



ANNUAL REPORT

CHARITABLE BINGO OPERATIONS DIVISION

TEXAS LOTTERY COMMISSION



A MESSAGE FROM THE CHAIRMAN OF THE TEXAS LOTTERY COMMISSION AND THE DIRECTOR OF THE CHARITABLE BINGO OPERATIONS DIVISION

On behalf of the Commissioners and the Charitable Bingo Operations Division of the Texas Lottery Commission, we want to thank all the members of the charitable bingo industry for making 2018 another great year. We are pleased to present the Charitable Bingo Operations Division 2018 Annual Report, which details the results of the Texas charitable bingo industry for the most recent calendar year (CY).

CY 2018 was a positive year for the charitable bingo industry. The reported total gross receipts were just under \$812.4 million and the charitable distributions were slightly over \$33.6 million, an increase of \$2.3 million over the previous year, making this the fourth year of charitable distribution growth. Additionally, as outlined in this report, adjusted gross receipts were over \$190.3 million, net proceeds were over \$32.9 million and net proceeds as a percentage of adjusted gross receipts were 17.31%. Due to increases in prizes paid along with some increases in other expenses net proceeds for CY 2018 decreased by \$931,278 compared to CY 2017. Net proceeds are utilized by licensed organizations for their charitable purposes and working capital. House Bill 2578, 85th Legislature, repealed annual license fees. As a result, licensed charities saved \$3.98 million in annual license fees and \$ 1.5 million in one-time license fee refunds/recalculations were sent to licensed charities. In August 2018, at the urging of industry representatives, Texas Lottery Commission (Commission) voted unanimously to reinstate the Bingo Advisory Committee (BAC). The purpose of the BAC is to advise and inform the Commission on the needs and concerns of the state's bingo industry.

The non-profit Texas charities, through a variety of actions, provide a multitude of services throughout the state that support the local community. Their bingo charitable distributions benefit a wide range of charitable causes including, but not limited to, education scholarships, assisting needy children, the disabled, veterans, senior citizens, Meals on Wheels, Boys and Girls Clubs, food banks, job and disaster assistance.

Furthermore, during CY 2018, \$30.4 million was deposited into the General Revenue Dedicated Bingo Administration Fund and \$10.9 million was allocated to cities and counties that share in the prize fees collected due to the conduct of bingo games.

We strive to provide consistent, effective and efficient regulation to the charitable bingo industry in Texas. We will continue to work in partnership with industry representatives to further develop and implement policies and procedures that benefit the non-profit organizations conducting authorized bingo activities in Texas to raise funds for their charitable purposes and ultimately the citizens of Texas.



J. Winston Krause, Chairman
Texas Lottery Commission



Michael P. Farrell, Director
Charitable Bingo Operations Division

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Texas Lottery Commission

Agency Vision

To be the preeminent Lottery and Charitable Bingo agency through innovative leadership.

Agency Mission

Texas Lottery - The Texas Lottery is committed to generating revenue for the State of Texas through the responsible management and sale of entertaining lottery products. The Texas Lottery will incorporate the highest standards of security, integrity and responsible gaming principles, set and achieve challenging goals, provide quality customer service and utilize a TEAM approach.

Agency Core Values

Integrity and Responsibility - The Commission works hard to maintain the public trust by protecting and ensuring the security of our lottery games, systems, drawings and operational facilities. We value and require ethical behavior by our employees, licensees and vendors. We promote the integrity of charitable bingo in Texas for the benefit of charitable organizations.

Innovation - We strive to incorporate innovation into our products to provide the citizens of Texas with the best entertainment experience available through our products. We pursue the use of technology that enhances the services that we provide to our customers and reduces our operating expenses. All proposed innovations must be authorized by Texas law, and do not include video lottery, casino gaming, internet-based lottery sales, fantasy sports, or any other activities not authorized by law.

Fiscal Accountability - We emphasize fiscal accountability by ensuring that all expenditures directly or indirectly generate revenue, enhance security, fulfill regulatory requirements, improve customer service, and/or boost productivity. We recognize our responsibility in generating revenue for the state of Texas without unduly influencing players to participate in our games. We maximize benefits to charities through the continual examination and review of charitable bingo operations.

Customer Responsiveness - The Commission takes pride in providing exemplary service to the people of Texas through the courteous dissemination of clear and accurate information about our products, services and regulatory

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functions. We seek and respond to feedback expressed by our employees, retailers, licensees and the playing and non-playing public. We apply this feedback in the development of our products and in the services that we provide.

Teamwork - We are committed to creating an environment of mutual respect where open, honest communication is our cornerstone. We embrace the diversity of our team and individual perspectives in working together to achieve our common goals.

Excellence - We strive for excellence by taking a position of leadership on issues that impact the Commission and achieve challenging goals by focusing on our core values.

Charitable Bingo Operations Division Mission Statement

Provide authorized organizations the opportunity to raise funds for their charitable purposes by conducting bingo. Determine that all charitable bingo funds are used for a lawful purpose. Promote and maintain the integrity of the charitable bingo industry throughout Texas.

Charitable Bingo Operations Division Regulatory Objective

Charitable Bingo is an important fundraising activity for a variety of Texas nonprofit organizations. The Charitable Bingo Operations Division of the Texas Lottery Commission is charged with the strict control and close supervision of bingo conducted in this state so that bingo is fairly conducted and the proceeds from bingo are used for an authorized purpose. Our goal is to achieve voluntary compliance and assist licensees through training and education.

We will strive for the highest levels of professionalism, conducting our regulatory activities fairly, competently and consistently. We will develop clear regulatory requirements in an open environment, encouraging two-way communication.

Terminology in the 2018 Annual Report

- **Act** – refers to the Bingo Enabling Act, TEX. OCC. CODE §2001 (Act)
- **Adjusted Gross Receipts** – the total sales and entrance fees the conductor received from the conduct of bingo less prizes awarded.
- **Allocation** – the annual distribution of 50% of the fee collected by the commission on prizes awarded at a game conducted in a county and/or a city that imposes a gross receipt tax on the conduct of bingo minus the pro rata reduction necessary for the administration of bingo.
- **Bingo Occasion** – a single gathering or session at which a bingo game or a series of bingo games, including selling and redeeming pull-tab bingo tickets, are conducted on the day and at the times listed on the license issued to a licensed authorized organization.
- **Commission** – refers to the five-member Texas Lottery Commission.
- **Conductor** – an authorized organization that holds a license to conduct bingo, also referred to as a licensed authorized organization, and represents the largest category of licensees in the charitable bingo industry in Texas.
- **Distributor** – a person who obtains, by purchase or otherwise, bingo equipment or supplies for use in bingo in Texas and sells or furnishes the items to another person for use, resale, display or operation.
- **Entrance Fee** – an up-front sum of money paid to enter a bingo occasion.
- **Gross Receipts** – the total amount the conductor received from the conduct of bingo, without subtracting expenses.
- **Lessor** – a person licensed to lease premises for the purpose of conducting bingo, also referred to as a licensed commercial lessor.
- **Licensed Authorized Organization (Conductor)** – an authorized organization that holds a license to conduct bingo.
- **Licensed Commercial Lessor (Lessor)** – a person licensed to lease premises and act as a commercial lessor.
- **Manufacturer** – an individual or organization who assembles from raw materials or subparts a completed piece of bingo equipment and/or supplies for use in bingo games in Texas or a person who converts, modifies, adds to, or removes parts from any bingo equipment, item, or assembly to further its promotion or sale for or use in a bingo game in Texas, and sells to licensed distributors.
- **Net Proceeds** – the amount the conductor receives after all expenses are deducted from the gross receipts arising from the conduct of bingo.
- **Person** – an individual, partnership, corporation, or other group.
- **Rule or Rules** – refers to Charitable Bingo Administrative Rules, 16 TEX ADMIN. CODE (Rules) ch.402.

