A Message From
Alfonso D. Royal, III
Charitable Bingo Operations Director

84th Legislature Updates

There are some changes coming to bingo as a result of three bills passed during the 84th Legislative Session.

House Bill (HB) 1905 repealed the gross rentals tax that is currently collected from licensed commercial lessors for the rental of premises on which bingo is conducted. The portions of HB 1905 related to the repeal of the gross rentals tax go into effect on Sept. 1, 2015. Implementation of this bill includes changes to the quarterly report forms which are used by lessor and conductor/lessor licensees. Both reports will now require reporting gross rental receipts separately for occasions conducted prior to Sept. 1, 2015, and for occasions conducted on or after Sept. 1, 2015. Commercial lessor licensees including conductor/lessors should look for these updated forms to file beginning with the third quarter of 2015. Schedule RR – Rent Receipts Detail, which is filed in conjunction with these forms, has not changed and is still required.

Senate Bill (SB) 807 relates to license application and examination fees and license requirements for military service members, military spouses, and veterans.

Military Service Members or Military Veterans applying in their individual capacity for: (1) a commercial lessor license; (2) a distributor license; (3) a manufacturer license; (4) a unit manager license; OR (5) listing on the bingo worker registry, are exempt from the respective license or registry fee.

Military Spouses applying in their individual capacity for: (1) a commercial lessor license; (2) a distributor license; (3) a manufacturer license; (4) a unit manager license; OR (5) listing on the bingo worker registry, are exempt from the respective license or registry fee if the Military Spouse holds a current license issued by another state or jurisdiction that is substantially equivalent to the license or worker registry for which the Military Spouse is applying.

Eligible applicants will complete the Military Service Members, Military Veterans, or Military Spouses form with their application for the respective license or registry in order to be exempt from the fees.

Senate Bill (SB) 1307 relates to occupational licenses for military service members, military spouses, and veterans.

We anticipate the possible revision and/or adoption of rules as a result of these bills. Please watch for more information regarding the details of the implementation of this legislation on our website and in future Director’s Messages.
Are We Getting the Results We Expect From our Bingo Operations?

We wanted to provide 10 scholarships this year with our charitable distribution from bingo; however, we only received enough money for two scholarships.

We thought that the net proceeds from bingo would allow us to help provide eyeglasses for 200 more children in our community. Our bingo chairman or hall manager is telling us that we will not be receiving charitable distributions from our bingo operations. We’re losing money.

As regulators of the bingo industry, far too often we find and hear about situations similar to those above. Too many bingo halls that generate hundreds of thousands or millions of dollars in bingo sales provide less than five percent of total gross receipts to the charities authorized to conduct bingo games.

Bingo is a social and fun activity for the community and members of the organization. However, bingo is a gambling and cash-based business that requires strict control and oversight by the board members and officers of the not-for-profit organizations that have been granted a license to conduct charitable bingo games. The licensed authorized organization is responsible for compliance with the Bingo Enabling Act (Act) and the Charitable Bingo Administrative Rules (Rules). It is important that licensed authorized organizations establish and monitor controls and processes to ensure that charitable distributions are maximized; cash and inventory are protected; reported information is complete, accurate and supported; net proceeds are used for charitable purposes; and management’s goals for bingo operations are being accomplished.

To assist licensed authorized organizations better manage their bingo operations and maximize the charitable distributions received, below are a list of questions that can be used by officers/directors, board members, bingo chairpersons and other interested parties to hold responsible parties accountable for accomplishing the goals established by your organization as well as establishing controls and processes that promote compliance with the Act and Rules.

Questions to Consider:

1. Have we established financial and performance goals for our bingo operations and how do we monitor and measure whether these goals are being accomplished?
2. Do we have plans for the charitable distributions we expect from our bingo operations? If we don’t receive those anticipated dollars, what is our response and who do we hold accountable?
3. What financial oversight for our bingo operations has been established and enforced by officers/board members?
4. Have we established factors which allow officers/board members to evaluate the success of our bingo operations?
5. Do we receive periodic and sufficiently detailed reports on our bingo operations at every board meeting? Do we receive financial reports and performance information to allow us to evaluate the success of our bingo operations? Are we allowed to ask questions about the conduct of bingo? Are the responses provided reasonable?
6. Should we continue to be involved in bingo if charitable distributions provided to our organization are limited or non-existent?

