



**BP Number:** P.UA.2018.03

**Effective** 4/27/2018

**Date:**

**Approved By:** Richard LeRoy  
Senior Director of Development

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## Procedure for Raffles

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### **PURPOSE**

California State University Channel Islands (CSUCI) permits departments, entities, and organizations to conduct raffles to raise funds in support of university related activities. Raffles must be conducted with University, state, and tax reporting requirements.

### **BACKGROUND**

A raffle is a type of lottery in which prizes are awarded to people who pay for a chance to win. Each person enters the game of chance by submitting a detachable coupon or stub from the paper ticket purchased. A raffle must be conducted under the supervision of a natural person of age 18 or older. At least 90 percent of the gross receipts from raffle ticket sales must be used by the eligible tax-exempt organization to benefit or support beneficial or charitable purposes in California.

Raffles conducted by nonprofit organizations (including auxiliary organizations) for charitable purposes are lawful under California Penal Code §3 20.5. The law requires charitable organizations to register with the Attorney General's Registry of Charitable Trusts for approval prior to conducting a raffle and annually report the results of any raffles conducted. Registration and reporting forms may be obtained from the Registry of Charitable Trusts by mail or from the Charitable Trusts website.

### **PROCEDURE FOR RAFFLES**

#### **Accountability:**

Vice President of University Advancement or delegate.

#### **Applicability:**

This business practice applies to all requests from CSUCI students, faculty, staff and campus auxiliaries and related enterprises.

#### **Definitions:**

Raffle- also known as an opportunity drawing or basket auction is a scheme for the distribution of prizes by chance among persons who have paid money for paper tickets that provide the opportunity to win these prizes. Each ticket is sold with a detachable coupon or stub, and both the ticket and its associated coupon or stub are marked with a unique and matching identifier.



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### **Text:**

Raffle fundraising events take special planning and consideration due to strict legal requirements and laws surrounding raffles. Under no circumstances shall any department conduct a raffle without full approval in advance from CSUCI University Advancement.

Campus organizations sometimes fundraise by means of raffles, where tickets are sold which give the purchaser an opportunity to win a prize. Regardless of what the drawing is called, if tickets are sold which give the purchaser a chance at winning a prize, it is a raffle. If you give away (not sell) the tickets, it does not qualify as a raffle.

Only not-for-profit organizations that have pre-registered with the State Attorney General's Office are permitted to conduct raffles. When you conduct a charitable raffle, the state of California requires a report of the raffle to be filed with the Attorney General's office.

Please note that if you're having a raffle with a valuable prize, we may need to issue a W-2G to the winner. We'll need to work more closely together for a raffle with valuable prizes than a raffle where we give away a sweatshirt. Generally, the W-2G must be filed with the IRS (and given to a prize winner) if they win a prize with a value of at least \$600 AND the prize value was 300 times the ticket price or more. For example, if your prize value is \$2,000, and your tickets are \$20 each, we won't need to send a W-2G to the winner ( $\$20 \times 300 = \$6,000$ ). If your tickets were \$5, we would have to ( $\$5 \times 300 = \$1,500$ ). For any winner of a prize valued at \$600 or more, please have them complete [form 5754](#).

Furthermore, if the person who wins a prize is receiving a prize valued at \$5,000 or more, we are required to collect backup withholding from the prize. The rate is 28%, and we would reduce the amount of the prize in the case of a monetary prize, or they'd have to write us a check in the case of a non-monetary prize (such as a car). The winner would receive a W-2G that would reflect the amount of backup withholding collected.

To have your raffle approved, please follow the instructions below:

1. Obtain approval from University Advancement by completing the following event form: <https://www.csuci.edu/ci-foundation/documents/ua-fundraising-event-approval-form.pdf>
2. Register your raffle with the State Attorney General's Office: <https://oag.ca.gov/charities/raffles>



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- a. Require a \$20 fee registration fee payable to the Department of Justice.
- b. Please note the following limitations:
  - Tickets can only be sold in California, not in any other states.
  - Tickets are not to be sold over the Internet. You can announce the raffle online or by email, but no tickets can be sold online or by email.
  - No gambling machine or apparatus may be used in the raffle.
  - If any of the funds from the raffle are donated to another charitable organization, we need the name and address of that organization, and the amount donated.
3. If your prizes are donated, the University has a form that needs to be completed:  
If you have questions about this form, please contact Julia Levi, Donor Relations & Stewardship Assistant at 805-437-3683.
4. Prepare and submit a Nonprofit Raffle Report after all the raffle events for the registration year they have taken place (September 1 – August 31). The report must be filed no later than October 1<sup>st</sup> of the following registration year and a copy of the report must be submitted to University Advancement.
  - a. <https://oag.ca.gov/charities/forms>