NEW ORLEANS BUILDING CORPORATION
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

RICHARD CPAS

NEW ORLEANS BUILDING CORPORATION
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2022

NEW ORLEANS BUILDING CORPORATION

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RICHARD CPAS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of New Orleans Building Corporation (the Corporation), a component unit of the City of New Orleans, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As described in Note 1 and Note 6 and Note 7 to the financial statements, the Corporation implemented Governmental Accounting Standards Board Statement No. 87 *Leases*, which required, among other things, that liabilities and right-to-use assets and lease receivable and deferred inflows be recorded for certain lease agreements. The implementation of this statement represents a change in accounting principle having a significant effect on the Corporation's financial statements. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The schedule of compensation, benefits, and other payments to the Agency Head (Schedule I) on page 52 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to the Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
June 29, 2023

FINANCIAL SECTION

NEW ORLEANS BUILDING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2022

As the financial manager of the Corporation, we offer readers of the accompanying financial statements, this narrative overview and analysis of the financial activities of the Corporation for the years ended December 31, 2022 and 2021. This discussion and analysis are designed to assist the reader in focusing on significant financial issues and activities.

We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Using This Annual Report

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

Financial Highlights – 2022

- Real estate closings for the Four Seasons condominium sales began in August 2021 and units continued to be sold in 2022 with NOBC receiving 3% of gross sales. #2 Canal Street Owner, LLC received final approval on Historic Tax Credits in 2022 which triggered a $750,000 payment to the Corporation.
- Work began in 2020 and was completed in June 2022 on the mechanical and electrical replacement and upgrades at the Union Passenger Terminal (UPT). The improvements include new electrical service to the terminal's central plant, a new boiler, two new chillers and an emergency generator to support the main terminal's emergency systems.
- The Corporation's transfers to the City's General Fund totaled $12,006,476 in 2022 primarily consisting of rent from Harrah's.
- Commercial rents rebounded in 2022 with the increase in hotel occupancies over 2021. The increase in occupancies is related to a robust convention business and high profile events like the NCAA Men's Final Four Basketball Tournament.

Overview of the Financial Statements

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

Basic financial statements

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

NEW ORLEANS BUILDING CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2022

Basic financial statements (continued)

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

Notes to the financial statements

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

Financial Analysis - 2022

The Corporation implemented GASB 87 on January 1, 2022, and the standard had a dramatic impact on net position. GASB 87 requires the Corporation to recognize capital leases at present value and amortize that value over the life of the lease. Because the Corporation's leases are long term with terms extending 45-99 years, the impact of applying present value to all estimated payments during those terms added nearly $18 million to net position.

The Statement of Net Position includes information on all the Corporation's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. The statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Corporation.

CONDENSED STATEMENTS OF NET POSITION

	2022	2021	Variance	Percent Variance
Current assets	$ 39,296,758	$ 28,418,946	$ 10,877,812	27.7%
Restricted cash equivalents	-	1,000,000	(1,000,000)	-100.0%
Capital assets, net	460,490,254	58,708,777	401,781,477	87.3%
Total assets	$ 499,787,012	$ 88,127,723	$ 411,659,289	82.4%
Current liabilities	$ 673,718	$ 2,780,343	$ (2,106,625)	-312.7%
Non-current liabilities	32,055,399	29,010,676	3,044,723	9.5%
Total liabilities	$ 32,729,117	$ 31,791,019	$ 938,098	2.9%
Deferred inflows of resources				
Deferred lease revenue	$ 392,728,853	$ -	$ 392,728,853	100.0%
Net position				
Net investment in capital assets	60,340,755	58,708,777	1,631,978	2.7%
Restricted	-	1,000,000	(1,000,000)	-100.0%
Unrestricted	13,988,287	(3,372,073)	17,360,360	124.1%
Total net position	$ 74,329,042	$ 56,336,704	$ 17,992,338	24.2%

Financial Analysis - 2022 (continued)

The Corporation's net position on December 31, 2022, was heavily impacted by the implementation of lease standards under GASB 87 which was not in effect in 2021. Assets consist primarily of cash, investments in capital assets (land, buildings & improvements, and equipment), and lease receivables under GASB 87. Overall, the Corporation's net position increased by $17,992,338 primarily due to the increase in lease receivables calculated under GASB 87. Deferred inflows of resources increased 100% because of GASB 87.

The following provides condensed information from the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2022 and 2021:

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2022	2021	Variance	Percent Variance
Operating revenues				
Rental income	$ 15,079,545	$ 21,471,920	$ (6,392,375)	-42.4%
Interest income	18,384,386	-	18,384,386	100.0%
Other operating income	2,689,289	1,196,687	1,492,602	55.5%
Total operating revenue	36,153,220	22,668,607	13,484,613	37.3%
Operating expenses				
Contractual services	1,671,704	1,343,740	327,964	19.6%
Depreciation	2,198,450	2,137,281	61,169	2.8%
Payroll	516,737	384,048	132,689	25.7%
Other operating expenses	956,214	863,722	92,492	9.7%
Total operating expenses	5,343,105	4,728,791	614,314	11.5%
Operating income	30,810,115	17,939,816	12,870,299	41.8%
Net non-operating income (expense)	(811,301)	(2,335,637)	1,524,336	-187.9%
Changes in net position before transfers out	29,998,814	15,604,179	14,394,635	48.0%
Transfer out to City of New Orleans	12,006,476	14,441,735	(2,435,259)	-20.3%
Changes in net position after transfers out	17,992,338	1,162,444	16,829,894	93.5%
Net position, beginning of year	56,336,704	55,174,260	1,162,444	2.1%
Net position, end of year	$ 74,329,042	$ 56,336,704	$ 17,992,338	24.2%

The Statement of Revenues, Expenses, and Changes in Net Position provides an indication of the Corporation's financial health, however, the implementation of GASB 87 has skewed the 2022 results in comparison to 2021. Revenues were significantly impacted by the Standard in 2022, however expenses remained relatively stable. Rental income decreased since fixed rents were amortized over the life of the lease, but interest income increased because of GASB 87. Transfers to the City of New Orleans consist of rent revenues from the ground lease to Harrah's casino.

Financial Analysis -2022 (continued)

	2022	2021	Variance
Cash flows from:			
Operating activities	$ 8,409,756	$ 5,827,633	$ 2,582,123
Noncapital financing activities	(2,199,447)	(807,093)	(1,392,354)
Capital and related financing activities	656,102	(4,027,597)	4,683,699
Investing activities	220,841	28,198	192,643
			-
Net change in cash	7,087,252	1,021,141	6,066,111
Beginning of year cash	28,353,363	27,332,222	1,021,141
End of year cash	$ 35,440,615	$ 28,353,363	$ 7,087,252

The Statement of Cash Flows presents the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for capital additions. The increase in cash of $7,087,252 was primarily comprised of insurance proceeds of $1,167,305, collection of increased base and commercial rents following post-Covid reopenings, and $1,793,935 in Four Seasons condominium sales for the year ended December 31. 2022.

Capital Assets

	2022	2021	Variance
Land	$ 6,753,637	$ 6,753,637	$ -
Buildings	29,119,322	30,517,198	(1,397,876)
Right to use asset - ground lease	3,319,226	-	3,319,226
Building improvements	21,112,584	18,782,273	2,330,311
Office furniture & equipment	35,986	43,011	(7,025)
Construction in progress	-	2,612,658	(2,612,658)
Total	$ 60,340,755	$ 58,708,777	$ 1,631,978

The Corporation's capital assets presented above are net of accumulated depreciation and amortization in the amount of $42,234,171 and $40,035,720 as of December 31, 2022 and 2021 respectively. The increase in capital assets is due to the completion of improvements to the electrical and mechanical systems at Union Passenger Terminal.

Economic Outlook

The Corporation, in partnership with the City's Capital Projects Administration, continues to develop plans for significant platform and canopy improvements at UPT. The platform and canopy work will be funded from the issuance of the City's municipal bonds and other reserves and grants as needed.

Economic Outlook (continued)

Occupancies at local hotels are expected to decline over 2022 due to the softer convention and special event schedule in 2023 however, the Corporation expects to see percentage rent payments to continue. Commercial rents based on subtenant rentals rebounded in 2022 and are expected to remain steady in 2023.

