



CGCI Group Tax Exemption Program Handbook

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The information contained in this document is intended to provide guidance to those applying for or renewing GTEP membership. CGCI is neither a law firm (and thus is not giving legal advice) nor a tax advisory firm. The following information was compiled from publicly available documents and websites including the IRS and State of California, CGCI's Bylaws and CGCI's official calendar (for dues payments and other internal procedures).

CGCI is a member of National Garden Clubs, Inc., Pacific Region Garden Clubs, Inc. and is a 501(c)(3) organization listed on the California Registry of Charitable Trusts

Revised 2025

CGCI Group Tax Exemption Program (GTEP)

What is it?

- It is the opportunity for a member Garden Club or District to obtain Tax-Exempt Status under the CGCI exemption “umbrella”.

Why is this allowed?

- California Garden Clubs, Inc. is a not-for-profit educational organization under Section 501(c)(3) of the Internal Revenue Code. This section affords CGCI tax-exempt status.
- CGCI applied for and received a group exemption letter recognizing subordinate clubs and districts of the type described in
 - Section 501 (c)(3) of the Internal Revenue Code on November 15, 2006
 - Revenue and Tax Code Section 23701d of the California Franchise Tax Board on November 9, 2010, retroactive to November 15, 2006.
- By obtaining these Group Exemptions, CGCI is able to pass along to its subordinates its tax exemption status under both Federal and California codes.
- Thus, qualifying member clubs and districts are eligible to be considered tax-exempt organizations under the same status as CGCI, *as long as they follow the guidelines set by CGCI on the basis of IRS and California FTB requirements.*
- In order to continue in the CGCI Group Exemption, the member clubs and districts also need to meet all Federal and California tax form and filing requirements.

What are the benefits?

- By being included in the Group Exemption Letter
 - subordinates do not have to file an application for exemption
 - members of the Group Exemption can accept donations that are tax-deductible under the law
 - (Bequests, legacies, devises, transfers, or gifts are deductible for federal estate and gift tax purposes if they meet the applicable provisions of section 2055, 2106 and 2522 of the Code.)
 - members of the Group Exemption do not have to pay the fees to obtain an exemption letter

WHAT ARE THE GTEP REQUIREMENTS?

- Your club must
 - be federated as a member club and carry on the mission of CGCI.
 - have been ratified as a member of CGCI and have one or more objectives in common.
 - be a member of a CGCI district
 - be subject to, and participate in, CGCI's general supervision and control.
- In addition, *according to the IRS, to qualify, your club must:*
 - have complied with the IRS requirement to file an annual information return or electronic notice [the *e-postcard* Form 990-N] for tax years beginning in 2007 and subsequently.
 - The Pension Protection Act of 2006 mandated annual reporting by non-profit organizations.
 - The IRS has the right to revoke the tax-exempt status of organizations that failed to file for three consecutive years.
 - be exempt under the same paragraph of IRC 501(c)(3) as CGCI
 - In other words, your club must qualify for tax exemption as an *educational and charitable organization*, having objectives and activities that are the same as those of CGCI. The MAJORITY of activities must be educational. (Flower shows, speakers, tours, and the like are all “educational” activities.)
 - have club bylaws, which include the required IRS language
 - have articles of association/affiliation mirror with CGCI.
 - This is a form your club needs to read, discuss, and agree to.
 - **use the same accounting period as CGCI. (July 1– June 30)**
 - maintain a detailed description of the purposes and activities of your club, including the sources of receipts and the nature of expenditures.
 - This description of activities shows that the majority of your club or district activities are educational.
 - **renew this information with CGCI by JANUARY 15** of each year.
 - have an authorized officer of your club give permission on the appropriate form to CGCI IN WRITING, each year by January 15, that states your club wants to be included in the CGCI Group Tax Exemption Program for the next fiscal year.
 - *CGCI Districts are eligible to apply for membership in the CGCI Group Tax Exemption Program if they comply with the above procedures.*

PLEASE NOTE: The GTEP application form is submitted
ONLY ONE TIME...

when initially applying for group membership
In subsequent years you submit the RENEWAL FORM

HOW DO WE APPLY?

PLEASE NOTE!!! Your club **must be a member in good-standing** of California Garden Clubs, Inc. and of your district **BEFORE** you can apply for this 501(c)(3) Group Exemption!

- We have tried to make the process as easy as possible.
- Every requirement your club or district must fulfill (except the application fee) is a requirement made by the Internal Revenue Service, not CGCI.
- The application fee is to defray the costs of administering the program and of professional assistance.

Complete and submit the following to the CGCI Group Tax Exemption Program Chairman

1. THE APPLICATION FORM (You submit this form **ONLY ONE TIME** when initially applying. In subsequent years you submit the RENEWAL FORM)
 - a. The form clearly lists all the steps needed to comply.
 - b. **See Appendix A for sample**
 - c. The form is also available on the CGCI website. Go to www.californiagardenclubs.com/gtep
 - i. Click on the FORMS TAB
 - ii. The online form can be completed electronically, saved to your computer and printed when ready for mailing
 - iii. Forms are in pdf format.
2. ARTICLES OF AFFILIATION
 - a. Your club must be affiliated and subordinate to CGCI in the eyes of the IRS.
 - b. This form formally defines the relationship between CGCI and your club as required by the IRS
 - c. **See Appendix B for sample**
 - d. The form is also available on the CGCI website. Go to www.californiagardenclubs.com/gtep
 - i. The online form can be completed electronically, saved to your computer and printed when ready for mailing
 - ii. Forms are in pdf format.
3. A COPY OF YOUR BYLAWS
 - a. To be included in the Group Exemption, your club or district must be organized as a legitimate non-profit, educational organization in the eyes of the IRS.
 - b. To determine if your organization complies with the IRS definition of a non-profit, CGCI must review your organization's organizing document (its bylaws) to be sure it contains the specific language required by the IRS for the operation of a legitimate 501(c)(3) organization.
 - c. Make sure your bylaws
 - i. Are dated with the date these bylaws were legally approved by club membership/governing body.
 - ii. Are signed by two (2) officers with the date they are signed to certify the copy is a true copy of the bylaws (governing document) of your organization.
 - iii. include the NAME of your organization
 - iv. must reflect the 501(c)(3) charitable and educational purpose of your organization in both the purpose and membership statements
 - d. **See Appendix C for the IRS-approved language to be included in your bylaws**
4. LIST OF CLUB ACTIVITIES: The IRS has granted CGCI the non-profit exemption on the basis of CGCI being a non-profit education organization. The majority of your clubs activities must also be educational. Things like programs, speakers, tours and flower shows are all educational.
 - a. **See Appendix D for sample activities form**

