

Gift Acceptance Policies and Procedures

The Gift Acceptance Policies identify the types of gifts that the League of American Orchestras (“the League”/ “League”) will accept. The purpose is to articulate and standardize, to the greatest extent possible, a fair and consistent approach to philanthropic support. The policies address both outright (current) gifts and deferred (planned) gifts. It is the policy of the League to solicit and accept gifts for purposes that will help the League to further and fulfill its mission.

The purpose of the procedures is to implement the policies and to set guidelines that will be observed by League staff in accepting and documenting gifts to the League.

1. Mission Statement

To champion the vitality of music and the orchestral experience, support the orchestra community, and lead change boldly.

2. Authority to Accept Gifts

- a. The Vice President, Development, or other appropriate officer of the League designated by the President and CEO of the League from time to time, has the authority to accept gifts of cash and publicly traded securities, not subject to restriction.
- b. The Vice President, Development, in consultation with the President and CEO, may elect to refer the decision to the Gift Acceptance Committee (“GAC”) which shall consist of the Chair of the Board, Chair of the Finance Committee, Chair of the Development Committee, Chair of the Audit Committee, President and CEO, Vice President, Development and the Vice President, Finance and Administration. The Chair of the Finance Committee will serve as chair of the GAC. The GAC will meet as needed, and any action required to be voted on by the committee may be taken without a meeting, if the committee shall consent in writing, by conference call or by email. Such consents shall be filed with the minutes of any such proceedings. Such consents shall have the same effect as a vote for all purposes.
- d. The League and the GAC may seek the advice of legal counsel and other experts in matters related to acceptance of gift when appropriate. Consideration should be given to seeking professional or expert counsel for:
 - i. Interests in closely held businesses.
 - ii. Gifts which require the League to assume a contractual obligation.
 - iii. Transactions that involve a potential conflict of interest between the donor and the League.
 - iv. Real estate.
 - v. Oil, gas and mineral interests.

- vi. Cryptocurrencies.
- vii. Intellectual Property.
- viii. Deferred gift agreements.
- viii. Other instances in which use of counsel is deemed appropriate by the GAC.

e. The League and its officers acting on behalf of the League shall not enter into a binding agreement, contract, trust or other legal document with any donor without the service of legal counsel.

3. Types of Gifts

a. *Outright Gifts of Cash and Checks.*

Gifts in the form of cash and checks payable to the League of American Orchestras will be accepted regardless of the amount.

b. *Securities.*

i. Publicly Traded Securities:

1. The League will generally accept gifts of unrestricted publicly traded securities.

- a. Stock contributed to the League will be sold immediately unless otherwise determined.
- b. The value of the securities is the average of the high and the low on the date of the gift, in accordance with IRS regulations.
- c. The cost of the sale of the securities will generally be borne by the League except in extraordinary circumstances.

2. Publicly traded securities that are subject to restrictions may be accepted subject to the approval of the GAC, taking into consideration, as appropriate:

- a. Donor stewardship.
- b. Effect of restrictions on marketability.
- c. Foreseeable tax consequences, if any, to the League.
- d. Time horizon for liquidation.

ii. Interests in Closely-Held Businesses:

1. Closely held securities, which may include debt and equity positions in non-publicly traded companies as well as limited liability companies and partnerships, may be accepted subject to the approval of the GAC, taking into consideration, as appropriate:

- a. Donor stewardship.
- b. Restrictions on the security that would prevent the League from converting the asset to cash.
- c. Ability of the League to “put” the security to the issuer for redemption.
- d. Foreseeable tax consequences, if any, to the League.
- e. Time horizon for liquidation.

2. Generally, the donor will be responsible for obtaining an appraisal of such interests for valuation purposes.

c. *Life insurance*

- i. The League will accept lifetime gifts of life insurance policies provided that it is under no prearranged obligation to expand its assets to maintain the policy. Policies on which premiums remain to be paid will not be accepted.
- ii. The League will not endorse any insurance company, product or agent. The League will generally not borrow against life insurance policies.
- iii. The League will recognize a gift of life insurance policy at face value.

