FEATHER RIVER RAIL SOCIETY
STANDARD OPERATING PROCEDURE

GIFT ACCEPTANCE POLICIES AND GUIDELINES

Effective Date:	1/31/2025	*Legal Review Date:*	
Next Review Date:	1/31/2030		
Replaces:	1/31/2030		PM0032

The Feather River Rail Society ("FRRS"), a not for profit organization organized under the laws of the State of California, encourages the solicitation and acceptance of gifts to, or for the benefit of, the FRRS for purposes that will help the FRRS to further and fulfill its mission.

The mission of the FRRS is to establish a model of thoughtful use and volunteer stewardship for the Western Pacific Railroad that will assure their conservation in a natural state while providing an exceptional railroad museum asset that is maintained and cared for by the volunteers and members of the FRRS.

The FRRS's Board of Directors have a fiduciary duty to assure that the FRRS's assets are used efficiently and protected from potential liabilities and diversion to purposes other than those that further the FRRS's goals. The following policies and guidelines govern acceptance of gifts made to the FRRS or for the benefit of any of its programs.

I. *Purpose of Policies and Guidelines*

The Board of Directors of the FRRS and its staff solicit current and deferred gifts from individuals, corporations and foundations to secure the future growth and mission of the FRRS. We appreciate donors' consideration of any gift to the FRRS. In all matters involving current and prospective donors, the interest of the donor is important to the FRRS.

Please call or contact the Feather River Rail Society if you have any questions or if you wish to discuss any aspect of this policy.

These policies and guidelines govern the acceptance of gifts by the FRRS and provide guidance to prospective donors and their advisors when making gifts to the FRRS. The provisions of these policies apply to all gifts to the FRRS for any of its programs. Gifts will be accepted only if they do not interfere with the FRRS's mission, purpose and procedures.

The FRRS shall accept only such gifts as are legal and consistent with its organizational policy. While the FRRS does not provide tax advice, every effort will be made to assist donors in complying with the intents and purposes of the Internal Revenue Service in allowing charitable tax benefits.

Key principles include safeguarding the confidentiality of the donor relationship, providing full disclosure to the donor and ensuring that gifts are recorded, allocated and used according to the donor intent and designation.

II. ***General Policies Relevant to All Gifts***

A. ***Use of Legal Counsel***
The FRRS shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate.

Review by counsel is recommended for:

1) Closely held stock transfers subject to restrictions or buy-sell agreements.
2) Documents naming the FRRS as trustee.
3) Gifts involving contracts, such as bargain sales or other documents requiring the FRRS to assume an obligation.
4) Transactions with potential conflict of interest that may involve IRS sanctions.
5) Other instances in which use of counsel is deemed appropriate by the gift acceptance committee.

B. ***Conflict of Interest***
The FRRS will urge all prospective donors to seek the assistance of independent personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The FRRS, its volunteers, employees and agents are prohibited from advising donors about the tax consequences of their donations. Gifts are also subject to the provisions of other FRRS policies, including adopted Conflict of Interest policies.

The FRRS makes every effort to ensure accepted gifts are in the best interests of the organization and the donor. The FRRS works to follow the Donor Bill of Rights adopted by the Association of Fundraising Professionals (AFP) and other professional organizations.

C. ***Restrictions on Gifts***
The FRRS will accept unrestricted gifts, and gifts for specified programs and purposes, provided that such gifts are consistent with its stated mission, purposes and priorities. The FRRS will not accept gifts that are too restrictive in purpose. Gifts for purposes that are not consistent with FRRS's mission or consistent with its current or anticipated future programs cannot be accepted. Examples of gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer or gifts that are for purposes outside the mission of the FRRS. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Archive Manager, and/or if a gift acceptance committee of the FRRS is established, it should be consulted on the acceptance of donations

D. ***The Gift Acceptance Committee*** (should one be established)
The gift acceptance committee shall consist of:

1) The FRRS President,
2) The Historical/Archive Department head,
3) The FRRS Secretary and
4) Legal counsel (if necessary).

The gift acceptance committee is charged with the responsibility of reviewing all large gifts proposed to be made to the FRRS, over $5,000.00 by properly screening, accepting or rejecting those gifts and making recommendations to the board of directors on gift acceptance issues when appropriate.

The Historical/Archive Department head may accept any gifts up to $5,000.00 without approval of the gift acceptance committee.

Boat and vehicles donations may be approved by either the FRRS President or the Historical/Archive Department head as long as they meet the above requirements.

