

Campaign for the Blackstone Branford's Community Library Since 1896



Gift and Pledge Acceptance Policies

The Campaign for the Blackstone has unique characteristics as a fundraising effort, and it is therefore necessary to maintain a set of gift and pledge policies specific to this effort.

Underlying Assumptions

- Any gift to the Campaign for the Blackstone will substantially benefit the library in a manner that is consistent with the organization's mission
- The gift is complete, voluntary and unconditional, with no substantial benefit transferred to the donor in return for the gift
- The gift is free of substantial restrictions on the use of donated items, other than being used for the purposes of the campaign (construction, renovation and related planning expenses). An example of an unreasonable restriction might be granting the donor control over firms or vendors are hired for the project.
- All gifts to the Campaign for the Blackstone will be accompanied by a Donation Transmittal Form expressing the total gift, payment schedule, specific intent and recognition information.

In the case of a question as to whether a potential donation meets the criteria listed above, the Board of Directors will have final decision and can reject any gift if it deems necessary to do so.

Types of Gifts

Cash Gifts include cash, checks, credit cards, wire transfers and online donations.

(For gifts made by credit card, any bank or processing charges which reduce the amount actually received are treated as expenses, and do not reduce the credited gift amount.)

Given the timeline for this project and the stipulations imposed by the State Library for matching funds, payment of all one-time cash gifts will be expected by March 1, 2018.

Pledges are promises to contribute a specified amount at a specified time in the future, or on a specified schedule with multiple payments. Pledges are expected to be fulfilled with contributions of cash (as defined above) or stock. Because nonprofits are required by accounting standards to account for the full value of pledges at the time the pledge is made, all pledge commitments must be in writing with language that states: "This pledge is a legally binding agreement between (donor) and the James Blackstone Memorial Library."

Given the timeline for this project and the stipulations imposed by the State Library for matching funds, the goal is to have all pledges be at least 30% paid by March 1, 2018, and 50% paid within 6 months (Sept. 1, 2018).

Matching Gift Pledges are offered by many employers to match a donor's gift, either directly dollar for dollar) or on a percentage basis. Matching gifts are added to a donor's own contribution to determine the level of recognition received. All donors should be asked to check with their employers about matching opportunities.

Stocks and Marketable Securities are also acceptable gifts. Upon receipt of a gift of donated securities, the treasurer, on behalf of the Board, will immediately authorize the sale of the securities, with proceeds placed into the campaign account. A decision to hold any securities for more than 30 days must be authorized by the Finance Committee. The gift amount will be calculated based on the average

of the highest and lowest prices of the securities on the date the securities are *recorded as received* (highest and lowest prices are available at <http://finance.yahoo.com>).

Gifts of closely held securities (securities that are not publicly traded) are subject to prior approval of the Board and treasurer, which may choose to seek an expert opinion on the value and marketability of the securities.

In-Kind Contributions – contributions of goods or services – may be accepted for the library as needed, but will not be counted towards the campaign goal or receive campaign recognition unless they directly and measurably reduce the cost of the capital project (this includes real estate). The library will not issue a receipt showing the cash value of such gifts, but will acknowledge receipt of the object or service by name or description. It is the sole responsibility of the donor to determine and verify the value for tax purposes.

Planned gifts commonly include bequests, trusts and gift annuities, where the library would receive full or partial ownership, or is listed as a direct beneficiary. These giving arrangements often carry greater complexity than cash gifts or pledges, and can take years to realize. Therefore, the only planned gifts that will be included towards the campaign goal are:

- Bequests received (in cash) by March, 2018 or uncontested bequests expected to be received within 6 months of that date
- Life insurance policies paid (in cash) by March, 2018 or expected to be received within 6 months of that date

Unacceptable Gifts

The Board of Directors will make the final decision about acceptance of any gifts that may be deemed to fall outside of established policy guidelines. The library is not required to accept any charitable gifts or contributions, particularly those which:

- Are designated with restrictions that fall significantly outside the organization's mission
- May cost the organization money, or provide a liability or potential penalty of any kind
- Have conditions that are not in the best interest of the library or that fall outside ethical boundaries
- Are not able to be liquidated into cash in a reasonable amount of time
- Which are intended to influence the selection of any project contractor

Gift Refund Policy

The James Blackstone Memorial Library will accept both gifts and pledges for the capital campaign. In the unlikely event that the building project does not occur, the following policies will apply in accordance with state law and IRS rules.

