

ALLOWABLE EXPENSES

This chapter covers expenditures known as allowable expenses. These expenses must be directly related to lawful gambling and paid from the gambling account.



Accounting procedures for establishing and maintaining gambling accounts, writing checks, and recording allowable expenses are outlined in the *Internal Operations* chapter.

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Allowable Expenses

An allowable expense is the **percentage** of the total cost incurred by your organization in the purchase of any good, service, or other item which corresponds to the proportion of the total actual use of the good, service, or other item that is **directly related to the conduct of lawful gambling.**

Pay From Gambling Checking Account

All expenses directly related to the conduct of lawful gambling must be paid from an organization's gambling checking account, either by check or electronic transaction.

All expenses are reported on the LG100A. The LG100A is filed each month with the LG100C and LG100F in electronic format to the Gambling Control Board.

The electronic format is available on the Board's website, www.mn.gov/gcb.

Refer to the Gambling Account section of the *Internal Operations* chapter for additional information.

Reimbursement to Individual Allowed

A person may make an expenditure and be reimbursed from the gambling account with membership approval. The person must provide itemized receipts for the expenditure. An organization must maintain documentation regarding the expenditure to support the reimbursement.

Membership Approval Required

All expenditures require membership approval before the check is written or the electronic transaction is made.

Refer to the *Internal Operations & Oversight* chapter, *Membership Meeting and Minutes* section, for additional information.

Denied Expenditures

Organizations are responsible for providing proof that the expenditure was for an expense directly related to the conduct of lawful gambling. If any expenditure is determined not to be an allowable expense, the organization will be required to reimburse its gambling account with funds from a non-gambling source.

Accounting Services and Annual Audit

What is allowed:

- Accounting services for preparing monthly lawful gambling tax forms.
- Annual audit, required if gross receipts are \$750,000 or more or when specifically required by the commissioner of the Department of Revenue.

For questions regarding the filing requirements for an annual audit or the annual certified inventory and cash count, contact the Department of Revenue, Lawful Gambling Tax Unit, at 651-297-1772.

Advertising

Must Be Directly Related to Gambling

Only the portion of the advertisement directly related to lawful gambling may be paid from gambling funds.

EXAMPLE:

If the promotional material advertises:

- bingo, which is directly related to lawful gambling; and
- a steak fry, which is not directly related to lawful gambling,

pay only the portion of the advertisement related to bingo from the gambling account.

Content—Required Information

If the cost of advertising is paid by a licensed organization from its gambling account, then advertising materials such as signs, newspaper ads, flyers, banners, website, online advertising, and promotional materials must contain the:

- organization name; and
- organization license number.

Items for visual enhancement, such as lights in a booth or on a paper pull-tab dispenser, do not have to contain organization information.

Keep Ad Copies

Copies of all ads, such as newspaper, online ads, flyers, magazine, radio, TV, etc. must be kept to support the advertising expenditure.

Questions? For questions regarding advertising expenses, contact your Compliance Specialist at the Gambling Control Board.

Advertising (continued)

Which of the following classified ads may be paid from gambling funds as an allowable expense?

Classified Ads	
Piano for sale. Upright, good condition. Newly tuned. Call I. Mintune at 555-555-4321.	Tree trimming and removal. Free est. Call Tim Burr at 555-555-2345.
<p>Hall available for your event. Halls and meeting rooms available to nonprofits free of charge. Central location. Call Ima Vailable at 555-555-9876.</p> <p style="text-align: center; font-size: 24px; border: 1px solid black; border-radius: 50%; width: 30px; margin: 0 auto;">1.</p>	<p>Help wanted. Paper pull-tab sellers for busy charitable gambling operation. Need dependable individuals with good "people" skills. Call 555-555-6789 and ask for Paul Tabb.</p> <p style="text-align: center; font-size: 24px; border: 1px solid black; border-radius: 50%; width: 30px; margin: 0 auto;">2.</p>
Purrfect cat—free to a good home. Adorable tabby. Neutered, shots, good disposition. Call Kit Elitter at 555-555-1234.	<p>ABC Lodge Kids Party City Park May 6, 2-4 p.m.</p> <p style="text-align: center; font-size: 24px; border: 1px solid black; border-radius: 50%; width: 30px; margin: 0 auto;">3.</p>

1. This ad does not qualify as an allowable expense.

The cost to advertise the availability of halls and meeting rooms in your building does not qualify as an allowable expense.

2. This ad qualifies as an allowable expense.

The cost of help wanted ads for gambling employees is an allowable expense.

