2009 Annual Report
Washington Convention Center Authority

BIG THINGS HAPPEN HERE

Since Washington, DC first became the nation's capital in 1790, it has been the place where big things happen. And since the Walter E. Washington Convention Center opened its doors in 2003, big things continue to happen here.

Fiscal 2009 was a particularly big year for the Washington Convention Center Authority. Centrally located in the city's historic Shaw neighborhood, the Authority started off with several spectacular events including Association of the United States Army (AUSA), the American Israel Public Affairs Committee (AIPAC) and the Metropolitan Cooking and Entertaining Show. And then the Center kicked off the new year with a bang by hosting six simultaneous Presidential Inaugural Balls in January, becoming the only building in the world to do so. The guest of honor, President Barack Obama, returned to the Center four more times throughout the year, the most visits of any sitting president.

As President Obama has said as he travels around the nation, hospitality and travel are important industries in our country. And during 2009, the Center enhanced its amenities to become *the* destination for meetings and events of all sizes. Planning those events got easier in FY 09 when the Authority unveiled a cutting-edge, easy to navigate web site, with 3-D renderings of every room in the building along with an interactive map, a first ever for any convention center.

The Center's flexible design allowed us to host numerous meetings and events: from an intimate business meeting for 50 to the largest sit-down dinner ever, totaling over 16,000 people. Our flexibility also allowed us to assist in the construction of a massive 20,000 square-foot exhibit inside our building for The Cable Show '09.

Over the summer, we welcomed Master Chef Philippe Chin to our Centerplate/NBSE culinary team, and through his expertise, our food service has gained acclaim. As part of our comprehensive sustainability efforts, we also introduced a new green initiative, Alert To Divert. This education program has already helped show organizers and event attendees increase recycling rates.

As big as we are, though, we are still very much connected to the community in which we live and work. The fall brought a pop-up art display titled *Windows Into DC* to the Center's street-level storefronts and windows, and two local community holiday traditions, *Feast of Sharing* and *Winter Wonderland*, returned.

LET THE FESTIVITIES BEGIN:

THE CONVENTION CENTER HOLDS SIX OFFICIAL INAUGURAL BALLS — SIMULTANEOUSLY!

January 2009 began in a flurry of excitement as the Walter E. Washington Convention Center staff welcomed dignitaries and celebrities to this world-class facility.

Having hosted inaugural balls since Ronald Reagan's second inauguration in 1985, the Center staff was up for the challenge of welcoming the new President and thousands of revelers in our world-class facility.

The successful coordination of the Obama Home States, Biden Home States, Mid-Atlantic, Midwest, Western, and the first-ever Neighborhood Inaugural Balls required a massive collaborative effort led by the Authority, the Presidential Inaugural Committee, the United States Secret Service, various federal and local agencies, and the official event contractors.

Centerplate/NSBE, our catering partner, required 1,800 labor hours to prepare the enormous menu for the evening. In fact, the menu was so extensive that 21 tractor trailers were brought in to house the supplies and products. The size of the wait staff and kitchen staff ballooned to include 250 bartenders, 150 cashiers, 100 servers, 100 cooks, 150 stewards and porters, and 45 managers.

After an intense month of planning, all 200 WCCA employees and 1,000 additional vendors and contractors were ready for the big night.

On that historic evening of January 20, 2009, over 42,000 people including President Barack Obama, First Lady Michelle Obama, Vice President Joe Biden, and Dr. Jill Biden celebrated along with an A-list roster of celebrities. Oprah Winfrey, Leonardo DiCaprio, Queen Latifah, Denzel Washington, Tom and Rita Hanks, Ron Howard, Tyra Banks and Jamie Foxx were in the crowd, turning the Center into Hollywood-on-the-Potomac.

A star-studded musical line-up including Stevie Wonder, Beyoncé, Mariah Carey, Shakira, Alicia Keys, Marc Anthony, Maroon 5, Mary J. Blige, Jay-Z, Faith Hill and the Motown Revue had the revelers on their feet, dancing the night away.

"We were honored to showcase our facility on the world stage to celebrate the inauguration of President Barack Obama," said Washington Convention Center Authority Chief Executive Officer and General Manager Gregory A. O'Dell. "Our team showed its commitment to hospitality and first-class service to make the festivities enjoyable for all of the guests."

The Center was especially proud to host the first-ever Neighborhood Inaugural Ball which was broadcast live nationally on network television (ABC). The idea was proposed by President Obama in order to make the inaugural celebrations accessible to all Americans. Tickets were either free or affordable, with a large portion set aside exclusively for District of Columbia residents. To make it even more inclusive, the ball had a unique interactive component that included web casting and text messaging in order to link neighborhoods across the country with both the new president and the event.

> "THIS IS AN INAUGURATION FOR ALL AMERICANS. I wanted to make sure that we had an event that would be open to our new neighborhood here in Washington, DC, and also neighborhoods across the country."
>
> *President-Elect Barack Obama prior to Inauguration Day*

PRESIDENT OBAMA RETURNS
TO THE CENTER FOUR MORE TIMES — IMPACTING POLICY AND DECISION MAKERS UNDER ONE ROOF

The Center staff's successful handling of the balls, coupled with the central location of the Center to DC power, brought Obama back to the building four more times during 2009.

On June 19th, President Obama kept the audience laughing with his remarks at the 65th Annual Radio & Television Correspondents' Dinner, which was held for the first time at the Center. The dinner included an awards ceremony honoring the best reporting in broadcasting.

"We are thrilled to be hosting this year's dinner at the Walter E. Washington Convention Center, a new venue showcasing the dynamic growth of Washington, DC," said RTCA 2009 chair Heather Dahl. "We saw the Convention Center as an opportunity to do something different with the dinner for the new White House administration and Congress, and in that change, gave the members of the Association a spectacular and unforgettable evening."

The Congressional Hispanic Caucus Institute's Annual Awards Gala drew more than 2,200 guests to the Center on September 16th. The gala is the premiere event of Hispanic Heritage Month, bringing together industry and community leaders to recognize the achievements of the Latino community and to develop the next generation of Latino leaders. President Obama first attended the gala as Presidential Candidate Obama in 2008, and the Caucus enthusiastically welcomed him back as the first minority president of the United States and as a strong proponent of the Latino community.

The Congressional Black Caucus welcomed President Obama and First Lady Michelle Obama at the Annual Phoenix Awards Dinner held at the Center on September 26th. In 2008, the Caucus presented Presidential Candidate Obama with its prestigious Phoenix Award, which recognizes the efforts and accomplishments of individuals who have made a significant contribution to society. In his remarks to the 3,000 attendees, President Obama spoke about the tremendous progress of civil rights and liberties in the United States and the tasks that remain to close the racial divide. The Congressional Black Caucus Foundation, Inc. has worked tirelessly on these issues since 1976, seeking to increase the political influence of African Americans through its work as a non-partisan public policy, research, and educational institute.

On October 10, President Obama delivered the keynote address at the 13th Annual Human Rights Campaign Dinner held at the Center. The Human Rights Campaign is the nation's largest lesbian, gay, bisexual and transgender civil rights organization that champions the bedrock ideals of liberty and justice for all Americans.

President Obama spoke to the 3,000 dinner guests followed by performances by international singer-songwriter Lady Gaga and the cast from the new Fox television hit comedy, *Glee*.

"I HAVE BEEN DOING A LOT OF TRAVELING. I just returned from a trip abroad, as you know. In Egypt, we had the opportunity to tour the Pyramids. By now I'm sure all of you have seen the pictures of Rahm on a camel. I admit I was a little nervous about the whole situation. I said at the time, 'This is a wild animal known to bite and kick and spit. And who knows what the camel might do?' "

President Barack Obama
65th Annual Radio & Television Correspondents' Dinner

"ACROSS AMERICA, millions of American children set their sights higher. Our success depends on our willingness to see our challenges together."

President Barack Obama
Congressional Hispanic Caucus Institute's Annual Awards Gala

GIVING THANKS, GIVING BACK

Thanksgiving Feast of Sharing

As a visible, active member of the DC business community, the Washington Convention Center Authority has made it a priority to give back to the residents of the District of Columbia. For the past ten years, the Authority has teamed up with Safeway to sponsor the Thanksgiving Feast of Sharing event for less fortunate District residents. Since it began, more than 40,000 people have been served hot Thanksgiving meals by hundreds of volunteers. The event has become a District tradition, growing to include more than just a meal. Now it offers community services and a job fair; workshops including interviewing tips, resume writing and dressing for success; and health screenings with free flu vaccinations from the DC Immunization Program.

"EACH YEAR WE ARE HUMBLED BY THE SPIRIT of generosity that this occasion fosters. The annual Feast of Sharing is instrumental in strengthening our sense of community here in the District and reminds us all to be thankful for the present and hopeful about our future."

Adrian M. Fenty, Mayor, District of Columbia

Winter Wonderland Toy Distribution and Holiday Party

For eleven years, the Washington Convention Center Authority has hosted *Winter Wonderland* in partnership with Advisory Neighborhood Commission 2C. The Winter Wonderland event has become an eagerly anticipated community tradition for kids and parents alike since it was first suggested by Lawrence Thomas, former chairman of the Commission.

This event is much more than a toy distribution event. For 100 neighborhood children and their families, it is a festive holiday party complete with holiday music, an 8-foot Nutcracker, gingerbread houses, complimentary souvenir photos, fabulous raffle prizes and delicious holiday treats.

Authority staff and their children served as volunteers sorting and distributing toys, while catering partner Centerplate/NBSE filled tables with drinks and enticing holiday fare. Service partner Projection Presentation Technology contributed state-of-the-art sound and audiovisual equipment.

IT'S OFFICIAL:

THE CONVENTION CENTER BREAKS GUINNESS WORLD RECORD

On April 16, 2009, the Walter E. Washington Convention Center was formally inducted into the Guinness World Records for hosting the largest sit-down dinner. This record-breaking event occurred on July 17, 2008, when 16,206 members of the Alpha Kappa Alpha Sorority dined at the Center during their Centennial Boulé Celebration and Annual Conference.

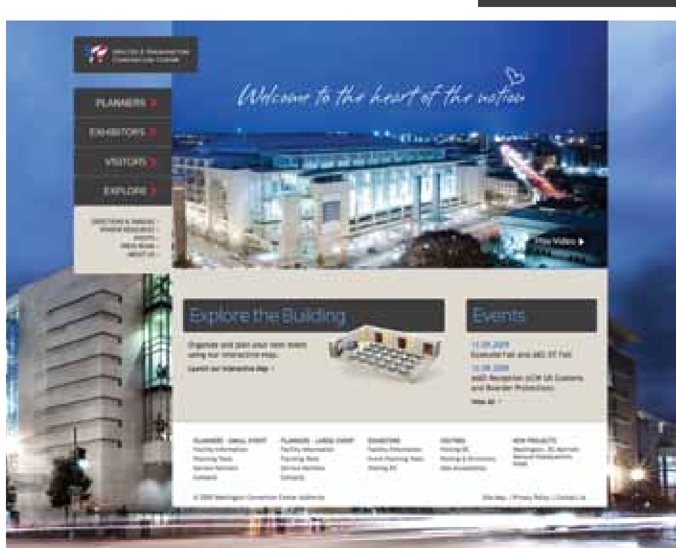
Mayor Fenty, city officials, Authority Board Members and staff, Alpha Kappa Alpha's International President Barbara A. McKinzie, Centerplate CEO Des Hague and a delegation of District business and hospitality leaders attended the ceremony when Guinness adjudicator Danny Girton, Jr. presented the honor to the Authority.

