

## POLICIES AND PROCEDURES

The Los Angeles City College Foundation (LACCF) develops philanthropic support to increase the capacity for accessible educational opportunities providing academic and vocational excellence for the students of Los Angeles City College, as well as enriching the cultural, economic and civic life of Los Angeles.

To best serve our students in an equitable manner, we ask our partners at Los Angeles City College (LACC) to recognize the funds that the Foundation provides are generated through private support. As part of our annual audit, it is imperative that requests for funds, payments, or contracts reflect the detail of the work or students' benefiting from the various programs and scholarships as support documentation for all requests submitted. Each program is unique and it is important to provide information at the onset of agreements, purchases, reimbursements and or scholarship/award fulfillment.

Scholarships/awards or other support provided to LACC students is being reported on a continuous basis to the College Financial Aid and Business Office throughout the academic year.

### CONTRACTS

- Contracts must be completed and executed **in advance of any billing received and in concert with work performed**. Contracts must include the dates of the work to be performed, type of services with specifics outlined in the Contract for Professional Services form section 2.1.
- In order to be paid, a contractor **must submit**:
  - An itemized invoice, this must specify services provide, dates work performed during the billing period and the specific dollar amount.
  - Itemization should include detail (i.e. if services were provided to a student – indicate student name, ID# and major)
- Contractor shall be paid at the end of the Contract, unless a schedule of progress payments for work performed is set forth on agreement.
- Invoices, following all signatures are obtained will be processed within a 5 to 7 working day window – checks will be produced once/week.

### CHECK REQUESTS

Check requests can only be signed by account holders. Forms should be updated when staff changes occur. In the case of interim staff – they should not be added – only the Foundation notified of the approval for their use of funds by the President or Vice President of the area in which they are serving, indicating the specific period covered. Development of a semester plan for expenditures – once approved by area VP makes is possible for requests to no longer require the President's signature, unless they are the primary account holder. This is also the case for a VP signature – the area Dean may sign the check requests unless the VP is the direct supervisor for the individual submitting the request. Bi-monthly reports will be provided to the area Vice President and LACC President with the detail of expenditures for the areas in which they oversee or accounts for which they are the primary holder.

Check requests should be submitted with all required College signatures to the Los Angeles City College Foundation office 5 to 7 working days before a check is needed. Checks are issued weekly on Wednesdays. Requests received by Tuesday are processed and issued Wednesday of the week following 5 to 7 working days (with all signatures completed). Request not received by the prior Tuesday may be held until the following week's

requests are processed. Any individual being issued payment for more than one service or students' receiving more than one scholarship will be combined and issued on a single check. Please note that all checks above \$1,000 require the signature of a member of the board of directors. As directors are not on campus, there may be a delay on full execution of checks requiring additional signatures.

All check requests must specify the fund to be used, as many account holders have more than one fund with the Foundation.

\*The Foundation has limited human resources and cannot accommodate special requests. Exceptions may be made for student emergency needs; however, the Executive Director must be consulted for approval.

#### GENERAL CHECK REQUESTS

Account holders complete the fillable Check Request Form available at the Foundation website <https://www.laccfoundation.org/website/wp-content/uploads/2020/03/Check-Request-with-VP-and-President-signature-fillable-1.pdf>

Detailed **original receipts** should be attached to the completed check request form. If a personal credit card is used for payment, reimbursement is only provided directly to the individual whose name is imprinted on the receipt. **The reimbursement ceiling is \$350 as a best practice for non-profit agencies. Please work with the Foundation to enable invoices to be paid by check.**

#### REIMBURSEMENT POLICY

IRS 60 Day rule for expense reimbursement - To receive reimbursements under the reimbursement arrangement, employees (this includes LACC employees and those contracted w/ the LACC Foundation) must submit expense reports with any necessary receipts to the employer within 30 days after returning from a business trip or incurring a travel or expense, but no later than 60 days after incurring the expense.

The Los Angeles City College Foundation will enforce the IRS rule and requires LACC Employees and those contracted or employed with the LACC Foundation to submit their expense report along with original receipts and any details on meeting attendees and purpose to be received by the Foundation within 30 days preferably, 45 days for expense receipts – all to be received for payment prior to 60 days of when item(s) are purchased, activity participation, meets or travel.

#### EXCEPTION

The LACC Foundation's fiscal year ends December 31<sup>st</sup>. Any expenses incurred within the appropriate window of time **MUST** be received for payment by the Foundation by January 31<sup>st</sup> for processing. **No expenses will be processed if received after January 31<sup>st</sup> for the prior fiscal year**, per audit requirement, regardless if the time period is below the 60 Day rule in order to enable the LACC Foundation to close their financial accounting books and commence the audited financial statement.

#### GENERAL CHECK REQUESTS CONTINUED

Any support documentation for services provided, including student details if services were provided to students much be included (i.e. Student Name, ID# and Major, date of service) either in the Item/Service Description on the Check Request Form or attached. Request for the same activity for the same individual to be compensated may be included in one request with a spreadsheet attached containing the above indicated detail.

