DELGADO COMMUNITY COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017

P&N
Postlethwaite & Netterville
A Professional Accounting Corporation
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DELGADO COMMUNITY COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017

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P&N
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Delgado Community College Foundation, Inc. (a nonprofit organization) (the Foundation), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Postlethwaite & Netterville

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delgado Community College Foundation, Inc. as of June 30, 2017 and 2016, 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.

Postlethwaite & Netterville

Metairie, Louisiana
November 8, 2017

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS

	2017	2016
Current assets:		
Cash and cash equivalents	$ 400,157	$ 382,926
Cash and cash equivalents, restricted	2,317,331	1,410,878
Pledges receivable	60,000	85,589
Lease receivable - Student Life Center	180,000	177,500
Investments	1,283,283	1,380,975
Investments - restricted	1,982,015	1,145,594
Prepaid expenses and other assets	6,642	3,953
Total current assets	6,229,428	4,587,415
Non-current assets:		
Investments	966,400	718,901
Investments - restricted	5,345,105	7,589,840
Lease receivable - Student Life Center	2,337,579	2,505,079
Total non-current assets	8,649,084	10,813,820
Total assets	$ 14,878,512	$ 15,401,235

LIABILITIES AND NET ASSETS

	2017	2016
Current liabilities:		
Accounts payable	$ 63,724	$ 114,665
Bonds payable, net of discount of $1,245 at June 30, 2017 and 2016, respectively and net of issuance costs of $12,745 at June 30, 2017 and 2016, respectively	166,010	163,510
Accrued interest payable	27,474	28,787
Total current liabilities	257,208	306,962
Long-term liabilities:		
Bonds payable, net of discount of $13,695 and $14,940 at June 30, 2017 and 2016, respectively and net of issuance costs of $140,197 and $152,942 at June 30, 2017 and 2016, respectively	2,501,108	2,654,618
Due to Delgado, net	213,793	239,215
Deferred revenue	8,247,850	8,815,797
Total long-term liabilities	10,962,751	11,709,630
Total liabilities	11,219,959	12,016,592
Net assets:		
Unrestricted	873,135	736,345
Temporarily restricted	2,743,518	2,606,398
Permanently restricted	41,900	41,900
Total net assets	3,658,553	3,384,643
Total Liabilities and Net Assets	$ 14,878,512	$ 15,401,235

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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

(continued)

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:				
Contributions	$ -	$ 440,311	$ -	$ 440,311
Grant Revenues	-	440,350	-	440,350
Fundraising revenues	261,408	-	-	261,408
Lease rental revenue	-	134,621	-	134,621
Donated services and facilities	15,600	-	-	15,600
Dividends and interest	-	195,276	-	195,276
Realized loss on investments	-	(13,975)	-	(13,975)
Unrealized loss on investments	-	(34,833)	-	(34,833)
	277,008	1,161,750	-	1,438,758
Net assets released from restriction	1,281,212	(1,281,212)	-	-
Total support, revenues and other support	1,558,220	(119,462)	-	1,438,758
Expenses:				
Scholarships	123,593	-	-	123,593
Other college support	467,954	-	-	467,954
Management and general expenses	109,223	-	-	109,223
Grant expense	601,484	-	-	601,484
Investment fees	30,760	-	-	30,760
Interest expense	117,631	-	-	117,631
Total expenses	1,450,645	-	-	1,450,645
Changes in net assets	107,575	(119,462)	-	(11,887)
Net assets				
Beginning of the year	628,770	2,725,860	41,900	3,396,530
End of the year	$ 736,345	$ 2,606,398	$ 41,900	$ 3,384,643

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	2017	2016
Change in net assets	$ 273,910	$ (11,887)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of bond discount and bond issuance costs	11,500	11,500
Realized and unrealized (gain) loss on investments	(52,522)	48,808
Changes in operating assets and liabilities:		
Pledges receivable, net of discount	25,589	(25,089)
Prepaid expenses and other assets	(2,689)	36
Accounts payable	(50,941)	86,298
Accrued interest payable	(1,313)	(1,237)
Deferred revenue	(567,947)	(440,350)
Net cash used in operating activities	(364,413)	(331,921)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,835,366)	(800,041)
Proceeds from sales of investments	3,146,395	1,099,959
Net cash provided by investing activities	1,311,029	299,918
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bond principal payments	(172,510)	(167,510)
Receipts on lease receivable	175,000	170,000
Change in payments due to Delgado Community College	(25,422)	(26,743)
Net cash used in financing activities	(22,932)	(24,253)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS:	923,684	(56,256)
CASH AND CASH EQUIVALENTS		
Beginning of the year	1,793,804	1,850,060
End of the year	$ 2,717,488	$ 1,793,804
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents, unrestricted	$ 400,157	$ 382,926
Cash and cash equivalents, restricted	2,317,331	1,410,878
Total	$ 2,717,488	$ 1,793,804
DISCLOSURE OF NON-CASH ITEMS:		
In-kind donations to the Foundation	$ 18,600	$ 15,600
OTHER DISCLOSURES:		
Interest paid	$ 112,523	$ 139,301

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 accounts of the Foundation are maintained in accordance with the principles of fund accounting under which resources for various purposes are classified into funds according to specified activities or objectives. Net assets are available for the following purposes:

Unrestricted Net Assets – This fund is used to account for unrestricted revenues and expenditures.