Condominium sales at the Four Seasons continue in 2023 and the Corporation should continue to realize an influx of one-time payments of 3% of gross sales. The cultural attraction in the Four Seasons development, Vue Orleans, opened to the public in March 2022. The Corporation will receive 5% of gross sales beginning January 1, 2024. Real estate and ad valorum taxes paid by the Four Seasons project in 2022 exceeded $3,000,000 (Real Estate Tax Hurdle) so #2 Canal Owner, LLC was allowed to reduce annual base rent from $3,250,000 to $2,741,974 in 2023. The lease requires recalculation of the Real Estate Tax Hurdle annually. Additional consideration of $750,000 annually due from approval of historic tax credits will continue through 2031.

On November 1, 2022, the Corporation's board voted to transfer $10,000,000 to the City of New Orleans General Fund. That transfer took place on January 9, 2023

Request for Information

The financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the administration at 1111 Canal Street, Suite 400, New Orleans, Louisiana, 70112 or 504-658-0920.

NEW ORLEANS BUILDING CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2022

A S S E T S

CURRENT ASSETS		
Cash	$	35,440,615
Accounts receivable		704,401
Lease receivable, current		2,580,344
Prepaid insurance and other assets		160,620
Due from City of New Orleans		410,778
Total current assets		39,296,758
NON-CURRENT ASSETS		
Lease receivable, non-current		400,149,499
Capital assets not being depreciated		6,753,637
Capital assets, net of accumulated depreciation		53,587,118
Total non-current assets		460,490,254
TOTAL ASSETS	$	499,787,012

L I A B I L I T I E S A N D N E T P O S I T I O N

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$	243,725
Advances on lease payments		421,581
Leases payable, current		8,412
Total current liabilities		673,718
NON-CURRENT LIABILITIES		
Customer deposits		30,833
Advances on lease payments		28,666,067
Leases payable, non-current		3,358,499
Total non-current liabilities		32,055,399
Total liabilities	$	32,729,117
DEFERRED INFLOWS OF RESOURCES		
Deferred lease revenue	$	392,728,853
NET POSITION		
Net investment in capital assets	$	60,340,755
Unrestricted		13,988,287
Total net position	$	74,329,042

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

NEW ORLEANS BUILDING CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

REVENUES	
Rental income - tenants	$ 15,079,545
Interest income	18,384,386
Other income	2,689,289
Total operating revenues	36,153,220
EXPENSES	
Contractual services	1,671,704
Depreciation and amortization expense	2,198,450
Insurance	495,967
Lease expense	150,651
Payroll and related benefits	516,737
Utilities	309,596
Total operating expenses	5,343,105
OPERATING INCOME	30,810,115
NON-OPERATING INCOME (LOSS)	
Debt service	(2,199,447)
Insurance proceeds	1,167,305
Interest income	220,841
Total non-operating income (loss)	(811,301)
Change in net position before transfers	29,998,814
TRANSFERS TO THE CITY OF NEW ORLEANS	(12,006,476)
CHANGE IN NET POSITION	17,992,338
NET POSITION, BEGINNING OF THE YEAR	56,336,704
NET POSITION, END OF THE YEAR	$ 74,329,042

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

NEW ORLEANS BUILDING CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR THEN ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from tenants	$ 11,573,606
Paid to employees for services	(516,737)
Paid to suppliers for goods and services	(2,647,113)
Net cash provided by (used in) operating activities	8,409,756
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Debt service payments	(2,199,447)
Net cash provided by (used in) noncapital and related financing activities	(2,199,447)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital additions	(511,203)
Proceeds from insurance	1,167,305
Net cash used in capital and related financing activities	656,102
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	220,841
Net cash provided by investing activities	220,841
Net change in cash and cash equivalents	7,087,252
Cash and cash equivalents, beginning of year	27,156,676
Cash and cash equivalents, end of year	$ 34,243,928

Reconciliation of net operating income to net cash provided by
(used in) operating activities areas follows:

Operating income	$ 30,810,115
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	2,198,450
Non-cash transfers to City of New Orleans	(12,006,476)
Non-cash rental income - lease deferred inflows	(10,835,244)
Changes in operating assets and liabilities:	
Decrease (increase) in tenants receivable	(194,534)
Decrease (increase) in lease receivable	881,940
Increase (decrease) in prepaid and other assets	(26,639)
Increase (decrease) in due to governmental agencies	10,957
Increase (decrease) in accounts payable	(40,242)
Increase (decrease) in cash advances on lease payments	(2,388,571)
Net cash provided by (used in) operating activities	$ 8,409,756

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

NEW ORLEANS BUILDING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1. Summary of Significant Accounting Polices

Organization

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

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

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

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

1. Summary of Significant Accounting Polices (continued)

Organization (continued)

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

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

Reporting Entity

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

1. Summary of Significant Accounting Polices (continued)

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

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

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

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.

Cash

Cash includes amounts in demand deposit accounts. The Corporation follows the investment guidelines stated in the Louisiana Revised Statutes.

Accounts Receivable

Accounts receivable are carried at a net amount determined by the original billings for rentals and related fees, less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. Accounts receivable are written-off as bad debt expense when deemed uncollectible. Recoveries of accounts receivable previously written-off are recorded as a reduction of bad debt expense when received. The Corporation expects all accounts receivable at December 31, 2022 to be fully collectible; therefore, no allowance for doubtful accounts was recorded at December 31, 2022.

Prepaid Expenses

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

1. Summary of Significant Accounting Polices (continued)

Capital Assets

The Corporation's capitalization policy requires that all single assets costing $1,000 or more be capitalized and depreciated over their useful lives. The straight-line method of depreciation is used for all classes of capital assets. The Corporation established the following estimated useful lives for each asset class:

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

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

Deferred inflow of resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. See Note 6 for additional details. Lease-related amounts are recognized at the inception of leases in which the Corporation is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Revenue Recognition

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

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.

1. Summary of Significant Accounting Polices (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 Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

Revenues and expenses

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

Recent Pronouncements – Adopted – Lease Accounting

The GASB issued Statement No. 87, *Leases.* The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* postponing the effective date of Statement No. 87 to reporting periods beginning after June 15, 2021. The adoption of this standard was applied on the Corporation's financial statements prospectively, as of January 1, 2022.

Leases – Lessee

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

1. Summary of Significant Accounting Polices (continued)

Leases – Lessee (continued)

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

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

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

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

Leases – Lessor

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

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

1. Summary of Significant Accounting Polices (continued)

Recent Pronouncements - Adopted

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest costs incurred before the end of a construction period. This Statement established accounting requirements for interest cost incurred before the end of a construction period. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* postponing the effective date of Statement No. 89 to reporting periods beginning after December 15, 2021. The implementation of this standard had no impact on the Corporation's financial statements or notes to the financial statements.

The GASB issued Statement No. 92, *Omnibus 2020*. The objective of this statement is to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by focusing on practice issues that have been identifies during the implementation of various GASB Statements. The implementation of this standard had no impact on the Corporation's financial statements or notes to the financial statements.

The GASB issued Statement No. 97*, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective for periods beginning after June 15, 2021. The implementation of this standard had no impact on the Corporation's financial statements or notes to the financial statements.

The GASB issued Statement No. 98*, The Annual Financial Comprehensive Financial Report*. This statement establishes a new designation of the acronym for state and local government annual financial statements, the Annual Comprehensive Financial Report (ACFR). The implementation of this standard had no impact on the Corporation's financial statements or notes to the financial statements.

The GASB issued Statement No. 99, *Omnibus 2022*. The objective of this statement is to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by focusing on practice issues that have been identified during the implementation. Certain elements were effective upon issuance of this statement in April of 2022. The implementation of this standard does not have a significant impact on the Corporation's financial statements or notes to the financial statements.

Recent Pronouncements – Not Yet Adopted

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements.* The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022. The Corporation is currently assessing the impact of this pronouncement on its basic financial statements.

2. Cash

Under state law, the Corporation's deposits (or the resulting bank balances) must be insured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The Corporation's value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it under state law. At December 31, 2022, the Corporation's deposits had a carrying amount of $35,440,615 and a bank balance of $35,698,605, of which $250,000 was covered by federal depository insurance and $36,148,756 was covered by collateral held in the name of the pledging fiscal agent bank in a holding or custodial bank.

Cash equivalents of $2,313,313 at December 31, 2021 were invested exclusively in a government money market mutual fund. Investments in government money market mutual funds were considered cash equivalents and were reported at fair value. After 20 years, the Corporation could have withdrawn the entire balance of the Environmental Account. The Environmental Escrow Account Agreement terminated on May 22, 2022, and the funds were transferred to an unrestricted account. These funds were originally placed in escrow on May 22, 2002.

