DELGADO COMMUNITY COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021

P&N
Postlethwaite & Netterville
A Professional Accounting Corporation
pncpa.com

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021

TABLE OF CONTENTS

Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

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

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, 2021 and 2020, 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.

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 auditors' 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, 2021 and 2020, 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

New Orleans, Louisiana
November 30, 2021

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	2021	2020
Current assets:		
Cash and cash equivalents	$ 2,041,398	$ 1,572,761
Pledges receivable	250,000	250,000
Lease receivable - Student Life Center	202,500	197,500
Investments	2,026,731	1,522,788
Prepaid expenses and other assets	4,782	4,655
Total current assets	4,525,411	3,547,704
Non-current assets:		
Investments	1,336,283	1,155,872
Investments - restricted	3,264,360	3,983,348
Pledges receivable	500,000	500,000
Lease receivable - Student Life Center	1,575,079	1,775,079
Total non-current assets	6,675,722	7,414,299
Total assets	$ 11,201,133	$ 10,962,003

LIABILITIES AND NET ASSETS	2021	2020
Current liabilities:		
Accounts payable	$ 253,032	$ 236,020
Bonds payable, net of discount of $1,245 at June 30, 2021 and 2020, respectively and net of issuance costs of $12,745 at June 30, 2021 and 2020, respectively	188,510	176,010
Accrued interest payable	21,803	23,386
Total current liabilities	463,345	435,416
Long-term liabilities:		
Bonds payable, net of discount of $8,715 and $9,960 at June 30, 2021 and 2020, respectively and net of issuance costs of $89,217 and $101,962 at June 30, 2021 and 2020, respectively	1,794,568	1,988,078
Due to Delgado Community College, net	109,315	137,676
Deferred revenue	2,736,427	3,328,647
Total long-term liabilities	4,640,310	5,454,401
Total liabilities	5,103,655	5,889,817
Net assets:		
Without donor restrictions	1,774,292	1,591,222
With donor restrictions	4,323,186	3,480,964
Total net assets	6,097,478	5,072,186
Total Liabilities and Net Assets	$ 11,201,133	$ 10,962,003

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 ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Contributions	$ -	$ 1,419,962	$ 1,419,962
Grant revenues	-	774,880	774,880
Fundraising revenues, net of direct expenses of $7,578	41,851	-	41,851
Lease rental revenue	-	111,925	111,925
Dividends and interest	-	92,000	92,000
Realized gain on investments, net of fees of $23,771	-	25,257	25,257
Unrealized gain on investments	-	44,818	44,818
	41,851	2,468,842	2,510,693
Net assets released from restriction	1,685,557	(1,685,557)	-
Total support, revenues and other support	1,727,408	783,285	2,510,693
Expenses:			
Program	1,264,031	-	1,264,031
Management and general expenses	138,420	-	138,420
Fundraising	17,333	-	17,333
Total expenses	1,419,784	-	1,419,784
Changes in net assets	307,624	783,285	1,090,909
Net assets			
Beginning of the year	1,283,598	2,697,679	3,981,277
End of the year	$ 1,591,222	$ 3,480,964	$ 5,072,186

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, 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

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services: Management & General	Supporting Services: Fundraising	Total Expenses
Expenses				
US Navy grant expense	$ 774,880	$ -	$ -	$ 774,880
Other college support	367,392	-	-	367,392
Scholarships	23,534	-	-	23,534
Interest expense	96,180	-	-	96,180
Salaries	2,045	63,278	17,333	82,656
Office and miscellaneous	-	42,702	-	42,702
Professional services	-	26,785	-	26,785
Fundraising expense	-	-	7,578	7,578
Insurance	-	5,655	-	5,655
Total expenses by function	1,264,031	138,420	24,911	1,427,362
Less expenses included with revenues on the statement of activities and changes in net assets	-	-	(7,578)	(7,578)
Total expenses included in the expense section on the statement of activities and changes in net assets	$ 1,264,031	$ 138,420	$ 17,333	$ 1,419,784

