
FRENCH MARKET CORPORATION
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2020

FRENCH MARKET CORPORATION
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2020

FRENCH MARKET CORPORATION

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-12
STATEMENTS OF NET POSITION	13
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	14
STATEMENTS OF CASH FLOWS	15
NOTES TO THE FINANCIAL STATEMENTS	16-30
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
SCHEDULE I – Schedule of Employer's Pension Contributions For the Year Ended December 31, 2020	31
SCHEDULE II – Schedule of Employer's Proportionate Share of Net Pension Liability – December 31, 2020	32
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	33
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
SCHEDULE III – Schedule of Compensation, Benefits and Other Payments to the Agency Head for the Year Ended December 31, 2020	34

TABLE OF CONTENTS, CONTINUED

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</u>	35-36
<u>SCHEDULE OF FINDINGS AND RESPONSES</u>	37

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of French Market Corporation (the Market), a component unit of the City of New Orleans, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Market's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Market's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Market's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Market as of December 31, 2020 and 2019 and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the Market may be impacted by disruptions in the economy and business operations associated with the coronavirus (COVID-19) pandemic. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent to which the COVID-19 outbreak may impact the Market's financial position or statement of activities cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 and the required pension information on page 31 through 32 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Market's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to the Executive Director (Schedule III) on page 34 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedule III is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule III is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of the Market's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Market's internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
June 30, 2021

FRENCH MARKET CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

As the financial manager of the Market, we offer readers of the accompanying financial statements, this narrative overview and analysis of the financial activities of the Market for the year ended December 31, 2020. This discussion and analysis are designed to assist the reader in focusing on the significant financial issues and activities.

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

Using This Annual Report

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

Financial Highlights - 2020

- The Market's assets and deferred outflows exceeded its liabilities and deferred inflows by \$28,964,917. Of this amount, \$9,432,114 was unrestricted and \$19,532,803 represented the net investment in capital assets.
- The Market's net position decreased by \$2,033,760 during the year ended December 31, 2020.
- Operating revenues decreased from \$11,042,476 in 2019 to \$5,351,672 in 2020 as a result of the Market's closure due to COVID-19.
- Parking income includes \$863,636 related to a settlement with a third party that provides parking operations services to the Market.

Financial Highlights - 2019

- The Market's assets and deferred outflows exceeded its liabilities and deferred inflows by \$30,998,677. Of this amount, \$10,714,728 was unrestricted and \$20,283,949 represented the net investment in capital assets.
- The Market's net position increased by \$1,616,897 during the year ended December 31, 2019.

Overview of the Financial Statements

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

FRENCH MARKET CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Overview of the Financial Statements (continued)

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

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

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

Financial Analysis -2020

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

FRENCH MARKET CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Financial Analysis -2020 (continued)

STATEMENTS OF NET POSITION

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Current assets	\$ 14,089,512	\$ 15,966,692	\$ (1,877,180)
Capital assets, net	<u>19,532,803</u>	<u>20,283,949</u>	<u>(751,146)</u>
Total assets	33,622,315	36,250,641	(2,628,326)
Deferred outflow of resources	<u>1,886,089</u>	<u>2,105,963</u>	<u>(219,874)</u>
Total assets and deferred outflow of resources	<u>35,508,404</u>	<u>38,356,604</u>	<u>(2,848,200)</u>
Current liabilities	964,716	1,795,612	(830,896)
Noncurrent liabilities	<u>4,577,841</u>	<u>4,618,618</u>	<u>(40,777)</u>
Total liabilities	5,542,557	6,414,230	(871,673)
Deferred inflow of resources	<u>1,000,930</u>	<u>943,697</u>	<u>57,233</u>
Total liabilities and deferred inflow of resources	<u>6,543,487</u>	<u>7,357,927</u>	<u>(814,440)</u>
Net position			
Net investment in capital assets	19,532,803	20,283,949	(751,146)
Unrestricted	<u>9,432,114</u>	<u>10,714,728</u>	<u>(1,282,614)</u>
Total net position	<u>\$ 28,964,917</u>	<u>\$ 30,998,677</u>	<u>\$ (2,033,760)</u>

In 2020, net position decreased by \$2,033,760 to \$28,964,917. Current assets decreased by \$1,877,180, which includes a \$2,617,752 decrease in cash and cash equivalents. The decrease in cash is comprised mostly of the decrease in net position of \$2,033,760, plus payments to the City of New Orleans of \$621,799 and capital additions of \$337,289. Current liabilities decreased by \$830,896, primarily comprised of the decrease in due to other governments of \$677,294. Deferred inflows increased by \$57,233 and deferred outflows decreased by \$219,874. The noncurrent liabilities decreased by \$40,777 due to an increase in compensated absences of \$69,787 offset by a decrease in the net pension liability of \$110,564. The changes in pension liability, deferred outflows and inflows of resources were related to the Market's participation in a pension plan for its employees, the Employees Retirement System of New Orleans. Changes in pension related amounts are based on cash and non-cash estimates by the City's actuary (see Note 5).