3. This ad does not qualify as an allowable expense, as it does not advertise lawful gambling.

The cost to advertise a youth activity could be a lawful purpose expenditure (explained in *Lawful Purpose Expenditures* chapter).

Advertising (continued)


This ad publicizes **only** the conduct of lawful gambling. Therefore, the full cost of the ad (100%) is an allowable expense.

This ad publicizes **both** lawful gambling and other organization activities. Only the cost of the top half of this ad (50%) may be paid as an allowable expense. The remainder of the cost must be paid with funds from a non-gambling source.

ABC Lodge
2015 South Oxbow Avenue
Oxbow, MN


Bar Bingo
Thursday and
Friday nights
7:00 - 11:00 p.m.

Paper pull-tabs



Daily
5 p.m. - 1 a.m.
Sundays
Noon - 11:30 p.m.

Meat Raffles
Saturday 5:30 p.m.
& Sun. 3:00 p.m.



License 09999

ABC Lodge
2015 South Oxbow Avenue
Oxbow, MN
Lic. 99999

*****Charitable Gambling*****
Enjoy playing pull-tabs!

Meat Raffle
 Sunday 3 p.m. & Wednesday 5:30 p.m.

UPCOMING EVENTS

Friday, May 5, **Fish Fry - All you can eat**





Spaghetti Feed
 Friday, May 20

Banquet and meetings rooms available
 for nonprofit organizations
 at no charge.

- Q. **If we place a radio or TV spot to advertise our Friday night meat raffle, would the cost be an allowable expense?**
- A. Yes. Keep a written copy of the ad with the invoice to support paying for the ad from gambling funds.

- Q. **May our organization use gambling funds to pay for an ad in a convention program?**
- A. Yes, but only the percentage of the cost directly related to the conduct of lawful gambling may be taken as an allowable expense.

- Q. **May our organization use gambling funds to pay for an ad listing how gambling funds were spent for lawful purposes?**
- A. Yes. The cost of the ad could be an allowable expense. Check with your Compliance Specialist.

Compensation and Payroll Taxes

What is Allowed

Compensation (wages) paid to an organization's employees for the percentage of time spent on activities directly related to the conduct of gambling is an allowable expense. Compensation includes the following:

- wages
- payroll tax
- federal unemployment tax
- Minnesota unemployment compensation tax
- workers' compensation insurance
- FICA
- federal and state income tax withholdings
- monetary bonus

Bar operation—At a bar operation, an organization may compensate an organization employee for the conduct of tipboards and paddlewheels if the games are limited to 32 tickets or less per game and the frequency of the activity is one day or less per week. If conducted more than one day a week and compensation is paid, then the operation is considered a booth operation and the lease must be amended because booth rent limits would then apply.

A compensated employee may not be a lessor, a lessor's employee, or a member of the lessor's immediate family. An employee of a lessor may be compensated by an organization for conducting gambling at sites not owned by the lessor.

An organization may compensate an employee of a lessor for gambling-related activities that are not related to the site owned by the lessor.

Rate of Pay and Benefits

It's up to each organization to determine the rate of pay, frequency of payment, and benefits for its employees. Because job duties vary considerably between organizations, there are no standard pay levels for different positions. Some gambling managers are strictly volunteers and receive no compensation, while others are full-time employees with health care, vacation, and retirement benefits.

Percentage Allowed

Some of the organization's employees might spend 100% of their work time on activities related to gambling. If an organization **OWNS** its site, others such as bartenders might spend only a portion of their working time on gambling-related activities.

To determine the percentage of compensation to claim as an allowable expense, conduct a **time study**. In the time study, document how much actual time each employee spends on activities related to the conduct of gambling compared to the amount of time spent on all other activities.

EXAMPLE: An organization **owns** its site and employs ten bartenders.

- A time study determines that 30% of all bartenders' time is spent selling paper pull-tabs.
- Therefore, 30% of the bartenders wages, including corresponding taxes, bonuses, and benefits, may be paid from the gambling operation.

Compensation and Payroll Taxes (continued)

Compensation Restrictions for Lessor, Immediate Family, and Employees

Compensation may not be paid to a lessor, lessor's immediate family, or lessor's employees for the conduct of lawful gambling.

EXCEPTIONS:

1. Compensation may be paid if the person is employed by an organization only for the sale of pull-tabs or tipboards from a booth operation at the premises.
2. An employee or a member of the lessor's immediate family may be compensated for the conduct of gambling at other sites not owned by the lessor.

