
FRENCH MARKET CORPORATION
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2025

FRENCH MARKET CORPORATION
NEW ORLEANS, LOUISIANA
FINANCIAL STATEMENTS
DECEMBER 31, 2025

FRENCH MARKET CORPORATION

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-12
STATEMENTS OF NET POSITION	13
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	14
STATEMENTS OF CASH FLOWS	15
NOTES TO THE FINANCIAL STATEMENTS	16-40
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
SCHEDULE I – Schedule of Employer’s Pension Contributions For the Year Ended December 31, 2025	41
SCHEDULE II – Schedule of Employer’s Proportionate Share of Net Pension Liability – December 31, 2025	42
SCHEDULE III – Schedule of Changes in Total OPEB Liability and Related Ratios For the Year Ended December 31, 2025	43
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	44
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
SCHEDULE IV – Schedule of Compensation, Benefits, and Other Payments to the Agency Head for the Year Ended December 31, 2025	45

FRENCH MARKET CORPORATION

TABLE OF CONTENTS (CONTINUED)

Page

INDEPENDENT AUDITOR’S 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

46-47

SCHEDULE OF FINDINGS AND RESPONSES

48

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
French Market 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 French Market Corporation (the Market), a component unit of the City of New Orleans, as of and for the year ended December 31, 2025, and 2024, and the related notes to the financial statements, which collectively comprise the Market'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 Market, as of December 31, 2025, and 2024, 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 Market, 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 Market'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.

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 Market'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 Market'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 4-12 and Schedule I, Schedule II, Schedule III and notes to required supplementary information on pages 42-45 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 Market's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to the Agency Head (Schedule IV) on page 46 is presented for purposes 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 29, 2026, on our consideration of the Market'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 Market'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 Market's internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
June 29, 2026

FRENCH MARKET CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

As the financial manager of the Market, we offer readers of the accompanying financial statements, this narrative overview and analysis of the financial activities of the Market for the year ended December 31, 2025. 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 auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is unmodified with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Financial Highlights – 2025

- The Market's assets and deferred outflows exceeded its liabilities and deferred inflows by \$40,380,341. Of this amount, \$7,416,699 was unrestricted and \$26,925,350 represented the net investment in capital assets.
- The Market's net position increased by \$1,447,880 during the year ended December 31, 2025.
- Operating revenues decreased from \$11,396,782 in 2024 to \$10,908,124 in 2025, as a result of the Market's construction of the Upper Pontalba, therefore, residential tenants were moved out in 2025.
- At December 31, 2025, the Market reported a lease receivable of \$12,103,954 and a deferred inflow of resources on these leases of \$11,239,680.
- At December 31, 2025, the Market funded capital asset additions of \$8,177,939, primarily for the constructions in progress for Building E and the Upper Pontalba building.
- During the year ended December 31, 2025, \$771,551 in construction in progress was transferred to building improvements for the completion of the improvement of bathrooms and construction commercial space of 524 St. Peters.

FRENCH MARKET CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

Financial Highlights – 2024

- The Market's assets and deferred outflows exceeded its liabilities and deferred inflows by \$38,932,461. Of this amount, \$11,160,242 was unrestricted and \$19,772,219 represented the net investment in capital assets.
- The Market's net position increased by \$9,034,514 during the year ended December 31, 2024.
- Operating revenues increased from \$11,252,311 in 2023 to \$11,396,782 in 2024, as a result of the Market's increased activities from festivals and events.
- At December 31, 2024, the Market reported a lease receivable of \$13,592,549 and a deferred inflow of resources on these leases of \$12,864,585.
- At December 31, 2024, the Market had an increase in restricted net position in the amount of \$8,000,000. The increase is related to the Cooperative Endeavor Agreement (CEA) with the City of New Orleans for funding capital improvements to the Upper Pontalba.
- At December 31, 2024, the Market funded capital asset additions of \$3,015,349, primarily for constructions in progress for Building E and bathroom renovations.
- During the year ended December 31, 2024, \$485,338 in construction in progress was transferred to building improvements for the completion of the Building C Roof.
- During the fiscal year ended December 31, 2024, management identified a reporting adjustment related to OPEB benefits for retirees. The net position was overstated by \$756,733 due to an understated OPEB liability of \$744,668, deferred outflows of \$188,731, and deferred inflows of \$200,796.

Overview of the Financial Statements

The Market's basic financial statements comprise of 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 Market 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 Market's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Market's assets, deferred outflows of resources, liabilities, deferred inflow of resources, and net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Market 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.

Overview of the Financial Statements (continued)

The statements of revenues, expenses and changes in net position presents information showing how the Market'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.

FRENCH MARKET CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

Financial Analysis - 2025

The Statements of Net Position include information on all the Market'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 Market.

CONDENSED STATEMENTS OF NET POSITION

	2025	2024	Increase (Decrease) \$	Increase (Decrease) %
Current assets	\$ 15,523,303	\$ 17,300,396	\$ (1,777,093)	-10.27%
Restricted assets	6,226,220	8,286,615	(2,060,395)	-24.86%
Lease, non current portion	10,525,931	12,018,125	(1,492,194)	-12.42%
Capital assets, net	26,925,350	19,772,219	7,153,131	36.18%
Total assets	59,200,804	57,377,355	1,823,449	3.18%
Deferred outflow of resources	815,028	1,097,151	(282,123)	-25.71%
Total assets and deferred outflow of resources	60,015,832	58,474,506	1,541,326	2.64%
Current liabilities	3,978,910	1,574,193	2,404,717	152.76%
Noncurrent liabilities	3,570,318	4,370,556	(800,238)	-18.31%
Total liabilities	7,549,228	5,944,749	1,604,479	4,340,270
Deferred inflow of resources	12,086,263	13,597,296	(1,511,033)	-11.11%
Total liabilities and deferred inflow of resources	19,635,491	19,542,045	93,446	0.48%
Net position				
Net investment in capital assets	26,925,350	19,772,219	7,153,131	36.18%
Restricted	6,038,292	8,000,000	(1,961,708)	-24.52%
Unrestricted	7,416,699	11,160,242	(3,743,543)	-33.54%
Total net position	\$ 40,380,341	\$ 38,932,461	\$ 1,447,880	3.72%

In 2025, net position increased by \$1,447,880 from 2024 to 2025. Current assets comprised mostly of cash and cash equivalents in the amount of \$12,852,038. The decrease in current assets in the amount of \$1,777,093, mainly relates to the capital improvements of Building E, the Market's bathroom renovations, and the Upper Pontalba construction. Lease receivables decreased by \$1,492,194 due to the collection of lease payments and no new significant changes or amendments to leases. Capital assets increased by \$7,153,131 as additions of \$8,177,939, exceeded depreciation expense of \$1,024,808. Deferred inflows of resources decreased by \$1,511,033 of which \$11,239,680 was a deferred inflow of resources on leases related to GASB 87.

