NEW ORLEANS BUILDING CORPORATION
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2025

RICHARD CPAS

NEW ORLEANS BUILDING CORPORATION
NEW ORLEANS, LOUISIANA

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DECEMBER 31, 2025

NEW ORLEANS BUILDING CORPORATION

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FINANCIAL SECTION

RICHARD CPAS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
New Orleans Building Corporation
(A Proprietary Component Unit of the City of New Orleans)
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of New Orleans Building Corporation (the Corporation), a component unit of the City of New Orleans, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation, as of December 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

3421 N. Causeway Blvd. Suite 601 Metairie, LA 70002
(504) 913-9392 www.RICHARDCPAS.com

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-13, Schedule I, Schedule II, and notes to required supplementary information on pages 65-67, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The schedule of compensation, benefits, and other payments to the Agency Head (Schedule III) on page 68 is presented for the purpose of additional analysis and is 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 basic 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 basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to the Agency Head 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 June 18, 2026, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Corporation's 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 Corporation's internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
June 18, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

As the financial manager of the Corporation, we offer readers of the accompanying financial statements, this narrative overview and analysis of the financial activities of the Corporation for the years ended December 31, 2025 and 2024. This discussion and analysis are designed to assist the reader in focusing on significant financial issues and activities. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Using This Annual Report

Our auditors have provided assurance in their independent auditors' report located immediately preceding this Management's Discussion and Analysis. That opinion is unmodified with respect to the basic financial statements. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Financial Highlights - 2025

- The Corporation's unrestricted net position decreased by $6,783,152 and is primarily due to an increase in transfers out to the City of New Orleans (the City) occurring in 2025. Current assets decreased by $13,510,746, which mainly consisted of a decrease in cash balances in the amount of $15,491,606 due to an increase in transfers from the Corporation to the City. The Corporation's transfers to the City's General Fund totaled $35,848,989, consisting of $14,348,989 collected rent from Harrah's and $21,500,000 at the discretion of the Corporation's board of directors
- While GASB No. 68 requires the Corporation to recognize a liability and the change in inflows and outflows of resources, the Corporation is not responsible for any contribution to the pension fund other than the employer portion of the bi-weekly payroll while an employee is employed. When an employee terminates or retires, the Corporation has no responsibility to make any additional contribution to the pension fund.

Financial Highlights - 2024

- The Corporation's unrestricted net position increased by $14,026,786 and is primarily due to decrease in transfers out to the City of New Orleans occurring in 2024. Current assets increased by $8,670,381 which mainly consisted of an increase in cash reserves.
- A prior period adjustment was recorded for the fiscal year ending December 31, 2024. The adjustment affected the deferred inflows of resources, deferred outflows of resources, and net pension liability. These adjustments were recorded to properly account for the Corporation's proportionate share of the net pension liability in accordance with GASB Statement No. 68 Accounting and Financial Reporting for Pension. As a result of the prior period adjustment, the net position as of December 31, 2023, decreased by $345,029. The appropriate balances for deferred inflows, deferred outflows, and net pension liability are now properly reflected in the 2024 financial statements.

Overview of the Financial Statements

The Corporation's basic financial statements comprise of the Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, and the related notes to the financial statements. Since the Corporation consists of a single enterprise fund, no fund level financial statements are shown.

Basic financial statements

The basic financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Corporation's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial position.

Basic financial statements (continued)

The statement of revenues, expenses and changes in net position presents information showing how the Corporation's net position changed during the year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis - 2025

The Corporation implemented GASB 87 on January 1, 2022, and the standard had a significant impact on the statement of net position. GASB 87 requires the Corporation to recognize capital leases at present value and amortize that value over the life of the lease. Because the Corporation's leases are long term with terms extending 45-99 years. The Statement of Net Position includes information on all the Corporation's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. The statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Corporation.

NEW ORLEANS BUILDING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

Financial Analysis - 2025 (continued)

CONDENSED STATEMENTS OF NET POSITION

	2025	2024	Variance	Percent Variance
Current assets	$ 30,644,146	$ 44,154,892	$ (13,510,746)	-44.09%
Capital assets, net	436,323,444	440,762,231	(4,438,787)	-1.02%
Total assets	466,967,590	484,917,123	(17,949,533)	-3.84%
Deferred outflow of resources	366,926	230,742	136,184	37.11%
Total assets and deferred outflow of resources	$ 467,334,516	$ 485,147,865	$ (17,813,349)	-3.81%
Current liabilities	$ 2,980,288	$ 2,152,013	$ 828,275	27.79%
Non-current liabilities	31,698,703	31,811,197	(112,494)	-0.35%
Total liabilities	34,678,991	33,963,210	715,781	2.06%
Deferred inflows of resources	349,904,372	360,369,106	(10,464,734)	-2.99%
Total liabilities and deferred inflow of resources	$ 384,583,363	$ 394,332,316	$ (9,748,953)	-2.53%
Net position				
Net investment in capital assets	$ 54,660,541	$ 55,941,785	$ (1,281,244)	-2.34%
Unrestricted	28,090,612	34,873,764	(6,783,152)	-24.15%
Total net position	$ 82,751,153	$ 90,815,549	$ (8,064,396)	-9.75%

The Corporation's net position as of December 31, 2025_consists primarily of cash, investments in capital assets (land, buildings & improvements, and equipment), and lease receivables recorded in accordance with GASB 87. The Corporation's unrestricted net position decreased by $6,783,152 and is primarily due to an increase in transfers out to the City of New Orleans occurring in 2025. Therefore, current assets decreased by $13,510,746 which mainly consists of cash and cash equivalents. As of December 31, 2025, total cash balances amount to $23,683,996, consisting of $314,067 restricted cash related to the HEAL Garage swap from the City of New Orleans, and $23,369,929 of unrestricted cash balance. The increase in total liabilities in the amount of $715,781 relates to prepaid lease payments and advances on the HEAL Garage swap from the City of New Orleans.

Financial Analysis - 2025 (continued)

The following provides condensed information from the Statements of Revenues, Expenses, and Changes in Net Position for the years ending December 31, 2025 and 2024:

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31,

	2025	2024	Variance	Percent Variance
Operating revenues				
Rental income	$ 15,362,666	$ 14,286,212	$ 1,076,454	7.01%
Lease interest income	17,605,079	17,680,229	(75,150)	-0.43%
Royalty and other income	1,195,985	1,226,654	(30,669)	-2.56%
Total operating revenue	34,163,730	33,193,095	970,635	2.84%
Operating expenses				
Contractual services	2,320,591	1,847,086	473,505	20.40%
Depreciation	2,410,117	2,362,754	47,363	1.97%
Payroll	769,247	737,879	31,368	4.08%
Other operating expenses	1,438,278	1,513,523	(75,245)	-5.23%
Total operating expenses	6,938,233	6,461,242	476,991	6.87%
Operating income	27,225,497	26,731,853	493,644	1.81%
Non-operating income	559,096	801,930	(242,834)	-43.43%
Changes in net position before transfers	27,784,593	27,533,783	250,810	0.90%
Transfers in from the City of New Orleans	-	1,015,882	(1,015,882)	0.00%
Transfers out to the City of New Orleans	(35,848,989)	(16,609,745)	(19,239,244)	-53.67%
Total transfers, net	(35,848,989)	(15,593,863)	(20,255,126)	-56.50%
Changes in net position after transfers	(8,064,396)	11,939,920	(20,004,316)	-248.06%
Net position, beginning of year	90,815,549	78,875,629	11,939,920	13.15%
Net position, end of year	$ 82,751,153	$ 90,815,549	$ (8,064,396)	-9.75%

Financial Analysis - 2025 (continued)

The Statement of Revenues, Expenses, and Changes in Net Position provides an indication of the Corporation's financial health. Rental income increased by $1,076,454, primarily from CPI increases in monthly payments from original and amended lease agreements. Lease interest income decreased in the amount of $75,150, primarily from GASB 87 amortization of leases. Other operating income decreased in the amount of $30,669, primarily from less percentage rents earned during 2025.

Total operating expenses increases in the amount of $476,991, primarily from an increase in contractual services and use of attorneys for reviews of new and amended lease agreements. Non-operating income decreased by $242,834, primarily from interest income and the decrease in average bank balances due to an increase in transfers out to the City of New Orleans.

CONDENSED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2025	2024	Variance
Cash flows from:			
Operating activities	$ 6,892,238	$ 6,948,101	$ (55,863)
Noncapital financing activities	(21,500,000)	(1,004,483)	(20,495,517)
Capital and related financing activities	(1,128,873)	(275,888)	(852,985)
Investing activities	559,096	801,930	(242,834)
Net change in cash	(15,177,539)	6,469,660	(21,647,199)
Beginning of year cash	38,861,535	32,391,875	6,469,660
End of year cash	$ 23,683,996	$ 38,861,535	$ (15,177,539)

The Statement of Cash Flows presents the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for capital additions. Decrease in operating activities in the amount of $55,863 primarily results from no new significant or amendment of leases. Increase in noncapital financing activities primarily results from the increase in transfers-out to the City of New Orleans in the amount of $20,495,517. Increase in capital and related financing activities in the amount of $852,985 primarily results from more capital asset additions for building and parking lot improvements. Decrease in investing activities in the amount of 242,834 mainly relates to reduced interest income during 2025 due to an increase in transfers-out to the City of New Orleans.

Financial Analysis - 2024

The Corporation implemented GASB 87 on January 1, 2022, and the standard had a significant impact on the statement of net position. GASB 87 requires the Corporation to recognize capital leases at present value and amortize that value over the life of the lease. Because the Corporation's leases are long term with terms extending 45-99 years. The Statement of Net Position includes information on all the Corporation's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. The statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Corporation

CONDENSED STATEMENTS OF NET POSITION

	2024	2023	Variance	Percent Variance
Current assets	$ 44,154,892	$ 35,484,511	$ 8,670,381	19.64%
Capital assets, net	440,762,231	438,124,790	2,637,441	0.60%
Total assets	484,917,123	473,609,301	11,307,822	2.33%
Deferred outflow of resources	230,742	279,637	(48,895)	-21.19%
Total assets and deferred outflow of resources	$ 485,147,865	$ 473,888,938	$ 11,258,927	2.32%
Current liabilities	$ 2,152,013	$ 865,483	$ 1,286,530	59.78%
Non-current liabilities	31,811,197	32,169,595	(358,398)	-1.13%
Total liabilities	33,963,210	33,035,078	928,132	2.73%
Deferred inflows of resources	360,369,106	361,978,231	(1,609,125)	-0.45%
Total liabilities and deferred inflow of resources	$ 394,332,316	$ 395,013,309	$ (680,993)	-0.17%
Net position				
Net investment in capital assets	$ 55,941,785	$ 58,028,651	$ (2,086,866)	-3.73%
Unrestricted	34,873,764	20,846,978	14,026,786	40.22%
Total net position	$ 90,815,549	$ 78,875,629	$ 11,939,920	13.15%

The Corporation's net position as of December 31, 2024, consist primarily of cash, investments in capital assets (land, buildings & improvements, and equipment), and lease receivables recorded in accordance with GASB 87. The Corporation's unrestricted net position increased by $14,026,786 and is primarily due to less transfers out to the City of New Orleans occurring in 2024. Therefore, current assets increased by $8,670,381 which mainly consist of cash and cash equivalents. As of December 31, 2024, cash balances amounts to $38,861,535. The increase in total liabilities in the amount of $928,132 relate to prepaid lease payments for 2025.

Financial Analysis - 2024 (continued)

The following provides condensed information from the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2024 and 2023:

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31,

	2024	2023	Variance	Percent Variance
Operating revenues				
Rental income	$ 14,286,212	$ 14,971,453	$ (685,241)	-4.80%
Interest income	17,680,229	17,319,876	360,353	2.04%
Other operating income	1,226,654	1,715,743	(489,089)	-39.87%
Total operating revenue	33,193,095	34,007,072	(813,977)	-2.45%
Operating expenses				
Contractual services	1,847,086	2,368,068	(520,982)	-28.21%
Depreciation	2,362,754	2,295,208	67,546	2.86%
Payroll	737,879	648,947	88,932	12.05%
Other operating expenses	1,513,523	1,334,404	179,119	11.83%
Total operating expenses	6,461,242	6,646,627	(185,385)	-2.87%
Operating income	26,731,853	27,360,445	(628,592)	-2.35%
Net non-operating income (loss)	801,930	703,954	97,976	12.22%
Changes in net position before transfers	27,533,783	28,064,399	(530,616)	-1.93%
Transfers in from the City of New Orleans	1,015,882	-	1,015,882	0.00%
Transfers out to the City of New Orleans	(16,609,745)	(23,254,244)	6,644,499	40.00%
Total transfers, net	(15,593,863)	(23,254,244)	7,660,381	49.12%
Changes in net position after transfers	11,939,920	4,810,155	7,129,765	59.71%
Net position, beginning of year (as restated)	78,875,629	74,065,474	4,810,155	6.10%
Net position, end of year	$ 90,815,549	$ 78,875,629	$ 11,939,920	13.15%

Financial Analysis - 2024 (continued)

The Statement of Revenues, Expenses, and Changes in Net Position provides an indication of the Corporation's financial health. Rental income decreased by $-685,241, primarily from GASB 87 prospective adjustments from amended lease terms. Interest income increased in the amount of $360,353, primarily from GASB 87 prospective adjustments from amended lease terms. Other operating income decreased in the amount of $-489,089, primarily for one-time revenue transactions that occurred in 2023 such as condo sales from the Two Canal Four Seasons.

