Establishing a Library Foundation: Planning, Persistence, Patience, 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 fund-raising advantages:

- Our doors are open every day, and our service is easily accessible 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. Libraries have a long and rich history, will be here tomorrow, and will thrive 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. And, even people who don't regularly use libraries vote for library measures because of their belief in the value of free access to information.
- Our service is integral and vital in people's busy lives. The ability to make information and resources available and accessible is essential. Our services make it easy for people to incorporate library visits (real or 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.

Friends of the Library groups are vital to the success of our libraries. Through their generous spirit and dedicated efforts they provide significant financial support and visibility that is

so crucial in our communities. While it is appropriate for each Friends group to be focused on supporting its own library, a foundation can serve an entire library system or district.

Benefits of Foundations

By raising private dollars, libraries are able to leverage and stretch public dollars. One of the biggest obstacles is that the library is a public, tax-supported agency and many prospective donors choose not to give to public agencies. They will, however, often contribute to a non-profit, tax-exempt private organization – in other words, a library foundation.

A library foundation is a separate legal entity formed for the purpose of supporting and enhancing library programs and services. Its primary function is to secure financial and in-kind donations. It offers donors a familiar and reliable way to make tax-deductible contributions to the library. The foundation can be the vehicle for businesses, corporations and individuals to make 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 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 benefits. There are many options including Charitable Gift Annuities, Deferred Gift Annuities, Pooled Income Funds, Charitable Remainder Trusts and the most common, Bequests. Through Planned Giving donors have the opportunity to give through their estate and realize tax advantages.
- Stocks, Property, Insurance, and Cash – Foundations can accept gifts for restricted and unrestricted purposes, providing donors a tax exemption (to extent qualified by law).
- Endowments – Funds contributed to an endowment fund are invested and only the interest is spent on library needs. These endowments are used for continuing support and future security for the library.
- 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 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.

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 Board of

Director officers, preparing Articles of Incorporation and By-Laws and finally, applying for tax-exempt status with the Internal Revenue Service. Some private 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.

Communication between the library board of trustees and the foundation board of directors is essential for success. Some foundations include and involve all library trustees on the board, and some include a designated liaison from the library trustees. In some cases, there is total separation of the boards with other systems in place for sharing information about library programs and issues.

The staffing and support of library foundations also varies. In some cases, the library provides the staffing and 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 in place.

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.

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 support vital library services in our communities.

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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 carry a link to foundation information.
- 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. Example: www.kcls.org/philanthropy provides information on King County Library System's Nonprofit Philanthropy Resource Center at the Redmond Regional Library.

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.ncnb.org - 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.

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

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

Boards That Make A Difference. John Carver. 1997.

Donor Centered Fundraising. Penelope Burk. 2003.

Fundraising and Friend-Raising on the Web. American Library Association. 1998.

Fundraising for Dummies. 2000.

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

Library Fundraising: Models for Success. Dwight Burlingame. ALA. 1995.

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