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

Temporarily Restricted Net Assets include the following:

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

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

2. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

Permanently Restricted Net Assets include the following:

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

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 December 31, 2017 and 2016, the allowance for doubtful accounts was $0.

Amortization of the bond discount and bond issuance costs

Both the bond discount and the bond issuance costs are being amortized over the life of the bonds (30 years), utilizing a method which approximates the interest method. Bond discount accretion of $1,245 is included as a component of management and general expenses within the accompanying statements of activities and changes in net assets. Amortized bond costs of $12,745 were recorded in interest expense for each of the years ended June 30, 2017 and 2016.

Contributions and revenue recognition

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

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

The Foundation receives funds from an entity under Delgado Community College's (the College) Goldman Sachs 10,000 Small Businesses Program (the program). The Foundation acts as an agent under the program, receiving the funds and then immediately distributing them to the recipient under the program. As such, related funds and distributions are presented on a net basis in the accompanying Statement of Activities and Changes in Net Assets for all periods presented. During the years ended June 30, 2017 and 2016, the Foundation received and distributed $531,287 and $1,275,077 under the program.

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 Statement of Activities and Changes in Net Assets. Income earned from investments, including realized and unrealized gains and losses, is reported in the unrestricted net asset class except where the instructions of the donor specify otherwise.

Income taxes

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

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

Use of estimates

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

Debt Issuance Costs

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03") which is included in in the ASC as topic ASC 835-30. Topic 835-30 requires that debt issuance costs be presented as a direct deduction from the carrying amount of the related debt liability, consistent with the presentation of debt discounts and also requires that the amortization be presented with interest expense. Prior to the issuance of ASU 2015-03, debt issuance costs were required to be presented as deferred charge assets, separate from the related debt liability. ASU 2015-03 does not change the recognition and measurement requirements for debt issuance costs.

The Foundation adopted ASU 2015-03 during the fiscal year ended June 30, 2017. The adoption of ASU 2015-03 resulted in the reclassification of $165,687 of unamortized deferred financing costs related to the Foundation's long-term debt (see Note 5) from other non-current assets to long-term debt within its balance sheet as of June 30, 2016. Other than this reclassification, the adoption of ASU 2015-03 did not have an impact on the Foundation's financial statements.

2. Summary of Significant Accounting Policies (continued)

Reclassification

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

3. Net Assets

Permanently restricted net assets

Permanently restricted net assets of $41,900 at June 30, 2017 and 2016, and consist of $7,600 of cash and cash equivalents and $34,300 of non-current investment and endowment funds.

Temporarily restricted net assets

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

	2017	2016
TAP Scholarship Fund	$ 379,032	$ 378,738
Other Foundation Scholarship Fund	416,895	300,273
Department and Site Restricted Fund	561,834	505,749
Student Assistance Fund	82,777	82,777
Baseball Program	34,143	20,775
Challenge Grant Endowment Fund	602,138	632,138
Restricted Capital Development Fund	532,766	532,766
Ashton Ryan Endowed Professorship	60,000	60,000
Adopt-a-Professor Fund	2,829	30,409
Overture Endowment	71,104	62,773
	$ 2,743,518	$ 2,606,398

4. Investments

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

2017 Description		Fair Value
Common stocks	$	295,942
Equity securities mutual fund		949,849
Fixed income mutual fund		8,325,867
LTD partnerships/LTD corporations		5,145
Total	$	9,576,803
Current assets	$	3,265,298
Long-term assets		6,311,505
Total	$	9,576,803

2016 Description		Fair Value
Common stocks	$	303,663
Equity securities mutual fund		793,497
Fixed income mutual fund		9,732,591
LTD partnerships/LTD corporations		5,559
Total	$	10,835,310
Current assets	$	2,526,569
Long-term assets		8,308,741
Total	$	10,835,310

The Foundation's investments had an accumulated unrealized gain of $448,531 at June 30, 2017 and an accumulated unrealized gain of $283,463 at June 30, 2016. The net unrealized gain for each year is reflected in the fair market value of these investments as stated in these financial statements at the end of each respective year.

