



A NEWSLETTER FOR LIBRARY TRUSTEES

WITHIN THE PIONEER LIBRARY SYSTEM

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'Tis the Season for Giving: Does Your Library Have Policies in Place?

by Kimberly A. Iraci, Communications, Advocacy, and Outreach Coordinator, Pioneer Library System

In this the season of giving and difficult economic times, is there ever a reason to decline a gift or donation to your library? In some cases the answer is indeed a resounding yes, but before a library is faced with an offer it's prudent to have a plan in place. By having a policy in place before an offer is received the library can weigh the gift against its mission and objectives, ensure legal fundraising practices, and avoid hurt feelings by a potential donor if an offer is rejected.

Stephanie K. Gerding, author of *Grants for Libraries* and former *Bringing in the Money* columnist for the Public Library Association's *Public Libraries* journal, offers the following advice to get started on library fundraising and gift policies:

- establish procedures for all fund-raising on behalf of the library;
- establish how the library handles gift naming opportunities;
- establish the purpose of the library's fund-raising and acceptance of donations;
- establish how fund-raising supports the library mission and strategic plan;
- establish whether the library accepts, solicits, or declines donations and, if so, specify any conditions or criteria;
- establish communication methods towards donors, whether for appreciation, acceptance, or refusal;
- establish fund-raising roles and responsibilities of library staff, Friends of the Library, and/or library foundation;
- establish how acknowledgements of donations are made;

- establish definitions of gifts, fund-raising, or donations; and
- establish who may approve fund-raising projects and grant proposals.

Kathryn W. Miree, author of *Understanding and Drafting Nonprofit Gift Acceptance Policies*, offers caveats on the following items that are typically donated to non-profits. Below are summaries of the most typical offerings for libraries. Please check out her article in full text at http://www.kathrynmireeandassociates.com/resource_docs/understanding.pdf

Donations of Cash

It's difficult to find any reason not to accept cash and it is probably the easiest portion of your donor policy to handle, but do address how to proceed with cash gifts that come with restrictions—such as earmarks for particular areas of a collection or furniture. Your space may not be equipped to accept a gift with these restrictions. The maintenance on the item suggested may be labor intensive and require extra insurance for liability or upkeep beyond the library's ability to manage. Having these parameters explored before a gift is offered gives the library the chance to review restrictions. Donors find it much easier to accept a "no thank you" if a policy is already in place and referenced in a refusal.

The Board of Trustees, along with the Director, may want to develop a yearly wish list of items that would enhance space or collections. This list could then easily be produced if a donor inquires about library need. Both the library and donor could rest assured that the gift has the best possible benefit for the library and the community it serves. It is

Feature Topic: Gift Policies

also advised to encourage donors to discuss all gifts with tax and legal professionals to ensure that tax implications and benefits are fully understood before a gift is bestowed.

Donations of Personal Property

This can include books, furniture, paintings, etc. The library's policy should include a statement for all offerings including how the offer is to be reviewed and who will conduct it -- for example by a special committee or the library director. Reviews should evaluate the following:

- Does the item relate to the library's mission?
- Is the item something of value?
- Are there any unreasonable restrictions on the use, display, or sale of the item?
- Can the item be sold?
- Are there any costs involved with accepting the item such as increased insurance, storage or space constraints, maintenance to preserve the item, costs to be incurred in selling the item via auction or to have an appraisal?

Again, encourage the donor to explore tax issues related to the donation with tax professionals. Laws vary on how the value of a donation is based and in many cases this depends on whether the library is keeping the item or immediately putting it up for sale.

Stephanie K. Gerding provides the following valuable advice when asked to estimate the value of donated gifts:

"A library often receives books as donations. You may also receive stocks, furniture, and art as gifts. Occasionally, when someone donates an item to the library, they will ask if you can approximate the value of the donation and give them a receipt for tax-deduction purposes. The library should have a regulation that it will not state a value on the gift but will leave the determination to the donor.

The reason for this is that if the library does attempt to approximate the value of the item, the fair market value (FMV), the library then accepts the responsibility for having an expert that understands the selling price, the sales of comparable properties, and the replacement cost. By instead having the

donor assume the responsibility for determining the value, any liability or tax-reporting penalty becomes the sole responsibility of the contributor. Check out <http://www.irs.gov/pub/irs-pdf/p561.pdf> for more information."