3. Accounts Receivable

At December 31, 2022, accounts receivable in the amount of $704,401 consists of amounts due from tenants as follows:

Tenant	Amounts
Saenger	$ 50,366
Billboard	6,766
Piazza	106,250
NOUPT	359,380
French Quarter Hyatt	77,355
Deanies	62,555
800 Iberville	38,734
St. Roch	258
Other	2,737
Total	$ 704,401

4. Capital Assets

The capital assets of the Corporation as of December 31, 2022, consist of the following:

	January 1, 2022	Additions	Reductions	December 31, 2022
Capital assets not being depreciated				
Land	$ 6,753,637	$ -	$ -	$ 6,753,637
Construction in progress	2,612,658	-	(2,612,658)	-
Total capital assets not being deprecia	9,366,295	-	(2,612,658)	6,753,637
Capital assets being depreciated				
Buildings	66,921,920	-	-	66,921,920
Right to use asset - ground lease	-	3,369,391	-	3,369,391
Building improvements	22,362,127	3,117,892	-	25,480,019
Office furniture & equipment	94,155	5,969	-	100,124
Total	89,378,202	6,493,252	-	95,871,454
Accumulated deprecation / amortization	(40,035,720)	(2,248,616)	-	(42,284,336)
Total capital assets being depreciated	49,342,482	4,244,636	-	53,587,118
Capital assets, net	$ 58,708,777	$ 4,244,636	$ (2,612,658)	$ 60,340,755

At December 31, 2021, the construction in progress of $2,612,658, consisted of improvements to the UPT facility. The UPT improvements were completed during the year ended December 31, 2022, and transferred from construction in progress to building improvements.

Depreciation and amortization expense for the year ended December 31, 2022, was $2,248,616.

5. Advances on Lease Payments

As of December 31, 2022, lease payments made in advance by tenants consisted of the following:

Tenant	Current	Long-Term	Total
Two Canal Garage Owner (garage)	$ 313,862	$ 28,666,067	$ 28,979,929
Riverwalk	1,833	-	1,833
NOUPT	72,877	-	72,877
800 Iberville	10,509	-	10,509
St. Roch	6,500	-	6,500
Saenger Theater	16,000	-	16,000
Total	$ 421,581	$ 28,666,067	$ 29,087,648

6. Operating Lease Revenue

New Orleans Union Passenger Terminal (NOUPT)

The Corporation leases the NOUPT facility to approximately 20 tenants, including Greyhound, Premium Parking and Amtrak, on either month-to-month agreements or long-term operating lease agreements with maturities ranging from January 2023 to May 2029.

The following is a schedule of the minimum future rental income on non-cancelable operating leases for NOUPT as of December 31, 2022:

Year	Amount
2023	$ 871,248
2024	811,367
2025	705,375
2026	658,601
2027	594,541
2028-2032	1,812,653
2033-2037	781,325
2038-2042	343,125
2043-2047	343,125
2048-2052	123,125
2053-2057	103,125
2058-2062	103,125
2063-2064	41,250
Total minimum lease payments	7,291,985
Less: Interest cost	(1,909,380)
Present value of minimum lease payments	$ 5,382,605

Rental income from NOUPT of $2,162,508 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

Deferred inflows of resources related to these leases as of December 31, 2022 is $5,318.320. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at discount rates ranging from 4.5% to 5%.

2 Canal Street – World Trade Center

Tenant - Two Canal Garage Owner (TCGO):

On July 14, 2017, the Corporation entered into a lease agreement with TCGO to operate the parking garage at 2 Canal Street. In accordance with the lease agreement, TCGO was to pay in advance the sum of $30,000,000 to the Corporation as capitalization of rent payable for the entire term of the lease ending May 1, 2114. The advance sum was due by March 30, 2018. On June 14, 2017, TCGO paid $1,000,000 towards the advanced rent. On December 29, 2017, TCGO paid $4,000,000 towards the advance rent. On March 29, 2018, TCGO paid the remaining amount of the advance rent in the amount of $25,000,000.

As detailed in the lease agreement with TCGO, the lease commencement date of October 2019 began the termination of the existing lease with New Orleans Hilton. Rental income in the amount of $313,862 was recorded for the year ended December 31, 2022, as rental income within the Statement of Revenues, Expenses, and Changes in Net Position.

6. Operating Lease Revenue (continued)

Tenant - Two Canal Owner, LLC (TCO):

On May 7, 2015, the Corporation entered into a 99-year lease agreement with TCO for redevelopment of the building and surrounding property at 2 Canal Street. As part of the lease agreement, TCO paid an initial deposit of $1,000,000 and an additional deposit of $4,000,000 of which the initial deposit and additional deposit can be used toward interim rent. The additional deposit of $4,000,000 was being held in escrow until expiration of the financing contingency period, in accordance with the terms of the lease agreement. In 2017, an additional deposit of $4,000,000 was released from the escrow account to NOBC and was recorded as deferred revenue at December 31, 2017.

On May 30, 2018, TCO paid an additional $1,000,000 to the Corporation for failure to meet the commencement construction deadline date of May 30, 2018. This amount granted TCO an extension period of 180 days to commence construction. On June 28, 2018, TCO met all requirements to commence construction and requested the extension payment of $1,000,000 be used towards interim rent. NOBC granted their request and recorded $161,111 of the $1,000,000 extension payment as lease extension revenue and the remaining amount of $838,888 is recorded as advances on lease payments.

Commencing upon the earlier of the commencement of construction or the commencement deadline through the date preceding the full rent commencement date, TCO shall pay interim rent equal to $100,000 per month. TCO shall be entitled to a credit for each such monthly installment up to $5,838,888 in advance deposits.

Beginning on the full rent commencement date on March 30, 2020, and throughout the remainder of the lease term TCO shall pay base rent and percentage rent as defined in the lease agreement subject to a credit of the remaining amount of the deposit.

For the year ended, December 31, 2022, rental income from 2 Canal Street of $1,372,464, is reported on the Statement of Revenues, Expenses, and Changes in Net Position.

As detailed in the lease agreement with TCO, if there are sales of condominiums at 2 Canal Street, TCO shall pay NOBC 2.5% of the net sale proceeds. For the year ended, December 31, 2022, condo sales revenue from TCO of $1,793,935 is reported as other income on the Statement of Revenues, Expenses, and Changes in Net Position.

As detailed in the lease agreement with TCO, upon approval and receipt of historic tax credits, TCO shall pay the Corporation $750,000 per year for ten years, for a total of $7.5 million. For the year ended, December 31, 2022, historic tax credit revenue from TCO of $750,000 is reported as other income on the Statement of Revenues, Expenses, and Changes in Net Position.

6. Operating Lease Revenue (continued)

Tenant - Two Canal Owner, LLC (TCO) (continued):

The following is a schedule of the minimum future lease income on non-cancelable leases for 2 Canal Street as of December 31, 2022:

Year	Amount
2023	$ 3,250,000
2024	3,250,000
2025	3,250,000
2026	3,250,000
2027	3,250,000
2028-2032	17,250,000
2033-2037	18,750,000
2038-2042	18,750,000
2043-2047	18,750,000
2048-2052	18,750,000
2053-2057	18,750,000
2058-2062	18,750,000
2063-2067	18,750,000
2068-2072	18,750,000
2073-2077	18,750,000
2078-2082	18,750,000
2083-2087	18,750,000
2088-2092	18,750,000
2093-2097	18,750,000
2098-2102	18,750,000
2103-2107	18,750,000
2108-2112	18,750,000
2113-2114	5,312,500
Total minimum lease payments	338,812,500
Less: Interest cost	(266,106,904)
Present value of minimum lease payments	$ 72,705,596

Deferred inflows of resources related to these leases as of December 31, 2022 is $71,010,335. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at a 5% discount rate.

6. Operating Lease Revenue (continued)

Riverwalk, North Arcade, and Spanish Plaza:

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

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

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

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

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

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

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

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

6. Operating Lease Revenue (continued)

Riverwalk, North Arcade, and Spanish Plaza (continued):

The following is a schedule of the minimum future lease income on non-cancelable leases for Riverwalk, North Arcade, and Spanish Plaza as of December 31, 2022:

Year	Amount
2023	$ 115,481
2024	115,481
2025	115,481
2026	115,481
2027	115,481
2028-2032	577,405
2033-2037	577,405
2038-2042	577,405
2043-2047	577,405
2048-2052	577,405
2053-2057	577,405
2058-2062	577,405
2063-2067	577,405
2068-2072	577,405
2073-2074	182,845
Total minimum lease payments	5,956,895
Less: Interest cost	(2,801,097)
Present value of minimum lease payments	$ 3,155,798

Rental income from the Riverwalk, North Arcade, and Spanish Plaza of $186,614 includes additional rent in the amount of $125,991 reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

Deferred inflows of resources related to these leases as of December 31, 2022 is $3,122,395. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at a 2.8% discount rate.

