



FOUNDED IN 1959 BY SARA O'MEARA + YVONNE FEDDERSON
PREVENTION + TREATMENT OF CHILD ABUSE

CHAPTER TREASURER'S MANUAL

SECTION VI



Section VI: Chapter Treasurer’s Manual

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Chapter Financial Reporting Made Easy

As we head into Fiscal Year 2024, we would like to further simplify the process for chapter financial reporting and receipting. We are here to support you at Childhelp's National Headquarters (HQ). The Regional Chapter Director is your main point of contact. Please feel free to contact them with any questions or comments. For all chapter event template inquiries, please contact your assigned Regional Chapter Director or refer to the Chapter Treasurer's Manual, within the Chapter Resource Manual.

Recent Changes:

- Starting FY 2024, HQ will acknowledge **ALL** event and non-event donations for chapters.
 - ▶ You do not need to mail donors a receipt for their cash/check donation or ticket purchase. HQ will issue an acknowledgement letter on behalf of the chapter upon receiving the information via the **Monthly Treasurer's Activity Report** and/or the **Chapter Event Template** spreadsheet or Event Platform reporting (One Cause, etc.). Of course, you may send a simple, specialized thank you to donors, if you wish—but not including information regarding their donation.
- Chapter Treasurers are required to submit backup information for all donations (event and non-event) received on a monthly basis.
 - ▶ Please scan a copy of all check donations into one PDF document. Cash/check donations, Monthly Treasurer's Report and/or Chapter Event Template/One Cause export spreadsheets will be entered into the database and acknowledged within 30 days of receipt.
 - ▶ It is required that all Childhelp staff and volunteers provide gift-in-kind donors a receipt at the time of the gift-in-kind donation's collection using a **triplicate gift-in-kind form**. The donor should receive the pink copy, the Chapter receiving the gift-in-kind donation will keep the yellow copy, and the white copy will be mailed to National Headquarters (Attention: Donor & Data Services Coordinator) **at the end of each month**.
 - Please only have the donor include a business/organization when the business/organization is the true donor. If an individual is making a gift-in-kind donation, **do not** include a business/organization. It is very important they include a valid personal address—National Headquarters will issue a thank you letter when the white copies are received, at the end of each month.
 - Please remember that the value of non-cash gifts **is the responsibility of the donor** per IRS regulations. Chapters should not attest to the value(s) of non-cash gifts; however, the Chapter shall obtain the estimated value of the gift from the donor for accounting purposes. If they do not state a value, please document the estimated value as zero. Please make sure the form is fully completed.
 - ▶ By sending us this information, this will help us verify the information that is being recorded in both spreadsheets.

Please refer to the following how-to for information on completing the included reporting spreadsheets:

“Monthly Treasurer’s Activity Report” How-To:

- The Finance Department will send you the Monthly Treasurer’s Activity Report spreadsheet by the 1st week of every month. This spreadsheet will include all of your banking activity for the month prior as well as instructions for completion.
- In the spreadsheet, please indicate if each deposit and disbursement is event **or** non-event related. Select the name of the event in the dropdown menu, column H.
- For non-event donations and chapter dues, please include detailed deposit information in the area provided.
- For non-event donations, please provide donor information on the 2nd tab of the spreadsheet. We will use this information to issue an acknowledgement letter.
- Please send the completed Monthly Treasurer’s Activity Report to the Finance Department along with copies of documentation for all expenses by the 7th of every month.
- HQ will record and acknowledge all non-event donations with a signed letter from Sara and Yvonne, but not chapter dues.

“Chapter Event Template” How-To: (page 37)

*** To be used only if not capturing data on Monthly Treasurer’s Report, or via software like Raiser’s Edge, One Cause, and Square.**

- Event **detail** should be kept separately on the Chapter Event Template spreadsheet.
- Each event requires its own chapter event template that will serve **as a running document** to keep track of donations of all kinds, ticket purchases or sponsorship, and gift-in-kind donations for each event.
- Please **highlight** any new information in yellow to eliminate confusion and the possibility of duplicate gift entries.
- Please send your most current version to Finance Department by the 7th of every month so that donations can be recorded and receipted on a monthly basis. Please allow us a minimum of 30 days following the date we receive the spreadsheet to issue an acknowledgement letter.
- This information is very important to the finance and donor relations team so that donors are properly receipted and thanked.
- HQ will record and acknowledge all event donations with a signed letter from Sara and Yvonne. Of course, you may send a simple, specialized thank you to donors, if you wish—but not including information regarding their donation.

Event Platform- How –To: (TBD)

Thank you all for your collaboration and continued support. We are here to support you as volunteers and hope that this process makes financial reporting easier for you. Of course, please feel free to contact us with any questions or concerns that you may have.

Bank Accounts

Each Chapter maintains its own bank account at a bank authorized by National Headquarters. Chapters are issued checks and a debit card linked to their checking account. These debit cards may be used in place of writing a check when appropriate. For those Chapters that need to open a bank account, the following is a step by step guide:

- The Regional Chapter Director must submit a request to the TREASURY MANAGER requesting a new Bank Account be opened and the TREASURY MANAGER will request Wells Fargo Bank about approval of new account.
- Approval is sent to HQ Treasury Manager along with name of Chapter President and Chapter Treasurer and any other signers on the account.
- HQ Treasury Manager will coordinate establishing an account with banking contact and secure all necessary signatures that are acquired from the Chapter, National Headquarters, National Treasurer, Founders and all other designated signees.
- HQ Treasury Manager will insure all additional forms requested from the bank are completed and submitted as needed.

It is not necessary to open a new account when a new Treasurer takes office; however, the Treasurer shall update the signature cards as described below. Only the following information should appear on printed checks.

Childhelp Chapter Name
Permanent Mailing Address (if not changing annually)

Updating Account Information

National Headquarters has linked all of its Chapter bank accounts through Wells Fargo in order to maximize interest earnings and minimize service charges. Following elections each year, the Treasurer shall contact the Regional Chapter Director with updated information regarding changes in the signers on their bank account. If changes are required, the Chapter should notify the Regional Chapter Director who will communicate with the HQ Treasury Manager of the change, and the Senior Staff Account will update the information with the bank.

The following persons are required to be signers:

Co-Founder, Vice Chairperson, President Treasury Manager

The following persons should be signers:

Chapter President Chapter Treasurer

Additional Chapter Board Officer or officers as deemed necessary (if desired for convenience)

Required Signatures

Two signatures are required for **all** checks issued. Please note that **signers should never sign blank checks in advance.**

Maximum Balance

Aside from membership dues, and Love Jar, Chapters are not permitted to maintain more than \$5,000 in their bank account after the completion of an event unless prior arrangements have been made with the Regional Chapter Director. After all expenditures have been paid from most recent event, the net proceeds are to be transferred to Childhelp National. This transfer may be completed either by check or by sending an email request to the HQ Senior Staff Accountant with the transfer amount **no later than 45 days** after each event. The remaining \$5,000 from one event may be held to pay expenses of the next event. If the Chapter needs additional time to finalize event results before forwarding net proceeds or needs assistance with down payments for future events, the Treasurer shall contact the Regional Chapter Director to make appropriate arrangements.

Recordkeeping

The Treasurer shall maintain a complete set of records for all funds received and all funds disbursed, including adequate supporting documentation. While it is recommended that a computerized accounting system be utilized, Treasurers may use their discretion in choosing a manual or computerized system for maintaining records. Please contact the Regional Chapter Director if you have any questions about establishing or maintaining an accounting system for your Chapter. **Please use the report formats provided in this Manual, as this helps us recognize the many reports received on a daily basis.**

Funds Received

The Treasurer shall record the name and address of donors, as well as the purpose of the donation (such as “reservation,” “dues,” “auction item,” etc.), for all donations received in the monthly treasurer’s activity report and/or the chapter event workbook. This is critical to the receipting process described below. See an example of the Monthly Treasurer’s Activity Report on page 30 and the Chapter Event Template on page 37.

Donor Acknowledgement Letters (Receipts)

National Headquarters issues all official event and non-event related receipts. It is required that the Treasurer records the donors’ information for each event (see page 41), in the Monthly Treasurer’s Report, or Chapter Event Template/One Cause export for the event, and sends it to the Regional Chapter Director and Finance. **The purpose of ALL funds received will be reported to the National Headquarters, on a monthly basis, no later than 30 days of each event** (see sample report forms). The Treasurer shall send check copies along with a report summarizing the required information. Treasurers shall make certain the donor is clearly indicated when check copies are sent. Copies of checks often indicate only a company name, and National Headquarters needs to know to whom receipts should be addressed. Please include this information if different than the copy of the check. Please make sure to copy your Regional Chapter Director, Finance Department, and Database Manager.

In-Kind Gifts (sample on page 39)

Chapters may issue receipts for non-cash (in-kind) gifts only. National Headquarters will provide the appropriate triplicate forms, “Acknowledgement for Gift-In-Kind and Non-Cash Gifts” upon request. Please use **only this form** with the exception of event specific auction forms to receipt non-cash gifts, as it contains the appropriate language required by IRS regulations. Contact the Regional Chapter Director to order additional forms before the supply runs out. The triplicate form consists of a white, yellow, and pink page. The donor should receive the **pink copy**, the Chapter receiving the gift-in-kind donation will keep the **yellow copy**, and the **white copy** will be mailed to National Headquarters (Attention: Regional Chapter Director) **at the end of each month**.

