

INSTRUCTIONS FOR FILING FORM RRF-1

Registration/Renewal Fee Report to Attorney General of California.

The purpose of the Form RRF-1 is to assist the Attorney General's Office with early detection of charity fiscal mismanagement and unlawful diversion of charitable assets. The Form RRF-1 is a short form calling for the most current information available to the charity and is designed to close the reporting delays on significant issues of charity fiscal accountability.

WHO MUST FILE A FORM RRF-1?

Every charitable nonprofit corporation, association or trustee holding assets for charitable purposes that is required to register with the Attorney General's Office is also required to annually file Form RRF-1 regardless of whether the corporation files Form 990s annually or is on extended reporting. Nonprofit corporations and organizations not required by law to register with the Attorney General are not required to file the RRF-1. These include:

- (1) a government agency,
- (2) a religious corporation sole,
- (3) a cemetery corporation regulated under Chapter 19 of Division 3 of the Business and Professions Code.
- (4) a political committee defined in Section 82013 of the California Government Code which is required to and which does file with the Secretary of State any statement pursuant to the provisions of Article 2 (commencing with Section 84200) of Chapter 4 of Title 9.
- (5) a charitable corporation organized and operated primarily as a religious organization, educational institution or hospital.
- (6) a health care service plan that is licensed pursuant to Section 1349 of the Health and Safety Code and reports annually to the Department of Corporations, Health Care Service Plan Bureau.
- (7) corporate trustees which are subject to the jurisdiction of the Superintendent of Banks of the State of California or to the Comptroller of Currency of the United States. However, for testamentary trusts, such trustees should file a copy of a complete annual financial summary which is prepared in the ordinary course of business. See Probate Code Sections 16060-16063.

WHAT TO FILE

No later than four months and fifteen days after the end of the calendar or fiscal year, ALL REGISTERED charities, regardless of receipts or assets, except for those listed above as being exempt, must file the Registration/Renewal Fee Report (RRF-1) with the Attorney General's Registry of Charitable Trusts. **NO FILING EXTENSIONS FOR FORM RRF-1 WILL BE GRANTED.**

Four months and fifteen days after the close of the organization's calendar or fiscal year, charities with gross receipts or total assets over \$25,000 must file a copy of the IRS Form 990, 990-EZ, or 990-PF and attachments with the Attorney General's Registry of Charitable Trusts. IRS extensions for Form 990, 990-EZ, or 990-PF will be honored. There are no extensions for filing the RRF-1.

WHO MUST PAY A FEE

Charities and trustees registered with the Attorney General's Registry of Charitable Trusts that had **gross receipts or total assets of ONE-HUNDRED THOUSAND DOLLARS (\$100,000) OR MORE** during the reporting period must pay a \$25 annual fee when filing the Registration/Renewal Fee Report (RRF-1).

STATE CHARITY REGISTRATION NUMBER

The State Charity Registration Number is the Charitable Trust (CT) number assigned to an organization by the Registry of Charitable Trusts at the time of registration. The State Charity Registration Number consists of no more than six digits. If you do not know the

organization's State Charity Registration Number, check the "Database Search" on the Charitable Trusts Website at <http://caag.state.ca.us/charities/>. If you are unable to locate the State Charity Registration Number, leave that line blank and Registry staff will insert the number when it is received in the Registry of Charitable Trusts.

OTHER IDENTIFICATION NUMBERS

The corporate number is assigned by the Office of the Secretary of State and is stamped on the organization's Articles of Incorporation.

The organization number is assigned by the Franchise Tax Board for non-corporate entities. Both are seven digit numbers.

The Federal Employer Identification Number is assigned by the Internal Revenue Service. It is a nine digit number.

