

Guidelines for Allowance of Gifts for Local Financial Effort

Definition: Gifts of money which are expended for public library service may be counted as part of local financial effort, and the monetary value of gifts of books, supplies or other operating materials may be included as part of the local financial effort of the library if the items were purchased specifically for the library. In cases where value for the items is claimed, the library shall have available among its records receipts or invoices that clearly show the cost of the items and indicate that the purchase was made specifically for presentation to the library. **The value of gifts in kind not specifically purchased for the library is not allowable as a portion of local financial effort.**

(22 PA Code § 131.53)

Gift Qualification:

The first section of the regulation is quite clear. If a gift of operating materials is purchased specifically for the library, then the gift counts towards the library's local financial effort. Likewise, if NEW items are donated to the library, they also count toward local financial effort.

Because the regulation specifically states that items must be purchased specifically for the library, used items CANNOT be counted toward local financial effort. Used items were originally purchased for another purposes and do not fit within the scope of the regulation.

The last sentence of the regulation is where confusion begins to develop. This sentence prohibits the library from counting in-kind gifts toward their local financial effort. The definition of in-kind gifts is "a gift of something other than money; goods or commodities." The generally used interpretation of in-kind includes the provision of services.

Using this definition along with the first portion of the regulation, the only gifts (goods or services) that a library may count toward local financial effort are those items that an individual and/or business *purchased* specifically for the library. If a business is providing supplies/products that it typically sells for profit, the gift may be counted for local financial effort.

Gifts that DO NOT count toward LFE:

- Program supplies, prizes, gifts and food may not be counted toward local financial effort if the library would have done without the item had it not been given to them.
- Services (in-kind)
- Travel expenses

- Expenses paid by municipality—should be submitted on a Green, Shared Cost Sheet
- Used items
- Baked Goods—considered a donation

When a local library submits its annual report, gifts should be grouped together in categories rather than listed individually. There are three categories within which all gifts should fall:

- Library Materials
- Equipment/Furniture
- Supplies

If a gift cannot be placed into one of these categories, it is probably not an allowable gift item and the District Consultant and/or System Administrator should double check with the library.

Receipts:

Once a library determines whether a gift can be counted toward local financial effort, they must also ensure that the proper receipt is maintained. Receipts must list the item's purchase price and must indicate that the item was purchased specifically for the library.

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