803
2008	28,257,602	14,317,591	42,575,193
2009-2013	138,565,948	69,753,085	208,319,033
2014-2018	133,460,253	68,240,659	201,700,912
2019-2023	130,004,258	60,027,215	190,031,473
2024-2028	105,792,068	46,915,827	152,707,895
2029-2033	89,666,353	20,269,379	109,935,732
2034-2038	58,323,449	10,307,080	68,630,529
2039-2043	35,992,032	10,307,080	46,299,112
2044-2048	6,186,248	10,307,080	16,493,328
2049-2053	-	10,307,080	10,307,080
2054-2058	-	2,404,985	2,404,985
Subtotals	$840,409,994	$381,367,911	$1,221,777,905

NOTE 7: DEFERRED CREDIT

The deferred credit balance represents funds contributed by the owners of the projects and/or funds received from tax credit providers (LIHTC) that have been financed by the Agency. These funds are offset against rehab financed through tax credits upon completion of the projects, or disbursed at the end of the mortgage period or earlier, if necessary.

NOTE 8: DEFERRED REVENUE

Deferred revenue represents funds received in advance and unearned at year end, or funds related to non-refundable fees and costs associated with financing activities. Funds are deferred and recognized over the life of the mortgage.

NOTE 9: CERTIFICATES OF PARTICIPATION

On July 1, 1998, the Agency entered into a lease agreement with the District of Columbia Building Finance Corporation (the Building Corporation) to lease office space at 815 Florida Avenue, NW., Washington, D.C. (the Building). The Building was financed by proceeds from the Agency's issuance of Certificates of Participation, Series 1998 (the Certificates) evidencing assignments of interest in rights to receive payments under the lease.

The lease term is through June 2018; however, the Agency has an annual right to terminate the lease in the event that the Agency fails to appropriate sufficient amounts due under the lease terms for the ensuing fiscal year. The Agency also has the option to purchase the Building at any time during the lease at an amount necessary to discharge the Certificates.

The Board of Directors of the Building Corporation is comprised fully by members of the Agency's management. Since the Corporation is controlled by the Agency and it is the Agency's intention to continue the lease until title to the Building is acquired by the Agency, the Building and Certificates are presented in the financial statements as if the Agency owned and financed the Building. This activity is recorded in a separate fund, the D.C. Building Finance Corporation Fund (Building Fund). Inter-fund transactions are recorded between the General Fund and the Building Fund to reflect the lease activity. Rental income for the year ended September 30, 2003 amounted to $213,672 and is included in Building Fund revenue. Rental expense of $212,215 is reflected in the General Fund expenses. Improvements are funded by and recorded in the General Fund. Leasehold improvements are amortized over the shorter of the estimated useful life or the lease term.

The Certificates were issued in an original principal amount of $2,400,000, with a balance at September 30, 2003 of $1,955,000. Interest is payable semi-annually at 4.85% for Certificates due June 1, 2008, and 5.35% for Certificates due June 1, 2018.

NOTE 9: CERTIFICATES OF PARTICIPATION (Continued)

Principal and interest payments related to the Certificates for the next five years and the following in five year increments are as follows:

Fiscal Year Ending Sept.30,	Principal	Interest	Total
2004	$ 100,000	$ 100,201	$ 200,201
2005	105,000	95,270	200,270
2006	110,000	90,097	200,097
2007	115,000	84,681	199,681
2008	125,000	78,942	203,942
2009-2013	610,000	301,829	911,829
2014-2018	790,000	117,254	907,254
	$1,955,000	$ 868,274	$2,823,274

NOTE 10: NET ASSETS

McKinney Act Fund - The Agency qualifies for 50% of the savings resulting from Financing Adjustment Factors (FAF) on Section (11)(b) bond refunding transactions. These funds are restricted in nature as they are only to be used to benefit very low-income persons. As a result, the Agency established a revolving loan fund for non-profit developers to, provide credit enhancement or loan guarantees, and finance certain special need projects, such as, shelter for the Districts homeless and facilities for individuals who have contracted AIDS.

Bond Fund and Risk Share Program - The Agency's allocated net assets are reserved for the repayment of the respective bond issues. In addition, the initial deposit made to participate in the Risk Sharing Program and the 1% of the FHA insured mortgage balances in the Risk Sharing Program account are restricted.

