

History of Indiana Charity Gaming



In June 1992, the Indiana Department of Revenue was given the responsibility of enforcing charity gaming laws in Indiana. Only qualified not-for-profit organizations can legally conduct charity gaming events in Indiana. These gaming events are limited to bingo, charity game nights, door prizes, festival events, raffles, and the sale of pull tabs, punchboards, and tip boards. Organizations must be licensed and registered for each type of charity gaming event they want to conduct.

Which Organizations Qualify?

An organization may conduct legal charity gaming events if it is a bona fide educational, religious, senior citizen, veteran, or civic/fraternal/charitable organization operating in Indiana, and is exempt from taxation under Section 501 of the Internal Revenue Code (IRC).

The not-for-profit organizations eligible to engage in Indiana charity gaming events are defined in Title 4, Article 32, of the Indiana Code. A brief description of these organizations is as follows:

Bona Fide Civic Organization

A branch, chapter, or lodge of a local, national, or state organization that is not-for-profit and primarily operated for charitable, civic, or fraternal purposes.

Bona Fide Educational Organization

An organization that is not-for-profit, whose primary purpose is educational in nature, and is designed to develop the capabilities of individuals by instruction in public or private elementary and secondary schools, as well as colleges and universities.

Bona Fide Political Organization

An association, committee, fund, party, or other organization that is established and operated for either directly or indirectly accepting contributions and making expenditures for an exempt purpose, as defined in Section 527 of the Internal Revenue Code. These organizations are the Democratic Party, Republican Party, Independent Party, etc.

Note: A political candidate's committee is not a political organization by this definition.

For FY00, 2115 licenses were issued to qualifying organizations, only 5 less than in FY99.

Bona Fide Religious Organization

An organization, church, or body of communicants operating on a not-for-profit basis and primarily for religious purposes. The organization must operate under Section 501 of the Internal Revenue Code and provide written documentation as such.

Bona Fide Senior Citizens Organization

An organization that is not-for-profit and has at least 15 members who are at least 60 years old. The purpose of the organization is to advance and support the causes of the elderly and retired persons.

Bona Fide Veterans Organization

A local organization, or a branch, chapter, or lodge of a national or state organization that is not-for-profit, chartered by the United States Congress, and whose members are or were in the United States Armed Forces. The purpose of the organization is for the mutual advancement and support of the organization's membership and patriotic causes.

***Contracting with an individual or group to operate a gaming event on a qualified organization's behalf is a Class D felony.
(IC 4-32-12)***

All organizations meeting one of the proceeding requirements also must have been in active and continuous existence for at least 5 years, or be affiliated with a parent organization that has been in existence and operating for at least 5 years. Except where a qualified organization or its affiliate is having a convention or other annual meeting of its membership, charity gaming events may only be conducted in the county where the Indiana principal office is located.

Any hospital licensed under IC 16-21, a health facility licensed under IC 16-28, or a psychiatric facility licensed under IC 12-25, may conduct charity gaming events under certain circumstances.

Being exempt from taxation under Section 501 of the Internal Revenue Code does not ensure that an organization is eligible to conduct legal charity gaming events. The types of organizations that do not qualify include federal credit unions, pension trusts, and generally those established primarily for literary, scientific, and social purposes.

What Are Legal Charity Gaming Activities?

Qualified not-for-profit organizations may conduct certain types of legal charity gaming activities in Indiana. These activities include bingo, door prizes, raffles, as well as the sale of pull tabs, punchboards, and tip boards. Charity game nights and festival events are also covered. Individuals participating in licensed events must be at least 18 years old.

Bingo

A bingo game is played with regulation bingo cards, pads, or sheets. A player covers the numbers that are called out by the announcer. The winner of each game is the player who is the first to properly cover the announced pattern of squares on the bingo surface.

Door Prizes

A door prize is awarded to a person based solely upon the person's attendance at an event, or the purchase of a ticket to attend an event.

Raffles

A raffle is the selling of chances or tickets to win a prize awarded through a random drawing.

Pull Tabs

A pull tab is either a single, folded, banded ticket, or a two-ply card with a perforated break-open tab that has a hidden symbol that determines the winner. The prize must be fully described on the inside of the ticket.

Punchboards

A punchboard is a board or card that contains a grid or sections that hide the random opportunity to win a prize based on the results of punching a single section to reveal either a prize amount or a symbol.

Tip Boards

A tip board is a game of chance board or placard with a hidden winning number or symbol in each column.

Charity Game Nights

Silent auctions, midway-style games and games of skill, such as cranes, darts, target shooting, etc., are not regulated by charity gaming laws or licensed by the Charity Gaming Section.

Slot and poker machines are forms of illegal gambling unless on a licensed riverboat casino. (Riverboat gambling is regulated by the Indiana Gaming Commission.)

Organizations operating illegal gaming devices may be taxed on the income from these activities, regardless of their not-for-profit status.

This permits the licensee to conduct a card game, a dice game, a roulette wheel and a spindle (wheel of fortune style) games, along with door prize drawings and the sale of pull-tabs, punchboards and tip boards. An organization is limited to holding four charity game nights per calendar year.

Festival Events

This permits the licensee to conduct bingo games, charity game night, one raffle, door prizes and the sale of pull-tabs, punchboards and tip boards at the festival. A festival can only be held once a calendar year and cannot exceed four consecutive days.

Types of Licenses



Listed are the six different types of licenses that are available:

1. Annual Bingo License
2. Charity Game Night License
3. Door Prize License
4. Festival License
5. Raffle License
6. Special Bingo License

Each type of license allows an organization to conduct a limited number of charity gaming events within certain prize limitations. There also are restrictions on how many times an organization may receive each type of license during the year.

Annual Bingo License

The Annual Bingo License is available for those organizations that conduct bingo events throughout the year. This type of license allows for the following games to be played:

1. Door Prize drawings
2. Multiple Bingo events
3. The sale of pull tabs, punchboards, and tip boards

This license is also used by organizations who only sell pull tabs, punchboards and tip boards throughout the year, even if bingo is not played. The organizations who only reported income from the sales of pull tabs, punchboards and tip boards are denoted with asterisks (*) in the "Financial Information by County" section. These income figures were extracted from Annual Bingo figures and shown as Pull Tab Only figures in this report.

***A total of 919
Annual Bingo
Licenses were issued
in FY00.***

Charity Game Night License

223 Charity Game Night licenses were issued in FY00.

Charity Game Nights are commonly referred to as “Las Vegas Nights” or “Monte Carlo Nights”. This type of license allows for the following games to be played:

1. Card games
2. Dice games
3. Door Prize drawings
4. Roulette wheel games
5. Spindle games
6. The sale of pull tabs, punchboards, and tip boards

*The wagering on banking and percentage games, bookmarking activities, numbers games, pinball machines, or slot machines are not included in these legal charity gaming events.

Door Prize License

Only 5 Door Prize licenses were issued in FY00.

A Door Prize License may be needed when an organization gives away door prizes as a fund-raising event. This type of license allows for the following games to be played:

1. Door prize drawings
2. The sale of pull tabs, punchboards, and tip boards

Festival License

In FY00, 291 Festival licenses were issued

The festival license permits one (1) organization to conduct a variety of charity gaming events for up to four (4) consecutive days. All of these events have to be conducted within certain limitations. This type of license allows for the following games to be played:

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1. Bingo games
 2. Charity Game Night event
 3. Door Prize drawings
 4. One (1) Raffle drawing event
 5. The sale of pull tabs, punchboards, and tip boards

Raffle License

A Raffle License is needed when an organization holds a raffle drawing as a fund-raising event. This type of license allows the following game to be played:

1. Door Prize drawings
2. Raffle drawings
3. The sale of pull tabs, punchboards, and tip boards

Special Bingo License

The second type of bingo license is a Special Bingo License. This license is usually used by those organizations wanting to hold bingo events only occasionally, and not weekly, throughout the year. This license is valid for only one location and time. This license may also be used by Annual Bingo License holders who want to conduct a bingo event on a day that is not listed on their annual license. This type of license allows for the following games to be played:

1. One (1) Bingo event
2. Door Prize drawings
3. The sale of pull tabs, punchboards, and tip boards

556 Raffle licenses were issued in FY00.

There were 121 Special Bingo licenses issued during FY00.



License Fees

The fee for the first license in any category is \$25.

For a subsequent license, fees are based on the gross receipts from the previous event for which the same type of license was held.

These receipts include:

1. The income from all gaming activities, including the sale of pull tabs, punchboards, and tip boards.
2. The sale of tangible personal property specifically sold at the gaming event. Some items commonly sold at these events include card doblers, good luck dolls, keychains, etc.
3. Concessions that are sold specifically at the gaming event.

Gross revenues from charity gaming events totaled \$585,498,272 in FY00, this is an increase of 14% from FY99.

