



This procedure has been established to govern the acceptance of gifts made to the Kenosha Public Library Foundation, Inc. (the "Foundation") for use by or benefitting any of its programs. The purpose is to:

- Assure that all donors are treated equitably.
- Avoid misunderstandings or uncertainty.
- Offer donors a range of options to encourage the most significant possible gift.
- Emphasize the importance of coordinated solicitations to avoid duplication or confusion.
- Assure that qualified parties review all legal documents associated with planned gifts.
- Assure that requests for gifts or grants comply with ethical business, professional and philanthropic practices, avoiding conflicts of interest in the present or future relationships.
- Protect the Kenosha Public Library Foundation's tax-exempt status and minimize any risk associated with contributions.

### **Authority Regarding Gift Acceptance**

The President of the Foundation's Board of Directors and Library Director are authorized to accept gifts to the Foundation consistent with this Gift Acceptance Procedure and the Gift Acceptance Policy. The Finance Committee is responsible for screening and accepting those gifts that the President refers to this committee for review per this Gift Acceptance Procedure and making recommendations to the Board of Directors on gift acceptance issues, as necessary and appropriate.

### **Types of Gifts Accepted**

The following types of gifts can be accepted, subject to the criteria indicated below:

1. **Cash** - Cash is acceptable in any form. The Foundation may provide donors with instructions for the electronic transfer of funds. Checks shall be made payable to the Kenosha Public Library Foundation, Inc. and delivered to 7979 38th Avenue, Kenosha, WI 53142.
2. **Corporate Matching Gifts** – The Foundation will accept monetary gifts from organizations or corporations to match contributions made by individuals associated with that corporation or organization. Matching gifts will be allocated to the same purpose as the donor's original gift unless prohibited by the corporation's matching gift policies.
3. **Tangible Personal Property** – Gifts of tangible personal property (gifts-in-kind) shall be evaluated by the Library Director and President of the Board of Directors under the following criteria:
  - Can the property be used in fulfilling the Foundation's mission?
  - Is the property marketable?
  - Are there any undue restrictions on the property's use, display, or sale?
  - Are there any carrying costs for the property?
  - Can the authenticity of the property be verified by a qualified professional?
  - Are there any special IRS reporting requirements concerning the acceptance or sale of the donated property?

*Restrictions imposed by the donor regarding the sale, maintenance, administration, or display of such items will be reviewed by the Finance Committee, as will items that will require additional funding to maintain or support them. Typically, such gifts can be accepted only if the donor underwrites any additional expenses.*

#### Gifts of Art for the Library

- Gifts of art for use in the Library will be reviewed for acceptance by the Library Director, Collections Department, or by a committee designated by the Library Board of Trustees.

#### Gift of Equipment and Inventory for the Library

- Gifts of equipment and other inventory, such as software, will be accepted if they serve the purpose of the Library and would otherwise need to be purchased. The Library Director shall make the decision to accept such gifts on a case-by-case basis.

**4. Real Estate** - Gifts of real estate are subject to prior approval of the Finance Committee. Before acceptance of the real property, the Foundation shall require an initial environmental review of the property by a qualified inspection firm to ensure that the property has no environmental damage. When appropriate, the Foundation will obtain a title binder prior to accepting the property gift. The cost of any environmental audits and title binder shall generally be an expense of the donor.

Criteria for acceptance of real property shall include, but not be limited to:

- Is the property useful for the purposes of the Foundation or Library?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property
- Are there carrying costs associated with the property, including insurance, property taxes, mortgages, notes, etc.?
- Does the environmental audit reflect that the property is not damaged?
- Is the property the subject of litigation or other dispute?

*Generally, gifts of real property are accepted with the provision that they are sold as soon as can be arranged to the maximum advantage of the Library Foundation unless they are appropriate for use by the Library. Gifts subject to a retained life estate usually will carry a requirement that the life tenant bears all property expenses during life tenancy.*

**5. Life Insurance Policies and Life Insurance Beneficiary** – Donors and supporters of the Foundation may name the Foundation as a beneficiary or contingent beneficiary of their life insurance policies. The Foundation may also be named as both beneficiary and irrevocable owner of a life insurance procedure. The Foundation may accept only whole life insurance policies; term life policies may not be accepted. The donor may make additional cash gifts to cover future premium payments on the life insurance proceeds. If the donor does not do so or ceases to do so, the Foundation may:

- continue to pay the premiums;
- convert the procedure to paid-up insurance or;
- surrender the procedure for its current cash value.

**6. Charitable Remainder Trusts** - The Foundation may accept designation as the remainder beneficiary of a charitable remainder trust with the approval of the Finance Committee. The Foundation will not accept an appointment as trustee of a charitable remainder trust.

**7. Charitable Lead Trusts** - The Foundation may accept a designation as income beneficiary of a charitable lead trust with the approval of the Finance Committee. The Foundation will not accept an appointment as trustee of a charitable lead trust.

**8. Bequests** - Donors and supporters of the Foundation may make bequests to the Foundation under their wills and trusts. The Foundation will not provide legal advice concerning making such gifts and will strongly encourage donors to seek independent legal counsel.

