

## 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be avoided, but the endowment agreement should provide for a change of designation when the purpose of the endowment is no longer valid.* This is a special concern for health care institutions due to the rapid pace of change in medical delivery and in scientific advances.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.....**

***James E. Connell and Associates  
Box 3335  
Pinehurst, North Carolina 28374-3335***

***Phone: 910-295-6800  
Fax: 910-295-6866***

## 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 requires careful attention. The statement must be clear and may take more than one sentence to describe.) Expenditures shall be made at the discretion of (herein name the responsibility party). (NOTE: