

Neenah Public Library Board of Trustees Meeting

Wednesday, December 18, 2019 at 4:00 p.m., **Aylward Conference Room**

240 E. Wisconsin Avenue, Neenah, Wisconsin

1. Call to order
2. Public questions & comments
3. Library board consideration of public questions & comments
4. Minutes:
 - a. Library Board meeting 11-20-19 2 – 3 Action item
5. Library statistical reports 4 - 7 Information item
6. Bills for consideration Handout Action item
7. Director’s report 8 Information item
8. Business for consideration 8+
 - a. Monthly financial reports Information item
 - b. Quarterly financial report for Hefti Fund Information item
 - c. Nominating Committee for 2020 Officers Action item
 - d. Qualified Charitable Contributions Discussion item
 - e. Library usage study Discussion item
 - f. Additional usage statistics Discussion item
9. Reports:
 - Winnebago County representative
 - Neenah City Council representative
 - Neenah Joint School District representative
10. Announcements and future agenda items
11. Next regularly scheduled meeting time and date: Wednesday, January 15, 2020, 4:00 p.m.
12. Adjournment

Inspiring ideas ♦ Enriching lives ♦ Creating community ♦ Celebrating literacy

Everyone is welcome to participate in library programs, events, and activities, attend library board meetings, and utilize library services and resources. If accommodations are needed, please contact the Library’s information desk by phone at 920-886-6315 or by email at library@neenahlibrary.org, or contact the City’s ADA Coordinator by phone at 920-886-6106 or by email at attorney@ci.neenah.wi.us. Notifying us at least 48 hours in advance will allow us time to address your request. Thank you.

Neenah Public Library Board of Trustees Meeting Minutes – November 20, 2019

Call to order

With Rickman in the chair, the Neenah Public Library Board of Trustees meeting was called to order at 4:02 p.m. in the Carpenter Conference Room. Members present: Pat Rickman (President), Randy Fieldhack, Merry Whipple, George Scherck (Winnebago County Representative), Beth Irish, Lisa Hemes, Carol Codner, Tami Erickson (Aldermanic representative), and Jenn McMahon (Neenah Joint School District Representative). Members excused: Angela Greselin (Teen Representative).

Also present: Gretchen Raab, director; Nancy Baird, circulation services manager; and Katrina Wulff, youth services manager.

Public questions & comments

None.

Minutes

On motion of Erickson, seconded by Scherk, the Board unanimously approved the minutes of the library board meeting of October 16, 2019.

Statistical Reports

Annual circulation of physical materials was up 2% for the month; Electronic material circulation was up 20% from October last year. Program attendance was up 20% and Reference questions were up 1%. Meeting room usage is up 22% over last year.

Bills for Consideration

On motion of Fieldhack, seconded by Whipple, the Board unanimously approved payment of the bills.

Director's report

Raab noted that the Library has received donations in memory of Dr. H. Cullen Henshaw, who passed away Nov 6. Patrick Benson has been hired as Building Custodian.

Department Reports

Circulation Services: Baird reported that the Food for Fines Drive collected 1,673 food items and cleared \$2,269.97 in overdue fines this year. Food was donated to the Fox Valley Community Table.

Youth Services: Wulff reported that the Give a Kid a Book campaign is underway. New this year, staff will forgive overdue fines if someone donates a new, unwrapped book for the campaign. Wulff noted that the Winter Season special programming begins December 7, and the Storytime schedule starts January 6. Inspired by a recent conference workshop, Youth Department staff have created a colorful visual/action outline they will use in each storytime to focus the attention of the children to what is coming next.

Exhibit Donation

On motion a of Fieldhack, seconded by Irish, the Board unanimously approved the display and sale of photography artwork donated by Dr Atif Qureshi, with revenue going to the Trust Fund. Fieldhack will draft an agreement form.

Public Library Association Conference

On motion a of Whipple, seconded by Codner, the Board unanimously approved sending four full time staff to the 2020 Conference held in Nashville.

Policy Review: Trust Fund

After discussion, Whipple moved, Erickson seconded, and the Board unanimously approved the revised sections of the Trust Fund Policy.

