DELGADO COMMUNITY COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2018

Postlethwaite & Netterville
A Professional Accounting Corporation
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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

Board of Directors
Delgado Community College Foundation, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Delgado Community College Foundation, Inc. (a nonprofit organization) (the Foundation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. We also conducted our audit for the year ended June 30, 2018 in accordance with 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 audits 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.

Postlethwaite & Netterville

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delgado Community College Foundation, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 January 16, 2019, on our consideration of Delgado Community College Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Delgado Community College Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Delgado Community College Foundation, Inc.'s internal control over financial reporting and compliance.

Postlethwaite & Netterville

New Orleans, Louisiana
January 16, 2019

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

A S S E T S

	2018	2017
Current assets:		
Cash and cash equivalents	$ 323,000	$ 400,157
Cash and cash equivalents, restricted	1,367,111	2,317,331
Pledges receivable	60,000	60,000
Lease receivable - Student Life Center	182,500	180,000
Investments	1,448,760	1,283,283
Investments - restricted	-	1,982,015
Prepaid expenses and other assets	18,487	6,642
Total current assets	3,399,858	6,229,428
Non-current assets:		
Investments	987,267	966,400
Investments - restricted	7,873,228	5,345,105
Lease receivable - Student Life Center	2,155,079	2,337,579
Total non-current assets	11,015,574	8,649,084
Total assets	$ 14,415,432	$ 14,878,512

L I A B I L I T I E S   A N D   N E T   A S S E T S

	2018	2017
Current liabilities:		
Accounts payable	$ 529,892	$ 63,724
Bonds payable, net of discount of $1,245 at June 30, 2018 and 2017, respectively and net of issuance costs of $12,745 at June 30, 2018 and 2017, respectively	168,510	166,010
Accrued interest payable	26,124	27,474
Total current liabilities	724,526	257,208
Long-term liabilities:		
Bonds payable, net of discount of $12,450 and $13,695 at June 30, 2018 and 2017, respectively and net of issuance costs of $127,452 and $140,197 at June 30, 2018 and 2017, respectively	2,332,598	2,501,108
Due to Delgado, net	188,408	213,793
Deferred revenue	7,303,358	8,247,850
Total long-term liabilities	9,824,364	10,962,751
Total liabilities	10,548,890	11,219,959
Net assets:		
Unrestricted	1,086,907	873,135
Temporarily restricted	2,737,735	2,743,518
Permanently restricted	41,900	41,900
Total net assets	3,866,542	3,658,553
Total Liabilities and Net Assets	$ 14,415,432	$ 14,878,512

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Contributions	$ -	$ 272,858	$ -	$ 272,858
Grant revenues	-	944,492	-	944,492
Fundraising revenues	216,811	-	-	216,811
Lease rental revenue	-	122,838	-	122,838
Donated services and facilities	18,600	-	-	18,600
Dividends and interest	-	93,946	-	93,946
Realized gain on investments	-	147,862	-	147,862
Unrealized gain on investments	-	21,421	-	21,421
	235,411	1,603,417	-	1,838,828
Net assets released from restriction	1,609,200	(1,609,200)	-	-
Total support, revenues and other support	1,844,611	(5,783)	-	1,838,828
Expenses:				
Scholarships	133,282	-	-	133,282
Other college support	357,657	-	-	357,657
Management and general expenses	67,256	-	-	67,256
Grant expense	944,492	-	-	944,492
Investment fees	21,059	-	-	21,059
Interest expense	107,093	-	-	107,093
Total expenses	1,630,839	-	-	1,630,839
Changes in net assets	213,772	(5,783)	-	207,989
Net assets				
Beginning of the year	873,135	2,743,518	41,900	3,658,553
End of the year	$ 1,086,907	$ 2,737,735	$ 41,900	$ 3,866,542

(continued)