Please only include a business/organization when the business/organization is the true donor. If an individual is making a gift-in-kind donation, **do not** include a business/organization. It is very important they include a valid personal address—National Headquarters will issue a thank you letter when the white copies are received, at the end of each month.

Please remember that the value of non-cash gifts **is the responsibility of the donor** per IRS regulations. Chapters should not attest to the value(s) of non-cash gifts; however, the Chapter shall obtain the estimated value of the gift from the donor for accounting purposes. If they do not state a value, please document the estimated value as zero. Please make sure the form is fully completed

“Love Jar” and Membership Raffle for Facility Wish Lists

Chapters are allowed to raise funds through their general membership by passing the “Love Jar.” or **by non-member donors wishing to contribute to the Love Jar**. Love jar donations may either be sent to the facility or reserved in the chapter bank account to purchase items on the wish list of **Childhelp Programs**. Those funds are then designated to support “Wish List” items for Childhelp Programs. Love Jar receipts may be sent directly to the program through that program’s staff liaison or used by the Chapter to directly purchase **small items** for the facility. **Proceeds shall not be used to fund the cost of specific program assets, i.e. furniture, appliances or construction costs**. Please make sure to record this revenue and any expenditure made under this account on your Monthly Treasurer’s Report.

Restricted and Designated Funds

Chapters are not permitted to place restrictions on funds raised without prior consent from **Regional Chapter Director**. All Chapter events are to be held for the benefit of Childhelp’s general operations unless a prior agreement has been made with Regional Chapter Director. If a **donor** has placed any restrictions on the use of the funds, the Treasurer should document the restriction, along with the name and address of the donor. In accordance with National policy, **donations less than \$500 cannot be restricted except to the Love Jar**. This must be communicated to donors who wish to restrict their gift. Please send verification from the donor requesting the restricted purpose when the funds are forwarded to National Headquarters. **Copies of letters or other documents that describe the restriction should be retained by the Chapter**.

A Chapter may raise funds for a specific Childhelp facility or program (for use at that facility or program only) **when prior approval has been given by Regional Chapter Director**. Pre-approval from Regional Chapter Director is **required** before **designated funds** may be raised.

Please contact the Regional Chapter Director for additional information regarding requirements and limitations.

Chapters must forward all restricted or designated funds to Childhelp National Headquarters. National Headquarters will credit the income to the Chapter and disburse it appropriately. Please make sure the Chapter name is associated with the funds.

Chapters **are not** to send operating funds in any amount directly to any of the facilities of Childhelp.

Funds Disbursed

The Chapter must pay all of its expenses with a check and/or debit card, regardless of amount. Chapters are not permitted to maintain petty cash funds. Checks may be issued **only** for the approved expenses (see below) of the Chapter for their events or general operating expenses. For each disbursement, the Treasurer must obtain an invoice or receipt and should keep these documents on file. A Chapter may not make direct purchases for Childhelp programs, unless approved by Regional Chapter Director.

Approved Expenditures

The Chapter may make reasonable expenditures to facilitate the promotion and production of its events, in addition to reasonable expenditures for the event itself. Such expenditures might include storage space for event materials (cost is taken from membership dues or as an expense of the chapter event).

A Chapter is **specifically prohibited from making certain kinds of expenditures** - i.e., hiring paid staff of any kind to conduct Chapter or event business that is typically handled by volunteers, unless authorized by the Regional Chapter Director. If the Chapter board feels that the success of an event and/or the overall progress of the Chapter is dependent on hiring someone to assist in a critical area, **you must submit a proposal to the Regional Chapter Director for review and approval**.

Chapters are discouraged from paying for entertainment or decoration services that are not substantially underwritten by donors or sponsorships and from purchasing auction or boutique items for resale. It is the responsibility of the Event Committee to secure these items through in-kind donations whenever possible. There may be instances, however, where it is prudent to purchase items for resale. Please contact the Regional Chapter Director for guidance in this area or with any other questions regarding approved expenditures. Adhering to these guidelines assures that Chapters will achieve the required minimum of **51% net profit**, preferably more, for events described in the “Reports” section.

Member Reimbursement

Chapter members are discouraged from incurring Chapter expenses on their personal credit cards, especially large down payments for events. If the Chapter does not have funds available far enough in advance to make a down payment for an event, contact the Regional Chapter Director for assistance. Chapter members may incur small, incidental expenses (\$500 or less) on behalf of the Chapter, for which the Treasurer will reimburse the member. Before receiving a reimbursement check, each member should complete a “Request for Reimbursement” **with all receipts included.** **A signee shall not be a co-signer on a check payable to him or herself.**

Event Proceeds

As mentioned earlier, the Treasurer will work with the Senior Staff Accountant to transfer the event net proceeds (minus \$5,000 or agreed upon amount with Regional Chapter Director), no later than 45 days after a completed fundraising activity.

Year-End Requirements

Chapters shall reduce their bank accounts to \$5,000 plus the next year’s dues by July 1st unless previous arrangements have been made with the Regional Chapter Director.

Year-end Treasurer’s checklist . . .

- After June 30, send all remaining dues from previous fiscal year to National Headquarters in care Treasury Manager and copy the Regional Chapter Director and Finance.
- Reduce bank balances to \$5,000 plus next year’s dues by July 1, and Love Jar donation, unless other arrangements have been made with the Regional Chapter Director
- Send all financial documentation for the month of June to Finance by July 31
- Love jar donations must be either sent to the facility or reserved in the chapter bank account to purchase items on the “wish list” of Childhelp programs.

Credit Card Transactions

A Chapter may accept donations from **Visa, MasterCard, Discover, or American Express** cards. These transactions may be processed either manually with paper sales slips or by using the Blackbaud Merchant Services MobilePay application and/or card reader that can be provided by National Headquarters for the Chapter’s use. Please remember, however, that the processing fee for paper slips is much higher than the fee to process electronically. Fees charged for credit card processing shall be deducted from the respective Chapter account.

Transactions processed electronically through National are automatically posted to **your Chapter’s account**. Please remember that the event hotel or facility **may charge for the internet or phone line** needed to operate the electronic terminal. Be sure to include this cost in the event budget.

Reports

Annual Budget – sample on page 29

Each Chapter is required to submit to National HQ an annual operating budget for National Board approval by April 30 for the upcoming fiscal year (July 1 through June 30). This budget should include operating expenses and estimated special event net revenue and event expenses.

Monthly Treasurer's Report – sample on page 30

This report is a **monthly summary** that shows the beginning bank balance, all the income and expenditures for the month and the ending bank balance. The Finance Department will email each chapter Treasurer a copy of their bank statement based on actual bank activity, the treasurer will populate the document each month and return the completed worksheet (including event information if not using an Event Workbook or One Cause) to the Chapter Director by the 7th of each month. *Please use the title, **Monthly Treasurer's Report, and Activity Report and include the Chapter name and date at the top (see sample form).***

Treasurers must forward their **complete** set of records for the preceding month, including canceled checks and supporting documentation, along with the Monthly Treasurer's Report. National Headquarters will retain all of this information in its files.

Preliminary Event Budget – sample on page 31

A **Preliminary Event Budget** must be prepared for each proposed fundraising activity or event; this will be used in building the fiscal year annual events budget. The budget should be based on realistic expectations for revenues and expenditures to assure that a minimum of **51% profit, preferably more,** is achieved.

Chapter and Auxiliary event budgets assist National in planning monthly cash flow needed for programs benefiting the children. The Treasurer shall send copies of this report to the Regional Chapter Director and appropriate Chapter committees.

Please use the title, **Preliminary Event Budget**; and include the Chapter name, name of event and date of event. If a **Revised Event Budget** is needed, please send that with the same instructions as above.

Final Event Report – sample on page 32

The Treasurer should prepare a **Final Event Report** for each fundraising event put on by the Chapter. This report summarizes the income and expenditures and indicates the net profit percentage. The net profit percentage is calculated by dividing net profit by total revenues. The Treasurer should submit copies of this report to the Chapter President, the Regional Chapter Director and the Finance Department. Please use the title, **Final Event Report**; and include the Chapter name, name of the event and the date of the event at the top of the report. This report shall be remitted concurrent with the check representing the net proceeds from the event **no later than 45 days after the event, unless other arrangements have been made with the Regional Chapter Director.**

Chapter Event Template – sample on page 37

* To be used only if the information is not captured in the Monthly Treasurer's Report or via programs like Raisers Edge, One Cause, and Square.

This report shall be used to report on events hosted by the Chapter. Each event requires its own chapter event template that will serve **as a running document**. As ticket/sponsorship purchases and as donations of all kinds are received, please record them in the appropriately titled chapter event template and return it to the Finance Department & Donor Database Manager by the 7th of each month.

Please include the year the event is taking place, the full title of the event, and the Chapter name in the title of each chapter event template. Only ONE chapter event template should be used to record ALL revenue from one event; there should not be multiple excel documents for one event.

Once the information has been entered at National HQ, the Donor Database Manager will send the chapter event template back to the Treasurer with the Constituent ID#s filled in. Over time, as Constituent ID#s are received; please use them to record the constituent's information. When Constituent ID #s are used, **ONLY fill in the Constituent ID# AND the full name and/or business/organization name**; this is for cross-referencing purposes. Leave other columns blank unless there is **NEW information** that needs to be updated such as the donor's marital status, current address, phone number, etc.

