DELGADO COMMUNITY COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022

Postlethwaite & Netterville
A Professional Accounting Corporation
pncpa.com

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Delgado Community College Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Delgado Community College Foundation, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Delgado Community College Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Delgado Community College Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Delgado Community College Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Delgado Community College Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 schedule of expenditures of federal awards 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 November 29, 2022, 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

Metairie, Louisiana
November 29, 2022

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

A S S E T S

	2022	2021
Current assets:		
Cash and cash equivalents	$ 2,083,022	$ 2,041,398
Pledges receivable	250,000	250,000
Lease receivable - Student Life Center	210,000	202,500
Investments	1,810,434	2,026,731
Prepaid expenses and other assets	6,506	4,782
Total current assets	4,359,962	4,525,411
Non-current assets:		
Investments	1,911,440	1,336,283
Investments - restricted	1,935,952	3,264,360
Pledges receivable	-	500,000
Lease receivable - Student Life Center	1,367,579	1,575,079
Total non-current assets	5,214,971	6,675,722
Total assets	$ 9,574,933	$ 11,201,133

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

Current liabilities:		
Accounts payable	$ 192,220	$ 253,032
Bonds payable, net of discount of $1,245 at June 30, 2022 and 2021, respectively and net of issuance costs of $12,745 at June 30, 2022 and 2021, respectively	196,010	188,510
Accrued interest payable	19,928	21,803
Total current liabilities	408,158	463,345
Long-term liabilities:		
Bonds payable, net of discount of $7,470 and $8,715 at June 30, 2022 and 2021, respectively and net of issuance costs of $76,472 and $89,217 at June 30, 2022 and 2021, respectively	1,601,058	1,794,568
Due to Delgado Community College, net	83,210	109,315
Deferred revenue	1,242,081	2,736,427
Total long-term liabilities	2,926,349	4,640,310
Total liabilities	3,334,507	5,103,655
Net assets:		
Without donor restrictions	1,186,702	1,774,292
With donor restrictions	5,053,724	4,323,186
Total net assets	6,240,426	6,097,478
Total Liabilities and Net Assets	$ 9,574,933	$ 11,201,133

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Contributions	$ -	$ 5,962,955	$ 5,962,955
Grant revenues	-	1,494,346	1,494,346
Fundraising revenues, net of direct expenses of $30,979	211,778	-	211,778
Lease rental revenue		99,820	99,820
Dividends and interest	-	99,557	99,557
Realized gain on investments, net of fees of $33,321	-	213,892	213,892
Unrealized loss on investments	-	(865,361)	(865,361)
	211,778	7,005,209	7,216,987
Net assets released from restriction	6,274,671	(6,274,671)	-
Total support, revenues and other support	6,486,449	730,538	7,216,987
Expenses:			
Program	6,931,368	-	6,931,368
Management and general expenses	121,330	-	121,330
Fundraising	21,341	-	21,341
Total expenses	7,074,039	-	7,074,039
Changes in net assets	(587,590)	730,538	142,948
Net assets			
Beginning of the year	1,774,292	4,323,186	6,097,478
End of the year	$ 1,186,702	$ 5,053,724	$ 6,240,426

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Contributions	$ -	$ 561,244	$ 561,244
Grant revenues	-	592,220	592,220
Fundraising revenues, net of direct expenses of $9,979	73,027	-	73,027
Lease rental revenue		108,995	108,995
Dividends and interest	-	87,157	87,157
Realized gain on investments, net of fees of $26,935	-	122,944	122,944
Unrealized gain on investments	-	462,318	462,318
	73,027	1,934,878	2,007,905
Net assets released from restriction	1,092,656	(1,092,656)	-
Total support, revenues and other support	1,165,683	842,222	2,007,905
Expenses:			
Program	824,562	-	824,562
Management and general expenses	136,163	-	136,163
Fundraising	21,888	-	21,888
Total expenses	982,613	-	982,613
Changes in net assets	183,070	842,222	1,025,292
Net assets			
Beginning of the year	1,591,222	3,480,964	5,072,186
End of the year	$ 1,774,292	$ 4,323,186	$ 6,097,478

