

The following is the second of a series of articles on common violations of the Bingo Enabling Act and Charitable Bingo Administrative Rules. The articles are designed to provide information on the most common violations and provide suggestions on procedures to ensure compliance with the Bingo Enabling Act and Charitable Bingo Administrative Rules. We hope you find the suggestions helpful. Please be aware these are general suggestions only. Specific facts relevant to each case will determine whether or not there is a violation of the Bingo Enabling Act and/or Charitable Bingo Administrative Rules. Please contact us if you have any questions.

Common Violations of the Bingo Enabling Act and Charitable Bingo Administrative Rules Related to an Organization's Bingo Bank Account

Violation – An organization fails to make deposits into the bingo account of all funds derived from the conduct of bingo not later than the end of the next business day following the day of the bingo occasion on which the receipts were obtained, in violation of the Bingo Enabling Act, Tex. Occ. Code, §2001.451(b).

Suggestions For Ensuring Compliance

- Prepare deposits slips at the end of each occasion.
- Check the bank's policy for posting deposits, i.e., some banks post deposits made after 3:00 PM the following day, not on the day of the actual deposit.
- Develop internal procedures and/or controls to ensure deposits are made in time to be posted to the organization's bingo bank account not later than the end of the next business day following the day of the bingo occasion on which the receipts were obtained.

Violation – An organization fails to deposit in the bingo account all funds derived from the conduct of bingo, less the amount awarded as cash prizes, in violation of the Bingo Enabling Act, Tex. Occ. Code, §2001.451(b).

Suggestions For Ensuring Compliance

- Be sure the amount shown on the deposit slip matches the "NET DEPOSIT" amount on the "Daily Cash Report." Any discrepancies between the deposit slip and the "NET DEPOSIT" amount should be investigated and reconciled prior to making the deposit.
- In order to avoid any discrepancies between the deposit slip and the "NET DEPOSIT" the organization should have one individual prepare the deposit and another verify the accuracy of the deposit.

Violation – An organization deposits funds, other than from the conduct of bingo into the bingo account, in violation of the Bingo Enabling Act, Tex. Occ. Code, §2001.451(d). A licensed organization may not commingle gross receipts derived from the conduct of bingo with other funds of the organization.

Suggestions For Ensuring Compliance

Only funds derived from the conduct of bingo should be deposited in the bingo bank account. To ensure that all deposits to the bingo bank account were derived from the conduct of bingo, the organization should verify that all deposits shown on the organizations bingo account bank statement match:

- The "NET DEPOSIT" on the "Daily Cash Report", and/or
- The deposits shown on the "SALES JOURNAL"

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Boys and Girls Club of Deep East Texas Successful With “Black Tie Bingo” Event

What is the benefit of playing charitable bingo using a temporary license? Each year the Boys and Girls Club of Deep East Texas conducts one “Black Tie Bingo” as part of its annual fund-raising activities. The organization has been conducting “Black Tie Bingo” once a year since 1993 and obtains one temporary bingo conductor’s license for each event.

The event is popular in the community as it provides participants a way to have a good time and benefit to the children of the communities served by the organization. Nine “Black Tie Bingo” events have resulted in \$87,634 in charitable distributions to the Boys and Girls Club of Deep East Texas. Average attendance at a “Black Tie Bingo” event is 312 people.

Chris Harkness, Director of Resource Development for the Boys and Girls Club of Deep East Texas, provided the following suggestions that contribute to the success of the temporary conductor’s license charitable bingo fund-raising event:

- It is important for an organization to gauge what will be popular in the community. In some communities a formal occasion will be very popular while in other communities it would not be popular. Determine what would work in your community and design the event accordingly.
- Pick the caller for bingo carefully. He or she should be someone who has an outgoing personality and will entertain and involve the audience.
- Have a theme for the event and decorate accordingly – it makes the event special.
- If bingo prizes and/or auction items are donated, combine small items into groups. This works especially well for an auction. For example, if a rug, vase, paint, and a free interior design consultation were donated, combining these items into one group will generate more money than if auctioned individually.

• Pick the date of your bingo event so that it does not conflict with other community events. Chris pointed out that “Black Tie Bingo” is never scheduled on the opening day of deer season due to the popularity of deer hunting in the area.

- Consider utilizing community resources to help with the event.