Membership Dues

Approved Operating Expenses for Chapter Membership Dues

The Membership Chairperson will bill members for annual dues during the months of March and April. Dues are payable **on or before** June 30. The Membership Chairperson is responsible for collecting all dues, posting the dues in their membership records and then forwarding the checks to their Treasurer for deposit into the Chapter account. This money will be set aside to cover specific operating expenses incurred throughout the year. ***Please budget carefully . . . your annual operating expenses should in no way exceed the membership dues collected for that year.***

All monies remaining from dues collected as of June 30 from the previous fiscal year should be forwarded to the Treasury Manager copy Regional Chapter Director at National Headquarters. As of March 1, chapters may begin to collect dues for the upcoming year, thus replenishing their operating budget.

Approved General Operating Expenses

- 1) Miscellaneous bank charges (not event related)
- 2) Monthly fee for Chapter post office box (if applicable)
- 3) Storage unit or facility (as chapter deems necessary)
- 4) Monthly newsletter costs (including printing and postage)
- 5) Miscellaneous postage (including roster mailings)
- 6) Copies (including roster)
- 7) Altruistic Chairperson expenses - flowers or cards for members who are ill or who have passed away (not to exceed \$300.00 annually)
- 8) Miscellaneous fees incurred at general membership meetings

- a. Cost of meal(s) for guest speaker(s)
- b. Cost of token gift(s) for guest speaker(s)
- c. A/V equipment rental
- 9) Western Regional Coordinating Council travel expenses (one representative only)
 - a. Airfare (out-of-state Chapters)
 - b. Rental car or taxi (out-of-state Chapters)
- 10) Installation cost of officers (not to exceed \$150)
- 11) Village holiday parties (flexible – contact Regional Chapter Director). For those Chapters involved in on-site holiday events/activities with the children, expenses should not exceed \$500.00.
- 12) New member teas/parties - refreshments/supplies not to exceed \$200.00 (flexible – contact Regional Chapter Director)

Additional Approved Expenditures (if account allows)

- 13) Chamber of Commerce, Rotary or other memberships - limited to one annual or up to \$500.
- 14) Community/educational fairs (research in-kind participation first) – required
Registration/booth fees not to exceed \$300.00 annually
- 15) Outgoing Board member recognition gift - not to exceed \$50.00 annually

The guidelines listed above cover a wide variety of typical operating expenses for a Chapter, as well as other options that might enhance or positively motivate your volunteers. To review and possibly approve a special request for utilizing membership dues, please contact the Regional Chapter Director. **Treasurers are responsible for tracking membership dues and dues expenditures on your Monthly Treasurer’s Report. They shall be shown as separate line items.**

Sales Tax Report

Childhelp **must remit sales tax on merchandise sales and auction items in certain jurisdictions.**

Sales tax rates vary from county to county and state to state. Note that sales tax rates are subject to change, so please check with your local authority for the current rate.

National Headquarters will file the required sales tax return for each state on behalf of the Chapters. The Chapters must calculate and collect the sales tax at their events. They may either add the sales tax to the sale price or include it in the sale price. If the latter method is selected, be certain to allow for sales tax when setting the price of items. A sample calculation for each method is shown below. Please contact National Headquarters or your Regional Chapter Director if you need any assistance with sales tax calculations.

Sample Sales Tax Calculations (example for Los Angeles) Add Sales Tax to Price

Step 1: Sale Price x Tax Rate = Sales Tax to be Remitted

Step 2: Sale Price + Sales Tax to be Remitted = Total Due from Donor

Sale Price = \$1,000 Tax Rate = 8.75%

Step 1: \$1,000 x .0875 = \$87.50

Step 2: $\$1,000 + \$87.50 = \$1,087.50$

Donor pays Chapter \$1,087.50 for the item. Chapter records \$1,000 in sales and \$87.50 in sales tax.

Include Sales Tax in Price

Step 1 Total Sale Price / (1 + Tax Rate) = Taxable Sale Price

Step 2: Sale Price – Taxable Sale Price = Sales Tax to be Remitted

Sale Price = \$1,000 Tax Rate = 8.75%

Step 1: $\$1,000 / 1.0875 = \919.54 Step 2: $\$1,000 - \$919.54 = \$80.46$

Donor pays Chapter/Auxiliary \$1,000 total for the item. Treasurer records \$919.54 in sales and \$80.46 in sales tax.

Collecting and Reporting Sales Tax – sample on p. 38

The Treasurer should complete a “Report of Sales and Sales Tax Collected” no later than **45** days following each event (see appendix for sample). The Treasurer should submit the report and a check for the total sales tax due to National Headquarters (Attention: Accounting Manager).

Generally, Chapters that are subject to sales tax **must collect sales tax** for all the items they sell, even when those items were donated to the Chapter. In certain taxing jurisdictions, some items, such as baked goods, are not taxable. Please contact National Headquarters or your Regional Chapter Director for specific information for your area.

*****Arizona Chapters**

Currently, **Arizona** Chapters are exempt from tax on both **sales and purchases**. This means that these Chapters **do not have to collect or pay sales tax**. Be sure to inform hotels, printers and all other vendors of the tax exemption.

Treasurers shall review all invoices to be sure that their Chapter was not improperly charged sales tax. Please contact National Headquarters or your Regional Chapter Director to obtain a copy of the most recent Arizona tax exemption certificate.

Solicitation Requirements

Some states and cities require that Chapters file for a special license or permit before conducting a fundraising event. The requirements vary from location to location. Some require that a Chapter apply for a solicitation license for each event, while others require an annual permit. Other locations only require that Childhelp register in that state (National Headquarters, Treasury Manager handles this type of registration).

The Treasurer shall coordinate with the Event Chairperson to assure that all requirements are met. If you have any questions regarding the requirements in your area, please contact your local

government.

Tax Deductibility of Donations

Donations to Chapter events are deductible by the donor for Federal income tax purposes to the extent the donation exceeds the fair market value of any goods or services received. This means that **the portion of the ticket price that covers the value of the meal, golf, etc. is NOT deductible by the donor.** Purchases of raffle tickets are not deductible. See opportunity chances/raffles below.

For example, if the Chapter sells luncheon tickets for \$100 and provides attendees with a meal valued at \$35, the tax-deductible portion of each ticket is \$65. (See instruction below under Determining Fair Market Value).

National Headquarters will issue to donors all receipts that include the proper information regarding tax-deductibility.

Determining Fair Market Value

For many fundraising events, the non-deductible portion of the ticket price is the value of the goods or services received which includes meal, beverages, entertainment, program booklets and attendee gifts. The fair market (usually “retail”) value is what the donor would typically pay for a comparable meal at that hotel or restaurant. If ticket prices to an event vary, the non-deductible portion generally remains the same; and the deductible portion increases in relation to the ticket price. **Invitations and response cards to an event should clearly state the tax-deductible portion of the ticket price.** Auction sales are tax-deductible only for the amount in **excess** of the fair market value of the item. Remember that this regulation applies to the **value** of what the donor receives, **not the cost to the Chapter.** For example, suppose a jeweler **donates** a piece of jewelry for an auction that is valued at \$500. A donor purchases the jewelry at the auction for \$750. The tax-deductible portion of the purchase price is \$250, (purchase price less fair market value), even though the item cost the Chapter nothing.

Opportunity Chances/Raffles

Please note that purchases of opportunity chances and raffle tickets **are never tax deductible** by the purchaser, per IRS regulation, as this constitutes a form of gambling. Chapters should not refer to such purchases as “tax deductible contributions” or as “donations.”

Prize Winners – Tax Requirements

If a person wins a door prize, opportunity chance or raffle item that has a fair market value of \$600 or more, the IRS requires that these winnings be reported as income to the winner.

The Treasury Manager will file the appropriate forms with the IRS. **The Treasurer shall complete a Prize Winner’s Information Sheet (p. 39) for each winner of a prize valued at \$600 or more.** The Treasurer shall send these forms to National Headquarters (Attention: Regional Chapter Director) no later than **30** days following an event.

There is an additional requirement to **withhold income tax** when the fair market value of a prize is \$5,000 or more. **Chapters providing prizes with a fair market value greater than \$5,000 must**

collect 28% of the prize fair value for Federal income tax from the winner prior to relinquishing the item to the winner. Some state income taxes might also need to be collected. Please check with your Regional Chapter Director to see which states apply. The winner should make his/her check payable to Childhelp.

The check and the completed Prize Winner's Information Sheet should be forwarded immediately to National Headquarters (Attention: Treasury Manager).

Non-Profit Raffle Report

Chapters must comply with their state regulations in filing the appropriate forms with their state government to conduct a raffle. Regulations for each state may vary, please contact your state government to confirm that any filings are required. See page 43 for a sample of the California Applications for Registration.

For example, a report needs to be filed with State of California Attorney General's office. California sample on p. 43. A separate report must be completed for each raffle conducted during a reporting year (Sept. 1 through Aug. 31), California, Sample on p. 43-45, National Headquarters will submit these forms annually. The Treasury Manager will submit these forms as a group with all other chapter raffle reports. See pages 14 to 28 for Rules for Charitable Raffles in your state.

