

SITAR ARTS CENTER GIFT ACCEPTANCE POLICY



Adopted by the Board of Directors on June 18, 2025

INTRODUCTION

Sitar Arts Center is grateful for its donors who support our mission to:

Engage DC youth, from early childhood to young adulthood, in building a creative community of learning and belonging that removes financial and cultural barriers to arts education and career training.

This Gift Acceptance Policy outlines the principles and guidelines that govern Sitar's solicitation, acceptance, and recognition of charitable contributions. This policy aims to ensure ethical stewardship of donated resources, maintain compliance with all applicable legal and regulatory requirements, and foster positive relationships with our valued donors. We encourage donors to seek independent legal and financial counsel when considering a gift, particularly those involving complex tax and estate planning matters.

GOVERNANCE AND OVERSIGHT

Sitar Arts Center staff will serve as the primary point of contact for all gifts and will be responsible for the initial review and receipt of donations made to Sitar. The Executive Director and Chief Development Officer are responsible for ensuring compliance with this policy and are authorized to approve the acceptance of standard gifts.

Certain types of gifts may present unique liabilities and may require review prior to acceptance. In such instances, the Executive Director will collaborate with the Finance Committee and Executive Committee of the Board of Directors to evaluate non-standard gifts and resolve any questions regarding their acceptance.

Sitar will seek the advice of legal counsel when deemed necessary for matters related to gift acceptance.

Sitar adheres to a Board-approved Conflict of Interest Policy and a Donor Privacy Policy. The organization's finances are subject to an annual independent audit. Sitar's audited financial statements and IRS Form 990, as well as these policies, are publicly available at www.sitarartscenter.org.

Sitar is a nonprofit organization incorporated under the laws of the District of Columbia and is tax-exempt under section 501(c)(3) of the Internal Revenue Code, with tax ID # 52-2113471.

The Development Committee of the Board of Directors will periodically review this Gift Acceptance Policy to ensure its relevance. The Board of Directors reserves the right to amend this policy as deemed necessary, with any revisions becoming effective upon their approval.

GIFT ACCEPTANCE CRITERIA

Sitar Arts Center will generally accept donations that are clearly designated to Sitar Arts Center from individuals, corporations, foundations, government agencies, or other entities, without limitations, provided they align with the criteria outlined in this section.

There may be instances when a gift carries current or potential conditions worthy of special consideration. Sitar considers the following factors when evaluating these gifts:

- **Mission Alignment:** Does the gift support Sitar's mission?
- **Administrative Burden:** Can Sitar manage the gift effectively?
- **Financial Impact:** Are there hidden costs or liabilities associated with the gift?
- **Donor Intent:** Are there gift restrictions incompatible with Sitar's mission?
- **Community Impact:** Does the gift align with Sitar's values?

Sitar Arts Center may decline gifts that:

- Would jeopardize the organization's 501(c)(3) status
- Include unacceptable restrictions or conditions
- Create significant liability or negative impact
- Create excessive administrative burden relative to value

Sitar Arts Center also reserves the right to decline any gift that is deemed to conflict with the organization's mission or values, or falls outside the organization's mission scope, at the discretion of management.

If a gift cannot be accepted, the organization will promptly inform the donor regarding the decision.

GIFT TYPES AND PROCEDURES

Readily Accepted Gifts

The following gifts typically do not require special review:

- **Cash and Cash Equivalents**
 - Accepted by check, electronic transfer, credit card, or online platforms
 - Documented with standard receipt procedures
- **Marketable Securities**
 - Transferred electronically to Sitar Arts Center's brokerage account
 - Are sold upon receipt
 - Valued at average market value on date of transfer
- **Cryptocurrency**
 - Accepted only through donor-advised funds or other qualified third parties that provide tax benefits to donor
 - Converted to cash before transferred to Sitar

- Must comply with relevant regulations
- **Pledges**
 - Unconditional and conditional promises to give future gifts of cash, cash equivalents, or marketable securities
 - Documented in charitable pledge agreement outlining the terms, payment schedule, and donor recognition provisions
 - Recorded according to GAAP standards
- **Bequests and Beneficiary Designations**
 - A deferred gift naming Sitar Arts Center as the beneficiary of a will, life insurance policy, or retirement plan
 - Documented and acknowledged upon notification
- **In-Kind Contributions**
 - Services, products, and other non-cash contributions that support Sitar's mission
 - The donor is responsible for valuation of the gift and any appraisal costs

Gifts Requiring Review

The following gifts require review by designated leadership before acceptance:

- **Real Estate**
 - Environmental review by qualified inspection firm required prior to acceptance
 - Assessment of marketability and carrying costs
 - Legal review of covenants, conditions, restrictions, reservations, easements, encumbrances, or other limitations associated with the property
 - Clear title verification
- **Closely Held Securities**
 - Assessment of marketability and restrictions
 - Consideration of tax implications
 - Review of potential liabilities
- **Tangible Personal Property**
 - Evaluation of mission relevance
 - Assessment of maintenance and display requirements
 - Determination of holding or liquidation strategy
- **Life Insurance**
 - Sitar Arts Center must be named as owner and beneficiary
 - The donor must agree to pay all future premiums before their due date
 - Evaluation of policy value
- **Charitable Remainder Trusts, Charitable Gift Annuities, and Charitable Lead Trusts**
 - Accepted when Sitar Arts Center is designated as a remainder beneficiary
 - Must be irrevocable
 - Assessment of management capacity
- **Gifts Designed to Establish Endowment Funds or Restricted Funds**
 - Fund named and restricted on the use of the income or principal of the fund by a donor or group of donors
 - Invested at the discretion of the Board of Directors
 - Minimum gift required (contact Sitar staff for current thresholds)

GIFT AGREEMENTS AND DOCUMENTATION

Sitar Arts Center is committed to using all gifts in accordance with the documented intentions outlined by the donor and any mutually agreed-upon restrictions.

Formal agreements ensure clarity for certain gifts.

Gift Agreements

- Required for all restricted contributions
- Outline terms, restrictions, and recognition plans
- Ensure alignment of donor intent and organizational needs
- Gift agreements may take the form of grant award letters, pledge forms, reply cards, or other documents; sample agreements available upon request

Sitar Arts Center maintains thorough and confidential records of all gifts.

Documentation Standards

- Record all gifts at fair market value on receipt date
- Provide written acknowledgments as required by IRS
- Maintain secure and confidential donor files per Sitar's Donor Privacy Policy
- Report annually on gift use, as appropriate

DONOR RECOGNITION AND STEWARDSHIP

Sitar Arts Center is committed to ethical fundraising practices and ensuring donor trust in all aspects of gift acceptance and stewardship. We acknowledge donor generosity appropriately and in compliance with regulations.

Recognition Practices

- Provide written acknowledgments meeting current IRS requirements
- Offer recognition aligned with gift level
- Consider naming opportunities per established guidelines
- Respect donor requests for anonymity

We strive to be transparent and accountable in our use of donor contributions.

Stewardship Commitment

- Communicate regularly on the impact of gifts
- Adhere to terms of restricted gifts
- Manage finances responsibly