Total operating expenses decreased in the amount of $-185,385, primarily from a decrease in contractual services and use of attorneys for reviewal of new/amended leases. Non-operating income increased by $97,976, primarily from interest income and increased in interest rates and higher on-demand cash in bank accounts.

CONDENSED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2024	2023	Variance
Cash flows from:			
Operating activities	$ 6,948,101	$ 6,280,577	$ 667,524
Noncapital financing activities	(1,004,483)	(10,000,000)	8,995,517
Capital and related financing activities	(275,888)	(29,251)	(246,637)
Investing activities	801,930	699,934	101,996
Net change in cash	6,469,660	(3,048,740)	9,518,400
Beginning of year cash	32,391,875	35,440,615	(3,048,740)
End of year cash	$ 38,861,535	$ 32,391,875	$ 6,469,660

The Statement of Cash Flows presents the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for capital additions. The increase in cash flow in the amount of $6,469,660 is primarily from the decrease in transfers to the City of New Orleans.

Capital Assets

	2025	2024	Variance
Land	$ 6,753,637	$ 6,753,637	$ -
Construction in progress	56,749	11,243.00	45,506
Buildings	66,921,920	66,921,920	-
Right to use asset - ground lease	3,369,391	3,369,391	-
Building improvements	26,644,595	25,597,873	1,046,722
Office furniture and equipment	316,829	280,184	36,645
Accumulated depreciation / amortization	(49,402,580)	(46,992,463)	(2,410,117)
Total	$ 54,660,541	$ 55,941,785	$ (1,281,244)

The Corporation's capital assets presented above are net of accumulated depreciation and amortization in the amount of $54,660,541 and $55,941,785 as of December 31, 2025 and 2024 respectively. The decrease in capital assets is a result current year depreciation and amortization expense and fewer additions in 2025.

	2024	2023	Variance
Land	$ 6,753,637	$ 6,753,637	$ -
Construction in progress	11,243	-	11,243
Buildings	66,921,920	66,921,920	-
Right to use asset - ground lease	3,369,391	3,319,226	50,165
Building improvements	25,597,873	25,481,390	116,483
Office furniture and equipment	280,184	132,022	148,162
Accumulated depreciation / amortization	(46,992,463)	(44,579,544)	(2,412,919)
Total	$ 55,941,785	$ 58,028,651	$ (2,086,866)

The Corporation's capital assets presented above are net of accumulated depreciation and amortization in the amount of $55,591,785 and $58,028,651 as of December 31, 2024, and 2023 respectively. The decrease in capital assets is a result of current depreciation and amortization expense and fewer additions in 2024.

Debt Administration

As of December 31, 2025 and 2024, the Corporation's long-term debt includes the net pension liability of $766,298 and $555,713, respectively. See Note 8 Pension Plan for more information.

Economic Outlook

The Corporation continues to make improvements at Union Passenger Terminal. Proposals will be secured for improvements to the lighting and electrical service to the platforms and canopies in early summer and work is expected to begin in late summer 2026. Other improvement projects are being considered along with grant opportunities. In winter of 2026, the City also undertook upgrades to the parking facilities at UPT in the amount of $220,000.

On March 18, 2026, the Corporation's Board of Directors approved a $15,000,000 transfer to the City of New Orleans to assist the financial needs of the City of New Orleans.

On May 20, 2026, the Corporation sold the rights to receive the guaranteed minimum rent payable under the Caesars casino lease for the period from June 1, 2026, through July 31, 2035 (a total of approximately $148,750,420, in future payments) to a financial consulting and investment banking firm. The Corporation's sale of the Caesars future casino lease's funds yielded a purchase price of $102,608,766, which was deposited into the City of New Orleans emergency fund net of closing costs.

A major project to seal, repoint brick and waterproof the FQ Hyatt is slated to begin in 2026. A Request For Qualifications will be issued to secure an architect/engineer for the project with work expected to continue into 2027.

Revenue for the Corporation's tenants is mostly tied to the tourism and convention industry. An uncertain economic future due to tariffs, limits on international travel, and possible economic downturn limiting disposable income makes uncertain the immediate future for the tourism industry. If the tourism industry is affected by economic conditions, the Corporation could be affected by percentage rents due.

Request for Information

The financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the administration at 1111 Canal Street, Suite 400, New Orleans, Louisiana, 70112 or 504-658-8809.

NEW ORLEANS BUILDING CORPORATION
STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024

A S S E T S A N D D E F E R R E D O U T F L O W S

	2025	2024
CURRENT ASSETS		
Cash	$ 23,369,929	$ 38,861,535
Cash, restricted	314,067	-
Accounts receivable	1,213,403	727,074
Lease receivable, current	5,023,304	3,808,943
Due from City of New Orleans	476,290	476,290
Prepaid insurance and other assets	247,153	281,050
Total current assets	30,644,146	44,154,892
NON-CURRENT ASSETS		
Lease receivable, non-current	381,662,903	384,820,446
Capital assets not being depreciated	6,810,386	6,764,880
Capital assets, net of accumulated depreciation	47,850,155	49,176,905
Total non-current assets	436,323,444	440,762,231
TOTAL ASSETS	466,967,590	484,917,123
DEFERRED OUTFLOWS OF PENSION RESOUCES	366,926	230,742
TOTAL ASSETS AND DEFERRED OUTLOW OF RESOURCES	$ 467,334,516	$ 485,147,865

L I A B I L I T I E S, D E F E R R E D I N F L O W S, A N D N E T P O S I T I O N

	2025	2024
CURRENT LIABILITIES		
Due to governmental agencies	$ 87,350	$ 81,849
Accounts payable and accrued liabilities	216,732	108,323
Advances on lease payments	2,517,000	1,802,635
Leases payable, current	159,206	159,206
Total current liabilities	2,980,288	2,152,013
NON-CURRENT LIABILITIES		
Customer deposits	27,567	27,567
Advances on lease payments	27,724,481	28,038,343
Leases payable, non-current	3,180,357	3,189,574
Net pension liability	766,298	555,713
Total non-current liabilities	31,698,703	31,811,197
Total liabilities	34,678,991	33,963,210
DEFERRED INFLOWS OF RESOURCES		
Deferred lease revenue	349,826,801	360,353,796
Deferred inflow of pension resources	77,571	15,310
Total deferred inflow of resources	349,904,372	360,369,106
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	384,583,363	394,332,316
NET POSITION		
Net investment in capital assets	54,660,541	55,941,785
Unrestricted	28,090,612	34,873,764
Total net position	$ 82,751,153	$ 90,815,549

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

NEW ORLEANS BUILDING CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
REVENUES		
Rental income - tenants	$ 15,362,666	$ 14,286,212
Lease interest income	17,605,079	17,680,229
Royalty and other income	1,195,985	1,226,654
Total operating revenues	34,163,730	33,193,095
EXPENSES		
Depreciation and amortization expense	2,410,117	2,362,754
Contractual services	2,320,591	1,847,086
Insurance	1,023,928	1,096,554
Lease expense	164,144	158,930
Payroll and related benefits	769,247	737,879
Utilities	250,206	258,039
Total operating expenses	6,938,233	6,461,242
OPERATING INCOME	27,225,497	26,731,853
NON-OPERATING INCOME (LOSS)		
Interest income	559,096	801,930
Total non-operating income (loss)	559,096	801,930
Change in net position before transfers	27,784,593	27,533,783
TRANSFERS IN/OUT THE CITY OF NEW ORLEANS		
Transfers in from the City of New Orleans	-	1,015,882
Transfers out to the City of New Orleans	(35,848,989)	(16,609,745)
Total transfers, net	(35,848,989)	(15,593,863)
CHANGE IN NET POSITION	(8,064,396)	11,939,920
NET POSITION, BEGINNING OF THE YEAR	90,815,549	78,875,629
NET POSITION, END OF THE YEAR	$ 82,751,153	$ 90,815,549

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

NEW ORLEANS BUILDING CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS THEN ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from tenants	$ 11,145,102	$ 11,211,308
Paid to suppliers for goods and services	(3,625,780)	(3,530,093)
Paid to employees for services	(627,084)	(733,114)
Net cash provided by operating activities	6,892,238	6,948,101
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers in from the City of New Orleans	-	1,015,882
Transfers out to the City of New Orleans	(21,500,000)	(2,020,365)
Net cash provided used in noncapital and related financing activities	(21,500,000)	(1,004,483)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for capital additions	(1,128,873)	(275,888)
Net cash used in capital and related financing activities	(1,128,873)	(275,888)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	559,096	801,930
Net cash provided by investing activities	559,096	801,930
Net change in cash and cash equivalents	(15,177,539)	6,469,660
Cash and cash equivalents, beginning of year	38,861,535	32,391,875
Cash and cash equivalents, end of year	$ 23,683,996	$ 38,861,535
RECONCILIATION TO AMOUNTS ON THE STATEMENTS OF NET POSITION		
Cash	$ 23,369,929	$ 38,861,535
Cash, restricted	314,067	-
	$ 23,683,996	$ 38,861,535
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES ARE AS FOLLOWS:		
Operating income	$ 27,225,497	$ 26,731,853
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	2,359,953	2,312,590
Amortization of right-of-use asset	50,164	50,164
Non-cash transfers to City of New Orleans (Harrah's lease)	(14,348,989)	(14,589,380)
Non-cash rental income - lease deferred inflows	(10,526,995)	(1,578,814)
Deferred inflow of pension resources	62,261	(30,311)
Net pension liability	210,585	(23,332)
Changes in operating assets and liabilities:		
Accounts receivable	(162,840)	379,840
Lease receivables	1,943,182	(7,303,078)
Prepaid and other assets	33,897	(1,790)
Deferred outflow of resources	(136,184)	48,895
Due to governmental agencies	5,501	9,961
Accounts payable and accrued liabilities	108,409	(158,454)
Customer deposits	-	(11,516)
Lease payables	(9,217)	(9,688)
Advance on lease payments	77,014	1,121,161
Net cash provided by operating activities	$ 6,892,238	$ 6,948,101

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

NEW ORLEANS BUILDING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. Summary of Significant Accounting Polices

Organization

New Orleans Building Corporation (the Corporation) is a nonprofit, public benefit corporation, incorporated in the State of Louisiana on May 4, 2000. The Corporation was formed for the purpose of owning, leasing, developing, and operating properties owned by the City of New Orleans or by the Corporation and stimulating business development in the Central Business District. These purposes include, but are not limited to, planning, renovating, constructing, leasing, subleasing, managing, and promoting such properties, which activity is declared to constitute a public purpose. The Corporation is governed by an eleven-person Board of Directors composed of the President of the Council of the City of New Orleans, an annually rotating district City Councilmember, and nine directors appointed by the Mayor of the City of New Orleans, with the approval of the Council of the City of New Orleans.

The New Orleans Union Passenger Terminal (NOUPT) was created by the State of Louisiana to enable the City of New Orleans to form a unique partnership with private railroads to finance, build, and operate the facility. The City acquired the 60-acre downtown site and transferred use of it to the NOUPT until 2005 with an option to extend for another 50 years. With this arrangement in place, the railroads provided revenue bond financing for construction of a $21 million terminal and support facility on the downtown site. The NOUPT began service in 1954, consolidating 30 weekly train arrivals and departures at five, widely scattered stations into the new downtown terminal. The City also granted the NOUPT the use of six miles of grade separated right-of-way created by city, state, federal, and private railroad funding, in excess of $19 million, to eliminate time consuming and hazardous grade crossings over the tracks servicing the NOUPT. In 1977, the City and private railroads transferred passenger rail operating responsibility of the NOUPT to the National Railroad Passenger Corporation - Amtrak. The City continued other aspects of its partnership agreement with the private railroads constituting the NOUPT prior to Amtrak's assumption of national passenger service from these railroads in the 1970s. The result was a unique governing body for the NOUPT consisting of a committee composed of representatives of the City, Public Belt Railroad Commission, Amtrak, and several railroads. On May 25, 2002, the Corporation assumed control of the NOUPT located in downtown New Orleans.

In April 2013, the Corporation entered into a Cooperative Endeavor Agreement with the City of New Orleans to allow the Corporation to manage, operate, and/or lease the newly renovated St. Roch Market to a third-party tenant. The Cooperative Endeavor Agreement has a term of five years with an additional five-year extension at the end of the initial term. On September 29, 2014, the Corporation entered into a lease agreement with Bayou Secret, LLC to operate the Market. The initial term is 10 years with two five-year renewal options. The Market opened to the public on April 10, 2015. On September 19, 2023, St Roch F&B, LLC (f/k/a Bayou Secret LLC) assigned the lease to Market Staples LLC who operates the market currently.