Compensation may not be paid to a lessor's employee, such as a waiter or waitress, for gambling-related activities such as auditing closed games for the lessor's site. An organization may compensate an employee of a lessor for gambling-related activities that are not related to the site owned by the lessor.

Q. May we compensate a member of the lessor's immediate family (wife) who works off-site auditing games and doing bookkeeping for the premises for which we lease space from her husband?

- A. No, because the duties are related to the premises being leased from the lessor (her husband).

Workers' Compensation Insurance, Requirements

According to the Department of Labor and Industry, many organizations believe that as a nonprofit organization they are not required to carry workers' compensation insurance on their gambling employees. This belief is a common misconception.

Employers and employees defined

The Minnesota workers' compensation law states that all employers are required to purchase workers' compensation insurance or become self-insured.

- Employers are generally defined as those who hire others to perform services.
- Employees are generally defined as people hired to perform services for another.

Nonprofit organizations need workers' compensation insurance in most cases

The law requires a nonprofit organization to provide workers' compensation coverage if it pays more than \$1,000 in salary or wages in a year for all non-gambling and gambling employees, including part-time employees. (Minnesota Statutes, Sections 176.041, subdivision 1(16); and 176.181, subdivision 2)

Questions?

Contact the Customer Assistance unit at the Department of Labor and Industry regarding requirements for obtaining workers' compensation insurance coverage. Their phone number is 1-800-342-5354 or 651-284-5005.

For more information on workers' compensation, go to
www.doli.state.mn.us

Compensation and Payroll Taxes (continued)

Records Required

Keep a signed federal W-4 withholdings form and all required state and federal forms for each gambling employee. Form I-9 must be kept with the organization's records for 3-1/2 years. Federal W-2 withholdings forms are required at the end of the calendar year.

Payroll timesheets must be kept as part of an organization's permanent records and should include:

1. Employee name, address, and social security number.
2. Name of premises.
3. Payroll period dates.
4. Duties and rate of pay.
5. Dates worked and total hours worked for each date .
6. Total hours worked for the payroll period.
7. Starting and ending time.

For each payroll period, maintain a **Payroll Register** that includes:

1. Employee name and social security number.
2. Gross pay.
3. Federal and state withholding tax based on employee's signed W-4 form.
4. FICA withholding.
5. Other deductions, such as health insurance and/or life insurance.
6. Net pay.
7. Check or electronic transaction number.

Record the total tax withholding and deductions from the employee's gross pay in the Lawful Gambling Check Register contained in the *Internal Operations* chapter. Examples of a Payroll Timesheet and Payroll Register are on the next two pages.

Pay By Check or Electronically

Transferring gambling funds to a general account to pay compensation is not allowed.

Compensation may be paid using any of the following methods:

- A check from the gambling account.
- Electronic transfer from the gambling account to the employee's bank account.
- Electronic transfer to a payroll processing firm for transfer to the employee's bank account.
- Electronic transfer to a payroll processing firm and payment then made by check from the payroll processing firm.

If a payroll processing firm prepares the payroll, the authorization for the electronic transfer to the payroll processing firm must be signed by at least two organization members. The treasurer may not sign the transfer authorization.

Payroll processing firm—An organization may choose to use the services of a payroll processing firm to pay compensation costs and related payroll taxes.

An organization may only use the services of a payroll processing firm that:

1. is currently registered with and meets the criteria of the Department of Revenue as a third-party bulk filer under Minnesota Statutes, Section 290.92, subdivision 30;
2. is able to provide proof of a third-party audit and an annual report and statement of financial condition;
3. is able to provide evidence of a fidelity bond; and
4. can provide proof of having been in business as a third-party bulk filer for the most recent three years.

Reporting on the LG100A

Compensation is reported on a cash basis. This means that the wages, benefits, or payroll taxes are reported in the month that they were actually paid, not in the month earned or accrued.

Equipment and Repairs

What is Allowed

Examples of the purchase, lease, or repair of office equipment, gambling equipment, and gambling-related equipment:

- | | | |
|--|---|--|
| <ul style="list-style-type: none"> • bingo balls • bingo hard cards • bingo number selection devices • bingo flashboards • calculators • chairs and desks • computers • daubers for defacing tickets | <ul style="list-style-type: none"> • electronic bingo devices • paddlewheels • paddlewheel table & chips • paper pull-tab ticket containers • paper pull-tab dispensing devices • safes | <ul style="list-style-type: none"> • scales • scanners • software • tables • ticket counters • video verifiers |
|--|---|--|

Also see Gambling Product next page.

