

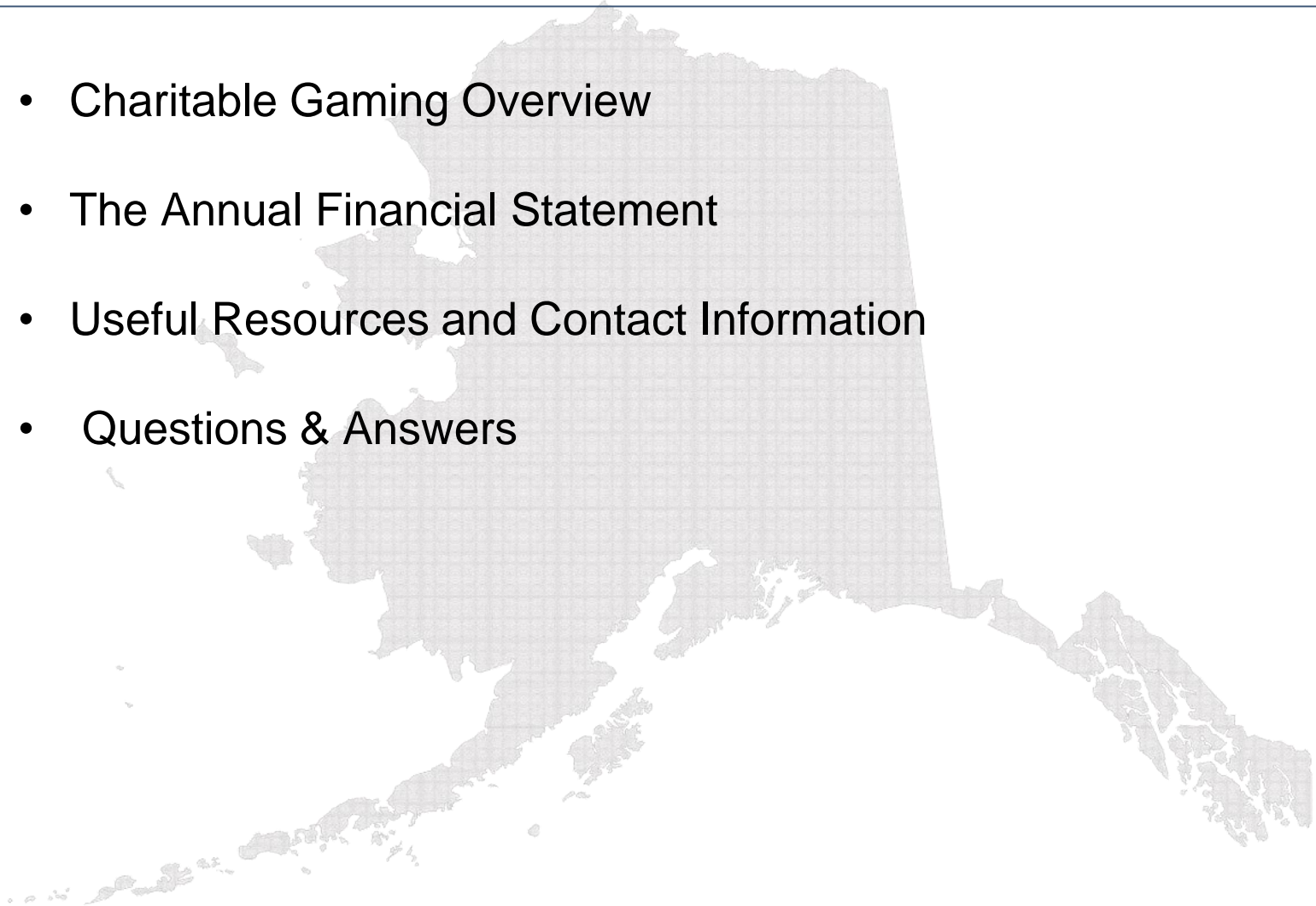
Charitable Gaming

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Outline

- Charitable Gaming Overview
- The Annual Financial Statement
- Useful Resources and Contact Information
- Questions & Answers



