

GIFT ACCEPTANCE POLICY



LOMITA RAILROAD MUSEUM FOUNDATION

Policy #201
Adopted on: Mar. 13, 2019
Modified: _____

Gift Acceptance Policy

1. OVERVIEW

While the majority of support for Lomita Railroad Museum comes from the City of Lomita, programs at the Museum can be greatly enhanced by generous private contributions from individuals, corporations and private foundations. Please note that for the purposes of this policy statement, the term “gifts” refers exclusively to private gifts, even though such gifts are often termed “grants” by corporations and foundations.

All gifts, donations and bequests for the Lomita Railroad Museum must be made to the Lomita Railroad Museum Foundation and accepted and handled per the Foundation’s policies and procedures. The Foundation will process these gifts, ascertain that the funds designated are correctly credited to the program for which they are intended, handle all tax reporting, coordinate donor recognition, and provide full notice of all gifts and fund balances in an accurate manner.

2. CLEARANCE POLICIES

It is the policy of Lomita Railroad Museum that the Foundation serve as a “clearinghouse” for solicitation of all gifts from local corporations, foundations and individuals to the Museum.

3. BACKGROUND AND RATIONALE

The Foundation was established in 1990 as the fundraising arm of the Museum and it is to function as the sole recipient of private gifts to the Museum for a number of reasons:

- 3.1. The Foundation is a qualified 501(c) (3) organization and all gifts to it are donations that may trigger a Federal and State charitable tax deduction for the donor. Gifts that do not come through the Foundation cannot be validated by any Museum employee for tax deduction consideration. Thus, the donor may forfeit any claim for a deduction since the IRS requires written substantiation by a qualified 501(c) (3) organization for all gifts of \$250 or more.
- 3.2. The Foundation is charged with the stewardship and fiduciary responsibilities to ensure that the gift is properly accounted for, that donors are appropriately thanked and provided with the tax information required for them to secure a deduction and that the gifts are correctly channeled to the department they are to serve.
- 3.3. The District occasionally receives gifts-in-kind (equipment, goods or services) that can be used directly by the Museum. There are complicated tax requirements of the acceptance and recording of these gifts. Numerous forms, fairly narrowly defined IRS rules and regulations, and special requirements govern gifts-in-kind.

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3.4. Gifts of property, securities or “planned gifts” (those gifts invested on behalf of the donor for which the donor receives income for life as well as bequests and living trusts), have extremely complicated reporting and legal requirements.

It is vital that these gifts are handled expeditiously, legally, and appropriately. The Foundation, given its status as a qualified 501(c)(3) entity, its gift processing procedures, and the experience of the Board can ensure compliance with the complex tax laws governing gift acceptance.

4. PRIVATE GIFTS TO THE LOMITA RAILROAD MUSEUM FOUNDATION

Gifts have all of the following characteristics:

- The contribution is from a private individual or non-government source.
- The donor specifies that the contribution is to be a charitable gift.
- The donor places reasonable conditions or stipulations on the intended use of the gift. In the absence of written conditions or stipulations, the assumption is that the gift is for the Foundation General Fund.
- The donor intends the gift to be irrevocable and, therefore, relinquishes the right to reclaim the gift or any unused remainder.
- The donor makes the donation to the Foundation without the expectation of direct economic benefit or other tangible benefit commensurate with the worth of the gift.

The term “gift” can apply to any of the following:

- Cash (currency, coin, checks, money orders, bank drafts, etc.)
- Securities (bonds, stocks, etc.)
- Non-cash gifts, also known as “gifts-in-kind” (books, equipment, art treasures, etc)
- Real property
- Inventions, patents and copyrights
- Mineral rights
- Fractional or remainder interests
- Deferred arrangements (life income, contracts, unitrusts, etc.)
- Wills, bequests, devises

Gifts made to the Foundation may be:

- Unrestricted—to be used as the Foundation Board, with advice and guidance from Museum administration, deems most appropriate.
- Restricted—to be used for a specific program or project.

Funds may be:

- Current—to be used over a non-specific period of time.
- Endowed—the principal to be invested; interest to be available for income.
- Deferred—funds that will be available at a later date. Generally these gifts are the result of estate planning.

5. DONOR RESTRICTIONS

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The donor may direct in writing that a gift be used for specified purposes such as restoration of a railcar, construction, or a specific program or project. Specific policies governing restricted gifts are spelled out in the Restricted Fund Policy.

6. GIFT PAYEE

All gifts, whether restricted or unrestricted, should be made payable to the LOMITA RAILROAD MUSEUM FOUNDATION.

7. GIFT ACCEPTANCE

When a gift is accepted, the Foundation assumes both a legal and an ethical obligation to conform to the wishes of the donor. For these reasons, it is essential that donors be encouraged to indicate precisely, in writing those restrictions, if any, to be placed on the use of the funds provided.

Except as provided for below, the Foundation president, or his/her designee, has authority to accept gifts or related funds and instruments designated by the donor for purposes or uses congruent with the mission and needs of the Museum.

The valuation and substantiation of charitable gifts is a matter between the donor/taxpayer and the taxing agency. Therefore, the Foundation, as a donee of such gifts, will not estimate to the donor the value of non-cash gifts. The Foundation will cooperate fully with the donor in the gift substantiation process required by the taxing agency.

Gifts of negotiable securities with ready markets will be sold upon receipt except as different timing may be required or by the donor's request. Barring alternative instructions from the Foundation, stock transfers should be sold within five business days of receipt and a cash disbursement sent to the Foundation office for allocation to the appropriate fund.

8. SPECIAL ACCEPTANCE CRITERIA

Gifts to establish new Museum programs, real property gifts, or donations involving a substantial or unique obligation of the Foundation or the District, shall be submitted to the Board for approval as to acceptability and conformance with Museum needs and Foundation policies.

9. DECLINATION OF GIFTS

Gifts may have to be declined under certain conditions. These include but are not limited to:

- The gift is restricted and would require support from other resources that are unavailable, inadequate, or may be needed for other institutional purposes.
- The gift is restricted and would support a purpose or program peripheral to existing principal purposes of the institution, or create or perpetuate programs or obligations that would dissipate resources or deflect energies from other programs or purposes.
- The gift would injure the reputation or standing of the Museum or Foundation or generate such controversy as to substantially frustrate and defeat the educational purpose to be served.