FRENCH MARKET CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

Financial Analysis - 2025 (continued)

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

	2025	2024	Increase (Decrease) \$	Increase (Decrease) %
Operating revenues				
Rental income	\$ 7,793,951	\$ 8,428,761	\$ (634,810)	-7.53%
Parking income	3,082,168	2,863,202	218,966	7.65%
Other income	32,005	104,819	(72,814)	-69.47%
Total operating revenue	10,908,124	11,396,782	(488,658)	-4.29%
Operating expenses				
Salaries, wages, and benefits	3,719,116	3,676,926	42,190	1.15%
Maintenance, repairs and equipment	1,245,630	1,585,172	(339,542)	-21.42%
Professional services	1,295,405	1,467,191	(171,786)	-11.71%
Depreciation	1,024,808	1,067,997	(43,189)	-4.04%
Insurance	977,576	1,033,677	(56,101)	-5.43%
Advertising and promotion	637,734	753,633	(115,899)	-15.38%
Other	520,304	564,792	(44,488)	-7.88%
Utilities and communication	433,811	424,955	8,856	2.08%
Total operating expenses	9,854,384	10,574,343	(719,959)	-6.81%
Nonoperating income (loss)				
Capital grant from City of New Orleans	215,072	8,000,000	(7,784,928)	-97.31%
Interest	279,068	312,075	(33,007)	-10.58%
Total nonoperating revenue (expense)	494,140	8,312,075	(7,817,935)	-94.06%
Change in income before transfers	1,547,880	9,134,514	(7,586,634)	-83.05%
Transfer out to City of New Orleans	(100,000)	(100,000)	-	0.00%
Change in net position	1,447,880	9,034,514	(7,586,634)	-83.97%
Net position, beginning of year	38,932,461	29,897,947	9,034,514	30.22%
Net position, end of year	\$ 40,380,341	\$ 38,932,461	\$ 1,447,880	3.72%

FRENCH MARKET CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

Financial Analysis - 2025 (continued)

The Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the Market's financial health. For the year ended December 31, 2025, operating revenues decreased by \$488,658 with decrease of rental income, increase of parking income, and decrease of other income of \$634,810, \$218,966, and \$72,814, respectively. Decrease in rental income relates to the construction of the Upper Pontalba; therefore, residential tenants were moved out. Increase in parking income relates to more tourism activity in the fiscal year. Decrease in other income is due to no wharf expenses funded by the City of New Orleans in prior year.

During 2025, operating expenses decreased by \$719,959. Professional services decreased by \$115,899, advertising and promotion decreased by \$171,786, maintenance, repairs, and equipment decreased by \$339,542. The decrease in professional services is due to less attorney or consulting fees used compared to prior year. The decrease in advertising and promotion is due to the use of more advertisements conducted online compared to paper advertising. Maintenance, repairs, and equipment decreased due to more focus on the capital expenditures related to Upper Pontalba and Building E.

During 2025, non-operating income of \$494,140 decreased by \$7,817,935 compared to prior year amount of \$8,312,075. The change is mostly related to the grant from the City of New Orleans for capital improvements in the amount \$8,000,000 in prior year and a decrease interest income of \$33,007 due to lower interest rates on deposits and less overall average cash balances.

The Statements of Cash Flows present the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for capital additions. Cash decreased by \$3,725,218. The cash used from noncapital financing activities of \$-100,000 relates to the transfer to the City of New Orleans for rent. Operating activities provided \$1,425,379 while capital and related financing activities used in \$5,329,665 in cash. The decrease in capital and related financing activities amounts to \$10,864,316 due to significant activity related to improvements and renovations for Building E and the Upper Pontalba.

CONDENSED STATEMENT OF CASH FLOWS **FOR THE YEARS ENDED DECEMBER 31,**

	2025	2024	Increase (Decrease) \$	Increase (Decrease) %
Cash flows from:				
Operating activities	\$ 1,425,379	\$ 1,556,944	\$ (131,565)	-8.45%
Capital and related financing activities	(5,329,665)	5,534,651	(10,864,316)	-196.30%
Noncapital financing activities	(100,000)	(100,000)	-	0.00%
Investing activities	279,068	312,075	(33,007)	-10.58%
Net change in cash	(3,725,218)	7,303,670	(11,028,888)	-151.00%
Beginning of year cash	22,803,476	15,499,806	7,303,670	47.12%
End of year cash	\$ 19,078,258	\$ 22,803,476	\$ (3,725,218)	-16.34%

FRENCH MARKET CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

Financial Analysis - 2024 (continued)

CONDENSED STATEMENTS OF NET POSITION

	2024	2023	Increase (Decrease)
Current assets	\$ 17,300,396	\$ 18,374,082	\$ (1,073,686)
Restricted assets	8,286,615	289,494	7,997,121
Lease, non current portion	12,018,125	13,526,790	(1,508,665)
Capital assets, net	19,772,219	17,824,867	1,947,352
Total assets	57,377,355	50,015,233	7,362,122
Deferred outflow of resources	1,097,151	1,280,629	(183,478)
Total assets and deferred outflow of resources	58,474,506	51,295,862	7,178,644
Current liabilities	1,574,193	1,192,897	381,296
Noncurrent liabilities	4,370,556	5,065,995	(695,439)
Total liabilities	5,944,749	6,258,892	(314,143)
Deferred inflow of resources	13,597,296	15,139,023	(1,541,727)
Total liabilities and deferred inflow of resources	19,542,045	21,397,915	(1,855,870)
Net position			
Net investment in capital assets	19,772,219	17,824,867	1,947,352
Restricted	8,000,000	-	
Unrestricted	11,160,242	12,073,080	(912,838)
Total net position	\$ 38,932,461	\$ 29,897,947	\$ 1,034,514

In 2024, net position increased by \$1,034,514 from 2023 to 2024. Current assets comprised mostly of cash and cash equivalents in the amount of \$14,516,861. The decrease in current assets in the amount of \$1,073,686, mainly relates to the capital improvements of Building E and the Market's bathroom renovations. The increase in restricted net position consists of the \$8,000,000 CEA from the City of New Orleans for the capital improvements to the Upper Pontalba. Lease receivables decreased by \$-1,500,555 due to the collection of lease payments and no new significant changes or amendments to leases. Capital assets increased by \$1,947,352 as additions of \$3,015,349, exceeded depreciation expense of \$1,067,997. Deferred inflows of resources decreased by \$-1,541,727 of which \$12,864,585 was a deferred inflow of resources on leases related to GASB 87.

