



GIFT ACCEPTANCE POLICY

Seattle Theatre Group (“STG”) is a 501(c)3 not for profit corporation, organized under the laws of the State of Washington, whose mission is to make performances and arts education enriching while keeping Seattle’s historic Paramount, Moore and Neptune Theatres healthy and vibrant.

STG’s Board of Directors and professional staff solicit and accept current and deferred gifts from individuals, corporations and foundations to secure the future growth and mission of STG. The following policies and guidelines govern the acceptance of gifts by STG for the benefit of STG and provide guidance to prospective donors and their advisors when making gifts to STG.

Protection of Donor’s Interests

- All trust agreements, contracts or commitments shall benefit first and foremost the individual needs of the donor and secondly, STG.
- Never shall a charitable gift be urged upon a donor, which shall benefit STG at the expense of or adverse to the donor’s interest.
- A donor shall not be encouraged to make a gift which, in light of STG’s understanding about the donor’s personal or financial situation appears to be inappropriate or for purposes outside STG’s mission. STG shall seek advice if a proposed gift seems contrary to this policy.
- Representatives of STG shall treat donors with dignity and respect.
- Upon receipt of a gift, STG shall thank and recognize donors as appropriate.

Procedures

- To the extent feasible solicitation for restricted or unrestricted donations or gifts should originate from STG development department staff or from STG executive

management. Other STG personnel and volunteers are required to consult with and involve the STG development staff in connection with the solicitation of specific gifts from donors for STG.

- Other STG personnel and volunteers must notify STG's Development Director or executive management whenever a proposed gift or donation is being offered to STG via such persons to ensure compliance with this policy. STG development staff will initiate appropriate acknowledgments and record keeping. Some proposed gifts may not be consistent with this policy, and therefore may not be accepted by STG.
- All gifts will be treated as unrestricted in nature unless the gift is made in response to a request for a specific restricted purpose or the donor otherwise requests specific restrictions. In the latter case, STG will review the requested restrictions in advance of accepting the gift in order to determine if they support STG's mission. Once the gift is accepted, STG will honor the restrictions.
- Acceptance of gifts will be determined in accordance with their impact upon STG. Consideration will include, but not be limited to:
 - STG's core values
 - Compatibility of purpose with donor intent
 - STG's ability to meet donor intent
 - Public Relations implications
 - Consistency with fundraising activities and gifts
 - Form and source of gift
- Gifts may be accepted only by STG's Board of Directors or authorized staff of STG. When property other than cash or publicly traded securities is included as part of a proposed gift, approval of the STG Board of Directors shall be required.
- In the event an STG Board Member would like to contribute a gift other than cash or publicly traded securities, the gift must be reviewed by legal counsel prior to acceptance by STG.
- The negotiation and execution of "Planned Giving" plans involving restricted gifts shall only be done by the Development Director and the Executive Director. All Planned Giving plans must be approved by STG's Board of Directors. STG is not required to accept all Planned Giving plans.

Confidentiality of Information

- All details related to gift negotiation are to be considered confidential by all parties involved. All information learned by any representative of STG concerning donors or prospective donors of endowed gifts, including their names, the names of their beneficiaries, the amounts of gifts, size of estates, the donor's financial situation and philanthropic interests, as well as any tax or other legal matters discovered by STG representatives while planning for a gift, and any other personal or financial information will be kept strictly confidential, unless permission is obtained from the donor to release such information, or unless use of such information is required in the administration of the gift or by law.
- Donors will be encouraged to notify STG's Development Director of their planned gifts, including bequests.
- STG databases: Biographical and financial records stored in any computer database should be treated as confidential information and should not be released or accessed without specific written approval of the Executive Director or designated STG officials. Under no circumstances shall data be released for the primary purpose of private enterprise or gain.
- All state and federal mandated public disclosure requirements will be observed. The foregoing confidentiality requirements are limited to the extent that disclosure of confidential information is required by law or judicial process.

