

Lawful Purpose Donations: Don't Miss the Year-End Deadline

A Message from the Executive Director

As we move into the last month of the fiscal year, this is a good time to assess where your organization stands on meeting your minimum lawful purpose contribution requirement. The deadline to complete those donations is June 30th, and it comes faster than most organizations expect.

Lawful purpose expenditures (charitable donations) aren't just a good deed, they're a statutory obligation, but above all else, it's why charitable gambling exists. In FY25, charities had \$147 million available to support their missions and over 97% of organizations met (and plenty exceeded!) their required donations.

As a reminder, organizations that fall short of their minimum by June 30th are placed on probation. A second consecutive year of noncompliance may result in corrective action against your license. These are consequences worth taking seriously and worth planning around now.

If your organization is on track, keep going. If you're behind or unsure where you stand, the time to act is now. Review your current contribution totals, identify eligible lawful purpose expenditures (see pg. 3 for a complete list of the categories and their codes), and make a plan to close any gap before the deadline. A reminder that most organizations must donate 30% of their net receipts, unless the organization is a bingo hall, and then it's 20%.

As always, your compliance specialist is available to answer questions about what qualifies as a lawful purpose expenditure or to help you understand your current standing. Remember your expenditures need prior membership approval, so plan accordingly. Let's keep pushing towards 100% compliance with lawful purpose expenditures, the work you do matters!



Executive Director
MN Gambling Control Board

Complete Forms, Fewer Complications

Submitting complete and accurate paperwork is one of the simplest ways your organization can stay in good standing with the Gambling Control Board. It sounds straightforward, but incomplete forms are one of the most common reasons organizations receive citations or delayed applications, and in most cases, it is entirely avoidable. Here are some general tips:

- When a required field is left blank, a signature is missing, or supporting documentation isn't included, GCB staff cannot verify the accuracy of a form or process your application without follow-up. That follow-up takes time and can sometimes affect your permit processing or trigger a citation even when the underlying

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Complete Forms, Fewer Complications *(continued from page 1)*

activity was conducted properly.

- In some instances, organizations will use their own forms based on their preferences. This is allowed if all the information on the GCB form is included on the alternate form. Information can be added, but nothing can be taken away.
- Double-check your form against the GCB website to make sure you are filling out the most recent version. While forms are generally predictably updated with a policy change, it's never a bad idea to verify that the form is correct. For current GCB forms, visit: mn.gov/gcb/forms

A good rule of thumb: if you are using a form produced and required by the GCB, fill out every field on the form, they are generally there for a reason. If you're unsure whether a field applies to your organization, the safest answer is to complete it or call your licensing or compliance specialist.

Understanding Excluded and Exempt Activity

Without a license, what charitable gambling is available to raise funds for non-profit organizations? This is a question that often comes to the GCB in a roundabout way, usually starting with the statement, "I want to raise money for my organization, but I don't have a gambling license." The answer usually contains many follow up questions to determine eligibility and the scope of the activity.

Excluded and exempt gambling activities were designed to allow for non-profit organizations to have access to charitable gambling as a fundraising mechanism based on certain activities and the regulation needed to ensure the integrity of operations. Although they are much smaller in scale, excluded and exempt activity raised over \$40 million for charities in FY25. Here are the three options.

Excluded Bingo (paper or hard card):

- \$0 permit is required,
- 12 consecutive days if associated with a county fair, civic celebration, and Minnesota State Fair and,
- No more than 4 applications applied for and approved in a calendar year OR,
- By an organization that conducts bingo 4 or fewer days in a calendar year.
- No prize limit

Excluded Raffles:

- No permit is required if,
- Prizes less than \$1,500 awarded in the calendar year with no event limitations, or
- Prizes less than \$5,000 if org is a 501(c)3 and limited to a single event in a calendar year

Exempt Activity:

- \$100 permit is required,
- 5 or fewer days in calendar year and,
- No more than \$50,000 in prizes in a calendar year.
- May include pull-tabs (paper), bingo (paper or hard card), tipboards, paddlewheels and raffles.
- Submits a LG220A Financial Report.

General Rules:

- Organizations may conduct excluded activity or exempt activity in a calendar year, not both.
- Participating in excluded or exempt activity in a calendar year does not prevent an organization from becoming fully licensed in that same calendar year.
- Fully licensed organizations cannot conduct excluded or exempt activity except in cases where the excluded or exempt activity occurred in the same calendar year prior to becoming fully licensed, or after the organization terminated their license.

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Lawful Purpose Expenditures Code Summary

This one-page chart lists the lawful purpose expenditures that are allowed, and the codes to use when reporting these expenditures. Refer to the code information for restrictions not noted in this chart.

