

# fact sheet #16

## for Friends and Foundations

### HOW TO ORGANIZE A FOUNDATION

The primary reason to form a foundation is to create a significant funding source separate and distinct from the regulations and restrictions that apply to any governmental institution. A foundation can establish its own rules, buy equipment or provide services for the library without regard to competitive bidding, committee approvals, etc. The library Friends group and the library Foundation are usually separate groups, but not always. (For more information on dynamic between Friends and Foundations, visit [www.ala.org/united/foundations/orgtools](http://www.ala.org/united/foundations/orgtools).) The Foundation is usually formed when larger amounts of money are needed than can be raised by the Friends group; these funds can then be invested until they are dispersed.

1. Contact a lawyer to develop documents pertaining to foundations such as articles of incorporation and by-laws (necessary for limited liability) and to obtain federal and state tax-exempt status.
2. Select a steering committee or board of directors that reflect your community and can address the library's needs. Define need and mission statement with this group.
3. It is usually helpful to have lawyers, bankers, public relations and marketing people as well as high profile community and corporate leaders serving on the full board.
4. It is often necessary to hire a director for the Foundation with fund development experience. Dispersal of the funds is normally decided between the Foundation Board, the library director, and the library Board of Trustees.
5. Monies raised are often best looked after and invested by bank trust companies or other money managers. A survey of your community will help you determine where to place your funds.
6. The Foundation should be used to develop and promote a planned giving program. For more information on planned giving, see Fact Sheet #25, "Planned Giving: What You Need to Know."
7. Be sure to involve elected officials, library Trustees and other interested parties in the development of the Foundation.
8. Develop a long-range plan for the Foundation and periodically re-evaluate it with your Foundation Board of directors, the library director, and the library Board of Trustees.

*continued*

9. Maintain a liaison to the Friends of the Library and to the Trustees to keep open lines of communication.
10. For additional resources for Foundations, visit the United for Libraries website, [www.ala.org/united](http://www.ala.org/united).
11. For more information about fundraising and events, see *Even More Great Ideas for Libraries and Friends*, available from United for Libraries.

*updated 9/12*

---

**United for Libraries**

Sally Gardner Reed, Executive Director  
109 S. 13th St., Suite 117B  
Philadelphia, PA 19107

(800) 545-2433, ext. 2161  
fax (215) 545-3821  
[www.ala.org/united](http://www.ala.org/united)