NEW ORLEANS BUILDING CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

NEW ORLEANS BUILDING CORPORATION

TABLE OF CONTENTS

DECEMBER 31, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

June 21, 2017

To the Board of Directors of
New Orleans Building Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the New Orleans Building Corporation (the Corporation), a discretely presented component unit of the City of New Orleans, Louisiana, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Corporation'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 audit. 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 the *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 entity'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 entity'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 respective financial position of the New Orleans Building Corporation as of December 31, 2016, and the respective 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.

Other Matters

Prior Period Financial Statements

The financial statements of the New Orleans Building Corporation as of December 31, 2015, were audited by other auditors whose report dated June 28, 2016, expressed an unmodified opinion on those statements.

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 10, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to chief executive officer 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 statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to chief executive officer 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 21, 2017, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Corporation's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

This report offers readers of these financial statements an overview and analysis of the financial activities of the New Orleans Building Corporation (the Corporation). This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the Corporation's financial position, identify any material deviations from the approved budget documents, and identify other issues or concerns.

NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 72, *Fair Value Measurement and Application*, in February 2015. The GASB Statement No. 72 established new standards for measuring and reporting investments at fair market value and also established certain exceptions to reporting investments at fair market value. This statement requires the use of valuation techniques that are appropriate under the circumstances and for which sufficient data is available and establishes a hierarchy of inputs to valuation techniques used in the measurement of fair value. This statement requires that valuation techniques used in measuring fair value maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Additional disclosures are also required to be made about fair value measurements and the valuation techniques used. This statement is effective for fiscal years beginning after June 15, 2015.

The Corporation has adopted GASB Statement No. 72 with no significant impact to the financial statements of the Corporation.

FINANCIAL HIGHLIGHTS

During the year ended December 31, 2012, the Corporation terminated the lease with the World Trade Center of New Orleans, Inc. for the building and parking garage located at 2 Canal Street, for total cost of $2,295,378. On May 7, 2015, the Corporation signed a lease with Two Canal Owner, LLC to develop the building into a 350 key full service hotel with 76 residences and a cultural attraction. Subsequent to the signing of the lease, Two Canal Street Investors, LLC, an unsuccessful bidder on the project, filed a lawsuit which was ultimately denied hearing by the Louisiana Supreme Court on April 3, 2017.

Included in the Statement of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2016 are parking revenues of $1,184,523, and operating expenses of $923,607 relating to 2 Canal Street. Operating expenses consist mainly of legal fees associated with the litigation.

Overall, the Corporation's net position of $45,616,100 represents greater than 91% of total assets at December 31, 2016. The Corporation's decrease in net position for the year ended December 31, 2016 of $553,665 is primarily due to a reduction in the lease income for 2 Canal Street and offset by operating expense reductions for 2 Canal Street in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and notes to the financial statements. The financial statements provide both long-term and short-term information about the Corporation's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

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

COMPARATIVE FINANCIAL STATEMENTS

The following chart provides condensed information from the Statement of Net Position as of December 31, 2016 and 2015:

Condensed Statements of Net Position Comparative Data

	2016	2015	$ Variance	% Variance
Current and other assets	$ 8,365,926	$ 6,606,336	$ 1,759,590	26.6 %
Restricted cash	2,230,515	3,920,946	(1,690,431)	(43.1)
Capital assets, net	35,234,413	36,742,475	(1,508,062)	(4.1)
Total assets	$ 45,830,854	$ 47,269,757	$ (1,438,903)	
Current liabilities	$ 193,921	$ 1,079,159	$ (885,238)	(82.0)
Long-term liabilities	20,833	20,833	-	-
Total liabilities	$ 214,754	$ 1,099,992	$ (885,238)	
Net Position:				
Invested in capital assets	$ 35,234,413	$ 36,742,475	$ (1,508,062)	(4.1)
Restricted	2,230,515	3,920,946	(1,690,431)	(43.1)
Unrestricted	8,151,172	5,506,344	2,644,828	48.0
Total net position	$ 45,616,100	$ 46,169,765	$ (553,665)	

COMPARATIVE FINANCIAL STATEMENTS (CONTINUED)

The Corporation's net position at December 31, 2016, consists primarily of its investments in capital assets (land, building & improvements, and equipment) and restricted cash relating to its operation of New Orleans Union Passenger Terminal (NOUPT). Overall, the Corporation's net position decreased by $553,665 from the previous year primarily due to decreased lease revenue and the federal grant funding received, which was offset by reduced operating expenses.

