



**CHAPTER SCHOLARSHIP FUND
LETTER OF AGREEMENT**

To the Directors of the Sigma Delta Chi Foundation:

The _____ Chapter of the Society of Professional Journalists desires to establish a Chapter Scholarship Fund within the Sigma Delta Chi Foundation, subject to the terms of the attached Policies and Procedures for Chapter Scholarships Funds as adopted by the directors of the Sigma Delta Chi Foundation.

Henceforth, the Chapter Scholarship Fund shall be known as the _____ Scholarship Fund.

The chapter is responsible for soliciting funds for said Chapter Scholarship Fund.

The Sigma Delta Chi Foundation will issue an acknowledgment to each donor for each gift.

The Sigma Delta Chi Foundation will provide periodic reports to the chapter on the status of the Chapter Scholarship Fund, although the chapter may, at any time, request a list of donors to the Chapter Scholarship Fund for the purposes of further solicitation or acknowledgment.

All gifts to the Sigma Delta Chi Foundation are deductible from income subject to tax, to the extent provided by law. Checks should be made payable to the Sigma Delta Chi Foundation. Securities should similarly be assigned to the Sigma Delta Chi Foundation.

The chapter acknowledges that Chapter Scholarship Funds are restricted funds and as such, five percent of each gift to a Chapter Scholarship Fund and ten percent of the annual income generated by a Chapter Scholarship Fund shall be designated as unrestricted and shall be used at the sole discretion of the directors of the Sigma Delta Chi Foundation.

The chapter acknowledges that, while the directors of the Sigma Delta Chi Foundation will make every effort to honor the requests of donors who wish to place restrictions on their gifts, the final disposition of all gifts to the Sigma Delta Chi Foundation must be at the sole discretion of the directors of the Sigma Delta Chi Foundation.

For the _____ Chapter:

Signature of authorized representative

Printed name and title

Date

**THE SIGMA DELTA CHI FOUNDATION
CHAPTER SCHOLARSHIP FUNDS
POLICIES AND PROCEDURES**

- I. **STRUCTURE OF ACCOUNT:** Contributions to the Sigma Delta Chi Foundation, designated for a Chapter Scholarship Fund, will be retained in the Foundation as principal, less five percent that is deducted for unrestricted use by the Foundation. Example: On a \$100 donation, \$95 are deposited into the Chapter Scholarship Fund and five dollars are deposited into the unrestricted account of the Sigma Delta Chi Foundation. In extraordinary circumstances, the President of the Foundation's board of directors and the executive director may negotiate on the five percent deduction for unrestricted use.
- II. **REVIEW OF FUNDS AND USE OF INCOME:** The directors have adopted a "Total Return" philosophy in allocating income for Chapter Scholarship Funds. Under this philosophy, the directors will review each Chapter Scholarship Fund annually. Based on this review, the directors will annually specify a percentage of the fair market value of the Chapter Scholarship Fund's assets to be distributed during the subsequent year. Distributions will be used only for purposes consistent with the Sigma Delta Chi Foundation's tax exempt status under section 501(c)(3) of the Internal Revenue Code as determined by the Sigma Delta Chi Foundation. The chapter will be notified in writing of the amount and will be given a date certain by which the use of the funds must be recommended by the chapter. Any funds not distributed by the date certain will be reinvested into the Chapter Scholarship Fund. Example: On a Chapter Scholarship Fund with a balance of \$10,000, \$500 (or five percent of the Chapter Scholarship Fund's fair market value) would typically be made available for scholarships or grants.
- III. **FUNDS NOT DISTRIBUTED:** Any income from the Chapter Scholarship Fund that is not distributed during a fiscal year (August 1 - July 31) will be added to and become part of the principal for the following fiscal year. Ten percent of the Chapter Scholarship Fund's income each year (interest and dividends plus capital gains) will be allocated to the Sigma Delta Chi Foundation for unrestricted use. Example: If a Chapter Scholarship Fund has interest, dividends, and capital gains totaling \$1,000 during a given year, \$100 would go to the Sigma Delta Chi Foundation for unrestricted use, \$900 would be reinvested in the Chapter Scholarship Fund.
- IV. **SCHOLARSHIPS AND GRANTS:** The chapter's board of directors, as appropriate, will carefully review data of scholarship or grant applicants, and, based on merit and need for a grant, will submit their recommendations to the Sigma Delta Chi Foundation directors who will have final authority for the granting of scholarships.
- V. **DISSOLUTION:** In the event that the chapter is suspended, is disbanded, is suspended by order of the Society of Professional Journalists, or ceases to function for lack of members or any other reason, then, the following will apply:
 - A. The Chapter Scholarship Fund will be maintained in place with fifty percent of the available funds each year (typically two and one half percent of the Chapter Scholarship Fund's balance) being made available for scholarships and grants to worthy and deserving projects until such time as the chapter be reconstituted or reinstated in good standing with the Society of Professional Journalists. All remaining income (less ten percent annually for unrestricted use by the Sigma Delta Chi Foundation) will be reinvested into the Chapter Scholarship Fund.
 - B. If the chapter has not been reestablished at its host institution within a period of twenty-one years, the Chapter Scholarship Fund shall be dissolved and all remaining funds, including principal and income, shall become a part of the unrestricted funds of the Sigma Delta Chi Foundation.