FRENCH MARKET CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

Financial Analysis - 2024 (continued)

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

	<u>2024</u>	<u>2023</u>	Increase (Decrease)
Operating revenues			
Rental income	\$ 8,428,761	\$ 8,525,268	\$ (96,507)
Parking income	2,863,202	2,662,381	200,821
Other income	104,819	64,662	40,157
Total operating revenue	<u>11,396,782</u>	<u>11,252,311</u>	<u>144,471</u>
Operating expenses			
Salaries, wages, and benefits	3,676,926	3,525,775	151,151
Maintenance, repairs and equipment	1,585,172	1,601,635	(16,463)
Professional services	1,467,191	1,559,381	(92,190)
Insurance	1,033,677	1,139,783	(106,106)
Depreciation	1,067,997	1,001,532	66,465
Advertising and promotion	753,633	915,082	(161,449)
Other	564,792	976,661	(411,869)
Utilities and communication	424,955	460,185	(35,230)
Total operating expenses	<u>10,574,343</u>	<u>11,180,034</u>	<u>(605,691)</u>
Nonoperating income (loss)			
Grant from City of New Orleans	8,000,000	550,000	7,450,000
Interest	312,075	230,424	81,651
Insurance proceeds	-	432,448	(432,448)
Total nonoperating revenue (expense)	<u>8,312,075</u>	<u>1,212,872</u>	<u>7,099,203</u>
Change in income before transfers	9,134,514	1,285,149	7,849,365
Transfer out to City of New Orleans	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Change in net position	9,034,514	1,185,149	7,849,365
Net position, beginning of year	<u>29,897,947</u>	<u>28,712,798</u>	<u>1,185,149</u>
Net position, end of year	<u>\$ 38,932,461</u>	<u>\$ 29,897,947</u>	<u>\$ 9,034,514</u>

FRENCH MARKET CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

Financial Analysis - 2024 (continued)

The Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the Market's financial health. For the year ended December 31, 2024, operating revenues increased by \$144,471 with decrease of rental income, increase of parking income, and increase of other income of \$96,507, \$200,821, and \$40,157, respectively.

During 2024, operating expenses decreased by \$605,691. Salaries, wages, and related benefits increased by \$151,151, professional services decreased by \$92,190, advertising and promotion decreased by \$161,449, insurance decreased by \$106,106, and other, which includes insurance repairs funded by Hurricane Ida and Wharf expenses funded by the City of New Orleans decreased by \$411,869.

During 2024, non-operating income of \$8,312,075 exceeded the prior year increase of \$1,212,872 by \$7,099,203. The change is mostly related to the grant from the City of New Orleans for capital improvements in the amount \$8,000,000 and increase of interest income of \$81,651 due to higher interest rates on deposits and significantly more cash balances due to the grant from City of New Orleans.

The Statements of Cash Flows present the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for capital additions. Cash increased by \$7,303,670. During 2024, the Market collected no insurance proceeds. The cash used from noncapital financing activities of \$100,000 relates to the transfer to the City of New Orleans for rent. Operating activities provided \$1,556,944 while capital and related financing activities provided \$5,534,651 in cash.

CONDENSED STATEMENT OF CASH FLOWS **FOR THE YEARS ENDED DECEMBER 31,**

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>
Cash flows from:			
Operating activities	\$ 1,556,944	\$ 846,853	\$ 710,091
Capital and related financing activities	5,534,651	(1,002,766)	6,537,417
Noncapital financing activities	(100,000)	332,448	(432,448)
Investing activities	<u>312,075</u>	<u>230,424</u>	<u>81,651</u>
Net change in cash	7,303,670	406,959	6,896,711
Beginning of year cash	<u>15,499,806</u>	<u>15,092,847</u>	<u>406,959</u>
End of year cash	<u>\$ 22,803,476</u>	<u>\$ 15,499,806</u>	<u>\$ 7,303,670</u>

FRENCH MARKET CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

Capital Assets

As of December 31, 2025, the Market's investment in capital assets which is composed of land, building and improvements, furniture, fixtures and equipment amounts to \$26,925,350 and net of accumulated depreciation in the amount of \$33,879,357, respectively. As of December 31, 2025, the Market's investment in capital assets amounts to \$19,772,219 and the net of accumulated depreciation is \$32,891,792, respectively. The Market's five-year capital budget includes major building repairs and renovations, vehicle purchases, equipment replacements, painting of buildings, and landscape improvements.

Debt Administration

As of December 31, 2025, the Market's long-term debt includes its noncurrent compensated absences of \$332,847, net pension liability of \$2,478,540, and other postemployment benefits (OPEB) of \$571,003. As of December 31, 2024, the Market's long-term debt includes its noncurrent compensated absences of \$311,656, net pension liability of \$2,977,839, and other postemployment benefits (OPEB) of \$794,446.

Economic Outlook

The Market adopts an annual operating budget and a five-year capital budget. The capital budget depicts various planned improvement projects while the continuing operating budget includes proposed expenses and the means of financing them.

The Market experienced extensive damage from Hurricane Ida to three of its buildings, which includes Building E and the Upper Pontalba Building (UPB). The UPB renovations and Building E are still in construction in progress and is expected to be completed in 2027. Due to the damage to Building E in 2023, the Market's Administrative Offices were relocated to two vacant commercial spaces in the Upper Pontalba.

Request for Information

This financial report is designed to provide a general overview of the Market's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Market's Executive Director at 1008 N. Peters Street, New Orleans, Louisiana 70116.

FRENCH MARKET CORPORATION
STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2025 AND 2024

ASSETS AND DEFERRED OUTFLOW OF RESOURCES

	2025	2024
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 12,852,038	\$ 14,516,861
Accounts receivable, net	715,916	808,653
Lease receivable, current portion	1,578,023	1,574,424
Prepaid expenses and other assets	377,326	400,458
Total current assets	<u>15,523,303</u>	<u>17,300,396</u>
<u>NON-CURRENT ASSETS</u>		
Cash, restricted for rental deposits	187,928	286,615
Cash, restricted for capital expenditures	6,038,292	8,000,000
Lease receivable, non current portion	10,525,931	12,018,125
Capital assets, net	26,925,350	19,772,219
Total noncurrent assets	<u>43,677,501</u>	<u>40,076,959</u>
<u>TOTAL ASSETS</u>	<u>59,200,804</u>	<u>57,377,355</u>
<u>DEFERRED OUTFLOW OF PENSION RESOURCES</u>		
Deferred outflow of net pension liability	680,882	891,620
Deferred outflow of other postemployment benefit (OPEB) pension liability	134,146	205,531
Total deferred outflows of resources	<u>815,028</u>	<u>1,097,151</u>
<u>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</u>	<u>\$ 60,015,832</u>	<u>\$ 58,474,506</u>

**LIABILITIES, DEFERRED INFLOW OF RESOURCES,
AND NET POSITION**

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 3,058,899	\$ 888,353
Due to City of New Orleans	588,716	446,535
Compensated absences	36,983	34,628
Unearned revenue	294,312	204,677
Total current liabilities	<u>3,978,910</u>	<u>1,574,193</u>
<u>NON CURRENT LIABILITIES</u>		
Rental deposits	187,928	286,615
Compensated absences	332,847	311,656
Net pension liability	2,478,540	2,977,839
Other postemployment benefit (OPEB) pension liability	571,003	794,446
Total noncurrent liabilities	<u>3,570,318</u>	<u>4,370,556</u>
Total liabilities	<u>7,549,228</u>	<u>5,944,749</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Deferred inflow of net pension liability	552,926	567,347
Deferred inflow of other postemployment benefit (OPEB) pension liability	293,657	165,364
Deferred inflow of leases	11,239,680	12,864,585
Total deferred inflow of resources	<u>12,086,263</u>	<u>13,597,296</u>
<u>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</u>	<u>\$ 19,635,491</u>	<u>\$ 19,542,045</u>
<u>NET POSITION</u>		
Net investment in capital assets	\$ 26,925,350	\$ 19,772,219
Capital grant from City of New Orleans	6,038,292	8,000,000
Unrestricted	7,416,699	11,160,242
<u>TOTAL NET POSITION</u>	<u>\$ 40,380,341</u>	<u>\$ 38,932,461</u>