d. *Tangible Personal Property*

- i. Gifts of tangible personal property having a minimum fair market value of \$20,000 may be accepted. Gifts of tangible personal property with a fair market value of less than \$20,000 will not be accepted unless the asset is of special interest to the League as determined by the President and CEO.
- ii. If the gift relates to the mission of the League, it may be retained, otherwise, the gift will be disposed of immediately through sale or donation, in the League’s sole discretion, and the donor shall be informed of this option.
- iii. No commitment will be made to permanently exhibit a gift. The League shall reserve the right to dispose of the property at a later date, through sale or donation, in its sole discretion, and the donor shall be informed of this option.
- iv. The donor will generally be responsible for obtaining an appraisal of the personal property for valuation purposes.
- v. The final determination on acceptance of tangible personal property gifts in excess of \$20,000 will be made by the GAC. Prior to accepting a gift of tangible personal property, the GAC will examine the proposed gift in light of the following criteria:
 - 1. Is it related to the mission of the League?
 - 2. Is the property marketable?

3. Are there any donor-imposed restrictions on the proposed gift?
4. What are the carrying costs associated with the property?

e. *Real Estate*

- i. Generally, the League will not accept a gift of an interest in real estate subject to a mortgage or other indebtedness, or which, after an initial environmental review, has potential environmental damage. The League will not accept gifts of non-marketable real estate and generally will not accept time-shares.
- ii. Acceptable gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest.
- iii. Prior to acceptance of a gift of real estate, the League shall require a fair market value appraisal by a qualified appraiser and an initial environmental review of the property to ensure the property has no environmental damage. In the event the initial inspection reveals a potential environmental problem, the League may decline to accept the property or, may retain a qualified inspection firm to conduct a Baseline Environmental Assessment. The cost of the qualified appraisal, initial environmental review and the Baseline Environmental Assessment generally will be at the expense of the donor.
- iv. The League may accept a remainder interest in a personal residence, farm or vacation property.
- v. The League may accept gifts of closely-held entities that are engaged in the ownership, operation or management of real estate, provided that any tax or other financial obligations are known.
- vi. Prior to acceptance, all gifts of real estate will require the approval of the GAC, in consultation with the President and CEO and Sr. Director of Finance and Administration of the League. Criteria for acceptance of real estate shall include:
 1. Is the property useful for the purposes of the League?
 2. Is the property marketable?
 3. Are there any restrictions, reservations, easements, or other limitations associated with the property?
 4. Are there any carrying costs, which may include insurance, property taxes, etc., associated with the property?
 5. Foreseeable tax consequences, if any, to the League.

f. *Oil, Gas and Mineral Interests*

- i. Oil and gas property interests generally may be accepted. A working interest may be accepted only if potential liability and tax consequences are minimal, due to the form of ownership or as a result of an agreed-upon plan.

- ii. Prior to acceptance, all gifts of oil, gas and mineral interests will require the approval of the GAC, in consultation with the President and CEO and the Sr. Director of Finance and Administration of the League. Criteria for acceptance of oil, gas and mineral interests shall include:

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1. Gifts of surface rights should have a value of \$20,000 or greater.
2. Gifts of oil, gas and mineral interests should generate at least \$5,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
3. The property should not have extended liabilities or other considerations to make receipt of the gift inappropriate or inadvisable.
4. The property should undergo an initial environmental review to ensure that the League has no current or potential exposure to environmental liability.
5. Foreseeable tax consequences, if any, to the League.

g. *Bargain Sales*

- i. The commitment of funds by the League to acquire assets from a donor in a bargain sale transaction will require the approval of the GAC, in consultation with the President and CEO and Sr. Director of Finance and Administration of the League.
- ii. Generally, bargain sales will be approved only if the asset to be acquired is either one that will be useful to the League or can be readily disposed of for cash within a reasonable time.
- iii. Any assets proposed to be acquired by the League in a bargain sale transaction will be subject to those policies and procedures provided in these Gift Acceptance Policies and Procedures that would be applicable had the donor proposed to make a contribution to the League of that type of property. For example, if the asset to be acquired were an interest in real estate, the provisions of Paragraph 3e would be applicable.

h. *Intellectual Property*

- i. Prior to acceptance, all gifts of intellectual property such as royalties, copyrights, patents, contract rights, and similar intangible interests will require the approval of the GAC, in consultation with the President and CEO and Sr. Director of Finance and Administration of the League.
- ii. Consideration will be given to the appraised value of the intellectual property, the administrative costs involved in accepting such a gift, and whether the donor agrees to assign to the League all rights related to the intellectual property.

iii. Criteria for acceptance of intellectual property shall include:

1. Is it related to the mission of the League?
2. Whether ownership of the intellectual property right can clearly be transferred or assigned to the League.
3. Whether the intellectual property right is a full or fractional interest.
4. Whether any costs or administrative burdens are associated with acceptance of the intellectual property right.
5. Whether the donor has requested any restrictions on the retention or use of the property.
6. Foreseeable tax consequences, if any, to the League.

