
DELGADO COMMUNITY COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

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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, 2020 and 2019, 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. We also conducted our audit for the year ended June 30, 2020 in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of Delgado Community College Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Delgado Community College Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Delgado Community College Foundation, Inc.'s internal control over financial reporting and compliance.

Postlethwaite & Netterville

New Orleans, Louisiana
December 30, 2020

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 1,572,761	\$ 2,152,720
Pledges receivable	250,000	-
Lease receivable - Student Life Center	197,500	190,000
Investments	1,522,788	1,514,620
Prepaid expenses and other assets	4,655	4,543
	<u>3,547,704</u>	<u>3,861,883</u>
Total current assets		
	<u>3,547,704</u>	<u>3,861,883</u>
Non-current assets:		
Investments	1,155,872	1,058,879
Investments - restricted	3,983,348	3,986,330
Pledges receivable	500,000	-
Lease receivable - Student Life Center	1,775,079	1,967,579
	<u>7,414,299</u>	<u>7,012,788</u>
Total non-current assets		
	<u>7,414,299</u>	<u>7,012,788</u>
Total assets	<u>\$ 10,962,003</u>	<u>\$ 10,874,671</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:		
Accounts payable	\$ 236,020	\$ 266,971
Bonds payable, net of discount of \$1,245 at June 30, 2020 and 2019, respectively and net of issuance costs of \$12,745 at June 30, 2020 and 2019, respectively	176,010	171,010
Accrued interest payable	23,386	24,775
	<u>435,416</u>	<u>462,756</u>
Total current liabilities		
	<u>435,416</u>	<u>462,756</u>
Long-term liabilities:		
Bonds payable, net of discount of \$9,960 and \$11,205 at June 30, 2020 and 2019, respectively and net of issuance costs of \$101,962 and \$114,707 at June 30, 2020 and 2019, respectively	1,988,078	2,164,088
Due to Delgado Community College, net	137,676	163,023
Deferred revenue	3,328,647	4,103,527
	<u>5,454,401</u>	<u>6,430,638</u>
Total long-term liabilities		
	<u>5,454,401</u>	<u>6,430,638</u>
Total liabilities	<u>5,889,817</u>	<u>6,893,394</u>
Net assets:		
Without donor restrictions	1,591,222	1,283,598
With donor restrictions	3,480,964	2,697,679
	<u>5,072,186</u>	<u>3,981,277</u>
Total net assets		
	<u>5,072,186</u>	<u>3,981,277</u>
Total Liabilities and Net Assets	<u>\$ 10,962,003</u>	<u>\$ 10,874,671</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, 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 ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues:			
Contributions	\$ -	\$ 226,659	\$ 226,659
Grant revenues	-	3,199,832	3,199,832
Fundraising revenues, net direct expenses of \$8,088	155,891	-	155,891
Lease rental revenue	-	117,438	117,438
Donated services and facilities	18,600	-	18,600
Dividends and interest	-	96,544	96,544
Realized gain on investments, net of fees of \$20,317	-	111,730	111,730
Unrealized gain on investments	-	56,508	56,508
	<u>174,491</u>	<u>3,808,711</u>	<u>3,983,202</u>
Net assets released from restriction	<u>3,890,667</u>	<u>(3,890,667)</u>	<u>-</u>
Total support, revenues and other support	<u>4,065,158</u>	<u>(81,956)</u>	<u>3,983,202</u>
Expenses:			
Program	3,669,022	-	3,669,022
Management and general expenses	182,310	-	182,310
Fundraising	17,135	-	17,135
Total expenses	<u>3,868,467</u>	<u>-</u>	<u>3,868,467</u>
Changes in net assets	196,691	(81,956)	114,735
Net assets			
Beginning of the year	<u>1,086,907</u>	<u>2,779,635</u>	<u>3,866,542</u>
End of the year	<u>\$ 1,283,598</u>	<u>\$ 2,697,679</u>	<u>\$ 3,981,277</u>

