GUIDE TO

CHARITABLE GIVING

FOR DONORS

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INTRODUCTION

Pleas for charitable donations these days are coming from a wide variety of sources – on the street, at home, by telephone, in the mail and via the Internet. The appeals can easily tug at the heart and make you believe your donations will be spent on the programs and charitable activities you support. In most instances, your donations will be used for good causes but there are exceptions so taking time to learn more about the charity, its programs and how your contributions will be used can be a wise investment of time.

Whether a charity is considered worthwhile and deserving of support comes down to individual donor decisions. There is no government "seal of approval" or "rating system," although a growing number of organizations offer their evaluations. This Attorney General's Guide To Charitable Giving For Donors provides background, advice, guidelines and resource listings to help you in making your donation decisions.

CHARITIES IN CALIFORNIA

Nearly one-eighth of all charities in the United States are registered in California with the state Attorney General.[1] The more than 90,000 charities registered in California are an important sector of the state's economy, reporting $260 billion in revenues and $400 billion in assets in 2004.

While some nonprofit organizations receive grants from the government, private foundations and fees for services, more than 80 percent of the money received by charities in the United States comes from individual donors, according to the Better Business Bureau's Wise Giving program.

In California, "charities" is a term applied to tax-exempt, nonprofit public benefit corporations. This means the organization has been granted federal and state tax exemptions, has incorporated, or registered to do business in California, with the Secretary of State, and is

[1] Trustees for charitable purposes are required to register and report to the Attorney General's Registry of Charitable Trusts under California Government Code section 12585 and 12586. However, nonprofit schools, hospitals and churches are exempt from these requirements. (Gov. Code sec.12583.) They are, therefore, not included in the data contained in this report.

registered with the Attorney General's Registry of Charitable Trusts (Registry). What these elements mean:

- **Exempted from federal and state taxes.** A charitable organization typically is exempted under Internal Revenue Code section 501(c)(3) and California Revenue and Taxation Code section 23701(d). To qualify for the tax exemption, a charity must be "*organized and operated exclusively for religious, charitable, scientific, and testing for public safety, literary or education purposes.*"[2] Tax laws allow donors to these "501(c)(3) organizations" to deduct contributions from income taxes.

  A charity may be audited by IRS at any time during its life, particularly if IRS receives information regarding unlawful private enrichment or tax fraud. The ultimate penalty for violation of tax laws by a charity is revocation of its exempt status. The IRS may also assess monetary penalties for certain tax violations.

- **Incorporated or registered to do business in California.** A charity typically is incorporated as a public benefit corporation through procedures set by the Secretary of State; or,if incorporated in another state, registers with the Secretary of State to do business in California. These corporations must file Articles of Incorporation and By-laws that outline the structure and procedures by which the organizations will operate and must file a current list of officers annually. You can check the corporate status of an organization using the searchable database on the Secretary of State web site http://www.ss.ca.gov/business/corp/corporate.htm

- **Registered with the Attorney General's Registry of Charitable Trusts**. A charity must register within 30 days after receiving assets or income. The Attorney General's web site offers a searchable database of registered charities.

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[2]There are many categories of nonprofit organizations that are *not charities*, such as business leagues, fraternal organizations and trade associations. These types of nonprofit organizations generally do not register with the Attorney General and their tax returns are not available for public review. However, some nonprofit social welfare organizations classified as tax exempt under section 501(c)(4) have dedicated their assets to charitable purposes and, consequently, are registered with the Attorney General. Their IRS Form 990 reports may be viewed on the Attorney General's web site at www.ag.ca.gov/charities/index.htm.

Role of the Attorney General

The Attorney General investigates and audits charities to detect mismanagement, diversion, fraud or other unlawful conduct that affect funds held in public trust by the tax-exempt organizations. If unlawful actions by directors result in a loss of charitable assets, the Attorney General may sue to remove the directors and recover the missing funds. Any funds recovered by the Attorney General are returned to charity.

Attorney General investigations and enforcement actions have led to sham charities being shut down, illegal fundraising activities being halted and funds recovered for charities. However, prosecution of charitable solicitation fraud can only occur after the abuse has taken place.

Having educated donors helps to prevent fraud and abuse. Informed donors tend to be less vulnerable to high-pressure solicitation tactics and more wary of unsupported claims.

Any person wishing to review a public file for any registered California charity should contact the Registry for further information. (See *Directory of Resources*.)