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Contributions	$ -	$ 520,952	$ -	$ 520,952
Grant revenues	-	567,947	-	567,947
Fundraising revenues	225,868	-	-	225,868
Lease rental revenue	-	128,200	-	128,200
Donated services and facilities	18,600	-	-	18,600
Dividends and interest	-	164,877	-	164,877
Realized loss on investments	-	(112,547)	-	(112,547)
Unrealized gain on investments	-	165,069	-	165,069
	244,468	1,434,498	-	1,678,966
Net assets released from restriction	1,297,378	(1,297,378)	-	-
Total support, revenues and other support	1,541,846	137,120	-	1,678,966
Expenses:				
Scholarships	92,146	-	-	92,146
Other college support	538,287	-	-	538,287
Management and general expenses	62,862	-	-	62,862
Grant expense	567,947	-	-	567,947
Investment fees	31,359	-	-	31,359
Interest expense	112,455	-	-	112,455
Total expenses	1,405,056	-	-	1,405,056
Changes in net assets	136,790	137,120	-	273,910
Net assets				
Beginning of the year	736,345	2,606,398	41,900	3,384,643
End of the year	$ 873,135	$ 2,743,518	$ 41,900	$ 3,658,553

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 207,989	$ 273,910
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of bond discount and bond issuance costs	11,500	11,500
Realized and unrealized (gain) loss on investments	(169,283)	(52,522)
Changes in operating assets and liabilities:		
Pledges receivable	-	25,589
Prepaid expenses and other assets	(11,845)	(2,689)
Accounts payable	466,168	(50,941)
Accrued interest payable	(1,350)	(1,313)
Deferred revenue	(944,492)	(567,947)
Net cash used in operating activities	(441,313)	(364,413)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(2,763,267)	(1,835,366)
Proceeds from sales of investments	2,200,098	3,146,395
Net cash provided by (used in) investing activities	(563,169)	1,311,029
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bond principal payments	(177,510)	(172,510)
Receipts on lease receivable	180,000	175,000
Change in payments due to Delgado Community College	(25,385)	(25,422)
Net cash used in financing activities	(22,895)	(22,932)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS:	(1,027,377)	923,684
CASH AND CASH EQUIVALENTS		
Beginning of the year	2,717,488	1,793,804
End of the year	$ 1,690,111	$ 2,717,488
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents, unrestricted	$ 323,000	$ 400,157
Cash and cash equivalents, restricted	1,367,111	2,317,331
Total	$ 1,690,111	$ 2,717,488
DISCLOSURE OF NON-CASH ITEMS:		
In-kind donations to the Foundation	$ 18,600	$ 18,600
OTHER DISCLOSURES:		
Interest paid	$ 107,198	$ 112,523

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

NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities

Delgado Community College Foundation, Inc. (the Foundation) is a nonprofit corporation organized under the laws of the State of Louisiana on June 1, 1988 to:

- Promote the educational and cultural welfare of Delgado Community College (Delgado) and develop, expand, and improve Delgado's facilities to provide broader educational advantages and opportunities, encourage research, and increase Delgado's usefulness;

- Assist any student to continue his or her studies within Delgado; aid and facilitate any line of work or research in the areas embraced in the objectives and purposes of Delgado; and generally, interpret the aims, objectives, and needs of Delgado to the public with a view to gain better mutual understanding and progress; and

- Solicit and accept grants and bequests, including funds of all kinds, to provide scholarships and activities in research, or such other designated benefits for Delgado, its facilities, and students.

The Foundation is governed by a Board of Directors. Prior to the organization of the Foundation, the Delgado Community College Development Foundation (the Development Foundation) represented the support organization for Delgado.

2. Summary of Significant Accounting Policies

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- *Unrestricted Net Assets*- Net assets that are not subject to donor-imposed stipulations.

- *Temporarily Restricted Net Assets*- Net assets subject to donor-imposed stipulations that will be met, either by actions of the Foundation and/or the passage of time.

- *Permanently Restricted Net Assets*- Net assets are subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

The statements of activities and changes in net assets present expenses of the Foundation's operations functionally between program services, fund raising activities, and management and general. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

2. Summary of Significant Accounting Policies (continued)

Temporarily Restricted Net Assets include the following:

Challenge Grant Endowment – This fund is used to account for a grant received from the U.S. Department of Education which is being administered by the Foundation.

Restricted Capital Development – This fund is used to account for contributions to the Foundation whose use has been restricted by donors for capital improvements.

