



GIFT ACCEPTANCE POLICY OF THE SAN FRANCISCO JAZZ ORGANIZATION

Board Approved: 2/15/2024

I. Policy and Purposes

This Policy represents the policy of the San Francisco Jazz Organization (the “Organization”) governing the solicitation and acceptance of gifts by the Organization. The Board of Directors, Trustees, or Development Committee (a subcommittee of the Board) of the Organization and its staff solicit current and deferred gifts from individuals, corporations, foundations, and others for purposes that will further and fulfill the Organization’s mission. Purposes of this Policy include:

- A. Guidance for the Development Committee, officers, staff and other constituencies with respect to their responsibilities concerning gifts to the Organization; and
- B. Guidance to prospective donors and their professional advisors when making gifts to the Organization.

This Policy shall apply to all gifts received by the Organization. The Organization reserves the right to revise or revoke this Policy at any time, and to make exceptions to the Policy with approval by the Development Committee.

II. Use of Legal Counsel and Compliance with Tax Laws and Requirements

- A. The Organization. The Organization shall seek the advice of legal counsel and a tax advisor in matters relating to acceptance of gifts, when appropriate. The Organization shall comply with all tax laws and other legal requirements regarding gifts;
- B. Donor. Donors are responsible for seeking the assistance of their own legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

III. Gift Rejection or Revocation

The Organization reserves the right to decline a gift whose terms:

- A. Violate the terms of the Organization’s Gift Acceptance Policy or another policy;
- B. Would jeopardize the Organization’s status as an exempt organization under federal or state law;
- C. Are too difficult or expensive to administer;
- D. Are for purposes that do not further the Organization’s objectives; or
- E. Could damage the reputation of the Organization.

All final decisions on the acceptance or refusal of a gift shall be made by the Development Committee.

IV. Gift Restrictions

- A. Unrestricted Gifts – Donors are encouraged to make unrestricted gifts to the Organization for maximum flexibility in fulfilling its overall mission. Gifts absent of clear donor intent to go towards a specific purpose will be considered unrestricted;

- B. Purpose or Time Restricted Gifts – The Organization will accept gifts where the donor has specified a specific purpose or intent for the gift. All gifts must go towards the Organization’s current or future planned programs or initiatives. Donors must clearly state their intent in writing for the Organization to record the designation and track the use of funds appropriately. A Gift Agreement must be signed for gifts of \$100,000 or greater;
- C. Endowment Gifts:
 - i. The Organization currently possesses and manages an endowment with the purpose of providing a sustainable source of funding. The Organization maintains separate funds dedicated to providing funding streams for specific programs or for general operating purposes. The Organization will accept contributions to increase the principal of these funds, provided that the donor agrees to have contributions pooled and invested in accordance with the Organization’s policies. The income generated from these contributions will be restricted for use towards the intended program or unrestricted for general operating purposes, and subject to the spending guidelines of the Organization’s Investment Policy;
 - ii. The Organization manages its endowment in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and with the Organization’s Investment Policy. The minimum amount for a donor to establish a separate fund or named endowment fund is \$250,000. All newly established funds will be managed in accordance with UPMIFA and the Organization’s Investment Policy. Any proposed gift that proposes separate terms for investment approach or spending rates shall be reviewed and approved by the Development Committee and Investment Committee. All donors who wish to establish a named endowment fund are required to sign an Endowment Agreement documenting the amount, donor’s intent to support a current or future program or the closest related purpose, name of the fund, investment approach, and spending rate.

V. **Pledges & Gift Agreements**

Pledge commitments are accepted by the Organization with a maximum payout period of five (5) years from the date of commitment, and with at least one payment made in each year. All pledges should be communicated by the donor in writing and should include the following:

- A. The amount of the pledge;
- B. A clearly defined payment schedule;
- C. The intent of the donor’s gift and any purpose or time restrictions if any (section 4).

Pledge Forms will be required for the following:

- A. If the above is not communicated clearly by the donor.;
- B. Donors who wish to make a multi-year commitment, where donations are made in annual installment.

The Organization will generally not accept any pledges with contingencies or conditions present unless otherwise decided by the Development Committee. Additionally, all donors who wish to make a pledge commitment must be financially capable of making the gift. For Sponsorship pledges where there is a contribution and exchange transaction component, only the contribution portion will be recorded as the pledge's value. For gifts of \$100,000 or greater, a Gift Agreement is required to be signed if not already documented on a Pledge Form.