Data in the 2018 Annual Report

Data included in the 2018 Annual Report is for calendar years, unless indicated otherwise, and is provided by licensees and is unaudited. In most instances, data for 10 years (2009-2018) is included to provide a benchmark measurement for comparison and analysis. In some instances, data is included from 1982 through 2018 to provide an expanded basis for comparison and to show trends from the inception of bingo in Texas through 2018.

§2001.060 Reporting

TEX. OCC. CODE §2001.060 REPORTING requires that the Commission

- (a) On or before June 1 of each even-numbered year, the Commission shall prepare and deliver to the Governor, the Lieutenant Governor, the Speaker of the House of Representatives, and the chairs of the standing committees of the Senate and House of Representatives with primary jurisdiction over charitable bingo a report stating for each of the preceding two calendar years:
 - (1) the total amount of adjusted gross receipts reported by licensed authorized organizations from their bingo operations;
 - (2) the total amount of net proceeds reported by licensed authorized organizations from their bingo operations; and
 - (3) a comparison of the amounts reported under Subdivisions (1) and (2), including the percentage that the net proceeds represent of the adjusted gross receipts.
- (b) For purposes of Subsection (a), “adjusted gross receipts” means the amount remaining after deducting prizes paid, excluding prize fees collected from bingo players.
- (c) For purposes of Subsection (a), the Commission shall determine the total amount of net proceeds in a manner that does not reduce gross receipts by the amount of rent paid for the rental of bingo premises by a licensed authorized organization to another licensed authorized organization if the other organization pays rent for the premises to a licensed commercial lessor.

The table below provides the information requested in §2001.060 of the Act:

| | 2017 | 2018 |
|-------------------------------|---------------|---------------|
| Adjusted Gross Receipts (AGR) | \$186,045,186 | \$190,346,255 |
| Net Proceeds (NP) | \$33,874,655 | \$32,943,377 |
| NP as a percentage of AGR | 18.21% | 17.31% |

Source: Texas Lottery Commission.
Figures as of 3/26/2019. Unaudited.

Bingo Revenue and Business Activities

Since the first licenses were issued in 1982, charitable bingo has benefited charities, players, and state, county and municipal governments in Texas. Gross receipts from the conduct of charitable bingo total \$21.6 billion, bingo prizes awarded have exceeded \$15 billion, and allocations to local jurisdictions have totaled approximately \$351.4 million. The total amount of charitable distributions from the conduct of bingo exceeds \$1 billion.

Distributions by organizations conducting charitable bingo benefit the people of Texas in many ways that include providing assistance to local libraries, veterans organizations, museums, women's shelters, needy children, the disabled, homeless shelters, churches, schools, drug and alcohol treatment programs, medical treatment and research programs, volunteer fire departments, EMS units, police officer organizations, and senior citizen organizations, to name a few.

Local jurisdictions benefit from charitable bingo activity through allocations derived from charitable bingo prize fees.

The table below provides data related to gross receipts, prizes paid to players, charitable distributions, and allocations paid to cities and counties from 2009 through 2018.

CALENDAR YEARS 2009 – 2018

| Year | Total Gross Receipts | Prizes Paid To Players | Charitable Distributions | Allocations* |
|------|----------------------|------------------------|--------------------------|----------------|
| 2009 | \$693,290,588 | \$518,394,364 | \$36,036,457 | \$12,264,641 |
| 2010 | \$699,434,079 | \$526,737,400 | \$33,910,570 | \$12,338,567 |
| 2011 | \$706,128,229 | \$534,017,329 | \$29,039,795 | \$12,576,181 |
| 2012 | \$723,514,855 | \$549,003,354 | \$29,464,079 | \$12,898,689 |
| 2013 | \$719,645,137 | \$549,396,054 | \$26,574,139 | \$13,044,976 |
| 2014 | \$739,748,181 | \$566,542,028 | \$25,849,321 | \$13,344,205 |
| 2015 | \$756,772,779 | \$575,251,590 | \$28,521,047 | \$13,873,760 |
| 2016 | \$761,488,986 | \$579,702,154 | \$30,187,208 | \$13,912,375 |
| 2017 | \$776,586,723 | \$590,541,537 | \$31,294,606 | \$10,637,030 * |
| 2018 | \$812,399,015 | \$622,052,760 | \$33,603,294 | \$10,948,848 |

Source: Texas Lottery Commission.

Figures as of 3/26/2019. Unaudited.

*2017 Figure adjusted to reflect allocations paid in 2017.

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Gross Receipts

The table below compares all categories of gross receipts and the percentage changes from year to year from 1982 through 2018. This data is based on information reported by licensed authorized organizations.

Changes in Bingo Gross Receipts by Category

| Year | Card Sales | % Change Card Sales | Pull-Tab Sales | % Change Pull-Tab Sales | Total Gross Receipts | % Change Total Gross Receipts |
|------|---------------|---------------------|----------------|-------------------------|----------------------|-------------------------------|
| 1982 | \$66,488,368 | 0.00% | - | 0.00% | \$66,488,368 | 0.00% |
| 1983 | \$163,172,680 | 145.42% | \$87 | 100% | \$163,172,767 | 145.42% |
| 1984 | \$217,137,488 | 33.07% | \$4,676,582 | 5375281.61% | \$221,814,070 | 35.94% |
| 1985 | \$243,420,805 | 12.10% | \$11,872,941 | 153.88% | \$255,293,746 | 15.09% |
| 1986 | \$289,108,477 | 18.77% | \$13,548,709 | 14.11% | \$302,657,186 | 18.55% |
| 1987 | \$331,938,566 | 14.81% | \$36,086,789 | 166.35% | \$368,025,355 | 21.60% |
| 1988 | \$365,110,091 | 9.99% | \$101,901,561 | 182.38% | \$467,011,652 | 26.90% |
| 1989 | \$419,677,774 | 14.95% | \$130,997,997 | 28.55% | \$550,675,771 | 17.91% |
| 1990 | \$467,113,452 | 11.30% | \$154,335,596 | 17.82% | \$621,449,048 | 12.85% |
| 1991 | \$499,971,275 | 7.03% | \$173,501,233 | 12.42% | \$673,472,508 | 8.37% |
| 1992 | \$503,400,917 | 0.69% | \$164,719,328 | -5.06% | \$668,120,245 | -0.79% |
| 1993 | \$500,434,638 | -0.59% | \$151,592,343 | -7.97% | \$652,026,981 | -2.41% |
| 1994 | \$492,662,092 | -1.55% | \$140,391,468 | -7.39% | \$633,053,560 | -2.91% |
| 1995 | \$498,120,463 | 1.11% | \$139,769,085 | -0.44% | \$637,889,548 | 0.76% |
| 1996 | \$488,946,621 | -1.84% | \$121,816,923 | -12.84% | \$610,763,544 | -4.25% |
| 1997 | \$491,756,262 | 0.57% | \$104,836,239 | -13.94% | \$596,592,501 | -2.32% |
| 1998 | \$506,642,255 | 3.03% | \$99,144,445 | -5.43% | \$605,786,700 | 1.54% |
| 1999 | \$510,317,138 | 0.73% | \$96,753,377 | -2.41% | \$607,070,515 | 0.21% |
| 2000 | \$493,414,252 | -3.31% | \$89,353,141 | -7.65% | \$582,767,393 | -4.00% |
| 2001 | \$478,397,545 | -3.04% | \$85,122,819 | -4.73% | \$563,520,364 | -3.30% |
| 2002 | \$468,107,354 | -2.15% | \$88,979,503 | 4.53% | \$557,086,857 | -1.14% |
| 2003 | \$445,876,396 | -4.75% | \$129,825,563 | 45.91% | \$575,701,959 | 3.34% |
| 2004 | \$430,908,286 | -3.36% | \$173,828,243 | 33.89% | \$604,736,529 | 5.04% |
| 2005 | \$410,842,204 | -4.66% | \$223,189,408 | 28.40% | \$634,031,612 | 4.84% |
| 2006 | \$404,772,215 | -1.48% | \$253,552,957 | 13.60% | \$658,325,172 | 3.83% |
| 2007 | \$385,245,447 | -4.82% | \$272,958,293 | 7.65% | \$658,203,740 | -0.02% |
| 2008 | \$379,825,563 | -1.41% | \$305,748,049 | 12.01% | \$685,573,612 | 4.16% |
| 2009 | \$374,585,169 | -1.38% | \$318,705,419 | 4.24% | \$693,290,588 | 1.13% |
| 2010 | \$372,245,845 | -0.62% | \$327,188,234 | 2.66% | \$699,434,079 | 0.89% |
| 2011 | \$362,293,559 | -2.67% | \$343,834,670 | 5.09% | \$706,128,229 | 0.96% |
| 2012 | \$360,354,775 | -0.54% | \$363,160,080 | 5.62% | \$723,514,855 | 2.46% |

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| Year | Card Sales | % Change Card Sales | Pull-Tab Sales | % Change Pull-Tab Sales | Total Gross Receipts | % Change Total Gross Receipts |
|------|---------------|---------------------|----------------|-------------------------|----------------------|-------------------------------|
| 2013 | \$350,179,110 | -2.82% | \$369,466,027 | 1.74% | \$719,645,137 | -0.53% |
| 2014 | \$346,532,176 | -1.04% | \$393,216,005 | 6.43% | \$739,748,181 | 2.79% |
| 2015 | \$347,255,426 | 0.21% | \$409,517,353 | 4.15% | \$756,772,779 | 2.30% |
| 2016 | \$346,399,863 | -0.25% | \$415,089,123 | 1.36% | \$761,488,986 | 0.62% |
| 2017 | \$344,093,976 | -0.67% | \$432,492,747 | 4.19% | \$776,586,723 | 1.94% |
| 2018 | \$345,060,139 | 0.28% | \$467,338,876 | 8.06% | \$812,399,015 | 4.61% |

Source: Texas Lottery Commission.
Figures as of 3/26/2019. Unaudited.

Adjusted Gross Receipts and Net Proceeds

Adjusted gross receipts is the sum of card sales, entrance fees, electronic card sales, and pull-tab bingo sales less total bingo prizes awarded. Net proceeds are the sum of adjusted gross receipts plus all other income (rent income, interest earned, and the value of merchandise prizes donated) less total expenses.

Adjusted gross receipts = Gross receipts – Prizes awarded.

Net proceeds = Adjusted gross receipts + Other income – Expenses.

The following table compares adjusted gross receipts to net proceeds as a percentage of adjusted gross receipts from 2009 through 2018.

Net Proceeds as a Percentage of Adjusted Gross Receipts

| Year | Adjusted Gross Receipts | Net Proceeds | Net Proceeds As a Percentage of Adjusted Gross Receipts |
|------|-------------------------|--------------|---------------------------------------------------------|
| 2009 | \$174,896,224 | \$33,149,364 | 18.95% |
| 2010 | \$172,696,679 | \$28,758,502 | 16.65% |
| 2011 | \$172,110,900 | \$28,614,701 | 16.63% |
| 2012 | \$174,511,501 | \$28,755,029 | 16.48% |
| 2013 | \$170,249,083 | \$26,010,188 | 15.28% |
| 2014 | \$175,239,197 | \$27,508,385 | 15.70% |
| 2015 | \$181,521,189 | \$32,382,452 | 17.84% |
| 2016 | \$181,786,832 | \$31,808,346 | 17.50% |
| 2017 | \$186,045,186 | \$33,874,655 | 18.21% |
| 2018 | \$190,346,255 | \$32,943,377 | 17.31% |

Source: Texas Lottery Commission
Figures as of 3/26/2019. Unaudited.

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Prizes Paid to Players

A bingo prize may not have a value of more than \$750 for a single game. For regular bingo games that award individual prizes of more than \$50, the total value of prizes awarded during a bingo occasion cannot exceed \$2,500.

Prizes paid to players in 2018 were \$622 million, the highest since the issuance of the first bingo licenses in 1982. The increase in prizes paid to players is attributed to increased sales and pull-tab prizes that were the highest since the inception of the sale of pull-tabs in Texas.

The following table shows prizes paid to players from 2009 through 2018 based on information reported by licensed authorized organizations.

Bingo Prizes Paid to Players

| Year | Regular & Electronic Prizes | Pull-tab Prizes | Total Prizes |
|------|-----------------------------|-----------------|---------------|
| 2009 | \$288,580,678 | \$229,813,686 | \$518,394,364 |
| 2010 | \$291,886,622 | \$234,850,778 | \$526,737,400 |
| 2011 | \$287,602,541 | \$246,414,788 | \$534,017,329 |
| 2012 | \$288,889,746 | \$260,113,608 | \$549,003,354 |
| 2013 | \$285,595,157 | \$263,800,897 | \$549,396,054 |
| 2014 | \$285,959,414 | \$280,582,614 | \$566,542,028 |
| 2015 | \$283,884,109 | \$291,367,481 | \$575,251,590 |
| 2016 | \$284,989,268 | \$294,712,886 | \$579,702,154 |
| 2017 | \$286,117,338 | \$304,424,199 | \$590,541,537 |
| 2018 | \$293,373,103 | \$328,679,657 | \$622,052,760 |

*Source: Texas Lottery Commission.
Figures as of 3/26/2019. Unaudited.*

Charitable Distributions

Under §2001.457 of the Act, a licensed authorized organization shall disburse all net proceeds in support of its charitable purpose from the preceding quarter less the retained operating capital. Charitable distributions increased by 7.4% in 2018 with organizations reporting \$33.6 million distributed for their charitable purposes.