E. ***Establishing the Value of Donated Property***

It is the policy of the FRRS to comply fully with the valuation rules set out in Publication 561 of the Internal Revenue Service and the relevant income, gift and estate tax laws and regulations. Copies of Publication 561 are available at www.irs.gov. Property contributed to the FRRS that has a value in excess of $5,000 must be accompanied by an appraisal unless it consists of (i) cash, (ii) marketable securities, (iii) closely held securities with a value of $10,000 or less, (iv) a vehicle or boat, the value of which will be determined by its sale, (v) intellectual property such as a copyright or patent, (vi) stock-in-trade, inventory or other property that would otherwise be held by the donor for sale to customers in the ordinary course of the donor's business or (vii) property contributed by a corporation that constitutes a "qualified contribution," as described in Section 170(e)(3)(A) of the Internal Revenue Code of 1986, that will be used for the care of the ill, needy or infants.

The fee for the appraisal may not be based on the value of the appraised property, and the appraiser must be "qualified," as that term is used in IRS Publication 561. A "qualified appraiser" is one who is ordinarily in the business of appraising similar property, has appropriate educational and experiential background, who performs appraisals for many different people and purposes (and not primarily either for the FRRS or for the donor) and who is not employed by the FRRS, the donor, any relative of the donor or any entity controlled by the donor or members of the donor's family.

Duplicate originals of each appraisal should be prepared, one for the FRRS and one for the donor. The FRRS reserves the right to alter the value of property contributed to it on the books and records of the FRRS for accounting, tax-reporting, annual fund record-keeping or any other purpose if developments after the completion of the gift or information that comes to the attention of the FRRS after the gift is completed are determined, in the discretion of the gift acceptance committee or FRRS's auditors, to merit such an alteration.

F. ***Tax Compliance***

The FRRS's policy is to comply with Internal Revenue Service reporting requirement and all other aspects of state and federal tax law.

III. ***Types of Gifts***

The following gifts are acceptable but not intended to represent an exclusive list of appropriate gifts:

- Cash
- Tangible personal property, (may including boats and vehicles), Railroad items and collectibles
- Securities
- Real estate
- Remainder interests in property
- Oil, gas and mineral interests
- Bargain sales
- Life insurance
- Charitable gift annuities
- Charitable remainder trusts
- Charitable lead trusts
- Retirement plan beneficiary designations
- Bequests
- Life insurance beneficiary designations

The archive manager and/or gift acceptance committee of the FRRS shall make the final determination on the acceptance or rejection of gifts of all forms and inform the FRRS Board of such determinations in a timely manner as necessary

The following criteria govern the acceptance of each gift form:

1) **Cash**. Cash refers to cash equivalents, including checks, money orders, currency/coin and credit card payments. Checks or money orders shall be made payable to "Feather River Rail Society", shall appropriately identify the donor or donors and be delivered to the FRRS's administrative offices.

Wire and Electronic Funds Transfer (EFT) can usually be arranged with the FRRS staff. If a matching gift company or workplace giving company wants to send and ACH/EFT every week instead of a check, these must be authorized by the cash receipting manager at the FRRS before the enrollment form is sent back to the constituents.

2) **Tangible Personal Property**. All other gifts of tangible personal property shall be examined in light of the following criteria:

- Does the property fulfill the mission of the FRRS?
- Is the property marketable?
- Are there any undue restrictions on the use, display or sale of the property?
- Are there any carrying costs for the property?

3) **Securities**. FRRS can accept both publicly traded securities and closely held securities.

- **Publicly Traded Securities**. Marketable securities may be transferred to an account

maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the investment committee. In some cases, marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the gift acceptance committee of the FRRS.

• **Closely Held Securities**. Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted. Such gifts, however, must be reviewed prior to acceptance to determine that:

a) there are no restrictions on the security that would prevent the FRRS from ultimately converting it to cash,
b) the security is marketable and
c) the security will not generate any undesirable tax consequences for FRRS.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The gift acceptance committee of the FRRS with the advice of legal counsel shall make the final determination on the acceptance of closely held securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

4) **Real Estate**. Gifts of real estate may include developed property, undeveloped property or gifts subject to a prior life interest. Prior to acceptance of real estate, the FRRS shall require an initial environmental review of the property to ensure that the property has no environmental damage or potential liability. In the event the initial inspection reveals a potential problem, the FRRS shall retain a qualified inspection firm to conduct an environmental audit. Non-residential properties shall definitely require a Phase I audit. The cost of environmental audits shall generally be an expense of the donor.

When appropriate, a title insurance binder shall be obtained by the FRRS prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor. Prior to acceptance of real property, the gift shall be approved by the gift acceptance committee with the advice of FRRS's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of FRRS?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

5) **Remainder Interests in Property**. The FRRS will accept a remainder interest in a personal residence, farm or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of their stated life or lives. Upon termination of the life interest, the FRRS may use the property or reduce it to cash. Where the FRRS receives a gift of a remainder interest, expenses for maintenance, real estate taxes and any property indebtedness are to be paid by the donor or life tenant(s).

