

# THE FRIENDS OF UPPER DUBLIN PUBLIC LIBRARY

## Gift Acceptance Policy

### Overview

The Friends of Upper Dublin Public Library ("Friends") is a 501(c)(3) non-profit volunteer organization whose mission is to stimulate public interest in the Upper Dublin Township Public Library ("Library") and supplement funding to support the cultural, educational and special needs of the Library.

The Friends encourages the solicitation and acceptance of gifts, which enable the fulfillment of its mission to support the Library. Gifts are essential to the overall success of the Friends.

This policy is designed to provide guidance to the Friends and the general public to facilitate the gift giving process. Gifts may be solicited and accepted from individuals, corporations, businesses, foundations, organizations, federated workplace campaigns, and federal, Commonwealth, and local governments. Gifts may be accepted, however, only for programs consistent with the mission of the Friends and the Library.

The Friends is unable to accept gifts that are overly restrictive in purpose. The most desirable gifts are those with the least restrictions, as unrestricted funds allow the Friends to address its most pressing needs. It is also important that gifts accepted by the Friends do not inhibit the solicitation of gifts from other donors.

Various methods of gift giving can provide flexibility, security, and tax advantages to donors. Officers from the Friends are available to provide assistance to donors seeking to understand and choose from the wide range of gift-giving vehicles. The Friends can also inform donors about the specific protocols involved in the Friends' approval and acceptance of various gift vehicles.

While the Friends strives to maintain a high level of familiarity with current giving vehicles, they are not able to give tax or legal advice to donors. The information that officers provide, and the information provided in this policy, is presented for discussion purposes only and should not be considered or used as tax or legal advice. Donors and prospective donors should always confer with their own legal counsel or tax advisor for opinions about the tax or other legal consequences of specific giving scenarios.

## **Gift Administration**

Routine gifts are accepted and administered through the Friends' office with the Friends' President or Treasurer having final authority to accept routine gifts.

Non-routine gifts or gifts that may expose the Friends or Library to adverse publicity, require undue expenditures, or involve the Friends or Library in unexpected responsibilities because of their source, conditions, or purpose will be reviewed jointly by the Friends' President and Treasurer, and the Library Director, who will make recommendations to the full Board for acceptance or rejection. The Board has the final decision in regard to non-routine or unusual gifts.

The Friends' Board will review the acceptance of gifts that have restrictions or requests placed upon them, for example, gifts that are made in order to have a service or program permanently named in honor of the donor. The Friends' Board will also review the acceptance of planned gifts that are more complex than simple bequests or that place unusual restrictions on the gift.

The Friends' Board may elect to refuse gifts of any type if there is reason to believe that such gifts are incompatible with the mission of the Friends or Library, in conflict with its core values or would create a financial, administrative or programmatic burden.

## **I. Methods of Giving**

### **A. Current Gifts**

Outright gifts are those available for immediate use by the Friends and in which the donor retains no interest. Gifts that are donated to the Friends without any expressed limitations placed upon them will be credited to the appropriate accounts. For the purposes of this policy, Friends membership dues shall also be considered as unrestricted gifts. Because of the numerous and evolving needs of the Friends and the Library, unrestricted gifts that permit the exercise of discretion in the use of the funds are strongly encouraged.

#### **1. Cash Gifts/Checks**

The most frequent method used to make a gift to the Friends is a personal check, made payable to the Friends of Upper Dublin Public Library. The day the gift is received by the Friends will be the gift date for the contribution, with the exception of year-end gifts, when the check date is used to determine receipt. In no instance will a gift date be earlier than the check date.

#### **2. Credit Card Gifts**

After an account is established, the Friends will accept gifts charged on credit cards. Such gifts are considered a cash donation. The date of gift is the date the donor authorizes the

charge (card number, expiration date) – if by phone, the date of the call; if submitted online, the date the electronic transaction is received.

### **3. Matching Gifts**

Employers may match an employee's gift to the Friends. The ratio of the match and the designation of the matching gift are entirely at the discretion of the employer.

