



Gift Policy

Policy Statement: The purpose of this policy is to establish a procedure for accepting and acknowledging gifts to Fontana Regional Library and its member libraries (FRL). The purpose for which the gift is given must be consistent with the stated mission, goals, and objectives of FRL.

Fontana Regional Library is a 501(c)(3) public charity, therefore gifts to the Library are tax-deductible to the extent allowed by law. Friends of the Library organizations and Hudson Library, Inc. are separate legal entities and not responsible for accepting gifts on behalf of Fontana Regional Library members.

Types of Gifts Accepted

Fontana Regional Library accepts gifts and/or bequests in the following forms:

- Cash – restricted and unrestricted
- Gifts of tangible and intangible personal property: books, equipment, supplies
- Stocks, bonds, securities
- Real Property
- Life insurance
- Pledges
- Donor advised Funds and Community Foundations
- Employee-sponsored matching gifts
- Sponsorships
- Auctions and raffles

All gifts, whether restricted or unrestricted and whether temporary or permanent, once accepted, are property of the Fontana Regional Library. A bequest is a gift from an estate – a transfer of cash, securities, or other property made through an estate plan. Any contributions or expenditures which would endanger the non-profit status of FRL will be refused.

Gift Designation

Persons may make gifts to FRL without designation, specification, conditions, or limitations. These gifts shall be known as Unrestricted Gifts. Persons may also make gifts to FRL which may specify certain terms and conditions upon which the gift shall be administered and distributed. These gifts shall be known as Restricted Gifts. Permanent Gifts, often called endowed gifts, are expected to exist in perpetuity. A gift is considered a Temporary Gift if it is intended to be used in its entirety in the short term.

- **Unrestricted Gifts** are used in their entirety, generally within a relatively short time frame, for needs recommended by FRL Staff to the FRL Board and are subject to the approval of the FRL Board through the budgetary process.
- **Restricted Gifts** are used for the purpose specified in the gift instrument and subject to approval by the FRL Board through the budgetary process.

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Endowment Gifts

Restricted or Unrestricted Gifts may be made to establish an Endowment or contribute to an existing Endowment within the North Carolina Community Foundation local affiliate funds. A new Endowment requires a minimum gift of \$25,000. Distributions generated from Endowments will be expended as specified in the Endowment Agreements and in accordance with the donor's wishes (if any).

Review of Gifts

The FRL staff will evaluate all prospective tangible and intangible gifts to FRL using the criteria outlined in this Policy. A decision by the Board shall be required for:

- Any restricted gift requiring the establishment of a new Endowment or separate account, with the exception of those gifts designated for already existing accounts.
- Any non-cash gifts, with the exception of tangible gifts, to be used directly by the libraries.

Criteria and Evaluation of Acceptance

The following guidelines will be used by the FRL Board in evaluating gifts to FRL:

- The purpose for which the gift is given must be consistent with the stated mission, goals, and objectives of FRL;
- All gifts must be within the IRS regulations governing charitable contributions;
- The acceptance of a Restricted Gift imposes a legal obligation to comply with the terms established by the donor. No gift shall be accepted which:
 - Is inappropriate or not conducive to the best interest of FRL,
 - Is a commercial endeavor
 - Would obligate FRL to undertake responsibilities, financial or otherwise, which it may not be capable of meeting for the period required by the terms of the gift,
 - Is not sufficiently liquid or capable of being converted into cash, or
 - Is so restrictive and contains so many attached terms and conditions as to make its use unnecessarily difficult.
- The nature of the gift, the identity of the donor, and the kind of program which the gift is intended to support shall be carefully evaluated in order to avoid placing FRL in an undesirable position;
- Tangible gifts designated for use by a particular library shall be reviewed in conjunction with the library designated to receive the gifts, to ensure that acceptance will not involve financial commitments in excess of budgeted items or other obligations disproportionate to the usefulness of the gift. Consideration shall be given to the cost of maintenance, cataloging, insurance, display, and any space requirements of exhibition and storage. In the event any of the following conditions exist, the acceptance of a tangible gift by a particular library must be approved by the FRL Board:
 - A major donation of tangible property having a value of more than \$1,000 to any library for use in its programs;
 - Acceptance of a gift which involves costs, either recurring or non-recurring, to the library in excess of \$500, said costs to be borne by the library receiving the gift.

