



Dover Library Foundation

## **Gift Opportunities, Gift Acceptance, Funds & Investing/Spending Policies**

### **A. Purpose of these Policies**

The Dover Library Foundation (hereinafter called the DLF) has been certified by the Internal Revenue Service as a charitable organization within the meaning of Section 501 © (3) of the Internal Revenue Code of 1986, as amended. It has been certified by the State of Delaware as a Corporation organized exclusively to provide resources that enhance and enrich the Dover Public Library (hereinafter called the Library).

To this end, the DLF, acting through its Board of Directors (hereinafter called the Board) is authorized to solicit and receive donor gifts through a variety of giving opportunities; and, to manage and invest the funds that result from these gifts in a variety of ways.

The purpose of these policies is to identify types of gifts and outline procedures and factors that the Board shall use when reviewing proposed gifts and establishing, managing and investing a variety of funds that may result from these gifts.

### **B. Gift Opportunities and General Principals of Gift Acceptance**

1. The DLF accepts the donations of cash, money orders, checks, and electronic wire transfers to its bank account, marketable securities (stocks and bonds) and life insurance provided by a donor or donors for the purpose of current and future Library program enhancement, or placement in donor or board designated endowment funds. Donors are encouraged to make unrestricted gifts so that DLF can have the flexibility when determining the best use of the gift when it is received. The acceptance of all donor gifts will be at the sole discretion of the Board.
2. Unless the gift instrument specifically states any limitations or restrictions, all gifts to the DLF shall be considered unrestricted and the Board may expend the “principal” and any “income,” “interest,” “dividends,” or “rents, issues or profits,” in part or wholly for library program enhancement; or, the Board may set aside these gifts for placement in Board-designated endowment funds.
3. The Board reserves the right to decline any gift that is not consistent with the Library’s mission; that has donor restrictions deemed by the Board as unfeasible for management by DLF; and/or that is from a source of which could be viewed as not in the best interest of the Library.
4. All donor restrictions are subject to the approval of the Board.
5. A donor or group of donors may designate gifts for one or more Board designated endowment funds.

6. A donor or group of donors may provide a gift that is specifically designated as a new donor-restricted endowment fund, provided this fund conforms to the conditions for donor restricted endowment funds established herein.
7. A donor or group of donors may provide a gift \$50,000 (or more) that may carry the name(s) of the donor(s) or some other name designated by the donor or group of donors and restrict the use of income from that fund provided this “named” donor-restricted endowment fund conforms to the conditions established herein.
8. A donor or group of donors may provide a gift that is designated for program enhancement; and which may be deposited in a current spending account which may be expended for such purposes. Such gifts may be designated for a specific existing program or for new program enhancements that are identified annually by the Library Director in accordance with the Library’s strategic program plan.
9. All unrestricted estate bequests and/or other estate gift income, as well as all memorial donations (such as “in Lieu of Flowers” or “In Memory of...”) received by the DLF shall be set aside for investment in one or more Board-Designated endowment funds.
10. With the consent in record form of the donor or group of donors, the Board may, pursuant to the provisions of the *Uniform Prudent Management of Institutional Funds Act* (Title 12, Chapter 47, DE Code), release or modify, in whole or in part, a restriction contained in a gift instrument on the management, investment, or purpose of a fund, provided that the fund will continue to be used for Library purposes.  
  
An appropriate Delaware Court may also approve such modifications or releases in response to an application of the DLF pursuant to the provisions of section 4706, Title 12 DE Code. (*Uniform Prudent Management of Institutional Funds Act*).
11. Appropriate and reasonable administrative, accounting, reporting and investment costs will be allocated on a pro rata basis to all gifts and all endowment funds.
12. In managing funds that are not wholly expendable by the Library on a current basis, the DLF shall comply with the applicable provisions of the *Uniform Prudent Management of Institutional Funds Act* found in Title 12, Chapter 47, Delaware Code.
13. The Board shall sell all donated marketable securities within a reasonable time after receipt and deposit the net amount in an appropriate fund.

### **C. Endowment Funds**

The Board has determined that a need exists to create long-term, consistent and reliable sources of funding for the Library. The Board also recognizes that some library supporters are interested in and capable of making substantial gifts of assets, above and beyond their sustained, periodic (annual) giving. To this end, the Board itself may establish a variety of endowment funds that are managed in accordance with an Endowment Statement; and the Board may, by written agreements, accept gifts designated by a donor or group of donors as an endowment fund.

