



THE FINANCE AUTHORITY OF NEW ORLEANS
DBA FINANCE NEW ORLEANS

FINANCIAL STATEMENTS AND SCHEDULES

DECEMBER 31, 2024

WITH INDEPENDENT AUDITORS' REPORT
THEREON



FINANCE NEW ORLEANS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Finance Authority of New Orleans dba Finance New Orleans

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the proprietary fund and fiduciary fund of The Finance Authority of New Orleans dba Finance New Orleans (FNO) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise FNO'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 proprietary fund and fiduciary fund of The Finance Authority of New Orleans dba Finance New Orleans as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FNO 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, FNO adopted new accounting guidance in 2024, Governmental Accounting Standards Board (GASB) No. 100, Accounting Changes and Error Corrections – an amendment of GASB statement 62, and No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

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 FNO'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.

Auditors' 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 the 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 FNO'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 FNO'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 as listed in the table of contents 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 FNO's basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to 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 27, 2025, on our consideration of FNO'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 FNO'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 FNO's internal control over financial reporting and compliance.



EISNERAMPER LLP
Baton Rouge, Louisiana
June 27, 2025



THE FINANCE AUTHORITY OF NEW ORLEANS
DBA FINANCE NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024
(in thousands)

The Management's Discussion and Analysis of the Finance Authority of New Orleans, doing business as Finance New Orleans (FNO), presents a narrative overview and analysis of FNO's financial activities for the year ended December 31, 2024. This document focuses on the current period's activities, resulting changes, and currently known facts in comparison with the prior period's information. Please read this document in conjunction with FNO's financial statements, which begin on page 9.

The financial statements include the totals of the accounts of each of FNO's bond programs and the Operating Fund, NOHMA Development Corporation, Unrestricted Fund, Pathways to Homeownership New Orleans, Inc., the Market Rate Program and the PILOTs Program which are all collectively reported under the proprietary fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, and supplementary information.

Government-wide Financial Statements – Enterprise Fund

FNO's principal activities of promoting the development of residential housing (single or multi-family dwellings) in the City of New Orleans, Louisiana, primarily for persons of low and moderate incomes are accounted for in a single proprietary fund – the enterprise fund. Enterprise funds are used to report business activities. Since the enterprise fund is FNO's single activity, its financial statements are presented as FNO's government-wide financial statements.

The financial statements provide both long-term and short-term information about FNO's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

FNO's financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of FNO are included in the Statement of Net Position.

The Statement of Net Position presents financial information on all of FNO's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of FNO is improving or deteriorating.

Fund Financial Statements – Fiduciary Fund

The fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statements because the resources of that fund are not available to support FNO's own programs. FNO's only custodial fund is the City of New Orleans Fiduciary Fund, which is used to account for assets held by FNO as an agent for the City of New Orleans.

THE FINANCE AUTHORITY OF NEW ORLEANS
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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024
(in thousands)

FINANCIAL HIGHLIGHTS

FNO's assets exceeded its liabilities as of December 31, 2024 by \$7,270. Operating expenses have increased in the program expenses over the prior year and along with the decline in program revenue has resulted in a deficiency in revenues under expenses of \$1,617 at year end.

FNO adopted GASB Statement No. 101, Compensated Absences. Under this Statement, a liability for compensated absences is recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The implementation of GASB 101 required FNO to record the compensated absences.

FINANCIAL ANALYSIS OF FNO

Net Position

The statements of net position as of December 31, 2024 and 2023 are as follows (in thousands):

	<u>2024</u>	<u>2023</u>
		(as restated)
Cash and cash equivalents	\$ 5,956	\$ 7,230
Mortgage-backed securities	3,622	4,049
Notes and other receivables - net	61	126
Other assets	<u>575</u>	<u>600</u>
 Total assets	 <u>\$ 10,214</u>	 <u>\$ 12,005</u>
 Other liabilities	 \$ 44	 \$ 31
Bonds and notes outstanding	<u>2,900</u>	<u>3,087</u>
 Total liabilities	 <u>2,944</u>	 <u>3,118</u>
 Net position:		
Net investment in capital assets	561	589
Restricted	775	755
Unrestricted	<u>5,934</u>	<u>7,543</u>
 Total net position	 <u>7,270</u>	 <u>8,887</u>
 Total liabilities and net position	 <u>\$ 10,214</u>	 <u>\$ 12,005</u>

FNO's total net position at December 31, 2024 decreased by \$1,617, a decrease of 18%, from December 31, 2023 (as restated). Total assets and total liabilities remained consistent year over year.

