

Nonprofit Agency Endowment Fund Agreement



**COMMUNITY
FOUNDATION**
for Cecil County

1. FUND INFORMATION

This Agreement is made on _____ between the Community Foundation for Cecil County and _____

(Nonprofit Agency), a qualified 501 c (3) charitable organization, to establish and govern the administration of an Endowment Fund to support our Nonprofit Agency.

2. NAME OF FUND:

Funds at the Community Foundation for Cecil County are identified by name.

Please indicate the name of this fund: _____

3. PURPOSE OF FUND

Designated for the support of the following:

_____.

4. CONTRIBUTION TO THE FUND

An initial contribution of \$_____ made via _____ (*check, securities, other*) will be contributed to opening this endowment fund. The goal of this endowment fund is to achieve a minimum balance of \$50,000. Additional gifts may be made by the Nonprofit Agency to the fund at any time.

- a. All contributions to the endowment fund shall be administered pursuant to the terms and conditions of this agreement and the CFCC *Endowment Policy*. All parties agree and approve any future changes in terms, conditions or language as may be necessary or incidental to reform this agreement to conform to any existing or subsequent IRS regulations.
- b. The _____ (Nonprofit Agency) acknowledges that the delivery of the initial contribution and any additional contributions to the fund, including any income there from, shall be established as an endowment fund and granted to or used for the benefit of the Nonprofit Agency.

5. ADDITIONAL CONTRIBUTIONS

Once the Agency Endowment Fund is established, contributions may be added to the Fund at any time by the Nonprofit Agency. Contributions from individuals, businesses or other organizations may be made to a "Sister" Fund which will operate as a separate fund for the benefit of the Agency. There is no minimum contribution amount required.

6. DISTRIBUTIONS FROM THE ENDOWMENT FUND

This is an endowment fund. Distributions will be made under the terms of CFCC's *Spending Policy*. The fund will be managed using a total return concept of endowment management based on CFCC's spending rate, as adjusted from time to time by CFCC's Board of Directors. CFCC's Board of Directors reviews the spending rate annually and approves the rate for the following year.

CFCC's *Spending Policy* for endowment funds is designed to maintain and, if possible, increase the real value (as adjusted by inflation) of the fund while at the same time providing a relatively stable but predictable level of funding to the

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nonprofit agency stated above.

7. INVESTMENTS OF FUND ASSETS

This endowment fund will be invested as per the current CFCC *Investment Policy Statement*. The undersigned acknowledge that investments are subject to the risk of market and interest rate fluctuations, and that any investment gain or loss generated will be credited or charged to the fund. The total investment return of each investment vehicle is net of its operating expenses.

8. COST OF ADMINISTRATION

CFCC assesses a fee to help defray the costs associated with the administration of endowment funds. Administration fees cover fund management, such as due diligence procedures, the receipt and acknowledgment of contributions, processing and payment of distributions, and compliance with federal and state reporting requirements.

Fees are assessed quarterly and are calculated as follows: the average month-end balance of the previous 3 months multiplied by the annual fee percentage and divided by four. Additional terms may be set for some funds, such as those requiring additional or special services. New funds are charged a one-time set-up fee of \$250. Please see the *Fund Fees for Administrative Purposes* policy for more details.

9. RESPONSIBILITY for the ENDOWMENT FUND

The fund will become active once the initial gift is received by CFCC. Legal control and responsibility for the fund rests with CFCC. In carrying out such responsibilities, CFCC shall hold, manage, invest, and reinvest the assets of the fund, and shall collect the income and disburse monies from the fund for the charitable purposes outlined in this agreement. The Nonprofit Agency Representative certifies that all information presented in connection with this agreement is accurate and agrees to notify CFCC in writing of any changes. In the event of any conflict between the terms of this Agreement and the CFCC Policies, the terms of this Agreement will govern.

10. VARIANCE POWER

CFCC is committed to abiding by the wishes of each donor to CFCC. Occasionally, a situation arises that renders this impossible such as when a nonprofit organization closes; a nonprofit is not in compliance with State laws; a specified program is no longer needed; or the purpose of the Fund becomes obsolete, inconsistent with the charitable needs of the community, or incapable of fulfillment. As stated in the CFCC's Bylaws, *the Board shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organization if in the sole judgment of the Board, such restriction or condition becomes in effect unnecessary, incapable of fulfillment, illegal or inconsistent with the charitable needs of the receiving nonprofits*. In adopting such modification, the Board of Directors shall endeavor to use the funds for a purpose as similar as possible to those set forth in the agreement.

11. OTHER DISTRIBUTIONS

Distributions in excess of the "annual spending policy" may be made to Nonprofit Agency in any year as determined by the Board of Directors of CFCC. Recommendations for such distributions may be made from time to time by a two-thirds vote of the Nonprofit Agency governing board to CFCC. Recommendations of the governing board shall be solely advisory and not binding on CFCC, but approval of such distributions by CFCC shall not be unreasonably withheld.

12. REQUIRED DOCUMENTS FROM THE NONPROFIT AGENCY

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- A copy of the most recent IRS 501 (c) (3) determination letter
- A copy of the Articles of Incorporation, Charter and Bylaws
- A resolution from the Board of Directors/Trustees acknowledging the creation of the Agency Endowment Fund which includes the names of the nonprofit's Representatives.

13. SIGNATURES

The undersigned Nonprofit Agency Representatives acknowledge that we have read and agreed to the terms of this agreement and the related CFCC Policies and Procedures.

The Nonprofit Agency certifies that the basis for their IRS determination letter has not substantially changed since the date of the issuance; and that the ruling has not been expressly or impliedly revoked.

This agreement may be amended only by mutual agreement of the parties hereto and this agreement shall be governed in all respects by the laws of the State of Maryland. CFCC is authorized to amend this agreement to conform to the provisions of any applicable law, IRS or government regulation.

Nonprofit Agency Representative(s)

Signature

Signature

Name/Title

Name/Title

Date

Date

Mailing Address of the Nonprofit Agency:

Name

Street Address

City, State, Zip

Community Foundation for Cecil County:

Christine Valuckas Ed.D., President

Date

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Attachment 1: AGENCY REPRESENTATIVE(S)

The board of the Nonprofit Agency shall appoint two (2) officers to serve as the endowment fund's Representatives to CFCC. Nonprofit Agency Representative(s) are appointed for the purpose of making recommendations and giving advice to CFCC regarding the administration of and distributions from the endowment fund. When a Representative's term ends, the board shall name a new Representative and notify CFCC of the changes.

Nonprofit Agency Representative (1)

Name

Title

Street Address

City, State, Zip

Email

Phone Number

Nonprofit Agency Representative (2)

Name

Title

Street Address

City, State, Zip

Email

Phone Number

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Attachment 2: ASSETS TO BE TRANSFERRED