(cont’d on Pg. 3)
Are We Getting the Results We Expected From our Bingo Operations? (Cont’d from Pg. 2)

7. What is being done to improve the success of our bingo operations? How do we measure the success of efforts to improve or increase the results of our big operation?

8. To what extent are we involved in decisions related to our bingo operations? Some areas to consider:

   - **Bingo Hall.** Do we have any input in choosing the location or the amount of rent we are paying? Is the amount of rent we pay each month reasonable for the location and quality of the facility we are using?

   - **Bank account policies.** Where is our bingo bank account located? Who signs checks? How many signatures are needed on a check? Who prepares and reviews bank reconciliations? How is cash safeguarded?

   - **Day-to-day bingo operations.** Who prepares and verifies the occasion cash reports? Who maintains and verifies our disposable bingo card and pull-tab inventories? How do we handle employee issues? What prices do we charge for bingo products? Do these prices change often? Are the prices we charge adequate to cover prizes, expenses and generate profits that we can use to fund our charitable activities?

   - **Disbursements.** Are the salaries paid to management and staff involved with bingo reasonable? Is supporting documentation maintained for all payments we make? Do we have contracts with those that provide janitorial, bookkeeping and security services? Are the amounts we pay for those services reasonable? How do we measure whether we are getting a good price from our distributors for leasing electronic card-minding systems and our purchases of disposable bingo cards and pull-tabs?

   - **Patron Issues.** How are patron issues documented and resolved? What are our written policies for handling patron issues? How do we ensure that our employees consistently follow these policies?

   - **Promotions.** Are bingo promotions necessary? Is information documented and available to us to determine whether these promotions are beneficial or increasing profits to give us more dollars for our charitable purposes?

This list of questions, although brief, attempts to address many areas of concern with a charitable organization’s bingo operations. Talking with your CPA, your officers/board members as well as officers and members of other non-profit organizations may provide you with other questions and tools that can assist your efforts to maximize charitable distributions, ensure compliance with the Act and Rules, and provide your community with charitable bingo that is fun and enjoyable.
A Message from the Director

Accounting Services

Report and Fee Submissions

If submitting by regular mail please ensure checks are made payable to: State Comptroller. If more than one signature is required on the check please provide all necessary signatures. Additionally, to expedite processing time, please do not staple checks to the quarterly report.

Reports must be received by the due date. Any submissions after the due date are subject to a late filing fee of five percent to 20 percent of the prize fees due, depending on the number of days after the due date the prize fees are received.

Common Accounting Related Questions

How do I calculate charitable distribution if I do not use the Bingo Service Portal to complete my quarterly report?

The organization may refer to the charitable distribution letter that is mailed to the organization or call our office at 1-800-246-4677.

What happens to my organization if it does not distribute the required charitable distribution from bingo proceeds?

An organization that does not disburse the total required charitable distribution is subject to administrative disciplinary action. Such action may include, but is not limited to, revocation of the license to conduct bingo.

How is charitable distribution determined?

Bingo funds balance—operating capital - prize fees due = charitable distribution

However, if net proceeds are less than the calculated charitable distribution, the charitable distribution will be the amount of the net proceeds.

Account Ledger Reconciliation Project – Active Accounts Complete

For the past eight months, the division has been working on reconciling the individual bingo account ledgers for all licensees. To recap, in the October 2014 message, I reported on an issue with the bingo account ledgers that date more than 10 years old in some instances. Balances that were originally shown in the ledger were the result of previous bingo leadership that accepted the risk for the incorrect balances, but never took any action to correct it and allowed the use of unverifiable credits to be used to pay for current year license fees.