The following will assist you in responding to certain questions contained in the RRF-1 report:

PART B, QUESTION #1

If "yes," provide the following information on the attachment:

- 1) Full name of the director, trustee, or officer involved and relationship status with the organization.
- 2) Nature of the transaction, i.e., loan to director, contract with officer's business, etc.
- 3) Attach a copy of the board of directors' meeting minutes authorizing the transaction.
- 4) Include, if applicable, the date of transaction; purpose of transaction; amount of the loan or contract; interest rates; repayment terms; balance due; type of collateral provided; copy of contract, loan or other agreement; amount paid to director, trustee, or officer for the period; evidence of other bids received related to the transaction.

PART B, QUESTION #2

If "yes," provide the following information on the attachment:

- 1) Nature, date, amount of the loss.
- 2) Description of the steps the organization took to recover the loss. Attach a copy of any police and/or insurance report.
- 3) Description of the procedures the organization implemented to prevent a recurrence of the situation.

PART B, QUESTION #4

If "yes," provide the following information on the attachment:

- 1) Description of the nature (i.e., fine, penalty, judgment) and circumstances that resulted in the payment. Also indicate the name and title of the person(s) responsible and why the payment was made with organization's funds.
- 2) Name of the organization or government agency that issued the fine, penalty or judgment; date of payment; and the amount of the fine, penalty or judgment.
- 3) Attach a copy of all communications with any governmental agency regarding the fine or penalty, or judgment.
- 4) Description of procedures the organization implemented to prevent recurrence of the fine, penalty, or judgment.

2001 RRF-1 NOTICE TO CHARITABLE ORGANIZATIONS AND TRUSTEES

Attorney General 's Internet Address: <http://caag.state.ca.us/charities/>

CHANGES FOR FILING OF 2001 RRF-1:

- **NEW FILING DATE** - The filing date has changed. RRF-1 forms are now due no later than four months and fifteen days after the end of the organization's calendar or fiscal year.

NOTE: RRF-1 EXTENSIONS WILL NOT BE GRANTED. THE RRF-1 FILING REQUIREMENT IS INDEPENDENT OF AND NOT SUBJECT TO ANY IRS 990 EXTENSIONS. DO NOT REQUEST AN EXTENSION. NONE WILL BE GRANTED.

- **PENALTIES/FINES** - Assessment of a minimum tax of \$800 plus interest and/or fines or filing penalties may be imposed. Sections 23153 and 23703, California Revenue and Taxation Code; Sections 12586, 12586.1 (recently enacted), and 12587, California Government Code; 11 CCR Sections 311 and 312.

WHO MUST FILE A FORM RRF-1?

Every charitable nonprofit corporation, association or trustee holding assets for charitable purposes that is required to register with the Attorney General's Office is also required to file Form RRF-1 annually. "Small" charities not required to pay the annual fee, and even if on extended reporting¹, must still submit Form RRF-1 annually no later than four months and fifteen days after the end of the organization's calendar or fiscal year.

NOTE: Additional reporting requirements apply to any charity engaged in solicitation or sales solicitation that collected more than 50% of its annual income and more than \$1,000,000 in contributions from California donors during the previous calendar year if the charity spent more than 25% of its annual income on nonprogram expenses. (See Business & Professions Code Sections 17510.9 and 17510.95.)

Form RRF-1 may be downloaded and printed from the "Forms" section of our Internet site.

WHO MUST PAY THE FEE AND HOW?

Charities and trustees registered with the Attorney General's Registry of Charitable Trusts with gross receipts OR total assets of one-hundred thousand dollars (\$100,000) or more must send the \$25 registration fee with the RRF-1. (Government Code Section 12586, 12587, and 11 CCR Sections 311 and 312). Make check payable to the Department of Justice, and mail it together with the completed RRF-1 to P.O. Box 903447, Sacramento, CA 94203-4470. The canceled check is your receipt.

HOW THE FEE IS USED

The law requires that the fee be used solely to operate the Attorney General's Registry of Charitable Trusts and to make charity reports received available to all on the Internet. New IRS regulations require charities to make copies of their Form 990 available to the public on request, or to make them "widely available." Registration fees are used to cover the cost of placing all Form 990s on the Internet.