Project Update

Installation of electrical and data for the new Tween area is planned for December 10.

Fundraising

Director Raab will compile a list of current fundraising efforts. Raab will also request clarification on IRA Required Minimum Distributions and Qualified Charitable Distributions.

Hefti Scholarship Committee

Rickman has agreed to serve on the committee.

Next regularly scheduled meeting

Wednesday, December 18, 2019 at 4:00 p.m.

Adjournment

On motion of Fieldhack, seconded by Erickson, the Library Board adjourned at 5:21 p.m.

Respectfully submitted,

Gretchen Raab
Library director

CIRCULATION		Nov-19	Nov-18	Nov-17	% Change 2019-2018	% Change 2018-2017	% Change 2019-2017	YTD 2019	YTD 2018	YTD 2017	% Change 2019-2018	% Change 2018-2017	% Change 2019-2017
Books	Adult	12,802	12,740	12,737	0%	0%	1%	154,662	153,922	152,010	0%	1%	2%
	Teen	1,091	1,393	1,538	-22%	-9%	-29%	15,900	20,002	20,095	-21%	0%	-21%
	Youth	21,045	20,246	20,423	4%	-1%	3%	247,826	242,937	246,465	2%	-1%	1%
Audio Books	Adult	1,053	1,118	1,280	-6%	-13%	-18%	12,339	13,555	13,965	-9%	-3%	-12%
	Teen	32	28	44	14%	-36%	-27%	459	479	802	-4%	-40%	-43%
	Youth	521	438	531	19%	-18%	-2%	6,703	5,558	5,785	21%	-4%	16%
DVDs	Adult	15,029	15,881	17,862	-5%	-11%	-16%	179,488	191,657	209,913	-6%	-9%	-14%
	Teen	13	1,169	1,149	-99%	2%	-99%	64	13,515	19,253	-100%	-30%	-100%
	Youth	3,895	4,984	5,263	-22%	-5%	-26%	49,806	56,523	57,077	-12%	-1%	-13%
Music CDs	Adult	1,634	1,900	2,914	-14%	-35%	-44%	19,893	25,638	33,860	-22%	-24%	-41%
	Teen	0	1	1	-100%	0%	-100%	0	1	8	-100%	-88%	-100%
	Youth	238	260	427	-8%	-39%	-44%	3,286	3,900	5,257	-16%	-26%	-37%
Digital Books	Adult	518	638	576	-19%	11%	-10%	6,566	6,837	6,823	-4%	0%	-4%
	Teen	13	26	27	-50%	-4%	-52%	252	270	405	-7%	-33%	-38%
	Youth	477	170	191	181%	-11%	150%	3,757	2,303	2,306	63%	0%	63%
Magazines	Adult	1,592	1,691	1,706	-6%	-1%	-7%	19,355	20,831	20,660	-7%	1%	-6%
	Teen	15	33	35	-55%	-6%	-57%	229	464	431	-51%	8%	-47%
	Youth	104	92	129	13%	-29%	-19%	1,361	1,211	1,373	12%	-12%	-1%
Other (games, kits)	Adult	370	180	159	106%	13%	133%	3,518	2,193	1,573	60%	39%	124%
	Teen	1	1	0	0%	#DIV/0!	#DIV/0!	13	7	24	86%	-71%	-46%
	Youth	427	217	346	97%	-37%	23%	4,440	3,347	3,139	33%	7%	41%
Physical Materials Subtotal		60,870	63,206	67,338	-4%	-6%	-10%	729,917	765,150	801,224	-5%	-5%	-9%
Electronic Circulation											#DIV/0!		#DIV/0!
Audiobooks		3,110	2,400	2,063	30%	16%	51%	32,012	25,628	19,865	25%	29%	61%
eBooks		3,544	3,401	3,317	4%	3%	7%	41,993	39,825	32,459	5%	23%	29%
Video		154	1	10	15300%	-90%	1440%	833	77	97	982%	-21%	759%
Music		46	0	0	#DIV/0!	#DIV/0!	#DIV/0!	348	0	0	#DIV/0!	#DIV/0!	#DIV/0!
Electronic Materials Subtotal		6,808	5,802	5,390	17%	8%	26%	74,838	65,530	52,421	14%	25%	43%
TOTAL CIRCULATION		67,678	69,008	72,728	-2%	-5%	-7%	804,755	830,680	853,645	-3%	-3%	-6%
WEBSITE & COMPUTER USAGE													
WiFi distinct clients*		3,045	3,067	2,976	-1%	3%	2%	37,243	36,139	32,684	3%	11%	14%
Pharos usage		1,417	1,587	2,037	-11%	-22%	-30%	15,764	20,072	22,477	-21%	-11%	-30%
Internet usage/number of hc		1,072	1,191	1,383	-10%	-14%	-22%	12,303	14,103	15,544	-13%	-9%	-21%
Website sessions		14,895	12,735	13,630	17%	-7%	9%	164,594	149,377	168,156	10%	-11%	-2%
*Daily average		249	252	234	-1%	8%	6%						

