

# Alpena County George N. Fletcher Public Library Gift Acceptance Policy and Procedures

*The Gift Acceptance Policy identifies the types of gifts that the Alpena County George N. Fletcher Public Library (“The Library”) will accept. The purpose is to articulate and standardize, to the greatest extent possible, a fair and consistent approach to philanthropic support. The policies address both outright (current) gifts and deferred (planned) gifts. It is the policy of Alpena County George N. Fletcher Public Library to solicit and accept gifts for purposes that will help the Library to further fulfill its mission.*

*The purpose of the procedures is to implement the policy and to set the guidelines that will be observed by the Library staff in accepting and documenting gifts to the Library.*

## **1. Mission Statement**

The Alpena County George N. Fletcher Public Library desires to enrich the community through equitable access to library services and cultural opportunities.

## **2. Authority to Accept Gifts**

- a. The Library Director or other appropriate officer of the Library designated by the Board of Trustees has the authority to accept proposed gifts to the Library, except as provided in the Gift Acceptance Policy or in the case of gifts that pose exceptions to the Gift Acceptance Policy.
- b. The Library Director, and two appointed members of the Board of Trustees functioning as a “Gift Acceptance Committee” (“GAC”) will review gifts as provided in the policy and has authority to make exceptions to the policy as special situations may warrant. The GAC has the right to decline any gifts to the Library at its discretion. The GAC will meet as needed.
- c. The Board of Trustees shall be informed of any decision to decline a gift, as provided in the policy, prior to communicating the decision to a donor.
- d. The Library and the GAC may seek the advice of legal counsel and other experts in matters related to acceptance of a gift when appropriate. Consideration should be given to seeking professional or expert counsel for:
  - i. Gifts which require the Library to assume a contractual obligation.
  - ii. Transactions that involve a potential conflict of interest between the donor and the Library.
  - iii. Real estate.
  - iv. Oil, gas, and mineral interests.
  - v. Intellectual property.
  - vi. Deferred gift agreements.

- vii. Other instances in which use of counsel is deemed appropriate by the Board of Trustees or GAC.
- e. The Library and its officers acting on behalf of the Library shall not enter into a non-standard binding agreement, trust, or other legal document with any donor without the service of legal counsel.
- f. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in their support of the Library, the Library pledges to adhere to the Association of Fundraising Professionals Donor Bill of Rights. (Appendix A)

### **3. Types of Gifts**

- a. *Outright gifts of cash and checks*

Gifts in the form of cash and checks payable to the Alpena County George N. Fletcher Public Library will be accepted regardless of the amount.

- b. *Securities*

- i. Publicly Traded Securities:

- 1. The Library will generally accept gifts of unrestricted publicly traded securities.
      - a. Stock contributed to the Library will be sold immediately unless otherwise determined.
      - b. The value of the securities is the average of the high and the low on the date of the gift, in accordance with IRS regulations.
      - c. The cost of the sale will be generally borne by the Library except in extraordinary circumstances.
    - 2. Publicly traded securities that are subject to restrictions may be accepted subject to the approval of the GAC, taking into consideration, as appropriate:
      - a. Donor stewardship.
      - b. Effect of restrictions on marketability.
      - c. Foreseeable tax consequences, if any, to the Library.
      - d. Time horizon for liquidation.

- c. *Life Insurance*

- i. The Library will accept lifetime gifts of life insurance policies provided that it is under no prearranged obligation to expend its assets to maintain the policy.
  - ii. In the event that a policy is contributed to the Library on which premiums remain to be paid, the donor is encouraged to pledge continuing payment of all remaining premiums:

1. Premiums will be recorded as outright gifts.
2. The payment schedule will be recorded as a pledge.
3. If the donor does not continue to make gifts to cover unpaid premium payments for the insurance policy, the Library may:
  - a. continue to pay the premiums,
  - b. convert the policy to paid up;
  - c. surrender the policy for its current cash value; or
  - d. take other appropriate action to preserve the value of the gift.

iii. The Library will not endorse any insurance company, product, or agent. The Library will generally not borrow against life insurance policies.

iv. The Library will recognize a gift of a life insurance policy at face value.

d. *Tangible Personal Property*

i. Gifts of tangible personal property will be accepted. If the gift relates to the mission of the Library it may be retained, otherwise, the gift will be disposed of immediately through sale or donation, in the Library's sole discretion.