5. FINANCIAL STATEMENT:

- a. The IRS requires that CGCI keep on file a yearly simple financial statement from your club.
- b. It merely needs the amount of income your club received (itemized into broad categories not transaction by transaction) and a list of expenses (also itemized into broad categories not transaction.)
- c. **See Appendix D for sample financial statement**

6. FILING FEE

- a. Check payable to CGCI for \$35
- b. MAIL TO the CGCI Group Tax Exemption Program Chairman listed on the application form.

HOW DO WE RENEW?

- Once a club [or district] is included in the CGCI Group Tax Exemption Program and wishes to continue to do so from year to year
 - the IRS requires that the club [or district] inform CGCI in writing that they wish to be included, once again, in the Group Tax Exemption Program.
 - Renewals are for the July 1-June 30 fiscal year and must be postmarked by February 1 prior to the July 1 date.
- **Your club [or district] must:**
 - have paid CGCI and District dues for the current fiscal year
 - maintain a description of the activities of your club [or district] to document that the majority of your club [or district] activities are educational
 - maintain a record of the sources of receipts and the nature of expenditures, and submit a financial report for the previously completed fiscal year
 - have filed all required Federal and California tax reports for the previous fiscal year
 - submit this information to CGCI by **JANUARY 15** of each year
 - have an authorized officer of your club [or district] give permission to CGCI each year, IN WRITING, that states your club [or district] wants to be included in the CGCI group tax exemption
 - **ALL THE ABOVE INFORMATION WILL BE INCLUDED IN THE RENEWAL PACKET EMAILED TO CLUB PRESIDENTS [or DISTRICT DIRECTORS] AND TREASURERS.**

WHAT ARE THE IRS REQUIREMENTS?

NOTE: For more information see the **IRS Compliance Guide for Public Charities (PUB4221PC)**

It can be downloaded from the IRS website: [Publications for Exempt Organizations](#)

YOU must file an annual Federal tax return (go to [IRS.gov/charities-non-profits](https://www.irs.gov/charities-non-profits) for complete details, instructions and forms):

1. **Who?** Any non-profit organization whether it has received a federal tax-exempt determination or not, and whose gross receipts are normally \$50,000 or less per tax year.
2. **What?** Electronic Form 990-N is for small non-profits to use to satisfy a reporting rule for groups grossing \$50,000 or less. The “e-Postcard” is required of every exempt organization (except churches) that do not have to file (or choose to file) a Form 990 or a Form 990EZ.
3. **What else?**
 - a. Organizations that have **failed to file this form for three successive years** have had their tax-exempt status automatically **revoked by the IRS** and **must apply** to the IRS to reinstate their tax-exempt status.
 - b. **If revoked, club is NO LONGER a member of GTEP and cannot re-apply to GTEP** should they receive IRS reinstatement.
4. **When?** The e-Postcard is due every year by the 15th day of the 5th month after the close of your tax year.
 - a. The tax year for CGCI and most of the members of its Group Exemption is **July 1-June 30**. Filing is due by **November 15**.
5. **Instructions for filing a Form 990-N (e-Postcard)**
 - a. This can **only** be done on a computer (at home or public library, for example), it must not be downloaded and mailed in to the IRS.
 - b. **Submitting Form 990-N (e-Postcard)**
 - c. **Beginning August 1, 2022**, smaller charities that are eligible and choose to file Form 990-N, Electronic Notice for Tax-Exempt Organizations (e-Postcard), must sign into the IRS modernized authentication platform using either their active IRS username or create an account with ID.me, the current IRS credential service provider.

When accessing the **Form 990-N Electronic Filing system**, you will have three options:

1. Sign in with their active IRS username: Users with an active IRS username have the option to access the Form 990-N submission page using their existing IRS credentials or they can choose to create a new account with ID.me.
2. Sign in with their existing ID.me account: Users that have an ID.me account to access other IRS online services or from a state or federal agency can sign in using their existing ID.me account.
3. Create a new ID.me account: Users that don’t have an active IRS username credential must register and sign in with ID.me.

ID.me account creation requires an email address and multi-factor authentication. Form 990-N filers who have an existing IRS username and register for an ID.me account must use the same email address.

Review the [IRS Form 990-N Electronic Filing System \(e-Postcard\) User Guide.PDF](#) for step by step instructions on how to create an account and submit electronic Form 990-N (e- Postcard). Most common problems can be avoided by following the User Guide.

d. Completing the e-Postcard requires the eight items listed below:

- i. **Employer identification number (EIN)**, also known as a Taxpayer Identification Number (TIN).
- ii. Tax year (calendar or fiscal filer)
- iii. Legal name and mailing address
- iv. Any other names the organization uses
- v. Name and address of a principal officer
- vi. Website address if the organization has one
- vii. Confirmation that the organization's annual gross receipts are \$50,000 or less
- viii. If applicable, a statement that the organization has terminated or is terminating (going out of business)

Refer to [https://www.irs.gov/charities-non-profits/required-filing-form-990-](https://www.irs.gov/charities-non-profits/required-filing-form-990-series)

[series](https://www.irs.gov/charities-non-profits/required-filing-form-990-series) Do not use a smart phone or tablet to file your Form 990-N.

