

# CHARLOTTE HOBBS MEMORIAL LIBRARY

## Gift Acceptance Policy

### PURPOSE

The mission of the Charlotte Hobbs Memorial Library (CHML) is to bring people, information and ideas together to inspire lifelong learning, advance knowledge and strengthen our community. This Policy provides guidance to the CHML and its Donors regarding the solicitation and acceptance of gifts to support the CHML activities that further its mission.

### DEFINITIONS

**Board** – The Board of Trustees of the CHML.

**Director** – The Library Director of the CHML chosen by the Board, or Acting Library Director if the position of Library Director is vacant.

**Development Team** – The group of individuals designated by the CHML to secure funding for the CHML, and comprised of president of the Board, along with the Treasurer, the chair of the Budget/Finance/Development Committee, the Director, and such other individuals as they may deem appropriate.

**Donor** – Any individual or organization donating anything of value, monetary or otherwise, to the CHML.

**Friends** – A library Friends group is a formal association of people united to plan and execute, in conjunction with the CHML's goals and the needs, programs and events to benefit the library, and specifically the Friends of the Charlotte Hobbs Memorial Library.

**GAAP** – Generally Accepted Accounting Principles.

**Gifts** – The term "gifts" encompasses anything of value, monetary or otherwise (including securities, real estate, tangible property, and any other thing or interest of value) that the CHML accepts from a Donor.

### POLICY

1. The CHML commits to follow the Association of Fundraising Professionals' "Donors Bill of Rights," based on philanthropy as voluntary action for the common good that encompasses a tradition of giving and sharing to enhance the quality of life. To assure the respect and trust of the general public and provide Donors and prospective Donors full confidence in the CHML, the Board declares that all Donors have these rights:
  - a. To be informed of the CHML's mission, of the way it intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
  - b. To be informed of the identity of those serving on the Board, and to expect the Board to exercise prudent judgment in its stewardship responsibilities.
  - c. To have access to the CHML's most recent financial statements.

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- d. To be assured their gifts will be used for the purposes for which they were given.
  - e. To receive appropriate acknowledgement and recognition.
  - f. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
  - g. To expect that all relationships with individuals representing the CHML to the Donor will be professional in nature.
  - h. To be informed whether those seeking donations are CHML volunteers, employees, or hired solicitors.
  - i. To have the opportunity for their names to be deleted from mailing lists that the CHML may intend to share.
  - j. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.
2. **Donor Recognition.**
- a. Acknowledgement: The Board or Development Team will acknowledge all gifts made to the CHML and comply with current federal and state requirements in acknowledgement of the gift.
  - b. Donor Reports: The CHML will provide public quarterly and annual gifts reports, listing all Donors and grantors for the period covered.
  - c. Changes to Recognition: The Board may terminate or modify the recognition of any recognized Donor found to have engaged in activities that conflict with the CHML's mission and values, or if the Donor is involved in disreputable or criminal activities that would dishonor or embarrass the CHML.
3. **Grants**: Prior to application for grants, the Board or the Development Team must approve the grant proposal.
- a. In making an application, the Development Team shall confirm that the CHML is able to fulfill any applicable federal, state and grantor guidelines, along with any other the terms of the grant.
  - b. The CHML shall acknowledge all grants within 14 days of receipt.
  - c. The Development Team will monitor all grants according to the terms of the grantor, and separately reflected in the CHML's financial accounting as required by the grant.
4. **Restricted Gifts**: A gift with restrictions will be accepted only if approved by the Board.
- a. Named Funds: Donors and Donor groups, including the Friends, may contribute to and name a fund with a restricted use, and restrict the use of the income or principal of the fund. Named funds require a minimum contribution of \$100,000.

