

Events in Motion



2013 ANNUAL REPORT | EVENTS IN MOTION CARNEGIE LIBRARY
AT MT. VERNON SQUARE RESTAURANT ASSOCIATION OF
METROPOLITAN WASHINGTON EVENTS DC NATION'S TRIATHLON
BOXING BOOMS BACK IN THE DISTRICT RUNNING IN THE
NATION'S CAPITAL AT&T NATION'S FOOTBALL CLASSIC® WALTER E.
WASHINGTON CONVENTION CENTER 10-YEAR ANNIVERSARY U.S.
MEN'S NATIONAL TEAM CENTENNIAL CELEBRATION MATCH 57TH
PRESIDENTIAL INAUGURATION DELTA SIGMA THETA CELEBRATION
GOODWILL JOBS TRAINING PROGRAM KIDS AGAINST HUNGER
UNITE AMERICA IN SERVICE YOUTH SPORTS PROGRAMS WALTER
E. WASHINGTON CONVENTION CENTER ENGRAVING MARKETING
PARTNERS COMMUNITY PARTNERS MARRIOTT MARQUIS
WASHINGTON, DC GLOBAL RALLYCROSS DC CARNEGIE LIBRARY AT
MT. VERNON SQUARE REDEVELOPMENT PROJECT EVENTSDC.COM

“... Washington, D.C. is in full swing. The cutting-edge has replaced the sleepy and staid, from galleries and boutiques to restaurants, hotels, and more.”

Travel and Leisure, January 2013

PRESIDENT AND CEO LETTER



 @EventsDCPrez

During the fiscal year that ended September 30, 2013, Events DC saw some of the largest events in our history, including a series of celebrations for the 57th Presidential Inauguration and an exuberant sell-out of Robert F. Kennedy Memorial Stadium to salute the 100th anniversary of the U.S. Soccer Federation, which also made history for RFK as it hosted its 22nd match with the U.S. men's national team – more than any other venue in the world. We also had the honor of hosting two centennial celebrations for the Delta Sigma Theta sorority that included a combined total of 49,608 registered attendees and generated an estimated \$88.2 million in direct delegate spending, including \$73.7 million in the middle of July, one of the District of Columbia's traditional need periods.

In support of our core lines of business (**Conventions and Meetings** and **Sports and Entertainment**), we continued to explore ways to create demand for our services and venues in FY13 while strengthening the Events DC brand locally and nationally. Capitalizing on our success with endurance sports on the RFK campus, we secured our first title sponsorship of a sporting event, announcing the Events DC Nation's Triathlon last summer through a partnership that included significant global brand exposure via Etihad Airways, the flag carrier of the United Arab Emirates. Through our **Special Events** portfolio of strategic investments in some of the District's marquee properties, including the National Cherry Blossom Festival and the record-setting 2013 season for the Washington Kastles, we built valuable brand equity for Events DC while creating even greater economic and community benefits for the city and for our respective event partners.

All of these activities helped us fulfill our mission of generating economic and community benefits for the residents and businesses of the District of Columbia by creating the premier event experience in the nation's capital. In the pages that follow, we will detail the specifics of how we accomplished our mission in FY13.

A handwritten signature in black ink that reads "Gregory A. O'Dell". The signature is fluid and cursive, with the first name being the most prominent.

Gregory A. O'Dell
President and Chief Executive Officer

CHAIRMAN LETTER

In the decade that has passed since the opening of the Walter E. Washington Convention Center at Mt. Vernon Square, I have watched with the pride of a native Washingtonian as our team has hosted some of the nation's premier events. Events DC and the Convention Center have become pillars of the District of Columbia's economy, generating hundreds of millions of dollars in direct delegate spending each year. In fact, at the end of Fiscal Year 2013, the Convention Center's total direct delegate spending totaled more than \$3.683 billion for its first 10 years of operations.

Events DC's impact on the city can be seen in many other ways. In FY13, a total of 1.79 million people attended 382 events at our venues, including the Convention Center, Robert F. Kennedy Memorial Stadium, the DC Armory, the RFK Stadium Festival Grounds and the Carnegie Library at Mt. Vernon Square. Our Headquarters Hotel Workforce Intermediary Program, a program in partnership with Goodwill of Greater Washington and the Marriott Marquis Washington, DC to train District residents for jobs in the city's hospitality industry, enrolled over 1,000 people during FY13. And the Marriott Marquis, which opened on May 1, 2014, set a new standard for public-private development projects in the city, far exceeding its \$84 million Certified Business Enterprise goal by generating over \$120 million in contracting activity for 68 CBE firms in the District.


For all of our success in FY13, we expect even greater impact in the years to come, as we had a number of important business wins during the year, including IPW, one of the largest travel-and-tourism trade shows of its type, and the relocation of the Otakon anime convention, both of which will occur in 2017.

On behalf of our Board of Directors, we remain grateful for the continued support of our public- and private-sector stakeholders.



Michele V. Hagans
Chairman



 [www.linkedin.com/pub/
michele-hagans/3/aa6/9aa](http://www.linkedin.com/pub/michele-hagans/3/aa6/9aa)

OUR YEAR IN MOTION

FOCUSING ON THREE CORE AREAS



2013 proved to be an exceptional year of fantastic momentum for Events DC. The events we hosted represented some of the best and largest in our history, spanning the historic and the majestic, the fabulous and the cutting-edge.

It is no secret that over the past few years Washington, DC has drawn accolades as a top international destination, as well as a highly livable city with an enviable historic, cultural and culinary pedigree. As we sifted through the highlights of Events DC's successes in 2013, we found a clear illustration of why the District continues to emerge as a powerhouse.

Events DC propelled forward in 2013 with highlights ranging from the stunning 57th Presidential Inaugural balls to an exuberant

sell-out of the Robert F. Kennedy Memorial Stadium to salute the 100th anniversary of the U.S. Soccer Federation; from glorious centennial celebrations for the Delta Sigma Theta Sorority to the emergence of Carnegie Library at Mt. Vernon Square as the darling venue of DC society.

We made great strides in terms of growth and new ventures – that is, we pursued partnerships and alignments with a keen focus on delivering services and unique capabilities.

The impact of our work was at once deep and broad – both local and international. All told, Events DC welcomed nearly 2 million people through its doors in 2013. The number of events we hosted topped 390.

CONVENTIONS & MEETINGS

Environmentally innovative with dazzling state-of-the-art technology, the Walter E. Washington Convention Center and Carnegie Library at Mt. Vernon Square attract millions of visitors each year.

309
EVENTS

1M+
ATTENDEES

\$333M
DIRECT SPENDING

SPORTS & ENTERTAINMENT

From scenic Nationals Park to the beloved RFK Stadium and historic DC Armory, Events DC hosts fun-filled events that make every event memorable.

73
EVENTS

663K
ATTENDEES

\$14M
DIRECT SPENDING

SPECIAL EVENTS

To attract visitors and diversify experiences for District residents, Events DC presents events and strategically partners with neighboring organizations to showcase the city and benefit the community.

12+
EVENTS

1.5M+
ATTENDEES

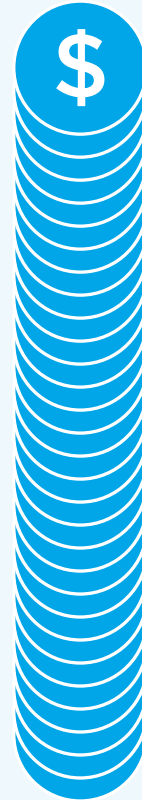
\$170M+
DIRECT SPENDING



390+
EVENTS



1.79
MILLION
People Through Our Doors



3.6
BILLION
Total Spending Since
March 2003



285,000
Hotel Rooms
Booked



333.78
MILLION
Direct Delegate
Spending

GROWTH

2013 marked a breakout year for us, packed with new ventures, partnerships, sponsorships and alignments — with Events DC laser-focused on delivering top services and unique capabilities. Did we step up? Yes, indeed.

**CARNEGIE LIBRARY
AT MT. VERNON SQUARE**

**RESTAURANT ASSOCIATION
OF METROPOLITAN
WASHINGTON**

EVENTS DC NATION'S TRIATHLON

**BOXING BOOMS BACK
IN THE DISTRICT**

RUNNING IN THE NATION'S CAPITAL

CARNEGIE LIBRARY AT MT. VERNON SQUARE

There is no doubt that the Carnegie Library has been blossoming for some time now, and yet it was in 2013 that the stunning and historic venue emerged as a full-blown belle of the ball as it became one of our most highly sought-after locations for the District's top-tier society galas and events.

PRESENTING CARNEGIE LIBRARY AT MT. VERNON SQUARE: THE BELLE OF THE BALL

37,916 | 105
ESTIMATED ATTENDEES | EVENTS

A nighttime photograph of a city street corner. In the foreground, a traffic light pole stands on the left. In the background, a restaurant named 'Le Diplomate' is illuminated with red neon signs. A vintage-style telephone booth with a red awning is visible in front of the restaurant. The street is lit with warm streetlights, and there are blurred figures of people walking. A blue banner with white text is overlaid across the middle of the image.

\$2.7*
BILLION

***EVERY \$1 SPENT AT DISTRICT
FOOD AND BEVERAGE SERVICE
ESTABLISHMENTS GENERATES
AN ADDITIONAL \$.27 IN SALES
FOR THE LOCAL ECONOMY.**

“DID SOMEONE SAY FOOD?!” CELEBRATING AN UNABASHED FOODIE DESTINATION

Mounting excitement about the District’s vibrant restaurant scene hit a full crescendo in 2013. In an effort to continue the momentum and further position the city as a premier destination for foodies everywhere, Events DC and the Restaurant Association of Metropolitan Washington (RAMW) announced a new partnership in April 2013. Our joint effort promotes and reinforces the pairing of the city’s innovative culinary experiences with its world-class events and venues, while creating a dynamic synergy for the local hospitality industry.

RAMW PARTNERSHIP
RESTAURANT ASSOCIATION OF METROPOLITAN WASHINGTON

EVENTS DC NATION'S TRIATHLON

In July 2013, we were thrilled to announce our first title sponsorship, a multi-year partnership agreement for the prestigious Nation's Triathlon to Benefit the Leukemia & Lymphoma Society. The collaboration, which broadened Events DC's relationship with leading active lifestyle sports media and event entertainment company, Competitor Group, Inc., also represented a significant expansion of our global footprint as it involved a related partnership with leading airline Etihad Airways.

“LOOKOUT, WORLD!” – EVENTS DC’S FIRST TITLE SPONSORSHIP ... AND GOING GLOBAL.

5,000

PARTICIPANTS

15,000

EXPO PARTICIPANTS

19,342

TOTAL START/FINISH LINE
ATTENDANCE



TKO 1:42
IN THE 8TH

BOXING BOOMS BACK IN THE DISTRICT

Events DC took center stage with the return of championship boxing to the nation's capital in February 2013. The DC Armory hosted ESPN Friday Night Fights featuring the IBF Junior Welterweight Title fight between Lamont Peterson and Kendall Holt, once again igniting boxing's allure in the District. On the scene was a who's who in international boxing media and a lively, star-studded audience. More action is slated in short order – at the DC Armory, as well as at our other venues.

RUNNING IN THE NATION'S CAPITAL

The RFK Stadium Festival Grounds has attracted many new endurance sporting activities, increasing 72% from 2010. Over the course of the year, the Festival Grounds played host to races such as LivingSocial's Glow-in-the-Dark 5K Dance Party, the Biggest Loser RunWalk DC, the Rock 'n' Roll USA Marathon & CareFirst Rock 'n' Roll USA 1/2 Marathon and Run or Dye, a colorful 5K run where participants are splashed in different colored dye throughout the race.

MAKING OUR MARK IN THE ENDURANCE WORLD

72%

INCREASE IN ACTIVITIES
SINCE 2010

29,000

PARTICIPANTS

105,000

TOTAL MILES RUN (170,000 KM)

IMPACT

In 2013, we redoubled our effort to make an enduring mark on our city and community, its people and businesses, with economic impact that has brought together the best and the brightest from every corner of the globe. How do you measure the continuing momentum of an urban renaissance? Let us count the ways.

AT&T NATION'S FOOTBALL CLASSIC®

**WALTER E. WASHINGTON CONVENTION
CENTER 10-YEAR ANNIVERSARY**

**U.S. MEN'S NATIONAL TEAM
CENTENNIAL CELEBRATION MATCH**

57TH PRESIDENTIAL INAUGURATION

**DELTA SIGMA THETA
CENTENNIAL CELEBRATION**

Howard University junior quarterback Greg McGhee racked up almost 300 yards of total offense and three touchdowns to lead the Bison to a 27-16 win over the Morehouse College Maroon Tigers in the 3rd annual AT&T Nation's Football Classic® before 17,012 at RFK Stadium on Saturday, September 7. McGhee, named the game's Most Valuable Player, was sacked only once with no interceptions as he accounted for 296 of Howard's 342 yards of total offense. McGhee was also voted Classic MVP in 2011.

The game entertainment also included memorable performances from the Morehouse College "House of Funk," and Howard University "Showtime" marching bands.

Celebrities, elected officials, university dignitaries, students, fans and alumni participated in a weekend of events including the Presidential Symposium, Howard vs. Morehouse Student Debate, HBCU Alumni Mixer, the Pepsi Fan Festival and Chapel Service. Capitalizing on the previous two years theme, the AT&T Nation's Football Classic® continues to highlight education, unity and the significance of historically black colleges and universities (HBCUs) as part of the weekend's series of activities.

17,000+ FANS





AT&T NATION'S FOOTBALL CLASSIC®

THE TRADITION CONTINUES

WALTER E. WASHINGTON CONVENTION CENTER 10-YEAR ANNIVERSARY

THE CONVENTION CENTER THAT WENT ON TO BECOME FAR “GREATER THAN THE SHOW”



\$3.3B

IN DIRECT SPENDING
OVER 10 YEARS

10M

VISITORS SINCE
OPENING IN 2003

2,000+

EVENTS



The Walter E. Washington Convention Center is widely known as the heartbeat of the District of Columbia. On March 14, 2013, an illustrious group of guests, including Congresswoman Eleanor Holmes Norton, Mayor Vincent C. Gray, Chairman Phil Mendelson, Council member Jack Evans and civic and community leaders, feted the Convention Center for its vital role in the economic development of the District's urban renaissance. Since 2003, the Convention has hosted more than 2,000 events and welcomed more than 10 million visitors and residents with world-class service, technology and amenities, helping to power the District's hospitality industry, the largest private-sector employer in Washington, DC.