State Rules for Charitable Raffles

The following pages will address the state regulations in regards to conducting a raffle.

Please visit www.ag.ca.gov/charities/ to complete the Application for Registration and the Nonprofit Raffle Report.

Arizona Rules for Charitable Raffles

The Arizona rules regarding charitable raffles are governed by A.R.S. 13-3302. **The nonprofit organization has a duty to report raffle prizes to the IRS if the value of the prize is at least \$600 more than the amount the person paid for the raffle ticket OR if the payout is at least 300 times the amount of the ticket.** Under the Arizona Revised Statutes, an organization that has qualified for tax exempt status under A.R.S. 43-1201 may conduct a raffle if it meets ALL of the following restrictions:

No member, director, officer, employee, or agent of the nonprofit organization may receive any direct or indirect pecuniary benefit other than being able to participate in the raffle on an equal basis with all other participants.

Guidelines to Follow for Compliance:

- No discounts for membership
 - No raffle prizes that require money to be spent at a business belonging to any member of the organizations
1. The nonprofit organization must have been in existence continuously in the state of Arizona for at least 5 years before the raffle.
 - Childhelp meets this requirement
 2. No person except a bona fide local member of the sponsoring organization may participate directly or indirectly in the management, sales, or operation of the raffle.

Guidelines to Follow for Compliance:

- Only Childhelp employees, board members, and chapter members may sell raffle tickets. You may not have friends sell tickets for you.
- Only a Childhelp employee, board member, or chapter member should oversee the pulling of the winning raffle tickets.
- Only Childhelp employees, board members, or chapter members should gather purchased raffle tickets.

Other Issues to Remember When Conducting a Charitable Raffle

- Ticket purchases are NOT tax deductible.
- The person who donated the raffle item may be entitled to a charitable tax deduction for an in-kind contribution.
- The nonprofit organization has a duty to report raffle prizes to the I.R.S if the value of the prize is at least \$600 more than the amount the person paid for the raffle ticket OR if the payout is at least 300 times the amount of the ticket.
- Prizes are taxable income to the winner
- Raffle prizes must be reported on IRS Form W-2G with a copy sent to the winner

- The nonprofit organization has a duty to withhold taxes if the winning prize has a fair market value of \$5,000 or more. The non-profit is liable for all taxes it fails to correctly withhold.
- You may NOT conduct a multi-state raffle. This is prohibited by federal law.

General Considerations for the Design of Raffle Tickets

- Draft detailed rules detailing
- Who is eligible to participate
- What state law applies
- Warranty and liability disclaimers
- Include on raffle tickets a paragraph in which the purchaser confirms their eligibility and releases Childhelp from liability followed by their signature.
- Retain all signed tickets after the raffle.

If you have any questions or would like language drafted for you, please contact Childhelp National Headquarters.

Raffles in the State of California FAQ's

May charities hold raffles to raise funds?

The state constitution and Penal Code provide a narrow exception to the prohibition against gambling in California. Certain tax-exempt groups such as charities may hold fundraising raffles.

What is a raffle?

A raffle is a type of lottery in which prizes are awarded to people who pay for a chance to win. Each person enters the game of chance by submitting a detachable coupon or stub from the paper ticket purchased. A raffle must be conducted under the supervision of a natural person age 18 or older. At least 90 percent of the gross receipts from raffle ticket sales must be used by the eligible tax-exempt organization to benefit or support beneficial purposes in California.

Groups are prohibited from awarding raffle prizes by use of a gaming machine, apparatus, or device such as a slot machine. A raffle also may not be operated or conducted over the Internet. However, the organization conducting the raffle may advertise the raffle on the Internet. See Penal Code section 320.5 and Statutes and Regulations.

Do we need to register if we call our raffle an “opportunity drawing”? What sort of raffle can we have if we don't want to register?

If participants are required to purchase a ticket in order to have a chance to win a prize, the drawing is subject to the provisions of Penal Code section 320.5 and related regulations.

Penal Code section 320.5, subdivision (m) states that a raffle is exempt from registration with the

Attorney General's Office if all of the following are true:

It involves a general and indiscriminate distributing of the tickets.

The tickets are offered on the same terms and conditions as the tickets for which a donation is given.

The scheme does not require any of the participants to pay for a chance to win.

I want to verify that the type of raffle I want to hold is legal even if it doesn't meet all of the criteria in Penal Code section 320.5. Can you give me advice?

The Office of the Attorney General does not provide legal advice to members of the public. If you are not sure that your organization is holding a raffle in compliance with section 320.5, we suggest that you consult private legal counsel.

Can an individual raffle off his house to pay off the mortgage if he gives any remaining funds to charity?

No. Only eligible organizations as defined in Penal Code section 320.5, subdivision (c) may conduct raffles in California, provided they are registered with the Attorney General's Office before conducting any raffle activities. The purpose of the statute is to benefit eligible organizations. Individuals, corporations, partnerships, and other legal entities are prohibited from having a financial interest in a raffle. (Pen. Code, § 320.5, subd. (g).)

Can individuals affiliated with the nonprofit organization conducting the raffle purchase raffle tickets?

Penal Code section 320.5 does not prohibit members of the organization from participating in the raffle.

Who may hold raffles?

Only eligible private, tax-exempt nonprofit groups qualified to conduct business in California for at least one year prior to conducting the raffle may conduct raffles to raise funds for the organization and charitable or beneficial purposes in California.

Eligible organizations are charities and religious or other organizations that have been exempted from state taxation by the Franchise Tax Board under the following Revenue and Taxation Code sections: 23701a (labor, agricultural, or horticultural organizations other than cooperative organizations); 23701b (fraternal orders); 23701d (corporations, community chests, or trusts operating exclusively for religious, charitable, or educational purposes); 23701e (business leagues, chambers of commerce); 23701f (civic leagues, social welfare organizations, or local employee organizations); 23701g (social organizations); 23701k (religious or apostolic corporations); 23701l (domestic fraternal societies); 23701t (homeowners' associations); and 23701w (veterans' organizations).

If you need a copy of your tax-exempt letter, submit an email request to the Franchise Tax Board or write to: Exempt Organizations Unit, Franchise Tax Board, P.O. Box 942840, Sacramento, CA 94240-0040.

I don't know if my organization qualifies as an "eligible" organization under Penal Code section 320.5. How do I find out?

An "eligible organization" is defined in section 320.5, subdivision (c) as a "private, nonprofit organization that has been qualified to conduct business in California for at least one year prior to conducting a raffle and is exempt from taxation pursuant to Sections 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, 23701t, or 23701w of the Revenue and Taxation Code." This information can be found on the exemption letter received by an organization from the Franchise Tax Board. A copy of the organization's exemption letter can be obtained by contacting the Franchise Tax Board if it cannot be found in the organization's files.

What is the 90/10 rule? Does it apply to 50/50 raffles?

At least 90% of the total funds received from the sale of raffle tickets was used for the beneficial or charitable purposes of the eligible organization conducting the raffle or for the benefit of another eligible organization. Please see the second page of Non Profit Raffle Report on page 47.

Penal Code section 320.5, subdivision (b)(4)(A) states that 90 percent of the gross receipts generated by sale of raffle tickets for any given draw are to be used by the eligible organization for charitable purposes. For example: An organization raised \$100 in ticket sales. It would be required to spend \$90 of that amount to further its charitable purposes, and only \$10 could be used to help pay for expenses or operating costs associated with conducting the raffle.

The organization is not precluded from using funds from sources other than the sale of raffle tickets to pay for the administration or other costs of conducting the raffle. However, the organization must exercise due care in using other funds. The misuse of restricted assets or the use of unrestricted assets which results in losses to the corporation may subject the board of directors to personal liability for breach of fiduciary duty. The 90/10 rule applies to 50/50 raffles, in which 50 percent of ticket-sale revenue is awarded as the prize and 50 percent of the revenue is retained by the organization conducting the raffle. 50/50 raffles are illegal because 90 percent of the gross ticket-sale revenue is not used for charitable purposes.

What happens if we do not meet the 90/10 requirement?

Penal Code section 320.5 is a criminal statute. Violations may be forwarded to the local district attorney, city attorney, or county counsel for investigation and possible prosecution. In addition, the Attorney General may take legal action under the provisions of the Nonprofit Corporation Law for breach of fiduciary duty or waste of charitable assets. The raffle registration may also be suspended or revoked. (See section 419.2(a)(2) of the raffle regulations, which can be found on our website: <http://ag.ca.gov/charities/raffles.php>.)

Does an organization already registered as a charity need to register separately to conduct a raffle? Are there separate reporting requirements?

Yes. Raffle registration is a separate requirement from charity registration. Separate reports on each raffle conducted during the year (September 1 through August 31) must be filed by September 1.

Must all eligible organizations register and report?

Nonprofit religious organizations, schools, and hospitals are exempt from the registration and reporting requirements; however, even though they are not required to register and report, those organizations must still comply with all other provisions of Penal Code section 320.5.

May we sell raffle tickets prior to the raffle drawing if we are not currently registered? No.

You must obtain a confirmation letter from our office prior to conducting any raffle activities. This includes selling tickets to an event that will be held in the future. If you wish to conduct the drawing after September 1 of any year, but you wish to sell tickets prior to September 1 of that year, you must register for both years.