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, 2020

	Program Services	Supporting Services		Total Expenses
		Management & General	Fundraising	
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	<u>\$ 1,264,031</u>	<u>\$ 138,420</u>	<u>\$ 17,333</u>	<u>\$ 1,419,784</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, 2019

	Program Services	Supporting Services		Total Expenses
		Management & General	Fundraising	
Expenses				
US Navy grant expense	\$ 3,199,832	\$ -	\$ -	\$ 3,199,832
Other college support	260,527	-	-	260,527
Scholarships	104,948	-	-	104,948
Interest expense	101,693	-	-	101,693
Salaries	2,022	62,555	17,135	81,712
Bad debt	-	60,000	-	60,000
Office and miscellaneous	-	30,200	-	30,200
Professional services	-	23,900	-	23,900
Fundraising expense	-	-	8,088	8,088
Insurance	-	5,655	-	5,655
Total expenses by function	3,669,022	182,310	25,223	3,876,555
Less expenses included with revenues on the statement of activities and changes in net assets	-	-	(8,088)	(8,088)
Total expenses included in the expense section on the statement of activities and changes in net assets	<u>\$ 3,669,022</u>	<u>\$ 182,310</u>	<u>\$ 17,135</u>	<u>\$ 3,868,467</u>

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, 2020 AND 2019

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2020</u>	<u>2019</u>
Change in net assets	\$ 1,090,909	\$ 114,735
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	(93,846)	(188,555)
Write off of pledge receivable	-	60,000
Changes in operating assets and liabilities:		
Pledges receivable	(750,000)	-
Prepaid expenses and other assets	(112)	13,944
Accounts payable	(30,951)	(262,921)
Accrued interest payable	(1,389)	(1,349)
Deferred revenue	(774,880)	(3,199,831)
Net cash used in operating activities	<u>(546,279)</u>	<u>(3,449,987)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of investments	(2,016,394)	(150,940)
Proceeds from sales of investments	2,008,061	4,088,921
Net cash provided by (used in) investing activities	<u>(8,333)</u>	<u>3,937,981</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Bond principal payments	(185,000)	(180,000)
Receipts on lease receivable	185,000	180,000
Change in payments due to Delgado Community College	(25,347)	(25,385)
Net cash used in financing activities	<u>(25,347)</u>	<u>(25,385)</u>
<u>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS:</u>	(579,959)	462,609
<u>CASH AND CASH EQUIVALENTS:</u>		
Beginning of the year	<u>2,152,720</u>	<u>1,690,111</u>
End of the year	<u>\$ 1,572,761</u>	<u>\$ 2,152,720</u>
<u>DISCLOSURE OF NON-CASH ITEMS:</u>		
In-kind donations to the Foundation	<u>\$ -</u>	<u>\$ 18,600</u>
<u>OTHER DISCLOSURES:</u>		
Interest paid	<u>\$ 97,569</u>	<u>\$ 107,198</u>

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

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.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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, 2020 and 2019, 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, 2020 and 2019. Amortized bond costs of \$12,745 were recorded in interest expense for each of the years ended June 30, 2020 and 2019.

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.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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, 2020 and 2019, the Foundation received and distributed \$1,151,095 and \$1,010,201, respectively, under the Program.

Investments and investment income

Investments are reported at fair value, with the related gains and losses included in the statement of activities and changes in net assets. Income earned from investments, including realized and unrealized gains and losses, is reported in the net assets without donor restriction class 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.

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.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

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

In June 2018, the FASB issued ASU No. 2018-08 Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This adoption of ASU 2018-18 had no impact on the Foundation's total net assets and has been applied on the modified prospective basis.

Accounting pronouncements issued but not yet adopted

The FASB has issued Accounting Standards Update (ASU) 2014-09, (Topic 606), Revenue from Contracts with Customers, 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. On June 3, 2020, the FASB deferred the effective date of this standard for certain entities that had not yet issued their 2020 financial statements. This standard will be effective for the Foundation for annual periods beginning after December 15, 2019.

The Foundation is in the process of assessing the effect of this accounting pronouncement.

