



**BROOKLYN INSTITUTE OF ARTS AND SCIENCES DBA BROOKLYN MUSEUM (THE  
"MUSEUM")**

**GIFT ACCEPTANCE POLICY**

As adopted by the Board of Trustees on October 29, 2024.

The Museum is committed to bringing people together through art and experiences that inspire celebration, compassion, and courage. The work of the Museum is made possible by gifts of all sizes from the private and public sectors. This Gift Acceptance Policy (this "Policy") sets forth guidelines for accepting gifts and establishes specific processes and procedures to ensure the Museum is a responsible steward of such gifts.

**1. Purpose of this Policy**

The purpose of this Policy is to: (1) set guidelines regarding the Museum's review and acceptance of gifts; (2) ensure that all accepted gifts are in the best interest of the Museum, are aligned with the Museum's mission and values, and are accepted with fairness to all donors; and (3) ensure that the Museum has the capacity and resources to steward gifts and meet obligations it may have to donors. This Policy governs all gifts that the Museum receives, including but not limited to inter vivos gifts, pledges, bequests, and other planned gifts.

**2. Authority to Accept Gifts; Gift Review Committee**

It is the responsibility of the Museum's Board of Trustees (the "Trustees") to manage the assets of the Museum and hold them in trust for the benefit of the public. Therefore, the decision of whether to accept or reject a gift ultimately resides with the Trustees. For all gifts aside from artwork, the Trustees delegate this authority to the Museum's Director in consultation with the Museum's President & Chief Operating Officer and Deputy Director and Chief Development Officer and with legal counsel as appropriate or necessary.

The Director shall appoint a Gift Review Committee (the "Review Committee") to review and approve any potentially controversial or unusual gifts. Such review will occur: (1) for all gifts of \$1,000,000 or more and for all gifts of any value of real estate, illiquid assets (such as closely held stock or partnership interests), or life insurance policies that are not fully paid up; or (2) upon request by the Trustees, the Museum's Director, the Museum's President & Chief Operating Officer, or the Museum's Chief Development Officer. The purpose of the review is to protect the interests of the Museum and ensure compliance with legal, ethical, and financial guidelines.

The Review Committee will also review this Policy every two years. Any recommended changes to this Policy are subject to approval of the Trustees.

The Review Committee will be composed of the President & Chief Operating Officer, Chief Financial Officer, and Chief Development Officer. From time to time when necessary, the Review Committee will, at its discretion, elevate major gifts for review and approval by the Museum's Executive Committee or the full Board of Trustees.

### 3. Declining Gifts

The Museum reserves the right to decline any gift for any reason, in its sole discretion. The Museum's decision to decline a gift may include a review of the following considerations.

#### A. Conflicts of Interest

The Museum carefully scrutinizes all gifts and will decline gifts that may create, or give the appearance of creating, a conflict of interest, in accordance with the Museum's Conflict of Interest Policy.

#### B. Gift Restrictions

The Museum carefully scrutinizes restricted gifts and will decline a gift that is too restrictive to administer or that does not align with the Museum's short or long-term interests. Except under exceptional circumstances, gifts of artwork with deaccessioning restrictions will be declined. As a general matter, any gift that requires the Museum to hold an artwork or provide name recognition in perpetuity, or beyond the City of New York's guidelines, will be declined. Gifts may also be declined if they require the Museum to spend funds beyond those being donated.

#### C. Donor Considerations; Reputational Harm

The Museum will not accept a gift that is not the donor's property, or if it is clear that the gift was obtained via illegal means. The Museum may also decide to refuse or return a gift if the Museum determines, in good faith and in its sole discretion, that the gift would adversely impact the reputation, image, or integrity of the Museum. This may include, without limitation, instances in which the donor or the donor's business is engaged in illegal activity, the donor is convicted of a crime, accused of an act of moral turpitude (e.g., conduct that is contrary to honesty or morality and that is an extreme departure from ordinary and accepted standards of ethics) or is in serious violation of the public's trust. Under such circumstances, the Museum may also decide to retain the gift (including if a gift of money was already spent) but remove any associated name recognition on a Museum space, named Museum staff position, or anywhere else the donor expressly receives recognition for their gift.