St. Roch Market:

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

NEW ORLEANS BUILDING CORPORATION

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DECEMBER 31, 2022

6. Operating Lease Revenue (continued)

St. Roch Market (continued):

On September 29, 2014, the Corporation entered into a lease agreement with Bayou Secret, LLC to operate the Market. The initial term is 10 years with two five-year renewal options. The Market opened to the public on April 10, 2015. The following is a schedule of the minimum future lease income on non-cancelable leases for St. Roch Market as of December 31, 2022:

Year		Amount
2023	$	78,000
2024		81,000
2025		96,000
2026		96,000
2027		96,000
2028-2032		537,000
2033-2034		209,000
Total minimum lease payments		1,193,000
Less: Interest cost		(256,040)
Present value of minimum lease payments	$	936,960

Rental income from St. Roch Market of $76,128 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

Deferred inflows of resources related to these leases as of December 31, 2022 is $900,848. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at a 4% discount rate.

D. H. Holmes Property:

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

6. Operating Lease Revenue (continued)

D. H. Holmes Property (continued):

The separate leases signed by and between the Corporation (Landlord) and HRI and/or its affiliates include: (1) Seventh Amendment and Restatement of Apartments Lease Agreement dated March 30, 1994 and Eight Amendment and Restatement of Apartments Lease Agreement dated January 1, 2014; (2) the Sixth Amendment and Restatement of Hotel Lease dated September 15, 1993, as amended by First Amendment to Sixth Amendment and Restatement of Hotel Lease Agreement dated May 6, 1997, Second Amendment to Sixth Amendment and Restatement of Hotel Lease dated August 30, 2000, Seventh Amendment and Restatement of Hotel Lease Agreement dated October 23, 2007, and Eighth Amendment and Restatement of Hotel Lease Agreement dated September 2, 2011; (3) the Hotel Parking Lease dated September 15, 1993, as amended by First Amendment to Hotel Parking Lease dated May 6, 1997, Amended and Restated Hotel Parking Lease Agreement dated October 23, 2007, and Second Amended and Restated Hotel Parking Lease Agreement dated September 2, 2011; and (4) the Apartments Parking Lease dated September 15, 1993, as amended by First Amendment and Restatement of Apartments Parking Lease dated March 30, 1994.

On March 30, 1994, HRI assigned and transferred its interest in the Seventh Amendment and Restatement of Apartments Lease Agreement to 800 Iberville Street Limited Partnership ("Iberville").

HRI assigned and transferred its interest in the Sixth Amendment and Restatement of Hotel Lease (hereinafter referred to as the "Hotel Lease") to the 800 Canal Street Limited Partnership ("800 Canal") September 15, 1993. The 800 Canal Street Limited Partnership assigned its interest in the Seventh Amendment and Restatement of Hotel Lease to Guitar Partners, LLC ("Guitar Partners"), wholly owned by 800 Canal. Immediately following the Guitar Partners Assignment, Guitar Partners assigned its interest in the Seventh Amendment and Restatement of Hotel Lease to CWI-HRI French Quarter Hotel Property, LLC. Additionally, 800 Canal assigned and transferred its interest in the First Amendment to the Hotel Parking Lease to Sonesta Louisiana Hotel Corporation, who then assigned its interest in the lease to HRI Parking Corporation. In connection with the 2007 Chateau Sonesta Hotel Restructuring, said assignments of the First Amendment of the Hotel Parking Lease were terminated and 800 Canal assigned and transferred its interest in the Amended and Restated Hotel Parking Lease to HRI Lodging Incorporated, who then assigned and transferred its interest in the lease to HRI Parking Corporation. Subsequently, 800 Canal assigned its interest in the 2007 Hotel Parking Lease to Guitar Partners, LLC. Immediately following the Guitar Partners Assignment, Guitar Partners assigned its interest in the 2007 Hotel Parking Lease to CWI- HRI French Quarter Hotel Property, LLC.

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

6. Operating Lease Revenue (continued)

D. H. Holmes Property (continued):

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

Tenant - 800 Iberville – Apartments Lease:

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

1) Fixed Rent:
   a) Prior to January 1, 2014, Fixed Rent was as follows:
      i. Year one commencing December 1, 1994 - $32,400 annually.
      ii. Years two through the expiration or termination of the lease, Fixed Rent shall be adjusted annually (but not decreased) commencing December 1, 1995, in accordance with the CPI and Fixed Rent Appraisal provisions of the Apartments Lease.
      iii. Years sixteen (16) and every ten (10) year thereafter, Fixed Rent is tied to Market Value by appraisal.

   b) January 1, 2014 through December 31, 2015 - $205,000 per year.
   c) January 1, 2016, through the expiration or earlier termination of the lease – Fixed Rent shall be adjusted annually (but not decreased) by the increase in CPI during the previous year. The maximum annual CPI adjustment will be seven percent (7%) unless the increase in CPI and the average apartment rent per square foot charged by the Tenant exceed 7%. If this occurs, that increase will be the maximum allowed.

   Tenant 800 Iberville is entitled to a reduction in annual fixed rent equal to the Air Rights Rent paid to NOBC. Fixed rental income of $76,184 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

2) Percentage Rent:

   a) Prior to January 1, 2014, Percentage Rent was due in the amount of six percent (6%) of gross income as defined in the Apartments Lease, in excess of $1,125,000 (the "Percentage Rent Threshold Level"). If Fixed Rent exceeds $67,800 due to the market value appraisal, the "Percentage Rent Threshold" is increased annually by the quotient of Fixed Rent divided by six percent (6%).

   b) Commencing January 1, 2014, Percentage Rent is calculated at six percent (6%) of gross income in excess of $3,416,667. The threshold is calculated on an annual basis by dividing the Fixed Rent in effect for such a year by six percent (6%).

   Percentage rental income of $-0- is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

6. Operating Lease Revenue (continued)

Tenant - 800 Iberville – Apartments Lease (continued):

3) Additional Rent:

   a) Prior to January 1, 2014, the Corporation received two-thirds (2/3) of all monies received as percentage rent from third parties.
   b) Commencing January 1, 2014, Additional Rent is calculated as two-thirds (2/3) of all monies received as percentage rent from LFBP #1, LLC and V Restaurant Group and 41% of all monies received as percentage rent from all other commercial tenants.

   Additional rental income of $57,117 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

4) Base Commercial Rent Participation:

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

   Base commercial rent participation income of $127,674 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

5) Air Rights Rent:

   a) The Corporation is entitled to receive, in advance, Landlord Air Rights Rent in the amount of $5,700 per annum, commencing on the Rental Commencement Date (December 1, 1994). Beginning December 1, 2000, the rent will increase by 15% every five years.

   Air rights rent income of $2,337 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

6) Landlord Administrative Expense (LAE):

   a) The Landlord shall receive a certain minimum amount of annual revenue for Landlord Administrative Expenses. LAE shall not be payable in addition to any rent unless the sum of such annual rent payments totals less than $12,000 per year, or unless there is an event of foreclosure.

   For the year ended December 31, 2022, no landlord administrative expense reimbursements were received.

6. Operating Lease Revenue (continued)

Tenant - CWI-HRI French Quarter Hotel Property, LLC - Hotel Lease:

A summary of Eighth Amendment and Restatement of Hotel Lease Agreement by and between the Corporation and CWI-HRI French Quarter Hotel Property, LLC dated September 2, 2011 (the "Lease") is as follows:

1) Parties:
   a) Landlord: New Orleans Building Corporation
   b) Tenant: CWl-HRI French Quarter Hotel Property, LLC.

2) Leased Premises:
   a) Certain fee simple and leasehold estates owned or leased by the Corporation, situated in Square 67, Second Municipal District, New Orleans, Louisiana. Described more particularly in Schedule “1” of the Lease, together with all improvements and constructions thereon, and all appurtenances thereunto appertaining, and the Air Space described on Schedule “16” of the Lease. The Leased Premises includes the Corporations leasehold estate under the Salmen Lease.

3) Term:
   a) Primary term: ninety-nine (99) years, from September 2, 2011 to September 2, 2110.
   b) Option: none.

4) Rent (Section 7):
   a) Types of Rent:
      i. Base Rent is payable monthly, in advance of the first of each month, as follows:
         a. Year one - $300,000 for the year.
         b. Year two through the expiration or earlier termination of the lease, base rent shall be annually adjusted commencing on the first anniversary of the effective date, but not decreased. Annual adjustment based upon the greater of (i) 3% or (ii) the extent to which the CPI has increased during the previous year.
         c. CWI-HRI French Quarter Hotel Property, LLC shall be entitled to a reduction in the monthly base rent payable to the Corporation equal to the monthly air rights rent paid.

