

fact sheet #22

for Friends and Foundations

GUIDELINES FOR GIVING

Friends work hard throughout the year to raise money for the library. Book sales, special events, and membership dues provide revenues that can greatly enhance the library. Given the non-profit status of Friends, is there a legal guideline for how much a group should or must give to the library each year? The answer is “no.” Because government regulations regarding 501(c)(3) organizations cover everything from non-profit Friends’ groups to huge charitable organizations such as the Red Cross, it isn’t possible to come up with a formula that fits all non-profits’ missions.

United for Libraries, however, does provide guidelines for Friends groups that are not also Foundations (those that work to raise large amounts of money through endowments and planned giving opportunities). These guidelines are specifically for groups that raise smaller amounts of money from many people, activities, and events each year.

Based on best practices of Friends groups across the country, United for Libraries recommends that Friends groups divest themselves of approximately 80-100% of the funds they raise each year (minus operating costs) by giving the money to the library. The group might consider holding back 20% of one year’s typical budget to cover the costs of operations for a year or two should there be a time of great transition in the group when fundraising isn’t possible. Here are the reasons why we recommend these guidelines:

1. Most people want to give to a Friends group because they want to ensure that their money is going to help the library – not sitting in a bank. They hope to see their gifts used right away to purchase equipment, books and/or develop programs.
2. If community members find that an organization such as the Friends has a large bank account, they are likely to give instead to another non-profit they see as being in greater “need.”
3. Most libraries do not have the resources to do all they want to do to serve the community each year and that’s where the Friends come in – to raise as much money possible each year to support the library each year for those “extras” that are not normally covered by a library’s budget.
4. A Friends group wishing to establish a large “rainy day” fund or endowment fund should consider starting a Foundation whose mission will be to establish a large fund for a specific purpose. See United for Libraries Fact Sheet #16, “How to Organize a Foundation.”

continued

Very often, the Friends will ask the library administration to provide them with a wish list and then choose what they want to fund from the list. Of course, if the library administration engages the Friends in a strategic planning discussion each year as United for Libraries recommends, then the Friends will have a much better understanding about what the library needs most and will usually be very happy to help fund those needs.

Exception:

There are, of course, times when the library will need large sums of money in the near future for such capital expenditures as computer labs, remodeling, or building support. In this case, the Friends group and the library may agree that Friends will raise funds for these capital needs for several years. When this is the case, Friends should make clear to their members that funds will be saved for a few years to amass the amount needed for a special project.

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