### **4. Gifts of Securities**

Securities are the most common form of non-cash gifts. The Friends will only accept a gift of securities if the securities are traded on a national or a local stock exchange. The value of a gift of securities is the average of the high and the low on the date of gift.

When a gift of securities is made, the Friends sells the securities immediately. Any interest or dividends earned subsequent to the gift date is considered income to the Friends, not a gift.

### **5. Gift Date/Valuation of Securities Gifts**

**a.** If securities are hand-delivered to the Friends, the gift date is the day the securities are delivered, and the value of the gift will be the average of its fair market value on that date. Donors should endorse security certificates only upon delivery to the Friends.

**b.** If the securities are mailed to the Friends, the value of the gift will be its fair market value on the date that the donor signs the certificates over to the Friends. Signature(s) must be guaranteed by the donor's broker.

**c.** Most of the time, the transfer of securities will occur through the donor's broker. The donor contacts his/her broker asking that a specific number of shares be transferred to the Friends as a gift. The broker contacts the Friends for transfer instructions. The gift date is the day the donor's stock is transferred to the Friends' account, and the gift value will be based on the average fair market value on that date.

### **6. Qualified Charitable Distribution from a Taxable IRA**

A qualified charitable distribution (QCD) allows individuals who are 70½ years old or older to donate up to \$100,000 total to one or more charities directly from a taxable IRA instead of taking their required minimum distributions. The IRA custodian mails the check directly to the Friends.

## **7. Tangible Personal Property**

Gifts of tangible personal property, including, but not limited to, works of art, manuscripts, literary works, boats, horses, motor vehicles, and computer hardware, may be accepted by the Friends after a thorough review indicates that the property is readily marketable or needed by the Friends for use in a manner that is related to its mission. Once tangible personal property is donated to and accepted by the Friends, the Friends reserves the right to sell the property and treat the proceeds as an unrestricted gift.

The Friends regularly accepts donations of new or gently used hardback books, paperbacks, children's books, DVDs, audiobooks on CD, music CDs, puzzles and similar materials, all of which may be sold to raise funds for the Library. For more information and details on these types of donations, donors are encouraged to visit [udfriends.org](http://udfriends.org) or speak with a library staff member.

## **8. Real Property**

The Friends will consider gifts of real property, both improved and unimproved (e.g., detached single-family residences, time shares, condominiums, apartment buildings, rental property, commercial property, farms, acreage, etc.), only after a thorough review of the criteria for acceptance outlined below.

### **a. Acceptance Criteria for Real Property**

Market Value and Marketability. The Board must receive a current appraisal of the fair market value of the property. Staff must communicate to donors that the Friends reserves the right to dispose of all gifts of real estate as quickly as possible. Thus, regardless of the value placed on the property or asset by the donor's appraisal, the Friends will attempt to sell at a reasonable price given market conditions. Each property before transfer will be inspected by a qualified inspector, and an environmental site assessment performed if commercial or industrial property, or a residential property with an on-site potable water source, septic system and/or underground heating oil tank.

### **b. Approval/Acceptance Process**

**(1)** Staff or a board officer will prepare a written summary of the gift proposal and submit it to the Board. At a minimum, the summary will include:

- (a)** a description of the property;
- (b)** the purpose of the gift (i.e. to fund an endowment, a deferred gift, an unrestricted gift)

- (c) an appraisal of the property, including its fair market value and marketability;
- (d) any potential income or expenses incurred prior to selling the property;
- (e) any potential use by the Friends;
- (f) any special arrangements requested by the donor concerning selling the property (i.e. price considerations, time duration prior to the sale, potential buyers, realtors, or brokers with whom the donor would like the Friends to list the property, etc.);
- (g) a plan for funding any additional expenses incurred by the acceptance of the gift; and,
- (h) all gifts of real estate are contingent upon completion of the attached environmental inspection checklist and verification that no further investigation is required concerning environmental issues.

(2). The Board will review the material presented and decide to accept or reject the proposed gift or to postpone a decision pending the receipt of additional information. The final determination will be communicated to the donor in writing, including any conditions imposed prior to acceptance.