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- Acceptance of Real Property
 - FRL may accept gifts of real property at fair market value, if at the time of the gift, there are no outstanding mortgages, tax liens, or other encumbrances upon the land.
 - If any encumbrances are present at the time the gift is offered, and such encumbrances represent a nominal amount when compared with the total value of the property, such property may be accepted with the approval of the FRL Board. How the encumbrance will be removed, and by whom, shall be agreed upon by FRL and the donor in writing prior to the acceptance of such property.
 - Gifts of real property must be accompanied by an express understanding that the property may be sold by FRL at its sole discretion at any time. If real property is being gifted via *bequest*, it is imperative that FRL be notified immediately since real property (under North Carolina law) is deemed to pass as of the date-of-death of the decedent. FRL may have a limited amount of time to disclaim the gift, should there be reasons to do so.
 - No gift of real property may be accepted by FRL unless and until such property has been personally visited by a designated FRL Board member, library staff member, or appropriate agent or designee of FRL (e.g. recommended real estate agent). In addition, a written analysis of the marketability and potential use of the gift property shall be prepared by the designee and presented to the FRL Board and approved prior to acceptance of the property.
 - No gift of real property may be accepted until a preliminary environmental evaluation, questionnaire, or disclosure statement has been completed or made available for the property in question. This shall include a recent Phase I Environmental Site Assessment, or its equivalent, prepared by an assessor suitable to the FRL Board. In the event that this evaluation or Phase I assessment discloses any information indicating the presence or reasonable possibility of toxic materials, hazardous waste, oil seepage, or other contaminants on the property, additional environmental studies and phase assessments must be completed before the gift is accepted.
 - Arrangements to cover post-transfer expenses shall be agreed upon in writing by the donor and FRL Board prior to the gift. Such expenses include taxes and assessments, insurance, homeowner association fees, and maintenance of the costs of the land or any buildings on the land.
 - Any tangible personal property associated with real property gifts, such as furnishings for a home or ranch, shall be segregated into separate gift proposals or agreements.
 - IRS Form 8283 may be required for the donor to substantiate a charitable deduction for any non-cash gift on his or her personal income tax return. The preparation of Form 8283 is the responsibility of the donor or his or her tax advisor. The completed Form 8283, bearing the appraiser's original signature, plus a copy of the appraisal or other substantiating documentation, shall be provided to the FRL Board, Regional Director, and Finance Officer.

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- When non-monetary gifts are given to FRL, it shall be the responsibility of the donor to obtain an appraisal of the gift for the donor's tax purposes. FRL shall not become involved in the appraisal process. Direct involvement in securing appraisals could result in the appraisal's accuracy and objectivity being challenged by the IRS. IRS Form 8283 may be required for the donor to substantiate a charitable deduction for any non-cash gift on his or her personal income tax return. The preparation of Form 8283 is the responsibility of the donor or his or her tax advisor. The completed Form 8283, bearing the appraiser's original signature, plus a copy of the appraisal or other substantiating documentation, shall be provided to the FRL Board, Regional Director, and Finance Officer.

Life Insurance

- FRL welcomes the opportunity to be named as a beneficiary or partial beneficiary on an insurance policy.
- FRL can also be designated as the irrevocable owner and sole beneficiary of a whole or universal fully or partially paid life insurance policy subject to the following conditions:
 - FRL may liquidate the policy for its net cash value;
 - FRL must be irrevocably named owner and full beneficiary in order for FRL to assume ownership of the policy;
 - Policies that are partially paid will continue to be paid by the donor either through FRL or directly to the insurance company.

Pledges

Pledge commitments must be written, signed by the donors, and include the amount of the pledge, the pledge period, the date of the first payment, and the frequency of payments. The written pledge must also contain a statement of the gift's designation, purpose, and any restrictions. Pledges are established for a period of five years or less.

