

EISNERAMPER

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024



DELGADO COMMUNITY COLLEGE FOUNDATION, INC.

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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 financial statements of Delgado Community College Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Delgado Community College Foundation, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for each of 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 opinion.

Responsibilities of Management 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, 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 the Foundation's ability to continue as a going concern for 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 GAAS 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 GAAS, we:

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

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
November 25, 2024



DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

Statements of Financial Position
June 30, 2024 and 2023

	<u>ASSETS</u>	
	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 1,546,585	\$ 1,694,241
Lease receivable - Student Life Center	225,000	217,500
Investments	1,697,182	2,177,124
Restricted investments - U.S. Navy grant, see Note 11	322,571	1,317,136
Prepaid expenses and other assets	19,145	10,876
Total current assets	<u>3,810,483</u>	<u>5,416,877</u>
Non-current assets:		
Lease receivable - Student Life Center	932,579	1,155,079
Investments	1,602,253	1,925,724
Construction in progress	2,371,691	906,194
Total non-current assets	<u>4,906,523</u>	<u>3,986,997</u>
Total assets	<u>\$ 8,717,006</u>	<u>\$ 9,403,874</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:		
Accounts payable	\$ 23,182	\$ 49,170
Bonds payable, net of discount of \$1,245 and issuance costs of \$12,745 at June 30, 2024 and 2023	211,010	203,510
Accrued interest payable	15,990	18,006
Deferred revenue	-	727,879
Total current liabilities	<u>250,182</u>	<u>998,565</u>
Long-term liabilities:		
Bonds payable, net of discount of \$4,980 and \$6,225 at June 30, 2024 and 2023, respectively, and net of issuance costs of \$50,982 and \$63,727 at June 30, 2024 and 2023, respectively	1,194,038	1,402,548
Due to Delgado Community College, net	31,188	57,152
Total long-term liabilities	<u>1,225,226</u>	<u>1,459,700</u>
Total liabilities	<u>1,475,408</u>	<u>2,458,265</u>
Net assets:		
Without donor restrictions	3,607,616	2,327,190
With donor restrictions	3,633,982	4,618,419
Total net assets	<u>7,241,598</u>	<u>6,945,609</u>
Total Liabilities and Net Assets	<u>\$ 8,717,006</u>	<u>\$ 9,403,874</u>

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Contributions	\$ -	\$ 1,104,118	\$ 1,104,118
U.S. Navy grant revenues	-	727,879	727,879
Other grant revenues	-	354,177	354,177
Fundraising revenues, net of direct expenses of \$68,116	194,814	-	194,814
Lease rental revenue	-	84,210	84,210
Dividends and interest	-	153,426	153,426
Realized gain on investments, net of fees of \$32,094	-	231,199	231,199
Unrealized loss on investments	-	(85,638)	(85,638)
	<u>194,814</u>	<u>2,569,371</u>	<u>2,764,185</u>
Net assets released from restriction	<u>3,553,808</u>	<u>(3,553,808)</u>	<u>-</u>
Total support, revenues and other support	<u>3,748,622</u>	<u>(984,437)</u>	<u>2,764,185</u>
Expenses:			
Program	1,993,202	-	1,993,202
Management and general expenses	450,614	-	450,614
Fundraising	24,380	-	24,380
Total expenses	<u>2,468,196</u>	<u>-</u>	<u>2,468,196</u>
Changes in net assets	1,280,426	(984,437)	295,989
Net assets			
Beginning of the year	<u>2,327,190</u>	<u>4,618,419</u>	<u>6,945,609</u>
End of the year	<u>\$ 3,607,616</u>	<u>\$ 3,633,982</u>	<u>\$ 7,241,598</u>