Reclassification

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

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Availability and Liquidity

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

Financial assets at year end:	<u>2020</u>	<u>2019</u>
Cash	\$ 1,572,761	\$ 2,152,720
Pledges receivable	750,000	-
Investments	<u>6,662,008</u>	<u>6,559,829</u>
Total financial assets	8,984,769	8,712,549
Less amounts not available to be used within twelve months:		
Less: pledges receivable to be received greater than twelve months	500,000	-
Less: deferred revenue	3,328,647	4,103,527
Less: net assets with donor restrictions	<u>3,480,964</u>	<u>2,697,679</u>
	7,309,611	6,801,206
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,675,158</u>	<u>\$ 1,911,343</u>

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, 2020 are as follows:

2021	\$ 250,000
2022	250,000
2023	<u>250,000</u>
	<u>\$ 750,000</u>

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. Net Assets

Net assets with donor restrictions

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

	<u>2020</u>	<u>2019</u>
Specific Purpose		
Baseball Program	\$ 1,043,445	\$ 7,812
Other Foundation Scholarship Funds	620,707	598,546
Challenge Grant Endowment Fund	464,193	497,988
GAP Scholarship Fund	405,895	387,344
Department and Site Restricted Fund	353,129	429,677
Restricted Capital Development Fund	344,766	532,766
Student Assistance Fund	82,777	82,777
Curt Eysink Endowment	30,000	30,000
Adopt-a-Professor Fund	3,323	3,194
Endowments		
Overture Interest (specific purpose)	90,829	85,675
Overture Endowment (endowment in perpetuity)	41,900	41,900
	<u>\$ 3,480,964</u>	<u>\$ 2,697,679</u>

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.

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.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Student Life Center (continued)

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, \$111,925 and \$117,438 of such proceeds received during fiscal year 2020 and 2019, 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, 2020, Delgado had cumulatively remitted \$6,563,830 to the Foundation to cover the bond debt service and other related costs of the Facility. Of this amount, \$3,931,831 has been recognized as lease rental revenue, \$2,494,323 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, 2020.

The indenture agreement in connection with the Bonds created various funds to ensure payment of the Bonds. These funds amounted to \$137,676 and \$163,023 as of June 30, 2020 and 2019, respectively.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Long-Term Debt

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

Revenue bonds:	<u>2020</u>	<u>2019</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%	\$ 2,290,000	\$ 2,475,000
Less bond discount	11,205	12,450
Less bond issuance costs	<u>114,707</u>	<u>127,452</u>
	2,164,088	2,335,098
Less current maturities, net of \$1,245 discount and \$12,745 of bond issuance costs	<u>176,010</u>	<u>171,010</u>
	<u>\$ 1,988,078</u>	<u>\$ 2,164,088</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 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.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. 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, 2020 are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Discount</u>	<u>Total</u>
2021	\$ 195,000	\$ (1,245)	\$ 193,755
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
Thereafter	1,255,000	(4,980)	1,250,020
	<u>\$ 2,290,000</u>	<u>\$ (11,205)</u>	<u>\$ 2,278,795</u>

8. Related Parties

Delgado Community College provides the Foundation with facilities and administrative personnel free of charge. The value of these services was approximately \$15,671 and \$15,730, for fiscal years 2020 and 2019, respectively.

At June 30, 2020 and 2019 amounts due to Delgado Community College related to the Student Life Center are \$137,676 and \$163,023, 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.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

10. Fair Value of Financial Instruments (continued)

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.

