

# **Children's Museum of Rock County**

## **Gift Acceptance Policy**

# **Children’s Museum of Rock County, Inc.**

## **Gift Acceptance Policy**

### **General Policies**

#### **Purpose of Gift Acceptance Policies**

The purpose of this policy of the Children’s Museum of Rock County is to serve the best interest of the organization and its donors by providing guidelines for negotiating and accepting various types of gifts for various types of funds. Given the increasing complexity of IRS regulations, the volume of real estate and other property gifts, and state and federal environmental laws, the Children’s Museum recognizes the value in carefully screening proposed gifts.

The purpose of the gift must fall within the broad charitable purpose of the organization. In addition, the Museum Board and staff must be able to assure that gifts accepted by the organization do not place other assets of the Museum at risk, and that they can be easily converted into assets that fall within the organization’s investment guidelines. The Museum must also be sure that it can administer the terms of the gift in accordance with the donor’s wishes.

### **MUSEUM’S RESPONSIBILITIES**

Museum staff should disclose to all prospective donors the benefits and liabilities that could reasonably be expected to influence the donor’s decision to make a gift to the Museum. Donors will be encouraged to consult with legal counsel and financial advisors in making their decision. In particular, donors should be made aware of:

- ◆ The irrevocability of a gift
- ◆ Prohibitions on donor restrictions
- ◆ Items subject to variability (market value, investment return, and income yield)
- ◆ The Museum’s responsibility to provide periodic financial statements on donors funds

Staff and fundraising volunteers should maintain a written record of discussions with donors. The role of Museum staff and fundraising volunteers shall be to inform, guide and assist a donor in fulfilling his or her philanthropic wishes, but never to pressure or unduly influence a donor’s decision.

### **FORM OF GIFTS TO THE CHILDREN’S MUSEUM**

#### **Gifts Not Requiring Board Review**

Revised and accepted by unanimous board approval on February 8th, 2023.

- ◆ Cash or cash equivalents
- ◆ Credit card gifts
- ◆ Checks
- ◆ Marketable securities
- ◆ Gifts of personal property for use in Museum offices or programs
- ◆ Life insurance policies, except as noted below

#### **Gifts requiring Board approval**

- ◆ Tangible personal property that is not readily marketable
- ◆ Real estate/properties
- ◆ Closely-held and C and S Corporation stock
- ◆ Partnership and LLC interests
- ◆ Accounts receivable (gifts of loans, notes, mortgages, etc.)
- ◆ Gifts of intellectual property, mineral reserves, precious metals and other types of assets carrying their own challenges
- ◆ Gifts whose structure falls outside the ordinary purposes, bylaws and procedures of the Museum
- ◆ Life insurance policies requiring future premium payments by the Museum

**See Appendix A for detail on each gift category**

#### **GIFTS DECLINED**

The Museum reserves the right to refuse any gift it believes is not in the best interests of promoting a healthy, caring community

#### **TYPES OF FUNDS**

The Museum currently offers the Operating Fund, which is used to fund our ongoing operations, and the Capital Campaign Fund, used to construct the new museum and for future capital needs. As our organization continues to grow, we anticipate adding additional funds that will be appropriate for our ongoing mission.

#### **ACKNOWLEDGMENT**

Revised and accepted by unanimous board approval on February 8th, 2023.

Donors shall receive an expression of sincere thanks and gratitude from the Museum and an acknowledgement of the gift in accordance with federal regulations.

## **RESTRICTIONS**

In conformance with Treasury Department regulations, gifts to the Museum may not be directly or indirectly subjected by a donor to any material restriction or condition that prevents the Museum from freely and effectively employing the transferred assets, or the income derived therefrom, in furtherance of its exempt purpose.

## **ACTING AS TRUSTEE**

The Museum may not serve as a trustee. Further, no employee shall serve as a trustee, conservator, executor, or personal representative for one of the Museum's donors or prospects

## **INVESTMENT OF GIFTS**

It is the policy of the Museum to convert all gifts to cash as soon as possible. The Museum reserves the right to make any or all investment decisions regarding gifts in accordance with its Investment Policy.

In making a gift to the Museum, donors give up all rights, title and interest to the asset contributed. In particular, donors give up the right to choose investments, investment managers, brokers or to veto investment choices for their gifts.

However, when the size of the fund warrants a separate investment consideration, the Museum will endeavor to accommodate requests from donors for separate investment of fund assets, or use of a particular investment manager, broker or agent in accordance with the Investment Policy, and may consult with donors on investment options for such funds.

## **COST OF ACCEPTING AND ADMINISTERING GIFTS**

Generally, costs associated with the acceptance of a gift such as attorney fees, accounting fees, other professional fees, as well as other costs to establish a gift such as appraisal, escrow, evaluation, and environmental assessment fees will be borne by the donor.

The direct costs of administering outright and planned gifts of the Museum will be borne by the assets of the individual funds, except for those special circumstances as determined by the Gift Acceptance Committee. Custodial, investment and administrative fees will be paid from the respective funds in accordance with the Museum's guidelines and fee schedule.

## **CONFIDENTIALITY**

Revised and accepted by unanimous board approval on February 8th, 2023.

Museum staff shall maintain strict control over files and information received from or about donors, or prospective donors, so as to maintain confidentiality of such information.

