



BERKSHIRE ATHENAEUM

1 WENDELL AVENUE • PITTSFIELD, MA 01201-6385

Pittsfield's Public Library Since 1872

GIFT, ENDOWMENT, & PLANNED GIVING POLICY

INTRODUCTION:

The trustees of the Berkshire Athenaeum recognize that generous donors have entrusted funds to their care over a period of many years with the wish to supplement, enhance, and enrich the library resources available to the citizens of Pittsfield. Some of these funds have come with specific restrictions. Other funds are unrestricted, and it is the Trustees' policy that these funds primarily provide long-term benefits to the Athenaeum. They are mainly for capital expenditures, but also for unusual items of value not available through the annual city appropriation. The Trustees recognize that occasionally income from these funds may be used to augment the annual city budget, but it is not the Trustees', nor the donors', intent for these funds to supplant the city's appropriation. It is the Trustees' intention that principle in the endowment funds would not be used for customary annual expenses.

DEFINITIONS:

- A. **GIFTS:** Gift donations are designated as “expendable”, meaning that all of the donated funds will be directly spent. Such donations may be designated to support a particular purpose (“restricted gift”) or used as the Athenaeum deems best (“unrestricted gift”). Depending on the size, intention, and timeline for use of gift funds, the funds may be invested following the gift investment policy.
- A.1. **Uninvested Funds:** The Athenaeum enjoys strong community support including many gifts throughout the fiscal year. These monetary gifts are typically under \$5,000 and are intended to be spent within the fiscal year for timely needs or support of immediate expansion. The funds are deposited into a bank account [rather than invested] in accordance with the intention of use and for ease of access.
- A.1.a. **Memorial and Honorary Gifts:** A major source of gifts come from those wishing to honor or memorialize the life and works of a friend or loved one. Such donations typically augment collection development in a particular area (often in an area of interest of the person being honored), and are used relatively quickly upon receipt and, thus, are not invested. (See *GIFT/MEMORIAL BOOK DONATION REQUEST FORM*.)
- A.1.b. **Project-Specific Gifts:** From time to time, the Athenaeum will solicit and receive support for specific endeavors (technology or furniture upgrades

and improvements or targeted expansion of collections, for example), for which funds will be used relatively quickly upon receipt and, thus, are not invested.

A.2. Invested Funds: These monetary gifts are typically over \$5,000 and are intended to be spent across multiple fiscal years. The funds are deposited into an investment account with funds to cover expected annual expenditures divested and transferred to a bank account semi-annually.

B. ENDOWMENTS: An endowment is created when a donor specifies that a gift is to be invested and only the income earned on that gift may be spent. Such donations are often designated to support a particular purpose (“restricted”), but may be created to be used as the Athenaeum deems best (“unrestricted”). The funds are be invested following the endowment investment policy.

B.1 Endowed Book* Funds: Endowed book funds are intended for the income of the invested principal to support the purchase of books, audiobooks, videos, and other library materials.

B.1.a. General Book Endowments: General Book Endowments are the broadest of endowment donations, without restrictions on the topic nor target audience of the purchase of library materials. The largest of such General Book Endowments is that established in 1989 through a bequest of Angela Milani. Other General Book Endowments include a bequest of Hulda Isringhaus.

B.1.b. Departmental Book Endowments: Departmental Book Endowments include restrictions on the target audience of the purchase of library materials.

B.1.b.i. *Children’s Book Endowment*: Restricted to the purchase of materials for children, the Children’s Book Endowment includes funds from Rose England Blau and Alan J. Blau; and Barbara and David Kalib.

B.1.b.ii. *Young Adults’ Book Endowment*: Restricted to the purchase of materials for young adults, the Young Adults’ Book Endowment includes funds from Barbara and David Kalib.

B.1.b.iii. *Local History Book Endowment*: Restricted to the purchase of materials for the Local History Department, the Local History Book Endowment includes funds from Professor Willis I. Milham intended to support the Melville Room.

B.1.c. Topical Book Endowments: Restrictions by the purpose or scope of materials purchased with these funds, Topical Book Endowments

include Caesar (Black History and Culture), Feigenbaum (19th Century Berkshire Authors), Holocaust, Humphrey (Biography and History), Krauss (Historical Fiction), Newman (Fine Arts), Noble (American History and Biography), Reilly (20th Century Berkshire Authors), and Sadlowski (Naval Subjects).

B.2. Other Endowed Funds: Though supporting the purchase of books and library materials is the typical target of endowment donations, Endowments may be set up to serve a variety of library needs, including technological needs and departmental improvements.