### 4. Types of Gifts

#### A. Cash or Publicly Traded Securities

The Museum accepts gifts of cash and publicly traded securities. As a general rule, all marketable securities will be sold by the Museum as soon as practicable upon receipt. Marketable securities will be valued based on the Museum's accounting policies, in alignment with Generally Accepted Accounting Principles. The donor shall be responsible for determining the valuation of the gift for the donor's tax purposes, and the Museum cannot provide this valuation in the donor's acknowledgement letter.

#### B. Closely Held Stock or Interests in Partnerships, Subchapter S Corporations or Limited Liability Companies

When determining whether to accept gifts of closely-held stock or interests in partnerships, subchapter S corporations, or limited liability companies, the Museum must thoroughly examine all aspects of the proposed gift, including: (i) its value (and, if appropriate, obtain an independent appraisal); (ii) the marketability of the stock or interests; (iii) any restrictions on transfer of the stock or interests; (iv) whether the gift would generate unrelated business taxable income; and (v) whether acceptance of the gift could expose the Museum to any liability. The Director is authorized to accept on behalf of the Museum gifts of closely held stock or interests in partnerships, subchapter S corporations, or limited liability companies with the prior approval of the Review Committee.

### C. Artwork

All proposed gifts of artwork must be reviewed by the Director and the Director of Curatorial Affairs and approved by the Board of Trustees in accordance with the provisions of, and procedures set forth in, the Museum's Collections Management Policy and By-Laws.

Gifts of artwork not intended for accession into the collection but given to the Museum for auction or resale shall be subject to the appropriate IRS reporting and regulations.

### D. In-Kind Gifts Other Than Artwork

When determining whether to accept an in-kind gift (other than artwork), the Museum should consider: (i) whether the proposed gift can be used in furtherance of the Museum's mission; (ii) the financial value of the gift; (iii) whether acceptance of the gift could expose the Museum to any liability; (iv) any costs associated with receiving, maintaining, or selling the gift (including costs of insurance, shipping, storage, etc.); (v) any restrictions on the sale of the proposed gift; and (vi) and whether, if appropriate, the proposed gift could be easily sold without excessive cost.

In-kind gifts with an estimated value of \$25,000 or less may be accepted by the Director, the President & Chief Operating Officer, or the Chief Development Officer; provided, however, that in-kind gifts of higher value, and any in-kind gift that may require substantial institutional resources to store or maintain, must be approved by the Director before they are accepted.

The Museum acknowledges in-kind gifts in writing including a detailed description of the property donated (but not a valuation), as well as a description and valuation of any goods or services provided in return.

### E. Gifts of Real Estate

Gifts of real estate must be approved by the Review Committee and the Trustees. In determining whether to accept such gifts, the donor will be asked to disclose, and the Review Committee and the Trustees must thoroughly review, all potential benefits and burdens associated with the proposed gift and evaluate including: (i) the value of the gift; (ii) whether there are any financial, environmental, or other liabilities that the Museum would assume if it accepted the gift; (iii) any costs associated with holding and maintaining the property; (iv) whether the property would be useful to the Museum; (v) whether the property is marketable; (vi) whether the property is subject to any liens, easements, or other encumbrances; (vii) whether the gift is an outright conveyance of a fee simple interest or whether it is in another form (e.g., a remainder interest or a gift of real estate to a charitable remainder trust); and (viii) any other factors that may be relevant to the Museum's acquisition and/or ownership of the property. Real estate transactions must be authorized and executed by outside counsel.

Due to the expenses and liabilities involved with gifts of real estate, only gifts of real estate valued at \$1,000,000 or more will be considered for acceptance, unless the real estate will be used by the Museum in support of its mission.

If accepted, all gifted real estate will be sold as soon as practicable upon receipt, except in unusual circumstances or when the use of the property serves the Museum's mission.

### F. Life Income Gifts

Life income gifts will be reviewed for acceptance on a case-by-case basis in consultation with the Review Committee.

#### G. Life Insurance

The Museum may accept gifts of paid-up life insurance provided that all rights and incidents of ownership are irrevocably transferred by the donor to the Museum. The Museum will review on a case-by-case basis the circumstances under which the Museum will accept partially paid-up policies where continuing premiums are due and/or a restriction is made on the gift. The Director, the President & Chief Operating Officer, and the Chief Development Officer or their designees, are authorized to accept such policies (with the prior approval of the Review Committee for any partially paid-up policies). Notwithstanding the foregoing, the Museum may be named primary or secondary beneficiary of any life insurance policy.