GUINNESS WORLD RECORD HOLDER WITH
“LARGEST SILVER
SERVICE DINNER”

16,206
FOR ALPHA KAPPA ALPHA

In June 2013, we helped the U.S. Soccer Federation mark its first century with a sold-out centennial celebration match between the United States and Germany, ranked number two in the world. Kicked off before a wildly enthusiastic crowd at RFK Stadium and a live broadcast on ESPN2, the game kept spectators at the edge of their seats and concluded with the United States leading the charge with a final score of 4-3.

Paying tribute to the rich history of RFK Stadium and the venue's amazing fan base, the game also propelled RFK Stadium to a second historic milestone: the stadium hosted the U.S. Men's National Team 22 times – more than any other venue in the world.

47,359
FANS

U.S. MEN'S NATIONAL TEAM CENTENNIAL CELEBRATION

GOAL! ONE HUNDRED YEARS OF U.S. SOCCER

15TH
HIGHEST SOCCER
ATTENDANCE

22X

RFK HAS HOSTED THE U.S. MEN'S
NATIONAL TEAM (MORE THAN ANY
OTHER VENUE IN THE WORLD!)

57TH PRESIDENTIAL INAUGURATION

ROLLING OUT THE RED CARPET FOR THE PRESIDENTIAL INAUGURAL CELEBRATIONS



The District of Columbia erupted in a series of celebrations following the second inauguration of President Barack Obama. Events DC proudly took its place at the helm of the revelry as we hosted the 57th Presidential Inaugural Balls, including the Inaugural Kids' concert, the Commander-in-Chief Ball, and the Inaugural Ball - all at the beautifully bedecked Walter E. Washington Convention Center. Not to be outdone, the stunning Carnegie Library at Mt. Vernon Square joined the festivities by hosting the Ambassador's Ball, touted as the first inaugural ball hosted exclusively by the international community, co-chaired by ambassadors to dozens of countries.



40,000
Revelers

HOSTED BALLS SINCE 1985
FIRST EVER KIDS' INAUGURAL FOR MILITARY FAMILIES

WHAT DOES IT TAKE TO PUT ON A DINNER FOR AN INAUGURAL BALL?
HERE'S WHAT YOU'LL NEED TO GET STARTED:

2,100

Pounds of
Tortellini Pasta

2,100

Pounds of
Penne Pasta

750

Gallons of
Tomato and
Cream Sauce

30,000

Dinner Rolls

10,000

Bottles of
Wine

As it turns out, 2013 was a banner year for centennial celebrations. In July, a full quarter of the Delta Sigma Theta Sorority's 200,000-strong membership returned home to the nation's capital for their week-long 51st National Convention and Centennial Celebration. The Deltas' delightful presence had an impact on every part of the city's hospitality, including restaurants, attractions, retail and transportation.



Nearly
40,000
Attendees



\$88.2M
Economic
Impact

WANT TO TAKE CARE OF 40,000 GUESTS?
HERE A LITTLE OF WHAT YOU'LL NEED:

47,000 CHAIRS

2,225 SERVERS

44,500 MEALS

133,500 PLATES
AND FORKS

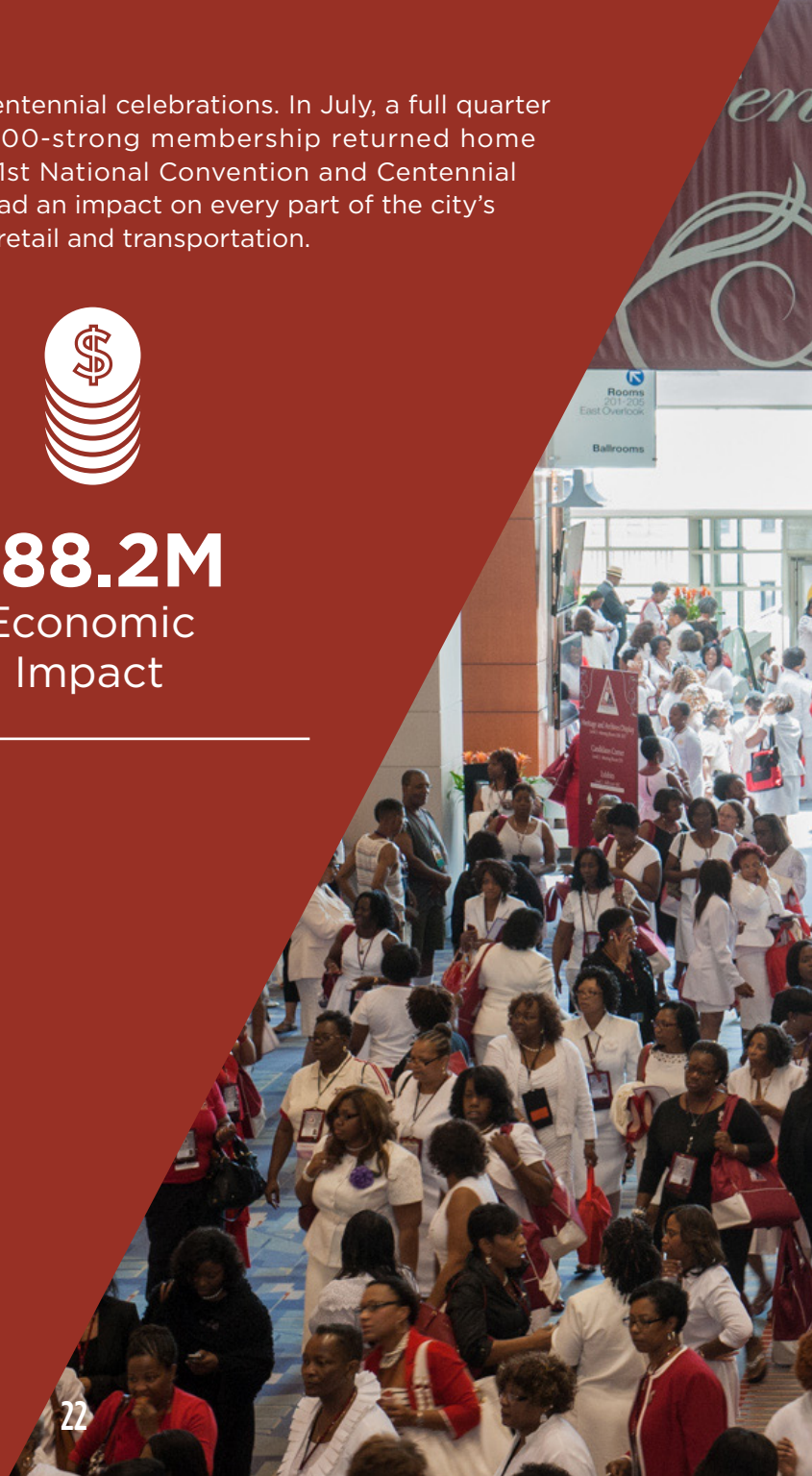
22,250 LBS
OF CHICKEN BREAST

89,000 KNIVES

4,800 LBS
OF CHEESE

44,500 SPOONS

16,000 LBS
OF VEGETABLES



DELTA SIGMA THETA CENTENNIAL CELEBRATION

THE DELTAS: 100 YEARS OF SISTERHOOD, SCHOLARSHIP, SERVICE (AND STUNNING)



DC REPORT CARD

WHY DC IS THE PLACE TO BE



#1 Strongest Economy in the US

POLCOM, 2013



#1 New Tech Hot Spot

Forbes, 2013



Best-Educated City in America

UCLA Anderson Forecast, 2012



Top 10 Most Walkable City

Walkscore.com, July 2013



Top 5 Best US City for a Vacation

US News and World Report



#1 Coolest US City

Forbes, 2014



#1 Fittest US City

American College of Sports Medicine, 2014



Top Departure City for International Travel

Cardhub.com, 2013



Top 10 Best Convention City

USA TODAY, March, 2014

PEOPLE

2013 was Events DC's watershed year for training and jobs initiatives. Why is this one of our greatest points of pride? Because jobs and careers can change the trajectory of people's lives and their future. We know that not only are we delivering jobs and economic development for the District of Columbia, but we are also inspiring and mentoring individuals with career and life-skills training. We know that these opportunities are priceless and we envision and execute them accordingly.

**GOODWILL JOBS
TRAINING PROGRAM**

KIDS AGAINST HUNGER

UNITE AMERICA IN SERVICE

YOUTH SPORTS PROGRAMS

**WALTER E. WASHINGTON
ENGRAVING**

Our people are the lifeblood of our organization.

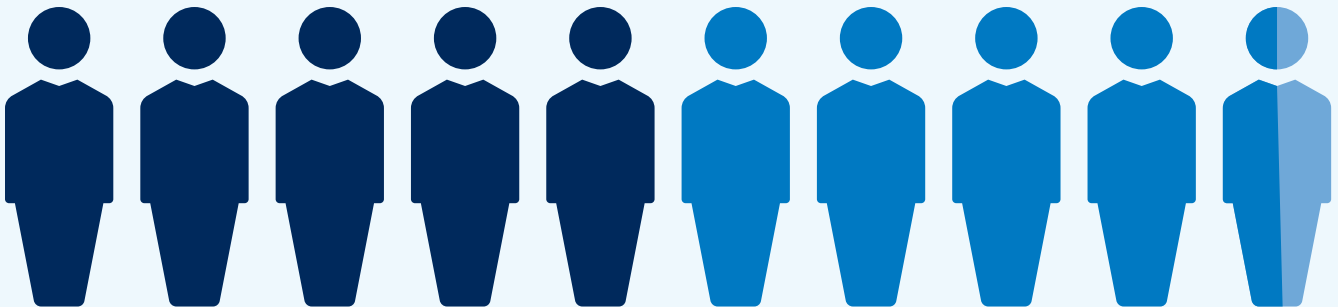
Our phenomenal achievements in 2013 were made possible by the dedicated men and women who work for Events DC. As of September 30, 2013, Events DC employed 221 full-time and part-time employees, and 97 of those employees were District residents, comprising nearly 44% of our total workforce (and, notably, a 5% increase over the previous year). With the hiring of a new Chief People Officer and a focus on expanding the professional scope of in-house recruiting, Events DC has increased our number of DC residents to 46% and remains committed to reaching our goal of 51% within the next 18 to 24 months.

221

Full And Part-Time Employees

+5%

Increase over 2012



44%

Are DC residents



3,057+

APPLICATIONS

A JOBS TRAINING PROGRAM TO READY THE DISTRICT'S WORKFORCE



In August 2013, Events DC announced the launch of the Marriott Marquis Washington, DC Jobs Training Program in collaboration with Goodwill of Greater Washington and a coalition of community-based organizations. The jobs-training initiative created a synergy between Events DC, Goodwill of Greater Washington, their community partners and the Marriott Marquis Washington, DC - as a team effort to drive the creation of job opportunities and lasting economic benefits for the District and its residents. The initiative will recruit, prepare, train and refer District residents who, upon program completion, have been able to apply for hospitality job openings at the new Marriott Marquis Washington, DC which opened in May 2014.

GOODWILL JOBS TRAINING PROGRAM

KIDS AGAINST HUNGER

Events DC and Kids Against Hunger teamed up for an epic DC Million Meal Pack over two consecutive days in July 2013. Coming together at the Walter E. Washington Convention Center, over 3,000 volunteers from around the country packed one million meals in six two-hour shifts on both days. Nearly half a million Kids Against Hunger meals were donated to Haiti and DC Central Kitchen, which serves 5,000 meals each day to hungry children and families in the Washington, DC local community.

ALL HANDS ON DECK – DC MILLION MEAL PACK



242,352

MEALS DELIVERED
TO DC CENTRAL KITCHEN

3,000

VOLUNTEERS

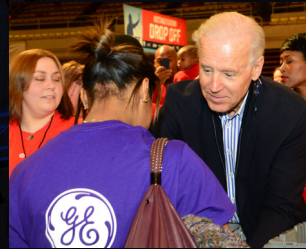


100,000

CARE KIDS ASSEMBLED

10,000

VOLUNTEERS



SERVING THOSE WHO SERVE

Bringing together a visionary group of organizations and volunteers, Events DC and the DC Armory hosted UNITE America in Service during the Martin Luther King, Jr. Day of Service, the largest single-site service project during Inauguration Weekend. Led by Vice President Joe Biden, his wife Dr. Jill Biden and Homeland Security Secretary Janet Napolitano, more than 10,000 volunteers gathered to assemble 100,000 care kits filled with necessities for deployed U.S. service members, Wounded Warriors, veterans and first responders. Celebrity DJ MC Lyte kept spirits high throughout the day as helpers proved volunteer service can be a powerful force.