         Base rental income of $233,619 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

      ii. Percentage Rent is payable within 90 days following the end of each calendar year - by March 31st (March 30th in leap year) as follows:
         a. 4.5% of Gross Income in excess of the annual threshold. The percentage rent threshold level shall be calculated on an annual basis by dividing the sum of (i) Base Rent (ii) rent under the Salmen lease paid by Tenant, and (iii) rent under the Comer Lot lease paid by Tenant, in effect for such year by 4.5%.

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6. Operating Lease Revenue (continued)

Tenant - CWI-HRI French Quarter Hotel Property, LLC - Hotel Lease (continued):

b. Definition of "Gross Income" modified to exclude garage revenue (but not Hotel Valet Parking Revenue) and telephone charges (but not telephone commissions) collected from guests on behalf of the telephone company. Gross Income is defined in Section 7A of the Lease.

Percentage rental income of $38,016 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

iii. Additional Rent:

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

iv. Base Commercial Rent Participation:

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

Base commercial rent participation income and additional rental income of $705,078 is reported on the Statement of Revenues, Expenses, and Changes in Net position for the year ended December 31, 2022.

v. Air Rights Rent:

a. $663.75 per month effective December 1, 2018; 15% increase every 5 years (next increase effective December 1, 2023).

Air rights rental income of $4,553 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

6. Operating Lease Revenue (continued)

Tenant - CWI-HRI French Quarter Hotel Property, LLC - Hotel Parking Lease:

A summary of Second Amended and Restated Hotel Parking Lease by and between the Corporation and CWI-HRI French Quarter Hotel Property, LLC effective as of September 2, 2011 (the "Lease") is as follows:

1) Parties:
   a) Landlord: New Orleans Building Corporation
   b) Tenant: CWI-HRI French Quarter Hotel Property, LLC

2) Leased Premises:
   a) Former D.H. Holmes Parking Garage (contains approximately 340 parking spaces) and all improvements, located in part on land owned by Mercier Realty & Investment Co., and in part on land owned by the Corporation (the "Garage"), together with entrance and exit ramp facilities and the non-exclusive right and license to use certain lobby and elevator facilities appurtenant thereto (the "Leased Premises").

3) Term:
   a) Primary term: ninety-nine (99) years, from September 2, 2011 to September 2, 2110.
   b) Option Term(s): Following the initial 30-year period of the Term (the "Initial" period), which Initial period shall include the period from September 2, 2011, through December 31, 2042, the Corporation and CWI-HRl French Quarter Hotel Property, LLC will negotiate the rent and other terms of the Lease for each successive 10 year period (each an "Option Period").
      i. CWI-HRI French Quarter Hotel Property, LLC shall deliver the proposed terms and conditions to the Corporation not less than 90 days prior to the end of the Initial period or then-current Option period. The terms and conditions for the next Option period shall be negotiated in good faith by the parties prior to the expiration of the Initial Period or then current Option period.
      ii. The Corporation must timely exercise each option granted under the Mercier Ground Lease, provided that CWI-HRI French Quarter Hotel Property, LLC furnishes the Corporation with notice of exercise not less than 60 days prior to the last day on which the Corporation may exercise.
   c) Termination: Notwithstanding options granted, Lease will automatically terminate concurrently with the expiration, termination, or cancellation of the Hotel Lease. If Mercier Ground Lease is terminated or expires, Lease shall terminate as of same date, subject to any non-disturbance and attornment or similar rights granted directly by Mercier to CWI-HRI French Quarter Hotel Property, LLC or its Mortgagee. The Corporation has the right to terminate, or to make an equitable adjustment to, the Lease if the Corporation's right under the Mercier Ground Lease are substantially reduced as a result of circumstances reasonably beyond the Corporation's control.

6. Operating Lease Revenue (continued)

Tenant - CWI-HRI French Quarter Hotel Property, LLC - Hotel Parking Lease (continued):

4) Rent:
   a) Types of Rent:
      i. Fixed Minimum Rent is payable monthly, in advance on the first of each month, as follows:
         a. During the first five (5) year period of the Initial period, plus the period from September 2, 2011 through December 31, 2011: $209,570 per annum, plus the amount of any Mercier increases, payable in equal monthly installments of $17,464, plus the amount of any Mercier increases.
         b. During the second five (5) year period of the Initial period, the Fixed Minimum Rent shall be $250,000 per annum, plus the amount of any Mercier increases, payable in equal monthly installments of $20,833, plus the amount of any Mercier increases.
         c. During the last twenty (20) year period of the Initial period, the Fixed Minimum Rent shall be increased annually by the greater of (i) three percent (3%) of the Fixed Minimum Rent in effect for the immediately preceding Lease year or (ii) the amount by which the CPI has increased during the previous year, subject to certain limitations as set forth in Section 4(a) of the lease.
         d. Fixed rental income of $130,375 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

      ii. Percentage Rent (Section 4(b)) is payable on or before the 10th of each month, as follows:
         a. Percentage rent shall be an amount equal to fifty percent (50%) multiplied by the difference between (i) Gross Garage Revenue after subtracting Hotel Valet Parking Income and (ii) to the extent paid by Tenant, the sum of CWI-HRI French Quarter Property, LLC's proportionate share of operating costs, operating expenses, insurance premiums, the Monthly Capital Improvement Fund Deposit, and Fixed Minimum Rent (including Mercier increases, which include real estate taxes payable under the Mercier Lease).
         b. On or before the tenth (10th) day following the end of each calendar month, CWI-HRI French Quarter Property, LLC shall furnish the Corporation with a written statement certified to be correct by CWI-HRI French Quarter Property, LLC showing the Percentage Rent due from the beginning of the Lease Year to the end of the preceding calendar month or portion thereof and setting forth the (i) the amount of Gross Garage Revenues generated in, at, or from the Leased premises; (ii) Hotel Valet Parking Income; (iii) CWI-HRI French Quarter Property, LLC's proportionate share of operating costs; (iv) Operating expenses; (v) Insurance premiums paid by CWI-HRI French Quarter Property, LLC; (vi) the Monthly Capital Improvement Fund deposit; and (vii) Fixed Minimum Rent (separately identifying any amounts paid to Mercier on the Corporation's behalf as rent and for payment of real estate taxes - such statement is the "Monthly Statement").

6. Operating Lease Revenue (continued)

Tenant - CWI-HRI French Quarter Hotel Property, LLC - Hotel Parking Lease (continued):

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

Percentage rental income of $77,491 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

iii. Capital Improvement Fund Deposits: Tenant pays the lesser of (1) $2,000 or (2) Net Garage Revenues less Fixed Minimum Rent and expenses incurred by CWI-HRI French Quarter Property, LLC in the operation and maintenance of the garage (but not management fees paid to garage operator).

Capital improvement fund deposits of $24,000 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

4) Tenant Improvements:
   a) CWI-HRI French Quarter Property, LLC may reimburse itself for the tenant improvements, as defined, from the capital improvements fund for the entire cost of the improvements. In addition, the Partnership may use Percentage Rent (see above) if the capital improvement funds are insufficient.

5) Operating Costs and Insurance Premiums:
   a) In addition to fixed minimum rent and percentage rent, CWI-HRI French Quarter Property, LLC shall pay monthly to the Corporation its proportionate share, as defined, of all costs incurred by the Corporation in maintaining, repairing, operating, and insuring the leased premises.

6) Utilities:
   a) CWI-HRI French Quarter Property, LLC shall pay all utilities required, used, or consumed in the leased premises.

6. Operating Lease Revenue (continued)

Tenant - CWI-HRI French Quarter Hotel Property, LLC - Hotel Parking Lease (continued):

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

In early 2000, the Corporation entered into a lease with Chifici Enterprises, Inc., d/b/a Deanie's Seafood for the operation of a restaurant with ancillary bar, and catering facility, which lease was amended by the Amendment to Lease dated effective as of April 1, 2007. The primary terms of the lease is for 10 year to commence the earliest of (i) 120 days following the Tenant's receipt of permits for Tenants Improvements, or (ii) the date the Tenant opens for business (determined by the date of the Tenant's Certificate of Occupancy or actual opening, whichever first occurs), or (iii) 180 days after the effective date of the lease (February 17, 2000). The latter option applied, and lease became effective on August 15, 2000. Deanie's has three options to extend the term for five years each and a fourth option to extend the term for two additional years. The term will include all renewal or extension terms that become effective by reason of the Tenant's exercise of an option.