4. Types of Deferred Gifts

a. *Bequests and Trust Distributions*

- i. Donors are encouraged to make bequests to the League in their wills and trusts.
- ii. All bequests and trust distributions are subject to the League's Gift Acceptance Policies and Procedures.
- iii. Sample bequest language for restricted and unrestricted gifts, including endowments will be made available to donors and their attorneys to ensure that the bequest is properly designated. Donors will be urged to obtain the advice of a professional advisor to create a bequest that is in their best interest. Donors will also be invited to provide a confidential copy of that section of their estate plans naming the League as a beneficiary.

b. *Charitable Remainder Trusts:*

The League will accept designation as a remainder beneficiary of a charitable remainder trust. Generally, neither the League nor any of its officers will act as a trustee of a charitable remainder trust but will assist the donor in identifying a trustee acceptable to the donor and the League. In general, only corporate trustees will be found acceptable. If the League or any of its officers acts as a trustee, the League will use outside professional services to administer the trust, subject to guidelines established by the GAC.

c. *Charitable Lead Trusts:*

The League will accept designation as an income beneficiary of a charitable lead trust. Neither the League nor any of its officers will act as a trustee of a charitable lead trust but will assist the donor in identifying a trustee acceptable to the donor and the League.

d. *Retirement Plan Beneficiary Designations:*

Donors are encouraged to name the League as a charitable beneficiary of their retirement plans.

5. Miscellaneous

a. *Confidentiality*

Unless otherwise agreed between the League and an individual donor, the specifics of all gifts and transactions will remain confidential.

b. *Professional Advice*

The League will recommend all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

c. *Conflict of Interest*

- i. No program, agreement, trust, contract, or commitment shall be knowingly urged upon any prospective donor that would benefit the League at the expense of the donor's interests and welfare.
- ii. No agreement shall be made between the League and any agency, person, company or organization on any matter related to investments, management, or otherwise which knowingly jeopardize the donor's interest.

d. *Appraisals*

It is generally the responsibility of the donor to secure qualified appraisals (if required).

e. *Designation of Proceeds*

All gifts will be used according to the donor's stated wishes, unless the purpose is not in furtherance of the League's mission or is otherwise impractical. The League aspires to add undesignated bequests and mature trust gifts to the League Endowment. Undesignated bequests and matured trust gifts may be used to meet annual operational needs, in the discretion of the President and CEO and Sr. Director of Finance and Administration of the League.

f. *Gift Agreements*

- i. Agreements with donors as to gifts shall be loyally observed so long as, in the opinion of the Board of Directors, they do not conflict with the mission or proper administration of the League.
- ii. If, in the future, the purpose of the gift becomes unlawful, impracticable, or impossible to achieve, in the opinion of the Board of Directors, the Board of Directors shall apply the gift for such purposes as, in the Board's opinion, most closely fulfill the donor's intentions. The donor (or his or her personal representative or descendants if the donor is not then living and not more than 20 years have elapsed since the date of the original gift agreement) shall be consulted whenever possible.
- iii. All agreements with donors shall state that they are to be governed by the laws of the State of New York and any disputes relating to the application, construction, interpretation or enforcement shall be heard, decided and resolved in New York.

g. *Restrictions on Gifts*

- i. The League will accept gifts for specific programs and purposes, or subject to restrictions, provided that such gifts and restrictions are not inconsistent with the mission, purposes and priorities of the League. The League will not accept any major gifts that are too restrictive in purpose, too difficult to administer, or are for purposes outside the mission or priorities of the League, as determined by the Board of Directors upon the recommendation of the GAC.

6. Changes to Gift Acceptance Policies

These gift acceptance policies and guidelines have been reviewed and approved by the Board of Directors. Any amendments or modifications to, or deviations from, these policies may be made at the recommendation of the GAC and must be approved by the Board of Directors.

Exceptions to these policies may be made only by majority vote of the GAC.