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, 2020 and 2019. 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.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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:

	<u>2020</u>	<u>2019</u>
	<u>Level 1</u>	<u>Level 1</u>
Common stocks		
Aerospace and defense	\$ 3,649	\$ 3,635
Biotech and pharmaceuticals	12,446	11,801
Commercial banks	9,581	11,875
Electrical equipment and machinery	26,220	20,829
Energy, oil, gas, and equipment service	11,324	27,379
Equity REITS	8,710	7,745
Financials	4,064	4,853
Food, staples, and retail	28,173	23,743
Hotels, restaurants, and leisure	2,766	3,115
Insurance	3,166	3,682
Road, rail, and other industrials	27,997	28,762
Software, computers, and peripherals	23,749	17,692
Utilities and telecommunication services	12,383	11,197
Total common stocks	<u>174,228</u>	<u>176,308</u>
Mutual funds		
Small cap equity funds	789,131	712,295
Large cap equity funds	-	99,578
International and other equity funds	550,131	516,801
Other mutual funds	2,134	2,995
Total mutual funds	<u>1,341,396</u>	<u>1,331,669</u>
Fixed income		
Treasury and federal agencies	4,077,263	4,075,270
Non-governmental obligations	335,168	410,229
Corporate bonds	730,075	561,818
Fixed Income ETF	3,878	4,535
Total fixed income funds	<u>5,146,384</u>	<u>5,051,852</u>
Total	<u>\$ 6,662,008</u>	<u>\$ 6,559,829</u>

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

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:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	<u>\$ 127,575</u>	<u>\$ 120,275</u>
Investment return:		
Investment income	3,679	3,080
Net appreciation (realized and unrealized)	<u>1,475</u>	<u>4,220</u>
Total investment return	<u>5,154</u>	<u>7,300</u>
Endowment net assets, end of year	<u><u>\$ 132,729</u></u>	<u><u>\$ 127,575</u></u>

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 \$774,880 and \$3,199,832 for the years ended June 30, 2020 and 2019, respectively. Total revenue recognized related to this grant is \$6,671,353; 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.

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued December 30, 2020. As a result of the continued spread of the COVID-19 coronavirus throughout the United States, the global economy has been negatively impacted and there has been significant disruptions in financial markets. The extent of the COVID-19 pandemic on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on donors, employees, and vendors, all of which are uncertain and cannot be predicted. The extent to which the COVID-19 pandemic may impact the Foundation's financial condition or results of operations cannot be estimated at this time. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Delgado Community College Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Delgado Community College Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

New Orleans, Louisiana
December 30, 2020

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

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

Report on Compliance for a Major Federal Program

We have audited the Delgado Community College Foundation, Inc.'s (the Foundation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended June 30, 2020. The Foundation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Postlethwaite & Netterville

New Orleans, Louisiana
December 30, 2020

DELGADO COMMUNITY COLLEGE FOUNDATION, INC.
NEW ORLEANS, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Contract Number</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Identifying Number</i>	<i>Federal Expenditures(\$)</i>	<i>Passed Through to Subrecipients</i>
Department of Defense Direct Programs					
NAVSEA Agreement	00024-12-2-2248	12-XXX	None	\$ 774,880	\$ 774,880
<i>Total Department of Defense</i>				<u>774,880</u>	<u>774,880</u>
Total Expenditures of Federal Awards				<u>\$ 774,880</u>	<u>\$ 774,880</u>

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

DELGADO COMMUNITY COLLEGE FOUNDATION
NEW ORLEANS, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Delgado Community College Foundation (the Foundation). The Foundation's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2020. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 to the Foundation's financial statements for the year ended June 30, 2020.

3. Relationship to Financial Statements

Federal expenditures of \$774,880 are included in the statement of activities and changes in net assets as "Grant expense".

4. De Minimis Cost Rate

During the year ended June 30, 2020, the Foundation did not elect to use the 10% de minimis cost rate as covered in §200.414 of the Uniform Guidance.

DELGADO COMMUNITY COLLEGE FOUNDATION
NEW ORLEANS, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

(1) Summary of Independent Auditors' Results

(a) Type of auditors' report issued: Unmodified

(b) Internal control over financial reporting:

Material weakness(es) identified: No

Significant deficiencies identified that are not considered to be material weakness(es): None reported

(c) Noncompliance material to financial statements noted: No

(d) Internal control over major programs:

Material weakness(es) identified: No

Significant deficiencies identified that are not considered to be material weakness(es): None reported

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

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

(g) Major programs:

United States Department of Defense:

Department of the Navy

Agreement No. N00024-12-2-2248

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

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

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

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