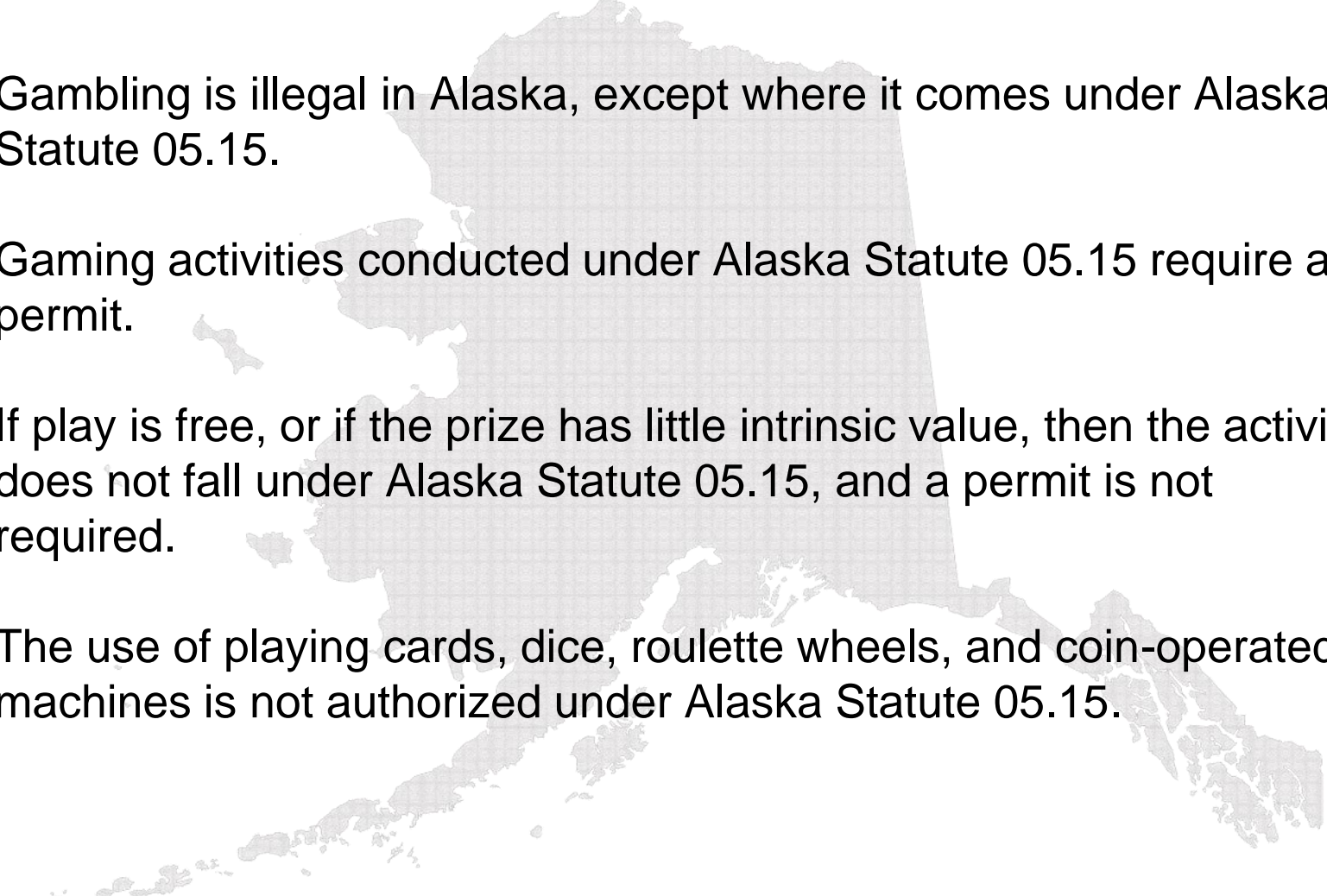
Charitable Gaming Overview

- Terminology
 - Gaming in Alaska
 - Permit Qualifications
 - Gaming Bank Account
 - Use of Net Proceeds
 - Permits & Reports
 - Prizes & Expenses
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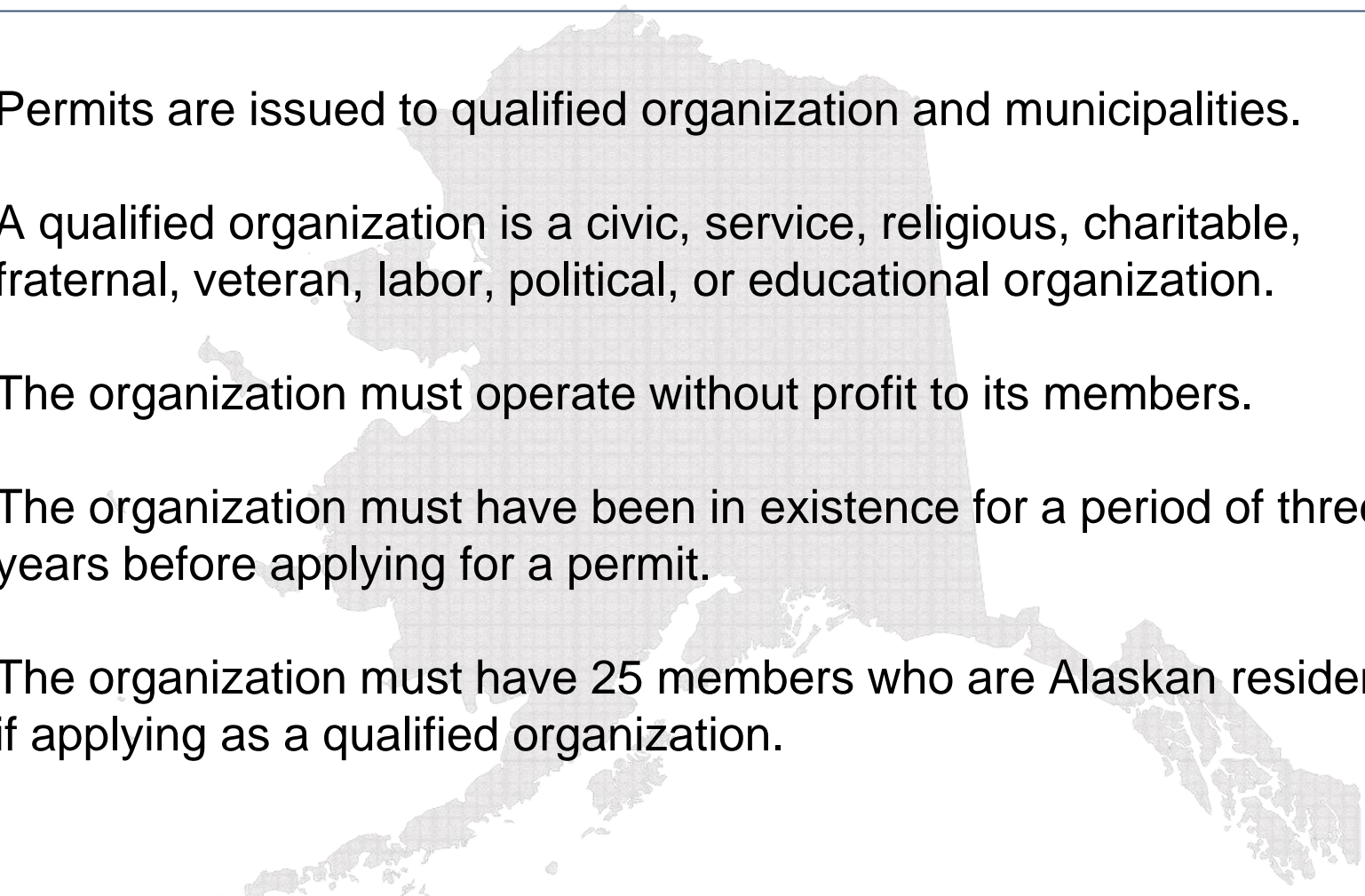
Terminology

- **Permittee:** A municipality or qualified organization that holds a gaming permit.
- **Vendor:** A business, such as a bar or liquor store, that sells pull-tabs on behalf of a permittee.
- **Operator:** A for-profit individual licensed to conduct gaming activity on behalf of a permittee as their agent.
- **Multiple-Beneficiary Permittee:** A partnership of two to six permittees who agree to jointly conduct gaming activities.
- **Net Proceeds:** The gross receipts from gaming activity less prizes and allowable gaming expenses.
- **Revenue Online:** The Tax Division's website for online taxpayer services.