We have now completed the review of all active accounts and will begin sending summary statements and account details in the next few weeks that show available balances for use and/or amounts due to the state. The statements are being disseminated based on renewal periods with July 2015 being the first group that will be mailed. Bingo staff reviewed all account ledger transaction activity including the recalculation of license fees (both temporary and regular), amendments, prize fees and rental taxes to validate the amounts shown in the ledgers. The reconciled adjustments were entered into the Bingo Operating Services System (BOSS) ledgers and credits identified are available for use by licensees.

We thank you again for your patience and feedback during this project.
A Message from the Director

What to Expect During the License Renewal Process

- Approximately 30 days prior to the license expiration date, an automated renewal application package with instructions will be generated and mailed to the applicant.

  A license to conduct bingo must be renewed annually or biennially, depending on the license period.

- The renewal application and appropriate license fee must be received by the Commission no later than the expiration date of the current license.

  The renewal application may be returned to the applicant if no license fee is included with the application or if a fee is submitted without the completed application.

- License renewal applicants who fail to renew the application before the date the license expires may renew the license after the expiration date by:

  Filing the license renewal application with the Commission not later than the 60th day after the date the license expires, paying the applicable annual license fee, and paying a late license renewal fee as provided in Rule 402.411(e).

- Renewal applications received more than 60 days after the license expiration date will be returned unprocessed by the Commission to the sender.

- When the Commission receives the complete renewal application and fee, it is scanned and then assigned to a Licensing and Permit Specialist for processing.

- After the renewal application has been reviewed and all requirements have been met, the license is ready to be approved.

  Any changes to be made on the renewal application will not be valid until the new license takes effect.

  If there is incomplete information or missing documentation on the renewal application, the Licensing and Permit Specialist will notify the applicant via a 21-day letter that all missing information is to be provided within 21 calendar days.

  If the requested information or documentation is not received by the Commission within the 21-day deadline the renewal application is referred to Compliance for further action and communication with the applicant.

- Any organization that requests to be placed on Administrative Hold must do so only during the renewal process.

- Once the renewal is complete and approved, the license will be mailed out with the updated information.
**A Message from the Director**

**Renewal Applications Prescreening Process**

1. **Start**
   - Identify daily prescreening list

2. 40 days prior to the expiration date:
   - Application Pre-screening
   - Review and place applicable edits*
   - Print renewal application(s) 30 days prior to expiration
   - Mail renewal applications

**Received Renewal Applications Processing**

3. Application Received? Yes
   - Cash Received? Yes
   - Scan applications into the Electronic Documents Repository
   - L&P Specialist enters application(s) and updates information
   - Renewed License printed
   - If All edits* are cleared?
     - Yes: Renewed License mailed
     - No: Contact Organization
   - Send letter (21 days)

4. No
   - Print renewal application(s) 30 days prior to expiration
   - All edits* are cleared within 21 days?
     - Yes: Renewed License mailed
     - No: Send to Compliance

*Edit(s): Missing information or inconsistencies in comparison to the submitted application and/or the state record.*
A Message from the Director

Licensing Related Frequently Asked Questions

The Internal Revenue Service has revoked my non-profit status. Can my organization continue to operate bingo?

No. An organization’s 501c exemption from IRS must be valid in order to hold a license to conduct bingo.

Can a unit member’s escrow account funds be transferred among other members by the designated agent of the unit?

No. Escrow account funds belonging to one licensed authorized organization cannot be transferred to another organization even if they are part of the same accounting unit.

What happens to my conductor’s license that has been in administrative hold the past 12 consecutive quarters?

The Commission is unable to renew the license to conduct bingo of an organization whose license has been on administrative hold for more than 12 consecutive quarters. In short, the license expires.

How can an organization check the status of a pending application?

The Bingo Service Portal provides a tab “Applications Being Entered and Under Review” that will show application status.