NOTE 11: FEDERAL FINANCIAL ASSISTANCE TRANSACTIONS WITH HUD

Section "8" Program - In accordance with the terms of contracts between the Agency and HUD, the Agency administers a rental assistance program as HUD's agent for certain projects financed by the Agency. This program, referred to as the "Section 8 Program," allows eligible tenants to obtain adequate rental housing in the private marketplace while paying no more than 30% of their monthly income for rent.

NOTE 11: FEDERAL FINANCIAL ASSISTANCE TRANSACTIONS WITH HUD (Continued)

The Agency earns an administrative fee on a formula basis for administering the program. This administrative fee is recognized as income when earned.

Servicing Projects Grants - In accordance with the terms of contracts between and among the Agency, HUD and certain owners, the Agency services the mortgages with funds received from HUD on behalf of the owners.

The Agency earns a servicing fee on a formula basis for servicing the mortgages. This servicing fee is recognized as income when earned. The Agency also earns an administrative fee received directly from the owners on a formula basis, and this fee is also recognized as income when earned.

NOTE 12: RETIREMENT PLAN

The Agency established a defined contribution, money purchase retirement plan, effective October 1, 1982, covering all eligible Agency employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Agency incurs a retirement plan expense for all full-time employees in an amount equal to 7.65% of total compensation.

The expense amounted to $0 and $123,665, for September 30, 2003 and 2002, respectively. Employees vest in Agency contributions and earnings thereon over a period of six years. To the extent that terminating employees are less than 100% vested and are not otherwise entitled to receive the Agency's contribution, the Agency's invested portion is forfeited and reverts to the benefit of the plan.

There are no unfunded prior service costs associated with this retirement plan.

The Agency amended its Retirement Plan, a Money Purchase Pension Plan (the Plan) effective August 10, 2002. Due to the amendment, future Agency contributions to the Plan ceased effective August 10, 2002. The amendment also provides that each participant and former participant with an account balance under the Plan as of such date shall be 100% vested in his or her account. Concurrent with the amendment, the Agency commenced participating in the Social Security and Medicare programs.

NOTE 13: OTHER INCOME

The Agency's other income for 2003 is comprised of the following:

	General Fund	Single Family Program Fund	Multi-Family Program Fund	DC Building Finance Corporation Fund	Total
Owner's contribution	$ -	$ 12,042	$ 5,253,530	$ -	$ 5,265,572
Amortization income	-	317,094	84,043	-	401,137
Financing fees	1,684,268	-	-	-	1,684,268
Annual administrative fees	1,484,285	-	-	-	1,484,285
Permitted spread	789,652	-	-	-	789,652
Servicing acquisition fee	20,934	-	-	-	20,934
Participation/reservation fee	16,751	-	-	-	16,751
FHA financing fee	549,473	-	-	-	549,473
Construction and development monitoring fees	644,637	-	-	-	644,637
FHA placement fee	353,250	-	-	-	353,250
Tax credit fees	345,061	-	-	-	345,061
HAP audit fee	27,500	-	-	-	27,500
HAP administrative fee	345,906	-	-	-	345,906
Bond transaction revenue-M/F purchase in lieu	34,760	-	-	-	34,760
Rental income	9,825	-	-	213,672	223,497
National mortgage loan originations	365,900	-	-	-	365,900
Legal fees	220,000	-	-	-	220,000
Mortgage servicing fees	89,553	-	-	-	89,553
S/F direct loan origination fee	12,263	-	-	-	12,263
MIP Risk Share program	46,373	-	-	-	46,373
External loan processing fees	1,512	-	-	-	1,512
Arbitrage rebate fee	2,000	-	-	-	2,000
Construction loan structuring fee	200,000	-	-	-	200,000
Other	36,518	-	-	-	36,518
	$7,280,421	$329,136	$5,337,573	$213,672	$13,160,802

NOTE 13: OTHER INCOME

The Agency's other income for 2002 is comprised of the following:

