

**I**t's the year 2105 and the Foundation is celebrating its 125<sup>th</sup> Anniversary. The Regional Conference Awards Ceremony is in progress, and the student recipient of "your" Endowment Fund Scholarship has just been announced . . .It could happen! The planning begins now!!

**T**he Alpha Kappa Alpha Educational Advancement Foundation, Inc. offers an opportunity for members, organizations, and corporations to leave a lasting legacy through its Endowment Program. An Endowment constitutes restricted, invested funds whose interest and dividends are used to award scholarships. The principal is never touched, thereby providing a "scholarship" nest egg for years to come. Any special donor stipulation may be used to establish the fund—support a personal commitment, honor a loved one, or support a specific profession.

### ***YOU ARE IN CONTROL!***

- ❑ You establish the eligibility criteria.
- ❑ You determine the amount and frequency of awards given.
- ❑ You decide the name of the fund.
- ❑ You may be involved in the selection process during your lifetime.
- ❑ You decide when the first award is to be made.
- ❑ You determine who receives annual reports on the fund.

### ***WHAT'S THE FIRST STEP?***

**A** minimum of \$1,000 may be submitted to "initiate" an endowed fund. This simply denotes intent and identifying the name(s) of the donor(s). Once the fund reaches \$5,000 it is considered "*established*," and becomes part of the Foundation's restricted funds. At this point, the fund begins to draw interest, which is applied to the principal, compounded to facilitate growth and eventual capitalization. No awards are made from the fund until it is "*capitalized*" at \$20,000. Simply put:

- 1. Initiate** = **\$1,000 - \$4,999**  
(Temporarily restricted)
- 2. Established** = **\$5,000** (draws interest, Becomes permanently Restricted)
- 3. Interest Applied** = **\$5,000 - \$19,999**  
(No awards made)
- 4. Capitalized** = **\$20,000** (awards made based on actual net interest and dividends)

### ***WHAT'S NEXT?***

- ❑ Complete an Endowed Scholarship Fund Agreement. These may be obtained from the Foundation website: [www.akaef.org](http://www.akaef.org) or by calling the EAF office.
- ❑ Submit the agreement with the initial check made payable to AKA-EAF, with the name of the endowed fund noted.
- ❑ Mail the Agreement and check to:  
*AKA-EAF  
5656 S. Stony Island Avenue  
Chicago, IL 60637*

### ***WHAT'S IN IT FOR ME NOW?***

***Recognition is given every step of the way!***

- ❑ Fund Established (\$5,000)-a Certificate of Endowment is bestowed.
- ❑ Fund Strengthened (\$10,000)-the Jade award is bestowed.
- ❑ Fund Sustained (\$15,000)- the Emerald award is bestowed.
- ❑ Fund Capitalized (\$20,000)-the Green Diamond Award is bestowed.

The first three recognitions are presented at EAF events at Regional Conferences. The Green Diamond Award is presented at the EAF event at National venues.

### ***WHAT ARE THE BENEFITS?***

- ❑ A modest amount is required to establish the fund.
- ❑ The Principal remains in perpetuity—it will always be there for awards (irrevocable).
- ❑ Administrative costs and management is absorbed by the Foundation.
- ❑ Eligibility and selection criteria are established by the endowment holder and can be changed at any time.
- ❑ The endowment holder or his/her designee determines selection of recipients.
- ❑ All donations to the fund are fully tax-deductible.

*Barbara A. McKinzie, CPA, President  
Olympia Fields, Illinois*

### ***SOME THINGS YOU SHOULD KNOW . .***

The minimum amount required to initiate an endowed fund is **\$1,000**.

If a fund realizes five (5) consecutive years of inactivity, the contents will be transferred to the unrestricted fund.\*

If a fund is not capitalized ten years after initiation, the contents will be transferred to the unrestricted fund.\*

\*(This means that the funds are no longer available for a named scholarship award, but become available for general award purposes)

### ***LEGACY EMPHASIS***

Creating a “Legacy Endowment” Fund is an excellent way to encourage family members (mothers, daughters, and grandmothers) to come together and pool funds for prosperity. This idea can be used to generate excitement and promote endowment building at Regional Conferences (especially those that hold Legacy Luncheons), and other venues.

This is a very personal and heartfelt way to create a “Lasting Legacy” for multiple family members under one initiative.

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#### ***2006—2008 Regional Coordinators***

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*An’Jou Johnson (MA)  
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*Beverly Courtney (SE)  
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## ***“Leaving a Lasting Legacy”***

### ***How to Establish an Endowed Fund***



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