UNITE AMERICA IN SERVICE

YOUTH SPORTS PROGRAMS

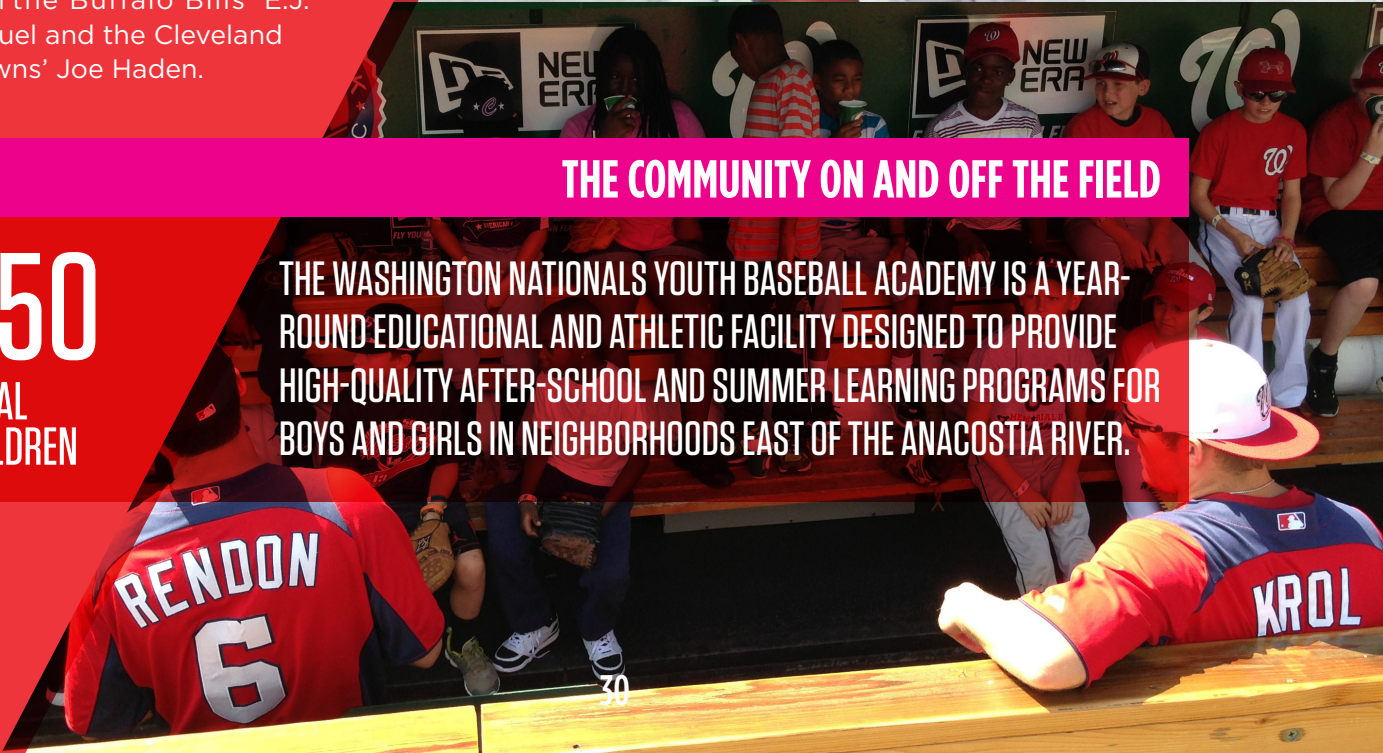
Events DC is committed to investing in quality programs that keep our youth active, healthy and engaged in physical and educational activities. Events DC teamed up with the Military Bowl presented by Northrop Grumman and Positive Choices, Inc. to host an annual football clinic for 250 local children at Anacostia High School in Washington, DC in June 2013. Free to the local community, the event was comprised of an array of football drills and teamwork activities that helped each participant to become a better player on and off the field. The participants were taught by local college and high school coaches, and enjoyed a visit from the Buffalo Bills' E.J. Manuel and the Cleveland Browns' Joe Haden.



THE COMMUNITY ON AND OFF THE FIELD

250
LOCAL
CHILDREN

THE WASHINGTON NATIONALS YOUTH BASEBALL ACADEMY IS A YEAR-ROUND EDUCATIONAL AND ATHLETIC FACILITY DESIGNED TO PROVIDE HIGH-QUALITY AFTER-SCHOOL AND SUMMER LEARNING PROGRAMS FOR BOYS AND GIRLS IN NEIGHBORHOODS EAST OF THE ANACOSTIA RIVER.



A woman with short brown hair and gold-rimmed glasses stands in front of a granite wall. She is wearing a beige and black plaid poncho over a tan skirt. The wall behind her has the name 'WALTER E.' engraved in large, dark letters. A dark blue diagonal graphic element is on the right side of the page.

W
A
L
T
E
R
E.

REMEMBRANCE OF A TIRELESS LEADER

Honoring and celebrating the legacy of the District of Columbia's first Home Rule Mayor, Events DC completed the engraving of the late Mayor Walter E. Washington's name on the granite exterior of the Walter E. Washington Convention Center. A decade later, the Convention Center that bears Mayor Washington's name is a symbol of progress, innovation and collaboration that contributes to his beloved city's prosperity.

WALTER E. WASHINGTON ENGRAVING

SYNERGY IN THE CITY

As Events DC grows, so do our partnerships across the District. We are committed to bettering the lives of those in our community and beyond – and inspiring others to do the same. Events DC is dedicated to developing meaningful community partnerships and creating experiences for residents of the District of Columbia, as well as the greater Washington area.

Our work is marked by our unwavering dedication to aligning our efforts with the diverse interests and core values of our community. Social responsibility is not just what we believe in; it's who we are and what we do. We strive to enrich the lives of others through our work and to sustain our environment for future generations. And we also work to inspire our community to do the same.

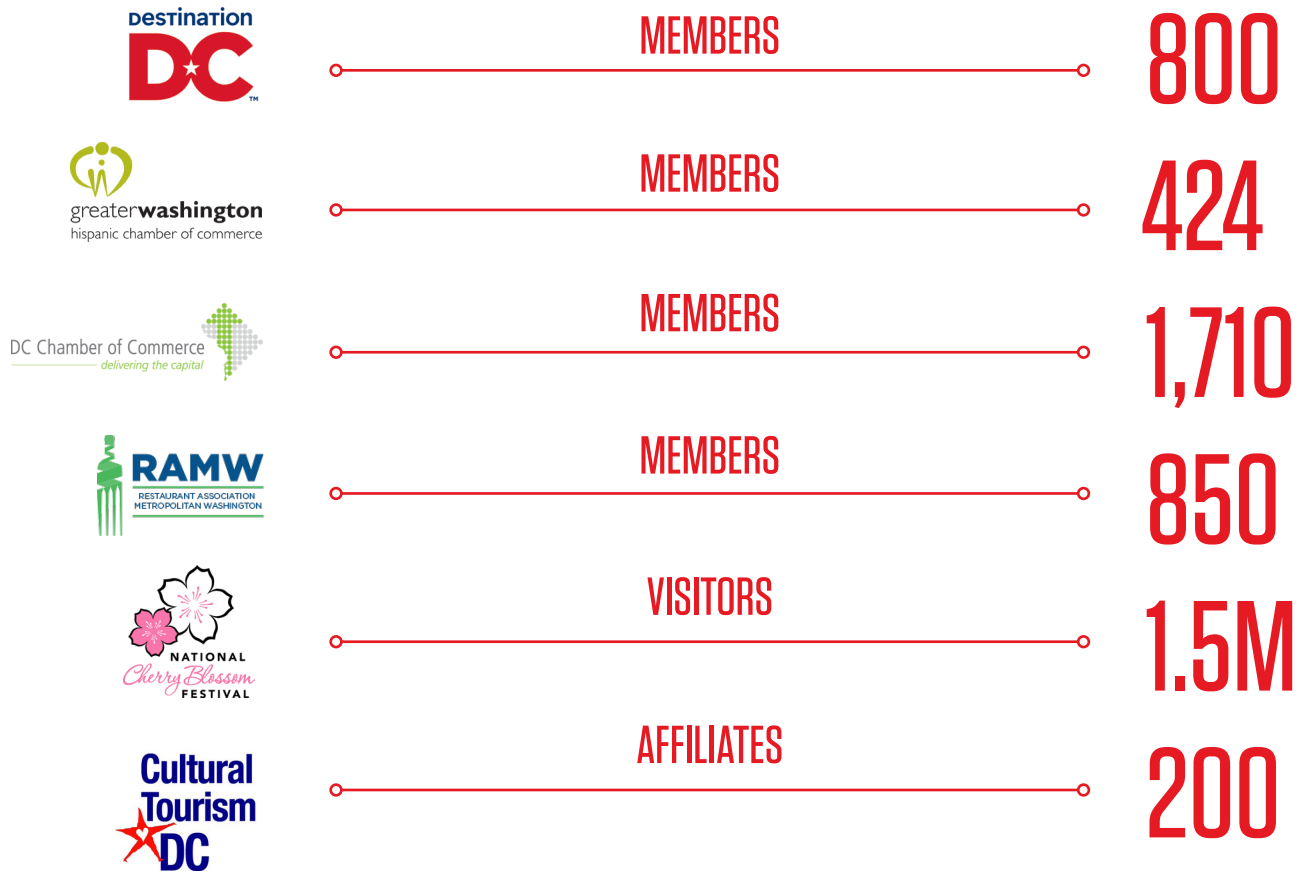
MARKETING PARTNERS

COMMUNITY PARTNERSHIPS

- + THE DC JAZZ FESTIVAL
- + LIVINGSOCIAL MARDI GRAS GALA
- + WASHINGTON KASTLES
- + WASHINGTON INTERNATIONAL HORSE SHOW
- + NATIONAL CHERRY BLOSSOM FESTIVAL

MARKETING PARTNERS

To attract visitors and diversify experiences for District residents, we strategically collaborate and make investments with neighboring organizations to define even greater success for the city. As a committed partner, we are uniquely positioned to tap into new opportunities and connect our partners and clients with one of the strongest networks in the region.



IN THE COMMUNITY

Events DC presents events and strategically partners with neighboring organizations to showcase the city and benefit the community.

- 1 The DC Jazz Festival and Events DC Present: The Roots in Concert
- 2 LivingSocial Mardi Gras Gala
- 3 Kastles Tennis Team
- 4 Washington International Horse Show
- 5 National Cherry Blossom Festival

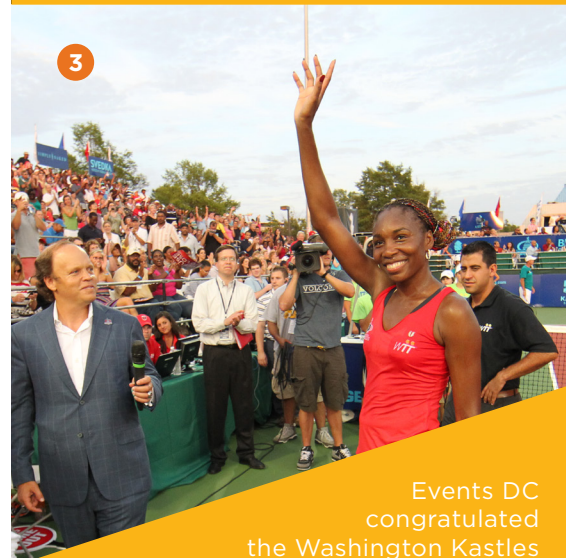
Did you know? Kastles' 34th straight win, which made for a symbolic milestone — the 1971-72 Los Angeles Lakers own the longest winning streak of the four major American pro sports at 33.

OTHER EVENTS

- National Title IX Holiday Invitational Conference & Classic presented by Events DC
- Hart to Heart Tennis Experience
- Kingman Island Bluegrass Festival presented by Events DC
- Abe Pollin City Title Games
- DCSAA High School Baseball Class at Nationals Park
- Baseball Youth Clinic
- Congressional Baseball Game
- Safeway Feast of Sharing
- Winter Wonderland



1
In June 2013, Events DC was thrilled to partner with the DC Jazz Festival for the first time to bring The Roots, one of the most beloved live bands in America, to the nation's capital for a very special performance. A legendary Grammy Award-winning hip hop band that has been named one of the greatest live acts by Rolling Stone Magazine, The Roots celebrated its 25th anniversary with a special concert at Kastles Stadium at the Wharf in June 2013.



3
Events DC congratulated the Washington Kastles for setting the U.S. professional sports record for consecutive victories at Kastles Stadium on the Wharf. The team defeated the Boston Lobsters for their 34th straight win.



2

February 2013 witnessed the first-time collaboration between Events DC and LivingSocial on a jointly produced Mardi Gras soiree. The historic Carnegie Library at Mt. Vernon Square was transformed for the event in spirited Big-Easy style décor, replete with the festive flavors, sights and sounds of Bourbon Street, New Orleans.



4



5

35

FUTURE FORWARD

***The Extraordinary. The Unforgettable.
The Singular.***

Our goal in the year ahead is to continue Events DC's forward trajectory and outstanding momentum. We will bring distinctive, outstanding experiences to our clients, partners and community. And we will continue to help define Washington, DC as a singular destination on the global stage, bringing together the best in meetings, conventions, sports and entertainment, all underpinned by excellence, service and value.

MARRIOTT MARQUIS WASHINGTON, DC

GLOBAL RALLYCROSS DC

**CARNEGIE LIBRARY AT
MT. VERNON SQUARE
REDEVELOPMENT PROJECT**

A photograph of the Marriott Marquis Washington, DC building at dusk. The building is a modern, multi-story structure with a glass facade and a prominent corner section with a grid of windows. The sky is a deep blue, and the building's interior lights are visible through the windows. A large tree is in the foreground on the right.

\$520M

FOUR STAR HOTEL

1,175

ROOMS

49

SUITES

105,000

SQ FT OF FUNCTION SPACE

83

MEETING ROOMS +
THOUSANDS OF SQ FT
OF BALLROOM SPACE

WELCOMING THE NEW KID ON THE BLOCK

The opening of the Marriott Marquis Washington, DC

With the opening of the new Marriott Marquis Washington, DC in May 2014, Events DC welcomed its most significant project since the opening of the Walter E. Washington Convention Center. Situated adjacent to the Convention Center at 901 Massachusetts Avenue, NW, the hotel spans almost an entire block, tied together with an enormous atrium skylight. It provides the best of business, commerce and culture in the heart of the District of Columbia.

The hotel represents Events DC's largest investment in the District's hospitality infrastructure since 1998. The opening of the Marriott Marquis Washington, DC presents the Walter E. Washington Convention Center with the opportunity to attract more international meetings and conventions in the years ahead.

MARRIOTT MARQUIS WASHINGTON, DC

GLOBAL RALLYCROSS DC

Rallycross DC comes to town! Professional motorsports returns to the District when Volkswagen Rallycross DC, part of the Red Bull Global Rallycross Series, heads to the RFK Stadium Festival Grounds in June 2014.

The two-day, action-packed event features live music, food, interactive entertainment and the world-famous Red Bull Global Rallycross jump as part of the race course. In attracting this innovative form of extreme motorsports to the nation's capital, Events DC continues its goal of expanding the sports footprint in the city.

WASHINGTON, DC START YOUR ENGINES....



An architectural rendering of a modern building with a white facade and large glass windows. The building is surrounded by lush green trees and a well-maintained lawn. Several people are visible walking on a path in the foreground. The scene is set in a park-like environment with a clear sky.

REIMAGINING THE CARNEGIE LIBRARY AT MT. VERNON SQUARE

It was also in 2013 that we announced the proposed redevelopment of the Carnegie Library at Mt. Vernon Square in partnership with the owners of the International Spy Museum. Our ambitious endeavor will provide a new home for one of the city's most popular museums, as well as reimagine the historic Carnegie Library and the Mt. Vernon Square area to create a vibrant convention and entertainment district.

