

In order to encourage private support for the Olive Free Library (“Library”) while ensuring that all gifts, donations, endowments, or bequests are appropriate to its mission, the Board of Trustees (“Board”), which has a fiduciary duty to ensure that Library assets are used efficiently and protected from potential liabilities and diversion to purposes other than those that further the Library’s mission, has adopted the following gift acceptance policies and guidelines:

Library Mission

The mission of the Olive Free Library is to provide the community and its surrounding neighbors with materials and services that meet educational, informational, cultural and recreational needs, as well as providing a local history museum, a space for community activities, a continuous book sale room, updated computers for patrons, and a ‘library of things’. The Library strives to maintain a core collection of materials that are useful and current for general education, basic skill development, entertainment, recreational needs, and historical information relevant to the community.

Purpose of Policy and Guidelines

The Board and the Library staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of the Library. We appreciate donors’ consideration of any gift to the Library. In all matters involving current and prospective donors, the interest of the donor is important to the Library. Please call the Library’s director at 845-657-2482 if you have any questions or if you wish to discuss any aspect of this Policy.

These policies and guidelines govern the acceptance of gifts by the Library and provide guidance to prospective donors and their advisors when making gifts to the Library. The provisions of these policies apply to all gifts to the Library for any of its programs. Gifts will be accepted only if they do not interfere with the Library’s mission, purpose and procedures. While the Library does not provide tax advice, every effort will be made to assist donors in complying with the intents and purposes of the Internal Revenue Service in allowing charitable tax benefits. Key principles include safeguarding the confidentiality of the donor relationship, providing full disclosure to the donor, and ensuring that gifts are recorded, allocated and used according to the donor’s intent and designation.

Use of Legal Counsel

The Library shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- a) Closely held stock transfers subject to restrictions or buy-sell agreements.

b) Real Estate and Remainder Interest in Property.

c) Other instances in which use of counsel is deemed appropriate by the Board.

Conflict of Interest

The Library will urge all prospective donors to seek the assistance of independent legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The Library and its staff and agents are prohibited from advising donors about the tax consequences of their donations. Gifts are also subject to the provisions of other Library policies, including adopted Conflict of Interest policies. Staff and Board members are forbidden from accepting gifts personally from members of the community or vendors.

The Library makes every effort to ensure accepted gifts are in the best interests of the organization and the donor. The Library will comply with the Model Standards of Practice for the Charitable Gift Planner, promulgated by the National Association of Charitable Gift Planners found at <https://charitablegiftplanners.org/standards/guidelines-reporting-and-counting-charitable-gifts>.

Types of Gifts

The following gifts are acceptable but not intended to represent an exclusive list of appropriate gifts: Cash, Tangible Personal Property, Securities, Real Estate, Remainder Interests in Property, Life Insurance, Charitable Gift Annuities, Charitable Remainder Trusts, Charitable Lead Trusts, Retirement Plan Beneficiary Designations, Bequests, and Life Insurance Beneficiary Designations.

The Board shall make the final determination on the acceptance or rejection of gifts of all forms. The following criteria govern the acceptance of each gift form:

Cash

Cash refers to cash equivalents, including checks, money orders, currency/coin, electronic payments such as PayPal or Venmo, and credit card payments. Electronic donations can be made from the Library's website, olivefreelibrary.org. Checks or money orders shall be made payable to "Olive Free Library", shall appropriately identify the donor or donors, and be delivered to the building at 4033 Rt 28A West Shokan, NY 12494 or mailed to PO Box 59 West Shokan, NY 12494. Wire and Electronic Funds Transfer (EFT) can be arranged with the the Library director by calling 845-657-2482.

Tangible Personal Property

The Library director is authorized to accept monetary gifts, books, periodicals, audiovisual materials, art work or other materials. The Library will only accept clean, mold free, smoke free, and odor free books, paperbacks, and children's books. DVD's, CD's, and audio books will also be accepted. Magazines, textbooks, encyclopedias or condensed books will not be accepted. All other gifts of tangible personal property shall be examined in light of the following criteria:

- a) Does the property fulfill the mission of the Library?
- b) Is the property marketable?
- c) Are there any undue restrictions on the use, display, or sale of the property?
- d) Are there any carrying costs for the property?

Securities

The Library can accept both publicly traded securities and closely held securities.

- Publicly Traded Securities. Marketable securities may be transferred to the Library's brokerage account held at Fidelity Investments. As a general rule, all marketable securities shall be sold upon receipt unless otherwise advised by the Finance Committee. In some cases, marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the Board.

