

**INDIANA GAMING COMMISSION  
CHARITY GAMING DIVISION**

*(Last updated April 2023)*

**Allowable Expenses**

Indiana Code 4-32.3-5-3(a) states that all net proceeds from an allowable event may be used only for the *lawful purposes* of the qualified organization. For most organizations, guidance regarding your lawful purpose can be identified by reviewing your bylaws. Below is a list of example items that may be paid for directly out of the separate and segregated charity gaming account. Your specific lawful purpose may encompass other compliant expenditures.

Additionally, Indiana Code 4-32.3-5-4(a) provides that a qualified organization that receives at least ninety percent (90%) of the organization's total gross receipts from any activity under this article must donate sixty percent (60%) of its gross charitable gaming receipts less prize payout to a qualified recipient that is not an affiliate, a parent, or a subsidiary organization of the qualified organization.

Indiana charitable gaming regulations require that organizations maintain accurate records of their charitable gaming income and expenditures. To that end, organizations must retain receipts or invoices that correspond to each expenditure made from its gaming proceeds.

Finally, it is advisable to seek input from the Internal Revenue Service (IRS) and the Indiana Department of Revenue (IDOR) to ensure there are no unintended consequences when it comes to compliance with tax laws and/or jeopardizing nonprofit status.

**The following list provides the common examples of expenses which are allowed to be paid out of the charity gaming account. As noted above, your lawful purpose may provide allow other expenditures.**

- Donations of money or items to nonprofit organizations
- Mortgage/Rent Payments
- Property Tax
- Insurance (premises or general liability) on building where organization is located and/or where the organization conducts gaming
- Utilities – Electric, Water, Gas, Telephone, Internet, Cable
- Building and property maintenance
- Repairs, maintenance, or improvements on owned real property of the qualified organization and used for the organization's lawful purposes
- Computers and computer systems, and any required maintenance
- Janitorial services – must not be an employer-employee relationship

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- Travel and lodging by specific members, only if required by the organization's constitution or bylaws to attend such meetings
- Donations of money or items for the benefit of individuals or families
  - These donations should be made directly to the vendor of the goods or services by check or electronic funds transfer.
  - Any expense where it is impractical to pay the vendor directly, such as for groceries or necessary household goods, must be supported with a receipt and maintained along with the organization's gaming records.

**Failure to follow the requirements above may result in the expense being recognized as an unallowable expense and the organization being required to reimburse its separate and segregated charity gaming account for the amount of the expense.**

**Reasonable and Necessary Charitable Gaming Expenses**

In addition to the gaming-related expenses permitted under IC 4-32.3-5-3(b), qualified organizations may use gaming proceeds for reasonable and necessary expenses related to the conduct of allowable gaming activities. Below is a list of items that may be paid for directly out of the separate and segregated charity gaming account. Receipts or invoices must be maintained for each expenditure.

**Note:** Charity Gaming regulations prohibit qualified organizations from entering into formal or informal agreements related to an allowable activity with persons affiliated with the organization. Such affiliations include, but are not limited to, members, officers, directors, or members of their family.

- Attorneys retained for the organization's creation or for charity gaming related issues
- Charity Gaming Prizes - including liquor, beer, or wine to be awarded at a charity gaming event. Organizations must comply with the requirements of IC 7.1-3-6.1 pertaining to any alcoholic beverage awarded as prize in a charitable gaming activity.
- CPA/Accounting or tax services – specific to charity gaming related issues
- Charity gaming equipment, supplies and devices, to include licensed supply (i.e., bingo supplies and equipment, pull tab games, raffle boards, sports-themed tip boards, prize wheels, etc.) and non-licensed supply (i.e., raffle tickets, cards, chips, etc.)
- Charity gaming license fees
- Charity gaming specific printing, such as newspaper postings, advertisements or flyers
- Monthly Tax Return for Wagers, Federal Form 730
- Occupational Tax and Registration Return for Wagering, Federal Form 11-C
- Security systems and monitoring. An organization may employ not more than three (3) nonmember Indiana law enforcement officers or private detectives properly licensed in Indiana to perform security services during an allowable event. An organization may not use more than three (3) security personnel unless the organization has prior written approval of the executive director or the

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executive director's designee.

**Expenses Not Allowed**

- Employee wages/salaries/benefits/insurance
- Taxes – employee federal, state or county withholding taxes, sales tax, etc.
- Alcoholic Beverage Taxes or Fees
- Purchases of alcohol, beer, or wine for any purpose other than to be awarded as a prize in a licensed or approved charity gaming activity.
- Expenses that are not reasonable and necessary charitable gaming expenses, or that do not support the organization's lawful purposes as stated in its constitution, articles, charter, or bylaws (e.g., bands or entertainment in the bar area, food items for restaurant operation)