

MEMORANDUM OF UNDERSTANDING
between
ASSOCIATION OF GRADUATES
OF THE UNITED STATES AIR FORCE ACADEMY
and
USAFA ENDOWMENT, INC.

PREAMBLE

The Board of Directors of the Association of Graduates of the United States Air Force Academy (the "AOG") and the Board of Directors of the USAFA Endowment, Inc. (the "Endowment") adopt the following Memorandum of Understanding (the "MOU"), superseding the previous agreement dated December 15, 2011, to continue a collaborative, comprehensive friend-raising and fundraising process designed to 1) raise increasing levels of charitable support for the Air Force Academy (the "Academy"); 2) better serve the graduate community; and 3) promote the heritage and value of the Academy and its graduates.

VISION and MISSION(S)

The Vision and Mission of each organization is contained in Attachment 1.

SHARED BELIEFS

We share the following beliefs:

1. The United States Air Force Academy requires private charitable support to sustain its status as an institution producing officers of the finest character and quality to lead and serve in the defense of our Nation.
2. Graduates of the Academy share a unique bond that lasts a lifetime; that bond requires artful cultivation to realize its full potential to support the Academy, the graduate community and our nation.
3. As a national treasure, the Academy also enjoys the affection and support of non-graduates who want it to achieve even higher levels of excellence.
4. The missions of the Association of Graduates and the USAFA Endowment are interdependent and as such:
 - a. The Academy requires a world-class alumni and friend-raising organization (i.e., the AOG) that encourages a spirit of giving (e.g., time, treasure and talent) to support the Academy.
 - b. The Academy requires a world-class fundraising and stewardship organization (i.e., the Endowment) that promotes a culture of giving, maximizes the potential for future gifts, efficiently stewards all gifts in accordance with donor intent and promotes AOG membership.
 - c. Both organizations need to be properly resourced and well represented within the Academy community.

ORGANIZATIONAL STRUCTURE

The agreed organizational structure for effectively raising money for the Academy and supporting the AOG's mission has seven key elements:

1. The AOG and the Endowment are two legally independent organizations with separate Boards of Directors, working together through this MOU in a collaborative, cooperative effort and whose mutual success relies on close cooperation in fundraising and friend-raising activities.
2. The AOG is responsible for maintaining and directing an organization of Academy alumni with the principal objectives of supporting the Academy through advocacy, financial donations, graduate and cadet services and promotion of the Academy's heritage. The AOG maintains and retains revenues from other sources, including membership dues, merchandise sales, ticket sales, sponsorships, and services. The AOG retains the ability to accept and manage new additional, tax deductible donations to support AOG operations and to establish or enhance endowments and funds. The AOG will assist the Endowment in raising funds by encouraging graduates, parents, members and chapters to donate through the Endowment. The AOG may only solicit tax-deductible donations in collaboration with, and through, the Endowment.
3. The Endowment is responsible for the solicitation, receipt and stewardship of all tax-deductible donations, including unrestricted gifts (e.g., Air Force Academy Fund/Sabre Society), restricted gifts and estate gifts in accordance with donor intent. The AOG will support the Endowment in identifying donor prospects through programs, chapters and events in support of the Endowment. The AOG will further assist in this effort by providing infrastructure support and a range of services as negotiated in the Annual Operating Contract (the "AOC").
4. Since the AOG, the Endowment and the Academy benefit from increased contributions to the Air Force Academy Fund, the AOG's leadership is authorized and encouraged to articulate the need for unrestricted funds and how these funds benefit the Academy, the Endowment, and the AOG.
5. The Joint Coordination Committee (the "JCC") has the charter to make recommendations to both Boards and to resolve issues that are expressly delegated to the JCC by both Boards.
6. The Endowment and the AOG are enthusiastically committed to explore new methods of cooperation and collaboration, such as the establishment of Joint Board Committees, including the Joint Finance Committee (the "JFC"), which has been approved by both Boards, and other methods of increased Board and staff interaction.
7. A joint strategic planning function is required to address strategies and requirements of both organizations and the Academy. The responsibility for this function falls on the JCC.