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Supporting Services: Management & General	Supporting Services: Fundraising	Total Expenses
Expenses				
Cooperative endeavor donation expense (see Note 12)	$ 5,000,000	$ -	$ -	$ 5,000,000
US Navy grant expense	1,494,346	-	-	1,494,346
Scholarships	135,921	-	-	135,921
Other college support	215,753	-	-	215,753
Office and miscellaneous	-	17,652	-	17,652
Salaries	2,518	77,910	21,341	101,769
Interest expense	82,830	-	-	82,830
Fundraising expense	-	-	30,979	30,979
Professional services	-	20,990	-	20,990
Insurance	-	4,778	-	4,778
Total expenses by function	6,931,368	121,330	52,320	7,105,018
Less expenses included with revenues on the statement of activities and changes in net assets	-	-	(30,979)	(30,979)
Total expenses included in the expense section on the statement of activities and changes in net assets	$ 6,931,368	$ 121,330	$ 21,341	$ 7,074,039

The accompanying notes are an integral part of this financial statement.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Supporting Services: Management & General	Supporting Services: Fundraising	Total Expenses
Expenses				
US Navy grant expense	$ 592,220	$ -	$ -	$ 592,220
Other college support	117,666	-	-	117,666
Scholarships	22,052	-	-	22,052
Interest expense	90,041	-	-	90,041
Salaries	2,583	79,906	21,888	104,377
Office and miscellaneous	-	35,867	-	35,867
Professional services	-	15,120	-	15,120
Fundraising expense	-	-	9,979	9,979
Insurance	-	5,270	-	5,270
Total expenses by function	824,562	136,163	31,867	992,592
Less expenses included with revenues on the statement of activities and changes in net assets	-	-	(9,979)	(9,979)
Total expenses included in the expense section on the statement of activities and changes in net assets	$ 824,562	$ 136,163	$ 21,888	$ 982,613

The accompanying notes are an integral part of this financial statement.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	**2022**	**2021**
Change in net assets	$ 142,948	$ 1,025,292
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of bond discount and bond issuance costs	13,990	13,990
Realized and unrealized loss (gain) on investments	618,148	(585,262)
Changes in operating assets and liabilities:		
Decrease (increase) in pledges receivable	500,000	-
Increase in prepaid expenses and other assets	(1,724)	(127)
Increase (decrease) in accounts payable	(60,812)	17,012
Decrease in accrued interest payable	(1,875)	(1,583)
Decrease in deferred revenue	(1,494,346)	(592,220)
Net cash used in operating activities	(283,671)	(122,898)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(4,092,101)	(1,310,889)
Proceeds from sales of investments	4,443,501	1,930,785
Net cash provided by investing activities	351,400	619,896
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bond principal payments	(200,000)	(195,000)
Receipts on lease receivable	200,000	195,000
Change in payments due to Delgado Community College	(26,105)	(28,361)
Net cash used in financing activities	(26,105)	(28,361)
NET CHANGE IN CASH AND CASH EQUIVALENTS:	41,624	468,637
CASH AND CASH EQUIVALENTS:		
Beginning of the year	2,041,398	1,572,761
End of the year	$ 2,083,022	$ 2,041,398
OTHER DISCLOSURES:		
Interest paid	$ 80,955	$ 91,624

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 Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (US GAAP), which require the Foundation to report financial information regarding its financial position and activities according to the following net asset classifications:

- **Net assets without donor restrictions**: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

- **Net assets with donor restrictions**: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

2. Summary of Significant Accounting Policies (continued)

Net Assets with donor restrictions 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 for tuition assistance for low income students.

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

GAP 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.

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.

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.

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 restricted in perpetuity; however, the interest income generated from the corpus is purpose restricted.

2. Summary of Significant Accounting Policies (continued)

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, 2022 and 2021, 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 amortization of $1,245 is included as a component of management and general expenses within the accompanying statements of activities and changes in net assets for each of the years ended June 30, 2022 and 2021. Amortized bond costs of $12,745 were recorded in interest expense for each of the years ended June 30, 2022 and 2021.

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. Contributed goods and services are recorded at fair value at the date of donation.

The Foundation records contributions as with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

2. Summary of Significant Accounting Policies (continued)

Contributions and revenue recognition (continued)

The Foundation receives funds from an entity under Delgado's 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 statements of activities and changes in net assets for all periods presented. During the years ended June 30, 2022 and 2021, the Foundation received and distributed $409,138 and $1,106,913, respectively, under the Program.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Consequently, at June 30, 2022, contributions of $5,000,000 have not been recognized in the accompanying statement of activities because the conditions on which they depend have not been met (see Note 12).

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 net assets without donor restriction except where the instructions of the donor specify otherwise.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on historical cost and are recorded in the statements of activities and changes in net assets in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Functional allocation of expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets and are reconciled to natural classifications in the statements of functional expenses. The majority of direct costs are charged directly to the appropriate program or functional area. Salaries, which benefit more than one functional area, have been allocated among Delgado's programs and supporting services benefitted based on time and effort. Such allocations are determined by management on an equitable basis. The remaining costs are all direct charges.