On February 22, 2017, a Joint Merger Agreement was entered into pursuant to the provisions of Section 243 of the Louisiana Nonprofit Corporation Law, La. R.S. 12:201 by and between the majorities of the directors and approved by the sole shareholders to merge New Orleans Building Corporation ("Surviving Corporation") and Canal Street Development Corporation ("Assimilated Corporation").

1. Summary of Significant Accounting Polices (continued)

Organization (continued)

Upon the consummation of the merger: (1) New Orleans Building Corporation and Canal Street Development Corporation became one corporation, the New Orleans Building Corporation; (2) the separate existence of the Canal Street Development Corporation ceased; (3) the New Orleans Building Corporation possessed all the rights, privileges, and franchises previously possessed by the New Orleans Building Corporation and those possessed by the Canal Street Development Corporation; (4) all of the property and assets of whatever kind or description of the Canal Street Development Corporation, and all debts due on whatever account to it, were taken and deemed to be transferred to and vested in the New Orleans Building Corporation without further act or deed; and (5) the New Orleans Building Corporation became responsible for all the liabilities and obligations of the Canal Street Development Corporation. On February 27, 2017, the New Orleans Building Corporation completed the merger with the Canal Street Development Corporation through filing with the Louisiana Secretary of State's Office.

As a result of the merger with Canal Street Development Corporation, the Corporation owns and leases the D. H. Holmes building and the Saenger Theatre and is operator of the Piazza d'Italia and surrounding properties.

Reporting Entity

The Corporation is presented as a component unit of the City of New Orleans. Component units are legally separate organizations for which elected officials of the primary government (City of New Orleans) are financially accountable. Component unit status is determined using the following criteria:

The City of New Orleans is financially accountable if it appoints a voting majority of the Corporation's governing body and is either:

1. Able to impose its will on the Corporation.
2. There is potential for the Corporation to provide specific financial benefits to or impose financial burdens on the City of New Orleans. The City of New Orleans may be financially accountable if the Corporation is fiscally dependent on the City of New Orleans.

The Mayor of the City of New Orleans appoints a voting majority of the Corporation's governing body and there is potential for the Corporation to provide specific financial benefits to the City of New Orleans. This qualifies the Corporation as a component unit of the City of New Orleans. The accompanying financial statements present information only on the Corporation and do not present information on the City of New Orleans. The Corporation has no component units.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The term measurement focus is used to denote what is being measured and reported in the Corporation's financial statements. The Corporation is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the Corporation is better or worse off economically because of events and transactions of the period.

1. Summary of Significant Accounting Polices (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The term basis of accounting is used to determine when a transaction or event is recognized on the Corporation's financial statements. The Corporation uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

The Corporation maintains one proprietary fund type – the enterprise fund. The Corporation is presented as an enterprise fund which is used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

Cash and cash equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include amounts in non-interest-bearing demand deposits. Under state law, the Corporation may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States of America.

Accounts Receivable

Accounts receivable are carried at a net amount determined by the original billings for rentals and related fees, less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. Accounts receivable are written-off as bad debt expense when deemed uncollectible. Recoveries of accounts receivable previously written-off are recorded as a reduction of bad debt expense when received. The Corporation expects all accounts receivable at December 31, 2025 and 2024, to be fully collectible; therefore, no allowance for doubtful accounts was recorded at December 31, 2025 and December 31, 2024.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

1. Summary of Significant Accounting Polices (continued)

Capital Assets

The Corporation's capitalization policy requires that all single assets costing $10,000 or more be capitalized and depreciated over their useful lives. The straight-line method of depreciation is used for all classes of capital assets. The Corporation established the following estimated useful lives for each asset class:

Buildings	8-39 years
Building Improvements	5-39 years
Office furniture and equipment	5-10 years

All capital assets acquired are reported at cost. Donated assets are reported at fair market value at the donation date. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the useful life of an asset are recorded as expenditures.

Deferred outflow/inflow of resources

A deferred outflow of resources represents a consumption of resources that are applicable to future reporting periods that will be reported in a separate section after assets.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. Lease-related amounts are recognized at the inception of leases in which the Corporation is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Deferred inflows and outflows have been recognized for the differences between the actuarial expectation and the actual economic experience, net difference between projected and actual earnings on pension plan investments, and changes in assumptions related to the defined benefit pension plan.

Pensions

The Corporation participates in the City of New Orleans' defined benefit pension plan which covers substantially all employees and funds all or part of the accrued pension cost, depending on the resources that are available at the time of contribution. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value within each plan.

1. Summary of Significant Accounting Polices (continued)

Net Position

Net position classifications are defined as follows:

Net Investment in capital assets – This component of net position consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” as described above.

When both restricted and unrestricted resources are available for use, the Corporation’s policy is to use restricted resources first, then unrestricted resources as they are needed.

Revenue Recognition

All leases on properties are classified as operating leases and the related rental income is recognized on a straight-line basis over the terms of the related leases. Percentage rents are recognized as rental income when the thresholds upon which they are based have been met. Recoveries from tenants for taxes, insurance, and other operating expenses are recognized as revenues in the period the corresponding costs are incurred. Parking revenue is recorded on the accrual basis as amounts are earned.

Revenues and expenses

The Corporation distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Corporation’s ongoing operations. The principal operating revenues of the Corporation are tenant rental revenue and lease interest income. Operating expenses include the costs of contractual services, insurance, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1. Summary of Significant Accounting Polices (continued)

Leases – Lessee

The Corporation is a lessee for noncancellable lease agreements for ground lease with Mercier Reality for properties at 800 Iberville. In accordance with GASB Statement No. 87, *Leases*, the Corporation recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements for those lease contracts with an initial individual value that is material to the financial statements and whose terms call for a lease period greater than one year. The lease liability is measured at the commencement of the lease at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for the lease payments made at or before the lease commencement date, plus certain initial direct costs.

Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgements related to leases include (1) the discount rate used to value the expected lease payments, (2) lease term, and (3) lease payments.

- The Corporation uses the interest rate charged by the lessor as the discount rate, if provided. When the interest rate charged by the lessor is not provided, the Corporation uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms include the noncancellable period of the lease and option renewal periods. Lease payments included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

The Corporation monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right to use lease assets are reported with capital assets and lease liabilities are reported with long-term obligations on the statements of net position.

Leases – Lessor

The Corporation is a lessor for noncancellable lease agreements for properties at New Orleans Union Passenger Terminal, 2 Canal Street New Orleans, Riverwalk, St. Roch Market, D. H. Holmes property, Saenger Theatre, Piazza D'Italia, and Harrah's (Caesar) Casino. In accordance with GASB Statement No. 87, *Leases*, the Corporation recognizes a lease receivable and a deferred inflow in the financial statements for those lease contracts with an initial individual value that is material to the financial statements and whose terms call for a lease period greater than one year. The lease receivable and deferred inflow is measured at the commencement of the lease at the present value of the payments expected to be made during the lease term. Cash receipts for lease payments reduce the outstanding lease receivable.

The Corporation monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow if certain changes occur that are expected to significantly affect the amount of the future payments.

1. Summary of Significant Accounting Polices (continued)

Accounting Estimates

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

Reclassification

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

Future Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*, establishes new accounting and financial reporting requirements – or modifies existing requirements – related to the following: (a) Management's discussion and analysis (MD&A), (b) Unusual or infrequent items, (c) Presentation of the Proprietary fund statement of revenues, expenses, and changes in fund net position, (d) Information about major component units in basic financial statements, (e) Budgetary comparison information and (f) Financial trends information in the statistical section. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The Corporation has not yet determined the effect this Statement will have on the Corporation's financial statements and disclosures.

GASB Statement 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement 34, including leases and subscription-based information technology arrangements. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The Corporation has not yet determined the effect this Statement will have on the Corporation's financial statements and disclosures.

GASB Statement No. 105, "*Subsequent Events*," establishes new accounting and financial reporting requirements for subsequent events and supersedes prior GASB Statement No. 56 guidance on subsequent events. It defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued; requires disclosure of the date through which subsequent events have been evaluated; clarifies recognized and nonrecognized subsequent events; and establishes specific note disclosure requirements for nonrecognized events. The requirements are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter, with earlier application encouraged. The Corporation has not yet determined the effect this Statement will have on the Corporation's financial statements and disclosures.

2. Cash

Under state law, the Corporation's deposits (or the resulting bank balances) must be insured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The Corporation's value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it under state law.

At December 31, 2025, the Corporation's deposits had a total carrying amount of $23,683,996 and a bank balance of $23,723,845 of which $250,000 was covered by federal depository insurance and $23,473,845 was covered by collateral held in the name of the pledging fiscal agent bank in a holding or custodial bank. At December 31, 2025, the restricted cash balance is in the amount of $314,067, which relates to the HEAL Garage swap with the State of Louisiana to acquire the Duncan Plaza conducted by the City of New Orleans.

At December 31, 2024, the Corporation's deposits had a total carrying amount of $38,861,535 and a bank balance of $38,957,254, of which $250,000 was covered by federal depository insurance and $38,707,254 was covered by collateral held in the name of the pledging fiscal agent bank in a holding or custodial bank.

3. Accounts Receivable

At December 31, 2025 and 2024, accounts receivable in the amount of $1,213,403 and $727,074, respectively, consists of amounts due from tenants as follows:

Tenant	2025	2024
NOUPT	$ 381,010	$ 283,626
HEAL Garage	323,489	-
Two Canal - Vue Orleans	182,352	-
French Quarter Hyatt	154,192	231,075
Other	67,821	65,799
800 Iberville	60,916	53,719
Saenger	35,523	57,774
Billboard	7,979	8,808
Deanies	121	2,046
Riverwalk	-	24,227
Total	$ 1,213,403	$ 727,074

4. Capital Assets

The capital assets of the Corporation as of December 31, 2025, consist of the following:

	January 1, 2025	Additions	Deletions	December 31, 2025
Capital assets not being depreciated				
Land	$ 6,753,637	$ -	$ -	$ 6,753,637
Construction in progress	11,243	45,506	-	56,749
Total capital assets not being depreciated	6,764,880	45,506	-	6,810,386
Capital assets being depreciated				
Buildings	66,921,920	-	-	66,921,920
Right to use asset - ground lease	3,369,391	-	-	3,369,391
Building improvements	25,597,873	1,046,722	-	26,644,595
Office furniture and equipment	280,184	36,645	-	316,829
Total	96,169,368	1,083,367	-	97,252,735
Accumulated depreciation / amortization	(46,992,463)	(2,410,117)	-	(49,402,580)
Total capital assets being depreciated	49,176,905	(1,326,750)	-	47,850,155
Capital assets, net	$ 55,941,785	$ (1,281,244)	$ -	$ 54,660,541

4. Capital Assets (continued)

The capital assets of the Corporation as of December 31, 2024, consist of the following:

	January 1, 2024	Additions	Deletions	December 31, 2024
Capital assets not being depreciated				
Land	$ 6,753,637	$ -	$ -	$ 6,753,637
Construction in progress	-	11,243	-	11,243
Total capital assets not being depreciated	6,753,637	11,243	-	6,764,880
Capital assets being depreciated				
Buildings	66,921,920	-	-	66,921,920
Right to use asset - ground lease	3,369,391	-	-	3,369,391
Building improvements	25,481,390	116,483	-	25,597,873
Office furniture and equipment	132,022	148,162	-	280,184
Total	95,904,723	264,645	-	96,169,368
Accumulated depreciation / amortization	(44,629,709)	(2,362,754)	-	(46,992,463)
Total capital assets being depreciated	51,275,014	(2,098,109)	-	49,176,905
Capital assets, net	$ 58,028,651	$ (2,086,866)	$ -	$ 55,941,785

During the years ended December 31, 2025 and 2024, most of the additions related to the building improvements for the UPT. At December 31, 2025 and 2024, construction in progress is the amount of $56,749 and $11,243, respectively, related to the parking lots and canopy construction within the UPT building.

Depreciation and amortization expense for the years ended December 31, 2025 and 2024, was $2,410,117 and $2,362,754, respectively.