The innovative project will also bring a variety of community amenities, including outdoor seating, a small amphitheater and a playground, thereby bringing a variety of programming options to one of the city's original green spaces.

CARNEGIE LIBRARY AT MT. VERNON SQUARE REDEVELOPMENT PROJECT

Measuring Our Success

Financial Statements

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

Report on Financial Statements

We have audited the accompanying statements of net position of the Washington Convention and Sports Authority (the Authority), a component unit of the Government of the District of Columbia, as of and for the years ended September 30, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended and the related notes to the financial statements. The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Management's Responsibility for the Financial Statements

Our responsibility is to express opinions on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2013 and 2012, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States require that the management's discussion and analysis information on pages 3 through 10, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Boards, who considers it to be an essential part of the financial reporting for placing the basic financial statement in an appropriate operational, economic or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency

with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of net assets by fund and the schedule of revenues, expenses and changes in net position by fund on pages 31 through 33 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2014 on our consideration the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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 in considering the Authority's internal control over financial reporting and compliance.



BertSmith & Co.
January 29, 2014

Discussion and Analysis

As management of Washington Convention and Sports Authority (Authority) doing business as Events DC, we present this Management's Discussion and Analysis (MD&A) of the Authority's financial condition and the results of operations for the year ended September 30, 2013. This discussion is a narrative overview and analysis of our financial activities and should be read in conjunction with the accompanying financial statements.

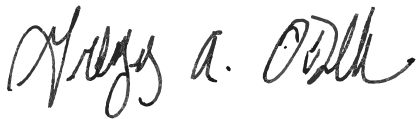
Introduction

On October 1, 2009, in accordance with the Washington Convention Center Authority (WCCA) and D.C. Sports and Entertainment Commission (DCSEC) Merger Amendment Act of 2009, D.C. Law 18-111, D.C. Sports and Entertainment Commission was absorbed as a program of the WCCA and its mission, responsibilities and assets were transferred to WCCA. Following the transfer, the WCCA was renamed the Washington Convention and Sports Authority. This transfer 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 District). As part of the Amendment Act, the District's Department of General Services (DGS) became responsible for the facility maintenance tasks previously performed by the DC Sports and Entertainment Commission.

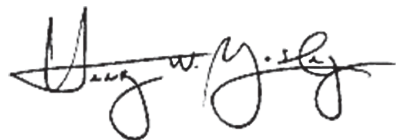
To further the effort of the expanded mission, the Authority created a new brand identity, "Events DC," on June 22, 2011. The new name is the centerpiece of a marketing effort intended to draw more events to the convention center, RFK Stadium, the DC Armory and Carnegie Library at Mount Vernon Square. The new name is also designed to align with the existing brands for Washington D.C. and the city's tourism arm, Destination DC.

About Our Business

The Authority operates three distinct business divisions that generate significant regional economic impact by attracting conventions, tradeshows, sports and entertainment and other special events. The Convention & Meetings Operations Division includes the Walter E. Washington Convention Center (WEWCC) and Carnegie Library at Mt. Vernon Square which generate event-related revenues primarily from the sale and use of meeting and exhibition space and other ancillary services such as commissions on telecommunications, audio-visual, electrical and catering services. The Sports and Entertainment Division (SED), which includes Robert F. Kennedy Memorial Stadium, the DC Armory, and the surrounding Festival Grounds, and functions as landlord for Nationals Park. SED generates revenue primarily from hosting a full season of DC United major league soccer games and other entertainment and community events. Through the Special Events Division, the Authority is actively involved in the planning and support of some of the city's most anticipated events, attracting thousands of attendees to locations around the city which bring economic impact to our nation's capital.



Gregory A. O'Dell
President and Chief Executive Officer



Henry W. Mosley, CPA
Chief Financial Officer

Management's Discussion & Analysis

Fiscal Year 2013 Financial Highlights

- Net position decreased by \$94.8 million, a decrease of 28% when compared to the fiscal year ended September 30, 2012. The net decrease in net position primarily resulted from a reduction in restricted investments balance related to construction of the convention center headquarters' hotel project.
- Operating expenses decreased by \$.5 million or 1% from fiscal year 2012, due to decreases in costs related to contractual services, utilities, payment to the District for maintenance services and miscellaneous expenses.
- Operating revenues increased by \$4 million or 18% from fiscal year 2012, resulting in total operating revenues of \$26.5 million in FY 2013. The increase in operating revenue was a result of growth in Carnegie Library operations, hosting eight additional large non-city wide events and increased services request by show mangers.
- Assets exceed liabilities by \$243 million at the close of fiscal year 2013, a 28% decrease over FY 2012.
- The Authority's long-term debt, including current maturities, decreased by \$23 million to \$661 million or 3%, over FY 2012.
- The Statements of Cash Flows reflect an increase in cash and cash equivalents for fiscal year 2013 by \$7.4 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 financial activities, in a manner similar to a private-sector business. These financial statements are prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units on a full accrual basis. Under this basis of accounting, revenues are recognized in the period they are earned, while expenses are recognized in the period they are incurred. Depreciation and amortization of capital and deferred assets are recognized in the statement of revenues, expenses, and changes in net position. The basic financial statements include the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. This report also includes notes accompanying the statements to fully explain the activities detailed therein.
- The Statements of Net Position present information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 Position report both the operating and non-operating revenues and expenses and other changes in net position for the end of the fiscal years.
- The Statements of Cash Flows present information showing how the Authority's cash and cash-equivalents position changed during the fiscal years. The Statements of Cash Flows classify cash receipts and cash payments resulting from operating activities, capital and related financing activities, non-capital financing activities and investing activities.

Of the Authority's remaining net position, \$112 million, or 9%, represents resources that are subject to external restrictions on how they may be used (primarily related to the Authority's bond indenture reserve requirements).

The Authority uses its capital assets to fulfill its mission of promoting conventions, tourism and sports and entertainment events 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.

(2) Financial Analysis

The Authority's audited Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows are presented on pages 13 through 15. Table 1 on the next page reflects a summary of the Authority's net position at September 30, 2013, 2012 and 2011 (in thousands).

The total net position of the Authority decreased by \$94.8 million or 28%, and \$15 million or 4%, for the years ended September 30, 2013 and 2012, respectively. As of September 30, 2013, the Authority had total net position amounting to approximately \$243 million, with the largest portion of the Authority's net position, \$221 million, or 91%, reflecting its investment in capital assets used to acquire the assets.

Table 1 / Condensed Statements of Net Position

(in thousands)

				Percentage change	
	2013	2012	2011	2013-2012	2012-2011
Current Assets	\$ 97,689	\$ 87,620	\$ 72,832	11%	-20%
Capital Assets, Net of Accumulated Depreciation	616,969	638,952	652,054	-3%	-2%
Other Non-Current Assets	228,069	336,788	347,595	-32%	-3%
Total Assets	\$ 942,727	\$ 1,063,360	\$ 1,072,481		
Current Liabilities	\$ 56,890	\$ 58,427	\$ 48,595	-3%	20%
Non Current Liabilities	643,164	667,494	671,246	-4%	-1%
Total Liabilities	\$ 700,054	\$ 725,921	\$ 719,841		
Net Position					
Investment in Capital Assets	\$ 221,110	\$ 200,710	\$ 212,311	-10%	-5%
Restricted	112,112	160,454	148,748	-30%	8%
Unrestricted	(90,549)	(23,725)	(8,419)	282%	182%
Total Net Position	\$ 242,673	\$ 337,439	\$ 352,640		

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

				Percentage change	
	2013	2012	2011	2013-2012	2012-2011
Operating Revenues:					
Building Rental	\$ 10,030	\$ 8,536	\$ 9,151	18%	-7%
Ancillary Charges	16,475	14,017	16,336	18%	-14%
Total Operating Revenues	\$ 26,505	\$ 22,553	\$ 25,487	18%	-12%
Operating Expenses:					
Personal Services	\$ 19,964	\$ 18,291	\$ 18,422	9%	-1%
Contractual Services	18,207	18,064	18,201	1%	-1%
Depreciation	30,510	31,442	33,215	-3%	-5%
Occupancy	6,925	7,056	7,003	-2%	1%
Payments to District	2,292	2,380	2,775	-4%	-14%
Miscellaneous	915	964	1,013	-5%	-5%
Bad Debt	100	1,213	335	92%	262%
Total Operating Expenses	78,913	79,410	80,964	-2%	-2%
Operating Loss	\$ (52,408)	\$ (56,857)	\$ (55,477)	-9%	2%

Continued on page 50

Table 2 / Statements of Revenues, Expenses, and Changes in Net Position *(Continued)*
(in thousands)

				Percentage change	
	2013	2012	2011	2013-2012	2012-2011
Non-Operating Revenues and (Expenses):					
Interest Income	\$ 614	\$ 2,006	\$ 2,094	-69%	118%
Dedicated Taxes	104,108	101,026	97,996	3%	4%
Miscellaneous	2,732	4,284	1,231	36%	551%
Bond Interest and Amortization Issue Costs	(36,199)	(36,320)	(35,860)		50%
Marketing Agencies Payments	(10,844)	(10,610)	(10,073)	2%	-3%
Funding Hotel Project	(95,197)	(18,730)	(20,600)	408%	-9%
Funding Baseball Academy	(7,925)	-	-	100%	100%
Prior Year Cost Recovery	353	-	-	100%	
Total Non-Operating Revenues and (Expenses)	\$ (42,358)	\$ 41,656	\$ 34,788		
Change in Net Position	\$ (94,766)	\$ (15,201)	\$ (20,689)	518%	-27%
Net Position, Beginning of Year	337,439	352,640	373,329	-4%	-6%
Net Position, End of Year	\$ 242,673	\$ 337,439	\$ 352,640		

Analysis of Changes in Net Position

Revenues

For the fiscal years ended September 30, 2013, 2012 and 2011, the Authority's operating revenues were \$26.5 million, \$22.5 million, and \$25.5 million, respectively. Operating revenues increased by 18% compared to the previous year. The net increase is attributed to the rise in the volume of non-city-wide events hosted in FY 2013. The Authority hosted eight additional large non-city wide events compared with FY 2012 which positively impacted food service and other ancillary revenues. In addition, FY 2013 was the first full year for Carnegie Library operations which contributed 4% to the overall revenue increase. Miscellaneous income sources including trash hauling charges, special meeting room setup charges, equipment rental, and fees earned from ATMs installed inside the Convention Center also contributed to the increase in operating revenues. The graphic illustration on page 52 shows operating revenue by source.

During FY 2013, non-operating revenues of \$107.8 million slightly increased by 0.05% compared to FY 2012. This was the result of an increase in dedicated tax revenue offset by a decrease in interest income and miscellaneous income. Non-operating revenues increased by \$6 million, or 6%, from 2011 to 2012. This was the result of an increase in dedicated tax revenue, interest and miscellaneous income.

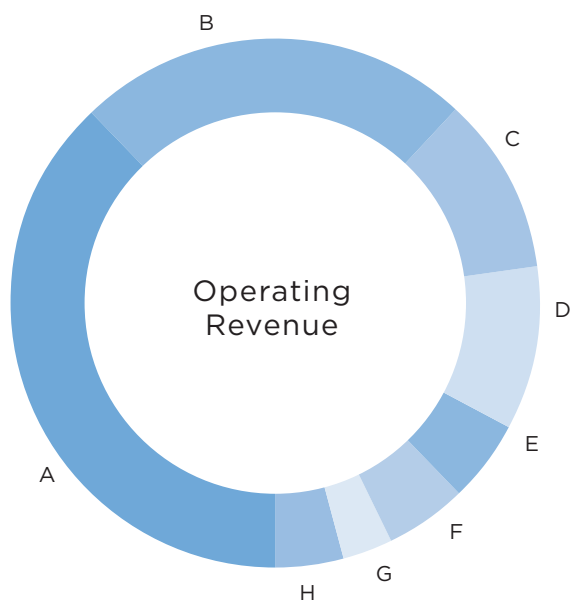
Expenses

For fiscal years 2013, 2012 and 2011, the Authority's total operating expenses were \$78.9 million, \$79.4 million and \$80.9 million, respectively. Total operating expenses decreased by \$0.5 million, or 1%, from fiscal year 2012. Expense reductions occurred in utilities, payments to District (Department of General Services) for facility maintenance services and miscellaneous expense categories. When compared to fiscal year

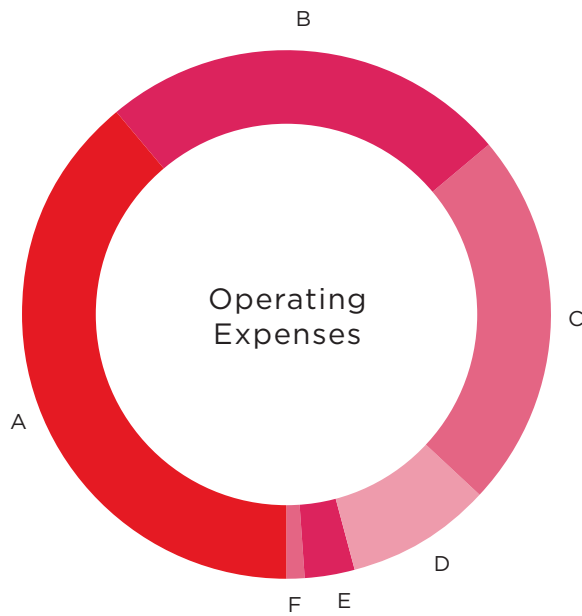
2011, fiscal year 2012 operating expenses decreased by \$1.5 million, or 2%, from fiscal year 2011. The decrease was driven by specific cost containment efforts by management in the area of personal and contractual services to offset projected reductions in revenues from operations. The graphic illustration on page 53 shows operating expenses.

Salaries increased by \$1.7 million, or 9%, due to cost of living adjustments and shifting from contracting outside security services to hiring in-house public safety officers. Expenses associated with a full year's Carnegie Library operations also contributed to the increase in salaries. Contractual services costs showed a slight increase compared to FY 2012. Occupancy expense, which includes all utility related costs such as electricity, telecommunications, water, sewer and natural gas, totaled \$6.9 million, a decrease of 2% from FY 2012. Depreciation expense, primarily for the convention center building, amounted to \$30.5 million, a decrease of \$0.9 million from fiscal year 2012.

The Authority's non-operating expenses consisted of \$36.2 million in bond interest payment and amortized issuance costs, \$95.2 million to finance construction and development of a privately owned headquarters hotel (the "HQ Hotel") for the Convention Center and \$7.9 to finance the construction of a youth baseball academy and \$10.8 million in payments to marketing agencies. The Washington Convention Center Authority Act of 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.



A	38%	Building Rental \$10,030
B	24%	Food Services \$6,294
C	11%	Electrical Services \$2,977
D	10%	Miscellaneous \$2,660
E	5%	Telecommunication \$1,337
F	5%	Advertising & Sponsorship \$1,352
G	3%	Retail & Office Retail Space Rental \$833
H	4%	Parking \$1,022



A **39%** **Depreciation**
\$30,510

B **25%** **Personal Services**
\$19,964

C **23%** **Contractual Services**
\$18,207

D **9%** **Occupancy**
\$6,925

E **3%** **Payments to District**
\$2,292

F **1%** **Miscellaneous**
\$1,015

(3) Capital Asset and Debt Administration

Capital Assets

The Authority has invested \$617 million in capital assets, net of depreciation. Approximately 83% of this investment is related to the cost of the convention center building. The Authority's capital assets have increased by \$8.5 million compared to fiscal year 2012, which was primarily due to building improvements, the Convention Center headquarters' hotel pre-development costs, and purchase of additional furniture. Table 3 summarizes the Authority's capital assets, net of accumulated depreciation at September 30, 2013, 2012 and 2011. The changes are presented in detail in Note 5 to the financial statements.

Table 3 / Capital Assets (Net of Depreciation)

(in thousands)

				Percentage Change	
	2013	2012	2011	2013-2012	2012-2011
Non-Depreciable					
Land	\$ 4,785	\$ 4,785	\$ 4,785	0%	0%
Construction in Progress	7,853	7,316	4,422	7%	65%
Plumber's Building	32,155	32,155	33,425	0%	-4%
Artwork	2,742	2,742	2,742	0%	0%
Total Non-Depreciable Capital Assets	\$ 47,535	\$ 46,998	\$ 45,374		
Depreciable					
Building	\$ 769,453	\$ 769,453	\$ 769,453	0%	0%
Building Improvements	25,935	24,539	22,955	6%	7%
Building Improvements - RFK Stadium	38,454	34,181	34,051	13%	0%
Stadium Structure	19,037	19,037	19,037	0%	0%
Parking Lot Improvements	5,965	5,965	5,965	0%	0%
Central Plant	16,265	16,265	16,265	0%	0%
Carnegie Library (Visitor Center)	21,941	21,941	8,985	0%	144%
Carnegie Library - Building Improvements	201	71	-	183%	0%
Financial Systems	1,446	1,446	1,446	0%	0%
Furniture and Fixtures	20,857	19,790	18,596	5%	6%
Furniture and Fixtures - RFK Stadium	623	490	451	27%	9%
Machinery and Equipment	10,521	9,530	8,788	10%	8%
Total Depreciable Capital Assets	\$ 930,698	\$ 922,708	\$ 905,992		
Less Accumulated Depreciation	361,264	330,754	299,312	9%	11%
Net Depreciable Capital Assets	\$ 569,434	\$ 591,954	\$ 606,680		

Debt Administration

The Authority had \$661 million and \$684 million in debt outstanding at the end of fiscal years September 30, 2013 and 2012, respectively. Principal payments of \$13.9 million and \$13.2 million were made during fiscal year 2013 and 2012, respectively. The debt position of the Authority is summarized below and is more fully analyzed in the financial statements (see Notes 6 through 8 for more information on long-term debt).

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

Table 4 / Long-Term Debt Outstanding
(in thousands)

				Percentage change	
	2013	2012	2011	2013-2012	2012-2011
Bonds Payable	\$ 645,099	\$ 659,164	\$ 672,309	-2%	-2%
Capital Lease Obligation	14,729	16,840	8,985	-13%	0%
Financing Arrangements	-	7,213	7,932	100%	-9%
Compensated Absences	1,081	982	1,004	10%	
Total Debt Outstanding	\$ 660,909	\$ 684,199	\$ 690,230		
Current Portion of Debt Outstanding	17,745	16,705	18,984	6%	-12%
Debt Outstanding Less Current Portion	\$ 643,164	\$ 667,494	\$ 671,246		

(4) Budgetary Controls

The Authority adopts an operating and capital budget, which are approved by its Board of Directors in February of each year for the subsequent fiscal year. The budget is reviewed and adjusted, if necessary, and changes are approved 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.

(5) 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 the following person:

Mr. Henry W. Mosley
Chief Financial Officer
Washington Convention and Sports Authority
801 Mount Vernon Place, NW
Washington, D.C. 20001

Statements of Net Position
(in thousands)

Assets	2013	2012
Cash and Cash Equivalents	\$ 12,506	\$ 10,455
Current Assets:		
Restricted Cash	7,600	2,287
Due from District of Columbia	8,224	12,611
Accounts Receivable, Net of Allowance for Uncollectible Accounts	2,335	2,533
Prepaid Expenses and Other Assets	70	-
Accrued Interest Receivable	254	678
Investments	66,700	59,056
Total Current Assets	97,689	\$ 87,620
Noncurrent Assets:		
Notes Receivable	25,008	-
Other Receivable	47,000	-
Restricted Investments	147,022	327,045
Non-Depreciable Capital Assets	47,535	46,998
Depreciable Capital Assets, Net of Accumulated Depreciation	569,434	591,954
Unamortized Bond Issue Costs	9,039	9,743
Total Noncurrent Assets	845,038	975,740
Total Assets	\$ 942,727	\$ 1,063,360
Liabilities		
Current Liabilities:		
Accounts Payable	\$ 6,394	\$ 8,413
Due to District Government	1,886	5,666
Compensation Liabilities	665	588
Deferred Revenue	3,442	3,202
Accrued Interest Payable	17,037	17,376
Other Financing Arrangement Payable, Current Portion	-	719
Other Short-Term Liabilities	9,721	6,477
Capital Lease, Current Portion	2,120	2,121
Bonds Payable, Current Portion	15,625	13,865
Total Current Liabilities	\$ 56,890	\$ 58,427

Continued on page 59

Statements of Net Position (Continued)
(in thousands)

	2013	2012
Noncurrent Liabilities:		
Compensated Absences	\$ 1,081	982
Long-term Bonds Payable Including Premium	629,474	645,299
Capital Lease - Long-term	12,609	14,719
Long-term Other Financing Arrangement Payable	-	6,494
Total Noncurrent Liabilities	643,164	667,494
Total Liabilities	\$ 700,054	\$ 725,921
Net Position:		
Invested in Capital Assets, Net of Related Debt	\$ 221,110	\$ 200,710
Restricted:		
Debt Service and Capital Interest	26,659	26,888
Capital Renewal	17,901	17,672
Operating Fund	33,706	31,580
Senior Proceeds Account	2	2
Debt Service Reserve	33,700	37,207
Kenilworth Park	144	144
Hotel Project	-	46,961
Unrestricted (Deficit)	(90,549)	(23,725)
Total Net Position	\$ 242,673	\$ 337,439

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

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

	2013	2012
Operating Revenue and Expenses		
Operating Revenues:		
Building Rental	\$ 10,030	\$ 8,536
Food Services	6,294	4,588
Electrical	2,977	2,823
Parking	1,022	899
Telecommunications	1,337	1,255
Retail & Office Space Rental	833	888
Advertising & Sponsorship	1,352	1,086
Miscellaneous	2,660	2,478
Total Operating Revenues	\$ 26,505	\$ 22,553
Operating Expenses:		
Personal Services	\$ 19,964	\$ 18,291
Contractual Services	18,207	18,064
Depreciation	30,510	31,442
Occupancy	6,925	7,056
Payment to District	2,292	2,380
Miscellaneous	915	964
Bad Debt	100	1,213
Total Operating Expenses	78,913	79,410
Operating Loss	\$ (52,408)	\$ (56,857)

Continued on page 61

Statements of Revenues, Expenses, and Changes in Net Position (Continued)
(in thousands)

	2013	2012
Non-operating Revenues and (Expenses):		
Interest Income	\$ 614	\$ 2,006
Dedicated Taxes	104,108	101,026
Miscellaneous Revenue	2,732	4,284
Interest Expense	(35,822)	(35,943)
Amortization of Bond Issuance Costs	(377)	(377)
Marketing Agencies & Internal Marketing Expenses	(10,844)	(10,610)
Funding Hotel Project	(95,197)	(18,730)
Funding Baseball Academy	(7,925)	-
Prior Year Cost Recovery	353	-
Total Non-operating Revenues and (Expenses)	(42,358)	41,656
Increase (Decrease) in Net Position	\$ (94,766)	\$ (15,201)
Net Position, Beginning of Year	337,439	352,640
Net Position, End of Year	\$ 242,673	\$ 337,439

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

Statements of Cash Flows
(in thousands)

	2013	2012
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 26,483	\$ 23,294
Payments to Suppliers	(23,671)	(24,514)
Payments to Employees	(19,788)	(18,086)
Other Payments	(2,292)	(2,380)
Net Cash Used in Operating Activities	(19,268)	(21,686)
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(8,527)	(5,486)
Other Financing Arrangement Payment	(14,324)	(719)
Bonds Payable Payment	(13,865)	(13,265)
Interest Payments	(34,985)	(35,064)
Net Cash Used in Capital and Related Financing Activities	(71,701)	(54,534)
Cash Flows from Noncapital Financing Activities:		
Dedicated Tax Receipts	103,855	101,820
Payments to Tourism Responsibility Centers	(10,844)	(10,610)
Other Receipts (Payments)	(166,809)	(14,202)
Net Cash Provided by (Used in) Noncapital Financing Activities	(73,798)	77,008
Cash Flows from Investing Activities:		
Proceeds from Sale and Maturities of Investment Securities	279,876	111,082
Purchases of Investment Securities	(109,589)	(115,597)
Interest and Dividends on Investments	1,844	3,922
Net Cash Provided by (Used in) Investing Activities	172,131	(593)
Net Increase in Cash and Cash Equivalents	\$ 7,364	\$ 195
Cash and Cash Equivalents, Beginning of Year	12,742	12,547
Cash and Cash Equivalents, End of Year	\$ 20,106	\$ 12,742

Continued on page 63

Statements of Cash Flows (Continued)
(in thousands)

	2013	2012
Reconciliation of Operating Loss to Net Cash Used In Operating Activities		
Operating Loss	\$ (52,408)	\$ (56,854)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation	30,510	31,441
Provision for Doubtful Accounts	100	1,213
(Increase) Decrease in Receivables	(262)	98
(Increase) Decrease in Prepaid Expenses and Other Assets	(70)	27
Increase in Accounts Payable	2,446	1,543
Increase in Compensation Liabilities	176	205
Increase in Unearned Revenue	240	641
Net Cash Used in Operating Activities	\$ (19,268)	\$ (21,686)
<i>Interest expense paid</i>	<i>\$ (36,012)</i>	<i>\$ (36,106)</i>

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

Note 1. Summary 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:

Reporting Entity

The Washington Convention Center Authority (WCCA), a corporate body and independent authority of the District of Columbia (District) Government, was created pursuant to the "Washington Convention Center Authority Act of 1994," D.C. 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 Washington Convention and Sports Authority (the Authority) was formed on October 1, 2009 following the transfer of D.C. Sports and Entertainment Commission's mission, responsibilities and assets to WCCA in accordance with the Washington Convention Center Authority and Sports and Entertainment Commission Merger Amendment Act of 2009, D.C. Law 18-111.

Following the transfer, the Authority's Board of Directors (the Board) grew from nine to eleven members. 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 nine public members are appointed by the mayor with the consent of the Council of the District of Columbia (the Council). The terms of the public members are four years. The mayor appoints one public member as chairperson with the advice and consent of the Council.

The Authority receives its funding by generating operating revenues from meetings, sports events, parking, advertising, sponsorships, and ancillary operations. In addition, it receives dedicated taxes from the hospital industry as well as interest and dividend income from investments. 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 Authority 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 Government.

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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 ten separate funds: the Operating (WEWCC) Fund, the Building Fund, the Marketing Fund, Capital (WEWCC) Fund, the Demolition Fund, Operating (S&E) Fund, New Stadium Fund, S&E Capital Fund, Operating (Visitor Center) Fund and Capital (Visitor Center) 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.

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 marketing and promoting conventions and tourism in the District.

d. Capital Fund – The capital fund accounts for the transactions related to improvements 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.

f. Operating (S&E) Fund – The operating S&E fund accounts for transactions related to the operation of the Robert F. Kennedy Memorial Stadium and D.C. Armory.

g. New Stadium Fund – The new stadium fund accounts for transactions related to the new Nationals Park Stadium.

h. Capital (S&E) Fund – The S&E capital fund accounts for the transactions related to the improvement of the Robert F. Kennedy Memorial Stadium and D.C. Armory.

i. Operating (Visitor Center) Fund – The operating visitor center fund accounts for transactions related to the operation of the Visitor Center (Carnegie Library).

j. Capital (Visitor Center) Fund – The visitor center capital fund accounts for the transactions related to improvements of the Visitor Center (Carnegie Library).

Cash and Cash Equivalents

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

Accounts Receivable

Receivables relate to transactions involving building rental, electrical, telecommunications, audiovisual, advertising, sponsorships, parking, and miscellaneous revenue.

Allowance for Uncollectible Accounts

The Authority establishes an allowance for uncollectible accounts for all account receivables over 180 days old. At September 30, 2013 and 2012, accounts receivable were shown net of allowance for uncollectible accounts of \$2.4 million and \$2.3 million, respectively.

Notes Receivable

Receivables relate to \$25 million promissory note entered with HQ Hotel, LLC to facilitate the development of the Marriot Marquis Convention Center Headquarters' Hotel project.

Other Receivable

Receivables relate to \$47 million additional funding to HQ Hotel, LLC to facilitate the development of the Marriot Marquis Convention Center Headquarters' Hotel project. The funding is reimbursed from the collection of excess Tax Increment Financing (TIF) generated by the hotel.

