

MGT-6: Endowment Fund Policy

Adopted: 8/21/2014; Last Revised: 1/25/2024

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.

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 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
6. Planned giving can be bequests or other deferred giving through estate planning or outright gifts.
7. 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
8. The library shall not act as a personal representative for a donor's estate or as a trustee of a charitable remainder trust.
9. 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.
 - 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.

10. Endowment fund gifts may defined as one of three types recognized by the Generally Accepted Accounting Practices (GAAP):
 - a. Designated as a Term Endowment: 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. Some or all of the principle may be withdrawn at a future time.
 - 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.
11. See *Gifts and Donations Policy* for information on Donor and Name Recognition opportunities.
12. A patron may contest a library policy or any portion of a library policy by following the procedures as outlined in MGT-15: Appeals Process Policy.