

Cancelled Senior Class Trip Funds due to COVID-19: Questions and Answers

Background

Minnesota Department of Education (MDE) has received questions regarding how to handle cancelled senior class trip funds due to COVID-19. The questions and answers below have been created as guidance for districts and charter schools as they manage these funds. The senior class trip funds may consist of deposits paid by parents or students; fees to participate in the activity or student participated fundraising activities. Normally, the activity purpose form states how the remaining funds in a student activity fund should be distributed; however, we are providing guidance for this unusual circumstance since many districts have cancelled the senior class trip. Many of the responses provided in this document are a one-time exception due to COVID-19. The final determination should be made by the local school board in conjunction with the district or charter school's certified public accountant (CPA) audit firms.

Can the district refund the deposit to the parents/student?

Yes, refunds must be made prior to the close of the current fiscal year.

Would any portion of the fundraising activities be taxable?

Yes, any disbursements for fundraising activities may be taxable. We recommend contacting professionals that are versed in tax law.

How long does the district have to distribute the funds out of the cancelled senior class trip fund?

A refund to parents/students or transfers to scholarship fund would have to occur by the June 30, 2020 fiscal year reporting deadline.

Can the remaining funds be moved to a scholarship account for the seniors who are attending postsecondary institutions?

Yes, funds must be moved to the scholarship fund prior to the close of the current fiscal year. This movement of funds is a one-time exception due to COVID-19. These transactions could be taxable to the student.

How long can the funds stay in the scholarship account to be distributed?

The scholarship funds from the cancelled senior class trip affected by COVID-19 should be distributed by the close of fiscal year 2021.

If the cancelled senior class trip funds are moved to the scholarship fund and a student does not attend a postsecondary institution, where should that money go?

Any funds that are not distributed to an individual must remain in the scholarship fund to be redistributed to next year's graduating students. This is a one-time exception due to COVID-19.

Could the funds go to a scholarship foundation?

Yes, this is a one-time exception due to COVID-19. The scholarship foundation must have a separate tax ID number from the district's tax ID number. The funds that would be transferred to a scholarship foundation would exclude any parent/student refunded fees or deposits.

Could the student activity account purchase a bench with "Class of 2020" engraved on it for the school building?

Yes, this is a one-time exception due to COVID-19.

Can the student activity account reimburse the student for personal graduation announcements?

No.

Could a district or charter school reimburse a student for a certified course (i.e., Certified Nurse Assistant (CNA) or other certified program)?

Yes, this is a one-time exception due to COVID-19. These transactions could be taxable to the student.

Could the remaining funds be set aside for a younger sibling?

No, the student activity funds need to stay with the senior class and be distributed or placed into a scholarship account by the close of the fiscal year 2020.

Can senior class funds within other student activities, including multiple grades, be distributed to the senior class due to COVID-19?

The activity purpose form states how the remaining funds in a student activity fund should be distributed.