Gaming in Alaska

- Gambling is illegal in Alaska, except where it comes under Alaska Statute 05.15.
 - Gaming activities conducted under Alaska Statute 05.15 require a permit.
 - If play is free, or if the prize has little intrinsic value, then the activity does not fall under Alaska Statute 05.15, and a permit is not required.
 - The use of playing cards, dice, roulette wheels, and coin-operated machines is not authorized under Alaska Statute 05.15.
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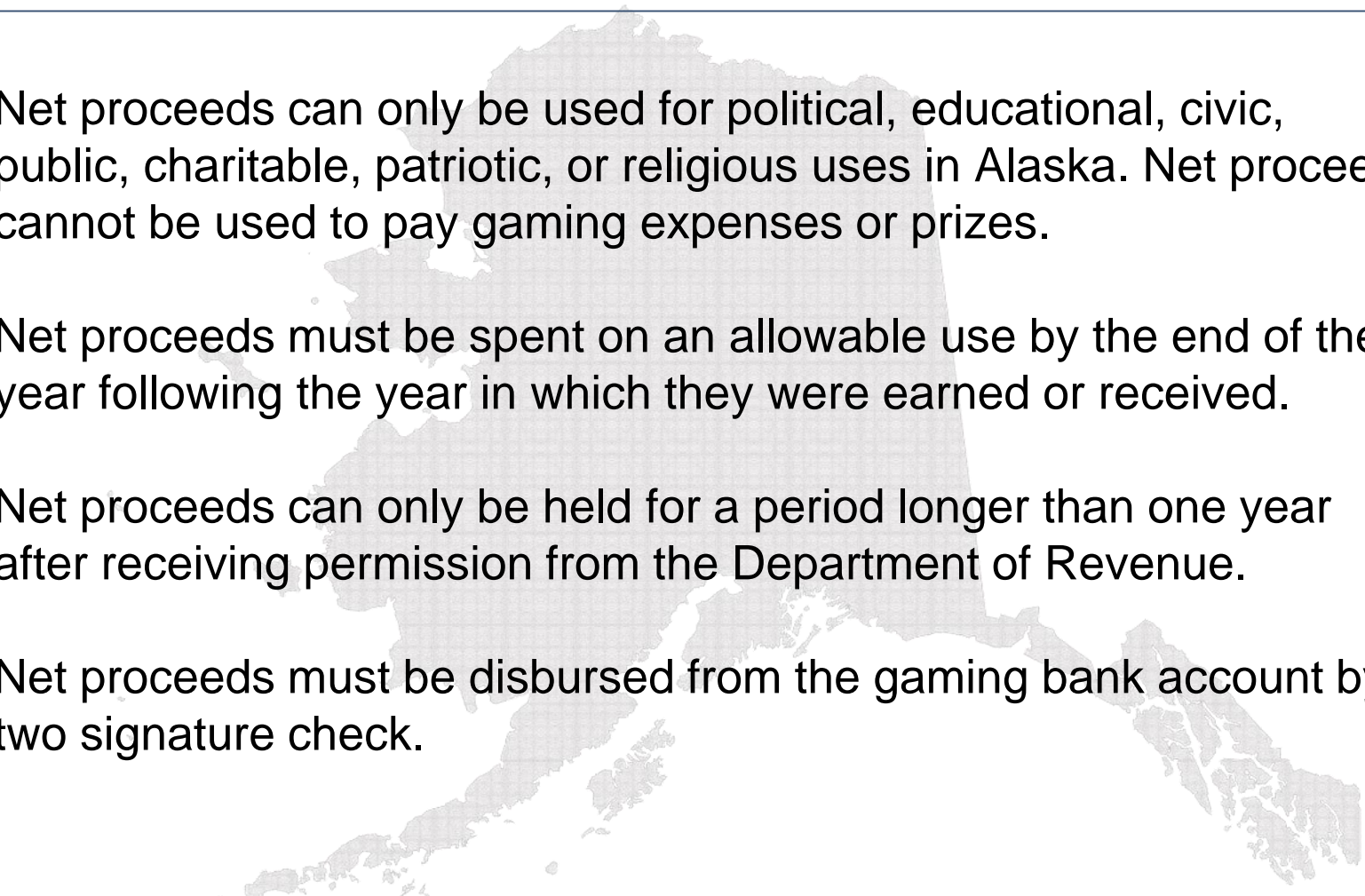
Permit Qualifications

- Permits are issued to qualified organization and municipalities.
 - A qualified organization is a civic, service, religious, charitable, fraternal, veteran, labor, political, or educational organization.
 - The organization must operate without profit to its members.
 - The organization must have been in existence for a period of three years before applying for a permit.
 - The organization must have 25 members who are Alaskan residents if applying as a qualified organization.
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Gaming Bank Account

- Must be a separate bank account used solely for gaming. Ensuring there is no comingling of gaming and non-gaming funds will make filing your Annual Financial Statement easier.
- The bank account currently must require two signatures on its checks, and the word “Gaming” should be in the account name that appears on the checks and statements.
- All gaming expenses and donations of net proceeds should be paid using the abovementioned checks. Electronic fund transfers (EFTs) are not allowed, with the exception of taxes and fees paid to the Department of Revenue and Internal Revenue Service.