Some Qualities To Consider When Looking At A Charity

- Is the charity effective in achieving its stated mission?
- Is the charity spending its funds prudently, honestly and according to the statements made in its fundraising appeals?
- Are the solicitation and informational materials of the charity accurate, truthful and not misleading?
- Is the charity's board of directors active, independent and free of self-dealing?

Charitable Fundraising

To help them raise funds, charities may use volunteers, paid staff, consultants or independent contractors. Solicitation methods vary widely; most common are direct appeals, mail, advertising and telemarketing campaigns. Almost always, charities incur costs when using any of these fundraising methods. The costs may be reported on the charity's informational tax return (IRS Form 990) as salaries, consulting fees, printing, postage or simply "professional fundraising fees."

Commercial Fundraiser is an individual, who is not an employee or volunteer of a charity, paid to solicit donations on behalf of the nonprofit organization. Commercial fundraisers may be paid a flat fee or percentage of the donations collected in the charity's name. It is not unusual to find contracts that provide that the fundraiser will retain 50-90% of the net proceeds after all fundraising expenses are deducted. These types of contracts, on average, yield a relatively small return to charity. Financial reports filed by commercial fundraisers are posted on the Attorney General's website.

Fundraising Counsel is a person who – for compensation – plans, manages or prepares fundraising campaigns for charity clients or advises charities on how to raise funds, but does not actually conduct campaigns or receive or control donated funds.

Commercial Coventurer is a for-profit business that partners with a charity to sponsor an event or promote the sale of a product or service. Based on a written agreement, the charity then receives a portion of the proceeds of the event or sale. Coventurers are not required to register with or report to the Attorney General as long as they have a valid contract with and are accountable to the charity.

Based on reports filed with the Attorney General's Office, it appears that relatively few charities use commercial fundraisers, relying instead on their own staff and volunteers. According to reports filed for the past two years, commercial fundraisers have reported that they raised less than $ 230 million for charity each year. At the same time, charities reported total revenues of over $260 billion.

On average, some 39.5 % of the total dollars collected by commercial fundraisers in California actually was received by the contracting charities. That means that more than one-half of the contributions paid for campaign expenses and fees to fundraisers. Although this is not illegal, donors should understand that it can be a costly method of raising funds. Many donors may prefer to make direct contributions to a charity instead of through a fundraiser.

Checklist For Donors

Here are key questions to ask and factors to consider about a charity before making donations.

1. **Get involved with charities in your community and support their programs.**

   The best way for many donors to select worthwhile charities is to work with a local charity as a volunteer. This helps provide first-hand knowledge about programs that benefit your community.

2. **When solicited for charity, learn about the organization, its activities and fundraising practices.**

   Private watchdog organizations have created spending standards for charities and issue reports based on those standards. Three such organizations are:
   - Wise Giving Alliance (www.give.org)
   - Council of Better Business Bureaus' Foundation (www.bbb.org)
   - American Institute of Philanthropy (www.charitywatch.org)

3. **Ask if the solicitor works for a commercial fundraiser and is being paid to solicit.**

   If a commercial fundraiser is involved, ask the name of the commercial fundraiser and for proof of registration with the Registry of Charitable Trusts. By law, the commercial fundraiser must disclose the fact that the solicitation is being conducted by a commercial fundraiser; and the name of the fundraiser as registered with the Attorney General.

4. **Ask what percentage of donations being raised is paying for fundraising expenses**.

   California law requires fundraisers to disclose this fact *if asked*, either orally or in writing. (Gov. Code section 12599(j).)

5. **Ask the solicitor how your donation will be distributed.**

   Ask how much will be used for the program you want to support and how much will cover the charity's administrative costs. And, if a commercial fundraiser is used, ask what percentage of the donation the fundraiser will keep. Again, California law requires solicitors to disclose this information if asked.

   Donors may assume that federal and state laws require charities to expend a certain percentage of the annual revenue they collect for charitable programs, or that statutes limit the percentage of revenue that can be spent on fundraising. *This is not the case.* The United States Supreme Court has ruled in three separate

decisions that solicitation of charitable contributions is protected speech under the First Amendment and that state laws cannot infringe on this protected speech.

This means that states cannot regulate the amount a charity's fundraising or administrative expenses. State laws that applied percentages to determine the legality of a fundraiser's fee, or required fundraisers to disclose fundraising percentages at the point of solicitation, have been held unconstitutional.[3]

6. Ask for written information.

Confirm the charity's name, address, telephone number, proof of exempt status and registration with the Attorney General. A charity or fundraiser should give you materials outlining the charity's program services, how your donation will be used and proof that your contribution is tax-deductible.