The following chart provides condensed information from the Statement of Net Position as of December 31, 2015 and 2014:

Condensed Statements of Net Position Comparative Data

	2015	2014	$ Variance	% Variance
Current and other assets	$ 6,606,336	$ 5,626,823	$ 979,513	17.4 %
Restricted cash	3,920,946	3,924,110	(3,164)	(0.1)
Capital assets, net	36,742,475	35,905,728	836,747	2.3
Total assets	$ 47,269,757	$ 45,456,661	$ 1,813,096	
Current liabilities	$ 1,079,159	$ 1,509,332	$ (430,173)	(28.5)
Long-term liabilities	20,833	53,211	(32,378)	(60.8)
Total liabilities	$ 1,099,992	$ 1,562,543	$ (462,551)	
Net Position:				
Invested in capital assets	$ 36,742,475	$ 35,905,728	$ 836,747	2.3
Restricted	3,920,946	3,924,110	(3,164)	(0.1)
Unrestricted	5,506,344	4,064,280	1,442,064	35.5
Total net position	$ 46,169,765	$ 43,894,118	$ 2,275,647	

The Corporation's net position at December 31, 2015 consists primarily of its investments in capital assets (land, building & improvements, and equipment) and restricted cash relating to its operation of NOUPT. Overall, the Corporation's net position increased by $2,275,647 from the previous year primarily due to increased lease and rent revenue and the federal grant funding received during the previous year.

COMPARATIVE FINANCIAL STATEMENTS (CONTINUED)

The following chart provides condensed information from the Statement of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2016 and 2015:

Condensed Statements of Revenues, Expenses, and Changes in Net Position Comparative Data

	2016	2015	$ Variance	% Variance
Operating Revenues:				
Rent - tenants	$ 2,410,090	$ 2,169,222	$ 240,868	11.1 %
Lease deposit	-	1,000,000	(1,000,000)	(100.0)
Lease income - parking garage	1,059,523	1,149,476	(89,953)	(7.8)
Other income	41,550	97,435	(55,885)	(57.4)
Total operating revenues	3,511,163	4,416,133	(904,970)	
Operating Expenses:				
NOUPT	2,066,928	2,236,994	(170,066)	(7.6)
2 Canal Street	923,607	1,211,220	(287,613)	(23.7)
RTC	1,030,995	971,642	59,353	6.1
Administration	55,515	75,128	(19,613)	(26.1)
Total operating expenses	4,077,045	4,494,984	(417,939)	
Operating loss	(565,882)	(78,851)	(487,031)	
Non-operating income	6,957	196	6,761	3,449.5
Changes in net position before capital contributions	(558,925)	(78,655)	(480,270)	
Capital contributions	5,260	2,354,302	(2,349,042)	(99.8)
Changes in net position after capital contributions	(553,665)	2,275,647	$ (2,829,312)	
Net position - January 1	46,169,765	43,894,118		
Net position - December 31	$ 45,616,100	$ 46,169,765		

The change in net position decreased by $2,829,312 from the previous year primarily due to the decrease of $2,349,042 in capital contributions, a decrease of $904,970 in revenues, and a decrease in expenses of $417,939 during the year ended December 31, 2016. Decrease of capital contributions of $2,349,042 was due to the funds received to complete the Reinventing the Crescent project (Crescent Park) during 2015. The decrease of revenues of $904,970 was primarily due to the $1,000,000 lease deposit for 2 Canal Street received in the previous year. The decrease in expenses was primarily due to reduced costs for operating 2 Canal Street as a result of the lease agreement signed during 2015 along with a reduction in operating expenses for NOUPT.

COMPARATIVE FINANCIAL STATEMENTS (CONTINUED)

The following chart provides condensed information from the Statement of Revenues, Expenses, and Changes in Net Position as of December 31, 2015 and 2014:

Condensed Statements of Revenues, Expenses, and Changes in Net Position Comparative Data

	2015	2014	$ Variance	% Variance
Operating Revenues:				
Rent - tenants	$ 2,169,222	$ 1,930,445	$ 238,777	12.4 %
Lease deposit	1,000,000	-	1,000,000	100.0
Lease income - parking garage	1,149,476	1,329,019	(179,543)	(13.5)
Other income	97,435	40,550	56,885	140.3
Total operating revenues	4,416,133	3,300,014	1,116,119	
Operating Expenses:				
NOUPT	2,236,994	2,212,674	24,320	1.1
2 Canal Street	1,211,220	874,684	336,536	38.5
RTC	971,642	858,896	112,746	13.1
Administration	75,128	50,312	24,816	49.3
Total operating expenses	4,494,984	3,996,566	498,418	
Operating loss	(78,851)	(696,552)	617,701	
Non-operating income	196	705	(509)	(72.2)
Changes in net position before capital contributions	(78,655)	(695,847)	617,192	
Capital contributions	2,354,302	901,985	1,452,317	161.0
Changes in net position after capital contributions	2,275,647	206,138	$ 2,069,509	
Net position - January 1	43,894,118	43,687,980		
Net position - December 31	$ 46,169,765	$ 43,894,118		