Use of Net Proceeds

- Net proceeds can only be used for political, educational, civic, public, charitable, patriotic, or religious uses in Alaska. Net proceeds cannot be used to pay gaming expenses or prizes.
 - Net proceeds must be spent on an allowable use by the end of the year following the year in which they were earned or received.
 - Net proceeds can only be held for a period longer than one year after receiving permission from the Department of Revenue.
 - Net proceeds must be disbursed from the gaming bank account by two signature check.
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Permits and Reports

Permit Renewals

- Can be renewed starting November 1.
- Valid for the calendar year.
- Can be amended at any time through Revenue Online.

Annual Financial Statement

- Required each year your organization holds a permit.
- Available to be filed starting January 1 of the following year.
- Due by March 15 of the following year.

Quarterly Reports

- Required if gross receipts exceeded \$50,000 or if you were a member of a multiple-beneficiary permittee during the quarter.
- Available to be filed the day following the end of the quarter.
- Due 45 days following the end of the quarter.

Cost of Prizes

- Cost of prizes are the value of the prizes awarded for a gaming activity.
- Purchased prizes, cash prizes, and pull-tab playbacks are all included in cost of prizes.
- Donated prizes are not included in cost of prizes. Instead, the fair market value of any donated prizes are reported separately under the 'Donated Prizes' section.
- Door prizes are not included in cost of prizes, they are instead reported as a gaming expense.