7. Call the charity directly.

Find out if the organization exists and is aware of the solicitation. If the charity hasn't authorized the use of its name, you may be dealing with a fraudulent solicitor. Ask the charity to send you written information about its revenue, expenses and programs before making a donation.

8. Confirm a law enforcement agency appeal.

If the solicitor tells you the donation is for your local police, firefighter or other public safety agency, check directly with the agency to ensure that it is actually participating in the fundraising appeal.

9. Watch out for copycat or similar-sounding names.

Some questionable organizations use names that closely resemble those of well-established charitable organizations.

10. Avoid tax confusion: Know the difference between "tax-exempt" and "tax-deductible."

Having tax-exempt status means the organization is not required to pay federal or state income taxes. Donations to tax-exempt organizations are not always tax-deductible. For instance, political campaign committees and membership organizations may be tax-exempt (under Internal Revenue Code section 501(c) (4)) so they do not pay income taxes; but donations to these types of organizations do not mean tax deductions for you.)

[3]See *Village of Schaumburg v. Citizens for a Better Environment* (1980) 444 U.S. 620; *Secretary of State of Maryland v. Joseph Munson* (1984) 467 U.S. 947; and *Riley v. National Federation of the Blind* (1988) 487 U.S. 781.

Donors may take income tax deductions for contributions to organizations formed as charities under section 501(c)(3) of the Internal Revenue Code, subject to various limitations set forth in section 170 of the Internal Revenue Code. Charities are required to provide donors with receipts for charitable contributions over $250, which donors must have to substantiate their tax deductions.

12. **Beware of meaningless terms to suggest that a charity is tax-exempt.**

    Commercial fundraisers are required by law to inform you if the organization does not have tax-exempt status under both federal and state law. However, the fact that an organization has a "Tax ID Number" or a receipt that says, "Keep This Receipt For Your Records" does not mean the organization is a charity or that it is tax-exempt or that your donations are tax-deductible. All organizations, both nonprofit and for-profit, must have a tax ID number (Employer Identification Number or EIN issued by the IRS).

13. **Don't make cash donations.**

    Make charitable contributions by writing a check to the name of the tax-exempt charity. And use the full name of the charity, rather than initials or an abbreviation, on the check.

14. **Do not give your credit card number to a telephone solicitor or in response to any unsolicited phone call you receive.**

15. **Do not make a donation if you feel uncomfortable about the pitch or feel you are being threatened. Be wary of high-pressure solicitors who offer to send a courier to collect your donation immediately.**

    Responsible fundraisers will not pressure a donor to give on the spot or suggest that your failure to donate will result in some negative action. You can mail your donation after getting more information.

16. **In case of threats or suspicious solicitations, hang up the phone, shut the door, or walk away.**

    Immediately report a threatening solicitation to the consumer fraud division of your local district attorney's office or local law enforcement agency. Call the Better Business Bureau ("BBB") in your area to report the name of the organization. Multiple complaints will be forwarded by the district attorney's office and BBB to the Attorney General's office for investigation.

17. Avoid becoming the victim of solicitations that guarantee sweepstakes winnings in exchange for a contribution.

Sweepstake solicitations are misleading, at best. Legally, you never have to "donate" to be eligible to win a prize. State and federal regulators receive many calls, and have filed cases, involving fraudulent sweepstakes solicitations.

18. Consider the cost when buying merchandise or tickets for a "fundraising" event, or when receiving free goods in exchange for a donation to charity.

These items cost money and generally are paid for out of your contribution. Although sales can be an effective fundraising tool, they usually result in less money for the charity than a non-sales solicitation. Moreover, the value of the goods and services received in exchange for a contribution is not tax-deductible for the donor.

19. Watch out for false claims.

Be skeptical if someone thanks you for a pledge you don't remember making. Be alert for fraudulent "invoices" for a pledge or donation. Always check your records. Some solicitors use these fraudulent tactics.

20. Review the charity's financial disclosure reports.

Charities with gross receipts of more than $25,000 must file a financial accounting each year with the IRS and the Attorney General's Registry of Charitable Trusts. In these IRS Form 990 reports, charities must disclose how much money was raised, where funds were spent and other key information about the charity's operations. Organizations with gross receipts of less than $25,000 are placed on "extended reporting" status, which requires a filing every 10 years. And religious organizations are not required to file informational returns. To learn more, see the section below on "A Donor's Guide To IRS Form 990."

