

## **MGT-6: Endowment Fund Policy**

Adopted: 8/21/2014; Last Revised: 2/15/2018

### **Policy Statement**

The Orion Township Public Library's (OTPL) primary source of income is through a voter-approved millage. Additional income is received through state aid to public libraries from the Library of Michigan, penal fines, library fines and undesignated gifts. These revenue sources are the basis for basic library services. The library board recognizes the importance of planned gifts in enhancing the library's programs, facilities and collections and has established endowment funds and may do so in the future.

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### **Regulations**

1. OTPL makes the final decision on acceptance, use or disposition of all materials, donations or gifts and retains unconditional ownership of same.
2. Checks shall be made payable to the Orion Township Public Library. In no event shall a check be made payable to an individual who represents the library in any capacity.
3. Appraisal of non-cash donations are the responsibility of the donor.
4. Gifts to the library, a governmental unit, may qualify as a federal tax deduction; the donor will have to consider his or her particular circumstances for the specific tax effect of their gifts.
5. The library board's fund development committee will make investment recommendations for board approval.
6. The library may accept a wide variety of endowment fund gifts such as:
  - a. Readily marketable securities, such as those traded on a stock exchange
  - b. Closely held securities
  - c. Real estate
  - d. Life insurance
  - e. Tangible personal property, such items as jewelry, artwork, collections, and equipment
7. Planned giving can be bequests or other deferred giving through estate planning or outright gifts.
8. The library encourages deferred gifts in its favor through any of a variety of vehicles such as:
  - a. Charitable or deferred gift annuity
  - b. Pooled income fund
  - c. Charitable remainder trust
  - d. Charitable lead trust
  - e. Bequest
  - f. Retained life estate
9. The library shall not act as a personal representative for a donor's estate or as a trustee of a charitable remainder trust.
10. An endowment fund gift may receive assets, by way of any means by which assets are transferred to the OTPL, directly by the donor or by the donor's agent upon the death of the donor. The assets may be in any form, such as cash, securities, personal property, or real property and should identify the OTPL as the beneficiary.

11. Endowment fund gifts may be of two general types:
  - a. *Unrestricted*: These are gifts with no specific donor requirements or restrictions as to how they are to be used. Expenditures of these funds are made at the discretion of the library's board on the advice of its fund development committee, for purposes consistent with the mission of the library.
  - b. *Restricted*: These are gifts for specific objectives or interests of the donor and acceptable to the OTPL. These gifts may be in response to a specific request or unsolicited. They may be directed toward and used for special purposes, such as programs, building and grounds, equipment or library materials. See the *Designated Gift Expenditure Request* form for expenditure of restricted funds.
12. Endowment fund gifts may also express the following:
  - a. *Designated as currently expendable*: In the absence of specific donor or use instructions to the contrary, all gifts are considered to be available for current expenditures.
  - b. *Designated as a quasi-endowment*: Gifts greater than \$1,000 may be directed to a named, quasi-endowment fund. Gifts will be treated as a permanent fund except that the Board, after recommendation from the finance committee, by special deliberation or in response to donor instructions, may direct the withdrawal and expenditure of some or all of the principle at some future time. Quasi-endowment funds will be added to the endowment fund's general fund.
  - c. *Designated as a true endowment*: Donors may direct that a gift be placed into a permanent fund, the principle of which may not be withdrawn. Gifts of over \$5,000 may be used to set up a named, true endowment.
13. See *Gifts and Donations Policy* for information on Donor and Name Recognition opportunities.
14. A patron who lives in the library service area who wishes to challenge a library policy or any portion of a library policy should follow procedures as outlined in MGT-15: Appeals Process Policy.