



Let's Talk Taxes Webinar Q&A

1. What forms do we have to file and what are the filing deadlines?

National to file 990-N for you: October 15

All other forms (filing 990-N yourself, 199-N, RRF-1, CT-TR-1): November 15

SI-100 for incorporated branches is every two years, each branch has its own deadline depending on when the first form was filed.

Raffle report forms for branches that hold raffles: see below, question 15.

2. How do I file RRF-1 if my branch is not registered?

Every charitable entity holding assets for charitable purposes or doing business in California is required to register with the Attorney General within thirty days after receipt of assets. To register, the entity must complete and file form CT-1, Initial Registration Form, State of California. A \$50 registration fee must accompany this registration form. See

<https://www.oag.ca.gov/system/files/media/ct1-form.pdf>

3. What is new or recently changed at the State government or national AAUW level?

All organizations with revenue of less than \$50,000 are now required to file the CT-TR-1 report to the Attorney General's Office since 2020. At the national AAUW level, the request to have national file for you has to be made through the new Community Hub. See below for details.

4. How do you request AAUW to file tax form 990-N?

In Community Hub under your personal snapshot, go to > MY AFFILIATIONS > click the blue button to the right of your state or branch name to view the options > choose TAX INFORMATION, then click ADD NEW TAX DETAILS and complete the form. Within the form, it will ask for the principal officer, which for taxes is generally the finance officer.

5. What are the differences between 501(c)(3) vs 501(c)(4) organizations with respect to tax filing?

There are no differences. Tax filing requirements are exactly the same for 501(c)(3) and 501(c)(4) organizations, including the ability to have national AAUW file your 990-N for you. There are differences in tax deductibility of donor contributions to a 501(c)(3) versus 501(c)(4) organization.

6. To have National AAUW file the 990-N, do you have to tell them each year?

Yes you do!

7. How can I find out my branch entity number?

Go to <https://rct.doi.ca.gov/Verification/Web/Search.aspx?facility=Y> . Entering the name of the organization should provide the state Charity Registration number, the Corporation or Organization number and the Federal Employer ID number.

8. How can we find out if a branch is incorporated?

Once you find your branch using the URL in #7 above, click on the name of the branch. This will take you to “Registrant Details” where you should click on Founding Documents. If you are incorporated, Articles of Incorporation will be attached to your founding document.

Another way is to go to the link: <https://bizfileonline.sos.ca.gov/search/business> and enter your branch name. If your branch is incorporated, a record will come appear in the search results.

9. Does the 199N accept a post office box for the address?

Yes.

10. If a branch is closing, do we still need to file the SI-100?

We did not find any instructions directing a closing organization to file their final SI-100. You file your final 990-N and 199-N as usual.

11. Where is revenue from an investment account reported?

Investment income (interest, dividends, and gains/losses from sales of securities) should be reported in the Statement of Activities in your branch accounting. Report this amount on the CT-TR-1 under Revenue on the Investments line in the Revenue Statement portion of the form.

12. Are branch donations from branch investment account to national included in income?

No. If you are making donations from an investment account, the entries would be to decrease Investments and increase Program Expenditures (or AAUW Funds under Program Expenditures). However, investment income like dividends would be reported as revenue on the CT-TR-1, see question 11 above.

13. Our branch has scholarship funds and Tech Trek funds with SPF. Do I report them on the RRF-1 form? Do we include deposits in SPF as a branch asset?

Checks made payable to AAUW CA SPF whether for Tech Trek or another project handled by SPF are merely forwarded and not included in the branch accounting records. If the checks are payable to the branch and deposited in the branch checking account, they are included as income of the branch and reported on the RRF-1. Funds are a branch asset only while the branch is holding them. The branch records a Program Expenditure when those funds are sent to AAUW CA SPF.

14. How should my branch, which is not 501(c)(3) handle donations clearly indicated for their Special Projects Fund that is 501(c)(3)?

To maintain tax deductibility for the donor, checks should be made payable to AAUW CA SPF and forwarded to them.

15. What is the difference between a raffle and a silent auction with respect to government reporting?

Raffles are seen as gambling by the State of California, and so there is no tax deductibility for ticket purchases. Silent auction purchases are tax deductible only to the extent the purchase price exceeds the fair market value of the item purchased. Silent auction sales for charitable purposes are subject to sales tax (see Q.17).

If participants are required to purchase a ticket in order to have a chance to win a prize, the drawing is considered a raffle and the California reporting requirements apply. For a raffle to be exempt from reporting requirements and considered an opportunity drawing, all of the following must be true:

- a. It involves a general and indiscriminate distribution of the tickets.
- b. The tickets are offered on the same terms and conditions as the tickets for which a donation is given; and
- c. The scheme does not require any of the participants to pay for a chance to win.

16. What are the reporting requirements for raffles?

Two raffle reports must be filed: CT-NRP-1 and CT-NRP-2. The filing deadlines are with respect to the state government's raffle filing year which goes from September 1 to August 31. CT-NRP-1 has to be filed 60 days prior to the first raffle you hold in a particular raffle year. The CT-NRP-2 has to be filed by October 1 after the current raffle year is over.

Nonprofits are required to report the name, social security number and value of prize to the IRS if the value of the raffled item is over \$600 and the value of the item is 300 times larger than the cost of one raffle ticket. If the value of the raffled item is over \$5,000 (net of the cost of one raffle ticket), the nonprofit must withhold or collect taxes to be paid to the IRS. See article at

<https://www.aauw-ca.org/documents/2016/10/branch-financial-tax-information.pdf/>

17. Do branches have to worry about sales tax with Silent Auctions?

Sales tax applies to the sale of any items sold at auctions, silent auctions, rummage sales, bazaars, community events and other fundraisers. If the organization holds no more than three fundraising events with taxable sales in a year, it may obtain a temporary seller's permit for each event. Holders of temporary seller's permits must file the sales and use tax report with the Board of Equalization on the last day of the month following the month in which the event is held. If the organization conducts more than three fundraising events each year, or if its taxable sales activities occur continuously, it should apply for a permanent seller's permit. See BOE Publication 18 Nonprofit Organizations.

18. How do we handle donations of items for silent auctions and raffles?

Branches that receive a material amount of noncash items as donations are required to record the value of those items as contributions. Donors may deduct the lesser of their cost or fair market value of their donated item if their branch is a 501(c)(3) organization. Generally, the branch will have an offsetting expense. For example, throughout the year the branch receives \$1,500 worth of donated items for raffles and auctions that will benefit AAUW Funds. If \$1,500 is material to the branch, the receipt is recorded as an increase in noncash donations (kept separate from cash donations). The branch will also record the expense they would have incurred to purchase the items as a cost for the raffle or auction.

For raffles: If the branch's raffles generated \$10,000 in ticket sales, reducing the proceeds going to AAUW Funds by the \$1,500 cost of items raffled results in a net income of \$8,500. However, the 90/10 rule states that the charity, in this case AAUW Funds, must receive at least 90% of the net raffle ticket sales, in this case, \$9,000. Therefore, the branch must use at least \$500 of funds from other sources to make up for the imaginary expense of buying the donated raffle items.