

§402.203. Unit Accounting.

(a) The provisions of this rule relate only to the accounting, reporting and operation of units in accordance with the Bingo Enabling Act and this chapter. Nothing in this rule shall be construed as a grant of authority or waiver of responsibility under federal law, including tax law, and other state law.

(b) Definitions. In addition to the definitions provided in §402.100 of this chapter, and unless the context in this section otherwise requires, the following definitions apply:

(1) Default--The term used to describe the status of a licensed authorized organization that does not timely pay for the sale or lease of bingo supplies or equipment as provided in Occupations Code, §2001.218.

(2) Net proceeds--The unit's gross receipts from bingo and gross rental income, if applicable, less prizes awarded and authorized expenses.

(c) Each unit will be assigned an identification number by the Commission.

(d) Unit Representation.

(1) All units, with the exception of a unit organized under a unit agreement with a Unit Manager, must name a designated agent who is responsible for providing the Commission access to all inventory and financial records of the unit on request by the Commission.

(2) It is the responsibility of the unit members to ensure that the unit's designated agent is knowledgeable of and able to provide information to the Commission on:

(A) the unit agreement or trust agreement;

(B) submission of all required forms;

(C) unit Quarterly Report; and

(D) unit's bingo records.

(3) A unit must complete a form prescribed by the Commission to designate an authorized representative.

(4) The designated agent will make available all unit accounting records to any member of a licensed authorized organization whose organization is a member of the accounting unit within 15 calendar days of the request.

(5) The designated agent will provide a copy of all unit accounting records to the bingo chairperson of a licensed authorized organization whose organization was a member of the accounting unit within 30 calendar days of the date of separation.

(e) Unit's Use of Proceeds.

(1) All distributions of net proceeds of the unit shall be paid from the unit's bingo account to the account designated by the unit member. Each unit member is required to maintain adequate records establishing that the use of such net proceeds is in accordance with Occupations Code §2001.454.

(2) All prize fees collected in accordance with Occupation Code, §2001.502 must be deposited in the unit's bingo account and paid from the unit's bingo account.

(3) All funds disbursed to a unit member shall be used in accordance with Occupations Code, §2001.454 and this chapter.

(f) Unit Transactions.

(1) Upon prior written consent by the Commission:

(A) a licensed authorized organization may make a sale of bingo cards, pull-tab bingo tickets, or a used bingo flash board or blower to a unit;

(B) a unit may make a sale of bingo cards, pull-tab bingo tickets, or a used bingo flash board or blower to a licensed authorized organization; or

(C) a unit may make a sale of bingo cards, pull-tab bingo tickets, or a used bingo flash board or blower to another unit.

(D) Prior written consent from the Commission is required for the sale or transfer of bingo supplies as described above with the exception of bingo cards and pull tab bingo tickets transferred at the time a licensed authorized organization initially joins a unit. Within twenty-five (25) calendar days of initially joining a unit, the licensed authorized organization shall notify the Commission on a form prescribed by the Commission of the inventory transferred to the unit.

(2) If a member of a unit is in default, a person may not sell or transfer bingo equipment or supplies to the unit on terms other than immediate payment on delivery, unless otherwise authorized by the Commission.

(g) Unit Recordkeeping.

(1) Each unit must file a quarterly report, on a form prescribed by the Commission and maintain records to substantiate the contents of the report.

(2) The unit must adhere to all applicable recordkeeping requirements in the Bingo Enabling Act and Charitable Bingo Administrative Rules.

(3) A member of a unit which is also licensed as a commercial lessor must report its rental income on the unit quarterly report and remit the taxes on rental income.

(h) Unit Bingo Account.

(1) The unit must establish and maintain one checking account designated as the "bingo account."

(2) A unit bingo account must adhere to the same provisions of a licensed authorized organization's bingo account as required in the Bingo Enabling Act and the Charitable Bingo Administrative Rules.

