

## Finance Peer Group Session – October 1, 2024

### Questions and Answers

#### RRF1 and CT-TR-1

##### Do National and State Dues collected count toward reportable revenue?

No, National and State Dues are immediately forwarded so do not count as branch revenue

##### Is there any requirement to file RRF1 and CT-TR-1 online this year? We have submitted both on paper.

Filing is possible but not required online and the below video will provide guidance with the rules and step-by-step procedure.

<https://oag.ca.gov/charities/online-renewal-checklist>

<https://youtu.be/HE-ABdls4cl>

#### SI – 100

##### Do we get a reminder to file this form?

Several participants reported that they had not received a reminder. It is suggested to make a note of the filing period to remember to file in a timely manner.

##### When do I file the SI-100? Every 2 years but when in the 2 years?

Due within 90 days of initial registration (90 days of filing the Articles of Incorporation for the first time) and every **two years** thereafter. An updated statement is also filed any time there are information changes in between statutory filing periods.

Online Filing Only \$20.00

##### Example:

If ABC Corporation filed its articles of incorporation with California on **August 15, 2023**, the organization would have 90 days from that date to file an initial SI-100—making the initial filing deadline **November 7, 2023**. ABC Corporation would then have to file SI-100 again by **August 15, 2025**, or during the preceding five months.

For AAUW, only incorporated branches will submit this form.

#### Sales Taxes

##### Does it matter if auction items are donated?

No, sales taxes are due on the sales price of the items, depending on if the item itself is taxable.

### **Are all auction items subject to sales tax?**

A sale of merchandise or goods is generally taxable unless it's covered by a specific exemption or exclusion.

However, the sale of travel, home rentals, guide services, personal services, tutoring, and other things of value that are not physical products, such as gift cards, gift certificates, and coupon books, are not subject to sales tax.

### **How does one collect sales tax as part of the selling price?**

**Important – make sure you inform buyers that sales tax is included in the total price.** For the example below, mark item, "\$15, inclusive of sales tax."

For ease of making change, calculate a selling price that when tax is added, equals an even dollar amount. For example, you have an item that you will purchase for \$7 and want to sell for around \$14. Set the price to the customer including tax at \$15. If the tax rate in your city or county is 9.5%, you would consider the taxable sales price as \$13.50, with a sales tax of \$1.30. You can use the simple formula:

- $X + (TR * X) =$  Sales price with sales tax included, where  $X =$  the sales price of the item and  $TR =$  the applicable tax rate for the location of the sale.
- In the example:
  - $X + 0.095X = \$15$
  - $1.095X = \$15$
  - $X = \$15 / 1.095 = \$13.70$
  - Sales tax =  $0.095 * \$13.70 = \$1.30$
  - Total price with sales tax =  $\$13.70 + \$1.30 = \$15$

### **Are silent auctions considered raffles?**

No. Silent auctions are considered sales of items whereby the winning bidder receives an item for the amount bid. Those who bid, but did not win, pay nothing. If the auction revenue is paid to a 501(c)3 organization, the donor can deduct the excess of sales price over market value as a tax deduction. Raffles are considered payments for a chance to win something and treated as gambling. The raffle reports must be filed if you plan to hold raffles. The purchase of raffle tickets are never tax deductible for the purchaser, even if the purchaser did not win and the raffle proceeds are used for the charitable organization's charitable mission.

### **1099 Submission for Scholarships and Other Uses**

There was considerable discussion of the implications of the need for this form. Several participants shared that using the State Special Projects Fund (SPF) for processing scholarships was a helpful approach. Note – SPF charges a fee for managing your branch funds, currently at 5% of funds when first deposited with SPF.

The IRS regs state that for a scholarship to be non-taxable, with no 1099 MISC required, it must meet ALL the IRS requirements for how the scholarship is used:

- Scholarship recipient is a candidate for a degree at an eligible educational institution, and
- The scholarship is used to pay for eligible expenses, such as tuition and fees required for enrollment or attendance at the educational institution, or for fees, books, supplies, and equipment required for courses at the educational institution.

**And remember – 1099s are required only if total cumulative payments for the calendar year to an individual entity or person are \$600 or more.**