- Closely Held Securities. Closely held securities, which include debt and equity positions held in non-publicly traded companies, interests in limited partnerships and limited liability companies, and other ownership forms, can be accepted. Such gifts, however, must be reviewed prior to acceptance to determine that:

- a) there are no restrictions on the security that would prevent the Library from ultimately converting it to cash;
- b) the security is marketable; and
- c) the security will not generate any undesirable tax consequences for the Library.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The Board with the advice of legal counsel shall make the final determination on the acceptance of closely held securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

Real Estate

Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, the Library shall require an initial environmental or structural review of the property to ensure that the property has no environmental or structural damage or potential liability. In the event the initial inspection reveals a potential problem, the Library shall retain a qualified inspection firm to conduct an audit. The cost of audits shall generally be an expense of the donor. When appropriate, a title insurance binder shall be obtained by the Library prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor. Prior to acceptance of real property, the gift shall be approved by the Board with the advice of the Library's legal counsel. Criteria for acceptance of the property shall include:

- a) Is the property useful for the purposes of the Library?
- b) Is the property marketable?
- c) Are there any restrictions, reservations, easements, or other limitations associated with the property?
- d) Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- e) Does the audit reflect that the property is not damaged?

Remainder Interests in Property

The Library will accept a remainder interest in a personal residence subject to the provisions above. The donor or other occupants may continue to occupy the real property for the duration of their stated life or lives. Upon termination of the life interest, the Library may use the property or reduce it to cash. Where the Library receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or life tenant(s).

Life Insurance

The Library will generally accept life insurance but it must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. Whether any policy is accepted will depend on the economics of the transfer. If the donor contributes future premium payments, the Library will include the amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Library may:

- a) continue to pay the premiums;
- b) convert the policy to paid up insurance; or
- c) surrender the policy for its current cash value.

Charitable Gift Annuities.

The Library may offer charitable gift annuities as defined as a contract between a donor and a charity where the donor makes a gift to the charity and, in return, receives fixed payments for life. The minimum gift for funding is \$100,000. The Board may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 67. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 55. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a semi-annual or annual schedule. The Board may approve exceptions to this payment schedule. The Library will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to the Library's general endowment, or to such specific fund as the donor designated.

Charitable Remainder Trusts.

The Library may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Board. The Library will not accept an appointment as a Trustee of a charitable remainder trust.

Charitable Lead Trusts

The Library may accept a designation as income beneficiary of a charitable lead trust. The Library will not accept an appointment as Trustee of a charitable lead trust.

Pooled Income Fund

The Library does not maintain a pooled income fund at this time.

Beneficiary Designations

Donors and supporters of the Library will be encouraged to designate the Library as a beneficiary of the donor's retirement plans including, but not limited to, IRA's, 401(k)'s 403 (b)'s and other plans. Such designation will not be recorded as a gift to the Library until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Bequests

Donors and supporters of the Library will be encouraged to make bequests to the Library in their wills and trusts. Such bequests will not be recorded as gifts to the Library until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable. The criteria for the acceptance of the gift or bequest will be the same as otherwise provided herein.

Life Insurance Beneficiary Designations.

Donors and supporters of the Library will be encouraged to name the Library as a beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Library until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Restrictions on Gifts

The Library will accept unrestricted gifts, and gifts for specified programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities. The Library will not accept gifts that are too restrictive in purpose. Gifts for purposes that are not consistent with the Library's mission or consonant with its current or anticipated future programs cannot be accepted. Examples of gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the Library. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Board.

Establishing the Value of Donated Property

It is the policy of the Library to comply fully with the valuation rules set out in Publication 561 of the Internal Revenue Service, and relevant income, gift and estate tax laws and regulations. Copies of Publication 561 are available at <https://www.irs.gov/pub/irs-pdf/p561.pdf>.

Property contributed to the Library that has a value in excess of \$5,000 must be accompanied by an appraisal unless it consists of cash, marketable securities, or closely held securities with a value of \$10,000 or less.

The fee for the appraisal may not be based on the value of the appraised property, and the appraiser must be "qualified," as that term is used in IRS Publication 561. A "qualified appraiser" is one who is ordinarily in the business of appraising similar property, has appropriate educational and experiential background, who performs appraisals for many different people and purposes (and not primarily either for the Library or for the donor) and who is not employed by the Library, the donor, any

relative of the donor, or any entity controlled by the donor or members of the donor's family. Duplicate originals of each appraisal should be prepared, one for the Library and one for the donor.

The Library's policy is to comply with Internal Revenue Service reporting requirement and all other aspects of state and federal tax law.

Fees and Commissions

The cost to secure an appraisal, financial review, assessment, or legal counsel for any gifts proposed to be made to or for the benefit of the Library are generally the donor's responsibility.

The Library does not pay "finder's fees" or commissions to third parties in connection with any kind of gift to the Library. No officer, employee, or agent of the Library is or will be compensated in a manner that is dependent on the size or nature of gifts made to the Library by any person. If the Library engages legal counsel, accounting professionals, appraisers or financial consultants, their fees and expenses will be determined by the time they spend engaged in assessing the gift and not by reference to any particular gift in connection with which they are retained.

Trips and Special Events

When trips or special events involve a charitable contribution, the fair market value and the charitable contribution amount for each participant will be stated specifically in the promotional literature and donor acknowledgment letter. Donations given to offset the costs of a special event must be recorded as gift income, rather than as a credit to an expense account.

Changes to Gift Acceptance Policies

These policies and guidelines have been reviewed and recommended to the Board by the Planned Giving Committee. The Board must approve any changes to these policies. The policies will be regularly reviewed.