WHAT ARE THE CALIFORNIA REQUIREMENTS?

You MUST file an annual state tax return with the Franchise Tax Board (FTB)

Note: It is called an “Exempt Organization Annual Information Return”

1. **Who?** The requirements are similar to those of the IRS. Any non-profit organization whether it has received a state tax exempt determination or not, and whose gross receipts are normally \$50,000 or less per tax year.
 - a. Go to <https://www.ftb.ca.gov/file/business/types/charities-nonprofits/annual-and-filing-requirements.html> for detailed information on FTB requirements.
2. **What?** Electronic form 199N is the FTB e-Postcard filed online.
 - a. Go to <https://www.ftb.ca.gov/file/business/types/charities-nonprofits/199N.asp> for complete instructions and to start the filing process
 - b. You will need your 7-digit California Corporation Number or ID number assigned by the state. (Ex: 1234567)
 - c. You may elect to file Form 199

Registry of Charitable Trusts (ROCT) Initial Registration

ALL charitable corporations, unincorporated associations, trustees, or other persons holding assets in trust for charitable purposes must register with the Attorney General’s Registry of Charitable Trusts **within 30 days** of initially receiving assets (funds, property, etc.).

NOTE: ALL forms, instructions and guidelines can be downloaded the California Attorney General’s website - <https://oag.ca.gov/charities>.

ROCT INITIAL REGISTRATION SUBMISSION REQUIREMENTS

1. **CT-1 Form & Instructions (pdf): Initial Registration Form** - All charities that are required to register with the Attorney General's Registry of Charitable Trusts must file this one-time form.
2. \$50.00 initial registration fee (payable to Department of Justice)
3. Organization’s Founding documents:
 - a. Founding documents would include Articles of Incorporation, Articles of Organization,
 - b. Articles of Association, Trust Agreement, and/or Bylaws.
 - c. If incorporated, please make sure to submit endorsed/certified original Articles of Incorporation and any endorsed amended articles stamped by the state in which domiciled.
 - d. A copy of the most Current Bylaws.
4. IRS determination letter (if received from the IRS). If the determination letter has not yet been received, please provide the entity's EIN. If unavailable, a copy can be requested from the IRS at <https://www.irs.gov/charities-and-nonprofits>.
5. A copy of the Application for Recognition of Exemption (IRS Form 1023, 1023-EZ, or 1024), if submitted. If unavailable, a copy can be requested from the IRS at [irs.gov](https://www.irs.gov).

ROCT ANNUAL REGISTRATION RENEWAL

- **Every** charitable corporation, unincorporated association, and trustee doing business or holding property in California is required to annually renew its registration with the Attorney General's Registry of Charitable Trusts. Each year an annual registration renewal report

(**Form RRF-1**) must be filed with the applicable renewal fee. The failure to renew the registration will lead to the charitable organization being listed as delinquent with the Attorney General's Registry of Charitable Trusts and may lead to the loss of tax exemption status with the Franchise Tax Board.

- **As of February 1, 2020**, the newly updated Form RRF-1 and new form CT-TR-1 are required. Significant changes to the forms include:
 - **Form CT-TR-1** must be filed annually by charities with annual revenue under \$50,000; and
 - The RRF-1 annual registration renewal form now requires reporting additional information, including non-cash donations.
 - Depending on gross annual revenue and other factors, some or all of these may be required annually:
- 1. **RRF-1 Form & Instructions (pdf):** Annual Registration Renewal Fee Report -Disclosure reporting form for use by registered charitable organizations required to renew their registration with the Attorney General's Registry of Charitable Trusts. Form RRF-1 must be filed annually within four months and fifteen days after the end of an organization's accounting period.
- 2. **CT-TR-1 Form & Instructions (pdf): Annual Treasurer's Report** - Effective February 1, 2020: Charitable organizations whose total revenue for the fiscal year is under \$50,000 must file this form along with Form RRF-1 when they renew their registration with the Registry of Charitable Trusts.
- 3. Renewal fees, if required.
- 4. Copies of IRS Form 990, 990-EZ, or 990-PF, including all schedules. Form 990-N is not required by this office.

RAFFLES:

- In California, charities and certain other private nonprofit organizations may conduct raffles to raise funds for beneficial or charitable purposes in the state.
 - This exception to the general constitutional prohibition against lotteries requires that at least 90 percent of the gross receipts from these raffles go directly to beneficial or charitable purposes in California.
 - Penal Code section 320.5 governs which organizations qualify and how the raffles must be conducted. The [Bureau of Gambling Control](#) regulates the 50/50 [Major League Sports Raffle Program](#) established by Penal Code 320.6.
- Unless specifically exempted, a nonprofit organization must register with the Attorney General's Registry of Charitable Trusts prior to conducting the raffle and file an aggregate financial disclosure report for all raffles held during the reporting year.
- An organization may register for raffles at any time during the calendar year.
 - The registration period during which organizations may conduct raffles is **January 1 through December 31 (NEW 2023_**. An organization must file the raffle registration form at least 60 days before the scheduled date of the raffle in order to give Registry staff sufficient time to process the form.
 - Registration via Form CT-NRP-1 must be filed and a confirmation letter from the Registry of Charitable Trusts must be received before conducting any raffle activities, including selling raffle tickets.
 - If you wish to conduct the drawing after September 1 of any year, but you wish to sell tickets prior to September 1 of that year, you must register for both years.
 - The Registry does not confirm receipt of raffle registration forms. An organization that wants confirmation that the Registry has received a form must submit the form to

the Registry by requesting "certified receipt," a service available at the U.S. Post Office.

