



SAN LUIS OBISPO REPERTORY THEATRE GIFT ACCEPTANCE POLICIES AND GUIDELINES

San Luis Obispo Repertory Theatre (“SLO REP”) is a non-profit 501(c)(3) organization that adheres to Internal Revenue Service (“IRS”) regulations with regard to accepting and recognizing charitable donations. SLO REP’s Board of Directors (the “Board”) is responsible for the prudent and diligent management of all funds raised for SLO REP. The Board will routinely review these Gift Acceptance Policies and Guidelines (the “Policies”), making changes and additions when appropriate. SLO REP Staff (“Staff”) will develop and implement procedures that are consistent with these Policies. Exceptions to these Policies may be made only with the approval of the Board.

I. Purpose of Policies and Guidelines

SLO REP’s Board and Staff solicit current and deferred gifts from individuals, corporations, foundations, and government agencies to secure SLO REP’s long-term financial viability and carry out its mission. These Policies govern the acceptance of gifts by SLO REP and provide guidance to prospective donors and their advisors as they make gifts to SLO REP. These Policies shall apply to all gifts SLO REP receives for any of its programs or services.

II. Gift Definition

A gift is defined generally as a voluntary transfer of assets from a person or an organization to SLO REP where no goods or services are expected, implied, or forthcoming for the donor in exchange.

- Gifts are not generally subject to an exchange of consideration or other contractual obligation between SLO REP and the donor except for certain deferred gifts. A donor may, however, state objectives and restrict funds to a certain purpose. Any restricted purpose must be clearly stated in the donor’s gift instrument and must be approved by the Board prior to acceptance.
- Gifts to SLO REP are irrevocable. SLO REP is not obliged to return unexpended funds. If for some reason SLO REP is unable to comply with the donor’s intent or the gift has been misdirected to SLO REP, the Managing Artistic Director (“MD”) may authorize return of the gift, less any out-of-pocket expenses incurred.
- Donors may designate gifts to specific funds within the scope of SLO REP’s organizational structure including, but not limited to, SLO REP’s annual fund (or general operating funds), endowment fund or capital campaign.

III. Gift Acceptance

The MD has the authority to accept gifts or refer them to the Board’s Executive Committee for review. Both the MD and the Executive Committee have the authority to determine whether or not issues related to the gift in question can be satisfactorily resolved, and to accept or reject the gift. The MD, Executive Committee and/or the Board may request additional information from the donor and consult with professional advisors at its discretion in order to reach a conclusion.

A gift is not “accepted” until it has been deposited into a SLO REP account and SLO REP has confirmed its acceptance of the gift in writing to the donor. Once SLO REP has accepted a gift, it becomes SLO REP’s property, after which time the donor has no direct decision-making power regarding the disposition of the gift.

IV. Gift Acceptance Conditions

A. SLO REP will only accept gifts that are:

- 1) compatible with the mission and core values of SLO REP and its programs;
- 2) in compliance with the U.S. IRS Codes and other federal state statutes, regulations, rulings, or court decisions that stipulate the conditions under which contributions can be tax-favored; and
- 3) compatible with SLO REP’s corporate charter and its tax-exempt status.

B. SLO REP will not accept any gift that:

- 1) violates any federal, state, or local statute or ordinance;
- 2) contains restrictive clauses that would or could be reasonably concluded to compromise the ethics or professional responsibilities or other restrictive clauses or fiduciary duties of the Board or Staff, or that reserve to the donor or his/her representative the right to designate the recipient;
- 3) contains a condition that requires any action on the part of SLO REP that is unacceptable to the MD or the Board;
- 4) is potentially revocable in any way (excludes grants received);
- 5) requires SLO REP to employ or contract with a specified person or organization;
- 6) contains conditions that, in the opinion of the MD or the Board are unreasonable;
- 7) requires payments to, or for the benefit of, the donor, a family member of the donor, or any other person;
- 8) exposes SLO REP to a possibility of litigation or other potential liabilities;
- 9) requires the payment of maintenance costs or other expenses (e.g., debt service) for which no specific provision has been made, generates unrelated business income to SLO REP, or which, in the opinion of SLO REP’s MD or Board, would be financially unsound.

C. SLO REP reserves the right to refuse or revoke any gift that in the opinion of SLO REP’s MD or Board does not provide sufficient financial benefit to SLO REP, puts the assets or reputation of SLO REP at risk, or is too difficult to administer.

V. Restricted Gifts

SLO REP encourages unrestricted gifts. SLO REP accepts both unrestricted gifts and may accept gifts for restricted purposes that are consistent with its stated mission and priorities.