ii. No commitment will be made to permanently exhibit a gift. The Library shall reserve the right to dispose of the property at a later date through sale or donation, in its sole discretion, and the donor shall be informed of this option.

iii. The donor will be generally responsible for obtaining an appraisal of the personal property for valuation purposes.

iv. The final determination on acceptance of tangible personal property gifts will be subject to the discretion of the Library Director. Prior to accepting a gift of tangible personal property the Library Director will examine the proposed gift in light of the following criteria:

1. Is it related to the mission of the Library?
2. Is the property marketable?
3. Are there any donor-imposed restrictions on the proposed gift?
4. What are the carrying costs associated with the property?

e. *Books and resource materials*

i. Gifts of books and materials will be evaluated and handled in the same manner as purchased materials.

ii. Conditional terms of acceptance are not permitted.

iii. Items determined to be of use to the Library's collection will be integrated as such and standard circulation procedures will be followed.

iv. Special shelving or sections shall not be designated for gift collections.

v. Items determined *not to be* of use to the Library's collection will be disposed of in the same manner as other Library materials.

f. *Special Collections donations*

i. Gifts of materials to the Special Collections are accepted as unrestricted donations to the Library.

ii. Instructions pertaining to the disposal of items not retained by the Library must be designated by the donor at the receipt of gift; otherwise disposal will be made at the discretion of the Library.

iii. The donor is generally responsible for obtaining an appraisal of the gift for valuation purposes.

iv. Completed donation agreements will be kept on file by the head of Special Collections.

g. *Real Estate*

i. Generally, the Library will not accept a gift of an interest in real estate subject to mortgage or other indebtedness, or which, after an initial environmental review, has potential environmental damage. The Library will not accept gifts of non-marketable real estate and generally will not accept time-share.

ii. Acceptable gifts of real estate may include developed property, undeveloped property or gifts subject to prior life interest.

iii. Prior to acceptance of a gift of real estate, the Library shall require a fair market value appraisal by a qualified appraiser, and in the case of agricultural or commercial property, an initial environmental review of the property to ensure the property has no environmental damage. In the event the initial inspection reveals a potential environmental problem, the Library may decline to accept the property or, may retain a qualified inspection firm to conduct a Baseline Environmental Assessment. The cost of the qualified appraisal, initial environmental review, and the Baseline Environmental Assessment generally will be at the expense of the donor.

iv. The Library may accept a remainder interest in a personal residence, farm, or vacation property.

v. The Library may accept gifts of closely-held entities that are engaged in the ownership, operation or management of real estate, provided that any tax or other financial obligations are known.

vi. Prior to acceptance, all gifts of real estate will require the approval of the GAC, in consultation with the Board of Trustees. Criteria for the acceptance of real estate shall include:

1. Is the property useful for the purposes of the Library?
2. Is the property marketable?
3. Are there any restrictions, reservations, easements, or other limitations associated with the property?
4. Are there any carrying costs, which may include insurance, property taxes, etc., associated with the property?
5. Foreseeable tax consequences, if any, to the Library.

h. *Oil, Gas, and Mineral Rights*

i. Oil and gas property interests generally may be accepted. A working interest may be accepted only if potential liability and tax consequences are minimal, due to the form of ownership or as a result of an agreed-upon plan.

ii. Prior to acceptance, all gifts of oil, gas and mineral interests will require the approval of the GAC, in consultation with the Board of Trustees. Criteria for acceptance of oil, gas and mineral interests shall include:

1. Gifts of surface rights should have a value of \$20,000 or greater.
2. Gifts of oil, gas and mineral interests should generate at least \$5000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
3. The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate or inadvisable.
4. The property should undergo an initial environmental review to ensure that the Library has no current or potential exposure to environmental liability.
5. Foreseeable tax consequences, if any, to the Library.

i. *Intellectual Property*

i. Prior to acceptance, all gifts of intellectual property such as royalties, copyrights, patents, contract rights, and similar intangible interests will require the approval of the GAC in consultation with the Board of Trustees.

ii. Consideration will be given to the appraised value of the intellectual property, the administrative costs involved in accepting such a gift, and whether the donor agrees to assign to the Library all rights related to the intellectual property.