#### H. Cryptocurrency and Digital Tokens

The Museum may accept gifts of cryptocurrency and other forms of digital assets after due diligence is performed by the Chief Financial Officer or their designated Museum staff member, to determine that the asset is able to be transferred and liquidated. The donor may not gift the cryptocurrency until the Museum has determined it can accept the contribution of cryptocurrency. As a general rule, all cryptocurrency will be sold by the Museum as soon as practicable upon receipt. This is especially important because of cryptocurrency's extreme volatility. The Museum requires advance notice from donors of gifts of cryptocurrency to allow for immediate sale. The donor shall be responsible for determining the valuation of the gift for the donor's tax purposes, and the Museum will comply with all IRS requirements in connection with acquiring and disposing of the cryptocurrency or other digital assets (including filing Form 8282 upon disposition).

#### I. Other Gifts

The Museum may accept other types of gifts on a case-by-case basis with the approval of the Review Committee.

### 5. **Endowment Gifts**

A minimum of \$250,000 is required to create a separate endowment fund at the Museum that is tracked separately. Endowment gifts at lower levels may be added to existing endowment funds. All endowment funds are managed in accordance with the Museum's Investment Policy.

### 6. **Gift Agreements; Pledges**

All gifts with donor restrictions will require written documentation which can take the form of a gift agreement, a pledge agreement or promised gift agreement, offer of gift, letter agreement, email, or a copy of trust documentation or other appropriate documentation (for planned gifts).

Pledges that are restricted for the purchase of art must be paid no later than the end of the fiscal year in which the purchase is made, and the Museum must receive full payment before the purchase is made. All other pledges must be paid within five (5) years, unless otherwise agreed upon by the Chief Development Officer. The pledge payment schedule for a particular gift will be recorded in the applicable gift agreement.

Unless otherwise noted, the Museum will respond to donor requests for information related to gifts for a maximum of five (5) years, if requested by the donor.

### 7. **Naming and Recognition**

#### A. Naming Opportunities

The Museum's Development Office maintains a list of current naming opportunities at the Museum. Naming opportunities are given in recognition of monetary gifts only and are generally available in the following areas:

- Galleries/Other Spaces
- Curatorial Positions/Other Staff Positions

A gallery or physical space within the Museum may be named for a period not to exceed thirty (30) years or the useful life of the space, whichever is shorter. All namings will be in accordance with the New York City Department of Cultural Affairs ("DCLA") policy regarding donor recognition at City-owned buildings and are subject to: (1) DCLA's review and approval and (2) the donor's execution of DCLA's form Naming Agreement.

A named position at the Museum may be named for a period not to exceed thirty (30) years. Namings are only offered in recognition for fully-funded positions and are intended to cover all costs associated with the position, including benefits.

Named spaces and positions will be publicly recognized once 50% of the total pledge is received. The Museum reserves the right to remove any naming if the donor fails to complete payments on the relevant pledge. The Museum also reserves the right to remove any naming for reasons described in Section 3 of this Policy.

#### B. Recognition Opportunities

The Museum's Development Office maintains a list of current programmatic recognition opportunities, which are generally available in the following areas:

- Exhibitions
- Publications
- Education Programs
- Public Programs

Donors who support these programs are recognized based on the size of the gift, in accordance with the Museum's standard crediting procedures.

#### C. Acquisitions of Art

Donors are also recognized for contributions made to support the acquisition of art. In this case, the funds contributed are used for the acquisition and the donor's name appears in the credit line for the purchased art.

### 8. **Gifts from Private Foundations and Donor Advised Funds**

The Museum accepts gifts from private foundations and donor-advised funds ("DAFs"), subject to certain legal restrictions.

#### A. Private Foundation Gifts

The IRS private foundation self-dealing rules prohibit most direct and indirect financial transactions between a foundation and its disqualified persons. Disqualified persons include the creator of the foundation, substantial contributors, trustees, directors, and their family members. If a private foundation makes a grant to the Museum and receives benefits in return, the self-dealing rules are violated if the benefits are then given

to a disqualified person, as this would be considered an impermissible financial transaction between the foundation and a disqualified person.

