

MEMORANDUM OF UNDERSTANDING
Between
ASSOCIATION OF GRADUATES
OF THE UNITED STATES AIR FORCE ACADEMY
and
AFA FOUNDATION
(Formerly known as the USAFA Endowment Inc.)

PREAMBLE

The Association of Graduates of the United States Air Force Academy (the "AOG") and Air Force Academy Foundation, Inc. (the "AFA Foundation") adopt the following Memorandum of Understanding (the "MOU"), superseding the previous Memorandum of Understanding dated and signed December 18, 2018 (the "2019 - 2020 MOU").

PURPOSE

The purpose of this MOU is to continue a collaborative, comprehensive friend-raising and fund-raising 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.

KEY ELEMENTS

The structure for effectively achieving our purpose has the following key elements:

1. The AOG and the AFA Foundation 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 fund-raising 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.
3. The AFA Foundation is responsible for maintaining and directing a fund-raising organization in support of the Academy and its programs. The AFA Foundation is further committed to assisting and supporting fundraising for the AOG and the other supporting foundations in support of its programs and operations.
4. Toward the success of the AFA Foundation and AOG missions, both organizations will work together to their mutual benefit in the following ways:
 - a. The AFA Foundation has responsibility for the solicitation, receipt, and stewardship of tax-deductible donations, including unrestricted gifts, restricted gifts and estate gifts. The AFA Foundation commits to actively solicit for gifts that support AOG programs and operations on an equal basis with other fund-raising priorities.
 - b. The AOG retains the ability to accept, steward, and manage tax deductible donations to support AOG operations and to establish or enhance its Long Blue Line endowment. However, solicitation of gifts to and operation of the Air Force Academy Fund will be the

responsibility of the AFA Foundation as long as this MOU is in effect. Gifts to the Air Force Academy Fund which the AOG receives directly from donors will be forwarded to the AFA Foundation on a monthly basis. When making gifts to the Academy from the Air Force Academy Fund, the AFA Foundation will give specific recognition to the cooperation and support of the AOG.

- c. The AOG's friend-raising activities, principally in the form of member services, have a direct and indirect cost nearing 100% of its budget; that budget is supported by dues, business incomes, and investment returns. As part of its friend-raising activities, the AOG may have an opportunity to provide information which will assist the AFA Foundation in identifying donor prospects through programs, chapters and events in support of the Academy. The AOG will encourage graduates, parents, members and chapters who wish to donate to the Academy to do so through the AFA Foundation.
- d. In order to assist the AOG in its friend-raising activities, the AFA Foundation will make an annual grant totaling \$800,000 to the AOG in 2021. The annual grant amount will be paid in twelve equal monthly installments by the last business day of each month throughout 2021. In addition, the AFA Foundation will actively solicit donations which supports the AOG in its friend-raising activities, e.g., graduate memberships, alumni events, Checkpoints production.
- e. In order to assist the AFA Foundation in stewarding its donors, and as in standard industry practice between granters and grantees, the AOG will provide information to the AFA Foundation as to the use and impact of the grants in the AOG's friend-raising activities.
- f. At no cost to the AFA Foundation, the AOG will provide logistical support to the AFA Foundation within Doolittle Hall by providing office space and infrastructure support, including information technology, communications, database management, meeting spaces, and a range of other services as set forth in the most current Operating Support Agreement.
- g. The Presidents and Chief Operating Officers of the AOG and the AFA Foundation (together, the "Presidents") will actively collaborate with each other in achieving the goals of this MOU. The Presidents acknowledge the importance of their respective organizations being transparent to the other, and to the extent practicable and reasonable, will ensure that a necessary and appropriate level of transparency is achieved. Neither party shall negotiate nor enter into a commitment with a third party, if it impacts the data, resources or activities of the other party without their knowledge and agreement.

ONGOING ACTIONS

The Presidents are encouraged to explore new methods of cooperation and collaboration and may make separate agreements to that end. The Presidents may develop additional policies and procedures necessary for efficient and effective implementation of this MOU. The Presidents may choose to share staff personnel or create joint staff positions to the benefit of this MOU and/or the missions of both organizations. Any agreements will be based on the principles contained in the MOU, and what is in the mutual best business interest of both organizations.

To the extent that the AFA Foundation receives gifts that are donor-designated for the AOG, but which are otherwise unrestricted, the AFA Foundation will transfer funds available for distribution, to the AOG monthly or as agreed by the Presidents. On a monthly basis, the AFA Foundation will also report to the AOG all pledges, bequests, and other deferred gifts that are donor-designated to the AOG, and will distribute available cash to the AOG in accordance with donor or fund agreements, or as agreed by the Presidents.

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 AFA Foundation" or "to the AOG," without additional legal documentation of a more specific intended use, either from the donor or from the donor's personal representative/trustee, will be passed through to the respective organization. All such donations will be applied/distributed at the exclusive direction of the Board of Directors of the designated organization.

Designations to an organization, such as "to the AFA Foundation" or "to the AOG" with additional legal 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 Directors of the designated organization, with donor intent being paramount.

Both organizations will share responsibility for the constituent database (the "CDS") updates and maintenance, although the ultimate responsibility for CDB integrity rests with the AOG. The AOG and AFA Foundation staffs shall share full ownership, use of and access to the COB. No data from the CDB may be extracted and placed in any other database other than for purposes of AFA Foundation accounting and fundraising unless approved by the Presidents.


LENGTH OF MOU AND TERMINATION

This MOU is effective January 1, 2021 and will remain through December 31, 2021. Either party may terminate this MOU with sixty (60) days written notice to the other party. Unless a new MOU is negotiated, expiration of this MOU will cause the parties to revert to conditions that were in the 2019 - 2020 MOU.

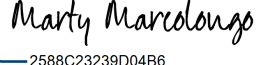
LEGAL CONSIDERATIONS

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

AFA FOUNDATION, INC.

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Mark Hille
President and COO

ASSOCIATION OF GRADUATES OF THE UNITED STATES AIR FORCE ACADEMY, INC.

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Marty Marcolongo
President and COO