ONGOING ACTIONS

1. The Annual Operating Contract ("AOC") will be based on the principles contained in the MOU. CEOs will review the AOC annually, make changes as necessary, and inform the JCC of any modifications and/or revisions.
2. The Endowment will continue to rent office space, furniture and computer equipment in Doolittle Hall from the AOG at or below market-level rates, which will be set forth in the AOC.
3. Unless an activity is unique to one organization, the AOG and Endowment will seek to present a united front incorporating the logos of both organizations. Shared (not necessarily equal) funding,

support, participation, and/or purpose are reasons for dual-branding. In so doing, the parties will use the dual brand matrix guidelines at Attachment 2. Both CEOs are responsible for their staffs complying to further the objectives of this MOU.

4. The CEOs will ensure that both organizations are recognized in the gift offer process.
5. The Endowment will provide and distribute Air Force Academy Fund cash receipts to support the goals of this MOU. All Air Force Academy Fund cash receipts will be distributed as follows: fifty-one percent (51%) retained by the Endowment, thirty-four percent (34%) distributed to the AOG, and fifteen percent (15%) made available to the Academy. The split of the Air Force Academy Fund will be reviewed by the JCC after two years, or sooner if the fundraising environment changes significantly (e.g., the Air Force Academy Fund raises less than \$1.9M in cash receipts in any single year).
6. Bequests and other deferred gifts, such as funds received from a will or trust or a life insurance policy, will be handled as follows: Designations to an organization, such as “to the Endowment” or “to the AOG,” without additional documentation of a more specific intended use, either from the donor or from the donor’s personal representative/trustee, will be split 33-1/3% to the Air Force Academy; 33-1/3% to the USAFA Endowment; and 33-1/3% to the Association of Graduates. Designations to an organization, such as “to the Endowment” or “to the AOG” with additional documentation of a more specific intended use, either from the donor or from the donor’s personal representative/trustee, will be applied at the exclusive direction of the Board of the designated organization, with donor intent being paramount. Designations by a current or former member of the Endowment Board or the AOG Board to an organization, such as “to the Endowment” or “to the AOG”, without additional documentation of a more specific intended use, either from the donor or from the donor’s personal representative/trustee, will be applied at the exclusive direction of the Board of the designated organization.
7. Gifts designated to an organization, such as “to the Endowment” or “to the AOG”, without additional documentation of a more specific intended use, and for which no more specific intended use can be ascertained from the donor or the donors representative, and which are not addressed in the preceding paragraph, will be applied to the Air Force Academy Fund.
8. Responsibility for the constituent database (the “CDB”) updates and maintenance will be shared by both organizations, although the ultimate responsibility for CDB integrity rests with the AOG. The AOG and Endowment staffs shall share full ownership, use of and access to the CDB. No data from the CDB may be extracted and placed in any other database other than for purposes of Endowment accounting and fundraising unless approved by the CEOs of both organizations.

ADDITIONAL FINANCIAL SUPPORT FOR THE AOG

1. The Endowment agrees to solicit funds to support the AOG. These funds may be restricted by the donor for direct support of AOG graduate and cadet programs, services, or endowments (e.g., donations to the Long Blue Line Endowment) or may be from Air Force Academy Fund cash receipts. Annually, the CEOs will consult on realistic fundraising objectives for the Air Force Academy Fund and AOG-specific funds. In support of this effort, and prior to establishing these annual restricted fund raising targets, the AOG will provide the Endowment with appropriate case materials clearly defining the need for and impact of private support for AOG priorities to better enable fundraising efforts on behalf of the AOG.
2. The AOG is responsible for generating non-gift revenue to fund a portion of its programs and services. Accordingly, the AOG may solicit new memberships, sponsorships (corporate and individuals) and may solicit (i.e., advertise) its programs and services.
3. Pursuant to the Institutional Fund Agreement (the "IFA"), the Endowment has established and is raising money for a Long Blue Line Endowment managed by the Endowment. The current term of the IFA is through January 1, 2017. Upon signing this MOU, the IFA will be extended to the same term as the MOU. In accordance with the Endowment policy, no fees will be charged and all gains will accrue to the Long Blue Line Endowment.

JOINT COORDINATING COMMITTEE

Both Boards understand that additional policies and procedures may need to be established or revised as part of this process. The CEOs of the AOG and the Endowment will negotiate the AOC and develop additional policies and procedures necessary for efficient and effective implementation of this MOU.