THE FINANCE AUTHORITY OF NEW ORLEANS
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DECEMBER 31, 2024
(in thousands)

Net investment in capital assets represents property and equipment, principally real estate held by the Pathways to Homeownership Program. Restricted net position represents those assets that are not available for general use due to the terms of the various bond trust indentures under which assets are held and pledged as security for the bonds of FNO's Mortgage Revenue Bond Programs less the related liabilities. Conversely, unrestricted net position represents those assets for which there are no such limitations.

Changes in Net Position

The summary of changes in net position are as follows:

	2024	(as restated) 2023
	(in thousands)	
Operating revenues, net of investment losses	\$ 955	\$ 1,211
Operating expenses	2,572	1,941
Deficiency in revenues under expenses	<u>\$ (1,617)</u>	<u>\$ (730)</u>

Operating revenues decreased by \$256 or 21%, in 2024 compared to 2023, primarily due to the decrease in program revenue compared to prior year. Operating expenses increased by \$631, or 33%, in 2024 compared to 2023, due primarily to an increase in partnership and program development costs.

Capital Assets

Capital assets decreased by \$28 during the year ended December 31, 2024. This decrease is related to current year depreciation on FNO's capital assets during the year. Note 4 to the financial statements summarizes activity in capital assets during the year.

Debt Administration

Finance New Orleans had \$2,900 in bonds outstanding as of December 31, 2024, compared to \$3,087 at the end the prior fiscal period, a decrease of 6.1%.

The decreased debt level as of December 31, 2024 resulted primarily from the payment of bonds in FNO's Single Family Program Funds. The notes to the financial statements disclose the details of debt activity for the year ended December 31, 2024.

Substantially all of FNO's single family bond issues had an AAA rating at December 31, 2024 due to the GNMA and FNMA securities pledged as collateral for FNO's bond issues.

THE FINANCE AUTHORITY OF NEW ORLEANS
DBA FINANCE NEW ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024
(in thousands)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Finance New Orleans (FNO) remains committed to providing innovative capital and financing options to support safe, affordable, and resilient housing, commercial development, and infrastructure projects. Our FY2025 budget reflects the ongoing evolution of our role as both a housing finance agency and a mission-aligned green bank focused on sustainability and equity.

New Orleans continues to face acute affordability and disaster resilience challenges. Sea-level rise, extreme weather, and aging infrastructure disproportionately impact low-income and disadvantaged communities. In response, FNO has developed a suite of programs that prioritize resilience, affordability, and equitable access to clean energy and housing opportunities.

In 2020, FNO began transforming its business model into a hybrid green bank and housing finance agency. Since then, the agency has signed key Cooperative Endeavor Agreements (CEAs) with the City of New Orleans and the Louisiana Housing Corporation (LHC), launched multiple financing programs, and built partnerships to attract new capital into the region. These include the Sustainable Developer Program, which has supported over \$360 million in affordable housing through PILOT-backed deals, and the Green Mortgage Program, which was relaunched in Q2 2025 to offer down payment assistance and energy retrofit incentives; and the new Resilient & Efficient Upgrade Program (RE-UP), a green infrastructure finance tool designed to support climate-resilient upgrades and improvements across the city's aging infrastructure.

Most recently, FNO closed on a \$5 million senior secured loan from the Coalition for Green Capital (CGC) under the EPA's Greenhouse Gas Reduction Fund (GGRF). This capital will be deployed into Qualified Projects aligned with FNO's mission. In addition, FNO has secured approximately \$1.285 million in operational support grants from philanthropic, federal, and mission-aligned partners. These grants will support internal capacity, outreach, program development, and compliance infrastructure aligned with FNO's housing and sustainability mission.

