

Samuels Library, Inc.

GIFT ACCEPTANCE AND POLICY GUIDELINES

GENERAL

It is the policy of Samuels Library, Inc. (hereinafter "Library") to offer donors opportunities to make lifetime or testamentary gifts to the Library primarily for the benefit and support of Library programs and facilities of the Library. It is also the policy of the Library to actively seek and solicit such gifts to the Library, and to provide staff and resources in support of the Library's gift program needs and requirements.

These guidelines provide the parameters within which Library staff and volunteers shall function in discussing and promoting acceptable gifts from interested prospects. The guidelines also identify procedures and limitations on gifts that are offered to the Library, for consistent consideration of such gifts in determining their suitability for the Library. The Library's Board adopts these Guidelines as official policy.

GUIDELINE 1 -- PRIORITY OF THE DONOR'S INTEREST

The interest of the donor shall have priority over the interest of the Library. No program, trust agreement, contract or commitment may be urged upon any donor or prospective donor to benefit the Library at the expense of the donor's intent, or which would knowingly jeopardize a donor's interests. Agents or representatives of the Library must make full disclosure to the donor on all aspects of benefits and liabilities of which they are aware that may reasonably be expected to influence the decision of the donor to make a gift with the Library.

GUIDELINE 2 -- USE OF LEGAL COUNSEL

- a) The Library shall seek legal counsel as needed in matters pertaining to its gift program and shall execute no giving agreement unless and until all relevant documents have been duly reviewed. The use of documents that have received prior review and approval shall be acceptable.
- b) Any extraordinary agreement in which the Library is the trustee shall be approved by the Library's legal counsel.
- c) Though the Library is obligated to provide donors with as much information as possible regarding benefits, limitations and tax implications of specific gifts or gift arrangements, the Library shall not be considered to be offering tax or legal advice to donors or prospects. All prospects and donors shall be advised, both orally and in writing, to seek their own legal counsel in matters relating to their gifts, tax and estate planning. In particular, donors will be informed that the Library cannot take into consideration the effect or impact that state laws, statutes, or taxes may have upon the suitability of a gift, or upon the terms of an agreement.

GUIDELINE 3 -- AUTHORIZATION FOR NEGOTIATION

- a) Representatives and agents of the Library are encouraged to discuss planned giving with prospective donors. However, only persons authorized by the Library Board may accept and formalize any Library planned gift from a donor.
- b) The Library may accept no gift or gift agreement unless it complies with the requirements of the guidelines herein stated. Any variances must receive prior approval by the Library's legal counsel and/or Board.

GUIDELINE 4 -- CONFIDENTIAL INFORMATION

All information concerning donors and prospective donors, including names, names of beneficiaries, amount of gift, size of estate, etc., shall be kept in strict confidence by the Library and its authorized personnel. A donor or, in the case of a testamentary gift or other acceptable circumstances, an executor, beneficiary, or close family member, may grant permission to the Library to publicly announce or recognize a gift.

GUIDELINE 5 -- ACCEPTABLE GIFT ASSETS

The following assets may be deemed acceptable as outright gifts to the Library. Acceptance and suitability of any such property used to fund a charitable trust or income arrangement is discussed herein in Guideline 6. Acceptable assets include:

- 1) *Cash*: Unrestricted gifts in any amount may be accepted by the Library Director or her designees. Restricted gifts shall be referred to the Development Committee for approval.
- 2) *Securities*: Shall be referred to the Development Committee for approval.
 - a) *Publicly Traded Stocks and Bonds* -- may be accepted at fair market value of the stock on the day the gift is received by the Library, as determined under IRS rules.
 - b) *Stock in a Closely Held Corporation* -- may be accepted if a valuation has been made by a recent and reliable appraisal acceptable to the Library and as described in Guideline 6 herein, or more current IRS requirements. The Library recognizes the difficulties that may arise with such gifts, and will give special attention in the preparation of gift proposals and agreements to any issues relating to restrictions on excess business holdings, restricted or controlled stock, potential redemptions, pending corporate liquidations, and capital gains treatment upon sale or maturity.
- 3) *Real Estate*: Shall be referred to the Development Committee for approval.
 - a) The Library may accept gifts of real property at fair market value if, at the time of the gift, there are no outstanding mortgages, tax liens, or other encumbrances upon the land. Such value shall be established by at least one recent, reliable, and qualified appraisal acceptable to the Library.
 - b) If any encumbrances are present at the time the gift is offered, and such encumbrances represent a nominal amount when compared with the total value of the property, such property may be accepted with the approval of the Library Board. How the encumbrance will be

removed, and by whom, shall be agreed upon by the Library and the donor in writing prior to acceptance of such property.