(3). If a proposed gift of real property is approved, the Friends will acknowledge receipt of the gift upon notice that the property has been legally transferred to the Friends. The Friends will not assign a value for the gift property. It is the donor's responsibility to assign a value for the gift.

(4). The gift will be completed with the transfer and satisfactory recording of a deed and the delivery of possession of the property.

## **9. Restricted Donor Directed Fund**

The Friends may establish a restricted endowment fund with a gift of \$100,000 or more. The fund will be invested like any other Friends endowment. The donor can direct the purpose of the fund, but it must be approved by the Friends' Board. The Friends will make recommendations each year to the donor that highlights the current needs of the Library and/or the Friends. Once the gift is made, the assets become the property of the Friends, though the donor continues to direct the use of the draw down. At the donor's death, the fund is either designated to a particular use as instructed in the donor's will or it becomes unrestricted.

## **B. Planned/Deferred Gifts**

Planned gifts generally are not given from a donor's current earnings, but rather involve the transfer of assets from the donor's estate typically at his/her death. Because income

from planned gifts usually represents the wishes of a notable supporter of the Friends, the gifts are generally placed in an endowment fund. The acceptable methods of creating deferred gifts to the Friends are described below.

### **1. Will: Bequest or Trust**

A bequest is a gift of any amount or form made to the Friends in a donor's will. Bequests may provide for a specific dollar amount in cash, specific securities, specific articles of tangible personal property, or a specific percentage of the donor's estate to be given to the Friends. A gift in any amount shall be accepted as a contribution. Bequests over \$25,000 may be added to an existing endowment fund so long as the terms and conditions of that fund permit additional gifts. When money is left as an unrestricted bequest, it is deposited into an unrestricted endowment account to be used at the discretion of the Friends.

The Friends always attempts to abide by the wishes of a donor. Should a donor request that his/her bequest be spent immediately instead of placed into an endowment fund, the Friends will treat the gift as an unrestricted contribution to the general operating fund. If the donor instructs the gift to be spent immediately and restricted to a specific purpose, the gift would be directed as instructed provided the purpose is consistent with the Friends' and Library missions.

Donors may also establish, by will, for a trust for the benefit of the Friends. The bequest can be arranged so as to provide a life income for a designated beneficiary or beneficiaries by directing that the bequest be used to establish a charitable remainder annuity trust or charitable remainder trust. If such a gift is made by will, the principal will pass to the Friends only after the death of the life income beneficiary or beneficiaries.

Donors are encouraged to recognize that over the many years following the establishment of an endowment fund, the needs, policies, and circumstances of the Friends can change in unforeseen ways. The Friends must have the flexibility to make use of funds in the best interest of the organization. Donors are advised to describe the specific purposes of their gifts as broadly as possible and to avoid detailed limitations and restrictions. Donors considering bequests for a specific purpose are encouraged to first consult with the Library Director or board officers.

### **2. Remainder Interest - Personal Residence**

With review and approval by the Board, a donor can give a remainder interest in a personal residence to the Friends. The donor or other occupants may continue to occupy the residence, without disruption, for the duration of the donor's life. At the time of the

donor's death, the residence will either be sold or used by the Friends for purposes specified by the donor, if any. The procedures for evaluating proposed gifts of real property, as outlined above, also apply to gifts of a remainder interest in property.

### **3. Charitable Gift Annuity**

A charitable gift annuity is a lifetime contract between the donor and the Friends. The donor makes a gift to the Friends and receives a fixed amount of income for the remainder of his/her life, and if desired, for another beneficiary's lifetime. Upon the death of the last beneficiary, the Friends receives the remainder. A minimum gift of \$250,000 is required to establish a charitable gift annuity. The donor may not make additional contributions to a charitable gift annuity; however, the donor may enter into additional annuities. A donor may also establish a Charitable Deferred Gift Annuity, in which case a gift is made currently, and the donor (or other beneficiary) receives an income stream beginning at a point in the future.

### **4. Charitable Remainder Unitrust**

The primary feature of a charitable remainder unitrust is that it provides for periodic payment of income to the donor or a person specified by the donor, for life or a specified term of years, after which the unitrust assets pass to the Friends.

