

AMERICAN HISTORIC RACING MOTORCYCLE ASSOCIATION

GIFT ACCEPTANCE POLICY



May 2014

I. Mission Statement & Purpose of Gift Acceptance Policy

The Mission of American Historic Racing Motorcycle Association (“AHRMA”) is the support and continuation of vintage motorcycle racing in the United States and internationally. AHRMA is headquartered at 309 Buffalo Run, Goodlettsville, TN 37072, USA. Its federal tax identification number is 37-1251062.

The purpose of AHRMA’s Gift Acceptance Policy (the “Policy”) is to govern the acceptance of gifts and to provide guidance to donors and their professional advisors in completing gifts. All gifts are to be considered for acceptance in accordance with the policies set forth herein.

At such time that AHRMA may establish an IRS approved non-profit public charity to promote historical racing and the like, all gifts directed to AHRMA shall be automatically directed to the AHRMA Foundation as if originally directed to that Foundation by the donor.

The scope of this Policy is limited to acceptance or non-acceptance of proposed gifts; it is not intended to cover disposition of property owned by AHRMA.

II. Gift Acceptance Policy for Gifts Outside the United States

AHRMA is an international organization. It is, to varying degrees, able to accept, or consider for acceptance, contributions of cash and property from donors in the countries in which it operates.

The acceptance of a gift of any kind must comply with the policies and procedures established by the Trustees, including but not limited to those outlined in this gift acceptance policy as amended periodically. The acceptance of a gift of any kind must comply with all local laws, and transfer of the assets to AHRMA cannot violate any laws.

All numbers referenced in this policy are in US Dollars and all references to the IRS are to the United States Internal Revenue Service. Any transmittal instructions provided in this Policy are for gifts given in the United States only. Check with AHRMA for transmittal instructions for gifts outside the United States.

III. Use of Legal Counsel

Use of legal counsel by both the donor and AHRMA is advantageous to all parties. AHRMA cannot serve as both the donor’s advisor and beneficiary of the donor’s gifts. Therefore potential donors are advised to consult independent tax and/or legal counsel before making gifts to AHRMA.

A. The Donor’s Use of Legal Counsel

Donors are encouraged to consult independent tax and/or legal counsel prior to making a contribution to AHRMA. It is the donor’s responsibility to retain appropriate independent legal and tax counsel in these transactions.

B. AHRMA's Use of Legal Counsel

Outright gifts of assets other than cash or publicly traded securities should be reviewed in advance by AHRMA's trustees or legal counsel. Under certain circumstances, AHRMA may retain legal counsel to assist with the evaluation of potential gifts.

IV. Gift Definition

A gift is defined as a voluntary transfer of assets from a person or an organization to AHRMA. Gifts usually take the form of cash, securities, real estate, life insurance or personal property. AHRMA may accept or decline any gift. The following criteria generally identify a gift:

- A. A gift is motivated by charitable intent.
- B. Gifts are irrevocable transfers of assets.
- C. Gifts are not generally subject to an exchange of consideration or other contractual duties between AHRMA and the donor, although objectives may be stated and funds may be restricted to a specific purpose.
- D. Donors are not provided formal financial accountings. A general report to the donor stating the utilization or impact of the gift is appropriate.
- E. Generally, funds received from individuals, closely held corporations, and family foundations will be classified as gifts. Funds received from corporations, corporate foundations, and major foundations will be classified as gifts unless the grant requires performance or other consideration.
- F. A gift is not completed until it has been accepted by AHRMA. AHRMA reserves the right to decline or return any gift.

V. Gift Designation

When received without donor instructions, gifts of \$1,000 or more will be placed held in a separate fund established for the purpose of preserving the corpus, providing long-term funding and annual spendable earnings.

VI. Types of Acceptable Gifts

A. Outright Gifts

An outright gift involves the donor's voluntary and intentional transfer of money or assets to AHRMA without expectation of receiving a benefit related to the value of the transfer. Although the donor may place restrictions on the use of the gift, the donor may not retain control over the money or property transferred to the charity to qualify as a current gift. Examples of outright gifts include cash, securities, tangible personal property and some real estate gifts.

1. Cash and Checks

Cash and checks may be accepted regardless of the amount. The value of any cash or check gift is its face value. Checks must be made payable to AHRMA and sent to the appropriate office.

2. Wire Transfer of Funds

Funds may be wire transferred to AHRMA. Donors should consult a representative of their financial institution to make contributions via wire transfer. Donors should also notify AHRMA when such transfers are initiated to ensure proper wire transfer information, appropriate and timely gift acknowledgement.

3. Credit Card Contributions

Currently, funds may not be transferred to AHRMA via credit card.