MORE CHARITY INFO NOW AVAILABLE
www.ag.ca.gov/charities/index.htm

Since 1999, Attorney General Lockyer has provided Internet access to IRS Form 990 financial reports filed by charities located or doing business in California. Enhancements made through an innovative public-partnership with GuideStar now lets you view budget summaries, charity officers, descriptive summaries for individual charities and federal and state charity identification numbers.

A Donor's Guide To IRS Form 990

Some of the most useful information about nonprofits is found on the IRS Form 990 ("the 990"), the informational return filed by charitable organizations.

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

2004

Open to Public Inspection

A For the 2004 calendar year, or tax year beginning , 2004, and ending , 20

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return
- ☐ Amended return
- ☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization

Number and street (or P.O. box if mail is not delivered to street address) | Room/suite

City or town, state or country, and ZIP + 4

D Employer identification number

E Telephone number ( )

F Accounting method: ☐ Cash ☐ Accrual ☐ Other (specify) ▶

• **Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).**

H and I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? ☐ Yes ☐ No

H(b) If "Yes," enter number of affiliates ▶

H(c) Are all affiliates included? ☐ Yes ☐ No (If "No," attach a list. See instructions.)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☐ No

I Group Exemption Number ▶

G Website: ▶

J Organization type (check only one) ▶ ☐ 501(c) ( ) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

K Check here ▶ ☐ if the organization's gross receipts are normally not more than $25,000. The organization need not file a return with the IRS; but if the organization received a Form 990 Package in the mail, it should file a return without financial data. **Some states require a complete return.**

M Check ▶ ☐ if the organization is **not** required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶

Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions.)

IRS Form 990 is a public record and, under IRS regulations, a charity is required to make the last three years' Form 990s available to a member of the public upon request, either by mail or at its principal office. Form 990s for all charities registered in California are posted on the Attorney General's web site (www.ag.ca.gov). The web site also offers a searchable database of California charities. Form 990s for other 501(c)(3) charities may be found at GuideStar (www.guidestar.org)

Set out below are tips to assist anyone reading the Form 990 and to answer commonly asked questions. It is always helpful to review the Form 990 for more than one year in order to get an accurate picture of the charity's finances and to avoid being misled by a single, atypical yearly report. In addition, readers should be skeptical if important Form 990 lines are left blank, or if you see significant inconsistencies exist within a report

Which charities must file with IRS? Most charities file the IRS Form 990, 990-EZ or 990-PF.[4] Many nonprofit organizations are not charitable – including business leagues, cemetery organizations, fraternal organizations, trade associations, labor unions and political organizations. Although these organizations may file a Form 990 with IRS, they are not required to register and report to the Attorney General, and their 990s are not posted on GuideStar.

Is my contribution deductible? Contributions are deductible if the charity is tax-exempt under IRC section 501(c)(3), subject to certain limitations. The charity's exemption is listed on Line J of the 990 and 990EZ, and on line H of the 990PF. On earlier versions of Form 990, this information may be found on different lines.

What is the charity's source of income? See Part I, lines 1-12. Annual revenue is listed on lines 1a-c. Total revenue is reported on Line 12.

Part I **Revenue, Expenses, and Changes in Net Assets or Fund Balances** (See page 18 of the instructions.)

Revenue

1	Contributions, gifts, grants, and similar amounts received:			
a	Direct public support	1a		
b	Indirect public support	1b		
c	Government contributions (grants)	1c		
d	**Total** (add lines 1a through 1c) (cash $ _____ noncash $ _____)		1d	
2	Program service revenue including government fees and contracts (from Part VII, line 93)		2	
3	Membership dues and assessments		3	
4	Interest on savings and temporary cash investments		4	
5	Dividends and interest from securities		5	
6a	Gross rents	6a		
b	Less: rental expenses	6b		
c	Net rental income or (loss) (subtract line 6b from line 6a)		6c	
7	Other investment income (describe ▶)		7	