The lease was amended on May 25, 2021, to exercise the third option, retroactive to January 1, 2020. The amended lease expires December 31, 2024. In accordance with the terms included within the lease compromise agreement, both parties agreed that from April 1, 2020 until the COVID-19 period termination date, Deanie’s Seafood shall not be obligated to pay the Corporation any fixed rent, but during that period Deanie’s Seafood shall instead pay monthly percentage rent equal to a percentage of Deanie’s Seafood monthly Gross Sales. After the COVID-19 period termination date, annual fixed rent payments will be $445,920. During the year ended December 31, 2022, there was no fixed rent payments.

Percentage rent of $269,239 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022. Security deposits in the amount of $10,000 are reported on the Statement of Net Position as of December 31, 2022.

Reimbursable Operating Costs and Real Estate Taxes:

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

Reimbursements received from tenants of $30,846 are reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

6. Operating Lease Revenue (continued)

Tenant - CWI-HRI French Quarter Hotel Property, LLC - Hotel Parking Lease (continued):

Following is a schedule of the minimum future lease income on non-cancelable leases for D.H. Holmes Property as of December 31, 2022:

Year	Amount
2023	$ 1,032,293
2024	1,055,489
2025	1,079,380
2026	1,103,988
2027	1,129,334
2028-2032	6,054,289
2033-2037	6,812,228
2038-2042	7,673,289
2043-2047	8,338,470
2048-2052	8,993,040
2053-2057	9,751,867
2058-2062	10,354,263
2063-2067	10,378,144
2068-2072	10,378,144
2073-2077	10,378,144
2078-2082	10,378,144
2083-2087	10,378,144
2088-2092	10,378,144
2093-2097	10,378,144
2098-2102	10,378,144
2103-2107	10,378,144
2108-2112	6,139,611
Total minimum lease payments	162,920,837
Less: Interest cost	(125,881,911)
Present value of minimum lease payments	$ 37,038,926

Deferred inflows of resources related to these leases as of December 31, 2022 is $35,932,751. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at discount rates ranging from 4.5% to 6%.

6. Operating Lease Revenue (continued)

Saenger Theatre:

Tenant – Saenger Theatre Redevelopment Company, LLC:

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

1) Ticket-based Rent:
The Developer shall pay the following amount per paid ticket sold to ticket presentations. Paid ticket shall mean a ticket having a face value in excess of $5.00 to a presentation at the Saenger Theatre. The price per ticket amount on the opening date is $1.50. The price per ticket shall be increased by 30% on January 1, 2022, to $1.95 and shall be increased on the first day of each fifth calendar year thereafter by 15% to $2.24 based on the threshold of number of paid tickets below:

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

Ticket rental income of $294,913 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

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

Office rental income of $15,103 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

6. Operating Lease Revenue (continued)

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

Following is a schedule of the minimum future lease income on non-cancelable leases for the Saenger Theatre as of December 31, 2022:

Year	Amount
2023	$ 21,953
2024	21,953
2025	21,953
2026	21,953
2027	25,246
2028-2032	130,017
2033-2037	149,520
2038-2042	171,948
2043-2047	197,740
2048-2052	227,402
2053-2057	261,512
2058-2062	291,979
2063	58,396
Total minimum lease payments	1,601,572
Less: Interest cost	(960,737)
Present value of minimum lease payments	$ 640,835

Deferred inflows of resources related to these leases as of December 31, 2022 is $619,222. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at a 4.5% discount rate.

Billboard Lease:

In late 2009, the Corporation assumed ownership of a billboard advertising lease, effective November 8, 2009. Under the terms of the lease, the lessee shall pay 40% of gross receipts less agency commission to be paid 50% to the Saenger and 50% to the Corporation. The lease automatically renews from year-to-year unless one party notifies the other of its election not to renew. Rental income of $8,000 is reported on the Statement of Revenues, Expense, and Changes in Net Position for the year ended December 31, 2022. Rental income of $5,433 for Saenger Billboard percentage rent is included in rental income for the year ended December 31, 2022.

6. Operating Lease Revenue (continued)

Piazza d'Italia and Surrounding Properties:

The Corporation leases the Piazza d'Italia and surrounding properties owned by the City of New Orleans, Louisiana (the "City"). The original lease dated November 9, 1992, between the City and the Corporation was terminated and a new 99 year lease agreement dated June 28, 2002 replaced it. Under the new lease, fixed rent is one dollar ($1) per year and was paid in full at the inception of the lease for the lease term commencing on June 28, 2002, and ending on June 27, 2101. In addition to fixed rent, the City is entitled to all receipts derived from the operations or activities of the Corporation or subleases of the property (Gross Receipts) less any operating expenses incurred with the administration of the lease or otherwise incurred by the Corporation pursuant to its annual budget as approved by the Council of the City.

Operator - Premium Parking Facilities:

The Corporation assumed the Parking Facility Management Agreement with Premium Parking Services LLC ("Premium"). The original agreement, effective June 9, 2009, is to operate the parking lot adjacent to the Piazza d'Italia. The terms of the Parking Facility Management Agreement are as follows:

1) Owner's Fee:

   Premium agreed to pay the Corporation $106,250 per month (the "Owner's Fee"), payable in arrears beginning May 1, 2017.

2) Year-End Payment:

   In addition to the Owner's Fee, Premium shall pay 80% of all annual "Gross Revenue" of the Parking Lot in excess of $1,675,000 each agreement year.

   "Gross Revenue" is defined as all sums collected by Premium for the parking and storage of motor vehicles, whether on an hourly, daily, weekly, monthly or special event basis, minus all sums paid by Premium on account of (i) any sales tax on the Parking Facilities receipts and (ii) any parking tax related to the Parking Facilities, but without deduction for any sums paid by Premium on account of any occupational license tax, personal property tax, or any other tax or charge payable to the tax collector and without deduction for any cost or expense incurred in relation to the operation, administration or management of the Parking Facilities. There were no year-end payments for the year ended December 31, 2021.

   "Gross Revenue" shall include all parking fees, penalties, fines, and other amounts paid to or collected or recovered by Premium in connection with enforcement of its parking rules and regulations. Calculation of "Gross Revenue" shall not include any sums collected and retained by Premium's third-party enforcement subcontractor in connection with enforcement of its parking rules and regulations, such as towing or booting expenses.

6. Operating Lease Revenue (continued)

Operator - Premium Parking Facilities (continued):

3) Term and Termination:

Effective July 1, 2016, the Corporation entered into a Concession Agreement with Premium to operate the parking lots with a 60-day termination provision due to the planned development of the property. The term of the concession agreement ran from July 1, 2016, to June 30, 2017, with $96,200 paid monthly in arrears for any month Premium operated the lots. This agreement was terminated on April 30, 2017. Effective May 1, 2017, the Corporation entered into another Concession Agreement with $106,250 paid monthly in arrears for a period of one (1) year with the option of the Corporation to extend for four (4) additional one-year periods. On September 11, 2018, this agreement was extended for one year and was terminated on June 8, 2019. On April 4, 2019, this agreement was extended for an additional year terminating on June 8, 2020. Premium Parking continued to operate the lots following the expiration of the agreement.

In May 2021, Premium Parking agreed to the terms of a new lease which included a settlement of $565,586 for 2020 rents, a percentage rent structure for January through April 2021 and a return to base rent of $1,275,000 annually plus 80% of gross revenue in excess of $1,625,000. The settlement was paid in November 2021. Percentage rent was paid from January through April 2021 and base rent was paid from May 2021 through December 2021.

For the year ended December 31, 2022, rental income was $1,204,802.

Future minimum lease income for Premium Parking Facilities as of December 31, 2022, is as follows:

Year	Amount
2023	$ 1,275,000
Total minimum lease payments	1,275,000
Less: Interest cost	(34,358)
Present value of minimum lease payments	$ 1,240,642

Deferred inflows of resources related to these leases as of December 31, 2022 is $1,204,802. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at a 6% discount rate.

Rivergate Property:

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

6. Operating Lease Revenue (continued)

Tenant – Harrah's Jazz Casino:

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

The terms of the Casino lease are as follows:

1) Initial Lease Payment:

   On the effective date of the lease, the tenant paid to the Landlord a non-refundable payment of $15,000,000.

2) Mobilization Payment:

   In addition to the Initial Lease Payment, the Casino paid to the Landlord a non-refundable mobilization payment of $8,750,000, which was deemed earned on the effective date.