FNO's programs are designed to leverage this investment and address long-standing gaps in the market. Through its participation in the American Green Bank Consortium (a project of CGC) and leadership in the Resilient New Orleans Innovation Challenge, FNO is advancing clean energy, green infrastructure, and equitable housing solutions. The Innovation Challenge, launched in June 2024, is financing the development and retrofit of several housing sites in neighborhoods such as Gentilly, Pontchartrain Park, and Central City.

These efforts are guided by the Resilient New Orleans Finance Plan (RNOFP), a multi-agency strategy to accelerate climate investment. Developed in collaboration with C40 Cities and numerous regional partners, the plan outlines how New Orleans can achieve net-zero emissions by 2050 and catalyze investment into underserved communities.

Macroeconomic conditions remain dynamic. The Federal Reserve's quantitative tightening measures and inflationary pressures have led to higher interest rates, slowing some private sector housing activity. Despite this, demand for affordable, disaster-resilient housing remains strong. FNO continues to navigate this environment by maintaining a conservative budget posture while maximizing strategic investment.

THE FINANCE AUTHORITY OF NEW ORLEANS
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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024
(in thousands)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Looking ahead, FNO's strategic priorities for FY2025 include deploying GGRF capital into clean energy projects; launching PILOT programs for community solar projects; executing the Housing Trust Fund Cooperative Endeavor Agreement to establish recurring public funding; scaling the newly launched Green Mortgage Program while piloting additional green finance tools; enhancing the Sustainable Developer Program to increase deal flow and maximize the impact of tax abatements and bond financing; strengthening philanthropic and public-private partnerships to diversify revenue; and continuing to build internal capacity to reduce reliance on consultants. Together, these priorities reflect a balanced approach that centers mission delivery, financial discipline, and long-term growth.

FNO's FY2025 budget reflects a strategic shift toward long-term sustainability, with continued focus on mission delivery, financial stewardship, and capital innovation. Management remains committed to adapting to economic conditions while delivering impactful outcomes for the residents of New Orleans.

CONTACTING FINANCE NEW ORLEANS' MANAGEMENT

This financial report is designed to provide New Orleans citizens and taxpayers, as well as FNO's customers and creditors with a general overview of Finance New Orleans finances and to show FNO's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

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Executive Director
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THE FINANCE AUTHORITY OF NEW ORLEANS
DBA FINANCE NEW ORLEANS
STATEMENT OF NET POSITION
PROPRIETARY FUND

DECEMBER 31, 2024
(in thousands)

Assets

Current assets:	
Cash and cash equivalents	\$ 5,246
Investments:	
Mortgage-backed securities	657
Receivables:	
Accrued interest	49
Other loans and assets	12
Total receivables	<u>61</u>
Prepaid expenses and other assets	<u>14</u>
Total current assets	<u>5,978</u>
Noncurrent assets:	
Cash and cash equivalents, restricted	710
Mortgage-backed securities, restricted	2,965
Capital assets, net	<u>561</u>
Total noncurrent assets	<u>4,236</u>
Total assets	<u><u>\$ 10,214</u></u>

Liabilities and Net Position

Current liabilities:	
Accrued interest and other	\$ <u>44</u>
Total current liabilities	<u>44</u>
Long-term liabilities:	
Bonds and notes payable	<u>2,900</u>
Total liabilities	<u>2,944</u>
Net position:	
Net investment in capital assets	561
Restricted	775
Unrestricted	<u>5,934</u>
Total net position	<u>7,270</u>
Total liabilities and net position	<u><u>\$ 10,214</u></u>

See accompanying notes to financial statements.