Investments

Investments in money markets and repurchase agreements are recorded at market value which approximates fair value. Treasury obligations and commercial paper 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 capitalizes assets with an original cost of \$5,000 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:

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

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. Improvements are capitalized.

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 bonds which was the difference between the reacquisition price and the net carrying amount of the old debt and the defeasance of the \$25 million of the 2007A bonds obtained for a portion of the land acquisition of related to headquarters hotel for the convention center. It is deferred and amortized over the remaining life of the old or new debt, whichever is shorter. It is being amortized over twenty-two (22) years, the remaining life of the old bonds.

Unearned Revenue

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

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.

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, non-union employees may carryover a maximum of 240 hours of annual leave and union employees may carry a maximum of 320 hours beyond December 31 of each calendar year. Carryover of annual leave in excess of 240 and 320 hours is permitted with the approval of appropriate Authority officials. The accrued maximum annual leave balance is payable to employee's upon termination of employment.

Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles 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.

Revenue and Expenses

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

New Accounting Pronouncements Policies

In fiscal year 2013, the Authority implemented the following new accounting standards:

- GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

This statement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements, issued on or before November 30, 1989 which do not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board (FASB)
- Accounting Principle Board Opinions; and
- Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee or Accounting Procedures

This statement also supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, thereby eliminating the election provided in paragraph 7 in that statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements.

The implementation of GASB Statement Number 62 had no reporting impact on the Authority's net position or changes in net position for the year ended September 30, 2013 and 2012.

The requirements of this statement are effective for periods beginning after December 15, 2011, the Authority's fiscal year 2013.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

Concept Statement No. 4, Elements of Financial Statements, introduced and deferred those elements as a consumption of net position that is applicable to a future period, and an acquisition of net position that is applicable to a future reporting period, respectively. Concept Statement No. 4 also identifies net position as the residual of all elements presented in a statement of financial position. This statement amends the net asset reporting requirements in Statement No. 34 and other pronouncements by incorporating deferred outflows and deferred inflows of resources into the components of the residual measure and remaining measure net position rather than net assets.

The financial reporting impact resulting from the implementation of GASB 63 in the Authority's financial statements was the renaming of the financial statements from "Net Assets" to "Net Position." The requirements of this statement are effective for periods beginning after December 15, 2011, the Authority's fiscal year 2013.

Note 2. Cash Deposits and Investments

Cash Deposits

The carrying amount of the Authority's cash as of September 30, 2013 and 2012 was \$20.1 million and \$12.7 million, respectively. The Authority's bank balances at September 30, 2013 and 2012 were \$20.9 million and \$13 million, respectively. These bank balances are entirely insured or collateralized with securities held by third parties in the Authority's 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. As of September 30, 2013 and 2012, the Authority's investments were in money market, U.S. treasury securities, other U.S. guaranteed securities and federal agency securities along with collateralized repurchase agreement. Agency securities and money market investments were rated AAA and/or collateralized by the fund provider. 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. As of September 30, 2013, 45% of the Authority's investments were held by a counterparty that is insured and collateralized.

As of September 30, 2013 and 2012, the Authority had the following investments (in thousands):

2013 Investment Type	Fair Value	Maturity Date	S&P	Moody's
Certificate of Deposits (CD) FDIC Insured	\$ 8,644	1-5 years	N/A	N/A
Other U.S. Guaranteed Securities	21,553	1-5 years	AAA	Aaa
Federal Agency Securities	75,326	1-5 years	AAA	Aaa
Money Market Funds – Held by Bond Trustee	108,199	Less than 1 year	AAA	Aaa
Totals	\$ 213,722			

2012 Investment Type	Fair Value	Maturity Date	S&P	Moody's
U.S. Treasury Securities	\$ 7,464	1-5 years	AAA	Aaa
Other U.S. Guaranteed Securities	8,354	1-5 years	AAA	Aaa
Federal Agency Securities	92,095	1-5 years	AA+	Aaa
Collateralized Repurchase Agreements	142,578	1-5 years	N/A	N/A
Money Market Funds - Held by Bond Trustee	135,610	Less than 1 year	AAA	Aaa
Totals	\$ 386,101			

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The risk may vary based on the type of investment. As of September 30, 2012, the Authority invested in AAA rated money market funds, U.S. treasury securities, other U.S. guaranteed securities and federal agency securities along with collateralized repurchase agreement. In accordance with the Authority's investment policy, the investments maturity varies from 1-5 years.

Credit Risk: Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy limits investments to investments that are highly rated by Moody's or Standard and Poor's. As of September 30, 2013, the Authority's investments were all in AAA rated short-term money market funds, AAA rated agency securities, guaranteed investment contracts, and certificate of deposits.

Concentration of Credit Risk: To limit exposure to concentrations of credit risk, the Authority's investment policy limits investment in U.S. Treasury to 100%, Federal Agencies to 40%, money market mutual funds to 25%, and repurchase agreements 25% to any one issuer. The fair values of investments that individually represent 5% or more of total Authority investments at September 30, 2013 are as follows (in thousands):

Issuer	Fair Value	Percentage
Money Market (Invesco)	\$ 108,199	51%
U.S. Agency Securities	\$ 75,326	35%
Collateralized Repurchase Agreement (Duetche Bank)	\$ 21,553	10%

Required Reserves: Under the Bond Trust agreements, the Authority is required to maintain certain reserve requirements for debt service, operating and marketing, capital renewal and replacement, marketing and hotel projects. The Authority maintained the above investment in various reserve accounts to meet the requirements. At September 30, 2013 and 2012, those restricted investments totaled approximately \$147 million and \$327 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 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. However, due to the lowering of AMBAC's credit rating, the Authority is obligated to provide a disclosure with respect to the downgrade of AMBAC Assurance, 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 Account in ten (10) equal installments on each April 1 and October 1 over the next five years or fully fund the account. The Authority has opted to fully fund the required amount of \$33.7 million.

Notes to Financial Statements

The following tables summarize the minimum reserve requirements and restricted amounts as of September 30, 2013 and 2012 (in thousands):

	Investment Balance as of September 30, 2013	Minimum Required Reserve (Restricted)	Available Reserve Above the Required Minimum
Reserve Account			
Series 2007A			
Capital Renewal & Replacement Account	\$ 58,793	\$ 17,901	\$ 40,892
Debt Service	26,659	26,659	-
Debt Service Reserve Account	37,203	33,700	3,503
Senior Proceeds Account	2	2	-
Marketing Account	2,463	2,463	-
Operating and Marketing Reserve Account	49,412	31,243	18,169
Revenue Account	3,698	-	3,698
Other	438	-	438
Total	\$ 178,668	\$ 111,968	\$ 66,700
Series 2010			
Bond Issuance Cost	242	242	-
Capitalized Interest	13,094	13,094	-
Debt Service Reserve Account	20,111	20,111	-
Hotel Project	1,607	1,607	-
Total	\$ 35,054	\$ 35,054	\$ -
Total Restricted Investments	\$ 213,722	\$ 147,022	\$ 66,700

	Investment Balance as of September 30, 2012		Minimum Required Reserve (Restricted)		Available Reserve Above the Required Minimum
Reserve Account					
Series 2007A					
Capital Renewal & Replacement Account	\$ 47,696	\$	17,672	\$	30,024
Debt Service & Capitalized Interest	26,888		26,888		-
Debt Service Reserve Account	37,207		37,207		-
Senior Proceeds Account	2		2		-
Marketing Account	1,354		1,354		-
Operating and Marketing Reserve Account	45,085		30,226		14,859
Revenue Account	14,173		-		14,173
WCSA Hotel Contribution	46,961		46,961		-
Total	\$ 219,366	\$	160,310	\$	59,056
Series Total 2010					
Bond Issuance cost	252		252		-
Capitalized Interest	19,646		19,646		-
Debt Service Reserve Account	24,253		24,253		-
Hotel Project	122,584		122,584		-
Total	\$ 166,735	\$	166,735	\$	-
Total Restricted Investments	\$ 386,101	\$	327,045	\$	59,056

Note 3. Notes Receivable

The Authority entered into a \$25 million promissory note agreement with HQ Hotel, LLC to facilitate the development of the Marriot Marquis Convention Center Headquarters' Hotel project. Amounts were distributed based on reimbursement requests submitted by the developer and were recorded as receivables upon issuance. As of September 30, 2013, the entire \$25 million amount of the promissory note has been disbursed and recorded as an outstanding note receivable. Under the terms of the Note, interest accrues on the unpaid principal balance of the loan at a rate of 7.5%. Monthly payments are to commence on October 1, 2018. The maturity date of the Note is September 30, 2043, but may be paid in full before the due date.

Note 4. Other Receivable

The Authority contributed \$47 million additional funding from its cash reserves to HQ Hotel, LLC to facilitate the development of the Marriott Marquis Convention Center Headquarters' Hotel Project. The contribution is to be reimbursed from the collection of excess Tax Increment Financing (TIF) generated by the hotel. The contribution amounts were disbursed in FY 2013 and are recorded as a long-term receivable. Starting FY 2015, on the last day of each fiscal year, a portion of the outstanding amount will be paid from TIF revenues remaining on deposit in the TIF revenue accounts until the Authority is fully reimbursed.

Note 5. Capital Assets

Capital asset balances at September 30, 2013 and 2012 are summarized on the following pages (in thousands).

Notes to Financial Statements

Table / Capital Assets 2013

(in thousands)

	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	Ending Balance
Non-depreciable					
Land	\$ 4,785	\$ -	\$ -	\$ -	\$ 4,785
Construction in Progress	7,316	1,439	-	(902)	7,853
Plumber's Building	32,155	-	-	-	32,155
Artwork	2,742	-	-	-	2,742
Total Non-depreciable Capital Assets	\$ 46,998	\$ 1,439	\$ -	\$ (902)	\$ 47,535
Depreciable					
Building (WEWCC)	\$ 769,453	\$ -	\$ -	\$ -	\$ 769,453
Building Improvements (WEWCC)	24,539	1,396	-	-	25,935
Stadium Structure	19,037	-	-	-	19,037
Building Improvements/Displays (SESED)	34,181	3,371	-	902	38,454
Parking Lot Improvements (SESED)	5,965	-	-	-	5,965
Central Plant	16,265	-	-	-	16,265
Carnegie Library (Visitor Center)	21,941	-	-	-	21,941
Carnegie Library - Building Improvements	71	130	-	-	201
Financial Systems	1,446	-	-	-	1,446
Furniture and Fixtures	19,790	1,067	-	-	20,857
Furniture and Equipment (SESED)	490	133	-	-	623
Machinery and Equipment	9,530	991	-	-	10,521
Total Depreciable Capital Assets	\$ 922,708	\$ 7,088	\$ -	\$ 902	\$ 930,698

Continued on page 75

Table / Capital Assets 2013 (Continued)
(in thousands)

	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	Ending Balance
Less: Accumulated Depreciation					
Building	\$ 242,593	\$ 25,597	\$ -	\$ -	\$ 268,190
Building Improvements	36,185	632	-	-	36,817
Stadium Structure	19,037	-	-	-	19,037
Parking Lot Improvements	4,298	700	-	-	4,998
Central Plant	7,705	813	-	-	8,518
Capital Lease Carnegie Library	609	731	-	-	1,340
Financial Systems	1,435	11	-	-	1,446
Furniture and Fixtures	10,826	1,357	-	-	12,183
Machinery and Equipment	8,066	669	-	-	8,735
Total Accumulated Depreciation	\$ 330,754	\$ 30,510	\$ -	\$ -	\$ 361,266
Total Net Depreciable Capital Assets	\$ 591,954	\$ (23,422)	\$ -	\$ 902	\$ 569,436

Construction in Progress: The Construction in Progress represents predevelopment costs related to construction of the new HQ Hotel project.

Notes to Financial Statements

Table / Capital Assets 2012

(in thousands)

	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	Ending Balance
Non-depreciable					
Land	\$ 4,785	\$ -	\$ -	\$ -	\$ 4,785
Construction in Progress	4,422	722	-	2,172	7,316
Plumber's Building	33,425	-	-	(1,270)	32,155
Artwork	2,742	-	-	-	2,742
Total Non-depreciable Capital Assets	\$ 45,374	\$ 722	\$ -	\$ 902	\$ 46,998
Depreciable					
Building (WEWCC)	\$ 769,453	\$ -	\$ -	\$ -	\$ 769,453
Building Improvements (WEWCC)	22,955	1,590	-	(6)	24,539
Stadium Structure	19,037	-	-	-	19,037
Building Improvements/Displays (SESED)	34,051	1,026	-	(896)	34,181
Parking Lot Improvements (SESED)	5,965	-	-	-	5,965
Central Plant	16,265	-	-	-	16,265
Carnegie Library (Visitor Center)	8,985	12,956	-	-	21,941
Carnegie Library-Building Improvements	-	71	-	-	71
Financial Systems	1,446	-	-	-	1,446
Furniture and Fixtures	18,596	1,182	-	12	19,790
Furniture and Equipment (SESED)	451	51	-	(12)	490
Machinery and Equipment	8,788	742	-	-	9,530
Total Depreciable Capital Assets	\$ 905,992	\$ 17,618	\$ -	\$ (902)	\$ 922,708

Continued on page 77

Table / Capital Assets 2012 (Continued)
(in thousands)

	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	Ending Balance
Less: Accumulated Depreciation					
Building	\$ 216,996	\$ 25,597	\$ -	\$ -	\$ 242,593
Building Improvements	34,340	1,845	-	-	36,185
Stadium Structure	18,942	95	-	-	19,037
Parking Lot Improvements	3,949	349	-	-	4,298
Central Plant	6,891	814	-	-	7,705
Capital Lease Carnegie Library	-	609	-	-	609
Financial Systems	1,422	13	-	-	1,435
Furniture and Fixtures	9,366	1,460	-	-	10,826
Machinery and Equipment	7,406	660	-	-	8,066
Total Accumulated Depreciation	\$ 299,312	\$ 31,442	\$ -	\$ -	\$ 330,754
Total Net Depreciable Capital Assets	\$ 606,680	\$ (13,824)	\$ -	\$ (902)	\$ 591,954

Construction in Progress: The Construction in Progress represents predevelopment costs related to construction of the new HQ Hotel project.

