

§402.501. Charitable Use of Net Proceeds.

(a) A licensed authorized organization shall devote all net proceeds of conducting bingo and any rental of premises for the conduct of bingo to the exempt purpose under which the organization qualifies as a nonprofit or otherwise authorized organization in accordance with §2001.002 of the Bingo Enabling Act and §501(c) of the Internal Revenue Code.

(b) A licensed authorized organization may not use net proceeds of the conduct of bingo and any rental of premises for the conduct of bingo, directly or indirectly, to inure to the benefit of any private shareholder, individual, officer, governing body or member other than as reasonable compensation for services rendered or if for a cause or deed consistent with its charitable purpose.

(c) A licensed authorized organization is required to ensure that all funds given to another organization, auxiliary, or any other person are used as required in this chapter and the Bingo Enabling Act.

(d) Proceeds will not be considered as used for the charitable purposes of the organization without documentation to substantiate the use of proceeds.