The change in net position increased by $2,069,509 from the previous year due to the increase of $1,452,317 in capital contributions and the increase of $1,116,119 in revenues during the year ended December 31, 2015. Increase of capital contributions of $1,452,317 is due to the funds received to complete the Reinventing the Crescent project (Crescent Park) during 2015. Increase of revenues of $1,116,119 was primarily due to the $1,000,000 lease deposit for 2 Canal Street.

CAPITAL ASSETS

The Corporation's reported capital assets at December 31, 2016 and 2015 are as follows:

	2016	2015	Variance
Land	$ 3,158,513	$ 3,158,513	$ -
Buildings	28,975,484	30,093,218	(1,117,734)
Building improvements	2,602,952	3,012,238	(409,286)
Construction in progress	497,464	478,506	18,958
Totals	$ 35,234,413	$ 36,742,475	$ (1,508,062)

The Corporation's capital assets presented above are net of accumulated depreciation. Total net capital assets decreased by $1,508,062 from the prior year. The decrease in capital assets was due primarily to current year depreciation of $1,919,140 and was offset by capital asset additions of 411,078. In the previous year, there was an increase in capital assets primarily due to the capitalization of legal fees and additions related to Crescent Park improvements.

The Corporation's reported capital assets at December 31, 2015 and 2014 are as follows:

	2015	2014	Variance
Land	$ 3,158,513	$ 3,158,513	$ -
Buildings	30,093,218	28,954,884	1,138,334
Building improvements	3,012,238	3,009,265	2,973
Construction in progress	478,506	783,066	(304,560)
Totals	$ 36,742,475	$ 35,905,728	$ 836,747

The Corporation's capital assets presented above are net of accumulated depreciation. Total net capital assets increased by $836,747 from the prior year. The increase in capital assets was due primarily to the capitalization of legal fees and additions related to Crescent Park improvements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In February 2017, the Corporation merged with Canal Street Development Corporation. Classified as a merger under GASB 69, the assets and liabilities were transferred to the Corporation at carrying value. The financial effects increased the Corporation's net position by approximately $46 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

On March 9, 2012, the Corporation negotiated the termination of the lease with the World Trade Center of New Orleans, Inc. for 2 Canal Street. The Corporation is receiving revenue from several existing arrangements in effect at the transition including revenue from 2 Canal Street garage operated by International Rivercenter. In May 2015, a lease was signed with a team of developers to redevelop the building and surrounding property into a Four Seasons Hotel, luxury residences, museum, and retail space. Also in 2015, a lawsuit was filed appealing the award of the contract to the tenant. The litigation was resolved in 2017 and it is expected that the redevelopment of the property will commence in the same fiscal year.

The Corporation has continued efforts to maximize leasing, increase long-term tenancy, develop parking, and undertake needed improvements at the Union Passenger Terminal, which could result in fluctuating revenues and expenditures, respectively.

CONTACTING NEW ORLEANS BUILDING CORPORATION

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

NEW ORLEANS BUILDING CORPORATION
STATEMENTS OF NET POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
CURRENT ASSETS:		
Cash	$ 7,444,548	$ 5,191,783
Accounts receivable, net	848,687	861,983
Grants receivable	-	468,151
Prepaid insurance and other assets	72,691	84,419
Total current assets	8,365,926	6,606,336
NONCURRENT ASSETS:		
Restricted cash equivalents	2,230,515	3,920,946
Capital assets not being depreciated	3,655,977	3,637,019
Capital assets, net of accumulated depreciation	31,578,436	33,105,456
Total noncurrent assets	37,464,928	40,663,421
TOTAL ASSETS	$ 45,830,854	$ 47,269,757

LIABILITIES AND NET POSITION

	2016	2015
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 24,271	$ 523,991
Due to Canal Street Development Corporation	82,800	502,460
Advances on lease payments	86,850	52,708
Total current liabilities	193,921	1,079,159
NONCURRENT LIABILITIES:		
Customer deposits	20,833	20,833
Total noncurrent liabilities	20,833	20,833
TOTAL LIABILITIES	$ 214,754	$ 1,099,992
NET POSITION:		
Investment in capital assets	$ 35,234,413	$ 36,742,475
Restricted	2,230,515	3,920,946
Unrestricted	8,151,172	5,506,344
TOTAL NET POSITION	$ 45,616,100	$ 46,169,765