VI. **Gifts Accepted**

A. **Outright Gifts:**

- i. **Cash** – Outright gifts of cash are acceptable in any form. Checks should be made payable to “San Francisco Jazz Organization”. Credit Cards, Wire Transfers, and ACH Transfers are also accepted;
- ii. **Publicly-Traded Securities** – the Organization accepts publicly traded securities and readily marketable securities. Securities must be transferred from the donor or donor’s custodian, to an account maintained by the Organization at a brokerage firm. All publicly-traded securities are sold upon receipt or as time permits;
- iii. **Closely-Held Securities:** Closely held securities, including debt and equity positions in non-publicly traded companies, interests in LLPs and LLCs, or other ownership forms can be accepted upon review and approval of the Development Committee. The Development Committee will consider the following factors in deciding whether or not to accept such a gift:
 1. The value of the proposed gift;
 2. Whether the proposed gift will generate unrelated business taxable income;
 3. Restrictions on the security that would prevent the Organization from ultimately converting the securities to cash;
 4. The marketability of the securities; and
 5. Any undesirable consequences for the Organization from accepting the securities.

Every effort will be made to sell the securities as soon as possible, unless otherwise decided by the Development Committee. All proposed gifts of closely held securities that are not to be sold must also be accepted by the Investment Committee and reviewed in conjunction with the Organization’s Investment Policy.

- iv. **Tangible Personal Property and Intellectual Property Rights:** The Development Committee shall review and decide whether to accept gifts of tangible personal property and gifts of intellectual property rights, which include royalties, patents, copyrights, contract rights, or other similar interest. The following factors will be considered for acceptance:
 1. Whether the property furthers the mission of the Organization;

2. The marketability of the property;
3. The restrictions on the use, display, or sale of the property; and
4. Carrying costs and possible liability for the property.

As it relates to the acceptance of donated vehicles, the Organization only accepts vehicles through its Vehicle Donation Program through which a third party receives and sells the vehicle, and a portion of the proceeds is transferred to the Organization. Donors who wish to donate a vehicle to the Organization should contact the Development department to arrange the transfer. All fair market valuations of donated tangible real property are the responsibility of the donor.

- v. Real Estate: Gifts of real estate may include developed property, undeveloped property, or gifts subject to a retained life interest. The Development Committee and the Organization's legal counsel shall review and decide whether to accept real property based on the following factors:

1. Whether the property is useful for the purposes of the Organization;
2. The marketability of the property;
3. Any encumbrances, leases, restrictions, reservations, easements, or other limitations associated with the property;
4. Any carrying costs associated with the property, including insurance, property taxes, mortgages, notes or other costs;
5. Any concerns arising from an environmental audit if applicable.

The Organization's practice is that the donor bears responsibility for all transfer costs, including building inspection, title search, independent appraisal, and transfer taxes. Independent appraisals should be completed and provided within the timeframe requested by the Organization for financial reporting.

B. Planned Gifts

- i. Bequests: Donors may make bequests to the Organization under their wills and trusts. A bequest will not be recorded as a gift until the gift is irrevocable. Bequests may be accepted for unrestricted purposes or for a restricted purpose that is consistent with section 4 (Gift Restrictions). Types of bequests given will be subject to the review and acceptance guidelines set forth in this Gift Policy. The Organization will not serve as trustee of a living trust;
- ii. Charitable Remainder Trusts: The Organization may accept designations as remainder beneficiary of a charitable remainder trust (CRT). The Organization will not serve as trustee of a CRT;
- iii. Charitable Lead Trusts: The Organization may accept designations as income beneficiary of a charitable lead trust (CLT). The Organization will not serve as trustee of a CLT;

- iv. Retirement Plan Beneficiary Designations: The Organization may accept designations as beneficiary of donors' retirement plans. Designations will not be recorded as gifts until the gift is irrevocable;
- v. Life Insurance: Donors are encouraged to name the Organization as beneficiary and irrevocable owner of a paid-up life insurance policy. The life insurance policy will be recorded as a gift once the Organization is named as both beneficiary and irrevocable owner of a life insurance policy. In instances where the Organization is designated as a beneficiary of a partially paid-up policy, where the donor contributes future premium payments, the Organization 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, the CEO and CFO may approve, at its discretion:
 - 1. To continue to pay the premiums;
 - 2. To convert the policy to paid up insurance, or
 - 3. To surrender the policy for its current cash value.

VII. Donor-Advised Funds

The Organization accepts gifts from Donor-Advised Funds (“DAF”) consistent with current laws and regulations governing such funds. The IRS disallows any grant recommended and paid through a DAF where any goods or services are provided in return, or where a donor will directly or indirectly receive a more than incidental benefit. Therefore, donors are expected to waive all membership benefits for a gift they recommend from a DAF.

Donors may not recommend a grant through a DAF for a Gala table or ticket, or for any special event where tickets are to be purchased, at any amount if the donor intends to attend the event. This includes recommending a grant for only the tax deductible portion. The IRS disallows splitting or bifurcating such payments and considers any payment that goes towards a donor's ability to attend an event to be considered a more than incidental benefit. For example, if a Single VIP Ticket is \$5,000 with a fair market value of \$400 and a tax deductible value of \$4,600, a donor would not be allowed to recommend a \$4,600 grant to come from a DAF per IRS guidelines.

Therefore, all Gala table or tickets must come from a personal source of funds.

Donors may not recommend a grant for a sponsorship opportunity for shows or programming where any goods or services are to be received such as tickets to shows, classes, or events.