THE FINANCE AUTHORITY OF NEW ORLEANS
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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2024
(in thousands)

Revenues:		
Investment earnings	\$	302
Grant revenue		630
Program revenue		23
Total revenues		<u>955</u>
Expenses:		
Interest expense on revenue bonds and notes		75
Program expenses		2,457
Depreciation expense		40
Total expenses		<u>2,572</u>
Deficiency in revenues over expenses		(1,617)
Net Position - Beginning of year as previously reported		<u>8,903</u>
Change in accounting principle (Note 6)		<u>(16)</u>
Net Position - Beginning of year, restated		8,887
Net Position - End of year	\$	<u><u>7,270</u></u>

See accompanying notes to financial statements.

THE FINANCE AUTHORITY OF NEW ORLEANS
DBA FINANCE NEW ORLEANS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2024
(in thousands)

Cash flows from operating activities:	
Collection of interest income	\$ 326
Payments of interest and program expense	(1,083)
Payments to employees and other suppliers of services	(1,438)
Other operating receipts	23
Collection of grant income	630
Net cash used in operating activities	<u>(1,542)</u>
Cash flows from noncapital and related financing activities:	
Principal payments on bonds	<u>(187)</u>
Net cash used in noncapital financing activities	<u>(187)</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	<u>(12)</u>
Net cash used in capital financing activities	<u>(12)</u>
Cash flows from investing activities:	
Maturities of investments	<u>467</u>
Net cash provided by investing activities	<u>467</u>
Net decrease in cash and cash equivalents	(1,274)
Cash and cash equivalents at beginning of the year	<u>7,230</u>
Cash and cash equivalents at end of the year	<u><u>\$ 5,956</u></u>
Reconciliation of cash and equivalents to the Statement of Net Position:	
Current assets - cash and cash equivalents	\$ 5,246
Noncurrent assets - cash and cash equivalents, restricted	710
Total cash and cash equivalents	<u><u>\$ 5,956</u></u>
Reconciliation of net operating loss to net cash used in operating activities are as follows:	
(Deficiency in) excess of revenue over expenses	\$ (1,617)
Unrealized gain on investments	(39)
Depreciation expense	40
Adjustments to reconcile deficiency in revenues over expense to net cash used in operating activities:	
(Increase) decrease in receivables	65
(Increase) decrease in prepaid expenses and other assets	(4)
Increase (decrease) in accrued liabilities	<u>13</u>
Net cash used in operating activities	<u><u>\$ (1,542)</u></u>

See accompanying notes to financial statements.

THE FINANCE AUTHORITY OF NEW ORLEANS
DBA FINANCE NEW ORLEANS
STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2024
(in thousands)

<u>ASSETS</u>	<u>Custodial Funds</u>
Cash and cash equivalents	<u>\$ 64</u>
<u>LIABILITIES</u>	<u>\$ -</u>
<u>NET POSITION</u>	
Restricted for:	
Other governments	<u>\$ 64</u>
<u>TOTAL LIABILITIES AND NET POSITION</u>	<u>\$ 64</u>

See accompanying notes to financial statements.

THE FINANCE AUTHORITY OF NEW ORLEANS
DBA FINANCE NEW ORLEANS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

DECEMBER 31, 2024
(in thousands)

	Custodial Funds
	<hr/>
<u>ADDITIONS</u>	
Deposits	\$ -
Total additions	<hr/> - <hr/>
<u>DEDUCTIONS</u>	
Total deductions	<hr/> - <hr/>
Net increase in fiduciary net position	-
Net position - beginning	64
Net position - ending	<hr/> \$ 64 <hr/>

See accompanying notes to financial statements.

THE FINANCE AUTHORITY OF NEW ORLEANS
DBA FINANCE NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(in thousands)

1) Organization and Summary of Significant Accounting Policies

Organization

The Finance Authority of New Orleans dba Finance New Orleans (FNO) is a public trust originally created by a trust indenture dated October 11, 1978, pursuant to Chapter 2A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. FNO was created to provide funds, through the issuance of bonds, to promote the development of residential housing (single or multi-family dwellings) in the City of New Orleans, Louisiana, primarily for persons of low and moderate incomes. In 1995, the powers of FNO were expanded to include all those provided to a public trust under Revised Statutes 9:2341 et seq. In accordance with the respective indentures, the proceeds from FNO's bond issues are used to acquire mortgage-backed securities.

