



**LUNE D'OR ENTERPRISES, LLC
AND SUBSIDIARIES
(A BLENDED COMPONENT
UNIT OF THE HOUSING
AUTHORITY OF
NEW ORLEANS)**

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2025
(With Independent Auditor's Report Thereon)

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Consolidated Statement of Net Position	4
Consolidated Statement of Revenues, Expenses and Changes in Net Position	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7
SUPPLEMENTARY INFORMATION	
Consolidating Schedule of Net Position	23
Consolidating Schedule of Revenues, Expenses and Changes in Net Position	24
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	25
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 <i>Government Auditing Standards</i>	26

INDEPENDENT AUDITOR'S REPORT

To the Members of
Lune d'Or Enterprises, LLC 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 Lune d'Or Enterprises, LLC ("Lune d'Or") and Subsidiaries (collectively referred to as the "Company"), a blended component unit of the Housing Authority of New Orleans ("HANO") as of and for the year ended December 31, 2025, and the related notes to the consolidated financial statements, which collectively comprise the Company'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 Company as of December 31, 2025, 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 Company 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 I to the financial statements, on February 11, 2026, Guste I, LLC received and accepted a settlement from the Sewerage and Water Board of New Orleans ("S&WB"), related to outstanding unpaid water and utility billings. Guste I, LLC had an obligation related to these unpaid billings as of December 31, 2025, and recorded a \$281,846 utility settlement expense and corresponding liability. 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 control 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 Company'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 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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 Company 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 this 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 the purpose 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, 2026 on our consideration of the Company'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 Company'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 Company's internal control over financial reporting and compliance.

Doeren Mayhew Assurance

Melbourne, Florida
June 30, 2026

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

CONSOLIDATED STATEMENT OF NET POSITION

December 31, 2025

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	\$ 236,904
Cash and cash equivalents - restricted	777,933
Accounts receivable, net	123,346
Prepaid expenses	280,591
Current portion of prepaid ground lease	944
Other assets	50
Total current assets	<u>1,419,768</u>

NONCURRENT ASSETS

Capital assets, net	20,051,479
Prepaid ground lease, net of current portion	62,262
Total noncurrent assets	<u>20,113,741</u>
Total assets	<u>21,533,509</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	601,714
Accrued salaries	9,097
Utility settlement	281,846
Tenant security deposits	69,108
Tenant prepaid rent	7,099
Due to related parties	5,969,901
Other accrued liabilities	68,212
Total liabilities	<u>7,006,977</u>

NET POSITION

Net investment in capital assets	20,051,479
Restricted	708,825
Unrestricted	<u>(6,233,772)</u>
Total net position	<u><u>\$ 14,526,532</u></u>

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

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended 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, 2025

OPERATING REVENUES

Rental income, net	\$ 1,315,324
Other operating income	860,811
Total operating revenues	<u>2,176,135</u>

OPERATING EXPENSES

Repairs and maintenance	1,306,178
Depreciation	963,785
Insurance	776,483
Utilities	598,637
Protective services	461,216
Other general and administrative	276,574
Salaries and employee benefits	172,885
Tenant services	141,121
Total operating expenses	<u>4,696,879</u>

OPERATING LOSS (2,520,744)

NONOPERATING REVENUES (EXPENSES)

Forgiveness of notes and interest payable	23,114,173
Interest income	3,133
Utility settlement	(281,846)
Interest expense - related party	(419,444)
Total nonoperating revenues (expenses)	<u>22,416,016</u>

Change in net position	19,895,272
Total net position - beginning	<u>(5,368,740)</u>
Total net position - ending	<u><u>\$ 14,526,532</u></u>

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

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Operating loss	\$ (2,520,744)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	963,785
Provision for uncollectible accounts	24,625
(Increase) decrease in assets:	
Accounts receivable, net	(21,964)
Prepaid expenses	(5,432)
Prepaid ground lease	944
Increase (decrease) in liabilities:	
Accounts payable	269,841
Accrued salaries	9,097
Tenant security deposits	16,078
Tenant prepaid rent	4,275
Due to related parties	1,068,580
Accrued interest payable - related party	(1,722)
Net cash used in operating activities	<u>(192,637)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of property and equipment	(68,503)
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>3,133</u>
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NET DECREASE IN CASH

