

CHARITABLE GAMING BASICS

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Charitable Gaming Basics

What is Gaming?

- Elements of Charitable Gaming:
 - Consideration
 - Chance
 - Prize
- Gambling means risking money or other property for gain, contingent in who or in part upon lot, chance, or the operation of a gambling device.

Charitable Gaming Basics

What is Gaming?

- **Criminal Penalties**

- A person or an organization that recklessly, knowingly or intentionally violates a provision of the charitable gaming statute commits a Class B Misdemeanor

Charitable Gaming Basics

What is Gaming?

- What Does not Constitute Gaming
 - Live Auctions
 - Silent Auctions
 - Donation Only
 - Skill contests

Charitable Gaming Basics

Qualified Organization

- Not every charity may conduct Charitable Gaming
- Before a charity can conduct Charitable Gaming it must be Qualified by the Indiana Gaming Commission (IGC)
- IGC Rules Specify 120 Day Processing Time for Qualification Application

Charitable Gaming Basics

Qualification Criteria

- Applicable organizations
 - Religious, Educational, Senior Citizens, Veterans or Civic Organizations operating in Indiana that:
 - Operate without profit to organization's members
 - Is exempt from taxation under Section 501 of the Internal Revenue Code;
 - Meets one of the following:
 - ❖ Continuously in existence in Indiana for at least 3 years
 - ❖ Affiliated with parent organization that has been in existence in Indiana for at least 3 years
 - ❖ Organization was reorganized and is continuing under a new name and satisfies one of the 2 criteria above.
 - Political Organization operating in Indiana that produces exempt function income as defined in IRC 527
 - State Education Institution
 - National Organization Operating in Indiana
 - National Foundation

Charitable Gaming Basics

Qualification Criteria

- The following organizations can conduct limited gaming:
 - Hospitals
 - Health Facilities
 - Psychiatric Facility
 - Business Organizations (door prizes)

Charitable Gaming Basics

Charitable Gaming Licenses

- Annual Bingo License

- Allows:

- Bingo
- Raffle Drawings
- Door Prize Drawings
- Pull Tabs, Punch Boards and Tip Boards

- Up to 3 Events Per Calendar Week

- \$1,000 Payout limitation per Bingo Game

- \$6,000 Payout Limitation per Bingo Event

- May request ability to Increase Event Payout to \$10,000
2 times per year

Charitable Gaming Basics

Charity Gaming Licenses

- Annual Bingo License (cont.)
 - \$5,000 Limitation on Total Value of Raffle Prizes
 - May request ability to Increase Total Value of Raffle Prizes to \$25,000 1 time per year if Conducted at another Allowable Event
 - \$1,500 Limitation on Total Value of Door Prizes
 - License Effective for 1 Year
 - No More Than 1 Event Per Day
 - Cannot Conduct More Than 2 Consecutive Days

Charitable Gaming Basics

Charity Gaming Licenses

- Special Bingo License

- Allows:

- Bingo
- Raffle Drawings
- Door Prize Drawings
- Pull Tabs, Punch Boards and Tip Boards

- \$1,000 Payout Limitation per Bingo Game

- \$6,000 Payout Limitation per Bingo Event

- May Request Ability to Increase Event Payout Limitation to \$10,000 2 Times per Year

- **Special Bingo License (cont.)**
 - **\$5,000 Limitation on Total Value of Raffle Prizes**
 - **May Request Ability to Increase Raffle Prize Value to \$25,000 1 Time per Year if Conducted at another Allowable Event**
 - **\$1,500 Limitation on Door Prize Value**
 - **1 Event at One Time and Location**

Charitable Gaming Basics

Charity Gaming Licenses

- Annual Charity Game Night License

- Allows:

- Card Games
- Dice Games
- Roulette Wheel
- Spindle Games
- Raffle Games
- Door Prize Drawings
- Pull Tabs, Punchboards and Tip Boards

- Only Applies to Fraternal and Veteran Groups with 10 Years Existence

- \$5,000 Limitation on Total Value of Raffle Prizes

- May Request Ability to Increase Raffle Prize Limit to \$25,000 per Year if Conducted at another Allowable Event