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

FRENCH MARKET CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>REVENUES</u>		
Rental income	\$ 7,793,951	\$ 8,428,761
Parking income	3,082,168	2,863,202
Other income	32,005	104,819
Total operating revenues	<u>10,908,124</u>	<u>11,396,782</u>
<u>EXPENSES</u>		
Salaries, wages, and related benefits	3,719,116	3,676,926
Maintenance and repairs	1,245,630	1,585,172
Professional services	1,295,405	1,467,191
Depreciation	1,024,808	1,067,997
Insurance	977,576	1,033,677
Advertising and promotion	637,734	753,633
Telephone and utilities	433,811	424,955
Fees and taxes	177,818	148,888
Equipment expense	91,876	132,220
Other	99,090	128,792
Security	64,598	55,874
Supplies and materials	55,015	52,584
Bad debt expense	31,907	46,434
Total operating expenses	<u>9,854,384</u>	<u>10,574,343</u>
<u>OPERATING INCOME</u>	1,053,740	822,439
<u>NONOPERATING REVENUE</u>		
Capital grant from City of New Orleans	215,072	8,000,000
Interest income	279,068	312,075
Total nonoperating revenue	<u>494,140</u>	<u>8,312,075</u>
Income before transfer	<u>1,547,880</u>	<u>9,134,514</u>
<u>TRANSFERS</u>		
Transfer to City of New Orleans	<u>(100,000)</u>	<u>(100,000)</u>
<u>CHANGE IN NET POSITION</u>	<u>\$ 1,447,880</u>	<u>\$ 9,034,514</u>
<u>NET POSITION, BEGINNING OF THE YEAR</u>	<u>38,932,461</u>	<u>29,897,947</u>
<u>NET POSITION, END OF THE YEAR</u>	<u>\$ 40,380,341</u>	<u>\$ 38,932,461</u>

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

FRENCH MARKET CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	2025	2024
Received from tenants	\$ 10,823,494	\$ 10,977,124
Received from others	32,005	104,819
Paid to employees for services	(3,912,043)	(3,963,756)
Paid to suppliers for goods and services	(5,518,077)	(5,561,243)
Net cash provided by operating activities	<u>1,425,379</u>	<u>1,556,944</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Payments for capital additions	(5,544,737)	(3,015,349)
Capital grant from City of New Orleans	215,072	8,550,000
Net cash provided (used in) by capital and related financing activities	<u>(5,329,665)</u>	<u>5,534,651</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfer out to the City of New Orleans	(100,000)	(100,000)
Net cash used in noncapital financing activities	<u>(100,000)</u>	<u>(100,000)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest received	279,068	312,075
Net cash provided by investing activities	<u>279,068</u>	<u>312,075</u>
Net change in cash and cash equivalents	(3,725,218)	7,303,670
Cash and cash equivalents, beginning of year	<u>22,803,476</u>	<u>15,499,806</u>
Cash and cash equivalents, end of year	<u>\$ 19,078,258</u>	<u>\$ 22,803,476</u>
<u>NON-CASH CAPITAL ACTIVITIES</u>		
Construction in progress acquired through accounts payable	<u>\$ 2,633,202</u>	<u>\$ -</u>
<u>RECONCILIATION TO STATEMENTS OF NET POSITION</u>		
Cash and cash equivalents	\$ 12,852,038	\$ 14,516,861
Cash, restricted for rental deposits	187,928	286,615
Cash, restricted for capital expenditures	6,038,292	8,000,000
	<u>\$ 19,078,258</u>	<u>\$ 22,803,476</u>
Reconciliation of net operating income to net cash provided by operating activities areas follows:		
Operating income	\$ 1,053,740	\$ 822,439
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	1,024,808	1,067,997
Bad debt expense	31,907	46,434
Deferred outflow of resources:		
Net pension liability	210,738	200,278
Other post employment benefits (OPEB) pension liability	71,385	(16,800)
Deferred inflow of resources:		
Net pension liability	(14,421)	200,525
Other post employment benefits (OPEB) pension liability	128,293	(35,432)
Leases	(1,624,905)	(1,706,820)
Net pension liability	(499,299)	(737,825)
Other post employment benefits (OPEB) pension liability	(223,443)	49,778
Changes in operating assets and liabilities:		
Accounts receivable	1,549,425	1,279,169
Prepaid and other assets	23,132	13,297
Accounts payable	(462,656)	208,446
Rental deposits	(98,687)	(2,879)
Governmental agencies	142,181	104,095
Unearned revenue	89,635	69,257
Compensated absences	23,546	(5,015)
Net cash provided by operating activities	<u>\$ 1,425,379</u>	<u>\$ 1,556,944</u>

The accompanying notes are an integral part of this financial statement.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. Summary of Significant Accounting Policies

Organization

The French Market Corporation (the Market), a Louisiana Public Benefit Corporation was organized on March 15, 1973, to provide for the operation and maintenance of the French Market Properties owned by the City of New Orleans. These properties include five buildings and the Farmers Market. The Market is owned by the City of New Orleans and administered by a Board of Directors consisting of twelve members appointed by the Mayor of the City of New Orleans.

Reporting Entity

The Market 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 Market's governing body and is either:

1. Able to impose its will on the Market.
2. There is potential for the Market 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 Market is fiscally dependent on the City of New Orleans.

The City of New Orleans appoints a voting majority of the Market's governing body and there is potential for the Market to provide specific financial benefits to the City of New Orleans. This qualifies the Market as a component unit of the City of New Orleans. The accompanying financial statements present information only on the Market and do not present information on the City of New Orleans. The Market 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 Market's financial statements. The Market is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the Market is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on the Market's financial statements. The Market 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.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. Summary of Significant Accounting Policies (continued)

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

The Market is presented similar to enterprise funds which are 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.

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.

Cash and cash equivalents

For purposes of the statements of cash flows, the Market 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 Market 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 space rentals and related fees, less vacancy adjustments, 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. The Market does not charge interest on accounts receivable. Accounts receivable are written-off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written-off are recorded as a reduction of bad debt expense when received. As of December 31, 2025 and 2024, the Market expects that \$48,155 and \$22,511 of receivables will be uncollected, and these amounts have been recorded as an allowance for doubtful accounts. For the years ended December 31, 2025 and 2024, the Market identified uncollectible accounts receivable amounts and recorded bad debt expense of \$31,907 and \$46,434.

Capital Assets

Capital assets are defined by the Market as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost or the estimated acquisition value at the time of contribution to the Market. Major outlays for capital assets are capitalized as projects are constructed. Interest incurred (net of interest earned on invested proceeds during the construction phase) is reflected in the capitalized value of the capital assets constructed.

FRENCH MARKET CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10-50 years
Furniture, fixtures, and equipment	5-10 years
Vehicles	5 years
Software	3 years

Contributed capital assets are valued at their estimated acquisition value at the date contributed. Capital assets are reviewed to evaluate prominent events or changes in circumstances to determine whether impairment of capital assets has occurred. The Market follows guidance in GASB 42, as applicable, to record the effects of capital asset impairments.

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 acquisition of resources that are applicable to a future reporting period that will be reported in a separate section after liabilities.