The Boys and Girls Club borrows decorations from other organizations and allows other organizations to use their decorations. Students from a local university assist The Boys and Girls Club in decorating, setting up and taking down of

“Black Tie Bingo” as part of a requirement that they perform community service work. Check with local educational institutions and other organizations in your community, they may have similar programs that would contribute to the success of your Charitable Bingo event.

These suggestions could benefit any organization conducting Charitable Bingo whether as a special fund raising event or for an organization that conducts bingo on a regular basis.

The Boys and Girls Club of Deep East Texas provides services to children in eight communities, Nacogdoches, Lufkin, Diboll, Jasper, Crockett, San Augustine, Coldspring and Livingston, in East Texas. The centers are open after school, in the evenings, on Saturdays, and throughout the day during the summer. The services and programs are designed to help children reach their full potential by delivering diverse programs based on physical, emotional, cultural, social needs and individual interests. Included in the programs the organization provides are:

- After school programs with snacks
- Drug-abuse prevention programs
- Teen pregnancy prevention
- Tutoring
- Sports
- Outdoor activities including camping and fishing
- Safe supervised place to play
- Dental hygiene and dental care services
- Career programs that partner a child with a professional in the community allowing the child to get a real-world experience
- Access to food bank programs
- Summer programs provide a meal for each child

Organizations that are interested in conducting bingo with temporary licenses are encouraged to contact the Charitable Bingo Operations Division for information and assistance.



Operator Training Certification Posting Not Required

Rule 402.550(f)(2) requires that each licensed authorized organization maintain for a period of four years the Certification of Completion in its records. The organization is not required to conspicuously post the certification at the licensed premises or primary business office. The decision to post it is at the discretion of each organization.



Bingo Advisory Committee Annual Work Plan

As a result of the Sunset Commission review of the Texas Lottery Commission, the Bingo Advisory Committee (BAC) will develop annual work plans and make recommendations to the Commission that identify specific issues that need addressing relative to the charitable bingo industry in Texas. The plan includes assessing trends in the charitable bingo industry, reviewing bingo rules for needed changes, additions, or deletions, and addressing other issues as determined by the Commission.

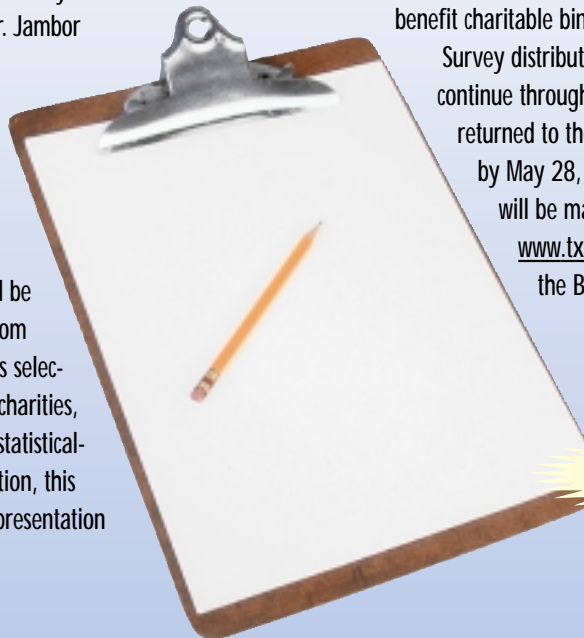
Subcommittees have been formed to address specific issues related to charitable bingo in Texas. The subcommittee topics and names and contact information for committee members are available on our Web site (www.txbingo.org) in the "News Alert" section.



Texas Bingo Player Survey

The Bingo Advisory Committee (BAC), as part of their recently adopted work plan, formed a subcommittee for the Texas Bingo Player Survey project. Members of the BAC subcommittee are Jack Dougherty and Pete Pavlovsky. The subcommittee, with the assistance of TLC staff members Norma Quezada, Veronica Drew, and Dr. Liz Jambor developed the survey instrument, formulated guidelines for administering the survey and devised a letter of introduction to the organizations. Dr. Jambor designed the survey methodology.

In order to collect data that represents all Texas bingo players, a variety of halls of different sizes and regions were needed to be part of the sample. Halls were classified by the five regions. Within a region, halls were re-classified by the license classifications so that the differences between the sessions could be accounted for in the random sample. A stratified random selection of sessions was chosen from each region. This selection accounted for differences in such factors as cities, charities, region, and size. Because it would not be practical or statistically necessary to survey the entire bingo playing population, this random selection methodology allowed for the best representation by the sample chosen of the bingo player population.



We're very excited about the Texas Bingo Player Survey – as it is the first time a survey of this type has been undertaken by the Charitable Bingo Operations Division.

Why is the survey being conducted? The more information you gather about people who play Texas bingo games, the more successful your bingo games might be. We hope the information gained from the survey will benefit charitable bingo across the state.

Survey distribution started May 9, 2003 and will continue through May 23, 2003. All surveys are to be returned to the Charitable Bingo Operations Division by May 28, 2003. Survey results will be made available on our Web site, www.txbingo.org and published in the Bingo Bulletin.

Visit us online at:

www.txlottery.org

Statistics

Texas Charitable Bingo Quarterly Report Statistics 1st Quarter Of 2003 Compared To the 4th Quarter of 2002

Category	1st Quarter 2003	4th Quarter 2002	Change	% Change
Regular	\$77,351,025	\$76,417,402	\$933,623	1%
Electronic	\$38,426,306	\$37,087,688	\$1,338,618	4%
Instant	\$29,414,544	\$24,511,662	\$4,902,882	20%
Total Gross Receipts	\$145,191,875	\$138,016,752	\$7,175,123	5%
Regular Prizes	\$80,546,708	\$82,326,608	-\$1,779,900	-2%
Instant Prizes	\$21,204,509	\$17,527,932	\$3,676,577	21%
Total Prizes	\$101,751,217	\$99,854,540	\$1,896,677	2%
Charitable Distributions	\$7,771,678	\$7,431,444	\$340,234	5%
Attendance	5,857,302	5,817,290	40,012	1%

Note: All figures are unaudited and are as of 5/7/03.

Texas Charitable Bingo Quarterly Report Statistics 1st Quarter Of 2003 Compared To the 1st Quarter of 2002

Category	1st Quarter 2003	1st Quarter 2002	Change	% Change
Regular	\$77,351,025	\$83,456,936	-\$6,105,911	-7%
Electronic	\$38,426,306	\$37,352,856	\$1,073,450	3%
Instant	\$29,414,544	\$22,910,652	\$6,503,892	28%
Total Gross Receipts	\$145,191,875	\$143,720,444	\$1,471,431	1%
Regular Prizes	\$80,546,708	\$83,113,371	-\$2,566,663	-3%
Instant Prizes	\$21,204,509	\$16,013,235	\$5,191,274	32%
Total Prizes	\$101,751,217	\$99,126,606	\$2,624,611	3%
Charitable Distributions	\$7,771,678	\$8,422,767	- \$651,089	-8%
Attendance	5,857,302	6,061,674	-204,372	-3%

Note: All figures are unaudited and are as of 5/7/03.



Licenses Pending By Category In 2002

The following charts and graphs show licenses pending by category and total licenses issued by the Licensing Services Section of the Charitable Bingo Operations Division in 2002.