FNO is managed by a Board of Trustees appointed by the Council of the City of New Orleans. The Bank of New York Trust Company, N.A. serves as the trustee of the single family program funds. FNO's staff serves as the mortgage loan administrator of the various whole loan portfolios. Various local financial institutions originate and service FNO's single family program mortgage loans.

FNO's basic financial statements consist of the government-wide statements which include the proprietary fund (the enterprise fund) and the fund financial statements which includes the fiduciary fund (City of New Orleans Fiduciary Fund).

The operations of FNO are accounted for in the following fund types:

Proprietary Fund Type

The proprietary fund is used to account for FNO's ongoing operations and activities, which are similar to those found in the private sector. The proprietary fund is accounted for using a flow of economic resources measurement focus under which all assets and deferred outflows and all liabilities and deferred inflows associated with the operation of these funds are included in the statements of net position.

The financial statements of FNO include the following subsidiaries that are 100% owned by FNO. These entities share the same governance and management from FNO, and as a result, are considered part of FNO and not component units.

- ***NOHMA Development Corporation***

NOHMA Development Corporation (the NOHMA Corporation) was formed in the fiscal year 1994. The NOHMA Corporation's mission is to provide increased home ownership among "primarily" low income families via a joint operating agreement with FNO through a variety of services.

- ***Pathways to Homeownership New Orleans, Inc.***

Pathways to Homeownership New Orleans, Inc. (the Pathways Corporation) was formed on March 31, 2005, and was funded in the year ended March 31, 2007. The Pathways Corporation's mission is to provide increased homeownership among low and moderate income families through a variety of services.

THE FINANCE AUTHORITY OF NEW ORLEANS
DBA FINANCE NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(in thousands)

1) Organization and Summary of Significant Accounting Policies (continued)

The financial statements of each of these entities is included in the proprietary fund of FNO. All significant inter-entity accounts and transactions have been eliminated in the basic financial statements.

Programs

Sustainable Homeownership Program

During 2015, FNO introduced a market rate mortgage program that provides mortgages and down payment assistance grants to borrowers with incomes up to 140% of the New Orleans Area Median Income. This program serves as a complement to our traditional tax-exempt bond mortgage program. The first mortgages offered in this program are FHA, VA or Freddie Mac sponsored with down payment assistance provided through a second mortgage funded with proceeds from premiums priced into the previously mentioned first mortgages. Down payment assistance ranges from 3-5% of the value of the first mortgage.

FNO collects an issuer fee for each origination and also has the option to purchase the mortgage-backed securities created from the individual mortgages originated through the program. The Market Rate Program and our traditional tax-exempt bond mortgage program falls under what is now known as the Sustainable Homeownership Program. The Sustainable Homeownership Program enhances the current programs by adding financial solutions that create access to sustainable and affordable housing opportunities for homebuyers including: green mortgages for first-time homebuyers, green mortgages for existing homeowners, and green improvement loans for all home homeowners.

Sustainable Developer Program

The Sustainable Developer Program was developed to offer affordable financial products including tax-exempt bonds, payments in lieu of taxes (PILOTs), and green infrastructure loans to developers building affordable, climate resilient housing. In May 2020, FNO announced a partnership with the Louisiana Housing Corporation (LHC) to provide more affordable housing in the City of New Orleans. The Cooperative Endeavor Agreement (CEA) between the City, FNO, and LHC is designed to build public agency coordination that will increase affordable housing development in New Orleans.

Payment-in-Lieu-of-Taxes (PILOT) Program

Finance New Orleans' Payment-in-Lieu-of-Taxes (PILOT) Program is a financial incentive designed to encourage the development of affordable housing real estate opportunities in and around one of the City-defined Mandatory Inclusionary Zoning ("MIZ") zones by "freezing" property taxes at the predevelopment level for a predetermined period of time. The eligible amount of time for a PILOT to be in place is determined by use, cost, as well as other criteria (Appendix I). PILOTs are not entitlements. In order to qualify for a PILOT, the project must (i) be in a MIZ zone; or (ii) qualify for low-income housing tax credits or bond financing through the Louisiana Housing Corporation.