- iii. Criteria for acceptance of intellectual property shall include:
  - 1. Is it related to the mission of the Library?
  - 2. Whether ownership of the intellectual property right can clearly be transferred or assigned to the Library.
  - 3. Whether the intellectual property right is a full or fractional interest.
  - 4. Whether any costs or administrative burdens are associated with acceptance of the intellectual property right.
  - 5. Whether the donor has requested any restrictions on the retention or use of the property.
  - 6. Foreseeable tax consequences, if any, to the Library.

#### **4. Types of Deferred Gifts**

##### *a. Bequests and Trust Distributions*

- i. Donors are encouraged to make bequests to the Library in their wills and trusts.
- ii. All bequests and trust distributions are subject to the Library's Gift Acceptance Policy.
- iii. Sample bequest language for restricted and unrestricted gifts, including endowments, will be made available to donors and their attorneys to ensure that the bequest is properly designated. Donors will be urged to obtain the advice of a professional advisor to create a bequest that is in their best interest. Donors will also be invited to provide a confidential copy of that section of their estate plans naming the Library as a beneficiary.

##### *b. Funds established at the Community Foundation for Northeast Michigan*

When in the best interest of the Library and the donor, the donor may be urged to establish a fund benefiting the Library to be held at the Community Foundation for Northeast Michigan.

##### *c. Charitable Gift Annuities*

The Library offers Charitable Gift Annuities through the Community Foundation for Northeast Michigan.

##### *d. Charitable Remainder Trusts*

The Library will accept designation as a remainder beneficiary of a charitable remainder trust.

##### *e. Charitable Lead Trusts*

The Library will accept designation as an income beneficiary of a charitable lead trust.

f. *Retirement Plan Beneficiary Designation*

Donors are encouraged to name the Library as a charitable beneficiary of their retirement plans.

**5. Miscellaneous**

a. *Confidentiality*

Unless otherwise agreed between the Library and an individual donor, the specifics of all gifts and transactions will remain confidential.

b. *Professional Advice*

The Library will recommend all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

c. *Conflict of Interest*

i. No program, agreement, trust, contract, or commitment shall be knowingly urged upon any prospective donor that would benefit the Library at the expense of the donor's interests and welfare.

ii. No agreement shall be made between the Library and any agency, person, company, or organization on any matter related to investments, management, or otherwise which knowingly jeopardize the donor's interest.

d. *Appraisals*

It is generally the responsibility of the donor to secure qualified appraisals (if required).

e. *Designation of Proceeds*

All gifts will be used according to the donor's wishes, unless the purpose is not in furtherance of the Library's mission or is otherwise impractical. The Library aspires to add undesignated bequest and matured trust gifts to the Library's endowment.

Undesignated bequests and matured trust gifts may be used to meet annual operational or capital needs, in the discretion of the Library Director and Treasurer of the Board of Trustees.

f. *Gift Agreements*

i. Agreements with donors as to gifts shall be loyally observed so long as, in the opinion of the Board of Trustees, they do not conflict with the mission or proper administration of the Library.

ii. If, in the future, the purpose of the gift becomes unlawful, impracticable, or impossible to achieve, in the opinion of the Board of Trustees, the Board of Trustees shall apply the gift for such purposes as, in the Board's opinion, most closely fulfill the donor's intentions. The donor (or his or her personal representative or descendants if the donor

is not then living and not more than 20 years have elapsed since the date of the original gift agreement) shall be consulted whenever possible.

iii. All agreements with donors shall state that they are governed by the laws of the State of Michigan and any disputes relating to the application, construction, interpretation, or enforcement shall be heard, decided, and resolved in Michigan.

*g. Restrictions on Gifts*

The Library will accept gifts for specific programs and purposes, or subject to restrictions, provided that such gifts and restrictions are not inconsistent with the mission, purposes, and priorities of the Library. The Library will not accept major gifts that are too restrictive in purpose, too difficult to administer, or are for purposes outside the mission or priorities of the Library, as determined by the Board of Trustees upon the recommendation of the GAC.

## **6. Changes to Gift Acceptance Policy**

The Gift Acceptance Policy has been reviewed and approved by the Board of Trustees. Any amendments or modifications to or deviations from the policy may be made at the recommendation of the GAC and must be approved by the Board of Trustees.

**Exceptions to the policy may be made only by action of the Board of Trustees.**

## Appendix A

### The Donor Bill of Rights

*Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:*

1. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
2. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
3. To have access to the organization's most recent financial statements.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgement and recognition.
6. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
8. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.