TAP Scholarship – This fund is used to account for contributions to the Foundation which the donor has designated for the purpose of Tuition Assistance Program Scholarships to low and moderate income students that do not qualify for federal or state financial aid.

Department and Site Restricted Funds – Formerly known as the Delgado Recovery Fund, this fund is used to account for contributions to the Foundation whose use has been restricted by donors to assist the college to recover from the effects of Hurricane Katrina and for funds restricted by donors or raised for specific departments or sites.

Student Assistance Fund – Formerly known as the Katrina Student Victims Fund, this fund is used to account for contributions to the Foundation whose use has been restricted by donors for assistance to students affected by Hurricane Katrina and other funds restricted by donors for students.

Ashton Ryan Endowed Professorship – This fund is used to account for contributions to the Foundation to establish the Ashton Ryan Endowed Professorship. Mr. Ryan has pledged $60,000 to the Foundation and once the matching $40,000 is obtained from the State, the proceeds will be turned over to Delgado Community College.

Other Foundation Scholarships – This fund is used to account for contributions to the Foundation which the donor has designated for the purpose of scholarships in someone's name.

Adopt-a-Professor – This fund is used to account for contributions to the Foundation which the donor has designated for the purpose of obtaining endowed professorships. Once specified levels of donations are obtained, the funds are transferred to Delgado to be used in the endowment program.

Baseball Program – This fund is used to account for contributions to the Foundation whose use has been restricted by donors for assistance to the Baseball program and to renovate the Kirsch-Rooney Baseball Stadium.

Navy AMCOE – This fund is used to account for a grant received from the U.S. Department of the Navy to support education, training and workforce development.

Curt Eysink Endowment – This fund is used to account for contributions in the name of the Curt Eysink Endowment. The money will be used to fund Delgado Professor salaries and scholarships for students.

2. Summary of Significant Accounting Policies (continued)

Permanently Restricted Net Assets include the following:

Overture Endowment Net Assets – An endowment scholarship fund was established by the Foundation in accordance with the gift instruments from the Overture to the Cultural Arts. The corpus is permanently restricted; however, the interest income generated from the corpus is temporarily restricted.

Cash and cash equivalents

For the purpose of the financial statement presentation, the Foundation considers all money market accounts and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Pledges receivable

Receivables are stated at the amount the Foundation 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. At June 30, 2018 and 2017, the allowance for doubtful accounts was $0.

Amortization of the bond discount and bond issuance costs

Both the bond discount and the bond issuance costs are being amortized over the life of the bonds (30 years), utilizing a method which approximates the interest method. Bond discount accretion of $1,245 is included as a component of management and general expenses within the accompanying statements of activities and changes in net assets. Amortized bond costs of $12,745 were recorded in interest expense for each of the years ended June 30, 2018 and 2017.

Contributions and revenue recognition

Contributions and pledges received are recognized as revenues in the period received at their fair values, and contributions and pledges made are recognized as expenses in the period made at their fair values.

The Foundation records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

2. Summary of Significant Accounting Policies (continued)

The Foundation receives funds from an entity under Delgado Community College's (the College) Goldman Sachs 10,000 Small Businesses Program (the program). The Foundation acts as an agent under the program, receiving the funds and then immediately distributing them to the recipient under the program. As such, related funds and distributions are presented on a net basis in the accompanying statement of activities and changes in net assets for all periods presented. During the years ended June 30, 2018 and 2017, the Foundation received and distributed $1,143,360 and $531,287, respectively, under the program.

Investments and investment income

Investments are reported at fair value, with the related gains and losses included in the statement of activities and changes in net assets. Income earned from investments, including realized and unrealized gains and losses, is reported in the unrestricted net asset class except where the instructions of the donor specify otherwise.

Income taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting Standards Codification (ASC) Accounting for Uncertainty in Income Taxes, clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. It also clarifies the application of accounting for income taxes by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an entity's financial statements. The interpretation requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Accounting pronouncements issued but not yet adopted

On August 18, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14. Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosure of underwater endowments is required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how it manages its liquid available resources and liquidity risk is required. This ASU will be effective for the Foundation's year ending June 30, 2019.