3) Fixed Rent:

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

4) Gross Gaming Payments:

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

5) Audubon Payments:

   Harrah's Jazz Company succeeded, and Tenant has assumed to Harrah's Jazz Company's obligation with respect to, the City's financial obligation in the amount of $200,000 per year to Audubon Park Commission. The City's obligation was fulfilled in 2011.

6. Operating Lease Revenue (continued)

Tenant – Harrah's Jazz Casino (continued):

6) Gross Non-Gaming Payment:

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

7) Minimum Payment:

The minimum annual payments for Fixed Rent, Gross Gaming Payments, Audubon Payments, and Gross Non-Gaming Payments paid to the Landlord shall be $12,500,000 per year.

8) City Payments:

Commencing on the opening date, Tenant shall make payments to the City (the "City Payments') in the amount of $1,250,000 for each fiscal year during the term in which Tenant receives gross gaming revenues in the amount of $350,000,000 or more. The City Payments shall be in monthly installments in the amount of $104,167 each. If Tenant does not receive gross gaming revenue of the $350,000,000 or more in a fiscal year, the credit for the City Payments made with respect to that fiscal year shall continue to be carried forward to the earliest succeeding fiscal year.

9) Trade Name Licenses:

In the event Tenant licenses to third parties the manufacturer, and/or distribution of trademarked, copyrighted or other intellectual property, the licensing program will be open to third party applicants and local vendors who meet Tenant's licensing standards at reasonable and nondiscriminatory rates. For the year ended December 31, 2022, there were no trade name licenses payments.

10) School Board Payments:

Tenant agrees to pay to the City $2,000,000 per fiscal year (or pro rata amount during a partial fiscal year) during the initial term and any extended term after the opening date with the first payment to be made within six months after the opening date and thereafter on each annual anniversary. The School Board Payments shall be dedicated to capital projects addressing health, safety, and teaching and learning environment issues in the school facilities, with any disbursement to the Orleans Parish School Board for such capital projects to be the sole responsibility of the City Council. The School Board Payments shall increase cumulatively on each anniversary of the opening date by a percentage equal to the annual percentage increase in the revised CPI.

6. Operating Lease Revenue (continued)

Tenant – Harrah's Jazz Casino (continued):

11) Interim Payments:

The Tenant has paid the Landlord the sum of $50,000 each month for the period commencing on the day which was 60 days after the original amended lease execution date and ending July 1, 1994, the day the Tenant executed its initial casino operating contract.

12) Pre-Opening Date Rent:

Tenant shall pay Landlord as pre-opening date rent the amount of $736,000 per month on the first day of each month from the plan effective date through the opening date.

13) Second Floor Rent:

On the execution date, the Tenant has entered into the Second Floor Rent. Payment is for the right not to develop the 2nd floor of the leased property, the casino. The payment is adjusted at the end of every 3rd calendar year by a percentage equal to the average increases in the CPI for the prior 10 years.

14) Additional Second Floor Rent:

If the Tenant does not commence substantial operations on the Second Floor before December 31, 2012, then commencing January 1, 2013, Tenant shall pay Landlord the additional sum of $250,000 annually until Tenant commences operations on the Second Floor. The tenant entered into an agreement with the Corporation during the fiscal year ended December 31, 2019, to begin the buildout on the second floor. As a result, additional second floor rent ceased as of February 2019.

15) Additional Consideration:

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

16) Marketing Payment:

Commencing on the execution date and on each anniversary of the execution date thereafter during the term, Tenant shall contribute $1,000,000 to the destination marketing program of the City for the joint benefit of the City and Tenant in order to promote the City and the Casino as destinations.

Rivergate Property rental revenues of $7,663,189 are reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

6. Operating Lease Revenue (continued)

Tenant – Harrah's Jazz Casino (continued):

The future minimum lease income for Harrah's Jazz Casino as of December 31, 2022, is as follows:

Year	Amount
2023	$ 13,254,244
2024	13,254,244
2025	14,254,245
2026	15,254,245
2027	16,254,244
2028-2032	81,271,221
2033-2037	81,271,221
2038-2042	81,271,221
2043-2047	81,271,221
2048-2052	81,271,221
2053-2057	81,271,221
2058	13,670,911
Total minimum lease payments	573,569,459
Less: Interest cost	(291,940,978)
Present value of minimum lease payments	$ 281,628,481

Deferred inflows of resources related to these leases as of December 31, 2022 is $274,620,180. The inflows of resources are recognized ratably over the terms of the lease using the net present value at the inception of the lease at a 4.5% discount rate.

6. Operating Lease Revenue (continued)

Lease Receivable:

The future minimum lease income in total for the Corporation as of December 31, 2022, is as follows:

Year ended December 31,	Lease Payment Requirements
2023	$ 19,898,219
2024	18,589,534
2025	19,522,434
2026	20,500,268
2027	21,464,846
2028-2032	107,632,585
2033-2037	108,550,699
2038-2042	108,786,988
2043-2047	109,477,961
2048-2052	109,942,193
2053-2057	110,715,130
2058-2062	43,747,683
2063-2067	29,805,195
2068-2072	29,705,549
2073-2077	29,310,989
2078-2082	29,128,144
2083-2087	29,128,144
2088-2092	29,128,144
2093-2097	29,128,144
2098-2102	29,128,144
2103-2107	29,128,144
2108-2112	24,889,611
2113-2117	5,312,500
Total minimum lease payments	1,092,621,248
Less: Interest cost	(689,891,405)
Present value of minimum lease payments	$ 402,729,843

Deferred inflows of resources related to these leases as of December 31, 2022, total $392,728,853. The inflows of resources are recognized ratably over the terms of the leases using the net present value at the inception of the lease at discount rates ranging from 2.8% to 6%.

7. Lease Payable Commitments and Operating Lease Expense

Effective February 17, 2000, the Corporation amended the ground lease with Mercier Realty and Investment Company for the ground under a portion of the Corporation's properties at 800 Iberville and the ground under Deanie's leased premises. The amended ground lease expires February 29, 2020, with three additional twenty-year options to renew. The first option to renew was exercised with an expiration date of February 28, 2040. Lease payments are as follows:

1) Fixed rent adjusted annually for CPI for the Hotel Parking Garage which is located in part on land owned by Mercier Realty and Investment Company. Monthly fixed rent was $4,180 from January 1, 2022 to December 2022.
2) Three percent of the excess of annual net sales on the Hotel Parking Garage premises (exclusive of parking charges) over $2,420,000. There were no income-producing entities under the garage lease to qualify for percentage rent calculation for the year ended December 31, 2022.
3) In lieu of percentage rent described above, the Corporation pays additional rent calculated at 37.5% of base commercial rent collected by the Corporation from Deanie's for the ground under Deanie's leased premises. Monthly fixed rent was $14,228 during the year ended December 31, 2022.
4) Fixed rent adjusted annually for CPI, up to 7% per year, for use of rear ramp of the Garage. Monthly ramp rent was $180 from January 2022 to December 2022.

Leasing expenses under the Mercier lease of $150,651 is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2022.

The operating lease agreement for the ground under a portion of the Corporation's properties at 800 Iberville and the ground under Deanie's leased premises, met the qualifications for recording a lease payable at December 31, 2022 as required by GASB Statement No. 87, *Leases*. The Corporation has recorded a right-of-use asset of $3,369,391 and related accumulated amortization of $50,165 at December 31, 2022. Amortization expense of $50,165 related to assets acquired under leases payable is included in depreciation and amortization expense during the year ended December 31, 2022.

7. Lease Payable Commitments and Operating Lease Expense (continued)

Obligations of the Corporation under the leases payable as of December 31, 2022, are as follows:

Year ended December 31,	Lease Payment Requirements
2023	$ 159,206
2024	159,206
2025	159,206
2026	159,206
2027	159,206
2028-2032	796,030
2033-2037	796,030
2038-2042	796,030
2043-2047	796,030
2048-2052	796,030
2053-2057	796,030
2058-2062	796,030
2063-2067	796,030
2068-2072	796,030
2073-2077	796,030
2078-2082	796,030
2083-2087	796,030
2088	26,534
Total minimum lease payments	10,374,924
Less: Interest cost	(7,020,420)
Present value of minimum lease payments	$ 3,354,504

At December 31, 2022, the value of the lease liability was $3,366,911. In determining the present values, the interest rate charged by the lessor was the discount rate, if provided.

8. Commitments And Contingencies

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

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

9. Pension Plan

The Corporation's employees are employees of the City of New Orleans and participate in the Employees' Retirement System of the City of New Orleans (Plan).