- Regardless of the number of raffles held during the registration period, the nonprofit organization must file a single, aggregate report for all raffles held via Form CT-NRP-2.
 1. **Checklist (pdf): Nonprofit Raffles** - Checklist for nonprofit organizations seeking to hold charitable raffles is available on <http://californiagardenclubs.com/gtep>
 2. **CT-NRP-1 Form & Instructions (pdf) Nonprofit Raffle Registration Form**
Each nonprofit organization that intends to conduct a raffle during a year (September 1 through August 31) must complete and submit a raffle registration form.
 - a. Registration fee is \$30 per year. **NOTE this is increase for 2022**
 3. **CT-NRP-2 Form & Instructions (pdf) Nonprofit Raffle Report**
This is a single aggregate report for all raffles held during the reporting year --September 1 through August 31-- regardless of the number of raffles held).

FREQUENTLY ASKED QUESTIONS (FAQS):

1. **If our club is a member of CGCI, are we automatically included in the CGCI Group Tax Exemption Program as a non-profit 501(c)(3) club?**
 - a. NO. The IRS has specific requirements that make a club eligible to be deemed a 501(c)(3) non-profit organization. Not all clubs qualify.
2. **Does our club have to be in the Group Tax Exemption Program to belong to CGCI?**
 - a. NO. Participation in the program is strictly optional.
 - b. **But your club MUST BE A MEMBER OF CGCI and the local district to apply for participation in the Group Tax Exemption Program.**
3. **Our club has a fundraiser coming up. How long does it take to be approved?**
 - a. That depends. According to the IRS, if a club meets all the requirements and completes the necessary paperwork, the club will then be presented for approval as a new member of the CGCI Group Tax Exemption Program at the next meeting of the CGCI Board of Directors.
 - b. But the important thing to know is that no matter what actual date your club is approved, your exemption will be in effect for the entire calendar year.
 - c. Your club does not have to be a member of GTEP to conduct the event.
4. **Why do you want a list of our club activities?**
 - a. Not all "non-profits" qualify for 501(c)(3) status.
 - b. The IRS has only a few, specific categories it will allow.
 - i. The IRS granted CGCI its 501(c)(3) status as an **educational** non-profit organization. To be included under the CGCI exemption, it only follows that the club must also be an "**educational**" non-profit organization.
 - ii. Therefore, a club must demonstrate that its activities are mainly educational. Tours, speakers, programs, flower shows, scholarships and all like activities are considered "educational" and should be prominent in your list of activities for your IRS file.
5. **What kind of financial statement is required?**
 - a. The IRS wants a general idea of where your club gets its income and how it spends its money.

- i. Please do not send a list of checks and deposits. This does not help!
- b. A simple list of categories is much more appropriate.
 - i. For income, the list could include categories such as dues, fundraiser, donations, etc. The expenses could include rental, postage, programs, office supplies, etc.
 - ii. Appropriate reimbursements for services and travel are allowed. Even salaries are allowed. It must just be evident that funds do not accrue to one or a few select people who are skimming funds for their self-aggrandizement.

6. If we are a non-profit, do we still have to pay sales tax?

- a. Absolutely! 501(c)(3) status is granted by the US Federal government Internal Revenue Service.
 - i. It applies to Federal income tax. It also applies to state income tax in that state income tax returns are based on federal returns.
- b. It has nothing to do with state sales tax as these rules differ from state to state.
 - i. Sales tax applies to the revenue from plant/craft sales (any items sold), silent and live auctions etc.
- c. For complete information see the **Board of Equalization Pub 18**. It can be downloaded from the GTEP page on the CGCI website.

7. Once accepted, what do we have to do?

- a. Each club or district in the CGCI Group Tax Exemption Program is required to file an annual information return or notice with the **IRS** by November 15 (or the 15th day of the 5th month after the close of their fiscal year).
 - i. Organizations with gross receipts normally less than or equal to \$50,000 file the electronic postcard **Form 990-N** but may choose to file a full return.
 - ii. Those with gross receipts more than \$50,000 but less than \$200,000 and with assets less than \$500,000 must file **Form 990-EZ** or **Form 990**.
 - iii. It can only be done on a computer and must not be mailed to the IRS.
 - iv. The IRS will revoke the tax-exempt status of an organization that fails to file a return or notice for three consecutive years.
- b. Starting January 1, 2011, the State of California required each club or district in the CGCI Group Tax Exemption Program to file an annual information return or notice with the **State of California Franchise Tax Board** by November 15 (or the 15th day of the fifth month after the close of their fiscal year).
 - i. Organizations with gross receipts normally less than or equal to \$50,000 file the California electronic postcard **FTB Form 199N** but if eligible may choose to file a complete **FTB Form 199**.
 - ii. Those with gross receipts more than \$50,000 must file **FTB Form 199**.
- c. Please be aware that a member of the CGCI Group Tax Exemption Program may also be responsible for any Federal or State of California applicable filing requirements and taxes on unrelated business income.
- d. The IRS and California Franchise Tax Board require that CGCI check with each member of the Group Tax Exemption Program each year to verify that they want to remain in the Group Tax Exemption Program.
 - i. Each member of the Group will receive a renewal form during the first quarter of the CGCI fiscal year.
 - ii. It asks that you indicate that your club or district wishes to continue in

the Group Tax Exemption Program and the dates the required IRS and CA FTB returns or notices were filed, include an updated financial report and an updated list of club activities.

- iii. These papers will be filed in case of audit of CGCI's records. A \$15 fee is charged to defray administrative and professional expenses.

8. We are already a member of the CGCI Group Tax Exemption Program. Must we "renew" each year?

- a. **Yes.** This is a requirement of the IRS and the CA FTB.
- b. Renewal forms are sent out during the first quarter of CGCI's fiscal year.
- c. They must be completed and returned to the Group Tax Exemption Program chairman by February 1 for the club or district to be included in the Group Tax Exemption Program for the following fiscal year.