2. Summary of Significant Accounting Policies (continued)

Accounting pronouncements issued but not yet adopted (continued)

In June 2018, the FASB issued ASU No. 2018-08 Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU will be effective for the Foundation for annual periods beginning after December 15, 2018.

The Foundation is currently assessing the impact of these standards on its financial statements.

Reclassification

Certain amounts in the prior year financial statements have been reclassified to conform to current year presentation.

3. Net Assets

Temporarily restricted net assets

Temporarily restricted net assets at June 30 are available for the following purposes:

	2018	2017
TAP Scholarship Fund	$ 385,601	$ 379,032
Other Foundation Scholarship Fund	481,135	416,895
Department and Site Restricted Fund	488,220	561,834
Student Assistance Fund	82,777	82,777
Baseball Program	33,919	34,143
Challenge Grant Endowment Fund	561,931	602,138
Restricted Capital Development Fund	532,766	532,766
Ashton Ryan Endowed Professorship	60,000	60,000
Adopt-a-Professor Fund	3,011	2,829
Curt Eysink Endowment	30,000	-
Overture Endowment	78,375	71,104
	$ 2,737,735	$ 2,743,518

4. Investments

As of June 30, the investments of the Foundation consist of the following:

2018

Description		Fair Value
Common stocks	$	176,633
Equity securities mutual fund		1,265,307
Fixed income mutual fund		8,867,315
Total	$	10,309,255
Current assets	$	1,448,760
Long-term assets		8,860,495
Total	$	10,309,255

2017

Description		Fair Value
Common stocks	$	295,942
Equity securities mutual fund		949,849
Fixed income mutual fund		8,325,867
LTD partnerships/LTD corporations		5,145
Total	$	9,576,803
Current assets	$	3,265,298
Long-term assets		6,311,505
Total	$	9,576,803

The Foundation's investments had an accumulated unrealized gain of $469,952 and $448,531 at June 30, 2018 and 2017, respectively. The net unrealized gain for each year is reflected in the fair market value of these investments as stated in these financial statements at the end of each respective year.

5. Student Life Center

During 1999, the Board of Directors approved a plan which resulted in the Foundation providing a structure for financing the design and construction of a Student Life Center on the Delgado campus. The transaction was structured as described below.

The Board of Trustees for State Colleges and Universities (the "Board of Trustees") entered into a ground lease agreement with the Foundation for the site on which the proposed Student Life Center (the "Facility") was to be constructed. The Foundation selected a developer, entered into a design and construction contract with that developer, and the developer commenced construction of the Facility on the land leased to the Foundation by the Board of Trustees during fiscal year 2000.

Title to the Facility itself (but not the underlying land) is held by the Foundation. The Foundation has agreed to lease the Facility to Delgado pursuant to a Facility Lease Agreement. The Facility Lease Agreement requires Delgado to pay rent in an amount sufficient to cover the operating costs of the Facility and the debt of service on the bonds issued on behalf of the Foundation (see discussion below) to fund the construction of the Facility. The Facility Lease Agreement has a 30 year term, and it includes a provision which transfers the title of the Facility to Delgado at the end of its term.

The Foundation itself does not have the authority to be the issuer of the tax-exempt bonds (the Bonds). Therefore, a separate entity which is qualified to issue tax-exempt bonds was the issuer of the Bonds. That issuer entered into a loan agreement with the Foundation pursuant to which the issuer loaned the proceeds of its bonds to the Foundation to pay for construction of the Facility, and the Foundation expects to repay the issuer with the rental proceeds it receives from Delgado under the Facility Lease Agreement. The remaining original 1999 bonds were recalled and refinanced on September 28, 2011. Approximately, $122,838 and $128,200 of such proceeds received during fiscal year 2018 and 2017, respectively, have been recorded as lease rental revenue representing amounts attributable to bond debt service and other related costs of the Facility, net of investment earnings generated from the required reserves provided by the bond issuance.

The approximate cost of the project was $4,350,000, and the completion date was June 2001. Bond debt service and other related Facility costs are funded through a special student assessment fee for Delgado's City Park Campus students only, assessed at the levels of $15 per student for the fall and spring semesters and $5 per student for the summer semester.