	General Fund	Single Family Program Fund	Multi-Family Program Fund	DC Building Finance Corporation Fund	Total
Owner's contribution	$ -	$ 5,082	$ 5,198,832	$ -	$ 5,203,914
Gain on distribution of property	-	17,972	-	-	17,972
Amortization income	-	694,069	88,618	-	782,687
Financing fees	1,214,800	-	-	-	1,214,800
Annual administrative fees	1,317,367	-	-	-	1,317,367
Permitted spread	776,020	-	-	-	776,020
Servicing acquisition fee	145,562	-	-	-	145,562
Participation fee/reservation fee	197,107	-	-	-	197,107
FHA financing fee	279,890	-	-	-	279,890
Construction and development monitoring fees	564,063	-	-	-	564,063
Single family transaction earnings- purchase in lieu	240,946	-	-	-	240,946
FHA placement fee	171,020	-	-	-	171,020
Tax credit fees	337,490	-	-	-	337,490
HAP audit fee	27,500	-	-	-	27,500
HAP administrative fee	325,002	-	-	-	325,002
Bond transaction revenue-M/F purchase in lieu	299,704	-	-	-	299,704
Rental income	4,850	-	-	194,062	198,912
National mortgage loan originations	398,900	-	-	-	398,900
Legal fees	185,750	-	-	-	185,750
Mortgage servicing fees	64,252	-	-	-	64,252
S/F Direct loan origination fee	93,889	-	-	-	93,889
Misc income	56,647	-	-	-	56,647
MIP Risk Share program	19,298	-	-	-	19,298
External loan processing fees	9,047	-	-	-	9,047
Arbitrage rebate fee	2,000	-	-	-	2,000
	$6,731,104	$ 717,123	$5,287,450	$194,062	$12,929,739

NOTE 14: FUND TRANSFERS

The Agency records transfers between and among funds for various purposes, including subsidies for financing the Agency's programs. All operating transfers among program funds are recorded as inter-fund transfers and are classified as other financing sources and uses in the accompanying combined statement of revenues, expenses and changes in net assets.

NOTE 15: EXTRAORDINARY ITEMS

Multifamily Mortgage Bonds – Southern Hills 1985A were redeemed during fiscal year 2003. The premiums paid on the redemptions and other directly related costs resulted in the recognition of an extraordinary loss of $138,325 on early extinguishment of debt.

Multifamily Mortgage Bonds – Edgewood Terrace were redeemed during fiscal year 2003. The premiums paid on the redemptions and other directly related costs resulted in the recognition of an extraordinary loss of $320,975 on early extinguishment of debt.

NOTE 16: CONTINGENT LIABILITY

Contingent Interest

The Multi-Family Housing Revenue Bonds, Series 1995A - Tyler House Apartments, bear interest at a fixed rate of 7.52% per annum plus contingent interest in an amount equal to 3.48% per annum of the outstanding principal amount of bonds. The contingent interest is payable from 50% of the property's net cash flow and 33% of any net capital proceeds. The payment of such amounts is deferred, and accrues interest at 11% per annum, to the extent that the net cash flow and net capital proceeds are not sufficient to fully pay contingent interest.

The contingent interest including interest on deferred amounts was $5,457,548 as of September 30, 2003.

NOTE 17: RECLASSIFCATION OF PRIOR YEAR BALANCES

The 2002 financial statements contain the reclassification of certain amounts, which have been made in order to conform to the classifications used in 2003.

NOTE 18: SUBSEQUENT EVENTS

On December 24, 2003, the Agency issued single-family draw-down bonds Series 2003 for $230.85 million and concurrently redeemed single-family draw-down bonds Series 2002 for $221.84 million.

SUPPLEMENTAL INFORMATION

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
COMBINING BALANCE SHEET
SEPTEMBER 30, 2003