Endowment Funds

- The STG Foundation is a 501(c)3 not for profit corporation organized under the laws of the State of Washington whose purpose is to hold, manage, and invest endowed funds solely for the benefit of STG.
- The Foundation shall establish three separate endowment funds as follows:
 - a. A restricted endowment fund to support STG's education & community programs (the "Programs Endowment Fund");
 - b. A restricted endowment fund to maintain and preserve the historic theaters under STG's care (the "Facilities Endowment Fund"); and
 - c. A general endowment fund to support general operations of STG (the "General Endowment Fund").
- Other special purpose or restricted endowment funds required by the terms of gifts or bequests or as suggested by STG development staff may be established from time to time upon the approval of the STG Board of Directors.

- Earnings of the General Endowment Fund shall be unrestricted except to the extent otherwise provided by STG's Board of Directors. Although the General Endowment Fund is intended to be a perpetual fund, it is contemplated that distributions from the General Endowment Fund (including distributions of principal to the extent deemed necessary by STG's Board of Directors) may be made to support the operating needs of STG or to establish or augment a capital fund or other special purpose fund that may be established for the benefit of STG.
- Distributions from restricted endowment funds shall only be made pursuant to the STG Endowment Policy.

Use of Legal Counsel for Planned Gifts

- STG may seek the advice of legal counsel in matters regarding planned giving which involve any agreement which is binding on STG or the Foundation. Review by counsel is recommended for:
 - a. Gifts of securities that are subject to restrictions or buy-sell agreements.
 - b. Documents naming STG as trustee or requiring STG to act in any fiduciary capacity.
 - c. Gifts involving contracts, such as those requiring STG to assume financial or other obligations.
 - d. Transactions with potential conflicts of interest.
 - e. Gifts of property which may be subject to environmental or other regulatory restrictions.

Other instances in which the STG Board of Directors determines that use of counsel is deemed appropriate.

- STG urges all prospective donors to seek the advice of independent legal counsel prior to STG or the Foundation acting in any way as a party to a planned gift. Donors should specifically be encouraged to consult independent counsel on matters related to the tax implications of a gift and matters related to estate planning.
- A donor who chooses not to engage counsel must acknowledge this decision in a written statement addressed to the Executive Director of STG before STG may accept a planned gift.
- It is neither the province of STG nor their volunteer or staff representatives to give legal, accounting, tax, or other advice (which is usually reserved to the donor's counsel) while acting on STG's behalf. This policy does not preclude any duly licensed person representing STG from advising a donor or such donor's counsel regarding a gift with appropriate disclosure to the donor that the

professional involved is acting on behalf of STG and is not acting on behalf of the donor.

- Any computations made by STG volunteers or staff members are only estimates, since STG may not be fully aware of the donor's circumstances.
- STG will comply with the "Model Standards of Practice for the Charitable Gift Planner" promulgated by the National Committee on Planned Giving.

Gift Instruments and their Limitations

Unrestricted Gifts:

- Any unrestricted contributions made to STG shall be used for general operating purposes unless otherwise designated by the donor.

Restrictions on Gifts:

- Acceptance of a restricted gift imposes a legal obligation to comply with the terms established by the donor. Therefore, it is necessary that the nature and extent of this obligation be clearly understood. For this reason, prior to accepting a gift, the terms of each restricted gift will be reviewed by STG's development staff and the Executive Director with the utmost care to ensure that they do not hamper the usefulness and desirability of the gift to STG.
- If a gift is deemed unacceptable because of the restrictions the donor has proposed placing on its use, the donor will be counseled to remove or modify the restrictions. Gifts will be refused or returned when the purpose (1) is not conducive to the best interest of STG, (2) is deemed to be a commercial endeavor, or (3) would obligate STG or the Foundation to undertake responsibilities, financial or otherwise, which it may not be capable of meeting for the period required by the terms of the gift.
- For endowed gifts (i.e. gifts where the intent is to conserve principal in perpetuity), donors are encouraged to review the STG Endowment Policy for additional information.
- When a donor wishes to place a restriction upon the use of a gift or bequest for a specific program, it is suggested that the legal instrument empower STG's Board of Directors, after a stated number of years (to be set forth in the legal instrument) or at such time as it becomes impossible or impractical to adhere to such restriction, to re-evaluate the restriction. If the original purpose for which the gift was made is no longer relevant, or it becomes impossible or impractical to adhere to such restriction, the Board of Directors, after consultation with the

donor (if available) and appropriate professionals (legal advisors of both parties) shall have the authority to change the restriction to an alternate purpose.