		(A) Securities		(B) Other
8a	Gross amount from sales of assets other than inventory		8a	
b	Less: cost or other basis and sales expenses		8b	
c	Gain or (loss) (attach schedule)		8c	

d	Net gain or (loss) (combine line 8c, columns (A) and (B))		8d	
9	Special events and activities (attach schedule). If any amount is from **gaming**, check here ▶ ☐			
a	Gross revenue (not including $ _____ of contributions reported on line 1a)	9a		
b	Less: direct expenses other than fundraising expenses	9b		
c	Net income or (loss) from special events (subtract line 9b from line 9a)		9c	
10a	Gross sales of inventory, less returns and allowances	10a		
b	Less: cost of goods sold	10b		
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)		10c	
11	Other revenue (from Part VII, line 103)		11	
12	**Total revenue** (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)		12	

[4]Charities reporting revenue under $25,000 are placed on extended reporting status by IRS and required to file a 990 only every 10 years.

Did the charity have extraordinary gains or losses? See Part I, lines 8a-d. Substantial losses may be the result of investment losses from speculative and imprudent investments or may reflect a tendency to overstate the value of in-kind donations, such as stock, real property, etc., with resulting losses on their sale.

How does the charity spend its money? A summary of the charity's expenditures by category is in Part I, lines 13-17. Expenditures are categorized as either *program services* (line 13), *management and general* (line 14), *fundraising* (line 15), or *payment to affiliates* (line 16).

	11	Other revenue (from Part VII, line 103)	11	
	12	**Total revenue** (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	
Expenses	13	Program services (from line 44, column (B))	13	
	14	Management and general (from line 44, column (C))	14	
	15	Fundraising (from line 44, column (D))	15	
	16	Payments to affiliates (attach schedule)	16	
	17	**Total expenses** (add lines 16 and 44, column (A))	17	

It is important to remember that these allocations are made by the charity itself or by its accountant. While the allocations are usually accurate, there are incentives for charities to maximize their allocations to *program services* and to minimize reported expenditures for *fundraising* and *management and general*. As a result, abuses occur in this area.

In addition, accounting rules often allow charities to allocate a portion of *fundraising expense* to *program service* if they claim a public education benefit. This is particularly prevalent among charities engaged in direct mail fundraising.

Just below Part II, line 44, is a box to check "yes" if the charity is applying joint cost allocation. While most charities allocate properly, this has been an area where abuses occur, so donors should scrutinize this response carefully.

e	43e				
44 **Total functional expenses** (add lines 22 through 43). ***Organizations completing columns (B)-(D), carry these totals to lines 13—15***	44				

Joint Costs. Check ▶ ☐ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in **(B)** Program services? ▶ ☐ **Yes** ☐ **N**

If "Yes," enter **(i)** the aggregate amount of these joint costs $_____; **(ii)** the amount allocated to Program services $_____

(iii) the amount allocated to Management and general $_____; and **(iv)** the amount allocated to Fundraising $

Part III Statement of Program Service Accomplishments (See page 25 of the instructions.)

What is the organization's primary exempt purpose? ▶

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number

Program Service Expenses (Required for 501(c)(3) and

For details about how a charity spends its money, look in Part II, lines 22-44. This section reveals aggregate compensation of officers and directors (line 25), lawyers (line 32), and accountants (line 31). Travel expense is reported on line 39 and expenditure for conferences, conventions and meetings on line 40.

Form 990 (2004) Page

Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizatior and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See page 22 of the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash $ _____ noncash $ _____)	22				
23 Specific assistance to individuals (attach schedule)	23				
24 Benefits paid to or for members (attach schedule)	24				
25 Compensation of officers, directors, etc.	25				
26 Other salaries and wages	26				
27 Pension plan contributions	27				
28 Other employee benefits	28				
29 Payroll taxes	29				
30 Professional fundraising fees	30				
31 Accounting fees	31				
32 Legal fees	32				
33 Supplies	33				
34 Telephone	34				
35 Postage and shipping	35				
36 Occupancy	36				
37 Equipment rental and maintenance	37				
38 Printing and publications	38				
39 Travel	39				
40 Conferences, conventions, and meetings	40				
41 Interest	41				
42 Depreciation, depletion, etc. (attach schedule)	42				
43 Other expenses not covered above (itemize): a	43a				
b	43b				
c	43c				
d	43d				
e	43e				
44 **Total functional expenses** (add lines 22 through 43). ***Organizations completing columns (B)-(D), carry these totals to lines 13—15***	44				

Special scrutiny may be appropriate where all expenses are claimed to be *program services* and no allocation is made to *management and general*, particularly in the areas of compensation of officers and directors, fundraising, and accounting or legal fees.