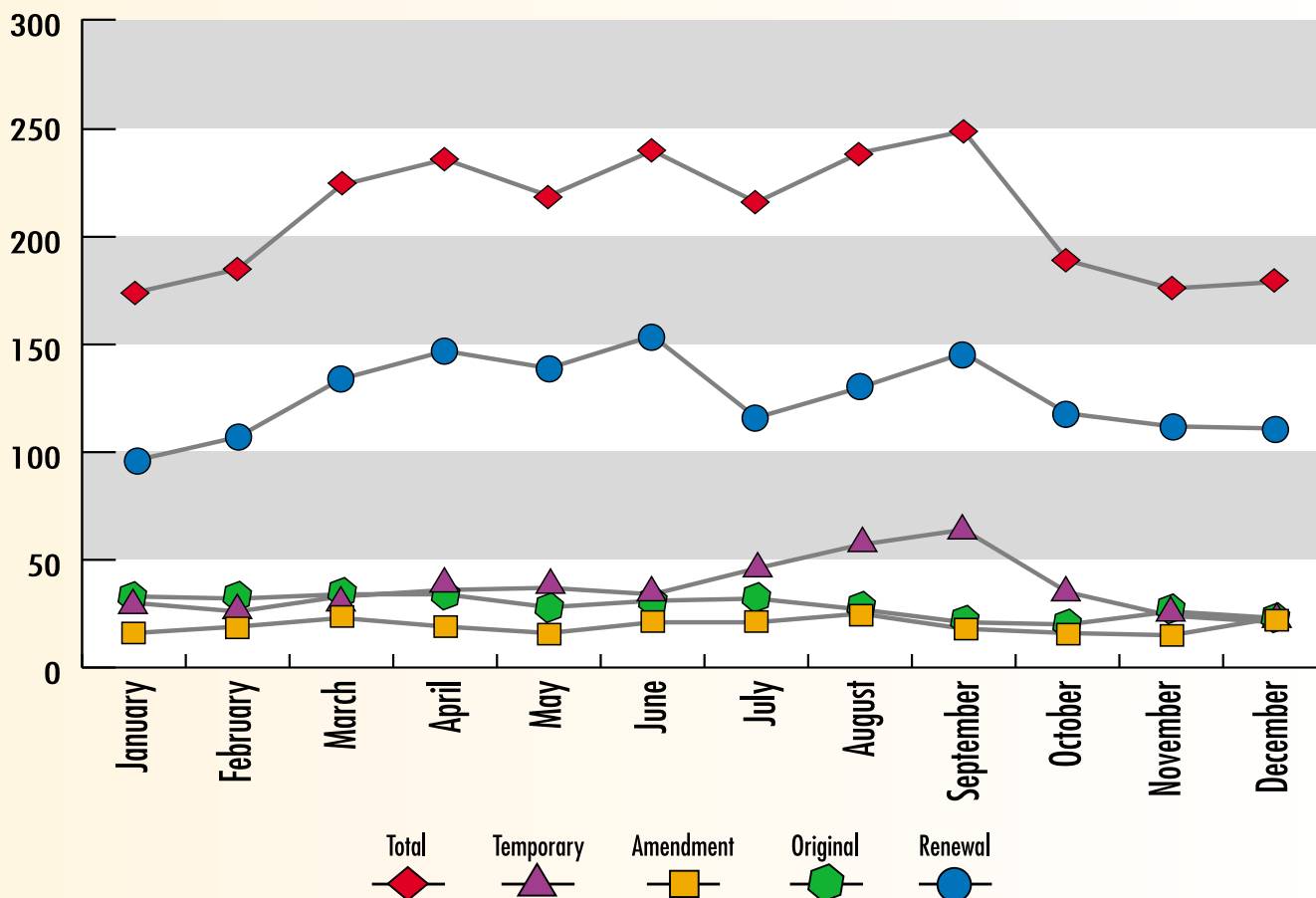
Pending licenses are license applications that have been received by the Charitable Bingo Operations Division but have not been issued. There are a variety of issues why a license may be pending. The following are common issues that cause a license to be pending:

- Quarterly reports not filed and/or required payments not made
- Unresolved audit issues or undergoing a current audit
- Incomplete application submitted
- The organization does not have a primary operator or an operator who has attended the Operator Training Program with the last two years
- Required supplemental information not submitted or not completed as required
- Individual/individuals signing the application and/or supplemental documentation are not listed on the organization's bingo record as required, i.e., an individual may sign as an "officer" but she/he is not on the organization's bingo record as an "officer"
- Playing schedule conflicts
- License fee not submitted

We make every effort to process license applications as quickly as possible. If you have any questions about a license application or the required supporting documentation please call us and we will be happy to assist you.

Charitable Bingo Licenses Pending

Average Pending by Category Per Month - 2002



Summary Of Survey Results

Operator Training Programs

Surveys are distributed to all participants in the Operator Training Programs conducted by the Charitable Bingo Operations Division. We thought you might be interested in the responses to the survey questions for surveys distributed during the 2000, 2001 & 2002 fiscal years.

Question: What do you find most helpful about the Operator Training Program?

	2002	2001	2000
Speaker	NA	NA	60%
Licensing	38%	44%	27%
Promoting Bingo	39%	43%	35%
Graphics	18%	17%	23%
Audit	34%	32%	27%
Administration of Bingo	61%	65%	55%
Accounting	57%	49%	46%

Question: What did you find least helpful about the Operator Training Program?

	2002	2001	2000
Speaker	NA	NA	7%
Licensing	12%	12%	14%
Promoting Bingo	25%	27%	25%
Graphics	29%	24%	26%
Audit	10%	11%	11%
Administration of Bingo	9%	9%	10%
Accounting	10%	10%	9%

Question: Do you think the Operator Training Program was worthwhile?

	2002	2001	2000
Yes	96%	98%	95%
No	3%	2%	4%

Question: How would you rate the quality of service you receive from the Charitable Bingo Division?

	2002	2001	2000
Excellent	62.29%	62.82%	49.17%
Good	32.01%	32.99%	43.61%
Fair	3.89%	2.96%	5.42%
Poor	0.28%	.10%	.28%
No Response	1.53%	1.12%	1.53%
Total Attendance	1,771	1,112	848
Survey Responses	1,440	979	720
Percent Response Rate	81%	88%	85%



Frequency of Bingo Occasions

An analysis of 1,358 licensed bingo conductors holding an annual license to conduct bingo on March 12, 2003, was completed to determine the most frequent days and times that bingo occasions are licensed in Texas. The results of the analysis are as follows:

The following table shows the total number of licensed occasions by day.

DAY OF THE WEEK	NO. OF OCCASIONS LICENSED BY DAY	PERCENTAGE
Sunday	602	17.72%
Monday	384	11.30%
Tuesday	420	12.36%
Wednesday	454	13.37%
Thursday	482	14.19%
Friday	551	16.22%
Saturday	504	14.84%
TOTAL	3,397	100.00%

The most popular four-hour period to be licensed for a bingo occasion is between 6:00 PM and 10:00 PM. The following table shows the number of occasions that actually start and end between 6:00 PM and 10:00 PM.

DAY OF THE WEEK	NO. OF OCCASIONS LICENSED BETWEEN 6:00 PM TO 10:00 PM	PERCENTAGE
Friday	137	17.36%
Sunday	94	11.91%
Monday	102	12.93%
Tuesday	111	14.07%
Wednesday	110	13.94%
Thursday	127	16.10%
Saturday	108	13.69%
TOTAL	789	100.00%

The most common license start times fall within the range of 6:00 PM and 6:59 PM with Friday being the most common day within this range.

DAY OF THE WEEK	NO. OF OCCASIONS WITH START TIMES BETWEEN 6:00 PM TO 6:59 PM	PERCENTAGE
Friday	144	17.84%
Sunday	81	10.04%
Monday	109	13.51%
Tuesday	126	15.61%
Wednesday	117	14.50%
Thursday	131	16.23%
Saturday	99	12.27%
TOTAL	807	100.00%

Violations (continued from cover)

Violation – An organization fails to have checks or withdrawal slips signed by an authorized representative of the licensed organization, in violation of the Bingo Enabling Act, Tex. Occ. Code, §2001.452(a).

Suggestions For Ensuring Compliance

An authorized representative is typically a director, bookkeeper, officer or operator who appears on the organization's bingo record. Information regarding which individuals are listed as directors, officers or operators on an organization's bingo record can be obtained by contacting the Charitable Bingo Operations Division as indicated on the back page.

Violation – An organization incurs or pays item(s) of expense in connection with the conduct of bingo that are not reasonably and necessarily expended for authorized expenses, in violation of the Bingo Enabling Act, Tex. Occ. Code, §2001.453(a)(1), § 2001.458, & §2001.459.

Suggestions For Ensuring Compliance

The following items of expense are allowed:

- Advertising
- Security during a bingo occasion
- Repairs to premises and equipment are generally considered reasonable and necessary if an organization owns the location where it is conducting bingo
- The purchase or repair of bingo supplies and equipment
- Prizes
- Stated rental or mortgage and insurance expenses
- Bookkeeping, legal, or accounting services related to bingo
- Fees for callers, cashiers, and ushers
- Janitorial services and utility supplies and services
- License fees

Violation – An organization incurs or pays item(s) of expense in connection with the conduct of bingo that were not paid from the organization's bingo account, a violation of the Bingo Enabling Act, Tex. Occ. Code, §2001.459(a).

Suggestions For Ensuring Compliance

- Ensure all individuals who are responsible for the payment of bingo related expenses are aware of what constitutes an allowable expense and the proper bank account as authorized by the Bingo Enabling Act.
- Have the bingo account checks printed in a style and/or color that is not similar to the general fund account checks.

