

Crested Butte Music Festival Gift Acceptance Policy

The Crested Butte Music Festival, Inc. ("CBMF" or "the Festival"), a nonprofit organization organized under the laws of the State of Colorado, encourages the solicitation and acceptance of gifts to CBMF that will help the Festival further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to CBMF for the benefit of any of its programs.

Mission:

To present an annual festival of diverse music, opera and dance performed by outstanding artists, to inspire a greater appreciation of these art forms, and to help develop the performers of tomorrow.

1. Purpose and Scope

The Board of Directors of the Festival and its staff solicit current and deferred gifts from individuals, businesses/corporations and foundations to secure the future growth and mission of the Festival. These policies and guidelines govern the acceptance of gifts by CBMF and provide guidance to prospective and established donors and their advisors when making gifts to the organization. Positive relationships among all these parties are essential to CBMF's financial stability.

The goal of this gift acceptance policy is to uniformly treat donors and their gifts with full disclosure and provide guidelines for the acceptance of gifts for any Festival programs or services.

In CBMF's voluntary adoption of and commitment to well-recognized ethical standards and accounting practices, the Festival demonstrates that it is deserving of the public's trust.

2. Legal + Ethical Considerations

- a. Festival staff and board members cannot give accounting, tax or legal advice. All donors of gifts other than cash or publicly traded stock will be encouraged to consult with their advisors with respect to tax and estate planning consequences. CBMF will comply with the Model Standards of Practice for the Charitable Gift Planner disseminated by the National Committee on Planned Giving, shown as an appendix to this document.
- b. Where appropriate, CBMF will seek the advice of legal counsel in matters relating to the acceptance of gifts.
- c. Staff and board members must disclose any service as personal representatives or executors of a donor's estate in their annual Conflict of Interest statement.
- d. Staff and board members must disclose service as the executor, administrator, or trustee of any will or trust in which CBMF is named as a beneficiary in their annual Conflict of Interest statement.
- e. CBMF does not pay legal, accounting or appraiser fees for any future gift. The donor is responsible for securing an appraisal where required and independent legal counsel when necessary for all gifts made to the Festival.
- f. CBMF does not pay fees or commissions to any person or organization as consideration for directing a gift to the Festival.
- g. In accordance with the Association of Fundraising Professionals' Code of Ethical Principles & Standards of Professional Practice, no staff member is compensated based on a percentage of funds raised or on a contingent basis.
 - i. In compliance with Colorado law, no consultants may solicit funds for CBMF unless they are registered as a charitable solicitor. Individuals or companies acting as charitable solicitors are compensated on a project basis.

3. Administration

- a. Authority to Solicit and Receive Gifts
 - i. In general, CBMF Staff is authorized to accept gifts subject to the policies outlined herein. The Staff and Board of Directors are responsible for ensuring gifts are received in a manner consistent with these policies, compliant with State and Federal law and IRS Guidelines, and that they are in the best interest of the Festival.
 - ii. The Staff is responsible for reporting the receipt of all gifts on a periodic basis to the Finance Committee. The Finance Committee may also review proposed gifts that may fall outside the ordinary scope of Staff expertise, and will have the responsibility to consider and accept or reject more complex gifts.
 - iii. All contracts require the approval of the Executive Director and any contract above \$10,000 requires the approval of the President, per policy. This includes obligations related to grant funding. See section 5, item f for more information regarding grants.
- b. CBMF's gift accounting policies are in accordance with generally accepted accounting principles.
- c. The Development and Accounting departments manage gift processing according to internal procedures.
- d. Overall responsibility for assuring compliance with the requirements of this policy is assigned to the Executive Director.
- e. This policy remains in force until changed by the Finance and Committee.
- f. Refunds of donations are not generally permitted.

4. Donor Consideration + Acknowledgement

- a. The purpose of a gift must fall within the broad charitable purposes of the Festival. A charitable gift must mutually benefit the interests of both the Festival and Donor.
- b. CBMF reserves the right to accept or decline any proposed fund or gift.
- c. CBMF accepts both unrestricted gifts and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities.
- d. Restricted Gifts
 - i. CBMF will not accept gifts that are too restrictive in purpose, violate the terms of the CBMF corporate charter; too difficult to administer, or are outside the CBMF mission.
 - ii. If necessary, the Executive Committee, in consultation with the Executive Director, will make all final decisions on the restrictive nature of the gift and its acceptance or refusal.
 - iii. Endowments may be established with Finance and Executive Committee approval with the consideration of the following areas:
 1. Purpose
 2. Withdrawal Provisions
 3. Related Accounting Policies
 - iv. All restricted and unrestricted monies received by CBMF are put to immediate use as directed by the Treasurer. Please see section 8 for further information regarding the investment policy.
 - v. All income is recorded upon receipt of actual payment via check, cash or credit card authorization, with the following exceptions:
 1. Sponsorship Income is recognized upon receipt of a donor-signed pledge document. This is used as the basis for a receivable, which stands until the pledge is paid in full.

2. Prepaid Sponsorship and other Prepaid Donations: To avoid inflating annual income with monies to cover future periods, future year monies are not recognized as Annual Income in the current year. These monies are shown in the Restricted Reserve Account, and adjusted with an offsetting balance sheet account. However, we do issue the donors a tax letter documenting receipt of the total amount in year of donation.

e. Privacy

- i. All information concerning established and prospective donors for which there is a reasonable expectation of privacy is kept strictly confidential by Festival staff and board.
- ii. Only authorized CBMF staff and members of the Board are permitted to view donor files.
- iii. Donors who wish to be publically acknowledged as anonymous must state so at the time of the gift.
 1. According to IRS Manual Part 4, Chapter 76, section 51.11.2 (IRM 4.76.51.11), donors who give more than \$5,000 in a single year in cash or in-kind donations will appear on Schedule B of the organization's 990. Compliance with this federal requirement as a 501(c)(3) charity includes the names and addresses of donors.
- iv. Donors are welcome to request and receive a complete copy of their donation records.

f. Recognition + Acknowledgment

- i. CBMF will provide formal acknowledgments to donors meeting current IRS substantiation requirements for property received as a gift. Except for gifts of cash and publicly traded securities, no value shall be ascribed to any receipt or other form of substantiation of a gift received by CBMF.
- ii. Donor recognition and opportunities will adjust seasonally based on the ability/position of the organization.
- iii. Formal recognition of distinguished service to the Festival shall be issued on a seasonal basis reflective of fiscal year.

5. Types of Gifts

A charitable contribution, or gift, is defined as a voluntary donation of funds, property or assets without anticipated benefits beyond satisfaction from the performance of a generous act.

a. Cash or Cash Equivalents

CBMF accepts cash, credit card payments, checks or money orders made payable to the Crested Butte Music Festival.

- i. Donors who prefer to make monthly payments by check or cash may do so only under the condition that a credit card is retained on file.

b. Marketable Securities

The Festival will add the proceeds (sale price per share multiplied by number of shares minus sales expense) of marketable securities as a contribution to CBMF.

- i. The Festival will use a financial services company to govern the disposition of securities and will make all decisions regarding the sale of securities.
 1. It is the policy of CBMF to sell marketable securities in a timely manner upon receiving them.
- ii. If marketable securities are restricted by applicable securities law, the final determination of acceptance shall be made by the Finance Committee.

c. In-Kind Gifts

In-kind gifts refer to the donation of contributed services or assets.

- i. Contributed services are defined as specialized or professional skills.
 1. Services must create or enhance a nonfinancial asset, such as facility improvement or a chef donating time and services to an event.
 2. According to IRS Publication 526, the value of services given is ineligible for a tax-deduction.
 3. Costs incurred as a result of giving services are eligible for a deduction as long as the amounts are:
 - a. Unreimbursed and directly connected to services
 - b. Not personal, living, or family expenses
 4. Partial interest gifts include the use of a vacation home, free rounds of golf, free airline tickets, or stays at a hotel and are ineligible for a deduction.
- ii. Contributed assets are noncash assets that are donated to an organization such as property, food or supplies.
 1. Generally, the fair market value of the asset determines the amount of the charitable contribution.
 2. Assets are recognized when the value can be determined via an actual vendor invoice including the actual value of the donation or a calculation made by the staff based on fair market value.
 3. If the value of an item exceeds \$5,000, the donor is required to have an appraisal done by a qualified appraiser as determined by the IRS. Donors should consult their tax advisor.
 4. Acceptance of gifts of personal property shall be examined with the following criteria in mind:
 - a. Is the property relevant to the work of the Festival?
 - b. Are there any undue restrictions on the use, display, or sale of the property?
 - c. Does the gift come with future costs to CBMF such as maintenance, repair, or preservation costs?
 5. Auction and Special Events
 - a. To receive a deduction for a donation of property to an auction, the item must sell. Receipts for donated items will be provided after the conclusion of the auction and will describe, without indicating value, what was given.
 - b. There can be no listing of an item as "priceless," unless there is no desire or intent to provide the winning bidder or item donor with a possible tax-deduction.

d. Bargain Sales

- i. The Festival does not generally participate in bargain sales. Should a bargain sale opportunity arise, the Executive Director should consult with the Finance Committee.

e. Pledges

- i. Pledges are considered on a case-by-case basis.
- ii. Pledges may be fulfilled on a schedule established by the donor over a specified period.
- iii. Donors should consult their tax advisor prior to entering into a pledge.
- iv. Multiyear pledges for major gifts are encouraged, but generally over a period not to exceed five years. Donors should complete and sign a gift or pledge agreement form detailing the purpose of the gift, payment

schedule and how they wish their names to appear in donor-recognition materials.

f. Grants

- i. All grant funds given to CBMF are to be spent in accordance with the funding agreement as specified by each grant.
- ii. Prior to submission of a grant proposal, the Executive Director is responsible for verifying that the Festival can use the funds as requested.

g. Prohibited Transactions

CBMF will not accept property or gifts that would jeopardize its tax-exempt status, its status as a 501(c)(3) charitable organization, or expose it to expenses for which no source of funds has been identified.

6. Planned Gifts

a. Gifts by Will or Living Trust

The Festival encourages donors and supporters to make bequests to CBMF in their wills and trusts. The Festival encourages such donors to contact CBMF during their lifetime to discuss their charitable intent. Donors are encouraged to consult a professional advisor for additional assistance.

b. Gifts of Life Insurance

Gifts involving life insurance should be referred to the Finance Committee for review.

- i. The donor may choose to give a life insurance policy irrevocably designating CBMF as owner and beneficiary and further pledge to make annual gifts in the amount of the annual premium. Premiums would then be paid by CBMF.
- ii. The Festival can also be designated as a percentage beneficiary of a life insurance policy owned by the donor.
- iii. The Festival also accepts tax-deductible gifts of insurance policy dividends.

c. Charitable Remainder Trust

The Festival may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Executive Committee.

- i. The Festival will not accept appointment as Trustee of a charitable remainder trust.

d. Charitable Lead Trust

CBMF may accept designation as income beneficiary of a charitable lead trust with the approval of the Executive Committee.

- i. The Festival will not accept appointment as Trustee of a charitable lead trust.

e. Gift Annuities

- i. CBMF does not participate in gift annuities.

f. Retirement Plan Beneficiary Designation

Opportunities for the CBMF to be named as a Retirement Plan Beneficiary should be directed to the Finance Committee.

g. Real Property

If a donor wishes to contribute real property or an interest in real property to the Festival, whether as an outright gift or through a deferred giving arrangement, the Board of Directors shall consider all facts and circumstances whether to recommend accepting the gift. Donors should always be advised to confer with their own counsel to review the terms of the gift.

- i. Considerations:
 - Policies for the Acceptance of Gifts of Real Estate
 - Who has the Authority to Accept Gifts of Real Estate
 - Conditions for Acceptance
 - Conditions Affecting Acceptance
 - Procedure for Acceptance
 - Hazardous Waste Considerations
 - Grant Deed
 - Internal Revenue Service Form 8283
 - Internal Revenue Service Form 8282
 - Maintenance, Upkeep, Insurance, etc.

h. Life Estates

- i. Considerations:
 - Simple Life Estate Agreements
 - Cost Recovery
 - Documentation of Acceptance of Property
 - Death of Donor
 - Exception Procedure

7. Gifts That May Require Additional Review or Approval

Certain gifts including real property, non-liquid securities, life estates and contributions whose sources are not transparent or whose use is restricted in some manner must be reviewed by the Finance Committee and Executive Committee prior to acceptance due to the special obligations raised or liabilities they may pose for CBMF.

The Festival reserves the right to expand this policy at a later time in keeping with the guidelines for changing policy.

8. Miscellaneous Provisions

a. Valuation

The Festival will record a gift received by the Festival at its valuation for gift purposes on the date the gift is completed.

b. Investment of Gifts

- i. The Board of Directors reserve the right to make any or all investment decisions regarding gifts received.
- ii. In making a gift to the Festival, donors give up the right to choose investments, investment managers, and brokers or to veto investment choices for their gifts.

c. Changes to Gift and Fund Acceptance Policies

- i. The Board of Directors of the Festival, as recommended by the Executive and Finance Committees, has accepted these policies and guidelines. The Board of Directors must approve any changes to or deviations from these policies.
- ii. Exception: when IRS regulations change, the then-current IRS policies shall become part of these policies replacing those attached the day of initial approval of the Board of Directors, without action of the Board.

Approved on the 22nd day of **February**, 2017.

//end