

§402.502. Charitable Use of Net Proceeds Recordkeeping.

(a) An organization must maintain and upon request make available to a representative of the Commission or designee:

(1) a copy of the organization's organizing documents;

(2) other enabling documents, any amendments and any adopted bylaws which provide in writing the specific cause, deed or activity that is consistent with the organization's purposes and objectives for which bingo net proceeds will be used; and

(3) a copy of the applicant organization's four most recently filed Internal Revenue Service Form 990, if applicable.

(b) The Commission may request supplemental information from an organization in order to substantiate compliance with the Bingo Enabling Act, §2001.454.

(c) Record Keeping:

(1) In accordance with the Bingo Enabling Act, the licensed authorized organization must have documentation for all proceeds used for charitable purposes to substantiate the use of the funds for purposes consistent with the exempt purposes of the licensed authorized organization.

(2) All distributions for charitable purposes must be made from the bingo checking account. A distribution made from the bingo checking account into another account maintained by the organization must be substantiated with documentation and used for a cause, deed, or activity dedicated to the charitable purposes of the organization consistent with the 26 U.S.C. §501 tax exemption of the organization or the purposes or objective for which the organization qualifies as an authorized organization.

(3) Accounting units must make distributions for charitable purposes from the unit bingo checking account to the unit member. The unit member must maintain sufficient documentation to verify the disbursed funds were used for its charitable purposes.

(4) A licensed authorized organization must maintain bank statements, canceled checks and deposits slips or images of them, and bank reconciliations for all accounts to which it deposits charitable distributions from the proceeds of bingo.

(5) A licensed authorized organization must maintain documentation for all charitable distributions made to individuals or other organizations. These include:

(A) the complete name, address, phone number, and contact person for the individual or organization receiving the donation; and

(B) an invoice, receipt, thank you note, or other written acknowledgement of the distribution including the date and amount of the donation.

(6) A licensed authorized organization must maintain documentation for all charitable distributions used for its exempt purposes. Documentation includes:

(A) invoices, receipts, or other proof of payment for actual expenses incurred for these purposes; and

(B) calendars, floor plans, or other information used to pro-rate any expenses where only a portion of the expense is considered a legitimate exempt use of charitable distributions.

(7) A licensed authorized organization must maintain documentation for all charitable distributions as to how the use of the funds relates to the cause, deed, or activity dedicated to the charitable purposes of the organization consistent with the 26 U.S.C. § 501 tax exemption of the organization or the purposes or objective for which the organization qualifies as an authorized organization.

(8) A licensed authorized organization must maintain minutes of any meeting where the use of bingo proceeds or other activities related to the conduct of bingo is discussed.

(9) An organization transferring funds to its bingo account in accordance with §2001.451 of the Act must maintain documentation showing that the transferred funds were not originally bingo proceeds.

(10) A licensed authorized organization must maintain for four years records to substantiate the use of net proceeds.

(11) Reimbursement or direct payment for member or employee travel expenses will only be considered as used for the charitable purposes of the organization if the following records are provided to the Commission upon request:

(A) the itinerary of a seminar, convention, or retreat showing that the purpose of the seminar, convention, or retreat was primarily to discuss the charitable functions and purposes consistent with the 26 U.S.C. §501 tax exemption of the organization or the purposes or objective for which the organization qualifies as an authorized organization; and

(B) the original or true and correct copies of receipts and cancelled checks showing the date and amount of the contribution for actual out-of-pocket reasonable or necessary expenses such as hotel, airline tickets, meals, etc., and the corresponding request for payment or reimbursement maintained by the organization.