"Earning the Guinness World Record recognizes a monumental effort on the part of our staff and our catering partner, Centerplate/NBSE," said Gregory A. O'Dell, Washington Convention Center Authority CEO and general manager. "All along, our goal has been to serve our guests in Alpha Kappa Alpha with the same high level of service that they have extended to their communities over the past 100 years, and winning this award is proof of that commitment."

GUINNESS WORLD Records receives approximately 60,000 applications each year from would-be record holders. Only 3% are eventually accredited as Guinness World Record achievements.

LIGHT YEARS AHEAD OF THE TECHNOLOGY CURVE

"THIS WEB SITE WAS built with the needs of our customers, exhibitors and their attendees in mind. We think the site will create a new standard for online tools that convention centers can provide for their clients."
Gregory A. O'Dell, CEO and General Manager



The Walter E. Washington Convention Center has received widespread recognition for its cutting-edge design and fully integrated technology features.

New Web Site

In September 2009, the Center took another technological jump forward by launching a dramatically enhanced, interactive Web site that showcases the Center's flexibility, functionality, and world-class features.

Interactive floor plans featuring 3-D renderings and fly-bys of the building exterior and 3-D images of typical setups for each meeting room, exhibit hall, and ballroom provide our clients with a unique virtual gateway to the Center. A custom-designed, up-to-date home page events calendar and event planning guides for exhibitors and vendors are also prominently featured. In addition to these innovations, the new site features easier navigation, faster page loads, links to the Center's Facebook and Twitter pages, and French and Spanish translation for the Center's international clientele.

The site also includes a new promotional video on the home page that highlights the Center's location in the heart of Washington, DC. A revamped image gallery with new photos of the facility was also added to complement the video and interactive floor plans, giving Web site visitors a thorough overview of the Center's many features.

A Nation Within the Nation's Convention Center: Broadband Nation Exhibit Impresses Cable Show '09 Attendees

Each year, The Cable Show wows cable industry leaders and decision makers with the newest in technology breakthroughs, exceptional cable-only programming and educational seminars packed with business intelligence. As part of their April show, the National Cable and Telecommunications Association (NCTA) delivered a 20,000 square foot exhibit, the size of a Best Buy store, built inside the Walter E. Washington Convention Center.

Broadband Nation recreated a "Main Street America" experience on the Center's exhibit floor to showcase how broadband has enhanced our daily lives in areas such as education, healthcare, business, recreation, entertainment and home automation. Packed with hands-on interactive demonstrations, it was the massive centerpiece on the exhibition floor.

To make the exhibit possible, the Center partnered with the NCTA and built a new cable TV network inside the building. This network, based on fiber optic cable and so new it is not yet widely available, required all-new equipment to be installed throughout the building. This major project was worth the effort: the cutting-edge equipment is now running the Center's video network.

"THIS YEAR THE CABLE SHOW DELIVERED a 20,000 square foot exhibit, the size of a Best Buy store, built inside the Walter E. Washington Convention Center."
Gregory A. O'Dell, CEO and General Manager

CENTER ENHANCEMENTS

The Washington Convention Center Authority continually seeks to meet its clients' changing needs.

Small is Good: The Distinctive Meetings Package Makes Small Better

Though the Walter E. Washington Convention Center is known for high-profile events, its convenient location, flexible meeting space, event planning expertise and gracious hospitality are perfect for smaller meetings and events, too. The *Distinctive Meetings Package*, launched during the summer months, is designed for business meetings of 500 or fewer people and has quickly attracted the interest of the local business community.

With a *Distinctive Meetings Package*, clients maximize event dollars, receive high-quality customer service and access the same state-of-the-art amenities that are utilized by large-scale conventions, tradeshows and special events. To personalize events and ensure flawless execution, a dedicated sales manager and event manager work closely with meeting organizers, remaining onsite with the meeting organizers through the day of the event.

From corporate board meetings to strategic planning meetings, seminars and interactive product shows, the Center's flexible meeting space is easily configured to accommodate theater, classroom, conference, or banquet-style set up. All event attendees have access to the Center's world-class concierge services, on-site full-service business center, and complimentary Wi-Fi services. Though big things happen here, the *Distinctive Meetings Package* has proved that small things easily happen here, too.

You Asked, We Listened: More Meeting Space Being Added

The Washington Convention Center Authority continually seeks to meet its clients' changing needs. Perhaps the biggest way we did so during 2009 was with a retrofit construction project that was projected to be completed in March 2010. The project adds 40,000 square feet of flexible meeting space to the East and West Registration areas near the Grand Lobby and the upper levels overlooking 7th and 9th Streets. These new function spaces will be outfitted with custom-made carpeting, upgraded lighting, electrical and sound systems, and state-of-the-art Skyfold® Partition Wall systems and can be quickly configured for meetings, exhibits, banquets, receptions, and other special events.

CENTER ENHANCEMENTS

Environmentally friendly, conveniently located and dedicated to economic development.

Exceeding in Sustainability

The Walter E. Washington Convention Center has been at the forefront of implementing environmentally friendly practices since its opening in 2003. From high-efficiency lighting and energy management control to its own storm water management system, green energy practices are built into the building itself. Green products are used by our food and housekeeping service partners; organic and locally grown produce is used whenever possible; products and services are procured from local businesses to reduce delivery distances and emissions; and regular mass transit travel to the Center makes it convenient and accessible to residents, convention attendees and employees alike.

An extensive recycling program is one of the hallmarks of the Center's green initiatives. The Convention Center was the first in the nation to introduce the *Know the Code* recycling compliance program, which uses a color-coded approach to separate cardboard, mixed paper, glass, and aluminum and plastic from waste at the source. Recycling stations are found in all exhibitor halls and meeting rooms. More importantly, the program is introduced to clients as a standard practice to ensure maximum buy-in and participation by our guests.

Because the Center is dedicated to the success of its recycling program, the *Alert To Divert* educational outreach initiative was introduced in spring 2009. With *Alert To Divert*, the Center sets the example for successfully implementing a comprehensive recycling program on a large scale. Additionally, by focusing on education prior to an event, the Center helps clients both increase recycling rates and save money: recycling removal is free, but trash removal is not.

The Authority has registered as a Leadership in Energy and Environmental Design (LEED) project under the Existing Buildings Operations and Maintenance rating system with the U.S. Green Building Council, a non-profit organization that developed the LEED green building rating system. LEED is a third-party certification program that provides a concise framework to identify and implement practical and measurable design, construction, operations and maintenance solutions for high-performance green buildings and can be applied to any building type and any building lifecycle phase.

The Convention Center Headquarters Hotel Takes Shape

The Walter E. Washington Convention Center will add a new 1,167-room headquarters hotel when a $537 million, four-star Marriott Marquis hotel opens. The world-class hotel will be one of only three Marriott Marquis properties in the country, and it will be conveniently located across the street from the Center at the northwest corner of 9th Street and Massachusetts Avenue, NW.

With nearly 765,000 square feet of gross floor area, a health club, pool, retail space, and an underground connector concourse to the Center, the headquarters hotel will be an important addition to the economic development of the Shaw neighborhood and the District. As with the Center's green initiatives, the hotel will be built with maximum environmental responsibility in mind.

CENTER ENHANCEMENTS

"WE ARE DELIGHTED TO WELCOME PHILIPPE Chin as the latest addition to our network of culinary experts. With the addition of Philippe — a highly acclaimed master chef with an unparalleled record — we will continue to raise the bar by delivering unmatched culinary innovation."

Des Hague, President and CEO of Centerplate

Et Voila! French Master Chef Philippe Chin Brings His Culinary Expertise to the Center

The Washington Convention Center Authority was thrilled to welcome highly acclaimed Master Chef Philippe Chin to the Center's Centerplate/NBSE team this summer. Business and hospitality leaders, clients, and community leaders joined Authority staff and Board members to welcome Chef Chin in a special reception and tour of the Walter E. Washington Convention Center's top-of-the-line kitchen on June 25.

Chef Chin has over 30 years of experience in fine dining, and a stellar resume to match. He graduated in the top ten of his class from the elite *l'École Hôtelière de Paris* and has served as chef/owner of Chanterelles in Philadelphia, executive chef at Philippe on Locust in Philadelphia, and executive chef at The Partridge Inn in Augusta, GA. He is the youngest chef on record to be accepted and inducted into the prestigious *Maîtres Cuisiniers de France*. Only a limited number of chefs around the world share this coveted title and are chosen to become a "Master Chef of France" based upon their dedication to the Association's motto; "to preserve and spread the French culinary art, encourage training in cuisine, and assist professional development." He was also nominated for the James Beard Foundation's Best Chef in the Mid-Atlantic Award. The welcoming reception held in his honor reflected Chef Chin's specialty French-Asian fusion cuisine, which marries his Northern China roots with his Parisian childhood. The delectable menu included caviar, roasted Muscovy duck roll, red chile-crusted sea scallops, beef tenderloin, herb roasted rack of lamb, smoked salmon, oysters, boiled shrimp, and sushi.

Raising the bar, now and in years to come.

Windows Into DC Brightens the Center Streetscape

Another first, a pop-up art exhibit titled *Windows Into DC,* was unveiled at the Walter E. Washington Convention Center on June 29. Fourteen local artists, including the Shaw neighborhood's New Community for Children, created a diverse and colorful collection of art work energizing the Center's storefronts and windows and connecting with District residents and visitors.

The art on display offers a glimpse into the artists' vision of the District and serves as an innovative complement to the striking $4 million permanent art collection displayed throughout the Center. Pop-up galleries and art spaces are popular in major cities like New York and London. *Windows Into DC* has set a cultural example that other property owners could follow in the District.

Looking Toward 2010…and Beyond

During 2009, the Walter E. Washington Convention Center continued to lead the hospitality industry. Big things happened here, from hosting events on the world's stage to welcoming an award-winning master chef to our team. We are proud of our sustainability efforts and our flexible, technology-focused infrastructure that keep us the premiere venue of choice.

In 2010 and beyond, big things will continue to happen at the Walter E. Washington Convention Center.

LETTER FROM THE CHAIR

Fiscal 2009 was an exciting year for the Washington Convention Center Authority, with more than one million people attending events at the Walter E. Washington Convention Center. Our unique position in the heart of the national seat of government allowed us the opportunity to welcome a number of associations looking to engage members of Congress and the Administration, while also accommodating groups that serve local professionals and regional consumers.

