



# LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

**Changing Lives,  
Creating Futures**

Monty Sullivan  
*System President*

**Officers:**

Paul Price, Jr.

*Chair*

Willie L. Mount

*First Vice Chair*

Alterman L. "Chip" Jackson

*Second Vice Chair*

**Members:**

Tari T. Bradford

Helen Bridges Carter

Rhoman J. Hardy

Timothy W. Hardy

Erika McConduit

Michael J. Murphy

Joe Potts

Stanton W. Salathe

Stephen C. Smith

Mark D. Spears, Jr.

Craig Spohn

Stephen Toups

**Student Members:**

Tara Mitchell

Joshua Turner

Louisiana  
Community  
& Technical  
College System

265 South Foster Drive  
Baton Rouge, LA 70806

Phone: 225-922-2800

Fax: 225-922-1185

[www.lctcs.edu](http://www.lctcs.edu)

**TO:** Dr. Monty Sullivan  
LCTCS President

**THROUGH:** Joseph F. Marin <sup>JFM</sup>  
Chief Operations Officer

**FROM:** Tarie Roberson <sup>TR</sup>  
Director of Advancement

Received  
**APPROVED**  
12/9/20  
LCTCS BOARD OF SUPERVISORS

**SUBJECT:** Policy #5.017 – LCTCS Policy on Foundations

**DATE:** November 23, 2020

**FOR REVIEW AND ADVISEMENT**

**Recommendation:** Staff recommends that the Board accepts for review and advisement the attached Policy #5.017 – “LCTCS Policy on Foundations.”

**Background:** The LCTCS currently has a policy on operations and administration on foundations. Our intent is to provide clear explanation of Louisiana Governmental Audit guidelines while eliminating conflicting and confusing language. The state audit law allows for entities with between \$75k and \$200k in revenues to only get a compilation and revenues between \$200k and \$500k a financial statement review. This provides some relief to smaller foundations.

*The amount of revenue and other sources/local and state assistance a local auditee receives also determines whether the local auditee may self-prepare the report or must contact a certified public accounting (CPA) firm to perform the related engagement.*

<b><i>Amount of revenues and other sources/local and state assistance received</i></b>	<b><i>Type of report provided</i></b>	<b><i>CPA or self-prepared</i></b>
<i>\$500,000 and over</i>	<i>Audit</i>	<i>Independent CPA</i>
<i>\$200,000 - \$499,999</i>	<i>Review/attestation</i>	<i>Independent CPA</i>
<i>\$75,001 - \$199,999</i>	<i>Compilation</i>	<i>CPA</i>
<i>\$75,000 and under</i>	<i>Sworn financial statements</i>	<i>Self-prepared; or the local auditee may choose to have CPA prepare report</i>

**Current policy reads:**

*Operations and Administration of Foundations*

All foundations and other private, nonprofit alumni organizations that raise private funds for the support of public institutions within the Louisiana Community and Technical College System (LCTCS) shall have a financial accounting system established pursuant to customary and current accepted accounting standards.

The financial affairs of the organization shall be audited annually in accordance with generally accepted auditing standards by an independent certified public accountant. Independently Audited Financial Reports for foundations/affiliated organizations supporting LCTCS institutions are due to its affiliated LCTCS college by the date specified by the college. The reports are due to the System Office no later than the deadline approved by the Board in Policy #5.012, *Annual Financial Reporting*.

**Recommended changes read:**

Any alumni association, alumni foundation, or other private, nonprofit alumni organization that raises private funds for the support of a public institution of higher education which receives seventy-five thousand dollars or less in funds in a fiscal year shall not be required to have an audit. However, the organization shall execute a certification indicating that it received seventy-five thousand dollars or less in funds in the fiscal year and shall prepare a sworn financial statement.

**History of Prior Actions:** No prior actions



---

**Approved for Distribution to the Board**  
**Dr. Monty Sullivan, President**

12-9-20

---

**Date**

**LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM**  
**Policy # 5.017**

---

Title: **LCTCS POLICY ON FOUNDATIONS**

---

<b>Authority:</b> Board Action	<b>Original Adoption:</b>	<b>03/10/04</b>
	<b>Prior Revision Date:</b>	<b>06/08/11</b>
	<b>Last Revision Effective:</b>	<b>09/11/13</b>

---

This policy provides operating guidelines for private, non-profit foundations supporting the mission and activities of the Louisiana Community and Technical College System and its Colleges.

