

## **820 KAR 1:057. Recordkeeping.**

RELATES TO: KRS 238.536, 238.550, 238.560

STATUTORY AUTHORITY: KRS 238.515, 238.550

CERTIFICATION STATEMENT:

NECESSITY, FUNCTION, AND CONFORMITY: KRS 238.515 and 238.550 authorize the Department of Charitable Gaming to establish and enforce standards of accounting, recordkeeping, and reporting to the department to ensure charitable gaming receipts are accounted for properly. This administrative regulation establishes the minimum requirements for accounting, recordkeeping, and reporting to the department and establishes allowable charitable gaming expenses.

### **Section 1. Bank Account and Records.**

(1) A charitable organization shall maintain a single bank account for charitable gaming receipts. This account shall be separate from any other account maintained by the charitable organization.

(2) Disbursements for charitable gaming expenses and charitable donations shall be made by check or electronic fund transfer directly from the charitable gaming account.

(3) All receipts and donations from each charitable gaming session shall be deposited by the second business day following the charitable gaming session at which they were received. The deposit for each charitable gaming session shall be made separately and shall not be combined with the deposit from any other charitable gaming session.

(4) All types of deposits, including startup cash, returned checks collected and check collection fees, progressive game carry forward, cash prizes not awarded, and adjusted gross receipts, shall be listed separately on the deposit reconciliation sheet and the deposit slip. Each individual check shall be listed separately on the deposit slip. If a register tape is run listing the amounts of the individual checks, it may be attached to the deposit slip. Total cash and coins shall be listed separately. The charitable organization shall keep a copy of the deposit slip.

(5) Checks that have been returned for insufficient funds that have not been collected shall be retained by the charitable organization for three (3) years following the close of the calendar year in which the check was issued. If the check has been turned over for collection, the charitable organization shall retain a copy of the check with contact information for the person or entity collecting the check.

(6) Monthly bank statements and reconciliations for all accounts shall be maintained by the charitable organization for three (3) years following the close of a calendar year.

(7) Bank image copies of the fronts and backs of checks from any account into which charitable gaming funds are deposited or transferred shall be made available to the department upon request.

(8) Gross receipts shall include the money received from the sale of raffle tickets, bingo cards or faces, pickle jars, bonanza balls, hot balls, card-minding devices, pulltabs, electronic pulltab devices and electronic pulltabs, charity fundraising event games, special limited charity fundraising event games, returned check collections, credit card fees collected by a charitable organization at a charitable gaming session, and any check collection fees minus returned checks.

### **Section 2. Start-up Cash.**

(1) If the source of start-up cash is not the charitable gaming account, the source of the start-up cash shall be identified on the charitable gaming session sheet and signed by the chairperson of the charitable organization.

(2) Start-up cash from one (1) charitable organization shall not be commingled with the start-up cash from another charitable organization. The start-up cash shall be identified on the check withdrawing the funds and on the deposit slip.

### Section 3. Charitable Organization Records.

- (1) The chief financial officer shall be the custodian of the gaming records and shall be responsible for ensuring that the records are accurate, complete, and maintained regularly for inspection by the department.
- (2) A charitable organization that hand-writes data and later enters the information onto another form or computer program shall retain the hand-written records along with the other form or computer generated record.
- (3) Charitable organizations shall prepare and maintain accurate and adequate corporate or other organizational records, such as articles of incorporation, minutes of board of directors meetings, and resolutions.
- (4) Charitable organizations shall maintain detailed records of all expenditures made in furtherance of its charitable purpose, including all charitable contributions.
- (5) All records shall be made available for inspection and audit at the request of the department.
- (6) Any charitable organization's records, or copies of those records, deemed necessary to complete an inspection, audit, or investigation may be obtained by the department. The department shall provide a written receipt of the records at the time of taking possession.
- (7) Charitable organizations shall provide records requested by the department within ten (10) calendar days, unless a longer response time is granted.