We even had occasions to host the President of the United States a record-setting five times during the year at some of the region's most prestigious events, including the 65th Annual Radio and Television Correspondents' Dinner, the 13th Annual Human Rights Campaign Dinner, the Congressional Black Caucus' Annual Phoenix Award Dinner and the Congressional Hispanic Caucus Institute's Annual Awards Gala. We also saw President Obama and Vice President Biden on an evening that put our world-class building to the test: the Presidential Inaugural Balls, with six simultaneous galas taking place on the evening of January 20, 2009.

On behalf of the Authority's Board of Directors, I want to express our gratitude to the Convention Center's community and industry stakeholders, without whom we would be unable to provide the level of service that visitors and residents of the District of Columbia expect and deserve. I am grateful also to our staff and service partners for their daily contribution to the Convention Center — one of the city's most important generators of economic impact, and a place where big things really do happen.

Beverly L. Perry
Chairman, Board of Directors

BOARD OF DIRECTORS

pictured opposite

Beverly L. Perry
Senior Vice President, Government Affairs and Public Policy
Pepco Holdings, Inc.
Chairman, Board of Directors
Member, Development Committee
Member, Finance Committee
Member, Operations Committee

pictured above, left to right from top:

Mitchell Schear
President
Vornado/Charles E. Smith
Vice Chairman, Board of Directors
Member, Development Committee

Linda Greenan
Assistant Vice President for External Relations
Georgetown University
Member, Operations Committee

Max Brown
Partner, 360JMG
Treasurer, Board of Directors
Chairman, Sales and Marketing Subcommittee
Member, Finance Committee
Member, Operations Committee

Joslyn N. Williams
President
Metropolitan Washington Council/AFL-CIO
Secretary, Board of Directors
Member, Operations Committee
Member, Development Committee

Jay Haddock Ortiz
President
Capital Hotels
Member, Operations Committee
Member, Sales and Marketing Subcommittee

James Abdo
President & CEO
Abdo Development
Chairman, Development Committee

Dr. Natwar Gandhi*
Chief Financial Officer
Government of the District of Columbia
Chairman, Finance Committee

Valerie Santos*
Deputy Mayor for Planning and Economic Development
Government of the District of Columbia
Member, Development Committee

**denotes ex-officio members*

LETTER FROM THE CEO

The Washington Convention Center Authority was an anchor of the District of Columbia's hospitality industry in fiscal 2009, thanks to the big things that happen each day at the Walter E. Washington Convention Center. We worked in close partnership with the Hotel Association of Washington, DC, the Restaurant Association Metropolitan Washington and Destination DC, our visitors and convention bureau, to create tangible benefits for city residents and businesses during a time of national economic crisis.

Our out-of-town attendees shopped, dined, slept and played in the District, accounting for 280,478 hotel room nights. In all, 10 citywide conventions, plus 194 other meetings, tradeshows, expositions and smaller events at Convention Center generated a total of approximately $333 million in economic activity during the year. Our total attendance for the year exceeded 1 million visitors.

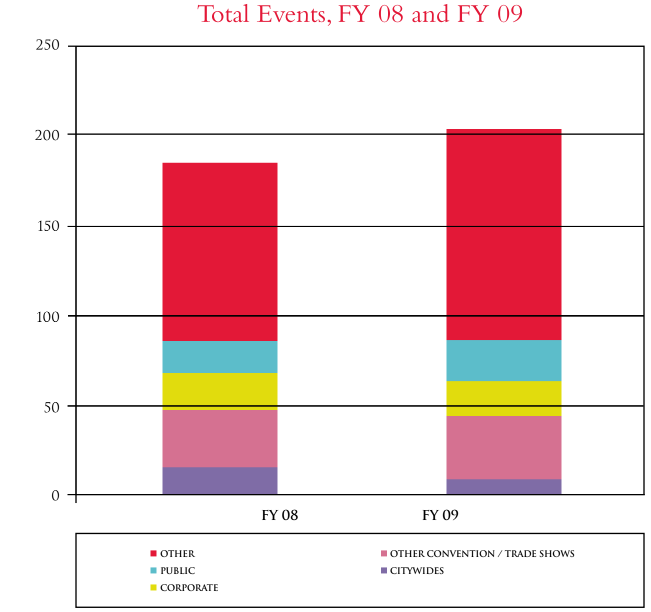
Since fiscal 2007, our organization has shifted its management focus to place greater emphasis on maximizing revenues and reducing expenses; this has allowed us to lower our annual operating deficit, thereby increasing the Authority's overall financial stability. These efforts continued to pay off in fiscal 2009, yielding dividends that allowed the Authority to weather a formidable international economic storm, exacerbated locally by the gradual decline in citywide bookings attributed to increased competition in the marketplace and our lack of a headquarters convention hotel. All things considered, the Authority had a solid financial performance this fiscal year.

The Authority owes its success to the support we receive from our Board of Directors and — most importantly — from the men and women who take care of our customers each day. The dedication of our staff and service partners will allow us to conquer new challenges as we become the Washington Convention and Sports Authority. We look forward to even bigger things happening here in the years to come.

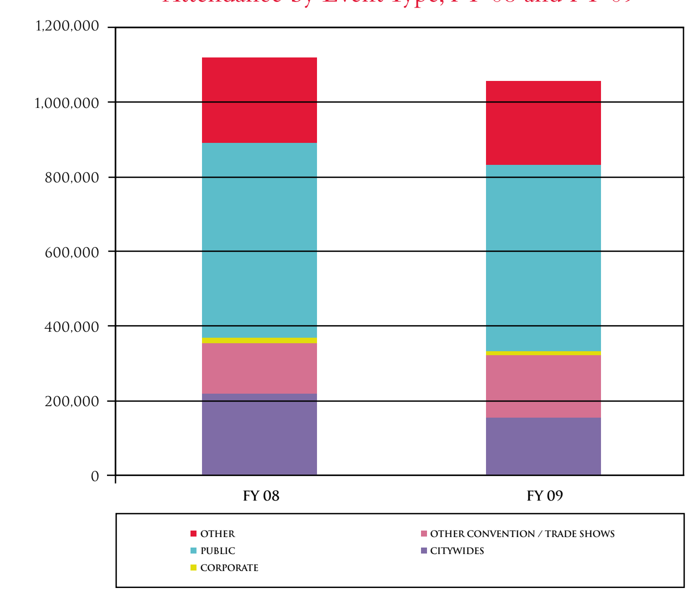
Greg A. O'Dell

Gregory A. O'Dell
CEO and General Manager

Total Events, FY 08 and FY 09



Attendance by Event Type, FY 08 and FY 09



"IN FISCAL 2009, THE AUTHORITY WEATHERED A FORMIDABLE international economic storm, exacerbated locally by the gradual decline in citywide bookings attributed to our lack of a headquarters convention hotel. All things considered, the Authority had a solid financial performance this fiscal year."

Gregory A. O'Dell, CEO and General Manager

Washington Convention Center Authority
A Component Unit of the District of Columbia Government

FINANCIAL STATEMENTS

And Management's Discussion and Analysis (with Independent Auditors' Report Thereon)
September 30, 2009 and 2008

Table of Contents

INDEPENDENT AUDITORS' REPORT

September 30, 2009 and 2008

To the Mayor and Members of the Council
of the Government of the District of Columbia
and Board of Directors
Washington Convention Center Authority
Washington, DC

We have audited the accompanying basic financial statements of the Washington Convention Center Authority (the Authority), a component unit of the Government of the District of Columbia, as of and for the years ended September 30, 2009 and 2008, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Authority'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Authority as of September 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 25, 2010 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 22 through 29 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The schedule of net assets by fund and schedule of revenues, expenses and changes in net assets by fund on pages 43 through 44 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules 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.

BDO Seidman, LLP

Washington, DC
January 25, 2010

MANAGEMENT'S DISCUSSION & ANALYSIS
September 30, 2009 and 2008

As management of the Washington Convention Center Authority (Authority), we present Management's Discussion and Analysis (MD&A) of the Authority's financial condition and the results of operations for the years ended September 30, 2009, 2008 and 2007. This discussion is a narrative overview and analysis of our financial activities and should be read in conjunction with the accompanying financial statements.

FISCAL YEAR 2009 FINANCIAL HIGHLIGHTS

- Net assets increased by $12.8 million from last year, an increase of 4%, as a result of capital contributions.
- Operating expenses slightly increased by $.9 million or 2% from fiscal year 2008, due to increases in personnel services, contractual services, occupancy and supplies expenses.
- Operating revenue decreased by $.8 million or 5% from fiscal year 2008, resulting in total operating revenue of $17.6 million in FY09.
- Assets exceed liabilities by $347 million at the close of fiscal year 2009, a 4% increase over fiscal year 2008.
- The statement of cash flows indicates an increase in cash for the year by $4.3 million.
- The Authority's bonds are rated "A2" by Moody's and "A" by both Standard & Poor's Corporation and Fitch Rating Services.

(1) OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's financial report includes:
Management's Discussion and Analysis; the Financial Statements; and notes to the Financial Statements.

- The Financial Statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private sector business. These financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units on an accrual basis. Under this basis of accounting, revenues are recognized in the period they are earned, while expenses are recognized in the period they are incurred. Depreciation and amortization of capital and deferred assets are recognized in the statement of revenues, expenses, and changes in net assets. The basic Financial Statements include Statements of Net Assets, Statements of Revenues, Expenses, and Changes in Net Assets, and Statements of Cash Flows. This report also includes notes accompanying the statements to fully explain the activities detailed there in.
- The Statements of Net Assets present information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- The Statements of Revenues, Expenses and Changes in Net Assets report both the operating and non-operating revenues and expenses and other changes in net assets for the end of a fiscal year.
- The Statements of Cash Flows present information showing how the Authority's cash and cash-equivalents positions changed during the fiscal year. The Statements of Cash Flows classify cash receipts and cash payments resulting from operating activities, capital and related financing activities, non capital financing activities and investing activities.

MANAGEMENT'S DISCUSSION & ANALYSIS
September 30, 2009 and 2008

(2) FINANCIAL ANALYSIS

The Authority's audited Statements of Net Assets; Statements of Revenues, Expenses and Changes in Net Assets; and Statements of Cash Flows are presented on pages 30 through 32.