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

NEW ORLEANS BUILDING CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
OPERATING REVENUES:		
Rent - tenants	$ 2,410,090	$ 2,169,222
Lease deposit - 2 Canal Street	-	1,000,000
Lease income - parking garage	1,059,523	1,149,476
Miscellaneous income	41,550	97,435
Total operating revenues	3,511,163	4,416,133
OPERATING EXPENSES:		
Contractual services	1,670,423	1,919,174
Repairs & maintenance	100,208	109,426
Insurance	188,120	238,623
Utilities	181,227	197,693
Depreciation	1,919,140	1,998,992
Miscellaneous	17,927	31,076
Total operating expenses	4,077,045	4,494,984
OPERATING LOSS	(565,882)	(78,851)
NONOPERATING INCOME:		
Other income	6,957	196
Total nonoperating income	6,957	196
Changes in net position before capital contributions	(558,925)	(78,655)
Capital contributions	5,260	2,354,302
Changes in net position after capital contributions	(553,665)	2,275,647
TOTAL NET POSITION - BEGINNING	46,169,765	43,894,118
TOTAL NET POSITION - ENDING	$ 45,616,100	$ 46,169,765

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

NEW ORLEANS BUILDING CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Rents received from customers	$ 3,517,051	$ 4,469,438
Payments to suppliers of goods and services	(3,065,557)	(3,127,815)
Other cash receipts	41,550	97,435
Net cash provided by operating activities	493,044	1,439,058
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Capital contributions from federal grants	473,411	3,336,789
Purchases of capital assets	(411,078)	(2,835,739)
Net cash provided by capital activities	62,333	501,050
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipt of interest	6,957	196
Net cash provided by investing activities	6,957	196
NET INCREASE IN CASH AND CASH EQUIVALENTS	562,334	1,940,304
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	9,112,729	7,172,425
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 9,675,063	$ 9,112,729
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (565,882)	$ (78,851)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	1,919,140	1,998,992
Changes in assets and liabilities:		
Receivables	13,296	281,373
Prepaid expenses	11,728	4,663
Accounts payable	(919,380)	(636,486)
Advances on lease payments	34,142	(142,300)
Customer deposits	-	11,667
Net cash provided by operating activities	$ 493,044	$ 1,439,058
RECONCILIATION TO STATEMENTS OF NET POSITION:		
Cash and cash equivalents for cash flow statement include:		
Cash	$ 7,444,548	$ 5,191,783
Restricted cash equivalents	2,230,515	3,920,946
Total cash and cash equivalents	$ 9,675,063	$ 9,112,729

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Background

New Orleans Building Corporation (the Corporation) is a non-profit, public benefit corporation, incorporated in the State of Louisiana on May 4, 2000. The Corporation was formed for the purpose of owning, leasing, developing, and operating properties owned by the City of New Orleans or by the Corporation. These purposes include, but are not limited to, planning, renovating, constructing, leasing, subleasing, managing, and promoting such properties, which activity is declared to constitute a public purpose.

The Corporation is governed by a seven person Board of Directors composed of the Mayor of New Orleans, three council members of the City of New Orleans, and three appointed positions.

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

The Corporation is also responsible for the management of the Reinventing the Crescent project along the New Orleans riverfront. The project was completed and was primarily funded through federal awards.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Background (Continued)

The accounting policies of the Corporation conform to accounting principles generally accepted in the United States of America, as applicable to governmental agencies. The following is a summary to the more significant accounting policies:

The Financial Reporting Entity

The Governmental Accounting Standards Board establishes standards for defining and reporting on the financial entity. The standards indicate that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or special government that meets all of the following criteria: a) has a separate elected governing body, b) is legally separate, and c) is fiscally independent of other state and local governments.

For financial reporting purposes, the Corporation is a component unit of the City of New Orleans. As such, the financial statements of the Corporation are included in the financial statements of the City of New Orleans. All activities of the Corporation are included in this report.

Proprietary Fund Type

The proprietary fund is used to account for the Corporation's ongoing operations and activities which are similar to those often found in the private sector. The proprietary fund is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Net position is segregated into amounts vested in capital assets (net of related debt), restricted for capital projects, and unrestricted. The Corporation's restricted assets are expendable for their purposes. The Corporation utilizes available restricted assets before utilizing unrestricted assets. The operating statements present increases (revenues) and decreases (expenses) in net position.