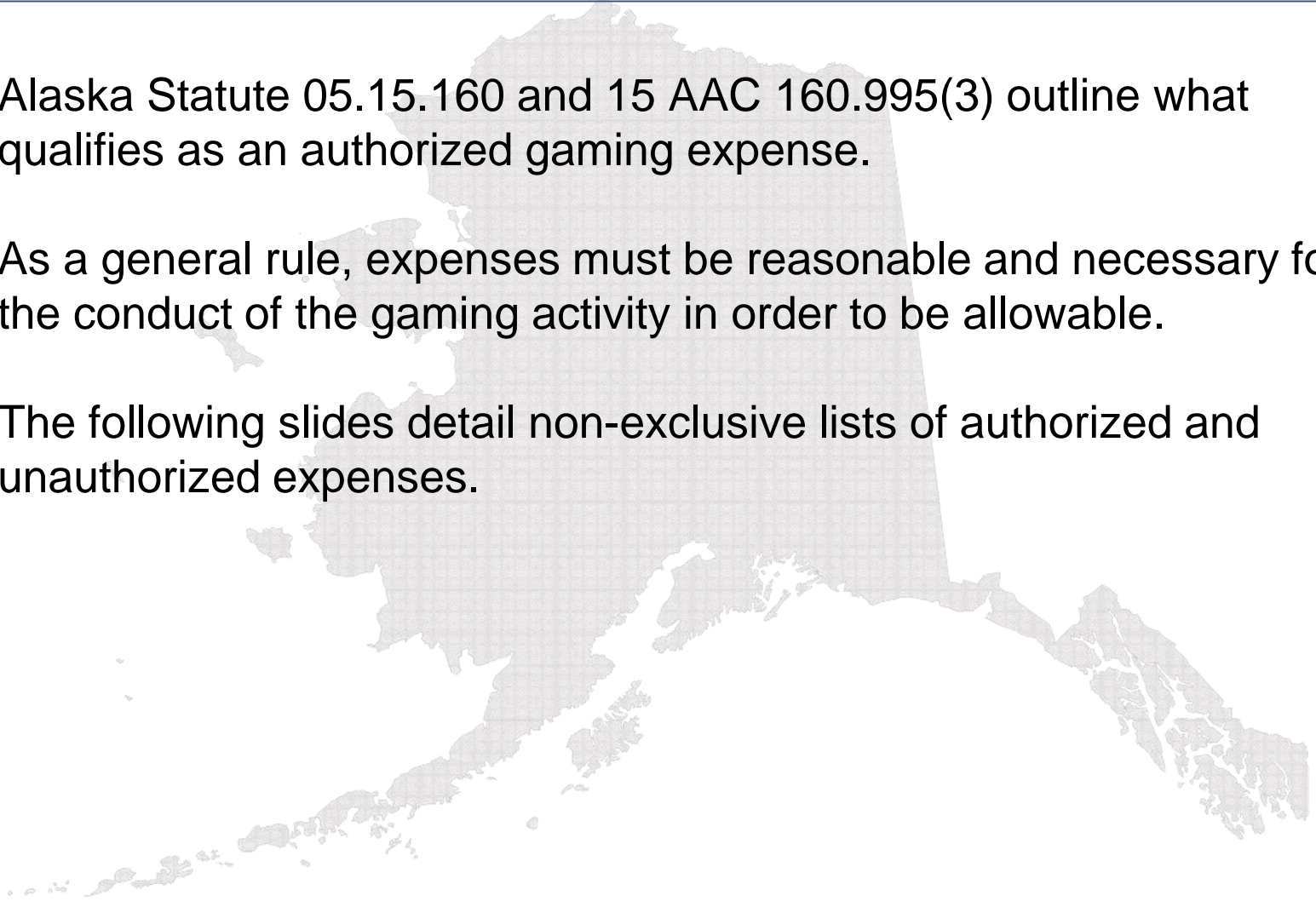
Prize Limits

As detailed in the table below, charitable gaming has a variety of prize limits based on the type of gaming activity. Additionally, these limits are often different for permittees, multiple-beneficiary permittees (MBP), and operators.

	Permittee	MBP	Operator
Non-Bingo Annual Prize Limit	\$2,000,000	\$2,000,000 per permittee	\$500,000 per permittee
Bingo Annual Prize Limit	\$840,000	\$840,000 per permittee	\$660,000 per permittee