The deferred inflow of resources associated with leases 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, lease any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow 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. In addition, deferred inflows and outflows have been recognized for the net difference between the projected and actual experience and changes in assumptions related to the OPEB liability. These amounts are deferred and amortized over the average of the expected service lives of the respective pension and OPEB plan members.

Compensated absences

The Market's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick leave are recorded as expenses and liabilities as the benefits accrued to the employees. Employees are permitted to accumulate a limited amount of earned but unused vacation benefits which are to be paid to employees upon separation from the Market.

FRENCH MARKET CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. Summary of Significant Accounting Policies (continued)

Compensated absences (continued)

All full-time classified employees of the Market hired prior to January 1, 1979, are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978, can accrue a maximum of 45 days of annual leave and an unlimited number of sick leave. Upon termination of employment, an employee is paid for accrued annual leave based upon current hourly rate of pay and for accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting accrued sick leave to additional years of service.

Rental deposits

Deposits received in advance as part of the Market's lease arrangements with commercial and residential tenants are initially recorded at fair value and are disclosed in the financial statements separately from other liabilities such as accounts payable and accrued expenses. Deposits are typically one month's rent.

Pensions

The Market 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.

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.

FRENCH MARKET CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. Summary of Significant Accounting Policies (continued)

Net Position (continued)

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 Market’s policy is to use restricted resources first, then unrestricted resources as they are needed.

Revenues and expenses

The Market distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Market’s ongoing operations. The principal operating revenues of the market are tenant rental revenue, advertising revenue, and parking revenue. Operating expenses include the costs of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 Market has not yet determined the effect this Statement will have on the Market’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 Market has not yet determined the effect this Statement will have on the Market’s financial statements and disclosures.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. Summary of Significant Accounting Policies (continued)

Future Accounting Pronouncements (continued)

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 Market has not yet determined the effect this Statement will have on the Market’s financial statements and disclosures.

2. Cash and Cash Equivalents

Under state law, the Market’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 market 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 Market’s deposits may not be returned to it under state law. As of December 31, 2025 and 2024, the Market’s deposits had a carrying amount of \$19,078,258 and \$22,803,476, respectively. As of December 31, 2025 and 2024, the Market had a bank balance of \$19,656,958 and \$23,464,703, respectively, of which \$250,000 was covered by federal depository insurance. As of December 31, 2025 and 2024, \$19,406,958 and \$23,214,703 were covered by collateral held in the name of the pledging fiscal agent bank in a holding or custodial bank.

3. Capital Assets

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

	January 1, 2025	Additions	Reductions	Transfers	December 31, 2025
Land	\$ 151,917	\$ -	\$ -	\$ -	\$ 151,917
Construction in progress	4,048,557	8,110,321	-	(777,551)	11,381,327
Buildings and improvements	45,706,957	37,838	(37,243)	777,551	46,485,103
Furniture, fixtures, and equipment	2,583,069	29,780	-	-	2,612,849
Automobiles	63,789	-	-	-	63,789
Software	109,722	-	-	-	109,722
Total	52,664,011	8,177,939	(37,243)	-	60,804,707
Accumulated depreciation	(32,891,792)	(1,024,808)	37,243	-	(33,879,357)
Capital assets, net	<u>\$ 19,772,219</u>	<u>\$ 7,153,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,925,350</u>

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

3. Capital Assets (continued)

As of December 31, 2025, the construction in progress of \$11,381,327 consists primarily of improvements to the Upper Pontalba building and Building E. During the year ended December 31, 2025, \$777,751 in construction in progress was transferred to building improvements for the completion of the bathroom improvements and construction of commercial space of 524 St. Peters.

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

	January 1, 2024	Additions	Reductions	Transfers	December 31, 2024
Land	\$ 151,917	\$ -	\$ -	\$ -	\$ 151,917
Construction in progress	1,944,027	2,589,868	-	(485,338)	4,048,558
Buildings and improvements	45,037,584	184,868	-	485,338	45,706,957
Furniture, fixtures, and equipment	2,341,623	241,446	-	-	2,583,069
Automobiles	63,789	-	-	-	63,788
Software	109,722	-	-	-	109,722
Total	49,648,662	3,016,182	-	-	52,664,011
Accumulated depreciation	(31,823,795)	(1,067,997)	-	-	(32,891,792)
Capital assets, net	<u>\$ 17,824,867</u>	<u>\$ 1,948,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,772,219</u>

As of December 31, 2024, the construction in progress of \$4,048,558 consists primarily of improvements to the Upper Pontalba building and Building E. As of December 31, 2024, \$485,338 in construction in progress was transferred to building improvements for the completion of Building C Roof.

4. Leases

As of December 31, 2025 and 2024, the Market has lease receivables in which the Market is acting as lessor with lease terms greater than one year. Included in the lease receivable are leases with terms of more than one year on 49 Market properties located in the Upper Pontalba, Colonnade, Edison Park, Farmer's Market and Oscar Dunn Park. The agreements expire at various intervals through the year 2054. Under GASB 87, an implicit interest rate is calculated for each individual lease using the internal rate of return method. The inflows of resources are recognized ratably over the lease using the net present value as of the inception of the leases at a 4.5% discount rate. The lease must be longer than one year including possible extension(s). During the years ended December 31, 2025 and 2024, variable rent earned on leases with terms of one year or more totaled \$3,030,114 and \$3,807,933.

Residential leases, parking, flea market open space and special event rentals are generally for a term of one year or less and these amounts do not meet the requirements for recognition under GASB 87. For the years ended December 31, 2025 and 2024, amounts included in rental income related to the short-term leases is \$1,948,338 and \$1,729,076. For the years ended December 31, 2025 and 2024, the Market is also paid overage rent if the percentage of sales exceeds the base rent and these variable rent amounts do not meet the requirements for recognition under GASB 87 in the amount of \$1,532,459 and \$1,581,663, respectively.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

4. Leases (continued)

For the years ended December 31, 2025 and 2024, the Market recognized \$1,343,151 and \$1,280,067, respectively, of revenues for tenant reimbursements of common area maintenance (CAM) and utility-related costs, including utilities, gas, water, and similar charges, pursuant to the terms of the related lease agreements and does meet the requirements of GASB 87.

The following is a summary of the balances associated with the lessee transactions recorded at December 31:

	<u>2025</u>	<u>2024</u>
Lease receivable		
Current	\$ 1,578,023	\$ 1,574,424
Non-current	<u>10,525,931</u>	<u>12,018,125</u>
Total lease receivable	<u>\$ 12,103,954</u>	<u>\$13,592,549</u>
Deferred inflows - leases	<u>\$ 11,239,680</u>	<u>\$12,864,585</u>

The remaining principal and interest on the Market's lease receivable are presented in the following table:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2026	\$ 1,578,023	\$ 511,095	\$ 2,089,118
2027	1,472,006	442,299	1,914,305
2028	1,229,610	381,460	1,611,070
2029	1,029,290	329,235	1,358,525
2030	764,668	289,465	1,054,133
2031-2035	1,998,040	1,104,634	3,102,674
2036-2040	1,416,955	745,662	2,162,617
2041-2045	809,735	502,285	1,312,020
2046-2050	1,013,622	298,398	1,312,020
2051-2055	<u>792,005</u>	<u>60,808</u>	<u>852,813</u>
	<u>\$ 12,103,954</u>	<u>\$ 4,665,341</u>	<u>\$ 16,769,295</u>

FRENCH MARKET CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

5. 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.la.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

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

5. Pension Plan (continued)

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

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.

