

Bucks County Public Library

Development**FUNDRAISING****Policy Statement**

The ongoing effort to secure adequate funds for good public library service is a fundamental responsibility of the BCFL Board of Directors. For this reason, the Board supports an ongoing program to solicit and accept current and deferred gifts from individuals, corporations, and foundations to further and fulfill the BCFL mission, which is to provide an exemplary library experience to the residents of Bucks County.

Regulations

1. The following gifts will be accepted by the Bucks County Free Library:
 - Cash
 - Tangible Personal Property (including books and other library resources)
 - Securities
 - Real Estate
 - Remainder Interests in Property
 - Bargain Sales
 - Life Insurance
 - Charitable Gift Annuities
 - Charitable Remainder Trusts
 - Charitable Lead Trusts
 - Retirement Plan Beneficiary Designations
 - Bequests
 - Life Insurance Beneficiary Designations
2. The BCFL Development Office will oversee an organized program of solicitation and outreach activities to secure contributions in support of the library.
3. The BCFL Development Office will be responsible for tracking and acknowledging all contributions to the library in a timely manner.
4. The BCFL Development Committee is charged with the responsibility of reviewing gifts made to BCFL, properly screening and accepting those gifts, and making recommendations to the board on gift acceptance issues when appropriate.

Procedures

1. **Acknowledgement & Gift Processing:** All contributions shall be processed by the Bucks County Free Library Development Office. Gifts received at a BCFL Branch will be sent to the BCFL Development Office for processing. Acknowledgement of all gifts and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the BCFL Development Office.
2. **Deposits:** Based on donors' instructions, all gifts shall be deposited to the appropriate BCFL account by the administrative business office.
3. **Review:** Gifts will be reviewed by the BCFL Development Committee at its regular meeting.
4. **Valuation of gifts for development purposes.** For gift purposes, contributions received by the BCFL will be valued on the date the gift is received. Gift valuation guidelines are shown as an appendix to this document.
5. **Contribution Date:** The date of any contribution may be simply defined as the date the donor irrevocably relinquishes control of the property to the Bucks County Free Library. Since determining that date may be difficult, BCFL guidelines for determining contribution date is shown as an appendix to this document.
6. **Securing appraisals and legal fees for gifts to the BCFL.** It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to Bucks County Free Library.
7. **Responsibility for IRS Filings upon sale of gift items.** The BCFL Development Committee is responsible for ensuring that IRS Form 8282 is filed upon the sale or disposition of any asset sold within two years of receipt by the BCFL when the charitable deduction value of the item is more than \$5,000. The BCFL must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an appendix to these policies.
8. The following criteria govern the acceptance of each gift form:
 - **Cash.** Cash is acceptable in any form. Checks shall be made payable to the Bucks County Free Library and shall be delivered to the BCFL administrative offices in Doylestown for processing.

- **Tangible Personal Property.** All other gifts of tangible personal property shall be examined in light of the following criteria:
 - Does the property fulfill the mission of the Bucks County Free Library?
 - Is the property marketable?
 - Are there any undue restrictions on the use, display, or sale of the property?
 - Are there any carrying costs for the property?

Books and other collections materials may be accepted at any BCFL branch at the discretion of the Branch Manager or other appropriate staff. Guidelines for accepting books and other library resources are shown as an appendix to this document. Acceptance of other tangible property gifts will be based on the review and recommendation of the BCFL Development Committee to the Board of Directors who shall make a final determination.

- **Securities.** Bucks County Free Library can accept both publicly traded securities and closely held securities.

Publicly Traded Securities. Marketable securities may be transferred to an The BCFL Development Committee will oversee the ongoing fundraising program is charged with the responsibility of reviewing gifts made to BCFL, properly screening and accepting those gifts, and making recommendations to the board on gift acceptance issues when appropriate.

- with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the finance committee. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the BCFL Development Committee.

Closely Held Securities. Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted subject to the approval of the BCFL Board of Directors, which shall base its decision on the recommendation of the BCFL Development Committee. However, gifts must be reviewed prior to acceptance to determine:

- there are no restrictions on the security that would prevent Bucks County Free Library from ultimately converting those assets to cash;
- the security is marketable; and
- the security will not generate any undesirable tax consequences for BCFL.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The Development Committee and legal counsel shall make the final determination on the acceptance of closely held securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