The following table reflects a summary of the Authority's net assets at September 30, 2009, 2008 and 2007 (in thousands):

Table 1
Condensed Statements of Net Assets (in thousands)

				Percentage change	
	2009	2008	2007	2009–2008	2008–2007
Current assets	$103,728	$ 88,463	$ 66,344	17%	33%
Capital assets, net of accumulated depreciations	674,170	693,175	719,034	-3%	-4%
Other non-current assets	79,162	73,671	62,533	7%	18%
Total Assets	$857,060	$855,309	$847,911		
Current liabilities	$34,947	$33,543	$ 28,979	4%	16%
Noncurrent liabilities	475,067	487,545	503,611	-3%	-3%
Total Liabilities	$510,014	$521,088	$532,590		
Net assets:					
Investment in capital assets, net of related debt	$187,015	$191,684	$213,319	-2%	-10%
Restricted	73,045	67,330	58,696	8%	15%
Unrestricted	86,986	75,207	43,306	16%	74%
Total Net Assets	$347,046	$334,221	$315,321		

For the year-ended September 30, 2009 the Authority's financial position remained strong with total assets of $857 million and liabilities of $510 million. Current assets increased by $15 million or 17% and $22 million or 33%, for the years ended September 30, 2009 and 2008, respectively. Other non-current assets increased by $5.4 million or 7% and $11 million or 18%, for the years ended September 30, 2009 and 2008, respectively. The increase in both current and non-current assets is due to purchase of additional investments from unspent dedicated tax balance.

The total net assets of the Authority increased by $12.8 million or 4%, and $18.9 million or 6%, for the years ended September 30, 2009 and 2008, respectively. As of September 30, 2009, the Authority had total net assets amounting to approximately $347 million, with the largest portion of the Authority's net assets, $187 million or 54%, reflecting its investment in capital assets less any related debt used to acquire the assets. The Authority uses its capital assets to fulfill its mission of promoting conventions and tourism in the District of Columbia. The resources to repay the debt are derived from dedicated tax collections which are composed of (i) 4.45% sales and use tax on hotel room charges and (ii) a 1% sales and use tax on restaurant meals, alcoholic beverages consumed on premises and rental vehicle charges in the District of Columbia. Of the Authority's remaining net assets, $73 million or 21% represents resources that are subject to external restrictions (primarily related to the Authority's bond indenture reserve requirements) on how they may be used, while the remaining balances of $87 million or 27% is unrestricted. Of the $87 million unrestricted amount, the Authority is planning to use a large portion of it for the financing of the new headquarters hotel.

MANAGEMENT'S DISCUSSION & ANALYSIS
September 30, 2009 and 2008

Table 2
Revenues, Expenses and Changes in Net Assets (in thousands)

	2009	2008	2007	Percentage change 2009–2008	Percentage change 2008–2007
Operating Revenues:					
Building rental	$ 8,448	$ 9,157	$ 8,143	-8%	12%
Ancillary charges	9,170	9,303	8,525	-1%	9%
Total Operating Revenues	17,618	18,460	16,668		
Operating Expenses:					
Personal services	15,974	15,256	14,279	5%	7%
Contractual services	12,513	12,067	12,460	4%	-3%
Depreciation	27,516	27,700	28,088	-1%	-1%
Occupancy	6,023	5,838	6,052	3%	-4%
Supplies	652	615	530	6%	16%
Miscellaneous	420	682	468	-38%	46%
Bad debt	252	254	112	-1%	127%
Total Operating Expenses	63,350	62,412	61,989		
Operating loss	(45,732)	(43,952)	(45,321)	4%	-3%
Non-operating Revenues and (Expenses):					
Interest income	139	3,439	4,999	-96%	-31%
Dedicated taxes	91,468	91,494	83,312	0%	10%
Parking lot revenue (old center site)	2,601	2,709	2,236	-4%	21%
Miscellaneous	416	1,293	1,986	-68%	-35%
Bond interest and amortization issue costs	(24,412)	(25,074)	(25,532)	-3%	-2%
Marketing agencies payments	(10,740)	(9,994)	(9,120)	7%	10%
Parking lot expenses	(915)	(1,015)	(1,200)	-10%	-15%
Total Non-operating Revenues and (Expenses)	58,557	62,852	56,681		
Increase in net assets	12,825	18,900	11,360	-32%	66%
Net assets, beginning of year	334,221	315,321	303,961	6%	4%
Net assets, end of year	$347,046	$334,221	$315,321		

MANAGEMENT'S DISCUSSION & ANALYSIS
September 30, 2009 and 2008

ANALYSIS OF CHANGES IN NET ASSETS

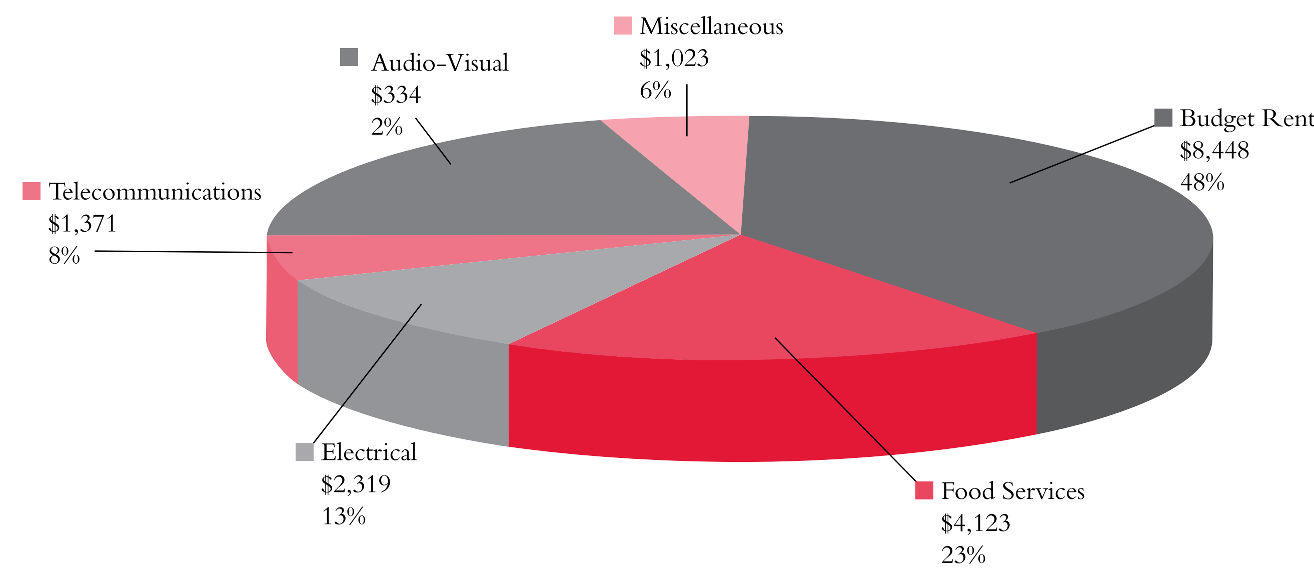
Revenues

For the fiscal years ended September 30, 2009, 2008 and, 2007 the Authority's operating revenues were $17.6 million, $18.5 million and $16.7 million, respectively.

Revenue decreased by 5% compared to the previous year. The economic slowdown has negatively affected building rental revenue as clients cut costs through reduction of rental space or cancelling booked events. This contributed to the decrease in ancillary revenues such as food service, audio-visual and electrical services charges. Miscellaneous income sources include trash hauling charges, special meeting room setup charges, equipment rental, and fees earned from ATMs installed inside the Convention Center.

The following is a graphic illustration of revenue by source.

FY2009 Operating Revenues (in thousands)



During 2009, non-operating revenues of $94.6 million were $4.3 million lower than in 2008, principally because of a decrease in interest income due to major changes in interest rates and economic market conditions. Non-operating revenues increased by $6.4 million or 6.9% from 2007 to 2008, as result of higher dedicated tax transfers and parking lot revenue.

MANAGEMENT'S DISCUSSION & ANALYSIS

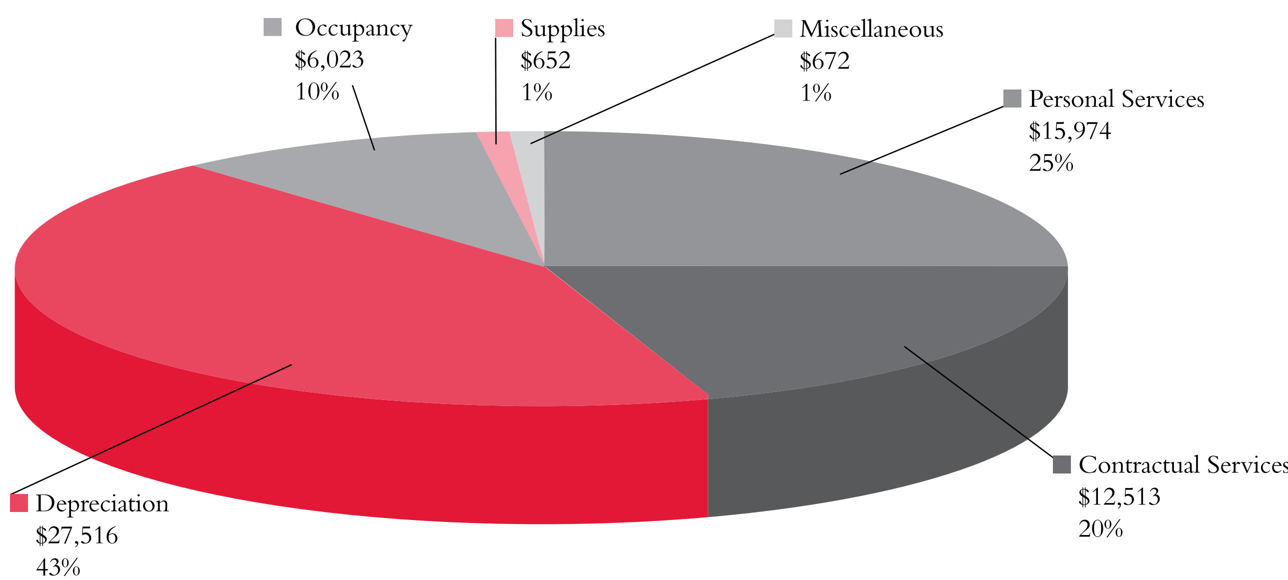
September 30, 2009 and 2008

Expenses

For fiscal years 2009, 2008 and 2007, the Authority's total operating expenses were $63.4 million, $62.4 million and $61.9 million, respectively. Total operating expenses increased by $0.9 million or 2% from fiscal year 2008, primarily due to an increase in personnel services as a result of filled vacant positions and increases in utility related expenses. When compared to fiscal year 2007, fiscal year 2008 operating expenses increased by $1.4 million or 2% due to hiring of more staff to reduce reliance on contractor services to accommodate traffic coordination related to event activities.

The following is a graphic illustration of operating expenses.

FY2009 Operating Expenses (in thousands)



Personal services which include salaries and benefits increased by $0.7 million or 0.5%, reflecting positions filled that were vacant in fiscal year 2008. Contractual services such as housekeeping, building insurance and security accounted for $12.5 million in fiscal year 2009, an increase of $.4 million or 4% compared to 2008. Occupancy expense, which includes all utility bills such as electricity, telecommunication, water, sewer and natural gas expense accounted for $6 million, an increase of 3% compared to 2008. The increases in expense were primarily due to general inflation rate. Depreciation expense, primarily for the building, amounted to $27 million in fiscal years 2009 and 2008.