(3) Except for the transfer of funds to the unit account by new members or funds transferred in accordance with §402.202 of this chapter (relating to Transfer of Funds), only the following may be deposited into the bingo account:

(A) proceeds from the conduct of bingo; and

(B) rent payments received by a unit member that is also a licensed commercial lessor.

(4) A separate deposit must be made into the unit bingo account for each bingo occasion conducted. Additionally, all sales and prizes must be recorded on the records for the occasion on which they occurred.

(5) All taxes on rental income and all prize fees must be paid from the unit bingo account.

(6) The face of the checks for a unit bingo account must list the name of the unit, the words "Bingo Account", and the unit's identification number.

(i) Transfer of Funds to the Unit Account by new Members.

(1) A licensed authorized organization joining a unit may transfer funds from its previous bingo account into the unit bingo account at the time the unit is formed or at the time of joining an existing unit and within 60 days thereafter. Any additional funds transferred to the unit bingo account must comply with §402.202 of this chapter. At no time, can funds that have been previously reported on a bingo quarterly report as charitable distributions be transferred to the unit account.

(2) All net proceeds remaining in the organization's former bingo account at the time it joins a unit must be disbursed by the organization for its charitable purpose by the last day of the quarter following the date the organization joined the unit or transferred to the unit bingo account in accordance with paragraph (1) of this subsection. At no time can funds that are required by

Occupations Code, §2001.457 to be distributed for the charitable purpose of the organization be transferred to the unit bingo account.

(3) As soon as an organization joins a unit, all of its bingo expenses must be paid from the unit bingo account including outstanding bingo expenses and subsequent expenses. The organization must make an accurate accounting of all outstanding expenses, and the total amount should be included in the funds transferred at the time the unit is formed or at the time of joining an existing unit.

(4) If a unit member does not have sufficient funds to cover outstanding bingo expenses or the amount required to join the unit, the unit member's portion of the charitable distribution may be reduced until these obligations have been satisfied. This business practice may be used provided that the exact terms are reflected in the unit agreement, a copy of the unit agreement is provided to the Charitable Bingo Operations Division, and the unit meets the charitable distribution requirement.

(5) If the organization transfers funds from its previous bingo account into the unit bingo account, the funds must be reported on the unit's "Texas Bingo Quarterly Report" for the quarter they were transferred and on the last "Texas Bingo Quarterly Report" the organization filed as a non-unit member.

(6) An organization that is required to file a Texas Bingo Quarterly Report for a period prior to joining an accounting unit must file a form prescribed by the Commission reporting a final disposition of all proceeds in its bingo account for the quarter following the quarter it was last required to file a Texas Bingo Quarterly Report apart from the unit. The form must be submitted with the unit's "Texas Bingo Quarterly Report" for that quarter and would be subject to all "Texas Bingo Quarterly Report" filing deadlines, requirements and penalties.

(j) Distribution of Funds Upon Withdrawal or Dissolution.

(1) If, upon leaving a unit, an organization receives a distribution of funds from the unit's bingo account, the unit must classify the distribution as a charitable distribution.

(2) Funds distributed as a charitable distribution must be used for the charitable purpose of the organization in accordance with the Bingo Enabling Act and Charitable Bingo Administrative Rules and may not be used to join another unit.

(k) Responsibilities of Unit Members.

(1) Each unit member organization is responsible for administering its own bingo occasions and for any violations of the Bingo Enabling Act or Charitable Bingo Administrative Rules that may take place.

(2) Each unit member organization is responsible for maintaining and retaining the bingo records relating to all aspects of its occasions up to and including the point at which the deposit is made into the unit's bingo account.

(3) Each unit member organization is liable for any bingo cash shortages, inventory shortages, or missing or deficient occasion deposits occurring in association with its bingo occasion conducted.

(4) Each unit member organization is responsible for distributing the bingo proceeds received from the unit for its authorized charitable purposes.

(5) A licensed authorized organization joining or withdrawing from a unit at any time other than at the beginning or ending of a reporting quarter is responsible for filing a separate quarterly report for bingo activities conducted apart from the unit.