#### **D. Board-Designated Endowment Funds**

The Board may designate certain unrestricted funds and contributions for placement in an Endowment Fund. The Board shall adopt an Endowment Statement for such funds which shall include its purpose; any restrictions on its use; and, its disbursement rates and timetables for both principal and proceeds, as applicable.

#### **E. Donor Restricted Endowment Funds**

The Board may accept gifts that a donor or group of donors establish as an endowment, in which, not only the endowment investment income but also all or part of the principal, may be expended after the expiration of a stated period of time or occurrence of a specified event, depending on donor wishes.

The Board may accept gifts that a donor or groups of donors designate to be held permanently as an endowment, meaning that the principal (i.e., the original amount donated) is to remain in perpetuity and only the endowment investment income can be spent. Donor restricted endowment funds, both the true and the term fund, may carry the name of the donor or some other name designated by the donor, provided the fund is established with an outright or deferred gift of \$50,000.

A temporary "Named" Fund may be established with a written pledge of \$50,000 to be paid within five (5) years. For Funds established with a pledge, if the principal does not reach \$50,000 within five (5) years, the Fund may be dissolved at the discretion of the Board. In such an instance, the principal and any realized and unrealized gains will be transferred to a general Donor-Restricted Endowment Fund.

Endowment investment income from these endowment funds shall be made available for expenditure by the Library in accordance with a disbursement timetable established and/or a threshold achieved and for purposes identified in an endowment fund agreement.

#### **F. Endowment Fund Agreements**

Donor Designated Endowment Funds shall be established by an *Endowment Agreement* signed by the donor (or their executor, trust administrator or other agent) and the President of the DLF Board, following a vote of authorization by the Board.

The *Endowment Agreement* shall outline any restrictions on the investment of monies and the spending rate and timetable from the Fund, as well as on the use of the endowment investment income earned by the Fund.

The *Agreement* shall also include a provision that acknowledges that when the restricted purpose of the fund has become obsolete, impracticable, impossible to achieve, wasteful, or unlawful that said restricted purpose may be released or modified in whole or in part whenever the donor or group of donors consents in a record ; or when the appropriate Delaware court acts favorably to an application of the DPF for such release or modification in compliance with the *Uniform Prudent Management of Institutional Funds Act* (Title 12, Chapter 47, DE Code).

The Board may impose certain restrictions on individual funds, such as, requiring that the full amount of the original contribution or a series of contributions made to achieve a stated threshold remain in the fund permanently. However, since a donor did not restrict the funds, the Board can remove or change, by a majority vote, its self-imposed restriction and/or make the principal available for another use, such as, but not limited to, a catastrophic situation.

The direction of the distribution of endowment funds established by the Board may be left unrestricted or may be restricted to one or more specific purposes as outlined in the fund statement when it is established.

## **G. Definitions**

### **1. Principal Value**

The Principal Value of a Fund is defined as the initial and subsequent gifts by donors restricted for the endowment, plus the amount of unrestricted funds designated for the endowment by the Board.

### **2. Market Value**

It is the value of the principal and any realized and unrealized gains on investments. Market Value does not include the annual distribution of previous years' Donor-Restricted Endowment Funds, but may include the annual distribution of previous years' Board-Designated Endowment Funds, if the Board has by majority vote decided to return that amount to the Fund.

### **3. Endowment investment income**

Interest and other income earned from the investment of the principal of the Endowment Funds.

### **4. Library Programs are any activity or event sponsored by the Library.**

## **H. Spending/Disbursement Policy**

Disbursement rates and timetables for both principal and endowment investment incomes, as applicable, shall be established in endowment fund agreements with donors when the Board accepts donor restricted endowment gifts.

The Board will periodically review the disbursement rate. The disbursement rate can be changed only once annually and only by a majority vote of the Board. The endowment fund agreement will provide the guidance and limits of the disbursement rate.

A "Named" Donor-Restricted Endowment Fund must be established for a minimum of four (4) full quarters before an annual distribution can be made. At no time shall the spending policy cause the balance in the Fund to drop below the Principal Value of the originally donated principal sum.