INVESTMENT STRATEGY:

A. UNRESTRICTED FUNDS

- A.1. Unrestricted Fund: Created to provide long term benefits to the Athenaeum, The Unrestricted Fund is targeted primarily for capital expenditures or unusual items of value not available through the annual City appropriation.
- A.2. The investment philosophy of the Unrestricted Funds should emphasize consistency of results over an extended period of market cycle. It should attempt to reduce the impact of the volatility of the securities markets on investment results over time.
- A.4. The Unrestricted Funds will consist of a balanced investment approach employing bonds and stocks to provide income with long-term capital growth. Money market funds shall be used to maintain a cash reserve and for funds awaiting longer term investment. The assets of the funds should be protected by diversification of investments.
- A.5. Bond purchases for the Unrestricted Funds shall be limited to those bonds having investment grade ratings used by Moodys and Standard & Poors. Bond maturities will be staggered among different years to minimize significant concentrations in any one year. Generally, the Unrestricted Funds shall emphasize bonds with a maturity of ten years or less. The use of bond mutual funds containing holdings rated below investment grade is allowed provided the allocation to below investment grade debt does not exceed 10% of portfolio value.
- A.6. Common stock and equity holdings in the Unrestricted Funds provide opportunities for dividend and capital appreciation returns. Stocks that do not pay a dividend will be permitted for long-term capital growth.
- A.7. The equity portion of the Unrestricted Funds should not exceed 60% of the market value of the respective Funds without consultations between the Finance Committee and Investment Manager.
- A.8. On a semiannual basis, the Finance Committee will review the Gift, Endowment, & Planned Giving Policy Statement and discuss income projections for the Funds with the Investment Manager. The Committee shall make a determination as to

whether a certain percentage of the long-term capital growth of Unrestricted Funds will be used to supplement operating needs.

B. ENDOWMENT FUND

- B.1. Endowment Fund: Several endowment funds have been entrusted to the Berkshire Athenaeum by donors who, over a period of many years, have wished to supplement, enhance and enrich the library resources available to the citizens of Pittsfield. The several funds that comprise the Endowment Fund come with specific restrictions on the types of purchases that may be made with these monies. In each fund, expenses are restricted to income only. A copy of the listing of the funds (“Restricted Trust Endowments”), including the principal balance, their purpose, the source and starting date, has been appended to this document.
- B.2. The investment philosophy of the Endowment Fund should emphasize the protection of principal with a consistency of results over an extended period of market cycle. This more conservative investment strategy should reduce the impact of the volatility of the securities markets on investment results.
- B.3. The Endowment Funds will consist of a balanced investment approach, employing bonds and stocks to provide income with long-term capital stability. Equity investments should be balanced with investment vehicles that may include bonds, money market accounts and or certificates of deposits.
- B.4. Bond purchases for the Endowment Fund shall be limited to those bonds having investment grade ratings used by Moodys and Standard & Poors. Bond maturities will be staggered among different years to minimize significant concentrations in any one year. Generally, the Endowment Fund shall emphasize bonds with a maturity of ten years or less. The use of bond mutual funds containing holdings rated below investment grade is allowed provided the allocation to below investment grade debt does not exceed 10% of portfolio value.
- B.5. The income from investment of the Endowment Fund shall be paid out to the library regularly so that purchases may be made on an ongoing basis as stipulated in the bequests.
- B.6. On a semiannual basis, the Finance Committee will review the Gift, Endowment, & Planned Giving Policy Statement with regards to the Endowment Fund and discuss income projections with the Investment Manager.

INVESTMENT MANAGEMENT:

The Library Trustees are responsible for managing the investment process in a prudent manner. The Finance Committee shall recommend to the Library Trustees

investment strategies and professional management. In seeking and maintaining a relationship with an investment manager, the Finance Committee shall:

- Look for an investment manager with a local presence.
- Monitor the managed accounts regularly, and meet with the investment manager at least twice annually to review performance.
- A relationship between an investment manager and the library should be based on performance (as compared to established market indicators) and comfort (how comfortable the Finance Committee and/or board feels with the relationship).
- The relationship with the investment manager may be severed at any time the Finance Committee and/or board are no longer satisfied with the performance or are no longer comfortable with the relationship.
- At least every three years, the Finance Committee or the full board shall have a specific discussion about initiating requests for proposals to secure an investment manager. The committee or board may decide at that time not to pursue such a process if they are satisfied with the current manager.