

***Alpha Kappa Alpha  
Educational Advancement  
Foundation, Inc.***

Chapter Scholarship  
Endowment Information

5656 So. Stony Island Ave.  
Chicago, Illinois 60637  
773-947-0026 773-947-0277 Fax  
Toll Free 800-653-6528

Alpha Kappa Alpha Educational Advancement Foundation, Incorporated

**Chapter Endowments**



EAF now makes it easier for Chapters to manage scholarship awards!

If your Chapter has not already established a foundation to award scholarships in your local area, you can easily do this through EAF with a Chapter Endowment.

Once your Chapter decides to invest its fundraising dollars in a Chapter Endowment, EAF will help your Chapter grow its funds to new heights. By investing its scholarship funds through EAF, the Chapter can grow the funds through the many sophisticated investment vehicles EAF uses. As soon as the Chapter Endowment is capitalized, the Chapter will be able to grant scholarships and other awards from the endowment. Your Chapter will still manage the scholarship process by:

- Deciding who receives the scholarships from the Chapter Endowment.
- Soliciting funds from corporations and have them sent to the EAF designated chapter endowment fund.

EAF can take care of the scholarship administrative work for you:

- Your Chapter can set the criteria for its scholarship awards, and EAF will analyze all scholarship applications and advise the Chapter of the best candidates.
- Your scholarship committee can make the final selection of who receives funding from your Chapter Endowment.
- EAF can take care of all of the details of notifying the applicants and scholarship recipients, and can send the scholarship checks directly to recipients or send the checks to your Chapter for presentation to the recipients.

If you are interested in obtaining more information about this exciting opportunity to establish a Chapter Endowment, contact your Chapter's EAF Captain and/or send an email to [akaeaf@akaeaf.net](mailto:akaeaf@akaeaf.net)

## **Philanthropy & You**

EAF was founded around the concept of ***philanthropy***, which has been defined as the act of donating money, goods, time, or effort to support a charitable cause. It has its roots in our history in the America's. Historically, we have practiced philanthropy since we arrived in the Americas over 200 years ago. As a result, it has been proven that people can perform philanthropic acts without possessing great wealth.

As African slaves, we donated our meager goods, time and effort to those we knew who were also in bondage. We built a whole culture of helping our fellow man through the predicament that we found ourselves in - just to survive. We were also fortunate to have among us people like Frederick Douglass, Sojourner Truth and Harriet Tubman who helped us stay focused on how much helping each other really meant. So, ordinary people can perform philanthropic acts without possessing great wealth.

As free people in the Americas, we continued this practice of helping each other wherever we found ourselves. We did this through our individual efforts and through the organizations that supported us.

As educated people in the Americas, we were fortunate to have leaders like the revered '16' who had a vision for us that kept us further focussed on our responsibility to help and support each other.

Since 1908, we've gotten very smart about helping each other. In the 1980's, EAF was founded to setup sophisticated financial endowments that would at least insure that we could support the continued education of our members, and to support community projects that could uplift those less fortunate than us. We found a way to capitalize on the fact that people can perform philanthropic acts without possessing great wealth.

Chapter Endowments are an exciting way for EAF members to help in growing the Foundation to levels previously unimagined – forever. Based on our history, we know it can be done.

***Perpetuity*** is a concept that means *forever*, and EAF has been established based on this concept on behalf of our members, our families and our community. Your support of EAF through Chapter Endowments can help us to make sure that your local communities have our committed support of educational opportunities – forever.

**Alpha Kappa Alpha Educational Advancement Foundation, Inc.  
Chapter Scholarship Endowments**

Given the Internal Revenue Service's increasing oversight of 501(c)(3) and 501(c)(7) organizations relative to fundraising and accounting practices of such organizations, Alpha Kappa Alpha Sorority, Incorporated (Sorority) and Alpha Kappa Alpha Educational Advancement Foundation, Inc. (EAF) are committed to ensuring that chapters and members have maximum opportunities to raise money for scholarships while operating within the regulations governing the respective organization's IRS classification.

To assist chapters in maximizing their fundraising opportunities, ensure that such fundraising activities are properly conducted so that the Sorority and chapters do not violate the regulations governing 501(c)(7) organizations, and avoid any possibility that donors are misled as to whether donations to chapters are tax deductible, the Sorority and EAF propose to encourage chapters to take advantage of the opportunity to establish a Chapter Endowment. The opportunity to establish a Chapter Endowment will only be available to chapters that have a 100% membership in EAF (at the Silver Level) and agree to be governed by (i) a Chapter Endowment Memorandum of Understanding (MOU) between EAF, the Chapter and the Sorority; and (ii) a Chapter Endowed Scholarship Fund Agreement (Agreement).

Chapter Endowments will increase fundraising opportunities and resources available to participating chapters because such chapters will have access to the favorable tax treatment that is provided to 501(c)(3) organizations without the expense and record keeping associated with forming a foundation. The benefits to EAF of facilitating Chapter Endowments include potential increases in membership, and revenue, as well as increased visibility and awareness of EAF throughout the Sorority and the communities served, thus addressing targets number two (2) on Public Awareness Goal- to increase the Presence of the Educational Advancement Foundation and four (4) Membership Goal- to Enhance members understanding and support of the goals and activities of the Educational Advancement Foundation of EAF's strategic plan (adopted April 2005).

**Eligibility:**

Chapter Endowments will only be available to chapters of the Sorority that have attained the Silver level or higher, which means that all members of the chapter must be members of EAF (i.e., 100% membership) and the chapter must have contributed at least \$100-\$500 (based on chapter size) in addition to EAF membership dues.

**Governance:**

Chapter Endowments will be regulated by a Chapter Endowment Memorandum of Understanding (MOU) entered into between the Sorority, EAF, and the participating chapter, and a Chapter Endowed Scholarship Fund Agreement (Agreement) entered into between EAF and the participating chapter.

**Proposed terms and conditions:**

Chapter Endowment Memorandum of Understanding (attached)

Chapter Endowed Scholarship Fund Agreement (attached)

## Chapter Endowment Memorandum of Understanding

This Chapter Endowment Memorandum of Understanding (MOU) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between Alpha Kappa Alpha Educational Advancement Foundation, Inc. (EAF), Alpha Kappa Alpha Sorority, Inc. (Sorority), and \_\_\_\_\_ Chapter of Alpha Kappa Alpha Sorority, Inc. (Chapter) to govern the Chapter and EAF regarding the endowment hereby established by the Chapter (Chapter Endowment) for the purpose of awarding scholarships to recipients identified by the Chapter.

Parties to this MOU agree to be bound by the following terms:

### **Background:**

1. In order for the Chapter to be eligible to enter into this MOU, 100% of the Chapter's members must also be members of EAF and the Chapter must have attained the Silver level or higher, i.e., made an annual contribution to EAF at least \$100-\$500 (based on the Chapter's size) in addition to membership dues.

### **Chapter's Responsibilities:**

2. The Chapter must maintain 100% membership participation in EAF and annually contribute to EAF at the Silver level or higher (i.e., \$100-\$500, depending based on the Chapter's size, in addition to membership dues) from the date the Chapter Endowment is established until the Chapter Endowment is terminated. The Chapter shall report its membership participation level and contributions to EAF annually on the appropriate forms provided to the Chapter by EAF. EAF will monitor the Chapter's membership regularly to ensure the chapter is in compliance. EAF will monitor the Chapter's membership regularly to ensure the Chapter is in compliance.
3. The Chapter must make an initial minimum contribution to the Chapter Endowment of at least one thousand dollars (\$1,000.00).
4. The Chapter will not be allowed to make any scholarships from the Chapter Endowment fund until the contributions from the Chapter to the Chapter Endowment fund total twenty thousand dollars (\$20,000.00) at which point the endowment will be considered capitalized. The Chapter must achieve capitalization (i.e., principal balance of \$20,000)

within ten (10) years of the date of this MOU. This MOU shall automatically terminate in the event the Chapter fails to capitalize the Chapter Endowment within ten years of the date of this MOU and the funds will revert to the EAF General Fund.