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.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

5. Pension Plan (continued)

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.

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.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

5. Pension Plan (continued)

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 Market 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 Market's proportionate share of employer contributions for the measurement period of January 1, 2024 through December 31, 2024 was \$274,695.

The Market's proportionate share of employer contributions for the measurement period of January 1, 2023 through December 31, 2023 was \$249,575.

The Market's contributions to the Retirement System for the years ended December 31, 2025 and 2024, were \$409,757 and \$396,470, respectively.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

5. Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to Pensions

At December 31, 2025 and 2024, the Market'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:

	<u>2025</u>	<u>2024</u>
Proportionate Share of the Net Pension Liability	\$ 2,478,540	\$ 2,977,839
Measurement Date	12/31/2024	12/31/2023
Proportion (%) of Net Pension Liability	0.819169%	0.815537%
Prior Year Proportion share of Net Pension liability	\$ 2,977,839	\$ 3,715,664
Increase (Decrease) from Prior Measurement Date	\$ (499,299)	\$ (737,825)
Prior Year Proportion (%) of Net Pension Liability	0.815537%	1.002470%
Increased (Decrease) in Proportion (%) of the Net Pension Liability	0.003632%	-0.186933%
Pension Expense	\$ 106,775	\$ 59,448

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 Market's allocation of the net pension liability was based on the Market'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.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

5. Pension Plan (continued)

At December 31, 2025 and 2024, the Market 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	\$ 80,956	\$ 65,190
Net difference between projected and actual earnings on pension plan investments	21,158	-
Changes in assumptions	-	155,967
Changes in proportion and differences between employer contributions and proportionate share of contributions	169,011	331,769
Contributions made subsequent to measurement date	409,757	-
	<u>\$ 680,882</u>	<u>\$ 552,926</u>
	2024	
	Deferred outflow of resources	Deferred inflow of resources
Differences between expected and actual experience	\$ 169,129	\$ -
Net difference between projected and actual earnings on pension plan investments	201,946	-
Changes in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	124,075	567,347
Contributions made subsequent to measurement date	396,470	-
	<u>\$ 891,620</u>	<u>\$ 567,347</u>

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

5. Pension Plan (continued)

The Market 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 Market'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 Market'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 Market's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026 in the amount of \$409,757. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ (119,043)
2027	(46,175)
2028	(285,593)
2029	8,707
2030	160,303
Total	<u>\$ (281,801)</u>

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

5. 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:

<u>Actuarial Cost Method</u>	<u>Entry Age Actuarial Cost Method</u>
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: Service-based annual rates ranging from 4% to 15% 1/1/2024: Age-based annual rates ranging from 3.2% to 10%
	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.
Mortality Rates:	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 2011-2016 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.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

5. Pension Plan (continued)

Actuarial Assumptions (continued)

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. 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:

<u>Asset Class (12/31/2024)</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighted Rate of Return</u>
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	<u>100.0%</u>		<u>4.93%</u>

<u>Asset Class (12/31/2023)</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighted Rate of Return</u>
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	<u>100.0%</u>		<u>5.21%</u>

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

5. Pension Plan (continued)

Actuarial Assumptions (continued)

As of 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.

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

As of December 31, 2025, the following presents the Market's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Market's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1.0% Decrease	Current Discount	1.0% Increase
<u>Year</u>	<u>(6.00%)</u>	<u>Rate (7.00%)</u>	<u>(8.00%)</u>
2025	\$ 3,261,191	\$ 2,478,540	\$ 1,826,395

As of December 31, 2024, the following presents the Market's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Market's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1.0% Decrease	Current Discount	1.0% Increase
<u>Year</u>	<u>(6.25%)</u>	<u>Rate (7.25%)</u>	<u>(8.25%)</u>
2024	\$ 3,744,362	\$ 2,977,839	\$ 2,338,531

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.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

6. Other Postemployment Benefits

General Information about the OPEB Plan

Plan description – The Market provides certain continuing health care and life insurance benefits for its retired employees through the City of New Orleans (the City). The City of New Orleans's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB). The OPEB plan does not issue a stand-alone financial report.

Benefits Provided – Medical benefits are provided through a self-insured comprehensive health benefit program. Full details are contained in the official plan documents. Medical benefits are provided to employees upon actual retirement (that is, at the end of the DROP period, if applicable) according to the retirement eligibility provisions of the System by which the employee is covered. Most of the Market's employees are covered by the Employees' Retirement System of the City of New Orleans (NOMERS). The maximum DROP period is five years. Retirement (DROP entry) eligibility is as follows: in NOMERS, the earliest of 30 years of service at any age; age 60 and 10 years of service; age 65 and 20 years of service; or, satisfaction of the "Rule of 80" (age plus service equals or exceeds 80).

Employees covered by benefit terms – As of the measurement period dates of December 31, 2025 and 2024, there were 27 and 28 active employees who were covered by the benefit terms, respectively. The Market made no contributions to the OPEB plan in the year ended December 31, 2025.

Total OPEB Liability

The Market's proportionate share (.40% and .47%) of the total OPEB liability was \$571,003 and \$794,446 for the years ended December 31, 2025 and 2024, respectively. This liability was measured as of December 31, 2024 and 2023, respectively. The proportionate share of the total OPEB liability was based on a percentage of payroll of active employees of the Market in proportion to total payroll of active employees for all participating entities.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

6. Other Postemployment Benefits (continued)

Total OPEB Liability (continued)

Actuarial Assumptions and other inputs – The total OPEB liability actuarial valuation was determined by an actuarial valuation as of January 1, 2024 and 2023 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%, annually
Salary increases	4.0%, including inflation
Discount rate	4.08%, annually (As of December 31, 2024)
	3.26%, annually (As of December 31, 2023)
Healthcare cost trend rates	5.5% annually for 10 years, 4.5% thereafter
Mortality	RP-2000 Table, without projection with 50%/50% unisex blend

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2024 and 2023, the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2024, valuation as based on the results of ongoing evaluations of the assumptions from January 1, 2010 to December 31, 2024. The actuarial assumptions used in the December 31, 2023, valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2023.