QUESTIONS ANSWERED	Nov-19	Nov-18	Nov-17	% Change 2019-2018	% Change 2018-2017	% Change 2019-2017	YTD 2019	YTD 2018	YTD 2017	% Change 2019-2018	% Change 2018-2017	% Change 2019-2017
Adult Dept.												
Reference/Research	2,750	2,756	2,856	0%	-4%	-4%	35,199	32,252	34,708	9%	-7%	1%
Directional/Rule/Policy	1,746	2,061	1,332	-15%	55%	31%	21,750	20,921	13,736	4%	52%	58%
Circulation Dept.												
Reference/Research	393	553	616	-29%	-10%	-36%	6,482	7,607	6,866	-15%	11%	-6%
Directional/Rule/Policy	3,656	3,103	3,211	18%	-3%	14%	42,080	39,178	35,042	7%	12%	20%
Youth Dept.												
Reference/Research	1,040	1,095	1,206	-5%	-9%	-14%	15,948	14,974	17,098	7%	-12%	-7%
Directional/Rule/Policy	803	649	616	24%	5%	30%	9,936	11,336	9,807	-12%	16%	1%
TOTAL REFERENCE	4,183	4,404	4,678	-5%	-6%	-11%	57,629	54,833	58,672	5%	-7%	-2%
MISCELLANEOUS												
Book Club-to-Go Kits	15	16	13	-6%	23%	15%	174	186	173	-6%	8%	1%
Bookshuttle Bags	0	2	0	-100%	#DIV/0!	#DIV/0!	142	155	126	-8%	23%	13%
Customer Count	19,785	17,511	22,465	13%	-22%	-12%	89,213	256,740	274,040	-65%	-6%	-67%
SelfCheck % of Checkout	50%	49%	53%	2%	-7%	-5%	49%	51%	54%	-3%	-5%	-8%
Teacher Packs	22	30	20	-27%	50%	10%	263	231	215	14%	7%	22%
Volunteer Hours Worked	303	435	481	-30%	-10%	-37%	4,145	4,672	5,799	-11%	-19%	-29%
RECEIPTS												
Fines & Misc. Fees	\$694	\$1,207	\$922	-43%	31%	-25%	\$20,539	\$21,593	\$20,722	-5%	4%	-1%
Copier/Printer Fees	\$951	\$1,084	\$1,117	-12%	-3%	-15%	\$13,814	\$13,307	\$13,675	4%	-3%	1%
Lost/Damaged Fees	\$168	\$390	\$165	-57%	136%	2%	\$6,107	\$5,911	\$7,271	3%	-19%	-16%
Sale of Property	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	\$0	\$51	\$168	-100%	-70%	-100%
Coffee Sales	\$90	\$134	\$129	-33%	3%	-30%	\$1,514	\$1,484	\$1,375	2%	8%	10%
Beverages & snacks	\$125	\$162	\$126	-23%	29%	-1%	\$2,817	\$2,553	\$2,310	10%	11%	22%
Collection Agency Fees	\$72	\$144	\$34	-50%	323%	113%	\$2,205	\$2,013	\$2,334	10%	-14%	-6%
Winnebago Co. Major Facility	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	\$83,171	\$82,885	\$81,382	0%	2%	2%
Winnebago Co. Operations	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	\$590,258	\$575,773	\$567,632	3%	1%	4%
Other counties	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	\$22,339	\$23,083	\$22,497	-3%	3%	-1%
TOTAL	\$2,100	\$3,120	\$2,493	-33%	25%	-16%	\$742,763	\$728,653	\$719,366	2%	1%	3%