<table>
<thead>
<tr>
<th>Status</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Entry</td>
<td>Application has been received and is being entered into the system.</td>
</tr>
<tr>
<td>Waiting for examiner</td>
<td>Application has been entered and is in line to be processed</td>
</tr>
<tr>
<td>In review by examiner</td>
<td>Application is currently being reviewed by the licensing examiner</td>
</tr>
<tr>
<td>Waiting for a response</td>
<td>Application is pending receipt of additional information requested from the organization</td>
</tr>
<tr>
<td>Waiting for a response from ePay</td>
<td>Application is pending resolution of an issue with ePay</td>
</tr>
<tr>
<td>Pending administrative action</td>
<td>Application has been forwarded for administrative action which may include denial of the application</td>
</tr>
</tbody>
</table>

Who is required to be listed on a bingo license application?

The following individuals must be listed on an application for License to Conduct Charitable Bingo: Bingo chairperson and all officers, directors, bookkeepers, and/or operators. Each individual must provide all information included on the application, including their complete social security number.
**Bingo Service Portal Update**

The Charitable Bingo Operations Division (CBOD) is working diligently to finalize its new Bingo Service Portal, also known as BSP. This system went live in a limited capacity in April and will be in full operation once all account ledger reconciliation entries are completed. BSP provides access to update your personal information and the ability to submit Worker Registry applications. If you are actively associated with a licensed Bingo Organization or Unit, you can view your organization’s information and submit and track temporary applications and quarterly filings. BSP provides the ability to make secure online payments for your applications and filings. Additional applications will be available in BSP in the near future.

We are extremely pleased for the migration of users to BSP. The number of users since April has increased from 166 to 737. Quarterly filings submitted online have also increased from $2.3 million in Q1 to $3.4 million in Q2 of 2015.

Please continue to provide us your feedback by emailing us at Bingo.Services@lottery.state.tx.us.

**Bingo Services Portal Frequently Asked Questions**

I've created a new account and cannot log in.

A confirmation email was sent to the email address you provided. Please check your email Inbox and your email junk folder for the confirmation email from bingo-no-reply@lottery.state.tx.us. Click on the link provided in the email to confirm your account creation. You may now log in.

I've forgotten my password.

Click on **Forgot Password?** Enter your User ID and click on **Continue.** The Bingo Service Portal will email a new password to the email address you provided on your account. Please check your email Inbox and your email junk folder for the new password email from bingo-no-reply@lottery.state.tx.us.

I've forgotten my User ID.

Click on **Forgot User ID?** Enter the email address you provided on your account and click on **Continue.** The Bingo Service Portal will email your User ID and a new password to the email address you provided on your account. Please check your email Inbox and your email junk folder for the new password email from bingo-no-reply@lottery.state.tx.us.

I think my account is locked.

Resetting your password will unlock your account. Click on **Forgot Password?** Enter your User ID and click on **Continue.** The Bingo Service Portal will email a new password to the email address you provided on your account. Please check your email Inbox and your email junk folder for the new password email from bingo-no-reply@lottery.state.tx.us.

I'm creating an account and want to see my organization's information.

When you create an account, you must fill out the Request Access to Organization or Your Worker Registry Information section. Once you enter this information and press the Create User Button the Bingo Service Portal will attempt to connect you with an active individual.

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A Message from the Director

Bingo Services Portal Frequently Asked Questions (Cont’d from Pg. 8)

If you hold a position with an organization, you will be granted access to the organization. Once your account is created, the Bingo Service Portal will send a verification email to the email account you provided. Please check your email Inbox and your email junk folder for the new user verification email from bingo-no-reply@lottery.state.tx.us. You must click the link in this email in order to activate your account. It may take five to 10 minutes to fully activate your account.

I created an account but cannot see my organization.

Under the User and Account Information tab, you must fill out the Request Access to Organization or Your Worker Registry Information section. Once you enter this information and press the Save Changes Button the Bingo Service Portal will attempt to connect you with an active Individual. If you hold a position with an organization, you will be granted access to the organization. It may take five to 10 minutes to activate your account. If you are not successfully linked to your organization within four attempts or 24 hours, please contact CBOD.

How long will it take for my new account to be activated?