Note 6. Capital Lease

In May 2011, the Authority entered into a Memorandum of Understanding (MOU) with the District Government in order to assume the District’s responsibility for the operation and maintenance of the historic Carnegie Library and grounds. Under the MOU, the Authority is required to pay \$9 million over three years based on an agreed upon schedule. During FY13, the Authority paid the District Government \$7 million. The District had a 99-year lease in place with the Historical Society of Washington, D.C. (HSW); under the terms of the former existing lease, HSW was allowed the use of the entire Library interior for certain revenue generating programs and activities that supported HSW’s mission. The MOU required the Authority to negotiate a new lease agreement with HSW, which was executed on November 9, 2011. Under the new lease agreement, the Authority makes an annual payment to HSW for the remaining 87-year term, with the initial three years of lease payments of \$125,000 and an added escalation clause, thereafter, for the exclusive use of approximately 80% of the Library interior. The present value of the minimum lease payments totaled \$12.7 million. The Authority is currently generating revenues from the leasable space for events and tourism related activities. The schedule at left by year shows the future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of September 30, 2013 (in thousands).

Note 7. Financing Arrangements Payable

The Washington Convention and Sports Authority and Pepco Energy Services, LLC - Suez Thermal, LLC formerly known as Trigen - negotiated the terms and conditions of an Agreement for the Purchase and Sale of Leasehold Interests (“Purchase Agreement”) by which the Authority purchased Pepco Energy Service’s

Year Ended September 30	Amount
2014	\$ 2,125
2015	129
2016	129
2017	129
2018	133
2019-2023	675
2024-2028	683
2029-2033	695
2034-2038	703
2039-2043	716
2044-2048	724
2049-2053	736
2054-2058	746
2059-2063	760
2064-2068	769
2069-2073	783
2074-2078	792
2079-2083	806
2084-2088	816
2089-2093	830
2094-2098	840
2099	189
Total Minimum Lease Payments	14,908
Less: Interest Costs	(179)
PV* of Minimum Lease Payments	\$ 14,729

* PV = Present Value

leasehold interest in the Walter E. Washington Convention Center's Central Plant and the Central Plant Area. The Authority exercised the right under the Central Plant Agreement to purchase Pepco Energy Service's leasehold interest at the purchase price of \$7,483,000 on June 20, 2013. The balances for the years ended September 30, 2013 and 2012 were \$0 and \$7.2m.

Note 8. Bonds 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 delivered on February 8, 2007, with maturities ranging from October 1, 2008 to October 2036, at interest rates ranging from 3.75% to 5%. The net proceeds of these refunding bonds were used to 1) advance refund all of the Series 1998A Bonds in the aggregate principal amount of \$480.6 million; 2) refinance a portion of the land acquisition cost of WCCA related to the headquarters hotel; 3) pay the premium for the Reserve Account Credit Facility that funds the Series 2007A Bonds, including the premium for the Financial Guaranty Insurance Policy. As a result, the previously outstanding refunded bonds were considered to be defeased and the liabilities for those bonds were extinguished. The aggregate difference in debt service between the refunded debt and the refunding debt was \$10 million (NPV).

Between June, 2006 and July, 2009, the Council passed a series of legislative Acts (collectively, the "Hotel Acts"),¹ which authorized the financing, construction and development of a privately owned and operated headquarters hotel (the "HQ Hotel") for the Convention Center, including a program to train D.C. residents for HQ Hotel jobs.

In October 2010, the Authority issued senior lien dedicated tax revenue bonds (Series 2010 Bonds) with face value of \$249.2 million. These Bonds were delivered on October 26, 2010, with maturities ranging from October 2015 to October 2040, at interest rates ranging from 3.1% to 7%. The proceeds are to be used to (i) make funds available to the Developer to pay a portion of the costs of acquiring, developing, constructing and equipping the Convention Center Hotel project to be constructed on the Hotel Site adjacent to the Walter E. Washington Convention Center; (ii) fund capitalized interest for a portion of the Series 2010 Bonds during the construction phase of the Convention Center Hotel Project; (iii) fund the Debt Service Reserve Account Requirement for each series of Series 2010 Bonds; (iv) defease to the earliest optional redemption date that portion of the Authority's outstanding senior lien dedicated tax Revenue and Refunding Bonds, Series 2007A maturing on December 1, 2036 in the aggregate principal amount of \$25.4 million; (v) make \$2 million available to the Authority for establishment of the D.C. Citizen's Job Program created pursuant to the Hotel Act; and (vi) pay the Cost of Issuance for the Series 2010 Bonds. Since the hotel is privately owned, the disbursement of the hotel related bond proceeds is recorded as an expense by the Authority. The TIF revenues will be used to cover the debt services related to the hotel project. If the TIF revenues are not sufficient to pay the debt services the Authority will utilize dedicate tax to meet the requirements.

A portion of the net proceeds from the issuance of Series 2010 Bonds were used to purchase U.S. Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt services payments until the Series 2007A bonds are called or matures. As a result, the aggregate principal amount of \$25.4 million from Series 2007A Bonds is considered to be defeased and therefore removed as a liability from the Authority’s financial statements.

In connection with the issuance of the bonds, the District and the Authority 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, Authority’s operating revenues, and any amounts in excess of the mini-

um reserve account deposits to meet the sum of the projected operating and debt service expenditures and reserve requirements. If the projected revenues are insufficient, the WCCA Act requires the mayor to impose a surtax in an amount sufficient to meet the projected deficiency.

The District’s Auditor determined that the projected dedicated taxes for fiscal year 2012 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, 2013, the Authority’s bond liability totaled approximately \$652.7 million. A summary of annual maturities of the bonds payable for the years ending September 30, are listed at the bottom of this page (in thousands). At September 30, 2013 and 2012, the unamortized bond premiums were \$12.2 million and \$12.7 million, respectively, and bond deferral were \$19.6 million and \$20.3 million, respectively.

Fiscal Year		Principal		Interest		Total Debt Service
2014	\$	15,625	\$	33,384	\$	49,009
2015		18,200		32,652		50,852
2016		18,970		31,769		50,739
2017		19,835		30,838		50,673
2018		20,730		29,848		50,578
2019-2023		123,805		131,662		255,467
2024-2028		167,045		95,974		263,019
2029-2033		151,800		52,337		204,137
2034-2038		82,115		26,850		108,965
2039-2040		34,535		3,026		37,561
Total	\$	652,660	\$	468,340	\$	1,121,000

1. See New Convention Center Hotel Omnibus Financing and Development Act of 2006 (D.C. Law 16-163); New Convention Center Hotel Omnibus Financing and Development Amendment Act of 2008, D.C. Law 17-144; New Convention Center Hotel Technical Amendments Act of 2008, D.C. Law 17-399; New Convention Center Hotel Emergency Amendment Act of 2009, D.C. Bill No. 18-391; and New Convention Center Hotel Amendment Act of 2009, D.C. Bill No. 18-310.

Note 9. Long-term Liabilities

The tables below summarize long-term liabilities at September 30, 2013 and 2012:

	Balance @ 9/30/2012	Additions	Reductions	Balance @ 9/30/2013	Amount Due Within One Year
Series 2007A Bond Payable	\$ 417,305	\$ -	\$ (13,865)	\$ 403,440	\$ 15,625
Series 2007A Unamortized Bond Premium	12,673	-	(521)	12,152	-
Series 2007A Bond Deferral	(20,279)	-	657	(19,622)	-
Series 2010 Bond Payable	249,220	-	-	249,220	-
Series 2010 Unamortized Bond Premium	245	-	(10)	235	-
Capital Lease Obligation	16,840	-	(2,111)	14,729	2,120
Compensated Absences	982	99	-	1,081	-
Financing Arrangement Payable	7,213	-	(7,213)	-	-
Total Long-term Liabilities	\$ 684,199	\$ 99	\$ (22,463)	\$ 661,235	\$ 17,745

	Balance @ 9/30/2011	Additions	Reductions	Balance @ 9/30/2012	Amount Due Within One Year
Series 2007A Bond Payable	\$ 430,570	\$ -	\$ (13,265)	\$ 417,305	\$ 13,865
Series 2007A Unamortized Bond Premium	13,194	-	(521)	12,673	-
Series 2007A Bond Deferral	(20,936)	-	657	(20,279)	-
Series 2010 Bond Payable	249,220	-	-	249,220	-
Series 2010 Unamortized Bond Premium	261	-	(16)	245	-
Capital Lease Obligation	8,985	12,855	(5,000)	16,840	2,121
Compensated Absences	1,004	934	(956)	982	-
Financing Arrangement Payable	7,932	-	(719)	7,213	719
Total Long-term Liabilities	\$ 690,230	\$ 13,789	\$ (19,820)	\$ 684,199	\$ 16,705

Note 10. Retirement Plan

Effective April 1998, all Events DC 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 FY 2013 and 2012 were \$1.1 million and \$0.97 million, respectively. The Plan's administrator issues financial statements and required supplemental information which is available upon request. This report may be obtained from the following location: ICMA Retirement Corporation, 777 North Capital Street, NE, Washington, D.C. 20002-4240.

Note 11. Related Party Transactions

Dedicated Taxes: In accordance with the WCCA Act and amended Master Trust Agreement, the District of Columbia Government collects and forwards to the Authority the dedicated tax receipts that are used to fund the debt service and reserve requirements of its Series 2007A Bonds. In FY 2013, the Authority recognized revenue from dedicated tax receipts of \$104 million. As of September 30, 2013 and 2012, the dedicated taxes due from the District Government were \$7.9 million and \$7.6 million, respectively. These receivables represent September tax payments collected by the District in October.

District's (DGS) Management Agreement: On October 1, 2009, under the Washington Convention Center Authority and Sports and Entertainment Commission Merger Amendment Act of 2009, D.C. Law 18-111, the Authority merged with the D.C. Sports and Entertainment Commission to form the Washington Convention and Sports Authority (WCSA). As part of the merger, the District of Columbia's Department of General

Services (DGS) formerly known as Department of Real Estate Services (DRES) became responsible for the facility maintenance tasks on RFK stadium and the D.C. Armory previously performed by the D.C. Sports and Entertainment Commission. The Authority has agreed to pay DGS up to \$2.5 million each year for facility maintenance services.

Relationship to the United States Government: The United States Government contracted with the D.C. Sports and Entertainment Commission's predecessor, the District of Columbia Armory Board, for the construction of RFK Stadium while the United States Government constructed the surrounding motor vehicle parking areas. Both were constructed on land owned by the United States Government (DC ST 3-322). In 1988, the United States Government deeded, pursuant to Public Law 99-581, "all rights, title, and interest of the United States in and to the Stadium" to the District. In addition, the United States Department of the Interior leased to the District the land occupied by the stadium and the parking areas without consideration for 50 years.

Relationship to the District of Columbia Government: Prior to the merger, the D.C. Sports and Entertainment Commission (DCSEC) entered into a lease agreement in March 2006 with the government of the District of Columbia under which the District leased the Baseball Stadium Site and the Baseball Stadium complex to the DCSEC for a 99-year term, for the amount of one dollar (\$1) for the entire term. The DCSEC, subsequently, entered into a Lease Agreement dated March 6, 2006 with Baseball Expos, L.P. which is now the Washington Nationals Baseball Club (the "Team"). The agreement established provisions for the DCSEC, as lessor, to sublease the Baseball Stadium Site and the Baseball Stadium Complex to the Team. The lease term extends for 30 years with an initial lease payment of \$3.5 mil-

lion and with an added escalation clause thereafter. The Team is required to pay additional rent in each lease year in which the number of certain tickets issued exceeds \$2.5 million.

The former DCSEC also entered into a Funding and Assignment Agreement dated May 1, 2006 with the District of Columbia whereby the DCSEC assigned to the District all rent and other revenue amounts that it receives or is entitled to receive under or related to the March 6, 2006 Lease Agreement with the Team. During FY 2013, the District received annual rent equal to \$5 million. The District uses the rent revenue to pay the outstanding debt related to the Baseball Stadium Bonds. The Authority assumed all rights and obligations of the former DCSEC pursuant to the merger.

Leasing Arrangements-Carnegie Library (Visitor

Center): The District of Columbia holds the former Central Public Library known as the Carnegie Library at Mount Vernon Square situated on Lot 800 in Square 403N, with a street address at 801 K Street, NW, under a grant of jurisdiction dated March 3, 1899 from the Fifty-Fifth session of the Congress of the United States of America, in Chapter 455, entitled “An act to provide a site for a building for the Washington Public Library.” On June 1, 1999, the District and The Historical Society of Washington, D.C. (HSW) entered into a lease agreement with respect to the Building as the leased premises for a term of ninety-nine (99) years commencing on June 1, 1999 and ending on May 31, 2098. The Original Lease was amended on April 17, 2002 and May 29, 2002.

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

On May 5, 2011, the District and the Authority entered into a Memorandum of Understanding (MOU) Regarding The Carnegie Library and Reservation 8, whereby the District transferred to the Authority all of its rights and obligations with respect to the administrative jurisdiction over the Carnegie Library and with respect to the Original Lease, as amended, as well as setting forth certain obligations and rights with respect to Reservation 8, among other items, for \$9 million payable in three annual installments beginning November 30, 2011. The MOU is effective from May 1, 2011 through April 30, 2110.

The Authority reported the lease as a capital asset and the related debt as a long-term liability in the Authority’s statement of net position.

Note 12. 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 is to be based on 17.4% of the hotel sales tax received. During FY 2013 and 2012, the total amount of dedicated taxes allocated to the Marketing Fund was \$12.2 million and \$11.7 million, respectively. The Authority incurred the following marketing services expenses in FY 2013 and 2012 (in thousands), respectively:

Marketing Agencies	2013	2012
Washington D.C. Convention and Toursim Corporation	\$ 10,469	\$ 10,235
D.C. Chamber of Commerce	175	175
Greater Washington IBERO American Chamber of Commerce	200	200
Totals	\$ 10,844	\$ 10,610

Note 13. Baseball Stadium

Capital Reserve Fund: Pursuant to the lease agreement dated March 6, 2006, the District makes a contribution of \$1.5 million to the Capital Reserve Fund each year to be used for necessary improvements and repairs costs to the Baseball Stadium. The Capital Re-

serve Fund balance is managed by the Authority and has a balance of \$1.7 and \$0.4 million as of September 30, 2013 and 2012, respectively, which is included in Other Short-term Liabilities in the financial statements.