5. Advances on Lease Payments

As of December 31, 2025 and 2024, lease payments made in advance by tenants consisted of the following:

	2025		
Tenant	Current	Long-Term	Total
Two Canal Garage Owner (garage)	$ 313,862	$ 27,724,481	$ 28,038,343
Caesar's Casino	1,414,028	-	1,414,028
HEAL Garage	637,555	-	637,555
Piazza	76,248	-	76,248
NOUPT	32,852	-	32,852
800 Iberville	12,086	-	12,086
Saenger Theater	25,726	-	25,726
Riverwalk	4,643	-	4,643
Total	$ 2,517,000	$ 27,724,481	$ 30,241,481

	2024		
Tenant	Current	Long-Term	Total
Two Canal Garage Owner (garage)	$ 313,862	$ 28,038,343	$ 28,352,205
Caesar's Casino	1,335,136	-	1,335,136
Piazza	76,247	-	76,247
NOUPT	53,811	-	53,811
800 Iberville	10,509	-	10,509
Saenger Theater	13,070	-	13,070
Total	$ 1,802,635	$ 28,038,343	$ 29,840,978

6. Operating Lease Revenue

New Orleans Union Passenger Terminal (NOUPT)

The Corporation leases the NOUPT facility to 12 tenants, including Amtrak, Subway, Pelicans NBA, CBS Outdoor, Lamar, Greyhound, Louisiana Association of Railroad Passengers, LAZ UPT, Century Link, Verizon, United States Postal Service, and Flixbus on either month-to-month agreements or long-term operating lease agreements with maturities ranging from December 2027 to May 2048.

The following is a schedule of the minimum future rental income on non-cancelable operating leases for NOUPT as of December 31, 2025:

Year	Amount
2026	$ 1,088,228
2027	1,106,034
2028	962,355
2029	350,737
2030	62,184
2031-2035	240,000
2036-2040	240,000
2041-2045	240,000
2046-2050	116,000
Total minimum lease payments	4,405,538
Less: Interest cost	(631,089)
Present value of minimum lease payments	$ 3,774,449

Rental income from NOUPT of $2,099,999, and $2,092,433 is reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively. Deferred inflows of resources related to these leases as of December 31, 2025 and 2024 is $3,582,849 and $4,334,600, respectively. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at discount rates ranging from 4.50% to 5.00%.

6. Operating Lease Revenue (continued)

Tenant – Two Canal Owner (TCO)

Tenant - Two Canal Garage Owner (TCGO):

On July 14, 2017, the Corporation entered into a lease agreement with TCGO to operate the parking garage at 2 Canal Street. In accordance with the lease agreement, TCGO paid $30,000,000 in advance to the Corporation as capitalization of rent payable for the entire term of the lease ending May 1, 2114.

As detailed in the lease agreement with TCGO, the lease commencement date of October 2019 began the termination of the existing lease with New Orleans Hilton. Rental income in the amount of $313,862 and $313,862 was recorded for the years ended December 31, 2025 and 2024, respectively, as rental income within the Statements of Revenues, Expenses, and Changes in Net Position.

On May 7, 2015, the Corporation entered into a 99-year lease agreement with TCO for redevelopment of the building and surrounding property at 2 Canal Street.

For the years ended, December 31, 2025 and 2024, rental income from 2 Canal Street of $1,826,634 and $1,811,338, respectively, is reported on the Statements of Revenues, Expenses, and Changes in Net Position.

As detailed in the lease agreement with TCO, if there are sales of condominiums at 2 Canal Street, TCO pays NOBC 2.5% of the net sale proceeds. For the years ended, December 31, 2025 and 2024, condo sales revenue from TCO of $151,633 and $390,417, respectively, is reported as other income on the Statements of Revenues, Expenses, and Changes in Net Position.

As detailed in the lease agreement with TCO, upon approval and receipt of historic tax credits, TCO pays the Corporation $750,000 per year for ten years, for a total of $7.5 million. For the years ended, December 31, 2025 and 2024, historic tax credit revenue from TCO of $750,000 and $750,000, respectively, is reported as other income on the Statements of Revenues, Expenses, and Changes in Net Position. The $750,000 payments started in 2022 and will end in 2032.

During the fiscal year ended December 31, 2025, the Corporation was notified that the Corporation is owed a percentage from TCO related to Vue New Orleans revenue for a percentage of the rent payments made in the amount of $182,352. The amount represents the Corporation's share of rent payments made in connection with the Vue New Orleans arrangement.

6. Operating Lease Revenue (continued)

2 Canal Street – World Trade Center (continued)

Tenant - Two Canal Garage Owner (TCGO) (continued):

The following is a schedule of the minimum future lease income on non-cancellable leases for 2 Canal Street as of December 31, 2025:

Year	Amount
2026	$ 2,000,000
2027	2,000,000
2028	2,000,000
2029	2,000,000
2030	2,000,000
2031-2035	15,000,000
2036-2040	15,000,000
2041-2045	15,000,000
2046-2050	15,000,000
2051-2055	15,000,000
2056-2060	15,000,000
2061-2065	15,000,000
2066-2070	15,000,000
2071-2075	15,000,000
2076-2080	15,000,000
2081-2085	15,000,000
2086-2090	15,000,000
2091-2095	15,000,000
2096-2100	15,000,000
2101-2105	15,000,000
2106-2110	15,000,000
2111-2115	8,750,000
Total minimum lease payments	258,750,000
Less: Interest cost	(203,711,920)
Present value of minimum lease payments	$ 55,038,080

Deferred inflows of resources related to these leases as of December 31, 2025 and 2024 is $49,654,264 and $50,216,268, respectively. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at a 5% discount rate.

6. Operating Lease Revenue (continued)

Riverwalk, North Arcade, and Spanish Plaza

On July 18, 2013, the Ernest N. Morial New Orleans Exhibition Hall Authority (NOEHA) assigned the following leases to the Corporation:

1) City Leases:
    a. Lease by the City to NOEHA dated July 3, 1984, to include the property known as and identified as the Spanish Plaza, Canal Street Wharf Riparian Land, the Lower Julia Street Wharf Riparian Land, and the Lower Julia Street Air Rights.

    b. Lease by the City to NOEHA of property known as and identified as the Bienville Façade (North Arcade) Riparian Land.

2) Mississippi River Bridge Authority (MRBA) Lease:
    a. Lease between MRBA and NOEHA for a portion of the Bienville Façade not included in the City lease containing approximately 2,336 square feet.

3) Riverwalk Leases:
    a. Lease by the NOEHA to Riverwalk Marketplace (New Orleans), LLC (as successor in interest to Rouse-New Orleans, Inc. and the New Orleans Riverwalk Limited Partnership) (Rouse lease) dated July 3, 1984, of property known as and identified as the Spanish Plaza, Canal Street Wharf Riparian Land, the Lower Julia Street Wharf Riparian Land, and the Lower Julia Street Air Rights as amended by:
        i. First Amendment to lease dated November 5, 1984.
        ii. Second Amendment to lease dated December 30, 1986.

    b. Lease by NOEHA to Riverwalk Marketplace (New Orleans), LLC (as successor in interest to Rouse-New Orleans, Inc. and the New Orleans Riverwalk Limited Partnership) dated November 10, 1987 of property known as the North Arcade (Bienville Façade) Riparian Land.

    c. Lease agreement by and between NOEHA and Riverwalk Marketplace (New Orleans), LLC (as successor in interest to Rouse-New Orleans, Inc. and the New Orleans Riverwalk Limited Partnership) dated August 14, 1986 for approximately 2,336 square feet of property known and identified as the North Arcade (Bienville Façade).

    d. Subsequent to the assignment of the leases, the Corporation and Riverwalk Marketplace (New Orleans), LLC amended the Rouse Lease as follows:
        i. Third Amendment dated July 18, 2013.
        ii. Fourth Amendment dated October 21, 2013.
        iii. Fifth Amendment dated March 9, 2020.

    e. On June 16, 2022, Riverwalk Marketplace (New Orleans), LLC assigned its interest in the Rouse Lease and the Bienville Façade leases to Rockstep Riverwalk, LLC. The Corporation and Rockstep Riverwalk, LLC have entered into the Sixth Amendment of the Rouse Lease dated October 1, 2024.

6. Operating Lease Revenue (continued)

Riverwalk, North Arcade, and Spanish Plaza (continued)

The following is a schedule of the minimum future lease income on non-cancelable leases for Riverwalk, North Arcade, and Spanish Plaza as of December 31, 2025:

Year	Amount
2026	$ 115,481
2027	115,481
2028	115,481
2029	115,481
2030	115,481
2031-2035	577,405
2036-2040	577,405
2041-2045	577,405
2046-2050	577,405
2051-2055	577,405
2056-2060	577,405
2061-2065	577,405
2066-2070	577,405
2071-2075	413,809
Total minimum lease payments	5,610,454
Less: Interest cost	(2,540,008)
Present value of minimum lease payments	$ 3,070,446

Rental income from the Riverwalk, North Arcade, and Spanish Plaza of $146,775 and $147,821 is reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

Additional rental income from Riverwalk, North Arcade, and Spanish Plaza of $96,908 and $96,908 is reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

Deferred inflows of resources related to these leases as of December 31, 2025 and 2024, is $2,940,527 and $3,001,150, respectively. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at a 2.8% discount rate.

6. Operating Lease Revenue (continued)

St. Roch Market

In April 2013, the Corporation entered into a Cooperative Endeavor Agreement with the City of New Orleans to allow the Corporation to manage, operate, and/or lease the newly renovated St. Roch Market to a third-party tenant. The Cooperative Endeavor Agreement has a term of five years with an additional five-year extension at the end of the initial term.

On September 29, 2014, the Corporation entered into a lease agreement with Bayou Secret, LLC to operate the Market. The initial term is 10 years with two five-year renewal options

In September 2023, the lease was assigned to Market Staples LLC. A lease amendment was executed in May 2024 that amended the lease effective June 1, 2024. Terms for fixed rent are as follows:

Months 1-60	The greater of 3% of monthly gross revenue and $6,500.
Months 61-120	The greater of 3% of monthly gross revenue and $8,000.

The lease includes two ten-year renewal options with fixed rent as follows:

Renewal Option 1:	
Lease years 11-15	The greater of 3% of monthly gross revenue and $9,500.
Lease years 16-20	The greater of 3% of monthly gross revenue and $11,000.
Renewal Option 2:	
Lease years 21-25	The greater of 3% of monthly gross revenue and $13,000.
Lease years 26-30	The greater of 3% of monthly gross revenue and $15,000.

The amendment also requires the tenant to deposit 1.3% of gross revenue into a dedicated interest-bearing account to be used for capital improvements. Deposits will be required until the account reaches $175,000. The following is a schedule of the minimum future lease income on non-cancelable leases for St. Roch Market as of December 31, 2025:

Year	Amount
2026	$ 78,000
2027	78,000
2028	78,000
2029	88,500
2030	96,000
2031-2035	328,000
Total minimum lease payments	746,500
Less: Interest cost	(116,808)
Present value of minimum lease payments	$ 629,692

6. Operating Lease Revenue (continued)

St. Roch Market (continued)

Rental income from St. Roch Market of $86,672 and $97,167 is reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

Deferred inflows of resources related to these leases as of December 31, 2025 and 2024 is $531,150 and $591,280, respectively. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at a 4% discount rate.

D. H. Holmes Property:

The property, on which the project is constructed, designated as the "D. H. Holmes Property," was donated to the Corporation September 25, 1989. This property was subsequently leased to Historic Restoration, Inc. ("HRI") originally under one lease and later amended into separate leases, for the purpose of developing residential apartments, a first-class hotel, and a parking garage to serve the public. The original lease, the hotel's eight lease amendments, and the apartment's eight lease amendments have been approved by the Council of the City of New Orleans.

Hotel Lease: Today, the hotel is operated as the Hyatt Centric French Quarter. The Corporation (as successor-in-interest to Canal Street Development Corporation) is the landlord under the Eighth Amendment and Restatement of Hotel Lease Agreement dated September 2, 2011, with WLT French Quarter Hotel, LLC (formerly known as CWI-HRI French Quarter Hotel Property), who has subleased its interest in the Hotel Lease to French Quarter Hotel Operator, LLC (as successor by conversion to French Quarter Hotel Operator, Inc.)

Hotel Parking Lease: The Corporation (as successor-in-interest to Canal Street Development Corporation) is the landlord under the Second Amended and Restated Hotel Parking Lease Agreement dated September 2, 2011, with WLT French Quarter Hotel, LLC (formerly known as CWI-HRI French Quarter Hotel Property), who has subleased its interest in the Hotel Parking Lease to French Quarter Hotel Operator, LLC (as successor by conversion to French Quarter Hotel Operator, Inc.)

The Corporation also leases a portion of the D.H. Holmes Property not included in the hotel, apartments, and garage leases to Chifici Enterprises, LLC d/b/a Deanie's Seafood Restaurant. The original lease was signed in 2000 with lease amendments in 2007 and 2021.

The terms of the individual leases on the D.H. Holmes Property are as follows:

6. Operating Lease Revenue (continued)

D. H. Holmes Property (continued):

Tenant - 800 Iberville – Apartments Lease:

The Apartments Lease commenced December 1, 1989. The Eighth Amendment and Restatement of the Apartments Lease Agreement was entered into on October 10, 2014, but made effective as of January 1, 2014. The term of the lease is 99 years and ends December 31, 2113. Additional terms of the amended and restated lease are as follows:

1) Fixed Rent:
   a) Fixed Rent is adjusted annually (but not decreased) by the increase in CPI during the previous year. The maximum annual CPI adjustment will be seven percent (7%) unless the increase in CPI and the average apartment rent per square foot charged by the Tenant exceed 7%. If this occurs, that increase will be the maximum allowed.