The LCTCS Board of Supervisors agrees with the Louisiana Legislature that private support enhances the programs, facilities, research, and educational opportunities offered by public institutions of higher education in Louisiana, including student scholarships. Therefore, the Board encourages the activities of foundations, alumni associations, and other private, nonprofit organizations that raise private funds for the support of public institutions of higher education.

Private, nonprofit organizations under the direction and control of private individuals who support institutions of higher education are effective in obtaining private support for those institutions. College-affiliated foundations are recognized by the IRS as institutionally-related nonprofit organizations and, as such, have a special relationship with the college and the LCTCS. These foundations play a critical role in obtaining support for the college whose name they bear. This relationship calls upon the college and its affiliated foundation to assume certain responsibilities and obligations as a result of this relationship, under the governance of this Board.

**Provisions**

In recognition of the importance of foundations to the System, the Board of Supervisors establishes the following policies:

*Approval on Foundations*

The organization and the establishment of any foundation whose purpose is to support a college of the LCTCS including its programs, facilities, scholarships, research, and community outreach shall first be reviewed and approved by the System President and College Chancellor and then approved by the Board. The sole beneficiary of such a foundation must be one or more of the colleges or programs of the LCTCS.

As part of this procedure, the Board must also receive and approve the foundation's associated Articles of Incorporation and Bylaws, and the cooperative endeavor agreement or operating agreement between the Foundation, the LCTCS College, and the Board.

In accordance with applicable provisions of Louisiana law, LCTCS colleges and the system office may support their affiliated foundation with dedicated staff, accounting services, printed materials and other in-kind services and support to ensure that they can be effective in securing contributions.

#### *Operations and Administration of Foundations*

All foundations and other private, nonprofit alumni organizations that raise private funds for the support of public institutions within the Louisiana Community and Technical College System (LCTCS) shall have a financial accounting system established pursuant to customary and current accepted accounting standards.

The financial affairs of the organization shall be audited annually in accordance with generally accepted auditing standards by an independent certified public accountant. Independently Audited Financial Reports for foundations/affiliated organizations supporting LCTCS institutions are due to its affiliated LCTCS college by the date specified by the college. The reports are due to the System Office no later than the deadline approved by the Board in Policy #5.012, *Annual Financial Reporting*.

#### *Reimbursements and Supplemental Compensation*

All foundation payments over one thousand dollars for any single transaction to, or on behalf of, or to reimburse the expenses of an employee of the Board Office, and employee of any of the LCTCS colleges, or a member of the Board of Supervisors of the LCTCS shall be approved in writing by the Board. All requests, approvals and documents provided to a higher education institution or management board in connection with such requests or approvals, shall be retained in the system office if it applies to a Board Member or System Office employee or the college if it applies to a college employee and shall be subject to inspection, examination, copying and reproduction in accordance with the provisions of R.S. 44:1 et seq. (Public Records and Recorders)

Supplemental Compensation and fringe benefits provided by Foundation to college or system employees:

1. Foundations may fund supplemental compensation or other fringe benefits to college or system employees to the extent permitted by Louisiana law, with prior Board approval, for any legal purpose that is in support of the college or the system's overall mission. Examples include, but are not limited to: salaries or enhanced compensation packages for development staff, public/governmental relations, faculty in high-demand programs and chancellors.
2. The request to the Board of Supervisors to provide supplemental compensation and fringe benefits to college employees may only be made by the foundation with the agreement of the college chancellor and shall be in accordance with the mission, goals and objectives of the college. Foundation requests to provide supplemental compensation or designated taxable fringe benefits shall be signed by an authorized representative of the foundation and submitted in writing to the Board of Supervisors by the Chancellor, and shall require Board approval. The request shall require justification for providing the benefit and

its importance in fulfilling the mission of the college and/or the goals of the program.

3. **Supplemental compensation for college chancellors shall be limited to 15% of annual salary, exclusive of benefits.**
4. The funds provided by the foundation for supplemental compensation or other designated taxable fringe benefits shall be provided as a direct grant to the college for that specific purpose and not paid directly to individuals. These funds shall be segregated and maintained as self-generated funds. All employees receiving any taxable compensation through the support of a foundation to its college shall remain state employees, accountable only to the college for their job performance. Qualified business expense reimbursements shall be paid directly to college employees, not to the college.
5. All such payments shall be conditioned upon the foundation having an executed cooperative endeavor agreement with the college and the Board of Supervisors

Funds for student scholarships shall be provided as a grant to the college. The college shall be solely responsible for the selection of scholarship recipients and awarding of scholarship funds.

*Compliance with all Louisiana laws including the following:*

Article 7, Section 14 of the Constitution prohibits funds or property of an LCTCS educational entity from being donated, loaned or pledged to a foundation. However, as a result of the Louisiana Supreme court decision in *Cabela*, the Louisiana Attorney General provides new guidance as to the use of public funds.