5. Securities

Securities that are actively traded on recognized stock exchanges in the US will be accepted as gifts to AHRMA, according to the policies described below. Other readily marketable securities, including bonds, mutual funds and closely held stock will be evaluated and accepted if in the best interest of AHRMA. Securities given to AHRMA will typically be liquidated as soon as possible.

a. Publicly Traded Securities

The value of a gift of securities is the mean (average) of the high and low of the stock(s) or bond(s) on the day the securities are received in AHRMA's gifted securities brokerage account. The value of less actively traded securities, rarely traded securities or a security that does not trade on the gift date should be determined according to IRS rules, currently found in IRS Publication 561.¹

AHRMA should be notified in advance of the securities being transferred, the number of shares, and the intended gift date. AHRMA will liquidate securities as soon as possible after the securities have been received and corresponding donor information is obtained. If a donor is not identified, AHRMA will liquidate such security after ninety days.

¹ <http://www.irs.gov/pub/irs-pdf/p561.pdf>

b. Mutual Fund Shares

Mutual fund shares may be accepted by AHRMA. Donors are advised to allow sufficient time (two to three weeks) to complete such transactions. AHRMA reserves the right to decline a gift of mutual fund shares if the administrative costs exceed the fair market value of the gift.

To initiate a gift of mutual fund shares, AHRMA must be notified of the mutual fund shares being gifted, the name of the institution at which the shares are held (brokerage firm, financial institution or the mutual fund company itself), the number of shares, and the intended gift date. If the shares are held at the mutual fund company, the donor and AHRMA must follow the necessary steps required by that company for transfer of ownership of the shares. If the shares are held at a brokerage firm or financial institution, AHRMA will contact the institution and establish an account there if none is currently open. When the account is open, that institution will transfer the shares into AHRMA's account. In all cases the shares will be liquidated as soon as possible after successful transfer into AHRMA's account.

The fair market value of mutual fund shares will be determined by the public redemption price of the shares on the date the shares are received into AHRMA's account. If such a price is not readily available, then the value shall be determined as if the shares were non-publicly traded securities in accordance with IRS rules, currently in Publication 561.²

c. Closely Held Securities

AHRMA does not accept closely held or non-publicly traded securities.

d. Restricted Securities

AHRMA does not accept restricted securities (also known as unregistered securities, investment-letter stock, control stock or private placement stock).

6. Gifts of Real Estate

Gifts of real estate may include land both improved and unimproved, detached single-family residences, condominiums, apartment buildings, rental property, commercial property, and farms.

Upon review and approval of the AHRMA Trustees, AHRMA may accept ownership of outright gifts of real estate with a minimum appraised value of \$25,000 when undeveloped and \$100,000 when developed. In accordance with this Policy, AHRMA will liquidate such gifts as soon as possible after receipt.

² <http://www.irs.gov/pub/irs-pdf/p561.pdf>

Acceptance Criteria

The AHRMA Trustees will meet as needed to review all potential gifts of real estate. To be considered acceptable, potential gifts of real estate should meet the following criteria:

- a. Be of sufficient value so that AHRMA will ultimately realize significant benefit from the gift, considering legal, administrative and other costs likely to be incurred by AHRMA in accepting the real estate;
- b. Be readily marketable at or close to the appraised value;
- c. The ability to be liquidated based on current market conditions; and
- d. Be free from any liens, loans or other special conditions that would place AHRMA in a position of incurring significant potential additional expense, risk or liability, or which would restrict AHRMA's ability to use the property in any manner AHRMA determines best for furthering the purposes of AHRMA, or which would place undue burdens on AHRMA in maintaining the gift prior to sale.

Required Documentation

Proper documentation must be provided to the AHRMA Trustees before a gift of real estate may be considered. AHRMA may require the following information in order to consider acceptance of a gift of real estate:

- a. A title insurance commitment showing marketable title in the donor's name, free and clear of unacceptable encumbrances, issued by a title insurance company deemed acceptable by AHRMA;
- b. A qualified appraisal (see additional comments below);
- c. A phase one environmental audit by a qualified engineer indicating that ownership will not expose AHRMA to environmental liabilities;
- d. A market feasibility study for the property;
- e. ALTA (American Land Title Association) survey of the property by a registered land surveyor;
- f. Evidence of compliance with Americans with Disabilities Act (when applicable);
- g. A structural engineering report (when applicable);
- h. A review of any leases and corresponding documents including but not limited to proof of tenant's insurance;
- i. A disclosure statement for residential property (when applicable) including any mineral, oil or gas rights; and/or
- j. A completed AHRMA Real Estate Acquisition Form (available through the Fund Development Office).

It is the responsibility of the donor to pay all costs incurred in transfer of the property, including the cost of complying with any of AHRMA's requirements outlined above.