WHAT IF THE FEE IS NOT PAID AND/OR FORM RRF-1 IS NOT FILED?

You will not be in compliance with the law. As a result, your Form 990, 990EZ or 990PF will not be accepted for filing. You may lose your tax exemption and be assessed a minimum tax of \$800, plus interest, and/or fines or filing penalties as defined in Government Code Section 12586.1

¹If you are on extended reporting, you are still required to file a Form 990EZ every tenth year.

MAIL TO:
Registry of Charitable Trusts
P.O. Box 903447
Sacramento, CA 94203-4470

STREET ADDRESS:
1300 I Street, Room 1130
Sacramento, CA 95814
Telephone: (916) 445-2021

WEBSITE ADDRESS:
<http://caag.state.ca.us/charities/>

FREQUENTLY ASKED QUESTIONS

REGISTRATION/RENEWAL FEE REPORT (RRF-1)

The Form RRF-1 can be completed on line
and printed out for signature and mailing.



1) When must an RRF-1 be filed?

The RRF-1 must be filed once each calendar year, no later than four months and fifteen days after the close of the organization's accounting period.

Examples:

(a) Fiscal Year End June 30 - If the end of the organization's accounting period is June 30, and it filed the first RRF-1 (for calendar year 2000), then the report for calendar year 2001 is due no later than four months and fifteen days following the close of the organization's fiscal year, i.e., by November 15, 2001, and November 15 every year thereafter.

(b) Calendar Year End December 31 - If the organization's fiscal year end is December 31, the RRF-1 is due no later than May 15 of the following calendar year.

Note: If the organization filed an RRF-1 during 2000, it is current in meeting the year 2000 RRF-1 filing requirement. The year 2001 report, and reports for all subsequent years, will be due no later than four months and fifteen days after the end of the organization's next fiscal year.

IF THE RRF-1 FOR YEAR 2001 HAS ALREADY BEEN FILED, THE NEXT REPORT WILL BE DUE FOUR MONTHS AND FIFTEEN DAYS AFTER THE END OF THE ORGANIZATION'S ACCOUNTING PERIOD IN 2002.

2) Why was the RRF-1 filing date changed?

The filing date was changed after numerous requests were received to more closely align the RRF-1 filing date with IRS Form 990 filing requirements. The purpose was to simplify reporting for organizations required to report to multiple agencies.

3) If an organization is exempt from filing (i.e., a religious organization, educational institution, etc.) does it now have to file Form RRF-1?

No. Nothing has changed. The organization is still exempt from reporting.

4) If an organization is on extended reporting (i.e., assets or revenue under \$25,000), does it have to file the RRF-1?

Yes. The RRF-1 must be filed annually no later than four months and fifteen days after the close of the organization's accounting period even if the organization is on extended reporting and does not file a Form 990-EZ with the Internal Revenue Service.

5) If an organization has been filing annual financial reports with the Registry of Charitable Trusts in the past, must it file the RRF-1?

Yes. (Please review the instructions for filing the Registration/Renewal Fee Report (RRF-1). Organizations with gross receipts or assets of \$100,000 or more must also pay a \$25 fee each year at the time the Registration/Renewal Fee Report (RRF-1) is filed. No RRF-1 filing extensions will be granted.

6) Will Form 990 extensions granted by the Internal Revenue Service be recognized by the Registry of Charitable Trusts?

Registered organizations that file any IRS Form 990 reports, are required to file copies of the Form 990 reports with the Registry of Charitable Trusts at the time they are submitted to the IRS. IRS Form 990 extensions will be honored by the Registry.

7) Is the Form 990 report required to be filed with the RRF-1?

No. Filing requirements for the RRF-1 and the Form 990 are independent of each other. If the Form 990 is available at the time the RRF-1 is filed, it may be submitted with the RRF-1. Otherwise, a copy of the Form 990 report should be sent to the Registry at the same time it is submitted to the IRS.