(258,007)

Cash and cash equivalents at beginning of the year

1,272,844

CASH AND CASH EQUIVALENTS AT END OF THE YEAR

\$ 1,014,837

RECONCILIATION TO CONSOLIDATED BALANCE SHEET

Cash and cash equivalents - unrestricted	\$ 236,904
Cash and cash equivalents - restricted	<u>777,933</u>
	<u><u>\$ 1,014,837</u></u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS

Forgiveness of notes and interest payable	<u><u>\$ 23,114,173</u></u>
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The accompanying notes are an integral part of these consolidated financial statements.

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of operations

Organization

Lune d'Or Enterprises, LLC ("Lune d'Or") and Subsidiaries (collectively referred to as the "Company"), a Louisiana limited liability company, was formed in March 2004. The Company was organized to acquire, finance, redevelop, rehabilitate and construct affordable housing as a for-profit subsidiary on behalf of Crescent Affordable Housing Corporation ("CAHC"), the sole member.

The Company is a blended component unit of the Housing Authority of New Orleans ("HANO") under the requirements of Governmental Accounting Standards Board's ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, *Defining the Financial Reporting Entity*. The Company 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 Lune d'Or, as its Board of Directors is appointed by HANO, and any changes to Lune d'Or'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. 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 Company 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.

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. 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 Company consist primarily of tenant rent and passthrough subsidy received. All other revenues are reported as non-operating revenues.

Operating expenses are those expenses that are essential to the primary operations of the Company. 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.

3. 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 used.

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Principles of consolidation

The accompanying consolidated financial statements include the accounts of Lune d'Or and investments in limited liability companies in which Lune d'Or has a controlling interest. Additionally, the consolidated financial statements include the accounts of three limited liability companies in which Lune d'Or serves as the managing general partner and has a .01% interest. These entities are included in the consolidation according to accounting principles generally accepted in the United States of America, which require that Lune d'Or consolidate the accounts of all limited liability companies that it controls, as the managing general partner. All significant intercompany transactions have been eliminated in the consolidation.

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

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

7. Accounts receivable and allowance for uncollectible amounts

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, 2025 is \$31,099.

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Capital assets

Capital assets consist of property and equipment, which is recorded at cost. The Company'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

9. Impairment of long-lived assets

The Company 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, 2025.

10. Rental income

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

11. Income taxes

The Company is not a taxpaying entity for federal or state income tax purposes since taxable income or loss passes through to, and is reportable by, the members individually. Therefore, no provision or liability for income taxes has been included in the financial statements.

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Income taxes (continued)

The Company accounts for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 740, *Income Taxes*, which clarifies the accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the financial statements. The two-step approach involves recognizing any tax positions that are "more likely than not" to occur and then measuring those positions to determine if they are recognizable in the financial statements.

Management regularly reviews and analyzes all tax positions and has determined no aggressive tax positions have been taken. In evaluating the Company's tax provisions and accruals, future taxable income, the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances.

The Company's income tax filings are subject to audit by various taxing authorities. The Company is subject to income tax examinations by tax authorities for the prior three years.

12. Economic concentrations

Fischer I, LLC, Fischer III, LLC, and Guste I, LLC each operate properties 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.

NOTE B - CASH AND CASH EQUIVALENTS

As of December 31, 2025, the Company's cash and cash equivalents totaled \$1,014,837.

The Company maintains its cash and cash equivalents balances in financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per depositor. From time to time, the Company's cash 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.