During the lifetime of the donor, s/he creates a formal Friends' agreement under which assets such as cash and/or appreciated securities are irrevocably transferred to a trustee, typically a bank or an individual, who then pays the donor or person specified by the donor a regular payment based on a percentage of the value of the assets. Donors may make subsequent additions to the unitrust during their lifetime or by bequest upon their death.

A charitable remainder unitrust may be established with a gift of \$250,000 or more.

### **5. Annuity Trust**

The annuity trust shares many common features with the charitable remainder unitrust, the principal difference being the manner used to calculate the payment to the income beneficiary. Whereas the unitrust provides for a payout that varies with each annual valuation, the annuity trust provides for fixed payments based upon the fair market value on the date the annuity trust is initially funded. Additional contributions cannot be made to an annuity trust.

The donor during his or her lifetime irrevocably transfers assets to a trustee, who pays the donor or a person specified by the donor a fixed dollar amount annually for life. The Friends can also provide income for the donor's survivors for life; however, the Friends assets become the sole property of the Friends.

An annuity trust may be established with a gift of \$250,000 or more.

## **6. Charitable Lead Trust**

The primary feature of a charitable lead trust is that it provides for the immediate support of the Friends through income generated by the assets in trust for a set period of time, after which the assets pass to a noncharitable beneficiary, such as the donor, the donor's children, or other persons the donor specifies. A charitable lead trust is conceptually the opposite of a charitable remainder trust. In a lead trust, the donor gives the Friends the current economic benefit of the transferred assets and retains the right to reacquire possession and control of the assets at a future date.

The donor during his or her lifetime creates an irrevocable trust agreement. The agreement may take effect during the donor's lifetime or be part of the donor's will. Assets are transferred to a trustee, with the stipulation that the income from the assets be paid to the Friends for the life of the trust, after which the principal or corpus of the trust reverts back to the donor or others of his or her choosing. A charitable lead trust may be advantageous for donors who have a larger income than they currently need, but who desire to transfer assets to heirs upon their death.

A charitable lead trust may be established with a gift of \$250,000 or more.

## **7. Life Insurance**

The Friends will accept gifts of life insurance policies that designate the Friends as the sole or partial beneficiary of the policy. The Friends will also accept transfers of ownership of existing life insurance policies. However, if premiums remain to be paid, the donor must agree in writing to give sufficient funds annually on a timely basis to the Friends in order for it to pay the premiums, or the donor must agree to pay the premiums directly. The Friends reserves the right to cash in a policy or take other actions available to the owner of a policy at any time.

## **C. Corporate Partnership**

The Friends recognizes that corporate partnerships provide a valuable revenue-generating tool. The Friends welcomes and encourages the business/labor community and other



entities to establish partnerships that will provide the Friends with the resources, including revenue and/or in-kind contributions, to enhance events, programs, activities and services of the Friends or Library.

1. Agreements will only be made when the primary product or service of the entity is not in contradiction consistent with the mission of the Friends and the Library.
2. The partnering entity may not be involved in activities that oppose or are at odds with the mission of the Friends or Library.
3. The final determination upon entering an agreement will be made jointly by the Friends' Board and Library Director.

## **II. Gift Designation/Restriction**

### **A. Current Operating Funds**

Current operating gifts are those given to the Friends for use during the current fiscal year. These gifts are especially valuable to the Friends because they allow the organization to relieve the general operating budget.

#### **1. Unrestricted Funds**

Unrestricted gifts are those placed at the immediate disposal of the Friends and in which the donor retains no interest. Gifts that are donated to the Friends without any express limitations placed upon them by the donor will be credited to the unrestricted fund and applied to the Friends' most immediate needs.

#### **2. Restricted Funds**

Gifts to restricted funds support current operating or long-term purposes of the Friends or the Library, but are restricted by donors as to the specific purpose for which the funds may be expended, i.e. designated for a specific program, resource, outreach or other purpose. If restrictions cannot be honored or can no longer be honored, a gift, or its remainder in the latter case, will be returned to the donor.