Donations of Bonds, Stocks, etc.

Stocks, bonds, and certificates should be covered by a policy addressing how value and marketability are determined prior to acceptance. The library should explore whether it will hold onto the item in its gifted form or immediately liquidate the asset into cash.

Donations of Real Estate

Real estate can come with some hefty consequences of liability and these aspects should be thoroughly explored before acceptance. Two common areas associated with real estate are environmental liability and disposal of property. Property has the risk of contamination and can come with strict clean up rules and regulations – non-profits are not exempt from this costly potential liability even if the problem was unknown at the time of transfer. Libraries contemplating real estate donations should have an environmental site review conducted and the following review measures:

- Is the property of use for the library?
- Is the property saleable?
- Are there any restrictions or easements, or other limitations associated with the property?
- Are there costs, such as insurance, property taxes, mortgages, or outstanding liens, etc., associated with the property?
- Does an environmental review show that the property has issues?

Donor Recognition and Solicitation

A library's policy should include how donors are to be recognized, who is authorized to do solicitation on the library's behalf and the assurance that gifts accepted will be used as designated. The library should explore guidelines on sponsorships, fundraising conducted by the Friends of the Library and whether other organizations can partner or fund raise on the library's behalf.

Ethics

The library should have an ethics policy regarding fundraising and donations to ensure that ethical conduct is followed for each solicitation and that there are no conflicts of interest associated with the acceptance of a donation or personal gain.

More Information

Libraries interested in further information on developing donor and fundraising policies can explore the following web resources and references quoted and referenced in this article:

Library Funding and Gift Policies by Stephanie K. Gerding, Public Libraries. Columnist, Bringing in the Money, Public Library Association. http://www.stephaniegerding.com/Home_Page.html

Understanding and Drafting Nonprofit Gift Acceptance Policies by Kathryn W. Miree, J.D. Kathryn W. Miree & Associates, Inc., PO Box 130846, Birmingham, Alabama 35213 Also includes sample gift checklists and policies.

<http://www.kathrynmireeandassociates.com/resource-library.asp>

Mid-Hudson Library System has developed the following resources on their website for more information on fundraising as well as a funding toolkit for libraries exploring a library vote.

- For sample policies checkout: http://midhudson.org/department/member_information/library_policies.htm#gift
- For basic info on fundraising, 501c3 status, etc.: <http://midhudson.org/funding/fundraising/main.htm>
- For information on preparing for a library vote for funding <http://midhudson.org/vote/default.htm>

The Princeton Public Library in New Jersey has developed a comprehensive set of donation pages at

<http://www.princeton.lib.nj.us/yoursupport/index.html>

The Bettendorf Library in Iowa has a very succinct overview of its giving policies at <http://www.bettendorflibrary.com/giftsd.htm>

Donors Bill of Rights developed by the Association of Fundraising Professionals (AFP), the Association for Healthcare Philanthropy (AHP), the Council for Advancement and Support of Education (CASE), and the Giving Institute: Leading Consultants to Non-Profits.

<http://www.afpnet.org/Ethics/EnforcementDetail.cfm?ItemNumber=3359>

*****Coming Soon*****

Trustee Workshop**Tuesday****January 19, 2010**

5:30 p.m.

Light dinner served

6:00 p.m.

Evanced Solutions' Kim and Rob Cullin present **Ideas for 21st Century Libraries**

followed by

Ideas to Increase Your Operating Budget presented by Jennifer Morris, Executive Director, Pioneer Library System**Library staff welcome**



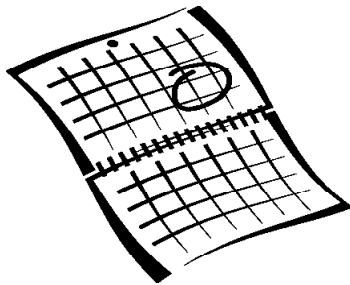
2557 State Route 21
Canandaigua, NY 14424
585-394-8260

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Executive Director:
Jennifer Morris
jmorris@pls-net.org
Editor: Kimberly A. Iraci
kiraci@pls-net.org
Layout and Design:
Jeanne Hayes

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Upcoming Workshops & Events:

- January 19, 2010
Trustee Workshop at Pioneer Library System
(see inside for details)

<http://www.pls-net.org>

Click on Calendar of Events for details
and to register online