CODE		CODE		CODE	
1	To and by 501(c)(3) organizations or 501(c)(4) festival organizations.	11	To and by a nonprofit organization which is a church or a body of communicants.	18	Fees paid to the state for organization license, premises permits, and gambling manager license.
2	Relieving the effects of poverty, homelessness, or disability.	12	Water quality testing for public waters, provided that the MPCA has approved the project.	19	Recognizing humanitarian service demonstrated through volunteerism or philanthropy.
3	Program for education, prevention, or treatment of problem gambling.	13	- Wildlife management project that benefits the public-at-large, provided that the DNR has approved the project. - Costs related to grooming and maintaining snowmobile or all-terrain vehicle trails that are grant-in-aid trails, or other trails open to public use, provided that DNR has approved the project. - Supplies and materials for safety training and education programs coordinated by the DNR.	20	Contribution to another licensed organization, with Board approval.
4	Funding a public or private non-profit education institution registered with or accredited by Minnesota or any other state.			21	Contribution to a parent organization that has received prior Board approval.
5	Scholarships.			Real Property/Capital Assets	
6	- Recognition of military service (open to the public). - Active military personnel in need.			22	Repair, maintenance, or improvement of owned real property and capital assets, or replacement of owned capital asset that is no longer repairable, subject to annual limit.
7	Activities and facilities benefiting youth under age 21.	14	Conducting nutritional programs, food shelves, and congregate dining programs primarily for persons who are age 62 or older or disabled.	23	Acquisition or improvement of capital assets (excluding real property) used exclusively for lawful purpose, with a cost greater than \$2,000, with Board approval.
8	Payment of local, state, and federal taxes on receipts from lawful gambling.	15	To community arts organizations or expenditures to fund arts programs in the community.		
9	Real estate taxes and assessments on gambling premises: - owned by a licensed organization (includes veterans organizations), or - wholly leased by a licensed 501(c)(19) veterans organization.	16	Utility costs (fuel for heating, water, electricity, and sewer costs) for building wholly owned or wholly leased by licensed veteran or fraternal organizations and used as their primary headquarters (if portion leased out, percentage for primary headquarters allowed with GCB Director approval).	24	Acquisition, erection, improvement, or expansion of real property used exclusively for lawful purpose, with Board approval.
				25	Erection or acquisition of comparable building to replace building destroyed or made uninhabitable due to fire or catastrophe, or taken or sold under eminent domain proceeding, with Board approval.
10	- Contributions to the United States, state of Minnesota, or any of its subdivisions or agencies or instrumentalities (except a direct contribution to a law enforcement or prosecutorial agency). - A fund administered and regulated by a city or county (for lawful purposes).	17	Meals and other membership events of licensed veterans organizations, limited to members and spouses only, held in recognition of military service (limit \$5,000 per year for all organizations at post home).	26	Contribution to non-licensed 501(c)(19) organization that is not affiliated with contributing organization and whose owned or leased property is not a permitted premises.

Understanding Excluded and Exempt Activity *(continued from page 2)*

- A licensing specialist assigned to your county is the best place to start to determine what activity level your organization wants to conduct for the calendar year, and what the requirements are for that type.
- Licensing specialists are available Monday-Friday, 8:00-4:30 by calling 651-539-1900. To connect with the licensing specialist for your county, visit: mn.gov/gcb/about-us/who-we-are
- For more information on Excluded Bingo, Excluded Raffle, and Exempt Activity, visit: mn.gov/gcb/start-here/conducting-gambling-on-a-limited-basis



Stay Connected to the GCB

Your organization receives Gaming News by mail and by email, and it's always available on our website at mn.gov/gcb. If you're not receiving the mailed or email versions, contact your compliance specialist—and check that GCB emails aren't being filtered into your spam folder, since important compliance reminders and updates arrive the same way.

CRG
IN SESSION

Still in the New Location!

The Citation and CRG activity reports are now located on our website. You can find them at:
gcb.mn.gov / Publications / Gaming News

PAID
CITATIONS

Gambling Control Board meetings are open to the public and may be attended either in person or online. Please check our website (mn.gov/gcb) to confirm the date, time, location, and for information on how to join online.

Upcoming meetings:
June 15, 2026 10:00 a.m.
July 20, 2026 10:00 a.m.
August 17, 2026 10:00 a.m.

Board Members:

Jim Nardone, Vice Chair (Grand Rapids)
Mike Sundin, Secretary (Esko)
Alan deJesus (Minneapolis)
Bill English (Plymouth)
Doug Forsman (Shakopee)
Kate Luthner (Forest Lake)
Vacant