

Chapter 8



Chapter 8 – Fund-Raising Events

Although ASB organizations may receive some donations, the primary revenue source for student organizations is fund-raising events. Elementary schools usually hold traditional fund-raising events such as book fairs and walkathons. At middle schools, junior high schools, high schools and community colleges, the students' involvement and the need for extra funds mean that the number and types of fund-raising events are constantly expanding.

Approval of Fund-Raisers

California Education Code sections 48932 (K-12) and 76062 (community colleges) allow the governing board to authorize student body organizations to conduct fund-raising activities. These sections of the law make it clear that the governing board is responsible for approving fund-raising events. Before approving any events, the board must consider many issues such as student safety, whether the insurance company is comfortable with the event and whether the event is appropriate for the educational experience of the students. Board members may also have concerns about the number and type of fund-raising events and whether these events interfere with the normal conduct of the schools. For example, it would not make sense for all of the high schools to hold entertainment such as a school play or spaghetti feed on the same Friday night in September because participation would not be as high. For these reasons and as a good practice, the governing board should review and approve the ASB fund-raising events at the beginning of each school year or designate another administrator to do so. Another method is for the board to approve policies and administrative regulations that delineate allowable and prohibited fund-raising events.

It is also important that nondistrict organizations such as Boosters and the PTA coordinate the timing of their fund-raisers with student body fund-raisers so that they are not in competition with each other.

Good Business Practices for Fund-Raising Approval

The site administrator or ASB advisor should fill out some type of documentation at the beginning of each school year indicating the number and types of fund-raising events that each school's student organizations will hold that school year. Two sample forms are presented at the end of this chapter. These forms should be sent to the district's business office upon completion. Depending on board policy and/or practice, the business office can compile these forms and either prepare a resolution for the governing board to authorize the fund-raising events, or send the information to the governing board's designee for approval of all listed events. If there are changes in the number or types of events during the year, the site administrator should submit a revised form that the board or its designee may approve. Alternatively, the business office can review the lists of additional fund-raisers and verify that they comply with board policy, if parameters have been established delineating what is allowable or prohibited.

Revenue Projections for Individual Fund-Raiser Events

It is important for student organizations to have adequate internal controls over their fund-raising events, properly evaluate the effectiveness of those events and decide between often conflicting activity/fund-raising requests. A revenue potential form is a mechanism that can help with this task and account for a fund-raiser's financial activity. This form serves as a sales plan that includes expected sales levels, sale prices per unit, expected cost, and net income; thus it assists with planning and budgeting. Because Education Code sections 48932 and 7062 require that the governing board approve fund-raising events, a revenue potential form can also be the document that is compiled and submitted to the board or board designee for approval. It can also serve as an internal control because most external auditing firms will indicate audit findings if some form of revenue reconciliation is not done for each fund-raiser. The form can also serve as the document to ensure that the site administrator is informed and approves of all fund-raising activity at the site. An example of a revenue potential form is contained at the end of this chapter.

Parameters for Fund-Raising Events

Fund-raising events should contribute to the educational experience and should not conflict with the school's educational program. Students should participate and make contributions to fund-raising events voluntarily. They cannot be required to participate in fund-raising events, and cannot be excluded from an activity funded by ASB funds because they did not participate in raising funds. In addition, fund-raising proceeds cannot be attributed to specific students based on what they raised. The funds are raised to benefit the entire club or student group, not individual students.

As a good practice, an elementary principal/site administrator may consider obtaining written permission for students to participate in fund-raising activities. This usually is not necessary for secondary students.

Door-to-Door Sales

The California Code of Regulations, Title 1, 11706, allows minors under age 16 to engage in door-to-door sales only under the following conditions:

1. The minors must work in pairs, as a team, on the same or opposite side of the street.
2. The minors must be supervised by an adult, with one adult for every crew of ten or fewer minors.
3. The minors must be within the sight or sound of their adult supervisor at least once every 15 minutes.
4. The minors must be returned to their respective homes or meeting places after each day's work.

Frequency and Scheduling of Fund-Raising Events

The governing board and the site administrator need to consider how many fund-raising events the students should hold during the school year. This can be a local decision. For example, a principal at an elementary school expressed concern that her predecessor had been holding one fund-raising event each month. She felt that this level of fund-raising was detracting from the educational program at the school.