      Tenant 800 Iberville is entitled to a reduction in annual fixed rent equal to the Air Rights Rent paid to NOBC. Fixed rental income of $54,589 and $53,853 is reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

2) Percentage Rent:
   a) Percentage Rent is calculated at six percent (6%) of gross income in excess of $3,416,667. The threshold is calculated on an annual basis by dividing the Fixed Rent in effect for such a year by six percent (6%).

      Percentage rental income of $0 and $0 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

3) Additional Rent:

   a) Additional Rent is calculated as two-thirds (2/3) of all monies received as percentage rent from LFBP #1, LLC

      Additional rental income of $179,250 and $100,269 is reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

6. Operating Lease Revenue (continued)

D. H. Holmes Property (continued):

Tenant - 800 Iberville – Apartments Lease (continued):

4) Base Commercial Rent Participation:

   a) Commencing March 1, 2005, thirty percent (30%) of base or fixed commercial rent paid by G.W. Fins and fifty percent (50%) of any rents paid by Deanie's is due to the Corporation.

      Base commercial rent participation income of $130,196 and $147,442 is reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

5) Air Rights Rent:

   a) The Corporation is entitled to receive, in advance, Landlord Air Rights Rent in the amount of $5,700 per annum, commencing on the Rental Commencement Date (December 1, 1994). Rent increases by 15% every five years.

      Air rights rent income of $2,104 and $2,121 is reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

Tenant - WLT French Quarter Hotel, LLC - Hotel Lease:

The Eighth Amendment and Restatement of Hotel Lease Agreement by and between the Corporation and WLT French Quarter Hotel Property, LLC (Tenant formerly known as CWI-HRI French Quarter Hotel Property) was dated September 2, 2011. On October 21, 2022, Tenant subleased its interest in the Lease to French Quarter Hotel Operator, LLC (subtenant). Subtenant entered into management agreement with Concord Hospitality Enterprises Company, LLC (Concord) effective January 7, 2025.

The primary term is 99 years from September 2, 2011 to September 1, 2110 with no option to renew.

1) Fixed Rent

   a) Base Rent is payable monthly, in advance of the first of each month and is adjusted annually commencing on the first anniversary of the effective date but not decreased. Annual adjustment is based upon the greater of (i) 3% or (ii) the extent to which the CPI increased during the previous year. WLT French Quarter Hotel, LLC is entitled to a reduction in the monthly base rent payable to the Corporation equal to the monthly air rights rent paid.

      Base rental income of $239,246 and $216,635 is reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

6. Operating Lease Revenue (continued)

D. H. Holmes Property (continued):

Tenant - WLT French Quarter Hotel , LLC - Hotel Lease (continued):

2) Percentage Rent:

a) Percentage Rent is payable within 90 days following the end of each calendar year - by March 3lst (March 30th in leap year. and is calculated as 4.5% of gross income in excess of an annual threshold. The percentage rent threshold level is calculated on an annual basis by dividing the sum of (i) Base Rent (ii) rent under the Salmen lease (ground lease) paid by Tenant, and (iii) rent under the Comer Lot lease (ground lease) paid by Tenant, in effect for such year by 4.5%.

Gross income is modified to exclude garage revenue (but not Hotel Valet Parking Revenue) and telephone charges (but not telephone charges commissions) collected from guests on behalf of the telephone company. Percentage rental income of $92,888 and $192,029 is reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

3) Additional rent:

a) 41% of all monies actually received by WLT French Quarter Hotel , LLC for any percentage rental from third party tenants payable within 30 days of receipt by WLT French Quarter Hotel LLC. WLT French Quarter Hotel , LLC must use commercially reasonable efforts to collect all percentage rent and other rent due from any third party.

4) Base Commercial Rent Participation:

a) 41% of any base commercial rent paid to WLT French Quarter Hotel , LLC and hotel operator by any commercial subtenant (excluding base commercial rent paid by hotel operator to WLT French Quarter Hotel , LLC); payable within 30 days of receipt by WLT French Quarter Hotel LLC.

Base commercial rent participation income and additional rental income of $373,737 and $278,604 is reported on the Statement of Revenues, Expenses, and Changes in Net position for the years ended December 31, 2025 and 2024, respectively.

5) Air Rights Rent:

a) $664 per month effective December 1, 2018; 15% increase every 5 years (next increase effective December 1, 2023).

Air rights rental income of $4,701 and $4,585 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

6. Operating Lease Revenue (continued)

D. H. Holmes Property (continued):

Tenant - WLT French Quarter Hotel , LLC - Hotel Garage Lease

The Second Amended and Restated Hotel Parking Lease by and between the Corporation and WLT French Quarter Hotel, LLC (formerly CWI-HRI French Quarter Hotel Property, LLC) (Tenant) dated effective as of September 2, 2011 ("Hotel Parking Lease"). On October 21, 2022, Tenant subleased its interest in the Hotel Parking Lease to French Quarter Hotel Operator, LLC (Subtenant). Subtenant entered into a management agreement with Concord Hospitality Enterprises Company, LLC (Concord) effective January 7, 2025.

The Primary term is ninety-nine (99) years, from September 2, 2011 to September 2, 2110. Following the initial 30-year period of the Term (the "Initial" period), which Initial period shall include the period from September 2, 2011, through December 31, 2042, the Corporation and WLT French Quarter Hotel , LLC will negotiate the rent and other terms of the Lease for each successive 10 year period (each an "Option Period").

Notwithstanding options granted, Lease will automatically terminate concurrently with the expiration, termination, or cancellation of the Hotel Lease. If Mercier Ground Lease is terminated or expires, Lease shall terminate as of same date, subject to any non-disturbance and attornment or similar rights granted directly by Mercier to WLT French Quarter Hotel LLC or its Mortgagee. The Corporation has the right to terminate, or to make an equitable adjustment to, the Lease if the Corporation's right under the Mercier Ground Lease are substantially reduced as a result of circumstances reasonably beyond the Corporation's control.

1) Fixed Rent

Fixed minimum Rent is payable monthly, in advance on the first of each month. The fixed minimum Rent is increased annually by the greater of (i) three percent (3%) of the Fixed Minimum Rent in effect for the immediately preceding Lease year or (ii) the amount by which the CPI has increased during the previous year, subject to certain limitations as set forth in Section 4(a) of the lease.

Fixed rental income of $147,638 and $146,271 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

6. Operating Lease Revenue (continued)

D. H. Holmes Property (continued):

Tenant - WLT French Quarter Hotel , LLC - Hotel Garage Lease (continued):

2) Percentage Rent

Percentage Rent is payable on or before the 10th of each month and shall be an amount equal to fifty percent (50%) multiplied by the difference between (i) Gross Garage Revenue after subtracting Hotel Valet Parking Income and (ii) to the extent paid by Tenant, the sum of WLT French Quarter , LLC's proportionate share of operating costs, operating expenses, insurance premiums, the Monthly Capital Improvement Fund Deposit, and Fixed Minimum Rent (including Mercier increases, which include real estate taxes payable under the Mercier Lease).

On or before the tenth (10th) day following the end of each calendar month, WLT French Quarter , LLC shall furnish the Corporation with a written statement certified to be correct by WLT French Quarter , LLC showing the Percentage Rent due from the beginning of the Lease year to the end of the preceding calendar month or portion thereof and setting forth the (i) the amount of Gross Garage Revenues generated in, at, or from the Leased premises; (ii) Hotel Valet Parking Income; (iii) WLT French Quarter , LLC's proportionate share of operating costs; (iv) Operating expenses; (v) Insurance premiums paid by WLT French Quarter , LLC; (vi) the Monthly Capital Improvement Fund deposit; and (vii) Fixed Minimum Rent (separately identifying any amounts paid to Mercier on the Corporation’s behalf as rent and for payment of real estate taxes-such statement is the "Monthly Statement").

Within thirty (30) days following the end of each Lease year in which Percentage Rent is due to the Corporation, WLT French Quarter , LLC shall compute the amount of Percentage Rent due to the Corporation for such Lease year. If the amount computed is such that WLT French Quarter , LLC has underpaid any Percentage Rent, WLT French Quarter, LLC shall pay the Corporation the deficiency within ten (10) days following the date of such reconciliation. If, on the other hand, WLT French Quarter , LLC has overpaid the amount of Percentage Rent due to the Corporation for such Lease year, then WLT French Quarter , LLC shall be entitled to offset the excess amount so paid out of the installment(s) of Fixed Minimum Rent next due to the Corporation, until repaid, except in the final Lease year, in which the Corporation shall promptly pay such excess to WLT French Quarter , LLC following expiration of the final Lease year.

Percentage rental income of $0 and $53,619 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

6. Operating Lease Revenue (continued)

D. H. Holmes Property (continued):

Tenant - WLT French Quarter Hotel , LLC - Hotel Garage Lease (continued):

3) Capital Replacement Fund

Tenant pays the lesser of (1) $2,000 or (2) Net Garage Revenues less Fixed Minimum Rent and expenses incurred by WLT French Quarter , LLC in the operation and maintenance of the garage (but not management fees paid to garage operator).

Capital improvement fund deposits of $24,000 and $24,000 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

4) Tenant Improvements:

WLT French Quarter , LLC may reimburse itself for the tenant improvements, as defined, from the capital improvements fund for the entire cost of the improvements.

5) Operating Costs and Insurance Premiums:

In addition to fixed minimum rent and percentage rent, WLT French Quarter , LLC shall pay monthly to the Corporation its proportionate share, as defined, of all costs incurred by the Corporation in maintaining, repairing, operating, and insuring the leased premises.

6. Operating Lease Revenue (continued)

D. H. Holmes Property (continued):

Tenant - WLT French Quarter Hotel , LLC - Hotel and Hotel Garage Lease:

Following is a schedule of the minimum future lease income on non-cancellable leases for D.H. Holmes Property as of December 31, 2025:

Year	Amount
2026	$ 1,130,993
2027	1,156,657
2028	1,183,090
2029	1,210,317
2030	1,238,360
2031-2035	6,642,802
2036-2040	7,481,400
2041-2045	8,272,214
2046-2050	8,903,154
2051-2055	9,634,587
2056-2060	10,333,785
2061-2065	10,416,078
2066-2070	10,416,078
2071-2075	10,416,078
2076-2080	10,416,078
2081-2085	10,416,078
2086-2090	10,416,078
2091-2095	10,416,078
2096-2100	10,416,078
2101-2105	10,416,078
2106-2110	9,813,517
2111-2112	551,071
Total minimum lease payments	161,296,649
Less: Interest cost	(121,423,625)
Present value of minimum lease payments	$ 39,873,024

Deferred inflows of resources related to these leases as of December 31, 2025 and 2024, is $36,040,808 and $36,229,385, respectively. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at discount rates ranging from 4.5% to 6%.

6. Operating Lease Revenue (continued)

Tenant - Chifici Enterprises, Inc. d/b/a Deanie's Seafood:

In early 2000, the Corporation entered into a lease with Chifici Enterprises, Inc., d/b/a Deanie's Seafood for the operation of a restaurant with ancillary bar, and catering facility, which was amended by the Amendment to Lease dated effective as of April 1, 2007. The primary terms of the lease is for 10 years and became effective on August 15, 2000. Deanie's had three options to extend the term for five years each and a fourth option to extend the term for two additional years. The term included all renewal or extension terms that become effective by reason of the Tenant's exercise of an option.

The lease was amended on May 25, 2021, to provide for Deanie's exercise of the third seven-year renewal option, retroactive to January 1, 2020 and to provide for rent as a percentage of revenue as COVID relief through December 31, 2023. The amendment also provides for an additional (fourth) five-year renewal option. Percentage Rent equals 7% of the tenant's gross sales in excess of $6,766,629. During the fiscal years ended December 31, 2025 and 2024, no percentage rent was due.

The following is a schedule of the minimum future lease income on non-cancelable leases for Deanie's as of December 31, 2025:

Year	Amount
2026	$ 473,664
2027	473,664
2028	473,664
2029	473,664
2030	473,664
2031	473,664
Total minimum lease payments	2,841,984
Less: Interest cost	(346,371)
Present value of minimum lease payments	$2,495,613

Fixed rental income of $398,610 and $398,610 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively. Lease interest income of $119,251 and $134,808 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively. Security deposits in the amount of $10,000 and $10,000 are reported on the Statement of Net Position as of December 31, 2025 and 2024, respectively.

Deferred inflows of resources related to this lease as of December 31, 2025 and 2024, is $2,391,662 and $2,790,272, respectively. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at a discount rate of 4.5%.