### Section 4. Charitable Gaming Session Records.

- (1) Each charitable organization shall prepare and maintain records for each charitable gaming session. The charitable gaming session records shall be prepared or completed by a volunteer or chairperson of the charitable organization. The charitable gaming session records shall not be completed by an independently compensated bookkeeper.
- (2) Gaming proceeds shall be counted by an officer or a chairperson of the charitable organization and the count shall be verified. A count may be verified by a volunteer.
- (3) A charitable gaming session record shall contain:
  - (a) The date of the charitable gaming session;
  - (b) The name and license number of the charitable organization conducting the charitable gaming session;
  - (c) The name and address of the donor of every donated prize with a fair market value in excess of \$500; and
  - (d) A deposit reconciliation worksheet that records:
    1. All currency, coins, checks, and credit card receipts available for deposit;
    2. All profit or loss from each gaming activity, all start-up cash, all cash from incomplete pulltab sales, any progressive game carry forward, returned checks collected and check collection fees, and all other gaming receipts that should be available for deposit;
    3. Any variance between the amount of currency, coins, checks, and credit card receipts actually available for deposit, and the amount that should be available for deposit according to the charitable gaming session records;
    4. The amount of donations received at the charitable gaming session that will be deposited into the general account;
    5. The printed name and signature of the chairperson in charge of the charitable gaming session;
    6. The printed name and signature of the person taking the deposit from the charitable gaming session;
    7. The printed name and signature of the person making the deposit, if different from the person taking the deposit; and
    8. The printed name and signature of the person in possession of the start-up cash, and the amount and source of the start-up cash.

(4) If a charitable organization offers coupons for bingo paper or a card-minding device, a voucher shall be completed when the coupon is redeemed, and the coupon and the voucher shall be retained with the charitable gaming session records.

(5) If a charitable organization offers coupons for pulltabs or electronic pulltab devices, the type and number of pulltabs, electronic pulltab devices, and credits loaded on each device, if any, given away shall be recorded on the charitable gaming session records and on CG-FIN Attachment C and D. The coupon shall be retained with the charitable gaming session records.

(6) If the charitable organization sells gift certificates for bingo paper or a card-minding device, the receipts for the sale shall be counted as gaming receipts on the day they are received. When the gift certificate is redeemed, a voucher shall be completed and the gift certificate and the voucher shall be retained with the charitable gaming session records.

(7) If the charitable organization sells gift certificates for pulltabs or electronic pulltab devices, the receipts for the sale shall be counted as gaming receipts on the day they are received. When the gift certificate is redeemed, the type and number of pulltabs, electronic pulltab devices, and credits loaded on each device, if any, given away shall be recorded on the charitable gaming session records and on CG-FIN Attachment C and D. The gift certificate shall be retained with the charitable gaming session records.

(8) If the charitable organization plays a paper pulltab game that contributes in whole or in part to a progressive raffle jackpot, the charitable organization shall report its deposits and receipts on Worksheet WS-06c, Worksheet WS-14b, and Worksheet WS-15a.

(9) All charitable gaming receipts and records shall be kept separate from noncharitable gaming receipts and records.

(10) All charitable gaming session records shall be retained by the charitable organization for a period of three (3) years. Charitable gaming session records shall be made available for inspection and audit by the department upon request.

(11) Charitable organizations shall provide records requested by the department within ten (10) calendar days unless a longer response time is requested and granted by the department.