Adopted by the Board of Directors

Revised and accepted by unanimous board approval on February 8th, 2023.

## **Appendix A**

### **Forms of Gifts to the Museum**

Gifts to the Museum take on a variety of forms. Many are outright gifts by living donors, either on a one-time or periodic basis. Others are testamentary gifts that take effect upon a donor's death.

If the value of a gift other than cash or marketable securities exceeds \$5,000, a donor is required to have a qualified appraisal performed and submitted to the IRS on form 8283. If such gifts are sold within two years of receipt at a price other than the appraised value, Form 8282 must be filed by the Museum.

The Museum reserves the right to accept or reject any gift as it sees fit. It is the policy of the Museum to convert all gifts to cash as soon as possible. Real estate and other assets which have potential liability associated with them will only be accepted if the Museum agrees to accept the property.

#### **Cash**

The Museum accepts cash, checks, or money orders made payable to the Children's Museum of Rock County or any of its funds.

#### **Marketable Securities**

The Museum will add the net proceeds resulting from the sale of a marketable securities contribution to a fund of the Museum within 48 business hours.

#### **Stock in Privately Owned Companies and Partnerships**

Donors wishing to make gifts of stock in a closely-held C corporation or S corporation, or a gift of a partnership or LLC interest, must have it valued by a qualified independent valuation, accounting or appraisal company prior to making a contribution. If it is immediately marketable, it will be sold. Otherwise, it will be held by the Museum until it is able to be redeemed or sold for cash.

Generally, the Museum does not accept gifts of general partnership or LLC interests due to potential unlimited liability.

The acceptability of a gift of closely-held C or S corporation stock, or a partnership or LLC interest will depend on the ultimate financial liability of the Museum, the amount of management attention required, whether the gift provides minority or majority control, or whether the donor requires that such interest not be sold.

Consideration will be given to whether the C or S corporation, or partnership or LLC interest, generates unrelated business taxable income, if there is corresponding revenue to pay such taxes, the nature of the business, record-keeping and accounting requirements, and how quickly the gift can be converted to cash.

### **Life Insurance Policies**

The Museum will accept gifts of permanent life insurance policies if the Museum is named as owner of or is assigned ownership of such policies. Policies continuing on a premium-paying basis will be maintained as such by the Museum as long as the donor makes gifts to the Museum in the amount of the premiums due. Premiums can be a reducing amount if dividends are directed toward future premiums. Should such premium gifts not be forthcoming, the Museum may, on the recommendation of the Board, elect:

- ◆ To have the Museum continue the premium payments.
- ◆ To surrender the policy in exchange for its cash surrender value.
- ◆ To involve procedures under which the existing policy values can sustain the policy without further outlay of Museum funds for premium. This can take on any of the following forms:
  - ◆ Change the dividends to Net (have the dividends pay future premiums)
  - ◆ Use the Automatic Premium Loan feature (Borrow against the cash value to pay future premiums)
  - ◆ Use a combination of the two previous options (Have the dividends pay as much of the premium as possible and borrow against the cash value for the remainder amount)
  - ◆ Change the policy to “Paid-Up,” in which case, no more premiums will be due.

The Museum discourages the contributions of life insurance policies subject to policy loans and reserves the right to accept or reject such policies as well as those carrying assignments to other entities. The Museum will consider its own interest, and the best interest of the donor, in light of tax ramifications in determining on a case-by-case basis the acceptability of encumbered life insurance policies

### **Gifts Naming Multiple Beneficiaries**

From time-to-time, donors may wish to designate multiple beneficiaries of proceeds from their life insurance policies, IRAs, other qualified retirement plans, pooled income funds, gift annuities, or other forms of gifts to the Museum. The Museum encourages donors to name other charitable organizations as beneficiaries on the contract. However, if the Museum is named as sole beneficiary and then requested to distribute funds to other organizations, the following guidelines shall apply:

- A. The Board will take into consideration the amount of the total gift, the amount designated for the Museum (both discretionary and restricted), the added value to the community, and in the case of life insurance policies, whether or not the premiums are paid up.
- B. In the case where the Museum becomes the sole owner of a donor's life insurance policy, the Museum subsequently has the exclusive right to change the beneficiary/distributee designations. It can then name the Museum or other charitable organizations as beneficiaries. These other charitable organizations must qualify as such under Section 501(c)(3) and which are described under section 170(b)(1)(A) of the Internal Revenue Code.

If a policy beneficiary/distributee designation is to be changed to a charitable organization other than the Museum, the Museum shall consider the charitable intentions of the donor. It is understood, however, that a donor's recommendations in this regard are advisory and that the Museum, as owner of the policy, retains exclusive authority to direct the death benefits, maturity, and surrender proceeds of the policy.

#### **Estate / Real Property**

If a donor wishes to contribute real property, or an interest in real property, to the Museum either directly or through a life estate arrangement, the Board shall consider all facts and circumstances in determining whether to recommend accepting the gift. Donors always should be advised to confer with their own counsel to review the terms of the gift.

#### **Tangible Personal Property**

The donor will be advised whether the gift will be retained and used by the Museum or disposed of immediately.

#### **Accounts Receivable**

The Museum will consider gifts of loans, notes, and mortgages, subject to review by the Board.