VI. Types of gifts

The following gifts are examples of approved gifts, subject to the criteria set forth below:

- A. Cash or cash equivalents: Cash is acceptable in any form, such as currency, coins, checks, credit card sales, drafts, traveler’s checks, wire transfers, and money orders. Checks shall be made payable to SLO REP and shall be delivered to San Luis Obispo

Repertory Theatre, Attention: Development Director, PO Box 122, San Luis Obispo, CA 93406. Donors should consult a representative of their financial institution to make contributions via wire transfer. Donors also should notify SLO REP's Development Director when such transfers are initiated to ensure appropriate and timely gift acknowledgement and that the gift is credited to the proper account.

- B. Pledges: Pledges are gifts to be paid in installments by a donor within an agreed-upon timeframe. Pledges must be in writing and should generally not exceed five years.
- C. Securities: SLO REP accepts publicly traded securities and may also accept closely held securities as provided below. (See also SLO REP's *Instructions for Making a Gift of Stock, Exhibit A.*)

- 1) Publicly Traded Securities: Marketable securities that are traded on any U.S. or foreign exchange may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. To ensure timely gift acknowledgement, donors should notify SLO REP's Development Director in advance of the securities being gifted as to the number and type of shares, the intended gift date, and any restrictions on the proposed use of the gift.

As a general rule, all marketable securities shall be sold upon receipt unless the Board, upon referral by the Managing Artistic Director, directs otherwise. In some cases, sales of marketable securities may be restricted by applicable securities law; in such instance, the final determination of the acceptance of the restricted securities shall be made by the Managing Artistic Director in consultation with the Board.

- 2) 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, may be accepted subject to the approval of the Managing Artistic Director in consultation with the Board. However, gifts must be reviewed prior to acceptance to determine that:
- there are no restrictions on the security that would prevent SLO REP from ultimately converting those assets to cash,
 - the security is marketable within a reasonable period of time, and
 - the security will not generate any undesirable tax consequences for SLO REP.

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 shall be made by the Managing Artistic Director in consultation with the Board and legal counsel where necessary. Every effort will be made to sell non-marketable securities as quickly as practicable.

D. Property:

- 1) Real Estate: Gifts of unencumbered real estate, both improved and unimproved, will be accepted subject to the approval of the Board and legal counsel, if necessary. All gifts of real estate shall be examined by the Board in light of the following criteria:

- Is the property immediately needed by SLO REP for use in the furtherance of its mission?
- Can the property be sold within a reasonable period, e.g. one year?
- Are there any restrictions, reservations, easements, or other limitations associated with the property or any other issued with respect to title to the property?
- Are there carrying costs, which may include but are not limited to insurance, property taxes, mortgages, security, or notes, etc., associated with the property?
- Are there any tax implications?
- Does the environmental report or audit reflect that the property is subject to any environment concerns?

The donor generally will be required to submit the following supporting information, if applicable:

- A title insurance commitment showing marketable title in the donor's name, free and clear of unacceptable encumbrances, issued by a reputable title insurance company;
- An appraisal by an Appraisal Institute-accredited appraiser;
- A phase one environmental report by a qualified engineer indicating that transfer of ownership will not expose SLO REP to environmental liabilities;
- A market feasibility study for purposes of liquidation, if available;
- Evidence of compliance with the Americans with Disabilities Act (ADA), if applicable;
- A structural engineering report, if applicable;
- For commercial property, a copy of each lease and sublease;
- A disclosure statement for residential property, if applicable;
- An indemnity to SLO REP against claims relating to the property; and
- Any other information requested by SLO REP that may affect the value or marketability of the property.

Under U.S. Treasury regulations, a donor must pay for any initial appraisal made on the property. Unless waived by the Board, it is the responsibility of the donor to cover all the costs in transfer of the property, including the cost of compliance with the above requirements and including a title insurance policy.

2) Remainder Interests in Property: A gift of real property with a retained life estate involves the transfer to SLO REP of the title of a personal residence, farm, or vacation home, where the donor or another person retains use of the property for a term of years or the life/lives of the donor and/or another person. SLO REP will accept such remainder interests subject to the provisions set forth in REAL ESTATE, above, as well as such conditions as may be imposed by the Board for the protection of SLO REP during the period of the retained donor interest. Where SLO REP receives a gift of a remainder interest, the donor and/or primary beneficiary remain responsible for the payment of mortgages, taxes, insurance, utilities, maintenance/repairs, and all other costs associated with the property.

3) Personal Property:

a) Tangible Personal Property: All proposed gifts of tangible personal property (gifts in-kind) will be examined in light of the following criteria:

- Is the property immediately needed by SLO REP for use in furtherance of its mission?
- Is the property marketable?
- Is the property free and clear of encumbrances?
- Are there any carrying costs for the property?
- Are there any environmental hazards?
- Are there any tax implications?

The MD is authorized to accept gifts of tangible personal property. If the answer to any of the questions above is “no,” Staff may refer proposed gifts of tangible personal property to the Board or its Executive Committee for review.