9. Once we become a nonprofit, are there any other requirements?

- a. Our mailing address and/or officer has changed. Should we notify the IRS?
 - i. You can file IRS Form 8822-B (business) and FTB form 3533. Once the form is on your computer screen, you can fill in the blanks and then print out and mail. (Note: Suggest you attach a copy of the minutes from meeting when elections held)
 - ii. Or, when you file your annual 990-N form, enter the new address and new principal officer information and the IRS will eventually recognize the change.
- b. Our officers have changed in mid-term. What do we do?
 - i. Notify the GTEP Chairman
- c. We don't know what our EIN is (or have never applied for one). What do we do?
 - i. The easiest way to find out what your EIN is to look at your bank statement or ask the bank where you have your checking account.
 - ii. Find a previously filed tax return for your existing entity
 - iii. Ask the IRS to search for your EIN by calling the Business & Specialty Tax Line at 800-829-4933. The hours of operation are 7:00 a.m. - 7:00 p.m. local time, Monday through Friday.
 - iv. If you've never had an EIN, you can apply online.
- d. OK, we've applied to the CGCI program, have been ratified by the CGCI Board of Directors and have received our letter acceptance. We contacted the IRS, and they don't show our group as a 501(c)(3) tax-exempt organization. Why not and what do we tell our donors?
 - i. The IRS has directed that **CGCI can only make one filing annually**, reporting renewing Clubs/Districts and newly recognized Clubs/Districts since the last annual filing.
 - ii. However, in its group exemption letter, the IRS has granted to CGCI the authority to confer tax- exempt status to its approved members between CGCI's annual filing.
 - iii. Clubs and Districts that are part of CGCI's Tax-Exempt Group are listed on the CGCI website on the Tax-Exempt Group List after they have been ratified by the CGCI Board of Directors.

10. If we have questions, whom do we contact?

- a. Contact the Chairman of the CGCI Group Tax Exemption Program as listed on the cover of this Handbook.

IMPORTANT DATES TO REMEMBER

- ✓ January 15 – deadline to submit premiums for liability insurance
- ✓ **January 15** – deadline to submit renewal form for CGCI Group Tax Exemption Program
- ✓ July 1 – dues due to CGCI and your district
- ✓ July 31 – California sales tax due to **CA Board of Equalization** for fiscal year ending June 30
- ✓ September 1 – deadline for
 - ROCT raffle registration (CT-NRP-1 + \$20) for the coming year; due at least 60 days prior to raffle
- ✓ October 1 – deadline for
 - ROCT raffle report (CT-NRP-2 no fee) of raffles held previous year.
- ✓ November 15 – the following are due for organizations whose fiscal year ended June 30
 - IRS tax return (form 990N or 990)
 - FTB tax return (form 199N)
 - ROCT annual renewal report (form RRF-1 & CT-TR-1)

Group Tax Exemption Program Organization Information Sheet

The following information is required to file annual reports with the IRS and/or the state of California.

*****Please keep with your important papers and share with all appropriate officers*****

Organization Name: _____

For Club or APS: Your District's Name: _____

*Our **Federal Employer Identification Number**: _____

Refer to the IRS website <https://www.irs.gov/charities-and-nonprofits> under Tax-Exempt Organization Search (TEOS) to find your club EIN.

An Employer Identification Number (EIN) is also known as a Federal Tax Identification Number, Federal Employer Identification Number (FEIN), Tax Identification Number TIN or Tax ID that the Government assigns to an entity to identify the business (including non-profit organizations).

- It is a 9-digit number (for example, 12-3456789) assigned to sole proprietors, corporations, partnerships, estates, trusts, and other entities for tax filing and reporting purposes.

*Our **California Corporation or Franchise Tax Board** entity number: _____

CA FTB website <https://www.ftb.ca.gov/file/business/types/charities-nonprofits>. Scroll to **Check your account status**; Find out if your account is active or suspended: [Entity Status Letter Revoked exempt organizations](#)

Like the EIN, it is a 7-digit number (1234567) assigned by the Attorney General (for corporations) or FTB for filing and reporting purposes

*Our **California Registry of Charitable Trust** registration number _____

Search the Files of the Registry of Charitable Trusts <https://rct.doj.ca.gov/Verification/Web/Search.aspx?facility=Y> Go to the California Attorney General's website: www.oag.ca.gov/charities/forms and download CT-1, CT-TR-1, RRF-1, CT-NRP-1 and CT-NRP-2

- It is a 6-digit number (example: CT 012345) assigned by the Attorney General's office when the initial registration application is approved.
- Your organization will be listed on the California Registry which is available to the public

*Our **California Registry of Charitable Trust Raffle** registration number _____

- It is a 4-digit number assigned by the Attorney General's office when the initial raffle registration application is approved.

*Our **California Board of Equalization Seller's Permit** number _____

- Any organization conducting sales (plants, logo items, cookbooks etc.) are required to register with BOE and pay sales tax annually. A xxx-xxxxxx number is issued by the BOE

***PLEASE NOTE: Each of the above numbers must be unique to your organization. DO NOT use a number assigned to California Garden Clubs, Inc. or to your District.**

Organizations must file annually by November 15th following the close of the fiscal year June 30th

Those organizations with total annual revenue of \$50,000 or less may file IRS 990-N and FTB 199N online.

- You will need a password to complete and submit the IRS 990-N form.
- Choose a password for the organization NOT one that is personal to an individual. And NEVER ONE THAT IS USED FOR ANOTHER ACCOUNT.
- The password should be known to at least the President and Treasurer.
- When officers change at the end of a term, the password should be passed to the new officers.

IRS filing:

Login ID (it's the IRS EIN) _____

Our password _____

California FTB filing:

Login ID (it's the CA FTB entity #) _____



California Garden Clubs Inc.

CGCI Group Tax Exemption Program Renewal Form for **Fiscal Year July 1, 2026- June 30, 2027*****

***NOTE: Do not change the dates reflected on this form, which will render it invalid. **You are submitting activity and financial information for your Club's recently completed fiscal running from July 2024 - June 2025.** (The year for GTEP purposes runs 1 year ahead.) If your Governmental (IRS and FTB) filings were for an accounting period different than July 2024 - June 2025, please contact me.

