

WAC 230-07-090 Keeping and depositing all gambling funds separate from other funds. Charitable or nonprofit licensees must protect all funds generated from gambling activities and keep these funds separate from their general funds.

(1) Licensees must:

(a) Keep a separate gambling receipts account(s) in a recognized Washington state bank, mutual savings bank, or credit union; and

(b) Deposit only gambling receipts into that account. Licensees may deposit receipts from nongambling activities operated in conjunction with bingo games into the gambling receipts account if the licensee keeps detailed receipting records of the nongambling receipts; and

(c) Deposit all gambling receipts first into the account before spending or transferring them into other accounts, except for prize payouts; and

(d) Deposit funds received from commercial amusement game operators operating amusement games on their premises in the licensee's gambling receipts account no later than the second banking day after they receive the receipts; and

(e) Make all deposits of net gambling receipts from each activity separately from all other deposits, and keep the validated deposit receipt as a part of their records. Deposit receipts are a part of the applicable daily or monthly records and licensees must make them available for our inspection; and

(f) Deposit all net gambling receipts which they are holding, pending payout:

(i) From bingo, no later than the second banking day after they receive them. Licensees may withhold bingo receipts from deposits for "jar," "pig," or other special game prizes if the total of all such prize funds does not exceed two hundred dollars, enter the amount withheld each session in the bingo daily record, and record the reconciliation of the special game fund on the bingo daily record. "Reconcile" means the licensee must compare the two balances, resolve any differences, and document the comparison and the differences in writing. Licensees must keep the reconciliation as part of their records; and

(ii) From raffles, excluding electronic raffles, at least once a week. This includes those raffles:

(A) With gross gambling receipts over fifty thousand dollars in their initial year;

(B) With gross gambling receipts over fifty thousand dollars in their previous license year; and

(C) Offering prizes that require approval per WAC 230-11-067; and

(iii) From electronic raffles within two banking days of the drawing date; and

(iv) From amusement games with gross gambling receipts over fifty thousand dollars in their previous license year, at least each week; and

~~((iv))~~ (v) From punch board and pull-tabs, including cost recovery for merchandise prizes awarded, no later than two banking days after they remove the board or series from play; and

(g) Record the Washington state identification number assigned to the punch board or pull-tab series and the amount of net gambling receipts on the deposit slip/receipt. Licensees may record the number

and the receipts on a separate record if they record the bank validation number and maintain the record with the deposit slip/receipt; and

- (2) These requirements do not apply to organizations who:
 - (a) Conduct only one or more of the following activities:
 - (i) Raffles under the provisions of RCW 9.46.0315;
 - (ii) Bingo, raffles, or amusement games under the provisions of RCW 9.46.0321;
 - (iii) Bingo, raffle, and amusement game licensees with gross gambling receipts of fifty thousand dollars or less in their previous license year, excluding electronic raffles; and
 - (b) Do not have any other license(s) from us.

AMENDATORY SECTION (Amending WSR 18-05-029, filed 2/9/18, effective 7/1/18)

WAC 230-07-125 Recordkeeping requirements for lower volume charitable or nonprofit organizations. (1) Organizations operating without a license under RCW 9.46.0315 or 9.46.0321 and lower volume charitable or nonprofit licensees must keep a set of permanent monthly records of the gambling activities. Lower volume licensees include:

- (a) Fund-raising events;
- (b) Bingo with gross gambling receipts of one hundred fifty thousand dollars or less in their previous license year;
- (c) Raffles, excluding electronic raffles, with gross gambling receipts of fifty thousand dollars or less in their previous license year;
- (d) Amusement games with gross gambling receipts of fifty thousand dollars or less in their previous license year; and
- (e) Nonhouse-banked card games.

(2) The monthly records must include, at least:

- (a) The gross gambling receipts from each activity;
- (b) The gross gambling receipts from group 12 amusement games;
- (c) The total amount of cash prizes actually paid out;
- (d) The total of the cost to the licensee of all merchandise prizes actually paid out for each activity;
- (e) A summary of all expenses related to each of the activities; and
- (f) The net income received from the activity, the purpose(s) for which the net income was raised, and the amount paid to each recipient.