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues:			
Contributions	\$ -	\$ 6,010,318	\$ 6,010,318
U.S. Navy grant revenues	-	514,202	514,202
Fundraising revenues, net of direct expenses of \$152,160	180,597	-	180,597
Lease rental revenue	-	92,179	92,179
Dividends and interest	-	160,925	160,925
Realized loss on investments, net of fees of \$35,036	-	(44,099)	(44,099)
Unrealized gain on investments	-	186,188	186,188
	<u>180,597</u>	<u>6,919,713</u>	<u>7,100,310</u>
Net assets released from restriction	<u>7,355,018</u>	<u>(7,355,018)</u>	<u>-</u>
Total support, revenues and other support	<u>7,535,615</u>	<u>(435,305)</u>	<u>7,100,310</u>
Expenses:			
Program	6,154,888	-	6,154,888
Management and general expenses	209,992	-	209,992
Fundraising	30,247	-	30,247
Total expenses	<u>6,395,127</u>	<u>-</u>	<u>6,395,127</u>
Changes in net assets	<u>1,140,488</u>	<u>(435,305)</u>	<u>705,183</u>
Net assets			
Beginning of the year	<u>1,186,702</u>	<u>5,053,724</u>	<u>6,240,426</u>
End of the year	<u>\$ 2,327,190</u>	<u>\$ 4,618,419</u>	<u>\$ 6,945,609</u>

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, 2024

	Program Services	Supporting Services		Total Expenses
		Management & General	Fundraising	
Expenses				
U.S. Navy grant expenses	\$ 1,096,128	\$ -	\$ -	\$ 1,096,128
Other grant expenses	224,688	-	-	224,688
Scholarships	281,087	-	-	281,087
Other college support	321,202	-	-	321,202
Office and miscellaneous	-	281,106	-	281,106
Salaries	2,877	89,006	24,380	116,263
Interest expense	67,220	-	-	67,220
Fundraising expenses	-	-	68,116	68,116
Travel	-	45,087	-	45,087
Professional services	-	30,400	-	30,400
Insurance	-	5,015	-	5,015
Total expenses by function	1,993,202	450,614	92,496	2,536,312
Less expenses included with revenues on the statement of activities and changes in net assets	-	-	(68,116)	(68,116)
Total expenses included in the expense section on the statement of activities and changes in net assets	\$ 1,993,202	\$ 450,614	\$ 24,380	\$ 2,468,196

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, 2023

	Program Services	Supporting Services		Total Expenses
		Management & General	Fundraising	
Expenses				
Cooperative endeavor donation expenses (see Note 12)	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
U.S. Navy grant expenses	514,202	-	-	514,202
Scholarships	375,075	-	-	375,075
Other college support	186,853	-	-	186,853
Office and miscellaneous	-	57,509	-	57,509
Salaries	3,569	110,422	30,247	144,238
Interest expense	75,189	-	-	75,189
Fundraising expenses	-	-	152,160	152,160
Travel	-	12,897	-	12,897
Professional services	-	25,100	-	25,100
Insurance	-	4,064	-	4,064
Total expenses by function	6,154,888	209,992	182,407	6,547,287
Less expenses included with revenues on the statement of activities and changes in net assets	-	-	(152,160)	(152,160)
Total expenses included in the expense section on the statement of activities and changes in net assets	\$ 6,154,888	\$ 209,992	\$ 30,247	\$ 6,395,127

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 295,989	\$ 705,183
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 gain on investments	(145,561)	(142,089)
Changes in operating assets and liabilities:		
Decrease in pledges receivable	-	250,000
Increase in prepaid expenses and other assets	(8,269)	(4,370)
Decrease in accounts payable	(25,988)	(143,050)
Decrease in accrued interest payable	(2,016)	(1,922)
Decrease in deferred revenue	(727,879)	(514,202)
Net cash provided by (used in) operating activities	<u>(599,734)</u>	<u>163,540</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	(1,465,497)	(906,194)
Purchases of investments	(2,243,784)	(4,724,443)
Proceeds from sales of investments	4,187,323	5,104,374
Net cash provided by (used in) investing activities	<u>478,042</u>	<u>(526,263)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Bond principal payments	(215,000)	(205,000)
Receipts on lease receivable	215,000	205,000
Change in payments due to Delgado Community College	(25,964)	(26,058)
Net cash used in financing activities	<u>(25,964)</u>	<u>(26,058)</u>
<u>NET CHANGE IN CASH AND CASH EQUIVALENTS:</u>	(147,656)	(388,781)
<u>CASH AND CASH EQUIVALENTS:</u>		
Beginning of the year	<u>1,694,241</u>	<u>2,083,022</u>
End of the year	<u>\$ 1,546,585</u>	<u>\$ 1,694,241</u>
<u>OTHER DISCLOSURES:</u>		
Interest paid	<u>\$ 69,236</u>	<u>\$ 77,111</u>

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

Notes To Financial Statements
June 30, 2024 and 2023

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.