Charitable Gaming Basics

Charity Gaming Licenses

- Annual Charity Game Night License (cont.)
 - \$1,500 Limitation on Total Value of Door Prizes
 - License Effective for 1 Year
 - Only 1 Event Per Day
 - Up to 3 Events Per Week
 - Cannot Conduct More Than 2 Consecutive Days
 - Can Conduct from 12:01 am to 11:59 pm
 - Facility may not be Used for more than 3 Calendar Days per Week for Annual Charity Game Night Events

Charitable Gaming Basics

Charity Gaming Licenses

- Charity Game Night License

- Allows:

- Card Game
- Dice Game
- Roulette Wheel
- Spindle Game
- Raffle Drawings
- Door Prize Drawings
- Pull Tabs, Punchboards and Tip Boards

- \$5,000 Limitation on Raffle Prizes

- May Request Ability to Increase Raffle Prize Limit to \$25,000 per Year if Conducted at another Allowable Event

Charitable Gaming Basics

Charity Gaming Licenses

- Charity Game Night License (cont.)
 - \$1,500 Limitation on Total Value of Door Prizes
 - 1 Charity Game Night at only 1 Time and Location per License
 - Up to 6 Charity Game Night Events Per Year

Charitable Gaming Basics

Charity Gaming Licenses

- Annual Raffle License

- Allows:

- Raffle Drawings
- Door Prize Drawings
- Pull Tabs, Punchboard and Tip Boards

- Everyday (24/7) Event Through Date of Drawing

- No Limitation on Raffle Prize Payout

- \$5,000 Limitation for each Pull Tab, Punchboard or Tip Board Game

- \$599 Limitation on Single Prize Awarded for 1 Winning Ticket in Pull Tab, Punchboard or Tip Board Game

- Pull Tab, Punchboard or Tip Board Game Ticket May Not Exceed \$1

Charitable Gaming Basics

Charity Gaming Licenses

- Annual Raffle License (cont.)
 - \$1,500 Limitation on Total Value of Door Prizes
 - License Effective for 1 Year
 - Must be Conducted on Premises Owned or Leased by Qualified Organization and Regularly Used for Qualified Organization's Activities

Charitable Gaming Basics

Charity Gaming Licenses

- Raffle License

- Allows:

- Raffle Drawings
 - Door Prize Drawings
 - Pull Tab, Punchboards and Tip Board

- No Limitation on Raffle Prize Pay Out

- \$1,500 Limitation on Total Value of Door Prizes

- 1 Raffle Event at 1 Time and Location

Charitable Gaming Basics

Charity Gaming Licenses

- Annual Door Prize License

- Allows:

- Raffle Drawings
- Door Prize Drawings
- Pull Tabs, Punchboards and Tip Boards

- \$5,000 Limitation on Total Value of Door Prizes per Event

- May Request Ability to Increase Total Value of Door Prize Payouts to \$20,000 per Event 1 Time per Year

- \$5,000 Limitation on Total Value of Raffle Prizes

- May Request Ability to Increase Total Value of Raffle Prizes to \$25,000 1 Time per Year if Conducted at another Allowable Event

Charitable Gaming Basics

Charity Gaming Licenses

- Annual Door Prize License (cont.)
 - License is Effective for 1 Year
 - Cannot Conduct More than 1 Event per Year
 - Cannot Conduct More than 2 Consecutive Days
 - Up to 3 Events per Calendar Week

Charitable Gaming Basics

Charity Gaming Licenses

- Door Prize Licenses

- Allows:

- Door Prize Drawings
- Raffle Drawings
- Pull Tabs, Punchboards and Tip Boards

- \$5,000 Door Prize Limitation

- May Request Ability to Increase Total Value of Door Prize Payouts to \$20,000 per Event 1 Time per Year

- \$5,000 Limitation on Total Value of Raffle Prizes

- May Request Ability to Increase Total Value of Raffle Prizes to \$25,000 1 Time per Year if Conducted at another Allowable Event

- 1 Door Prize Event at 1 Time and Location

Charitable Gaming Basics

Charity Gaming Licenses

- Festival License

- Allows:

- Bingo
- Charity Game Nights
- Raffle Drawings
- Guessing Games
- Water Races
- Pull Tabs, Punchboards and Tip Boards