- c) The Library may accept no gift of real property unless and until such property has been personally visited by a designated Board member, Library staff member, or appropriate agent or designee of the Library (e.g. a Library employee or recommended real estate agent). In addition, a written analysis of the marketability and potential use of the gift property shall be prepared by the Library prior to acceptance of the property.
- d) No gift of real property may be accepted until a preliminary environmental evaluation, questionnaire, or disclosure statement has been completed or made available for the property in question. This should include a recent Phase I Environmental Site Assessment prepared by an assessor suitable to the Library. In the event that this evaluation or Phase I assessment discloses any information indicating the presence or reasonable possibility of toxic materials, hazardous waste, oil seepage, or other contaminants on the property, additional environmental studies and phase assessments must be completed before the gift is accepted.
- e) Arrangements to cover post-transfer expenses should be agreed upon in writing by the donor and the Library prior to the gift. Such expenses include taxes and assessments, insurance, and maintenance costs of the land or any buildings on the land.
- f) Tax benefits previously derived by the donor from the gift property, as well as a reasonable estimate of the net value of a real estate gift, shall be taken into consideration when offering and discussing gift proposals, especially involving charitable or split interest trusts funded with real estate.
- g) Any tangible personal property associated with real property gifts, such as furnishings for a home or ranch, should be segregated into separate gift proposals or agreements.

4) *Oil and Gas Properties*: Shall be referred to the Development Committee for approval.

Oil and gas properties are acceptable by the Library if in the form of a royalty interest. Working interests and limited partnership interests will not be accepted.

5) *Life Insurance*: Shall be referred to the Development Committee for approval.

The Library may only accept gifts of a life insurance policy if the Library is irrevocably named as owner and beneficiary of the policy, with all incidents of ownership intact in the policy. Gifts of paid-up policies are preferred. If a policy is accepted that is not paid up, the Library is under no obligation to continue premium payments, but may do so if it is found to be in the best interest of the Library.

6) *Tangible Personal Property/Gifts in Kind*: Unrestricted gifts of books and other items for use in the Library or for use or sale in a Library sponsored event may be accepted by Library Director or her designees. Other gifts in this category shall be referred to the Development Committee for approval.

- a) Gifts of tangible personal property, or gifts in kind, including but not limited to cars, boats, art, stamp/coin collections, equipment, inventory, etc., may be accepted if there are no significant restrictions, limitations, or unreimbursed additional expenses for their present or future use, display, maintenance, transfer, sale, insurance, storage, or other fees and costs. In particular,

donors may not require the Library to hold any property of any kind for a minimum or specified period of time prior to sale or disposition.

- b) Such gifts are normally not accepted if there is a condition, understanding, or expectation that the items will be loaned or sold back to the donor or the donor's family or designee. The Library will presumptively sell all tangible personal property it receives, unless specifically needed for use or consumption related to its charitable purposes, and such sales shall be to disinterested third parties.
- c) Prior to any gift of tangible personal property (except books, etc. as stated in the introductory part of this sub-paragraph 6), the Library will provide all donors or prospects written notice on possible related or unrelated use of the gift property, and IRS Form 8283 and its accompanying instructions. This shall be provided only for the convenience and general information of the donor on the reporting and tax issues relevant to such gifts.

7) *Other Acceptable Gift Assets*: Shall be referred to the Development Committee for approval.

Upon consideration prior to acceptance, the Library Board may accept gifts to the Library of other types of assets not herein specified or discussed. All appropriate liability and cost/benefit issues related to the gift or gift property shall, as usual, be considered.

GUIDELINE 6 -- APPRAISALS FOR LIBRARY GIFTS

The Library will not be responsible for furnishing a donor with property appraisals or valuations for gifts to the Library. The Library also will not, under any circumstances, participate in a transaction in which the value of a gift is known to have been significantly inflated above its true fair market value to obtain a tax advantage for a donor.

It is the intention of the Library to follow the requirements and guidelines set out, and from time to time amended, by the Internal Revenue Code related to qualified appraisals and appraisers and gift reporting. Proper receipts will be provided to each donor in a timely manner, and appropriate reporting forms will be used for all property sold by the Library within two years of the date of contribution.

GUIDELINE 7 -- GIFTS AND SPECIFIC ACCEPTANCE CRITERIA

In considering the acceptance of any gift and its value to the Library, as appropriate, the following factors must be taken into account:

1. The nature of the assets contributed;
2. Total return on investment of the gift assets;
3. The length of the management or trust period; and
4. Factors that cannot be controlled by the Library, but are subject to estimate such as investment performance, life expectancy, etc.