(3) Licensees must keep these records for three years from the end of the license year for which the record was created.

(4) Organizations operating under RCW 9.46.0315 or 9.46.0321 must maintain their records for one year.

AMENDATORY SECTION (Amending WSR 10-09-021, filed 4/13/10, effective 7/1/10)

WAC 230-07-145 Reporting annual progress. Charitable or nonprofit licensees in Groups III, IV, ((and)) V, and electronic raffle

licensees must report annually their progress toward meeting their stated purpose in the format we prescribe.

(1) The report must explain the type and scope of activities which licensees conducted during their last annual fiscal accounting period; and

(2) The report must include, at least:

(a) A brief history of the licensed organization, including its stated charitable or nonprofit purpose(s); and

(b) A written statement setting out their goals for meeting their stated charitable or nonprofit purpose(s) in the future; and

(c) The number of full and regular members; and

(d) A list of contributions, scholarships, grants, or sponsorships made during the period. This list must include:

(i) The name of each organization or individual receiving a contribution from the licensee. The licensee may use the phrase "individual contribution" in place of the recipient. If the recipient is not named in the report, the licensee must maintain records to verify and identify the recipient of each individual contribution; and

(ii) Whether funds awarded were from gambling income or other funds;

(e) Gross income from all nongambling activities and the source of the income; and

(f) The revenue and expenses for any nongambling sales activities, presented separately, when conducted primarily in conjunction with gambling activities; and

(g) Total expenses for both charitable or nonprofit services; and

(h) The percentage or extent to which the licensee used net gambling income for charitable as distinguished from nonprofit purposes; and

(i) The details of any loans, contracts, or other business transactions with related parties that accumulatively exceed one thousand dollars during the period. "Related parties" means officers, board members, key employees, or members of the licensed organization, including direct relatives of each; and

(3) The report must be submitted no later than one hundred twenty days following the end of the organization's fiscal year.

(4) We may grant an organization additional time to submit the report if a written request is received before the due date. The president of the organization must sign any request for additional time and include a statement explaining the hardship causing the delay, and the expected date the required report(s) will be submitted.

AMENDATORY SECTION (Amending WSR 08-11-037, filed 5/14/08, effective 7/1/08)

WAC 230-07-150 Financial statements required for Groups III, IV, ((and)) V, and electronic raffle licensees. (1) In addition to information required in WAC 230-07-145, charitable or nonprofit licensees in Groups III, IV, ((and)) V, and electronic raffle licensees must also submit complete financial statements prepared in accordance with generally accepted accounting principles (GAAP).

(2) Licensees in Groups IV and V must have the financial statements prepared by an independent certified public accountant.

(3) The statements and all required disclosures or footnotes no later than one hundred twenty days following the end of the licensee's fiscal year.

(4) The financial statements must include:

(a) A statement of financial position;

(b) A statement of activities. This statement may be presented in a consolidated form if licensees provide the details of each component as supplemental information. Licensees must present revenue and expenses for each activity separately as follows:

(i) Each gambling activity; and

(ii) Retail sales conducted in conjunction with gambling activities;

(c) A statement of cash flows;

(d) A statement of functional expenses;

(e) In addition to all disclosures required by GAAP, the financial statements must disclose the following:

(i) Loans to or from officers, board members, and employees: We will not consider employee salary advances of five hundred dollars or less as loans. Details of all terms, including interest rates and payment schedules, must be disclosed;

(ii) All civil penalties, fines, bribes, or embezzlements incurred or discovered during the period; and

(iii) An explanation of any adjustments made to prior period capital accounts or net asset balances;

(f) An explanation of material differences between amounts reported on gambling activity reports and the financial statements.

(5) We may require additional information to ensure completeness of the information reported.

(6) We may grant an organization additional time to submit the information required if a written request is received before the due date. The president of the organization must sign any request for additional time and include a statement explaining the hardship causing the delay, and the expected date the required report(s) will be submitted.