The data in the following table compares minimum required charitable distributions by the Act to the actual charitable distributions reported by licensed authorized organizations from 2009 through 2018.

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Required Charitable Distributions Compared to Reported Charitable Distributions

| Year | Required Charitable Distribution | Reported Charitable Distribution |
|------|----------------------------------|----------------------------------|
| 2009 | \$10,702,494 | \$36,036,457 |
| 2010 | \$8,390,641 | \$33,910,570 |
| 2011 | \$7,143,665 | \$29,039,795 |
| 2012 | \$7,956,701 | \$29,464,079 |
| 2013 | \$6,389,262 | \$26,574,139 |
| 2014 | \$6,718,326 | \$25,849,321 |
| 2015 | \$7,721,150 | \$28,521,047 |
| 2016 | \$8,806,971 | \$30,187,208 |
| 2017 | \$8,958,875 | \$31,294,606 |
| 2018 | \$10,325,023 | \$33,603,294 |

Source: Texas Lottery Commission.
Figures as of 3/26/2019. Unaudited.

Attendance

Attendance is reported quarterly by licensed authorized organizations that conduct bingo. The figures for attendance do not reflect the number of people playing bingo in the years referenced but are the cumulative reported attendance of persons at bingo games.

The following table shows attendance from calendar years 2009 through 2018.

Bingo Attendance

| Year | Attendance | Change Attendance | % Change Attendance |
|------|------------|-------------------|---------------------|
| 2009 | 17,834,674 | 93,218 | 0.53% |
| 2010 | 17,625,187 | -209,487 | -1.17% |
| 2011 | 16,777,821 | -847,366 | -4.81% |
| 2012 | 16,363,763 | -414,058 | -2.47% |
| 2013 | 15,858,584 | -505,179 | -3.09% |
| 2014 | 15,616,387 | -242,197 | -1.53% |
| 2015 | 14,843,568 | -772,819 | -4.95% |
| 2016 | 15,200,801 | 357,233 | 2.41% |
| 2017 | 14,657,864 | -542,937 | -3.57% |
| 2018 | 13,928,289 | -729,575 | -4.98% |

Source: Texas Lottery Commission.
Figures as of 3/26/2019. Unaudited.

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Commercial Lessor Lease Income and Rental Tax

The rent charged by a licensed commercial lessor to a licensed authorized organization to conduct bingo may not exceed \$600 for each bingo occasion conducted on the lessors' premises unless the licensed authorized organization subleases the premises to one or more other licensed authorized organizations to conduct bingo, in which case the rent charged by the licensed commercial lessor may not exceed \$600 for each day.

Prior to Sept. 1, 2015, there was a 3% tax on gross rentals received by a licensed commercial lessor for the rental of premises where bingo is conducted. The rental tax was repealed during the 84th Legislature (HB 1905). Rental taxes collected by the Commission after Sept. 1, 2015 were earned prior to this date.

The following table shows lease income and rental tax reported by licensed commercial lessors from 2009 through 2018.

Commercial Lessors Lease Income & Rental Tax

| Year | Total Reported Lease Income (Lessors) | Total Rental Tax Paid (Lessors) |
|------|---------------------------------------|---------------------------------|
| 2009 | \$42,228,938 | \$1,242,551 |
| 2010 | \$40,872,364 | \$1,215,920 |
| 2011 | \$41,106,922 | \$1,230,247 |
| 2012 | \$40,462,765 | \$1,214,463 |
| 2013 | \$40,973,911 | \$1,203,151 |
| 2014 | \$43,301,716 | \$1,222,859 |
| 2015 | \$43,407,406 | \$909,807 |
| 2016 | \$44,655,110 | \$21,417 |
| 2017 | \$46,762,232 | \$0 |
| 2018 | \$48,734,305 | \$0 |

Source: Texas Lottery Commission.
Figures as of 3/26/2019. Unaudited.

Charitable Bingo Allocations to Cities and Counties

Section 2001.502 of the Act requires a licensed authorized organization to collect from a person who wins a bingo prize of more than \$5 a fee in the amount of 5% of the amount or value of the prize; and remit to the Commission a fee in the amount of 5% of the amount or value of all bingo prizes awarded.

Local jurisdictions in Texas benefit from charitable bingo activities in the form of allocations derived from bingo prize fees. A county or municipality that imposed

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a gross receipts tax on the conduct of bingo as of January 1, 1993, is entitled to 50% of the prize fee collected under § 2001.502 of the Act, on a prize awarded at a game conducted in the county or municipality.

A municipality that imposed a gross receipts tax on the conduct of bingo as of January 1, 1993, is entitled to 50% of the fee collected under §2001.502 of the Act on a prize awarded at a game conducted in the municipality.

If a county and municipality are both entitled to a share of the fee imposed by § 2001.502 of the Act, the county is entitled to 25% of the fee on a prize awarded at a game conducted in the county and the municipality is entitled to 25% of the fee on a prize awarded at a game conducted in the municipality. All prize fees that are not allocated to local jurisdictions are currently deposited into the state's General Revenue Dedicated Bingo Administration Fund.

During the 85th Texas Legislature, amendments were made to Chapter 2001 of the Occupations Code that modify how the Texas Lottery Commission, Charitable Bingo Operations Division executes the allocation of prize fees to counties and municipalities. Allocations of prize fees paid to counties and municipalities now occur once per year at the end of each state fiscal year instead of once per quarter. House Bill 2578 included a new provision regarding a pro rata reduction in those allocations equal to the estimated amount of license fees that would have been collected by the Commission from licensed conductors for the administration of bingo.

The following table shows allocations derived from bingo prize fees collected from 2009 through 2018 and does not reflect the allocations distributed to participating jurisdictions. The figures for 2018 reflect allocations paid to cities and counties and then deposited into the state's General Revenue Dedicated Bingo Administration Fund.

Allocations

| Year | Cities | Counties | State | Total |
|-------|-------------|-------------|--------------|--------------|
| 2009 | \$5,887,555 | \$6,377,086 | \$13,621,194 | \$25,885,835 |
| 2010 | \$5,891,842 | \$6,446,725 | \$13,680,985 | \$26,019,552 |
| 2011 | \$6,026,935 | \$6,549,246 | \$13,884,537 | \$26,460,718 |
| 2012 | \$6,133,125 | \$6,765,564 | \$14,161,379 | \$27,060,068 |
| 2013 | \$6,113,554 | \$6,931,422 | \$14,523,257 | \$27,568,233 |
| 2014 | \$6,181,340 | \$7,162,865 | \$14,625,975 | \$27,970,180 |
| 2015 | \$6,461,517 | \$7,412,243 | \$15,137,912 | \$29,011,672 |
| 2016 | \$6,456,774 | \$7,455,601 | \$15,239,648 | \$29,152,023 |
| 2017* | \$4,924,458 | \$5,712,572 | \$11,516,910 | \$22,153,940 |
| 2018 | \$5,048,301 | \$5,900,547 | \$18,574,300 | \$29,523,148 |

Source: Texas Lottery Commission.

Figures as of 3/26/2019. Unaudited.