What are the charity's programs? In Part III, charities describe significant program service accomplishments during the year.

Part III Statement of Program Service Accomplishments (See page 25 of the instructions.)

What is the organization's primary exempt purpose? ▶

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

		Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
a	(Grants and allocations $)	
b	(Grants and allocations $)	
c	(Grants and allocations $)	
d	(Grants and allocations $)	
e	Other program services (attach schedule) (Grants and allocations $)	
f	**Total of Program Service Expenses** (should equal line 44, column (B), Program services) ▶	

Are the charity's officers, directors or trustees engaged in self-dealing? Compensation to individual officers, directors and trustees is listed in Part V. Self-dealing transactions[5] are disclosed in Part IV at lines 50 and 63. In addition, the Attorney General's Form RRF-1 includes a question which specifically asks about self-dealing transactions and requires disclosure of the details of any transaction.

Assets	49	Grants receivable		49	
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51a	Other notes and loans receivable (attach schedule)	51a		
	b	Less: allowance for doubtful accounts	51b	51c	
	52	Inventories for sale or use		52	

Liabilities	62	Deferred revenue		62	
	63	Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a	Tax-exempt bond liabilities (attach schedule)		64a	
	b	Mortgages and other notes payable (attach schedule)		64b	

[5] A financial transaction between a charity and one of its directors.

Is this charity financially stable? A charity's net worth is set forth in Part I on line 21. Ongoing negative fund balances may threaten a charity's continued existence. Part VI, line 79 indicates a liquidation, termination or substantial contraction of assets - all of which may indicate an anticipated cessation of operations.

	17	**Total expenses** (add lines 16 and 44, column (A))	17	
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	
	20	Other changes in net assets or fund balances (attach explanation)	20	
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	

Other items of interest. Part VI, lines 76-92 contains information that may be particularly meaningful to potential donors. For example, line 85(b) deals with political lobbying activity; line 84(a) deals with solicitations that are not tax-deductible; and line 80 requires disclosure regarding related organizations.

Part VI	**Other Information** (See page 28 of the instructions.)		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity.	76		
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77		
78a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	78a		
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	78b		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79		
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a		
b	If "Yes," enter the name of the organization ▶ ..... and check whether it is ☐ exempt **or** ☐ nonexempt.			
81a	Enter direct and indirect political expenditures. See line 81 instructions 81a			
b	Did the organization file **Form 1120-POL** for this year?	81b		
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a		
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) 82b			
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a		
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b		
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a		
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b		
85	*501(c)(4), (5), or (6) organizations.* **a** Were substantially all dues nondeductible by members?	85a		
b	Did the organization make only in-house lobbying expenditures of $2,000 or less?	85b		
	If "Yes" was answered to either 85a or 85b, **do not** complete 85c through 85h below unless the organization			

Public Safety Fundraising Appeals

Police and firefighters risk their lives to make communities safer. When a fundraiser calls or writes to solicit donations on behalf of a fire or law enforcement organization, many people consider making a donation to show their support.

Donors should be aware that the words "police," "firefighter," or other such public safety terms in an organization's title do not necessarily mean that law enforcement personnel or firefighters are members of the organization. Moreover, a solicitation that claims local ties with public safety agencies or personnel in the donor's community does not necessarily mean that your donation will be used locally.

Before you write a check, find out about the organization as discussed in the Donor Education section of this guide. If the solicitation claims that your donation will benefit local public safety personnel, call the agency identified in the solicitation to ensure the agency is aware of and participating in the solicitation campaign. Also, remember that some donations to law enforcement and firefighter groups may not be tax-deductible because most groups of this nature are "member organizations," which are *tax-exempt* but are generally not charities.

California law requires fundraisers who solicit donations using any name that implies a non-governmental organization is composed of law enforcement personnel to disclose specific information about the organization.

If the solicitation is on behalf of a non-governmental organization whose name includes the terms "officer," "peace officer," "police," "law enforcement," "firefighter," etc., which would be understood to imply that the organization is composed of members of a public safety organization or agency, the solicitor must give the following information:

- the total number of members in the organization;
- the number of members working or living within the county of solicitation;
- if the solicitation is for advertising, the statewide circulation of the publication in which the ad will appear.

There are similar disclosure requirements for non-governmental organizations whose names include the terms "veteran" or "veterans" in their title.

