

# Gift Agreements: Don't Let Good Gifts Go Bad

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# A Few Examples of Good Gifts Gone Bad:

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The Kenneth L. Lay Chair in Economics and Business Ethics at The University of Missouri

Kozlowski Hall at Seton Hall

J. Howard Marshall II gift to Haverford College

Elroy Stock Building at Augsburg College

The Woodrow Wilson School at Princeton University

# Elements of a Gift Agreement

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- The name of the fund
- An explanation of the fund and the criteria
- Amount of gift and payment schedule
- Who picks the recipient
- When will the first recipient be named
- The “out” clause
- Financial management and reporting
- Unfulfilled pledges
- Morality clause
- Additional gifts

# Fund Name

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The Susan Smith Jones '45 Memorial  
Scholarship for the Arts

# Criteria

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The above named fund will provide support in perpetuity for deserving students who otherwise could not afford to attend Skidmore College. Financial aid is critical to enrolling the academically strongest and most diverse student body. A diverse student population—defined by economic, ethnic, geographic, racial, and talent factors—is the foundation of academic excellence and a vibrant campus community. The NAME Scholarship Fund will be awarded with a preference for female students who are immigrants to the United States or whose parents came to the United States as immigrants, who are first-generation college students, and who are pursuing studies in the area of science, mathematics, or computer science.

# Gift Amount and Payment Schedule

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Susan Smith Jones **commits** to a gift of \$100,000, payable at a rate of \$20,000 per year for a term of five years.

# Award Date

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The endowment's financial aid support shall be available for award in the fiscal year following the year in which the principal in the endowed fund reaches \$100,000.

# Recipient Selection

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The scholarship award will be made and administered by Skidmore College's Director of Financial Aid in accordance with College guidelines.

# “Out” Clause

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If, at any time in the future, the income from this endowment cannot be used or is not needed for its stated purpose, then the President of Skidmore College, in consultation with the Board of Trustees, reserves the right to redirect the income of the fund to a fund which the President determines most closely carries out the original intent of the donor.

# NYPMIFA

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*“unless otherwise restricted by the gift instrument pursuant to paragraph (B) of section 553 of the not-for-profit corporation law, the institution may expend so much of an endowment fund as it deems prudent after considering the factors set forth in paragraph (A) of section 553 of the not-for-profit corporation law.”*

# Financial Management and Reporting

This endowed fund will be administered by Skidmore College's Office of Financial Services in accordance with institutional guidelines. **Unless otherwise restricted by the gift instrument, the institution may expend so much of an endowment fund as it deems prudent after considering the factors set forth in the New York not-for-profit corporation law.** It will be co-mingled with other College endowment funds in order to maximize the potential for earnings and growth. Each fund is tracked regularly and the College will report on the fund balance and growth each year. Annual support provided by this endowed fund will be determined in accordance with the College's guidelines on endowment spending. The approved amount of endowment interest from the fund generated in one year (currently 5%) will be awarded the following fiscal year for the stated purpose of this agreement.

# Unfulfilled Pledges

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If, at the time of the Donor's death, any amounts remain outstanding on the gift, it is the Donor's intention that the outstanding amount becomes a debt of his/her estate and that his/her personal representatives pay such debt to the institution out of estate assets. The Donor will include a provision in his/her will reflecting the commitment.

# Morality Clause

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Additionally, if at any time following the approval of the naming, circumstances change substantially so that the continued use of the name may compromise public trust, the recipient institution may remove the name. The name will not be removed without the approval of the President and Board of Trustees and notification of the donor.

# Additional Gifts

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The donor(s) or others may add to this Fund over time, by outright gifts, memorial gifts, and/or testamentary gifts.

# Named spaces

If the building is destroyed by fire, earthquake, flood, or other casualty, and if the charity is able to rebuild the building with the proceeds of insurance payments, the donor's name will be placed on the replacement building in substantially the same manner as it appeared in the original building. **If the building is demolished because of obsolescence or other circumstances, the donor's contribution will be acknowledged with a plaque in a prominent location in a replacement building or on the facilities of the institution.**

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# Breach: How to Change a Gift Agreement

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- Donor signed amendment
- Splitting of funds
- Cy-près Doctrine

# Questions?

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