

Friends of the New Braunfels Public Library Gift Acceptance Policy

The Friends of the New Braunfels Public Library (Friends) solicits and accepts gifts that will help the organization further and fulfill its purpose. According to the bylaws of the Friends, the object of the organization is as follows:

“The Corporation shall be a non-policy making and non-profit organization, organized perpetually for educational and literary purposes. Its purpose shall be to promote knowledge of the functions, resources, services, and needs of the New Braunfels Public Library and to foster closer relations between the library and the citizens of New Braunfels and the surrounding area. Fund-raising projects may be undertaken by the Corporation to accomplish its goals on behalf of the programs and needs of the library.” Article III - Object.

The following policies and guidelines govern acceptance of gifts made to the Friends for the benefit of any of its operations, programs or services. The purposes of this Policy include (a) guidance for the Board of Directors and Executive Committee with respect to their responsibilities concerning gifts to the Friends and (b) guidance to prospective donors and their professional advisors when making gifts to the Friends. The Friends reserves the right to revise or revoke this Policy at any time and to make exceptions to the Policy as warranted.

Use of Legal Counsel: The Friends will seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Donations made to the Friends typically are tax deductible while donations made directly to the library are not tax deductible. However, the Friends urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts, including the resulting tax and estate planning consequences.

Restrictions on Gifts: The Friends will not accept gifts that (a) would result in the Friends violating its corporate charter, (b) would result in the Friends losing its status as an IRS 501(c)(3) non-profit organization, (c) are too difficult or too expensive to administer in relation to their value, or (d) could damage the reputation of the Friends. Decisions on the acceptance of a gift, other than unrestricted cash or books and other materials, shall be made by the Board of Directors in consultation with the Library Director.

Policy Regarding Specific Types of Gifts: The Friends welcomes and will accept **unrestricted gifts of cash** without prior review by the Board of Directors. Unrestricted gifts of cash are acceptable in any form. Checks shall be made payable to the Friends of the New Braunfels Public Library.

The Friends welcomes gifts of **books and other materials** with the understanding that such gifts will be given to the library in accordance with the library's gift acceptance policy. (See Appendix) Gift materials not used by the library may be donated to another institution where they might be used or they may be sold at the Friends' book sales or in the Friends' book store.

Proposed donations of **equipment, art objects or landscaping intended for use by the library** shall be referred to the Library Director for decisions regarding acceptance and location of such items and handled in accordance with the library's gift acceptance policy. (See Appendix)

Given the limited resources of the Friends, the organization strongly encourages potential donors of any gifts, other than those listed above, to donate to the Friends through the New Braunfels Area Community Foundation (NBACF). (See Appendix for NBACF gift acceptance policy.) The NBACF manages an endowment fund on behalf of the Friends and donations to this fund through the NBACF will help to build this legacy fund and ensure a source of long term support for the New Braunfels Public Library.

The Board of Directors shall from time to time designate one or more members to serve as contacts/liaisons to meet with potential donors to provide information regarding gift acceptance issues and/or to provide introductions to the appropriate individual with the New Braunfels Area Community Foundation when donations may be made through the NBACF.

Following are some types of gifts that the Friends would prefer to receive as donations through the NBACF:

Current Gifts: Securities
 Life Insurance
 Tangible Personal Property
 Real Property

Deferred Gifts: Bequests
 Life Insurance
 Charitable Remainder Trust
 Charitable Unitrusts
 Charitable Lead Trusts
 Property with Retained Life Estate
 Charitable Gift Annuities

Recognition of Gifts:

In accordance with New Braunfels Public Library policy, unless a donor requests to remain anonymous, the following donor levels shall be acknowledged on a perpetual plaque on the donor wall in the library when contributions are received in one lump sum, or in the case of memorial donations, within a six-month time period following the announcement of solicitation.

Sponsor: Gifts of \$1,000 to \$4,999
Patron: Gifts of \$5,000 to \$9,999
Benefactor: Gifts of \$10,000 to \$19,999
Founder: Gifts of \$20,000 to \$99,999

Gifts of \$100,000 or more shall be recognized on an individual basis acceptable to the donor(s) and in a manner appropriate for such a significant gift.

Adoption, Review and Changes of Gift Acceptance Policy: The Gift Acceptance Policy (Policy) of the Friends shall be adopted upon a majority vote of the members present at the meeting when said Policy is up for adoption. It is recommended that the Policy be reviewed every other year by the Board of Directors to determine if any amendments are necessary to reflect changes in law or in the Friends organization or to address new situations not previously addressed by the Policy. Changes shall be approved in the same manner as the Policy was adopted.