Therefore, the Museum cannot accept gifts from a private foundation if the Museum would provide benefits to a disqualified person in return for the gift. Examples of such impermissible gifts include:

- **Memberships**: Private foundation funds may not be used to purchase a Museum membership where a disqualified person receives the membership benefits (unless all benefits are waived).
- **Event Tickets**: Private foundation funds may not be used to buy event tickets where a disqualified person receives the event ticket.
- **Pledges**: Private foundation funds may not be used to satisfy a disqualified person's legally-binding pledge. If a disqualified person wishes to make a pledge that will be satisfied by a private foundation, the Museum can: (1) encourage the private foundation to make the pledge instead of the individual, or (2) make the pledge non-legally binding through the use of a letter of intent rather than a pledge agreement.

The self-dealing rules described above cannot be circumvented by splitting (or "bifurcating") a payment from a private foundation such that the disqualified person personally pays for the fair market value of the benefits received and the private foundation pays only the deductible portion of the gift.

## B. DAF Gifts

Each sponsoring organization of a DAF has its own rules and policies related to the use of DAF funds. Sponsoring organizations may ask the Museum to agree to these rules and policies either by filling out an online form or by cashing the check from the DAF. It is critical that the Museum review any of these rules and policies before agreeing to them (including, before cashing the check) to confirm that the intended use of the funds by the donors is not prohibited by the sponsorship organization.

### Benefit Transactions

IRS guidelines prohibit a donor from recommending a distribution from a DAF that would result in the individual receiving a more than incidental benefit in return. A benefit is considered more than incidental if it would reduce the donor's charitable deduction (i.e. the contribution is not fully tax-deductible). Therefore, the Museum will not provide donors with benefits in return for contributions from a DAF. Common situations where these rules are implicated include:

- **Memberships**: Donors cannot pay for memberships from a DAF unless the membership payment is fully tax-deductible.
- **Event tickets**: In most cases, donors cannot pay for event tickets from a DAF since the donor receives benefits in return and the payment is usually not fully tax-deductible.
- **Auction items**: Donors cannot pay for auction items from a DAF since they are receiving the item in return and their payment would not be fully tax-deductible.

As an alternative, donors can choose to waive all benefits provided in return for their gift in order to make contributions from their DAFs.

IRS guidelines prohibit donors from bifurcating payments when a portion of the gift is not tax-deductible. This means that donors may not recommend a grant from a DAF for the deductible portion of a gift and then pay the nondeductible portion (representing the value of benefits received) from a personal source.

## Pre-Existing Pledges

Unless prohibited by the sponsoring organization, the Museum may, in its discretion, choose to treat a DAF contribution toward satisfaction of an individual's legally-binding pledge. IRS guidance states that DAF payments can be used to satisfy a donor's pre-existing pledge, if:

1. The sponsoring organization does not reference any pledge when making the payment (although it may mention the name of an individual donor);
2. The donor who made the pledge does not receive any other benefit that is more than incidental on account of the payment; and
3. The donor does not attempt to claim a charitable contribution deduction with respect to the payment.

## **9. Compliance with Applicable Law**

The Museum shall comply with all applicable laws regarding gifts, including, without limitation, applicable tax regulations. The Museum will seek the advice of qualified legal and financial counsel whenever appropriate.

Gifts that have unusual aspects or structures should be reviewed by the Review Committee. The Museum will not knowingly facilitate a donor claiming an improper tax deduction or other benefit. The Museum will not accept a gift that generates an improper "private benefit" for the donor or if the gift would constitute an "excess benefit transaction" (as defined under section 4958(c) of the Internal Revenue Code of 1986, as amended).

The Museum will acknowledge all gifts in writing to the extent required by law.

The Museum will comply with all IRS reporting requirements including signing the acknowledgement of gift in the donor's IRS Form 8283 (if requested by the donor), and, where applicable, the filing of IRS Form 8282.

Donors are responsible for obtaining appraisals of gifts when required for the donor's tax return, and the Museum will not select, hire, or pay the appraiser.

**The Museum cannot give legal, financial, or tax advice to donors. Donors should seek independent legal, financial, and tax advice before making a gift to the Museum.**