

Michigan Theater Foundation Gift Acceptance Policies & Procedures

The Michigan Theater Foundation (MTF) encourages donors to make gifts that support the mission and programming of the organization. The purpose of this policy statement is to set forth guidelines and prescribe necessary approvals for acceptance of gifts made by donors to MTF.

A. Cash Gifts and Pledges

1. Unrestricted Gifts of Cash – Gifts given without restriction on the use of the gift

- a) Unrestricted gifts are recorded as unrestricted and may be used for any purpose, including funding current operations, capital projects, or to maintain reserves.
- b) Unrestricted bequests are designated at the discretion of the Board of Directors and on advice from the Finance and Development Steering Committees.

2. Restricted Gifts of Cash – Gifts given for purposes specified by the donor

- a) Gifts restricted for Operations are recorded and deposited into the current operating account or into the Operating Reserve.
- b) MTF may consider accepting gifts restricted for programming; such contributions will be subject to review from the Program Committee and others as appropriate.
- c) MTF may consider accepting gifts restricted for other purposes, such as capital projects; such contributions will be subject to review from the Board of Directors or others as appropriate.
- d) MTF Endowment Fund has been established at the Ann Arbor Area Community Foundation. Gifts made to that fund are subject to the policies of the AAACF.

3. Pledges – Promises to contribute amounts specified by donors

- a) Pledges may be restricted or unrestricted as described above and may be one-year or multi-year commitments.
- b) Pledges are expected to be fulfilled with contributions of cash or stock.

4. Matching gifts

Unless the company specifies otherwise, matching gifts from corporations follow the restrictions of the donor whose gift is being matched: if a donor makes an unrestricted gift, the matching gift is unrestricted and, if the donor makes a restricted gift, the match is likewise restricted. MTF counts matching gifts toward an individual's gift total in the year the matching gift is received.

5. Publicly Traded Securities

Upon receipt of a gift of donated securities, the Executive Director (or specific designates) places, as soon as practical, the securities with a recognized broker for sale at the earliest practical date. It is not MTF's policy to hold securities for an extended length of time. Such gifts are credited to donors according to current IRS codes.

6. Credit Cards

For gifts made by credit card, the date the charge is processed by MTF is the applicable date of the gift.

B. Non-Cash Gifts

1. In-Kind Contributions/Noncash Contributions (gifts of goods or services)

a) When MTF agrees to receive a gift of goods (e.g., building materials, equipment) or a gift of individual or corporate services (e.g., advertising, printing, installation, etc.)—often referred to as a “Gift In Kind”—the gift is processed as a non-cash gift. MTF does not issue a receipt showing the cash value of such gifts, but acknowledges receipt of the object or services.

b) Donors are required to fill out form 8283 if their deduction for a non-cash contribution is more than \$500. For noncash property (goods) worth more than \$5,000, MTF is required to sign the portion of Form 8283 which acknowledges receipt of the gift and will do so after the donor has provided to MTF a copy of the signed appraisal, and after the donor and appraiser have completed and signed their sections of Form 8283. It is important for MTF to retain a copy of the signed and executed Form 8283.

c) If MTF disposes of an item listed in Section B of form 8283 within three years of its receipt, MTF must file Form 8282 with the Internal Revenue Service.

d) For tax purposes gifts in-kind must be valued by the donor, and costs associated with an appraisal are the responsibility of the donor.

e) In-kind contributions may be used to fulfill pledges to MTF for items deemed of value to the organization, subject to evaluation by the Development Steering Committee or others as appropriate. MTF may require an appraisal or other guarantee of fair market value for any items donated in lieu of pledged cash. Such a contribution is acknowledged as payment toward the pledged amount.

2. Real Estate or Real Property

a) No gift of real estate or real property is accepted if such acceptance causes MTF to incur a financial burden, potential liability, or other obligations, unless otherwise determined by the Board of Directors.

b) A Phase I environmental impact study or, in the case of Michigan real property, a baseline environmental assessment accepted by the Michigan Department of Environmental Quality, done at the owner's expense, is required to accompany a gift of real estate.

c) Acceptance is contingent on an independent appraisal paid for by the donor. MTF does not value any such donated item for tax purposes.

d) If property cannot be liquidated in a reasonable amount of time, MTF may choose to decline the gift.

3. Life Insurance

a) Subject to review by the Finance Committee, MTF accepts only fully-paid insurance policies for which MTF is named as beneficiary and the irrevocable owner of the policy.

b) Gifts of life insurance policies are credited at face value as pledges receivable as designated by the Board of Directors unless specified by the donor.

4. Closely Held Securities

a) Gifts of closely held securities are subject to prior approval of the Board of Directors with advice from the Finance Committee. The valuation of securities that are not publicly traded is the responsibility of the donor, and such gifts must be accompanied by an independent qualified appraisal.

b) Gifts of closely held securities are accepted barring any restrictions on their sale once their legal marketability is determined. The donor is required to provide this valuation if appropriate.

c) Securities need to be marketable and able to be liquidated in a reasonable amount of time.

d) Donor is responsible for all costs associated with ensuring donated securities are marketable with no restrictions.