Changes in Total OPEB Liability

	<u>2025</u>	<u>2024</u>
Measurement Period	12/31/2024	12/31/2023
Balance at Beginning of Year	\$ 794,446	744,668
Changes for the year:		
Service cost	8,792	10,377
Interest	21,485	26,734
Differences between expected and actual experience	(163,003)	24,343
Changes of assumptions	(56,569)	40,366
Benefit payments	(34,148)	(52,042)
Net changes	<u>(223,443)</u>	<u>49,778</u>
Balance at End of Year	<u>\$ 571,003</u>	<u>\$ 794,446</u>

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

6. Other Postemployment Benefits (continued)

Changes in Total OPEB Liability (continued)

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Market, as well as what the Market's total OPEB 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 discount rate:

	1.0% Decrease	Current	1.0% Increase
Year	(3.08%)	Discount Rate (4.08%)	(5.08%)
2025	\$ 692,705	\$ 571,003	\$ 476,862

	1.0% Decrease	Current	1.0% Increase
Year	(2.26%)	Discount Rate (3.26%)	(4.26%)
2024	\$ 719,522	\$ 794,446	\$ 499,520

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Market, as well as what the Market's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	1.0% Decrease	Current	1.0% Increase
Year	(4.50%)	Discount Rate (5.50%)	(6.50%)
2025	\$ 487,570	\$ 571,003	\$ 679,634
2024	\$ 511,575	\$ 794,446	\$ 704,889

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

6. Other Postemployment Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2025, the City recognized OPEB expense of \$-23,765. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 38,677	\$ 55,930
Change in assumptions	95,469	141,437
Change in proportion	-	96,290
	<u>\$ 134,146</u>	<u>\$ 293,657</u>

For the year ended December 31, 2024, the Market recognized OPEB expense (benefit) of \$-2,454. At December 31, 2024, the Market reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 65,291	\$ 26,006
Change in assumptions	140,240	139,358
	<u>\$ 205,531</u>	<u>\$ 165,364</u>

FRENCH MARKET CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

6. Other Postemployment Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ending December 31:</u>	<u>Amount</u>
2026	\$ (19,893)
2027	(40,941)
2028	(38,814)
2029	(16,835)
2030	(26,013)
Thereafter	(17,015)
Total	<u>\$ (159,511)</u>

7. Restricted and Unrestricted Net Position

Restricted board designated net position consisted of the following as of December 31:

<u>Restricted</u>	<u>2025</u>	<u>2024</u>
Net investment in capital assets	\$ 26,925,350	\$ 19,772,219
Capital grant from City of New Orleans	6,038,292	8,000,000
	<u>\$ 32,963,642</u>	<u>\$ 27,772,219</u>

Unrestricted board designated net position consisted of the following as of December 31:

<u>Unrestricted</u>	<u>2025</u>	<u>2024</u>
Revenue reserves	\$ 3,389,999	\$ 6,406,466
On-going and future capital projects	2,806,417	3,533,493
Insurance reserves	1,220,283	1,220,283
Total	<u>\$ 7,416,699</u>	<u>\$ 11,160,242</u>

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

8. Related Party Transactions

The lease and franchise agreement between the Market and the City, which ends on December 31, 2050, requires an annual lease payment equal to the greater of \$100,000 or 20% of the net adjusted revenues of certain properties. The City of New Orleans prepares and processes the payroll of the Market through the City of New Orleans payroll process. The Market reimburses the payroll expense monthly. As of December 31, 2025 and 2024, the Market included in due to governmental agencies is \$588,716 and \$446,535. The amount Due to the City of New Orleans consist of the following:

	2025	2024
Due to City for rent of French Market Properties	\$ 300,000	\$ 200,000
Due to City for reimbursement of payroll costs	288,716	246,535
	<u>\$ 588,716</u>	<u>\$ 446,535</u>

9. Risk Management

The Market is exposed to various risks of loss to torts; theft of; damage to and destruction of assets for which the Market carries commercial insurance. The Market and its attorneys have reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the Market and to arrive at an estimate, if possible, of the amount or range of potential loss to the Market. As a result of such a review, loss contingencies which could be reasonably estimated, have been categorized as "probable", "reasonably possible", and "remote", as defined in Governmental Accounting Standards Board Codification Section C50- Claims and Judgements. The Market does not believe any potential loss to the Market from any of these lawsuits would have a material impact on the financial statements, as such no amounts are recorded at December 31, 2025.

10. Parking Agreement

Effective February 1, 2020, the Market outsourced the parking operations through a management and operating agreement with a third party. The management and operating agreement is for an initial term of one year with up to four additional consecutive one-year extensions at the Market's sole option. The agreement includes a fixed fee payable to the Market of \$26,000 monthly and an additional annual payment based on exceeding gross revenues in the amount of \$210,000. The Market has a receivable in the amount of \$241,467 and \$221,963 as of December 31, 2025 and 2024, respectively.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

11. Commitment and Contingencies

In March 2024, The Market entered into an agreement with a contractor in the amount of \$7,422,551 for repairs and improvements to Building E. As of December 31, 2025, \$5,753,585 of work related to the contract had been completed and is included in construction in progress. The remaining balance in the amount of \$1,668,966 is expected to be completed by mid to late 2026.

In July 2025, the Market entered into an agreement with a contractor in the amount of \$10,270,000 for repairs and improvements to the Upper Pontalba Building. As of December 31, 2025, \$2,870,377 of work related to the contract had been completed and is included in construction in progress. The remaining balance in the amount of \$7,399,623 is expected to be completed by mid to late 2027.

12. Subsequent Event

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, June 29, 2026, and determined that no events require additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

<u>Employees' Retirement System of the City of New Orleans</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	\$ 409,757	\$ 396,470	\$ 351,547	\$ 329,238	\$ 278,605	\$ 404,785	\$ 460,769	\$ 442,237	\$ 400,282	\$ 424,950
Contributions in relation to the statutorily required contributions	(409,757)	(396,470)	(351,547)	(329,238)	(278,605)	(404,785)	(460,769)	(442,237)	(400,282)	(424,950)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll during calendar year	2,348,178	2,184,408	2,046,257	1,864,315	1,819,758	1,813,553	1,986,930	1,901,931	1,862,643	1,887,660
Contributions as a percentage of covered payroll	17.45%	18.15%	17.18%	17.66%	15.31%	22.32%	23.19%	23.25%	21.49%	22.51%

Note: GASB 68 requires this schedule to show information for **10 years**. The Market implemented GASB 68 during the 2015 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.

FRENCH MARKET CORPORATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2025

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>Employees' Retirement System of the City of New Orleans</u>										
Measurement Period	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Employer's Proportion of the Net Pension Liability	0.819169%	0.815537%	1.002470%	1.072067%	1.147950%	1.367907%	1.459727%	1.739063%	1.739063%	1.707800%
Employer's Proportionate Share of the Net Pension Liability	\$ 2,478,540	\$ 2,977,839	\$ 3,715,664	\$ 2,828,051	\$ 3,279,674	\$ 4,160,820	\$ 4,271,384	\$ 4,137,911	\$ 4,442,786	\$ 3,981,606
Covered payroll during the measurement period	2,184,408	2,046,257	1,864,315	1,819,758	1,813,553	1,986,930	1,901,931	1,862,643	1,887,660	1,778,284
Employer's Proportionate Share of the Net Pension Liability as a percentage of its Covered Employee Payroll	113.47%	145.53%	199.30%	155.41%	180.84%	209.41%	224.58%	222.15%	235.36%	223.90%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	62.57%	55.85%	53.25%	65.91%	61.72%	57.94%	55.55%	62.22%	58.06%	60.26%

Note: GASB 68 requires this schedule to show information for 10 years. The Market implemented GASB 68 during the 2015 fiscal year. Therefore, additional years will be displayed as they become available.
The reports for The Employees' Retirement System of the City of New Orleans are available on the City of New Orleans' website <https://nola.gov>.