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

NOTE B - CASH AND CASH EQUIVALENTS (continued)

As of December 31, 2025, restricted cash and cash equivalents consists of:

	Fischer I, LLC	Fischer III, LLC	Guste I, LLC	Total
Replacement reserve	\$ 24,864	\$ 93,058	\$ 149,191	\$ 267,113
ACC subsidy reserve	24,011	-	399,148	423,159
Operating reserve	7,095	-	11,458	18,553
Tenant security deposits	11,356	30,043	27,709	69,108
	<u>\$ 67,326</u>	<u>\$ 123,101</u>	<u>\$ 587,506</u>	<u>\$ 777,933</u>

1. Replacement reserve

Pursuant to each respective Operating Agreement, each property is required to make monthly deposits to a reserve account for capital replacements. During 2025, the funded monthly deposits of \$661 for Fischer I, LLC, \$3,273 for Fischer III, LLC, and \$2,606 for Guste I, LLC were made and will increase annually by the Consumer Price Index.

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

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

3. Operating reserve

Pursuant to each respective Operating Agreement, Fischer I, LLC and Guste I, LLC are 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, CAHC.

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

NOTE C - RELATED PARTY TRANSACTIONS

1. Voucher subsidy from HANO

The properties 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 2025, \$145,916 for Fischer I, LLC, \$202,326 for Fischer III, LLC, and \$176,851 for Guste I, LLC were 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 properties that provides for an operating subsidy amount for annual operations. Pursuant to the Agreement, the eight, sixty-nine, and sixty-seven units at Fischer I, LLC, Fischer III, LLC, and Guste I, LLC, respectively, are to be operated as Public Housing Units and subject to all regulations therein. During 2025, \$42,478 for Fischer I, LLC, \$426,481 for Fischer III, LLC, and \$352,616 for Guste I, LLC were received from HANO as pass-through operating subsidy. These amounts are included in other operating income on the consolidated statement of revenues, expenses and changes in net position.

3. Developer agreement - related party

The properties entered into development agreements with CAHC, an affiliate of the Managing Member, Lune d'Or. 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 during development and construction. During the year ended December 31, 2025, no additional development fees were earned or paid.

As of December 31, 2025, total developer fees are as follows:

	Total development fee earned	Amount payable
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>

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

NOTE C - RELATED PARTY TRANSACTIONS (continued)

4. Asset management fee

Pursuant to the Operating Agreement, the Investor Members and Assigned Members of the properties 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.

The fees payable are included in due to related parties on the consolidated statement of net position. Total fees earned for the year ended December 31, 2025 and fees payable as of December 31, 2025 are as follows:

	Fees earned	Amount payable
Fischer I, LLC	\$ 7,700	\$ 46,795
Fischer III, LLC	7,873	49,407
Guste I, LLC	8,033	23,389
	<u>\$ 23,606</u>	<u>\$ 119,591</u>

5. Due to HANO

Fischer I, LLC, Fischer III, LLC, and Guste I, LLC incurred costs due to HANO related to the costs associated with the construction and operations of the properties. The advances do not bear interest and are to be paid from any remaining mortgage proceeds, capital contributions, and cash flow. As of December 31, 2025, advances totaling \$3,005,281 are due to HANO and are included in due to related parties in the accompanying consolidated statement of net position. These amounts consist of the following as of December 31, 2025:

	Due to HANO
Fischer I, LLC	\$ 567,006
Fischer III, LLC	2,304,172
Guste I, LLC	134,103
	<u>\$ 3,005,281</u>

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

NOTE C - RELATED PARTY TRANSACTIONS (continued)

6. Due to CAHC

The properties owe CAHC for property insurance and other operating expenses paid by CAHC. These balances are included in due to related parties in the accompanying consolidated statement of net position. These amounts consist of the following as of December 31, 2025:

	<u>Due to CAHC</u>
Fischer I, LLC	\$ 395,299
Fischer III, LLC	28,547
Guste I, LLC	58,234
Lune d'Or Enterprises, LLC	<u>16,000</u>
	<u>\$ 498,080</u>

7. Due to Guste RMC

Guste I, LLC owes Guste Homes Resident Management Corporation for expenses paid on behalf of the property. The balance due as of December 31, 2025 is \$844,672, which is included in due to related parties in the accompanying consolidated statement of net position.