PROGRAMS	Nov-19	Nov-18	Nov-17	% Change 2019-2018	% Change 2018-2017	% Change 2019-2017	YTD 2019	YTD 2018	YTD 2017	% Change 2019-2018	% Change 2018-2017	% Change 2019-2017
Programs given												
Adult (Ages 19+)	35	41	26	-15%	58%	35%	388	341	260	14%	31%	49%
Young Adult (Ages 12-18)	4	5	4	-20%	25%	0%	43	52	44	-17%	18%	-2%
Youth (ages 0-11)	53	56	76	-5%	-26%	-30%	604	592	605	2%	-2%	0%
TOTAL	92	102	106	-10%	-4%	-13%	1,035	985	909	5%	8%	14%
Program attendance												
Adult (Ages 19+)	845	1,006	579	-16%	74%	46%	10,479	8,538	7,168	23%	19%	46%
Young Adult (Ages 12-18)	104	266	116	-61%	129%	-10%	1,359	1,487	1,568	-9%	-5%	-13%
Youth (ages 0-11)	2,164	1,917	2,183	13%	-12%	-1%	33,281	25,988	26,754	28%	-3%	24%
TOTAL	3,113	3,189	2,878	-2%	11%	8%	45,119	36,013	35,490	25%	1%	27%

Program	Topic/Title/Presentation	Date	Attendees
Adult			
Fitness Friday		11/1/2019	14
Blair Witch Project		11/2/2019	6
Jazz Blue Note		11/3/2019	58
Dungeons and Dragons		11/3/2019	9
Adult Afternoon	Tradition Transition: One Quilter's Journey 1970s-2018	11/4/2019	35
Tuesday Night Movie	The Lion King (2019)	11/5/2019	63
Kneenah Knits		11/6/2019	4
Chess		11/7/2019	22
Travel Series	How to Plan Your Trip to Walt Disney World	11/7/2019	19
Dungeons and Dragons		11/10/2019	0
Monday Matinee	The Art of Racing in the Rain	11/11/2019	62
Short Story Night		11/11/2019	48
Snapshots from Third Field Veterans Day event		11/11/2019	26
Tech Talk Tuesday	Genealogy Online Resources	11/12/2019	13
A.M. Investment Coffee Club		11/13/2019	7
Chess		11/14/2019	15
Living an Authentic Life		11/14/2019	11
Sunday Concert Series	Tin Sandwich Blues Band	11/17/2019	53
Memory Cafe	History's Mysteries	11/18/2019	33
Tuesday Night Movie	The Angry Birds Movie 2	11/19/2019	35
Kneenah Knits		11/20/2019	4
DIY Design Workshops	Embroidery Hoop Memo Boards	11/20/2019	9