- \$1,000 or \$6,000 Limitation on Bingo Prize Payouts Per Game

- No Limitation on Raffle Prize Payouts

Charitable Gaming Basics

Charity Gaming Licenses

- Festival License (cont.)
 - \$5,000 Limitation on Door Prize Payouts
 - 1 Festival Event per Calendar Year
 - May Conduct 1 Additional Festival Event During each 6 Months (Total of 3 Events per Year)
 - Festival Cannot Exceed 5 Consecutive Days per Event

Charitable Gaming Basics

Charity Gaming Licenses

- Annual PPT License

- Allows:

- Pull Tabs, Punchboards and Tip Boards
 - Winner Take All and/or Qualified Drawings

- May Be Conducted 24/7

- License Effective for 1 Year

- One PPT Game May Not Exceed \$5,000

- Single Prize per Winning PPT Ticket May Not Exceed \$599

- PPT Ticket Price May Not Exceed \$1

Charitable Gaming Basics

Charity Gaming Licenses

- Annual PPT License (cont.)
 - \$300 Limitation on Winner Take All or Qualified Drawings
 - Allows 1 Daily Drawing
 - Allows 1 Weekly Drawing
 - Allows 1 Monthly Drawing

Charitable Gaming Basics

Charity Gaming Licenses

- Annual Water Race

- Allows Water Race using Qualified Personal Property (i.e. ducks and boats)
- Each Qualified Personal Property Item Marked with a Number Corresponding to Numbers on Chances Purchased
- Winner Determined by Number of 1st Item to Cross Designated Finish Line on Body of Water
- License Effective for 1 Year
- Cannot Conduct more than 1 Event per Day
- Cannot Conduct more than 2 Consecutive Days
- Can Conduct up to 3 Events per Calendar Week

Charitable Gaming Basics

Charity Gaming Licenses

- **Water Race**
 - Allows Water Race using Qualified Personal Property
 - Each Qualified Personal Property Item Marked with a Number Corresponding to Numbers on Chances Purchased
 - Winner Determined by Number of 1st Item to Cross Designated Finish Line on Body of Water

Charitable Gaming Basics

Charity Gaming Licenses

- Annual Guessing Game
 - Allows Guessing Game
 - License Effective for 1 Year
 - Conduct up to 3 Events per Calendar Week
 - Cannot Conduct more than 1 Event per Day
 - Cannot Conduct more than 2 Consecutive Days

Charitable Gaming Basics

Charity Gaming Licenses

- **Guessing Game**
 - Allows Guessing Game
 - 1 Guessing Game Event at 1 Time and Location

Charitable Gaming Basics

Charity Gaming Licenses

- **Annual Comprehensive Charity Gaming License**
 - Applicable for National Organizations and Foundations
 - Allows Raffle and Door Prize Events

Charitable Gaming Basics

Charity Gaming Licenses

- **Special Permission Recap**
 - Raffle Prize Payout Increased up to \$25,000 1 Time per Year
 - Door Prize Payout Increased up to \$20,000 1 Time per Year
 - Bingo Event Prize Payout up to \$10,000 2 Times per Year

Charitable Gaming Basics

License Exceptions

- Qualified Organizations may conduct exempt gaming if door prizes do not exceed \$1,000 per event and not more than \$3,000 per year.
- Notification is required
- Must maintain records
- If multiple exempt events are planned provide annual written notice outlining (March 1 of each year or 1 week before 1st allowable event):
 - Estimated frequency of events
 - Location(s) where events will be held
 - Estimated value of prizes at each event

Charitable Gaming Basics

Members, Workers and Operators

- **Members and Workers**

- Qualified Organization may only use Members of its Organization to Conduct Gaming Events as Workers and Operators
- Members MAY NOT receive Remuneration for Conducting Gaming Events except:
 - Bartenders who Sell PPTs
 - Full Time Employees who Work 32 hours per week and whose primary duties are not related to Charity Gaming; Must be Employed for 90 days prior to participating in Charitable Gaming Activities
- Workers Must be a Member of Qualified Organization for 30 Days at Time of Event
- Operators Must be a Member of Qualified Organization for 1 Year at Time of Event