8. Management fee

Fischer I, LLC and Fischer III, LLC are managed by HANO, the governmental unit that controls these entities, as well as Lune d'Or Enterprises, LLC. The management agreements with HANO specify a monthly management fee for each occupied unit per month. For the year ended December 31, 2025, \$2,572 and \$41,090 were charged to operations and \$18,205 and \$254,908 remain payable for Fischer I, LLC and Fischer III, LLC, respectively and are included in due to related parties on the statement of net position.

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

NOTE D - CAPITAL ASSETS, NET

A summary of changes in capital assets is as follows:

	Balance at January 1, 2025	Transfers in/ additions	Transfers out/ reductions	Balance at December 31, 2025
Depreciated:				
Buildings and improvements	\$ 36,153,870	\$ 21,658	\$ (55,158)	\$ 36,120,370
Land improvements	4,598,774	-	-	4,598,774
Furniture, equipment, and machinery	960,118	46,845	-	1,006,963
Total depreciated	41,712,762	68,503	(55,158)	41,726,107
Less accumulated depreciation	(20,710,843)	(963,785)	-	(21,674,628)
Capital assets, net	<u>\$ 21,001,919</u>	<u>\$ (895,282)</u>	<u>\$ (55,158)</u>	<u>\$ 20,051,479</u>

NOTE E - NOTES PAYABLE

A summary of changes in notes payable is as follows:

	Payable at January 1, 2025	Additions	Reductions/ amortization	Payable at December 31, 2025	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>(1,750,359)</u>	<u>-</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>(14,853,113)</u>	<u>-</u>	<u>-</u>
	<u>\$ 16,603,472</u>	<u>\$ -</u>	<u>\$ (16,603,472)</u>	<u>\$ -</u>	<u>\$ -</u>

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

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 the 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 bore interest at the long-term applicable federal rate, which was 4.68% at the time the loan was funded, and was collateralized by the property. All unpaid principal and interest was due on January 31, 2060, and payments on the loan were to be made from surplus cash. Effective September 30, 2025, HANO formally forgave the outstanding principal and accrued interest on the Capital Funds Note, and the note was written off by Fischer I, LLC. Accordingly, no balance related to the HANO Capital Funds Note is reflected in the accompanying statement of net position as of December 31, 2025. Interest incurred during the year ended December 31, 2025 was \$113,431. During the year ended December 31, 2025, all outstanding principal and accrued interest balances were forgiven.

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 the property and bore interest annually at the long-term applicable federal rate, which was 4.76% at the time the loan was funded. The loan was collateralized by the property, and the entire amount of unpaid principal and interest was due and payable on January 31, 2060. Effective September 30, 2025, HANO formally forgave the outstanding principal and accrued interest on the Program Income Construction Mortgage Note, and the note was written off by Fischer I, LLC. Accordingly, no balance related to this note is reflected in the accompanying statement of net position as of December 31, 2025. Interest incurred during the year ended December 31, 2025 was \$17,718. During the year ended December 31, 2025, all outstanding principal and accrued interest balances were forgiven.

Supplemental Loan

On November 1, 2006, Fischer I, LLC entered into a Supplemental Loan with HANO in the amount of \$130,000. The loan bore no interest and was collateralized by the property. All unpaid principal was due on November 1, 2061, and payments on the loan were to be made from surplus cash. Effective September 30, 2025, HANO formally forgave the outstanding principal balance of the Supplemental Loan, and the note was written off by Fischer I, LLC. Accordingly, no balance related to this loan is reflected in the accompanying statement of net position as of December 31, 2025. During the year ended December 31, 2025, all outstanding principal was forgiven.

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

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 \$10,634,312 with HANO. 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 for a total of \$12,672,614 which accrued interest at 3%. Any principal and interest payments are subject to available cash flow. The entire amount of unpaid principal and interest was due and payable on January 31, 2060. Effective September 30, 2025, HANO formally forgave the outstanding principal and accrued interest on the Mortgage Note, and the note was written off by Guste I, LLC. This note was secured by the real property. Total interest expense for 2025 was \$285,133. During the year ended December 31, 2025, all outstanding principal and accrued interest balances were forgiven.