The Authority's non-operating expenses consisted of $24 million in bond interest payment and amortized issuance costs, $.9 million in parking lot expenses and $10.7 million in marketing agencies payments. The Washington Convention Center Authority Act of 1994," DC Law 10-188 (the WCCA Act or Act), effective September 28, 1994 (as amended in 1998) requires the Authority to transfer 17.4% of the hotel taxes received to the marketing fund for the purpose of promoting conventions and tourism in the District of Columbia.

Parking lot revenues decreased by 4% in fiscal year 2009 as compared to 2008 due to less event activities in fiscal year 2009. The 10% decreases in parking lot expenses were attributed to a reduction of financing related costs due to the payment of the loan balance in fiscal year 2009.

MANAGEMENT'S DISCUSSION & ANALYSIS

September 30, 2009 and 2008

(3) CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Authority has invested $674 million in capital assets (net of depreciation). Approximately 89% of this investment is related to the cost of the convention center building. The Authority's capital assets have increased by $8.5 million in fiscal year 2009 and by $1.8 million in fiscal year 2008 due to an increase in construction in progress related to the Convention Center headquarters hotel pre-development costs and building improvements.

Table 3 summarizes the Authority's capital assets, net of accumulated depreciation at September 30, 2009, 2008 and 2007. The changes are presented in detail in Note 4 to the financial statements.

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

				Percentage change	
	2009	**2008**	**2007**	**2009–2008**	**2008–2007**
Non-depreciable					
Land	$ 4,785	$ 4,785	$ 4,785	0%	0%
Construction in progress	3,052	2,389	1,765	28%	35%
Plumber's building	33,425	33,425	33,425	0%	0%
Artwork	2,742	2,742	2,742	0%	0%
Total non-depreciable capital assets	44,004	43,341	42,717		
Depreciable					
Building	769,452	769,452	769,452	0%	0%
Building improvements	12,552	5,888	5,046	113%	17%
Central plant	16,266	16,266	16,219	0%	0%
Financial Systems	1,414	1,413	1,411	0%	0%
Furniture and Fixtures	9,777	9,430	9,314	4%	1%
Machinery and equipment	7,685	6,847	6,638	12%	3%
Total depreciable capital assets	817,146	809,296	808,080	1%	0%
Total capital assets	861,150	852,637	850,797		
Less accumulated depreciation	186,980	159,463	131,763	17%	21%
Net capital assets	$674,170	$693,174	$719,034		

MANAGEMENT'S DISCUSSION & ANALYSIS

September 30, 2009 and 2008

Debt Administration

The Authority had $487 million and $501 million in debt outstanding, a decrease of $14.3 million or 3% and $11 million or 2% at the end of fiscal year September 30, 2009 and 2008, respectively. In both years, the decrease is primarily due to repayment of a $15 million note payable entered on July 1, 2004 for demolition and construction of the parking lots.

Repayments of $10.4 million and $2.3 million were made during fiscal year 2008 and 2009, respectively.

The debt position of the Authority is summarized below and is more fully analyzed in the financial statements (see Note 8 for more information on long-term debt).

Table 4
Long-Term Debt Outstanding (in thousands)

	2009	2008	2007	Percentage change 2009–2007	Percentage change 2008–2007
Bonds Payable	$477,785	$489,102	$488,772	-2%	0%
Notes Payable	—	2,300	12,745	-100%	-82%
Financing Arrangements	9,370	10,089	10,809	-7%	-7%
Total debt outstanding	487,155	501,491	512,326		
Current portion of debt outstanding	12,879	14,709	9,509	-12%	55%
Debt outstanding less current portion	$474,276	$486,782	$502,817		

In addition to the above long-term outstanding debt, the Authority has long-term liabilities related to compensated absences of $.8 million.

The Authority's bonds are rated "A2" by Moody's and "A" by both Standard & Poor's Corporation and Fitch Rating Services.

MANAGEMENT'S DISCUSSION & ANALYSIS

September 30, 2009 and 2008

(4) FACTORS IMPACTING FUTURE PERIODS

Between June, 2006 and July, 2009, the Council has passed a series of legislative Acts (collectively, the "Hotel Acts"), to authorize the financing, construction and development of a privately owned and operated headquarters hotel (the "HQ Hotel") for the Convention Center, including a program to train DC residents for HQ Hotel jobs. Together, the Acts have, among other things: (a) created a tax increment financing ("TIF") area, (the "Hotel TIF District"), the revenues from which will be used to secure Authority bonds to partially finance the costs of the HQ Hotel, (b) authorized the Authority to issue TIF bonds and to extend loans to Marriott International, Inc. for the HQ Hotel in an amount up to $206 million to partially finance the development and construction of the HQ Hotel, (c) established a $2 million HQ Hotel jobs training program, (d) authorized the Authority and the District to acquire and lease land for the HQ Hotel to Marriott, and (e) approved the HQ Hotel Development Funding Agreement, Ground Lease and related project documents.

Since the passage of the last of the Hotel Acts by the Council in July, 2009 and before the TIF bonds could be issued, Wardman Investor, LLC ("Wardman"), a party unrelated to the HQ Hotel project, has filed actions challenging the development of the HQ Hotel. Wardman's first action was filed on July 28, 2009 before the District's Contract Appeals Board ("Board") to dispute the 2001 process by which the District selected Marriott International, Inc. as the HQ Hotel Developer. Wardman was unsuccessful in that protest and on October 16, 2009, petitioned the District of Columbia Superior Court to review the Board's decision. On September 4, 2009, Wardman filed a separate civil action against the District in Superior Court to enjoin the development of the HQ Hotel. Both cases are pending of the court.

Although the District of Columbia Government, not the Authority, is the named defendant in both Superior Court cases, the Authority has temporarily halted its participation in the HQ Hotel project, as unfavorable rulings in either case could affect the propriety of TIF bond issuance.

(5) BUDGETARY CONTROLS

The Authority adopts annual operating and capital budgets, which are approved by its Board of Directors in February of each year for the subsequent fiscal year. The budgets are reviewed and adjusted if necessary by the Board prior to the start of each new fiscal year. The budgets are loaded into the Authority's financial management system, which prevents overspending without appropriate approvals. The Financial Management Division prepares monthly reports for the Board of Directors and its Finance Committee. The reports are reviewed and acted upon each month to ensure the Authority complies with its authorized budget levels.

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

(6) REQUEST FOR INFORMATION

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

STATEMENTS OF NET ASSETS (IN THOUSANDS)

September 30, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Cash and Cash Equivalents	**$ 7,240**	$ 2,927
Investments	**87,351**	76,579
Due from District of Columbia	**8,438**	7,606
Accounts Receivable, Net of Allowance for Uncollectible Accounts	**699**	1,199
Prepaid Expenses and Other Assets	**—**	29
Accrued Interest Receivable	**—**	123
Total current assets	**103,728**	88,463
Noncurrent Assets		
Non-Depreciable Capital Assets	**44,004**	43,341
Depreciable Capital Assets, Net of Accumulated Depreciation	**630,166**	649,834
Unamortized Bond Issue Costs	**6,116**	6,340
Restricted Investments	**73,046**	67,331
Total Noncurrent Assets	**753,332**	766,846
Total Assets	**$857,060**	$855,309
LIABILITIES		
Current Liabilities		
Accounts Payable	**$ 7,875**	$ 3,834
Compensation Liabilities	**324**	298
Deferred Revenue	**2,488**	3,088
Accrued Interest Payable	**11,381**	11,614
Other Financing Arrangement Payable, current portion	**719**	719
Notes Payable, Current Portion	**—**	2,300
Bonds Payable, Current Portion	**12,160**	11,690
Total Current Liabilities	**34,947**	33,543
Noncurrent Liabilities		
Compensated Absences	**791**	763
Long-term Bonds Payable including Premium	**465,625**	477,412
Long-term Other Financing Arrangement Payable	**8,651**	9,370
Total Noncurrent Liabilities	**475,067**	487,545
Total Liabilities	**510,014**	521,088
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	**187,015**	191,684
Restricted Net Assets		
Debt Services and Capitalized Interest	**23,540**	22,733
Capital Renewal	**17,000**	17,000
Operating Fund	**23,000**	23,000
Marketing Fund	**2,502**	2,904
Senior Proceeds Account	**2**	2
Bond Issuance	**—**	48
Debt Services Reserve	**7,001**	—
Capitalized Bond Interest	**—**	1,643
Unrestricted Net Assets	**86,986**	75,207
Total Net Assets	**$347,046**	$334,221

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (IN THOUSANDS)

September 30, 2009 and 2008

	2009	2008
Operating Revenue and Expenses		
Operating Revenues		
Building Rental	**$ 8,448**	$ 9,157
Food Services	**4,123**	4,786
Electrical	**2,319**	2,364
Telecommunications	**1,371**	1,231
Audio-Visual	**334**	417
Miscellaneous	**1,023**	505
Total Operating Revenues	**17,618**	18,460
Operating Expenses		
Personal Services	**15,974**	15,256
Contractual Services	**12,513**	12,067
Depreciation	**27,516**	27,700
Occupancy	**6,023**	5,838
Supplies	**652**	615
Miscellaneous	**420**	682
Bad Debt	**252**	254
Total Operating Expenses	**63,350**	62,412
Operating Loss	**(45,732)**	(43,952)
Non-operating Revenues and (Expenses)		
Interest Income	**139**	3,439
Dedicated Taxes	**91,468**	91,494
Parking Lot Revenue	**2,601**	2,709
Interest Expense	**(24,188)**	(24,850)
Amortization of Bond Issuance Costs	**(224)**	(224)
Marketing Agencies & Internal Marketing Expenses	**(10,740)**	(9,994)
Parking Lot Expenses	**(915)**	(1,015)
Prior Year Cost Recovery	**28**	130
Rental Income-Plumbers Building	**388**	1,163
Total Non-operating Revenues and (Expenses)	**58,557**	62,852
Increase in Net Assets	**12,825**	18,900
Net Assets, Beginning of Year	**334,221**	315,321
Net Assets, End of Year	**$347,046**	$334,221

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

STATEMENTS OF CASH FLOWS (IN THOUSANDS)

September 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Receipts from customers	**$ 17,687**	$ 17,590
Payments to suppliers	**(15,538)**	(18,295)
Payments to employees	**(15,918)**	(15,299)
Net cash used in operating activities	**(13,769)**	(16,004)
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	**(8,514)**	(1,840)
Payments on notes payable	**(2,300)**	(10,445)
Other financing arrangement payment	**(719)**	(720)
Bonds payable payment	**(11,690)**	—
Interest payments	**(24,048)**	(24,477)
Net cash used in capital and related financing activities	**(47,271)**	(37,482)
Cash flows from noncapital financing activities:		
Dedicated tax receipts	**90,635**	91,072
Marketing Agencies & Internal Marketing Expenses	**(10,740)**	(9,858)
Parking lot receipts	**2,573**	2,722
Parking lot expenses	**(915)**	(979)
Other (receipts) payments	**27**	(43)
Net cash provided by noncapital financing activities	**81,580**	82,914
Cash flows from investing activities:		
Sales of investments	**75,033**	186,523
Purchases of investments	**(91,521)**	(219,159)
Receipts of interest and dividends	**261**	3,316
Net cash used in investing activities	**(16,227)**	(29,320)
Net increase in cash and cash equivalents	**4,313**	108
Cash and cash equivalents, beginning of year	**2,927**	2,819
Cash and cash equivalents, end of year	**$ 7,240**	$ 2,927
Reconciliation of Operating Loss to Net Cash Used In Operating Activities		
Operating Loss	**$(45,732)**	$(43,952)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation	**27,516**	27,700
Bad debt expense	**252**	254
Decrease (increase) in receivables	**278**	(437)
Decrease (increase) in prepaid expenses and other assets	**29**	(20)
Increase in accounts payable	**4,041**	927
Increase (decrease) in compensation liabilities	**56**	(43)
Decrease in deferred revenue	**(209)**	(433)
Net Cash Used in Operating Activities	**$(13,769)**	$(16,004)
Non-cash investing, capital and financing activities		
Interest expense paid	**$(24,048)**	$(24,477)

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

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

September 30, 2009 and 2008

NOTE 1: REPORTING ENTITY

The Washington Convention Center Authority (the Authority or WCCA), a corporate body and an independent authority of the District of Columbia government was created pursuant to the "Washington Convention Center Authority Act of 1994," DC Law 10 188 (the WCCA Act), effective September 28, 1994.