Net assets with donor restrictions include the following:

Challenge Grant Fund – 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 Fund – This fund is used to account for contributions to the Foundation whose use has been restricted by donors for capital improvements.

GAP Scholarship Fund – 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.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

Notes To Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Basis of presentation (continued)

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 Fund – 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 Fund – 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.

Overture Endowment– 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.

Cash and cash equivalents

The Foundation considers all money market accounts and highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Receivables

Receivables are stated at the amount the Foundation expects to collect from outstanding balances. Management provides for expected credit losses 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, 2024, and 2023, the expected credit losses were \$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, 2024, and 2023. Amortized bond issuance costs of \$12,745 were recorded in interest expense for each of the years ended June 30, 2024 and 2023.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

Notes To Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Investments and investment income

Investments are reported at fair value, with the related gains and losses included in the statements 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 recorded 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.

Contributions and revenue recognition

The Foundation recognizes contributions revenue when cash, securities, or other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return (or release), are not recognized until the conditions on which they depend have been substantially met. Contributed goods and services are recorded at fair value at the date of donation.

Revenues from grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has met the performance requirements and/or incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statements of financial position.

The Foundation records contributions and grants 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.

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, 2024, and 2023, the Foundation received and distributed \$876,027 and \$818,276, respectively, under the Program.

Fundraising revenues consist mainly of an annual fundraiser hosted by the Foundation, and other fundraising activities. The Foundation's performance obligations related to these activities are satisfied as the individual events are hosted and occur at a point in time. Fees and charges for such activities are collected in advance or during the individual event.

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 the Foundation'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.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

Notes To Financial Statements
June 30, 2024 and 2023

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 US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

Accounting pronouncements adopted

On July 1, 2023, the Foundation adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13: *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which significantly changed how entities measure credit losses for most assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in FASB ASU 2016-13 are accounts receivable. Adoption of this standard did not have a material effect on the financial statements.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

Notes To Financial Statements
June 30, 2024 and 2023

3. Availability and Liquidity

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.

The following represents the Foundation's financial assets available to meet general expenditures, that is without donor or other restrictions limiting their use, within one year at June 30:

Financial assets at year end:	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,546,585	\$ 1,694,241
Lease receivable - Student Life Center	1,157,579	1,372,579
Investments	<u>3,622,006</u>	<u>5,419,984</u>
Total financial assets	<u>6,326,170</u>	<u>8,486,804</u>
Less amounts not available to be used within one year:		
Less: long-term portion of lease receivable	932,579	1,155,079
Less: deferred revenue	-	727,879
Less: net assets with donor restrictions	<u>3,633,982</u>	<u>4,618,419</u>
	<u>4,566,561</u>	<u>6,501,377</u>
Financial assets available to meet general expenditures over the next one year	<u>\$ 1,759,609</u>	<u>\$ 1,985,427</u>

4. Net Assets

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

Specific Purpose	<u>2024</u>	<u>2023</u>
Other Foundation Scholarships Fund	\$ 1,299,610	\$ 1,413,941
Department and Site Restricted Funds	1,456,060	1,006,869
Challenge Grant Fund	453,140	458,172
GAP Scholarship Fund	104,076	400,503
Student Assistance Fund	57,642	82,777
Baseball Program	42,042	703,530
Adopt-a-Professor Fund	5,408	5,077
Restricted Capital Development Fund	-	344,766
	<u>3,417,978</u>	<u>4,415,635</u>
Endowments		
Overture Interest (specific purpose)	174,104	160,884
Overture Endowment (endowment in perpetuity)	<u>41,900</u>	<u>41,900</u>
	<u>216,004</u>	<u>202,784</u>
	<u>\$ 3,633,982</u>	<u>\$ 4,618,419</u>

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

Notes To Financial Statements
June 30, 2024 and 2023

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. \$84,210 and \$92,179 of such proceeds received during the years ended June 30, 2024 and 2023, 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.