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- b. Gift Agreements. Where appropriate, CHML shall enter into a written gift agreement with the Donor, specifying the terms of any restricted gift, which may include provisions regarding Donor recognition.
5. **Pledge Agreements Acceptance**. By CHML of pledges by Donors of future support of the CHML (including by way of matching gift commitments) shall be contingent upon the execution and fulfillment of a written charitable pledge agreement specifying the terms of the pledge, which may include provisions regarding Donor recognition.
6. **Gift Valuation**. The CHML will record gifts at their valuation on the date of gift, except that an irrevocable gift that is due at a future date may be recorded at the time the gift becomes irrevocable in accordance with GAAP.
7. **Monetary Gifts**. The Board designates the Development Team and the Friends, in coordination with the Development Team, to solicit gifts to CHML.
  - a. Monetary Gifts: The CHML will accept unrestricted monetary gifts without prior Board review. The Development Team shall review any donations of \$1,000 or more to vet the Donor's identity with respect to any reputational or policy issues. Unrestricted monetary gifts are acceptable in any form. Checks should be made payable to "CHML" or "Charlotte Hobbs Memorial Library."
  - b. Anonymous Gifts: Any anonymous gift must be reviewed by the Development Team before acceptance.
8. **Non-Monetary Gifts**: All gifts, other than unrestricted gifts of cash, must be reviewed by the Board or the Board's designate, prior to acceptance, unless the Board authorizes certain *de minimis* gifts or categories of gifts to be accepted without review.
  - a. Tangible Personal Property: CHML does not accept vehicles such as boats, automobiles, or motorcycles. The Board shall review and decide whether to accept other tangible personal property gifts by considering:
    - (1) whether the property furthers the mission of CHML;
    - (2) the property's marketability;
    - (3) any restrictions on the property's use, display, or sale of the property; and
    - (4) any carrying costs and possible liability associated with the property.
  - b. Oil, Gas, and Mineral Interests: The CHML does not accept oil, gas or mineral property interests.
  - c. Mixed Donations and Services: Donations above \$75 that involve the receipt of goods and/or services, must include in the acknowledgement a description and good faith estimate of the value of the goods and/or service received. A disclosure statement for these types of donations must be provided either with the solicitation for the donation or as part of the receipt.
9. **Real Estate**: Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest.
  - a. Environmental Review. Prior to acceptance of real estate, the CHML shall require an initial environmental review of the property to ensure that the property has no

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environmental issues. If the initial inspection reveals a potential problem, the CHML shall retain a qualified inspection firm to conduct an environmental audit at the Donor's expense.

- b. Title Binder. A title binder shall be obtained by CHML prior to the acceptance of the real property gift when appropriate, at the Donor's expense.
- c. Remainder Interests in Property: The CHML will not accept a remainder interest in a personal residence, farm, or vacation property.

10. **Marketable Securities**: All marketable securities shall normally be sold as soon as practical following receipt, unless otherwise directed by the Board.

- a. Unrestricted marketable securities may be transferred to an account maintained by CHML at one or more brokerage firms, or delivered physically with the transferor's signature or stock power attached.
- b. If the marketable securities are restricted by applicable securities laws, the Board shall make the final determination on the acceptance of the restricted securities.

11. **Closely-Held Securities**: Closely-held securities, including debt and equity positions in non-publicly traded companies, interests in LLPs and LLCs, or other ownership forms, can be accepted subject to the approval of the Board.

- a. The Board shall review and decide whether to accept closely held securities based on:
  - (1) restrictions that could prevent CHML from converting the securities to cash;
  - (2) the marketability of the securities; and
  - (3) any undesirable consequences for CHML from accepting the securities.
- b. If initial review identifies potential problems concerning a security, the Board may seek further review and recommendations from an outside professional before making a final decision whether to accept the gift.
- c. The final determination on the acceptance of closely held securities shall be made by CHML with advice of legal counsel when deemed necessary. Non-marketable securities shall be sold as quickly as possible.

12. **Testamentary Gifts**. Donors may make bequests to CHML under their wills and trusts.

- a. Bequests: A bequest will not be recorded as a gift until the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the gift will be recorded in accordance with GAAP.
- b. Charitable Remainder/ Charitable Lead Trusts: The CHML may accept designations as remainder of income beneficiary of such trusts, but will not accept appointment as trustee of the trust.
- c. Retirement Plan Beneficiary Designations: Designations will not be recorded as gifts until the gift is irrevocable. When the gift is irrevocable, the gift will be recorded in accordance with GAAP.

