

SAMPLE ENDOWMENT AGREEMENT

A sample endowment agreement is follows. The first step in endowment agreement preparation is to determine the name, purpose, income distribution, funding period (if less than the minimum required), escape clause, and gift assets. Donor prepared agreements should be discouraged from use as they ultimately cause administrative problems and are a poor memorial to their generosity. All endowment agreements should be reviewed before being submitted to the donor.

It should be the responsibility of the Foundation office to draft all endowment agreements and to present them to the Foundation's board for final approval before implementation. *Where possible future changes to existing endowments should be avoided, but the endowment agreement should provide for a change of designation when the purpose of the endowment is no longer valid.* This is a special concern for health care institutions due to the rapid pace of change in medical delivery and in scientific advances.

It is important to note that in no case should a donor exercise control over the use of the funds given to the Foundation.

Where new endowments are established a separate fund for accounting and administrative management should be established.

COMPLEMENTS OF.....



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Sample Endowment Agreement

THE NORTH YORK GENERAL HOSPITAL ENDOWMENT AGREEMENT

I/We _____, do hereby give, convey and deliver to *The North York Hospital Foundation* for the support of *The North York General Hospital*, a health care institution the property described in Schedule A. I/We wish to create a permanent endowment fund with *The North York General Hospital* to be administered according to the following provisions:

1. **NAME:** The gift shall be entered in the Foundation's books and records as THE _____ ENDOWMENT FUND and shall always be so designated.
2. **FUNDING AMOUNT:** Until the historic dollar value of the FUND principal reaches (minimum \$10,000), the spendable amount from the FUND shall be accumulated and added to the principal of the FUND.

When the historic dollar value of the FUND principal reaches (minimum \$10,000), the FUND spendable amount, shall be used as specified in the endowment agreement.

The historic dollar value is defined as the aggregate fair value in dollars of the endowment fund at the time it becomes an endowment, each subsequent donation to the fund at the time it is made, and each accumulation made pursuant to this agreement. The determination of the historic dollar value made in good faith by the Foundation is conclusive.

3. **INVESTMENT:** The property comprising this gift may, for investment purposes, be merged with the general investment assets of *The North York General Hospital*.
4. **CONTRIBUTIONS:** Any individual, corporation, foundation or group may make additions to this FUND at any time and such additions shall be made subject to the provisions of this instrument.
5. **PURPOSE:** The FUND spendable amount, shall be used to (herein state purpose, program, project or unrestricted). (NOTE: This purpose is most important and

September and December.

Any portion of the spendable amount not expended in any given year may be accumulated and temporarily invested. Such accumulations are defined as spendable excess amounts and shall be used in subsequent years for the purpose set forth in this endowment agreement.

Using this procedure it is the expressed desire of the donor that the FUND will grow in principal and the spendable amount will grow annually to support the scholarship purposes.

5. **OTHER CONSIDERATIONS:** If, at some future time, the purpose designated for the income from the FUND no longer exists, then at the direction of the Board of Directors of *North York General Hospital Foundation*, the income shall be used to further the objectives and purposes of *North York General Hospital*. In all such cases, the income shall be so used only after giving due consideration to the original intent of the donor(s).

It is understood and agreed that if the FUND does not meet the required minimum of \$10,000 as specified by the Board of Directors of *North York General Hospital Foundation*, the endowment fund will be closed and the assets on hand merged with or transferred to _____ and be used accordingly.

Signed this _____ day of _____, 2003.

By _____
Donor

By _____
Foundation President

Note: Schedule A is attached and lists the assets originally gifted and the pledge payment schedule if applicable.