Net income increased approximately 11% in FY00, while the amount of money given to other charities decreased 4.8%.

Charity gaming license fees are based on the following chart:

Gross Revenues			Fee
<u>At Least</u>	<u>But Less Than</u>		
\$ 0	\$ 15,000		\$ 25
\$ 15,000	\$ 25,000		\$ 75
\$ 25,000	\$ 50,000		\$ 200
\$ 50,000	\$ 75,000		\$ 350
\$ 75,000	\$ 100,000		\$ 600
\$ 100,000	\$ 150,000		\$ 900
\$ 150,000	\$ 200,000		\$ 1,200
\$ 200,000	\$ 250,000		\$ 1,500
\$ 250,000	\$ 300,000		\$ 1,800
\$ 300,000	\$ 400,000		\$ 2,500
\$ 400,000	\$ 500,000		\$ 3,250
\$ 500,000	\$ 750,000		\$ 5,000
\$ 750,000	\$ 1,000,000		\$ 6,750
\$ 1,000,000	\$ 1,250,000		\$ 8,500
\$ 1,250,000	\$ 1,500,000		\$ 10,000
\$ 1,500,000	\$ 1,750,000		\$ 12,000
\$ 1,750,000	\$ 2,000,000		\$ 14,000
\$ 2,000,000	\$ 2,250,000		\$ 16,250
\$ 2,250,000	\$ 2,500,000		\$ 18,500
\$ 2,500,000	\$ 3,000,000		\$ 22,500

License fees can run from \$25 to \$25,000 based on the gross receipt from the previous same event.



Manufacturers and Distributors

All business entities desiring to manufacture, distribute, or sell the following items in Indiana must be licensed by the Indiana Department of Revenue. These items include bingo sheets, devices, equipment, and other supplies used in playing bingo, as well as pull tabs, punchboards and tip boards.

A manufacturer's annual license fee is \$3,000. There were 12 manufacturer's licenses issued in fiscal year 2000; 11 of which were located out-of-state. The total fee collected was \$36,000.

A distributor's annual license fee is \$2,000. There were 56 distributor's licenses issued in fiscal year 2000; 12 of which were located out-of-state. The total fee collected was \$112,000.

An excise tax is imposed on the distribution of pull tabs, punchboards, and tip boards, in the amount of ten percent (10%) of the wholesale price. For fiscal year 2000, manufacturers and distributors remitted \$1,259,400 in gaming card excise taxes and penalties.

***Annual license fees:
manufacturer's
\$3,000;
distributor's
\$2,000.***

	FY 2000	FY 1999
Manufacturer's Fees	\$ 36,000	\$ 36,000
Distributor's Fees	112,000	118,000
Excise Taxes	1,211,100	1,313,100
Totals	\$1,359,100	\$1,467,100

Seminars



Education

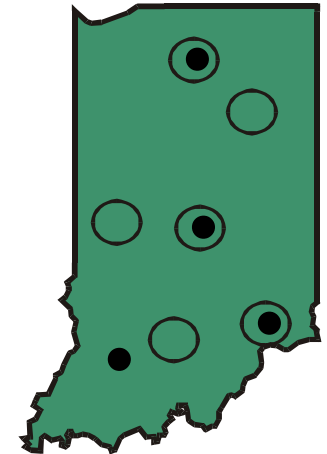
Education is one of the major missions within the Department of Revenue and the Charity Gaming Section spends a great number of man-hours to that end. During fiscal year 2000 four educational seminars were conducted around the State. Important topics such as not-for-profit tax regulations, how to qualify, charity gaming excise tax, and bookkeeping were discussed by the Section's staff. A member of the Department's legal team spoke on penalties and fines.

The four half-day seminars were well received and attended by the not-for-profit groups. They have proven to be a valuable tool in helping groups understand and comply to the Indiana codes and regulations. Four school corporations (Bloomington, Warsaw, Franklin, Lawrence) contacted the Department and individual sessions were provided.

In FY01 six full-day seminars have been projected and the accommodations have been arranged. Four of the six will be held at Indiana State Parks.

Date	City ●	Attendees
8/14/99	Indianapolis	60
8/21/99	Plymouth	58
9/10/99	Madison	54
9/18/99	Jasper	80
Total Attendees		252

Dates Scheduled	City ○
8/18/2000	Indianapolis
8/25/2000	Plymouth
9/23/2000	Huntington
9/28/2000	Marshall
10/20/2000	Mitchell
11/04/2000	Madison





The Department transferred \$4,000,000 into the Build Indiana Fund in FY00.