FRENCH MARKET CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Financial Analysis -2020 (continued)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Operating revenues			
Rental income	\$ 3,866,207	\$ 8,101,124	\$ (4,234,917)
Parking income	1,251,689	2,135,648	(883,959)
Other income	233,776	805,704	(571,928)
Total operating revenue	<u>5,351,672</u>	<u>11,042,476</u>	<u>(5,690,804)</u>
Operating expenses			
Salaries, wages, and benefits	3,457,797	3,737,243	(279,446)
Depreciation	1,059,704	1,038,210	21,494
Maintenance, repairs and equipment	809,310	1,088,187	(278,877)
Professional services	557,902	1,025,168	(467,266)
Advertising	331,311	641,942	(310,631)
Utilities and communication	346,402	493,749	(147,347)
Insurance	536,432	524,848	11,584
Other	203,662	246,989	(43,327)
Total operating expenses	<u>7,302,520</u>	<u>8,796,336</u>	<u>(1,493,816)</u>
Nonoperating income (loss)			
Interest	17,088	66,596	(49,508)
Transfer out to City of New Orleans	<u>(100,000)</u>	<u>(695,839)</u>	<u>595,839</u>
Total nonoperating income (loss)	<u>(82,912)</u>	<u>(629,243)</u>	<u>546,331</u>
Change in net position	(2,033,760)	1,616,897	(3,650,657)
Net position, beginning of year	<u>30,998,677</u>	<u>29,381,780</u>	<u>1,616,897</u>
Net position, end of year	<u>\$ 28,964,917</u>	<u>\$ 30,998,677</u>	<u>\$ (2,033,760)</u>

The Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the Market's financial health. For the year ended December 31, 2020, operating revenues decreased by \$5,690,804, with decreases of rental, parking, and other income of \$4,234,917, \$883,959, and \$571,928, respectively.

FRENCH MARKET CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Financial Analysis -2020 (continued)

Operating expenses decreased by \$1,493,816, primarily due to COVID-19 shutdown and impact on the Market's operations. Salaries, wages and related benefits decreased by \$279,446, professional services decreased by \$467,266, maintenance, repairs and equipment decreased by \$278,877 and advertising and promotion decreased by \$310,631 as a result of COVID-19. Transfers to the City of New Orleans decreased by \$595,839 as a result of the Markets commitment in 2019 to fund \$500,000 in repairs damages to the Piety Wharf owned by the City (see Note 7).

CONDENSED STATEMENTS OF CASH FLOWS

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Cash flows from:			
Operating activities	\$ (1,675,752)	\$ 3,529,089	\$ (5,204,841)
Noncapital financing activities	(621,799)	(1,121,102)	499,303
Capital and related financing activities	(337,289)	(509,905)	172,616
Investing activities	<u>17,088</u>	<u>66,596</u>	<u>(49,508)</u>
Net change in cash	(2,617,752)	1,964,678	(4,582,430)
Beginning of year cash	<u>15,491,365</u>	<u>13,526,687</u>	<u>1,964,678</u>
End of year cash	<u>\$ 12,873,613</u>	<u>\$ 15,491,365</u>	<u>\$ (2,617,752)</u>

The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for capital additions. As previously mentioned, the decrease in cash of \$2,617,752 was primarily comprised of the decrease in net position of \$2,033,760 and the \$621,799 paid to the City of New Orleans and the \$337,289 used to fund additions to capital assets.

Financial Analysis -2019

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

FRENCH MARKET CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Financial Analysis -2019 (continued)

STATEMENTS OF NET POSITION

	2019	2018	Increase (Decrease)
Current assets	\$ 15,966,692	\$ 14,030,826	\$ 1,935,866
Capital assets, net	20,283,949	20,755,571	(471,622)
Total assets	36,250,641	34,786,397	1,464,244
Deferred outflow of resources	2,105,963	1,772,336	333,627
Total assets and deferred outflow of resources	38,356,604	36,558,733	1,797,871
Current liabilities	1,795,612	2,089,984	(294,372)
Noncurrent Liabilities	4,618,618	4,443,126	175,492
Total Liabilities	6,414,230	6,533,110	(118,880)
Deferred inflow of resources	943,697	643,843	299,854
Total liabilities and deferred inflow of resources	7,357,927	7,176,953	180,974
Net position			
Net investment in capital assets	20,283,949	20,755,571	(471,622)
Unrestricted	10,714,728	8,626,209	2,088,519
Total net position	\$ 30,998,677	\$ 29,381,780	\$ 1,616,897

In 2019, net position increased by \$1,616,897 to \$30,998,677. Current assets increased by \$1,935,866, which includes a \$1,964,678 increase in cash and cash equivalents. The increase in cash is comprised mostly of the increase in net position of approximately \$1,617,000, less the decrease in due to other governments of approximately \$308,000, plus increase in non-cash estimate for depreciation expense in the amount of approximately \$1,038,000, increases in compensated absences of approximately \$46,000 and pension expense actuarial adjustment of approximately \$100,000, less capital expenditures made during the year of approximately \$567,000. Current liabilities decreased by approximately \$250,000, primarily comprised of the decrease in due to other governments of approximately \$308,000. Pension liability, deferred outflows and inflows of resources increased by approximately \$133,000, \$334,000, and \$300,000, respectively. The changes in pension liability, deferred outflows and inflows of resources were related to the Market's participation in a pension plan for its employees, the Employees Retirement System of New Orleans. Changes in pension related amounts are based on cash and non-cash estimates by the City's actuary (see Note 5).