A donor's pledge cannot be paid with a payment by a third party such as a community foundation, a donor-advised fund, or a matching gift. In addition, a donor's pledge cannot be paid with a gift of an asset that cannot be easily converted to cash (such as real estate or closely-held securities) until such assets are liquidated.

A donor may make one of the following types of pledges:

- **Unconditional pledges** are a promise to give that depends only on the passage of time or demand by the promise of performance.
- **Conditional pledges** are a promise contingent upon an event occurring, goal being attained, or another specific requirement being met before a contribution will be made. Conditional pledges are not counted in fundraising totals until the condition is fulfilled.

Stocks, Bonds, Securities

Marketable stocks, bonds, or other securities traded on national exchanges are acceptable as outright gifts and payments towards pledge commitments.

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Generally, stocks, bonds, and securities are sold as soon as they are received. The charitable deduction is based on the average of the high and low selling price for the security on the date of the gift.

Donor advised Funds and Community Foundations

Donor Advised Funds (DAF) and Community Foundations (CF) are recognized as stand-alone 501(c)(3) tax-exempt organizations.

A donor may recommend that a DAF or a CF make a grant to FRL from funds the donor has given to the DAF or CF. When a donor makes a donation to one of these entities, no tax receipt will be issued to the original donor; he or she will receive his or her income tax deduction from the DAF or CF.

Employee-sponsored matching gifts

A matching gift may be received from a company or a company-funded foundation that matches a gift given to FRL.

When the original gift being matched is a stock gift, the value that will be matched is based on the average of the high and low selling price for the security on the date of the gift.

Sponsorships

Sponsorships are payments by a person engaged in a trade or business in which there is no arrangement or expectation that the person will receive any substantial return. Sponsorships are typically encouraged for underwriting events or services. Simply calling something a sponsorship does not necessarily mean the sponsor receives something of value in exchange. Often, sponsors are merely seeking name recognition. However, standard quid pro quo benefits such as receiving a certain number of tickets to an event may be issued in return for sponsorships.

Sponsorships are generally considered gifts unless the sponsor receives something of value as part of the sponsorship, such event tickets. In these cases, the value of the items received must be subtracted from the sponsorship amount.

In terms of recognition, sponsors may receive the following recognition:

- Sponsor's name, location, phone numbers, and website
- Value-neutral descriptions, including displays or visual depictions of the sponsor's product line or services
- Displays of brand or trade names and service listings
- Logos or slogans that are an established part of the donor's identity
- Display or distribution (free or at cost) of the sponsor's product at a sponsored event

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Sponsors may not, however, receive the following recognition:

- Qualitative or comparative language
- Price information or other indicators of savings or value
- Endorsement or inducement to purchase, sell, or use the sponsor's service, facility, or product
- Advertising messages

Auctions and raffles

North Carolina Law limits the number of raffles a state agency or non-profit may conduct each calendar year. Purchase of a raffle ticket is not a gift under IRS regulations and no gift credit or gift receipt will be issued.

Items donated for sale at an auction are not considered for a related use (to FRL's mission) according to the IRS. Auction donors must be made aware in advance that the receipt will list the item donated, but no value for the item. At the auction, the fair market value must be indicated clearly in the information posted about the auction item.

Acknowledgements and Receipts

Acknowledgements and receipts shall be sent in accordance with IRS Regulations to donors making contributions of \$250 or more from the FRL Finance Office unless it is clearly noted that gift is not to be acknowledged and no receipt is sent.

Appropriate public recognition will be determined by the local Library Board and the Librarian. In the case of a new or renovated facility, the local Library Board will determine the most appropriate means of recognition, including the naming of rooms or areas.

Redirection of Gifts

Once a gift is processed and acknowledged, it may be redirected by the original donor when justified by circumstances. If the donor is no longer available, this decision will be made by the FRL Board. This is most likely to concern a restricted gift over time. Such changes shall be in writing and permitted only if firm expenditure commitments have not been made based on the original processing of the gift.