Charitable Gaming Basics

Members, Workers and Operators

- Member Defined

- IC 4-32.2-2-20.5 of Charitable Gaming Act defines Member as:
 - An individual entitled to membership in a qualified organization under the bylaws, articles of incorporation, charter, or rules of the qualified organization.
 - A member of the qualified organization's auxiliary.
 - If the case of a qualified organization that is a public or nonpublic school, any of the following:
 - ❖ A parent of a child enrolled in the school
 - ❖ A member of the school's parent organization
 - ❖ A member of the school's alumni association
 - ❖ An employee of the school
 - ❖ An officer of the school
 - ❖ A student enrolled in the school
 - A member of a qualified organization's board of directors or trustees
- Different Classes of Members Allowed
- Member DO NOT have to have Voting Rights
- Members DO NOT have to pay dues
- Need to be able to Track Membership

Charitable Gaming Basics

Members, Workers and Operators

- Member Defined (cont.)

- IC 23-17-2-7 (Non Profit Statute)

- Member means a person who, on more than one (1) occasions, has the right vote for the election of a director under a corporation's articles of incorporation or bylaws
- A person is not a member because of any of the following:
 - ❖ Any rights the person has as a delegate
 - ❖ Any right the person has to designate a director
 - ❖ Any rights the person has as a director

- IC 23-17-7-4 (Non Profit Statute)

- Members shall have the same rights and obligations with respect to the following unless the articles of Incorporation or Bylaws establish classes of Membership with Different Rights and Obligations. Members have the same right and obligations with respect to other Matters, except as set for in or authorized by Articles of incorporation or Bylaws:
 - ❖ Voting
 - ❖ Dissolution
 - ❖ Redemption
 - ❖ Transfer

- IC 23-17-7-3 (Non Profit Statute)

- Non Profit Corporations are not Required to have Members

Charitable Gaming Basics

Members, Workers and Operators

- Worker Assists in Conducting Charity Gaming such as:
 - Selling PPTs
 - Selling Bingo Supplies
 - Dealing Cards at a Card Game other than Euchre
 - Selling Tickets or Chances at an Allowable Event
 - Redeeming PPTs Valued at \$50 or Less

Charitable Gaming Basics

Members, Workers and Operators

- Operator is Responsible for Performing Functions Directly Associated with Gaming Activities, such as:
 - Accounting for Money Received and Disbursed at the Gaming Event
 - Keeping Records of the Gaming Event
 - Announcing Letter/Number Combinations at Bingo
 - Conducting Qualified Drawings
 - Determining Winner in Guessing Game or Water Race
 - Determining Flare and Seal Card Winners
 - Controlling Mixing and Distribution of Pull Tabs
 - Redeeming PPTs Valued in Excess of \$50
 - Performing any Worker Tasks
 - Paid Bartenders Designated on Annual PPT or Raffle License
 - An Individual may not be an Operator for more than 3 Qualified Organizations in a Calendar Month

Charitable Gaming Basics

Members, Workers and Operators

- Bingo Workers whose duties are limited to selling Bingo Supplies or Door Prize or Raffle Tickets may Participate as a Player after his or her Duties are Completed
- Workers May Participate in Gaming on a Day the Worker is not Conducting any Part of Gaming Operations

Charitable Gaming Basics

Permissible Use of Non Members

- **Non Member Participation**
 - Licensed Qualified Organization “Borrows” Workers from another Qualified Organization
 - Licensed Qualified Organization Must use its own Members as Operators
 - IGC Approval Required
 - Licensed Qualified Organization may Donate a Portion of the Proceeds to the other Qualified Organization

Charitable Gaming Basics

Volunteer Ticket Agents

- Volunteer Ticket Agents (VTA)
 - Allows Ticket Sales at Retail Outlets, Banks, etc.
 - VTA Must Not be Compensated by Qualified Organization
 - VTA Must Not Sell Pull Tabs, Punchboards or Tip Boards
 - VTA May Not be a Member of Licensed Qualified Organization
 - VTA May Participate in Charitable Game
 - Ticket Requirements Must be Met

Charitable Gaming Basics

License Fees

- License Fees

- Initial License Fee is \$50
- Subsequent License Fees Based on Adjusted Gross Income of Prior Charitable Gaming Event
- Adjusted Gross Income is Gross Receipts Less:
 - Total Value of Prizes Awarded
 - Total Amount Paid for Licensed Supplies Dispensed/Used at Allowable Event
 - Amount Equal to License Fee Attributable to Allowable Event
 - Advertising Expenses
 - An Amount Not to Exceed \$200 per Day for Rent Paid for Facility
- Renewal Fees Range from \$50 to \$26,000

