

AAUW California Finance Peer Group -February 6, 2025

Fund Raising Rules and Requirements

Meals and Sales Tax

Q. If you have a dinner where a profit is not being made, is that event taxable?

A. Generally, yes, which is why it is a good idea to work with a restaurant or caterer, who will account for and pay the sales tax. Here is an excerpt from Publication 18, a resource from the state that gives tax information

1. Food sales (in general) The sale of food can be tax-exempt or taxable, depending on:
 - a. The type of food,
 - b. The circumstances under which the food is sold, and
 - c. Who makes the sale. However, the source of the food does not affect how tax applies—the same rules apply whether the food is purchased, donated to you, or homemade.

Q. If we buy takeout food for our luncheon and pay tax to the restaurant, do we need to pay sales tax on the meals?

A. No, the restaurant will collect and remit the sales tax

Merchandise Sales, both direct and auctions.

Tangible items are subject to tax on the entire sales price. Services and gift cards are not subject to tax. Here is a longer explanation of non-taxable items from Publication 18.

- The sale of travel, home rentals, guide services, personal services, tutoring, and other things of value that are not physical products.
- Sales of gift cards, gift certificates, and coupon books
- **Sales Activities –**
 - Q. Would a grocery gift card sold in a silent auction be taxable?
 - A. No. Gift certificates and donated services are not subject to sales tax
 - Q. We are in the process of ordering T-shirts for the Branch and will sell them to the members. Do we need to charge our members tax for these shirts?
 - A. If you have a seller's permit, you may purchase items for resale without paying tax. You can find a sample resale certificate at www.cdtfa.ca.gov. More information on using a resale certificate can be found in publication 73, Your California Seller's Permit, and in publication 103, Sales for Resale.

Scholarships

There were several questions about limiting the applicant pool to girls and women. This question will be researched further. Also, the AAUW CA Branch Development Committee will be sending a survey to branches later this Spring to collect more information.

Q. How is covering the cost of sending a participant to NCCWSL reported?

A. If a branch pays the costs of sending a participant to NCCWSL, it is considered an award, not a scholarship. If the total cost is \$600 or more, a 1099 should be filed and sent to the award recipient. Travel expenses need to be reported. Although AAUW National provided some recommendations on handling the registration fees paid directly by the branch as a payment to support the program vs an award, now that a third party will be running the program, consideration should be given to including the registration in the total award to the participant. Check with your tax advisor if you have questions.

AAUW Fund Contributions

Q. If a member donates to AAUW Funds, the 501(c) 4 branch deposits it in their own bank, and then the 501 (c) 4 branch turns around and writes a check to AAUW Funds, it is still tax deductible to the original donor?

A. It is still tax deductible because the branch is only holding it temporarily before passing to the Fund which is a 501 (c)(3).

Other Fund Raising

Home Tours

Q. We had a home tour and worked with an online ticket company. We received \$6200. Do we need a W-9 from the ticket company?

A. Yes, because the branch has signed a contract with the online ticket company. A signed W-9 Form should be kept in the file.

Garage or Tag Sales

Q. An individual can have a one-time garage sale in a year with being subject to sales tax. Does the same apply to non-profit organizations?

A. Rummage Sales are specifically identified in Publication 18 as taxable. However, for a one-time event, only a temporary sales permit is needed.

Bingo

As people were sharing information about successful fund-raising activities, the Fremont representatives discussed their successful Bingo event.

Q. What kind of permission is required for Bingo?

A. Permission for Bingo is granted at the local level according to The Attorney General's Guide for Charities. There are several state requirements detailed in the Guide. One is that the Bingo must take place on the sponsoring organization's premises. The Fremont Branch received a permit from the City of Fremont. They collaborated with a mobile home park and held the event in the park's community room.

Miscellaneous

Q. Are we as a branch required by National or State AAUW to have a financial reserve?

A. No, but it is good business practice to have a reasonable cushion.

Q. Our branch was planning to send someone to NCCWSL. Would we have to provide a 1099, since it isn't part of a degree program?

A. Yes, NCCWSL is considered an award and therefore a 1099 must be issued to the awardee for the amounts paid by the branch to enable her to attend the program.

Q. How do branches afford audits? We have missed grant opportunities because our financials are not professionally audited.

A. Sorry, but this is a challenge even for the state. One possibility is to recruit a volunteer from your membership or community