Plan Membership:

The Employees' Retirement System of the City of New Orleans covers all City employees except for fire and police employees.

Plan Description:

The Employees' Retirement System of the City of New Orleans, a single-employer defined benefit pension plan, is controlled and administered by a separate Board of Trustees. The Plan covers all employees of the New Orleans Building Corporation. The Plan provides retirement, deferred, and disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries.

The Board issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. The financial report for the Plan may be obtained by writing to: The Employees' Retirement System of the City of New Orleans, 1300 Perdido Street, New Orleans, Louisiana, 70131.

Basis of Accounting:

The financial statements of the Plan are prepared using the accrual basis of accounting whereby revenues are recognized when they are earned, and expenses are recognized when incurred. Contributions are recognized as revenue in the period in which employee services are performed. Interest income is recognized in the period earned and dividends are recognized in the period declared.

Plan members are required to contribute 6% of their annual covered salary in excess of $1,200. Employers are required to contribute an actuarially determined rate. For the year ended December 31, 2022, the actuarially required contribution rate for employers was 17.18% of covered payroll. For the year ended December 31, 2022, employer contributions were $41,435. The contribution requirement of plan members and the Corporation are established and may be amended by state statute.

10. Cooperative Endeavor Agreements

NOBC/DDD/City of New Orleans:

New Orleans Building Corporation (NOBC), together with the Downtown Development District (DDD) and the City of New Orleans (City) are sponsors of certain capital improvements to Canal Street from Claiborne Avenue to the Mississippi River. These capital improvements include repaving sidewalks, landscaping, and generally contributing to the overall beautification of the Canal Street corridor.

10. Cooperative Endeavor Agreements (continued)

NOBC/DDD/City of New Orleans (continued):

In order to define and coordinate the rights and responsibilities of the co-sponsors of the project, NOBC, DDD, and the City entered into a Cooperative Endeavor Agreement setting forth their respective financial obligations in connection with the project. In order to finance the proposed capital improvements, the Louisiana Public Facilities Authority, a public trust and public corporation of the State of Louisiana agreed to lend NOBC the proceeds of certain revenue bonds in the aggregate principal amount of $9,680,000. The issuance date was September 25, 2002.

In 2004, the City of New Orleans entered into an $11.5 million bond issuance, paying NOBC's remaining debt on the original issuance. Under the terms of the Cooperative Endeavor Agreement, NOBC and the DDD agreed to assume responsibility for repayment of the debt, with NOBC agreeing to make debt service payments on the bond issuance. NOBC has not been required to pledge assets, nor were they required to pledge future rents. The Cooperative Endeavor Agreement states payments will be made by NOBC provided cash flows are sufficient in any given year. Ultimately, the responsibility for payment of the debt lies with the City of New Orleans in the event that NOBC cannot make the payments.

The DDD has agreed to be responsible for payments on $2,000,000 of the debt by payment to or reimbursement to NOBC, or approximately 17.39% of each debt service payment. As of December 31, 2013, DDD paid their share of $2,000,000.

Under the terms of the Cooperative Endeavor Agreement, NOBC agrees to:

a. Make available to the City certain funds on hand in the amount of $300,000 toward Project Costs;

b. Make payments to the City Bond Trustee for all of the bond debt service on the City Bonds provided that if NOBC's revenues are insufficient to make all or part of these debt service payments or NOBC's payments toward bond debt services exceed $850,000 during any calendar year, then DDD's obligation to make up the $300,000 of debt service payments annually to the City Bond Trustee shall become effective;

c. Pay the DDD's portion during any calendar year where the DDD's tax revenues are insufficient or have not yet been collected to permit DDD to timely pay its obligations;

d. Direct the $500,000 made available by the City to be used solely to pay a portion of the Project Costs.

Debt service payments made under the Cooperative Endeavor Agreement during the year ended December 31, 2022 was $2,199,447 and are included in non-operating income (loss) on the statement of revenues, expenses, and changes in net position.

11. Due To/From The City Of New Orleans

In October 2001, the garage at 931 Bienville was sold at public auction for $506,000. The Act of Sale on the garage was effective in February 2002. An Ordinance of the City of New Orleans declared that the proceeds from the sale were to be held in the Capital Fund to be used for Corporation purposes. These proceeds will be used to satisfy the Corporation's out-of-pocket funding of the Capital Street Improvements Project, as described above. As of December 31, 2019, the total due from the City for this transaction was $526,315. On November 18, 2020, there was a $100,000 transfer from the City for the Spanish Plaza Project. During 2021, a transfer of $70,032 was returned to the Capital Fund. As of December 31, 2022, the total due from the City was $476,290.

The City of New Orleans paid operating expenses on behalf of the Corporation in the amount of $516,737 for the year ended December 31, 2022. The operating expenses included salaries and related benefits. As of December 31, 2022, $65,512 was due to the City of New Orleans for the payment of operating expenses.

12. Transfers To The City Of New Orleans

As part of the Ordinance of the City of New Orleans and the Corporation, on a quarterly basis, all funds not needed to satisfy the reasonably incurred obligations of the Corporation and that are in excess of the amounts budgeted and allotted for the subsequent quarter shall be transferred to the General Fund of the City of New Orleans. During the year ended December 31, 2022, the amount transferred to the City of New Orleans was $12,006,476 for funds received from Harrah's. These transfers to the City are reflected in the Statement of Revenues, Expenses, and Changes in Net Position.

13. Maintenance And Use Agreement

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

14. Risk Management

The Corporation is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and material disasters for which the Corporation carries errors and omissions and natural disaster commercial insurance. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonable estimated.

15. Per Diem Paid To Board Of Directors

The Board of Directors, in their capacity as board members, received no per diem payments for the year ended December 31, 2022.

16. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued June 29, 2023, determined no items require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

OTHER SUPPLEMENTARY INFORMATION

NEW ORLEANS BUILDING CORPORATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2022

Agency Head Name: Cynthia M. Connick, Chief Executive Officer

Salary	$ 147,820
Benefits - Health Insurance	8,827
Benefits - Other	13,043
Reimbursements	52
	$ 169,742

See accompanying independent auditors' report

OTHER REPORT

RICHARD CPAS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the New Orleans Building Corporation (the Corporation) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated June 29, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) 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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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, 2023

NEW ORLEANS BUILDING CORPORATION

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2022

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

Financial Statements

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

(b) Internal control over financial reporting:

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

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

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

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

None reported

NEW ORLEANS BUILDING CORPORATION

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2022

RICHARD CPAS

NEW ORLEANS BUILDING CORPORATION

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2022

NEW ORLEANS BUILDING CORPORATION

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RICHARD CPAS

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022, through December 31, 2022. New Orleans Building Corporation's management is responsible for those C/C areas identified in the SAUPs.

New Orleans Building Corporation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022, through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

We were engaged by New Orleans Building Corporation to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 New Orleans Building Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Richard CPAS

Metairie, Louisiana
June 29, 2023

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NEW ORLEANS BUILDING CORPORATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2022

PROCEDURES (SCHEDULE A)

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

1) Written Policies and Procedures

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

Not applicable – The Corporation does not have any credit cards, debit cards, fuel cards, or P-cards.

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

No exceptions were found as a result of this procedure.

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

Not applicable – The Corporation does not have debt.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

2) Board or Finance Committee

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

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

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

No exceptions were found as a result of this procedure.

3) Bank Reconciliations

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

4) Collections (excluding electronic funds transfers)

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

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

i. Observe that receipts are sequentially pre-numbered.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

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

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

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

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

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

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

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

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

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

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

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

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

No exceptions were found as a result of this procedure.

ii. If reimbursed using actual costs, observe 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 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 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.

8) Contracts

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

9) Payroll and Personnel

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

Not applicable – the Corporation has no employees, and all personnel are employed by the City of New Orleans. Board Members are not paid for their services. Therefore, this section of the AUP is not applicable to the Corporation.

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

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

Not applicable – Corporation has no employees.

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

Not applicable – The Corporation has no employees.

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

Not applicable – The Corporation has no employees.

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

Not applicable – The Corporation has no employees.

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

   Not applicable – The Corporation has no employees.

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

   Not applicable – The Corporation has no employees.

10) Ethics

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

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

      No exceptions were found as a result of this procedure.

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

      No exceptions were found as a result of this procedure.

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

   No exceptions were found as a result of this procedure.

11) Debt Service

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

Not applicable – The Corporation does not have any debt.

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

Not applicable – The Corporation does not have any debt.

12) Fraud Notice

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

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

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

The Corporation had no terminated employees during the year.

14) Prevention of Sexual Harassment

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.