1. First, there must be reciprocal obligations between the parties. This should be demonstrated through the use of a cooperative endeavor agreement.
2. Second, there must be a determination as to the appropriateness of the expenditure. The Attorney General announced a three-prong test, which will be used to make this determination.
  - a. There must be a public purpose for the expenditure or transfer of funds;
  - b. The expenditure or transfer, taken as a whole, does not appear to be gratuitous;
  - c. There must be evidence demonstrating that the public entity has a reasonable expectation of receiving a benefit at least equivalent to the amount expended or transferred.

In order to document compliance with the provisions of the *Cabela* decision, a college must maintain records to demonstrate all the elements of paragraphs “a” and “b” above.

Revised Statue 42:1111, Ethical Standards for Public Servants, addresses payment from nonpublic sources to public servants.

The requirements set forth in Revised Statue 17:3390, regarding the requirements for private non-profit corporation must be met in order that the foundation not be a public or quasi-public entity. These include:

1. The majority of the voting members of the corporation's board of directors are not members or employees of a higher education management board.
2. The corporation is under the management and control of a board of directors elected by the contributing members or shareholders of the corporation.
3. The corporation reimburses, as governed by the *Cabela* decision, either directly or through in-kind services, the cost of housing, personnel, which personnel shall remain public servants for all purposes, and other support furnished to the corporation by any institution of higher education.

**RS 17:3390**

§3390. Private nonprofit corporations which support public higher education institutions; findings; status; private funds

A. The legislature finds that private support enhances the programs, facilities, and research and educational opportunities offered by public institutions of higher education in Louisiana. Therefore, each higher education management board and institution is hereby encouraged to promote the activities of alumni associations, foundations, and other private, nonprofit organizations that raise private funds for the support of public institutions of higher education. Further, it is recognized that private, nonprofit organizations under the direction and control of private individuals who support institutions of higher education are effective in obtaining private support for those institutions.

B. A nonprofit corporation, whose principal purpose is to support one or more programs, facilities, or research or educational opportunities offered by public institutions of higher education, including but not limited to any nonprofit corporation whose primary purpose is to finance the design, construction, renovation, or equipping of facilities to be leased to such public institutions of higher learning, shall be a private entity that shall not be deemed to be a public or quasi public corporation or an administrative unit, public servant, employee, or agent of any institution of higher education for any purpose whatsoever if it meets all of the following criteria:

(1) The majority of the voting members of the corporation's board of directors are not members or employees of a higher education management board.

(2) The corporation is under the management and control of a board of directors elected by the members or shareholders of the corporation.

(3) The corporation reimburses, either directly or through in-kind services, the cost of housing, personnel, which personnel shall remain public servants for all purposes, and other support furnished to the corporation by any institution of higher education, if any such support is furnished.

C. The receipt, investment, or expenditure of public funds shall not affect the private status of any corporation meeting the criteria set forth in Subsection B of this Section; however, books and records of any such corporation, to the extent that such books and records directly pertain to the receipt, investment, or expenditure of public funds, shall be subject to R.S. 44:1 et seq. No other books and records of any such corporation shall be subject to R.S. 44:1 et seq.

D.(1) Alumni associations, alumni foundations, and other private, nonprofit alumni organizations that raise private funds for the support of public institutions of higher education, and nonprofit corporations whose primary purpose is to finance the design, construction, renovation, or equipping of facilities to be leased to such public institutions of higher education, shall have a financial accounting system established pursuant to customary and current accepted accounting standards. Except as provided in Paragraph (3) of this Subsection, the financial affairs of the organizations shall be audited annually in accordance with generally accepted auditing standards by an independent professional auditor who shall furnish to the legislative auditor copies of his annual audit.

(2) With regard to an audit received by the legislative auditor from any nonprofit corporation, the primary purpose of which is to design, construct, renovate, or equip a facility to be leased to a public institution of higher learning which is under the management of the Board of Supervisors of Community and Technical Colleges, the legislative auditor may recommend to the Legislative Audit Advisory Council that an audit be conducted by the legislative auditor pursuant to and in the manner provided in R.S. 24:513. Upon such recommendation, the Legislative Audit Advisory Council may direct that such an audit be conducted.

(3)(a) Any alumni association, alumni foundation, or other private, nonprofit alumni organization that raises private funds for the support of a public institution of higher education which receives seventy-five thousand dollars or less in funds in a fiscal year shall not be required to have an audit. However, the organization shall execute a certification indicating that it received seventy-five thousand dollars or less in funds in the fiscal year and shall prepare a sworn financial statement.