Section 5. Bingo Paper Sale Records. Bingo paper sale records shall contain the following information:

(1) Attendance determined by headcount of number of people playing bingo at a charitable gaming session;

(2) Each type of bingo paper being sold;

(3) The serial number of the set of each type of paper sold;

(4) The number of each type of bingo paper given away with the voucher being redeemed attached to the charitable gaming session records, if applicable;

(5) Number of each type of bingo paper destroyed;

(6) The number of each type of bingo paper sold;

(7) The price of each type of bingo paper sold;

(8) The number of pickle jar, bonanza ball, or hot ball games sold;

(9) The price of pickle jar, bonanza ball, or hot ball games and whether the price is per person or per pack;

(10) The number of player pick bingo games sold;

(11) The price of each player pick bingo game sold;

(12) The amount of money expected to be received from the sale of bingo paper, player pick, and pickle jar, bonanza ball, or hot ball for that charitable gaming session;

(13) The amount of money actually received from the sale of bingo paper, player pick, and pickle jar, bonanza ball, or hot ball for that charitable gaming session;

(14) The cash short or cash over from the sale of bingo paper, player pick, and pickle jar, bonanza ball, or hot ball for that charitable gaming session;

- (15) The sales report printed from the player pick machine that includes the number of games sold, price for each game, and the amount of money expected from the sale of player pick games for that charitable gaming session;
- (16) Records of all carryover or cumulative bingo games played, which shall contain the following information:
  - (a) The name of each progressive bingo game in play;
  - (b) The amount carried over from the previous charitable gaming session;
  - (c) The receipts from the current charitable gaming session;
  - (d) The amount paid out for the current charitable gaming session; and
  - (e) The amount carried forward to the next charitable gaming session;
- (17) A copy of the charitable gaming session program, which shall include:
  - (a) The charitable organization name and license number;
  - (b) A specific description of all bingo products for sale and the price of each product; and
  - (c) All bingo games played and the payout and alternate payout, if any, for each game; and
- (18) Form CG-Vol.

#### Section 6. Bingo Payout Records.

- (1) Bingo payout records shall contain the following information:
  - (a) A list of all bingo games that will be played at that charitable gaming session;
  - (b) Each pickle jar, bonanza ball, or hot ball game available to be awarded;
  - (c) The prize expected or available to be awarded for each bingo game and door prize;
  - (d) The prize that was actually awarded for each bingo game and door prize;
  - (e) A notation for the prize awarded for each bingo game and door prize, specifying whether the prize was cash, a check, or merchandise, and if merchandise, a description of that merchandise, the cost of the merchandise and the fair market value of the merchandise;
  - (f) If a voucher was issued for card-minding devices or bingo paper, the fair market value of the card-minding devices or bingo paper;
  - (g) The total amount of all cash awarded for bingo prizes and door prizes;
  - (h) The total amount of all checks issued as bingo prizes and door prizes;
  - (i) The total cost and fair market value of all merchandise awarded for bingo prizes and door prizes;
  - (j) A grand total of cash, checks, and fair market value of merchandise awarded for bingo prizes and door prizes, which shall not exceed \$5,000; and
  - (k) If a check from the charitable organization's charitable gaming account was issued as a prize instead of cash, the number of the check.
- (2) If a paper pulltab or electronic pulltab device is awarded as a bingo prize, door prize, or promotional item, the person in charge of bingo payouts shall purchase the pulltabs or electronic pulltab device and any credits loaded on the device from the pulltab manager by transfer of cash from bingo payout to pulltab sales. It shall be recorded as a cash payout on the bingo payout session record, and it shall be included as a gross receipt on the charitable gaming session's pulltab record and on CG-FIN Attachment C and D.

#### Section 7. Card-minding Device Records. Card-minding device records shall contain the following information:

- (1) The type of programs loaded, including the number of faces;
- (2) The number of units rented for each type of program;
- (3) The number of each type of card-minding device rental given away, with the redeemed voucher attached to the charitable gaming session records;
- (4) The number of units voided for each type of program;
- (5) The price per unit for each type of program;

- (6) The amount of money expected to be received from the rental of card-minding devices;
- (7) The actual amount of money received from the rental of card-minding devices for that charitable gaming session;
- (8) The cash short or cash over from the rental of card-minding devices for that charitable gaming session;
- (9) The total sales activity report completed on Form CG-FIN;
- (10) A copy of the charitable gaming session program, which shall include:
  - (a) The charitable organization name and license number;
  - (b) A specific description of all bingo products for sale and the price of each product; and
  - (c) All bingo games played and the payout and alternate payout, if any, for each game; and
- (11) Form CG-Vol.