Supplemental Loan

In November 2006, Guste I, LLC obtained a supplemental loan in the amount of \$2,939,998 from HANO. The supplemental loan does not bear interest. The entire amount of unpaid principal was due and payable on November 1, 2061. Effective September 30, 2025, HANO formally forgave the outstanding principal on the Supplemental Loan, and the loan was written off by Guste I, LLC. This loan is secured by a program income construction loan mortgage. During the year ended December 31, 2025, all outstanding principal was forgiven.

Construction Note

In January 2005, Guste I, LLC obtained a construction loan in the amount of \$248,999 from HANO. The construction loan accrued interest at 3% with both the unpaid principal and interest due on January 31, 2060. Effective September 30, 2025, HANO formally forgave the outstanding principal on the Construction Note, and the note was written off by Guste I, LLC. Total interest expense for 2025 was \$3,162. During the year ended December 31, 2025, all outstanding principal and accrued interest balances were forgiven.

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

NOTE F - INVESTOR EQUITY

1. Fischer I, LLC

Capital contributions totaling \$2,079,000, including a downward adjuster of \$46, were due from CAHC when certain milestones were achieved as disclosed in the Operating Agreement. As of December 31, 2021, CAHC's 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 CAHC when certain milestones were achieved as disclosed in the Operating Agreement. Before exiting, the original Investor Member had funded the full adjusted amount of \$1,977,094.

The Managing Member and Special Member were required and made contributions of \$100 and \$10, respectively.

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.

NOTE G - 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 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 property becomes 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, 2025, the prepaid ground lease was \$31,605.

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

NOTE G - GROUND LEASE (continued)

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, 2025, the prepaid ground lease was \$31,601.

NOTE H - COMMITMENTS AND CONTINGENCIES

1. Legal

The Company 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 Company.

2. Tax credits

For Fischer I, LLC and Guste I, LLC, the low-income housing tax credits are contingent on their 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 properties require funds to discharge operating expenses, the Company shall furnish to the property 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 constitute Operating Expense Loans. Any such Operating Expense Loans shall not bear interest and be repayable only as provided for in the Operating Agreement. As of December 31, 2025, no amounts have been funded.

NOTE I - 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 aside from the item noted below, has determined that no material transactions have occurred that would warrant additional adjustment or disclosure in the financial statements.

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

NOTE I - SUBSEQUENT EVENTS (continued)

On February 11, 2026, Guste I, LLC received and accepted a formal settlement proposal from the Sewerage and Water Board of New Orleans ("S&WB"), related to outstanding unpaid water and utility billings totaling \$281,846. According to the terms of the settlement, upon receipt of a 50% down payment due within 45 days, the S&WB will establish a payment schedule for the remaining outstanding balance to be paid in full within 12 months. Accordingly, \$281,846 has been recorded as a utility settlement expense, with the corresponding amount reflected as utility settlement on the accompanying financial statements to recognize the obligation under the settlement.