If an organization gives away raffle tickets, does it have to register and report? Registration is not required if all tickets for a drawing are free, solicitations of voluntary donations to the organization are in no way connected to distribution of tickets, and this is made clear to all participants. If you require a "donation" in return for a ticket, you must register.

How do I register to conduct a raffle?

Complete the raffle annual registration form (CT-NRP-1) and mail it to the Registry with your \$20 registration fee. Checks should be made payable to the Department of Justice. It is also possible to register online at: <http://rct.doj.ca.gov/MyLicense%20Enterprise/Login.aspx>

Please note, you must receive written confirmation of your registration before conducting any raffle activities, including the sale of tickets. Raffle registration forms are available on the Internet at Charities Forms, or may be requested by mail, fax, or telephone.

When is the deadline for registration, and can I still submit an application if I miss the deadline?

The registration period for raffles runs from September 1 to August 31, and registration applications are due by September 1. If an eligible organization that has not registered by September 1 determines after that date that it will conduct a raffle during the year (September 1 through August 31), the organization must submit its registration application at least 60 days before the scheduled date for the raffle. Applications are processed in the order received, and no expedited service is available. If an organization requires confirmation of receipt of its application, the application should be sent to the Registry via certified mail.

How long is a raffle registration valid?

A raffle registration is good from the date registration is issued through August 31. A new registration must be issued to cover raffles conducted in the succeeding registration period of September 1 through August 31.

If my organization registers but decides not to hold a raffle, is the fee refundable?

No.

What information must we provide for raffle registration?

An eligible nonprofit group must furnish on the registration form:

Name of organization;

Address of organization;

One or more of the following:

Federal Tax/Employer Identification Number

(assigned by the Internal Revenue Service and usually found on the IRS letter granting exemption from federal taxes. Contact the Exempt Organization Section of the IRS at (877) 829- 5500; or <http://www.irs.gov/> with questions); or

Corporate Number

(assigned by the Secretary of State at the time the articles of incorporation are endorsed and filed); or

Organization Number

(assigned by the Franchise Tax Board to associations, trusts, and organizations that are not incorporated in California but do business in California); or

California Charitable Trusts Identification Number

(assigned by the Registry of Charitable Trusts to organizations required to register and report with the Registry).

Name and title of a "fiduciary," which is a person such as a director, officer, trustee or other individual occupying a similar position of responsibility in the organization.

Our organization is a chapter which shares its tax-exempt status with a national organization.

Can we conduct our own raffles?

Only an “eligible organization” may conduct a raffle. An “eligible organization” must have conducted business in California for at least one year and it must be exempt from taxation under one of the subsections of Revenue and Taxation Code section 23701 listed in Penal Code section 320.5, subdivision (c). If the organization does not have an independent tax exemption from the Franchise Tax Board, it is not, by definition, an “eligible organization.”

Whether a “chapter” (sometimes referred to as a “subsidiary” or “child”) of a national office or other organization (“parent”) may conduct a raffle is determined on a case-by-case basis after a review of relevant facts:

- Does the parent organization qualify as an “eligible organization”?
- Is the subsidiary funded by the parent?
- Do the parent and subsidiary file a combined IRS Form 990?
- How independent is the subsidiary from the parent, and to what degree does the parent control and manage the subsidiary?

If the parent is an “eligible organization” and there is a true parent-subsidiary relationship, only the parent is required to register on behalf of raffles conducted by the parent and subsidiary. It is also responsible for filing all subsequent raffle reports. The parent is ultimately responsible for conducting the raffle, but may delegate responsibilities to the subsidiary.

My organization has changed the raffle date noted on the registration form. Do we need to contact the Registry?

No. You can indicate the revised date on the Nonprofit Raffle Report when it is completed and filed.

When is the Nonprofit Raffle Report disclosing raffle activities required to be filed?

A separate disclosure report is required for each raffle held by the organization. The reports may be filed with the Registry of Charitable Trusts any time after the conclusion of a raffle, but must be filed no later than September 1 of each year for activities in the current registration period.

What kind of record keeping is required?

The required information appears on the Nonprofit Raffle Report form (CT-NRP-2). Basically, the organization must report the date and location of the raffle held, total funds received from the raffle, total expenses for conducting the raffle, the charitable or beneficial purpose for which raffle proceeds were used or the amount and organization to which proceeds were directed. (See Nonprofit Raffle Report form at forms.)

Are there limits on raffle prizes?

State law does not specify any limits on the value of raffle prizes.

Does an organization report individual buyers of raffle tickets?

No.

When can an organization expect to receive confirmation of registration?

Depending on volume, it could be up to 60 days after receipt of the registration form.

What are the consequences for an eligible organization that fails to register with the Attorney General's Registry of Charitable Trusts to conduct raffles in California?

Gambling is illegal in California unless it is permitted by statute. A raffle is defined as gambling unless it meets all of the criteria set forth in Penal Code section 320.5. One of the criteria is that an eligible organization must be registered with the Attorney General prior to conducting any activity associated with a raffle. Failure to comply with the provisions of section 320.5 is a misdemeanor. Violations of section 320.5 may be forwarded to the local district attorney, city attorney, or county counsel for enforcement. Section 320.5 and related regulations can be found on our website at <http://ag.ca.gov/charities/raffles.php>.

What is my recourse if a raffle was cancelled, the drawing was not held or was delayed, or a different prize was substituted for the prize that was advertised?

You may fill out the complaint form available on our website: <http://ag.ca.gov/charities/forms.php>. All complaints submitted to the Registry of Charitable Trusts must be in writing. If an organization did not hold a scheduled raffle and did not return funds to ticket purchasers, you may also contact local law enforcement (the police department or district attorney), the city attorney or county counsel, and/or the Department of Consumer Affairs.

If an organization is interested in conducting a casino night, where do we go to get information on how to register and what are the requirements?

Rules and regulations regarding nonprofit casino nights can be found at <http://ag.ca.gov/gambling/charitable.php>.

Will Childhelp report raffle prizes to the I.R.S.?

Childhelp has a duty to report raffle prizes to the I.R.S if the value of the prize is at least \$600 more than the amount the person paid for the raffle ticket or if the payout is at least 300 times the amount of the ticket.

California Rules for Charitable Raffles

The nonprofit organization has a duty to report raffle prizes to the IRS if the value of the prize is at least \$600 more than the amount the person paid for the raffle ticket OR if the payout is at least 300 times the amount of the ticket.

Under California law, a non-profit organization that is tax-exempt and has been qualified to conduct business in California for at least one year prior to conducting a raffle may conduct a raffle if it meets ALL of the following requirements¹:

1. Ninety percent of all gross receipts raised by the raffle must go directly to a charitable purpose in California.

Guidelines to Follow for Compliance:

- At least 90% of the funds raised must be earmarked for a Childhelp program located in California – they may not be placed in the general fund.
2. The non-profit organization must prepare an application for registration (Form CT- NRP-1)

Guidelines to Follow for Compliance:

- The TREASURY MANAGER at Childhelp National Headquarters will make the annual filing for all Childhelp raffles in California.
3. The non-profit organization must file a Nonprofit Raffle Report (Form CT-NRP-2) after each raffle is held

Guidelines to Follow for Compliance:

- The TREASURY MANAGER at Childhelp National Headquarters will complete this filing as well.

¹ Non-profit raffles in California are governed by the California Penal Code Section 320.5 and the California Code of Regulations Title 9 Section 410

Additional raffle rules in California

1. No funds from the raffle may be provided to an officer, director, or member of the organization
2. No person involved in or connected with the conducting of the raffle was compensated by the organization from the raffle proceeds
3. No gaming machine, apparatus, or device was used in the conducting of the raffle
4. Funds from the raffle may not be split or shared with any other person or entity
5. The raffle may not be conducted and tickets may not be sold at any location which operates a racetrack, wagering, or other gaming.
6. The raffle may be announced on the organizations website but may not otherwise be advertised, mentioned, referred to, etc. on the internet and tickets may not be sold or redeemed on the internet.
 - a. Childhelp's website may include the following with respect to the raffle
 - i. List of prizes, descriptions, photographs, or videos
 - ii. List of the winners after the raffle
 - iii. Rules of the raffle
 - iv. FAQs and contact information
 - v. Downloadable entry for BUT the form MAY NOT be submitted over the internet

Other Issues to Remember When Conducting a Charitable Raffle

- Ticket purchases are NOT tax deductible.
- The person who donated the raffle item may be entitled to a charitable tax deduction for an in-kind contribution.
- The nonprofit organization has a duty to report raffle prizes to the I.R.S if the value of the prize is at least \$600 more than the amount the person paid for the raffle ticket OR if the payout is at least 300 times the amount of the ticket.
 - Prizes are taxable income to the winner
 - Raffle prizes must be reported on IRS Form W-2G with a copy sent to the winner
- The nonprofit organization has a duty to withhold taxes if the winning prize has a fair market value of \$5,000 or more. The non-profit is liable for all taxes it fails to correctly withhold.
- You may NOT conduct a multi-state raffle. This is prohibited by federal law.

General Considerations for the Design of Raffle Tickets

- Draft detailed rules detailing
 - Who is eligible to participate
 - What state law applies
 - Warranty and liability disclaimers
- Include on raffle tickets a paragraph in which the purchaser confirms their eligibility and releases Childhelp from liability followed by their signature.
 - Retain all signed tickets after the raffle.