#### Section 8. Pulltab Records.

- (1) Pulltab records shall contain the following information for each charitable gaming session:
  - (a) The name, serial number, and form number of all games played;
  - (b) The name of all progressive jackpot games in play during that charitable gaming session;
  - (c) The ticket count for each pulltab game sold;
  - (d) The price for each ticket;
  - (e) The prize expected or available to be awarded for each pulltab game, including the progressive jackpot games;
  - (f) If a pulltab is awarded as a pulltab prize, the information required by subsection (2) of this section;
  - (g) The prize that was actually awarded for each pulltab game, including the progressive jackpot games;
  - (h) A notation for the prize awarded for each pulltab game specifying whether the prize was cash, a check, or merchandise, and if merchandise, a description of that merchandise and the cost;
  - (i) If a pulltab game was played in conjunction with a progressive jackpot game, as designed by the manufacturer, the amount contributed to the progressive jackpot;
  - (j) The cash short or cash over for each charitable gaming session with pulltabs;
  - (k) The total amount of all cash awarded for pulltab prizes;
  - (l) The total amount of all checks issued as pulltab prizes;
  - (m) The total cost of all merchandise awarded for pulltab prizes;
  - (n) If a check from the charitable organization's charitable gaming account was issued as a pulltab prize instead of cash, the number of the check;
  - (o) The total amount of money from any incomplete sale of pulltab games;
  - (p) Records of any progressive pulltab games sold, which shall contain the following information:
    - 1. The name of each progressive pulltab jackpot game in play;
    - 2. The amount carried over from the previous charitable gaming session;
    - 3. The receipts from the current charitable gaming session;
    - 4. The amount paid out for the current charitable gaming session;
    - 5. The amount carried forward to the next charitable gaming session; and
    - 6. The serial number of all games that contributed to the prize pool; and
  - (q) Form CG-Vol.
- (2) If a pulltab is awarded as a pulltab prize, the person in charge of pulltab payouts shall purchase the pulltabs from the deal being awarded as the prize by transfer of cash from

the deal being sold to the deal being awarded as the prize. It shall be recorded as a cash payout for the deal being sold and it shall be included as a gross receipt for the deal being awarded as a pulltab prize and on CG-FIN Attachment C and D.

Section 9. Electronic Pulltab Device Records. Electronic pulltab device records shall contain the following information:

- (1) The name, serial number, and form number of all electronic pulltab games played;
- (2) The ticket count for each electronic pulltab game sold;
- (3) The price for each electronic pulltab ticket sold;
- (4) The name of all electronic progressive jackpot games in play during that charitable gaming session;
- (5) The prize expected or available to be awarded for each electronic pulltab game;
- (6) The amount of money expected to be received from the sale of electronic pulltab devices and electronic pulltabs at a charitable gaming session;
- (7) The actual amount of money received from the sale of electronic pulltab devices and electronic pulltabs at a charitable gaming session;
- (8) The cash short or cash over from the sale of electronic pulltab devices and electronic pulltabs at a charitable gaming session;
- (9) The electronic pulltab receipts and payouts report, Form CG-EPRP;
- (10) All information required under Section 5 of this administrative regulation; and
- (11) Form CG-Vol.

Section 10. Raffle Records.