5. Once the Chapter Endowment is capitalized, scholarships awards may be made from the actual interest and dividends accrued on the principal in the Chapter Endowment fund net of investment expenses, provided that, the Chapter shall not be allowed to make any scholarships awards that deplete the Chapter Endowment fund to a total of less than twenty thousand dollars (\$20,000.00).
6. If the Chapter engages in fundraising activities than mention EAF or the Chapter Endowment, the Chapter must submit at least fifty percent (50%) of the proceeds raised to EAF as contributions to the principal of the Chapter Endowment. The Chapter must use EAF's designated receipt for all funds received from individuals, corporations and other organizations pursuant to any solicitation that mentions EAF or the Chapter Endowment. One copy of each receipt must be submitted to EAF along with the Chapter's check(s) or the donor's check(s). The Chapter must submit documentation to EAF accounting for any funds retained by the chapter that were used for charitable purposes (i.e. awards to 501(c)(3) organizations) or reasonable fundraising expenses.
7. The Chapter shall retain control and authority for selecting and designating scholarship award recipients from the Chapter Endowment fund account. The Chapter shall forward the names of such recipients and the corresponding dollar amount of the award to EAF, which shall be responsible for sending the appropriate checks to the recipient or to the Chapter, at the Chapter's option, under the terms and conditions of this Agreement.
8. To facilitate donor recordkeeping in accordance with IRS regulations, the Chapter shall issue a receipt to each individual or corporation making a contribution. The Chapter will be required to use EAF's Charitable Contribution Receipt for all funds received through any fundraising activities that mention EAF or the Chapter Endowment. The special Charitable Contribution Receipt will be provided to the Chapter by EAF.

9. If the Chapter chooses to have EAF administer the Chapter's scholarship application and selection process, the Chapter will make such arrangements with EAF staff.
10. The Chapter shall develop objective, non discriminatory criteria regarding scholarship awards the chapter designates under the Chapter Endowment.

**EAF's Responsibilities:**

11. EAF shall retain five percent (5%) of the proceeds contributed by the Chapter to the Chapter Endowment to cover the management and administrative costs associated with maintaining and administering the Chapter Endowment fund.
12. EAF shall provide the Chapter with bi-annual statements showing the balance in the Chapter Endowment account, including all contributions received, interest and dividends accrued, and awards paid out.

**Termination of the MOU:**

13. This MOU shall continue in existence until modified or terminated by either party. Any modifications should be approved by both parties..
14. This MOU shall automatically terminate in the event the Chapter fails to capitalize the Chapter Endowment within ten years of the date of this MOU, and the funds on deposit in the Chapter Endowment will revert to EAF's General Fund for the purpose of awarding scholarships because the funds were solicited under EAF's 501(c)(3) designation.
15. EAF may terminate this MOU in the event the Chapter does not adhere to the responsibilities listed in this MOU, and the funds on deposit in the Chapter Endowment will revert to EAF's General Fund for the purpose of awarding scholarships because the funds were solicited under EAF's 501(c)(3) designation.
16. If the Chapter desires to terminate this MOU and the Chapter Endowment, the funds on deposit in the Chapter Endowment will revert to EAF's General Fund for the purpose of

awarding scholarships because the funds were solicited under EAF's 501(c)(3) designation.

This MOU represents the full understandings of the parties and cannot be modified or amended without the express written approval of the parties. Nothing in this provision will prohibit EAF from exercising the authority governing chapter endowments created under this MOU or other agreements as it related to the overall administration of endowments accounts.

By signing below, the parties acknowledge their mutual understanding and agree to be bound by the terms and conditions as set forth in this Chapter Endowment Memorandum of Understanding.

ALPHA KAPPA ALPHA  
EDUCATIONAL ADVANCEMENT  
FOUNDATION, INC.

ALPHA KAPPA ALPHA SORORITY,  
INCORPORATED

By: \_\_\_\_\_

Title:

By: \_\_\_\_\_

Title:

\_\_\_\_\_ CHAPTER OF  
ALPHA KAPPA ALPHA SORORITY,  
INCORPORATED

By: \_\_\_\_\_

Chapter Basileus

*Alpha Kappa Alpha*  
*Educational Advancement Foundation, Inc.*  
**Chapter Endowed Scholarship Fund Agreement**



**Chapter:** \_\_\_\_\_ **Region** \_\_\_\_\_

**Fund Name:** The Fund shall be called the \_\_\_\_\_

**Purpose:** Indicate the Chapter's purpose for establishing the Fund: \_\_\_\_\_  
\_\_\_\_\_

**Eligibility:** The Fund was initiated on (mm/dd/yyyy) \_\_\_\_\_ by the Chapter with the amount of \_\_\_\_\_ (a minimum of \$1,000 is required to initiate a fund) and the Chapter executed a Memorandum of Understanding with AKAEAF and Alpha Kappa Alpha Sorority, Incorporated.