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, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,025,292	$ 1,090,909
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	(585,262)	(93,846)
Changes in operating assets and liabilities:		
Decrease (increase) in pledges receivable	-	(750,000)
Increase in prepaid expenses and other assets	(127)	(112)
Increase (decrease) in accounts payable	17,012	(30,951)
Decrease in accrued interest payable	(1,583)	(1,389)
Decrease in deferred revenue	(592,220)	(774,880)
Net cash used in operating activities	(122,898)	(546,279)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,310,889)	(2,016,394)
Proceeds from sales of investments	1,930,785	2,008,061
Net cash provided by (used in) investing activities	619,896	(8,333)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bond principal payments	(195,000)	(185,000)
Receipts on lease receivable	195,000	185,000
Change in payments due to Delgado Community College	(28,361)	(25,347)
Net cash used in financing activities	(28,361)	(25,347)
NET CHANGE IN CASH AND CASH EQUIVALENTS:	468,637	(579,959)
CASH AND CASH EQUIVALENTS:		
Beginning of the year	1,572,761	2,152,720
End of the year	$ 2,041,398	$ 1,572,761
OTHER DISCLOSURES:		
Interest paid	$ 91,624	$ 97,569

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, 2021 and 2020, 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, 2021 and 2020. Amortized bond costs of $12,745 were recorded in interest expense for each of the years ended June 30, 2021 and 2020.

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, 2021 and 2020, the Foundation received and distributed $1,106,913 and $1,151,095, respectively, under the Program.

Conditional promises to give, that is, those with a measureable 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, 2021, contributions of $10,000,000 have not been recognized in the accompanying statement of activities because the conditions on which they depend have not been met (see Note 13).

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 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.

New accounting pronouncements adopted

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The standard may be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The adoption ASU 2014-09 had no impact on the Foundation's beginning net assets and has been applied retrospectively to all periods presented.

Accounting pronouncements issued but not yet adopted

On September 17, 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in porting non-profit gifts-in-kind. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Foundation's fiscal year ending June 30, 2022.

2. Summary of Significant Accounting Policies (continued)

Accounting pronouncements issued but not yet adopted (continued)

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 these pronouncements on its financial statements.

3. Availability and Liquidity

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

Financial assets at year end:	2021	2020
Cash	$ 2,041,398	$ 1,572,761
Pledges receivable	750,000	750,000
Investments	6,627,374	6,662,008
Total financial assets	9,418,772	8,984,769
Less amounts not available to be used within twelve months:		
Less: pleges receivable to be received greater than twelve months	500,000	500,000
Less: deferred revenue	2,736,427	3,328,647
Less: net assets with donor restrictions	4,323,186	3,480,964
	7,559,613	7,309,611
Financial assets available to meet general expenditures over the next twelve months	$ 1,859,159	$ 1,675,158

The Foundation maintains a practice of structuring its financial assets so that they are readily available to maintain 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.

4. Pledges Receivable

Annual scheduled pledge receipts under the various agreements subsequent to June 30, 2021 are as follows:

2022	$	250,000
2023		500,000
	$	750,000

5. Net Assets

Net assets with donor restrictions

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

	2021	2020
Specific Purpose		
Baseball Program	$ 1,368,550	$ 1,043,445
Other Foundation Scholarship Funds	990,347	620,707
Challenge Grant Endowment Fund	463,400	464,193
GAP Scholarship Fund	404,061	405,895
Department and Site Restricted Fund	488,605	353,129
Restricted Capital Development Fund	344,765	344,766
Student Assistance Fund	82,777	82,777
Curt Eysink Endowment	10,000	30,000
Adopt-a-Professor Fund	4,169	3,323
Endowments		
Overture Interest (specific purpose)	124,612	90,829
Overture Endowment (endowment in perpetuity)	41,900	41,900
	$ 4,323,186	$ 3,480,964

6. 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.