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- d. Charitable Gift Annuities: The CHML does not create or offer Charitable Gift Annuities.
13. **Life Insurance**: If the CHML is designated as beneficiary and owner or contingent beneficiary of a life insurance policy. Designations will not be recorded as gifts until the gift is irrevocable. Where the gift is irrevocable, the gift shall be recorded in accordance with GAAP.
  - a. If the Donor contributes future premium payments, CHML will include the entire amount of the additional premium payment as a gift in the year that it is made.
  - b. If the Donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, CHML may: (1) continue to pay the premiums; (2) convert the policy to paid up insurance; or (3) surrender the policy for its current cash value.
14. **Standards for Determining Gift Acceptability**.
  - a. The Development Team are required to review any potential gifts that violate the mission, goals and objectives or threatens public relations problems or the core values of the organization. Once identified and investigated, any challenging potential gifts should be reviewed by the Development Team, which may refer any further examination to the Executive Committee of the Board.
  - b. Any potential gift deemed by a majority of the Board as creating an actual or perceived conflict with the CHML's mission, objectives and values, terms of organization, tax-exempt status, reputation or legal standing will not be accepted. Also, the CHML will not accept gifts that the Development Team determines are too difficult or expensive to administer.
  - c. When presented with a potential conflicting gift, the Board or Development will work directly with a potential Donor to attempt to resolve any concerns and/or respectfully decline the donation.
  - d. CHML shall seek the advice of legal counsel in matters related to acceptance of gifts when appropriate, as when (1) closely held stock transfers that are subject to restrictions or buy-sell agreements; (2) documents naming CHML as trustee; (3) gifts involving contracts such as bargain sales, partnership agreements, or other documents requiring CHML to assume an obligation; (4) transactions with potential conflicts of interest; (5) gifts of real estate; (6) pledge agreements; and, (7) any gift with restrictions.
  - e. When evaluating gifts of real property, the Board shall base its decision whether to accept the gift based on the following factors: (1) whether property is useful for the purposes of CHML; (2) marketability of the property; (3) any encumbrances, leases, restrictions, reservations, easements, or other limitations associated with the property; (4) any carrying costs associated with the property, including insurance, property taxes, mortgages, notes or other costs; or (5) any concerns which the environmental audit revealed.

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- f. Fees. The CHML will not accept a gift unless the Donor is responsible for all fees for: (1) independent legal counsel retained by Donor for completing the gift; (2) appraisals; (3) environmental audits and title binders (in the case of real property); and (4) other third-party fees associated with transferring the gift to the CHML.

#### 15. Disposition of Property.

- a. IRS Filings Upon Sale: If applicable, the CHML shall file IRS Form 8282 upon the sale or disposition of any charitable deduction property sold within 3 years of receipt by the CHML. The CHML shall file this form within 125 days of the date of sale or disposition of the asset.
- b. Donated Materials Resale: This program can receive donations of books and DVDs at the discretion of staff, for which in-kind donation receipts will be created.

**Adoption:** This policy was adopted on June 24, 2020; and amended on March 16, 2022.

#### APPENDIX A:

#### Information Desired for Gifts of Named/Restricted Funds or Endowments

On following page.

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**Information Desired for Gifts of Named/Restricted Funds or Endowments**

**Establishment:**

- Date of establishment
- Name of donor
- Title of fund or endowment
- Fund amount
- Type: Term or Permanent
- Signature of donor and Board President after acceptance by the Board

**Donor Intent:**

- Biographical information about the donor
- Reason for establishing the fund or endowment

**Purpose of the Fund or Endowment**

- Criteria for distributions

**Source of Funds Used to Create the Fund or Endowment**

- Description of original gift (cash, stocks)
- Dollar amount of the original gift or number of shares
- Amount of any subsequent gifts

**Administration**

Management or administrative fee (usually 1% of FMV)

**Target Asset Allocations**

The Board may guide the Investment Manager with prudent ratios of investment, to obtain the optimal returns consistent with fiduciary principles.