If you have any questions, need assistance with any of the required forms, or would like language drafted for you, please contact Childhelp National Headquarters.

Tennessee Rules for Charitable Raffles

Please contact the Director of Organizational Advancement in Tennessee prior to planning any gaming events in the state.

Tennessee law allows nonprofit organizations to conduct charitable raffles if it meets ALL of the following restrictions:

1. Each organization may conduct only 1 event during the 12 month period from July 1- June 30. **Please contact the Director of Organizational Advancement in Tennessee prior to planning any gaming events in the state of Tennessee.**

Guidelines to Follow for Compliance:

- As soon as you decide to hold a raffle, check with the Director of Organizational Advancement in Tennessee to ensure that no other Childhelp event which included a raffle has occurred or is planned to occur during that 12 month period.
 - All planned raffles must submit their paperwork to the Secretary of State by January 31 for the following July-June window in order for the request to be approved through the Tennessee General Assembly.
2. The organization must be a 501(c)(3) and must have an active and continuous existence in Tennessee for at least five years
 - Childhelp meets this requirement. Please call Childhelp Headquarters if you need documentation.
 3. The event must be in a county where the organization has a physical presence or in a county contiguous to one in which the organization has a physical presence.

Guidelines to Follow for Compliance:

Childhelp has two programs and one physical location in Tennessee – the advocacy center in Knoxville (Knox County) and the Foster Family Agency based out of the Advocacy Center. Therefore a raffle may be held for Childhelp only in the following counties:

- Knox
- Sevier
- Blount
- Loudon
- Roane
- Anderson
- Union
- Grainger

- Jefferson
 - Cocke
 - Morgan
 - Hamblen
4. The organization must submit an application, filing fee, and all required attachments between July 1 and December 31. The application, mailing address, and fee schedule are available at <https://sos.tn.gov/charitable-solicitations-and-gaming/charitable-gaming-forms>
 5. The organization must file an accounting report within 90 days after the event. That form is also available on the website listed above.

Other Issues to Remember When Conducting a Charitable Raffle

- Ticket purchases are NOT tax deductible.
- The person who donated the raffle item may be entitled to a charitable tax deduction for an in-kind contribution.
- The nonprofit organization has a duty to report raffle prizes to the I.R.S if the value of the prize is at least \$600 more than the amount the person paid for the raffle ticket OR if the payout is at least 300 times the amount of the ticket.
 - Prizes are taxable income to the winner
 - Raffle prizes must be reported on IRS Form W-2G with a copy sent to the winner
- The nonprofit organization has a duty to withhold taxes if the winning prize has a fair market value of \$5,000 or more. The non-profit is liable for all taxes it fails to correctly withhold.
- You may NOT conduct a multi-state raffle. This is prohibited by federal law.

General Considerations for the Design of Raffle Tickets

- Draft detailed rules detailing
 - Who is eligible to participate
 - What state law applies
 - Warranty and liability disclaimers
- Include on raffle tickets a paragraph in which the purchaser confirms their eligibility and releases Childhelp from liability followed by their signature.
 - Retain all signed tickets after the raffle.

If you have any questions or would like language drafted for you, please contact Childhelp National Headquarters.

Virginia Rules for Charitable Raffles

The nonprofit organization has a duty to report raffle prizes to the IRS if the value of the prize is at least \$600 more than the amount the person paid for the raffle ticket OR if the payout is at least 300 times the amount of the ticket.

Virginia allows non-profit organizations to conduct charitable raffles.

A permit is necessary only if the organization expects to raise over \$40,000 via charitable gaming (including raffles) in any 12 month period. If the organization does expect to raise over \$40,000 from charitable gaming in a 12 month period, there is an application, extensive disclosure requirements, accounting requirements, and a \$500 fee. If you expect to raise over \$40,000 in charitable gaming during any 12 month period, please contact Childhelp National Headquarters at least 6 months in advance, and we will assist you in the process.

Other Issues to Remember When Conducting a Charitable Raffle

- Ticket purchases are NOT tax deductible.
- The person who donated the raffle item may be entitled to a charitable tax deduction for an in-kind contribution.
- The nonprofit organization has a duty to report raffle prizes to the I.R.S if the value of the prize is at least \$600 more than the amount the person paid for the raffle ticket OR if the payout is at least 300 times the amount of the ticket.
 - Prizes are taxable income to the winner
 - Raffle prizes must be reported on IRS Form W-2G with a copy sent to the winner
- The nonprofit organization has a duty to withhold taxes if the winning prize has a fair market value of \$5,000 or more. The non-profit is liable for all taxes it fails to correctly withhold.
- You may NOT conduct a multi-state raffle. This is prohibited by federal law.

General Considerations for the Design of Raffle Tickets

- Draft detailed rules detailing
 - Who is eligible to participate
 - What state law applies
 - Warranty and liability disclaimers
- Include on raffle tickets a paragraph in which the purchaser confirms their eligibility and releases Childhelp from liability followed by their signature.
 - Retain all signed tickets after the raffle.

If you have any questions or would like language drafted for you, please contact Childhelp National Headquarters.

Washington, D.C. Rules for Charitable Raffles

The nonprofit organization has a duty to report raffle prizes to the IRS if the value of the prize is at least \$600 more than the amount the person paid for the raffle ticket OR if the payout is at least 300 times the amount of the ticket.

Washington DC law allows nonprofit organizations to conduct a charitable raffle if it meets ALL of the following restrictions:

1. The organization must have at least 20 members in good standing
2. The organization must submit an application to the District of Columbia Lottery and Charitable Games Control Board. The application must include all of the following
 - a. Name and address of the organization
 - b. Whether the organization holds a current Letter of Determination from the District's Department of Finance and Revenue or just a Letter of Determination from the IRS
 - c. Name, phone, and address of a member-in-charge
 - d. Name, phone, and address of a deputy member-in-charge
 - e. Name, phone, address, and birth date of the person responsible for utilization of gross receipts
 - f. Names and addresses of 20 active members of the organization
 - g. Price of the raffle tickets
 - h. Number of tickets printed
 - i. Total value of all prizes
 - j. Date, time and place of the raffle drawing
 - k. License fee

Other Issues to Remember When Conducting a Charitable Raffle

- Ticket purchases are NOT tax deductible.
- The person who donated the raffle item may be entitled to a charitable tax deduction for an in-kind contribution.
- The nonprofit organization has a duty to report raffle prizes to the I.R.S if the value of the prize is at least \$600 more than the amount the person paid for the raffle ticket OR if the payout is at least 300 times the amount of the ticket.
 - Prizes are taxable income to the winner
 - Raffle prizes must be reported on IRS Form W-2G with a copy sent to the winner
- The nonprofit organization has a duty to withhold taxes if the winning prize has a fair market value of \$5,000 or more. The non-profit is liable for all taxes it fails to correctly withhold.
- You may NOT conduct a multi-state raffle. This is prohibited by federal law.

General Considerations for the Design of Raffle Tickets

- Draft detailed rules detailing
 - Who is eligible to participate
 - What state law applies
 - Warranty and liability disclaimers
- Include on raffle tickets a paragraph in which the purchaser confirms their eligibility and releases Childhelp from liability followed by their signature.
 - Retain all signed tickets after the raffle.

If you have any questions or would like language drafted for you, please contact Childhelp National Headquarters.

Childhelp Chapter Name
Sample Annual Budget for
2021-22
(Due by April 30)

| |
|---------------|
| SAMPLE |
|---------------|

| | |
|-------------------------|-----------------|
| Revenues (net) | |
| Membership Dues | 3,000.00 |
| #1 Event | 25,000.00 |
| #2 Event | 50,000.00 |
| #3 Event | 50,000.00 |
| Miscellaneous donations | <u>5,000.00</u> |

Total Revenues **133,000.00**

| | |
|----------------------------------|--------------|
| Operating Expenses | |
| Bank Charges | 50.00 |
| Post Office Box Rental | 50.00 |
| Postage | 150.00 |
| Newsletter | 50.00 |
| Misc Administrative Expenses | 50.00 |
| Letterhead, envelopes | 200.00 |
| New Member Luncheon | 200.00 |
| General Meeting Expense | 125.00 |
| Volunteer Recognition Party | 150.00 |
| Installation Costs | 50.00 |
| Board Recognition Gifts | 50.00 |
| Education & Awareness Newsletter | 300.00 |
| Membership Printing & Postage | 100.00 |
| Membership Publicity | 250.00 |
| Membership Corporate Plaques | 100.00 |
| Christmas Party | 300.00 |
| Halloween Party | 200.00 |
| Easter Party | 200.00 |
| Valentines Party | <u>50.00</u> |

Total Expenses **2,775.00**

NET PROCEEDS **130,225.00**

XYZ

Chapter/Auxiliary Sample Monthly Treasurer's Report Activity for August 2021

| Date | Amount | Check # | Description | Deposit Detail if Non Event deposit | | | | |
|----------|------------|---------|---------------------------------------|-------------------------------------|------------|-----------|-----------------|-------------------------------|
| | | | | Event: Y or N | Event Name | Dues Amnt | Donation Amount | Donation Restriction/ Purpose |
| | 9,926.35 | | | | | | | |
| 08/26/16 | (\$73.65) | | RECURRING PAYMENT AUTHORIZED ON 08/24 | | | | | |
| 08/22/16 | (\$30.34) | | RECURRING PAYMENT AUTHORIZED ON 08/20 | | | | | |
| 08/22/16 | (\$108.43) | | PURCHASE AUTHORIZED ON 08/19 | | | | | |
| 08/02/16 | (\$5.00) | | MERCHANT BNKCD FEE CHILDHELP | | | | | |
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CHILDHELP