The Corporation maintains one proprietary fund type - the enterprise fund. The enterprise fund is used to account for operations: a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focal applied.

The proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Use of Estimates

The preparation of the 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, liabilities, and disclosures 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

Cash and cash equivalents include amounts in demand deposit accounts and money market funds. For purposes of the Statement of Cash Flows, unrestricted cash and restricted cash equivalents are included.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. At December 31, 2016 and 2015, the Corporation considers all receivables collectible and no allowance for doubtful accounts was recorded.

Prepaid Expenses

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Capital Assets

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

Assets	Estimated Useful Lives
Computer Equipment	7 years
Buildings	30 years
Building Improvements	30 years

All capital assets acquired or donated are valued at historical cost or estimated historical cost if actual historical cost is not available. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets useful lives are recorded as expenditures.

Revenue Recognition

All leases on properties are classified as operating leases and the related rental income is recognized on a straight line basis over the terms of the related leases. Percentage rents are recognized as rental income when the thresholds upon which they are based have been met. Recoveries from tenants for taxes, insurance, and other operating expenses are recognized as revenues in the period the corresponding costs are incurred. Parking revenue earned from 2 Canal Street is recorded on the accrual basis as amounts are earned.

Recently Issued Accounting Principles

The GASB issued Statement No. 72, *Fair Value Measurement and Application*, in February 2015. GASB Statement No. 72 established new standards for measuring and reporting investments at fair market value and also established certain exceptions to reporting investments at fair market value. This statement requires the use of valuation techniques that are appropriate under the circumstances and for which sufficient data is available and establishes a hierarchy of inputs to valuation techniques used in the measurement of fair value based on three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, whether directly or indirectly. Lastly, Level 3 inputs are unobservable inputs, such as management's assumptions or investment manager assumptions that are unobservable. This statement requires that valuation techniques used in measuring fair value maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Additional disclosures are also required to be made about fair value measurements and the valuation techniques used. The Corporation has adopted GASB Statement No. 72 with no significant impact to the financial statements of the Corporation.

2. CASH AND CASH EQUIVALENTS:

Unrestricted Cash

At December 31, 2016 and 2015, the Corporation had unrestricted demand deposits of \$7,444,548 and \$5,191,783, respectively. The bank balances and collateralization for unrestricted demand deposits at December 31, 2016 and 2015 are as follows:

	2016	2015
Total bank balances	\$ 7,491,328	\$ 5,215,489
Federal depository insurance	\$ 250,000	\$ 250,000
Pledged securities	7,246,253	5,360,182
Totals	\$ 7,496,253	\$ 5,610,182
Excess collateral	\$ 4,925	\$ 394,693

Restricted Cash Equivalents

At December 31, 2016 and 2015, the Corporation had \$2,230,515 and \$3,920,946, respectively, in restricted cash accounts held in escrow. Restricted cash equivalents as presented in the Statements of Net Position are restricted for the benefit of NOUPT as described in the Environmental Escrow Account Agreement and the Termination Escrow Agreement. These funds were placed in escrow on May 22, 2002.

The Environmental Escrow Account Agreement provides that after 10 years, and in the event no claim has been made against the Environmental Escrow Account, the Corporation may withdraw from the Environmental Account the entire balance except \$1,000,000 for certain expenses. After 20 years, the Corporation may withdraw the entire balance of the Environmental Account. The Environmental Escrow Account Agreement terminates on May 22, 2022. The balance in the Environmental Escrow Account as of December 31, 2016 and 2015 was \$2,230,515 and \$2,231,238, respectively.

The Termination Escrow Agreement provides that the funds are restricted for any obligation, cost, or expense whatsoever nature or kind on the part of the UPT for supervision, control, acquisition, construction, occupancy use, environmental remediation, operation, management, or maintenance of the Union Passenger Terminal. Upon termination of the Termination Escrow Agreement, the full balance will be disbursed to the Corporation. The full balance of the Termination Escrow account was disbursed to the Corporation during the year ended December 31, 2016. The balance of the funds for the Termination Escrow Agreement as of December 31, 2015 was \$1,689,708.

2. CASH AND CASH EQUIVALENTS: (Continued)

Restricted Cash Equivalents (Continued)

Restricted cash equivalents are invested exclusively in a government money market mutual fund with holdings consisting of cash, U.S. Treasury bills, notes and other obligations issued or guaranteed by the U.S. Treasury, and repurchase agreements collateralized by such obligations. Investments in government money market mutual funds are considered cash equivalents and are reported at fair value.