5. Student Life Center

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

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

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

The Foundation itself does not have the authority to be the issuer of the tax-exempt bonds (the Bonds). Therefore, a separate entity which is qualified to issue tax-exempt bonds was the issuer of the Bonds. That issuer entered into a loan agreement with the Foundation pursuant to which the issuer loaned the proceeds of its bonds to the Foundation to pay for construction of the Facility, and the Foundation expects to repay the issuer with the rental proceeds it receives from Delgado under the Facility Lease Agreement. The remaining original 1999 bonds were recalled and refinanced on September 28, 2011. Approximately, \$128,200 and \$134,621 of such proceeds received during fiscal year 2017 and 2016, 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, 2017, Delgado had cumulatively remitted $5,721,661 to the Foundation to cover the bond debt service and other related costs of the Facility. Of this amount, $3,579,630 has been recognized as lease rental revenue, $1,928,238 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, 2017.

The Indenture agreement in connection with the Bonds created various funds to ensure payment of the Bonds. These funds amounted to $213,793 and $239,215 as of June 30, 2017 and 2016, respectively.

6. Long-Term Debt

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

Revenue bonds:	2017	2016
$3,655,000 2011 Serial bonds due in annual *installments of $155,000 to $270,000 through* October 2029 at interest rates of 2%-4.5%	$ 2,835,000	$ 3,000,000
Less bond discount	14,940	16,185
Less bond issuance costs	152,942	165,687
	2,667,118	2,818,128
Less current maturities, net of $1,245 discount and $12,745 of bond issuance costs	166,010	163,510
	$ 2,501,108	$ 2,654,618

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, 2017 are:

Fiscal Year Ending June 30		Principal		Discount		Total
2018	$	180,000	$	(1,245)	$	178,755
2019		182,500		(1,245)		181,255
2020		190,000		(1,245)		188,755
2021		197,500		(1,245)		196,255
2022		202,500		(1,245)		201,255
Thereafter	$	1,882,500	$	(8,715)	$	1,873,785
		2,835,000		(14,940)		2,820,060

7. Related Parties

Delgado Community College provides the Foundation with facilities and administrative personnel free of charge. The value of these services was approximately $19,466 and $24,911, for fiscal years 2017 and 2016, respectively.

At June 30, 2017 and 2016 amounts due from Delgado Community College related to the Student Life Center are $213,793 and $239,215, respectively.

Contributions recognized from Foundation Board members and employees of the College included in pledges receivable at June 30, 2017 and 2016 amounted to $60,000 for the years presented.

8. Concentrations of Credit Risk

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

Approximately 100% and 99% of the pledges receivable at June 30, 2017 and 2016, respectively, is from one donor.

9. Fair Value of Financial Instruments

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

9. Fair Value of Financial Instruments (continued)

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

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

Level 2: Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016:

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

9. Fair Value *of Financial Instruments (continued)*

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

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

9. Fair Value of Financial Instruments (continued)

	2016			
	Level 1	Level 2	Level 3	Total
Common stocks				
Consumer discretionary	$ 18,548	$ -	$ -	$ 18,548
Consumer staples	40,538	-	-	40,538
Energy	51,023	-	-	51,023
Financials	28,795	-	-	28,795
Healthcare	53,191	-	-	53,191
Industrials	33,487	-	-	33,487
Information technology	9,811	-	-	9,811
Materials	17,804	-	-	17,804
Telecommunication services	18,700	-	-	18,700
Utilities	31,766	-	-	31,766
Total common stocks	303,663	-	-	303,663
LTD partnerships/LTD liability corporations	5,559	-	-	5,559
Equity				
Small cap equity funds	233,798	-	-	233,798
Large cap equity funds	348,593	-	-	348,593
International and other equity funds	207,439	-	-	207,439
Other Equity	3,667	-	-	3,667
Total equity funds	793,497	-	-	793,497
Fixed income				
Treasury and federal agencies	9,051,045	-	-	9,051,045
Non-governmental obligations	676,868	-	-	676,868
Taxable bond funds	4,678	-	-	4,678
Total fixed income funds	9,732,591	-	-	9,732,591
Total	$10,835,310	$ -	$ -	$10,835,310

10. Endowments

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

10. Endowments (continued)

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

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

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

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

The table below represents the endowment related activity for the fiscal year ending June 30, 2016:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 59,505	$ 41,900	$ 101,405
Investment return:			
Investment income	2,729	-	2,729
Net appreciation (realized and unrealized)	539	-	539
Total investment return	3,268	-	3,268
Contributions	-	-	-
Endowment net assets, end of year	$ 62,773	$ 41,900	$ 104,673

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 $567,947 and $440,350 for the year ended June 30, 2017 and 2016, respectively. Total revenue recognized related to this grant is $1,752,150; the remainder is recorded as deferred revenue on the accompanying statements of financial position.

12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 8, 2017, noting no events requiring disclosure.