Once your account is created, the Bingo Service Portal will send a verification email to the email account you provided. Please check your email Inbox and your email junk folder for the new user verification email from bingo-no-reply@lottery.state.tx.us. You must click the link in this email in order to activate your account. It may take five to 10 minutes to fully activate your account.

If I have any questions on the BSP who can I email or call for assistance?

Email the Bingo Services Center at bingo.services@lottery.state.tx.us or call 1-800-BINGO-77 (1-800-246-4677).

Why does BSP require the last four digits of SSN to create my account, but the application requires the full social security number?

The security of your data is of utmost importance to us. Therefore, we only request the last four digits of your SSN in order to create your account. We use all of your registration information to identify you in BOSS. Because CBOD application forms require a Social Security Number, we are required to collect the full number. Once the application is submitted, the SSN is immediately removed from the Bingo Service Portal.

Why do I get the following error message “You have not verified your email, Please click on the link that was sent to the email you provided?”?

When you create a new account, the Bingo Service Portal sent a verification email to the email account you provided. Please check your email Inbox and your email junk folder for the new user verification email from bingo-no-reply@lottery.state.tx.us. You must click the link in this email in order to activate your account. It may take five to 10 minutes to fully activate your account. If you cannot find the email, please click on the Forgot Password button and enter your ID in order to receive a second email which will reset your password and verify your account. If you are still unable to log in, please contact CBOD.

I entered my old Bingo Service Center User Id and password and I still can’t log on.

Bingo Service Center accounts were not transferred to the Bingo Service Portal. You will need to create a new account.

I tried to complete my Bingo Training Program in the Bingo Portal Service and it is not allowing me to log on.

The Bingo Training Program has not moved into the Bingo Service Portal.
A Message from the Director

Bingo Services Portal Frequently Asked Questions (Cont’d from Pg. 9)

Portal, but is still located on the Charitable Bingo website www.txbingo.org under the Licensees, Conductor, Training tabs.

Can multiple bingo workers be registered at one time in the Bingo Service Portal (BSP)?

No. The Bingo Service Portal will only allow submission of worker registry applications for the currently logged in user.

Can I change my personal information through BSP, even if I am not a registered worker?

If you are actively associated with an organization or have a Worker Registry you can update your personal information by selecting the User and Account Information, Change Bingo Information tabs.

Can I review my Quarterly Filings even if I mailed them in and did not submit my filing through the Bingo Service Portal?

Yes. Within 24 hours of when a return has been entered, either on line or by CBOD, the information will display on the Organization Information, Quarterly Return Filings tab.

Can I print my Temporary Application form when I apply through the Bingo Service Portal?

There is currently no Temporary Application printing capability in the Bingo Service Portal.

Training Dates

Wednesday, September 2, 2015
American Bingo
1919 E. Riverside Drive
Austin, Texas 78741-1332
Time: 9:00 a.m. to 12:00 p.m.

Future dates and locations to be determined in the following cities:
October, 2015 - Dallas
November, 2015 – San Antonio
December 2015 - Houston

Bingo Training Program Agenda
• General Information
• Licensing
• Bingo Operations
• Accounting Services
• Audit

To complete the registration and confirm your attendance email bingo.services@lottery.state.tx.us Sept. 2, 2015 Bingo Training, Attn: Darrell Edgar.
Please provide the following:
First Name
Last Name
Email address
Authorized organization Name

Closing Remarks

I want to thank you for your commitment to assisting us with maintaining the integrity of charitable bingo. Please continue to help us provide you the most current information and tips by keeping email addresses current. Email is the method we use to disseminate bingo news, status of the applications, and legislative updates that impact the bingo industry. To update your email account and subscribe to emails go to https://public.govdelivery.com/accounts/txbingo/subscriber/new.

Additionally, routine review of the bingo website is encouraged by all. The bingo website is one of the key tools to provide education to bingo participants and partners. Please review the division rules at http://www.txbingo.org/export/sites/bingo/Regulations_x_Statutes/ for a refresher on bingo processes.