Administrative Highlights 2000

The Charity Gaming Section of the Indiana Department of Revenue was created to administer charity gaming laws. This section, along with field investigators from the Criminal Investigation Division, strive to see that licensed organizations are operating within charity gaming laws and regulations. Under IC 4-32-10-6, the Indiana Department of Revenue is required to remit charity gaming surplus revenue into the "Build Indiana Fund". This revenue is generated by license fees, as well as excise taxes and penalties. The Department deposited \$4,000,000 into this fund during fiscal year 2000.

Taxpayer Assistance

During fiscal year 2000, the Charity Gaming Section assisted 319 taxpayers in the walk-in assistance center, and answered 15,686 phone calls, compared to 13,983 in fiscal year 1999.

Form Revision

There were no changes made to the charity gaming forms; however, the Department is planning to establish a single event form to be used in the next fiscal year. The new form will combine several other forms and should make license application process easier.

New! Newsletter

In a continuing effort to communicate and educate not-for-profit organizations on the State codes and regulations, the Charity Gaming Section originated a newsletter in FY00. It is a biannual (April and October) publication of information and issues of interest to the Indiana charity gaming community. The issues will have some regular features such as Calendar of Events, plus articles on tax court findings, investigations and basic rules. The organizations can call, write or e-mail questions or suggestions for future issues.

Legislation

There was no new legislation passed during fiscal year 2000 that affected charity gaming laws and regulations.

New Numbers Assigned

The old Not-for-Profit Tax Registration Number is being changed. Numbers beginning with a digit of seven or eight that appear on Form IT-35E, Not-for-Profit Tax Registration Certificate, will be valid only until not-for-profit organizations have been assigned new Taxpayer Identification Numbers (TID). Once the organization receives their new TID, if they lose or misplace their certificate, they can request a replacement in writing from the Department. Each TID number is unique to each organization; and, written requests are required to maintain confidentiality.

Each TID number is unique to each organization.



Enforcement

During Fiscal Year 2000, numerous investigations were finalized and submitted for determination of civil penalties based on violations committed. Assessments for civil penalties totaled \$70,675 and additional licence fees of \$6,625.

Income tax assessments totaling \$452,475 including penalty and interest were assessed during this period. The assessments are considered unrelated income and are subject to gross income tax, adjusted gross income tax, and supplemental net income tax per 45 IAC 18-5-1.

Additionally, a defendant plead guilty to the crime of Attempting to Contract to Conduct an Allowable Event, a Class D Felony in April 2000 in Grant County Superior Court No. 2. The defendant was sentenced to one year in jail (suspended), was enjoined from participating in any gaming operation in the State of Indiana for three years, and must pay court costs.

Desk examinations are also performed on financial reports submitted by organizations to the Charity Gaming Section of the Compliance Division. Those audits resulted in an additional \$40,325 in renewal fees from organizations who underreported gross receipts.

***An operator must be
a member in good
standing for at least
one year.
IC 4-32-9-28***

Tax Court Finds in Favor of Revenue

The Indiana Tax Court affirmed on December 1, 1999, that the Indiana Department of Revenue (IDOR) was correct in finding that a particular Indiana company owed Charity Gaming Excise Tax (CGET) for the 1992 and 1993 tax years and a \$5,000 civil penalty.

The company manufactures and distributes gambling devices, which are shipped across the country. These devices were sold to both qualified and non-qualified organizations. When a sale is made to a qualified organization, a 10% CGET is due, while non-qualified organizations pay the standard 5% sales taxes. Some customers wished to pay in cash and further suggested to the company that no invoices be created for the sales of gambling devices to them. As a result these customers had only the sales tax charged to them.

After an audit, the IDOR issued a Letter of Finding in November 1995. The company then filed an appeal, claiming that it was not required to collect the CGET on its sales to cash-paying customers who said they were not qualified or who wished to remain anonymous.

Indiana Codes state that licensed entities such as the company mentioned are liable for payment of the tax at the time it “transports pull tabs, punchboards, or tip board to qualified organizations.” Also the codes require the company to maintain satisfactory records. Since the company failed to provide the information, the Department made the assumption that the sales were to qualified customers.

The court found that it was reasonable for the Department to assume that all unidentified customers were qualified and owed the 10% CGET and that the company was liable for the CGET on all sales to its unidentified customers. It found that the company had the ability to comply with recordkeeping requirements of the regulations, but chose not to do so. The case ended with the court’s affirming the Department’s final determination.