*2017 Figured adjusted to reflect allocations paid in 2017.

CHARITABLE BINGO OPERATIONS DIVISION

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Revenue to the State

Charitable bingo activities in Texas generate revenue for the state. The following is an analysis of money generated from charitable bingo activities and deposited to the General Revenue Fund and/or General Revenue Dedicated Bingo Administration Fund in calendar year 2018.

| | |
|-----------------------------------------------------------------------------|---------------------|
| Prize fees | \$29,798,260 |
| Total license fees collected * | \$629,169 |
| Administrative penalties/settlement fees collected | \$8,175 |
| Miscellaneous/Other | <u>\$2,215</u> |
| Total deposit to General Revenue Dedicated Bingo Administration Fund | \$30,437,819 |
| Allocations paid to cities and counties | (\$10,948,848) |
| Administrative Adjustment | (\$3,130,465) |
| Unallocated Prize Fees | (\$15,718,947) |
| Net deposited to Bingo Administration Fund | \$639,559 |

Source: Texas Lottery Commission.

Figures as of 03/14/2019. Unaudited.

*Conductor and worker registry license fees were repealed by 85th Legislature (HB 2578).

Licensed Organizations

The Charitable Bingo Operations Division licenses conductors, lessors, distributors and manufacturers related to the regulation of charitable bingo in Texas. The following table shows the number of licensed organizations by type from 2009 through 2018.

Types of Licenses

| Year | Conductor | Lessor | Distributor | Manu- facturer | Total |
|------|-----------|--------|-------------|-------------------|--------|
| 2009 | 1,255 | 416 | 20 | 17 | 1,708 |
| 2010 | 1,254 | 418 | 18 | 17 | 1,707 |
| 2011 | 1,227 | 417 | 16 | 18 | 1,678 |
| 2012 | 1,091 | 385 | 17 | 16 | 1,509 |
| 2013 | 1,066 | 367 | 17 | 12 | 1,462 |
| 2014 | 1,025 | 355 | 19 | 14 | 1,413 |
| 2015 | 1,000 | 319 | 11 | 14 | 1,344 |
| 2016 | 1,001 | 272 | 10 | 21 | 1,304 |
| 2017 | 998 | 330 | 12 | 20 | 1,360* |
| 2018 | 1,012 | 344 | 12 | 19 | 1,387 |

Source: Texas Lottery Commission.

Figures as of 1/17/2019. Unaudited.

*Updated 2017 License Total.

Conductor Licenses

Section 2001.101 of the Act defines the types of nonprofit organizations eligible for a license to conduct bingo in Texas. Those organizations are:

- A religious society that has existed in Texas for at least three years.
- A nonprofit organization:
 - whose predominant activities are for the support of medical research or treatment programs; and
 - that for at least three years:
 - must have had a governing body or officers elected by a vote of members or by a vote of delegates elected by the members, or
 - must have been affiliated with a state or national organization organized to perform the same purposes as the nonprofit organization.
- A fraternal organization that has existed in this state for at least three years.
- A veterans' organization that has existed in this state for at least three years.
- A volunteer fire department that has existed in this state for at least three years.
- A volunteer emergency medical service that has existed in this state for at least three years.

The implementation of House Bill 2578 (85R) repealed \$3.98 million in annual license fees allowing for significant savings to licensed charities. As a result, funding for the Charitable Bingo Operations Division's budget consists of commercial lessor, manufacturer and distributor license fees, and prize fees collected from the winnings of bingo players.

There was a total of 1,012 licensed conductors in 2018. The following table shows conductor licenses by organization type from calendar year 2009 through 2018.

Conductor Licensees by Organization Type

| Calendar Year | Religious | Medical | Fraternal | Volunteer Fire Dept. | Veteran | EMS | Nat'l Hist. | Total |
|---------------|-----------|---------|-----------|----------------------|---------|-----|-------------|-------|
| 2009 | 141 | 30 | 793 | 52 | 236 | 3 | 0 | 1,255 |
| 2010 | 141 | 28 | 796 | 52 | 233 | 3 | 1 | 1,254 |
| 2011 | 131 | 30 | 792 | 51 | 219 | 3 | 1 | 1,227 |
| 2012 | 115 | 26 | 715 | 42 | 189 | 3 | 1 | 1,091 |
| 2013 | 120 | 26 | 700 | 38 | 177 | 4 | 1 | 1,066 |
| 2014 | 118 | 27 | 672 | 35 | 168 | 4 | 1 | 1,025 |
| 2015 | 112 | 27 | 663 | 36 | 157 | 4 | 1 | 1,000 |
| 2016 | 108 | 27 | 676 | 34 | 151 | 4 | 1 | 1,001 |
| 2017 | 110 | 24 | 674 | 34 | 152 | 3 | 1 | 998 |
| 2018 | 112 | 22 | 687 | 34 | 151 | 5 | 1 | 1,012 |

Source: Texas Lottery Commission.
Figures as of 1/17/2019. Unaudited.

CHARITABLE BINGO OPERATIONS DIVISION

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Types of Licenses

The following table describes the types of licenses issued by the Charitable Bingo Operations Division, the purpose of each license type, and the type of licensee they are issued to.

| License Type | Purpose | Issued To |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| Original | To obtain an initial license for a specific license type. | Conductor Lessor Manufacturer Distributor |
| Renewal | To renew the license. A license may be renewed on an annual or biannual basis. | Conductors Lessors Manufacturers Distributors |
| Amendment | To change information on a conductor or lessor license. May include changes in playing days, times, location of games, or organization's location, officers or bingo chairperson. | Conductor Lessors |
| Temporary | Issued to authorized organizations to conduct bingo for one, four-hour occasion on a specific day at a specific time. Organizations that hold a regular license to conduct bingo may obtain 24 temporaries per license period. Organizations that play bingo only on temporary non-regular licenses may obtain six temporary licenses per calendar year. | Conductors |

The following table shows licenses issued by license type from 2009 to 2018.

Licenses Issued by License Type

| Year | Originals | Renewals | Amendments | Temporary | Total |
|------|-----------|----------|------------|-----------|--------|
| 2009 | 65 | 1,416 | 818 | 5,199 | 7,498 |
| 2010 | 87 | 1,289 | 742 | 7,084 | 9,202 |
| 2011 | 80 | 1,245 | 721 | 7,416 | 9,462 |
| 2012 | 52 | 1,221 | 517 | 8,012 | 9,802 |
| 2013 | 70 | 1,024 | 549 | 8,481 | 10,124 |
| 2014 | 49 | 1,081 | 547 | 9,115 | 10,792 |
| 2015 | 51 | 1,322 | 232 | 8,113 | 9,718 |
| 2016 | 75 | 1,097 | 499 | 8,183 | 9,854 |
| 2017 | 67 | 1,018 | 459 | 9,428 | 10,972 |
| 2018 | 76 | 1,010 | 532 | 10,072 | 11,690 |

Source: Texas Lottery Commission.
Figures as of 1/17/2019. Unaudited.