Chess		11/21/2019	21
History Program	Movie Night	11/21/2019	150
Dungeons and Dragons		11/24/2019	5
MMBK: AM	A prayer for Owen Meany	11/25/2019	12
MMBK: PM	A prayer for Owen Meany	11/25/2019	3
Outreach Assisi Homes	Thanksgiving Trivia Bingo	11/26/2019	7
First Friday Concert Series	Laura Basse, Soprano	11/1/2109	21
Ukulele open jams		Weekly - three	36
Mindful Living		Weekly - four	44
		TOTAL	845
Young Adult			
Library Program	Escape Room	11/1/2019	54
Library Visit	NHS CDS	11/15/2019	13
Outreach	Lakeside Packaging	11/20/2019	17
Library Visit	St. Mary Catholic Middle School	11/25/2019	20
		TOTAL	104
Youth			
Library Program	Legos @ the Library	11/3/2019	37
Library Program	Messy Mondays	11/4/2019	59
Library Program	Footloose Fridays	11/8/2019	58
Library Program	Crazy for Cookies	11/9/2019	155
Library Program	Pooches & Pages	11/9/2019	9
Library Visit	YMCA 4K	11/11/2019	21
Outreach	Lake Edge Learning Center	11/14/2019	30
Library Program	Legos @ the Library	11/17/2019	19
Library Visit	Trinity Lutheran	11/14/2019	14
Outreach	A Child's Imagination	11/15/2019	28
Outreach	Stepping Stones	11/15/2018	50
Library Visit	Wilson 4th Graders	11/20/2019	50
Outreach	Headstart PM Class	11/20/2019	20
Library Visit	Homeschool Friends	11/21/2019	50
Outreach	Headstart AM Classe	11/21/2019	23
Outreach	YMCA	11/22/2019	81
Library Program	Footloose Fridays	11/22/2019	35
Storytimes		Various	1425
		TOTAL	2,164

Reports & Recommendations

7. Director's report

- a. Meetings/Events/Information
 - Weekly: Monday morning briefings
 - Weekly: Library department heads
 - 11/20 Emergency Response Committee meeting (Library staff)
 - 11/26 City Department Head meeting
 - 12/04 Succession Planning Seminar (CVMIC)
 - 12/11 Emergency Response Committee meeting (Library staff)
 - 12/11 Winnebago County Master Gardeners meeting
 - Electrical and data work for the Tween computer area has been completed
 - Some signage will be installed on December 12
 - A patron (or the patron's insurance company) may file a claim against the City for an injury sustained at the Library on October 5, 2019. Documents relating to the incident have been forwarded to the City Attorney. The City Attorney, along with CVMIC, will handle any claim or investigation.
 - Donations of note: \$5,000 has been received in memory of Dr. Cullen Henshaw (70 separate donations)
 - The Friends' "Never-ending Book Sale" opened on Friday, December 6. The Friends netted over \$100 in the first week.
 - The Friends received a \$1,000 donation (QCD) for special materials/programming. The Friends have received two other QCD donations this fall – each for \$500.
- b. Report from Circulation Services
- c. Report from Youth Services
- d. Report from Adult Services and Technical Services

8. Business for consideration

- a. **Monthly financial reports from Finance department** (handouts at meeting)
Information item.
- b. **Quarterly financial report for Hefti Fund** (handouts at meeting)
Information item.
- c. **Nominating committee for 2020 officers**

The President appoints a Nominating Committee annually. The Committee brings officer nominations to the January Board meeting. President Rickman has not served a full term; there is currently no Vice-President; Finance & Personnel Chair Irish has served one year in that capacity. From the Library Board Bylaws:

Section 1. The officers shall be a president, a vice-president, and a chairperson of the Finance & Personnel Committee, elected from among the appointed trustees at the January meeting. Officers may succeed themselves once only and may be re-elected to the same office after a lapse of at least one year. Vacancies in office shall be filled by vote at the next regular Board meeting after the vacancy occurs. Removal from office shall be by a two-thirds vote of all members of the Board.

Section 2. A nominating committee shall be appointed by the president at the November or December meeting and shall present a slate of officers at the following January meeting. Additional nominations may be made from the floor at that time.

Section 3. Officers shall serve a term of one year from the January meeting at which they are elected and until their successors are duly elected.

Section 4. The president shall preside at all meetings of the Board, authorize calls for any special meetings, appoint all committees, execute documents authorized by the Board, sign vouchers for disbursements from the City's Library funds, serve as an ex-officio voting member of all committees, and generally perform all duties associated with that office.

Section 5. The vice-president, in the event of the absence or disability of the president, or of a vacancy in that office, shall assume and perform the duties and functions of the president.

Section 6. The chairperson of the Finance & Personnel Committee shall preside over that committee and shall assume and perform the duties and functions associated with that office. In the absence of the president and the vice-president, the chairperson of the Finance & Personnel Committee shall preside at any Board meeting.