Violation – An organization fails to deposit all funds derived from the conduct of bingo including prize fees withheld in the bingo account, a violation of the Bingo Enabling Act, Tex. Occ. Code, §2001.451.

Suggestions For Ensuring Compliance

- Verify the amount shown on the "TOTAL Regular & Instant Prizes" section of the "Daily Cash Report" to the "TOTAL REGULAR AND INSTANT BINGO" on the "DAILY SCHEDULE OF PRIZES" – these two entries should be the same, then

- Verify that "Prize Fees Withheld" from the "Daily Cash Report" equals 5% of "TOTAL Regular & Instant Prizes," finally
- Verify this amount is included in the net deposit.

Violation – An organization's bingo account checks fail to contain the required information, a violation of the Bingo Enabling Act, Tex. Occ. Code §2001.452(a) & §2001.452(b).

Suggestions For Ensuring Compliance

The face of bingo account checks must be imprinted with:

- The words "Bingo Account"
- The organization's eleven-digit bingo license number
- The nature of the payment must be noted

Violation – An organization fails to keep and account for all bingo account checks and withdrawal slips, including voided checks and withdrawal slips, in violation of the Bingo Enabling Act, Tex. Occ. Code, §2001.452(c).

Suggestions For Ensuring Compliance

Compare the bingo checking account check book register or the bingo account bank statements to the "CASH DISBURSEMENTS JOURNAL" to ensure all checks and withdrawal slips are accounted for in the register.

Violation – An organization's bingo account check(s) or withdrawal slip(s) are made payable to "cash", "bearer", or to a fictitious payee, a violation of the Bingo Enabling Act, Tex. Occ. Code, §2001.452(a).

Suggestions For Ensuring Compliance

- If writing a check or withdrawal slip to replenish petty cash, the organization should make the check or withdrawal slip payable to the bank with a notation of "Petty Cash Reimbursement" on the front of the check or withdrawal slip.
- Every check or withdrawal slip should be supported by documentation, such as an invoice, cash register tape or receipt that reflects the name of the payee, what goods or services were purchased, and the amount of the transaction.

Violation – An organization lends money from the general fund to the bingo account without prior request and approval from the Commission, a violation of the Bingo Enabling Act, Tex. Occ. Code, §2001.451(c).

Suggestions For Ensuring Compliance

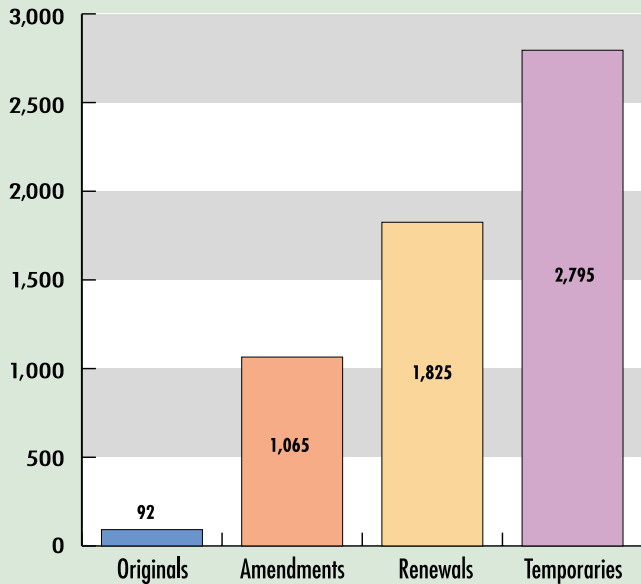
All transfers to the bingo account from the general fund must be pre-approved by the Charitable Bingo Operations Division.

- To obtain pre-approval to transfer funds to the bingo checking account the organization should complete a "Schedule F – Bingo Financial Summary" and submit it to the Charitable Bingo Operations Division in Austin.

Licenses Issued In 2002

In 2002 the Licensing Services Section issued 5,777 licenses. The following chart is a break down of the types of licenses issued in 2002.

Charitable Bingo Licenses Issued
By Category Calendar Year - 2002



Licenses Issued From
January 1, 2003 - April 30, 2003

Original Licenses	15
Renewals	623
Amendments	248
Temporaries	856
Total Licenses issued	1,742



How To Contact Us

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