Tax Considerations

Under applicable IRS regulations, a donor must pay for any initial appraisal made on the property. The appraisal must be made no earlier than 60 days before the date of the transfer, and before the filing of the tax return on which the deduction is first claimed.

Donors must complete IRS Form 8283.³ If AHRMA sells a gift of real estate within two years of receipt, the sale will be reported to the IRS with submission of Form 8282. A copy of Form 8282 will be provided to donors to whom this applies. In considering gifts of real estate, donors are advised to consult with a professional advisor regarding the related use rules that apply to such gifts and their tax deductibility.

Qualified Appraisal Disclaimer

It is the donor's responsibility to obtain a "Qualified Appraisal" as it is defined by the IRS. AHRMA makes no representation that an appraisal submitted by or on behalf of a donor for a potential gift is a Qualified Appraisal. If a gift or real estate or tangible personal property, and the like, is accepted by AHRMA based upon the submission of an appraisal the acceptance of the gift shall not be construed to be an approval of, or ratification that, the appraisal is qualified.

7. Bargain Sales (including mortgaged property)

A bargain sale is a sale of property to AHRMA for an amount less than the property's current fair market value as determined by a recent, qualified appraisal (as defined by the IRS). The excess of the value over the sales price generally represents a contribution to AHRMA.

AHRMA, upon review and approval of the AHRMA Trustees, may purchase real estate, securities, or other property on a bargain sale basis.

Ordinarily the purchase price for the property should not exceed 60% of its appraised value. The bargain sale price may be paid either in a lump sum or in installments. Restrictions as to the type of asset set forth above shall also be met.

8. Tangible Personal Property (accepted with intent to sell)

Tangible personal property is an asset that can be touched, handled, or moved by an individual (as opposed to intangible assets such as ownership in a company). The most common types of tangible personal property assets include art, coin and stamp collections, jewelry, furniture, or any similarly unique asset or collectible owned by a donor.

AHRMA, upon review and approval of the AHRMA Trustees, may accept proposed gifts of tangible personal property.

AHRMA will attempt to liquidate gifts of tangible personal property upon receipt.

Acceptance Criteria

Generally, gifts of tangible personal property may be accepted if they 1) meet AHRMA's minimum gift value requirements, 2) are readily marketable and 3) are free and clear of encumbrances. Gifts of tangible personal property must be of sufficient value to cover holding, maintenance, sale and administrative costs. The AHRMA Trustees, assuming all other

³ <http://www.irs.gov/instructions/i8283/ch02.html>

guidelines are also met, will consider gifts of artwork and collectibles valued at US \$25,000 or more, other gifts of tangible personal property of \$10,000 or more and motorcycles of any value that can be raced or immediately sold.

Documentation Required

Donors who intend to give tangible personal property to AHRMA must submit their gift proposal in writing. The proposal must include a description of the gift, proof of ownership, the donor's cost basis, date of acquisition, and a qualified appraisal performed within 60 days of the gift proposal date.

Criteria for acceptance of the proposed gifts of tangible personal property shall include the following:

- a. Whether the property is readily marketable and what additional costs may be involved with the sale of the property;
- b. Whether the donor has requested any restrictions on the use, display or sale of the property;
- c. Whether the donor poses any restrictions to AHRMA's policy of selling such gifts as soon as possible after receipt; and
- d. Whether the donor is willing and able to finance the packing, shipping and in-transit security, insurance and other associated costs in transferring the gift to AHRMA.

The donor is responsible for any packing, shipping, in-transit security and insurance costs for gifts of tangible personal property. The item(s) must be insured at the donor's expense until delivered safely to AHRMA, and transfer of ownership is complete.

Tax Considerations

Donors must complete IRS Form 8283. If AHRMA sells a gift of tangible personal property within two years of receipt, the sale will be reported to the IRS with submission of Form 8282. A copy of Form 8282 will be provided to donors to whom this applies. In considering gifts of tangible personal property, donors are advised to consult with a professional advisor regarding the related use rules that apply to such gifts and their tax deductibility.

10. Gifts in Kind (retained for use)

Furniture, equipment, medical supplies, computer hardware and software and AHRMA-related memorabilia are examples of gifts in kind that may be considered for acceptance by AHRMA. The AHRMA Trustees will consider such gifts on a case-by-case basis.

Acceptance Criteria

Depending on the nature of the gift, there may be associated maintenance, storage, shipping and insurance costs. Generally, the AHRMA Trustees will use the following criteria to determine whether a gift in kind will be accepted by AHRMA:

- a. Whether the property furthers the mission or enhances the history of AHRMA;
- b. Whether the donor has requested any restrictions on the use or display of the property;
and
- c. Whether the donor is willing and able to finance the packing, shipping and in-transit security, insurance (until safe delivery of items to AHRMA and transfer of ownership is complete) and other associated costs in transferring the gift to AHRMA.