Selling Equipment—What Is and Is Not Allowed

Gambling equipment may not be sold or transferred to another organization or entity except through a licensed distributor. (Refer to the *Inventory* chapter for the definition of gambling equipment.)

Gambling-related equipment—If an organization sells any equipment not defined as gambling equipment that was initially purchased with gambling funds, the proceeds from the sale must be deposited back into the gambling bank account.

EXAMPLE: If an organization sells two old paper pull-tab jars for \$30 to an organization just starting a paper pull-tab operation, deposit the \$30 back into the gambling bank account.

Report the sale as a negative expense on the LG100A. For assistance, contact your Compliance Specialist.

Investigation Fees and Gambling Manager Bond

What is Allowed

Examples of allowable expenses for fees and bond include:

- city or county investigation fee. This is not the same as a local gambling tax (up to 3%) that is a lawful purpose expenditure reported on the LG100C as code A8.
 - A city or county may not impose both an investigation fee and a local gambling tax.
 - A city or county may not impose a license or permit fee or require a license or permit from the city or county;
- filing fee to register with Attorney General Charities Unit; and
- cost of the gambling manager’s bond.

For license, permit, and regulatory fees paid to the State of Minnesota, see the *Lawful Purpose Expenditures* chapter, code A18.

Gambling Product

What is Allowed

Gambling product and sales tax includes:

- electronic games
- paper pull-tab games
- tipboard games
- bingo paper
- bingo boards
- paddleticket cards and paddletickets
- printing cost for raffle tickets
- electronic raffles systems
- raffle boards
- sales tax on the above items

See also Equipment and Repairs on the previous page.

Sales tax on Gambling Product

Even if an organization is sales tax exempt, the organization is required to pay sales tax on gambling product.

Sales to tax exempt organizations are taxable if the items purchased are not used in the performance of the charitable, religious, or educational functions of the exempt organization. This includes sales of all lawful gambling equipment and supplies to any organization conducting gambling activities because the gambling equipment is not used in the performance of exempt functions.

Deadline for Payment; Delinquent Organizations Reported

- The distributor or linked bingo game provider must receive payment for gambling equipment within 30 days of the invoice date.
- A distributor or linked bingo game provider is required to notify the Gambling Control Board if an organization is delinquent in paying for its gambling equipment or gambling product.
- If an organization is delinquent, the Gambling Control Board will notify all distributors and linked bingo game providers that all sales to that organization must be on a cash-only basis, that is, by check or electronic transfer when delivered. No credit may be extended until the payments are current.

Insurance

What is Allowed

Amounts expended for **theft insurance and/or liability insurance** may be allowed. An itemized statement from the insurance company is required that shows the specific insurance costs that are directly related to gambling.

Refer to the *Compensation* section for information on workers' compensation insurance.

Miscellaneous Services and Supplies

What is Allowed

Examples of miscellaneous services and supplies include:

- Bank service charges for the gambling account.
- Help wanted ad for gambling employees.
- Office supplies, such as paper, pens, envelopes, rubber bands, toner, etc.
- Printing costs. This does not include printing costs for raffle tickets. Refer to the *Gambling Product* section in this chapter.
- Lodging, meals, and transportation for attending authorized gambling classes and seminars.
- Off-site storage used for gambling. The sites must be located in Minnesota.
- For owned sites, the percentage of expenses directly related to lawful gambling for garbage, trash hauling, or cleaning the gambling area may be paid from the gambling account.

Penalties and Interest (gambling tax-related)

What is Allowed

Tax penalties, interest on taxes, and interest on tax penalties directly related to the conduct of lawful gambling, including payroll taxes, may be reported as an allowable expense. They are not a lawful purpose expenditure.

EXAMPLE: An organization owes \$38 to the IRS for the 12/14 730 tax and owes interest and penalties on this amount totaling \$20 as of 9/15. The organization would pay and report:

- the original tax of \$38 as a lawful purpose expenditure; and
- the interest and penalties of \$20 as an allowable expense.

Rent and Cash Shortages

What is Allowed

Rent for electronic games, paper pull-tabs, tipboards, and paddlewheels is based on gross profits (net receipts) from electronic, pull-tab, tipboard, and paddlewheel activities. Rent may not exceed 10% of gross profits with a cap of \$1,750 for booth operations in total for all organizations at the site. Rent may not exceed 20% for a bar operation conducting paper pull-tabs, tipboards and paddlewheels. There is no rent cap for rent paid for a bar operation. For electronic games conducted by the lessor, rent may not exceed 15% of net receipts.