ASSETS

	General Fund	Single Family Fund	Multi-family Fund	DC Building Finance Corporation Fund	2003	2002
CURRENT ASSETS						
Cash and cash equivalents	$ 14,676,533	$ -	$ -	$ -	$ 14,676,533	$ 12,800,633
Restricted cash and cash equivalents	9,774,556	-	-	-	9,774,556	8,390,020
Other receivables	561,978	-	-	-	561,978	618,101
Mortgage and construction loans receivable	-	-	-	-	-	253,186
Total current assets	25,013,067	-	-	-	25,013,067	22,061,940
NON-CURRENT ASSETS						
Other assets:						
Investments	6,457,913	-	-	-	6,457,913	4,998,402
Loans receivable	13,384	-	140,000	-	153,384	158,166
Prepaids	243,514	-	-	30,026	273,540	184,828
Due from (to) Other funds	2,713,809	(2,684,066)	(25,546)	(4,197)	-	-
Bond issue costs—net	-	2,612,125	13,383,493	100,374	16,095,992	15,699,661
Total other assets	9,428,620	(71,941)	13,497,947	126,203	22,980,829	21,041,057
Restricted assets:						
Cash and cash equivalents	-	6,552	463,998	-	470,550	248,803
Investments held in trust	-	241,116,772	112,774,519	244,623	354,135,914	337,639,242
Mortgage backed securities at fair value	-	170,663,914	94,406,256	-	265,070,170	318,265,432
Mortgage and construction loans receivable	-	4,835,259	406,750,781	-	411,586,040	331,424,966
Rehab financed by tax credits	-	-	17,736,748	-	17,736,748	8,703,871
Loans receivable	-	-	1,585,923	-	1,585,923	1,493,400
McKinney Act Funds receivable	1,786,181	-	-	-	1,786,181	1,694,380
Other receivables	206,680	-	5,158,867	67,143	5,432,690	8,591,532
Accrued interest receivable	-	1,608,466	2,325,630	-	3,934,096	4,582,849
Total restricted assets	1,992,861	418,230,963	641,202,722	311,766	1,061,738,312	1,012,644,475
Capital assets:						
Land	-	-	-	573,000	573,000	573,000
Depreciable property and equipment	1,510,946	-	-	1,795,238	3,306,184	3,199,605
Leasehold Improvements	1,024,669	-	-	-	1,024,669	981,379
Less accumulated depreciation and amortization	(1,569,916)	-	-	(345,378)	(1,915,294)	(1,659,766)
Total capital assets	965,699	-	-	2,022,860	2,988,559	3,094,218
Total non-current assets	12,387,180	418,159,022	654,700,669	2,460,829	1,087,707,700	1,036,779,750
TOTAL ASSETS	$ 37,400,247	$ 418,159,022	$ 654,700,669	$ 2,460,829	$ 1,112,720,767	$ 1,058,841,690

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
COMBINING BALANCE SHEET
SEPTEMBER 30, 2003

(Continued)

	General Fund	Single Family Fund	Multi-family Fund	DC Building Finance Corporation Fund	2003	2002
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	$ 916,306	$ 16,426	$ 740,426	$ 208,278	$ 1,881,436	$ 1,550,630
Accrued salary and vacation payable	211,647	-	-	-	211,647	175,511
Deferred revenue	714,837	-	-	-	714,837	580,822
Current portion of bonds payable	-	2,315,000	9,395,000	-	11,710,000	14,405,000
Current portion of Certificates of Participation	-	-	-	100,000	100,000	100,000
Total current liabilities	1,842,790	2,331,426	10,135,426	308,278	14,617,920	16,811,963
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS						
Tenant subsidy funds	1,488,048	-	-	-	1,488,048	856,901
Escrow deposits	1,415,055	-	-	-	1,415,055	1,359,034
Deferred credits	-	6,150,000	55,338,703	-	61,488,703	44,808,969
Deferred revenue	364,546	881,936	560,995	104,742	1,912,219	2,140,906
Interest payable	-	4,212,635	6,331,560	33,939	10,578,134	10,977,372
Total current liabilities payable from restricted assets	3,267,649	11,244,571	62,231,258	138,681	76,882,159	60,143,182
NON-CURRENT LIABILITIES						
Deferred revenue—less current portion	-	-	-	-	-	364,537
Loans payable	-	250,000	30,239,438	-	30,489,438	11,012,742
Bonds payable—less current portion	-	391,256,197	517,406,894	-	908,663,091	892,894,305
Certificates of Participation—less current portion	-	-	-	1,855,000	1,855,000	1,955,000
Total non-current liabilities	-	391,506,197	547,646,332	1,855,000	941,007,529	906,226,584
Total liabilities	5,110,439	405,082,194	620,013,016	2,301,959	1,032,507,608	983,181,729
NET ASSETS						
Invested in capital assets—net of related debt	965,699	-	-	34,350	1,000,049	1,023,293
Restricted for:						
Bond Fund and risk share	1,457,759	13,076,828	34,687,653	32,977	49,255,217	48,350,313
McKinney Act Fund	6,081,115	-	-	-	6,081,115	5,398,908
Total restricted net assets	7,538,874	13,076,828	34,687,653	32,977	55,336,332	53,749,221
Unrestricted net assets	23,785,235	-	-	91,543	23,876,778	20,887,447