(b) The sworn financial statement required by this Paragraph shall be prepared in accordance with generally accepted accounting principles and include the disclosures required by state and federal regulations.

The sworn financial statement shall include a recital that it presents fairly, in all material respects, the financial condition and results of operations of the organization; that the organization has maintained a system

of internal control structure sufficient to safeguard assets and comply with laws and regulations; and that the organization has complied with all laws and regulations or shall acknowledge exceptions thereto.

(c) Copies of the certification and sworn financial statement shall be furnished to the legislative auditor.

E.(1) Any institution of higher education may permit a private, nonprofit corporation to purchase tickets to any event sponsored by the institution not to exceed twelve percent of the tickets available for the event.

(2) In addition to any tickets purchased pursuant to the authorization in Paragraph (1) of this Subsection and only with the prior approval of the appropriate higher education management board, any institution of higher education may permit a private, nonprofit corporation to purchase tickets to any athletic event sponsored by the institution when the event is held in a facility owned by the institution and the tickets provide access to seats or seating areas located in an addition to the facility which is constructed by the corporation.

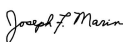
(3) If the corporation pays the full price of admission for which such tickets are sold to other members of the public, then any funds received by the corporation from the resale of the tickets shall not be public funds for any purpose.

F. Notwithstanding any other provision of this Section or of other law to the contrary, any request for payments of over one thousand dollars for any single transaction to, or on behalf of, or to reimburse the expense of a public employee of a public higher education institution or a public employee or officer of a management board of a public higher education institution by a nonprofit organization shall be approved in writing by the appropriate public higher education management board in accordance with written policies and procedures. All requests, approvals, and documents provided to a higher education institution or management board in connection with such requests or approvals, shall be retained by the public higher education institution or public higher education management board and shall be subject to inspection, examination, copying, and reproduction in accordance with the provisions of R.S. 44:1 et seq.

Acts 1992, No. 1055, §1; Acts 1998, 1st Ex. Sess., No. 125, §1, eff. May 5, 1998; Acts 2004, No. 533, §1, eff. June 25, 2004; Acts 2004, No. 710, §1; Acts 2008, No. 505, §1, eff. June 25, 2008.

**Signature:**   
Tarie Roberson (Dec 1, 2020 09:45 CST)

**Email:** tarieroberson@lctcs.edu

**Signature:** 

**Email:** jmarin@lctcs.edu













# H.9.LCTCS Policy 5.017 Foundations

Final Audit Report

2020-12-03

Created:	2020-11-30
By:	Sara Kleinpeter (sarakleinpeter1@lctcs.edu)
Status:	Signed
Transaction ID:	CBJCHBCAABAAYxBPOZQAmRJzX-19gAoiFH-DP5kFi1XQ

## "H.9.LCTCS Policy 5.017 Foundations" History

-  Document created by Sara Kleinpeter (sarakleinpeter1@lctcs.edu)  
2020-11-30 - 10:04:19 PM GMT- IP address: 68.72.117.244
-  Document emailed to Tarie Roberson (tarieroberson@lctcs.edu) for signature  
2020-11-30 - 10:04:58 PM GMT
-  Email viewed by Tarie Roberson (tarieroberson@lctcs.edu)  
2020-12-01 - 1:34:19 PM GMT- IP address: 70.172.238.179
-  Document e-signed by Tarie Roberson (tarieroberson@lctcs.edu)  
Signature Date: 2020-12-01 - 3:45:28 PM GMT - Time Source: server- IP address: 107.77.196.185
-  Document emailed to Joseph Marin (jmarin@lctcs.edu) for signature  
2020-12-01 - 3:45:30 PM GMT
-  Email viewed by Joseph Marin (jmarin@lctcs.edu)  
2020-12-01 - 6:40:23 PM GMT- IP address: 104.47.70.126
-  Document e-signed by Joseph Marin (jmarin@lctcs.edu)  
Signature Date: 2020-12-01 - 6:41:36 PM GMT - Time Source: server- IP address: 24.254.48.159
-  Document emailed to Katie Waldrop (katiewaldrop@lctcs.edu) for signature  
2020-12-01 - 6:41:38 PM GMT
-  Document e-signed by Katie Waldrop (katiewaldrop@lctcs.edu)  
Signature Date: 2020-12-03 - 7:58:41 PM GMT - Time Source: server- IP address: 96.33.191.54
-  Agreement completed.  
2020-12-03 - 7:58:41 PM GMT