The Authority was established for the purpose of acquiring, constructing, equipping, maintaining, and operating a new convention center in the District of Columbia. The Authority engages in activities deemed appropriate to promote trade shows, conventions, and other events closely related to activities of the new convention center.

The Authority is governed by a nine member board of directors (the Board). Two members serve as ex officio voting members of the Board. One of the ex officio members must be the chief financial officer of the District of Columbia and the mayor designates the other. The remaining seven public members are appointed by the mayor with the consent of the Council of the District of Columbia (the Council). The terms of the public members are four years. No board member is permitted to serve more than two consecutive four year terms. The mayor appoints one public member as chairperson with the advice and consent of the Council.

The Authority receives its funding by generating operating revenue, collecting dedicated taxes, and earning interest income on invested funds. The dedicated taxes were established pursuant to the WCCA Act. Effective October 1, 1998, the dedicated taxes consist of a separate sales and use tax of 4.45% (of the District's 14.5%) on hotel room charges and a sales and use tax of 1.0% (of the District's 10.0%) on restaurant meals, alcoholic beverages consumed on premises, and rental vehicle charges. The dedicated taxes are collected on behalf of the WCCA in accordance with the September 1998 Lockbox and Collection Agreements executed by the Authority, the District and a financial institution.

The Authority is a component unit of the District of Columbia, due to the fact that the District of Columbia Government is financially accountable for this unit.

NOTE 2: SUMMARIES OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Authority conform to U.S. generally accepted accounting principles (GAAP) as applicable to government enterprises. The following is a summary of the Authority's significant accounting policies:

BASIS OF ACCOUNTING

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

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the Authority applies all applicable GASB pronouncements. The Authority has elected to apply only those Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins, issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

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

The Authority accounts for its activities in five separate funds: the Operating Fund, the Building Fund, the Marketing Fund, Capital Fund, and the Demolition Fund. The following activities are reported in each fund.

a. Operating Fund — The operating fund accounts for the transactions related to the operation of the convention center.

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

September 30, 2009 and 2008

b. Building Fund — The building fund accounts for the transactions related to the new hotel and expansion projects.

c. Marketing Fund — The marketing fund accounts for the transactions related to the marketing fund for the purpose of promoting conventions and tourism in the District of Columbia.

d. Capital Fund — The capital fund accounts for the transactions related to the improvement of the convention center.

e. Demolition Fund — The demolition fund accounts for the transactions related to the demolition of the old convention center, construction of a parking lot, and management of parking operations.

CURRENT AND NONCURRENT

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

CASH AND CASH EQUIVALENTS

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

RECEIVABLES

Receivables relate to transactions involving building rental, electrical, telecommunications, audio-visual and miscellaneous revenue.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Authority establishes an allowance for doubtful accounts for all account receivables over 180 days old. At September 30, 2009 and 2008, accounts receivable were shown net of allowance for doubtful accounts of $.77 million and $.53 million, respectively.

INVESTMENTS

Investments in money markets are recorded at market value which approximates fair value. Commercial paper investments are recorded at amortized cost which approximates fair value.

CAPITAL ASSETS AND DEPRECIATION

Capital assets are carried at cost at the date of acquisition less accumulated depreciation. The Authority capitalized assets with an original cost of $5 thousand or greater. Donated capital assets are recorded at fair market value at the date donated. Depreciation expense is calculated using the straight line method over the following estimated useful lives:

Financial Systems	5 years
Machinery and Equipment	5 years
Furniture and Fixtures	10 years
Central Plant	20 years
Building and Building Improvements	30 years

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

AMORTIZATION OF BOND PREMIUM, BOND DEFERRAL AND ISSUANCE COSTS

The bond premium is recorded as an increment of the carrying cost of the bonds. Bond premium and issuance costs are amortized based upon the weighted average of bonds outstanding over the term of the bonds. Bond deferral is the result of defeasance of Series 1998A bond which was the difference between the reacquisition price and the net carrying amount of the old debt. It is deferred and amortized over the remaining life of the old or the life of the new debt, whichever is shorter. It is being amortized over twenty two (22) years, the remaining life of the old bonds.

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

September 30, 2009 and 2008

DEFERRED REVENUE

Deferred revenue consists of unearned revenues for future events and the recognition of the Plumbers Building lease at fair market value (FMV) discounted to net present value (NPV).

OPERATING COMPONENT

The financial statement operating component includes all transactions and other events that are not defined as capital and related financing, noncapital financing or investing activities.

REVENUE RECOGNITION

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

The Authority distinguishes between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's ongoing operation. The principal operating revenues of the Authority consist of building rental, electrical, telecommunications, food services, audio-visual, retail space rental and miscellaneous revenues. Operating expenses include personal services, contractual services, depreciation, occupancy, supplies, and miscellaneous expenses. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

COMPENSATED ABSENCES

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

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) require 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. Estimates and assumptions may also affect the reported amounts of revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 3: CASH DEPOSIT AND INVESTMENTS

The Authority complies with GASB Statement No. 40, Deposit and Investment Risk Disclosures. Cash, cash equivalents and investments are separately held by several of the Authority's funds.

CASH DEPOSITS

The carrying amount of the Authority's cash as of September 30, 2009 and 2008 is $7,240 and $2,927, respectively. The Authority's bank balance at September 30, 2009 and 2008 is $8,506 and $2,697, respectively. These bank balances are entirely insured or collateralized with securities held by the Authority's agent in its name.

INVESTMENTS

In accordance with the Authority's investment policy adopted in 1999 and amended in 2009, the Authority may invest in bonds, notes, certificates of indebtedness, treasury bills, or other securities guaranteed by the U.S Government, its agencies, and instrumentalities, domestic interest bearing savings accounts, certificate of deposits, time deposits or any other investments that are direct obligations of any bank, short-term obligations of U.S Corporations, shares or other securities legally issued by state or federal savings and loan associations that are insured by the FDIC, money market mutual funds registered under amended Investment Act of 1940, repurchase agreements with any bank, trust company, or national banking association or government bond dealer reporting to the Federal Reserve Bank of New York, and investment agreement which represent the unconditional obligation of one or more banks, insurance companies or other financial institutions, or are guaranteed by a financial institution.

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

September 30, 2009 and 2008

As of September 30, 2009 and 2008, the Authority had the following investments and maturities (in thousands):

			Investment Maturities	
	2009	2008	2009 Less than 3 Months	2008 Less than 3 Months
Investment Type	Fair Value			
Money Market Funds	$160,397	$ 71,410	$ —	$ —
Commercial Paper	—	72,500	—	72,500
Total Investment	$160,397	$143,910	$ —	$ 72,500

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

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments. The Authority's investment policy requires that, at the time funds are invested, collateral for repurchase agreements be held in the Authority's name by a custodial agent for the term of the agreement and investments in obligations of United States or its agencies be held by the Federal Reserve in a custodial account. Repurchase agreements are collateralized at 102 percent of the investment with obligations of the U.S. agencies, or investment grade obligations of the District or state or local governments. As of September 30, 2009 and 2008, the Authority's investments were in AIM Money Market Funds that were AAA rated which were a composite of various US Government treasury obligations and US Government Agencies notes which are guaranteed by the Federal Government and or collateralized by the fund provider.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing short term investment by matching the maturities of investments with its expected cash flow needs. For investment intended to be used for operations and capital maintenance, the Authority purchases investments so that the maturity dates are in line with anticipated cash flow needs. For investment restricted for capital projects, the Authority invests in maturities that meet the projected draw schedule for the related project.

Credit Risk: The Authority's Board of Directors has approved a cash management and investment policy which is consistent with the District of Columbia's investment policy as defined in DC Law 12-56. Allowable investments include obligation U.S. Treasury, and U.S. agencies. The Authority may also invest in highly rated commercial paper, banker's acceptance, municipal obligations, federally insured or collateralized certificates of deposit and money market mutual funds. As of September 30, 2009 and 2008, the authority's investments were in AAA rated money market funds which were composite of various Government Agencies notes.

Concentration of Credit Risk: The Authority places no limit on the amount the Authority may invest in any one issuer. At September 30, 2009, the Authority had 100% of its investments in money market funds.

DEBT SERVICE RESERVE

Under the Bond Trust agreements, the Authority is required to maintain certain reserve requirements for debt service, operating and marketing, capital renewal and replacement, and marketing. The Authority maintained the above investment in various reserve requirements accounts. At September 30, 2009 and 2008, those restricted investments totaled approximately $73 million and $67 million, respectively.

In connection with the Series 2007A Bonds, the Debt Service Reserve Account requirement is satisfied by the deposit of a surety bond (the Reserve Account Credit Facility) provided by AMBAC Assurance Corporation ("Ambac Assurance" the "Reserve Account Credit Facility Provider"). If there are

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

September 30, 2009 and 2008

insufficient funds in the debt service account, the series 2007A Bonds are insured against non-payment by a Municipal Bond Insurance Policy issued by AMBAC Assurance Corporation (Ambac Assurance or "Insurer"). However, due to the lowering of AMBAC's credit ratting, the Authority is obligated to provide a disclosure with respect to the downgrade of AMBAC who provided the surety policy for the 2007 Convention Center Revenue and Refunding Bonds and the Authority is required either to provide a substitute surety or post cash or other collateral in the debt service reserve account. The Indenture requires that the Authority fill the debt service reserve fund in 10 equal installments on each April 1 and October 1 over the next five years. The Authority chose to self fund the debt service reserve fund and as of September 30, 2009, the Authority set aside $7 million in the debt service reserve account as part of the ten equal amount contributions.