Required Conductor Training

Sections 2001.107, 2001.437(h) and 2001.438(e) of the Bingo Enabling Act require the bingo chairperson of every licensed authorized organization to complete the Required Conductor Training. Under the provisions of §§2001.107, 2001.437(h) and 2001.438(e) of the Act, unit managers and designated agents are also required to complete the training. Other officers and members may also complete the training.

Since June 2008, the required conductor training was made available on the division's website. This training allows individuals to complete the training at their own pace and without the need to travel to an on-site training program or take time off from work. It has also reduced travel expenses for the division due to a reduction in on-site training programs.

Audit Activity

In 2018, the Audit Services Department of the Charitable Bingo Operations Division conducted a variety of audit activities including game inspections, oversight of destructions, complaint investigations, compliance audits and reviews.

The Bingo Enabling Act (Act) and Texas Administrative Code (Rules) require licensees to maintain certain documentation. Licensees are not required to maintain records in a specific format but they are required to maintain the information that is included on the forms suggested by the Commission. During game inspections, investigations and audits, licensee records are inspected and audited to determine if the required records and information are maintained in compliance with the Act and Rules.

The Commission conducts compliance audits and reviews to determine if the records and accounts of the organization accurately reflect financial and fiscal operations, if effective accounting and internal controls are maintained, and to determine if funds are received and used for purposes authorized by the Act and Rules.

The following table shows audit activities in calendar year 2018.

Audit Activities 2018

| Activity | Number | Hours |
|--------------------------------|--------|--------|
| CONDUCTOR COMPLIANCE REVIEW | 111 | 10,589 |
| DESTRUCTION | 2 | 37 |
| GAME INSPECTION | 162 | 2,308 |
| LIMITED SCOPE REVIEW | 2 | 619 |
| CAMP COMPLAINTS INVESTIGATIONS | 139 | 1,209 |

Source: Texas Lottery Commission.
Figures as of 3/26/2019. Unaudited.

CHARITABLE BINGO OPERATIONS DIVISION

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Final Administrative Actions

The following chart is a summary of administrative actions taken by the Commission related to violations of the Bingo Enabling Act and Charitable Bingo Administrative Rules in 2018.

Administrative Actions 2018

| Action | Number |
|-----------------------------------------|---------|
| Original Conductor Application Denied | 2 |
| Conductor Renewal Application Denied | 7 |
| Original Lessor Application Denied | 0 |
| Lessor Renewal Application Denied | 1 |
| Consent Orders/Settlement Agreements | 38 |
| Warnings and Notification of Violations | 130 |
| Total Amount of Penalties Assessed | \$8,175 |

Source: Texas Lottery Commission.
Figures as of 3/26/2019. Unaudited.

Registry of Approved Bingo Workers

The Texas Lottery Commission maintains a registry of approved bingo workers. The registry is a list of persons on whom the Commission has conducted a criminal history background check and is approved to be involved in the conduct of bingo. Only individuals listed on the registry may be involved in the conduct of bingo. The Commission issues an identification card to an individual when they are approved to be listed on the registry. In accordance with House Bill 2578, there is no longer a fee association with an application to be listed on the registry.

As of Dec. 31, 2018, there were 9,963 individuals listed on the Registry of Approved Bingo Workers. In addition, the following occurred relative to the worker registry in 2018:

- 1,148 Individuals renewed their worker registration.
- 2,074 Individuals submitted an original application to be added to the worker registry.
- 1,777 Individuals' registrations expired.
- 70 Individuals were denied registration.

Source: Texas Lottery Commission.
Figures as of 1/17/2019. Unaudited.

CHARITABLE BINGO OPERATIONS DIVISION 2018 ANNUAL REPORT

APPENDIX A

Gross Receipts, Prizes and Charitable Distributions by County

| County | Gross Receipts | Bingo Prizes | Total Income | Total Expenses | Net Proceeds | Charitable Distributions |
|----------|----------------|---------------|--------------|----------------|--------------|--------------------------|
| Anderson | \$2,860,159 | \$2,161,914 | \$698,245 | \$610,420 | \$87,527 | \$147,257 |
| Angelina | \$5,847,926 | \$4,458,503 | \$1,389,423 | \$1,030,909 | \$358,514 | \$432,298 |
| Aransas | \$342,181 | \$230,300 | \$111,885 | \$98,646 | \$13,350 | \$12,144 |
| Atascosa | \$66,902 | \$12,623 | \$54,279 | \$4,546 | \$49,733 | \$49,733 |
| Austin | \$721,522 | \$570,456 | \$151,117 | \$92,500 | \$59,773 | \$61,622 |
| Bandera | \$150,287 | \$122,030 | \$28,257 | \$10,769 | \$18,716 | \$21,627 |
| Bastrop | \$421,497 | \$310,004 | \$111,516 | \$65,570 | \$46,440 | \$53,118 |
| Bee | \$260,488 | \$189,798 | \$70,690 | \$43,436 | \$27,267 | \$38,512 |
| Bell | \$36,294,578 | \$26,572,239 | \$9,925,711 | \$7,385,325 | \$2,554,441 | \$2,540,353 |
| Bexar | \$156,147,649 | \$123,538,637 | \$32,716,941 | \$28,501,326 | \$4,383,517 | \$4,898,469 |
| Blanco | \$520 | \$721 | \$-201 | \$0 | \$-201 | \$0 |
| Bosque | \$6,556 | \$1,516 | \$5,040 | \$15 | \$5,025 | \$5,025 |
| Bowie | \$3,493,848 | \$2,307,807 | \$1,186,064 | \$980,010 | \$203,517 | \$201,200 |
| Brazoria | \$5,896,629 | \$4,612,468 | \$1,284,167 | \$1,178,909 | \$157,284 | \$154,504 |
| Brazos | \$14,431,513 | \$11,094,209 | \$3,337,304 | \$2,579,065 | \$753,509 | \$820,390 |
| Brown | \$2,052,546 | \$1,570,773 | \$484,395 | \$368,439 | \$115,161 | \$129,679 |
| Burleson | \$619,528 | \$490,815 | \$128,770 | \$122,750 | \$6,159 | \$10,372 |
| Burnet | \$350,578 | \$243,817 | \$106,761 | \$62,257 | \$44,579 | \$39,200 |
| Caldwell | \$15,287 | \$10,611 | \$4,676 | \$623 | \$4,053 | \$4,930 |
| Cameron | \$13,350,249 | \$10,030,101 | \$3,324,484 | \$2,879,753 | \$477,828 | \$523,058 |
| Collin | \$5,090,760 | \$3,571,283 | \$1,519,477 | \$1,086,259 | \$432,351 | \$457,176 |
| Colorado | \$492,715 | \$375,674 | \$117,041 | \$47,442 | \$70,699 | \$85,620 |
| Comal | \$518,877 | \$389,942 | \$128,946 | \$76,067 | \$52,918 | \$51,693 |
| Concho | \$2,000 | \$800 | \$1,200 | \$50 | \$1,150 | \$1,150 |
| Coryell | \$9,923,816 | \$8,109,830 | \$1,813,986 | \$1,599,495 | \$215,119 | \$222,092 |
| Dallas | \$63,445,123 | \$46,376,321 | \$17,331,328 | \$14,734,595 | \$2,587,667 | \$2,171,101 |
| Denton | \$1,465,300 | \$1,108,821 | \$397,579 | \$345,196 | \$51,074 | \$38,158 |
| Dewitt | \$317,513 | \$241,711 | \$75,802 | \$41,863 | \$33,968 | \$36,405 |
| Dimmit | \$302,678 | \$234,179 | \$69,929 | \$23,508 | \$46,565 | \$51,870 |
| Duval | \$1,368 | \$650 | \$718 | \$75 | \$643 | \$643 |
| Eastland | \$2,100 | \$1,248 | \$852 | \$0 | \$852 | \$852 |
| Ector | \$13,337,617 | \$10,479,213 | \$2,959,783 | \$2,271,309 | \$694,727 | \$679,820 |
| Edwards | \$990 | \$700 | \$290 | \$0 | \$290 | \$290 |
| El Paso | \$3,520,983 | \$2,615,069 | \$905,955 | \$699,720 | \$195,791 | \$269,885 |