THE FINANCE AUTHORITY OF NEW ORLEANS
DBA FINANCE NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS
(in thousands)

1) Organization and Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Operating revenues include all charges for services, investment income or loss, grant revenue, program income and other miscellaneous charges. FNO's principal operating revenues are interest and appreciation (depreciation) related to investment and mortgages/mortgage-backed securities. Grant revenues are recorded when FNO has a right to reimbursement under the related grant, or when otherwise earned under the terms of the grant. Operating expenses include the costs associated with providing services to promote the development of residential housing. FNO did not have non-operating revenues or expenses in 2024.

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position should be displayed in three components - net investment in capital assets, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets; restricted distinguishing between major categories of restrictions and consisting of restricted assets reduced by liabilities and deferred inflows of resources related to those assets; and unrestricted consisting of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

FNO first applies restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

FNO applies GASB Statement No. 84, Fiduciary Activities, which establishes standards of accounting and financial reporting for fiduciary activities.

This Statement establishes criteria for fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, as applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

FNO's determined that the City of New Orleans Fiduciary Fund, which is used to account for assets held by FNO as an agent for the City of New Orleans meets the criteria for reporting as a custodial fund. The funds held and current amounts payable are reported in the statement of fiduciary net position.

Cash and Cash Equivalents

FNO considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

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NOTES TO FINANCIAL STATEMENTS
(in thousands)

1) Organization and Summary of Significant Accounting Policies (continued)

Other Loans and Assets

FNO determines past-due amounts based on contractual terms and does not charge interest on the accounts. FNO charges off receivables if management considers the collection of the outstanding balance to be doubtful. For fiscal year ended December 31, 2024, management determined that there were no accounts that needed to be written off or allowance set up for receivables.

Investments

Investments are recorded at fair value. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties and has generally been based upon quoted values. This method of accounting causes fluctuations in reported investment values based on fluctuations in the investment market. Fluctuations in the fair value of investments are recorded as income or expense in the statements of revenues, expenses and changes in net position.

The sale of certain investments by FNO is subject to certain restrictions as described in the individual bond indentures.

Capital Assets

Capital assets are recorded at cost less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated lives (buildings - 40 years; equipment - 5 to 10 years; building improvements - 15 years) of the related assets.

Grant Revenues

Revenues from federal and state grants are recorded when FNO has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by FNO, or when otherwise earned under the terms of the grants. FNO recognized grant revenues of \$630 in 2024.

Use of 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 deferred outflows and liabilities and deferred inflows 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.

Current Year Adoption of New Accounting Standard

FNO adopted Governmental Accounting Standards Board (GASB) Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB statement No. 62." The statement enhances financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information. See footnote 6 for the change in accounting principle.

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NOTES TO FINANCIAL STATEMENTS
(in thousands)

1) Organization and Summary of Significant Accounting Policies (continued)

Current Year Adoption of New Accounting Standard (continued)

FNO adopted GASB Statement No. 101, Compensated Absences. Under this Statement, a liability for compensated absences is recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The implementation of GASB 101 required FNO to record the compensated absences as noted in Note 6.

2) Cash and Cash Equivalents

In compliance with state laws, those deposits not covered by depository insurance are required to be secured by bank owned securities specifically pledged to FNO and held in joint custody by an independent custodian bank. Custodial credit risk is the risk that in the event of a bank failure FNO's deposits may not be returned to it. As of December 31, 2024, FNO had approximately \$2,352 in demand deposits that were covered by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The remaining amount of FNO's cash balances were comprised of cash equivalents that were invested in money market funds, of which the underlying assets are guaranteed investments in securities issued by the U.S. Government.