Bingo rent is based on:

- not more than 10% of the monthly gross profit from all lawful gambling activities held during bingo occasions, excluding bar bingo; or
- a rate based on a cost per square foot not to exceed 110% of a comparable cost per square foot for leased space, as approved by the director of the Gambling Control Board.

Rent may not be paid based on any other factors, including the number of players in attendance.

Bar bingo—Rent may not be paid for a bar bingo occasion, and net receipts from bar bingo cannot be factored into rent calculations.

Raffles—Rent may not be paid for raffles.

Refer to the *Premises Permits* chapter for additional rent information.

Paying Rent For Leased Site

1. Each month complete the LG216 Worksheet for Calculating Lawful Gambling Monthly Rent, available at www.mn.gov/gcb or from the Gambling Control Board.
2. When rent is based on a percentage of net receipts, the rent is paid in the month after the receipts are earned.
3. Rent payments must be made payable to a business, not to an individual.
4. Cash shortages that are the responsibility of the lessor are either deducted from the monthly rent or reimbursed by the lessor to the organization (see next page).
5. Rent may not be augmented. Non-gambling money may not be used to directly or indirectly supplement rent.

What is a Cash Shortage

When the net receipts for a game are greater than the cash deposited, there is a cash shortage. When net receipts for a game are less than the cash deposited, there is a cash long.

Cash shortages are figured on a monthly basis using the Schedule B2. Organizations with any combination of a bar operation, dispensing device, or booth operation should report the games on separate Schedule B2's for each type of operation. See the *Internal Operations* chapter for more detail on cash shortages.

At Leased Site: Who is Responsible for Cash Shortages

For a bar operation with no booth and no dispensing device, lessors are responsible for all cash shortages.

For a bar operation with only a dispensing device:

- cash shortages in the cash bank are the lessor's responsibility; and
- cash shortages caused by device malfunctions are the organization's responsibility.

For a booth operation only, the organization is responsible for all cash shortages.

At Owned Site: Who is Responsible for Cash Shortages

At a site the organization owns and where it conducts lawful gambling, the organization is responsible for all cash shortages.

Rent and Cash Shortages (continued)

Reimbursement of Cash Shortages for Leased Sites

Lessor's responsibility

Cash shortages that are the lessor's responsibility must be reimbursed each month by the lessor. The cash shortages may be:

1. deducted from the monthly rent payment; or
2. reimbursed by the lessor in the form of a check written out to the organization and deposited into the gambling account by the end of the following month.

If a lessor requests to reimburse cash shortages for each game when the game is pulled, the gambling manager and lessor may audit the game together. If the lessor makes up any shortages prior to the deposit being made, the reimbursement must be recorded on the LG861.

Negative Net Receipts and Rent – Q & A

- Q.** Our organization has a bar-op site, Joe's Bar, where we conduct both paper and electronic pull-tabs. We pay 20% rent for paper pull-tab net receipts and 15% rent for electronic pull-tab net receipts. In January, our paper pull-tab net receipts totaled \$5,000 and our electronic net receipts totaled -\$2,000. There were no cash shortages. We paid Joe \$700 rent. Was that correct?
- A.** To determine the rent, multiply the paper net receipts of \$5,000 by 20% to get \$1,000. Then multiply the electronic pull-tab net receipts of -\$2,000 by 15% to get -\$300. Then add the \$1,000 paper pull-tab rent to the -\$300 electronic pull-tab rent to get \$700. The rent that you paid Joe for January was correct.
- Q.** Last month was really slow. We closed just two paper pull-tab games and they both lost money. Our paper net receipts was -\$1,500 and we only had \$1,000 of electronic net receipts. How much rent do we owe Joe?
- A.** Your paper pull-tab net receipts of -\$1,500 times 20% equals -\$300. Your electronic pull-tab net receipts of \$1,000 times 15% equals \$150. When you add your paper and electronic rent together, you get -\$150. Because that amount is negative, no rent is owed to Joe for last month. There's no carryover of "negative rent" to a subsequent month and the lessor would not owe the organization for any "negative rent".
- Q.** Besides our game losses last month, Joe's Bar was also \$30 cash short. Since we don't owe any rent, does Joe still have to reimburse us for the cash shortage amount?
- A.** Yes. Joe is required by law to reimburse your organization for the \$30 cash shortage. If he doesn't give you the money, you can deduct it from next month's rent.