APPENDIX

The following documents are included for reference purposes:

Gift Acceptance Policy of the New Braunfels Public Library titled *2.13 Gifts and Donations*

New Braunfels Area Community Foundation Gift Acceptance Policy

2.13 GIFTS AND DONATIONS

The New Braunfels Public Library acknowledges the importance of private gifts and donations to the library's development and growth. Such gifts come from various sources and take many forms. In order to assure that the decisions on the acceptance of gift and donation offers are made in a timely, consistent manner, and are appropriate in terms of both the design of the facility and the purpose of the library, the following policy has been approved.

I. Receipt of Donations

All donations become the property of the New Braunfels Public Library, a department of the City of New Braunfels. The fiscal impact of the gift on the library is one of the criteria to be considered in making the decision on its acceptance. The library will acknowledge receipt of donated items but is unable to set fair market or appraisal values.

A. Books and Materials

The Friends of the New Braunfels Public Library welcome gifts of books and other materials with the understanding that such gifts will be given to the library and added to the library collection only if they meet the same standards required of purchased materials. Gift materials not meeting those standards will be donated to another institution where they might be used, or they may be sold in the Friends of the Library book sale or store. Gift materials will be integrated into the library collection in normal sequence and handled as any other material belonging to the library.

B. Monetary Memorials and Honorariums

Monetary memorials or honorary contributions are welcome. Funds donated will be used to purchase items in accordance with the selection policy of the library. The library will accept subject requests for materials to be purchased with donated funds only if these subjects are readily available, conform to the library's Collection Development Policy, and meet the needs of the library.

C. Equipment

The Library Advisory Board, on the advice of the library director and staff, shall make the decision as to the acceptance of equipment valued at \$3,000 or greater.

2.13 Gifts and Donations

Among the criteria on which the decision shall be based are need, space, and frequency and expense of maintenance.

D. Art Objects

The Library Advisory Board, on the advice of the library director and staff, shall make the decision as to the acceptance of an art object and the determination of its location in the library. Among the criteria on which the decision shall be based is the appropriateness of the art to the facility and the impact on the operations of the library. To assist in determining provenance, donations of fine art objects may be uniformly labeled by the library to acknowledge the donor.

E. Landscaping

The library director shall make the decision as to the acceptance and location of gifts of landscaping items. The major criterion on which the decision shall be based is the appropriateness of the gift to the landscaping plan for the building.

II. Disposition of Gifts

All non-monetary gifts may be subject to disposition at some point. When books and materials donated to the library are no longer needed or have become so worn or damaged as to be beyond repair, they will be disposed of in the same manner as purchased books and other materials. Donated items will not be returned to the donor. This disposition policy shall be applied to other gifts such as equipment, art objects and landscaping. Since all gifts to the New Braunfels Public Library become the property of the City of New Braunfels, appropriate City disposition procedures must be followed.

III. Recognition of Gifts

While gifts may come to the New Braunfels Public Library from different sources and under a variety of circumstances, it is believed that a uniform method of recognizing the contributions is necessary to maintain order and to foster a sense of fairness among donors. Accordingly, the Library Advisory Board adopts the following policies and procedures in regard to the recognition of gifts. In order to implement them in a consistent manner, donors and potential donors should be directed to the library director.

2.13 Gifts and Donations

- A. All gifts and donations to the New Braunfels Public Library, except for used books and materials, shall be recognized by an appropriate letter of appreciation from the library. Note: Donations to the New Braunfels Public Library are NOT tax deductible under Internal Revenue Service code Section 501 (c) 3, as the library and the City of New Braunfels are not charitable organizations.
- B. The library shall maintain a Gift Book in which gifts and donations are listed.
- C. An inscribed gift plate acknowledging the donor(s) shall be placed in book(s) donated or purchased with donated funds.
- D. When memorial or honorarium gifts are received, cards of acknowledgement shall be sent to the surviving family member(s) or the honoree specified by the donor(s).
- E. The Friends of the New Braunfels Public Library, and the New Braunfels Public Library Foundation are charitable organizations as defined under section 501(c)3 of the Internal Revenue Service Code. Tax deductible contributions to benefit the library may be made to one of these organizations. The following donor levels shall be acknowledged on a perpetual plaque on the donor wall in the library when contributions are received in one lump sum or, in the case of memorial donations, within a six-month time period following the announcement of solicitation.