(1) If the raffle tickets sell for \$100 or more, the raffle records shall contain the following information:

- (a) The number of raffle tickets printed;
- (b) The sales price for each ticket;
- (c) The date raffle ticket sales began;
- (d) The date the raffle drawing was held;
- (e) A voided raffle ticket or copy of a raffle ticket;
- (f) If tickets are given to volunteers to sell, a list of each volunteer's name with the total number of the tickets and ticket numbers given to them;
- (g) The total amount of money collected for the raffle event;
- (h) The total number of ticket stubs collected from the sale of all raffle tickets for the raffle event;
- (i) The total amount of money that should have been collected based on the number of ticket stubs collected for the raffle event;
- (j) Total cash short or cash over amount from raffle ticket sales for the raffle event;
- (k) A list of all raffle prizes awarded;
- (l) A notation for the prize awarded for each raffle specifying whether the prize was cash, a check, or merchandise, and if merchandise, a description of that merchandise and the cost;
- (m) The total amount of all cash awarded for raffle prizes;
- (n) The total amount of all checks issued as raffle prizes;
- (o) If a check from the charitable organization's charitable gaming account was issued as a prize instead of cash, the number of the check;
- (p) Each winning ticket stub;
- (q) All unsold tickets;
- (r) A list of all raffle expenses including a copy of all invoices supporting each expense; and
- (s) If the raffle is being conducted on a special event raffle license issued by the department pursuant to KRS 238.535(14)(b), the organization shall report its session

record using Worksheet WS-23d, Worksheet-23e, and, when applicable, Worksheet, WS-23f.

(2) If the raffle tickets sell for fifty (50) dollars to \$100, the raffle records shall contain the following information:

- (a) The number of raffle tickets printed;
- (b) The sales price for each ticket;
- (c) The date raffle ticket sales began;
- (d) The date the raffle drawing was held;
- (e) A voided raffle ticket or copy of a raffle ticket;
- (f) If tickets are given to volunteers to sell, a list of each volunteer's name with the total number of the tickets and ticket numbers given to them;
- (g) The total amount of money collected for the raffle event;
- (h) The total number of ticket stubs collected from the sale of all raffle tickets for the raffle event;
- (i) The total amount of money that should have been collected based on the number of ticket stubs collected for the raffle event;
- (j) Total cash short or cash over amount from raffle ticket sales for the raffle event;
- (k) A list of all raffle prizes awarded;
- (l) A notation for the prize awarded for each raffle specifying whether the prize was cash, a check, or merchandise, and if merchandise, a description of that merchandise and the cost;
- (m) The total amount of all cash awarded for raffle prizes;
- (n) The total amount of all checks issued as raffle prizes;
- (o) If a check from the charitable organization's charitable gaming account was issued as a prize instead of cash, the number of the check;
- (p) Each winning ticket stub;
- (q) A list of all raffle expenses including a copy of all invoices supporting each expense; and
- (r) If the raffle is being conducted on a special event raffle license issued by the department pursuant to KRS 238.535(14)(b), the organization shall report its session record using Worksheet WS-23c, Worksheet-23e, and, when applicable, Worksheet, WS-23f.

(3) If the raffle tickets sell for more than five (5) dollars but less than fifty (50) dollars, the raffle records shall contain the following information:

- (a) The number of raffle tickets printed;
- (b) The sales price for each ticket;
- (c) The date raffle ticket sales began;
- (d) The date the raffle drawing was held;
- (e) A voided raffle ticket or copy of a raffle ticket;
- (f) The total amount of money collected for the raffle event;
- (g) The total number of ticket stubs collected from the sale of all raffle tickets for the raffle event;
- (h) The total amount of money that should have been collected based on the number of ticket stubs collected for the raffle event;
- (i) Total cash short or cash over amount from raffle ticket sales for the raffle event;
- (j) A list of all raffle prizes awarded;
- (k) A notation for the prize awarded for each raffle specifying whether the prize was cash, a check, or merchandise, and if merchandise, a description of that merchandise and the cost;
- (l) The total amount of all cash awarded for raffle prizes;
- (m) The total amount of all checks issued as raffle prizes;

