

**Crescent Affordable
Housing Corporation and
Subsidiaries
(A Component Unit of the
Housing Authority of New
Orleans)**

**Consolidated Financial
Statements and
Supplementary
Information**

December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Crescent Affordable Housing Corporation and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the business-type activities of Crescent Affordable Housing Corporation and Subsidiaries (collectively referred to as the "Corporation"), a component unit of the Housing Authority of New Orleans ("HANO") as of and for the year ended December 31, 2024, and the related notes to the consolidated financial statements, which collectively comprise the Corporation's consolidated financial statements as listed in the table of contents.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Corporation as of December 31, 2024, and the changes in financial position, and cash flows for the year 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 Consolidated 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 opinion.

Emphasis of a Matter

As described in Note J to the consolidated financial statements, a prior period adjustment was made to adjust the Corporation's capital assets, accounts payable, due to related parties, and net position balances as of the beginning of the year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 consolidated 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 consolidated 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 consolidated 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

Management has omitted the Management's Discussion and Analysis for the Corporation that accounting principles generally accepted in the United States of America requires to be presented to supplement the consolidated financial statements. Such missing information, 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. Our opinion on the consolidated financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of net position and consolidating schedule of revenues, expenses and changes in net position are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented for the purpose of additional analysis as required by the Louisiana Legislative Auditor and is also not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated 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 30, 2025 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.

June 30, 2025
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)

CONSOLIDATED STATEMENT OF NET POSITION

December 31, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	\$ 2,551,552
Cash and cash equivalents - restricted	2,370,473
Accounts receivable, net	237,000
Prepaid expenses	466,157
Due from related party	228,302
Current portion of tax credit monitoring fees	6,866
Other assets	994
	<hr/>
Total current assets	5,861,344

NONCURRENT ASSETS

Capital assets, net	59,466,436
Tax credit monitoring fees, net	41,189
Other assets	63,206
	<hr/>
Total noncurrent assets	59,570,831
	<hr/>
Total assets	65,432,175

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	814,037
Tenant security deposits	97,730
Tenant prepaid rent	2,824
Developer fee payable to related party	3,982,645
Due to related party	4,690,064
Accrued interest payable to related party	6,092,979
Other accrued liabilities	96,079
	<hr/>
Total current liabilities	15,776,358

NONCURRENT LIABILITIES

Notes payable - related party	54,648,671
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Total liabilities	70,425,029

NET POSITION

Net investment in capital assets	4,817,765
Restricted	2,272,743
Unrestricted	(12,083,362)
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Total net position	\$ (4,992,854)

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

Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended December 31, 2024

OPERATING REVENUES

Rental income, net	\$ 3,828,198
Other operating income	878,830
Total operating revenues	<u>4,707,028</u>

OPERATING EXPENSES

Salaries and employee benefits	348,583
Utilities	763,203
Repairs and maintenance	1,355,820
Protective services	692,185
Insurance	1,286,749
Tenant services	258,140
Other general and administrative	567,688
Depreciation	<u>2,829,198</u>
Total operating expenses	<u>8,101,566</u>

OPERATING LOSS

(3,394,538)

NON-OPERATING REVENUES (EXPENSES)

Interest income	15,685
Interest expense - related party	(553,145)
Amortization - tax credit monitoring fee	<u>(6,866)</u>
Total non-operating expenses	<u>(544,326)</u>

(3,938,864)

Total net position - beginning	(1,359,280)
Prior period adjustment	<u>305,290</u>
Total net position - beginning, restated	<u>(1,053,990)</u>
Total net position - ending	<u><u>\$ (4,992,854)</u></u>

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

Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)

CONSOLIDATED STATEMENT OF CASH FLOWS

December 31, 2024

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES**

Operating loss	\$ (3,394,538)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	2,829,198
Change in provision of allowance for doubtful accounts	49,318
(Increase) decrease in assets:	
Accounts receivable, net	(109,372)
Due from related parties	366,363
Prepaid expenses	(164,321)
Other assets	943
Increase (decrease) in liabilities:	
Accounts payable	6,541
Tenant security deposits	9,858
Tenant prepaid rent	2,458
Due to related parties	331,591
Accrued interest payable - related party	(37,925)
Other current liabilities	(173,312)
Net cash used in operating activities	<u>(283,198)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING
ACTIVITIES**

Cash paid for capital improvements	(637,955)
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>15,685</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents - beginning of the year	<u>5,827,493</u>
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CASH AND CASH EQUIVALENTS - END OF THE YEAR

<u><u>\$ 4,922,025</u></u>

RECONCILIATION TO BALANCE SHEET

Cash and cash equivalents - unrestricted	\$ 2,551,552
Cash and cash equivalents - restricted	<u>2,370,473</u>
	<u><u>\$ 4,922,025</u></u>

See independent auditor's report.

**Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of operations

Organization

Crescent Affordable Housing Corporation ("CAHC") and Subsidiaries (collectively referred to as the "Corporation"), a Louisiana not-for-profit corporation, was formed in December 2003 by the Housing Authority of New Orleans ("HANO"). The Corporation was formed for the purpose of providing a financial entity to assist HANO in acquiring, financing, redeveloping, rehabilitating and constructing affordable housing. CAHC is the sole member of Lune d'Or Enterprises, LLC ("Lune d'Or"), a for-profit entity created by HANO that serves as the managing member of several for-profit Limited Liability Companies that own and operate affordable housing units developed on properties owned by HANO. CAHC is also the sole member of Place d'Genesis, LLC ("Place d'Genesis"), a for-profit entity with the purpose to acquire, finance, redevelop, rehabilitate and construct affordable housing, and Guste Homes III, LLC a 155-unit low-income housing apartment complex located in New Orleans, Louisiana.

CAHC is a component unit of HANO under the requirements of Governmental Accounting Standards Board ("GASB") *Codification of Governmental Accounting and Financial Reporting Entity*, Section 2100, *Defining the Financial Reporting Entity*. CAHC is presented as a blended component unit of HANO as there is a financial benefit/burden relationship with HANO. HANO has the ability to influence the operations of CAHC as its Board of Directors is appointed by HANO and any changes to CAHC's by-laws must be approved by HANO.

For financial reporting purposes, the financial information is presented in conformity with GASB, which is the same measurement focus and basis of accounting used for HANO.

2. Principles of consolidation

The accompanying consolidated financial statements include the accounts of CAHC, Lune d'Or, Place d'Genesis, and Guste Homes III, LLC. CAHC has a 0.01% interest in Guste Homes III, LLC. In addition, the balances of Lune d'Or include three limited liability companies, which Lune d'Or is a controlling member as the managing member of each respective partnership. These entities in which CAHC and Lune d'Or have managing member ownership interests in are included in the consolidation according to accounting principles generally accepted in the United States of America (GAAP) which require consolidation of the accounts of all limited liability companies that CAHC and Lune d'Or control.

**Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Principles of consolidation (continued)

The limited liability companies included in the consolidation are as follows:

<u>Entity</u>	<u>Percentage ownership</u>	<u>Number of units</u>
Fischer I, LLC	0.01%	20
Fischer III, LLC	0.01%	103
Guste I, LLC	0.01%	82
Guste Homes III, LLC	0.01%	155

There are three additional entities, CJP Rental I, LLC, St. Bernard Rental I, LLC, and Iberville Offsite Rehab I, LLC, in which CAHC has a minority interest, which are not controlled by CAHC and do not require inclusion in these consolidated financial statements.

All significant inter-company balances and transactions have been eliminated upon consolidation. These eliminations include the following:

	<u>Amount</u>
Developer fee payable and receivable	<u>\$ 1,229,164</u>
Investment in joint venture	<u>\$ 651,342</u>
Due to and due from between CAHC and its subsidiaries	<u>\$ 1,337,759</u>

3. Government-wide and fund financial statements

The government-wide financial statements report information about the reporting government as a whole excluding fiduciary activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities rely to a significant extent, on user fees and charges for support.

Governments use fund accounting, whereby funds are organized into three major categories: governmental, proprietary and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund net position, revenues and expenditures/expenses.

For financial reporting purposes, the Corporation reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and the fund financial statements are the same.

**Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Government-wide and fund financial statements (continued)

Enterprise funds are proprietary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating activity generally arises from providing services in connection with a proprietary fund's principal activity. The operating revenues of the Corporation consist primarily of tenant rent. All other revenues are reported as non-operating revenues.

Operating expenses are those expenses that are essential to the primary operations of the Corporation. All other expenses are reported as non-operating expenses.

Net position, the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as presented in the statement of net position, is subdivided into three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation. Net investment in capital assets is the component of net position that consists of capital assets, net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction and improvements of those assets. Unrestricted net position does not meet the definition of the other two components.

4. Measurement focus and basis of accounting

Measurement focus is a term used to describe which transactions are recorded within the various consolidated financial statements. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position and cash flows. All assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The basis of accounting used is similar to businesses in the private sector, thus, these funds are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Use of estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

6. Cash and cash equivalents

The Corporation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

7. Accounts receivable, net

Management individually reviews all accounts receivable periodically and assesses the portions, if any, of the balance that will not be collected. Tenant accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. The allowance for uncollectible amounts as of December 31, 2024, is \$30,093.

