

AGENDA

- Welcome and introductions
- Poll
- Fundraising information on the AAUW CA website
- Fundraising – donor deductibility and duties to donors
- Guidelines for events with ticket sales
- Auctions and deductions
- Sales Tax
- Scholarships – what is a scholarship?
- Scholarships – regulations for selecting recipients
- Q&A

1. Branch tax status:
 1. Our branch is a 501(c) 4
 2. Our branch is a 501(c) 3
 3. Don't know
2. Scholarships:
 1. Our branch does not have a scholarship program.
 2. Our branch gives scholarships directly to recipients.
 3. Our branch gives scholarships using SPF.
 4. Our branch gives scholarships directly to the college on behalf of the recipients.
 5. Our branch funds scholarships through a college/other non-profit we work with that selects the recipients,
 6. Other.
3. What is the applicant pool for selecting scholarship recipients?:
 1. Our branch does not have a scholarship program,
 2. Girls attending selected schools near our branch who meet certain criteria,
 3. Young women attending selected colleges who meet certain criteria,
 4. Girls and/or young women known to the branch members through TTAG, Tech Trek or some other branch program.
 5. Other.
4. What is the approximate size of your scholarship applicant pool?:
 1. Our branch does not have a scholarship program,
 2. Under 10,
 3. 10-25,
 4. 26-50
 5. 51+
 6. Not sure – the school we work with selects scholarship recipients based on our criteria, but we don't know the size of the applicant pool.
5. Does your branch sell merchandise or hold auctions for fundraising?
 1. Yes
 2. No

POLL QUESTIONS

FUNDRAISING INFO ON AAUW CA WEBSITE

- Where to look for information about the financial side of fundraising
 - Branch Tools – Branch Finance
 - How to Manage Fundraising Finance - Managing Branch Fundraising Finance
 - Handling Donor Contributions
 - Fundraising Events
 - Selling Items
 - Prior Peer Group presentations – Branch Tools, AAUW CA Peer Groups - Finance

FUNDRAISING- DONOR DEDUCTIBILITY

- ***What are the IRS rules for 501(c)(3) donations?***
- Contributions to 501(c)(3) organizations are tax deductible. If an individual itemizes the deductions on Schedule A (Form 1040), then the full amount is eligible to be deducted from the taxable income. A donor taking Required Minimum Distributions (RMD) from an IRA can also take a deduction from the RMD for donations to qualified 501(c)(3) charities.
- **AAUW branch with 501(c)(3) status:**
- The donors can write checks payable to branch directly for Special Project Fund and the branch's 501(c)(3) status provides tax deductibility to the donors.

FUNDRAISING- DONOR DEDUCTIBILITY (CONT.)

- *What are the IRS rules for 501(c)(4) donations?*
- According to the IRS, donations to 501(c)(4) nonprofits are not tax deductible for the donor.
- **AAUW branch with 501(c)(4) status:**
 - The donors must write checks directly to Special Project Fund in order to claim tax deductible as charitable contribution.
- **Donation to AAUW Fund:**
 - Contributions to the branch (whether 501(c)(3) or 501(c)(4)) earmarked for AAUW Funds are tax deductible.

FUNDRAISING-DUTIES TO DONORS

- **Acknowledgement to Donors:**
 - Nonprofit 501(c)(3) organizations want to make sure that donors feel appreciated and recognized for their generosity. In addition, IRS regulations require that before a donor claims a tax deduction for a charitable contribution, the donor must have a bank record or a letter from the organization documenting the contribution.
 - The following are the required components of the acknowledgement:
- **Cash Contributions:**
 - As per IRS regulation, 501(c)(3) organizations are **legally required** to acknowledge contributions of **\$250 or more** in writing

FUNDRAISING-DUTIES TO DONORS (CONT.)

- The acknowledgement letter must include the following information:
 - A statement that the nonprofit is a public charity **recognized as tax-exempt** by the IRS under **Section 501(c)(3)**
 - Amount donated (if cash or cash equivalents)
 - The **date** the donation was received
 - The statement that the organization did not provide **any goods or services** in return for the donation

FUNDRAISING-DUTIES TO DONORS (CONT.)

- Cash Contributions (Cont.)
- There is no legal requirement for gift acknowledgments for contributions of **less than \$250**. It is recommended to send **“Thank You”** note to all donors to acknowledge their support.
- Examples:
 - Donations from Branch Members
 - Donations from AAUW Tech Trek program supporters
 - Donations from local small business owners

FUNDRAISING-DUTIES TO DONORS

- **Non-Cash Contributions:**
 - **Less than \$250:** A receipt from the organization showing the organization's name, the date and location of the contribution, and a description of the property
 - **Over \$250 and more:** A written acknowledgment of the contribution from the organization that includes a description of the property, whether the organization provided the donor with any goods or services as a result of the donation, and a description. Consult a Tax Professional for additional help.