Close Out Project: A memorandum agreement was signed between the District and former DCSEC on September 30, 2009 to close out all spending for construction and development of the Baseball Stadium. A transfer of \$1.9 million was made to the New Stadium Account, which is managed by the Authority. During FY 2013 and 2012, there was no activity. The remaining balance of \$665,221 is reflected as a liability and included in Due to District Government, in the financial statements.

Contingency Reserve Fund: Pursuant to the lease agreement dated March 6, 2006, the District was required to contribute \$5 million, on or before the fifth anniversary of the Commencement Date, to the Contingency Reserve Fund. The fund is to be used for necessary and appropriate expenditures to preserve, maintain or enhance the value of the Baseball Stadium complex. The Contingency Reserve Fund is managed by the Authority. As of September 30, 2013, there was no activity and the balance is included in Other Liabilities in the financial statements.

Note 14. Baseball Academy

On March 7, 2012, the District entered into a ground lease agreement with the Washington Nationals Youth Baseball Academy, Inc. (the “Academy”) for a portion of the Fort DuPont Park Site that the Academy will use to construct and operate a youth baseball academy. In accordance with the lease agreement, the District is to make payments for the Academy improvements and has requested the Authority to facilitate the timely

transfer of these payments. The Authority is in receipt of the first payment in the amount of \$1 million which is reflected as a liability in the financial statements. On March 7, 2012, the Authority also entered into a grant agreement with the fund \$10.2 million for construction and development of a youth baseball academy. As of September 30, 2013, the Authority disbursed \$6 million and received grant disbursement request of \$1.9 million which is reflected as a liability in the financial statements.

Note 15. Kenilworth Park Project

The former DCSEC received funds from the Federal Government, the Washington Nationals and the District of Columbia Department of Parks and Recreation to renovate a soccer field at Kenilworth Fort Greble fields which was completed in FY 2008. At the time of the merger, the Kenilworth fund had a balance of \$145,537. This project had no activities besides monthly interest/service charge payments in fiscal years 2013 and 2012. As of September 30, 2013 and 2012, there was an account balance of \$144,014 and \$144,479, respectively. These amounts were reflected as restricted net position in the financial statements.

Note 16. Risk Management

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

Note 17. Commitments and Contingencies

Due to the nature of the Authority's business, it is involved in several claims and lawsuits, the ultimate disposition of which, with one exception, is unknown. The Authority is presently involved in a contested case before a District of Columbia administrative tribunal involving a contractual dispute. Management and legal counsel have determined that it is probable that the action will settle for substantially less than the amount of the claim. The settlement has been estimated at \$775,000 and has been accrued in the financial statements as of September 30, 2013. Based on information currently available, it is management's opinion that the expected outcome of all matters, individually or in the aggregate, will not have a material adverse effect on the financial statements.

Note 18. Subsequent Events

The Authority did not have any subsequent events, that based on the facts and circumstances, required recording or disclosure in the financial statements for the fiscal year ended September 30, 2013. Events and transactions were evaluated through January 29, 2014, the date the financial statements were available to be issued.

Schedule of Net Position by Fund
(in thousands)

	Operating (WEWCC) Fund	Operating (SED) Fund	Marketing Fund	Capital Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 2,548	\$ 2,751	\$ 1,236	\$ 1,051
Restricted Cash	-	144	-	-
Due from District of Columbia	6,929	360	935	-
Accounts Receivable, Net of Allowance for Uncollectable Accounts	1,336	870	-	-
Prepaid Expenses and Other Assets	52	18	-	20
Accrued Interest Receivable	205	-	-	-
Interfund Receivable (Payable)	29,330	(283)	(9,909)	(30,069)
Investments	66,194	-	506	-
Total Current Assets	106,594	3,860	(7,232)	(28,998)
Noncurrent Assets:				
Notes Receivable	25,008	-	-	-
Other Receivable	-	-	-	-
Restricted Investments	111,968	-	-	-
Capital Assets, Net of Accumulated Depreciation	519,999	1,055	-	31,198
Unamortized Bond Issue Costs	4,585	-	-	-
Total Noncurrent Assets	\$ 661,560	\$ 1,055	\$ -	\$ 31,198
Total Assets	\$ 768,154	\$ 4,915	\$ (7,232)	\$ 2,200
Total Assets and Deferred Outflow of Resources	\$ 768,154	\$ 4,915	\$ (7,232)	\$ 2,200

Continued on pages 88-89

Building Fund	Demolition Fund (Parking Lot)	New Stadium Fund	SED Fund Capital	Visitor Center Operating Fund	Visitor Center Capital Fund	TOTAL
\$ 1,925	\$ 1,301	\$ -	\$ 298	\$ 701	\$ 695	\$ 12,506
-	-	7,456	-	-	-	7,600
-	-	-	-	-	-	8,224
-	2	-	-	107	-	2,335
-	-	-	-	-	-	70
49	-	-	-	-	-	254
12,376	13	-	(1,595)	137	-	-
-	-	-	-	-	-	66,700
14,350	1,316	-	(1,297)	945	695	97,689
-	-	-	-	-	-	25,008
47,000	-	-	-	-	-	47,000
35,054	-	-	-	-	-	147,022
39,202	-	-	4,726	20,600	189	616,969
4,454	-	-	-	-	-	9,039
\$ 125,710	\$ -	\$ -	\$ 4,726	\$ 20,600	\$ 189	\$ 845,038
\$ 140,060	\$ 1,316	\$ 7,456	\$ 3,429	\$ 21,545	\$ 884	\$ 942,727
\$ 140,060	\$ 1,316	\$ 7,456	\$ 3,429	\$ 21,545	\$ 884	\$ 942,727

Schedule of Net Position by Fund (Continued)
(in thousands)

	Operating (WEWCC) Fund	Operating (SED) Fund	Marketing Fund	Capital Fund
LIABILITIES AND NET POSITION				
Current Liabilities:				
Accounts Payable	\$ 2,628	\$ 1,604	\$ 1,069	\$ 408
Due to District Government	-	1,221	-	-
Compensation Liabilities	559	95	-	-
Unearned Revenue	3,250	7	-	-
Accrued Interest Payable	9,617	-	-	-
Other Short-term Liabilities	-	2,930	-	-
Other Financing Arrangement Payable	-	-	-	-
Capital Lease, Current Portion	-	-	-	-
Bonds Payable, Current Portion	15,625	-	-	-
Total Current Liabilities	\$ 31,679	\$ 5,857	\$ 1,069	\$ 408

Continued on pages 90-91

Building Fund	Demolition Fund (Parking Lot)	New Stadium Fund	SED Fund Capital	Visitor Center Operating Fund	Visitor Center Capital Fund	TOTAL
\$ 206	\$ 7	\$ -	\$ 389	\$ 83	\$ -	\$ 6,394
-	-	665	-	-	-	1,886
-	-	-	-	11	-	665
-	-	-	-	185	-	3,442
7,420	-	-	-	-	-	17,037
-	-	6,791	-	-	-	9,721
-	-	-	-	-	-	-
-	-	-	-	2,120	-	2,120
-	-	-	-	-	-	15,625
\$ 7,626	\$ 7	\$ -	\$ 389	\$ 2,399	\$ -	\$ 56,890

Schedule of Net Position by Fund (Continued)
(in thousands)

	Operating (WEWCC) Fund	Operating (SED) Fund	Marketing Fund	Capital Fund
Noncurrent Liabilities:				
Compensated Absences	\$ 949	\$ 128	\$ -	\$ -
Bonds Payable Including Premium	380,346	-	-	-
Capital Lease Excluding Current Portion	-	-	-	-
Other Financing Arrangement Payable	-	-	-	-
Total Noncurrent Liabilities	381,295	128	-	-
Total Liabilities	\$ 412,974	\$ 5,985	\$ 1,069	\$ 408
Restricted Net Position:				
Net Investment in Capital Assets	\$ 124,031	\$ 1,047	\$ -	\$ 31,225
Debt Service Reserve and Capitalized Interest	26,659	-	-	-
Capital Renewal	17,901	-	-	-
Operating Fund	33,706	-	-	-
Senior Proceeds	2	-	-	-
Debt Services Reserve	33,700	-	-	-
Kenilworth Park	-	144	-	-
Hotel Project	-	-	-	-
Unrestricted Net Position	119,181	(2,261)	(8,301)	(29,433)
Total Net Position	\$ 355,180	\$ (1,070)	\$ (8,301)	\$ 1,792

See independent auditor's report.

Building Fund	Demolition Fund (Parking Lot)	New Stadium Fund	SED Fund Capital	Visitor Center Operating Fund	Visitor Center Capital Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ 1,081
249,128	-	-	-	-	-	629,474
-	-	-	-	12,609	-	12,609
-	-	-	-	-	-	-
249,128	-	-	-	12,613	-	643,164
\$ 256,754	\$ 7	\$ 7,456	\$ 389	\$ 15,012	\$ -	\$ 700,054
\$ 39,202	\$ -	\$ -	\$ 4,804	\$ 20,600	201	\$ 221,110
-	-	-	-	-	-	26,659
-	-	-	-	-	-	17,901
-	-	-	-	-	-	33,706
-	-	-	-	-	-	2
-	-	-	-	-	-	33,700
-	-	-	-	-	-	144
-	-	-	-	-	-	-
(155,896)	1,309	-	(1,764)	(14,067)	683	(90,549)
\$ (116,694)	\$ 1,309	\$ -	\$ 3,040	\$ 6,533	\$ 884	\$ 242,673

Schedule of Revenues, Expenses and Changes In Net Position by Fund
(in thousands)

	Operating (WEWCC) Fund	Operating (SED) Fund	Marketing Fund	Capital Fund
Operating Revenues:				
Building Rental	\$ 7,981	\$ 1,166	\$ -	\$ -
Food Services	5,760	476	-	-
Electrical	2,977		-	-
Parking	-	445	-	-
Telecommunications	1,337		-	-
Retail/Office Rental	350	483	-	-
Advertising & Sponsorship	-	1,352	-	-
Miscellaneous	1,074	1,542	-	-
Total Operating Revenues	\$ 19,479	\$ 5,464	\$ -	\$ -
Operating Expenses:				
Personal Services	\$ 17,678	\$ 1,923	\$ -	\$ -
Contractual Services	11,947	1,530	3,923	132
Depreciation	26,855	366	-	2,397
Occupancy	5,241	1,518	-	-
Payment to District	-	2,292	-	-
Miscellaneous	794	63	-	-
Bad debt	63	37	-	-
Total Operating Expenses	62,578	7,729	3,923	2 529
Operating Loss	\$ (43,099)	\$ (2,265)	\$ (3,923)	\$ (2,529)

Continued on pages 94-95

Building Fund		Demolition Fund (Parking Lot)		New Stadium Fund		SED Fund Capital		Visitor Center Operating Fund		Visitor Center Capital Fund		TOTAL
\$	-	\$	-	\$	-	\$	-	\$	883	\$	-	\$ 10,030
	-		-		-		-		58		-	6,294
	-		-		-		-		-		-	2,977
	-		577		-		-		-		-	1,022
	-		-		-		-		-		-	1,337
	-		-		-		-		-		-	833
	-		-		-		-		-		-	1,352
	-		-		-		-		44		-	2,660
\$	-	\$	577	\$	-	\$	-	\$	985	\$	-	\$ 26,505
\$	-	\$	-	\$	-	\$	-	\$	363	\$	-	\$ 19,964
	-		368		-		60		247		-	18,207
	-		-		-		152		731		9	30,510
	-		-		-		-		166		-	6,925
	-		-		-		-		-		-	2,292
	-		-		-		-		58		-	915
	-		-		-		-		-		-	100
	-		368		-		212		1,565		9	78,913
\$	-	\$	209	\$	-	\$	(212)	\$	(580)	\$	(9)	\$ (52,408)

Schedule of Revenues, Expenses and Changes In Net Position by Fund (Continued)
(in thousands)

	Operating (WEWCC) Fund	Operating (SED) Fund	Marketing Fund	Capital Fund
Non-operating Revenues and (Expenses):				
Interest Income	\$ 13	\$ -	\$ -	\$ -
Dedicated Taxes	73,540	-	12,226	4,708
Miscellaneous Revenue	-	2,134	-	-
Interest Expense	(20,968)	-	-	-
Amortization of Bond issuance costs	(200)	-	-	-
Marketing Agencies & Internal Marketing Expense	-	-	(10,844)	-
Funding to Hotel Project	-	-	-	-
Funding to Baseball Academy	-	(7,925)	-	-
Prior Year Cost Recovery	40	296	1	1
Total Nonoperating Revenues and (Expenses)	52,425	(5,495)	1,383	4,709
Transfer In/Out	(52,185)	5,185	-	-
Increase (Decrease) in Net Position	\$ (42,859)	\$ (2,575)	\$ (2,540)	\$ 2,180
Net Position, Beginning of Year	398,039	1,505	(5,761)	(388)
Net Position, End of Year	\$ 355,180	\$ (1,070)	\$ (8,301)	\$ 1,792

Building Fund	Demolition Fund (Parking Lot)	New Stadium Fund	SED Fund Capital	Visitor Center Operating Fund	Visitor Center Capital Fund	TOTAL
\$ 601	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 614
500	-	-	3,000	8,000	-	104,108
2,732	-	-	-	-	-	2,732
(14,840)	-	-	-	(14)	-	(35,822)
(177)	-	-	-	-	-	(377)
-	-	-	-	-	-	(10,844)
(95,197)	-	-	-	-	-	(95,197)
-	-	-	-	-	-	(7,925)
-	-	-	-	-	15	353
(106,381)	-	-	3,000	7,986	15	(42,358)
47,000	-	-	-	-	-	-
\$ (59,381)	\$ 209	\$ -	\$ 2,788	\$ 7,406	\$ 6	\$ (94,766)
(57,313)	1,100	-	252	(873)	878	337,439
\$ (116,694)	\$ 1,309	\$ -	\$ 3,040	\$ 6,533	\$ 884	\$ 242,673

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

January 29, 2014

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Washington Convention and Sports Authority (the Authority); a component unit of the Government of the District of Columbia, as of and for the year ended September 30, 2013, have issued our report thereon dated January 29, 2014.

Internal Control over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of the Report

The purpose of the report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of the audit performed in accordance with Government Auditing Standards in considering the Authority's internal control and compliance. Accordingly this communication is not suitable for any other purpose.



BertSmith & Co.
Washington, D.C.
January 29, 2014

Acknowledgements

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