- (n) If a check from the charitable organization's charitable gaming account was issued as a prize instead of cash, the number of the check;
  - (o) Each winning ticket stub;
  - (p) A list of all raffle expenses including a copy of all invoices supporting each expense; and
  - (q) If the raffle is being conducted on a special event raffle license issued by the department pursuant to KRS 238.535(14)(b), the organization shall report its session record using Worksheet WS-23b, Worksheet-23e, and, when applicable, Worksheet, WS-23f.
- (4) If the raffle ticket sells for five (5) dollars or less, the raffle records shall contain the following information:
- (a) The beginning and ending serial number or ticket number for each roll of tickets sold or the beginning and ending number of the tickets printed;
  - (b) The quantity of tickets sold;
  - (c) The sales price of the tickets;
  - (d) The date of the raffle;
  - (e) The total amount of money collected for the raffle event;
  - (f) The total amount of money that should have been collected based on the number of ticket stubs collected for the raffle event;
  - (g) Total cash short or cash over amount from raffle ticket sales for the raffle event;
  - (h) A list of all raffle prizes awarded;
  - (i) A notation for the prize awarded for each raffle specifying whether the prize was cash, a check, or merchandise, and if merchandise, a description of that merchandise and the cost;
  - (j) The total amount of all cash awarded for raffle prizes;
  - (k) The total amount of all checks issued as raffle prizes;
  - (l) If a check from the charitable organization's charitable gaming account was issued as a prize instead of cash, the number of the check;
  - (m) Each winning ticket stub; and
  - (n) A list of all raffle expenses, including a copy of all invoices supporting each expense.
  - (o) Nothing in this subsection shall prohibit an organization from using preprinted tickets for raffle tickets that sell for five (5) dollars or less, but the organization shall maintain a session record that complies with Section 10(3) of this administrative regulation if it sells preprinted tickets for five (5) dollars or less.
  - (p) If the raffle is being conducted on a special event raffle license issued by the department pursuant to KRS 238.535(14)(b), the organization shall report its session record using Worksheet WS-23a, Worksheet-23e, and, when applicable, Worksheet, WS-23f.

#### Section 11. Charity Fundraising Event Records.

- (1) Charity fundraising event records shall contain the following information:
- (a) The name of each game of chance played;
  - (b) The price to play each game of chance;
  - (c) The adjusted gross receipts from the sale of each game of chance;
  - (d) The grand total of adjusted gross receipts received from the play of all games of chance;
  - (e) The total amount of all checks issued for each game of chance prize and door prize;
  - (f) The total cost of all merchandise awarded for each type of game of chance prize and door prize;
  - (g) If a check from the charitable organization's charitable gaming account was issued as a prize instead of cash, the number of the check;

- (h) If bingo games are conducted, accurate bingo paper sale records, card-minding device records, and bingo payout records;
  - (i) If pulltabs are sold, accurate pulltab records;
  - (j) If a raffle is conducted, accurate raffle records; and
  - (k) If the charity fundraising event continues for more than one (1) day, a summary of the required information for each day.
- (2) Special limited game records for a charity fundraising event shall contain:
- (a) The name of each game to be played;
  - (b) The adjusted gross receipts for each game for each day of the charity fundraising event; and
  - (c) A list of all merchandise prizes awarded and the cost.