Club or District Name: _____

Our Club's District is: _____

☐ We elect **TO BE INCLUDED** in the California Garden Clubs Inc. Group Tax Exemption Program for the **Fiscal Year July 1, 2026 - June 30, 2027** (please complete all items below.)

OR

☐ We elect **TO NO LONGER BE INCLUDED** in the California Garden Clubs Inc. Group Tax Exemption Program. (please sign this form and return it to the address listed.)

1. Club Designated GTEP Information Place your initials in the appropriate boxes below for a) and b)

a) Our organization		<u>has a permanent PO Box mailing address</u> and is included below.
		<u>does not have a permanent mailing</u> address; therefore, the address included below is the mailing address of our organization's current president / director. If your organization has a permanent mailing address use that instead of the President/Treasurer or Director address.
b) Private foundation		I affirm that our organization is NOT a private foundation.
		Our organization has changed and is NOW a private foundation.
	(Note: A determination by the IRS that your club or district is a private foundation will jeopardize your ability to be included in the CGCI Group Tax Exemption Program.)	
Contact Name		
Mailing Address		
City		Zip-code (5x4)
Contact Phone Number	Email	

2. Organization Activity By placing your initials in each box below, you affirm the following statements as the authorized representative for this member of the CGCI Group Tax Exemption Program, I affirm that our CGCI CLUB or DISTRICT understands that:

	It is required to submit a list and description of the <u>actual activities</u> for the most recently completed fiscal year to CGCI with this renewal form.
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California Garden Clubs Inc.

CGCI Group Tax Exemption Program Renewal Form for **Fiscal Year July 1, 2026- June 30, 2027*****

	It is required to submit a <u>financial report</u> for the most recently completed fiscal year to CGCI with this renewal form.
	It is relieved from having to file IRS Form 1023, <i>Application for Recognition of Exemption Under Section 501(c) (3) of the IRC</i> , and Form 1024 <i>Application for Recognition of Exemption Under Section 501(a)</i> .
	It is subject to the general supervision of California Garden Clubs Inc. as outlined in our Articles of Affiliation.
	It is responsible for its own tax return filings with the IRS and CA Franchise Tax Board (FTB) and GENERAL NON-PROFIT/CHARITY Related Forms any other that may be required. <i>California Garden Clubs Inc. <u>does not</u> file group tax returns.</i>

3. Financial Information Fill in the dates the forms were filed AND ATTACH PROOF OF FILING:

	DATE FORMS FILED
<i>Our gross receipts were equal to or less than \$50,000.</i>	
Our IRS Form 990-N was filed online on	
Our CA FTB Form 199-N was filed online on	
<i>Our gross receipts were more than \$50,000</i>	
Our IRS Form 990 or 990-EZ was filed mailed on	
Our CA FTB Form 199 was filed mailed on	
Our Annual Registration Renewal Report (Form RRF-1) was filed on	
Our Annual Treasurers Report (Form CT-TR-1) was filed on	

4. Signature: I attest that to the best of my knowledge; the above information is correct.

All items must be completed. This form must be signed by the president / director or treasurer of the CGCI Group Tax Exemption Program member organization.

Signature: _____

Print Name: _____

Title: _____ Date: _____

Email: _____ Telephone: _____



California Garden Clubs Inc.

CGCI Group Tax Exemption Program Renewal Form for **Fiscal Year July 1, 2026- June 30, 2027*****

Checklist for submitting completed renewal form with related documentation and payment

	RENEWAL FORM, signed
	ACTIVITIES REPORT
	FINANCIAL REPORT
	PROOF OF FORM 990/990N AND FORM 199/199N FILING
	<u>NON-REFUNDABLE</u> RENEWAL FEE: Postmarked prior to January 15, 2026, a check for \$15.00, payable to <u>CGCI</u>.
	LATE RENEWAL FEE: Postmarked after January 15, 2026, a check for \$65.00 payable to <u>CGCI</u>. <u>PLEASE NOTE: RENEWALS POSTMARKED MARCH 1, 2026 OR LATER WILL NOT BE ACCEPTED AND YOU WILL AUTOMATICALLY NOT BE INCLUDED GTEP.</u>
	Mail to: Cynthia Jackson, GTEP Chairwoman 5026 Escalon Avenue, Los Angeles, CA 90043-1646

Please be environmentally responsible and utilize double-sided printing whenever possible.

For Chair Use Only

Date rec'd:

Complete:

Missing?:

Emailed:

Follow-up info



California Garden Clubs Inc.

Articles of Affiliation

Garden Club: _____

District: _____

Date: _____

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have this day associated ourselves together voluntarily under these Articles of Affiliation.

Article I – Affiliation

1. Agreement of Affiliation.

Acceptance of these Articles of Affiliation shall constitute a formal affiliation between California Garden Clubs, Inc., hereinafter referred to as CGCI, and the garden club seeking affiliation with CGCI.

2. Record of Affiliation.

- a. A copy of the bylaws of the AFFILIATED GARDEN CLUB shall be attached to the Agreement of Affiliation to establish a full record of the affiliation.
- b. To maintain a full and lawful record of affiliation, an “*Annual Affiliation Renewal Packet*” shall be completed by the AFFILIATED GARDEN CLUB each year and filed with the CGCI Affiliated Garden Clubs Chairman.
 - (1) All parts of the packet must be properly completed
 - (2) Supporting documents as indicated in the instructions on the “*Annual Affiliation Renewal Packet*” shall be attached
 - (3) Signatures of officers authorized by the AFFILIATED GARDEN CLUB shall be affixed in the appropriate places
 - (4) The completed packet shall be returned to the Affiliated Garden Clubs Chairman of CGCI by February 1 of each year.
- c. The AFFILIATED GARDEN CLUB shall maintain a detailed description of its purposes and activities, including the sources of receipts and the nature of expenditures, to comply with the rules set forth by the IRS.