CHARITABLE BINGO OPERATIONS DIVISION

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Gross Receipts, Prizes and Charitable Distributions by County (cont'd)

| County | Gross Receipts | Bingo Prizes | Total Income | Total Expenses | Net Proceeds | Charitable Distributions |
|------------|----------------|--------------|--------------|----------------|--------------|--------------------------|
| Ellis | \$543,956 | \$381,201 | \$162,755 | \$142,439 | \$19,010 | \$20,279 |
| Erath | \$0 | \$0 | \$0 | \$993 | \$-4,943 | \$0 |
| Falls | \$8,859 | \$4,091 | \$4,768 | \$0 | \$4,768 | \$4,768 |
| Fayette | \$203,611 | \$136,172 | \$67,439 | \$14,119 | \$53,218 | \$52,289 |
| Fort Bend | \$2,537,269 | \$2,113,284 | \$424,185 | \$347,767 | \$126,785 | \$88,229 |
| Franklin | \$895,146 | \$684,318 | \$210,879 | \$190,347 | \$20,372 | \$45,130 |
| Frio | \$146,293 | \$107,260 | \$39,033 | \$7,062 | \$32,948 | \$27,800 |
| Galveston | \$6,098,875 | \$4,252,079 | \$1,846,796 | \$1,359,154 | \$489,444 | \$472,859 |
| Glasscock | \$2,354 | \$900 | \$1,454 | \$925 | \$529 | \$529 |
| Gonzales | \$5,897 | \$3,435 | \$2,462 | \$490 | \$1,972 | \$1,972 |
| Gray | \$39,764 | \$27,098 | \$12,666 | \$8,348 | \$4,378 | \$4,531 |
| Grayson | \$1,524,017 | \$1,226,642 | \$297,375 | \$281,967 | \$63,575 | \$27,464 |
| Gregg | \$10,284,233 | \$8,400,477 | \$1,884,513 | \$1,775,022 | \$114,174 | \$133,852 |
| Guadalupe | \$8,114,738 | \$6,489,112 | \$1,625,635 | \$1,289,101 | \$341,505 | \$451,584 |
| Harris | \$72,855,791 | \$55,971,066 | \$16,885,133 | \$14,871,212 | \$2,028,823 | \$2,400,514 |
| Harrison | \$15,251 | \$3,100 | \$12,151 | \$1,028 | \$11,123 | \$11,848 |
| Hays | \$262,540 | \$171,949 | \$90,599 | \$14,670 | \$75,657 | \$77,651 |
| Henderson | \$2,840,556 | \$2,192,264 | \$648,292 | \$556,303 | \$96,316 | \$75,000 |
| Hidalgo | \$34,289,917 | \$25,483,961 | \$8,806,050 | \$7,356,415 | \$1,492,555 | \$1,415,840 |
| Hill | \$2,015,817 | \$1,571,545 | \$444,272 | \$416,049 | \$25,851 | \$22,246 |
| Hood | \$14,507 | \$6,433 | \$8,074 | \$3,223 | \$4,851 | \$4,851 |
| Howard | \$1,362,063 | \$1,061,895 | \$339,768 | \$295,720 | \$50,243 | \$43,545 |
| Hunt | \$100 | \$100 | \$0 | \$20 | \$-20 | \$0 |
| Hutchinson | \$68,400 | \$47,087 | \$21,313 | \$16,573 | \$5,127 | \$4,367 |
| Jefferson | \$5,499,291 | \$3,568,347 | \$1,930,966 | \$1,551,735 | \$367,266 | \$343,789 |
| Jim Wells | \$288,594 | \$185,279 | \$103,315 | \$52,613 | \$50,563 | \$46,371 |
| Johnson | \$4,615,017 | \$3,585,366 | \$1,029,664 | \$744,942 | \$291,250 | \$257,110 |
| Karnes | \$20,890 | \$4,469 | \$16,421 | \$50 | \$16,371 | \$16,371 |
| Kaufman | \$2,695,130 | \$1,897,693 | \$797,437 | \$608,158 | \$195,032 | \$88,478 |
| Kendall | \$15,594 | \$11,605 | \$3,989 | \$5,596 | \$-2,442 | \$0 |
| Kerr | \$983,936 | \$711,090 | \$272,846 | \$173,364 | \$96,048 | \$75,966 |
| Kleberg | \$302,731 | \$192,713 | \$111,243 | \$97,918 | \$13,517 | \$8,595 |
| Lamar | \$1,424,218 | \$1,038,659 | \$385,559 | \$309,947 | \$74,124 | \$50,000 |
| Lavaca | \$251,921 | \$162,390 | \$89,531 | \$62,159 | \$27,286 | \$31,456 |
| Lee | \$1,449 | \$1,724 | \$-275 | \$25 | \$-300 | \$700 |
| Leon | \$25,135 | \$17,713 | \$7,424 | \$1,640 | \$5,786 | \$7,000 |
| Liberty | \$467,770 | \$313,814 | \$154,334 | \$64,848 | \$88,204 | \$84,623 |

CHARITABLE BINGO OPERATIONS DIVISION

2018 ANNUAL REPORT

Gross Receipts, Prizes and Charitable Distributions by County (cont'd)