Bingo Gross Receipt Prize Limit	85% of bingo gross receipts		
Bingo Session Prize Limit	\$5,000 per session		
Bingo Game Prize Limit	\$1,000 per game		

Gaming Expenses

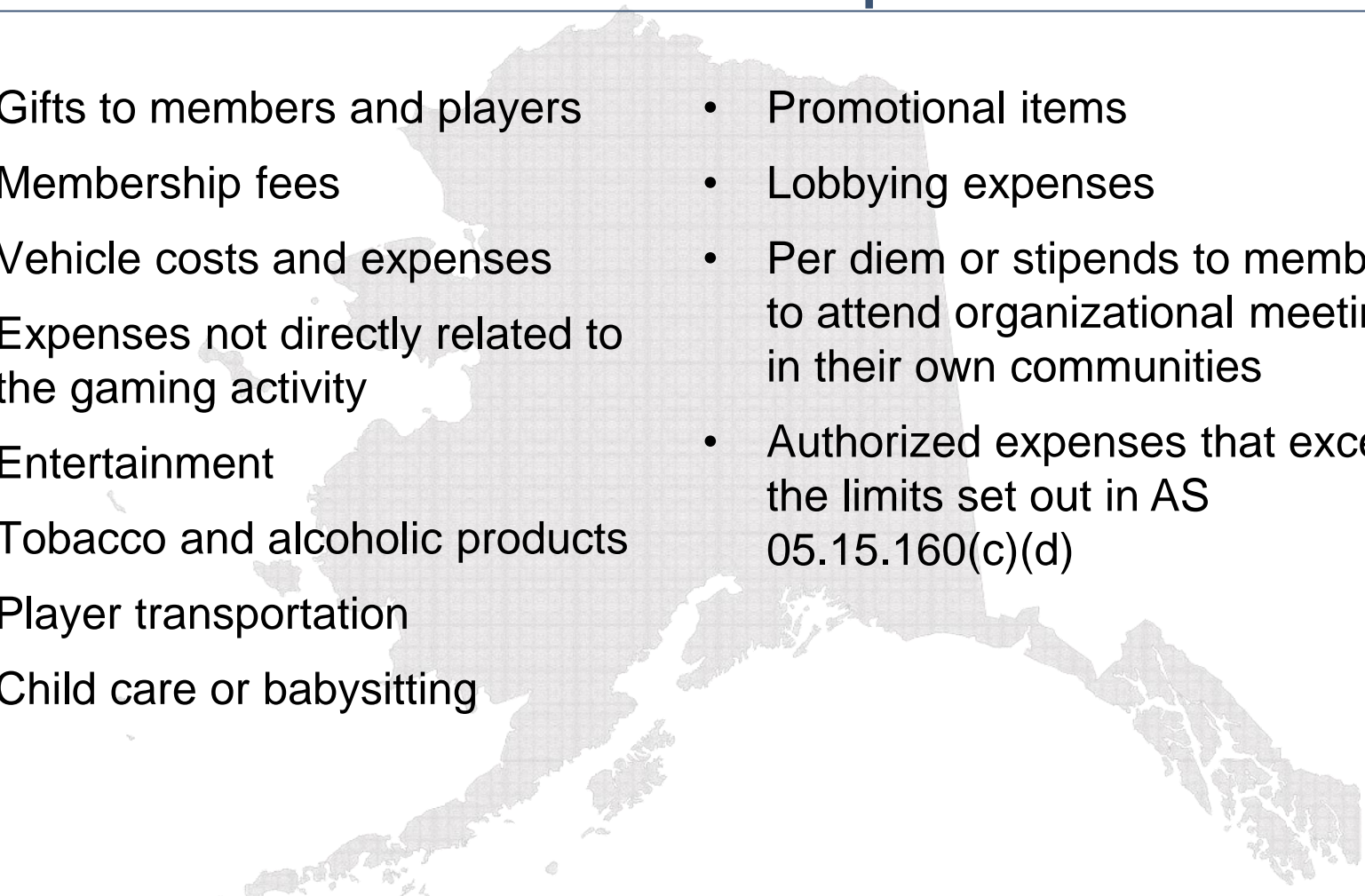
- Alaska Statute 05.15.160 and 15 AAC 160.995(3) outline what qualifies as an authorized gaming expense.
- As a general rule, expenses must be reasonable and necessary for the conduct of the gaming activity in order to be allowable.
- The following slides detail non-exclusive lists of authorized and unauthorized expenses.