Scheduling fund-raising events requires review, management and coordination by the student council, ASB advisor and site administrator. Clubs on campus need to know which fund-raising events are already scheduled before requesting permission to embark on another fund-raiser so that they do not conflict in timing or type. Only so many magazines can be sold in a community during a single month. Many districts publish an event schedule that lists all ASB fund-raisers for the year at each school site and that can be reviewed before scheduling any additional events. The district's business office will often maintain the event schedule because they frequently receive the paperwork submitted for board approval of the fund-raiser.

Typically Allowed Fund-Raising Events and Revenues

In most school districts, the following types of fund-raising events (or revenues) are generally considered appropriate:

- Athletic events
- Concession sales
- Entertainment
- Advertising
- Publications
- Student stores
- Cultural events/international fairs
- Limited food sales
- Vending machines

- Car washes
- Book fairs
- Scholarships and trusts
- Gifts and grants
- Interest earned

Some of these fund-raisers are further explained below. Suggestions and good business practice hints are included along with potential pitfalls to avoid. The intent is to be certain that reasonable safeguards and internal controls have been built into the event to ensure that the students will benefit from the activity.

For the fund-raising examples, good business practices suggest that the site administrator or designee review and approve in advance any materials, performances and publications. Legal questions that arise should be referred to the district's legal counsel.

Athletic Events (usually organized ASB): A school may use any school-sponsored athletic event as a source of revenue as long as the event is in compliance with league agreements. Income can come from various sources such as ticket sales, sales of programs and concessions. This does not mean that the ASB will always be the recipient of revenues from all aspects of athletic events. The governing board decides which club, parent organization or district account will receive the different types of revenues.

One problem that often occurs with athletic events is that the funds are deposited into an ASB bank account, but a coach wants full control over the funds. ASB funds must benefit students, and students must control how the funds are spent. If it is an ASB activity, an official student club (i.e. one that has a constitution, budget, certificated club advisor, and official meetings and minutes) should sponsor the events and control the funds. The coach can be the club advisor if they are certificated and if the site administrator agrees to it. If the event is non-ASB and sponsored by the district, an athletic booster club or other parent group, the decisions can be made by the adults or the coach(es), but the funds must be deposited into a separate account, (e.g. district, booster club or parent club nondistrict account), not the ASB account.

Concession Sales (usually organized ASB): Concession sales at student body activities such as athletic events or dances are another popular way for the ASB to raise funds. The students may operate the concession stands themselves or they may enter into an agreement with an outside agency to run the stand (i.e. booster clubs, PTA/PTC, or commercial vendor). If an outside agency operates the concession stand, the school will often contract with the agency to split the profits based on an agreed-upon formula. If the concession sales are after the school day, the numerous food laws regarding quantity sold and nutritional requirements are not in force. However, if the event is during the school day, these nutritional regulations must be followed for grades K-12 (see Chapter 3 for nutrition rules and regulations).

Entertainment: Entertainment includes concerts, dances, variety shows, and other events where an admission fee is charged. The site administrator or designee should approve the content of any entertainment event in advance and ensure that the admission charge is a fixed amount that permits the maximum number of students to attend.

Advertising: The ASB organization may sell space in a school newspaper, yearbook, athletic or entertainment programs, athletic field billboards, or other school publications. The site administrator or designee should approve the content of advertising to ensure that it is suitable for a student publication or event. Appropriate contracts need to be entered into and an invoicing system developed so that all applicable revenue is collected.

Publications: The ASB organization may sell publications such as yearbooks, literary magazines, and school newspapers. The site administrator or designee should review the content of all school publications prior to the publication date. These publications may be sold to students and the general public. The ASB organization may want to establish a price for students that is lower (discounted price) than the price charged to the

general public. The goal should be to ensure that the maximum number of students are able to purchase them.

Student Stores: Student stores often are set up at secondary schools to sell items that students need each day or to sell items that have the school logo on them such as hats, shirts, and backpacks. Chapter 11 deals specifically with student stores.

Cultural Events/International Fairs: These events usually include food, and must comply with various applicable state laws regarding which food items can be offered and how often such sales can occur. In general, all student clubs are allowed to participate in schoolwide events where they can raise money and showcase club goals. Rules regarding selling food and beverage items are contained in Chapter 3.

