

Calculating and Distributing Scholarship Interest

1. Once the quarterly statement of the scholarship account is received from the Business Office, verify that the ending and beginning balances of the account are correct. Check the sum of the total debits/credits to verify the totals. If there are any discrepancies, do not proceed and contact the sender of the statement.
2. If the school uses a 'general scholarship account', the interest may be recorded as an adjustment entry using the 'interest income' type of adjustment. Change the bank code to the scholarship bank.
3. If the school has scholarships in separate accounts for each, the interest will need to be calculated for each account based on the total holding within the account, as a percentage of the total interest earned.
4. To begin, record the total scholarship interest earned into one account, using the Adjustment Entry function. This is just a temporary holding place for the scholarship interest, it will be disbursed later.
5. Find the total of the individual scholarship account and divide this amount by the total amount of the overall scholarship investment account (amount per statement before interest applied).
 - a. For example, Scholarship A has \$1000 in the account. The total of the scholarship investment account is \$10,000. $1000/10,000=.10$ or 10%.
6. Multiple the interest percentage by the total amount of interest earned.
 - a. For example, if the total amount of interest earned is \$75, Scholarship A will earn \$7.50.
7. Complete this formula for each individual scholarship account and keep track of each amount.
8. Use the Multi-Line Transfer function to allocate the interest for each account but using the initial scholarship interest holding account (from) and each individual scholarship account (to).
9. The total of the interest earned should be exactly what was calculated to be disbursed, if it does not, the calculations should be double checked. If it does, post the transfer.