

Student Fundraisers – Get Them Approved!

by Kara M. Curtis, CPA, Audit Manager

Posted on June 4, 2024



Student activities fundraisers provide a great opportunity to teach students valuable life skills while also generating financial support for their club's goals. Student clubs are the only group authorized by Arizona Revised Statutes to hold a school fundraiser. School district officials must ensure that these fundraisers are aligned with Arizona Revised Statutes (A.R.S.) and the Uniform System of Financial Records (USFR).

First, it is important to determine what a student fundraiser is. A.R.S. §15-1121 defines student activities monies as all monies raised with the approval of the governing board of a school district by the efforts of students in pursuance of or in connection with all activities of student organizations, clubs, school plays, or other student entertainment.

USFR has identified student activity monies as those revenues derived from:

- Dues
- Concessions
- Interest
- Ticket sales
- Publications
- Salvage drives
- Gifts
- Fundraising events approved by the governing board
- Class or student pictures

While there may be situations where some of the revenues in the student activities club are not generated from fundraisers (such as dues or trip fees), most revenues are often generated by the fundraising efforts of the students. Most often, we think of the obvious fundraising activities such as Valentine grams, car washes, or chocolate sales. However, a fundraising event can be any activity that students are organizing to raise money for their club. In some situations, students may sell concessions at an athletic event or ticket sales to a dance for the purpose of raising funds, which would then qualify it as a fundraising event.

Now that we know that almost all student activities revenues are fundraisers, the most critical part of A.R.S. §15-1121 is that all of these activities need to be approved by the governing board. School districts should have a board-approved policy in place that explains the general guidelines for fundraising, including the approval process. Keep in mind that while dues may not be considered a fundraising event, A.R.S. §15-342(24) requires that any fees assessed to students must be not only board approved, but the principal must have the ability to wave the assessment of all or part of the fee if it creates an economic hardship for a student.

Typically, the governing board will approve the nature and types of fundraisers at the beginning of each school year and delegate the authority to schedule the individual fundraisers to the principal to ensure there is not an overlap or the compounding of multiple fundraisers on an individual campus or community. School districts may also develop and adopt a student activities handbook that contains authorized fundraisers and the proper processes and controls to follow. This handbook should be approved by the governing board and should be updated annually. As the year goes on, if a club has an innovative idea to produce revenue, that is not covered by a previously governing board-approved activity type, then the club would need to take action to get that fundraiser approved by the board during the school year. It is important to remember that the governing board needs to approve these activities prior to them occurring, and activities should not be approved after the fact.

Governing board approval will also apply to joint fundraising projects (held by both a student club and an outside group such as a parent-teacher organization). For joint fundraising projects, the Attorney General (AG) Opinion dating back to 1984 requires the proceeds to be allocated proportionately between the two organizations based on the level of effort devoted by each group to the project.

Although not as common, the governing board can also delegate their responsibility to approve fundraisers to a District official. If a governing board is delegating this responsibility, the procedures for approving student activities fundraisers must be included in a policy, and board approval of this process needs to be documented.

As a last reminder, school-controlled student activities clubs can never hold a raffle, bingo, lottery, or other forms of gambling, regardless of whether it is board-approved. These activities are considered illegal per AG Opinion I84-018 because the students are not of legal gambling age. These types of fundraising activities can only be run by an outside organization such as a parent-teacher organization or off-campus club.

As the new fiscal year is approaching, now is a great time to build a plan to get all student activities revenues approved by the governing board before the year begins. Most often, student events are planned to raise funds for their club, so it is very common for an activity to have a fundraising component to it. If you are ever unsure if a student activities revenue source is considered “fundraising” or not, it is always recommended to be extra cautious and get it approved by the governing board.

The content of this article is for general information purposes only and does not constitute advice. Heinfeld, Meech & Co., P.C. tries to provide content that is true and accurate as of the date of writing; however, we give no assurance or warranty regarding the accuracy, timeliness, or applicability of any of the contents.