Authorized Expenses

- Wares and merchandise
- Employee wages
- The depreciation and maintenance of equipment used exclusively for gaming
- Printing raffle tickets
- Advertising
- Utilities, improvements, maintenance, property taxes, insurance, and depreciation of the portion of an owned building that is used for gaming activity
- The lease or rent of property and facilities
- Postage and freight
- Accounting services
- Payroll and pull-tab taxes
- Janitorial services
- Free food provided for player consumption
- Legal and consulting services directly related to gaming
- Door prizes
- Interest on allowable loans
- Other amounts allowed by GAAP as modified by AS 05.15 and 15 AAC 160

Unauthorized Expenses

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- Gifts to members and players
 - Membership fees
 - Vehicle costs and expenses
 - Expenses not directly related to the gaming activity
 - Entertainment
 - Tobacco and alcoholic products
 - Player transportation
 - Child care or babysitting
 - Promotional items
 - Lobbying expenses
 - Per diem or stipends to members to attend organizational meetings in their own communities
 - Authorized expenses that exceed the limits set out in AS 05.15.160(c)(d)

Expense Limits

- Gaming expense limits are determined by the type of gaming activity.
- Unlike prize limits, expense limits are the same for permittees, operators, and multiple-beneficiary permittees (MBPs).
- All expenses incurred for a gaming activity must be reported, even if they are in excess of the limits.

Game Type	Limit
Pull-Tabs	70% of adjusted gross income
Other Game Types	90% of adjusted gross income
Advertising	5% of total adjusted gross income
Vendor Compensation	30% of the ideal net
Door Prizes	\$240,000 a year

Annual Financial Statement

Main Schedules

- Schedule AP: Permittee Activity Report
- Schedule AO: Operator/MBP Activity Report
- Schedule AV: Vendor Activity Report

Supplementary Schedules

- Schedule D: Pull-Tab Report Attachment
- Schedule C-1: Cost of Pull-Tab Games and Bingo Cards
- Schedule E: Donations of Net Proceeds
- Schedule F: Other Deposits and Increases
- Schedule F-1: Other Disbursements and Reductions

Account Reconciliation

Schedule D

- Schedule D is used to report completed pull-tab games that were not already reported on your organization's quarterly reports.
- If you did not conduct self-directed or vendor pull-tabs, you do not need to complete Schedule D.
- If your organization only participated in pull-tab gaming activity through an operator or a MBP, you do not need to complete Schedule D.

Schedule D

Schedule C-1

Schedule AP

Schedule AO

Schedule AV

Schedule F

Schedule F-1

Schedule E

Reconciliation

Schedule C-1

- Schedule C-1 is used to record beginning and ending inventory, the cost of pull-tab games and bingo cards that your organization conducted on its own behalf, as well as pull-tabs purchased for vendor sales.
- Beginning and ending inventory records should be kept your organization's other accounting records, however they do not need to be submitted with the Annual Financial Statement.
- Pull-tab tax should not be included on Schedule C-1. The 3% pull-tab tax on the ideal net paid with the distributor invoice should be excluded from the game cost and is reported on either Schedule AP or AV.