Fair Value Measurements

The Corporation categorizes its fair value measurements within the fair value hierarchy as established by generally accepted accounting principles. Fair value measurements are categorized as follows:

Level 1 – investments that have readily available quoted prices in active markets where significant transparency exists in the executed/quoted price.

Level 2 – investments that have quoted prices with data inputs which are observable either directly or indirectly, but do not represent quoted prices from an active market.

Level 3 – investments for which prices are based on significant unobservable inputs.

The Corporation has the following recurring fair value measurements as of December 31, 2016 and 2015, respectively:

		Fair Value Measurements Using		
	December 31, 2016	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Restricted Cash Equivalents:				
Government Money Market Funds	$ 2,230,515	$ -	$ 2,230,515	$ -

2. CASH AND CASH EQUIVALENTS: (Continued)

Fair Value Measurements (Continued)

		Fair Value Measurements Using		
	December 31, 2015	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Restricted Cash Equivalents:				
Government Money Market Funds	$ 3,920,946	$ -	$ 3,920,946	$ -

The following methods and assumptions were used to estimate fair value of each class of financial instruments:

Money market mutual funds consist of investments in government money market funds. Money market mutual fund investments were measured based on quoted prices for identical assets in active markets.

The Corporations investment in government money market funds were rated Aaa-mf by Moody's and carried a weighted average maturity of 55 days. The money market funds are not subjected to custodial credit risk.

Louisiana Revised Statutes authorize the Corporation to invest in United States bonds, treasury notes, certificates or other obligations of the United States of America, or time certificates of deposits of state banks organized under Louisiana laws and national banks having principal offices in the State. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it under state law. All deposits are secured by Federal depository insurance or the pledge of securities held by the pledging banks agent in the Corporation's name.

3. ACCOUNTS RECEIVABLE:

Accounts receivable at December 31, 2016 and 2015 was $848,687 and $861,983, respectively. Included in accounts receivable at December 31, 2016 and 2015 was $679,645 and $743,699, respectively, due from the New Orleans Hilton for parking garage revenue on the property at 2 Canal Street. The remaining balance included in accounts receivable at December 31, 2016 and 2015 of $169,042 and $118,284, respectively, consisted of other rents and other miscellaneous amounts due.

4. GRANTS RECEIVABLE:

Grants receivable at December 31, 2016 and 2015 was $-0- and $468,151, respectively. Included in grants receivable at December 31, 2016 and 2015, was amounts due from the City of New Orleans relating to the Disaster Community Development Block Grant (D-CDBG) funding for the Reinventing the Crescent project, which was completed during the year ended December 31, 2015.

5. CAPITAL ASSETS:

The following is a summary of capital assets for the year ended December 31, 2016:

	Balance January 1, 2016	Additions	Transfers	Balance December 31, 2016
Land	$ 3,158,513	$ -	$ -	$ 3,158,513
Building	52,295,331	5,260	-	52,300,591
Building improvements	3,016,499	386,860	-	3,403,359
Office equipment	10,000	-	-	10,000
Construction in progress	478,506	18,958	-	497,464
Subtotal	58,958,849	411,078	-	59,369,927
Less: accumulated depreciation	(22,216,374)	(1,919,140)	-	(24,135,514)
Total capital assets	$ 36,742,475	$ (1,508,062)	$ -	$ 35,234,413

The following is a summary of capital assets for the year ended December 31, 2015:

	Balance January 1, 2015	Additions	Transfers	Balance December 31, 2015
Land	$ 3,158,513	$ -	$ -	$ 3,158,513
Building	49,158,005	429,436	2,707,890	52,295,331
Building improvements	3,013,526	2,973	-	3,016,499
Office equipment	10,000	-	-	10,000
Construction in progress	783,066	2,403,330	(2,707,890)	478,506
Subtotal	56,123,110	2,835,739	-	58,958,849
Less: accumulated depreciation	(20,217,382)	(1,998,992)	-	(22,216,374)
Total capital assets	$ 35,905,728	$ 836,747	$ -	$ 36,742,475

Depreciation expense for the years ended December 31, 2016 and 2015 was $1,919,140 and $1,998,992, respectively.

6. ADVANCES ON LEASE PAYMENTS:

Advances on lease payments are related to prepaid rents received on NOUPT. At December 31, 2016 and 2015, included on the Statements of Net Position was $86,850 and $52,708, respectively, for prepaid rent amounts from tenants.