### **B. Endowment Funds**

Endowment funds provide support to the Friends in perpetuity. These funds provide ongoing yearly support for the Friends by providing a percentage of the value of the fund for use each fiscal year. In ideal market conditions, the percent drawn from the funds is less than the amount of growth experienced by the fund, meaning that the principal or corpus of the gift continues to grow annually and thus provides greater support each year.

#### **1. Unrestricted Funds**

Unrestricted endowments create funds without any express limitations placed upon them by the donor and are applied to the Friends' most immediate needs.

## **2. Restricted Funds**

Restricted endowment funds are spent in compliance with specific restrictions placed on the funds by the donor at the creation of the fund. Restricted endowment funds might be designated for a specific program, resources, outreach or other purpose.

## **3. Required Minimum Gift**

Donors establishing separate endowment funds of \$100,000 or more may specify the name of the fund (e.g. to honor their relationship with the Friends or to memorialize a loved one) and may also specify reasonable restrictions as to the use of the money generated by the endowment. Gifts of \$25,000 up to \$100,000 will be added to an existing endowment fund, and the donor's name will remain attached to the portion of the endowment that his/her gift represents, and the donor will receive ongoing recognition on a yearly basis by the Friends. Gifts of less than \$25,000 will be placed in an unrestricted endowment set up to receive similar gifts, and the donor will receive recognition for this gift the year that it is made.

## **4. Required Information**

New endowment accounts can be created with the following information:

- a.** Pledge/gift document signed by the donor.
- b.** Signed endowment fund language describing the purpose of the endowment and appropriate fund management information including:
  - (1)** endowment fund name (formal name approved by donor and the Friends' Board);
  - (2)** description of fund, including preferences or restrictions (tight restrictions or unrealistic requirements may make endowments difficult to administer); and,
  - (3)** additional information as appropriate:
    - (a)** minimum funding level required prior to activation;
    - (b)** build-up period;
    - (c)** instructions re: allocation of fund income during fund build-up period (if any);
    - (d)** disposition of funds in the event the endowment is never fully funded; and,
    - (e)** reporting requirements to the donor concerning the fund.

## **6. Budget Support from Endowments**

Income will be drawn from endowments each year. The Friends' Board has currently set the draw rate on all endowment funds at no more than 5% of the fair market value of the endowment as valued over the last 12 quarters or as averaged over its years in existence if less than 12 quarters.

## **III. Stewardship and Acknowledgments**

### **A. Acknowledgment of Gifts**

The Friends must provide prompt written gift acknowledgments for individual gifts of \$250 or more in any calendar year as required by the 1993 Tax Act. However, the Friends chooses to thank and acknowledge all the gifts they receive. The Friends strives to acknowledge and thank all donors promptly after receiving a gift.

### **B. Anonymous Gifts**

The Friends respects the wishes of any donor who would like to remain anonymous.

### **C. Naming Opportunities**

Providing naming opportunities is one of the ways in which the Friends and Library can acknowledge the generosity of donors.

Any proposal for the naming of spaces within the library facility or programs must be submitted to the Friends' Board. Naming spaces within the library facility requires compliance with Upper Dublin Township's Policy for Naming at the Upper Dublin Public Library. Proposals for programs must include a description of the program or resource to be named, its current use and a description of the name proposed, as well as information about gifts and/or donors who are being recognized. Approval by the Township Board of Commissioners (where applicable), the Friends' Board and the Library Director is required for any naming opportunities at the Library.

The Friends Board reserves the right to remove a naming opportunity for a program or resource if an individual or entity for which a naming commitment has acted in a way that is contrary to the mission and/or best interests of the Friends or Library. In such case, the donor shall not be entitled to a refund of amounts paid.

#### **D. Data Privacy**

The Friends respects its donors' rights to privacy and encourages donors to request to remain anonymous if they do not want their gift to be acknowledged in any public way. The Friends may publish periodic reports that list donors by their giving levels. Donors who request to remain anonymous will not be included in this report.

**Approved by the Board of The Friends of the Upper Dublin Public Library, \_\_\_\_10/10/19\_\_\_\_.**