

ISLAND SHAKESPEARE FESTIVAL CULTURE OF PHILANTHROPY POLICIES & PROCEDURES

APPROVED BY BOARD RESOLUTION: APRIL 19, 2022

Island Shakespeare Festival's (ISF) ability to fulfill its mission to provide accessible classical theatre realized for a contemporary audience depends on the generosity of donors. ISF engages in a **culture of philanthropy** to develop donor relationships and welcomes current and pledged gifts of assets from individuals, corporations, foundations, self-defined collaborating groups, and federal, state, and local governments. The following Board-approved *Culture of Philanthropy Policies* outline processes and guidelines through which ISF considers the acceptance of gifts and governs communications with potential donors and their professional advisors.

GENERAL POLICIES

- In alignment with our organizational values, ISF informs, serves, guides, or otherwise assists donors who wish to support ISF's activities, but never under any circumstances will ISF apply pressure or undue persuasion.
- ISF is guided by the National Committee on Planned Giving's *Model Standards of Practice for the Charitable Gift Planner* as well as the National Society of Fundraising Executive's *Donor Bill of Rights*. (Appendix A)
- ISF does not accept gifts that:
 - Would result in ISF violating its corporate charter
 - Would result in ISF losing its status as a 501(c)3 not-for-profit organization
 - Are too difficult or too expensive to administer in relation to their value
 - Would result in any unacceptable consequences
 - Are for purposes outside ISF's mission
 - Are out of alignment with ISF's organizational values
- ISF's External Committee Chair and staff leadership and persons designated by either ECC or staff leadership are authorized to negotiate gift arrangements with prospective donors, adhering to all relevant Board-approved policies and guidelines.
- Gifts of all types will be accounted for accurately and acknowledged rapidly and appropriately. Inquiries about potential gifts will be treated with respect, explored in confidence, and acted upon as expeditiously as possible.
- Donors will be encouraged to allow ISF to publicize their gift(s) appropriately. In those instances that ISF is interested in distributing any form of broadcast publicity, such as a newsletter article,

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press release, Facebook post, etc., donors will be invited to provide quotations and review text prior to publication. ISF will adhere to all donor requests for anonymity.

- ISF acknowledges our commitment to GAAP and FASB adherence is different from our commitment to donor recognition. We will follow all legal guidelines while capitalizing on opportunities for donor gratitude and relationship building, following all requests by donors regarding preferred recognition.
- Other than outright gifts of cash and publicly traded securities, all gifts to ISF are subject to review considerations articulated in the "Other Giving" section of this policy when necessary, and recognition of specially approved gifts will be negotiated on a case-by-case basis in alignment with applicable committee guidance.
- Unless a donor requests anonymity, all donors may be recognized in ISF publications

USE OF LEGAL COUNSEL:

- ISF will seek the advice of legal counsel, in accordance with our Conflict-of-Interest Policy, when appropriate, for the purpose of providing protection and clarity to fulfill the Board's fiduciary responsibilities.
- Prototypes of all gift agreements requiring execution by ISF shall first be reviewed and approved by ISF's legal counsel. However, once a prototype has been approved, each specific agreement employing it may proceed without counsel review.

GIFT ACCEPTANCE CONSIDERATIONS

- What is the donor's charitable intent?
- Are any restrictions proposed by the donor legal and consistent with ISF's mission, values, and strategic plan?
- Will the cost of accepting the gift outweigh the benefit(s) of accepting it? For example, is there related accounting complexity required?
- Might accepting the gift harm ISF's reputation or create a public relations dilemma?
- Is there any way in which accepting the gift is not in ISF's best interests?

HARD CREDIT GIVEN:

- account holder listed in the upper left-hand corner of a check: this could be an individual, company, foundation, organization, fundraising consortia, etc.
- company whose Matching Gift to ISF is a result of an employee's gift to ISF
- donor who makes a gift to ISF through a Giving Group
- donor who makes a gift also known as a direct donation to ISF through a guild event or activity
- donor of an In-Kind Gift or Tangible Personal Property to ISF

SOFT CREDIT GIVEN:

- donor whose personal gift to ISF results in a Matching Gift from the donor's employer
- donor who makes a gift to ISF through a giving request at an event sponsored by a group other than ISF to support ISF
- member(s) of the immediate family making a group gift directly or via a Family Foundation as agreed-upon at the time of the gift commitment
- donor whose instructions to a donor-advised fund resulted in a gift
- donor who directs their gift to ISF through fundraising consortia i.e., United Way or similar pass-through organizations

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- employee of a corporation who plays an instrumental role in helping ISF secure a gift of \$5,000 or more from that corporation.

STAFF LEADERSHIP AND THE EXTERNAL COMMITTEE

ISF's staff leadership is responsible for initial assessments of all proposed gifts and may act to accept gifts that do not raise issues identified in this policy and reject those that clearly do. If/when a gift acceptance issue is identified that warrants, Staff leadership will convene the External Committee to review the issue against these policies and determine appropriate action.

