

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 (~~((Class E and above))~~) and amusement games (~~((Class D and above))~~) with gross gambling receipts over fifty thousand dollars in their previous license year, at least once each week; and

(iii) 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) (~~(Class A, B, or C bingo game;~~

- ~~(iv) Class A, B, C, or D raffle; or~~
- ~~(v) Class A, B, or C amusement game))~~ Bingo, raffle, and amusement game licensees with gross gambling receipts of fifty thousand dollars or less in their previous license year; and
- (b) Do not have any other license(s) from us.

AMENDATORY SECTION (Amending WSR 16-22-049, filed 10/28/16, effective 11/28/16)

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 (~~((Classes A, B, and C))~~) with gross gambling receipts of one hundred fifty thousand dollars or less in their previous license year;
 - (c) Raffles (~~((Classes A, B, C, and D))~~) with gross gambling receipts of fifty thousand dollars or less in their previous license year;
 - (d) Amusement games (~~((Classes A, B, C, and D))~~) with gross gambling receipts of fifty thousand dollars or less in their previous license year; and
 - (e) Nonhouse-banked card games (~~((Classes A, B, and C))~~).
- (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 08-03-062, filed 1/14/08, effective 2/14/08)

WAC 230-07-140 Minimum accounting records for (~~Class D and above~~) bingo licensees with gross gambling receipts over one hundred fifty thousand dollars in their previous license year and licensees with combined activities over five hundred thousand dollars in their previous license year. (~~Class D and above~~) Bingo licensees with gross gambling receipts over one hundred fifty thousand dollars in their previous license year and licensees (~~who are authorized for~~

~~more than~~) with over five hundred thousand dollars in gross gambling receipts from combined gambling activities (~~during any fiscal~~) in their previous license year must keep accounting records necessary to document all receipts, costs, and disbursements, including, at least, those related to gambling activities.

Requirements for accounting records

For these accounting records, licensees must:

- (1) Conform to generally accepted accounting principles (GAAP) except as modified by other commission rules; and
- (2) Include, at least:
 - (a) A cash disbursements journal and/or check register;
 - (b) A cash receipts and/or sales journal;
 - (c) A list of all assets the licensee paid for;
 - (d) A listing of all liabilities;
 - (e) A complete general ledger system; and
 - (f) A list of all donated items valued at more than two hundred fifty dollars; and
 - (g) Bank statements, related deposit slips, and canceled checks or facsimiles of canceled checks; and

Donated items

- (3) Document donated items. Licensees must:
 - (a) Use the fair market value at the time of donation;
 - (b) Add items to the list no later than thirty days after receiving them;
 - (c) Remove items when they no longer have legal ownership; and
 - (d) Not remove an item from the list, even if it has become obsolete or completely depreciated, until management has completed and documented appropriate review. A depreciation schedule for all capitalized items is sufficient; and
 - (e) Add items to the list when they convert items from gambling merchandise prize inventory to licensee use. This list must include, at least:
 - (i) A description of the item;
 - (ii) The date purchased, acquired by donation, or converted from the gambling prize pool;
 - (iii) The cost at the time of purchase or, if donated, the fair market value at the time received; and
 - (iv) The date and method of disposition of the item; and

Method of accounting

- (4) Use the accrual method of accounting; and
- (5) The cash, modified cash, or tax basis accounting methods may be used only if that method accurately represents the licensee's financial position, the results of operations, and the licensee does not have substantial liabilities or expenses, such as depreciation or amortization expenses, which require a current outlay of cash; and

Expenditures for nongambling activities

(6) Sufficiently document all expenditures relating to nongambling activities in order to provide a satisfactory audit trail and to allow us to verify that the funds were used for the licensee's stated purpose(s); and

Expenditures for gambling activities

(7) Sufficiently document all of the licensee's expenditures relating to gambling activities. Canceled checks or facsimiles of canceled checks, and bank statements are not sufficient documentation for expenditures without additional support. Licensees must provide additional support for expenditures, including:

(a) Invoices or other supporting documents from commercial vendors or service agencies with at least:

(i) The name of the person or entity selling the goods or providing the services;

(ii) A complete description of goods or services purchased;

(iii) The amount of each product sold or services provided;

(iv) The price of each unit;

(v) The total dollar amount billed; and

(vi) The date of the transaction.

(b) Documentation, in the form of checks and other written records of disbursements in excess of twenty-five dollars made directly to individuals who do not furnish normal, business type, invoices or statements. The written records must indicate at least:

(i) The name of the person receiving the payment;

(ii) The amount;

(iii) The date; and

(iv) The purpose; and

(8) Document allocated expenditures that relate to more than one function to the various functions. Licensees must document their methods of allocation and make them available for our review; and

Capitalizing assets

(9) Include a capitalization policy based on materiality and expected life of operating assets. To determine a minimum level for capitalizing assets, licensees must:

(a) Capitalize and depreciate, or amortize over the useful life of the asset, any assets of more than two thousand dollars that have a useful life of more than one year; and

(b) Capitalize and depreciate, or amortize over sixty months, beginning with the first month that bingo games are conducted, preoperating start up costs related to bingo games of more than six thousand dollars; and

(c) Amortize, over a period not longer than the life of the lease, any leasehold improvements related to gambling activities that are more than six thousand dollars. Licensees may extend the amortization period to include any lease option periods if the licensee's management states a reasonable expectation that they will use the lease option; and

(d) Charge all unamortized leasehold improvements as an expense of the gambling activities in the year that the lease expires.