Frequently Asked Questions
About Educational Advancement Foundation® Endowment Funds

Q. What is the minimum amount required to initiate our chapter’s fund?
A. Just $1,000 lets you initiate your fund.

Q. How much time is allowed for our fund to reach capitalization status?
A. Your chapter must reach a principal balance of $20,000 within ten years of the date of fund initiation.

Q. Who has control over selecting and designating award recipients?
A. If your chapter already maintains a not-for-profit foundation, you may want to look into establishing a regular endowment fund to experience the benefits of having an EAF® endowment. Please see our “Leaving a Lasting Legacy” brochure or visit our website www.akaeaf.org for more information on that type of endowment. If your chapter has a not-for-profit foundation that you are looking to dissolve yet want to keep the ability to award local scholarships and stay within IRS guidelines, then the EAF® NCAP® program is for you! With the rising costs of maintaining a 501(c)(3) on your own, the EAF® NCAP® option can be a great alternative.

Q. Will we have to change or modify our IRS status?
A. Not at all — you will remain a 501(c)(7) organization. Because EAF® is a 501(c)(3) organization, you will have access to favorable tax treatment without having to incur the expenses of forming a separate foundation.

Q. How does NCAP® affect our chapter’s fundraising activities?
A. For any activities that mention EAF® or the NCAP®, you will have to submit at least 50% of the net proceeds raised to EAF® as a direct contribution to your fund principal. The remaining 50% can be used for local awards and contributions, or seed money for your next fundraiser.

Q. What are our expenses for NCAP®?
A. Since your NCAP® fund is part of the EAF® larger investment portfolio, we are able to pass on the benefit of lower administrative costs to your NCAP® fund. Therefore EAF® retains a mere 1% of the proceeds contributed to your NCAP® fund to cover management and administrative costs. These include external audit costs, tax filings, statement processing, distribution of checks to recipients, and preparation of donor receipts.
With NCAPSM, Chapters Without A Separate Foundation Can Award And Manage Local Scholarships

Let EAF® Handle The Details

As the philanthropic arm of Alpha Kappa Alpha® EAF® is committed to promoting the interests of a sorority organization and its members. Therefore the NCAPSM Program was created to help you and your chapter achieve its philanthropic goals.

As an Alpha Kappa Alpha® chapter, you are chartered as a 501(c)(7) organization — yet if you wish to issue scholarships, the IRS requires you to establish a separate 501(c)(3) educational foundation. That requires legal costs, external audits and separate tax filings, and comes with the risk you may run afoul of regulations.

NCAPSM is the better solution for local chapters, giving you the ability to raise money for scholarships while operating within all IRS guidelines.

Here’s How It Works:

You’re In Control And In The Clear

Your chapter can initiate its own scholarship fund with EAF® for an initial $1,000 contribution. Donors and Members can then make contributions to your fund in full compliance with IRS regulations. When the fund reaches $20,000, it is capitalized and awards can be made annually based on the net interest.

How the scholarships are administered is your decision. You determine the criteria, review the applicants and select the recipients. EAF® provides you with IRS-approved donor receipts and any other documentation your supporters and vendors require.

EAF® also notifies your applicants, issues checks to your recipients, provides periodic statements of your NCAPSM account activity, obtains your required annual audits, and completes all IRS regulatory filings on your behalf. For the small 1% annual administrative fee retained by EAF® to cover these management costs, your chapter gains a wealth of benefits that enable you award scholarships in your local area in perpetuity that would simply not be possible investing the funds elsewhere.

You Can Get Started Right Away!

Just Two Simple Forms Need To Be Completed:

1. NCAPSM Scholarship Fund Agreement
2. NCAPSM Memorandum Of Understanding.

Copies can be obtained online at www.akaeaf.org, or by calling the EAF® office at 773-947-0026. Send both forms to EAF® along with your check to initiate your fund.

Please Note:

✓ Your chapter must maintain Silver Level or higher with AKA EAF®.
✓ To build your fund principal, you must deposit into the fund at least 50% of proceeds raised from fundraising activities that mention EAF® or your chapter’s NCAPSM Fund.
✓ You have 10 years allowed for your fund to reach $20,000 and be capitalized.
✓ Donations can also be made directly to your NCAPSM endowment fund from your chapter members, friends, family and corporate donors.

We hope you will take this opportunity to enhance your chapter’s fundraising opportunities.

Questions?
Call The EAF® Office At 800-653-6528.