The transaction was approved by the Board of Trustees, the Louisiana State Bond Commission, and the City of New Orleans.

The Facility's lease to Delgado is considered a sales-type lease for reporting purposes, therefore the asset associated with the Facility is carried as a lease receivable net of unearned future lease income of approximately $4 million. The lease receivable will be reduced over time as Delgado remits bond principal payment reimbursements to the Foundation.

5. Student Life Center (continued)

As of June 30, 2018, Delgado had cumulatively remitted $6,007,817 to the Foundation to cover the bond debt service and other related costs of the Facility. Of this amount, $3,702,468 has been recognized as lease rental revenue, $2,116,941 has been recognized as a reduction of the Student Life Center lease receivable, and the remaining balance is carried as deferred revenue (shown as due to Delgado, net) as of June 30, 2018.

The Indenture agreement in connection with the Bonds created various funds to ensure payment of the Bonds. These funds amounted to $188,408 and $213,793 as of June 30, 2018 and 2017, respectively.

6. Long-Term Debt

As described in Note 5, at June 30 the long-term debt consists of the following:

Revenue bonds:	2018	2017
$3,655,000 2011 Serial bonds due in annual installments of $155,000 to $270,000 through October 2029 at interest rates of 2%-4.5%	$ 2,655,000	$ 2,835,000
Less bond discount	13,695	14,940
Less bond issuance costs	140,197	152,942
	2,501,108	2,667,118
Less current maturities, net of $1,245 discount and $12,745 of bond issuance costs	168,510	166,010
	$ 2,332,598	$ 2,501,108

The 1999 series bonds that were issued November 1, 1999 with interest rates ranging from 4.0% to 6.0% were refinanced with the Louisiana Local Government Environmental Facilities and Community Development Authority (the Authority) Revenue Refunding Bonds (Delgado Community College Foundation Project) Series 2011 (Series 2011 Bonds), through a Trust Indenture dated September 1, 2011 (the Indenture Agreement). The new bond proceeds were $3,655,000, net of a bond discount of $22,410 and carry interest rates from 2.0% to 4.5%. Bond issuance costs were $229,412. The Series 2011 Bonds mature in October, 2029, requiring annual principal and semi-annual interest payments. Bonds maturing after October 1, 2022 are subject to redemption prior to maturity at the option of the Authority, upon written direction of the Foundation, in whole or in part at par value plus accrued interest through the redemption date. The 2011 Series Bonds require mandatory redemption should insurance proceeds related to the Facility not be applied to the restoration or repair of such Facility. Series 2011 Series Bonds that mature on October 1, 2023 and beyond shall be subject to a mandatory sinking fund, certain other covenants and conditions as set forth in the Indenture Agreement. The bonds are secured by a first lien on the Student Life Center.

6. Long-Term Debt (continued)

Annual aggregate principal payments and related Series 2011 Bond discount applicable to the bond payable for years subsequent to June 30, 2018 are:

Fiscal Year Ending June 30	Principal	Discount	Total
2019	$ 180,000	$ (1,245)	$ 178,755
2020	185,000	(1,245)	183,755
2021	195,000	(1,245)	193,755
2022	200,000	(1,245)	198,755
2023	205,000	(1,245)	203,755
Thereafter	1,690,000	(7,470)	1,682,530
	$ 2,655,000	$ (13,695)	$ 2,641,305

7. Related Parties

Delgado Community College provides the Foundation with facilities and administrative personnel free of charge. The value of these services was approximately $15,227 and $19,466, for fiscal years 2018 and 2017, respectively.

At June 30, 2018 and 2017 amounts due to Delgado Community College related to the Student Life Center are $188,408 and $213,793, respectively.

Contributions recognized from Foundation Board members and employees of the College included in pledges receivable at June 30, 2018 and 2017 amounted to $60,000 for the years presented.

8. Concentrations of Credit Risk

The Foundation has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any losses and does believe that significant credit risk exists as a result of this practice.

100% of the pledges receivable at June 30, 2018 and 2017, is from one donor.

9. Fair Value of Financial Instruments

The fair value measurements framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements).

