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 identified 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 one percent (1%) 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: Executive Director
Title: Executive Director

Chapter of Alpha Kappa Alpha Sorority, Incorporated

By: Chapter Basileus