- STG will not accept gifts that are excessively restrictive in purpose or that (a) would result in STG or the Foundation losing its status as a 501(c)(3) not-for-profit organization, (b) are too difficult or too expensive to administer in relation to their value, (c) would result in any unacceptable consequences for STG, or (d) are for purposes outside STG's mission. Decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by STG's Board of Directors.

Gifts-in-Kind:

- Gifts-in-kind (art objects, equipment, non-readily marketable securities, real estate, etc.) will be reviewed with special care to ensure that acceptance will not involve potential legal liabilities or financial commitments in excess of budgeted items or other obligations disproportionate to the usefulness of the gift.
- Consideration will be given to the cost of maintenance, cataloging, delivery, insurance, display, and any space requirements for exhibition or storage.
- Other Considerations:
 - Does the property help to fulfill the mission of STG?
 - 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?
- STG must follow all IRS requirements in connection with disposing of gifts of tangible personal property and filing of appropriate tax reporting forms.
- When non-monetary gifts are given to STG with the intent of the donor receiving a tax deduction, it shall be the responsibility of the donor, not STG, to obtain an appraisal of the gift for tax purposes. STG shall not become involved in the appraisal process. Direct involvement of STG in securing appraisals could result in the appraisal's accuracy and objectivity being challenged by the Internal Revenue Service.
- A report of prospective gifts-in-kind should be submitted to STG's Board of Directors. Subsequently, all gifts-in-kind will be inventoried by STG and those gifts-in-kind that are deemed appropriate for the endowment will become property of the Foundation.

Gifts of Real Estate:

- All gifts of real estate are subject to review and approval by STG's Board of Directors. Gifts of real estate may include developed property, undeveloped property or gifts subject to a prior life interest. Prior to acceptance of any gift of real estate other than a personal residence, STG shall require a Phase I (and if warranted a Phase II) environmental review by a qualified environmental firm to ensure that the property has no environmental damage or future environmental liability. The cost of the environmental reviews and any necessary clean up shall be an expense of the donor, unless otherwise approved by the Board of Directors of STG.
- Title insurance shall be obtained by STG prior to the acceptance of the real property gift. The cost of this insurance shall be an expense of the donor unless approved by STG's Board of Directors.
- Criteria for acceptance of gifts of real estate include:
 - Is the property useful for STG's purposes?
 - Is the property readily marketable?
 - Are there covenants, conditions, restrictions, reservations, easements, encumbrances or other limitations associated with the property?
 - Are there carrying costs (including insurance, property taxes, mortgages, notes, or the like) or maintenance expenses associated with the property?
 - Does the environmental review reflect that the property is damaged or otherwise requires remediation?
- Before acceptance, a qualified appraisal firm, independent of STG, must appraise gifts of real estate. The donor will be responsible to obtain and pay for this appraisal. The appraisal must be acknowledged by either STG in writing and attached to the donor's tax return. The appraisal of a gift will serve three purposes:
 - Establish the donor's tax deduction.
 - Provide STG with a reasonable third party estimated value of the gift.
 - Establish an asking price for the property if the property is to be sold.
- Unless STG desires to retain the real estate for investment or for use by STG, STG will list the property with a broker or brokers in the area in which the property is located for sale at the appraised value.

- STG may choose to wait a reasonable period of time to receive an offer in this range or sell the property shortly after receipt based on the advice of real estate brokers with expertise in prevailing markets for the type of property in question.
- If, for tax, financial, or other reasons related to STG's mission STG is unwilling to hold the property for a reasonable period and will be forced to cash out as quickly as possible, the prospective donor will be so informed.
- STG is required by law to notify the IRS of the sale price if the property is sold within two years.

Gifts of Securities:

STG will accept gifts of readily marketable securities.