- **Real Estate.** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, the Bucks County Free Library shall require an initial environmental review of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, BCFL shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.
 - When appropriate, a title binder shall be obtained by BCFL prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.
 - Prior to acceptance of the real property, the gift shall be approved by the BCFL Development Committee and by the BCFL legal counsel. Criteria for acceptance of the property shall include:
 - Is the property useful for the purposes of the Bucks County Free Library?
 - Is the property marketable?
 - Are there any restrictions, reservations, easements, or other limitations associated with the property?
 - Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
 - Does the environmental audit reflect that the property is not damaged?
- **Remainder Interests in Property.** Bucks County Free Library will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, BCFL may use the property or reduce it to cash. Where BCFL receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

- **Bargain Sales.** Bucks County Free Library will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the BCFL. All bargain sales must be reviewed and recommended by the BCFL Development Committee and approved by the board of directors. Factors used in determining the appropriateness of the transaction include:
 - BCFL must obtain an independent appraisal substantiating the value of the property.
 - If the BCFL assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
 - The BCFL must determine that it will use the property, or that there is a market for sale of the property, allowing sale within 12 months of receipt.
 - BCFL must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during any holding period.

- **Life Insurance.** Bucks County Free Library must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, BCFL will include the entire amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, BCFL may:
 - continue to pay the premiums;
 - convert the policy to paid up insurance; or
 - surrender the policy for its current cash value.

- **Charitable Gift Annuities.** Bucks County Free Library may offer charitable gift annuities. The minimum gift for funding is \$10,000. The BCFL Board of Directors may make exceptions to this minimum. In addition:
 - The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45.
 - No more than two life income beneficiaries will be permitted for any gift annuity.
 - Annuity payments may be made on a quarterly, semi-annual, or annual schedule. The BCFL President may approve exceptions to this payment schedule.

- BCFL will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. Bucks County Free Library may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the BCFL president approves the arrangement.
 - Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to the Bucks County Free Library general endowment funds, or to such specific fund as designated by the donor.
- **Charitable Remainder Trusts.** Bucks County Free Library may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the BCFL Development Committee. The Bucks County Free Library will not accept appointment as trustee of a charitable remainder trust.
 - **Charitable Lead Trusts.** BCFL may accept a designation as income beneficiary of a charitable lead trust. The BCFL Board of Directors will not accept an appointment as Trustee of a charitable lead trust.
 - **Retirement Plan Beneficiary Designations.** Donors and supporters of the Bucks County Free Library will be encouraged to name BCFL as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the Bucks County Free Library until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
 - **Bequests.** Donors and supporters of BCFL will be encouraged to make bequests to the Bucks County Free Library under their wills and trusts. Such bequests will not be recorded as gifts until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
 - **Life Insurance Beneficiary Designations.** Donors and supporters of the Bucks County Free Library will be encouraged to name BCFL as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

IRS Publication 561 *Determining the Value of Donated Property* and IRS Publication 526 *Charitable Contributions* are attached to these policies as an Appendix.

Guidelines

Use of Legal Counsel: Bucks County Free Library shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- 1) Closely held stock transfers that are subject to restrictions or buy-sell agreements
- 2) Documents naming BCFL as Trustee
- 3) Gifts involving contracts, such as bargain sales or other documents requiring BCFL to assume an obligation
- 4) Transactions with potential conflict of interest that may invoke IRS sanctions
- 5) Other instances in which use of counsel is deemed appropriate by BCFL Board of Directors

Conflict of Interest: Bucks County Free Library will urge 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. The BCFL will comply with the *Model Standards of Practice for the Charitable Gift Planner* promulgated by the National Committee on Planned Giving, and the *Donor Bill of Rights* as promulgated by the Association for Fundraising Professionals (AFP), each shown as an appendix to this document.

Restrictions on Gifts: Bucks County Free Library will accept unrestricted gifts, and gifts for specific branches, programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. BCFL will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive include those that are too difficult to administer, or gifts that are for purposes outside the BCFL mission. The BCFL Board of Directors, based on the recommendation of the BCFL Development Committee, shall make all final decisions on the restrictive nature of a gift, and its acceptance or refusal.

Additional Guidelines

- *Attachment A Model Standards of Practice of the Charitable Gift Planner*
- *Attachment B Association for Fundraising Professionals Donor Bill of Rights*
- *Attachment C BCFL Guidelines for accepting books and other library resources*
- *Attachment D IRS Form 8282 and Instructions.*
- *Attachment E IRS Publication 561 Determining the Value of Donated Property.*
- *Attachment F IRS Publication 526 Charitable Contributions.*
- *Attachment G BCFL gift valuation guidelines*
- *Attachment H BCFL guidelines for determining contribution date*

Adopted by the BCFL Board of Directors March 21, 2006