Cash Gifts:

- All outright gifts to the capital campaign are final and nonrefundable and will only be refunded if the project does not occur as intended
- One-time gifts can be paid at any time through March 1, 2018
- A written gift agreement is recommended for all gifts, and will be required for all gifts of \$1,000 or more. (For smaller gifts this might be as simple as checking a box on a return envelope or card indicating intent.)

Pledges:

- All pledges are considered legally binding commitments to pay specified amounts on a specified schedule
- Adjustments may be made to the payment schedule but not to the overall amount (under nonprofit accounting rules, pledges are treated as accounts receivable at the time the commitment is made)
- Pledges may be made at any time, and the initial installment may accompany the pledge or be made at a later date.
- Any donor concerned about the project's inevitability may choose to schedule their first pledge payment to coincide with a commitment of support from the Town of Branford, ensuring that the project will move forward as planned. If this option is exercised, it is expected that 50% or the total pledge amount is paid on or before March 1, 2018.

Treatment of Gifts and Payments:

All payments received and designated for the campaign will be held in an appropriate account separate from all other library funds. These funds will not be used for any purpose other than expenses directly related to the building project. Any decision by the Board to invest these funds will acknowledge that no loss of funds will be acceptable.

In the unlikely event that donations need to be refunded, all donors will receive the exact amount of their donation, accompanied by instructions for tax handling of this refund and a link to IRS publication 525 which details the simple, appropriate filing requirements.

IRA Qualified Charitable Distributions

Information for Donors over 70 ½

Good news for taxpayers over the age of 70 ½. Congress has voted to make permanent the exclusion from income of up to \$100,000 per person, per year, for Individual Retirement Account (IRA) distributions which are given directly to charities. The distribution is not included in your income so you avoid the potential negative consequences that regular IRA withdrawals in retirement can create, including taxes on Social Security benefits. Distributions excluded from income are also equivalent to a 100% deduction.

IRS rules mandate that individuals age 70 ½ and older take Required Minimum Distributions (RMDs) from their IRA each year, regardless of whether the income is needed. These annual withdrawals are subject to ordinary income taxes. By making a charitable contribution from your IRA, you can satisfy your RMD amount without reporting additional income

One key benefit of the direct charitable contribution from your IRA is that the distribution counts towards your Required Minimum Distribution (RMD). You can contribute more than your RMD to charity as long as you do not exceed \$100,000 in a calendar year. The gift can satisfy a pledge that you have made. However, you may not receive anything (other than an intangible religious benefit) from the charity as a quid pro quo for your contribution. The contribution cannot go to a donor-advised fund, supporting organization or private foundation. Finally, you cannot make the charitable IRA distribution from Simplified Employee Plans (SEPs) and Savings Incentive Match Plans for Employees (SIMPLE plans) if an employer contribution is made for that year.

Additional Information

- Generally, in order to claim a charitable deduction, you must itemize your tax return. For retirees who no longer pay mortgage interest, the deductions may be too small to itemize. The provision offers the tax benefits of a charitable contribution without your having to itemize your deductions.
- Charitable deductions are limited by a taxpayer's income — generally up to a maximum of 50% of modified adjusted gross income. By directing your IRA distribution to a charity, you can avoid this restriction.

The James Blackstone Memorial Library is happy to be able to accept donated IRA Distributions. Your financial advisor or IRA manager can provide specific details as to the appropriate process to ensure no tax benefits are lost.

Note: This information is not meant as tax or legal advice. Tax laws are complex and subject to change. Please consult a professional tax advisor to determine how this tax law affects your situation