

## Patronage Supports the Arts

January 25, 2025

I invite you to consider the great Patrons of old did not receive tax write-offs. The ancient Greek oligarchs were required by the Senate to fund the performances in the amphitheatres for the benefit of the public. The Roman Maecenas was patron of the epic poet Virgil, Cangrande della Scala of Dante, Lorenzo de' Medici of many artists and painters, none of them received tax write-offs. They chose artists they judged worthy of civilization, for the good of the culture, mutually served it together. The Patrons received the lasting glory of their munificence and name.

The Parliament of Poets, Celebrates Our Common Humanity, Peace and Global Community. Apollo, the Greek god of poetry, calls all the poets of the nations, ancient and modern, East and West, to assemble on the moon to consult on the meaning of modern life. The Parliament of Poets sends the main character, the Poet of the Moon, on a Journey to the seven continents to learn from all of the spiritual and wisdom traditions of humankind.

See the impact of your Donation on stage.

Please help Apollo's Troupe, LLC reach its \$100,000 Goal for Patron Donations or Gifts to perform again in San Francisco, near Union Square, 8 to 12 weeks (See below\*). Share with anyone you think might be interested.

**Paypal Donation Page for Apollo's Troupe, LLC - EIN: 83-3830889**

[https://www.paypal.com/donate/?hosted\\_button\\_id=YHZQYM98A3JY8](https://www.paypal.com/donate/?hosted_button_id=YHZQYM98A3JY8)

**By check**, specify Donation or Gift on the memo line payable to Apollo's Troupe, LLC, 5224 Aintree Road, Rochester, MI 48306

\*Under IRS regulations donations to LLCs are not tax deductible for the donor. Apollo's Troupe pays 20% or more tax on a Schedule C, if not off-set by expenses, while gifts for LLCs are not taxed. Donor gifts see below. Consult with your accountant for your own tax situation. GPT4 Details below.

Thank you for your Patronage,

**Frederick Glaysher**

**Apollo's Troupe**

5224 Aintree Road

Rochester, MI 48306

Apollo's Troupe webpage

[https://earthrisepress.net/apollos\\_troupe.html](https://earthrisepress.net/apollos_troupe.html)

[ApollosTroupe@Fastmail.com](mailto:ApollosTroupe@Fastmail.com)

**\*Query to GPT4:** For a theatre company that is a for-profit LLC, how can one determine what is a donation and what is a gift according to IRS regulations?

**GPT4** returned:

For a theater company that is a for-profit LLC, distinguishing between a donation and a gift according to IRS regulations is critical because each has different tax implications. Here's how to determine the classification:

## 1. Definitions Under IRS Regulations

### **Donation:**

A donation to a for-profit LLC is generally treated as income and is not tax-deductible for the donor. Donations are typically given to support the business or its activities, often with an expectation (explicit or implied) of benefits or recognition.

### **Gift:**

A gift is a transfer of money or property made out of detached and disinterested generosity, with no expectation of receiving anything in return. The IRS distinguishes gifts from payments made with a business purpose or for services rendered.

## 2. Key Factors in Determining Classification

### A. Motive of the Donor

**Gift:** If the contribution is made purely as an act of generosity, without any expectation of benefits (e.g., tickets, recognition, or advertising), it may be classified as a gift.

**Donation:** If the contribution is made with an expectation of promoting the donor's interests (e.g., publicity, sponsorship) or supporting the company's operations, it is treated as taxable income.

### B. Exchange of Goods or Services

**Gift:** No goods, services, or tangible benefits are provided in return.

**Donation:** If the donor receives anything of value (e.g., tickets to a performance, acknowledgment in a program), the contribution is not a gift.

### C. Documentation and Intent

Clear documentation stating the purpose of the contribution is crucial.

**Gift:** The donor explicitly states that the contribution is a personal gift with no expectations attached.

**Donation:** The contribution is designated to support the business's goals or activities, often with terms outlining its use.

### 3. Tax Implications

Page 2

**Gifts:** Gifts are not taxable income to the LLC. The donor may be subject to gift tax rules if the amount exceeds the annual exclusion (\$17,000 in 2024). If an individual donates more than the annual gift tax exclusion (\$17,000 in 2024) to the LLC, the donor may need to file a gift tax return (IRS Form 709). This typically applies only to significant contributions.

**Donations:** Treated as taxable income for the LLC and must be reported as such on the business's tax return. Not tax-deductible for the donor.

### 4. Practical Examples

Scenario      Classification Why?

An individual gives \$500 to the LLC to support a production with no benefits in return.

Gift: Given out of generosity, with no return benefit.

A company contributes \$1,000 and receives an ad in the program in return.

Donation: Contribution tied to receiving advertising benefits.

A patron donates \$100 and receives a ticket valued at \$50.

Donation: Payment partially offsets a tangible benefit.

A family member gives \$5,000 to help fund the business, with no repayment expected.

Gift: No expectation of goods, services, or return.

### 5. Best Practices for For-Profit LLCs

**Clarify Terms:**

Clearly communicate to contributors whether they are giving a gift or making a donation to support the company.

**Provide Receipts:**

Acknowledge contributions in writing but avoid language suggesting tax-deductibility unless working with a fiscal sponsor.

**Maintain Records:**

Document the intent of contributions and retain any relevant correspondence to substantiate their classification.

**Consult Professionals:**

Work with a tax advisor to ensure proper classification and compliance with IRS rules. By evaluating the donor's intent, the nature of the exchange, and the documentation, a theater company can accurately determine whether a contribution is a gift or a donation and handle it appropriately.

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