7. DUE TO CANAL STREET DEVELOPMENT CORPORATION:

Canal Street Development Corporation (CSDC) provides certain administrative services to the Corporation and also makes payments for legal expenses incurred which are reimbursed by the Corporation. The Corporation incurred charges from CSDC related to these services in the amount of $627,588 during the year ended December 31, 2016. The Corporation reimbursed CSDC in the amount of $1,047,248 during the year ended December 31, 2016. The Corporation incurred charges from CSDC related to these services in the amount of $502,460 during the year ended December 31, 2015. The Corporation reimbursed CSDC in the amount of $220,392 during the year ended December 31, 2015. Amounts due to CSDC at December 31, 2016 and 2015 were $82,800 and $502,460, respectively.

8. OPERATING LEASES:

NOUPT

The Corporation leases the NOUPT facility to approximately 20 tenants, including Greyhound and Amtrak, on either month-to-month agreements or long-term operating lease agreements.

The following is a schedule of the minimum future rental income on non-cancelable operating leases for NOUPT as of December 31, 2016:

Year	Amount
2017	$ 1,503,655
2018	1,351,125
2019	1,178,881
2020	1,082,150
2021	1,087,499
2022-2026	3,863,602
2027-2031	332,133
Total	$ 10,399,045

Rental income of $1,985,668 and $1,682,240 was reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2016 and 2015, respectively.

8. OPERATING LEASES: (Continued)

2 Canal Street Parking Garage

The Corporation leases the 2 Canal Street parking garage to the New Orleans Hilton as part of a lease agreement that expires on October 8, 2019. The lease agreement provides for fixed annual rent of $125,000 and additional rental payments based on percentage of parking revenue in excess of $125,000.

The following is a schedule of the minimum future rental income on non-cancelable operating leases for the 2 Canal Street parking garage as of December 31, 2016:

Year	Amount
2017	$ 125,000
2018	125,000
2019	96,527
Total	$ 346,527

Rental income from the 2 Canal Street parking garage of $1,184,523 and $1,274,476 was reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2016 and 2015, respectively. Percentage rents included in rental income was $1,059,523 and $1,149,476 for the years ended December 31, 2016 and 2015, respectively.

Riverwalk, North Arcade, and Spanish Plaza

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

1. City Leases

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

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

   c. Subsequent to the assignment of the leases, the Corporation and Riverwalk Marketplace (New Orleans), LLC amended the Rouse Lease as follows:

      i. Third Amendment dated July 18, 2013.

      ii. Fourth Amendment dated October 21, 2013.

8. OPERATING LEASES: (Continued)

Riverwalk, North Arcade, and Spanish Plaza (Continued)

2. Mississippi River Bridge Authority (MRBA) Lease

   a. Lease between MRBA and NOEHA for a portion of the Bienville Façade not included in the City lease containing approximately 2,336 square feet.

3. Riverwalk Leases

   a. Lease by the NOEHA to Rouse-New Orleans (Rouse lease) dated July 3, 1984, of property known as and identified as the Spanish Plaza, Canal Street Wharf Riparian Land, the Lower Julia Street Wharf Riparian Land, and the Lower Julia Street Air Rights as amended by:

      i. First Amendment to lease dated November 5, 1984.

      ii. Second Amendment to lease dated December 30, 1986.

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

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

The following is a schedule of the minimum future lease income on non-cancelable leases for Riverwalk, North Arcade, and Spanish Plaza as of December 31, 2016:

Year	Amount
2017	$ 122,401
2018	122,401
2019	122,401
2020	122,401
2021	122,401
2022-2026	612,005
2027-2031	612,005
2032-2036	612,005
2037-2041	612,005
2042-2045	258,669
Total	$ 3,318,694

8. OPERATING LEASES: (Continued)

Riverwalk, North Arcade, and Spanish Plaza (Continued)

Lease income from the Riverwalk, North Arcade, and Spanish Plaza of $257,422 and $319,482 was reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2016 and 2015, respectively.

St. Roch Market

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

The following is a schedule of the minimum future lease income on non-cancelable leases for St. Roch Market as of December 31, 2016:

Year	Amount
2017	$ 48,000
2018	60,000
2019	60,000
2020	60,000
2021	66,000
2022-2024	208,000
Total	$ 502,000

Rental income from St. Roch Market of $42,000 and $42,000 was reported on the Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2016 and 2015, respectively.

2 Canal Street

On May 7, 2015, the Corporation entered into a 99-year lease agreement with a tenant for redevelopment of the building and surrounding property at 2 Canal Street. The tenant paid a non-refundable deposit of $1,000,000 to the Corporation in May 2015 and the amount was recorded as lease deposit income on the Statements of Revenues, Expenses, and Changes in Net Position of the Corporation for the year ended December 31, 2015. An additional deposit of $4,000,000 is

8. OPERATING LEASES: (Continued)

2 Canal Street (Continued)

being held in escrow in accordance with the terms of the lease agreement. Interim rent during the construction period is $100,000 per month; however, tenant shall be entitled to a credit of each such monthly installment up to the amount of the deposit (non-refundable deposit and additional deposit) paid to the Corporation. Upon completion of the redevelopment, the lease agreement requires base rent and percentage rent, subject to a credit of the remaining amount of the deposit.