3) Investments

FNO categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. FNO's mortgage-backed securities are valued using quoted prices for similar securities in active markets (Level 2 inputs).

FNO's measurements of fair value are made on a recurring basis for assets and liabilities recorded at fair value on December 31, 2024 are as follows:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Mortgage-backed securities	\$ -	\$ 3,622	\$ -	\$ 3,622
Total	\$ -	\$ 3,622	\$ -	\$ 3,622

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NOTES TO FINANCIAL STATEMENTS
(in thousands)

3) Investments (continued)

Credit Risk

Louisiana State statutes authorize FNO to invest in the following types of investment securities:

- 1) Fully-collateralized certificates of deposit issued by qualified commercial banks, federal credit unions, and savings and loan associations located within the State of Louisiana.
- 2) Direct obligations of the U.S. government, including such instruments as treasury bills, treasury notes, treasury bonds and obligations of U.S. government agencies that are deliverable on the Federal Reserve System.
- 3) Repurchase agreements in U.S. government securities made with the primary dealers that report to and are regulated by the Federal Reserve Bank of New York.
- 4) Guaranteed investment contracts with companies having good credit ratings.

FNO has no investment policy that would further limit its investment choices beyond the restrictions imposed by the State of Louisiana. As of December 31, 2024, substantially all of FNO's investments in Government National Mortgage Association (GNMA) and Federal National Mortgage Association (FNMA) securities were considered high credit quality. GNMA securities are explicitly backed by the full faith and credit of the U.S. government and were rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's. FNMA securities, while not explicitly guaranteed, are issued by a government-sponsored enterprise and were similarly treated as high-quality agency mortgage-backed securities, carrying ratings of Aaa by Moody's and AA+ by Standard & Poor's as of year-end 2024. FNO has no limit on the amount it may invest in any one issuer so long as the State of Louisiana's restrictions are followed.

Interest Rate Risk

Interest rate risk is the risk applicable to debt instruments with fair values that are sensitive to changes in interest rates. One indicator of the measure of interest rate risk is the dispersion of maturity dates of debt instruments. FNO's investment policy does limit investment maturities for the bond programs to securities that approximate the terms of the related debt. Therefore, FNO balances its interest rate risk against the related debt. By using this method, FNO believes that it will mitigate its interest rate risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, FNO would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. FNO's investments are held by the custodial bank as an agent for FNO, in FNO's name, and are thereby not exposed to custodial credit risk.

At December 31, 2024, FNO's total investments of approximately \$3,622 included approximately \$657 of GNMA and FNMA mortgage-backed securities bearing interest from 2.50% to 7.50% maturing through the year 2035, and an additional \$2,965 of mortgage-backed securities, described below.

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NOTES TO FINANCIAL STATEMENTS
(in thousands)

3) Investments (continued)

Mortgage-backed securities, restricted

Several of the single-family bond issues were structured to provide funds to purchase 30 year fixed rate mortgages which would then be immediately sold and assigned to a master servicer and exchanged for mortgage-backed securities. The securities are backed by the mortgage loans and guaranteed as to timely payment of principal and interest by GNMA or FNMA. Interest on the GNMA and FNMA securities is stated at 3.00% and 3.75%, respectively, which is higher than the interest rate on the respective mortgage loans with final maturity dates ranging from 2025 through 2044.

The individual single family issues structured in this manner and the values of the mortgage-backed securities held as of December 31, 2024, are as follows (in thousands):

<u>Single Family Program Fund</u>	<u>Interest Rate</u>	<u>Carrying Amount of Securities</u>
GSE Series of 2009	3.00-3.75%	<u>\$ 2,965</u>

4) Capital Assets

Capital asset activity for the year ended December 31, 2024 is as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Land	\$ 152	\$ -	\$ -	\$ 152
Building	893	-	-	893
Equipment	310	12	-	322
Total acquisition cost	<u>1,355</u>	<u>12</u>	<u>-</u>	<u>1,367</u>
Less: accumulated depreciation				
Building	458	30	-	488
Equipment	308	10	-	318
Total accumulated depreciation	<u>766</u>	<u>40</u>	<u>-</u>	<u>806</u>
Capital assets, net	<u>\$ 589</u>	<u>\$ (28)</u>	<u>\$ -</u>	<u>\$ 561</u>