As of June 30, 2024, Delgado had cumulatively remitted \$7,686,174 to the Foundation to cover the bond debt service and other related costs of the Facility. Of this amount, \$4,316,995 has been recognized as lease rental revenue, \$3,337,991 has been recognized as a reduction of the Student Life Center lease receivable, and the remaining balance of \$31,188 is carried as deferred revenue (shown as due to Delgado Community College, net) as of June 30, 2024.

The indenture agreement in connection with the Bonds created various funds to ensure payment of the Bonds. These funds amounted to \$31,188 and \$57,152 as of June 30, 2024 and 2023, respectively.

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6. Long-Term Debt

The Foundation's long-term debt consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
\$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%	\$ 1,475,000	\$ 1,690,000
Less bond discount	6,225	7,470
Less bond issuance costs	<u>63,727</u>	<u>76,472</u>
	1,405,048	1,606,058
Less current maturities, net of \$1,245 discount and \$12,745 of bond issuance costs	<u>211,010</u>	<u>203,510</u>
	<u>\$ 1,194,038</u>	<u>\$ 1,402,548</u>

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 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 Series 2011 Bonds are secured by a first lien on the Student Life Center.

Annual aggregate principal payments and related bond discount applicable to the Series 2011 Bonds payable for years subsequent to June 30, 2024 are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Discount</u>	<u>Total</u>
2025	\$ 220,000	\$ (1,245)	\$ 218,755
2026	230,000	(1,245)	228,755
2027	240,000	(1,245)	238,755
2028	250,000	(1,245)	248,755
2029	265,000	(1,245)	263,755
Thereafter	<u>270,000</u>	<u>-</u>	<u>270,000</u>
	<u>\$ 1,475,000</u>	<u>\$ (6,225)</u>	<u>\$ 1,468,775</u>

7. Related Parties

Delgado Community College provides the Foundation with facilities and administrative personnel free of charge. The value of these services was approximately \$39,749 and \$31,761, for fiscal years ending June 30, 2024 and 2023, respectively.

At June 30, 2024 and 2023 amounts due to Delgado Community College related to the Student Life Center are \$31,188 and \$57,152, respectively.

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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.

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.

There have been no changes in the methodologies used at June 30, 2024 and 2023. 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.

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9. Fair Value of Financial Instruments (continued)

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

	<u>2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$ 176,229	\$ -	\$ -	\$ 176,229
Mutual funds	1,483,761	-	-	1,483,761
Fixed income	1,962,016	-	-	1,962,016
	<u>\$ 3,622,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,622,006</u>

	<u>2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$ 302,611	\$ -	\$ -	\$ 302,611
Mutual funds	1,871,968	-	-	1,871,968
Fixed income	3,245,405	-	-	3,245,405
	<u>\$ 5,419,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,419,984</u>

10. Endowment

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:

	<u>2024</u>	<u>2023</u>
Endowment net assets, beginning of year	<u>\$ 202,784</u>	<u>\$ 190,041</u>
Investment return:		
Investment income	5,911	6,630
Net appreciation (realized and unrealized)	7,309	6,113
Total investment return	<u>13,220</u>	<u>12,743</u>
Endowment net assets, end of year	<u>\$ 216,004</u>	<u>\$ 202,784</u>

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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 was 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 principal and earnings are included in the statements of financial position as restricted investments.

During the year ended June 30, 2023, the Foundation incurred \$514,202 of expenditures related to the U.S. Navy grant and therefore, the Foundation recorded U.S. Navy grant revenue in the amount of \$514,202 for the year ended June 30, 2024. As of June 30, 2023, total grant revenue recognized related to this grant was \$9,272,121; and the remainder of \$727,879 was recorded as deferred revenue on the accompanying statement of financial position.

During the year ended June 30, 2024, the Foundation incurred \$1,096,128 of expenditures related to the U.S. Navy grant. \$727,879 of the expenditures were funded by the remaining balance of the original \$10,000,000 grant and therefore, the Foundation recorded U.S. Navy grant revenue in the amount of \$727,879 for the year ended June 30, 2024. The other \$368,249 of the expenditures were funded by a portion of the restricted investment income earned on the \$10,000,000. As of June 30, 2024, the total \$10,000,000 of grant revenue related to this grant has been recognized.

12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued November 25, 2024, 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.