Action item. The President appoints a Nominating Committee.

d. Qualified Charitable Distributions (QCD)

The Director sought guidance from City Attorney Godlewski re: IRA Qualified Charitable Distributions made to public libraries vs. 501(c)(3) organizations. Attorney Godlewski advised that acknowledgements/receipts should include the disclaimer that donors consult with tax advisor, accountant, attorney and/or the IRS to confirm that the donation meets their specific needs and to be sure the donor receives the maximum benefit.

Relevant information from the IRS, the Department of Public Instruction, and Winnefox Library System is included below.

A copy of the IRS "Governmental Information Letter", 4076C, which is referenced in those sources, is also included.

Discussion item.

e. Library Usage Study

Youth Library Aides surveyed library users on Tuesday evenings in September, October, and November. Youth Services Manager Wulff will share the results of the survey.

Discussion item.

f. Additional Usage Statistics

The new patron counter allows staff to create reports that show usage patterns. A report of recent usage will be available at the Board meeting.

Discussion item.

9. Reports:

Winnebago County representative

Neenah City Council representative

Neenah Joint School District representative

10. Announcements and future agenda items

11. Next regularly scheduled meeting: January 15, 4:00 p.m. in the Carpenter Conference Room.

12. Adjournment

From IRS Publication 526 Charitable Contributions (2018): <https://www.irs.gov/pub/irs-pdf/p526.pdf>

Organizations That Qualify To Receive Deductible Contributions

You can deduct your contributions only if you make them to a qualified organization. Most organizations, other than churches and governments, must apply to the IRS to become a qualified organization.

How to check whether an organization can receive deductible charitable contributions.

You can ask any organization whether it is a qualified organization, and most will be able to tell you. You also can check by going to [IRS.gov/TEOS](https://www.irs.gov/TEOS). This online tool will enable you to search for qualified organizations.

Types of Qualified Organizations

Generally, only the following types of organizations can be qualified organizations.

- (1) A community chest, corporation, trust, fund, or foundation organized or created in or under the laws of the United States, any state, the District of Columbia, or any possession of the United States (including Puerto Rico). It must, however, be organized and operated only for charitable, religious, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Certain organizations that foster national or international amateur sports competition also qualify.
- (2) War veterans' organizations, including posts, auxiliaries, trusts, or foundations, organized in the United States or any of its possessions (including Puerto Rico).
- (3) Domestic fraternal societies, orders, and associations operating under the lodge system. (Your contribution to this type of organization is deductible only if it is to be used solely for charitable, religious, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals.)
- (4) Certain nonprofit cemetery companies or corporations. (Your contribution to this type of organization isn't deductible if it can be used for the care of a specific lot or mausoleum crypt.)5.The United States or any state, the District of Columbia, a U.S. possession (including Puerto Rico), a political subdivision of a state or U.S. possession, or an Indian tribal government or any of its subdivisions that perform substantial government functions. (Your contribution to this type of organization is deductible only if it is to be used solely for public purposes.)

Example 1. You contribute cash to your city's police department to be used as a reward for information about a crime. The city police department is a qualified organization, and your contribution is for a public purpose. You can deduct your contribution.

Example 2. You make a voluntary contribution to the social security trust fund, not earmarked for a specific account. Because the trust fund is part of the U.S. government, you contributed to a qualified organization. You can deduct your contribution.

From Department of Public Instruction: <https://dpi.wi.gov/pld/boards-directors/administration/fag-pt5#foundation>

We would like to establish and manage a gift fund for our library. Do we need to establish a library foundation (a separate non-profit 501(c)(3) organization) to solicit funds and administer the endowment fund?

No. Your library board should be able to accomplish your goals within the legal powers of a library board established under Chapter 43 of the Wisconsin Statutes.

If your concern is the deductibility of donations to a public library, donations to any government organization meet the IRS definition of a "charitable contribution" to a "qualified organization." No application to the IRS is needed. According to the IRS publication on Charitable Contributions (Publication #526): "To become qualified organizations, most organizations other than churches and governments, as described below, must apply to the IRS." The publication goes on to define as one type of "qualifying organization" any state or any of its subdivisions that perform substantial government functions. A public library established and operated according to Wisconsin Statutes Chapter 43 clearly meets that definition.