2. Summary of Significant Accounting Policies (continued)

Income taxes

The Foundation is a not-for-profit foundation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income (UBTI). The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

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

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, entities can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of retained earnings. The ASU will be effective for the Foundation's fiscal year ending June 30, 2023. The Foundation is currently assessing the impact of this pronouncement on its financial statements.

3. Availability and Liquidity

The following represents the Foundation's financial assets at June 30:

The Foundation maintains a practice of structuring its financial assets so that they are readily available to cover operating expenses. Although the Foundation invests in long term investments, it maintains enough cash to cover six months of expenses. The Foundation also has short term investments, including money market and cash equivalents.

Financial assets at year end:	2022	2021
Cash	$ 2,083,022	$ 2,041,398
Pledges receivable	250,000	750,000
Investments	5,657,826	6,627,374
Total financial assets	7,990,848	9,418,772
Less amounts not available to be used within twelve months:		
Less: pleges receivable to be received greater than twelve months	-	500,000
Less: deferred revenue	1,242,081	2,736,427
Less: net assets with donor restrictions	5,053,724	4,323,186
	6,295,805	7,559,613
Financial assets available to meet general expenditures over the next twelve months	$ 1,695,043	$ 1,859,159

4. Net Assets

Net assets with donor restrictions at June 30 are available for the following purposes:

	2022	2021
Specific Purpose		
Baseball Program	$ 1,510,824	$ 1,368,550
Other Foundation Scholarship Funds	1,371,239	990,347
Challenge Grant Endowment Fund	461,650	463,400
GAP Scholarship Fund	402,729	404,061
Department and Site Restricted Fund	684,940	488,605
Restricted Capital Development Fund	344,766	344,765
Student Assistance Fund	82,777	82,777
Curt Eysink Endowment	-	10,000
Adopt-a-Professor Fund	4,758	4,169
Endowments		
Overture Interest (specific purpose)	148,141	124,612
Overture Endowment (endowment in perpetuity)	41,900	41,900
	$ 5,053,724	$ 4,323,186

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 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, $98,820 and $108,955 of such proceeds received during fiscal year 2022 and 2021, 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, 2022, Delgado had cumulatively remitted $7,136,476 to the Foundation to cover the bond debt service and other related costs of the Facility. Of this amount, $4,140,606 has been recognized as lease rental revenue, $2,912,660 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, 2022.

The indenture agreement in connection with the Bonds created various funds to ensure payment of the Bonds. These funds amounted to $83,210 and $109,315 as of June 30, 2022 and 2021, respectively.

6. Long-Term Debt

The Foundation's long-term debt consists of the following:

Revenue bonds:	2022	2021
$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%	$ 1,895,000	$ 2,095,000
Less bond discount	8,715	9,960
Less bond issuance costs	89,217	101,962
	1,797,068	1,983,078
Less current maturities, net of $1,245 discount and $12,745 of bond issuance costs	196,010	188,510
	$ 1,601,058	$ 1,794,568

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, 2022 are:

Fiscal Year Ending June 30	Principal	Discount	Total
2023	$ 205,000	$ (1,245)	$ 203,755
2024	215,000	(1,245)	213,755
2025	220,000	(1,245)	218,755
2026	230,000	(1,245)	228,755
2027	240,000	(1,245)	238,755
Thereafter	785,000	(2,490)	782,510
	$ 1,895,000	$ (8,715)	$ 1,886,285

7. Related Parties

Delgado Community College provides the Foundation with facilities and administrative personnel free of charge. The value of these services was approximately $27,735 and $23,069, for fiscal years 2022 and 2021, respectively.

At June 30, 2022 and 2021 amounts due to Delgado Community College related to the Student Life Center are $83,210 and $109,315, respectively.

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.

9. Fair Value of Financial Instruments

FASB ASC 820, Fair Value Measurements and Disclosures ("ASC 820") and FASB ASC 825, Financial Instruments ("ASC 825") requires disclosure of fair value information about financial instruments. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in some instances, there are no quoted market prices for the Foundation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques.

Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments.