6. Operating Lease Revenue (continued)

Tenant - Chifici Enterprises, Inc. d/b/a Deanie's Seafood: Reimbursable Operating Costs and Real Estate Taxes

The tenant reimburses the landlord for a proportionate share of all operating costs incurred by the Landlord for management, operation, maintenance, or insurance of the building. The Tenant will also reimburses the landlord for a proportionate share of expenses for real estate taxes paid, including, but not limited to, all real property taxes, rates, duties, and assessments, local improvement taxes, import charges, or levies, whether general or special, that are levied, charged, or assessed against the building by any lawful taxing authority, whether federal, state, county, municipal, school, or otherwise.

Reimbursements received from tenants of $25,249 and $30,910 are reported on the Statement of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

Saenger Theatre:

Tenant – Saenger Theatre Redevelopment Company, LLC:

The Corporation entered into a lease agreement with Saenger Theatre Redevelopment Company (the "Developer") commencing on December 29, 2011, for a term of 52 years. The developer's lease is for Saenger Theatre (including the Iberville Street Property) and 1101 Canal Street to renovate the Saenger Theatre to allow Broadway Presentations to be presented at the Saenger. The terms of the lease are as follows:

1) Ticket-based Rent:

   The Developer shall pay the following amount per paid ticket sold to ticket presentations. Paid ticket shall mean a ticket having a face value in excess of $6.00 to a presentation at the Saenger Theatre. Ticket-based Rent per ticket a is $1.35-$1.95. The price per ticket increase on January 1, 2027 shall be increased on the first day of each fifth calendar year thereafter by 15% based on the threshold of number of paid tickets below:

Number of Paid Tickets Sold	Rent per Paid Ticket
0 - 200,000	$1.00
200,001 - 300,000	$0.00
Over 300,000	$1.50

Ticket rental income of $260,001 and $258,171 is reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

6. Operating Lease Revenue (continued)

Saenger Theatre (continued):

Tenant – Saenger Theatre Redevelopment Company, LLC (continued):

2) Office Rent:

The Developer shall pay the Corporation (the Landlord) the sum of $16,887 per year (which represents a rental of $6.00 per square foot per year based upon the square footage of Saenger Theatre's office space in the 1101 Canal Street Theatre, and 50% of any shared office space, such as conference rooms) in rent attributable to the Developer's and its Affiliate's use of office space in the 1101 Canal Street Theatre Space pursuant to the lease agreement. Rent shall be increased by 30% on January 1, 2022, and shall be increased on the first day of each fifth calendar year thereafter by 15% of each then current rental amount.

Office rental income of $14,869 and $15,103 is reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

Following is a schedule of the minimum future lease income on non-cancelable leases for the Saenger Theatre as of December 31, 2025:

Year	Amount
2026	$ 21,953
2027	25,246
2028	25,246
2029	25,246
2030	25,246
2031-2035	141,378
2036-2040	162,585
2041-2045	186,973
2046-2050	215,019
2051-2055	247,272
2056-2060	284,362
2061-2065	175,188
Total minimum lease payments	1,535,714
Less: Interest cost	(875,352)
Present value of minimum lease payments	$ 660,362

Deferred inflows of resources related to these leases as of December 31, 2025 and 2024 is $573,913 and $589,016, respectively. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at a 4.5% discount rate.

6. Operating Lease Revenue (continued)

Billboard Lease:

In late 2009, the Corporation assumed ownership of a billboard advertising lease, effective November 8, 2009. Under the terms of the lease, the lessee shall pay 40% of gross receipts less agency commission to be paid 50% to the Saenger and 50% to the Corporation. The lease automatically renews from year-to-year unless one party notifies the other of its election not to renew. Rental income of $8,000 and $8,000 is reported on the Statement of Revenues, Expense, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively. Rental income of $4,656 and $5,070 for Saenger Billboard percentage rent is included in rental income for the years ended December 31, 2025 and 2024, respectively.

Piazza d'Italia and Surrounding Properties:

The Corporation leases the Piazza d'Italia and surrounding properties owned by the City of New Orleans, Louisiana (the "City"). The original lease dated November 9, 1992, between the City and the Corporation was terminated and a new 99-year lease agreement dated June 28, 2002, replaced it. Under the new lease, fixed rent is one dollar ($1) per year and was paid in full at the inception of the lease for the lease term commencing on June 28, 2002, and ending on June 27, 2101.

Tenant-LAZ Parking Louisiana LLC:

A new lease was executed with LAZ Parking Louisiana LLC effective January 1, 2024, for a period of five years with a renewal option. Terms of the lease included base rent of $85,416 in monthly rent and percentage rent of 82% of annual gross revenue in excess of $1,400,000 per lease year. Because of work undertaken to resurface the lots, reduced rent of $56,944 was paid in November 2024, and rent was reduced to $75,282 in monthly rent due to a decrease in the number of spaces. Rent was recalculated in 2025 to be $75,765 per month.

6. Operating Lease Revenue (continued)

Tenant-LAZ Parking Louisiana LLC (continued):

Following is a schedule of the minimum future lease income on non-cancelable leases for Piazza as of December 31, 2025:

Year	Amount
2026	$ 909,180
2027	909,180
2028	909,180
Total minimum lease payments	2,727,540
Less: Interest cost	(187,457)
Present value of minimum lease payments	$ 2,540,083

Deferred inflows of resources related to these leases as of December 31, 2025 and 2024, is $2,481,018 and $3,308,025, respectively. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at a 4.50% discount rate.

Rivergate Property:

The Corporation leases the Harrah's Jazz Casino (the "Casino") and the surrounding areas (Casino premises), the Poydras Street Support Facility Premises, the Poydras Tunnel Area, the Lafayette Subsurface Area, the Pedestrian Bridge Areas and the Encroachment Area) owned by the City of New Orleans.

6. Operating Lease Revenue (continued)

Tenant – Harrah's Jazz Casino (rebranded as Caesars in 2024):

The Corporation assumed the lease with Harrah's Jazz Casino. The original lease was effective on March 15, 1994, to operate a gaming casino facility. The lease was amended on October 29, 1998. The primary term of the lease is for 30 years with the option to extend the lease for three consecutive extended terms of 10 years each. On April 3, 2020, a second amendment and restated lease agreement was signed that involved the construction of a hotel, restaurants, entertainment space and related amenities. The agreement increases the minimum rent upon the opening of the new hotel and restructured the minimum payment for Non-Gaming Revenue payments.

The Tenant shall pay the Landlord Fixed Rent in the amount of $5,000,000 per year for the first five year after the Opening Date. On the fifth anniversary of the opening date, the rent shall be increased by $2,500,000 unless such increase would cause the rent to exceed 3% of Gross Gaming Revenues for the fiscal year immediately preceding the rental adjustment date, in which case the Rent for the five-year period following the rental adjustment date will be greater of (i) the Rent for the fiscal year or (ii) an amount equal to 3% of Gross Gaming Revenues for the fiscal year.

1) Gross Gaming Payments:

   In addition to the fixed rent, commencing on the opening date, the Tenant shall pay to the Landlord gross gaming payments based on gross gaming revenues. The gross gaming payments for each fiscal year shall equal the amount by which the gross gaming percentage amount for that fiscal year exceeds the rent payable in the same fiscal year.

2) Gross Non-Gaming Payment:

   The Tenant, commencing on the opening date, shall pay to Landlord gross non-gaming payments based on gross non-gaming revenues. The gross non-gaming payments in any fiscal year shall be an amount equal to the sum of the following non-gaming minimum payments and non-gaming percentage payments. In no event shall the gross non-gaming payment be less than $1,700,000 per fiscal year. The non-gaming percentage payment for each fiscal year is equal to 6% of the amount by which gross non-gaming revenues in that fiscal year exceeds $28,333,333.

3) Minimum Payment:

   The minimum annual payments for Fixed Rent, Gross Gaming Payments, and Gross Non-Gaming Payments paid to the Landlord $13,500,000 per year and increases annually by $1,000,000 until it reaches $15,500,000. As of December 31, 2025, the Corporation received a total of $13,500,000 of minimum payments from the tenant. As of December 31, 2026, the Corporation will receive a total of $14,500,000 minimum payments from the tenant. Starting in fiscal year 2027 and continuing through the end term of the lease agreement, the Corporation will receive a total of $15,500,000 of minimum payments per year.

6. Operating Lease Revenue (continued)

Tenant – Harrah's Jazz Casino (rebranded as Caesars in 2024) (continued):

4) Trade Name Licenses:

In the event Tenant licenses to third parties the manufacturer, and/or distribution of trademarked, copyrighted or other intellectual property, the licensing program will be open to third party applicants and local vendors who meet Tenant's licensing standards at reasonable and nondiscriminatory rates. For the years ended December 31, 2025 and 2024, there were no trade name licenses payments.

5) Second Floor Rent:

The Tenant entered into the Second Floor Rent. Payment for the 2nd floor of the leased property, the casino. The payment is adjusted at the end of every 3rd calendar year by a percentage equal to the average increases in the CPI for the prior 10 years.

6) Additional Consideration:

Tenant agrees to pay a non-compete annual payment of $200,000 for neither the Tenant, JCC Intermediary, JCC Holding, nor any Affiliate under the Tenant's control, shall not operate a land-based casino in the State of Louisiana or within a 200-mile radius of the Development during the term without prior consent of the Landlord.

6. Operating Lease Revenue (continued)

Tenant – Harrah's Jazz Casino (rebranded as Caesars in 2024) (continued):

Rivergate Property rental revenues of $7,679,041 and $7,663,190 are reported on the Statement of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025 and 2024, respectively.

The future minimum lease income for Harrah's Jazz Casino as of December 31, 2025, is as follows:

Year	Amount
2026	$ 15,254,245
2027	16,254,244
2028	16,254,244
2029	16,254,244
2030	16,254,244
2031-2035	81,271,221
2036-2040	81,271,221
2041-2045	81,271,221
2046-2050	81,271,221
2051-2055	81,271,221
2056-2060	46,179,400
Total minimum lease payments	532,806,726
Less: Interest cost	(254,202,268)
Present value of minimum lease payments	$ 278,604,458

Deferred inflows of resources related to these leases as of December 31, 2025 and 2024, is $251,630,610 and $259,293,800, respectively. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at a 4.5% discount rate.

The Corporation disclosed a subsequent event in Note 14 related to the lease with Caesars.

6. Operating Lease Revenue (continued)

Lease Receivable:

The future minimum lease income in total for the Corporation as of December 31, 2025, is as follows:

Year ended December 31,	Lease Payment Requirements
2026	$ 21,071,744
2027	22,118,506
2028	22,001,260
2029	20,518,189
2030	20,265,179
2031-2035	104,674,470
2036-2040	104,732,611
2041-2045	105,547,813
2046-2050	106,082,799
2051-2055	106,730,485
2056-2060	72,374,952
2061-2065	26,168,671
2066-2070	25,993,483
2071-2075	25,829,887
2076-2080	25,416,078
2081-2085	25,416,078
2086-2090	25,416,078
2091-2095	25,416,078
2096-2100	25,416,078
2101-2105	25,416,078
2106-2110	24,813,517
2111-2115	9,301,071
Total minimum lease payments	970,721,105
Less: Interest cost	(584,034,898)
Present value of minimum lease payments	$ 386,686,207

Total Deferred inflows of resources related to these leases as of December 31, 2025 and 2024, is \$349,826,801 and \$360,353,796, respectively. The inflows of resources are recognized ratably over the terms of the leases using the net present value at the inception of the lease at discount rates ranging from 2.8% to 6%.

6. Operating Lease Revenue (continued)

Lease Receivable (continued):

The summary of all lease receivable for all tenants as of December 31 are as follows:

Tenants	2025	2024
Harrah (Caesar)	$ 278,604,458	$ 280,337,115
Two Canal	55,038,080	54,313,859
FQ Hyatt Hotel	23,050,424	22,507,002
FQ Hyatt Garage	12,236,521	12,083,134
800 Iberville	4,586,079	4,345,283
UPT	3,774,449	4,444,657
Riverwalk	3,070,446	3,099,775
Piazza	2,540,083	3,313,535
Deanies	2,495,613	2,850,026
Saenger	660,362	653,853
St. Roch	629,692	681,150
	$ 386,686,207	$ 388,629,389

The lease receivable is presented on the statement of net position as of December 31 as follows:

	2025	2024
Lease receivable, current	$ 5,023,304	$ 3,808,943
Lease receivable, non-current	381,662,903	384,820,446
	$ 386,686,207	$ 388,629,389

7. Operating Lease Payment

The Corporation is a lessee for noncancellable lease agreements for ground lease with Mercier Reality for properties at 800 Iberville. As lessee, operating lease liability under non-cancellable leases are as follows:

Year ended December 31,	Lease Payment Requirements
2026	$ 159,206
2027	159,206
2028	159,206
2029	159,206
2030	159,206
2031-2035	796,031
2036-2040	796,031
2041-2045	796,031
2046-2050	796,031
2051-2055	796,031
2056-2060	796,031
2061-2065	796,031
2066-2070	796,031
2071-2075	796,031
2076-2080	796,031
2081-2085	796,031
2086-2090	663,359
Total minimum lease payments	10,215,730
Less: Interest cost	(6,876,167)
Present value of minimum lease payments	$ 3,339,563

8. Pension Plan

Plan Description

The Employees' Retirement System of the City of New Orleans (Retirement System) is a cost-sharing multiple-employer defined benefit pension plan established on July 1, 1947 to provide retirement allowances and other benefits to all officers and employees of Orleans parish, except those who are already or may be included in the benefits of any other pension or retirement system of the city, the state or any political subdivision of the state. The Retirement System issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the Louisiana Legislative Auditor's website at www.lla.la.gov.