For purposes of itemized tax deductions, the value of gifts of tangible personal property must be determined by the donor; SLO REP will not be responsible for any valuation or tax reporting by the donor. For gifts in-kind with an estimated fair market value of less than \$5,000, the donor must furnish SLO REP with the following information:

- Donor’s name, address and telephone number
- Contact person if the donor is a business entity

Should the donor wish to claim a tax deduction for donations of personal property with an estimated fair market value over \$5,000, the donor must furnish, in addition to the information referenced above:

- An independent evaluation from a qualified appraiser no more than 60 days prior to the date of donation; and
- Verification that the donor has met the reporting requirements for IRS Form 8283, *Non-Cash Charitable Contributions*.

There may be exceptions to the appraisal requirements for personal property with an estimated fair market value of \$5,000 or more. Prospective donors are encouraged to consult IRS Publication 561, *Determining the Value of Donated Property* and seek independent professional counsel as necessary.

b) Intangible Personal Property: The Board will review gifts of intangible personal property, not included in TANGIBLE PERSONAL PROPERTY above, including but not limited to mortgages, notes, patents, copyrights, royalties, partnership interests, closely held business interests, undivided interests in property, future and partial interests and other illiquid financial assets.

The donor must provide a written summary of the proposed gift, including, at a minimum, the following information:

- A description of the asset;
- How and when it was acquired by the donor;
- Documentation regarding any governmental filings or registrations relating to the asset (e.g. patents, copyrights, trademarks);

- The purpose of the gift, whether it is unrestricted or restricted, and if restricted, SLO REP programs to benefit from the gift;
- An estimate or appraisal of the asset's fair market value and marketability;
- Potential for income and expenses, encumbrances, and carrying costs prior to disposition;
- The credit history or financial statement of the financially responsible party, if applicable; and
- Any special arrangements requested by the donor concerning disposition (e.g., price considerations, time duration prior to disposition, potential buyers, realtors or brokers with whom the donor would like SLO REP to list the property, etc.)

E. Life Insurance: SLO REP's MD is authorized, in his or her discretion, to accept gifts of life insurance policies which meet the guidelines specified below. A donor may name SLO REP as the beneficiary or contingent beneficiary of a new or existing life insurance policy, or transfer ownership of a new or existing insurance policy to SLO REP. SLO REP must be named as both owner and beneficiary of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, SLO REP 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, SLO REP may:

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

F. Retirement plan beneficiary designation: SLO REP's MD is authorized to accept any proceeds SLO REP receives as a designated beneficiary (or alternate beneficiary) of a life insurance policy, a deferred annuity contract, an IRA, a defined benefit (pension) plan, a 401(k) or 403(b) account, a defined contribution (profit sharing) plan, or other qualified plan unless the designation imposes restrictions or a trust arrangement, in which case, Staff shall refer the matter to the Board for review.

G. Bequests: SLO REP's MD is authorized to accept bequest gifts made under a donor's will or revocable trust if the underlying assets conform with the guidelines for an outright gift set forth in these Policies. If the assets do not conform, the bequest shall be referred to the Board for review. SLO REP reserves the right to disclaim gifts from the estates or trusts of deceased donors that are not in conformity with the terms of these Policies. Donors are encouraged to contact SLO REP in advance when considering a bequest in order to ensure that the bequest meets the criteria of these Policies. *(For sample bequest language, please see Exhibit B.)*

H. Charitable Remainder Trusts: A charitable remainder trust is a separately administered trust established by the donor to provide payments to the donor and/or other named non-charitable beneficiary (ies) either for life or a term of years (not exceeding twenty (20)). At the end of that period, the remaining assets are distributed to one or more charities, and the donor receives an income tax deduction for the present value of the remainder interest passing to the charitable beneficiary (ies). SLO REP may accept designation as a remainder beneficiary of a charitable remainder trust with the approval of the Board. SLO REP reserves the right to disclaim any interest that would be in

violation of this policy. The Board will not accept an appointment as trustee of a charitable remainder trust.

- I. Charitable Lead Trusts: A charitable lead trust is a trust in which the income, or *lead* interest, is paid to one or more charities, and the *remainder* interest is given to one or more non-charitable beneficiaries, who could be either the donor or someone previously designated by the donor in the trust document. Depending on how the trust is structured, the donor may receive an income tax deduction when the trust is funded for the actuarial value of the annuity stream payable to the charity (ies). SLO REP may accept a designation as income beneficiary of a charitable lead trust with the approval of the Board. SLO REP reserves the right to disclaim any interest that would be in violation of this policy. SLO REP's Board will not accept an appointment as trustee of a charitable lead trust.