Each Board will provide three voting members to the JCC for the purpose of providing recommendations on which the CEOs cannot agree. Additionally, the Academy's Superintendent will be invited to appoint an individual from the Academy senior staff to act as a non-voting advisor to the JCC. A Joint Finance Committee (the "JFC") will be established and will report directly to the JCC. As specifically delegated by both Boards:

1. The JCC will make recommendations on issues referred to the JCC by either Board, CEO or the Academy. Issues may include MOU changes, follow-on MOU negotiation, or any other actions that require approval by both Boards.
2. In the functional area of Joint Strategic Planning, the JCC will:
 - a. Periodically meet with Academy representatives (e.g., Superintendent, Vice Superintendent, USAFA/CMA), for the purpose of understanding the Academy's needs and priorities for the next year and 2-5 years in the future.
 - b. Meet to discuss the AOG and Endowment broad strategies to determine where and how the AOG and the Endowment can better support each other. The purpose is to understand what each organization should do to meet the Academy's and each organization's highest priorities.

- c. Representatives of the Air Force Academy Athletic Corporation (the "AFAAC") will be invited to attend such meetings as the AFAAC stands up operationally.

Up to two members of the JCC (or other designated representatives) will be invited to attend each organization's Board meetings.

The JCC may make decisions only within the limits of this MOU and within the specific authorities and delegations granted by each Board. Each Board has the ultimate authority to determine what is best for its respective organization.

JOINT FINANCE COMMITTEE

The JFC will be comprised of the Treasurers of both Boards and the CEOs and Chief Financial Officer/Controller of the AOG and the Endowment. The JFC will be comprised of six voting members, three from each organization and is subordinate to the JCC. As specifically tasked by the JCC, and beginning with the implementation of this MOU, the JFC will:

1. Have full access to the detailed financial information of both organizations.
2. Review budgets of both the AOG and the Endowment and make recommendations to the JCC on how both organizations can better support each other.

LENGTH OF AGREEMENT AND TERMINATION

This agreement is effective January 1, 2014 and will remain in effect for a minimum of 48 months. In the event a new MOU is not agreed upon by December 31, 2017, the split of the Air Force Academy Fund will be: 21% to the Academy, 31% to the AOG, and 48% to the Endowment. All other conditions in this MOU remain in effect until a new MOU is negotiated. Either party may terminate the agreement with 60 days written notice.

LEGAL CONSIDERATIONS

Nothing contained in this agreement shall be construed to create any rights in any third party that is not a signatory to this agreement. Nothing contained in this agreement shall be construed to create a joint venture, partnership or other legal status potentially giving rise to joint and several liabilities between the Endowment and the AOG.

IN WITNESS THEREOF:



ROGER E. CARLETON
Chairman of the Board
Association of Graduates

14 Dec 2013
DATE



PAUL S. MADERA
Chairman of the Board
USAFA Endowment, Inc.

16 Dec 2013
DATE

2 Attachments:

1. AOG and Endowment Vision and Mission Statements
2. Dual-brand Matrix Guidelines

Attachment 1

AOG and Endowment Vision and Mission Statements

Association of Graduates

Vision: The Association of Graduates (AOG) is the primary organization of United States Air Force Academy (USAFA) graduates and friends of the Academy, dedicated to supporting the Academy mission of building leaders of character for the Air Force and the nation, and providing service and support to graduates, friends and cadets.

Mission: To pursue our vision and to serve and support the United States of America, the United States Air Force, the United States Air Force Academy, and the graduate community by:

- Working in partnership with the Academy to produce and foster graduates with an enduring commitment to integrity, excellence, and service to country.
- Providing leadership, communication, and support to all Academy graduates and friends of the Academy, and promoting camaraderie among them.
- Promoting the heritage of the Academy, our common traditions, and the accomplishment of our graduates.

USAFA Endowment

Vision: To be the preeminent organization for the development and abiding stewardship of major gifts to the United States Air Force Academy.

Mission: To provide efficient and perpetual stewardship of donated gifts to the United States Air Force Academy so as to ensure their permanency and efficacy in accordance with the donors' intent.

Attachment 2

Dual Brand Matrix Guidelines

AOG Brand	Both Brands	Endowment Brand
Checkpoints Magazine Affinity marketing Heritage Programs Graduate and Parent Services Chapter materials Membership materials Annual report Membership Solicitations	Website ZoomieNews Gift Offers to USAFA Joint Events Donor Honor Roll Alumni/Donor Events Leading Edge Report 7258 Publication	Donor Correspondence Stewardship Reports Gift Solicitations Annual Report