Sponsor Gifts of \$1,000 to \$4,999

Patron Gifts of \$5,000 to \$9,999

Benefactor Gifts of \$10,000 to \$19,999

Founder Gifts of \$20,000 to \$99,999

- F. Gifts of \$100,000 or more shall be recognized on an individual basis acceptable to the donor(s) and in a manner appropriate for such a significant gift.

*ENDORSED BY THE NEW BRAUNFELS PUBLIC LIBRARY ADVISORY
BOARD OCTOBER 16, 2000, JUNE 17, 2013
REVISED MARCH 13, 2002; JUNE 14, 2004; APRIL 17, 2006; JULY 17,
2006
MAY 19, 2008; July 19,
2010*

By: _____ Attest: _____
SuzAnne Cole, President Gretchen Pruett, Library Director

2.13 Gifts and Donations

NEW BRAUNFELS AREA COMMUNITY FOUNDATION GIFT ACCEPTANCE POLICY

GENERAL POLICIES

Purpose of Gift Acceptance Policies

The New Braunfels Area Community Foundation (the Foundation) seeks to help donors meet their charitable goals while benefiting the communities and organizations served by the Foundation. The Foundation encourages donors to make both outright and deferred gifts and will accept gifts in a variety of forms. The following policy provides guidance for the Foundation staff and board members to stimulate the growth of assets, while safeguarding both the Foundation and our donors. Any variance from this policy requires approval of the Foundation Board of Directors

Responsibility to Donors

The Foundation is committed to the highest ethical standards of philanthropy and development. In all transactions between potential donors and the Foundation, the Foundation will provide accurate information and full disclosure of the benefits and liabilities that could influence a donor's decision. This will include IRS regulations, the Foundation fees, the irrevocability of a gift, prohibitions on donor restrictions, investment policies and other information needed by individuals to make an informed choice about using the Foundation as a vehicle of charitable gifts. In addition, all donors will be strongly encouraged to discuss their gifts with their financial and legal advisors before signing the gift agreement.

Donor Recognition

All donors will be recognized for contributing to the mission of the Foundation and for providing the resources to serve charitable interests in the New Braunfels area. However, the Foundation also respects the confidentiality of donors who do not want to be publicly recognized. Each donor is given the freedom to determine the degree and type of recognition preferred.

Authorization for Gift Negotiation

The President will have the authority to handle inquiries, negotiate with donors and execute agreements on behalf of the Foundation. All initial gifts, fund agreements, and new fund opportunities require the review and approval of the Board of Directors. The Foundation has standard fund agreement forms, which will be continually reviewed by legal counsel. Proposed fund agreements that deviate from the standard forms require legal counsel approval before being executed.

Restrictions on Gifts

The Foundation, in keeping with IRS regulations, cannot accept a gift that will be directly or indirectly subject to any material restriction or condition by the donor that prevents the Foundation from freely and effectively employing the transferred assets or the income from those assets to further its philanthropic mission. The Foundation reserves the right to refuse any gift that jeopardizes its mission or is not in its best interest.

Minimum Gifts

The Foundation will accept additional gifts of any size to an existing fund. The minimum gift to establish a new fund is \$10,000. Higher minimums may be required depending on the type of gift, such as real estate or other gifts of real property. Funds may be established with a lower minimum if the donor arranges regular payments to bring the Fund's assets to the minimum within a reasonable period of time. No grants may be made from funds until the minimum is reached.

Types of Funds

The Foundation recognizes that the community's charitable interests are best served by a long-term commitment of resources. Therefore, the Foundation encourages permanent endowment whenever possible. Permanent endowment funds are invested in the pooled assets for maximum appreciation. Endowment funds are subject to the Foundation's distribution policy, which include the intent that the corpus or principal is not invaded for granting purposes.

Pass-through funds are created primarily for time-specific projects and are not invested in the Foundation's long-term pooled assets. Rather, they are invested in highly liquid accounts in order to meet the needs of the funds. These funds allow disbursement of principal, rather than being restricted to the Foundation's distribution policy.

Donor advised funds enable the original donor and the successor generation to make grant recommendations. Generally, once all successor advisors, if any, are deceased, the principal and income from the fund is directed to the Unrestricted Fund to meet the highest priority needs of the community, as determined by the Foundation's Board of Directors.

Distribution Guidelines

The Foundation has a Financial Administration Policy, which allows distributions based on the percentage of total assets of the fund balance to be paid out as grants or scholarships in the current granting year. This guideline preserves principal and maximizes appreciation. Any donor who wishes to exceed the distribution rate should establish a pass-through fund, in addition to the endowed fund, to provide a source of additional granting dollars.