The following tables summarize the minimum reserve requirements and actual balance on the reserves as of September 30, 2009 and 2008, respectively.

Reserve Account	Investment Balance as of September 30, 2009	Minimum Required Reserve (Restricted)	Available Reserves Over and Above the Required Minimum
WCCA Bond Fund Senior Proceeds Account	$ 2	$ 2	$ —
Revenue Account	10,840	—	10,840
Revenue Stabilization Account	3	—	3
Debt Service Account	39,188	23,540	15,648
Debt Services Reserve Account	7,001	7,001	—
Capital Renewal & Replacement Account	43,418	17,000	26,418
Operating Account	332	—	332
Marketing Account	2,503	2,503	—
Operating & Marketing Reserve Account	57,110	23,000	34,110
Total	$160,397	$73,046	$87,351

Reserve Account	Investment Balance as of September 30, 2008	Minimum Required Reserve (Restricted)	Available Reserves Over and Above the Required Minimum
WCCA Bond Fund Senior Proceeds Account	$ 2	$ 2	$ —
Revenue Account	42,377	—	42,377
Revenue Stabilization Account	3	—	3
Debt Service Account	22,938	22,733	205
Capital Renewal & Replacement Account	36,979	17,000	19,979
Operating Account	332	—	332
Marketing Account	2,904	2,904	—
Operating & Marketing Reserve Account	36,449	23,000	13,449
Capitalized Interest Account	1,644	1,644	
Cost of Issuance Account	48	48	0
Project Account	234	—	234
Total	$143,910	$67,331	$76,579

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)
September 30, 2009 and 2008

NOTE 4: CAPITAL ASSETS

Capital asset balances at September 30, 2009 are summarized as follows (in thousands):

	Balance @ 9/30/2008	Additions	Disposals	Adjustments	Balance @ 9/30/2009
Non-Depreciable					
Land	$ 4,785	$ —	$ —	$ —	$ 4,785
Construction in Progress	2,389	665	—	(2)	3,052
Plumber's Building	33,425	—	—	—	33,425
Artwork	2,742	—	—	—	2,742
Total Non-Depreciable Capital Assets	$ 43,341	$ 665	$ —	$ (2)	$ 44,004
Depreciable					
Building	$769,452	$ —	$ —	$ —	$769,452
Building Improvements	5,888	6,664	—	—	12,552
Central Plant	16,266	—	—	—	16,266
Financial Systems	1,413	1	—	—	1,414
Furniture and Fixtures	9,430	347	—	—	9,777
Machinery and Equipment	6,847	838	—	—	7,685
Total Depreciable Capital Assets	809,296	7,850	—	—	817,146
Less Accumulated Depreciation	159,463	27,517	—	—	186,980
Total Net Depreciable Capital Assets	$649,833	$(19,667)	$ —	$ —	$630,166

Capital asset balances at September 30, 2008 are summarized as follows (in thousands):

	Balance @ 9/30/2007	Additions	Disposals	Adjustments	Balance @ 9/30/2008
Non-Depreciable					
Land	$ 4,785	$ —	$ —	$ —	$ 4,785
Construction in Progress	1,765	624	—	—	2,389
Plumber's Building	33,425	—	—	—	33,425
Artwork	2,742	—	—	—	2,742
Total Non-Depreciable Capital Assets	$ 42,717	$ 624	$ —	$ —	$ 43,341
Depreciable					
Building	$769,452	$ —	$ —	$ —	$769,452
Building Improvements	5,046	842	—	—	5,888
Central Plant	16,219	47	—	—	16,266
Financial Systems	1,411	2	—	—	1,413
Furniture and Fixtures	9,314	116	—	—	9,430
Machinery and Equipment	6,638	209	—	—	6,847
Total Depreciable Capital Assets	808,080	1,216	—	—	809,296
Less Accumulated Depreciation	131,763	27,700	—	—	159,463
Total Net Depreciable Capital Assets	$676,317	$(26,484)	$ —	$ —	$649,833

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)
September 30, 2009 and 2008

CONSTRUCTION IN PROGRESS

The construction in progress represents pre-development costs related to construction of the new headquarters hotel project. The estimated completion cost is $537 million.

BUILDING AND BUILDING IMPROVEMENTS

The convention center was substantially completed in 2003 and became operational in March 2003. In Fiscal Year 2005, the Authority started construction of leased retail space outlets. There are twelve retail lease locations at the Convention Center. As of fiscal year 2009, all retail spaces had been completed to a standard fitting of finishes and utilities connections and nine retail spaces were leased. Disputes have arisen with several tenants over lease provisions and past due rents. The Authority is pursuing appropriate action to resolve these matters.

During 2009, the convention center started several capital budget projects. Three of the largest projects include an interior retrofit/reconfiguration of certain spaces, installation of an energy efficient lighting system and the signage program. The interior Retrofit Project is to renovate approximately 45,000 square feet of existing interior public space into upscale flexible prime meeting room space. The renovation shall create an additional forty thousand (40,000) square feet of prime meeting space, with appropriate adjacent support spaces, including office space, break out space and restroom areas.

A contract was awarded to provide an Energy Efficient Lighting and wireless control system. This contract was to replace approximately 1,500 fixtures and lamps and add controls in various areas of the facility. These areas included the loading dock and ramps, and all exhibit halls. The purpose of these services is to reduce energy consumption and utility costs and to provide uniform light within the exhibit halls and loading dock areas.

The Signage Program is to replace all interior and exterior signs, improve way finding and add digital signs throughout the facility as a revenue source. WCCA engaged a consultant in March 2008 to conduct a comprehensive assessment of the interior and exterior public directional, way finding and information signage. The assessment was utilized to develop a comprehensive signage program that both complements the Center's architecture, finishes and amenities and provides a more user-friendly means of navigating the facility both internally and externally.

NOTE 5: FINANCING ARRANGEMENTS PAYABLE

The Authority entered into an arrangement with a vendor to finance the construction of the Central Plant for the Authority. The Central Plant, which is part of the convention center, provides hot and chilled water to the facility. The total construction cost of the Central Plant was $15.8 million. The vendor financed $14 million and the Authority paid the remaining balance of $1.8 million with bond proceeds. Under the financing arrangement, the Authority agreed to pay the vendor $.7 million annually for twenty years and will assume ownership of the plant at the end of the lease term.

The following reflects the annual financing arrangement payable through maturity as of September 30, (in thousands):

Year ending September 30,	
2010	$ 1,171
2011	1,135
2012	1,099
2013	1,063
2014	1,027
2015-2019	4,597
2020-2022	2,350
Total	12,442
Less Interest	(3,072)
Total Financing Arrangement Payable	9,370
Less Current Portion	719
Long Term Portion	$ 8,651

NOTE 6: NOTES PAYABLE

OLD CONVENTION CENTER SITE

On July 1, 2004, a lease agreement was signed between the District of Columbia and the Washington Convention Center Authority granting the Authority the exclusive use of the old convention center site located on 900 9th Street, N.W., Washington DC. The term of the lease is from July 1, 2004 through July 1, 2014. The Authority agreed to use the leased premises solely for the operation of a public parking lot. To secure the funding for the demolition of the old convention center and the construction of parking lots, on July 1, 2004 the Authority signed a $17 million non-revolving construction line of credit with a financial institution. Interest accrues on the unpaid principal balance at a rate equal to the 1-month LIBOR + 0.95% and payments are due quarterly beginning on October 1, 2004.

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)
September 30, 2009 and 2008

If the District terminates the lease prior to the Authority repaying the loan, the District is responsible for repaying any outstanding loan balance and all obligations related to the demolition and parking redevelopment project. As of September 30, 2009, the Authority had drawn $15.8 million on the line of credit. In FY2009, the outstanding principal payment in the amount of $2.3 million was fully paid on July 1, 2009 upon the due date of the loan balance.

901 MASSACHUSETTS AVENUE
On August 10, 2006, the Authority borrowed $30.5 million to acquire the property at 901 Massachusetts Avenue, part of the land assemblage for the headquarters hotel. Interest is adjusted monthly based on a rate per annum equal to the sum of 1-month LIBOR plus 89 basis points and is due and payable in consecutive quarterly payments commencing on September 30, 2006. The $8.7 million owed was fully paid in February 2008.

NOTE 7: BOND PAYABLE
The Authority was authorized to issue bonds to finance the costs of the new convention center pursuant to the WCCA Act, as amended. On September 28, 1998, the Authority issued $524.5 million in senior lien dedicated tax revenue bonds (Series 1998A Bonds) to finance the construction of the new Washington Convention Center.

On February 1, 2007, WCCA issued $492.5 million of refunding Series 2007A Bonds, with a net premium of $15.6 million to effect a refunding for the Series 1998A Bonds. These refunding Bonds were dated February 1, 2007, with maturities ranging from October 2007 to October 2037, at a variable interest rates ranging from of 3.75% to 5%. The net proceeds of these refunding bonds were used to 1) advance refund all of the Series 1998A Bonds in the aggregate principal amount of $480.6 million; 2) refinance a portion of the land acquisition cost of WCCA related to the headquarters hotel; 3) pay the premium for the Reserve Account Credit Facility that will fund the Series 2007A Bonds, including the premium for the Financials Guaranty Insurance Policy. As a result, the previously outstanding refunded bonds are considered to be defeased and the liability for those bonds have been extinguished. The aggregate difference in debt service between the refunded debt and the refunding debt is $10 million (NPV). The economic gain on the transaction was $13.8 million. In 2007 the WCCA defeased certain bonds by placing the proceeds of Series 2007A Bonds in a irrevocable trust to provide for all future debt services payments on the Series 1998A Bonds. Accordingly, the trust account asset and the liability for the defeased bonds were not included in the FY2008 financial statements. In October 2008, the defeased bonds that were outstanding were paid by the Trustee.

In connection with the issuance of the bonds, the District and the WCCA entered into lockbox and collection agreements with a local bank into which the dedicated taxes are deposited and transferred to the bond trustee. Dedicated taxes are collected one month in arrears.

The WCCA Act provides that on or before July 15 of each year, the District's Auditor shall deliver a certification relating to the sufficiency of the projected dedicated tax revenues, WCCA operating revenues, and any amounts in excess of the minimum reserve account deposits to meet the sum of the projected operating and debt service expenditures and reserve requirements. If the projected revenues are insufficient, the WCCA Act requires the mayor to impose surtax in an amount sufficient to meet the projected deficiency. The District's Auditor determined that the projected dedicated taxes for fiscal year 2009 were expected to be sufficient to meet the projected expenditures and reserve requirements. Therefore, no surtax was imposed by the mayor.