Name of Chapter

Sample Preliminary Event Budget

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|---------------|
| SAMPLE |
|---------------|

Event: XYZ Event

Event Date: 00/00/00

ESTIMATED RECEIPTS

| | | |
|--|-----------|------------------|
| Sponsorships | 10,000.00 | |
| Luncheon Reservations 600 at \$100 each | 60,000.00 | |
| Opportunity Chances | 2,000.00 | |
| Donations | 5,000.00 | |
| Program Book Ads | 1,500.00 | |
| Centerpieces | 500.00 | |
| Other | | |
| TOTAL ESTIMATED RECEIPTS | | 79,000.00 |

ESTIMATED EXPENDITURES

| | | |
|---|-----------|------------------|
| Luncheon Costs - 600 at \$35 each | 21,000.00 | |
| Invitations | 4,000.00 | |
| Program Book | 2,200.00 | |
| Postage | 850.00 | |
| Orchestra | 1,200.00 | |
| Decorations | 1,000.00 | |
| Opportunity Chance Tickets | 250.00 | |
| Table Favors | 500.00 | |
| Valet Parking | 300.00 | |
| TOTAL ESTIMATED EXPENDITURES | | 31,300.00 |

ESTIMATED NET PROFIT 47,700.00

ESTIMATED NET PROFIT PERCENTAGE 60%

Net Profit divided by Total Revenues equals Net Profit Percentage

| Childhelp | | | | | | | | |
|-------------------------------------|----------------------------------|--------------------|--------------|-------------|--------------|-----------|----------------|-------------|
| Chapter Name | | | | | | | | |
| Final Event Financial Report | | | | | | | | |
| EVENT: | Event Name | | | | | | | |
| EVENT DATE: | Event Date | | | | | | | |
| LOCATION: | Event Location | | | | | | | |
| CHAIRS: | Event Chairs and Co-Chairs | | | | | | | |
| | | Corporate Sponsors | Ticket Sales | Opportunity | Live Auction | Donations | Silent Auction | Fund-a-Need |
| RECEIPTS: | | | | | | | | |
| | Reservations | | - | | | | | |
| | Less: Early Bird Discount | | | | | | | |
| | Sponsorship Donations | - | | | | | | |
| | Donations | | | | | - | | - |
| | Donations (Paddle Raise) | | | | | | | |
| | Silent Auction | | | | | | - | |
| | Live Auction | | | | - | | | |
| | Grand Prize | | | - | | | | |
| | Casino Chip Donations/Prop Sales | | | - | | | | |
| | Centerpiece Donations | | | | | - | | |
| | Underwriting: Corporate | - | | | | | | |
| | Underwriting: Table Wine | - | | | | | | |
| | Underwriting: Auction | - | | | | | | |
| | Underwriting: Grand Prize Raffle | - | | | | | | |
| | Underwriting: Casino Prizes | - | | | | | | |
| | Underwriting: Cigar Rolling | - | | | | | | |
| TOTAL RECEIPTS: | | \$ - | \$ - | \$ - | \$ - | 0 | \$ - | \$ - |

| EXPENDITURES: | Cash Prize Expenses | Rent or Facility Costs | Food and Beverages | Entertainment | Other Direct Expenses |
|--|---------------------|------------------------|--------------------|---------------|-----------------------|
| Dinner - Balboa Bay Resort | | | - | | |
| Table Wine & VIP Champagne | | | - | | |
| Invitations/Save the Dates | | | | | - |
| Raffle Ticket Printing/Stationary/Programs/Signage | | | | | - |
| Postage Invites/Save the Date | | | | | - |
| Sales Tax | | | | | - |
| Merchant Bank Fees | | | | | - |
| Centerpieces/Décor | | | | | - |
| Auctioneer | | | | | - |
| Audio/Visual | | | | - | |
| Photography | | | | - | |
| Grand Prize | - | | | | |
| DJ/Entertainment | | | | - | |
| Gaming Tables | | | | | - |
| Photo Booth | | | | | - |
| Donor Gifts | | | | | - |
| Banners/Posters/Décor | | | | | - |
| Casino Prizes | - | | | | |
| Cigars & Rollers | | | | | - |
| Misc | | | | | - |
| Silent Auction Items | | | | | - |
| Live Auction Items | | | | | - |
| Committee Gifts/Wrap Up Party | | | | | - |
| Mobile Bidding | | | | | - |

| | | | | | |
|-------------------------------------|---|---------|--|--|--|
| TOTAL EXPENDITURES: | | - | | | |
| NET PROFIT | | - | | | |
| NET PROFIT PERCENTAGE | | #DIV/0! | | | |
| Childhelp | | | | | |
| Chapter Name | | | | | |
| Final Event Financial Report | | | | | |
| EVENT: | Event Name | | | | |
| EVENT DATE: | Event Date | | | | |
| LOCATION: | Event Location | | | | |
| CHAIRS: | Event Chairs and Co-Chairs | | | | |
| Net Profit from | Event Name | - | | | |
| | Less Funds Received (Casey) Directly to National | | | | |
| | Less Funds Received (Bren) Directly to National | | | | |
| | Less Funds Received (Taylor) Directly to National | | | | |
| | Less Funds transferred to National | | | | |
| | Total due to National | - | | | |
| Respectfully submitted by: | | | | | |
| Chapter Members | | | | | |
| Chapter Name | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | Non-cash Prize Expenses ** (cash paid) | | | How much spent on items given as prizes to winners? | |
| | Non-cash Prize Expenses ** (Donated) | | | What was the value of items donated that were given as prizes? | |
| | Value of Auction Items Received in Connection with the Event | | | What was the value of all the life and silent auction items donated? | |
| | Estimated Number of Contributors or Estimated Number of Items | | | What was the number of contributors or estimated number of items? | |
| | Was it Contributors or Items? | | | | |
| | Sales Price of Items at Auction | | | How much was collected for auction items sold? | |
| | Number of Event Attendees | | | | |
| | FMV of Dinner, Golf, etc. received by event attendee | | | What is the non tax deductible portion of the ticket price? | |
| | FMV of Auction Items Purchased by Attendees | | | What is the fair market value for the auction items that were purchased? | |
| | By Donors included non-qualified sponsorships, and Prizes. | | | What was the value of swag bags or parting gifts? | |

Childhelp

Name of Chapter

Sample Prize Winner's Information Sheet

Required if fair market value of prize is greater than \$600

**CHILDHHELP
6730 N. Scottsdale Rd, Ste 150
Scottsdale, Arizona 85253**

Federal ID # 95-2884608

Date Won _____

Winner's Name _____

Street Address _____

City _____ **State** _____ **Zip Code** _____

Phone _____ **Email** _____

Value of Prize _____

Description of Item _____

Federal Income Tax Withheld (if value exceeds \$5000.00) _____

Type of Drawing _____ **Raffle/Opportunity Chance**
(Tickets purchased for cash)

Door Prize (Tickets were free)

Social Security Number (required) _____ - _____ - _____

Signature of Winner

Sample Chapter Event Template

| | A | B | C | D | E | F | G | H | I | J | K | L | M |
|----|---|-----------------|------------------------|-----------------|------|-------|-----|--------------|--------------------|-------------|------------|---------|------------|
| 1 | | | | | | | | | | | | | |
| 2 | | Tickets | | | | | | | | | | | |
| 3 | | Cost Per Ticket | Non-Deductible Portion | | | | | | | | | | |
| 4 | | Adult Ticket | \$150 | \$70 | | | | | | | | | |
| 5 | | Child Ticket | n/a | n/a | | | | | | | | | |
| 6 | | Constituent ID# | Full Name | Current Address | City | State | Zip | # of Tickets | Date Gift Received | Gift Amount | Pay Method | Check # | Check Date |
| 7 | | | | | | | | | | | | | Notes |
| 8 | | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | | |
| 10 | | | | | | | | | | | | | |
| 11 | | | | | | | | | | | | | |
| 12 | | | | | | | | | | | | | |
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| 48 | | | | | | | | | | | | | |
| 49 | | | | | | | | | | | | | |
| 50 | | | | | | | | | | | | | |

CHILDHELP

Name of Chapter

Sample Quarterly Sales Tax Report

Event: XYZ EVENT

Event Date: 00/00/00

| Item | Taxable Sales | Tax Rate | Sales Tax Collected |
|----------------------|----------------------|-----------------|----------------------------|
| Silent Auction Items | 9,237.88 | 8.75% | 808.31 |
| Centerpieces | <u>1,039.26</u> | <u>8.75%</u> | <u>90.93</u> |
| TOTAL | 10,277.14 | | 899.24 |



Sample Acknowledgement for Gifts-in-Kind and Non-Cash Gifts
(This is only a sample of the information required; please use the triplicate form, as it will always be the most current.)