**Criteria: (Specify)** \_\_\_\_\_  
\_\_\_\_\_

**Funding:** The Fund will grow through contributions made by \_\_\_\_\_. If the Chapter engages in fundraising activities than mention AKAEAF or the Fund, the Chapter must submit at least 50% of the proceeds raised to AKAEAF as contributions to the principal of the Fund.

**Capitalization:** The Chapter anticipates that the Fund will be capitalized (i.e., reach \$20,000 in principal) by (year) \_\_\_\_\_. (Funds must be capitalized within ten years of the initiation date stated above or the principal will revert to AKAEAF's general fund.)

**Awards:** Once capitalized, awards may be made from the Fund based on the actual interest and dividends accrued on the Fund's principal, less an inflation factor, and administrative fees, for the prior fiscal year. (AKAEAF will assign each endowment account it's pro rata portion of annual net earnings as determined by the annual audit and reported to the Chapter in its bi-annual statements.)  
Based on available earnings, the Chapter plans to make awards: \_\_\_ Annually \_\_\_ Biennially

**Reports:** AKAEAF will provide the Chapter a bi-annual statement for the Fund account. The statement will be sent to the Chapter's Basileus at the address on record for the Chapter.

**Additional Report:** If the Chapter wants a copy of the report sent to another person, provide the contact information:  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
Phone \_\_\_\_\_

**Soliciting:** The Chapter must use AKAEAF's designated receipt for all funds received from individuals and corporations pursuant to any solicitation that mentions AKAEAF or the Fund. A copy of each receipt must be submitted to AKAEAF along with the Chapter's contribution. If the amount of the check(s) submitted by the Chapter is less than the total of the receipts, the Chapter must submit documentation to AKAEAF accounting for difference and certifying that the funds were used for charitable purposes (e.g. awards to 501(c)(3) organizations) or reasonable fundraising expenses.

**Requesting Checks:** The Chapter shall provide AKAEAF 30 days advance notice when requesting checks for award recipients. Checks will be sent to the person/entity designated in the request (recipient or Chapter).

The Chapter understands that: endowed scholarship award criteria must be consistent with AKAEAF's policies; the Fund principal shall remain on deposit with AKAEAF in perpetuity even if the Fund is not capitalized; and award payouts are limited to the Fund's net earnings for the fiscal year preceding the award. Once the Fund is capitalized, the Chapter will receive the Green Diamond Award at an AKAEAF event during the next Leadership Seminar or Boule.

\_\_\_\_\_  
Signed – Chapter Basileus Date

*Carolyn House Stewart, Esq.*  
President, AKAEAF

**SAMPLE**

No. \_\_\_\_\_

Date: \_\_\_\_\_ 20\_\_

**RECORD OF CHARITABLE CONTRIBUTION**  
**ALPHA KAPPA ALPHA EDUCATIONAL ADVANCEMENT FOUNDATION, INC.**  
in collaboration with

CHAPTER OF  
**ALPHA KAPPA ALPHA SORORITY, INCORPORATED**

Alpha Kappa Alpha Educational Advancement Foundation, Inc. (AKA-EAF) is a 501(c)(3) non-profit organization. The local chapter of Alpha Kappa Alpha Sorority, Incorporated has endowed a scholarship that is administered through AKA-EAF.

In the event that you wish to declare your contribution as a tax deduction, please retain this document as a formal record of the deductible portion of your contribution.

Contributor: Name: \_\_\_\_\_  
Address: \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Amount of contribution: \$ \_\_\_\_\_ For: \_\_\_\_\_

\_\_\_\_\_ Goods or services were received in connection with the contribution:  
Description: \_\_\_\_\_ Value: \$ \_\_\_\_\_

or

\_\_\_\_\_ No goods or services were received in connection with the contribution.

**Thank you for supporting the Alpha Kappa Alpha Educational Advancement Foundation, Inc.!**

For internal use only: Amount Paid: \$ \_\_\_\_\_ Check # \_\_\_\_\_ M.O. # \_\_\_\_\_ Cash \_\_\_\_\_

Received by \_\_\_\_\_

Original to Contributor

Copy to Chapter for Records

Copy to AKA-EAF for Records

No. \_\_\_\_\_

Date: \_\_\_\_\_ 20\_\_

**RECORD OF CHARITABLE CONTRIBUTION**  
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Received by \_\_\_\_\_

Original to Contributor

Copy to Chapter for Records

Copy to AKA-EAF for Records