

# Village Theatre

Mainstage • Village Originals • KIDSTAGE • Pied Piper

## GIFT ACCEPTANCE POLICIES AND GUIDELINES

Village Theatre, a not for profit organization organized under the laws of the State of Washington, encourages the solicitation and acceptance of gifts to Village Theatre for purposes that will help Village Theatre to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to Village Theatre or for the benefit of any of its programs.

The mission of the Village Theatre is:

To be a regionally recognized and nationally influential center of excellence in family theatre:

- To promote a season of top quality productions
- To commission and produce new musicals that achieve national exposure
- To train young people in theatre skills for career opportunities and enriched lives
- To develop a broad-based appreciation for live theatre
- To promote positive values through art

### I. Purpose of Policies and Guidelines

The Board of Directors of Village Theatre and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of Village Theatre. These policies and guidelines govern the acceptance of gifts by Village Theatre and provide guidance to prospective donors and their advisors when making gifts to Village Theatre. The provisions of these policies shall apply to all gifts received by Village Theatre for any of its programs or services.

### II. Use of Legal Counsel

Village Theatre will seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- a. Closely held securities transfers
- b. Gifts involving contracts or other documents requiring the Village Theatre to assume an obligation
- c. Transactions with a potential conflict of interest that may invoke IRS sanctions
- d. Other instances in which use of counsel is deemed appropriate by the Gift Acceptance Committee

### III. Conflict of Interest

Village Theatre will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. Village Theatre will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Committee on Planned Giving, attached as Appendix A to this document.

### IV. Restrictions on Gifts

Village Theatre will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities. Village Theatre will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate articles and by-laws, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of Village Theatre. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, will be made by the Finance Committee of Village Theatre.

Village Theatre also welcomes gifts to its endowment funds. Village Theatre administers several types of endowments and has a separate policy, the Endowment Fund Policy, which specifically addresses the unique considerations of this type of gift.

## V. Types of Gifts

A. The following gifts are welcomed and accepted:

1. Cash
2. Tangible Personal Property
3. Securities
4. Real Estate
5. Remainder Interests in Property
6. Bargain Sales
7. Life Insurance
8. Charitable Remainder Trusts
9. Charitable Lead Trusts
10. Retirement Plan Beneficiary Designations
11. Bequests
12. Life Insurance Beneficiary Designations

B. The following criteria govern the acceptance of each gift form:

1. **Cash:** Cash is acceptable in any form. Checks should be made payable to Village Theatre and delivered to Village Theatre's administrative offices.
2. **Tangible Personal Property:** All gifts of tangible personal property will be examined in light of the following criteria:
  - Does the property fulfill the mission of Village Theatre?
  - Is the property marketable?
  - Are there any undue restrictions on the use, display, or sale of the property?
  - Are there any carrying costs for the property?

If the estimated value of the tangible property is greater than \$5,000, the final determination on the acceptance will be made by the Finance Committee of Village Theatre. In accordance with IRS regulations, independent verification of the value of tangible gifts over \$5,000 must be obtained in the form of an appraisal by a qualified appraiser. The donor is responsible for securing and/or paying for the appraisal.

3. **Securities:** Village Theatre can accept both publicly traded securities and closely held securities.

- a. **Publicly Traded Securities:** As a general rule, all marketable securities will be sold as quickly as reasonably possible.
- b. **Closely Held Securities:** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, can be accepted with the approval of the Finance Committee of Village Theatre. Gifts must be reviewed prior to acceptance to determine that:
  - there are no restrictions on the security that would prevent Village Theatre from ultimately converting those assets to cash,
  - the security is marketable or has the potential to be marketable within five years, and

- the security will not generate any undesirable tax consequences for Village Theatre.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities will be made by the Finance Committee of Village Theatre in consultation with legal and tax counsel when necessary. In general, non-marketable securities will be sold as quickly as reasonably possible. If qualified appraisal rules apply to the transaction, the cost of the appraisal will be the responsibility of the donor.

