

Establishing a Library Foundation: Planning, Persistence, Progress

Each person, family, and business in our community faces a daunting challenge: the rapid pace of change. Compounding this challenge is the growth and array of information sources from which to choose so that wise decisions can be made. To cope and succeed, we need trusted information easily and quickly.

The answer: the public library.

The public library faces enormous challenges, too. Challenges in reaching and serving all members of our community, especially those who may not be aware of how the library can help them find community resources, and better their lives. And, challenges in funding library facilities, collections, services, and programs.

Library foundations provide opportunities for an array of revenue sources to supplement tax support. And, libraries have significant advantages in fundraising:

- Our doors are open every day, and our service is offered to all residents. People drive by, come in our doors daily, and log on for information, which is an advantage to attracting additional funding.
- Our mission is pure, understandable, and embraced by the community. We'll be here tomorrow, and in future decades. This is extremely important to people who are considering current and legacy gifts.
- Our service is trusted. With the abundance of data available electronically, there is a need for librarians' expertise in locating the most correct and helpful sources.
- Our service is valued. Even if adults haven't set foot in a library for a long time, they know and appreciate the library's value in our democratic society.
- Our service is integral and vital in people's busy lives. The ability to access information and resources is essential. Our services make it easy for people to incorporate library visits (real and virtual) into their active schedules.
- And, our service is memorable and positive. People can fondly recount the library of their childhood, and the joy of taking their children and grandchildren to the library to check out books and listen to storytellers.

Libraries provide essential services that change lives. A library foundation provides a structure for people to show their appreciation for and support of extended library services. It is a win-win-win situation: the donor has confidence in the organization and how their dollars will be spent and can receive tax benefits, the library gains support for needed projects, and the foundation achieves its goal of providing additional resources to the library.

Benefits of Foundations

By raising private dollars, library foundations are able to leverage and stretch public dollars. Donors may have a strong belief in the value of the public library yet do not wish to give their

philanthropic gift to a public entity. They will, however, contribute to a non-profit, tax-exempt private organization: a library foundation.

A library foundation is a separate legal entity formed for the purpose of enhancing and expanding library programs and services. Its primary function is to secure financial and in-kind donations for programs, services, collections, and capital projects. The foundation offers donors a familiar and reliable vehicle for tax-deductible contributions in support of the library.

The benefits of a foundation are many:

- **Grant Eligibility** - Foundations have the advantage of being eligible for grants for which public libraries may not qualify. Most grantors require that recipients be qualified 501(c)(3) non-profit organizations. Also, many major grantors have a policy against funding tax-supported institutions, but will provide grants to foundations.
- **Sponsorships and Partnerships** - Finding the right partner for your project is an art, and many companies like to be associated with the types of programs created by libraries.
- **Planned Giving Opportunities** - Planned giving is a way for donors to make gifts to an organization and receive financial and tax benefits. There are many options including Charitable Gift Annuities, Deferred Gift Annuities, Pooled Income Funds, Charitable Remainder Trusts, Charitable Lead Trusts, and the most common, Bequests. Retirement assets (including IRAs, annuities, pension plans, etc.) make a wonderful gift, because they pass tax-free to your library foundation.
- **Cash, Stocks, Real Estate, and Life Insurance** - Foundations can accept gifts for restricted and unrestricted purposes, providing donors a tax exemption (to extent qualified by law).
- **Endowments** - Gifts to create endowed funds are invested and only the income is spent on library needs. Endowments may be restricted by the donor, or available for spending on programs or other uses as needed.
- **Investment Opportunities** - Foundations have the flexibility to invest their funds to maximize the benefit for the foundation and, eventually, the library. Investment options available to public agencies are usually much more restrictive.
- **Community Support and Confidence** - When people give to a foundation they know that their gifts will be used as intended. Gifts may be restricted, making the giving even more appealing. For example, specified uses may include collections, branches, reading programs, etc.

Foundations and Friends of the Library groups can happily co-exist and significantly leverage community support. Each locale is different, and depending on the size and structure of the library, there can be several friends groups and a foundation. In these cases, the friends, provides significant financial support for their local branch while the foundation focuses its efforts on the entire system.

Establishing A Foundation

A library foundation is relatively easy to establish. It takes planning, persistence, and patience. First, a few basic legal steps need to take place. These include selecting a Board of Directors and officers, preparing Articles of Incorporation and By-Laws and finally, applying for tax-exempt status with the Internal Revenue Service. Some private funding or fund raising will be necessary to cover legal fees and document filing fees; public funds may not be used to organize and establish a foundation.

Organization

The size and organization of the foundation board will vary depending on the needs and resources in the community. The key is to attract, recruit, and involve dedicated individuals in the community who will raise funds and visibility on behalf of the foundation. Operating policies, practices, and committees will evolve as the foundation grows and matures.

Communication between the library board of trustees and the foundation board of directors is essential for success. There are numerous structures: some foundations include and involve all library trustees on the board, some include a designated liaison from the library trustees, and some favor total separation of the boards with other communications systems in place.