Schedule D

Schedule C-1

Schedule AP

Schedule AO

Schedule AV

Schedule F

Schedule F-1

Schedule E

Reconciliation

Schedule AP

- Schedule AP is used to report the gaming activity your organization conducted itself.
- Donations of net proceeds, non-gaming expenses, and concession sales should **not** be reported on this schedule.
- Gaming expenses must be reasonable and necessary to conduct the gaming activity.

Schedule D

Schedule C-1

Schedule AP

Schedule AO

Schedule AV

Schedule F

Schedule F-1

Schedule E

Reconciliation

Schedule AO

- Schedule AO is only used to report the gaming activity conducted by your operator or multiple-beneficiary permittee (MBP). Vendor and self-directed gaming activity should not be reported on this schedule.
- Your operator or MBP should provide the information needed to complete this schedule to your organization by February 28 of the year following the year in which the gaming activity was conducted.

Schedule D

Schedule C-1

Schedule AP

Schedule AO

Schedule AV

Schedule F

Schedule F-1

Schedule E

Reconciliation

Schedule AV

- Schedule AV is used to report pull-tab games that your organization sold to a vendor. Pull-tabs that your organization sold itself should not be reported on Schedule AV, they should instead be reported on Schedule AP.
- If we remember from earlier, a vendor is a business, such as a bar or liquor store that sells pull-tabs on behalf of a permittee.
- Your vendor should have paid your organization at least 70% of the ideal net of the pull-tab game upon delivery of the game. Generally speaking, the remaining 30% of the ideal net of the game is the vendor's compensation.

Schedule D

Schedule C-1

Schedule AP

Schedule AO

Schedule AV

Schedule F

Schedule F-1

Schedule E

Reconciliation

Schedule F

- Schedule F is used to report other deposits and increases to your gaming bank account balance.
- For example, inadvertent non-gaming transactions, accounts payable, gaming receipts deposited after the end of the prior year, and any sales tax collected from gaming sales.
- Uncleared transactions should not be reported on Schedule F. They should instead be included on the reconciliation attached with your bank statements at the end of the AFS.

Schedule D

Schedule C-1

Schedule AP

Schedule AO

Schedule AV

Schedule F

Schedule F-1

Schedule E

Reconciliation

Schedule F-1

- Schedule F-1 is used to report other disbursements and reductions to the gaming bank account balance.
- This includes inadvertent non-gaming transactions, accounts payable, gaming receipts deposited after the end of the year, and sales tax from gaming sales remitted to your municipality.
- Uncleared transactions should not be reported on Schedule F-1 and should instead be included on the reconciliation attached with your bank statements at the end of the AFS.

Schedule D

Schedule C-1

Schedule AP

Schedule AO

Schedule AV

Schedule F

Schedule F-1

Schedule E

Reconciliation

Schedule E

- Schedule E is used to report how your organization donated or used the net proceeds it earned from gaming activity.
- Gaming expenses and prizes should not be reported on Schedule E.
- If you transferred net proceeds to an operating account, then the transfer should be reported on Schedule E.
- If your organization desires to hold net proceeds for a period longer than one year, you must apply through Revenue Online.

Schedule D

Schedule C-1

Schedule AP

Schedule AO

Schedule AV

Schedule F

Schedule F-1

Schedule E

Reconciliation

Account Reconciliation

- When all transactions are reported correctly on the Annual Financial Statement, and none are duplicated, the reported year-end balance on line 9 will match the 12/31 balance of your organization's year-end bank statements.
- If your organization wrote checks that did not clear until the following year, then the reported ending balance on line 9 should match the 12/31 reconciled balance of your attached year-end reconciliation.
- If the reported ending balance does not agree with either your year-end bank balance or year-end reconciliation, then something was missed in the completion of the Annual Financial Statement.

Schedule D

Schedule C-1

Schedule AP

Schedule AO

Schedule AV

Schedule F

Schedule F-1

Schedule E

Reconciliation

Useful Resources

Revenue Online

- Available at online-tax.alaska.gov
- Renew and amend your permit
- File annual and quarterly reports
- Submit and renew vendor registrations
- Sign operator contracts

Tax Division Gaming Website

- Available at tax.alaska.gov/gaming
- Answers to frequently asked questions
- Gaming statutes and regulations
- Revenue Online tips
- Due date information
- Filing instructions, videos, and forms

Contact Information

Revenue Online Help Desk

- Phone: 907.269.0041
- Email: tax.revenue-online@alaska.gov

Charitable Gaming Section

- Phone: 907.465.2581
- Email: dor.tax.gaming@alaska.gov



Questions?