#### Section 12. Special Limited Charity Fundraising Event Records.

- (1) Special limited charity fundraising event records shall contain the following information for special limited charitable gaming events:
- (a) The name of each game played;
  - (b) The quantity of scrip, chips, or imitation money the central bank started with prior to any sales, and the corresponding cash amount associated with each denomination of scrip, chips, or imitation money;
  - (c) The quantity of scrip, chips, or imitation money the central bank sold during the special limited charity fundraising event;
  - (d) The amount of money received by the central bank from the sale of scrip, chips, or imitation money;
  - (e) Cash short or cash over from the sale of scrip, chips, or imitation money;
  - (f) The quantity of scrip, chips, or imitation money collected by the central bank and redeemed for prizes;
  - (g) Prizes awarded by the central bank;
  - (h) A notation for prizes awarded specifying whether each prize was cash, check, or merchandise, and if merchandise, a description of that merchandise and the cost.
- (2) The amount of money corresponding to the scrip, chips, or imitation money collected by the central bank shall be compared to the sale of scrip, chips, or imitation money by the central bank at the conclusion of the special limited charity fundraising event. Any variance shall be documented and cash short or cash over shall be determined.
- (3) For all tournaments played during special limited charity fundraising events, the special limited charity fundraising event records shall contain the following information in addition to the regular records required at special limited charity fundraising events:
- (a) A record of attendance shall be kept for the special limited charitable games; and
  - (b) A copy of the charitable gaming session program, which shall include the:
    1. Charitable organization name and license number;
    2. Cost to enter, the cost of the buy-backs, and the cost of the add-ons;
    3. Rules of the game;
    4. Manner for raising blinds or closing tables; and
    5. Prizes. The prizes may be listed as a percentage of the receipts.
- (4) If bingo games are conducted, accurate bingo paper sale records, card-minding device records, and bingo payout records shall be maintained.
- (5) If pulltabs are sold, accurate pulltab records shall be maintained.
- (6) If raffles are conducted at a special limited charity fundraising event, accurate raffle records shall be maintained.
- (7) The organization shall complete Form CG-Vol and keep it with the charitable gaming session record for that event.

Section 13. Other Allowable Expenses. In addition to those authorized expenses provided for in KRS 238.550, each of the following expenses is determined to be legitimate and shall

be allowable charitable gaming expenses of a charitable organization:

- (1) The following customary and usual banking fees or charges paid to any financial institution, check reader, or verification company in connection with a charitable organization's charitable gaming account and activities:
  - (a) Monthly service charges;
  - (b) Check verification service charges;
  - (c) Check printing charges;
  - (d) Charges relating to returned checks;
  - (e) Copying charges for bank records; and
  - (f) Credit card processing charges;
- (2) Volunteer food, to be consumed on gaming premises, not to exceed fifteen (15) dollars per volunteer, per day;
- (3) Any noncash item not to exceed fifty (50) dollars in fair market value given upon achieving a predetermined goal in a raffle;
- (4) Clothing provided to volunteers as authorized in these administrative regulations;
- (5) Payments made to the Department of Charitable Gaming;
- (6) Printing costs incurred in connection with a charitable organization's charitable gaming activities;
- (7) Payments for the purchase of prizes to be awarded during the charitable organization's conduct of charitable gaming;
- (8) Promotional items;
- (9) Federal excise taxes levied under 26 U.S.C. 4401 and 4411, or fees associated with the filing of Internal Revenue Service Form 11-C and paid by a charitable organization during the calendar year; and
- (10) Customary and usual fees or charges incurred in the collection of checks dishonored for insufficient funds.

#### Section 14. Charitable Gaming Expense Categories.

- (1) The items that may be included as a utilities expense, pursuant to KRS 238.550(9)(c), shall be the money paid for electric, gas, water, sewer, telephone, and trash collection. It may also include any cable or internet expenses that are incurred by the charitable organization for credit card services, card-minding devices, or electronic pulltab systems.
- (2) The items that may be included as an advertising expense, pursuant to KRS 238.550, shall be the expenses for a handout, flyer, radio, television, advertising sign, billboard, or other media used to promote an event or activity required to be licensed pursuant to KRS Chapter 238 and any printing costs associated with them.
- (3) The items that may be included as a bookkeeping expense, pursuant to KRS 238.550, shall be the costs of completing the financial report, the federal excise tax form, and the federal gaming forms. Bookkeeping expenses shall not include expenses associated with handling charitable gaming funds, preparing charitable gaming session records, or ordering supplies.
- (4) The items that may be included as security services, pursuant to KRS 238.550, shall be the expenses associated with paying a person whose sole duty is to promote and provide peace, order, and safety at a charitable gaming event which:
  - (a) May include patrolling the parking lot or accompanying the charitable organization's personnel to the bank or night depository with the charitable gaming receipts; and
  - (b) Shall not include costs for security or alarm systems or for special lighting for the building or parking lot.