### **Independent Counsel for Donors**

Because each individual's financial and tax-planning circumstances vary, the Foundation shall encourage all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the consequences of tax and estate planning. Neither the Foundation nor the Library may act as a personal consultant or tax advisor to any donor. It is the donor's responsibility to obtain and bear the costs of independent legal counsel.

### **Designated Gifts**

Donors may designate their gifts for a restricted purpose. If the purpose is for something outside of an established Foundation fund, acceptance of the gift is subject to approval by the Finance Committee. The Foundation will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the Foundation's Articles of Incorporation, gifts that are too difficult to administer, or gifts that are for purposes outside the Foundation's mission. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Finance Committee. Unless so designated, all gifts will be deemed to be unrestricted in purpose.

### **Gifts to the Endowment**

The Foundation may accept gifts designated as a permanent "endowment" or gifts that are otherwise subject to spending restrictions. Such gifts shall be managed in a manner consistent with the Uniform Prudent Management of Institutional Funds Act as adopted in Wisconsin, or any successor legislation, as currently effective or as hereinafter amended. The Foundation's Finance Committee oversees policies regarding endowment spending and investment management, with an objective to provide reasonable spending while preserving the purchasing power over the long term.

The Foundation may accept named endowment funds at its discretion, subject to the criteria indicated below:

- Named endowment funds are recognized in perpetuity.
- The amount of the named endowment fund is the corpus amount. The corpus amount shall be preserved as a permanent contribution and shall not be invaded; however, earnings on the corpus shall be used.
- Named endowments may be unrestricted to be used where the Library's needs are greatest, restricted in conformity with a pre-existing restricted endowment, or restricted to a new purpose.

- Library services, locations, and programs change over time. Rather than restricting a named endowment, a donor is encouraged to make an unrestricted contribution and provide guidance as to how he or she would like earnings used. In this circumstance, the Foundation holds variance power and may re-direct earnings according to future needs.
- Endowment investments are pooled. Named endowments are not invested separately.
- Minimum amounts for named endowments are set by the Foundation Board and may be adjusted in the future. Existing named endowments shall continue if the Board raises minimums or enters other requirements for future named endowments.
- Recognizing that endowments should be of sufficient size to provide substantial revenue and that administrative costs may be greater on restricted endowments, required minimum contributions to create named endowments may vary between unrestricted endowments, restricted endowments conforming with pre-existing restricted endowments, and restricted endowments that do not conform to any pre-existing endowment.
- When this procedure is accepted, minimums shall be \$10,000 for a named endowment with restrictions different from pre-existing endowments, \$5,000 for a named endowment with restrictions conforming with a pre-existing endowment; and \$5,000 for a named unrestricted endowment.
- Donors may make additional contributions to an existing named endowment in any amount disregarding minimums.
- Named endowments that differ from this procedure may be proposed, but acceptance is subject to approval by the President or Treasurer who may at their discretion refer approval to the full board, to the Executive Committee, or to the Finance Committee.

## **Tax Law Compliance**

### **Gift Acknowledgments**

The Foundation shall provide written acknowledgments to all donors, regardless of the amount. Such acknowledgments shall (a) state the amount of cash received or, in the case of gifts of property, describe (but not value) the property; and, for gifts other than “quid pro quo” gifts, shall state: “No substantial goods or services were provided in exchange for this gift.”

In the case of “quid pro quo” gifts, i.e., gifts in which the donor receives something of value in exchange for the gift, the Foundation’s acknowledgments shall (a) state the amount of cash received or, in the case of gifts of property, describe (but not value) the property; (b) describe the goods and/or services provided to the donor, along with a good faith estimate of their value; and (c) state that only the excess over such value is deductible by the donor as a charitable contribution. E.g.: “Thank you for your gift of \$200. You received a dinner with a value of \$50. \$150 of your gift may be deducted as a charitable contribution, subject to applicable limits.”

### **Securing Appraisals for Gifts to the Foundation**

For a gift of property (other than cash or publicly-traded securities) for which a donor claims a charitable contribution deduction of more than \$5,000 (or more than \$10,000 in the case of closely-held securities), the donor must obtain a “qualified appraisal,” as defined in Treasury Regulations. The donor shall bear the cost of any such appraisal. The appraisal must be obtained no earlier than 60 days before the appraised property's contribution date and no later than the due date, including extensions, of the tax return on which the donor first claims the deduction.

**IRS Tax Form 8283: Donor Reporting**

A donor who claims a deduction for the non-cash property of more than \$500 must file a Form 8283 with the tax return on which the donor claims the deduction for the property. While it is the donor's responsibility to file the form, the form requires a signature on behalf of the Foundation to acknowledge receipt of the property. The form does not require the Foundation to include a certification as to the property's value. The Foundation's Board President must sign this form.

**IRS Tax Form 8282: Reporting Sales of Gift Assets**

The Board President is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within three years of receipt by the Foundation when the value of the item claimed on Form 8283 exceeds \$5,000. The Foundation must file this form within 125 days of the asset's date of sale or disposition.

**Exceptions**

These procedures are intended as guidelines to assist volunteers and staff in soliciting gifts. The Finance Committee must approve any exceptions to these procedures of the Foundation Board.