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
COMBINING BALANCE SHEET
SEPTEMBER 30, 2003

Total net assets	32,289,808	13,076,828	34,687,653	158,870	80,213,159	75,659,961
TOTAL LIABILITIES AND NET ASSETS	$ 37,400,247	$ 418,159,022	$ 654,700,669	$ 2,460,829	$ 1,112,720,767	$ 1,058,841,690

See Accompanying Independent Auditor's Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
SEPTEMBER 30, 2003

	General Fund	Single-Family Fund	Multi-Family Fund	DC Building Finance Corporation Fund	Memorandum Totals 2003	Memorandum Totals 2002
OPERATING REVENUES						
Mortgage backed security income	$ -	$ 9,545,841	$ 4,526,682	$ -	$ 14,072,523	$ 28,731,790
Interest on mortgage and construction loans	5,406	438,987	17,560,987	-	18,005,380	16,599,851
McKinney Act revenue	743,531	-	-	-	743,531	666,439
Application and commitment fees	175,442	-	-	-	175,442	101,486
HUD Section 8 housing assistance receipts	13,279,760	-	-	-	13,279,760	13,064,801
Service project receipts	6,369,578	-	-	-	6,369,578	6,235,820
Other	7,280,421	329,136	5,337,573	213,672	13,160,802	12,929,739
Total operating revenues	27,854,138	10,313,964	27,425,242	213,672	65,807,016	78,329,926
OPERATING EXPENSES						
Operations	1,038,010	266,310	3,308,682	-	4,613,002	4,215,651
Personnel and related costs	3,353,370	-	-	-	3,353,370	3,236,576
Interest expense	-	18,386,112	18,507,726	105,051	36,998,889	39,707,911
Depreciation and amortization	189,038	-	-	66,490	255,528	237,037
Federal program payments	10,510,234	-	-	-	10,510,234	10,282,457
Housing assistance payments	9,139,104	-	-	-	9,139,104	9,018,164
Bond amortization	-	179,064	608,042	10,074	797,180	3,120,445
Trustee fees and other expenses	3,378	1,473,695	2,672,622	500	4,150,195	3,398,260
Total operating expenses	24,233,134	20,305,181	25,097,072	182,115	69,817,502	73,216,501
OPERATING INCOME (LOSS)	3,621,004	(9,991,217)	2,328,170	31,557	(4,010,486)	5,113,425
NON-OPERATING REVENUES						
Investment income	360,593	6,492,166	2,169,114	1,111	9,022,984	11,209,949
EXCESS OF REVENUE OVER EXPENSES BEFORE EXTRAORDINARY ITEM	3,981,597	(3,499,051)	4,497,284	32,668	5,012,498	16,323,374
EXTRAORDINARY ITEM - LOSS ON EXTINGUSHMENT OF DEBT	-	-	(459,300)	-	(459,300)	(67,961)
CHANGE IN NET ASSETS	3,981,597	(3,499,051)	4,037,984	32,668	4,553,198	16,255,413
NET ASSETS, BEGINNING OF YEAR	28,308,211	16,575,879	30,649,669	126,202	75,659,961	59,404,548
NET ASSETS, END OF YEAR	$32,289,808	$13,076,828	$ 34,687,653	$ 158,870	$ 80,213,159	$ 75,659,961

See Accompanying Independent Auditor’s Report.

DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY
COMBINING STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2003 AND 2002

	General Fund	Single-Family Fund	Multi-Family Fund	Building Finance Corporation	2003	2002
Operating Activities						
Cash receipts from customers						
Cash receipts from (purchase to) loans and interest	$ 257,968	$ 13,275,722	$ 21,778,879	$ -	$ 35,312,569	$ 38,093,061
Other cash receipts	7,862,153	-	5,252,655	201,604	13,316,412	13,030,019
Cash payments to vendors	(909,615)	-	-	-	(909,615)	(2,195,826)
Cash payments to employees	(3,317,234)	-	-	-	(3,317,234)	(3,212,838)
Receipts of federal program income	20,280,486	-	-	-	20,280,486	18,807,835
Payments of federal program expenses	(19,644,281)	-	-	-	(19,644,281)	(19,301,318)
Other cash payments	(96,246)	(1,760,797)	(5,735,473)	(1,360)	(7,593,876)	(6,448,859)
Net cash provided	4,433,231	11,514,925	21,296,061	200,244	37,444,461	38,772,074
Capital and Related Financing Activities						
Acquisition of fixed assets	(149,869)	-	-	-	(149,869)	(289,233)
Proceeds from long term bonds	-	-	-	-	-	-
Payments of long term debt	-	-	-	(100,000)	(100,000)	(95,000)
Payments of interest and charges	-	-	-	(106,668)	(106,668)	(111,275)
Net cash used	(149,869)	-	-	(206,668)	(356,537)	(495,508)
Non-Capital Financing						
Proceeds in rehab financed by tax credits	-	-	(5,967,374)	-	(5,967,374)	(32,420,016)
Proceeds from long term bonds	-	281,959,412	126,625,588	-	408,585,000	228,774,479
Payments of long term debt	-	(371,605,264)	(23,791,731)	-	(395,396,995)	(184,008,367)
Payments of interest and charges	-	(20,016,465)	(2,149,230)	6,838	(22,158,857)	(41,416,432)
Proceeds of Notes/loans payable	-	13,230	19,476,696	-	19,489,926	7,335,295
Net cash provided (used)	-	(109,649,087)	114,193,949	6,838	4,551,700	(21,735,041)
Investing Activities						
Receipts of interest and dividends	360,601	6,663,544	2,167,264	1,111	9,192,520	13,161,104
Principal payments (purchase) on mortgage and construction loans	-	-	(81,493,191)	-	(81,493,191)	(18,948,882)
Sale of investments and mortgage backed securities	15,037,651	660,138,226	209,004,861	208,188	884,388,926	497,719,775
Purchase of investments and mortgage backed securities	(16,421,178)	(568,668,574)	(264,946,231)	(209,713)	(850,245,696)	(507,572,594)
Net cash provided (used)	(1,022,926)	98,133,196	(135,267,297)	(414)	(38,157,441)	(15,640,597)
INCREASE (DECREASE) IN CASH	3,260,436	(966)	222,713	-	3,482,183	900,928
Cash at October 1	21,190,653	7,518	241,285	-	21,439,456	20,538,528
Cash at September 30	$ 24,451,089	$ 6,552	$ 463,998	$ -	$ 24,921,639	$ 21,439,456
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating						
Operating income (loss)	3,621,004	(9,991,217)	2,328,170	31,557	(4,010,486)	5,113,425
Extraordinary gain (loss)	-	-	5,873	-	5,873	(67,961)
Interest expense	-	18,386,112	18,507,726	105,051	36,998,889	39,707,911
Depreciation	189,038	-	-	66,490	255,528	237,037
Miscellaneous nonoperating revenue	-	442,652	(76,712)	-	365,940	448,165
Decrease (increase) in assets:						
Receivables	(111,764)	-	-	-	(111,764)	579,656
Other current assets	(34,373)	-	-	3,525	(30,848)	46,381
Loans receivable	-	-	-	-	-	(81,647)
Increase (decrease) in liabilities:						
Payables	74,606	(19,687)	245,831	1	300,751	(1,226,751)
Accrued liablities	36,136	-	-	-	36,136	23,738
Deferred revenue and credits	(230,530)	(151,148)	517,253	(7,491)	128,084	2,153,399
Other current liabilities and changes in changes in mortgage loans	889,114	2,848,213	(232,080)	1,111	3,506,358	(8,161,279)
Net cash provided	$ 4,433,231	$ 11,514,925	$ 21,296,061	$ 200,244	$ 37,444,461	$ 38,772,074

See Accompanying Independent Auditor's Report.