5. Planned Gifts

MTF appreciates the generosity of those donors who wish to name the organization as a beneficiary in Charitable Remainder Trusts, Charitable Remainder Unitrusts, and Charitable Lead Trusts.

C. Unacceptable Gifts

The Board of Directors makes the final decision about acceptance of gifts that may be deemed to fall outside of established policy guidelines. MTF reserves the right to refuse a charitable gift without publicly disclosing the reason. MTF is not required to accept any charitable gifts or contributions, particularly those which:

1. Are designated with restrictions that fall outside the organization's mission and program priorities;
2. May cost the organization money, provide a liability or potential penalty of any kind;
3. Have conditions that are not deemed in the best interest of MTF, or those that fall outside ethical boundaries;
4. Are not able to be liquidated into cash in a reasonable amount of time.

D. Interpretation of Gift Acceptance Policies

Only the Executive Director and specific designates are authorized to receive gifts on MTF's behalf and may be assisted in the interpretation and implementation of these guidelines by the Chair of the Board of Directors, Treasurer, Finance Committee, Development Steering Committee, and others as appropriate. Other Board members may be consulted at Board's discretion. Advice may be sought from the MTF auditors. The Board's role is to approve gift agreements and the acceptance of gifts that deviate from these policies.

E. Review and Amendments of Gift Acceptance Policies

1. Responsibility for review and suggested amendments is with MTF's Executive Director, in consultation with the appropriate committee.
2. The procedure to amend these guidelines is as follows: The Executive Director provides written recommendations to the Board of Directors for approval.

F. Code of Conduct

Representatives of MTF exercise caution to avoid pressure, persuasion or undue influence and encourage donors to seek their own counsel when considering any gift.

All personnel employed by MTF to contact prospective donors or to promote the planned gifts program are paid a salary or fixed wage, and do not receive commissions which could give such personnel a direct beneficial interest in any agreement.

G. Confidentiality

MTF recognizes that it is in a position of trust with the donor, and that the donor has placed trust in the organization concerning confidentiality. Therefore, all donor information, correspondence and governing instruments are kept in a secure place, which is accessible to individuals with approval of the Executive Director. It is known by MTF's staff that this is confidential information.

H. Use of Constituent Lists

It is the organization's policy not to sell, loan, trade, or share its constituent lists to individuals or organizations interested in using it for fund raising.

I. Protection of Donor's Interest

No program, agreement, trust, contract or commitment is knowingly urged upon any prospective donor that would benefit MTF at the expense of the donor's interest and welfare.

No agreement is made between MTF and any agency, person, company or organization on any matter related to investments, management or otherwise which knowingly jeopardizes the donor's interest.

J. Use of Legal Counsel

A prospective donor is advised to seek legal or tax counsel of an attorney in any and all aspects of a proposed gift, whether by bequest, trust agreement, contract, or outright gift. They are advised to consult with their attorney or accountant on matters related to the tax implications and estate planning aspects of a planned gift agreement.

MTF consults with separate legal counsel in all matters pertaining to its planned giving program and consults counsel when executing agreements, contracts, trusts or legal documents. In no case is MTF's attorney the attorney for the donor. Donors are advised to seek their own legal or tax counsel.

No legal fee is paid by MTF for the drafting of a will or other trust instruments on behalf of prospective donors, even if the organization is to be named as a beneficiary. No legal fee is paid by MTF for determining the marketability of any donated property, whether securities or real property. The Board of Directors must authorize any exemptions to this policy.

K. Gift Acknowledgement Policies

Effective 1994, the Omnibus Budget Reconciliation Act of 1993 (OBRA) added Internal Revenue Code section 170(f)(8), which denies donors a charitable deduction for any contribution of \$250 or more unless the donor obtains a written acknowledgement of the contribution from the charity. MTF is in full compliance with the law; it is the policy of the organization to provide an acknowledgement for all gifts regardless of the size.

The law also requires charities to provide written disclosure about the solicitation or receipt of quid pro quo contributions that exceed \$75. The disclosure must: inform the donor that the amount of the contribution that is tax deductible for federal income tax purposes is limited to the excess of the amount on any money and other property contributed by the donor, over the value of the goods and services provided by the charity; and provide the donor with a good-faith estimate of the value of such goods and services. This disclosure must be made when the contribution is solicited or when the contribution is received.

There are three situations in which a disclosure is not required: where the goods or services are “insubstantial,” i.e., token or otherwise de minimis;” where no donative intent is present, i.e., sales of T-shirt at reunion; where only an intangible benefit is provided to the donor, i.e., participation in a religious ceremony.

L. Policy for Thanking Donors

In addition to processing all gifts and generating gift receipts, MTF is also responsible for thanking donors for their gifts in a timely manner. This acknowledgement includes the official gift receipt. MTF has established internal procedures for thanking donors for their contribution including information on who signs the letter, what type of acknowledgement letter is sent, what letters are kept in permanent files, etc.

Approved by Board of Directors: 6/12/24