Fees and Charges

All gifts and funds will incur an annual administrative fee as set forth in the Financial Administration Policy, to support the operations of the Foundation.

Gifts paid by Credit Card

Gifts to any Fund at the Foundation may be made by a donor by an approved credit card. Approved credit cards are, VISA, MASTERCARD, DISCOVER, and AMERICAN EXPRESS. The fees charged to the Foundation by companies managing the processing of said credit card gifts, will be charged back to the Fund the donor seeks to benefit. This charged back fee will be in addition to the Administrative Fee that is charged by the Foundation for the purposes of managing the Funds of the Foundation.

Fundraising for a Component Fund

Donor initiated fund raising events for a Fund must be approved by the Foundation, which is legally responsible for all fundraising undertaken on its behalf. All such fundraising activities are subject to the approval and supervision of the Foundation.

CURRENT GIFTS

Cash

The Foundation accepts cash, checks or money orders made payable to the Foundation or any of its Funds.

Marketable Securities

The Foundation accepts readily marketable securities and will make all decisions regarding the disposition or retention of these gifts. It retains that right to enable the Foundation to adhere to existing investment parameters and policies.

Securities given to endowed Funds will be sold upon receipt.

The value of a gift of securities, for the donor's tax reporting and the Foundation's record keeping, will be determined by taking the mean average of the high and low sale transactions of the security on the date that the donor instructs his or her broker to transfer the irrevocable gift to the Foundation, multiplied by the number of shares tendered. A contribution of stock is completed upon the delivery of an endorsed stock certificate to the Foundation or the date that the security is transferred on the books of the brokerage firm.

Gifts that are not Readily Marketable

Securities from privately held corporations will be recorded at the sales price, or if not sold, at a value determined by an appraisal from an independent professional appraiser, at the cost of the donor. Otherwise, gifts of closely held stock will be carried on the Foundation's books at \$1.00. Disposition of those assets will follow the same guidelines as regular securities, once they become marketable. The fund will reflect only the principal and income of the restricted stock and not the activity of the endowed pool, until the securities become readily marketable. The Foundation will not accept securities that cannot be readily sold, such as restricted series, or those that are assessable and could create a net liability for the Foundation.

Securities issued by a subchapter S corporation require a qualified appraisal by an independent professional appraiser, provided at the donor's cost.

Gifts of bonds that require a holding period will be accepted.

The Foundation does not accept gifts of general partnership interests. Interests in Limited Liability Companies (LLC) or limited partnerships are reviewed to determine the underlying assets and liabilities, the activity of the entity, how allocations are made and the liquidity of the Foundation's potential interest. The Foundation must be the beneficiary of both the income and liquidation proceeds of the ownership interest. Any costs to the Foundation in holding the interest are the responsibility of the

donor. The Foundation will not accept limited ownership interests that subject it to cash calls or other liabilities or that have adverse tax consequences.

Such gifts detailed above will comply with the excess business holding rules to assets held in donor advised funds, as further detailed at the end of this policy.

Life Insurance Policies

The Foundation may accept a life insurance policy as a gift if the Foundation is named owner and full beneficiary. The gift is valued at its current cash surrender value for paid-up policies. The value of a non-paid up policy is determined by adding the interpolated terminal reserve plus any unearned premium and accrued dividends, less any policy loan. The issuing insurance company is consulted for assistance with valuation. The cash surrender value and any premium paid by the donor should be recorded as income from fundraising and as an asset on the balance sheet.

Any premiums due are the responsibility of the donor. If the insurance policy lapses for non-payment prior to maturity because a donor fails to provide for premium payments, the Foundation may redeem the policy.

The Foundation does not participate in charitable split dollar insurance plans.

Tangible Personal Property

The Foundation may accept tangible personal property as a gift. The property must be marketable and the donor must agree that it can be sold, but the Foundation has sole discretion whether or not the item is sold or put to a use related to its exempt purposes. If current law views gifts of tangible personal property for an unrelated use unfavorably, the donor will be advised if the Foundation is not able to put such gifts to related use.

Other criteria considered before accepting the gift include transportation and storage costs, costs of insurance, selling, maintenance or repair and potential usefulness to the Foundation. If a lengthy selling period is anticipated, the Foundation may refuse the gift or request that the donor cover the expenses with a cash gift.