Remember: If the solicitor or written solicitation materials say donations will be used to benefit a local public safety agency, before you contribute call that agency to make sure the solicitation is authorized.

Victimization Of Senior Citizens

Every year the Attorney General's office receives numerous complaints about fraudulent solicitation practices targeting senior citizens. Some commercial fundraisers, using both telephone and direct mail solicitation, have been accused of these tactics.

Solicitors may tap into a wealthy enclave, such as a retirement community, or find individual seniors who are easily persuaded to make multiple donations.

Most of the complaints involve exploitation of seniors who are reluctant to say "no" to a pitch. In some cases, seniors have been coerced by a solicitor's bullying tactics.
Senior citizens must be especially vigilant.

Here are some guidelines:

- **Learn more about the organization by asking the kinds of questions discussed in the Donor Education section of this guide.**
- **Do not be afraid to say "no" to a solicitor or to hang up on a caller.**
- **Do not worry about being rude.**
- **Protect yourself by using caution every time you are contacted by a person who claims to be soliciting for charity.**
- **Contact organizations such as the American Association of Retired Persons that have developed programs to help seniors avoid exploitation.**

Directory Of Resources

Government Agencies With Jurisdiction Over Charities

California Attorney General's Office
P.O. Box 944255
Ph: (916) 322-3360
Toll-free 1-800-952-5225 (in California)
www.ag.ca.gov/charities/index.htm

The Attorney General's Office has primary responsibility for overseeing charities and other public benefit corporations operating in California. Charities are required to register and file annual financial reports with the Attorney General's Registry of Charitable Trusts. Forms, instructions and other information to help charities and donors are available on the Attorney General's web site.

Registry of Charitable Trusts
P.O.Box 903447
Sacramento CA 94203-4470
916-445-2021

Charitable Trusts Section – Los Angeles
300 South Spring Street
Los Angeles, CA 90013

Charitable Trusts Section – San Francisco
455 Golden Gate Avenue
San Francisco, CA 94102-7004

Charitable Trusts Section – Sacramento
1300 I Street
Sacramento, CA 94244-2550

Internal Revenue Service
Ph: (877) 829-5500
www.irs.gov

The IRS reviews applications and issues federal tax exemptions to corporations, and requires nonprofit public benefit corporations to file annual financial reports. In addition to informational bulletins, the IRS provides forms required to be filed, such as IRS Form 990s.

California Franchise Tax Board
Ph: (916) 845-4171
www.ftb.ca.gov

The FTB is responsible for granting state tax exemptions to qualified organizations and oversees compliance with state tax laws.

California Secretary of State
Ph: (916) 653-6814
www.ss.ca.gov

The Secretary of State administers the filing of articles of incorporation and annual statement of officers.

Local Government Agencies

Many California cities and counties have charitable solicitation ordinances aimed at protecting their citizens against fraudulent solicitation. These ordinances may require charities and charitable fundraisers to register, certify their tax-exempt status, obtain a license to solicit, and file accountings of fundraising proceeds.

The local charitable solicitation licensing office may be a separate department or part of the police or sheriff's department. All current solicitation licensing offices are listed in the book published by Continuing Education of the Bar, titled "Advising California Nonprofit Corporations." See the Attorney General's Charities web site for listings.

General Information About Charities

There are many resources available to help donors learn more about charities and charitable giving. This listing offers only a starting point. It also is informational only, not an endorsement of the organization or its web content.

AARP
www.aarp.org/money/wise_consumer/

Consumer guides and consumer tips for wise giving by seniors.

American Institute of Philanthropy
3450 North Lake Shore Drive, Suite 2802E
P.O. Box 578460
Chicago, Illinois 60657
Telephone: (773) 529-2300
www.charitywatch.org

Information about organizations, charity rating system and discussions of "hot topics."

BBB Wise Giving Alliance
The Council of Better Business Bureaus' Foundation
4200 Wilson Boulevard, Suite 800
Arlington, VA 22203-1804
Telephone: (800) 575-GIVE
www.bbb.org and **www.give.org**

Guide for donors, charity evaluations and various "tips" publications for wise giving.

Federal Trade Commission
www.ftc.gov

Wide variety of informative consumer guides.

GuideStar
www.guidestar.org

Searchable database of charities nationwide and guides for reading IRS Form 990.

Nonprofit Coordinating Committee of New York, Inc.
www.npccny.org/Form_990/990.htm

Guide for reading IRS Form 990.