4. **Real Estate:** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, Village Theatre shall require an initial environmental review of the property to ensure that the property has no environmental damage. An environmental pre-inspection form is attached as Appendix B to this document. If the pre-inspection reveals a potential problem, Village Theatre will retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

Donors will be informed that, if the gift is completed, the IRS will require a qualified independent appraisal made no earlier than sixty days prior to the date of gift or no later than the date the donor files her/his income tax return. The donor will be responsible for the cost of the appraisal.

When appropriate, title insurance will be obtained by Village Theatre before acceptance of the real property gift. The cost of this insurance generally will be an expense of the donor. The donor should also disclose the existence and amount of any carrying costs, including but not limited to property owner's association dues, club membership dues, transfer charges, taxes and insurance.

Before acceptance of the real property, the gift must be approved by the Finance Committee of Village Theatre and by Village Theatre's legal counsel. Criteria for acceptance of the property include:

- Is the property useful for the purposes of Village Theatre?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, encumbrances, etc., associated with the property?
- Does the environmental audit reflect that the property is not contaminated?

5. **Remainder Interests In Property:** Village Theatre will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4. above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, Village Theatre may use the property or reduce it to cash. Where Village Theatre receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

6. **Bargain Sales:** Bargain sales can happen with gifts in various forms such as sales of securities or real estate transactions. Village Theatre will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of Village Theatre. All bargain sales must be reviewed and recommended by the

Finance Committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:

- Village Theatre must obtain an independent appraisal substantiating the value of the property.
- If Village Theatre assumes debt with the property, the debt ratio must be less than 50% of the appraised market value
- Village Theatre must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt
- Village Theatre must calculate the costs to safeguard, insure, and maintain the property (including property tax, if applicable) during the holding period.

7. **Charitable Remainder Trusts:** Village Theatre may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Finance Committee of Village Theatre. Village Theatre will not accept an appointment as Trustee of a charitable remainder trust.

8. **Charitable Lead Trusts:** Village Theatre may accept a designation as income beneficiary of a charitable lead trust with the approval of the Finance Committee of Village Theatre. Village Theatre will not accept an appointment as Trustee of a charitable lead trust.

9. **Retirement Plan Beneficiary Designations:** Donors and supporters of Village Theatre are encouraged to name Village Theatre as beneficiary of their retirement plans. Such designations will not be recorded as gifts to Village Theatre until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

10. **Bequests:** Donors and supporters of Village Theatre are encouraged to make bequests to Village Theatre under their wills and trusts. Such bequests will not be recorded as gifts to Village Theatre until the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of the gift may be recorded at the time the gift becomes irrevocable.

11. **Life Insurance:** Village Theatre must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. In addition, Village Theatre must receive a copy of the contract. The gift is valued at its cash surrender value, upon receipt. If the donor contributes future premium payments, Village Theatre will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, Village Theatre may:

- continue to pay the premiums,
- convert the policy to paid up insurance, or
- surrender the policy for its current cash value.

12. **Life Insurance Beneficiary Designations:** Donors and supporters of Village Theatre are encouraged to name Village Theatre as beneficiary or contingent beneficiary of their life insurance policies. Such designations will not be recorded as gifts to Village Theatre until the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of the gift may be recorded at the time the gift becomes irrevocable.

## VII. Determining Gift Date

According to IRS guidelines established for determining date of gifts, the following will be applied:

- A. **Charge Cards**
  - a. Gifts/payments are the date the charge clears through Village Theatre's credit card merchant services.
- B. **Securities**
  - a. Date supplied by broker (date on which the owner relinquishes control)
  - b. If certificates are received, basic guidelines for other gifts/pledges are followed
- C. **All other Gifts/Pledges**
  - a. Received via the U.S. Postal Service
    - i. The postmark
  - b. Received by private courier (i.e. Federal Express, UPS)
    - i. The date received
  - c. Received by hand delivery
    - i. The date received by a Theatre agent (staff, volunteer)

## VIII. Pledges

A pledge is a promise or agreement to make a future gift to Village Theatre. The pledge documentation outlines the amount of the gift, the restriction, if any, as well as the payment schedule. Village Theatre is happy to accept pledges with verifiable documentation except in the following instances:

- A. Village Theatre will not recognize pledges from individual donors who intend to fulfill their pledge from a donor-advised fund.
- B. Gifts (not pledges) from donor-advised funds are welcomed but cannot be recorded or acknowledged until received in cash. When received, the gift will be recorded at its face value and acknowledged as a gift from the donor-advised fund. However, Village Theatre will "soft credit" the donor for the gift. Soft credit acknowledges the role of the donor in directing the gift to Village Theatre and generally consists of items that are of unsubstantial benefit to the donor-advised fund advisor.
- C. Matching gifts from a donor's employer will not be recorded until received, due to differing employer guidelines for distribution and availability of funds.

## IX. Miscellaneous Provisions

- A. **Responsibility for IRS Filings upon sale of gift items:** Village Theatre is responsible for filing IRS Form 8282 upon the sale or disposition of any property (other than money and publicly traded securities) that is sold within two years of receipt by Village Theatre when the charitable deduction value of the item is more than \$5,000. Village Theatre must file this form within 125 days of the date of sale or disposition of the asset.
- B. **Anonymous gifts:** Village Theatre will respect the desire of any donor to remain anonymous. Any information related to anonymous gifts will be restricted to those staff members and Board members with a need to know. In addition, the IRS requires disclosure of the donor name on gifts over \$5,000 on the Form 990 which is sent to them. The public disclosure copy of the Form 990 does not have this requirement. Village Theatre recommends that large anonymous gifts with a requirement for full anonymity be made through an agent.
- C. **Appraisals:** In general, if an appraisal is required by the IRS for any gift transaction, the donor will be responsible for the cost of the appraisal.

- D. **Gift acceptance:** Village Theatre will not accept gifts that would violate its corporate articles or bylaws or would result in losing its status as an IRC §501(c)(3) exempt organization. It will also not accept gifts that are too difficult or too expensive to administer in relation to their value.

## **X. Changes to Gift Acceptance Policies**

These policies and guidelines have been reviewed and approved by the Finance Committee of the Village Theatre and subsequently referred to the Board for adoption. The Finance Committee is responsible for recommending any Gift Acceptance Policy amendments to the Village Theatre Board subsequent to initial adoption.

Adopted June 19, 2017.

## APPENDIX A

### Model Standards of Practice for the Charitable Gift Planner

#### Preamble

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

#### I. Primacy of Philanthropic Motivation

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

#### II. Explanation of Tax Implications

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

#### III. Full Disclosure

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

#### IV. Compensation

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder's fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift is never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

#### V. Competence and Professionalism

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

## VI. Consultation with Independent Advisers

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.

## VII. Consultation with Charities

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planner, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

## VIII. Description and Representation of Gift

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

## IX. Full Compliance

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

## X. Public Trust

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

*Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.*

**APPENDIX B**  
**ENVIRONMENTAL INTERVIEW**

This interview is designed for use with current and/or prior owners or managers of the property.

Date of Interview \_\_\_\_\_

Interviewer \_\_\_\_\_

Person Interviewed \_\_\_\_\_

Relation to Property \_\_\_\_\_

Property Description \_\_\_\_\_  
\_\_\_\_\_

Indicate prior uses of property \_\_\_\_\_

Type of Property \_\_\_\_\_

1. Are you aware of any environmentally sensitive situations on the property? \_\_\_\_\_  
Describe: \_\_\_\_\_

2. For uses identified in question 1, has an environmental license or permit ever been issued? \_\_\_ No \_\_\_ Yes

3. Are there any oil, fuel or chemical storage tanks on the property located above or below ground? \_\_\_ No \_\_\_ Yes

4. Has an environmental assessment been previously conducted? \_\_\_ No \_\_\_ Yes. If yes, provide a copy of the report.

5. If available, attach maps or surveys that describe the property to this questionnaire.  
\_\_\_ attached \_\_\_ none available

*If you are unable to furnish the information requested above, please advise us if there is a reliable source that may be able to furnish this information.*