Overview of Discussion Topics

- General filing requirements
- Raffles: registration and compliance
- Sales tax update
- Form 990 overview
General Filing Requirements

• IRS Form 990, 990-EZ, 990-N (2011 Tax Year)
  ▪ Gross receipts (GR) and/or total assets (TA) of:
    • GR >$200,000 or TA >$500,000 = Form 990
    • GR >$50,000 (but >$200k) and TA >$500,000 = Form 990EZ
    • GR <$50,000 = 990-N Postcard
  ▪ Due Date and Extensions
    • Original due date- 15th day of the fifth month after year end.
    • Automatic three-month extension- by filing Form 8868-Part I
      by the original due date.
    • Additional three-month (not automatic) extension- by filing
      Form 8868-Part II by end of first extension date.
General Filing Requirements

- State Filing Requirements-CA FTB
  - FTB Form 199 & 199-N
    - GR >$25,000 = Form 199
    - GR <$25,000 = FTB 199N
  - Due Date-15th day of the 5th month after year end with an additional seven month extension without filing request for extension. (note 1)
General Filing Requirements

• State AG-Registry of Charitable Trust
  ▪ Form RRF-1
    • ALL REGISTERED charities, regardless of receipts or assets must file form. (except certain exempted orgs.)
    • Annual Registration Renewal Fee based on gross annual revenue.
    • Due Date-15th day of the 5th month after year end. Extension due dates conform to IRS extensions filed.
General Filing Requirements

- **Electronic filing requirements**
  - 990-N & 199N: must be filed electronically by the original due date. No extension.
  
  - 990: Mandatory electronic filing if TA >$10million and files at least 250 returns of any type. (W-2, 1099s, 941s)

  *remove the dollar sign*
Raffles

• Registration required with the AG:
  ▪ 60 days before the scheduled date of each raffle.
  ▪ Raffle Registration Renewal may be filed online.
  ▪ “Opportunity Drawing” must register as raffle if participants are required to purchase a ticket in order to have a chance to win a prize.
  ▪ Only eligible private, tax-exempt NP groups qualified to conduct business in CA for at least one year prior to conducting the raffle.
Raffles

- 90/10 Rule
  - 90% of the gross receipts generated by the sale of raffle tickets for any given draw are to be used by the eligible organization for charitable purposes. (To further its exempt purposes)
  - Failure to meet the 90/10 rule is a violation of Penal Code Sec. 320.5 which is a criminal statute.

Change in Raffle Reporting Requirements
A single aggregate report for all raffles held during the reporting year is due on or before October 1st. The Nonprofit Raffle Report (Form CT-NRP-2) must be used by all organizations, regardless of the number of raffles held. Precise record-keeping is required as reports that include estimates of proceeds and expenses will not be accepted for filing.

Organizations that host raffles as part of a larger fundraising event must maintain a record of raffle proceeds and expenses separate from all other event monies and report only raffle proceeds and expenses on Form CT-NRP-2.

There is no fee associated with filing the Nonprofit Raffle Report.
California Sales Tax

- Board of Equalization Pub. 18
  - No general exemption for nonprofits and religious organizations.
  - Sales & Use Tax Law includes exemption for qualifying charitable organizations that relieve poverty and distress. (Not a general charitable exemption but a specific “welfare” exemption)
  - Eligibility form sales tax exemption can be obtained by review of BOE.
California Sales Tax

• Typical taxable sales by NPOs
  ▪ Sales of food, meals, beverages & similar items
  ▪ Sales of tickets that buyers will exchange for food, beverages, or other physical product.
  ▪ Sales of booklets, books, pamphlets.
  ▪ Sales of tickets for fundraising events if ticket price includes amounts for food & beverages.
  ▪ Sales of merchandise in live and silent auctions. (including internet sales)
Form 990 Review

- General Overview of Form 990
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