If your concern is the ability to retain custody of and manage gifts and donations separate from the municipality, this option is available to public library boards under Wisconsin Statutes section 43.58 (7).

Because Wisconsin public libraries can retain custody of gifts and donations, and are "qualified organizations" for the purpose of the deductibility of donations, it is not necessary or desirable for a library board to seek 501(c)(3) status for the public library itself.

A separate library foundation may have certain benefits, including greater political independence. Establishing a foundation normally requires the assistance of a lawyer. A lawyer and/or accountant may also be needed to comply with the IRS 501(c)(3) filing requirements for a nonprofit foundation.

From Winnefox Library System:

<https://extranet.winnefox.org/sites/extranet.winnefox.org/files/legalresources/501c3%20FAQ.pdf>

Donations to Libraries, Local Government Tax Status and 501(c)3 Organizations

Contents

- Are donations to the library tax-deductible?
- What is 501(c)3?
- Does the library qualify?
- What if a donor is reluctant to donate to the library because of our lack of 501(c)3 status?

- Do we have to give donors a receipt for tax purposes?
- What should the receipt say?
- Where can I find more information?

Are donations to the library tax-deductible?

Yes. Donations to the library generally qualify for tax deductions. IRS Publication 526 states that “Money or property given to federal, state, and local governments, if your contribution is solely for public purposes” is deductible (page 2). Donations to the library are deductible because the library is a department of a local government and donations would be for public purposes. Further, this IRS page <http://www.irs.gov/Government-Entities/Federal,-State-&-Local-Governments/Governmental-Information-Letter> (accessed, 2/2/15) states: Charitable contributions to governmental units are tax-deductible under section 170(c)(1) of the Internal Revenue Code if made for a public purpose.

What is 501(c)3?

501(c)3 is a section of the Internal Revenue Service Code that grants exemption from federal income taxes to nonprofit organizations that are operated for religious, charitable, scientific, literary, or educational purposes. A further provision of the IRS Code provides a federal income tax deduction to individuals and companies who donate to these organizations.

Does the library qualify?

No. Government entities do not qualify for 501(c)3 status. Chapter 3 of IRS Publication 557 states: “A state or municipal instrumentality may qualify under section 501(c)(3) if it is organized as a separate entity from the governmental unit that created it and if it otherwise meets the organizational and operational requirements of section 501(c)(3). However, if an organization is an integral part of the local government or possesses governmental powers, it does not qualify for exemption. A state or municipality itself does not qualify for exemption” (page 21, top of middle column under Instrumentalities). As a department of its parent municipality the public library would likely be considered “an integral part of the local government” and would not qualify for 501(c)3 status.

What if a donor is reluctant to donate to the library because of our lack of 501(c)3 status?

If someone is reluctant to donate to the library because of our lack of 501(c)3 status there are two possible options:

- Discuss the above information with them and assure them that their donation is indeed tax deductible. A letter from an accountant or your municipal attorney verifying this may be helpful.
- You can also get a “Government Information Letter” (occasionally known as a “Government Affirmation Letter”) from the IRS stating that donations to a government entity are tax deductible. This letter describes government entity exemption from Federal income tax and cites applicable Internal Revenue Code sections pertaining to deductible contributions and income exclusion. Contact the IRS at 1-877-829-5500 to request a letter.
- Find a 501(c)3 organization acceptable to the donor that will receive the funds on your behalf (Friends group, community foundation, etc.).

Do we have to give donors a receipt for tax purposes?

If the donor wants to deduct the donation on their income taxes they may not need a receipt. The IRS doesn’t require a receipt for donations of under \$250 but many charities send letters

acknowledging smaller donations. For donations over \$250 the IRS requires “contemporaneous written acknowledgement” of the donation (a receipt or thank you letter). It can be sent right away or later; the IRS requires the taxpayer to have it when they file their taxes. A separate acknowledgement may be provided for each single contribution or one acknowledgement, like an annual summary, may be used. Many charities send letters acknowledging smaller donations because if someone gives a number of smaller donations throughout the year that together total over \$250 the donor will need a receipt or letter for tax purposes.