The donor is responsible for establishing the value of the gift. If the perceived value is over \$5,000, the donor is required to obtain a qualified appraisal and submit on IRS Form 8283. Until then, the gift is recorded with a value of \$1.00 in the Foundation's financial statements. If the Foundation sells the property within two years, IRS Form 8282 will be filed by the Foundation, informing the donor and IRS of the sale price.

Items such as furniture will be accepted if usable by the Foundation or if it can be readily sold for an amount approximating fair market value. Automobiles can be accepted if in good working order and will be valued at the retail Blue Book price, less any necessary repairs or disposal costs.

Real Property

Gifts of real property may be accepted based on the outcome of a property analysis, including physical condition, likelihood of an immediate sale, current market analysis of value and environmental issues, among other factors. The Foundation may accept property subject to a mortgage provided the property has sufficient equity and the property is marketable.

Before the gift is accepted, the donor must provide items to assist in preparing the property analysis, including the deed, current property tax bill, title reports, notes or mortgages and Phase I environmental impact report. The donor needs to have a qualified appraisal done, completing IRS Form 8283. If the Foundation sells the property within two years, it will file IRS Form 8282 informing the donor and IRS of the amount of the sale.

The Foundation will dispose of the property at the earliest possible time. If the property is accepted, the Foundation will pay for the expenses associated with ownership (insurance, taxes) until the property can be sold. However, all costs associated with preparing the property analysis are the responsibility of the donor.

DEFERRED GIFTS

Bequests

Bequests should be left to the "New Braunfels Area Community Foundation." Sample bequest language is available to donors to ensure that the bequest is properly designated. The Foundation would appreciate receiving a copy of documents naming the Foundation as a beneficiary for our confidential files.

Life Insurance

Only life insurance policies in which the New Braunfels Area Community Foundation is irrevocable owner and sole beneficiary are reported as expectancy.

Charitable Remainder Trusts/Charitable Unitrusts/Charitable Lead Trusts

The Foundation may serve as the trustee, custodian or manager of trusts it negotiates, and or may rely on the individual trustee or commercial trust companies or trust departments of banks. The Foundation will seek to be included as a remainderman in such trust(s). With charitable lead trust, the trust term may be at the discretion of the donor.

Gifts of Property with Retained Life Estate

During the time of occupancy, the life tenant is responsible for Insurance, taxes and maintenance. The policies for a current real estate gift will also apply.

Charitable Gifts Annuities

The Foundation will enter into charitable gift annuity agreements with donors as further outlined in the Charitable Gift Annuities Policies of the Foundation.

EXCESS BUSINESS HOLDINGS GIFTS TO DONOR ADVISED FUNDS

Under the Pension Protection Act of 2006 (PPA), the private foundation excess business holdings rule apply to donor-advised funds as if they were private foundations. That is, the holdings of a donor-advised fund in a business enterprise, together with the holdings of persons who are disqualified persons (which can be the donor and persons appointed or designated by donor, if they have-or reasonably expect to have-advisory privileges with respect to the donor-advised fund by virtue of their status as donors including members of donors' and advisors' families), may not exceed any of the following:

- Twenty percent of the voting stock of an incorporated business
- Twenty percent of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity
- Ownership of unincorporated businesses that are not substantially related to the fund's purposes is also prohibited.

Donor-advised funds receiving gifts of interests in a business enterprise after the date of the PPA's enactment (August 17, 2006) will have five years to divest holdings that are above the permitted amount. (As of the passage of the PPA, the Foundation did not have any such holdings, but this Policy is intended to deal with any future such possible gifts.)

A "business enterprise" is the active conduct of a trade or business, including any activity which is regularly carried on for the production of income from the sale of goods or the performance of services. Specifically excluded from the definition are:

- Holdings that take the form of bonds or other debt instruments unless they are a disguised form of equity
- Income from dividends, interest, royalties and from the sale of capital assets
- Income from leases unless the income would be taxed as unrelated business income
- Functionally-related businesses and program-related investments
- Businesses that derive at least 95 percent of their income from passive sources (dividends, interest, rent, royalties, capital gains). This will have the effect of excluding gifts of interests in most family limited partnerships, and other types of holding company arrangements.

Donors and persons appointed or designated by donors are disqualified persons if they have-or reasonably expect to have-advisory privileges with respect to the donor-advised fund by virtue of their status as donors. Members of donors' and advisors' families are also disqualified, but the section does not define "family" and does not cross-reference either section 4958 or 4946 for the definition. Finally, the term includes 35-percent-controlled entities as defined in section 4958(f)(3).