

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