What should the receipt say?

According to the IRS, here are some of the key items a proper receipt must include:

- Name of the organization
- Amount of cash contribution
- Description (but not the value) of noncash contribution
- Statement that no goods or services were provided by the organization in return for the contribution, if that was the case
- If you did provide any goods or services they need to be listed and include a good faith estimate of the value. For example, you have an auction that includes a painting by a local artist. The painting would sell for \$75 in an art fair but the sale price was \$100. You could provide the buyer with a receipt stating the sale price of \$100 and the estimated value of \$75.

Where can I find more information?

- IRS Publication 557 Tax-Exempt Status for Your Organization <http://www.irs.gov/pub/irs-pdf/p557.pdf>
- IRS Publication 526 Charitable Contributions <http://www.irs.gov/pub/irs-pdf/p526.pdf>
- IRS page <http://www.irs.gov/Government-Entities/Federal,-State-&-Local-Governments/Governmental-Information-Letter>
- Information on receipts from Baker-Tilly [http://www.bakertilly.com/insights/reminder-for-charitable-organizations-providing-donation-receipts/Revised 1/2/17](http://www.bakertilly.com/insights/reminder-for-charitable-organizations-providing-donation-receipts/Revised%201/2/17)

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CITY OF NEENAH WISCONSIN
211 WALNUT ST
NEENAH WI 54956



023408

Federal Identification Number: 39-6005543
Person to Contact: Customer Service
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This responds to your request for information about your federal tax status. Our records do not specify your federal tax status. However, the following general information about the tax treatment of state and local governments and affiliated organizations may be of interest to you.

GOVERNMENTAL UNITS

Governmental units, such as States and their political subdivisions, are not generally subject to federal income tax. Political subdivisions of a State are entities with one or more of the sovereign powers of the State such as the power to tax. Typically they include counties or municipalities and their agencies or departments. Charitable contributions to governmental units are tax-deductible under section 170(c)(1) of the Internal Revenue Code if made for a public purpose.

ENTITIES MEETING THE REQUIREMENTS OF SECTION 115(1)

An entity that is not a governmental unit but that performs an essential government function may not be subject to federal income tax, pursuant to Code section 115(1). The income of such entities is excluded from the definition of gross income as long as the income (1) is derived from a public utility or the exercise of an essential government function, and (2) accrues to a State, a political subdivision of a State, or the District of Columbia. Contributions made to entities whose income is excluded income under section 115 may not be tax deductible to contributors.

TAX-EXEMPT CHARITABLE ORGANIZATIONS

An organization affiliated with a State, county, or municipal government may qualify for exemption from federal income tax under section 501(c)(3) of the Code, if (1) it is not an integral part of the government, and (2) it does not have governmental powers inconsistent with exemption (such as the power to tax or to exercise enforcement or regulatory powers). Note that entities may meet the requirements of both sections 501(c)(3) and 115 under certain circumstances. See Revenue Procedure 2003-12, 2003-1 C.B. 316.

CITY OF NEENAH WISCONSIN
211 WALNUT ST
NEENAH WI 54956

Most entities must file a Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, to request a determination that the organization is exempt from federal income tax under 501(c)(3) of the Code and that charitable contributions are tax deductible to contributors under section 170(c)(2). In addition, private foundations and other persons sometimes want assurance that their grants or contributions are made to a governmental unit or a public charity. Generally, grantors and contributors may rely on the status of governmental units based on State or local law. Form 1023 and Publication 4220, Applying for 501(c)(3) Tax-Exempt Status, are available online at www.irs.gov/eo.

We hope this general information will be of assistance to you. This letter, however, does not determine that you have any particular tax status. If you are unsure of your status as a governmental unit or state institution whose income is excluded under section 115(1) you may seek a private letter ruling by following the procedures specified in Revenue Procedure 2007-1, 2007-1 I.R.B. 1 (updated annually).

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,



Kim A. Billups, Operations Manager
Accounts Management Operations 1