Limited Food Sales: These events can include bake sales, after-school hot dog sales, and ice cream sales. While food sales have always been considered a good way to raise money, the sale of these items is becoming increasingly complicated and limited because of recent state laws regulating food sales in grades K-12. Legal issues regarding food sales are covered in Chapter 3.

Vending Machines: Vending machines have been considered a good way to raise money with a limited investment of time, but the sale of food and beverage items is becoming increasingly limited and profits are declining. Consideration must be given to contracts and inventory control; this area is discussed further in Chapter 10.

Scholarships and Trusts: Outside donors often give schools funds to establish a scholarship. The student council may accept scholarships and trusts with the approval of the governing board or authorized designee. The acceptance should be made in writing, with all conditions the donor is requesting clearly described. A separate account should be established within the student organization's accounting system, and the requirements of the scholarship should be documented and retained at the school site. A statement should also be included regarding the disposition of any remaining balance at the close of the period for which the fund is established. FCMAT recommends that the remaining balance not be given back to the donor because the donor probably received a tax deduction for the scholarship donation; rather, remaining balance should be moved to a different ASB account.

Included at the end of this chapter is a scholarship fund information sheet to be filled out when a scholarship or memorial is started so that future actions are clearly understood by all.

Gifts and Grants: Money, material or equipment may be accepted by the student body organization with the approval of the governing board or designee. The items received must have a legitimate use in the school program, with consideration given to installation and maintenance costs before equipment items are accepted. This area is further described in Chapter 12.

Interest Earned: Interest may be earned on checking accounts, savings accounts and other investments that meet legal requirements per the Education Code. Interest earned may be prorated to the various student activity accounts or credited as revenue to the general student body account. Checking account balances should also be reviewed to determine whether excess funds should be invested in accounts that earn higher interest.

Fund-Raisers That May Not be Allowed

In the past, as a fund-raising event, high school students sometimes bought a used car for a few hundred dollars and allowed students to take a swing at the car with a hammer. Today, school districts would consider this too risky, and insurance companies would agree. There are other types of fund-raising events that school districts may not want to allow students to hold for safety or health reasons. The following are some of the types of fund-raising events that governing board members and principals/site administrators may not or

should not authorize. These items need to be reviewed and discussed at the local level if ASB groups wish to consider them.

Cannot Allow:

- Raffles or games of chance.

School entities, including student clubs, are not authorized to participate in raffles because, unlike the local PTA, they are not nonprofit organizations exempt from state tax as defined in the Franchise Tax Code. Rather, school entities are exempt from tax by virtue of being a government entity.

It is possible for a private, nondistrict, non-ASB nonprofit group, such as a parent group, education foundation or booster club, to conduct raffles as long as the organization is a tax-exempt nonprofit organization with an approved tax identification number pursuant to Revenue and Taxation Code 23701d. The organization must have been licensed to do business in California for at least one year, must register with the attorney general's Registry of Charitable Trusts and must receive written confirmation of the annual registration before holding the initial raffle. These nonprofit groups must register every 12 months and distribute at least 90% of the proceeds to beneficial or charitable purposes. They must also submit an annual report with gross receipts, expenses, net profit and the charitable purpose for which they used the money. The raffle tickets and stubs must be numbered, and adults must supervise the drawing, which may not be conducted over the Internet.

Many school groups print tickets with the words "suggested donation" on them and call it a drawing rather than a raffle. This does not make it legal unless the group is prepared to give anyone who requests a ticket as many tickets as they want for free (no donation). And even if a district does this, it still runs the risk of someone challenging the issue because it is still legally a raffle. The only way to have a legal raffle is to work with an eligible nonprofit organization that has its own tax identification number, registers with the attorney general annually and disburses 90% of the proceeds to a charitable purpose.

May Not Allow:

- Activities that pose liability, safety or risk concerns

Some fund-raisers may not be allowed because risk or health and safety concerns prevent the district from obtaining insurance coverage (if the insurance carrier will cover the event, then a district may decide to allow it). Examples include:

- Mechanical or animal rides.
- Use of darts or arrows.
- Objects thrown at people.
- Use of water tanks into which a person is dunked.
- Destruction of cars or similar objects with hammers.
- Trampolines or mini-trampolines.