3. Terms of Affiliation.

These Articles of Affiliation, along with the Bylaws and Articles of Incorporation of CGCI, shall govern the communication and collaboration between CGCI and the AFFILIATED GARDEN CLUB.

4. Duration.

The AFFILIATED GARDEN CLUB shall maintain affiliation with CGCI until such time as the affiliation is terminated, according to the conditions set forth in Article VII.

Article II - Purpose

1. The primary purpose of the AFFILIATED GARDEN CLUB shall be the same as the primary purpose of CGCI:
 - a) To create, promote and further interest in horticulture, gardening, floral and landscape design, plant and bird life, and appreciation of the natural beauties of the State of California.
 - b) To encourage civic beautification and roadside development.
 - c) To assist in projects for the conservation of our natural resources.
 - d) To educate the public in matters relating to horticulture, gardening, floral and landscape design, civic beautification and resource conservation.
2. The primary purpose of the Affiliation between CGCI and the AFFILIATED GARDEN CLUB shall be to coordinate and centralize the work of the various California garden clubs and associations, now or hereafter organized, under the general supervision of CGCI.

Article III - Governing Authority

1. Organization.

CGCI is incorporated under the laws of the state of California pursuant to Articles of Incorporation filed May 13, 1936. The provisions of the Bylaws of the AFFILIATED GARDEN CLUB shall not be in conflict with Bylaws and Articles of Incorporation of CGCI.
2. Affiliate.
 - a. The AFFILIATED GARDEN CLUB is an autonomous entity and is responsible for maintaining records in compliance with these Articles of Affiliation and all applicable Federal, state and local laws and regulations, including tax laws.
 - b. The Board of Directors of the AFFILIATED GARDEN CLUB shall have the final authority in all matters pertaining to the operations of the AFFILIATED GARDEN CLUB which are not governed by these Articles of Affiliation.
 - c. The AFFILIATED GARDEN CLUB shall be subject to and participate in CGCI's general supervision and control.
 - d. The AFFILIATED GARDEN CLUB shall participate in CGCI governance through membership at the District level and through voting delegates at the annual CGCI conventions as prescribed in the Bylaws of CGCI.

Article IV - Limitations of Activity

1. The AFFILIATED GARDEN CLUB shall not conduct or carry out any activities not permitted to be conducted or carried on by an organization exempt under Section 501 (c)(3) of the U.S. Internal Revenue Code and its Regulations as they now exist or as they may be amended.

2. The AFFILIATED GARDEN CLUB certifies by signing this agreement that it is not currently nor shall it become a private foundation during its period of affiliation.
3. Notwithstanding any other provision of these Articles or CGCI Bylaws, neither CGCI nor the AFFILIATED GARDEN CLUB shall be precluded from affiliating or collaborating with any other individuals or organizations.

Article V – Financial Relationship

1. Budgetary Independence.

The revenue and expenditures for CGCI and the AFFILIATED GARDEN CLUB shall be separate and independent in nature, except for any specific collaborations for which a distinct funding stream has been identified for the purpose of a collaborative activity between CGCI and the AFFILIATED GARDEN CLUB.

2. Affiliate Membership Dues.

The AFFILIATED GARDEN CLUB will be liable for any and all membership dues to CGCI. Dues will be levied on an annual basis, the exact amount of which will be set forth in the Bylaws of CGCI.

3. Tax reporting.

The AFFILIATED GARDEN CLUB is responsible for its own tax return filings, if necessary. California Garden Clubs, Inc. does not file group tax returns.

Article VI - Amendment of the Articles of Affiliation

1. Proposing Amendments.

- a. Amendment of these Articles of Affiliation may be proposed by a resolution of the CGCI Board of Directors.
- b. The AFFILIATED GARDEN CLUB may submit proposed Amendments to these Articles of Affiliation through the CGCI Executive Committee.

2. Acceptance of Amendments.

These Articles of Affiliation may be amended at an annual CGCI convention by a two-thirds vote, provided that at least 45 days prior to convention all voting members shall have been sent a copy of the proposed amendments with rationale.

Article VII – Termination of Affiliation

1. Automatic Termination.

The Affiliation as defined herein these Articles of Affiliation will be deemed terminated if the “*Annual Affiliation Renewal Packet*” is not submitted as set forth in these Articles of Affiliation, Article II, Section 2(b).

2. Proposing Termination.

The Affiliation as defined in these Articles of Affiliation may be terminated at any time by

- a. recommendation of the CGCI Membership Chairman due to the non-receipt of

- annual dues
- b. recommendation of the CGCI Affiliated Garden Clubs Chairman because conditions for the continued effectiveness of a group exemption have not been fulfilled by the AFFILIATED GARDEN CLUB
- c. written letter from the AFFILIATED GARDEN CLUB stating it wishes to terminate the affiliation
- d. resolution of the CGCI Board of Directors.

3. Resolution of Termination.

- a. Upon termination of the affiliation between CGCI and the AFFILIATE, the CGCI Affiliated Garden Clubs Chairman will issue a written acknowledgement of said termination, one copy of which will be sent to the AFFILIATED GARDEN CLUB and one copy included with the record of the affiliation thereby closing the file.
- b. Upon termination of the affiliation between CGCI and the AFFILIATED GARDEN CLUB, the CGCI Affiliated Garden Clubs Chairman will include the AFFILIATED GARDEN CLUB on the list of subordinates no longer to be included in the group exemption letter to the Internal Revenue Service.
- c. The AFFILIATED GARDEN CLUB will cease to claim itself a non-profit, 501(c)3 organization under the CGCI group exemption letter.