Rent and Cash Shortages (continued)

Cash Longs

If the game has a cash long, the cash long is deposited in the organization's gambling account. The lessor may not keep the cash long as it is the organization's money.

Frequent cash longs could indicate that a seller is not returning the correct change to customers, or that proceeds from one game are being placed into the cash drawer for another game.

Cash Shortage Problems

It is the organization's responsibility to monitor cash shortages and take steps to reduce cash shortages. Excessive cash shortages that are reimbursed on a continual monthly basis are usually temporary theft.

- Q. **Our leased site has high cash shortages that run about 1% every month. We deduct the shortages from rent every month. As long as we get our money, what's the problem?**
- A. The problem is that it is temporary theft. Your organization's money is being "borrowed" and that is theft. Also, the missing money is not available for the organization to use as the organization doesn't get it back until it is deducted from rent.

How Can Cash Shortages Be Reduced?

It is the organization's responsibility to monitor cash shortages at all sites and take corrective action to reduce cash shortages.

Refer to the *Internal Operations* chapter for comprehensive information on cash shortages.

Utilities

What is Allowed

Owned premises—If an organization owns the permitted premises, the percentage of utilities that is directly related to gambling may be paid as an allowable expense. Utilities may include heating, cooling, lighting, water, and telephone services.

Licensed veterans and fraternal organizations that wholly own or wholly lease a building as their primary headquarters may qualify to report certain utility costs for that building as a lawful purpose expenditure. Refer to Code A16 in the *Lawful Purpose Expenditures* chapter.

Leased premises—If an organization leases the premises, rent is all-inclusive and no utilities may be paid for that site.

OWNED PREMISES ONLY—Formula for Determining Utilities Percentage

Square footage

- A. Calculate the square footage specifically used for gambling. Do a separate calculation for each type of gambling activity not conducted in the same area, and add all amounts.....A. _____sq. ft.
- B. Calculate the total area of the premises. If the premises has multiple levels, include the total square footage for all levels.....B. _____sq. ft.

Hours used

- C. Calculate the hours the area is used for gambling each week. Do a separate calculation for each type of gambling activity not conducted in the same area, and add all amounts.....C. _____hours
- D. Calculate the hours the entire premises is open for business each week.D. _____hours

Percentage allowed

- E. Divide figure A by figure B _____
- F. Divide figure C by figure D _____
- G. Multiple figure E by figure F. This is your allowable percentage _____%

Example

- The bingo area has 3,000 square feet. A = 3,000
- The premises has 12,000 total square feet. B = 12,000
- Bingo is conducted 8 hours a week. C = 8
- The building is open 72 hours a week. D = 72
- E = .25
- F = .11
- G = 3%

Result

The percentage of utilities directly related to bingo in this example equals 3%. If the monthly utility bill from the electric company is \$600, then:

- \$18 ($\$600 \times 3\%$) could be paid from the gambling account directly to the utility company.
- The remainder of the bill would be paid from the organization’s general account.

Utilities (continued)

Pay Directly to Vendor by Check or Electronic Transaction

Check—The percentage of the allowed utility cost directly related to gambling may be paid from the gambling bank account by check made payable directly to the utility vendor, such as the electric association or gas company. The check may not be issued to a third party.

—OR—

Electronic transaction—Or, it may be paid by an electronic transaction from the gambling bank account directly to a bank account specified by the utility company. For each electronic transaction, the monthly gambling bank statement must provide the date, amount, payee’s name, and transaction number or payee’s account number.

Other Expenses

What is Allowed

Other expenses may be allowed, if they are determined to be directly related to the conduct of gambling. Contact your Compliance Specialist with questions.

Items Not Used Exclusively for Gambling—Percentage Allowed

In some cases, an organization may use gambling funds to help purchase an item that will not be used exclusively for lawful gambling. However, first determine the percentage of the expenditure that applies directly to gambling.

EXAMPLE—A portion of the cost to purchase or lease a copy machine used to copy gambling reports and other items related to gambling may be taken as an allowable expense. If 25% of the machine use is related to gambling, then 25% of the cost of the copy machine is an allowable expense:

- Pay the 25% allowable expense portion from the gambling bank account.
- Pay the remaining 75% from your general account.

Maintain documentation verifying that the 25% allowable expense portion is directly related to gambling.

Questions Regarding Allowable Expenses?

Other questions regarding allowable expenses should be directed to your Compliance Specialist at the Gambling Control Board.