

CORPORATE RECORDS INSPECTION

Part 2: California Attorney General Registration and Renewal

Alena Herranen, Attorney at Law

www.herranenlaw.com

June 29, 2011

If you think California is tough on businesses, take a look at California's regulations of charities. In addition to extensive filing requirements at the time of formation, California charities are required to file annually and/or biennially with the Internal Revenue Service, Franchise Tax Board, California Attorney General and California Secretary of State. Other filings may also apply depending on the operations of the nonprofit organization. Of these filings, the most broadly misunderstood and overlooked filing requirement seems to be the California Attorney General charitable trust registration and annual renewal requirements.

Charities are required to register with the California Attorney General Registry of Charitable Trusts within six months after receiving assets. They must also file annual financial disclosure reports with the Registry. (Note that some charities are exempt from registration including religious organizations, government entities, educational institutions, hospitals, license health care service plans, regulated cemetery corporations, and political action committees.)

Although the California charitable trust registry has been in effect for many years, the filing requirements have slipped the notice of many charities, especially the smaller organizations run by volunteers. Volunteers tend to rotate through board positions in a relatively short time period giving them little time to learn about the requirements and pass along the information they gather. Further, because small charities often use the residential address of a board member as the business address, and the board members are constantly changing, it is difficult to keep a current address on file with the government offices. Thus, government notices are not likely to reach current board members. Finally, the volunteers prefer to focus on the charitable purpose of the organization, and they are reluctant to accept responsibility for government filings based on the well-founded fear that things may get complicated and time-consuming.

Whatever the reason for noncompliance, it is an unwelcome surprise to newly elected board members to discover that the organization is seriously delinquent and that bringing the organization into compliance will involve the labor-intensive task of digging through old financial and corporate records and preparing reports. My goal in this article is to provide step-by-step instructions to help officers and directors tackle the filing requirements efficiently and effectively.

Step-by-Step: Status Check

To determine whether your corporation is delinquent or current, you will need to visit the California Attorney General website.

1. Go to the California Attorney General (AG) website at <http://oag.ca.gov/charities>.
2. Click on “Registry Search” under the “Tools” heading (this works best with Internet Explorer or Firefox).
3. Type in your corporate name and review the online records.
4. When you find your corporation, note your registration status.
 - a. If it says “Current,” then you can breath a sigh of relief and say “Thank you” to your outgoing board members.
 - b. If it says “Delinquent,” this means your corporation has not filed all required documents.
 - i. Click on your corporation’s name to determine what is missing. Under the heading “Annual Renewal Information” you should see asset and revenue information for each year of existence dating back to 2004. Under “Related Documents” you should see your articles of incorporation, bylaws, Internal Revenue Service (IRS) Form 990 and other documents.
 - ii. If you do not see this information you will need to contact the Attorney General to determine what, if anything, has been filed to date. You may have to file a CT-1 (initial registration statement) and an RRF-1 (annual renewal) for every year of existence since 2004.
 - c. Write down your RCT Registration number for future reference.
 - d. Check the Employer Identification Number (EIN) and Corporation numbers listed on the Attorney General website to ensure that they match the numbers you are using.
5. If you are not able to find the answers you need by looking at the online records, you can call the Attorney General’s office at 916-445-2021 or email the relevant department at Delinquency@doj.ca.gov, RRF1@doj.ca.gov, or Raffles@doj.ca.gov.
6. See the instructions below for preparing filings for the Attorney General’s office.

Step-by-Step: File your Documents

1. If you have not already done so, you should file your Initial Registration Form with the Charitable Trust Registry (Form CT-1).
 - a. Click on the “Forms” link at the right side of the screen at <http://oag.ca.gov/charities>.
 - b. Click on “CT-1 Form” which is the first form on the list.
 - c. Complete the form on your screen and print out one copy.
 - d. Sign the form, make a copy for your file, and send it to the address shown with a check for \$25 and copies of your articles, bylaws and IRS exemption letter.
 - e. If your filing is delinquent, you may email .pdf copies of the form and attachments to Delinquency@doj.ca.gov but the check must be sent by regular mail.

2. Prepare your annual Renewal Report form (Form RRF-1) for every year that your corporation failed to file since 2004.
 - a. Click on the “Forms” link at the right side of the screen at <http://oag.ca.gov/charities>.
 - b. Click on “RRF-1 Form”.
 - c. Complete the form on your screen and print out one copy.
 - d. Sign the form, make a copy for your file, and send it to the address shown with a check as necessary. You can email a .pdf of the delinquent filings to Delinquency@doj.ca.gov and current year filings to RRF1@doj.ca.gov. Any checks must be mailed by regular mail.
 - i. If you had less than \$25,000 in gross annual revenue, there is no fee.
 - ii. Those with gross annual revenue in excess of \$25,000 should pay the fee listed on the form. The fee ranges from \$25 to \$300 depending on gross annual revenue.
 - iii. If your gross annual revenue for any single year exceeded \$25,000, you will need to provide a copy of the IRS Form 990.
 - e. If your group held raffles during the year, you must answer “yes” to item 7 and provide an attachment stating the number of raffles and the dates on which they were held. You will also have to file the raffle registration form (NRP-1) and raffle report (NRP-2) as explained below.

3. Prepare your Nonprofit Raffle Registration form (Form NRP-1) for any year during which you held a raffle.
 - a. Click on the “Raffles” link at the right side of the screen at <http://oag.ca.gov/charities>.
 - b. Click on “Nonprofit Raffle Registration Form CT-NRP-1”.
 - c. Complete the form on your screen and print out one copy.
 - d. Sign the form, make a copy for your file, and send it to the address shown with a check in the amount of \$20.

4. Prepare your Nonprofit Raffle Report form (NRP-2) for any year during which you held a raffle.
 - a. Click on “Nonprofit Raffle Report Form CT-NRP-2”.
 - b. Complete the form on your screen and print out one copy.
 - c. Note that you must use at least 90% of the raffle ticket proceeds for your corporation’s charitable purpose. Ticket proceeds should not be used to pay for expenses incurred in conducting the raffle. Many charities receive donations from members or participants to pay for the cost of the raffle and the raffle prizes. By using only donations to pay for the expenses, 100% of the raffle proceeds can be applied toward the charitable purpose. If your organization received donations to pay for the cost of the raffle and the raffle prize, the expenses for the raffle in item 3 would be equal to the “other sources” figure in item 4(A). In item 4(B), your explanation would be “Funds donated from members or participants.”
 - d. Sign the form, make a copy for your file, and send it to the address shown. You can also email the report to Raffles@doj.ca.gov.



For more information:

California Attorney General - Charities
<http://oag.ca.gov/charities>

California Attorney General – Current Year Renewal
RRF1@doj.ca.gov

California Attorney General – Delinquent Filings
Delinquency@doj.ca.gov

California Attorney General – Raffle Filings
Raffles@doj.ca.gov

Alena Herranen
alena@herranenlaw.com