

Alpha Kappa Alpha Educational Advancement Foundation, Inc.

*Non-Profit Chapter  
Assistance Program (NCAP)*

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Alpha Kappa Alpha Educational Advancement Foundation, Inc.

**Non-Profit Chapter Assistance Program  
(NCAP)**



EAF makes it easier for small to medium-sized Chapters with NO 501(c)(3) foundation of its own, 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 by participating in our Non-Profit Chapter Assistance Program (“NCAP”). This program is a partnership between EAF, Alpha Kappa Sorority, Inc. and your chapter that allows your chapter supporters to donate to your local fundraising initiatives and receive charitable contribution tax treatment for those donations.

Once your Chapter decides to invest its fundraising dollars in an NCAP Endowment fund, EAF will help your Chapter grow its funds to new heights. By investing its scholarship funds through EAF, the Chapter can increase the funds through the many sophisticated investment vehicles EAF uses. As soon as the NCAP fund 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 scholarship from the Endowment fund.
- Soliciting funds from corporations and having them sent to your EAF designated and managed 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 Endowment fund.
- EAF can take care of all of the details for 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 partner with EAF and AKA and establish an NCAP Endowment, contact your Chapter’s EAF Captain and /or send an email to [akaeaf@akaeaf.net](mailto:akaeaf@akaeaf.net).

## **Program Description and Details**

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, Incorporation (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 an NCAP Scholarship Fund. The opportunity to establish an NCAP Scholarship Fund will only be available to chapters that have a 100% membership in EAF (at the Silver Level) and agree to be governed by (i) an NCAP Endowment Memorandum of Understanding (MOU) between EAF, the Chapter and the Sorority, and (ii) an NCAP Scholarship Fund Agreement (Agreement).

An NCAP Endowment 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 recording keeping associated with forming a foundation. The benefits to EAF of facilitating NCAPs include potential increase 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, Inc. and four (4) Membership Goal-to Enhance members understanding and support of the goals and activities of the Educational Advancement Foundation, Inc. of EAF's strategic plan (v.9 September 2015).

### ***Eligibility:***

This Program will only be available to chapters of the Sorority that have attained the Silver level or higher, i.e., the chapter must have contributed at least \$100-\$500 (Based on chapter size) in addition to EAF membership dues.

### ***Governance:***

NCAP is regulated by an NCAP Memorandum of Understanding (MOU) entered into between the Sorority, EAF, and the participating chapter, and an NCAP Scholarship Fund Agreement (Agreement) entered into between EAF and the participating chapter.

### ***Proposed terms and conditions:***

NCAP Memorandum of Understanding (attached)

NCAP Scholarship Fund Agreement (attached)

## NCAP 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 NCAP Endowment) for the purpose of awarding scholarships to recipients indentified by the Chapter.

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

### **Background:**

1. In the 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 NCAP is established until the NCAP 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 regularly ensure the Chapter is in compliance.
3. The Chapter must make an initial minimum contribution to its NCAP endowment of at least one thousand dollars (\$1,000.00).
4. The Chapter will not be allowed to make any scholarships from the NCAP fund until the contributions from the Chapter to the NCAP funds 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 \$20,000.00) within ten (10) years of the date of this MOU. This MOU shall automatically terminate in the event the Chapter fails to capitalize the NCAP within ten years of the date of this MOU and the funds will revert to the EAF General Fund.
5. Once the NCAP scholarship fund is capitalized, scholarship awards may be made from the actual interest and dividends accrued on the principal in the NCAP fund net of investment expenses, provided that, the Chapter shall not be allowed to make any scholarship awards that deplete the NCAP fund to a total of less than twenty thousand dollars (\$20,000.00).
6. If the Chapter engages in fund raising activities that mention EAF or the NCAP, the Chapter must submit at least *fifty percent (50%)* of the net proceeds raised to EAF as contributions to the principal of the NCAP. 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 NCAP. 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. local scholarship awards or awards to 501(c)(3) organizations) or reasonable fundraising expenses. As examples, the chapter can use the remaining **fifty percent (50%)** of said net proceeds to award local scholarships to students or community organizations or as seed money for the next fundraiser.

7. The Chapter shall retain control and authority for selecting and designating scholarship award recipients from the NCAP 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 the Chapter, at the Chapter's option, under the terms and conditions of this Agreement.
8. To facilitate donor recordkeeping in accordance with the 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 NCAP. The special Charitable Contribution Receipt will be provided to the Chapter by EAF as needed upon request.
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 NCAP.

**EAF's Responsibilities:**

11. EAF shall retain five percent (5%) of the proceeds contributed by the Chapter to the NCAP to cover the management and administrative costs associated with maintaining and administering the NCAP fund.
12. EAF shall provide the Chapter with annual statements showing the balance in the NCAP 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 modification shall be approved by both parties.
14. This MOU shall automatically terminate in the event that the Chapter fails to capitalize the NCAP within ten years of the date of this MOU, and the funds on deposit in the NCAP 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 NCAP 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 NCAP the funds on deposit in the NCAP 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 both parties. Nothing in this provision will prohibit EAF from exercising the authority governing NCAPs 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 N.C.A.P. Memorandum of Understanding.

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

**By: \_\_\_\_\_  
Title: Executive Director**

**Alpha Kappa Alpha Sorority,  
Incorporated**

**By: \_\_\_\_\_  
Title: Executive Director**

\_\_\_\_\_ Chapter of  
**Alpha Kappa Alpha Sorority,  
Incorporated**

**By: \_\_\_\_\_  
Chapter Basileus**