8. Tax credit monitoring fees, net

Tax credit monitoring fees of \$102,983 are being amortized using the straight-line method over the fifteen-year tax credit compliance period. Accumulated amortization at December 31, 2024 is \$54,928. Estimated amortization expense for each of the following years is as follows:

	Guste Homes III, LLC
2025	\$ 6,866
2026	6,866
2027	6,866
2028	6,866
2029	6,866
Thereafter	13,725
	<u>\$ 48,055</u>

Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Capital assets, net

Capital assets consists of property and equipment, which is recorded at cost. The Corporation's policy is to capitalize assets with a value in excess of \$5,000 and a useful life in excess of two years. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of revenues, expenses and changes in net position. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Useful Lives</u>
Buildings and improvements	40 years
Land improvements	20 years
Furniture, equipment, and machinery	10 years

10. Impairment of long-lived assets

The Corporation reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. Management has determined that there were no impairments as of December 31, 2024.

11. Rental income, net

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Corporation and the tenants of the property are considered operating leases.

12. Income taxes

CAHC has been classified as a publicly supported organization under Internal Revenue Code Section 501(c)(3) and not as a private foundation. Therefore, it is generally not subject to income tax. CAHC is subject to Unrelated Business Income Tax (UBIT) if income is earned which does not relate to its nonprofit purpose. There has been no UBIT recorded in the financials for the year ended December 31, 2024.

**Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Income taxes (continued)

Lune d'Or and Place d'Genesis have elected to be treated as pass-through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to CAHC and the other owners of the consolidated entities. Lune d'Or and Place d'Genesis' federal tax status as pass-through entities is based on their legal status as single-member limited liability companies. Accordingly, neither entity is required to take any tax positions in order to qualify as pass-through entities. Guste Homes III, LLC and the three limited liability companies included in Lune d'Or are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities.

Accordingly, these consolidated financial statements do not reflect a provision for income taxes and there are no other tax positions which must be considered for disclosure. While no income tax returns are currently being examined by the Internal Revenue Service, the Corporation is subject to income tax examinations by tax authorities for the prior three years.

13. Economic concentrations

All of the operations of CAHC and its consolidated subsidiaries are located in New Orleans, Louisiana. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

14. Impact of recently issued accounting principles

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement is effective for the Corporation's December 31, 2025 fiscal year end.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement is effective for the Corporation's December 31, 2026 fiscal year end.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement is effective for the Authority's December 31, 2026 fiscal year end.

Management is currently evaluating the impact of the adoptions of these statements on the Corporation's consolidated financial statements.

Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE B - CASH AND CASH EQUIVALENTS

As of December 31, 2024, the Corporation's cash and cash equivalents, including restricted cash, totaled \$4,922,025.

The Corporation maintains its cash and cash equivalents in financial institutions that are insured by the Federal Depository Insurance Corporation ("FDIC") for up to \$250,000 per depositor. From time to time, the Corporation's balances in these institutions may be in excess of the FDIC insured limit. However, management does not believe the credit risk related to these balances is significant.

Restricted cash and cash equivalents consist of the following at December 31, 2024:

	Lune d'Or Enterprises, LLC and Subsidiaries			Guste Homes III, LLC	Total
	Fischer I, LLC	Fischer III, LLC	Guste I, LLC		
Replacement reserve	\$ 16,933	\$ 30,111	\$ 94,718	\$ 247,729	\$ 389,491
ACC subsidy reserve	23,978	-	399,148	368,164	791,290
Operating reserve	7,084	-	11,458	482,754	501,296
Tax and insurance escrow	-	-	-	273,020	273,020
Property security reserve	-	-	-	176,004	176,004
Rental achievement reserve	-	-	-	100,574	100,574
Development escrow	-	-	-	41,068	41,068
Tenant security deposits	4,550	24,980	23,500	44,700	97,730
	<u>\$ 52,545</u>	<u>\$ 55,091</u>	<u>\$ 528,824</u>	<u>\$ 1,734,013</u>	<u>\$ 2,370,473</u>

1. Replacement reserve

Pursuant to each respective Operating Agreement, each entity is required to make monthly deposits to a reserve account for capital replacements. During 2024, the funded monthly deposits of \$641 for Fischer I, LLC, \$3,181 for Fischer III, LLC, and \$2,526 for Guste I, LLC were made and will increase annually by the Consumer Price Index. For Guste Homes III, LLC annual deposits are required in the amount of \$46,500, increasing annually by 3% commencing on the date of substantial completion.

2. Annual Contributions Contract ("ACC ") subsidy reserve

Each entity shall establish a reserve account as set forth in their Regulatory and Operating Agreement between the entity and HANO. Funds in the ACC Subsidy Reserve may be used to pay operating expenses subject to approval and consent of the Investor Member. The accounts were originally established at \$33,627 for Fischer I, LLC, \$227,000 for Guste I, LLC and \$365,000 for Guste Homes III, LLC.

**Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE B - CASH AND CASH EQUIVALENTS (continued)

3. Operating reserve

Pursuant to each respective Operating Agreement, each entity is required to establish an operating reserve in a separate reserve account to fund operating expenses, to the extent required, subject to any requisite approvals and to the consent of the Investor Member.

4. Tax and insurance escrow

Pursuant to the Operating Agreement, the Managing Member of Guste Homes III, LLC, CAHC, is required to establish an initial tax and insurance escrow of \$271,463 in a separate escrow account in order to provide for insurance and tax payments for the entity. The initial escrow was funded from capital contributions and/or loan proceeds.

5. Property security reserve

Pursuant to the Operating Agreement, the Managing Member of Guste Homes III, LLC, CAHC, is required to establish an initial Property Security Reserve of \$175,000 in a separate reserve account in order to provide for physical security of the apartments. The reserve was funded from capital contributions and/or loan proceeds and shall be held throughout the Compliance Period. CAHC may draw down up to \$35,000 annually for providing security to the apartments without consent of the Special Investor Member, provided CAHC verifies that such funds are utilized for security purposes.

6. Rental achievement reserve

Pursuant to the Operating Agreement, the Managing Member of Guste Homes III, LLC, CAHC, is required to establish a rental achievement reserve of \$100,000 in a separate reserve account in order to ensure that the entity will maintain an average income to expense ratio of 1.05 to 1.0 or such greater ratio as may be required to maintain breakeven operations throughout the Compliance Period.

7. Development escrow

In connection with the construction of Guste Homes III, LLC, the Investor Member has established an escrow to pay for future development costs.

Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE C - RELATED PARTY TRANSACTIONS

1. Voucher subsidy from HANO

The apartments are eligible to house tenants receiving Housing Choice Voucher rental assistance through vouchers issued by HANO. These amounts are included in rental income on the consolidated statement of revenues, expenses and changes in net position. During 2024, \$71,488 for Fischer I, LLC, \$182,798 for Fischer III, LLC, \$220,229 for Guste I, LLC, and \$699,129 for Guste Homes III, LLC was received from HANO as rental assistance.

2. Operating subsidy from HANO

HANO has entered into an Amended and Restated Regulatory and Operating Agreement (the "Agreement") with the apartments that provides for an operating subsidy amount for annual operations. Pursuant to the Agreement, the units at each apartment complex are to be operated as Public Housing Units and subject to all regulations therein. During 2024, \$40,997 for Fischer I, LLC, \$375,636 for Fischer III, LLC, \$315,401 for Guste I, LLC, and \$545,877 for Guste Homes III, LLC was received from HANO as a pass-through operating subsidy.

3. Developer agreement - related party

Fischer I, LLC, Fischer III, LLC, and Guste I, LLC entered into development agreements with CAHC. The agreements provide for development fees and overhead for services in connection with the development of each property and supervision of the construction. Development fees are earned based upon the occurrence of certain events, as defined in the respective agreements, during development and construction. The developer fees are expected to be paid out of investor equity contributions.

During the year ended December 31, 2024, no additional development fees relating to these properties were earned or paid. As of December 31, 2024, the cumulative total developer fees are as follows and the payable and receivable are eliminated in the consolidated financial statements:

<u>Project</u>	<u>Fees earned</u>	<u>Amount payable</u>
Fischer I, LLC	\$ 279,026	\$ 173,600
Fischer III, LLC	1,355,564	1,055,564
	<u>\$ 1,634,590</u>	<u>\$ 1,229,164</u>

Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE C - RELATED PARTY TRANSACTIONS (continued)

3. Developer agreement - related party (continued)

In addition, CAHC had a development agreement with Guste Homes III, LLC. The agreement provides for development fees and overhead for services in connection with the development of each property and supervision of the construction. Development fees are earned based upon the occurrence of certain events, as defined, in the respective agreements, during development and construction. During the year ended December 31, 2024, no development fees were paid. Total developer fees and amounts earned to date are as follows:

<u>Project</u>	<u>Total development fee</u>	<u>Fees earned</u>	<u>Amount payable</u>
Guste Homes III, LLC	<u>\$ 5,310,193</u>	<u>\$ 5,310,193</u>	<u>\$ 3,982,645</u>

Developer fees of \$3,982,645 earned by and payable from Guste Homes III, LLC have not been recognized as revenue by CAHC due to the uncertainty of collection and will be recognized once received.

4. Asset management fee

Pursuant to the Operating Agreement, the Investor Member and Assigned Members of Fischer I, LLC, Fischer III, LLC, and Guste I, LLC shall earn an annual, cumulative asset management fee. For Fischer III, LLC and Guste I, LLC, the fee is adjusted each year for the changes in the Consumer Price Index.

Total fees earned for the year ended December 31, 2024 and fees payable as of December 31, 2024 are as follows:

	<u>Fees earned</u>	<u>Amount payable</u>
Fischer I, LLC	\$ 6,895	\$ 39,095
Fischer III, LLC	7,609	41,534
Guste I, LLC	<u>7,806</u>	<u>15,356</u>
	<u>\$ 22,310</u>	<u>\$ 95,985</u>

Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE C - RELATED PARTY TRANSACTIONS (continued)

4. Asset management fee (continued)

Pursuant to the Operating Agreement of Guste Homes III, LLC, a one-time asset management fee in the amount of \$75,000 was paid to the Investor Member for an annual review of the operations of the Guste Homes III, LLC. The asset management fee is being amortized over the 15 year compliance period. As of December 31, 2024, \$20,000 remains unamortized and is included in prepaid expenses on the consolidated statement of net position.

