

## **REGULATION #4430.1**

### **APPENDIX A: ESTABLISHING & ADMINISTERING SCHOLARSHIP FUNDS**

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#### **1. ESTABLISHING A SCHOLARSHIP FUND**

Most scholarships are paid from site based funds accounts. This is the preferred practice as it produces the least administrative burden.

Scholarships may be administered through a district trust account for your school. When charitable donations are involved, this is required to facilitate compliance with Income Tax Act reporting requirements. A district trust account for your school's scholarships can be established by contacting Fiscal Management Services.

#### **2. ISSUING OFFICIAL CHARITABLE DONATION RECEIPTS**

The processes for issuing official charitable donation receipts are described in [Regulation #4430.1](#), Section 4.

#### **3. PERPETUITY SCHOLARSHIPS**

Where a charitable donation is being received that will fund a scholarship that is to be paid out over ten or more years, please contact Fiscal Management Services to establish the necessary unique arrangements.

#### **4. SCHOLARSHIP AWARD SELECTION & PAYMENT**

The principal is responsible to ensure that selection of scholarship recipients is in accordance with the terms of funding. After the student has satisfied the school of compliance with the conditions for payment (like enrolment in a post secondary institution), the school will authorize the scholarship payment and provide Fiscal Management Services a memorandum signed by the principal with the student's name, address, social insurance number and the amount to be paid. Scholarship cheques are returned to the school to enable an appropriate letter to accompany the payment.

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**5. TAX REPORTING COMPLIANCE**

Where the student's scholarships exceed \$500 for the calendar year, Fiscal Management Services will issue a T4A slip directly to the student for the calendar year in the following February. Schools that pay scholarships directly from site funds are required to submit the scholarship recipient's name, address and social insurance number to Fiscal Management Services in order to ensure compliance with the Income Tax Act.

**6. SCHOLARSHIP TRUST FUND BALANCES**

The activities in and balance of the district scholarship trust accounts are available to principals via online financial inquiry.