As of September 30, 2009, the Authority's bond liability totaled approximately $481 million. A summary of annual maturities of the bonds payable for the years ending September 30, are as follows (in thousands):

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)
September 30, 2009 and 2008

	Principal	Interest	Debt Service
2010	$ 12,160	$ 22,222	$ 34,382
2011	12,700	21,655	34,355
2012	13,265	21,055	34,320
2013	13,865	20,376	34,241
2014	14,545	19,687	34,232
2015–2019	83,855	86,651	170,506
2020–2024	106,725	62,744	169,469
2025–2029	135,060	33,082	168,142
2030–2034	75,120	6,118	81,238
2035–2037	13,540	627	14,167
Total	$480,835	$294,217	$775,052

At September 30, 2009, the unamortized bond premium and bond issuance costs were $14.2 million and $6.1 million, respectively. At September 30, 2008 the unamortized bond premium and bond issuance cost were $14.8 million and $6.3 million, respectively.

NOTE 8: CHANGE IN LONG TERM LIABILITIES

	Balance @ 9/30/2008	Additions	Reductions	Balance @ 9/30/2009	Amount Due Within One Year
Bonds Payable	$492,525	$ —	$($11,690)	$480,835	$12,160
Unamortized Bond Premium	14,757	—	(521)	14,236	—
Bond Deferral	(18,180)	—	894	(17,286)	—
Notes Payable	2,300	—	(2,300)	—	—
Financing Arrangement Payable	10,089	—	(719)	9,370	719
Total Long Term Liabilities	$501,491	$ —	$(14,336)	$487,155	$12,879

	Balance @ 9/30/2007	Additions	Reductions	Balance @ 9/30/2008	Amount Due Within One Year
Bonds Payable	$492,525	$ —	$ —	$492,525	$11,690
Unamortized Bond Premium	15,277	—	(520)	14,757	—
Bond Issuance Cost Payable	44	—	(44)	—	—
Bond Deferral	(19,074)	—	894	(18,180)	—
Notes Payable	12,745	—	(10,445)	2,300	2,300
Financing Arrangement Payable	10,809	—	(720)	10,089	719
Total Long Term Liabilities	$512,326	$ —	$(10,835)	$501,491	$14,709

NOTES TO FINANCIAL STATEMENTS (IN THOUSANDS)

September 30, 2009 and 2008

NOTE 9: RETIREMENT PLAN

Effective April 1998, all WCCA full time employees are covered by a defined contribution plan. The plan, which is managed by ICMA Retirement Corporation, requires no employee contributions. All employees are vested after four years of service. The contribution is 7% of total employee's salaries. The total employer's contribution for 2009 and 2008 was $.84 million and $.81 million, respectively.

NOTE 10: RELATED PARTY TRANSACTIONS

In accordance with the WCCA Act and amended Master Trust Agreement, the District of Columbia Government collects and forwards to the Authority the dedicated tax receipts that are used to fund the debt service and reserve requirements of its Series 2007A Bonds. The Authority recognized revenue from dedicated tax receipts of $91.5 million for fiscal years 2009 and 2008. As of September 30, 2009 and 2008, the dedicated taxes due from the District government recorded as a receivable were $8.4 million and $7.6 million, respectively. These receivables amounts substantially represent September tax payments collected by the District in October.

NOTE 11: MARKETING SERVICE CONTRACTS

In accordance with the provisions of Section 208(c) of the Washington Convention Center Act of 1994 (as amended in 1998), the Authority is required to maintain a marketing fund for the payment of marketing service contracts to promote conventions, tourism, and leisure travel in the District. The Act states that the total payment amount of the marketing service contracts to be based on 17.4% of the hotel sales tax received. During fiscal year 2009 and 2008, the dedicated taxes allowable to the marketing account were $10.8 million in each fiscal year.

The Authority incurred the following marketing services expenses in fiscal years 2009 and 2008 (in thousands):

	2009	2008
Washington DC Convention and Tourism Corporation	$10,015	$9,269
DC Chamber of Commerce	525	525
Greater Washington IBERO American Chamber of Commerce	200	200
Total	$10,740	$9,994

NOTE 12: COMMITMENTS AND CONTINGENCIES

The Authority is exposed to various asserted claims arising from the normal course of business. As of September 30, 2009, the Authority did not record additional liability as the potential exposures for the current or pending contingencies to the Authority cannot be determined at this time.

NOTE 13: SUBSEQUENT EVENTS

Effective October 1, 2009, the Washington Convention Center Authority merged with the DC Sports and Entertainment Commission to form the Washington Convention and Sports Authority. This merger created one umbrella organization with a broadened charter for increasing economic development through the promotion of key sports and entertainment offerings as well as major national and international conventions, meetings and special events held in the District of Columbia. The new Authority will enhance the city's sports, entertainment, convention and special events programming for the benefit of visitors, residents and the business community. The Sports, Entertainment and Special Events Division will manage and program Robert F. Kennedy Memorial Stadium and the DC Armory, and also serve as landlord for Nationals Park. The core Convention Center Operations team remains unchanged. Also, as part of the merger, the facility maintenance tasks previously performed by the DC Sports and Entertainment Commission will be assumed by the District's Department of Real Estate Services (DRES).

SCHEDULE OF NET ASSETS BY FUND (IN THOUSANDS)

September 30, 2009 and 2008

	Operating Fund	Marketing Fund	Capital Fund	Building Fund	Demolition Fund	TOTAL
ASSETS						
Current assets						
Cash and cash equivalents	$ 2,949	$ 231	$3,051	$ 801	$ 208	$ 7,240
Investments	86,845	506	—	—	—	87,351
Due from District of Columbia	7,518	920	—	—	—	8,438
Accounts receivable, net of allowance for uncollectible accounts	666	—	—	—	33	699
Prepaid expenses and other assets	—	—	—	—	—	—
Accrued interest receivable	—	—	—	—	—	—
Interfund receivable (payable)	45,298	813	(12,052)	(33,498)	(561)	—
Total current assets	143,276	2,470	(9,001)	(32,697)	(320)	103,728
Noncurrent Assets						
Capital assets, net of accumulated depreciation	624,110	—	13,583	36,477	—	674,170
Unamortized bond issue costs	6,116	—	—	—	—	6,116
Restricted investments	73,046	—	—	—	—	73,046
Total Noncurrent Assets	703,272	—	13,583	36,477	—	753,332
Total Assets	$846,548	$ 2,470	$4,582	$3,780	$ (320)	$857,060
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable	$ 2,512	$ 752	$4,425	$ 180	$ 6	$ 7,875
Compensation liabilities	324	—	—	—	—	324
Deferred revenue	2,488	—	—	—	—	2,488
Accrued interest payable	11,381	—	—	—	—	11,381
Other financing arrangement payable	719	—	—	—	—	719
Bonds payable, current portion	12,160	—	—	—	—	12,160
Total Current Liabilities	$ 29,584	$ 752	$4,425	$ 180	$ 6	$ 34,947
Noncurrent Liabilities						
Compensated absences	791	—	—	—	—	791
Bonds payable including premium	465,625	—	—	—	—	465,625
Other financing arrangement payable	8,651	—	—	—	—	8,651
Total Noncurrent Liabilities	475,067	—	—	—	—	475,067
Total Liabilities	504,651	752	4,425	180	6	510,014
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	136,955	—	13,583	36,477	—	187,015
Restricted Net Assets						
Debt services and capitalized interest	23,540	—	—	—	—	23,540
Capital renewal	17,000	—	—	—	—	17,000
Operating fund	23,000	—	—	—	—	23,000
Marketing fund	—	2,502	—	—	—	2,502
Senior proceeds account	2	—	—	—	—	2
Debt Services Reserve	7,001	—	—	—	—	7,001
Capitalized bond interest	—	—	—	—	—	—
Unrestricted Net Assets	134,399	(784)	(13,426)	(32,877)	(326)	86,986
Total Net Assets	$341,897	$ 1,718	$ 157	$3,600	$ (326)	$347,046

See independent auditors' report.

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY FUND (IN THOUSANDS)

September 30, 2009 and 2008

	Operating Fund	Marketing Fund	Capital Fund	Building Fund	Demolition Fund	TOTAL
Operating Revenues						
Building rental	$ 8,448	$ —	$ —	$ —	$ —	$ 8,448
Food services	4,123	—	—	—	—	4,123
Electrical	2,319	—	—	—	—	2,319
Telecommunications	1,371	—	—	—	—	1,371
Audio-visual	334	—	—	—	—	334
Miscellaneous	1,023	—	—	—	—	1,023
Total Operating Revenues	17,618	—	—	—	—	17,618
Operating Expenses						
Personal services	15,974	—	—	—	—	15,974
Contractual services	11,618	485	410	—	—	12,513
Depreciation	27,418	—	98	—	—	27,516
Occupancy	6,023	—	—	—	—	6,023
Supplies	652	—	—	—	—	652
Miscellaneous	420	—	—	—	—	420
Bad debt	252	—	—	—	—	252
Total Operating Expenses	62,357	485	508	—	—	63,350
Operating Loss	(44,739)	(485)	(508)	—	—	(45,732)
Non-operating Revenues and (Expenses)						
Interest Income	139	—	—	—	—	139
Dedicated taxes	80,668	10,800	—	—	—	91,468
Parking lot revenue	—	—	—	1	2,600	2,601
Interest expense	(24,186)	—	—	—	(2)	(24,188)
Amortization of Bond issuance costs	(224)	—	—	—	—	(224)
Marketing Agencies & Internal Marketing Expenses	—	(10,740)	—	—	—	(10,740)
Parking lot expenses	—	—	—	—	(915)	(915)
Prior year cost recovery	0	(10)	28	10	—	28
Rental income-Plumbers Building	—	—	—	388	—	388
Total Non-operating Revenues and (Expenses)	56,397	50	28	399	1,683	58,557
Increase (Decrease) in Net Assets	11,658	(435)	(480)	399	1,683	12,825
Net assets, Beginning of Year	330,239	2,153	637	3,201	(2,009)	334,221
Net assets, End of Year	$341,897	$1,718	$157	$3,600	$(326)	$347,046

See independent auditors' report.

Acknowledgements:

Krista Brocenos
Chinyere Hubbard
Monika Jansen
J. Clarke Manley
Henry W. Mosely, CPA
Sean Sands
Steve Schwartz

Photography:
Page 1 by John Healey Photography
Pages 2, 3, 6, 7 by Roland deDios
Pages 6, 7, 9, 15 by David King
Pages 4, 5 by Getty Images
Page 12 by iStockPhoto

Portrait Photography pages 16–18:
Ortiz, Gandhi, O'Dell by Patrick King Photography
Schear, Brown, Williams, Perry by Peter Garfield Photography
Greenan by Roland deDios
Santos courtesy of the Mayor's office

Rendering page 13 by Gary Cooper Design

Design by Kristin Searing Design

Printed by Art Litho Printing Solutions

WALTER E. WASHINGTON
CONVENTION CENTER

801 Mount Vernon Place NW
Washington, DC 20001

202.249.3000
800.368.9000

www.dcconvention.com