5. Due to HANO

The Corporation incurred costs due to HANO related to the construction and operations of the apartments. The advances do not bear interest and are to be paid from any remaining mortgage proceeds, capital contributions, and cash flow. In addition, HANO pays for common costs for operations that create a payable due to HANO. As of December 31, 2024, advances and common costs totaling \$3,677,403 are due to HANO.

For the year ended December 31, 2024, amounts owed to HANO, by entity, are as follows:

Crescent Affordable Housing Corporation	\$ 1,453,464
Fischer I, LLC	385,923
Fischer III, LLC	1,766,152
Guste I, LLC	71,864
	<hr/>
	\$ 3,677,403

In addition to the amounts listed above, HANO has signed a construction note with Guste Homes III, LLC as described in Note E.

6. Due from HANO

As of December 31, 2024, HANO owed Guste homes III, LLC for reimbursement of miscellaneous costs associated with ongoing operation of the apartments. The amount due from HANO as of December 31, 2024 is \$99,199 and is included in due from related parties in the accompanying consolidated statement of net position.

7. Due to/from Guste Homes Resident Management Corporation ("GHRMC")

The Corporation incurred costs due to GHRMC for expenses paid on behalf of the properties. The balance included in due to related parties as of December 31, 2024 is \$687,225 for Guste I, LLC, and \$129,103 for Guste III, LLC, which is included in due from related parties in the accompanying consolidated statement of net position.

Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE D - CAPITAL ASSETS, NET

A summary of changes in capital assets is as follows:

	Balance at January 1, 2024, restated	Transfers in/ additions	Transfers out/ reductions	Balance at December 31, 2024
Depreciated:				
Buildings and improvements	\$ 86,920,104	\$ 598,964	\$ -	\$ 87,519,068
Land improvements	4,598,774	-	-	4,598,774
Furniture, equipment, and machinery	975,180	38,991	-	1,014,171
Total depreciated	92,494,058	637,955	-	93,132,013
Less accumulated depreciation	(30,836,379)	(2,829,198)	-	(33,665,577)
Capital assets, net	<u>\$ 61,657,679</u>	<u>\$ (2,191,243)</u>	<u>\$ -</u>	<u>\$ 59,466,436</u>

NOTE E - NOTES PAYABLE

A summary of changes in noncurrent notes payable is as follows:

	Payable at January 1, 2024	Additions	Reductions/ amortization	Payable at December 31, 2024	Due within one year
Fischer I, LLC					
Capital funds note	\$ 1,424,059	\$ -	\$ -	\$ 1,424,059	\$ -
Program income note	196,300	-	-	196,300	-
Supplemental loan	130,000	-	-	130,000	-
Total Fischer I, LLC	<u>1,750,359</u>	<u>-</u>	<u>-</u>	<u>1,750,359</u>	<u>-</u>
Guste I, LLC					
Mortgage note	12,672,614	-	-	12,672,614	-
Supplemental loan	2,039,988	-	-	2,039,988	-
Construction loan	140,511	-	-	140,511	-
Total Guste I, LLC	<u>14,853,113</u>	<u>-</u>	<u>-</u>	<u>14,853,113</u>	<u>-</u>
Guste Homes III, LLC					
HANO loan	38,045,199	-	-	38,045,199	-
	<u>\$ 54,648,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,648,671</u>	<u>\$ -</u>

**Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE E - NOTES PAYABLE (continued)

1. Fischer I, LLC

Capital Funds Note

During 2005, Fischer I, LLC entered into a Capital Funds Note with HANO to provide financing for the development of its property. During 2007, there was an addition to the balance of this loan when HANO reimbursed JPMorgan Chase Bank for an outstanding construction loan on behalf of Fischer I, LLC. The loan bears interest at the long term applicable federal rate, which was 4.68% at the time the loan was funded, and is collateralized by the apartments. All unpaid principal and interest is due on January 31, 2060, and payments on the loan are to be made from surplus cash. Interest incurred during the year ended December 31, 2024, was \$144,479. Accrued interest payable on the note as of December 31, 2024, was \$1,807,579.

Program Income Note

On January 20, 2005, Fischer I, LLC entered into a Program Income Construction Mortgage Note with HANO in the amount of \$196,300. The loan was obtained in connection with the financing of the acquisition, development, and construction of its property and bears interest annually at the long term applicable federal rate, which was 4.76% at the time the loan was funded. The loan is collateralized by the apartments, and the entire amount of unpaid principal and interest is due and payable on January 31, 2060. Interest incurred during the year ended December 31, 2024 was \$22,551. Accrued interest payable on the note as of December 31, 2024 is \$299,298.

Supplemental Loan

On November 1, 2006, Fischer I, LLC entered into a Supplemental Loan with HANO in the amount of \$130,000. The loan bears no interest and is collateralized by the apartments. All unpaid principal is due on November 1, 2061, and payments on the loan are to be made from surplus cash.

**Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE E - NOTES PAYABLE (continued)

2. Guste I, LLC

Mortgage Note

In December 2003, Guste I, LLC entered into a financing agreement with HANO to use the proceeds from the issuance of Capital Fund Program Revenue Bonds for the construction and development of the property and payment of bond redemption. The principal amount of the note was \$13,189,372. In January 2005, Guste I, LLC entered into a new financing agreement in the amount of \$10,643,312 with HANO. The loan bears interest at 3% with both the unpaid principal and interest due and payable on February 1, 2007. During 2014, Guste I, LLC converted the construction mortgage note into the permanent loan of \$8,698,042 plus capitalized interest of \$3,974,572. The new mortgage is for \$12,672,614 and accrues interest at 3.00%. Any principal and interest payments are subject to available cash flow. The entire amount of unpaid principal and interest is due January 31, 2060. Outstanding principal as of December 31, 2024 was \$12,672,614. Total interest expense for 2024 was \$380,178 and accrued interest as of December 31, 2024 was \$3,869,576.

Supplemental Loan

In November 2006, a supplemental loan in the amount of \$2,939,998 was obtained from HANO. The supplemental loan does not bear interest. The entire amount of the unpaid principal is due and payable on November 1, 2061. This loan is secured by a program income construction loan mortgage.

Construction Note

In January 2005, a construction loan in the amount of \$248,999 was obtained from HANO. The construction loan accrues interest at 3% with both the unpaid principal and interest due on January 31, 2060. For the year ended December 31, 2024, interest incurred was \$4,215. Accrued interest payable as of December 31, 2024 was \$114,804.

3. Guste Homes III, LLC

HANO Loan

On February 1, 2021, Guste Homes III, LLC converted a construction loan to permanent financing through a multifamily leasehold mortgage in the amount of \$38,045,199 from HANO. This loan bears interest at a rate of 0.95% and the principal and interest shall be due at maturity on February 1, 2071.

**Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE F - MANAGEMENT AGREEMENTS

1. Fischer I, LLC

Effective on October 2015, Fischer I, LLC is now managed by HANO. As of and for the year ended December 31, 2024, \$2,585 was charged to operations and \$15,633 remains payable.

2. Fischer III, LLC

Fischer III, LLC entered into an agreement with HANO. The property management fee is calculated in the amount of \$30 per each occupied unit per month. As of and for the year ended December 31, 2024, \$37,625 was charged to operations and \$213,818 remains payable.

3. Guste I, LLC

Guste I, LLC entered into an agreement with Guste RMC for a monthly management fee equal to \$23.50 per each occupied unit per month. For the year ended December 31, 2024, \$22,277 was charged to operations.

4. Guste Homes III, LLC

Guste Homes III, LLC entered into a management agreement with Guste RMC for a monthly management fee equal to \$35 per month per unit for all units, whether they are occupied or not. The agreement is effective upon completion of the apartments. For the year ended December 31, 2024, \$65,100 was charged to operations.

NOTE G - INVESTOR EQUITY

1. Fischer I, LLC

Capital contributions totaling \$2,079,000, including a downward adjuster of \$46, were due from the withdrawn investor member when certain milestones were achieved as disclosed in the Operating Agreement. As of December 31, 2021, the contributions were fully funded. The above contributions were subject to adjustment as defined in the Operating Agreement. The Managing Member was required to make contributions of \$100 and the Special Member was required to make contributions of \$10, both of which have been paid.

2. Fischer III, LLC

Capital contributions were due from the original Investment Member when certain milestones were achieved as disclosed in the Operating Agreement. As of December 31, 2024, the original Investment Member has funded the fully adjusted amount of \$1,977,094. The Managing Member is required to make contributions of \$100 and the Special Member is required to make contributions of \$10.

**Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE G - INVESTOR EQUITY (continued)

3. Guste I, LLC

Capital contributions totaling \$4,817,971, including an upward adjuster of \$11,722, were fully funded from the withdrawing Investor Member when certain milestones were achieved as disclosed in the Operating Agreement.

4. Guste Homes III, LLC

Capital contributions totaling \$18,109,177 are due from the Investor Member when certain milestones are achieved as disclosed in the Operating Agreement. As of December 31, 2024, the Investor Member has funded \$9,497,969. The above contributions are subject to adjustment as defined in the Operating Agreement. The Managing Member is required to make contributions of \$100 and the Special Member is required to make contributions of \$10.