To: _____

Date: _____

Dear Friend,

We are extremely grateful for your generous contribution to Childhelp and your desire to assist us in the prevention and treatment of child abuse. On behalf of the children who will benefit from your gift, we sincerely thank you.

Authorized Signature

Office/Location/Chapter Signature of Contributor

Description of Merchandise (please itemize):

Childhelp is a qualified tax deductible organization under Section 501(c)(3) of the Internal Revenue Code (Tax ID 95-2884608). In accordance with the Revenue Reconciliation Act of 1993, Childhelp is required to disclose whether or not we provide any goods or services in consideration, in whole or in part, for your contribution. Childhelp provided no such benefits to you in exchange for your contribution. As you know, the valuation of donated property continues to be the responsibility of the donor.

Childhelp National Headquarters 6730 N. Scottsdale Road, Ste. 150
Scottsdale, AZ 85253
(480) 922-8212 ~ Fax (480) 922-7061
www.childhelp.org

Sample End of Year Event Funds Summary

**CHILDHELP
XXXX Chapter
Event Funds Summary
7/1/21 – 6/30/22**

| | |
|--|--------------------|
| <u>1st Annual Golf Tournament – P & L</u> | 48,650.32 |
| Gross Receipts | |
| Related Expenses | 21,042.52 |
| Net Receipts | 27,607.80 |
| ===== | |
| <u>3rd Annual Fashion Show –P & L</u> | 65,788.13 |
| Gross Receipts | |
| Related Expenses | 18,044.77 |
| Net Receipts | 47,743.36 |
| ===== | |
| <u>Event Receipts Transferred to National – 2021-2022</u> | \$75,351.16 |
| | |
| <u>Event Funds Activity</u> | |
| Event Funds Balance 7/1/21 | 7,500.00 |
| | |
| <u>Golf Event Expenses to Date</u> | |
| Deposit – XXX Country Club | 2,500.00 |
| Total Expenses | 2,500.00 |
| | |
| Event Funds Balance as of 6/30/22 | 5,000.00 |
| ===== | |

Sample Application for Registration (CT-NRP-1) – State of California

STATE OF CALIFORNIA
CT-NRP-1
(Rev. 09/09)

APPLICATION FOR REGISTRATION NONPROFIT RAFFLE PROGRAM (California Penal Code section 320.5)

DEPARTMENT OF JUSTICE
PAGE 1 of 1

Print Form

Reset Form



The registration period is September 1 to August 31.
After August 31, a new registration is required.

**A CHECK IN THE AMOUNT OF \$20 MADE PAYABLE TO
DEPARTMENT OF JUSTICE MUST ACCOMPANY THIS
REGISTRATION FORM**

If you do not receive a decision on this application within 30 days from the time it is received by the Department of Justice, you may apply to the Attorney General for a refund of the fee. (See Cal. Code of Regulations, Title 11, section 419.1)

MAIL TO:
Office of the Attorney General
Registry of Charitable Trusts
P.O. Box 903447
Sacramento, CA 94203-4470

STREET ADDRESS:
1300 I Street
Sacramento, CA 95814
Telephone: (916) 445-2021

WEBSITE ADDRESS:
<http://ag.ca.gov/charities/>

| | |
|---|---|
| | (For Registry Use Only) |
| | Raffle Registration Number: _____ |
| Name of Organization | Provide at least one of the following: Federal Tax Identification Number/Employer Identification Number: _____ Corporate Number: _____ Organization Number: _____ Charitable Trust Number: _____ |
| Address of Organization | |
| City or Town, State and ZIP Code | |
| E-mail Address | |
| Telephone Number | |
| Fax Number | |
| Specify the organization's tax exempt status pursuant to California Revenue and Taxation Code section: | |
| <input type="checkbox"/> 23701a Labor, agricultural, or horticultural organizations | <input type="checkbox"/> 23701g Nonprofit pleasure and recreation clubs |
| <input type="checkbox"/> 23701b Fraternal beneficiary societies, orders or associations | <input type="checkbox"/> 23701k Religious or apostolic corporations having common or |
| <input type="checkbox"/> 23701d Religious, charitable, scientific, testing for public safety, literary, educational, amateur sports or prevention of cruelty to children or animals organization | <input type="checkbox"/> 23701l Domestic fraternal societies, orders or associations |
| <input type="checkbox"/> 23701e Business leagues, chambers of commerce, real estate boards, and boards of trade | <input type="checkbox"/> 23701t Homeowners and associations |
| <input type="checkbox"/> 23701f Civic leagues, social welfare organizations and local employee organizations | <input type="checkbox"/> 23701w Veterans organizations |
| Proposed date(s) of raffle(s) _____ (Required for application approval) | |
| By signing this application for registration, I hereby certify that the organization named herein as the applicant is a private, nonprofit organization and has been qualified to conduct business in the State of California for at least one year prior to the raffle first held and that all other information provided on this application is true and correct. | |
| _____ Signature of Fiduciary Who Prepared This Form | _____ Date |
| _____ Printed Name of Fiduciary | _____ Title of Fiduciary |

Sample Nonprofit Raffle Report (CT-NRP-2) – State of California

STATE OF CALIFORNIA
CT-NRP-2
(Rev. 05/05)

NONPROFIT RAFFLE REPORT

DEPARTMENT OF JUSTICE
PAGE 1 of 2

Print Form

Reset Form



A separate report must be completed for each raffle conducted during a reporting year (September 1 through August 31).

Reports are due on or before September 1.
(California Penal Code section 320.5)

MAIL TO:
Office of the Attorney General
Registry of Charitable Trusts
P.O. Box 903447
Sacramento, CA 94203-4470

STREET ADDRESS:
1300 I Street
Sacramento, CA 95814
Telephone: (916) 445-2021

WEBSITE ADDRESS:
<http://ag.ca.gov/charties/>

Part A: General Organization Reporting Information

| | |
|----------------------------------|---|
| Name of Organization | Provide at least one of the following: Raffle Registration Number: _____ Federal Tax Identification Number/Employer Identification Number: _____ Corporate Number: _____ Organization Number: _____ Charitable Trust Number: _____ |
| Address of Organization | |
| City or Town, State and ZIP Code | |
| E-mail Address: | |
| Telephone Number: | |
| Fax Number: | |

Part B: Raffle Information (A separate report must be completed for each raffle held during this reporting year.)

| |
|--|
| 1. Date of raffle: _____ Location of raffle: _____ City _____ County _____ |
| 2. Total funds received from sale of raffle tickets: \$ _____ |
| 3. Total expenses for conducting the raffle: \$ _____ |
| 4. Were funds from sources other than ticket sales used to pay for administration or other costs of conducting the raffle? Yes <input type="checkbox"/> No <input type="checkbox"/> |
| If yes, 4(A) How much money from sources other than ticket sales was spent for the administration or other costs of conducting the raffle? _____ |
| 4(B) What was the source of this money? _____ |

| | | | |
|--|---------------------------------|------------------------------------|--------------------------------|
| 5. Were some or all of the funds used for the benefit of another eligible organization? | | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 5(A) If the answer to 5 above is yes, then provide the following information for each organization for which the funds were used. Attach additional sheets of paper, if necessary. | | | |
| Recipient Organization | \$ | Amount of Proceeds to Organization | |
| Address of Organization | Contact Person for Organization | | |
| City, State, and ZIP Code | Organization's Telephone Number | | |

Part C: Certification by Fiduciary of Reporting Organization

| | | | |
|--|--|--------------------------|--------------------------|
| For the raffle held on _____, I hereby certify that: | | True | False |
| 1) | At least 90% of the total funds received from the sale of raffle tickets was used for the beneficial or charitable purposes of the eligible organization conducting the raffle or for the benefit of another eligible organization. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2) | None of the funds required to be used for beneficial or charitable purposes were provided to an officer, director or member (as defined by Corporations Code section 5056) of the organization which conducted the raffle. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3) | No person involved in or connected with the conduct of the raffle was compensated by the organization conducting the raffle from raffle proceeds required to be used for beneficial or charitable purposes. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4) | No gaming machine, apparatus or device, including but not limited to one which meets the definition of a slot machine as contained California Penal Code sections 330a, 330b, or 330.1, was used in conducting the raffle. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5) | No individual corporation, partnership or other legal entity has or holds a financial interest in the conduct of the raffle other than the organization conducting the raffle or any private, nonprofit eligible organization which received funds from the raffle. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6) | No raffle was conducted, and no raffle tickets were sold, traded, or redeemed, within an operating racetrack enclosure, satellite wagering facility, or gambling establishment. | <input type="checkbox"/> | <input type="checkbox"/> |
| 7) | The raffle was not announced, mentioned, referred to, advertised, operated, or conducted in any way over the Internet other than an announcement of the raffle on the web site of the organization conducting the raffle. Tickets were not sold, traded or redeemed over the Internet. | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered "False" to any question in Part C, Items 1 through 7, please explain the circumstances that support your answer. Use additional sheets of paper, if necessary, for your explanation. If you answered "False" to more than one question, be sure to reference the item number next to each explanation.

In signing this Nonprofit Raffle Report I hereby certify that all of the information contained here is true and correct.

| | |
|---|-----------------------------|
| _____ Signature of Fiduciary Who Prepared the Report | _____ Date |
| _____ Printed Name of Fiduciary | _____ Title of Fiduciary |