IN WITNESS WHEREOF, we, the undersigned, pursuant to the authority conferred upon us by California Garden Clubs, Inc. or the garden club seeking affiliation with California Garden Clubs, Inc., have executed these Articles of Affiliation upon this, the

_____ day of _____, 201____.
Date Month

Signed,

by _____
(Please print your name)

Signature

Title

for _____
Garden Club

Address:

by Cynthia Jackson

Signature
 Chairman, CGCI Group Tax Exemption Program
 for California Garden Clubs, Inc.
 5026 Escalon Ave
 Los Angeles, CA 90043



California Garden Clubs, Inc.

Appendix C

CGCI 501(c)(3) Group Tax Exemption Information

Revising club bylaws to contain the IRS-approved language.

Instructions for amending your club bylaws to include the
“Requirements to be Exempt as an Organization described in section 501(c)(3) of the Internal Revenue Code”

The Internal Revenue Service requires that club bylaws include specific language in order for the club to be considered a nonprofit, exempt organization as described in section 501(c)(3) of the Internal Revenue Code. The five (5) paragraphs in the box below are the IRS-approved 501(c)(3) language that needs to be included in your clubs bylaws (organizing document) to demonstrate that your organization is, indeed, a non-profit public-benefit organization.

The **exact wording** in the five sections below are **all** required by the Internal Revenue Service: they include purpose, inurement, lobbying, notwithstanding, and dissolution clauses. The sections may be included separately within different articles of your bylaws or they may be added as one, complete amendment as appears below.

Contact the CGCI Group Tax Exemption Program Chairman if you have any questions: gtep@cagardenclubs.org

DIRECTIONS: Submit a full copy of your clubs bylaws (governing document) to CGCI. Make sure your bylaws are

- a. dated with the date these bylaws were legally approved by club membership/governing body
- b. signed by two (2) officers with the date they are signed to certify the copy is a true copy of the bylaws (governing document) of your organization.

••PLEASE make sure the NAME of your organization is also included in the bylaws. ••

Please note that both the purpose and membership statements of your bylaws must reflect the 501(c)(3) charitable and educational purpose of your organization.

(If using the Article below as one unit, please give this article a new number to consistent with the numbering in your bylaws)

Article _____ Amendment to the By-laws Requirements to be exempt as an Organization described in section 501(c)(3) of the Internal Revenue Code

Section 1. Said organization is organized exclusively for charitable, educational, or scientific purposes, including, for such purposes, the making of distributions to organizations that qualify under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

Section 2. No part of the net earnings of the organization shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the purpose clause hereof.

Section 3. No substantial part of the activities of the organization shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the organization shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

Section 4. Notwithstanding any other provision of these articles, the organization shall not carry on any other activities not permitted to be carried on (a) by an organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or (b) by an organization, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

Section 5. Upon the dissolution of the organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the organization is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

What does the required language mean?

Below is a brief and very unprofessional explanation of what each section means in common language.

Section 1: This paragraph promises that the club or district was formed with the purpose of being “charitable” or “not-for-profit.” The government approves several types of activities as “charitable.” “Education” is an approved activity that is most applicable to garden clubs and districts. “Science” applies to a lesser degree. This paragraph promises that the majority of the effort put forth by the club or district will be educational and perhaps also scientific, as far as the science of gardening goes.

Section 2: This paragraph promises that the organization will not act to benefit an individual(s). In other words, no individual(s) will make money off this club or district. Members or others may be paid a “reasonable” compensation for services and expenses, but no one will personally profit (as in “get-something-for-nothing,” “skim money off the top” or charge unacceptable expenses to the organization.)

Section 3: This means that the **major part** of the club or district business will be for carrying on educational activities, but not activities of a political nature. Politics & promoting political candidates may **not** be a major activity of the club or district. Of course we all have freedom of speech in this country and we are not precluded from expressing our opinions. But to be a 501(c)(3) club or district, political posturing must be kept to a very small part of the day-to-day business of the club or district.

Section 4: This paragraph is basically stating that this club or district will behave as the IRS, and the public in general, expects a non-profit organization to behave.

Section 5: The IRS is giving a break to people who donate to your club or district. The government agrees to **not** charge the donor income tax on the amount of money given to your club or district. In effect, the government, itself, is giving-up the income it would have gotten from the taxes on the donation amount. So, the government rightly believes the money received by the club or district is “special.” (It wasn’t taxed.) Therefore, if the club or district decides to shut down, the government wants this “special” untaxed money to go to some other non-profit that has the same non-profit status [501(c)(3)] as your club or district. If your club or district can’t find another non-profit to give its money to if/when it closes down, the government says it will take the money and distribute it for you. That’s the deal. After legitimate expenses, donated money must stay in the hands of approved non-profit organizations or it all gets turned over to the government and the government will see that it gets used for charitable purposes.

MyTown Garden Club

Fiscal Year July 1, 2019-June 30, 2020

Sample: Activities Report

Held 8 educational monthly meetings open to the public, covering conservation, horticulture, and other educational topics

Promoted CGCI educational projects

Awarded 2 Club educational scholarships

Gave horticulture scholarship money to District to deserving students to help with studies and books; donated to local 501(c)(3) nonprofit botanical garden.

Held plant sales open to the public

Provide volunteers on an ongoing basis to care for City Hall planter boxes, demonstrating proper pruning and care

Conducted flower arranging classes at Library, educating public and presented arrangements to library for decorations

My Town Garden Club

Fiscal Year July 1, 2019-June 30, 2020

Sample: Financial Report

Revenues

Membership Dues	\$1,840.00
Plant Sales	450.75
Spring Tea	66.50
Home Tour	2,200.00
Donations	66.43
Total Revenue	\$4,623.68

Expenses

Dues: CGCI& District	\$ 225.00
Rent	600.00
Insurance	125.00
Golden Gardens	180.00
Publications/Newsletter	84.33
Program Speakers	75.00
Flower Arrangements-Library	133.33
City Hall Beautification	250.00
District Expenses	30.00
Scholarships	500.00
CGCI President's project	300.00

Total Expenditures	\$2,502.66
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Excess of Revenues over Expense	\$2,121.02
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