9. Fair Value of Financial Instruments (continued)

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at June 30, 2018 and 2017. Following is a description of the valuation methodologies used for assets measured at fair value:

Common stocks, ltd partnerships, mutual funds and fixed income,: Valued at the closing price reported on the active market on which the individual securities are traded.

9. Fair Value of Financial Instruments (continued)

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of June 30 by Fair Value Measurements valuation hierarchy:

	2018			
	Level 1	Level 2	Level 3	Total
Common stocks				
Consumer discretionary	$ 17,125	$ -	$ -	$ 17,125
Consumer staples	8,737	-	-	8,737
Energy	27,538	-	-	27,538
Financials	19,175	-	-	19,175
Healthcare	21,820	-	-	21,820
Industrials	21,893	-	-	21,893
Information technology	31,671	-	-	31,671
Materials	11,896	-	-	11,896
Real estate	7,250	-	-	7,250
Telecommunication services	1,638	-	-	1,638
Utilities	7,890	-	-	7,890
Total common stocks	176,633	-	-	176,633
Mutual funds				
Small cap equity funds	324,455	-	-	324,455
Large cap equity funds	660,827	-	-	660,827
International and other equity funds	276,564	-	-	276,564
Other mutual funds	3,461	-	-	3,461
Total mutual funds	1,265,307	-	-	1,265,307
Fixed income				
Treasury and federal agencies	8,257,561	-	-	8,257,561
Non-governmental obligations	609,754	-	-	609,754
Total fixed income funds	8,867,315	-	-	8,867,315
Total	$10,309,255	$ -	$ -	$10,309,255

9. Fair Value of Financial Instruments (continued)

	2017			
	Level 1	Level 2	Level 3	Total
Common stocks				
Consumer discretionary	$ 11,837	$ -	$ -	$ 11,837
Consumer staples	35,138	-	-	35,138
Energy	43,452	-	-	43,452
Financials	15,944	-	-	15,944
Healthcare	51,360	-	-	51,360
Industrials	37,715	-	-	37,715
Information technology	14,852	-	-	14,852
Materials	20,041	-	-	20,041
Real estate	18,579	-	-	18,579
Telecommunication services	15,673	-	-	15,673
Utilities	31,351	-	-	31,351
Total common stocks	295,942	-	-	295,942
LTD partnerships/LTD liability corporations	5,145	-	-	5,145
Mutual funds				
Small cap equity funds	278,542	-	-	278,542
Large cap equity funds	412,973	-	-	412,973
International and other equity funds	253,182	-	-	253,182
Other mutual funds	5,152	-	-	5,152
Total mutual funds	949,849	-	-	949,849
Fixed income				
Treasury and federal agencies	7,687,098	-	-	7,687,098
Non-governmental obligations	633,301	-	-	633,301
Taxable bond funds	5,468	-	-	5,468
Total fixed income funds	8,325,867	-	-	8,325,867
Total	$9,576,803	$ -	$ -	$9,576,803

10. Endowments

The Board of the Foundation believes it has a strong fiduciary duty to manage the assets of the Foundation's endowment in the most prudent manner possible. The Board recognizes its responsibility to protect donor intent with respect to expenditures from endowments. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. If not expressed, the Board ensures the assets of the endowment are spent in a prudent manner which considers the purpose of the fund, current economic conditions, and preservation of the fund. To follow these principles, the historic value of the fund is always maintained in temporarily or permanently restricted net assets.

10. Endowments (continued)

Earnings, including appreciation, that are not required by the donor to be reinvested in corpus are maintained in temporarily restricted net assets until spent for their intended purpose.

The goals and objectives of the investment policies are to maximize total returns within prudent parameters of risk for a Foundation of this type. The Board understands that fluctuating rates of return are characteristic of the securities markets. The Foundation's investment objective is to protect and grow the Foundation's assets, after approved distributions, at a rate greater than the rate of inflation as measured by the U.S. CPI.