Donors and Library representatives should consider as controlling all restrictions and minimums on the following types of gifts. Gifts may vary from these guidelines in certain circumstances, where permitted by law, but must receive prior approval from the Library Board, if it is determined that such variance is to the advantage of both the Library and the donor.

It is the intention of the Library to sell all non-cash gifts it accepts, as soon as reasonably prudent and in the sole discretion of the Library, and to reinvest the proceeds from those gifts in keeping with its recommended investment guidelines and portfolio mix.

Outright Gifts

No minimum is required, except for gifts of real estate which require a minimum appraised fair market value before the Library may accept them. Donors may not retain any significant rights or benefits in any property or asset offered to the Library, except as herein described.

Gifts for a specific purpose will not be segregated or designated as a separate account within the Library, unless the gift value is a minimum of \$50,000, and either the donor requests it or the Library believes it is in its best interest to create a segregated account for the gift.

Charitable Remainder Unitrusts

As a general rule, because of staffing limitations, the Library will not serve as trustee for charitable remainder trusts. We encourage donors to either use a bank or trust company of their choice.

If, under acceptable conditions, the Library were to serve as Trustee, the minimum initial gift to fund the Charitable Remainder Unitrust shall be cash or marketable securities with a face value of at least \$200,000. For a unitrust funded with real property or other assets (as approved by the Library) the minimum initial gift shall be \$250,000.

Subsequent additions to a unitrust may be made at any time, with a minimum gift of \$10,000 for each. The percentage to be paid by the unitrust to the donor or to donor's designee(s) shall represent no less than 5% each year of the value of the trust assets, as revalued annually. The maximum unitrust payment may not exceed the IRS guidelines requiring that a minimum of 10% of the trust's value must be available for charitable benefit at the end of the trust. Payments shall be made quarterly to all trust beneficiaries.

The Library may accept unitrusts a) that last for no more than two measuring lives; b) for a selected term of years with a term of no longer than 20 years; or c) an appropriate combination of both. For a one or two life unitrust, all income beneficiaries must be at least 50 years of age at the time the trust is created. For a term of years unitrust, there is no minimum age for beneficiaries. The Library will not accept unitrusts funded with gifts of tangible personal property or gifts in kind.

Charitable Remainder Annuity Trusts

As with unitrusts, because of staffing limitations, the Library will not serve as trustee for charitable remainder annuity trusts. We encourage donors to either use a bank or trust company of their choice.

If, under acceptable conditions, the Library were to serve as Trustee, the minimum initial gift to fund a Charitable Remainder Annuity Trust shall be cash or marketable securities with a face value of at least \$100,000. No additions to the annuity trust may be made at any time. The initial annuity amount to be paid annually by the annuity trust, to the donor or to donor's designee, shall represent not less than 5% of the trust assets. The maximum annuity payment may not exceed the IRS guidelines requiring that a minimum of 10% of the trust's value must be available for charitable benefit at the end of the trust. Payments shall be made quarterly to all beneficiaries.

The Library may accept annuity trusts that a) last for no more than two measuring lives; b) for a selected term of years if such term is no longer than 20 years; or c) for an appropriate combination of both. For a one or two life annuity trust, all income beneficiaries must be at least 50 years of age at the time the trust is created. For a term of years annuity trust, there is no minimum age for beneficiaries. The Library will not accept any annuity trusts that are funded with gifts of tangible personal property, gifts in kind, real property, closely held stock, or other property that the Library deems potentially difficult to sell in a timely manner.

Charitable Lead Trust

As with remainder trusts, because of staffing limitations, the Library will not serve as trustee for charitable lead trusts. We encourage donors to either use a bank or trust company of their choice.

If, under acceptable conditions, the Library were to serve as Trustee, the minimum initial gift to fund a Charitable Lead Trust (either a lead unitrust or a lead annuity trust) shall be cash or marketable securities with a face value of at least \$100,000. For a lead unitrust funded with real property or other assets (as approved) the minimum initial gift shall be \$250,000. Subsequent additions to the lead unitrust may be made at any time, with a minimum gift of \$10,000 for each.

The Library will not accept lead unitrusts funded with gifts of tangible personal property or gifts in kind. Also, the Library will not accept any lead annuity trusts funded with gifts of tangible personal property, gifts in kind, real property, closely held stock, or other property that the Library deems potentially difficult to sell in a timely manner. No additions are permitted to a lead annuity trust.

The percentage to be paid annually by the lead trust to the Library, or other charitable designee shall represent no less than 5% each year of the value of the trust assets, as revalued annually. There is no maximum annual payout rate. Payments shall be made quarterly to all lead trust beneficiaries.

The Library may accept lead trusts of any length or term.