DONOR RECOGNITION COUNTING PERIODS:

Donors are recognized within the ISF fiscal year timeframe (January 1 to December 31) during which the funds were received.

RESTRICTIONS ON GIFTS:

Donor's instructions regarding the allocation of their contributions - aka "restrictions" - will be documented and adhered to without exception. Should ISF determine a restriction cannot be satisfied, the gift will be renegotiated, refused, or returned.

- "Program gifts" are those designated for an approved ISF budgeted program line item. If one or more program gifts aggregate to an amount that exceeds ISF's budgeted expense in that year, ISF may:
 - Request Board authorization to increase ISF's commitment to the program within the fiscal year equal to the excess funds
 - Confirm with the donor(s) that the surplus funds will be carried over to the next fiscal year
 - Request the donor's permission to shift the funds to a related expense within the fiscal year
- Gifts restricted to uses not budgeted within the designated fiscal year must be approved by the External Committee prior to asset transfer.

SPECIFIC GIFT GUIDELINES

IMMEDIATE OUTRIGHT GIFTS

An immediate outright gift refers to a contribution of cash or property in which the donor retains no interest, and which can be used by ISF with no restrictions. **Securing immediate outright gifts is ISF's highest priority**, and donors who can make such gifts will be encouraged to do so.

- ISF will accept an outright gift of any amount, though gifts to establish a named endowment must meet minimum funding requirements set by the Board.
- ISF welcomes outright gifts of property as well as cash, but all property, other than publicly traded securities and life insurance policies, must be approved by the AD and/or External Committee before it can be received.
- Publicly Traded Securities may be transferred to an ISF brokerage account. These marketable securities will be sold immediately upon receipt. In rare and specific circumstances, a delayed sale may be agreed upon through consideration and approval by the External Committee.

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- A donor may complete a gift in a single transaction or make a pledge to be paid over whatever period is mutually acceptable to the donor and ISF.
- Checks are to be made out to either Island Shakespeare Festival or ISF.
- Wire transfers are welcome and encouraged.
- Donors choosing to make single or multiple gifts via credit card through the ISF website will be recognized for the full amount of their gift, with no discount for the credit card processing fee. Recognition will be given to the person whose name is on the credit card used to make the gift. (or as indicated by the donor, i.e. memorial or honor of - TS)

PLEDGES

A pledge can be made only by the entity exercising legal control over the assets to be given. Only legally enforceable and clearly documented pledges will be accepted.

- A pledge becomes official – and is officially counted – on the date the pledge form is signed and dated by the donor or the date the completed pledge form is received by ISF if it is 10 days or more after the date signed.
- Pledge forms must specify the donor's plans for pledge fulfillment including amounts and anticipated dates of pledge payments.
- Donors are welcome and encouraged to avail themselves of matching gift opportunities to fulfill pledges. ISF understands the pledging donor has agreed to the pledged amount whether they can secure anticipated matching gifts.
- ISF will prepare and deliver pledge reminders as instructed on the signed pledge form.

DONOR ADVISED FUNDS (DAF)

In December 2017, the IRS issued a notice clarifying that grants from Donor Advised Funds MAY be used to complete pledges. However, the "sponsoring organization" – the entity to which the donor made their gift – may not mention the pledge when making the gift distribution. Accordingly, upon receipt of a distribution from a DAF, ISF will confirm the donor's intent before entering the gift. As noted above:

- ISF enters the "hard credit" to the entity issuing the check (examples: the Seattle Foundation, Fidelity, Schwab, etc.). The gift is "soft credited" to the primary contact on the Household that initiated the gift.
- Note that ISF recognizes the individual who prompted the gift rather than the organization through which the gift passed.

IN-KIND GIFTS AND TANGIBLE PERSONAL PROPERTY

This phrase refers to any form of physical item(s) offered by a potential donor not discussed elsewhere in these policies.

Potential gifts of tangible personal property will be considered by Staff leadership relative to the General Policies above. If, in their opinion, receiving the property does not trigger any potential issues, they are authorized to accept the property on behalf of ISF.

Should Staff leadership identify issues that warrant consideration prior to acceptance, they will convene the External Committee whose determination will be final.

Donor's intention to contribute In-Kind items, professional services, or tangible personal property (TPP) with a potential value of \$1,000 or greater will be considered individually by the External Committee

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before acceptance. Staff leadership can respond to suggestions below that threshold. When evaluating potential in-kind gifts, the External Committee will consider whether ISF would have otherwise purchased or contracted for the item or service? In other words, is it in ISF's budget?

- Gift acknowledgement letters for In-Kind and TPP Gifts repeat the value provided by the donor and include a disclaimer stating that ISF has not independently verified the donor-provided value.
- Donors of accepted In-Kind and TPP Gifts that do not directly relate to a line item in the ISF budget will be recognized but the value of their contribution will not be added to the cash flow budget.

GIFTS OF SECURITIES

Restrictions placed by the donor on the subsequent disposition of contributed securities must receive specific approval of the Gift Acceptance Committee before the assets are transferred to ISF.