Benefits Provided

Retirement benefits

Members hired prior to January 1, 2018:

Normal Retirement Age:	5 years of service and age 65 30 years of service, regardless of age Any member whose age and service total 80 points
Normal Retirement Benefit:	2.5% of average compensation times creditable service for the first 25 years plus 4.0% of average compensation times creditable service thereafter

Members hired on or after January 1, 2018:

Normal Retirement Age:	5 years of service and age 65 20 Years of service and age 62 30 years of service, regardless of age Any member whose age and service total 80 points
Normal Retirement Benefit:	2.5% of average compensation times creditable service
Average Annual Compensation:	Average annual compensation for the highest consecutive 60-month period. Compensation for purposes of calculating a pension is capped at the Internal Revenue Code Section 401(a)(17) limit.
Early Retirement Provisions:	10 years of service and age 60
Early Retirement Benefit:	Normal Retirement benefit, reduced by 3% per year prior to age 62

A Retirement Incentive Plan was adopted for participating members with a retirement date in 2020.

8. Pension Plan (continued)

Benefits Provided (continued)

Participants who retired in 2022 under the Voluntary Retirement Option receive annual increases of 1% of monthly benefits plus an annual payment to the member or surviving beneficiary of $50 for each full year of employment ($1,000 minimum) for the 10-year period beginning January 1, 2022.

If a member dies after retirement and before receiving the amount of the member's accumulated contributions in annuity payments, then the lump-sum balance of the member 's contributions is paid to the member's beneficiary.

Disability benefits

If a member has at least ten years of service and is declared disabled, the member may be eligible for an ordinary disability retirement. The member receives a service retirement allowance, if eligible; otherwise, the member will receive a disability retirement allowance which will consist of:

1. An annuity which is the actuarial equivalent of the employee's accumulated contributions; and
2. An annual pension, which, together with (1), equals 75% of service allowance that would have been payable at age sixty-five, had a member continued in service to age sixty-five, computed on the average compensation.

If a member is declared disabled as the result of an accident sustained while in the actual performance of duty, without willful negligence on the member's part, the member may be eligible for an accidental disability retirement allowance. The member receives a service retirement allowance, if eligible; otherwise, the member will receive an accidental disability retirement allowance which will consist of:

1. An annuity which is the actuarial equivalent of the employee's accumulated contributions; and
2. An annual pension equal to the difference between his annuity and 65% of earnable compensation for the year preceding the date of the accident.

Medical examinations are required once each year during the first five years after retirement and once every three years thereafter until age sixty. Accidental disability benefits are offset by Workmen's Compensation payments, if any.

8. Pension Plan (continued)

Survivor benefits

Upon the death of a member during active service, the member's accumulated plan contributions are paid to the member's beneficiary. In addition, if a member has three years of creditable service, an additional lump-sum benefit equal to 25% of the member's preceding year's base earnings plus 5% of earnings for each additional year of creditable service (benefit not to exceed compensation made before death) is paid. Also, if at the date of death, the member was eligible for retirement and leaves a surviving spouse, the surviving spouse shall be eligible to elect either Option 2 or lump sum refund of employee's contributions. If, at date of death, the member was ineligible for retirement, but was at least fifty-five years of age and had ten or more years of creditable service or was under age fifty-five and had at least twenty years of creditable service, then the surviving spouse may elect to receive a lump-sum benefit or an actuarially reduced amount based upon the members' age and years of creditable service. The benefit will cease when the surviving spouse reaches the age of eligibility for Social Security. Any death benefit will be offset by Worker's Compensation benefits.

Withdrawal from Service

Upon withdrawal from service, members are entitled to:

1. Effective January 1, 2002, a member who separates with five years of creditable service may allow his accumulated contributions to remain on deposit and service retirement allowance to begin as early as age sixty-five.
2. Prior to January 1, 2002, a member who separated with ten years of creditable service may allow accumulated contributions to remain on deposit and service retirement allowance to begin as early as age sixty (subject to reduction if retirement is elected before age sixty-two). If death occurs before retirement, accumulated contributions are returned with interest.
3. Upon withdrawal without five years of creditable service, the member is entitled to return of accumulated contributions with interest or may allow contributions to remain on deposit for maximum of five years. In the case of employee's death, then accumulated contribution plus interest are paid to the member's beneficiary.
4. If a member re-enters after receipt of refund and continues service thereafter for at least six months, the member may repay the amount of refund plus the amount of employer contributions, with compound interest, to receive prior creditable service again.

Deferred Retirement Option Plan (DROP)

In lieu of receiving a service retirement allowance, any member of the Retirement System who has more than sufficient service for a regular service retirement may elect to participate in the DROP program for up to five years. Effective the date of participation in DROP, the member stops contributing to and earning benefits in the system; employer contributions also end, and the retirement benefit begins being paid into the member's DROP account.

8. Pension Plan (continued)

Deferred Retirement Option Plan (DROP) (continued)

Interest is earned on the DROP account at an annual rate set by the board of trustees. Members of the DROP receive cost of living increases, as they would have received as a retiree. Upon termination of employment at the end of the specified period of DROP participation, the DROP account is paid out. After the DROP period ends and upon continued or re-employment, the member may resume contributions and earn a supplemental benefit based on current covered compensation. If at the end of DROP participation, the member does not terminate employment, payments in DROP shall cease and no further interest shall be earned or credited to the account. Payments shall not be made until employment is terminated.

Cost of Living Adjustments

Cost of living provisions for the Retirement System allows the board of trustees to provide an annual cost of living increase. In 2017, the board of trustees was authorized to retain earnings or gains in excess of an average 3.5% to provide cost of living increases in benefits to retirees (past or future) in an amount not to exceed 3% of the initial benefit per each year of retirement, provided that the Retirement System's funded ratio was at least 95%. During 2022, the board of trustees amended its policy regarding Cost of Living Adjustments. Notwithstanding the 2017 policy, the board of trustees may be authorized to provide a cost of living increase or bonus to help adjust for actual changes in members' cost of living if the city appropriates sufficient funds to fully prefund the increase or bonus in the year the benefit is provided.

Contributions (Employer)

Contribution requirements for all employers are determined on the basis of regular interest and mortality tables adopted by the board of trustees, and additional percentage of earnable compensation, known as "Accrued Liability Contributions," determined by an actuary on basis of the amortization period adopted by the board of trustees. The Corporation was required to contribute 17.45% from January 1, 2025 through December 31, 2025 and 18.15% from January 1, 2024 through December 31, 2024 of annual covered payroll. Employees are required to contribute 6% of their annual pay. The Retirement System does not receive non-employer contributions.

The Corporation's proportionate share of employer contributions for the measurement period of January 1, 2024 through December 31, 2024 was $84,929. The Corporation's proportionate share of employer contributions for the measurement period of January 1, 2023 through December 31, 2023 was $46,578.

The Corporation's contributions to the Retirement System for the years ended December 31, 2025 and 2024, were $77,289 and $91,047, respectively.

8. Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At December 31, 2025 and 2024, the Corporation's net pension liability is comprised of its proportionate share of the net pension liabilities of the Employees' Retirement System of the City of New Orleans as follows:

	2025	2024
Proportionate Share of the Net Pension Liability	$ 766,298	$ 555,713
Measurement Date	12/31/2024	12/31/2023
Proportion (%) of Net Pension Liability	0.253265%	0.152193%
Prior Year Proportion share of Net Pension liability	$ 555,713	$ 579,045
Increase (Decrease) from Prior Measurement Date	210,585	(23,332)
Prior Year Proportion (%) of Net Pension Liability	0.152193%	0.156224%
Increased (Decrease) in Proportion (%) of the Net Pension Liability	0.101072%	-0.004031%
Penson Expense	213,951	86,299

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the reported measurement dates. In addition, the Corporation's allocation of the net pension liability was based on the Corporation's projected contribution effort to the Retirement System for the next fiscal year as compared to the total of projected contributions of all participants, actuarially determined.

8. Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions (continued)

At December 31, 2025 and 2024, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025	
	Deferred outflow of resources	Deferred inflow of resources
Differences between expected and actual experience	$ 25,029	$ 20,155
Net difference between projected and actual earnings on pension plan investments	6,542	-
Changes in assumptions	-	48,221
Changes in proportion	-	-
and differences between employer contributions and proportionate share of contributions	258,066	9,195
Contributions made subsequent to measurement date	77,289	-
	$ 366,926	$ 77,571

	2024	
	Deferred outflow of resources	Deferred inflow of resources
Differences between expected and actual experience	$ 31,562	$ -
Net difference between projected and actual earnings on pension plan investments	37,687	-
Changes in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	70,446	15,310
Contributions made subsequent to measurement date	91,047	-
	$ 230,742	$ 15,310

8. Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions (continued)

The Corporation recognized in pension expense its proportionate share of the Retirement System's change in net pension liability as follows:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided in the pension plan.

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes in assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided in the pension plan.

Changes in the Corporation's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in the Corporation's pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided in the pension plan.

Differences between contributions remitted to the Retirement System during the measurement period and the employer's proportionate share of contributions are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided in the pension plan.

Deferred outflows of resources resulting from the Corporation's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025 in the amount of $77,289. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Amount
2026	$ 83,292
2027	103,455
2028	36,862
2029	(11,543)
Total	$ 212,066

8. Pension Plan (continued)

Actuarial Assumptions

The total net pension liability in the January 1, 2025 and 2024, actuarial valuation of the Retirement System were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Investment Rate of Return:	1/1/2025: 7.00% net of investment expense, including inflation 1/1/2024: 7.25% net of investment expense, including inflation
Projected Salary Increases	1/1/2025: Age-based annual rates ranging from 4% to 15% 1/1/2024: Age-based annual rates ranging from 3.2% to 10%
Mortality Rates:	Healthy Pre-Retirement: PubG-2010 Employee Mortality Tables, amount-weighted with rates loaded by 15%, projected generationally with Scale MP-2021 and MP-2020. Healthy Post-Retirement: PubG-2010 General Healthy Retiree Tables, amount-weighted, projected generationally with Scale MP- 2021 and MP-2020. Disabled: PubNS-2010 Non-Safety Disabled Retiree Tables, amount-weighted, projected generationally with Scale MP-2021 and MP-2020.
Retirement Age Assumptions:	1/1/2025: Based on results of 2019-2023 Actuarial Experience Study 1/1/2024: Based on results of 2011-2026 Actuarial Experience Study
Expected Remaining Service Lives:	4 years (8 years for periods prior to 2019)
Cost of Living Adjustment:	The present value of future retirement benefits is based on benefits currently being paid and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the board of trustees as they were deemed not to be substantively automatic.

The long-term expected rate of return on the Retirement System's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin.

8. Pension Plan (continued)

Actuarial Assumptions (continued)

The best estimates of arithmetic real rates of return for each major asset class based on the Retirement Systems' target asset allocation as of the measurement periods ending December 31, 2024 and 2023 were as follows:

Asset Class (12/31/2024)	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Rate of Return
Cash Equivalents	2.00%	1.10%	0.02%
Domestic Equity	42.50%	6.10%	2.59%
International equity	14.00%	6.63%	0.93%
Fixed income	22.00%	2.05%	0.45%
Real estate	5.00%	3.50%	0.18%
Hedge Funds and GTAA	9.50%	2.90%	0.28%
Private investments	5.00%	9.65%	0.48%
Total	100.00%		4.93%

Asset Class (12/31/2023)	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Rate of Return
Cash Equivalents	2.00%	1.00%	0.02%
Domestic Equity	42.50%	6.60%	2.81%
International equity	14.00%	7.16%	1.00%
Fixed income	22.00%	1.96%	0.43%
Real estate	5.00%	3.40%	0.17%
Hedge Funds and GTAA	9.50%	3.00%	0.29%
Private investments	5.00%	9.90%	0.50%
Total	100.00%		5.21%

For the year ended December 31, 2025 and 2024, the discount rate used to measure the total pension liability was 7.00% and 7.25%, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, taking into consideration the recommendation of the Retirement System's actuary. Based on these assumptions, the Retirement System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. Pension Plan (continued)

Sensitivity of the Corporation's proportionate share of the net pension liability to changes in the discount rate

As of December 31, 2025 and 2024, the following presents the Corporation's proportionate share of the net pension liability calculated using the discount rate of 7.00% and 7.25%, respectively, as well as what the Corporation's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Year	1.0% Decrease (6.00%)	Current Discount Rate (7.00%)	1.0% Increase (8.00%)
2025	$ 1,008,272	$ 766,298	$ 564,672

Year	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
2024	$ 698,761	$ 555,713	$ 436,409

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees' Retirement System of the City of New Orleans' financial report.