FUND RAISING ACTIVITIES REQUIRING SALES TAX

- Events involving meal purchase – luncheon, dinner, etc.
- Auctions
- Merchandise Sales
 - Tangible items are mostly taxable
 - Services, gift certificates are not taxable

EVENTS WITH TICKET SALES – AKA “FUND
RAISING EVENTS” – REPORTED ON LINE 6B – 990
EZ AND ON THE CT-TR-1 AS SPECIAL EVENT
REVENUE AND FUNDRAISING EXPENSES



- Separate the fair market value of goods and services provided to participants from the total ticket amount to determine donation value.
- If some goods are donated, the participant still receives the value so consider when communicating the donation value.
- For branches with total revenue more than \$50,000, if gross income for event is more than \$15,000, include Schedule G in 990

AUTHOR LUNCHEON

- Fund Raising Events – “Special Events”
- Components – Author Luncheon

Element	Amount	Notes	Total
Cost to Attend	\$100 each	50 participants	\$5000
Fund Raising Expenses	Lunch - \$35/person Wine - \$8/person Music - \$5/person Book - \$25/person		\$3650
Fair Market Value rec'd by participants	\$73	Total expense divided by participants	\$3650
Deductible Contribution (for 501(c)(3) orgs)	\$27 per participant	Amount paid less fair market value	\$1350
Total Contributions for Event	Amount for participants plus other donations received	If wine is donated, the fair market value of the event does not change for participants	\$1750

SALES TAX

- Sales of merchandise such as t-shirts, book, etc. requires the collection and remittance of CA and local sales taxes on the full purchase price
- For more information, see Publication 18
- [Publication 18, Nonprofit Organizations](#)

AUCTIONS, DEDUCTIONS AND SALES TAX

- Donations of goods to auctions for 501(c)(3) branches are tax-deductible to the donor.
- Purchases of auctions goods are only tax-deductible to the extent that the purchase price exceeds the fair-market value, which needs to be disclosed.
- California Sales Tax is due on the full sales price of auction items that are subject to tax. Include local sales taxes (county, city), if any, in your calculation. State will transmit to the local entities.

SCHOLARSHIPS – WHAT IS A SCHOLARSHIP?

- The IRS defines scholarships as payments to a candidate for a degree at an eligible educational institution for eligible expenses.
- All IRS requirements must be met if the scholarship is to be non-taxable to the recipient.
 - Scholarship recipient is a candidate for a degree at a qualified educational institution which maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where it carries on its educational activities. (Check the US Department of Education Database: <https://ope.ed.gov/dapip/#/home>)
 - The scholarship is used to pay for tuition and fees required for enrollment or attendance, or for fees, books, supplies and equipment required for courses at the educational institution.
 - Amounts provided for incidental expenses, such as room and board, travel, and optional equipment DO NOT qualify as a non-taxable scholarship.

SCHOLARSHIPS – IRS RULES & AAUW
RECOMMENDED BEST PRACTICES FOR SELECTION
PROCEDURES

- Use a “blind” process. Scholarships must be awarded on an objective and nondiscriminatory basis.
- Identify a sufficiently large, indefinite group of potential beneficiaries.
- State the purpose of the scholarship.
- The selection criteria that are the determining factors for eligibility must be identified & provided to all applicants.
- Use an impartial selection panel. No panel member should benefit from the selection of the recipient.
- Supervise the scholarships. Identify reporting requirements and notify applicants of the requirements in advance of the award

SCHOLARSHIPS – IRS RULES & AAUW
RECOMMENDED BEST PRACTICES FOR OVERSIGHT
& RECORD KEEPING

- Provide oversight to determine if the scholarships are being used as intended.
- Records of scholarship programs must be retained to demonstrate adherence to best practices if the program or status or tax deduction of a donor is challenged.
 - Information used to evaluate applicant qualifications
 - Information concerning the identification of the recipients, including any relationships between the scholarship recipient and the branch providing the scholarship
 - The amount and purpose of each scholarship
 - Reports concerning the recipient's performance and use of funds

Q & A

- Questions? We will go over the Chat questions first.
- Share your experiences - what fundraisers have you done and what were your reporting requirements?
- Successes?
 - Raised a lot of \$\$\$
 - Increased membership
 - Increased community involvement and outside donors
- Challenges?
 - How did you deal with the challenges?

LINK TO BINGO INFORMATION

<https://oag.ca.gov/search-results/?query=Bingo>