- Readily marketable securities may be transferred electronically to an account maintained at one or more brokerage firms or delivered physically with the transferor's endorsement or signed stock power (with appropriate signature guarantees) attached.
- All marketable securities will be sold promptly upon receipt or transferred to the Foundation as appropriate and as determined by STG's Board of Directors.
- Stock subject to Securities and Exchange Commission Rule 144 will be held until the restriction on sale expires and then will be immediately sold in the same manner as described above.
- Securities should be transferred in such manner that the donor and STG's Executive Director, as the case may be, sign specific documentation verifying the date of actual transfer. Donor's tax deduction and STG's evaluation, as the case may be, should equal the average between "high" and "low" trades on the date of receipt of the securities by STG.
- Gifts of securities which are not readily marketable will be accepted under the following conditions:
 - Gifts of closely held corporate stock will be carried at \$1.00 in the absence of financial information which would enable determination of "book value". Such securities will be carried at "book value" as long as acceptable financial statements are provided to STG so that "book value" can be substantiated.
 - Gifts of bonds, which require a "holding" period, will be accepted and cashed when the holding period has expired.

Gifts of securities which will not be accepted:

- Securities that are assessable or in any way could create a liability to STG.
- Securities that, by their nature, may not be assigned (such as series “E” savings bonds.)
- Securities subject to restrictions that would prevent STG from converting such securities to cash.
- Securities that generate undesirable tax consequences to STG.
- SSS Securities that, on investigation, have no apparent value.
- Securities that do not serve STG’s mission.
- Exceptions to this policy may be made by STG’s Board of Directors.

Other Miscellaneous Personal Property:

- Gifts of tangible personal property to STG generally should have a use related to STG’s tax-exempt purpose.
- Other items of property will be accepted if they are useful and are easily sold.
- Gifts of jewelry, artwork, collections, equipment, and software may be accepted after approval by STG’s Board of Directors. Such gifts may be sold at such time deemed appropriate by STG’s Board of Directors.
- Establishment of value is always the responsibility of the donor. If the item is not useable, but is marketable, STG will inform the donor if it is their opinion that the value placed on the item by the donor cannot be realized by its sale.
- Other matters that will be taken into consideration by STG before deciding on acceptance of gifts of personal property will be: transportation cost, storage cost, cost of selling, and maintenance and repairs.

Forms for Bequests:

- All wills, bequests or estate planning documents which provide funds or other assets for use by STG should be made payable to “Seattle Theatre Group”, the approved corporate body to receive, manage and disburse assets.
- All gifts and bequests offered for restricted endowment purposes, when accepted, will be accepted only on the condition that, should the purpose for which the funds are provided cease to exist, STG’s Board of Directors, or the Foundation Board, as the case may be, shall allocate the income from those funds to purposes as near as possible to the original intent of the donor. Such provisions should be provided in all wills and devises and gift agreements as far as possible.

- STG should refuse to accept (disclaim) any bequest that might prove to be more of a cost than a benefit.

Charitable Remainder Trusts:

- STG may accept a designation as remainder beneficiary of a charitable remainder trust. STG's Board of Directors will not accept an appointment as Trustee of a charitable remainder trust.

Charitable Lead Trusts:

- STG may accept a designation as income beneficiary of a charitable lead trust. STG's Board of Directors will not accept an appointment as Trustee of a charitable lead trust.

Deferred Gifts-in-General:

- Upon the death of the surviving beneficiary of a deferred gift agreement, the agreement shall terminate and the assets and any accruals shall be paid to STG and added to the General Endowment Fund unless otherwise restricted by the terms of the deferred gift agreement.

Life Insurance:

- STG should accept a life insurance policy as a gift only when it is named as the owner and beneficiary of the policy and there are sufficient funds available to pay premiums.
- STG may be designated as beneficiary of a life insurance policy.

Expectancies:

- Commitments provided by bequest, estate plan, or other planned gift program deferred gift vehicles should be counted as expectancies when they are to "mature" at some future time. In many cases, donors and potential donors may change, increase, or decrease their commitment depending upon how they are treated by the leadership of the organization as "future interest" donors.
- Eventual income from such commitments must never be counted in current/annual fund income amounts, but, rather, counted "below the line" as with gift-in-kind, investment income, property sale, and other income reports at their maturity value.