When the governing board or other district staff members have concerns about potential fund-raising events and the issuance of insurance coverage, they should contact either their risk manager or their insurance agent to determine if the district's insurance will cover any accidents that occur during the event. For example, if the senior class wanted to bring in a traveling carnival as a fund-raising event, the district should consider all of the potential liabilities. Will the district's insurance cover any damage to property caused by the carnival rides? What happens if someone is injured on a ride or becomes ill from eating food served at the event? Insurance coverage should be determined when fund-raising ideas are first discussed, not when a decision has already been made to hold the event.

Should Not Allow

- Rental of district-owned equipment or facilities to outside groups.

In most local educational agencies (LEAs), the equipment and facilities are considered the property of the LEA. The district's business office oversees the rental of district equipment and property, and the proceeds are deposited into the LEA's general fund. The governing board should address who has the authority to rent district equipment or property and who has the authority to spend the rental fees collected. Most district boards have adopted a facilities use policy that describes the steps required to use district facilities. Rental revenue is not normally considered the students' money because the students do not own the facilities.

Fund-Raising Ideas

Schools at all levels have had many successful fund-raising events throughout the years. What is successful at one school may or may not be successful at another. Success is often the result of good planning and organization, support from school administration and the district business office, and communication and collaboration among all interested parties.

Procedures for Reporting Revenue Sources other than Fund-Raisers

Although the primary revenue source for student organizations is individual club fund-raising events, funds are also received from other sources. It is important that student organizations recognize all of the revenue sources and establish control procedures for each. The control procedures may vary depending on the revenue source, and can include revenue from student stores, vending machines, and gifts and donations. These sources are all covered in other chapters of this manual.

Each revenue source must be identified and included in the budget of an individual club or of the ASB general student council. This ensures that the student organization is aware of the revenue and therefore will include it in periodic budget reviews. In addition, each revenue source must be allocated to a specific use.

Nonstudent Group Fund-Raising

Student body funds and the funds of nonstudent organizations (booster, auxiliary and parent groups) should never be commingled. Student body funds are never to be used to "front" money for nonstudent body fund-raising expenses. Nonstudent organizations shall be responsible for the collection of their own money, tickets and other items.

Nonstudent organizations are not to solicit funds on behalf of a school or its students during the school day without prior approval by the school board or its designee for each individual fund-raising event.

Unless board policy or practice states otherwise, students can assist in nonstudent organization fund-raisers. It is important when students are involved that the donors understand this is a nonstudent fund-raiser. The state disclosure law (Business and Professions Code 17510 to 17510.7) requires volunteers 11 years of age and older to present potential donors or buyers with information, including the purpose of the solicitation and the address from which further information about revenues and administrative expenses may be obtained.

ASB Accounts are not Pass-Through Accounts

Many school sites use the ASB account as a pass-through account or clearing account, making a deposit into ASB and then later journaling that amount out of ASB and moving it to another district account. ASB accounts are not and should not be used as pass-through or clearing accounts. Money should only be deposited into ASB accounts if it is ASB funds and will be used for appropriate ASB purposes.

ASB accounts are often found to contain funds that have been deposited for a site administrator's or teacher's discretionary account. An adult's name on an account clearly indicates that the funds will be spent based on the adult's decision, not the students'. ASB funds are to benefit the students, not to supplement an adult's budget.

Request for Approval: Fund-Raising Event

Name of School: _____

Name of Club: _____

Request for Fund-Raiser Approval

Fiscal Year: _____

Date this form is completed: _____

Proposed event: _____

Description of fund-raiser: _____

Requesting Club/Organization(s): _____

Proposed Date(s) of Event: _____

Club Contact Person: _____

Club Advisor: _____

Location of Proposed Activity: _____

Status of Event (circle one): New Event Held Previously (Years): _____

Budget Plan for Activity (Attach Description)

Other Background Information (such as other schools or clubs that have held similar events): _____

Club Representative: _____

Name, Signature and Date

Club Advisor: _____

Name, Signature and Date

Student Council Recommendation Yes No

Student Council Representative: _____

Signature, Title and Date

Site Administrator or Designee Recommendation Yes No

Site Administrator or Designee: _____
Signature, Title and Date

Presented to ASB on: _____
Signature, Title and Date

Presented to District Office on: _____
Signature, Title and Date

Reason for disapproval, if applicable: _____