FRENCH MARKET CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Financial Analysis -2019 (continued)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Operating revenues			
Rental income	\$ 8,101,124	\$ 7,956,751	\$ 144,373
Parking income	2,135,648	1,985,235	150,413
Other income	805,704	685,296	120,408
Total operating revenue	<u>11,042,476</u>	<u>10,627,282</u>	415,194
Operating expenses			
Salaries, wages, and benefits	3,737,243	3,828,224	(90,981)
Depreciation	1,038,210	956,906	81,304
Maintenance, repairs and equipment	1,088,187	905,938	182,249
Professional services	1,025,168	1,067,282	(42,114)
Advertising	641,942	664,879	(22,937)
Utilities and communication	493,749	520,611	(26,862)
Insurance	524,848	513,963	10,885
Other	246,989	371,524	(124,535)
Total operating expenses	<u>8,796,336</u>	<u>8,829,327</u>	(32,991)
Nonoperating income (loss)			
Interest	66,596	40,931	25,665
Transfer out to City of New Orleans	<u>(695,839)</u>	<u>(222,601)</u>	<u>(473,238)</u>
Total nonoperating income (loss)	<u>(629,243)</u>	<u>(181,670)</u>	<u>(447,573)</u>
Change in net position	1,616,897	1,616,285	612
Net position, beginning of year	<u>29,381,780</u>	<u>27,765,495</u>	<u>1,616,285</u>
Net position, end of year	<u>\$ 30,998,677</u>	<u>\$ 29,381,780</u>	<u>\$ 1,616,897</u>

The Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the Market's financial health. For the year ended December 31, 2019, operating revenues increased by \$415,194, with increases of rental, parking, and other income of approximately \$144,000, \$150,000, and \$120,000, respectively.

FRENCH MARKET CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Financial Analysis -2019 (continued)

Operating expenses decreased by \$32,991. The Market reduced the prior year increase in public safety efforts by hiring fewer New Orleans Police Department Officer details in 2019 as compared to 2018 that contributed the major portion of the combined \$133,000 decrease in salaries, wages and benefits and professional services expense. Offsetting the lower payroll and professional service costs, the market incurred approximately \$143,000 in higher repairs and maintenance costs, mostly related to increased electrical related repairs completed in 2019. Transfers to the City of New Orleans increased by approximately \$473,000 as a result of the Market's commitment to fund \$500,000 in repairs damages to the Piety Wharf owned by the City (see Note 7).

CONDENSED STATEMENTS OF CASH FLOWS

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Cash flows from:			
Operating activities	\$ 3,529,089	\$ 3,039,411	\$ 489,678
Noncapital financing activities	(1,121,102)	(899,653)	(221,449)
Capital and related financing activities	(509,905)	(1,261,577)	751,672
Investing activities	<u>66,596</u>	<u>14,924</u>	<u>51,672</u>
Net change in cash	1,964,678	893,105	1,071,573
Beginning of year cash	<u>13,526,687</u>	<u>13,473,844</u>	<u>52,843</u>
End of year cash	<u>\$ 15,491,365</u>	<u>\$ 14,366,949</u>	<u>\$ 1,124,416</u>

The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for capital additions. As previously mentioned, the increase in cash of approximately \$1,965,000 was primarily comprised of the increase in net position of \$1,616,000 adjusted for the \$308,000 decrease in due to other governments, depreciation in excess of capital additions of approximately \$471,000 and changes in estimates for compensated absences and pension liability and related deferred outflows and inflows of resources of approximately \$140,000.

Capital Assets (2020 and 2019)

The Market's investment in capital assets which is composed of land, building and improvements, furniture, fixtures and equipment amounts to \$19,532,803, net of accumulated depreciation of \$30,320,276 at December 31, 2020 and \$20,283,949, net of accumulated depreciation of \$29,260,571 at December 31, 2019.

The Market's five-year capital budget includes major building repairs and renovations, vehicle purchases, equipment replacements, painting of buildings, and landscape improvements.

FRENCH MARKET CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Debt Administration (2020 and 2019)

At December 31, 2020 and 2019, the Market's long-term debt includes its noncurrent compensated absences of \$417,021 and \$347,234 and net pension liability of \$4,160,820 and \$4,271,384, respectively.

Economic Outlook

The Market adopts an annual operating and a five-year capital budget. The capital budget depicts various planned improvement projects while the continuing operating budget includes proposed expenses and the means of financing them. The Market's operating budget remains in effect the entire year. The capital budget is on an on-going basis and implements projects based on board designated funds. On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in the local area, including the Market.

While it is unknown how long these conditions will last and what the complete financial effect will be to the French Market Corporation, to date, the Market is expecting declining lease revenue and parking revenue in 2021.

Request for Information

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

FRENCH MARKET CORPORATION
STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 12,873,613	\$ 15,491,365
Tenants receivable	999,229	264,443
Prepaid expenses and other assets	216,670	210,884
Total current assets	14,089,512	15,966,692
Capital assets, net	19,532,803	20,283,949
<u>TOTAL ASSETS</u>	33,622,315	36,250,641
<u>DEFERRED OUTFLOW OF PENSION RESOURCES</u>	1,886,089	2,105,963
<u>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</u>	\$ 35,508,404	\$ 38,356,604

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 260,350	\$ 363,418
Rental deposits	272,877	289,032
Due to governmental agencies	299,900	977,194
Compensated absences	46,336	38,582
Unearned revenue	85,253	127,386
Total current liabilities	964,716	1,795,612
<u>NON CURRENT LIABILITIES</u>		
Compensated absences	417,021	347,234
Net pension liability	4,160,820	4,271,384
Total noncurrent liabilities	4,577,841	4,618,618
Total liabilities	5,542,557	6,414,230
<u>DEFERRED INFLOW OF PENSION RESOURCES</u>	1,000,930	943,697
<u>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</u>	\$ 6,543,487	\$ 7,357,927
<u>NET POSITION</u>		
Net investment in capital assets	\$ 19,532,803	\$ 20,283,949
Unrestricted	9,432,114	10,714,728
Total net position	\$ 28,964,917	\$ 30,998,677

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

FRENCH MARKET CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>REVENUES</u>		
Rental income	\$ 3,866,207	\$ 8,101,124
Parking income	1,251,689	2,135,648
Other income	233,776	805,704
Total operating revenues	<u>5,351,672</u>	<u>11,042,476</u>
<u>EXPENSES</u>		
Salaries, wages, and related benefits	3,457,797	3,737,243
Professional services	557,902	1,025,168
Maintenance and repairs	742,902	988,382
Insurance	536,432	524,848
Security	22,659	22,355
Telephone and utilities	346,402	493,749
Fees and taxes	108,709	112,674
Equipment expense	66,408	99,805
Advertising and promotion	331,311	641,942
Supplies and materials	63,815	67,839
Depreciation	1,059,704	1,038,210
Other	8,479	44,121
Total operating expenses	<u>7,302,520</u>	<u>8,796,336</u>
<u>OPERATING INCOME (LOSS)</u>	(1,950,848)	2,246,140
<u>NONOPERATING INCOME (LOSS)</u>		
Interest income	17,088	66,596
Transfer to City of New Orleans	(100,000)	(695,839)
Total nonoperating income (loss)	<u>(82,912)</u>	<u>(629,243)</u>
<u>CHANGE IN NET POSITION</u>	(2,033,760)	1,616,897
<u>NET ASSETS, BEGINNING OF THE YEAR</u>	<u>30,998,677</u>	<u>29,381,780</u>
<u>NET ASSETS, END OF THE YEAR</u>	<u>\$ 28,964,917</u>	<u>\$ 30,998,677</u>

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

FRENCH MARKET CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2020</u>	<u>2019</u>
Received from tenants	\$ 4,324,822	\$ 10,320,875
Received from others	227,990	775,520
Paid to employees for services	(3,369,208)	(3,474,595)
Paid to suppliers for goods and services	(2,859,356)	(4,092,711)
Net cash provided by (used in) operating activities	<u>(1,675,752)</u>	<u>3,529,089</u>
<u>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Transfer out to the City of New Orleans	(621,799)	(1,121,102)
Net cash used in noncapital and related financing activities	<u>(621,799)</u>	<u>(1,121,102)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Payments for capital additions	(337,289)	(509,905)
Net cash used in capital and related financing activities	<u>(337,289)</u>	<u>(509,905)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest received	17,088	66,596
Net cash provided by investing activities	<u>17,088</u>	<u>66,596</u>
Net change in cash and cash equivalents	(2,617,752)	1,964,678
Cash and cash equivalents, beginning of year	<u>15,491,365</u>	<u>13,526,687</u>
Cash and cash equivalents, end of year	<u>\$ 12,873,613</u>	<u>\$ 15,491,365</u>
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities areas follows:		
Operating income (loss)	\$ (1,950,848)	\$ 2,246,140
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,059,704	1,038,210
Decrease (increase) in tenants receivable	(734,786)	58,996
Increase in prepaid and other assets	(5,786)	(30,184)
(Increase) decrease in deferred outflow of resources	219,874	(333,627)
Decrease in accounts payable	(74,337)	(71,828)
Decrease in rental deposits	(16,155)	(1,659)
Increase (decrease) in due to governmental agencies	(155,495)	117,153
Increase (decrease) in unearned revenue	(42,133)	26,766
Increase in compensated absences	77,541	45,795
Increase (decrease) in pension liability	(110,564)	133,473
Increase (decrease) in deferred inflow of resources	57,233	299,854
Net cash provided by (used in) operating activities	<u>\$ (1,675,752)</u>	<u>\$ 3,529,089</u>

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

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

Organization

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

Reporting Entity

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

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

The Market is presented similar to enterprise funds which are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statements of cash flows, the Market considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include amounts in non-interest-bearing demand deposits. Under state law, the Market may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States of America.

Tenants Receivable

Tenants receivable are carried at a net amount determined by the original billings for space rentals and related fees, less vacancy adjustments, less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. The Market does not charge interest on tenants' receivable. Tenants receivable are written-off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written-off are recorded as a reduction of bad debt expense when received. The Market expects all tenant's receivable at December 31, 2020 and 2019 to be fully collectible; therefore, no allowance for doubtful accounts was recorded at December 31, 2020 and 2019.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Market as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets are recorded at cost or the estimated acquisition value at the time of contribution to the Market. Major outlays for capital assets are capitalized as projects are constructed. Interest incurred (net of interest earned on invested proceeds during the construction phase) is reflected in the capitalized value of the capital assets constructed. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following useful lives:

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

Donated capital assets are valued at their estimated acquisition value at the date donated.

Deferred outflows of resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses) until that future time. See Note 5 for additional details.

Compensated absences

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

GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that are vested as severance pay.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

Compensated absences (continued)

All full-time classified employees of the Market hired prior to January 1, 1979 are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978 can accrue a maximum of 45 days of annual leave and an unlimited number of sick leave.

Upon termination of employment, an employee is paid for accrued annual leave based upon current hourly rate of pay and for accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting accrued sick leave to additional years of service.

Rental deposits

Rental deposits represent one month of rent paid in advance of the lease agreement for the commercial and residential tenants.

Deferred inflows of resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. See Note 5 for additional details.

Net Position

Net position classifications are defined as follows:

Net Investment in capital assets – This component of net position consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

Net Position (continued)

Unrestricted – This component of net position consists of net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” as described above.

When both restricted and unrestricted resources are available for use, the Market’s policy is to use restricted resources first, then unrestricted resources as they are needed.

Revenues and expenses

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

2. Cash and Cash Equivalents

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

Custodial credit risk is the risk that in the event of a bank failure, the Market’s deposits may not be returned to it under state law. At December 31, 2020, the Market’s deposits had a carrying amount of \$12,873,613 and a bank balance of \$13,111,287, of which \$250,000 was covered by federal depository insurance and \$13,038,181 was covered by collateral held in the name of the pledging fiscal agent bank in a holding or custodial bank.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

3. Capital Assets

The capital assets of the Market as of December 31, 2020 and 2019 consist of the following:

	January 1, 2020	Additions	Transfer in/(out)	December 31, 2020
Land	\$ 151,917	\$ -	\$ -	\$ 151,917
Construction in progress	214,934	103,350	-	318,284
Buildings and improvements	46,951,354	113,534	30,922	47,095,810
Furniture, fixtures and equipment	2,064,236	91,675	(30,922)	2,124,989
Automobiles	48,098	-	-	48,098
Software	113,981	-	-	113,981
Total	49,544,520	308,559	-	49,853,079
Accumulated depreciation	(29,260,571)	(1,059,705)	-	(30,320,276)
Capital assets, net	<u>\$20,283,949</u>	<u>\$ (751,146)</u>	<u>\$ -</u>	<u>\$19,532,803</u>

	January 1, 2019	Additions	Transfer in/(out)	December 31, 2019
Land	\$ 151,917	\$ -	\$ -	\$ 151,917
Construction in progress	284,292	192,397	(261,755)	214,934
Buildings and improvements	46,406,852	282,747	261,755	46,951,354
Furniture, fixtures and equipment	1,997,022	67,214	-	2,064,236
Automobiles	48,098	-	-	48,098
Software	89,751	24,230	-	113,981
Total	48,977,932	566,588	-	49,544,520
Accumulated depreciation	(28,222,361)	(1,038,210)	-	(29,260,571)
Capital assets, net	<u>\$20,755,571</u>	<u>\$ (471,622)</u>	<u>\$ -</u>	<u>\$20,283,949</u>

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

3. Capital Assets (continued)

During the year ended December 31, 2020 and 2019, the Market completed the following projects and transferred the costs from construction in progress to buildings and improvements.

	<u>2020</u>	<u>2019</u>
Upper Pontalba renovations	\$ -	\$ 261,755
Construction in process completed	<u>\$ -</u>	<u>\$ 261,755</u>

At December 31, 2020 and 2019, the construction in progress of \$318,284 and \$214,934, consists primarily of improvements to the Riverside parking lot and architectural and engineering costs for improvements to the Upper Pontalba building, respectively.

4. Minimum Future Rentals

The Market has entered into rental agreements which require the tenant to pay the Market minimum monthly rental payments plus contingent rentals. The operating leases expire in various years through the year 2031. Minimum future rentals to be received under the various operating leases as of December 31, 2020 are as follows:

<u>December 31,</u>	<u>Amount</u>
2021	\$ 1,956,013
2022	1,672,394
2023	1,251,956
2024	959,429
2025	497,961
2026 - 2030	1,116,759
2031	<u>113,334</u>
	<u>\$ 7,567,846</u>

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

5. Pension Plan

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees Retirement System of the City of New Orleans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description

Employees of the Market are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Employees Retirement System of the City of New Orleans (the Plan) established under the laws of the State of Louisiana. The Plan issues a publicly available financial report that can be obtained at www.nola.gov/nomers.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Benefits Provided – Regular Benefits

Employees with thirty (30) years of service, or who attain age 60 with ten (10) years of service, or age 65, irrespective of length of service, are entitled to a retirement allowance. The retirement allowance consists of an annuity, which is the actuarial equivalent of the employee's accumulation contribution, plus an annual pension, which together with the annuity, provides a total retirement allowance equal to 2% to 4% of average compensation times the number of years of service. The maximum pension may not exceed 100% of average compensation. Pension amounts are reduced for service retirement prior to age 62. Average compensation is defined as average annual earned compensation for the highest thirty-six (36) successive months (forty-eight (48) effective January 1, 2014 and sixty (60) months effective January 1, 2015) of service as a member, minus \$1,200. Effective June 1, 2002, \$1,200 is removed. After April 29, 1979, earned compensation based on pay for regular required work and excludes State supplemental pay.

Benefits Provided - Disability Benefits

Disability benefits are awarded to active members with 10 or more years of creditable service if a physician nominated by the board certifies that the member is totally incapacitated and that such incapacitation is likely to be permanent. The member receives an annuity, which is the actuarial equivalent to the employee's accumulated contribution, plus an annual pension, which, together with the annuity shall be 75% of the service allowance that would have been payable upon service retirement at age 65, had the member continued in service to the age of 65. Such allowance is to be computed on the average compensation, plus the sum of \$1,200 provided, however, the minimum annual retirement allowance will be \$300 per year.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

5. Pension Plan (continued)

Contributions

Contribution requirements of active employees are governed by the Retirement Ordinance of the City Charter of New Orleans. Employee and employer contributions are deducted from a member's salary and remitted to the Plan by participating employers. For the 2020 fiscal year, employees participating in the Retirement System are required to contribute 6% of their salary and the employer is required to contribute 15.31%. Employer contributions to the Retirement System are based upon the amount necessary to fund normal cost and amortization of past service costs over a period of thirty years. The contribution requirements of Retirement System members of the Market are established and may be amended by the Retirement System's board of trustees. The Market's contributions to the Retirement System, which were equal to the required contribution, for the year ended December 31, 2020 were \$541,027. However, the Market does not guarantee any of the benefits granted by the plan.

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

At December 31, 2020 and 2019, the Employer reported a liability of \$4,160,820 and \$4,271,384, respectively, for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2020 and 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of December 31. The Market's proportion of the Net Pension Liability was based on a projection of the Market's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2020 and 2019, the Market's proportion was 1.367907% and 1.459727%, respectively.

For the years ended December 31, 2020 and 2019, the Market recognized pension expense of \$779,336 and \$726,201 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$228,008 and \$184,174, respectively.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

5. Pension Plan (continued)

At December 31, 2020 and 2019, the Market reported deferred outflow of resources and deferred inflow of resources related to pensions from the following sources:

	2020		2019	
	Deferred outflow of resources	Deferred inflow of resources	Deferred outflow of resources	Deferred inflow of resources
Differences between expected and actual experience	\$ 767,058	\$ (177,973)	\$ 1,004,308	\$ (51,140)
Net difference between projected and actual earnings on pension plan investments	714,246	(151,844)	640,886	(248,485)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(671,113)	-	(644,072)
Employer contributions subsequent to measurement date	404,785	-	460,769	-
	\$ 1,886,089	\$ (1,000,930)	\$ 2,105,963	\$ (943,697)

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

The Market contributions subsequent to the measurement date in the amount of \$404,785 were reported as deferred outflow of resources will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2020. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

Year	Amount
2021	48,347
2022	82,871
2023	175,042
2024	147,310
2025	39,055
2026 - 2027	(12,341)
Total	\$ 480,284

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

5. Pension Plan (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2020 and 2019 are as follows:

Valuation Date	January 1, 2020 (2020)	January 1, 2019 (2019)
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Adjusted Market Value using seven year smoothing	Adjusted Market Value using seven year smoothing
Investment Rate of Return	7.25% per annum	7.5% per annum
Mortality	Non-disabled Pre-Retirement members - Mortality rates based on the PubG-2010 Employee Mortality Tables, amount-weighted, projected generationally with Scale MP-2018	Non-disabled members – Mortality rates based on the RP-2000 Combined Healthy Mortality Table: set forward six years for males under age 70 and set forward for four years for females under age 65 (2019) and (Sex Distinct) Without Projection (2018)
	Non-disabled Post-Retirement members - Mortality rates based on the PubG-2010 General Healthy Retiree Tables, amount-weighted, projected generationally with Scale MP-2018	
	Disabled members - Mortality rates based on the PubNS - 2010 Non-Safety Disabled Retiree Tables, amount-weighted, projected generationally with Scale MP-2018	Disabled members – Mortality rates based on the RP-2000 Disabled Mortality Table: (Sex Distinct) Without Projection
Turnover	Table developed from the 2011-2016 Actuarial Experience Study	Table developed from the 2006-2010 Actuarial Experience Study
Salary Increases	5.0% compounded annually	5.0% compounded annually

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

5. Pension Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020 and 2019 are summarized in the following table:

Asset Class	2020			2019		
	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Rate of Return
Cash Equivalents	2.0%	0.65%	0.01%	2.0%	1.41%	0.03%
Equity securities	56.5%	6.65%	3.76%	58.0%	6.79%	3.94%
Fixed income	22.0%	1.15%	0.25%	25.0%	2.65%	0.66%
Real estate	5.0%	4.50%	0.23%	5.0%	4.08%	0.20%
Alternative investments	14.5%	5.76%	0.83%	10.0%	7.37%	0.74%
Total	<u>100.0%</u>		<u>5.08%</u>	<u>100.0%</u>		<u>5.57%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

5. Pension Plan (continued)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.25%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
Employer's proportionate share of the net pension liability	\$ 5,333,867	\$ 4,160,820	\$ 3,248,921

Included in due to governmental agencies were contributions payable to the pension plan in the amount of \$17,745 and \$38,183 at December 31, 2020 and 2019, respectively.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees Retirement System of the City of New Orleans 2020 Comprehensive Annual Financial Report at www.nola.gov/nomers.

6. Unrestricted Net Position

Unrestricted board designated net position consisted of the following at December 31, 2020 and 2019:

	2020	2019
Revenue reserves	\$ 1,331,144	\$ 3,414,617
On-going and future capital projects	6,627,202	5,826,343
Insurance reserves	1,395,000	1,395,000
Maintenance reserves	78,768	78,768
Total	<u>\$ 9,432,114</u>	<u>\$ 10,714,728</u>

7. Related Party Transactions

The lease and franchise agreement between the Market and the City, which ends on December 31, 2050, requires an annual lease payment equal to the greater of \$100,000 or 20% of the net adjusted revenues of certain properties. At December 31, 2020 and 2019, included in due to governmental agencies is \$100,000 and \$195,839, respectively, for the lease agreement.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

7. Related Party Transactions (continued)

The City of New Orleans prepares and processes the payroll of the Market through the City of New Orleans payroll process. The Market reimburses the payroll expense monthly. At December 31, 2020 and 2019, included in due to governmental agencies is \$125,860 and \$281,355 for reimbursement of payroll expense, respectively.

On June 6, 2019, a vessel struck the Piety Wharf. The Piety Wharf is owned by the City of New Orleans and managed by the Market. In December 2020, the Market agreed to fund certain emergency repairs to the Piety Wharf in the amount of \$500,000. At December 31, 2020 and 2019, included in due to governmental agencies is \$74,040 and \$500,000, respectively, of board approved distributions related to this agreement.

Amounts due to the City of New Orleans are reported as due to governmental agencies and consist of the following at December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Due to City for Board approved distributions	\$ 74,040	\$ 500,000
Due to City for lease of French Market properties	100,000	100,000
Due to City for Franchise Lease Agreement	-	95,839
Due to City for reimbursement of payroll costs	<u>125,860</u>	<u>281,355</u>
Total	<u>\$ 299,900</u>	<u>\$ 977,194</u>

8. Risk Management

The Market is exposed to various risks of loss to torts; theft of; damage to and destruction of assets for which the Market carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

9. COVID-19 Impact

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. On March 11, 2020, the Mayor of New Orleans declared a State of Emergency due to COVID-19. Subsequently, the Governor of Louisiana and the Mayor of New Orleans through a series of proclamations and orders limited gatherings of various types and placed restrictions on commercial business activities, which ultimately culminated in the issuance of a "Stay at Home Mandate" for Orleans Parish by the Mayor on March 20, 2020, and by the Governor on March 22, 2020. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in the local area and around the world.

FRENCH MARKET CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

9. COVID-19 Impact (continued)

As a result of the financial hardship created by the COVID-19 emergency, the Market received requests for rent relief from commercial and residential tenants. On June 2, 2020, the Market approved a Commercial Rent Relief Program which provides for full rent abatement for the three-month period of April, May, and June 2020 for eligible commercial tenants. The Commercial Rent Relief Program consists of uniform rent relief terms, tenant eligibility requirements, and requires each tenant requesting relief to enter into a Commercial Tenant Rent Relief Agreement.

On June 2, 2020, the Market adopted the Residential Tenant Repayment Program which provides for waiver of late fees through June 30, 2020 and an installment plan for payment of past due rent in full by December 31, 2020. Residential rent shall be due for July 2020 moving forward as provided in each residential lease.

On October 7, 2020, the Markets Board of Directors granted additional rent relief beginning retroactively on July 1, 2020 through January 31, 2021 granting a 75% commercial tenant base rent. The Board extended the requirement that tenants are open a minimum of four days per week to be eligible for this relief.

While it is unknown how long these conditions will last and what the complete financial effect will be to the French Market Corporation, the Market experienced declining lease revenue and parking revenue during the year ended December 31, 2020.

Effective February 1, 2020, the Market outsourced the parking operations through a management and operating agreement with a third party. The management and operating agreement is for an initial term of one year with up to four additional consecutive one-year extensions at the Market's sole option. The agreement includes a fixed fee payable to the Market of \$170,917 monthly and an additional annual payment based on meeting or exceeding agreed upon gross revenue amounts. The third party was delinquent on payments to the Market for the period from April 2020 through December 31, 2020. The Market reached agreement with the third party in March 2021 and at December 31, 2020 included in tenants receivable is \$863,636.

10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued June 30, 2021, and except as related to COVID-19 (see Note 9), determined the following items require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

In March 2021, the Market entered into an agreement with the third party that provides parking operations to the Market (see Note 9).

From January 1, 2021 through May 31, 2021, the Market opened on a limited basis in accordance with federal, state and the City of New Orleans COVID-19 requirements. On June 1, 2021, the Market resumed normal operating hours for seven days a week.

REQUIRED SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contribution in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employers Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2020	\$ 313,123	\$ 404,785	\$ (91,662)	\$ 2,045,542	19.789%
2019	\$ 418,792	\$ 404,785	\$ 14,007	\$ 1,876,188	21.575%
2018	\$ 487,207	\$ 442,237	\$ 44,970	\$ 1,907,005	23.190%
2017	\$ 400,282	\$ 400,282	\$ -	\$ 1,721,495	23.252%
2016	\$ 424,950	\$ 424,950	\$ -	\$ 1,887,647	22.512%
2015	\$ 376,012	\$ 401,501	\$ (25,489)	\$ 1,665,393	24.108%

Note: Employer's covered employee payroll amount represents the amount from the 2020 year.

Note: GASB 68 requires this schedule to show information for 10 years. The Market implemented GASB 68 during the 2015 fiscal year. Therefore, additional years will be displayed as they become available.

See independent auditors' report on required supplementary information.

FRENCH MARKET CORPORATION
SCHEDULE OF EMPLOYERS PROPORTIONATE SHARE OF PENSION LIABILITY
DECEMBER, 31, 2020

Fiscal Year	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability	1.367907%	1.459727%	1.739063%	1.739063%	1.707800%	1.780780%
Employer's Proportionate Share of the Net Pension Liability	\$4,160,820	\$4,271,384	\$4,137,911	\$4,442,786	\$3,981,606	\$3,017,097
Employees Covered-Employee Payroll	\$2,045,542	\$1,876,188	\$2,008,696	\$1,721,495	\$1,887,647	\$1,665,393
Employer's Proportionate Share of the Net Pension Liability as a percentage of its Covered Employee Payroll	203.41%	227.66%	206.00%	258.08%	210.93%	181.16%
Plan Fiduciary Net Position as a Percentage of total Pension Liability	57.94%	55.55%	62.22%	58.06%	60.26%	68.26%

Note: GASB 68 requires this schedule to show information for 10 years. The Market implemented GASB 68 during the 2015 fiscal year. Therefore, additional years will be displayed as they become available.

See independent auditors' report on required supplementary information.

FRENCH MARKET CORPORATION

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

Changes in Benefit Terms

There were no changes of benefits terms for the year ended December 31, 2020.

Changes in Assumptions

There were no changes of benefits assumptions for the year ended December 31, 2020.

OTHER SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2020

Agency Head Name: Kathleen Turner, Executive Director (January 1, 2020 - February 28, 2020)
Leslie Alley, Executive Director (March 1, 2020 - December 31, 2020)

	Kathleen Turner	Leslie Alley
Salary	\$ 27,366	\$ 114,258
Benefits - Health Insurance	2,077	7,019
Benefits - Retirement	6,856	27,363
Deferred Compensation	-	-
Workers Compensation	69	242
Benefits - Life Insurance	17	71
Benefits - Long Term Disability	-	-
Benefits - FICA & Medicare	2,093	8,741
Car Allowance	-	-
Vehicle Provided by the Agency	-	-
Cell Phone	-	-
Dues	-	-
Vehicle Rental	-	-
Per Diem	-	-
Reimbursements	-	-
Travel	-	-
Registration Fees	-	-
Conference Travel	-	-
Unvouchered Expenses	-	-
Meetings and Conventions	-	-
Other	-	-
	\$ 38,478	\$ 157,694

See accompanying independent auditors' report



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the French Market Corporation (the Market) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Market's basic financial statements, and have issued our report thereon dated June 30, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richard CPAS

Metairie, Louisiana
June 30, 2021

FRENCH MARKET CORPORATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Summary of Independent Auditors' Results

Financial Statements

- (a) The type of report issued on the basic financial statements: **Unmodified**
- (b) Internal control over financial reporting:
- Material weakness(es) identified: **None reported**
- Significant deficiency(ies) identified: **None reported**
- (c) Noncompliance which is material to the basic financial statements: **None reported**

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

None reported