The staffing and support of library foundations also varies. In some cases, the library provides the staffing and office support; in other instances, the foundation totally supports its staff and office. And in some libraries, a mix of library resources and private funding is the preferred structure.

Advice is available from attorneys and accountants regarding laws governing foundation activities and fiscal management. Bar associations, accounting firms, educational institutions, and fund development organizations offer seminars and workshops on board recruitment and development, financial issues, etc. which provide valuable insight and information for both new and established foundations.

Programs and Priorities

Library foundations support the goals and priorities of the library and work closely with the administration in the planning and funding of projects that benefit users and potential users. Library foundations focus on capital projects, collections, programs, and services that are not funded through public dollars. For example, foundations can raise part or all of the resources for a new building, buy books to give away as part of a reading readiness program, and supplement collection and/or programming funds. Funds raised by the foundation are in addition to the library's tax-supported funding and do not replace public support.

Foundations - and foundation board members - extend the library's reach into the community, both in spreading the word and in bringing information and issues back to the library. Foundations also contribute to political campaigns in support of library levies or bond measures. And, Foundation board members are excellent advocates for library election measures.

Tell Your Story - Now!

"A man can wait for a long time with his mouth open before a duck flies in," is a Chinese proverb that impels us to action. Libraries have excellent stories to tell and numerous opportunities to let people know that their support is valued and needed. Libraries are more important than ever as they meet the challenges of today and tomorrow. The pace of change will continue to accelerate, and a foundation can help the library mobilize resources to provide vital library services in our communities today and in the future.

Resources

- Library foundation directors throughout the country are generous in sharing information as to how their organizations are structured and funded.
- Library Web sites usually include a link to their foundations and provide information on funding priorities and programs.

- The American Library Association - through LAMA (Library Administration and Management Association), PLA (Public Library Association), and ALTA (Association for Library Trustees and Advocates), offers workshops, publications, and contacts for information.
- The Urban Libraries Council has a Fund Development group that includes Foundation directors.

www.Fdncenter.org - The Foundation Center is an independent nonprofit information clearinghouse. Click on Cooperating Collections then your state to find local collections.

www.cof.org - Council on Foundations works to support foundations by promoting knowledge, growth and action in philanthropy. Variety of topics and links, including "Starting a Foundation."

www.BoardSource.org - BoardSource, formerly the National Center for Nonprofit Boards, publishes booklets, books, etc. Good section on Board Q&A on a variety of topics, including legal and organizational issues.

www.philanthropy.iupui.edu/ - Center on Philanthropy at Indiana University increases understanding of philanthropy and improves its practice through research, teaching, public service, and public affairs.

www.afpnet.org - Association of Fundraising Professionals. AFP has chapters in most cities, and programs for members and non-members. Members can access resources online and order free materials from the resource center.

www.ncpg.org - National Committee on Planned Giving has a network of planned giving councils across the country. Members have access to a library of articles and papers, as well as current information on legislation and regulations that protect and encourage planned gifts and charitable estate planning.

www.kcls.org/philanthropy provides information on King County Library System's Nonprofit & Philanthropy Resource Center at the Redmond Regional Library and links to numerous resources.

101+ Great Ideas for Libraries and Friends. Sally Reed, Beth Nawalinski, Alexander Peterson. Neal-Schuman Publishers. 2004.

Achieving Excellence in Fund Raising. Henry A. Rosso and Associates, Eugene R. Temple, editor. Jossey-Bass Publishers, 2003.

Becoming a Fundraiser: The Principles and Practice of Library Development. 2nd Ed. Victoria Steele and Stephen D. Elder. American Library Association. 2000.

Beyond Fundraising: New Strategies for Nonprofit Innovation and Investment. 2nd Ed. Kay Sprinkel Grace. John Wiley & Sons. 2005.

Donor Centered Fundraising. Penelope Burk. Burk and Associates/Cygnus Applied Research. 2003.

Fired-Up Fundraising: Turn Board Passion into Action. Gail Perry. AFP/Wiley Development Series. 2007.

Forming and Funding Public Library Foundations. Faye Clow and Benjamin Goldberg. 2nd Ed. Public Library Association. 2004

Fund-Raising Fundamentals. James M. Greenfield. John Wiley and Sons, Inc., 2004

Legacies for Libraries: A Practical Guide to Planned Giving. Amy Sherman Smith and Matthew D. Lehrer. American Library Association. 2000.

Planned Giving Essentials: A Step-by-Step Guide to Success. Richard D. Barrett and Molly E. Ware. Aspen Publishers, Inc., 2002.

The Complete Guide to Planned Giving: Everything You Need to Know to Compete Successfully for Major Gifts. Debra Ashton. Ashton Associates, 2004.

Contact your local library and peruse the hundreds of titles on fundraising and philanthropy.

King County Library System Foundation

Literacy
Learning
Libraries

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The King County Library System Foundation promotes literacy, learning, and libraries by providing support beyond public funding for initiatives and resources that enable the King County Library System to better serve the needs of our community. The KCLS Foundation provides venture capital funding and support for new initiatives that address community needs and expand library programs and services for residents.