Note: To avoid duplication of reporting, if the RRF-1 was previously submitted, do not attach a copy of the RRF-1 to the IRS Form 990. Likewise, do not attach a copy of the Form 990 to the RRF-1 if the Form 990 was previously submitted.

8) Define "close of the accounting period."

The organization's calendar/fiscal year end.

9) If because of the charity's accounting period, the report preparer or directors cannot calculate exactly the responses called for by the RRF-1 by four months and fifteen days after close of the accounting period, what does the Registry require?

It may be necessary for directors and their report preparers to make good faith reasonable estimates in order to respond to the questions on the RRF-1. If a response is filed that is made in reasonable good faith by the directors, the Attorney General is not going to take corrective action or impose any penalties if the organization chooses to file an amended RRF-1.

10) What accounting method should report preparers use when completing the RRF-1?

It is generally accepted practice to use the same accounting method that the charity uses to keep its books and records.

11) When answering Part A, Question 2, what financial information should be provided?

Any of the following three options may be used:

- (1) Actual current accounting period amounts.
- (2) Estimates of current accounting period amounts.
- (3) Actual figures for the previous accounting year.

Note: It is understood and accepted that in some instances one year of financial information reported on Form 990 may be excluded from the RRF-1 report during the change to the new filing date.

12) How should the amount of gross receipts or total assets be determined?

Gross receipts are defined as the total amount an organization receives from all sources during its annual accounting period without subtracting any costs or expenses.

Assets are defined as resources owned by an entity. Examples of assets include cash receivables, inventory, property, equipment and intangible things of value such as patents, licenses and trademarks. To qualify as an asset, something must be owned and provide future benefit.

Information may also be obtained from the following:

- A) Your organization's accountant or CPA.
- B) These publications:
 - * Instructions for IRS Forms 990, 990-PF, and 990-EZ located on the Website.
 - * General accepted accounting principles (GAAP) for not-for-profit organizations
 - * The American Institute of Certified Public Accountants (AICPA) industry audit guide for not-for-profit organizations.
- C) By calling the AICPA's technical assistance unit at telephone number (201) 938-7305 or the California Board of Accountancy's Clearinghouse for Volunteer Accounting Services (CVAS) at telephone number (805) 295-8912.

13) How should "program" or "nonprogram" expenditures be determined?

Generally, the person preparing the report should follow the instructions given in the question above. In general, the definition of nonprogram expenditures is any expenditure that is for purposes other than those charitable activities which the organization was created to conduct. Nonprogram expenditures usually include salaries, overhead, and fundraising expenses.

14) If a charity has not prepared its Form 4720 for the most current reporting period by the filing date for submitting the RRF-1, what does the Registry require? (See Form RRF-1, Questions #4)

If it is reasonably anticipated that a Form 4720 will be prepared for the current accounting period, check "yes" and attach an explanation.

15) What does government funding consist of?

All sources of funding from local, state, and federal agencies, including grants, contracts, etc.

16) Must organizations that are dissolving file the RRF-1?

If the organization requests a Dissolution Waiver of Notice letter before the start of its next accounting period, it will not be required to file the RRF-1. For information on procedures to file a request for Dissolution Waiver of Notice letter, consult the Attorney General's Website or write to the Registry and ask for instructions.

17) Is the trustee of a qualified charitable remainder trust ("CRT") required to register and file RRF-1 and Forms 990, 990PF or 990EZ with your office?

If the charitable beneficiary has a future interest only (i.e., the income beneficiary is alive and charity has no present right to any funds), the CRT does NOT have to register or file any forms with the Attorney General. However, upon the death of the last income beneficiary (i.e., the final person(s) benefitting from the trust), the CRT will be required to register and to provide an accounting of the distribution of the trust estate with our office.

(Check this site periodically for updates.)