Documentation Required

Donors who intend to give gifts in kind to AHRMA must submit their gift proposal in writing. The proposal must include a description of the gift, proof of ownership, the donor's cost basis, date of acquisition, and a qualified appraisal performed within 60 days of the gift proposal date. In addition, the donor must provide a written document clearly identifying the property (describing the item(s) in detail) and stating the donor's clear intent to transfer all rights of ownership to AHRMA.

Tax Considerations

In considering such gifts, donors are advised to consult with a tax/financial professional regarding the related use rules that apply to such gifts. Unless it can be determined that the item being donated will be used by AHRMA to further its mission, a donor's deduction will be limited to the lesser of his/her cost basis and the fair market value of the property.

11. Other Non-Traditional Asset Gifts

AHRMA does not accept gifts of nontraditional assets such as intellectual property, oil, Gas and Mineral Interests, timeshare units and the like.

B. Deferred Gifts (Testamentary Gifts)

Deferred gifts generally are put in place during life with the transfer of assets taking place after the donor's death. When practical, any deferred gift that would require approval at the transfer of the asset should be reviewed and approved as to form and substance by AHRMA prior to the commitment being finalized. Donors are advised to consult with AHRMA regarding how to designate the gift and to discuss any restriction that is being considered.

1. Legacy Gifts

A Legacy Gift to AHRMA is a gift made in the donor's will, revocable trust or similar estate planning document that effects a transfer at death. Popular gifts include the designation of a specific amount, a percentage, or the remainder of an estate to benefit AHRMA.

Direct, unencumbered gifts shall be accepted by AHRMA if the underlying assets conform to the guidelines set forth in the section of this Policy entitled "Outright Gifts." AHRMA reserves the right to not accept gifts from the estates or trusts that are not in conformity with the terms of this Policy.

2. Life Insurance Policies

AHRMA will accept ownership of life insurance policies that meet the following criteria If the policy to be gifted is fully paid-up as of the date of the gift, and:

- the policy has a minimum face value of \$1,000;
- the life expectancy of the insured is less than 15 years on an actuarially determined basis;
- the policy is free of any loans when AHRMA takes ownership;
- AHRMA has the ability to liquidate the policy for cash value net of any policy loans or other charges.

Only individual gifts of life insurance shall be accepted; individual insurance policies purchased by a group of individuals will not be accepted. AHRMA will not accept ownership of term life insurance policies.

3. Designating AHRMA as Beneficiary

AHRMA will accept any proceeds that it receives as a designated beneficiary (or an alternate beneficiary) of a life insurance policy, a deferred annuity contract, an IRA, a defined benefit plan, a 401(k) plan, a defined contribution (profit sharing) plan or other qualified plan, unless the designation imposes restrictions or a trust arrangement, in which case, prior review and approval by AHRMA is required.

AHRMA will accept beneficial interest in an insurance policy without minimum, but reserves the right to decline to pursue receipt of funds offered under such interest if it proves administratively burdensome.

VII. Gift Agreements

When necessary or desired, Gift Agreements will require signature by the donor(s) and a Trustee representative and are considered legally binding contracts.

The Gift Agreement will outline the initial gift or the amount estimated to be realized upon the death of the donor or the donor's last beneficiary, as well as the purpose, the investment management and spending, the administration, and an amendment in case the intended purpose of the gift become illegal, impractical or impossible.

If for such reason the intended purpose no longer applies, AHRMA will consult with the donor(s) and/or next of kin to modify the gift. If the donor is deceased and no surviving family can be contacted, the Trustees will modify the gift. Every attempt will be made to honor the donor(s) original intent as defined in the signed gift agreement.

VIII. AHRMA Trustees

Meetings of the AHRMA Trustees are called on an as-needed basis to review gifts of real estate, tangible personal property, privately held stock and gifts which fall outside of current gift acceptance practices or guidelines, and to review updates in practices due to changes in legal or financial requirements.

IX. Policy Amendment and Review

Responsibility for review of and recommended amendments to the Policy shall be that of the AHRMA Trustees. The AHRMA Trustees shall review this Policy at least annually. To amend the Policy, a written amendment shall be prepared and submitted to the Board of Trustees for review and approval.

Additionally, the Trustees have the authority to amend the Policy to comply with the law whenever it becomes inconsistent with the Internal Revenue Code of 1986, as amended, (the "IRC"), the regulations promulgated thereunder, or other applicable state or federal laws as of the effective date of the legal change.

X. Policy Effective Date

The Gift Acceptance Policy was adopted on July 22, 2013, and became effective on that date. All gifts shall be governed by the Gift Acceptance Policy in effect at the time the gift is accepted.

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