VII. Miscellaneous Provisions

- A. Fees and appraisals: It will be the responsibility of the donor to secure an appraisal (when required) and independent legal counsel for all gifts made to SLO REP. No finder's fee or commission of any type will be paid by SLO REP to any party in connection with the completion of a gift to SLO REP. To the extent permitted by law, SLO REP reserves the right to levy an administrative fee on all accounts administered by SLO REP. The Board shall establish such administrative fees, if any, commensurate with the cost of administering the account.
- B. Allocation of gifts from a bequest or testamentary trust: Unless a gift is otherwise restricted by the donor, all gifts received from bequests or testamentary trusts will be allocated to a specific fund as designated by the Board.
- C. Valuation for development purposes: SLO REP will value all gifts in accordance with current IRS requirements and record the gift at its valuation for gift purposes on the date it is received.
- D. Responsibility for IRS filings upon sale of gift items: SLO REP is responsible for filing IRS Form 8282 within 125 days of the sale or disposition of any real or personal property sold within three years of receipt where the charitable deduction value of the item is more than \$5,000.
- E. Responsibility of Acknowledgement: SLO REP will acknowledge all gifts in compliance with current IRS requirements in acknowledgement of gifts.

VIII. Changes to Policies

These Policies have been reviewed and accepted by the Board of SLO REP, which must also approve any changes to or deviations from these Policies.

Approved on the 18th day of January, 2023

Pam Nichter, President of the Board,

San Luis Obispo Repertory Theatre



San Luis Obispo Repertory Theatre Instructions for Making a Gift of Stock

(Exhibit A)

Thank you for making a gift of stock or other listed securities to SLO REP. Securities to be donated should be directed as follows:

Receiving Institution Account Number: #8738-0485

Account Registration: San Luis Obispo Repertory Theatre

Contact Name: Wacker Wealth Partners Account Services Manager, 805-541-1308

Brokerage Firm: Charles Schwab & Company, Inc.

Receiving Institution DTC: #0164

Please note that SLO REP has an automatic sell policy. If, for any reason, this is inconsistent with your intentions, please contact us immediately. In addition, please notify SLO REP when making your gift so that we may allocate and credit the gift appropriately. When securities are transferred electronically, we cannot identify the donor from the transfer alone.

The value of your securities donation is calculated by taking the average of the high and low price on the day the security transferred. For example:

Sally Smith generously donated 100 shares of IBM common stock. The average price for IBM was \$110.00 per share on the day the stock was transferred to SLO REP. Based on that average, the total value of his donation was \$11,000 for 100 shares.

Your donation will be promptly acknowledged with a receipt detailing both the value of the securities at the time of the transfer and the actual sale price.

If you have any questions or need assistance with the transfer process, please contact:

Patty Thayer – patty@slorep.org – (805) 781-3889, ext. 15

Chris McBride – chris@slorep.org – (805) 781-3889, ext. 17

Thank you for your support of SLO REP!



San Luis Obispo Repertory Theatre Legacy Gifts & Forms of Bequest (Exhibit B)

Everyone can leave a legacy. Great or small, planned gifts and bequests through your estate plans make a big difference. Your future gift may provide tax benefits for you or your loved ones, and will ensure that the enjoyment and enrichment you've experienced at SLO REP is available to our community for years to come.

Bequests

Some of the most popular forms a bequest can take include:

- A fixed amount of money or a designated property:

"I give, devise and bequeath to San Luis Obispo Repertory Theatre,
Tax ID No. 95-2556678, located in San Luis Obispo, California,

Choose one:

1. the sum of \$ _____ "
2. _____ shares of stock in _____ company."
3. _____ % of my real property, commonly known as _____ located in _____ "

- A percentage of the estate:

"I give, devise and bequeath to San Luis Obispo Repertory Theatre,
Tax ID No. 95-2556678, located in San Luis Obispo, California,
_____ % of my estate."

- A residual bequest:

"I give, devise and bequeath to San Luis Obispo Repertory Theatre,
Tax ID No. 95-2556678, located in San Luis Obispo, California, _____ % of the rest,
residue and remainder of my estate, including real and personal property."

- A dual-purpose bequest: With a special gift to SLO REP, you can provide income for life or for a specified period of years for a relative or friend. By establishing a charitable trust through your will, you may receive an estate tax deduction and bypass capital gains on appreciated assets.

Choosing the right planned gift depends on your personal circumstances and goals. Please consult your financial advisor, then contact us about joining SLO REP's Legacy Society. If you've already included SLO REP in your future plans, please let us know. We want to honor and celebrate your generous gifts TODAY!

CONTACT: Patty Thayer – patty@slorep.org – (805) 781-3889, ext. 15
Chris McBride – chris@slorep.org – (805) 781-3889, ext. 17

Please note that bequests may be subject to federal and state law requirements. The advice of legal counsel should always be obtained before using any particular form of bequest.