Charitable Gaming Basics

Charity Gaming Funds

- All Funds from Charity Gaming must be Placed in Segregated Gaming Account
- Segregated Gaming Account must be Checking Account
- Segregated Gaming Account Funds CANNOT be Transferred to other Financial Accounts
- Donations of Money to Individuals and Organizations must be Written on Check from Segregated Gaming Account

Charitable Gaming Basics

Charity Gaming Funds

- Allowable Expenditures with Gaming Funds
 - Donations of money or items to qualified organizations or individuals
 - Mortgages on building where gaming is conducted
 - Rent payments—up to \$200 per day for gaming
 - Property tax
 - Insurance on building where organization is located and/or where gaming conducted
 - Utilities—Electric, Water, Gas, Telephone, Internet DOES NOT include cable television
 - Maintenance—Interior

Charitable Gaming Basics

Charity Gaming Funds

- Allowable Expenditures with Gaming Funds (cont.)
 - Remodeling/Improvements
 - Security Systems and Monitoring Costs—Includes Security Guard During Allowable Event
 - Janitorial Contract—But not Janitorial Salaries
 - Monthly Tax Returns for Wagers (Federal Form 730)
 - Occupational Tax and Registration Return for Wagering (Federal Form 11-C)
 - Attorney Fees for Organization's Creation and Charitable Gaming Issues
 - CPAs and Accountants for Charitable Gaming Issues
 - Charity Gaming Equipment, Supplies and Devices

Charitable Gaming Basics

Charity Gaming Funds

- Allowable Expenditures with Gaming Funds (cont.)
 - Charity Gaming Licensing Fees
 - Charity Gaming Specific Printing (Newspaper postings, advertisement, flyers)
 - Travel and Lodging to and from Charity Gaming Informational Seminars
 - Travel and Lodging by Specific Members if Governance Documents Mandate Attendance
 - Lawful Purposes of the Organization

Charitable Gaming Basics

Charity Gaming Funds

- **Disallowed Expenses**
 - Salaries (Directly or Indirectly)
 - Taxes—Employee, Federal, State or County Withholding Taxes, Sales Taxes
 - Alcoholic Beverages
 - Alcoholic Beverage Taxes

Charitable Gaming Basics

Common Mistakes

- Common Mistakes
 - Contracting
 - Operators/Workers Not Listed
 - Gaming Without License
 - Computer Records not Supported with Original Accounting Documents
 - Bingo Caller is not an Operator
 - Paying Workers/Operators
 - Failure to Segregate Money
 - Participation in Gaming by Workers and Operators

Charitable Gaming Basics

Common Mistakes

- Common Mistakes (cont.)
 - Not Posting Licenses
 - Not Posting “No Tipping” Signs
 - Illegal Games, i.e. NASCAR Boards
 - Game Outcomes Tied to Sporting Events

Charitable Gaming Basics

Financial Reports

- Financial Reports

- Single Event License -- CG-9 must be Filed 10 Days after the Event
- Annual License – CG-8 must be Filed by 10th Day in Month the License Expires
- CG-21 and CG-22—Annual Forms to Determine if 90/60 Rule is Met—if an Organization Raises 90% of its Revenue through Charitable Gaming it Must Donate 60% of the Profits to Charity

Charitable Gaming Basics

Miscellaneous

- **Miscellaneous Provisions**

- First Time Annual Application Processing Time is 120 Business Days
- Single Event Application Processing Time is 45 Business Days
- Euchre and Poker Events Allowed Under Charity Game Night and Festival Licenses
- There are Limits on the Amount of Rent Qualified Organization can Pay to Rent Facility
- Cannot Accept Credit Cards for Charitable Gaming
- May Accept Debit Cards for Charitable Gaming
- Must be 18 to Participate in Charitable Gaming
- Advertising
 - License Number must be in Printed or Televised Advertising
 - Radio Advertising must announce Name of Qualified Organization and that License Number is on File

Charitable Gaming Basics

Websites

- Useful Websites

- Indiana Gaming Commission www.in.gov/igc
- Indiana Charity Gaming Association, LLC
www.indianacg.com