6) **Oil, Gas, and Mineral Interests**. The FRRS may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the gift acceptance committee with the advice of FRRS's legal counsel, if necessary. Criteria for acceptance of the property shall include:

- Gifts of surface rights should have a value of $20,000 or greater.
- Gifts of oil, gas, and mineral interests should generate at least $3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
- The property should not have liabilities or other considerations that make receipt of the gift inappropriate.
- A working interest is rarely accepted. A working interest may only be accepted where there is a plan to minimize potential liability and tax consequences.
- The property should undergo an environmental review to ensure that the FRRS will have no current or potential exposure to environmental liability.

7) Bargain Sales. The FRRS will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the FRRS. All bargain sales must be reviewed and recommended by the gift acceptance committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:

- The FRRS must obtain an independent appraisal substantiating the value of the property.
- If the FRRS assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- The FRRS must determine that it will use the property or alternately, that there is a market for sale of the property, allowing sale within 12 months of receipt.
- FRRS must calculate and approve the costs to safeguard, insure and pay expenses of the property (including property tax, if applicable) during the holding period.

8) **Life Insurance**. The FRRS will generally accept life insurance but it must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. Whether any policy is accepted will depend on the economics of the transfer.

If the donor contributes future premium payments, the FRRS will include the amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life

insurance policy, the FRRS may:

- continue to pay the premiums,
- convert the policy to paid up insurance or
- surrender the policy for its current cash value.

9) **Charitable Gift Annuities**. The FRRS may offer charitable gift annuities in the future. The minimum gift anticipated for funding is $50,000. The FRRS gift acceptance committee may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 62. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 55. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. FRRS's gift acceptance committee may approve exceptions to this payment schedule. The FRRS will not accept real estate, tangible personal property or any other illiquid asset in exchange for current charitable gift annuities. The FRRS may accept real estate, tangible personal property or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5-year period before the commencement of the annuity payment date, the value of the property is reasonably certain and the gift acceptance committee approves the arrangement. Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to the FRRS's general endowment funds, or to such specific fund as the donor designated.

10) **Charitable Remainder Trusts**. The FRRS may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the gift acceptance committee. The FRRS will not accept appointment as trustee of a charitable remainder trust.

11) **Charitable Lead Trusts**. The FRRS may accept a designation as income beneficiary of a charitable lead trust. The FRRS will not accept an appointment as trustee of a charitable lead trust.

12) **Pooled Income Fund.** The FRRS does not maintain a pooled income fund.

13) **Deferred Compensation/Retirement Plan Beneficiary Designations**. The FRRS generally will accept gifts designating FRRS as a beneficiary of the donor's retirement plans including, but not limited to, IRAs, 401(k)s 403(b)s and other plans. Such designation will not be recorded as a gift to the FRRS 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.

14) **Bequests**. Donors and supporters of the FRRS will be encouraged to make bequests to the FRRS under their wills and trusts. Such bequests will not be recorded as gifts to the FRRS 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. The criteria for the acceptance of the gift or bequest will be the same as otherwise provided herein.

15) **Life Insurance Beneficiary Designations.** Donors and supporters of the FRRS will be encouraged to name FRRS as beneficiary or contingent beneficiary of their life insurance

policies. Such designations shall not be recorded as gifts to the FRRS until such time as the gift is irrevocable. Where 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.

IV. ***Miscellaneous Provisions***

A. ***Securing appraisals, environmental review, assessment or remediation costs and legal fees for gifts to the FRRS.***

The cost to secure an appraisal, environmental review, assessment or remediation (where required) and independent legal counsel for any gifts proposed to be made to or for the benefit of the FRRS are generally the donor's responsibility.

B. ***Fees and Commissions***

The FRRS generally does not pay "finder's fees" or commissions to third parties in connection with any kind of gift to the FRRS.

C. ***Trips and Special Events***

When trips or special events involve a charitable contribution, the fair market value and the charitable contribution amount for each participant will be stated specifically in the promotional literature and donor acknowledgment letter. Donations given to offset the costs of a special event must be recorded as gift income, rather than as a credit to an expense account.

D***. Changes to Gift Acceptance Policies***

The policies will be regularly reviewed.

Please review these documents as needed:

A. IRS Form 8282, plus Instructions
B. IRS Publication 561: Determining the Value of Donated Property
C. IRS Publication 526: Charitable Contributions

Change Log:

Rev Number	Changes	By	Date
1	Initial Issue	Kerry Cochran Archive Manager	10-10-2022
2	Updated	Kerry Cochran	12/19/2017
3	Reviewed and updated	Kerry Cochran	3/18/2025