Change in Assumptions:

Effective measurement period ended December 31, 2018, the actuarial valuation of the Employees' Retirement System of the City of New Orleans assumed four years as the expected remaining service lives. Previously, eight years was assumed.

See independent auditor's report on required supplementary information.

FRENCH MARKET CORPORATION
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2025

OPEB Expenses

	2025	2024
	12/31/2024	12/31/2023
Service cost	\$ 8,792	\$ 10,377
Interest	21,485	26,734
Differences between expected and actual experience	(163,003)	24,343
Changes of assumptions	(56,569)	40,366
Benefit payments	(34,148)	(52,042)
Net change in total OPEB liability	(223,443)	49,778
Total OPEB liability - beginning	794,446	744,668
Total OPEB liability - ending (a)	\$ 571,003	\$ 794,446
 Covered-employee payroll	 \$ 1,447,662	 \$ 1,400,595
 Net OPEB liability as a percentage of covered-employee payroll	 39.44%	 56.72%
Notes to Schedule:		
<i>Benefit Change:</i>	None	None
<i>Changes of Assumptions:</i>		
<i>Discount Rate</i>	4.08%	3.26%
<i>Trends</i>	5.50%	5.50%
<i>Expected remaining service lives</i>	7	6

Note: GASB 75 requires this schedule to show information for 10 years. The Market implemented GASB 75 during the 2023 fiscal year. Therefore, additional years will be displayed as they become available.

No assets are accumulated in a trust to pay related benefits.

See independent auditor's report on required supplementary information.

FRENCH MARKET CORPORATION

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

Changes in Benefit Terms

There were no changes of benefits terms for the year ended December 31, 2025.

Changes in Assumptions

There were no changes of benefits assumptions for the year ended December 31, 2025.

OTHER SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2025

<u>Agency Head Name:</u>	Kathleen Guidry, Executive Director
Salary	\$ 166,256
Benefits - Health Insurance	9,000
Benefits - Retirement	29,012
Workers Compensation	300
Benefits - Life Insurance	88
Benefits - FICA & Medicare	12,719
Cell phone	675
	\$ 218,050

See accompanying independent auditor's report



**INDEPENDENT AUDITOR’S 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
French Market 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 the French Market Corporation (the Market) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Market’s basic financial statements, and have issued our report thereon dated June 29, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Market’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Market’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Market’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 and therefore material weaknesses or significant deficiencies may exist that have not been identified. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Market'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of 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 entity'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 29, 2026

FRENCH MARKET CORPORATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025

1. Summary of Independent Auditor's 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.

FRENCH MARKET CORPORATION
NEW ORLEANS, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2025



FRENCH MARKET CORPORATION
NEW ORLEANS, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2025

FRENCH MARKET CORPORATION

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Accountant's Report on Applying Agreed-Upon Procedures</u>	1
<u>Schedule A: Agreed-Upon Procedures Performed and Associated Results</u>	2-16
<u>Management's Response</u>	17



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of French Market Corporation and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in the attached Schedule A 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. French Market Corporation's (the Market) management is responsible for those C/C areas identified in the SAUPs.

The Market 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 results are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the Market 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. 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 Market 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 29, 2026

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

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 exceptions were found as a result of this procedure*” or for step 13 “*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(s) rate of pay or approval and maintenance of pay rate schedules.

No exceptions were found as a result of this procedure.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025

- 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.

N/A – the Market does not have any 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.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025

- 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, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-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.*

N/A – the Market is a proprietary fund and component unit of the City of New Orleans, so it is not required to submit a budget.

- 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.

N/A – there was no negative fund balance.

- 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.

N/A – there were no findings in prior year.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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);

Exception noted. The November 2025 bank reconciliation for three bank accounts wasn't prepared within two months of the related statement closing date.

ii. Bank reconciliations include written evidence that a member of management/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 or electronically logged);

Exception noted. There was no evidence of review for all bank reconciliations tested.

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.

N/A – there were no reconciling items that have been outstanding 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if 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.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025

- 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 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.

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 custodial 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 that 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.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025

- 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/payments, 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 #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.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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 #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 that deliverables included on the invoice were received by the entity.

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 #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.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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.

No exceptions were found as a result of this procedure.

- 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., itemized 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).

No exceptions were found as a result of this procedure.

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

Exception noted. There were late fees charges in 1 out of the 3 credit cards selected for testing.

- C. Using the monthly statements or combined statements selected under #6B 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 that 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.

No exceptions were found as a result of this procedure.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025

- 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.

N/A – the Market did not have any terminated employees that had access to credit 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 (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- iii. Observe that 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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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 that 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).

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 that 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.

N/A – the Market is 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 #9A above, obtain attendance records and leave documentation for the pay period, and:

i. Observe that all selected employees or officials documented their daily attendance

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025

and leave (e.g., vacation, sick, compensatory).

N/A – the Market is a component unit of the City of New Orleans.

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

N/A – the Market is 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.

N/A – the Market is 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.

N/A – the Market is 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 or officials' 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.

N/A – the Market is 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) have been paid, and any associated forms have been filed, by required deadlines.

N/A – the Market is a component unit of the City of New Orleans.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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.

No exceptions were found as a result of this procedure

ii. Observe whether the entity maintains documentation which demonstrates that 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.

N/A – the Market is a component unit of the City of New Orleans.

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 the State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

N/A – the Market 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).

N/A – the Market does not have any debt.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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*

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

- A. 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 evidence 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.

- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if 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.

- C. 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.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025

- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel 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.

- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and 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 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 that 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.

FRENCH MARKET CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED RESULTS

FOR THE YEAR ENDED DECEMBER 31, 2025

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;

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.



June 29, 2026

RICHARD CPAS
3421 North Causeway Blvd. Suite 601
Metairie, Louisiana 70002

In connection with your engagement to apply agreed-upon procedures to the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period January 1, 2025, through December 31, 2025, Please find below Management's responses to the exceptions noted in the Agreed upon Procedures.

3) Bank Reconciliations

A. i. With the vacating of all of the Upper Pontalba residential apartments in May 2025, FMC increased the number of residential Entergy accounts for vacant units to 50. This added a level of complexity to the data entry, ACH payments and reconciliation of the AP disbursement account. Coupled with the retirement of its Chief Accountant position in August, 2025, accounting staff fell behind on the bank reconciliations in late 2025. Staff has caught up on the reconciliations and will be completed within 2 months of the statement end date going forward.

ii. Bank Reconciliations completed After September 1, 2025, were reviewed by the Deputy Director but were not initialed and dated or electronically logged. Going forward, the statements will be reviewed and initialed/dated within one month of the completion of the reconciliation.

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

b. ii. Staff missed the receipt of the referenced credit card statement and processed payment upon notice that the payment was late. Staff will place a reminder on their calendar to check the online portal for any statements not received prior to the due date.

Very truly yours,

French Market Corporation

Signature: _____

Title: Executive Director

Equal Opportunity Employer
Mailing Address: 518 St. Peter Street | New Orleans Louisiana, 70116
Phone: (504) 636-6400 | Fax: (504) 636-6419

FRENCH MARKET
DISTRICT