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 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

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, 2022 and 2021. Following is a description of the valuation methodologies used for assets measured at fair value:

Common stocks, 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 measured at fair value on a recurring basis as of June 30 by Fair Value Measurements valuation hierarchy:

	2022	2021
	Level 1	Level 1
Common stocks		
Aerospace and defense	$ 10,184	$ 3,784
Biotech and pharmaceuticals	11,308	13,073
Commercial banks	5,118	12,153
Electrical equipment and machinery	31,726	30,679
Energy, oil, gas, and equipment service	22,042	23,754
Equity REITS	13,509	10,196
Real Estate	9,702	4,492
Financials	3,029	5,317
Food, staples, and retail	32,179	38,482
Hotels, restaurants, and leisure	14,337	3,465
Insurance	3,974	3,974
Road, rail, and other industrials	47,926	59,257
Software, computers, and peripherals	15,965	27,609
Utilities and telecommunication services	14,308	13,934
Total common stocks	235,307	250,169
Mutual funds		
Small cap equity funds	1,221,841	1,141,126
International and other equity funds	-	624,196
Other mutual funds	262,794	3,491
Total mutual funds	1,484,635	1,768,813
Fixed income		
Treasury and federal agencies	2,102,228	3,389,441
Non-governmental obligations	597,067	368,704
Corporate bonds	1,235,371	845,299
Fixed Income ETF	3,218	4,948
Total fixed income funds	3,937,884	4,608,392
Total	$ 5,657,826	$ 6,627,374

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 net assets with donor restrictions.

Earnings, including appreciation, that are not required by the donor to be reinvested in corpus are maintained in net assets with donor restrictions 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. Consumer Price Index.

The table below represents the donor restricted endowment related activity for the fiscal years ending June 30:

	2022	2021
Endowment net assets, beginning of year	$ 166,512	$ 132,729
Investment return:		
Investment income	4,560	4,050
Contributions	48,912	-
Net appreciation (realized and unrealized)	(29,942)	29,733
Total investment return	23,530	33,783
Endowment net assets, end of year	$ 190,042	$ 166,512

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 $1,494,346 and $592,220 for the years ended June 30, 2022 and 2021, respectively. Total revenue recognized related to this grant is $8,757,919; the remainder is recorded as deferred revenue on the accompanying statements of financial position. The principal and earnings are included in the statements of financial position as restricted investments. During the year ended June 30, 2022, the cooperative education agreement was extended through August 2024.

12. Cooperative Endeavor Agreement

In February 2021, the Foundation entered into a cooperative endeavor agreement with Delgado, Ochsner Clinic Foundation (Ochsner), Louisiana Community and Technical College System Facilities Corporation (the Corporation), and the Board of Supervisors of the Louisiana Community and Technical College System to construct a new Delgado Community College Nursing and Allied Health Facility (the Nursing Facility) at which Delgado will provide education and training to Nursing and Allied Health students in the greater New Orleans area. Conditioned upon beginning construction of the Nursing Facility, the Foundation will receive $5,000,000 and another $5,000,000 upon reaching 90% completion of the Facility, as certified by the Corporation, from Ochsner. During the year ended June 30, 2022, the Foundation began construction of the Nursing Facility and, accordingly, has recorded contribution revenue of $5,000,000 in the statement of activity and changes in net assets and donation expense of $5,000,000 to Delgado.

13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued November 29, 2022 and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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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, 2022, 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 November 29, 2022.

Report on 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) as a basis for designing 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 Delgado Community College Foundation, Inc.'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Metairie, Louisiana
November 29, 2022

Postlethwaite & Netterville

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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

Opinion on Each 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 the Foundation's major federal program for the year ended June 30, 2022. The Foundation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Delgado Community College Foundation, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Delgado Community College Foundation, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Delgado Community College Foundation, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Delgado Community College Foundation, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Delgado Community College Foundation, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Delgado Community College Foundation, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

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Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Metairie, Louisiana
November 29, 2022

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	*Federal Contract Number*	*Federal Assistance Listing Number*	*Pass-Through Identifying Number*	*Federal Expenditures($)*	*Passed Through to Subrecipients*
Department of Defense Direct Programs					
NAVSEA Agreement	00024-12-2-2248	12-XXX	None	$ 1,494,346	$ 1,494,346
Total Department of Defense				1,494,346	1,494,346
Total Expenditures of Federal Awards				$ 1,494,346	$ 1,494,346

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

1. General

   The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Delgado Community College Foundation, Inc. (the Foundation). The Foundation's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2022. 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 2 to the Foundation's financial statements for the year ended June 30, 2022.

3. Relationship to Financial Statements

   Federal expenditures of $1,494,346 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 June 30, 2022, 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, INC.
NEW ORLEANS, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

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:
   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