SUPPLEMENTARY INFORMATION

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

CONSOLIDATING SCHEDULE OF NET POSITION

December 31, 2025

	Lune d'Or Enterprises, LLC	Fischer I, LLC	Fischer III, LLC	Guste I, LLC	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents - unrestricted	\$ -	\$ 95,582	\$ 125,627	\$ 15,695	\$ 236,904
Cash and cash equivalents - restricted	-	67,326	123,101	587,506	777,933
Accounts receivable, net	100	1,023	28,917	93,306	123,346
Prepaid expenses	-	52,017	65,801	162,773	280,591
Current portion of prepaid ground lease	-	-	472	472	944
Other assets	-	50	-	-	50
Total current assets	100	215,998	343,918	859,752	1,419,768
NONCURRENT ASSETS					
Capital assets, net	-	2,086,825	10,646,413	7,318,241	20,051,479
Prepaid ground lease, net of current portion	-	-	31,133	31,129	62,262
Total noncurrent assets	-	2,086,825	10,677,546	7,349,370	20,113,741
Total assets	100	2,302,823	11,021,464	8,209,122	21,533,509
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	-	113,573	300,947	187,194	601,714
Accrued salaries	-	-	-	9,097	9,097
Utility settlement	-	-	-	281,846	281,846
Tenant security deposits	-	11,356	30,043	27,709	69,108
Tenant prepaid rent	-	7,099	-	-	7,099
Due to related parties	16,000	1,200,905	3,692,598	1,060,398	5,969,901
Other accrued liabilities	-	-	-	68,212	68,212
Total liabilities	16,000	1,332,933	4,023,588	1,634,456	7,006,977
NET POSITION					
Net investment in capital assets	-	2,086,825	10,646,413	7,318,241	20,051,479
Restricted	-	55,970	93,058	559,797	708,825
Unrestricted	(15,900)	(1,172,905)	(3,741,595)	(1,303,372)	(6,233,772)
Total net position	\$ (15,900)	\$ 969,890	\$ 6,997,876	\$ 6,574,666	\$ 14,526,532

See independent auditor's report.

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

CONSOLIDATING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended December 31, 2025

	Lune d'Or Enterprises, LLC	Fischer I, LLC	Fischer III, LLC	Guste I, LLC	Total
OPERATING REVENUES					
Rental income, net	\$ -	\$ 197,883	\$ 563,923	\$ 553,518	\$ 1,315,324
Other operating income	-	43,959	436,082	380,770	860,811
Total operating revenues	-	241,842	1,000,005	934,288	2,176,135
OPERATING EXPENSES					
Repairs and maintenance	-	102,434	554,551	649,193	1,306,178
Depreciation	-	101,782	507,129	354,874	963,785
Insurance	-	105,940	459,278	211,265	776,483
Utilities	-	38,223	376,529	183,885	598,637
Protective services	-	42,311	260,076	158,829	461,216
Other general and administrative	6,000	56,774	108,875	104,925	276,574
Salaries and employee benefits	-	22,228	123,502	27,155	172,885
Tenant services	-	16,392	81,774	42,955	141,121
Total operating expenses	6,000	486,084	2,471,714	1,733,081	4,696,879
OPERATING LOSS	(6,000)	(244,242)	(1,471,709)	(798,793)	(2,520,744)
NON-OPERATING REVENUES (EXPENSES)					
Forgiveness of notes and interest payable	-	3,988,385	-	19,125,788	23,114,173
Interest income	-	159	1,444	1,530	3,133
Utility settlement	-	-	-	(281,846)	(281,846)
Interest expense - related party	-	(131,149)	-	(288,295)	(419,444)
Total nonoperating revenues (expenses)	-	3,857,395	1,444	18,557,177	22,416,016
Change in net position	(6,000)	3,613,153	(1,470,265)	17,758,384	19,895,272
Total net position - beginning	(9,900)	(2,643,263)	8,468,141	(11,183,718)	(5,368,740)
Total net position - ending	\$ (15,900)	\$ 969,890	\$ 6,997,876	\$ 6,574,666	\$ 14,526,532

See independent auditor's report.

Lune d'Or Enterprises, LLC and Subsidiaries
(A Blended Component Unit of the Housing Authority of New Orleans)

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

For the year ended December 31, 2025

Agency Head Name:	Keva Landrum	Marjorianna Willman
Position of the Housing Authority of New Orleans:	Interim Executive Director	Executive Director
Date Range:	01/01/2025 - 01/20/2025	01/21/2025 - 12/31/2025

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

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 Members of
Lune d'Or Enterprises, LLC 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 Lune d'Or Enterprises, LLC and Subsidiaries (collectively referred to as the "Company"), as of and for the year ended December 31, 2025, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Company'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 Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 Company'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 Company'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 consolidated 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 Company'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 Company's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

Doeren Mayhew Assurance

Melbourne, Florida
June 30, 2026