Violations of Statutes

Statute/Rule	Description	Number of Violations	Total Penalty Assessed
45 IAC 18-5-1	Taxability of income	6	\$452,475
IC 4-32-9-2	License requirements	5	3,750
IC 4-32-9-4	License applications	1	500
IC 4-32-9-5(b)	Issuance of license	1	1,000
IC 4-32-9-15	Conduct of events	1	5,000
IC 4-32-9-17	Financial records	4	4,250
IC 4-32-9-25	Remuneration of operators and workers	3	5,000
IC 4-32-9-27	Participation of operators and workers in events	3	8,000
IC 4-32-9-28	Operator membership requirement	2	2,000
IC 4-32-9-29	Worker membership requirement	2	3,500
IC 4-32-11-3	License renewal fee	5	5,500
IC 4-32-12-1(1)	Grounds for penalties	2	3,000
IC 4-32-12-1(a)(4)	Commission of a fraud	2	7,000
IC 4-32-12-1(a)(5)	Conduct prejudicial	1	5,000
IC 4-32-12-2	Civil penalties	3	4,500
Totals		41	510,475

Revenue generated by unlicensed events may be subject to income taxes per 45 IAC 18-5-1.



Statistics

Every organization that holds a charity gaming license is required to file a financial report for each license it has. The following statistics are based on financial reports which were received during the State of Indiana's 2000 fiscal year (July 1, 1999 through June 30, 2000). An organization cannot receive another gaming license until they have filed a financial report for their previous event.

Grand Totals

Filing a financial report is required after an event and before a qualified organization can receive another license.

Type of License	Gross Income	Total Expenses	Net Proceeds	Distributed Income	
				Amount Given to Unrelated Organizations	Amount Retained for use by the Organization
Annual Bingo	\$ 509,045,126.33	\$ 459,725,030.10	\$ 49,320,096.23	\$ 8,325,258.79	\$ 36,087,361.93
Charity Game Night	1,551,072.72	874,261.06	676,811.66	109,982.66	558,267.80
Door Prize	4,751.60	15,431.48	(10,679.88)	842.96	830.71
Festival	11,280,514.62	6,032,705.86	5,247,808.76	720,188.08	4,198,660.16
Pull Tab Only	48,800,535.33	40,899,204.99	7,901,330.34	1,168,780.76	6,034,050.09
Raffle	13,574,891.77	6,824,960.91	6,749,930.86	1,378,178.19	5,134,559.65
Special Bingo	1,241,381.62	917,691.64	323,689.98	120,142.29	163,744.82

Note: Amounts were taken directly from the financial reports filed with the Department by the organizations. Desk examinations of reports were performed to correct obvious calculation errors. Totals above do not always reflect organizations' undistributed balance of net income.

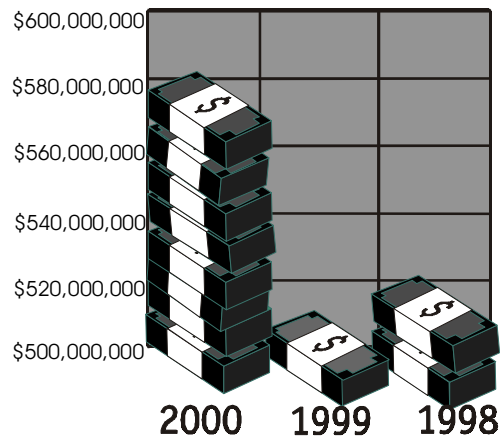
License Fees

Type of License	Number Issued	Fees Collected	Average Cost
Annual Bingo	645	\$ 3,650,720	\$ 5,669
Charity Game Night	223	6,925	31
Door Prize	5	125	25
Festival	291	61,125	212
* Pull Tab Only	274	373,875	1,375
Raffle	556	62,125	113
Special Bingo	121	6,700	56
Total	2,115	\$ 4,161,595	

The fee for any first license in any category is \$25.

* Organizations receive an annual bingo license even if their only activity is pull tabs, punchboards and tip boards.

Grand Totals for Charity Gaming License Types



Concession Income

License Type	Income
Annual Bingo	\$ 2,235,012.05
Charity Game Night	65,409.04
Door Prize	2,109.85
Festival	2,428,278.37
* Pull Tab Only	3,051.50
Raffle	162,317.11
Special Bingo	34,189.01
Total	\$ 4,930,366.93



Financial Information by County

The following information is a breakdown of individual organizations by county. The information was obtained from all Forms CG-8, Annual Bingo Financial Reports, and Forms CG-9, Single Event Financial Reports, received during fiscal year 2000. The number of licenses issued during the fiscal year may differ from the number of financial reports actually received during the fiscal year due to licenses being issued prior to the event.

Information pertaining to not-for-profit organizations is available for public inspection according to IC 6-2.1-8-4. This includes all applications for exemption and all annual reports filed by the not-for-profit organizations under IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, and IC 6-2.1-3-22, which also includes information on the above-mentioned forms.

Since an organization may hold more than one type of charity gaming license at a time, some names may appear more than once in the listings on pages 23 to 141.

Names also may be repeated within each license category. An unlimited number of door prize, raffle, and special bingo licenses may be issued to an organization during a year, as long as all required applications and fees have been received and approved by the Indiana Department of Revenue.

Annual bingo licenses are valid for one year from the date of issuance.

***Information
pertaining to
not-for-profit
organizations is
available for public
inspection according
to IC 6-2.1-8-4.***

Amounts were taken directly from the financial reports filed with the Department by the organizations. Desk examinations of reports were performed to correct obvious calculation errors.

Gross Receipts ¹

Total Expenses

Net Proceeds ²

Income and Expense Summary			
Gross Income		Expenses	
Income Sources:		Prizes/Payouts:	
Bingo	1	Bingo	9
Pull Tabs	2	Pull Tabs	10
Punchboards	3	Punchboards	11
Tip boards	4	Tip Boards	12
Raffles	5	Raffles	13
Door Prize	6	Door Prize	14
Concessions	7	Supplies and Purchases:	
Other Gross Income (Attach itemized sheet or listing)	8	Bingo Game Supplies	15
		Pull Tabs, Punchboards, and Tip Board Purchases	16
		Other Purchases	17
		Miscellaneous Expenses:	
		Rent to Independent Lessor	18
		Rent of Tangible Personal Property (ie. chairs, tables, roulette wheel, bingo blower, etc.)	19
		Advertising	20
		Concessions	21
		Other Expenses from Bingo events; List sources:	22
			23
		Total Expenses: Add lines 9 through 22. Enter here and on line B of Section B	24
Totals			
Total Gross Income *Add lines 1-8. *This amount will be used to calculate your fee. Also, partially exempt not-for-profit organizations should refer to the annual income tax return, Form FT-2009, and the Charity Gaming Publication #2 concerning the treatment of this income.	A		
Total Expenses from line 24	B		
Total net proceeds available for charitable purposes (A minus B)	C		

(Page 2 of 4 from Form CG-8)

Form CG-8 is one of the charity gaming forms that will be modified for FY01.

Amount Given to Other Organizations

Amount Retained for Use by the Organization

Undistributed Income

The Percent Profit figure in the Annual Bingo Licenses section was calculated as follows:

Net Proceeds ²/Gross Receipts ¹ = Percent Profit

Charitable Contributions Information	
24. Net proceeds from line C of the Income and Expense Summary, Section B, page 2	24
25a. Amount from Line 24 allocated for charitable purposes. These contributions shall be made to organization(s) (individuals) other than your own. Details of these contributions need to be reported on Schedule CG-DDET, which must be attached to the Gross Receipts Report, (Form CG-21), and mailed with this license application. Failure to attach this information will result in the delay of the issuance of your license.	25a
25b. Amount from Line 24 retained for and/or spent on your organization. These funds must have been used for the legal purposes of your organization. A detailed listing of how these funds were spent or were set aside for a specific use should be kept with your records.	25b
26. Undistributed balance (Line 24 minus Line 25c)	26
Manufacturer and Distributor Information	
27. List all manufacturer(s) and/or distributor(s) from whom you purchased bingo supplies, pull tabs, punchboards, and/or tip boards. Attach additional sheets if necessary.	
Name	Address
City	State
Zip Code	License Number
Financial Information	
28. Where are the charity gaming financial records maintained?	
Address	
City	State
Zip Code	
29. Name, address, and telephone number of the person maintaining these records.	
Name	
Address	
City	State
Zip Code	Daytime Telephone Number ()
30. Organization's Banking Information (Attach additional sheets if necessary)	
Name of Bank	
Street Address	
City	State
Zip Code	County
Name of Account	Account Number
Type of Account (Checking, savings, CD)	
Name of Account	Account Number
Type of Account (Checking, savings, CD)	

(Page 3 of 4 from Form CG-8)

Negative balances generally indicate income from prior years.