Bargain Sales, Gift/Sales, and Undivided Interests

The Library may, upon the approval of counsel, enter into a bargain sale with donors, to purchase property of an appropriate nature at less than its fair market value. While each proposed bargain sale gift must be considered on an individual basis, it is the policy of the Library to purchase such property for no more than 50% of its established or appraised value. The property must have a minimum fair market value of \$100,000 at the time the gift is made. The Library may only expend or commit its undesignated and unrestricted fund assets for any bargain sale transaction.

The Library is also authorized to enter into gift/sale transactions (where a donor contributes an undivided interest in property to the Library prior to, and in anticipation of, a subsequent sale of the property). It is the policy of the Library to accept undivided interests of no less than 25% of the total established or appraised value of the property. The Library shall recommend to such Donors that they discuss with their own advisors the possible tax implications for pre-arranged sale contracts or agreements entered into, prior to a charitable gift of that property.

Appropriate safeguards shall be taken with respect to any bargain sales, gift/sales, or undivided interests offered to the Library involving real estate, and all procedures as described in Guideline 5 herein shall be followed for such gifts.

Life Estate Agreements

The Library may enter into a life estate agreement on homes, vacation homes, farms, ranches, or other real property interests that the Library deems suitable, beneficial, or advisable for use or investment by the Library. The minimum fair market value of the property must be \$200,000 at the time of the gift, and the minimum age for any measuring life on a life interest will be 60 years of age at the time of the gift. Under no circumstances will a life estate agreement be entered into for more than two measuring lifetimes.

Prior to acceptance of any life estate agreement, the guidelines and restrictions on real estate gifts in general, as described in herein, shall be followed by the Library. The Library shall enter into no life estate agreement in exchange for any annual income or annuity amount payable.

Testamentary Gifts

The Library may accept any gifts approved by these Guidelines if offered to the Library through bequests, will substitutes, or testamentary trusts and instruments. Such gifts will be subject to the same guidelines and restrictions as if the gift had been made to the Library during the donor's lifetime. The Library may disclaim any bequest or testamentary gift if determined by the Library Board to be in the best interests of the Library to do so.

Revocable Trusts

Subject to the agreement of Counsel, the Library may accept or serve as trustee on trusts subject to amendment or revocation by the donor. Such trust must, however, be established by a donor who has, in the past, demonstrated significant support of Library either in contributions of service or financial gifts. Revocable trusts are subject to the same minimums and restrictions as described herein for irrevocable gifts and trusts of similar nature.

Gift Annuities/Pooled Income Fund Gifts

The Library will not accept gifts in exchange for a gift annuity or pooled income fund payment from the Library.

GUIDELINE 8 -- FINAL DISPOSITION OF PLANNED GIFT FUNDS

Upon the death of the surviving beneficiary, or termination, of a gift agreement, the assets and any accruals derived therefrom shall be paid to the Library for its general purposes or specific purposes, unless otherwise restricted or designated by the donor and stated in the gift agreement. It is the policy of the Library to direct all gifts received for general purposes to the Library for discretionary use. All gifts that are donor-restricted shall be directed to the appropriate restricted or endowment funds, for such uses as are consistent with the donor's restriction or request.

GUIDELINE 9 -- PLEDGES

The Library welcomes your gift through a pledge - a written statement of your intention to make an unrestricted gift in a specific dollar amount. With a pledge, you may complete your gift by making regular payments over a fixed time schedule, generally not to exceed three years, allowing you to give more generously than you originally may have considered.

When restricted pledges are to be dedicated to a specific project they will generally be accepted only when they cover the full cost of the project. The Development Committee may make exceptions to this policy when additional gifts or pledges of other donors are reasonably expected to cover the full cost. Pledges suggested in conjunction with a naming opportunity must be for the full amount. If a naming gift is not fulfilled as pledged, the Library may discontinue use of the name.

GUIDELINE 10 -- INVESTMENT OF FUNDS, PHILOSOPHY, DUTIES AND RESPONSIBILITIES

Guidelines related to investment of Library funds, investment strategies, philosophies, asset allocations, duties and responsibilities may be set out in a separate document, as drafted and duly adopted from time to time by the Library Board. Those Guidelines are acceptable hereunder.

GUIDELINE 11 -- AMENDMENT OF POLICIES AND GUIDELINES

All Gift Acceptance and Policy Guidelines for the Library are subject to amendment, upon appropriate resolution and vote by the Library Board. However, such amendments may not be used to defeat or infringe upon the rights or expectations of any donor who may have made a gift, or entered into a gift agreement, prior to such amendment.

Approved by the Board of Trustees on January 9, 2012

Amended July 14, 2014 to reflect the change of name of the Fund Raising Committee to the Development Committee