

**YALSA Board of Directors Meeting
ALA Annual Conference, Chicago
July 9-15, 2009**

Topic: Feasibility of Establishing a Foundation

Background: At its 2009 Midwinter Meeting YALSA's Board briefly discussed the concept of establishing a foundation to help advance specific YALSA programs. Some basic information about foundations is provided below. The Board may want to discuss whether pursuing the idea is a priority at this time, and if so, what next steps might be.

Action Required: Discussion

What a Foundation is

A foundation is a separate legal entity formed for the purpose of supporting a particular cause that is of importance to the association. Its primary function is to secure financial and in-kind donations for programs, services, and/or mission-related projects. The foundation offers a wide range of donors a familiar and reliable vehicle for tax-deductible contributions in support of the foundation's stated purpose. When individuals and corporations give to a foundation they know that their gifts will be used as intended. Gifts may be restricted, making the giving even more appealing. There are two kinds of foundations: a public charity and a private foundation.

Benefits of Foundations for Associations

- A foundation can help an association advance its mission by providing a means for raising additional funds for programs.
- By focusing on a particular cause, such as adolescent literacy, associations—through their foundation--are able to reach beyond their membership and raise funds from the general public and corporate world.
- By establishing a foundation and a board of trustees to oversee it, the association creates a governing body whose primary focus is to raise funds to support the stated cause of the foundation. In contrast, an association's board of directors has multiple responsibilities besides fiduciary ones.
- A foundation can provide a public face and entry point to an association that is normally focused inwardly on its members.
- A foundation can generate funds to support key programs and services of the association, such as book and media awards.
- The foundation provides a long-term funding source for the association.

Foundations can be funded from many sources

- Individual donors:

YALSA Board of Directors – Annual 2009

Feasibility of Establishing a Foundation

- Planned giving opportunities – planned giving is a way for donors to make gifts to an organization and receive financial and tax benefits. There are many options including charitable gift annuities, deferred gift annuities, pooled income funds, charitable remainder trusts, charitable lead trusts, and the most common, bequests. Retirement assets (including IRAs, annuities, pension plans, etc.) pass tax-free to a foundation.
- Cash, stocks, real estate, and life insurance – foundations can accept gifts for restricted and unrestricted purposes, providing donors a tax exemption (to extent qualified by law).
- Endowments – gifts to create endowed funds are invested and only the income is spent on foundation needs. Endowments may be restricted by the donor, or available for spending on programs or other uses as needed.
- Investment opportunities – foundations have the flexibility to invest their funds to maximize the benefit for the foundation and the organization's mission.

**YALSA Board of Directors – Annual 2009
Feasibility of Establishing a Foundation**

The Freedom to Read Foundation is a separate corporation from the American Library Association, but works in close liaison with the ALA, and has its own Board of Trustees, which are elected by the FTRF membership. The Board of Trustees' Secretarrkira