

THE AMERICAN MATHEMATICAL SOCIETY
POLICY ON ACCEPTANCE, MANAGEMENT, AND SALE OF GIFTS OF PROPERTY
Revised MAY 21, 2016

I. GENERAL STATEMENT OF POLICY

The American Mathematical Society (AMS) may accept gifts of real property. Such gifts may include residences, vacation homes, business or commercial property (developed or undeveloped). The AMS may also accept partial interests in such real estate, provided that such interests can be readily sold.

The AMS will consider outright gifts of real property as well as gifts subject to a retained life estate, gifts of a charitable remainder trust, and bargain sale gifts after assessing the expenses and risks associated with receiving a gift of property in comparison to the value of the gift to the AMS.

The AMS shall pursue alternatives where a gift of real estate intended to benefit the AMS can be made to another charity preserving the tax benefits to the donor, but where AMS can receive the proceeds less expenses from the sale of the property. Such situations may exist for charities that sponsor donor-advised funds.

The AMS retains the right to refuse a gift during negotiations without incurring cost or liability. Possible exposure to environmental liability and possible challenges in marketing the property could be reasons for such a refusal of a gift.

II. ROLE OF THE DEVELOPMENT COMMITTEE

The AMS recognizes that gifts of real estate can have significant legal and economic implications. Accordingly, the Executive Committee/Board of Trustees (ECBT) has charged the AMS Development Committee with the responsibility to recommend to the Board of Trustees whether to accept or decline such gifts.

The AMS will not accept delivery of real estate either as an outright donee or in a fiduciary capacity as a trustee unless the Development Committee is satisfied that procedures pertaining to zoning, title and environmental hazards have been met. The Development Committee will analyze the following, among other considerations:

1. market conditions for resale or the ultimate disposability of the property;
2. the condition of any improvements located on the property;
3. current and potential zoning, land use, and concurrency issues;
4. environmental issues or damage that may be of concern;
5. any carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with holding the property for resale; and,
6. other considerations specific to the acquisition of the property.

In recommending to the Board of Trustees as to whether particular gifts of real estate should be accepted by the AMS, the Development Committee is charged with making determinations including whether such gifts are in line with the AMS mission and whether such gifts are cost-prohibitive or burdensome for the AMS to process. The Board of Trustees may consult with the Executive Committee regarding the acceptance of real estate gifts and may request approval of its recommendations from the Executive Committee where it deems gifts to be unique or carry significant risk.

Although each determination will be made based on the specific circumstances of the proposed gift, the following represent general procedures and guidelines.

III. EVALUATION OF POTENTIAL GIFTS

A. Real Estate Checklist: The donor must submit a *Real Estate Checklist* (available from the AMS Development Office) completed as fully as possible. The purpose of the checklist is to gather basic information about the property, surface possible environmental issues, and understand the possible costs of holding the property.

B. Limitations and Encumbrances: The donor must disclose the existence of mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens and other limitations of record as well as current zoning and provide income statements where appropriate. Gifts of real estate will generally not be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged, except in unusual cases where the fair market value of the AMS's interest in the property net of all encumbrances is substantial.

C. On-Site Inspection: A member of the AMS staff or an authorized representative will generally visit the property to determine the nature and type of the property and to identify any potential problems not evident from initially supplied information that would hinder or prevent the AMS's sale of property.

D. Market Evaluation: The AMS must receive a current appraisal (not older than 60 days) of the fair market value of the property and interest in the property the AMS would receive if the proposed gift were approved. The appraisal should be done in accordance with Internal Revenue Service requirements and should be performed at the donor's expense. The appraisal and other information must demonstrate clearly and convincingly that there is a market for the property under consideration and that the property can be sold within a reasonable period of time.

E. Carrying Costs: The existence and amount of any carrying costs, such as property owner's association, dues, maintenance fees, taxes and property and liability insurance, must also be considered.

F. Environmental Assessment: All gifts of real estate shall be evaluated in light of the need for an environmental audit. The environmental audit is to determine whether a hazardous substance is, or in all likelihood could be, present on the property and shall contain in writing all

information required by the Development Committee. If the environmental audit discloses the presence of, likely presence of, or a release or threatened release of, a hazardous substance on the property, the transfer of the property to the AMS will not be accepted until satisfactory documentation is provided to the Development Committee that federal, state and local environmental authorities have determined that such condition has been remediated. The donor bears the cost of any environmental cleanup.

IV. RESPONSIBILITIES OF THE DONOR

A. Qualified Appraisal: The donor will be responsible for obtaining a qualified appraisal complying with IRS regulations for the purposes of establishing the value of the gift for federal income tax purposes, including the preparation of Form 8283.

B. Environmental Audit: The donor must obtain, at the donor's expense, an environmental audit satisfactory to the AMS. No property will be accepted if there is a likelihood of any liability which could attach to the AMS as a result of its taking title to the property.

C. Evidence of Title: The donor must furnish the AMS with evidence of title which shows that title to the property is free and clear except for current real estate taxes and restrictions of record which would not create any economic burden on the AMS.

D. Transfer Instruments: It is the donor's responsibility to prepare the deed and other instruments which are necessary to transfer the property to the AMS. All proposed transfer instruments must be reviewed by the AMS's legal counsel prior to acceptance by the AMS.

E. Associated Expenses: Prior to acceptance of the property, the AMS and the donor must agree in writing on arrangements for paying expenses associated with the property, such as commissions, real estate taxes, utilities, insurance, and maintenance costs. Generally, the AMS will not advance funds for the payment of such expenses.

F. Property Gifts by Bequest: Donors will be encouraged to discuss contemplated bequests of real estate before finalizing their wills. Property that is bequeathed to the AMS will be evaluated in accordance with this Policy like all other gifts of real property.

V. ACCEPTANCE OF PROPERTY

A. Limits of Authority: After the requirements of this Policy have been satisfied, the Development Committee will have the authority to accept or refuse a gift of real property with a fair market value (FMV) of less than \$100,000. Acceptance of gifts of property with a proposed FMV greater than \$100,000 requires approval by the Board of Trustees.

B. Gift Refusal: The Executive Director, in consultation with the Development Committee Chair, may refuse any offered gift of real property that is judged not to be in the best interests of the AMS.

C. Execution of Documents: Prior to or upon transfer of title to the AMS, the donor and the AMS will sign an agreement (approved by legal counsel) stating the terms of the gift, which shall specify that there are no restrictions on the AMS's right to use or convey the property. The AMS Executive Director plus one other officer of the Board of Trustees are authorized to execute documents necessary to accept such property, subject to the conditions listed above.

D. Booked Value: Gifted property will be booked according to generally accepted accounting principles.

VI. MARKETING AND SALE OF PROPERTY

A. Timing of Sale: When the gift has been completed, arrangements will be made to sell the property through a qualified real estate professional. In the case of a sale within three years of the date of the gift, the AMS will report the actual sales proceeds to the IRS on Form 8282 ("Donor Information Return").

B. Sale Price: While it is anticipated that in most circumstances the sale price will equal or exceed the appraised value of the property, the terms of the sale will take into account current market conditions, availability of financing and other factors. Any offer that is below 70 percent of the appraised value must be approved by the Executive Director and the Development Committee Chair.

VII. REAL ESTATE GIFTS BY BEQUESTS

A. Upon becoming aware that the AMS has been named to receive a gift under any Will that has been admitted to probate or any trust arrangement, the Director of Development will contact the executor, trustee, or other legal representative of the estate, and determine if the AMS's gift consists of land or, if the AMS is a residuary beneficiary of the estate, whether the residue passing to the AMS will contain any land.

B. If the AMS will or may receive land in satisfaction of the gift, the Director of Development will ask the executor, trustee, or other legal representative to conduct an environmental study similar to the one that the AMS would require if it were to receive an inter-vivos gift. If the executor, trustee, or other legal representative has not made the study and if it does not do so, the AMS should make its own study or decline to accept the gift.

VIII. WHAT THE AMS WILL NOT DO

A. Except in extraordinary circumstances, the AMS will not pay for legal assistance, appraisals or other services on behalf of the donor.

B. The AMS will not establish or corroborate the value of any property for the purpose of substantiating the donor's income tax charitable deduction.