9. Due To/From The City Of New Orleans

In October 2001, the garage at 931 Bienville was sold at public auction for $506,000. The Act of Sale on the garage was effective in February 2002. An Ordinance of the City of New Orleans declared that the proceeds from the sale were to be held in the Capital Fund to be used for Corporation purposes. These proceeds will be used to satisfy the Corporation’s out-of-pocket funding of the Capital Street Improvements Project, as described above. As of December 31, 2019, the total due from the City for this transaction was $526,315. On November 18, 2020, there was a $100,000 transfer from the City for the Spanish Plaza Project. During 2021, a transfer of $70,032 was returned to the Capital Fund. As of December 31, 2025 and 2024, the total due from the City of New Orleans was $476,290 and $476,290, respectively.

The City of New Orleans pays salaries and wages on behalf of the Corporation in the amount of $769,247 and $737,879 for the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, $47,693 and $65,599, respectively, was due to the City of New Orleans for the payment of salaries and wages.

10. Transfers To The City Of New Orleans

As part of the Ordinance of the City of New Orleans and the Corporation, on a quarterly basis, all funds not needed to satisfy the reasonably incurred obligations of the Corporation and that are in excess of the amounts budgeted and allotted for the subsequent quarter shall be transferred to the General Fund of the City of New Orleans. During the years ended December 31, 2025 and 2024, the amount transferred to the City of New Orleans was $35,848,989 and $16,609,745, respectively.

Funds transferred in 2025 were made up of $14,348,989 in rents received from Harrah's and $21,500,000, approved by the Corporation's board of directors, and was provided to the General Fund of the City of New Orleans to assist their financial needs.

Funds transferred in 2024 were made up of $14,589,310 in rents received from Harrah's and $2,020,365 to the state of Louisiana on behalf of the City of New Orleans to facilitate a land swap that resulted in the City to receive the state of Louisiana's property in Duncan Plaza. These transfers to the City are reflected in the Statement of Revenues, Expenses, and Changes in Net Position.

11. Maintenance And Use Agreement

The Corporation has an agreement with the Loews Hotel for the maintenance and use of Piazza d'Italia parking. The Piazza Maintenance and Use Agreement was originally signed June 28, 2002, with Loews Hotel to share 50% of reasonable maintenance and repair costs with the Corporation. Because of its proximity to the Piazza d'Italia and the availability of maintenance and staff equipment, Loews Hotel performs and coordinates maintenance activities in exchange for limited use of the Piazza for Hotel functions.

12. Risk Management

The Corporation is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and material disasters for which the Corporation carries errors and omissions and natural disaster commercial insurance. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. As of December 31, 2025 and 2024, the Corporation does not have any probable loss accrued on the Statements of Net Position.

13. Commitments And Contingencies

The City of New Orleans and the Corporation have owned/leased the site used by Amtrak, a lessee and operator, where railroad equipment service and maintenance operations were conducted since approximately 1974.

In June 2011, the Corporation received notification from the State of Louisiana Department of Environmental Quality and a formal demand by the Secretary under Louisiana Revised Statute 30:2275 for the remediation of the site including the design and implementation of a remedial investigation and a remedial action. The Corporation and its counsel have determined that the ultimate resolution of this notification and any related liabilities cannot be reasonably estimated.

14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued June 18, 2026, the following items require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

On March 18, 2026, the Corporation's Board of Directors approved a $15,000,000 transfer to the City of New Orleans to assist the financial needs of the City of New Orleans.

On May 20, 2026, the Corporation sold the rights to receive the guaranteed minimum rent payable under the Caesars casino lease for the period from June 1, 2026, through July 31, 2035 (a total of approximately $148,750,420, in future payments) to a financial consulting and investment banking firm. The Corporation's sale of the Caesars future casino lease's funds yielded a purchase price of $102,608,766, which was deposited into the City of New Orleans emergency fund net of closing costs.

REQUIRED SUPPLEMETARY INFORMATION

Schedule I

NEW ORLEANS BUILDING CORPORATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024	2023	2022
Employees' Retirement System of the City of New Orleans				
Statutorily required contributions	$ 77,289	$ 91,047	$ 68,262	$ 41,435
Contributions in relation to the statutorily required contributions	(77,289)	(91,047)	(68,262)	(41,435)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll during calendar year	442,917	501,636	397,334	234,626
Contributions as a percentage of covered payroll	17.45%	18.15%	17.18%	17.66%

Note: GASB 68 requires this schedule to show information for **10 years.** The Corporation implemented GASB 68 during the 2022 fiscal year. Therefore, additional years will be displayed as they become available. According to state statute, contribution requirements for all employers are actuarially determined each year.
Information related to 2016-2021 is not available.

See independent auditor's report on required supplementary information.

Schedule II

NEW ORLEANS BUILDING CORPORATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024	2023
Employees' Retirement System of the City of New Orleans			
Measurement Period	12/31/2024	12/31/2023	12/31/2022
Proportion of the net pension liability	0.253265%	0.152193%	0.156224%
Proportionate share of the net pension liability	$ 766,298	$ 555,713	$ 579,045
Covered payroll during measurement period	501,636	397,334	234,626
Proportionate share of the net pension liability as a percentage of its covered payroll	152.76%	139.86%	246.79%
Plan fiduciary net position as a percentage of the total pension liability	62.57%	55.85%	53.25%

Note: For the measurement periods ended December 31, 2022 and December 31, 2024, the actuarial valuation of the Employees' Retirement System of the City of New Orleans assumed four years as the expected remaining service lives. The reports for The Employees' Retirement System of the City of New Orleans are available on the City of New Orlean's website https://nola.gov. Information related to 2016-2022 is not available.

See independent auditor's report on required supplementary information.

Changes in Benefit Terms
There were no changes of benefits for the year ended December 31, 2025

Changes in Assumptions
There were no changes of benefits for the year ended December 31, 2025.

OTHER SUPPLEMETARY INFORMATION

Schedule III

NEW ORLEANS BUILDING CORPORATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2025

Agency Head Name:	Annie McBride, Chief Executive Officer
Salary	$ 178,714
Benefits - health insurance	8,688
Benefits - retirement	31,189
Benefits - life insurance	85
	$ 218,676

See accompanying independent auditor's report

RICHARD CPAS

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*

The Board of Directors
New Orleans Building Corporation
(A Proprietary Component Unit of the City of New Orleans)
New Orleans, Louisiana

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 business-type activities of New Orleans Building Corporation (the Corporation) as of and for the year ended December 31, 2025, the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated June 18, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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

3421 N. Causeway Blvd. Suite 601 Metairie, LA 70002
(504) 913-9392 www.RICHARDCPAS.com

Report on Compliance and Other Matters

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

Purpose of This Report

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

Richard CPAS

Metairie, Louisiana
June 18, 2026

NEW ORLEANS BUILDING CORPORATION

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2025

1. **Summary of Independent Auditors' Results**

   Financial Statements

   (a) The type of report issued on the basic financial statements: **Unmodified**

   (b) Internal control over financial reporting:

   Material weakness(es) identified: **None reported**

   Significant deficiency(ies) identified: **None reported**

   (c) Noncompliance which is material to the basic financial statements: **None reported**

2. **Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards***

   None reported

NEW ORLEANS BUILDING CORPORATION

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2025

RICHARD CPAS

NEW ORLEANS BUILDING CORPORATION

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2025

NEW ORLEANS BUILDING CORPORATION

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RICHARD CPAS

<u>INDEPENDENT ACCOUNTANTS' REPORT</u>
<u>ON APPLYING AGREED-UPON PROCEDURES</u>

To the Board of Directors of New Orleans Building Corporation and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025, through December 31, 2025. New Orleans Building Corporation's management is responsible for those C/C areas identified in the SAUPs.

New Orleans Building Corporation (the Corporation) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025, through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by New Orleans Building Corporation to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs of the Corporation for the fiscal period January 1, 2025 through December 31, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Richard CPAS

Metairie, Louisiana
June 18, 2026

3421 N. Causeway Blvd. Suite 601 Metairie, La. 70002
504-913-9392 www.RICHARDCPAS.COM

NEW ORLEANS BUILDING CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

PROCEDURES (SCHEDULE A)

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted" or for step 25 "we performed the procedure and discussed the results with management"*. If not, then a description of the exception ensues.

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions were found as a result of this procedure

ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

No exceptions were found as a result of this procedure.

iii. ***Disbursements***, including processing, reviewing, and approving.

No exceptions were found as a result of this procedure.

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions were found as a result of this procedure.

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

No exceptions were found as a result of this procedure.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exceptions were found as a result of this procedure.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions were found as a result of this procedure.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exceptions were found as a result of this procedure.

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions were found as a result of this procedure

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Not applicable – The Corporation does not have debt.

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions were found as a result of this procedure.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were found as a result of this procedure.

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions were found as a result of this procedure.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Not applicable – this procedure does not apply to the Corporation.

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable – this procedure does not apply to the Corporation.

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Not applicable – This procedure does not apply to the Corporation. The Corporation does not have audit findings.

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exceptions were found as a result of this procedure.

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

No exceptions were found as a result of this procedure

iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Not applicable – the Corporation does not have any outstanding items for more than 12 months from the statement closing date.

4) Collections (excluding electronic funds transfers)

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

No exceptions were found as a result of this procedure.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

i. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions were found as a result of this procedure.

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

No exceptions were found as a result of this procedure.

iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

No exceptions were found as a result of this procedure.

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions were found as a result of this procedure.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was in force during the fiscal period.

No exceptions were found as a result of this procedure.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

i. Observe that receipts are sequentially pre-numbered.

No exceptions were found as a result of this procedure.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

No exceptions were found as a result of this procedure.

v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

No exceptions were found as a result of this procedure.

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exceptions were found as a result of this procedure.

ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions were found as a result of this procedure.

iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

No exceptions were found as a result of this procedure.

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

No exceptions were found as a result of this procedure.

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions were found as a result of this procedure.

C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

   i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received bythe entity, and

      No exceptions were found as a result of this procedure.

   ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

      No exceptions were found as a result of this procedure.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

   No exceptions were found as a result of this procedure

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the person who maintained possession of the cards. Obtain management's representation that the listing is complete.

   Not applicable – The Corporation does not have credit cards, debit cards, fuel cards, or purchase cards.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Not applicable – the Corporation does not have credit cards, debit cards, fuel cards, or purchase cards.

ii. Observe that finance charges and late fees were not assessed on the selected statements.

Not applicable – the Corporation does not have credit cards, debit cards, fuel cards, or purchase cards.

C. Using the monthly statements or combined statements selected under #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Not applicable – the Corporation does not have credit cards, debit cards, fuel cards, or purchase cards.

D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

Not applicable – the Corporation does not have credit cards, debit cards, fuel cards, or purchase cards.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

Not applicable – the Corporation does not have any Travel and Travel Related Expense Reimbursements.

ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

Not applicable – the Corporation does not have any Travel and Travel Related Expense Reimbursements.

iii. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

Not applicable – the Corporation does not have any Travel and Travel Related Expense Reimbursements.

iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Not applicable – the Corporation does not have any Travel and Travel Related Expense Reimbursements.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exceptions were found as a result of this procedure.

ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

No exceptions were found as a result of this procedure.

iii. If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exceptions were found as a result of this procedure.

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of this procedure.

9) Payroll and Personnel

A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Not applicable – the Corporation is presented as a component unit of the City of New Orleans.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

i. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

Not applicable – the Corporation is presented as a component unit of the City of New Orleans.

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

Not applicable – the Corporation is presented as a component unit of the City of New Orleans.

iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

Not applicable – the Corporation is presented as a component unit of the City of New Orleans.

iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Not applicable – the Corporation is presented as a component unit of the City of New Orleans.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Not applicable – the Corporation is presented as a component unit of the City of New Orleans.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Not applicable – the Corporation is presented as a component unit of the City of New Orleans.

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exceptions were found as a result of this procedure.

ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were found as a result of this procedure

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions were found as a result of this procedure.

11) Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable – the Corporation does not have any debt.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not applicable – the Corporation does not have any debt.

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

No exceptions were found as a result of this procedure.

B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

   i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

   We performed the procedure and discussed the results with management.

ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

C. Using the 5 randomly selected employees/ officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S.42:1267. The requirements are as follows:

- Hired before June 9,2020- completed the training; and
- Hired on or after June 9,2020- completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions were found as a result of this procedure.

B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions were found as a result of this procedure.

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

i. Number and percentage of public servants in the agency who have completed the training requirements.

No exceptions were found as a result of this procedure.

ii. Number of sexual harassment complaints received by the agency;

No exceptions were found as a result of this procedure.

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions were found as a result of this procedure.

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions were found as a result of this procedure.

v. Amount of time it took to resolve each complaint.

No exceptions were found as a result of this procedure.