6. Student Life Center (continued)

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, $108,955 and $111,925 of such proceeds received during fiscal year 2021 and 2020, 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, 2021, Delgado had cumulatively remitted $6,850,242 to the Foundation to cover the bond debt service and other related costs of the Facility. Of this amount, $4,040,786 has been recognized as lease rental revenue, $2,700,141 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, 2021.

The indenture agreement in connection with the Bonds created various funds to ensure payment of the Bonds. These funds amounted to $109,315 and $137,676 as of June 30, 2021 and 2020, respectively.

7. Long-Term Debt

As described in Note 6, at June 30 the long-term debt consists of the following:

Revenue bonds:	2021	2020
$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%	$ 2,095,000	$ 2,290,000
Less bond discount	9,960	11,205
Less bond issuance costs	101,962	114,707
	1,983,078	2,164,088
Less current maturities, net of $1,245 discount and $12,745 of bond issuance costs	188,510	176,010
	$ 1,794,568	$ 1,988,078

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.

Annual aggregate principal payments and related Series 2011 Bond discount applicable to the bond payable for years subsequent to June 30, 2021 are:

Fiscal Year Ending June 30	Principal	Discount	Total
2022	$ 200,000	$ (1,245)	$ 198,755
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
Thereafter	1,025,000	(3,735)	1,021,265
	$ 2,095,000	$ (9,960)	$ 2,085,040

8. Related Parties

Delgado Community College provides the Foundation with facilities and administrative personnel free of charge. The value of these services was approximately $23,069 and $15,671, for fiscal years 2021 and 2020, respectively.

At June 30, 2021 and 2020 amounts due to Delgado Community College related to the Student Life Center are $109,315 and $137,676, respectively.

9. 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.

10. 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.

10. Fair Value of Financial Instruments (continued)

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, 2021 and 2020. 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.

10. 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:

	2021	2020
	Level 1	Level 1
Common stocks		
Aerospace and defense	$ 3,784	$ 3,649
Biotech and pharmaceuticals	13,073	12,446
Commercial banks	12,153	9,581
Electrical equipment and machinery	30,679	26,220
Energy, oil, gas, and equipment service	23,754	11,324
Equity REITS	10,196	8,710
Real Estate	4,492	-
Financials	5,317	4,064
Food, staples, and retail	38,482	28,173
Hotels, restaurants, and leisure	3,465	2,766
Insurance	3,974	3,166
Road, rail, and other industrials	59,257	27,997
Software, computers, and peripherals	27,609	23,749
Utilities and telecommunication services	13,934	12,383
Total common stocks	250,169	174,228
Mutual funds		
Small cap equity funds	1,141,126	789,131
International and other equity funds	624,196	550,131
Other mutual funds	3,491	2,134
Total mutual funds	1,768,813	1,341,396
Fixed income		
Treasury and federal agencies	3,389,441	4,077,263
Non-governmental obligations	368,704	335,168
Corporate bonds	845,299	730,075
Fixed Income ETF	4,948	3,878
Total fixed income funds	4,608,392	5,146,384
Total	$ 6,627,374	$ 6,662,008

11. 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 year ending June 30:

	2021	2020
Endowment net assets, beginning of year	$ 132,729	$ 127,575
Investment return:		
Investment income	4,050	3,679
Net appreciation (realized and unrealized)	29,733	1,475
Total investment return	33,783	5,154
Endowment net assets, end of year	$ 166,512	$ 132,729

12. 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 $592,220 and $774,880 for the years ended June 30, 2021 and 2020, respectively. Total revenue recognized related to this grant is $7,263,573; 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.

NOTES TO FINANCIAL STATEMENTS

13. 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. As of June 30, 2021, the Foundation has not begun construction of the Nursing Facility and, accordingly, has not recorded any contribution revenue in the statement of activity and changes in net assets.

14. Effects of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic. This pandemic has subsequently impacted the global economy, creating volatility and negatively disrupting financial markets. Given the continued spread of COVID-19 throughout the United States, the related impact, if any, on the Foundation's operational and financial performance will depend on evolving factors that cannot be predicted at this time.

15. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued November 30, 2021, 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.