- Check Requests for Credit Card Payment of an Order
  - All online orders must have a corresponding check request, note that the credit card transaction is being requested.
  - Staffing is limited; therefore, all online orders should be completed, then the cart shared.
  - Once the completed cart is shared and the fully executed approvals Check Request is received, a Foundation team member will complete the payment portion of the online order.

#### SCHOLARSHIP CHECK REQUESTS

Account holders must complete the Check Request for Scholarship Form available at the Foundation website: <https://www.laccfoundation.org/website/wp-content/uploads/2020/03/Check-Request-for-Scholarship-Fillable-1.pdf>

The Scholarship/Award Committee Approval Form must be attached to the Check Request Form. Please note that scholarships must have criteria associated with them, regardless of funds utilized. This form attests that the committee is granting the awards to students in adherence to the requirements of each scholarship that a student is being granted. Scholarship criteria, including award amounts should be published and shared openly as students should have fair access to all potential awards. A single check request may be submitted for multiple students receiving the same award. Please note that all awards are reported to LACC Office of Financial Aid.

#### **DONATIONS/GIFT POLICY**

The Los Angeles City College Foundation's (LACCF) development of philanthropic support of Los Angeles City College (LACC) and its students requires that it acknowledges and adheres to the Donors Bill of Rights. Donors have the right to expect their funds to be stewarded in accordance with the intent in which their gift was provided (i.e. scholarships are to support students directly, not programs or construction). LACCF supports the work of LACC as a partner in stewarding donors and ensuring that the Donors Bill of Rights are ensured and they are protected and use of funds are verified and reported back to those who invest in the future of our students and the institution. To this end, the Foundation ensures that scholarships are awarded in a manner which reflects IRS tax code to ensure fair and equal access to all students, based on the criteria provided and published.

This policy serves as a guideline for the Los Angeles City College Foundation (LACCF) staff, board members, volunteers, outside advisors' who assist in the gift planning and solicitation process, and prospective donors who wish to make gifts to LACCF of unrestricted, restricted and endowment funds. The Foundation actively solicits gifts and grants to further the mission of Los Angeles City College (LACC). As gifts can encourage others to give or do the opposite, this gift acceptance policy is intended only as a guide and allows for flexibility on a case-by-case basis.

## **GUIDELINES**

1. The Foundation Executive Director, assigned gift solicitor, Foundation Board members, volunteers, and/or staff of the College so designated, have authority to solicit on behalf of the Foundation and recommend acceptance to the Board, gifts to give to the Los Angeles City College.
2. The Foundation Executive Director may establish an ad hoc Gift Review Committee responsible for recommending whether or not the Foundation should accept proposed gifts. The Committee shall consist of no less than three members from the Board of Directors, the LACCF President or designee as a non-voting member, and the Executive Director as a non-voting member and convener. The College President shall have the ability to nominate other volunteers or employees of the College, on an ad hoc basis, who have special expertise that may be needed in order to make a decision on a specific gift.

An ad hoc Gift Review Committee may consider each gift according to its intended use, restrictions, liabilities and financial impact on the Foundation or the College, now and in the future. Only gifts, bequests, endowments, trusts and similar funds that are designated for the use of the Foundation that are consistent with its stated goals and the stated goals and mission of the College will be considered for acceptance.

3. The Executive Director or Gift Review Committee will refer to the Executive Committee, before acceptance of unusual gifts. These gifts are defined as gifts given with unusual restrictions or designations, may have the potential of jeopardizing the tax-exempt status or violating the Foundation or the college's policies, local, state or federal laws. These gifts will be reviewed for clear title, ownership rights, intellectual property and other pertinent facts.
4. The Executive Director, gift solicitor, or Gift Review Committee shall obtain from the donor of a gift with unusual restrictions, or designations, a statement of free and clear title as well as a reasonable estimate of value.
5. Gifts in kind over \$5,000 require a third-party valuation. For tax purposes, the donor is responsible for obtaining an appraisal – this will be utilized for donor recognition and the donor will retain a copy for their tax filing.

## **TYPES OF GIFTS**

- The Foundation, regardless of amount, shall accept all gifts by cash, money orders, credit card, or check.
- Checks shall be made payable to Los Angeles City College Foundation (LACCF), unless otherwise specified. In no event shall a check be made payable to an individual who represents The Foundation or the College.

## **PUBLICLY TRADED SECURITIES**

The Foundation can accept readily marketable securities, such as those traded on a stock exchange.

- Gift securities are likely to be sold immediately by The Foundation.
- For The Foundation's gift crediting and accounting purposes, the value of the securities is [the average of the high and low] on the date of the gift, in accordance with IRS regulations.

#### CLOSELY HELD SECURITIES

- Gifts of closely held corporate stock would be carried on the Foundation's books at \$1 in the absence of financial information that would enable determination of book value.
- Such securities will be carried at book value until audited financial statements are provided to The Foundation so that book value can be substantiated, or the donor provides a qualified appraisal in compliance with IRS regulations.
- An appraisal of securities may be conducted under the direction of The Foundation to determine both value and potential for sale.
- Gifts of securities that require a holding period will be accepted and sold when the holding period has expired.
- Gifts of securities that will not be accepted include: securities that are assessable or in any way could create a liability to the Foundation; securities that, by their nature, may not be assigned (such as "S" corporation stock); securities that on investigation have no apparent value.