Appropriate Distributions from all Endowment Funds, if transferred to a 'spending account,' will no longer be considered part of the Fund's Market Value.

For Board-Designated Endowment Funds, the Board may agree by majority vote to not disburse funds in any given year. In that case, that year's distribution will be retained in the Fund, re-invested, and included in future Market Value calculations.

## **I. Invasion of Principal**

1. The principal of all Donor-Restricted True Endowment Funds, whether "Named" or not, may never be invaded or spent for any purpose, other than as provided for in an Endowment Fund Agreement.

2. The principal of Board-Designated Endowment Funds may be expended or redirected pursuant to a two-thirds majority vote at a duly called meeting of the of the Board. It is the intent of the Board to maintain the original principal base of the Board-Designated portion of its funds unless the DLF is faced with a catastrophic situation.

## **J. Management and Investment Policy and Delegation of Management and Investment Functions**

Subject to the intent of a donor expressed in a gift instrument, the DLF, in managing and investing its funds shall manage and invest its funds in good faith with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and, follow the standard of conduct outlined in the *Uniform Prudent Management of Institutional Funds Act* (Title 12, Chapter 47, DE Code) and all other applicable federal and state laws.

Subject to any specific limitation set forth in a gift instrument or in law, the DLF may delegate to an external agent the management and investment of its funds to the extent that the DLF can prudently delegate under the circumstances. In making such delegation, the DLF shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, including: the selection of the agent; the establishment of the scope and terms of the delegation; periodic reviews of the agent's actions, performance and compliance with the scope and terms of the delegation, as well as the agent's own investment policy and the performance of its investments; and its fee schedules.

## **K. Operating Accounts**

The Board may establish accounts for current spending purposes.

### **1. Administrative Operations Account**

This account will have sufficient cash to cover the costs of managing all DLF funds and will pay for services, such as, printing, copying, public notifications, bank charges, attorney services, audit and accounting services, etc.

### **2. Program Enhancement Account**

This account will be used to disburse funds that have been designated by the Board or donors for use in enhancing current or future library programs.

### **3. Endowment Distribution Account**

These accounts will be used to expend funds that have been distributed from all endowment funds in accordance with Endowment Fund statements and/ or agreements.

## **L. Disposition of Funds**

In the event of the liquidation, dissolution, or winding up of the affairs of the DLF, the Board shall dispose of all of its assets, including all funds described herein, according to the provisions of its *Certificate of Incorporation* and in compliance with all applicable federal and state laws.

## **M. Responsibility to Donors and Donor Acknowledgment**

### **1. Confidentiality**

Information concerning all transactions between a donor and DLF shall be held by DLF in strict confidence and may be publically disclosed only with the written permission of the donor.

### **2. Anonymity**

DLF shall respect the desire of the donors wishing to support DLF anonymously and will under take reasonable steps to safeguard the donors' identity to make gift to DLF.

### **3. Disclaimer**

Each prospective donor to DLF shall be informed that DLF does not provide legal, tax or financial advice and shall be encouraged to discuss all charitable gift planning decisions with her or his legal, financial or tax advisor before entering into any commitment.

The Board shall provide donors with a written acknowledgement of their gifts. The Board shall also distribute its Annual Report that includes a financial statement.

## **N. Applicability of Certificate of Incorporation, Bylaws and IRS Certification**

In accepting, managing and investing funds as described herein, the Board shall comply with all applicable provisions of its Certificate of Incorporation, its Bylaws and applicable Internal Revenue Law requirements.

## **O. Ethical Standards**

The DLF and its Board is committed to the highest ethical standards and Board members shall disclose any perceived or implied conflict of interest before voting on any item. The Board shall use as a guide the "Model Standards of Practice for the Charitable Gift Planner" adopted by the American Council on Gift Annuities and the National Committee on Planned Giving

## **P. Periodic Review and Amendments**

The Board shall from time to time review these policies, but at least annually, and make such amendments thereto as deemed necessary.

Copies of amendments to these policies shall be provided in writing to the Board at least fifteen (15) days before any regularly scheduled or special meeting at which said amendments are to be voted on.

## **Q. Applicability and Effective Date**

The policies and procedures contained herein shall be applicable to DLF funds existing or established after May 1, 2014 and govern only decisions made or actions taken by the Board on or after that date.

Adopted by the Board on April 10, 2014