The table below represents the endowment related activity for the fiscal year ending June 30, 2018:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 71,104	$ 41,900	$ 113,004
Investment return:			
Investment income	2,834	-	2,834
Net appreciation (realized and unrealized)	4,437	-	4,437
Total investment return	7,271	-	7,271
Endowment net assets, end of year	$ 78,375	$ 41,900	$ 120,275

The table below represents the endowment related activity for the fiscal year ending June 30, 2017:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 62,773	$ 41,900	$ 104,673
Investment return:			
Investment income	2,865	-	2,865
Net appreciation (realized and unrealized)	5,466	-	5,466
Total investment return	8,331	-	8,331
Endowment net assets, end of year	$ 71,104	$ 41,900	$ 113,004

11. U.S. Navy Agreement

In August of 2012, the U.S. Navy signed a cooperative education agreement with the Foundation to grant $10 million in funding to the Foundation. The funding would be obligated to support existing education, training, and workforce development of the maritime industry trades. During the year ended June 30, 2014, the Foundation received $10,000,000. The foundation recorded revenue in the amount of $944,492 and $567,947 for the years ended June 30, 2018 and 2017, respectively. Total revenue recognized related to this grant is $2,696,642; the remainder is recorded as deferred revenue on the accompanying statements of financial position. The principal and earnings are included in the statement of financial position as restricted investments. During the year ended June 30, 2018, the College made a purchase commitment of approximately $1 million for the purchase of advanced manufacturing equipment to be used at the new training facility.

12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 16, 2019, noting no events requiring disclosure.

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A Professional Accounting Corporation

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

To the Board of Directors
Delgado Community College Foundation, Inc.
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 Delgado Community College Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 16, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Delgado Community College Foundation, Inc. '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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delgado Community College Foundation, Inc.'s 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.

Postlethwaite & Netterville

New Orleans, Louisiana
January 16, 2019

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Delgado Community College Foundation, Inc.
New Orleans, Louisiana

Report on Compliance for a Major Federal Program

We have audited the Delgado Community College Foundation, Inc.'s (the Foundation) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Foundation's major federal program for the year ended June 30, 2018. The Foundation's major federal programs is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Foundation complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Postlethwaite & Netterville

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville

January 16, 2019
New Orleans, Louisiana

Delgado Community College Foundation
New Orleans, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	*Federal Contract Number*	*Federal CFDA Number*	*Pass-Through Identifying Number*	*Federal Expenditures($)*	*Total Pass-Through Expenditures ($)*
Department of Defense Direct Programs					
NAVSEA Agreement	00024-12-2-2248	12-XX		$ 944,492	$ 944,492
Total Department of Defense				944,492	944,492
Total Expenditures of Federal Awards				$ 944,492	$ 944,492

See the accompanying notes to the schedule expenditures of federal awards.

DELGADO COMMUNITY COLLEGE FOUNDATION
New Orleans, Louisiana

Notes to Schedule of Expenditures of Federal Awards

June 30, 2018

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Delgado Community College Foundation (the Foundation). The Foundation's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2018. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Foundation's financial statements for the year ended June 30, 2018.

3. Relationship to Financial Statements

Federal expenditures of $944,462 are in included in the statement of activities and changes in net assets as "Grant expense".

4. De Minimis Cost Rate

During the year ended May 31, 2018, the Foundation did not elect to use the 10% de minimis cost rate as covered in §200.414 of the Uniform Guidance.

Delgado Community College Foundation
New Orleans, Louisiana

Schedule of Findings and Questioned Costs
Year ended June 30, 2018

(1) Summary of Independent Auditors' Results

(a) Type of auditors' report issued: Unmodified

(b) Internal control over financial reporting:

Material weakness(es) identified: No
Significant deficiencies identified that are not considered to be material weakness(es): None reported

(c) Noncompliance material to financial statements noted: No

(d) Internal control over major programs:

Material weakness(es) identified: No
Significant deficiencies identified that are not considered to be material weakness(es): None reported

(e) Type of auditors' report issued on compliance for major programs: Unmodified

(f) Any audit findings which are required to be reported in accordance with the Uniform Guidance: No

(g) Major programs:

United States Department of Defense:
Passed through Department of the Navy
Agreement No. N00024-12-2-2248

(h) Dollar threshold used to distinguish between Type A and Type B programs: $750,000

(i) Auditee qualified as a low-risk auditee: No

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards:* None

(3) Findings and Questioned Costs relating to Federal Awards: None