5) Bonds Payable

The outstanding bonds payable and transactions of FNO as of and for the year ended December 31, 2024, are as follows (in thousands):

	<u>Issued</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Outstanding December 31, 2023</u>	<u>Bonds Issued</u>	<u>Payments on Principal</u>	<u>Outstanding December 31, 2024</u>
Single Family 2009 GSE Revenue Bonds	\$ 25,000	2.32%	12/1/2041	\$ 3,087	\$ -	\$ 187	\$ 2,900

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NOTES TO FINANCIAL STATEMENTS
(in thousands)

5) Bonds Payable (continued)

During 2009, FNO issued \$25,000 of GSE Revenue Bonds. These obligations are secured by and payable solely from bond proceeds, revenues, GNMA and FNMA certificates and other amounts derived by FNO from this issue and from certain reserve funds. These bonds are not guaranteed by or, in any way, an obligation of GNMA or FNMA. The initial proceeds were invested in an investment agreement with US Bank. The initial interest rate was equal to the rate of interest earned on the fund's investments. Effective, February 22, 2012 the rate converted to a permanent rate of 2.32% through December 1, 2041. The bonds are subject to redemption on or prior to December 1, 2041.

Following is a schedule of the future principal and interest payments of FNO's debt based on the stated maturity dates of the debt. Actual repayment dates will likely occur earlier since substantially all of the debt is subject to early redemption provisions. These early redemption provisions relate to payments received on the mortgage-backed securities and mortgage loans receivable and certain other factors. These early redemptions will also reduce future interest payments.

Scheduled principal and interest payments for the years ending December 31, are as follows, assuming that all bonds are held to maturity (in thousands):

	Principal	Interest	Total
2025	\$ -	\$ 197	\$ 197
2026	-	197	197
2027	-	197	197
2028	-	197	197
2029	-	197	197
2030-2034	-	985	985
2035-2039	-	985	985
2040-2041	2,900	197	3,097
	<u>\$ 2,900</u>	<u>\$ 3,152</u>	<u>\$ 6,052</u>

6) Change in Accounting Principle

FNO adopted GASB 101- Compensated Absences that was effective January 1, 2024. The impact on the net position of FNO as of December 31, 2023 is as follows (in thousands):

Net position as previously reported, December 31, 2023	\$ 8,903
Change in accounting principle	(16)
Net position, as restated, December 31, 2023	<u>\$ 8,887</u>

7) Board Member Per Diem

For the year ended December 31, 2024, FNO's Board members did not receive any per diem for all committee and board meetings attended.

SUPPLEMENTAL INFORMATION

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SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2024

Agency Head Name: Damon Burns, Chief Executive Officer

<u>Purpose</u>	<u>Amount (\$)</u>
Salary	\$ 217,350
Benefits Health Insurance	2,058
Benefits Retirement	10,780
Benefits FICA and Medicare	13,718
Cell phone	895
Dues	1,805
Per diem	3,659
Conference travel	23,830
	<u>\$ 274,095</u>

See accompanying independent auditors' report.

**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**

To the Board of Trustees of
The Finance Authority of New Orleans dba Finance New Orleans

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 proprietary fund and fiduciary fund of The Finance Authority of New Orleans dba Finance New Orleans (FNO), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise FNO's basic financial statements, and have issued our report thereon dated June 27, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
June 27, 2025

EISNERAMPER
LLP



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SCHEDULE OF FINDINGS AND RESPONSES

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal Control over Financial Reporting:

Material weakness(es) identified?

_____ Yes X No

- Significant deficiency(ies) identified that are
Not considered to be material weaknesses?

_____ Yes X None reported

Noncompliance material to financial
statements Noted?

_____ Yes X No

B. Findings – Financial Statement Audit

None.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Findings – Financial Statement Audit

None.