Evaluating Potentially Controversial Gifts:

- When considering, soliciting and/or accepting gifts, STG's Executive Director and the Board of Directors will consider the following factors:
 - Core values: Will accepting the gift compromise any core values of the organization?
 - Compatibility of Cause: Is there convergence of cause and intent between the donor and recipient? Will accepting the gift further the mission, goals and/or objectives of both groups?
 - Public Relations: Will the gift adversely impact public relations for STG?
 - Motivation: Is there clear charitable intent and a commitment to serve the community? It is understood that it is usually appropriate for there to be tax incentives, community acceptance and publicity values for donor.
 - Consistency: Will acceptance of the gift be inconsistent with other fundraising activities and/or gifts?
 - Credibility: Will the reputation of the donor have a negative effect upon the reputation of STG?
 - Organizational Stability: If controversy develops, will it likely be significant enough to undermine the stability and reputation of STG? Will there be a sufficient reservoir of community image and goodwill to allow STG to continue to thrive?
 - Form of Gift: Will the nature of the in-kind contribution create problems, such as advertising or sponsorship issues?
 - Source of Gift: Is the gift from an individual entity in the community whose reputation is inconsistent with STG's mission.
 - Bottom Line: Will the gift encourage or discourage others to give? What will be the net effect on the bottom line?

All decisions to solicit and/or accept gifts which may not meet the criteria outlined above are to be made by STG's Board of Directors, preferably prior to soliciting such gifts.

Unacceptable Gifts are those that propose:

Certain gifts or properties will not be accepted. Examples include, but are not limited to:

- Restrictions that involve relatives or descendants as beneficiaries of the gift.
- Restrictions reserving the designation of beneficiary of gift to the donor or his/her assigns; i.e. scholarships, fellowships, professorship. (Such "gifts" restrict donor tax consequences.)
- Restrictions upon future employment of the recipient of any gift.
- Restriction on interest rates and conditions for repayment of loans.
- Gifts involved in litigation.
- Gifts for which the donor does not own the rights.
- Gifts that may cause excessive liability to STG.
- Gifts that, on investigation, have no apparent value to STG.

Gifts Generally Accepted Without Review:

- Cash gifts are acceptable in any form, including by check, money order, credit card, or via STG's website.
- Donors are encouraged to make bequests to STG under their wills, and to name STG as the beneficiary under trusts, life insurance policies, commercial annuities and retirement plans.

Gift Acceptance and Acknowledgement:

- Upon receipt of a gift and/or any gift related documents, STG's development staff will record the gift and thank the donor.
- A complete record of every individual donor's contributions will be maintained.
- Restricted gifts will be recorded and properly allocated to the correct fund at STG or to the Foundation in the case of an endowed gift.
- When required, a written acknowledgment of a gift will be provided in a timely manner.
- Honor/memorial gifts are to be acknowledged promptly.
- Written acknowledgments are to be in full compliance with Internal Revenue Service regulations.

Responsibility for IRS Filings Upon Sale of Gifts Items:

STG is responsible for filing IRS Form 8282 upon the sale or disposition of certain assets sold within three years of receipt by STG when the charitable deduction value of the item is more than \$5,000. STG must file this form within 125 days of the date of sale or disposition of the asset. Acknowledgment of all gifts made to STG and compliance with the current IRS requirements in acknowledgment of such gifts shall be the responsibility of the STG Board of Directors. STG must follow all IRS requirements in connection with disposing of gifts of tangible property and filing of appropriate tax reporting forms.

Changes to Gift Acceptance Policy:

This Gift Acceptance Policy has been reviewed and approved by STG's Board of Directors. STG's Board of Directors must approve any changes to or deviations from this policy. This policy shall be reviewed by STG's Board of Directors every three years and updated as necessary. However, such updates or changes shall not modify the specific restrictions under which a donor made a restricted donation.

APPROVED as of _____, 2015.