#### REAL ESTATE

The Executive Director may accept and recommend to the Executive Committee gifts of real estate.

- The donor is responsible for obtaining an appraisal of the property and proof of free and clear title, unless otherwise determined by The Foundation, and reasonable estimates value.
- A member of the Executive Committee, Gifts Review Committee, Executive Director or LACC President or Designee (if property is to be used by the College) must conduct a visual inspection of the property. If the property is located in a geographically distant area, a local real estate broker may substitute for a member of the Committee in conducting the visual inspection. The Foundation may also require an environmental site assessment for possible contamination (i.e., leaking underground storage tanks) or other restrictions (i.e., wetlands).
- Due to the expenses associated with gifts of real estate, only gifts valued in excess of \$100,000 will be accepted.
- Prior to presentation to the Foundation Board, the donor may need to provide some or all of the following documents: real estate deed; real estate tax bill; plot plan; substantiation of zoning status; environmental site assessment.
- If the donor is giving a life estate gift, the donor may be asked to pay for all or a portion of the following: maintenance cost; real estate taxes; insurance; real estate broker's commission and other costs of sale; appraisal costs.
- If the real estate is an outright gift, the Foundation will pay for these costs. Transfer of title will be completed prior to any capital improvements or repairs deemed necessary.
- For the Foundation's gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate, excluding any costs to the Foundation for insurance, real estate taxes, broker's commission, or other expenses of the sale.
- Properties with mortgages or properties owned in percentages will be considered on a case-by-case basis. Consideration may include an independent appraisal and the mortgage percentage of property value.

#### LIFE INSURANCE

- The Foundation will accept gifts of life insurance policies only when the Foundation is named as the owner and beneficiary of 100% of the policy.

- If the policy is paid-up, the value of the gift for the Foundation's gift crediting and accounting purposes is the policy's replacement costs.
- If the policy is partially paid up, the value of the gift for the Foundation's gift crediting and accounting purposes is the policy's cash surrender value.

#### TANGIBLE GIFT OF PROPERTY

Gifts of tangible personal property to the Foundation should have a use related to the Foundation's exempt purpose. Gifts accepted by LACCF are the possession of the Foundation until formally accepted to Los Angeles City College through the District Gift in Kind Acceptance process.

- Gifts of jewelry, artwork, collections, equipment, wine, and software shall be accepted with approval by the Foundation or the College. Other matters that will be taken into consideration by the Foundation and/or the College before deciding on acceptable gifts of personal property include: transportation cost; storage cost; cost of selling; cost of maintenance and repairs; location of property; cost of insurance.
- Such gifts of tangible personal property defined above shall be used by or sold for the benefit of the Foundation or the College.
- Depending upon the anticipated value of the gift, the Donor, Foundation, or College Department shall have a qualified outside appraiser value the gift before accepting it.
- The Foundation adheres to all IRS requirements for disposing gifts of tangible personal property and filing appropriate forms.

#### GIFT ANNUITY

Gift annuities are administered in accordance with specifications outlined by the Network for California Community College Foundations and the Community College League of California.

- The minimum annuity is \$5,000.
- Donors must complete the Charitable Gift Annuity Profile Form.

#### CHARITABLE REMAINDER TRUST AND CHARITABLE LEAD TRUST

The Foundation may accept Charitable Remainder Trusts and Charitable Lead Trust gifts and will be reviewed on a case-by-case basis.

#### PLANNED GIFTS AND MEMORIALS

The staff and volunteers shall encourage assets transferred through bequests that have immediate value to The Foundation, or that can be liquidated. Gifts that appear to require more cost than benefit shall be discouraged or rejected.

- The Foundation may accept and administer bequests and memorials designated for specific purposes. The Foundation has the power to modify the specific purposes to the extent necessary to enable a restricted gift to be used. Any such alternative use shall be for a purpose which most closely coincides with the donor's primary original intent.

#### ADMINISTRATIVE ISSUES

- The Foundation and its staff shall not act as an executor (personal representative) for a donor's estate.
- All prospective donors shall be urged to seek their own legal counsel in matters relating to their deferred gifts and tax /estate planning.

- The Foundation may act as co-trustee of a charitable trust when the trust names the Foundation and/or the College as a beneficiary of 50% or more of the trust.
- The Foundation may pay for the drafting of legal documents for a charitable remainder trust of which the Foundation is named as a beneficiary of 50% or more of the trust. The donor's own counsel must review the documents at the donor's cost.
- Terms and conditions must be agreed upon before an endowment is established; therefore, contact with the Foundation's Executive Director for appropriate documentation is required.
- In accordance with the Foundation's policy, a minimum contribution is required to establish a named endowment.
- For restricted and endowed funds, if future circumstances change, or the donor fails to fulfill his pledge obligation, or the purpose for which the fund is established becomes illegal, impractical, or no longer meets the needs of the College, The Foundation may designate an alternative use in the spirit of the donor's original intent for the gift to further the objectives of the College.
- The Foundation will accommodate donor's wishes to remain anonymous when requested.