MARKETABLE SECURITIES

- Note "Other Giving" section, acceptance will be based on review
- Gifts of securities are valued on the date they come under ISF's control.
- ISF books the value of publicly traded stock based on the average of the high and low prices on the day the stock arrived, regardless of when it is sold.
- The donor may be given credit for a value that is different than the amount realized from the sale of the security, but neither gains nor losses nor brokerage fees will alter the counted value of the gift.
- ISF sells securities as soon as possible after they are received. In certain cases, when notified in writing by the donor and approved in advance by the External Committee, ISF may elect to honor requests by donors that their securities be held by ISF for a specific period.

CLOSELY HELD (AKA RESTRICTED) STOCK

- The External Committee must approve gifts of closely held securities before they are conveyed by the donor.
- IRS rules require that for a donor to receive a charitable donation for a gift of restricted stock, they must have held it as a capital asset for more than one year.
- Delivery of a gift of closely held stock is considered complete when the stock has been placed "beyond the control of the donor," so that the donor has no legal right to recall the gift.
- In general, the IRS has not provided specific guidance regarding the valuation of gifts of restricted stock. Accordingly, ISF will consult current IRS rulings at the time of receipt of such stock to determine how to assess its value for donor recognition and accounting purposes.

CONTRIBUTIONS THROUGH GROUPS/ORGANIZATIONS:

VOLUNTEER GROUPS

When ISF is approached by other nonprofit organizations (Rotary, for example) interested in helping fundraise – especially when their fundraising plan involves an event – staff members and ISF's volunteer leaders will work carefully with the organization's leaders to clearly define the extent of ISF staff and volunteer involvement and gift counting and recognition parameters. In general, and unless otherwise agreed to in advance of accepting the partnership:

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- In the case of an event, no more than 20% of the anticipated attendance and revenue should be drawn from direct ISF volunteers and donors. (In other words, one of the primary reasons to embark upon shared events is to draw new people into understanding, appreciating and financially supporting ISF.)
- ISF donors with pledges might be interested in "counting" donations made associated with such shared events as payments toward their existing pledges. Such donors' gifts will be recognized to the extent the dollars pass through to ISF. (For example, if the donor raises their paddle for \$1,000 and the event sponsoring organization retains \$200 of their gift, ISF will apply the \$800 balance as a payment on the donor's existing pledge.)
- The partner nonprofit organization is credited and recognized for the total net proceeds from their activities/events, which amount is also added to ISF's fundraising total.
- Should the event include a "Raise the Paddle" component, with all gross proceeds transferring directly to ISF, contributing donors:
 - will receive IRS-acceptable gift receipts from the partner organization,
 - will be individually soft credited in ISF's database, and
 - these donations will be counted toward the donor's cumulative giving to ISF.

GIVING GROUPS:

This describes the happy circumstance when a combination of individuals, corporations, foundations, or related organizations come together to secure donations from their defined group members. Crediting a Giving Group's total contribution might depend on the Group's status and/or the fundraising strategy employed.

- If the Group receives gifts through a non-ISF 501(c) (3), transferring dollars when the Group leaders determine to do so, the non-ISF 501(c) (3) is credited with the total raised and individual donors might be soft-credited.
- If the funds are raised via direct solicitations and received directly by ISF, the individual donors would be credited and the Group soft-credited.
- If the funds are raised via an event, see above.
- The gift will be listed under the Giving Group name at the overall giving level *and* individual donors' contributions are included in the individual donor's cumulative giving to ISF.
- Donors within a Giving Group will be acknowledged both as part of specially identified Group Gift donor lists and individually at the level of their ISF cumulative gift total.

MATCHING GIFTS

- Gifts received from organizations or corporations to match gifts of cash or securities given by qualifying individuals are credited to the gift records of those organizations or corporations.
- Gift employment mirrors any designations from the originating donor unless organizational or corporate rules prevent such an allocation.
- The individual donor whose gift is matched receives soft credit for the match and their cumulative giving level includes such matches.
- Donors may employ matching gifts to fulfill pledges. However, as noted above, ISF's understanding is that the pledging donor has agreed to the pledged amount whether they ultimately secure anticipated matching gifts.

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BEQUESTS AND OTHER GIVING

Gift opportunities that fall outside the scope of giving outlined above will be evaluated on a case-by-case basis considering the following review criteria.

- Would result in ISF violating its corporate charter
- Would result in ISF losing its status as a 501(c)3 not-for-profit organization
- Are too difficult or too expensive to administer in relation to their value
- Would result in any unacceptable consequences
- Are for purposes outside ISF's mission
- Are out of alignment with ISF's organizational values
- Is outside of the scope of this policy

First, Staff Review will include staff leadership and any staff members directly involved in donor relationships and giving strategy. If answers to any of the above criteria are unclear, review will move up the chain as follows, until a clear plan of acceptance or declination is determined.

- External Committee Review
- Executive Committee Review
- Full Board Resolution

DOCUMENT REVIEW & REVISION HISTORY

ACTION	DATE	AUTHORIZED BY
Drafted	October 15, 2021	Olena Hodges - EAD
Adopted	April 19, 2022	Rob Scott - BOD