#### Section 15. Raffle Recipient Account.

- (1) A licensed charitable organization receiving distributions from an organization licensed pursuant to KRS 238.535(14)(b) shall maintain a separate bank account that

shall be referred to as the "raffle recipient account," in addition to the charitable gaming account and general account maintained by the licensed charitable organization. The raffle recipient account shall be for the sole purpose of receiving distributions from organizations licensed pursuant to KRS 238.535(14)(b) to hold special event raffles. The funds distributed into the raffle recipient account shall not be commingled with any other account maintained by the licensed charitable organization or any personal account or business account. If the license charitable organization receives distributions from more than one organization licensed pursuant to KRS 238.535(14)(b), the licensed charitable organization shall maintain a separate raffle recipient account for each relationship.

(2) Any distributions received by a licensed charitable organization from an organization licensed pursuant to KRS 238.535(14)(b) shall be by check drawn on the charitable gaming account or electronic fund transfer from the charitable gaming account from the organization licensed pursuant to KRS 238.535(14)(b). All distributions shall be made within ten (10) business days of the raffle drawing.

(3) Any expenditures from the raffle recipient account shall be directly to forward the charitable purpose of the licensed charitable organization. No other expenses shall be paid from the raffle recipient account. Distributions into the raffle recipient account shall not be transferred to any other account maintained by the licensed charitable organization or any other person or business.

#### Section 16. Incorporated by Reference.

(1) Form CG-Vol, "Charitable Gaming Volunteer Sign Up Sheet (2018)", is incorporated by reference.

(2) Worksheet WS-06c, "Pulltabs Contributing to a Progressive Raffle Jackpot (2018)", is incorporated by reference.

(3) Worksheet WS-14b, "Progressive Raffle Receipts and Payouts with Pulltab Contributions to Jackpot (2018)", is incorporated by reference.

(4) Worksheet WS-15a, "Progressive Raffle with Pulltab Contribution to Jackpot Deposit Reconciliation (2018)", is incorporated by reference.

(5) Worksheet WS-23a, "Raffle Receipts and Payouts with a Ticket Price of \$5 or Less (2018)", is incorporated by reference.

(6) Worksheet WS-23b, "Raffle Receipts and Payouts with a Ticket Price of More than \$5, but Less than \$50 (2018)", is incorporated by reference.

(7) Worksheet WS-23c, "Raffle Receipts and Payouts with a Ticket Price of \$50 or More, but Less than \$100 (2018)", is incorporated by reference.

(8) Worksheet WS-23d, "Raffle Receipts and Payouts with a Ticket Price of \$100 or More (2018)", is incorporated by reference.

(9) Worksheet WS-23e, "501(c)(7) Raffle Deposit Reconciliation (2018)", is incorporated by reference.

(10) Worksheet WS-23f, "Deposit Accountability (When Charitable Gaming Receipts Are Deposited Before the Raffle Draw (2018)", is incorporated by reference.

(11) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Department of Charitable Gaming, Public Protection Cabinet, 500 Mero Street 2NW24, Frankfort, Kentucky 40601-3714, Monday through Friday, 8 a.m. to 4:30 p.m.

(820 KAR 001:057 32 Ky.R. 819; 1294; 1656; eff. 3-31-2006; 33 Ky.R. 3530; 34 Ky.R. 70; 266; eff. 8-31-2007; 42 Ky.R. 952; 1776; eff. 1-4-2016; 44. Ky.R. 2683; 45 Ky.R. 718, 1601; eff. 1-4-2019; TAm eff. 11-22-2019; Cert. eff. 1-23-2025.)