NOTE H - GROUND LEASE

1. Fischer I, LLC

On January 20, 2005, Fischer I, LLC entered into a ground lease with HANO. Fischer I, LLC is bound by the responsibilities and obligations of the ground lease. Under the ground lease, annual rent of \$10 is due and payable for each lease year in advance on the first day of each lease year. The lease term ends at the latest to occur of (1) the expiration of the minimum period during which the Public Housing Units are required by law to be operated as public housing, (2) 40 years from the date the apartments become available for occupancy, and (3) 89 years. The lease also has provisions extending the ground lease, but in no event will the lease extend beyond 95 years.

2. Fischer III, LLC

On January 20, 2005, Fischer III, LLC entered into an 89-year ground lease with HANO. In consideration of a \$41,979 lump sum payment from Fischer III, LLC on January 20, 2005, the payment obligations have been fully satisfied and discharged. As of December 31, 2024, the prepaid ground lease was \$32,077, of which \$472 is classified as current.

3. Guste I, LLC

On December 30, 2003, Guste I, LLC entered into an 89-year ground lease with HANO. In consideration of a \$41,979 lump sum payment from Guste I, LLC on January 20, 2005, the payment obligations have been fully satisfied and discharged. As of December 31, 2024, the prepaid ground lease was \$32,073, of which \$472 is classified as current.

**Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE H - GROUND LEASE (continued)

4. Guste Homes III, LLC

On November 1, 2013, Guste Homes III, LLC entered into a forty-year ground lease with HANO. The lease requires an annual rent payment of \$10 per year and expires 40 years after the commencement date. As of December 31, 2022, the base rent for the entire term has been paid in full.

NOTE I - COMMITMENTS AND CONTINGENCIES

1. Legal

The Corporation may be party to various pending or threatened legal actions in the normal course of operations. As of the date of this report, management is not aware of any material threatened or pending legal actions against the Corporation.

2. Tax credits

For Fischer I, LLC, Guste I, LLC, and Guste Homes III, LLC, the low-income housing tax credits are contingent on its ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the Investor Member of each entity.

3. Operating deficit guaranty

Pursuant to the Operating Agreements, if any of the entities require funds to discharge operating expenses, the Corporation shall furnish to the entities the funds required. Amounts furnished to fund operating expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions and amounts furnished on or after the Development Obligation Date shall not bear interest and be repayable only as provided for in the Operating Agreement. As of December 31, 2024, no amounts have been funded.

NOTE J - PRIOR PERIOD ADJUSTMENT

For the fiscal year ended December 31, 2024, the consolidated statement of revenues, expenses and changes in net position reflects a prior period adjustment increasing net position by \$305,290. During fiscal year 2024, a prior period adjustment was made to correctly capitalize buildings and improvements that were expensed in previous years in error for \$145,955. An adjustment was also made to agree the trial balance to the subledger, to correct the balance of accounts payable for \$155,225 and the balance as of December 31, 2023 has been restated accordingly. Another adjustment was made to a due to related parties balance recorded in error for \$4,110.

**Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

NOTE K - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the date noted on the Independent Auditor's Report, the date the financial statements were available to be issued and has determined that no material transactions have occurred that would warrant additional adjustment or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)

CONSOLIDATING STATEMENT OF NET POSITION

December 31, 2024

	Crescent Affordable Housing Corporation	Place d'Genesis, LLC	Lune d'Or Enterprises, LLC and Subsidiaries	Guste Homes III, LLC	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents - unrestricted	\$ 1,734,147	\$ -	\$ 636,384	\$ 181,021	\$ -	\$ 2,551,552
Cash and cash equivalents - restricted	-	-	636,460	1,734,013	-	2,370,473
Developer fee receivable	1,229,164	-	-	-	(1,229,164)	-
Accounts receivable, net	11,660	25,353	126,007	73,980	-	237,000
Prepaid expenses	-	-	275,159	190,998	-	466,157
Due from related party	1,337,759	-	-	228,302	(1,337,759)	228,302
Current portion of tax credit monitoring fees	-	-	-	6,866	-	6,866
Other assets	-	-	994	-	-	994
Total current assets	4,312,730	25,353	1,675,004	2,415,180	(2,566,923)	5,861,344
NONCURRENT ASSETS						
Capital assets, net	-	-	21,001,919	38,464,517	-	59,466,436
Tax credit monitoring fees, net	-	-	-	41,189	-	41,189
Other assets	651,342	-	63,206	-	(651,342)	63,206
Total noncurrent assets	651,342	-	21,065,125	38,505,706	(651,342)	59,570,831
Total assets	4,964,072	25,353	22,740,129	40,920,886	(3,218,265)	65,432,175
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	3,956	6,734	337,872	465,475	-	814,037
Tenant security deposits	-	-	53,030	44,700	-	97,730
Tenant prepaid rent	-	-	2,824	-	-	2,824
Developer fee payable to related party	-	-	1,229,164	3,982,645	(1,229,164)	3,982,645
Due to related party	1,453,464	-	3,721,316	853,043	(1,337,759)	4,690,064
Accrued interest payable to related party	-	-	6,092,979	-	-	6,092,979
Other accrued liabilities	-	-	68,212	27,867	-	96,079
Total current liabilities	1,457,420	6,734	11,505,397	5,373,730	(2,566,923)	15,776,358
NONCURRENT LIABILITIES						
Notes payable - related party	-	-	16,603,472	38,045,199	-	54,648,671
Total liabilities	1,457,420	6,734	28,108,869	43,418,929	(2,566,923)	70,425,029
NET POSITION						
Net investment in capital assets	-	-	4,398,447	419,318	-	4,817,765
Restricted	-	-	583,430	1,689,313	-	2,272,743
Unrestricted	3,506,652	18,619	(10,350,617)	(4,606,674)	(651,342)	(12,083,362)
Total net position	\$ 3,506,652	\$ 18,619	\$ (5,368,740)	\$ (2,498,043)	\$ (651,342)	\$ (4,992,854)