The redevelopment of the building and surrounding property at 2 Canal Street has not begun construction and a lawsuit was filed in April 2015 to appeal the award of the contract to the tenant. Due to the litigation, the redevelopment project is on hold until the litigation is resolved. Management is uncertain of the resolution of this lawsuit and the related impact on the redevelopment at 2 Canal Street or the financial condition of the Corporation. The litigation related to 2 Canal Street was resolved subsequent to the year ended December 31, 2016. See footnote 14 for additional details.

9. COMMITMENTS AND CONTINGENCIES:

Construction Agreements

The Corporation had construction agreements with contractors related to the Reinventing the Crescent project. The total amount of all contracts was $27,650,162. The remaining commitment on the construction contracts was $-0- and $8,000 at December 31, 2016 and 2015, respectively. The Corporation has also entered into a management agreement with a vendor to manage the Reinventing the Crescent project. The total contract amount for the management agreement was $1,702,780. The remaining commitment on the management contract was $-0- at December 31, 2016 and 2015.

Environmental Liability

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

In June 2011, the Corporation received notification from the State of Louisiana Department of Environmental Quality and a formal demand by the Secretary under Louisiana Revised Statute 30:2275 for the remediation of the site including the design and implementation of a remedial investigation and a remedial action.

The Corporation and its counsel have determined that the ultimate resolution of this notification and any related liabilities cannot be reasonably estimated. At December 31, 2016 and 2015, the Corporation had $2,230,515 and $2,231,238, respectively, in restricted assets set aside to fund environmental remediation, if any, on the site.

10. RELATED PARTIES:

During the year ended December 31, 2016 and 2015, the Corporation recorded Disaster Community Development Block Grant funding of $5,260 and $2,354,302, respectively, passed through the City of New Orleans.

The Corporation also receives administrative assistance and staffing from employees of the City of New Orleans without charge. As the assistance from the City of New Orleans cannot be estimated, no amounts are reflected in the financial statements of the Corporation relating to these services.

11. RISK MANAGEMENT:

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

12. CONTINGENCIES - GRANT PROGRAMS:

The Corporation participates in state and federal grant programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Corporation has not complied with the rules and regulations governing the grants, refunds of any money received, and the collectability of any related receivable, might be impaired.

In management’s opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Corporation.

13. PER DIEM PAID TO BOARD OF DIRECTORS:

The Board of Directors, in their capacity as board members, received no per diem payments for the years ended December 31, 2016 and 2015.

14. RECLASSIFICATIONS:

Certain 2015 amounts have been reclassified to conform to the 2016 financial statement presentation. Net position and changes in net position were unchanged due to these reclassifications.

15. SUBSEQUENT EVENTS:

The Corporation has evaluated subsequent events through June 21, 2017, the date the financial statements were available to be issued and noted two events that required disclosure in the financial statements for the year ended December 31, 2016.

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

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

On April 13, 2017, the Supreme Court of Louisiana denied a writ filed against the Corporation, the City of New Orleans, and the Chief Procurement Officer of Orleans Parish. With the decision by the Supreme Court of Louisiana, the 2 Canal Street Project can now move forward.

SUPPLEMENTARY INFORMATION

NEW ORLEANS BUILDING CORPORATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2016

Agency Head: Cedric Grant, Chief Executive Officer

Purpose	Amount
Salary	$ -
Benefits - health insurance	-
Benefits - retirement	-
Benefits - life insurance	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Total	$ -

Note: No compensation, benefits or other payments were paid to the Chief Executive Officer during the year ended December 31, 2016.

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Hrapmann
Hogan &
Maher, LLP

DHHM
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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*

June 21, 2017

To the Board of Directors of
New Orleans Building Corporation

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 of the New Orleans Building Corporation (the Corporation), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated June 21, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting 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 Corporation's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

NEW ORLEANS BUILDING CORPORATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

Summary of Auditor's Results

1. Findings Required to be Reported Under Generally Accepted Government Auditing Standards:

   Internal Control:
   Significant Deficiencies: None noted
   Material Weaknesses: None noted

   Compliance with Laws and Regulations: None noted

2. Summary of Prior Year Findings: None noted