

Guidelines for Conducting a Chapter Raffle California Alpha Delta Kappa

REVISED January 2024 – NOTE DATE CHANGES

There are specific steps and guidelines for legally conducting your chapter's raffle. This information came from the California Attorney General's Registry of Charitable Trusts and may be found at www.oag.ca.gov/charities/raffles.

In California, charities and certain other private nonprofit organizations may conduct raffles to raise funds for beneficial or charitable purposes in the state. Each chapter must submit an updated CT-NRP-1 form, Application for Registration Nonprofit Raffle form, include a check for \$30, and a copy of the organization's exemption letter (see the end of this document). At the end of the reporting year, each chapter that held a raffle must file an updated CT-NRP-2 form, Nonprofit Raffle Report.

Raffles conducted by nonprofit organizations for charitable purposes are lawful under California law which took effect in 2001. (Penal Code section 326.6.) If participants are required to purchase a ticket to have a chance to win a prize, the drawing is considered a raffle. "Opportunity drawings" are considered raffles and are not exempt. If a "donation" is required in return for a ticket it is considered a raffle.

Charitable organizations must register with the Attorney General's Registry of Charitable Trusts prior to conducting a raffle and must annually report the results of any raffles conducted. Registration and reporting forms may be obtained from the Registry of Charitable Trusts by mail or from the Charitable Trusts website. **When filling out the Application for Registration form, CT-NRP-1, you must check the tax exempt status as 23701g, which is the status all chapters have.**

Only eligible private, tax-exempt nonprofit organizations 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 granted tax-exempt status by the Franchise Tax Board. Our California Alpha Delta Kappa chapters have all been granted tax exempt status.

Ninety percent of raffle revenue must be used for a charitable purpose or program. For example: An organization that raised \$100 in ticket sales 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 90/10 rule also 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.**

The registration period for raffles runs from **January 1 through December 31**. Registration applications are due at least 60 days prior to raffle activity. Applications are processed in the order received, and no expedited service is available. To receive confirmation of receipt of an application, the application may be mailed to the Registry of Charitable Trusts via certified mail.

To register to conduct a raffle, complete the raffle annual registration form (CT-NRP-1) and mail it to the Registry of Charitable Trusts with the \$30 registration fee. Checks should be made payable to the Department of Justice. Please note: You must receive written confirmation of registration before conducting any raffle activities, including the sale of tickets.

Raffle registration forms are available on the Attorney General's Website at [Charities Forms](#), or may be requested by mail, fax, or telephone at 916-445-2021. You must include your chapter's name, your address, and the Federal Tax/Employer Identification Number. That is the EIN number you use to file the federal e-postcard.

IN ADDITION, the organization must attach to the registration application proof of California Franchise Tax Board exempt status. To obtain a copy of an organization's exemption letter or entity status letter, [contact the Franchise Tax Board](#) at (916) 845-

4171 or use the "Entity Status Letter" tool available at www.ftb.ca.gov under "Online Services". You should have a copy of the letter in your chapter files. If you do not, follow these steps to obtain and print one.

1. Go to ftb.ca.gov.
2. Click on Individuals at the top bar.
3. Go to Online Service on the right of your screen.
4. Click All Services.
5. Scroll down to For Business, then click on Entity Status Letter. Then click on the box that says Check Status.
6. Fill in your CA Franchise Tax Board number, the one used to file the California e-postcard. Also fill in your chapter's name.
7. Your chapter should show up. NOTE: The address will be Kansas City, MO, which is the address of AΔK International Headquarters. Click on the number and your Entity Status Letter should show up.
8. Print.
9. Include with the check and form.

In addition, a list of California tax-exempt organizations by category may be found on the [Exempt Organizations List page](#) on the FTB website.

A raffle registration is valid from the date registration is issued through December 31. Registration must be renewed annually, on or before January 1 of each year in which the organization wishes to conduct raffles. If you change the date of the raffle, you do not need to contact the Registry. You just indicate the revised date on the Nonprofit Raffle Report (Form CT-NRP-2) when it is completed and filed. (see below)

If you wish to conduct the drawing after December 31 of any year, but you wish to sell tickets prior to September 1 of that year, you must register for both years.

A report for all raffles conducted during the reporting year (January 1 through December 31) must be filed by February 1 of the following registration year.

There is no limit to the number of raffles an organization may hold during any registration period for which it holds a valid registration

certificate. A valid registration certificate allows an organization to conduct raffles from January 1 through December 31. Though an organization may conduct numerous raffles during that time, the organization must keep records adequate to account for all revenue received from, and expenses incurred for **each** raffle held during the registration year in order to properly complete its year-end raffle report (CT-NRP-2). A report that reports only estimates of revenue and expenses will not be accepted for filing.

State law does not specify any limits on the value of raffle prizes. Charity auctions of donated goods and other occasional sales and bazaars to raise funds for charity are permitted