See independent auditor's report.

Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)

CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended December 31, 2024

	Crescent Affordable Housing Corporation	Place d'Genesis, LLC	Lune d'Or Enterprises, LLC and Subsidiaries	Guste Homes III, LLC	Eliminations	Total
OPERATING REVENUES						
Rental income, net	\$ -	\$ -	\$ 1,913,341	\$ 1,914,857	\$ -	\$ 3,828,198
Other operating income	-	-	431,596	447,234	-	878,830
Total operating revenues	-	-	2,344,937	2,362,091	-	4,707,028
OPERATING EXPENSES						
Salaries and employee benefits	-	-	135,211	213,372	-	348,583
Utilities	-	-	418,663	344,540	-	763,203
Repairs and maintenance	-	-	730,844	624,976	-	1,355,820
Protective services	-	-	460,513	231,672	-	692,185
Insurance	-	-	850,693	436,056	-	1,286,749
Tenant services	-	-	166,252	91,888	-	258,140
Other general and administrative	12,655	-	309,486	245,547	-	567,688
Depreciation	-	-	961,187	1,868,011	-	2,829,198
Total operating expenses	12,655	-	4,032,849	4,056,062	-	8,101,566
OPERATING LOSS	(12,655)	-	(1,687,912)	(1,693,971)	-	(3,394,538)
NON-OPERATING REVENUES (EXPENSES)						
Interest income	4,183	-	8,751	2,751	-	15,685
Interest expense - related party	-	-	(553,145)	-	-	(553,145)
Amortization - tax credit monitoring fee	-	-	-	(6,866)	-	(6,866)
Total nonoperating revenues	4,183	-	(544,394)	(4,115)	-	(544,326)
Change in net position before contributions	(8,472)	-	(2,232,306)	(1,698,086)	-	(3,938,864)
Total net position - beginning	3,515,124	18,619	(3,286,499)	(955,182)	(651,342)	(1,359,280)
Prior period adjustment	-	-	150,065	155,225	-	305,290
Total net position - beginning, restated	3,515,124	18,619	(3,136,434)	(799,957)	(651,342)	(1,053,990)
Total net position - ending	\$ 3,506,652	\$ 18,619	\$ (5,368,740)	\$ (2,498,043)	\$ (651,342)	\$ (4,992,854)

See independent auditor's report.

**Crescent Affordable Housing Corporation and Subsidiaries
(A Component Unit of the Housing Authority of New Orleans)**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

December 31, 2024

Agency Head Name:	Evette Hester	Keva Landrum
Position of the Housing Authority of New Orleans:	Executive Director and Chief Administrative Officer	Interim Executive Director
Date Range:	01/01/2024 - 11/04/2024	11/05/2024 - 12/31/2024

Purpose	Amount	Amount
Salary	None	None
Benefits-insurance	None	None
Benefits-retirement	None	None
Benefits-deferred comp	None	None
Car allowance	None	None
Vehicle provided by government	None	None
Per diem	None	None
Reimbursements	None	None
Travel	None	None
Registration fees	None	None
Conference travel	None	None
Continuing professional education fees	None	None
Housing	None	None
Unvouchered expenses	None	None
Special meals	None	None

The Company provides no compensation, benefits, or other payments to the Executive Director and Chief Administrative Officer of the Housing Authority of New Orleans ("HANO"). HANO is the governmental unit that controls CAHC. All compensation, benefits, and other payments to HANO's Interim Executive Director are included in the financial statements of HANO.

See independent auditor's report.

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

To the Board of Directors,
Crescent Affordable Housing Corporation and Subsidiaries

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 consolidated financial statements of the business-type activities of Crescent Affordable Housing Corporation and Subsidiaries, a component unit of the Housing Authority of New Orleans, (collectively referred to as the "Corporation"), as of and for the year ended December 31, 2024, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 Corporation's consolidated 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 were not 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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 Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

June 30, 2025
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP