

Opera Theatre of Saint Louis
Gift Acceptance Policy

Mission

Opera Theatre of Saint Louis is committed to opera as a contemporary art form and, to that end, produces a varied operatic repertory in its annual spring festival season; functions as the regional training center for young people beginning careers in all aspects of opera production; and serves as a year-round educational resource, providing programs for people of all ages throughout the St. Louis area.

Purpose

The Board of Directors of Opera Theatre and its staff solicit current and deferred gifts from individuals, corporations, foundations and other agencies to secure the future growth and mission of Opera Theatre. These policies and guidelines govern the acceptance of gifts by Opera Theatre and provide guidance to prospective donors and their advisors when making gifts to Opera Theatre. The provisions of these policies shall apply to all gifts received by Opera Theatre for any of its programs or services. Any type of giving not presented in these guidelines will be evaluated on a case-by-case basis by the senior staff of Opera Theatre and presented to Opera Theatre's Finance Committee for final approval.

Use of Legal Counsel

Opera Theatre shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by legal counsel is recommended for:

- Closely held stock transfers that are subject to restrictions or buy-sell agreements
- Documents naming Opera Theatre as Trustee
- Gifts involving contracts, such as bargain sales or other documents requiring Opera Theatre to assume an obligation
- Gifts involving an appraisal or decision with regard to disposition of the gift in a manner that may impact the tax basis of the donor. Appraisals are the responsibility of the donor and will not be provided by Opera Theatre.
- Transactions with potential conflict of interest.

Legal and professional fees incurred in connection with a gift normally are the responsibility of the donor.

Opera Theatre will urge 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.

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Restrictions on Gifts

Opera Theatre will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts and the donor's intentions with respect to the gifts are consistent with its stated mission, purposes and priorities. Normally, Opera Theatre will not accept gifts that are too restrictive in purpose, too difficult to administer, gifts where complete control is not relinquished, gifts that involve unreasonable legal or financial risk, or gifts that are for purposes outside Opera Theatre's mission. All final decisions on accepting or declining gifts that do not conform to this policy shall be made by the Finance Committee.

Planned gifts over the value of \$1,000 which are not restricted by the donor to a specific fund will be transferred to the Board Designated Endowment unless otherwise approved by the Executive Committee or Board of Directors.

Types of Gifts

Subject to the right of the Finance Committee to decline any gift for the reasons set forth above, the policy of Opera Theatre with respect to various types of gifts is as follows:

Cash

Opera Theatre will accept gifts paid by cash, check or credit card. Checks should be made payable to Opera Theatre of Saint Louis.

Publicly Traded Securities, Mutual Funds and Bonds

Opera Theatre will accept gifts of securities traded on the New York Stock Exchange, American Stock Exchange, NASDAQ or other publicly traded securities which may be immediately liquidated at a published price on any business day. Normally, these assets will be sold as soon as ownership is transferred to Opera Theatre. The value of the gift is determined by averaging the high and low price of the assets on the date of their transfer to Opera Theatre.

Closely Held Securities and other Special Assets

It is against Opera Theatre's investment policy to hold non-publicly traded securities, including partnership interests, and similar assets. These gifts will normally be accepted only if the donor can demonstrate an estimated fair market value and reasonable liquidity. Once senior management has evaluated these factors, approval must be obtained from the Finance Committee. No gift involving assumption of liabilities will be accepted without the approval of the Finance Committee. The value of these gifts will be determined using an independent appraisal and any applicable I.R.S. guidelines.

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Tangible Personal Property

Generally, Opera Theatre will not accept unsolicited personal property unless the fair market value of the gift, as demonstrated by accompanying independent appraisal, is at least \$5,000. Such an appraisal shall be in a form acceptable to the I.R.S. and the cost of such appraisal shall be borne by the donor unless otherwise agreed in advance. Opera Theatre intends to sell all such property and will file notice of such sale with the I.R.S. Since under certain conditions the sale of the property may affect the amount of the deduction available, donors should seek counsel from their tax advisers with respect to any such gift. While every effort will be made to sell the property in the same tax period as the donation, Opera Theatre cannot guarantee this result, particularly where the property comes into its possession relatively late in the year.

Normally a gift will be valued based on the independent appraisal, subject to I.R.S. guidelines.

Gifts of tangible personal property to be sold as auction items at fundraising events will be accepted at the discretion of management. The valuation of such gifts is the responsibility of the donor.

Real Estate (Residential and Commercial)

Real estate can only be accepted after the approval of Opera Theatre's Finance Committee. All real property donated to Opera Theatre should have a reasonable potential for liquidation. Normally, no gift involving the assumption of liabilities, including mortgages or other significant liens will be accepted.

Prior to acceptance of a proposed real estate gift the donor should provide the following to Opera Theatre. Unless otherwise agreed the cost of such materials should be borne by the donor:

- Independent Member of the Appraisal Institute (MAI) Appraisal of Property
- Independent Environmental Study of Property, the scope of work to be determined by Opera Theatre
- Form of Proposed Real Estate Deed
- Most Recent Real Estate Tax Bill
- Plat Plan
- Confirmation of Zoning Status
- Title Commitment

Gifts normally will be valued based on the independent MAI appraisal, subject to applicable I.R.S. guidelines.

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Charitable Gift Annuities and Deferred Charitable Gift Annuities

Opera Theatre encourages gift annuities as a way to secure its long-term financial stability and goals. Upon submission of a charitable gift annuity to Opera Theatre the donor normally must meet the following criteria:

- Donor must be at least 50 years of age or agree to defer payments until the age of 50.
- Annuity should include no more than two (2) beneficiaries.
- Minimum gift annuity level is \$25,000. Proposed gift annuities of lesser value will be subject to approval by Opera Theatre's Finance Committee.

Opera Theatre will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. Opera Theatre may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities where there is at least a five-year period before the commencement of the annuity payment date, the value of the property is reasonably certain and no material liability is attached to the asset.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. All administrative and trustee fees shall be paid from the income earned on the charitable gift annuity. Opera Theatre will hire a qualified fiduciary trustee to manage these assets. Opera Theatre will never act as trustee. Once the annuity payments have terminated, the fund representing the remaining principal contributed in exchange for the gift annuity shall be transferred to Opera Theatre's general endowment funds, or to such specific fund as designated by the donor and agreed to by Opera Theatre.

Payout rates will not exceed the American Council on Gift Annuities' recommended rate schedule.

Charitable Remainder Trusts

Opera Theatre may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Finance Committee. Opera Theatre will not accept an appointment as Trustee of a charitable remainder trust. Such designations will not be recorded as gifts until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

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Charitable Lead Trusts

Opera Theatre may accept designation as income beneficiary of a charitable lead trust with the approval of the Finance Committee. Opera Theatre will not accept an appointment as Trustee of a charitable lead trust.

Such designations will not be recorded as gifts until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Retirement Plan Beneficiary Designations:

Donors are encouraged to name Opera Theatre as beneficiary of their retirement plans. Such designations will not be recorded as gifts until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

Bequests

Donors and supporters of Opera Theatre are encouraged to make bequests to Opera Theatre under their wills and trusts. Such bequests will not be recorded as gifts to Opera Theatre until such time as the gift is irrevocable. However, Opera Theatre strongly urges donors to notify the organization of such gifts so that the donor may be recognized during his/her lifetime.

Life Insurance Policies

Donors and supporters of Opera Theatre are encouraged to name Opera Theatre as beneficiary or contingent beneficiary of their whole and variable life insurance policies. Opera Theatre strongly encourages the donor to name Opera Theatre as both owner and beneficiary of such life insurance policies. If all premiums have not been paid, a policy can still be accepted if the donor can make contributions to Opera Theatre to help offset the monthly premium cost that Opera Theatre will assume. Normally, Opera Theatre does not accept term life insurance policies.

Other

Other gifts will be considered based on the principles set forth in this Policy.

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Miscellaneous Provisions

Endowment Funds

Opera Theatre will permit donors to establish a new endowment fund to honor a person or to fulfill a specific purpose or activity. These funds are evaluated on a case-by-case basis. In order to establish a “separated fund,” a minimum gift should be \$1,000,000 to help offset the additional investment, administrative, and accounting costs of managing and reporting on separate funds.

For gifts which individually or in the aggregate fall below the threshold for establishing an endowment fund, Opera Theatre will record such contributions in the fund relating most closely to the program or activity which reflects the donor’s intent. If there are no matching programs or activities, these funds will be recorded into Opera Theatre’s general endowment fund with a notation of intent.

It is the policy of Opera Theatre to retain and/or use restricted gifts for those activities or programs specifically identified by the donor. In the event the activity and/or program for which a restricted gift is made ceases to exist for a period in excess of two consecutive fiscal years, Opera Theatre will consult with the donor or a representative of the donor to identify a related activity for use of the funds. If the donor or representative is not available, Opera Theatre may choose to release said restricted funds into the General Endowment Fund upon Board approval. This policy will be included in the written acceptance letter accompanying any significant gift restricted for permanent endowment.

Gift Acknowledgement

The development department of Opera Theatre will provide written documentation of all donations. Consistent with requirements of the I.R.S., every January, donors will receive an annual confirmation documenting the specifics of their gift(s) for the calendar year.

Naming Opportunities

Certain naming opportunities may present themselves in relation to gifts solicited for an endowment or capital campaign. In these instances, Opera Theatre reserves the right to wait until at least 50% of a pledge has been paid before ordering appropriate signage or making public acknowledgement of the gift.

Legal Advice to the Donor

The Internal Revenue Code contains complex provisions dealing with the deductibility and the level of deductibility of charitable gifts. Consequently, Opera Theatre recommends that donors seek legal advice prior to making a major gift to it or to any charitable organization.