| County | Gross Receipts | Bingo Prizes | Total Income | Total Expenses | Net Proceeds | Charitable Distributions |
|--------------|----------------|--------------|--------------|----------------|--------------|--------------------------|
| Live Oak | \$4,047 | \$2,118 | \$1,929 | \$0 | \$1,929 | \$1,929 |
| Llano | \$48,271 | \$5,374 | \$42,897 | \$35,786 | \$7,100 | \$7,363 |
| Lubbock | \$30,837,307 | \$24,075,519 | \$6,762,494 | \$5,816,114 | \$918,670 | \$893,316 |
| Lynn | \$267,478 | \$238,066 | \$29,412 | \$11,282 | \$18,056 | \$11,421 |
| Martin | \$2,783 | \$2,010 | \$773 | \$150 | \$623 | \$623 |
| Matagorda | \$433,305 | \$317,898 | \$115,407 | \$117,132 | \$-3,299 | \$7,384 |
| Maverick | \$117,769 | \$82,181 | \$35,588 | \$27,199 | \$8,653 | \$5,549 |
| McCulloch | \$160,592 | \$116,800 | \$43,792 | \$32,167 | \$11,404 | \$11,028 |
| McLennan | \$21,547,699 | \$16,747,237 | \$4,800,500 | \$3,750,866 | \$1,055,609 | \$1,094,137 |
| Medina | \$376,634 | \$282,819 | \$93,815 | \$45,260 | \$48,684 | \$58,637 |
| Menard | \$24,667 | \$16,808 | \$7,859 | \$6,055 | \$1,851 | \$2,105 |
| Midland | \$13,590,659 | \$10,105,624 | \$3,485,142 | \$2,323,163 | \$1,172,317 | \$1,121,737 |
| Milam | \$36,591 | \$26,598 | \$9,993 | \$3,271 | \$6,745 | \$7,080 |
| Mitchell | \$700 | \$211 | \$489 | \$0 | \$489 | \$489 |
| Montgomery | \$13,725,146 | \$10,849,539 | \$2,881,674 | \$2,424,310 | \$444,235 | \$574,705 |
| Nacogdoches | \$4,289,573 | \$3,319,424 | \$970,439 | \$846,943 | \$123,496 | \$110,000 |
| Navarro | \$2,083,919 | \$1,540,718 | \$605,165 | \$541,471 | \$68,949 | \$90,000 |
| Nolan | \$669 | \$600 | \$69 | \$0 | \$69 | \$69 |
| Nueces | \$40,441,933 | \$31,203,334 | \$9,538,837 | \$7,870,301 | \$1,636,186 | \$2,019,590 |
| Orange | \$1,732 | \$500 | \$1,232 | \$80 | \$1,152 | \$1,152 |
| Palo Pinto | \$1,038,331 | \$712,279 | \$326,052 | \$93,818 | \$232,542 | \$234,187 |
| Panola | \$37,781 | \$4,593 | \$33,188 | \$8,766 | \$24,422 | \$24,422 |
| Parker | \$79,540 | \$10,525 | \$69,015 | \$22,693 | \$46,322 | \$46,727 |
| Polk | \$1,348,821 | \$1,018,161 | \$330,660 | \$138,714 | \$191,396 | \$185,726 |
| Potter | \$12,428,687 | \$9,148,392 | \$3,281,185 | \$2,445,887 | \$835,894 | \$583,458 |
| Real | \$3,785 | \$2,040 | \$1,745 | \$68 | \$1,677 | \$1,677 |
| Refugio | \$8,434 | \$8,199 | \$235 | \$482 | \$-247 | \$1,590 |
| Robertson | \$6,620 | \$3,444 | \$3,176 | \$0 | \$3,176 | \$3,176 |
| Runnels | \$3,364 | \$1,744 | \$1,620 | \$0 | \$1,620 | \$1,620 |
| Rusk | \$27,369 | \$7,428 | \$19,941 | \$1,412 | \$18,529 | \$18,529 |
| Sabine | \$193,287 | \$153,759 | \$39,528 | \$28,636 | \$10,987 | \$17,322 |
| San Patricio | \$198,557 | \$147,867 | \$50,690 | \$14,203 | \$36,564 | \$21,795 |
| Smith | \$4,179,039 | \$3,039,871 | \$1,139,168 | \$897,111 | \$247,649 | \$204,623 |
| Starr | \$628,925 | \$539,329 | \$89,596 | \$74,160 | \$15,540 | \$21,407 |
| Tarrant | \$52,925,092 | \$40,954,635 | \$11,970,652 | \$10,797,329 | \$1,174,557 | \$1,284,592 |
| Taylor | \$13,231,073 | \$10,438,462 | \$2,904,832 | \$2,309,563 | \$608,761 | \$521,703 |
| Tom Green | \$5,385,608 | \$3,989,229 | \$1,396,379 | \$1,238,717 | \$158,240 | \$183,386 |

CHARITABLE BINGO OPERATIONS DIVISION

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Gross Receipts, Prizes and Charitable Distributions by County (cont'd)

| County | Gross Receipts | Bingo Prizes | Total Income | Total Expenses | Net Proceeds | Charitable Distributions |
|---------------|----------------------|----------------------|----------------------|----------------------|---------------------|--------------------------|
| Travis | \$62,344,467 | \$48,346,390 | \$13,999,334 | \$12,184,594 | \$1,926,209 | \$1,708,879 |
| Trinity | \$544,298 | \$477,380 | \$79,391 | \$85,936 | \$-6,508 | \$14,975 |
| Upshur | \$11,281 | \$3,316 | \$7,965 | \$493 | \$7,472 | \$8,109 |
| Upton | \$755 | \$548 | \$207 | \$113 | \$94 | \$94 |
| Uvalde | \$800 | \$1,200 | \$-400 | \$600 | \$-1,000 | \$0 |
| Val Verde | \$2,858,456 | \$1,870,291 | \$1,024,607 | \$639,610 | \$383,962 | \$355,955 |
| Victoria | \$8,372,633 | \$6,470,870 | \$1,901,791 | \$1,813,896 | \$79,300 | \$204,599 |
| Walker | \$4,854 | \$2,820 | \$2,034 | \$2,500 | \$-466 | \$489 |
| Waller | \$15,233 | \$7,350 | \$7,883 | \$2,039 | \$5,844 | \$5,844 |
| Ward | \$627 | \$275 | \$352 | \$780 | \$-428 | \$0 |
| Washington | \$97,022 | \$72,341 | \$24,681 | \$22,725 | \$1,941 | \$3,283 |
| Webb | \$7,922,241 | \$5,723,258 | \$2,199,601 | \$1,660,875 | \$543,142 | \$562,543 |
| Wharton | \$657,689 | \$498,188 | \$159,547 | \$114,772 | \$44,534 | \$57,268 |
| Wichita | \$18,590 | \$5,400 | \$13,190 | \$18,862 | \$-5,672 | \$380 |
| Williamson | \$5,551,340 | \$4,064,155 | \$1,512,085 | \$926,894 | \$610,621 | \$495,268 |
| Wilson | \$21,864 | \$9,635 | \$12,229 | \$1,158 | \$11,071 | \$11,071 |
| Wise | \$17,225 | \$8,652 | \$8,573 | \$5,890 | \$2,683 | \$3,997 |
| Wood | \$609,491 | \$445,630 | \$163,874 | \$125,666 | \$37,218 | \$46,719 |
| Zavala | \$1,160,450 | \$870,612 | \$290,025 | \$149,036 | \$141,840 | \$141,714 |
| Totals | \$812,399,015 | \$622,052,760 | \$191,672,613 | \$159,242,336 | \$32,943,377 | \$33,603,294 |

Source: Texas Lottery Commission.
 Figures as of 3/26/2019. Unaudited.

CHARITABLE BINGO OPERATIONS DIVISION

2018 ANNUAL REPORT

APPENDIX B

Allocations Distributed to Counties and Percentage of Change

| County | 2017 | 2018 | Change | % Change |
|------------|----------------|----------------|--------------|----------|
| Bastrop | \$5,528.99 | \$5,750.07 | \$221.08 | 4.00% |
| Bell | \$266,786.39 | \$277,487.01 | \$10,700.62 | 4.01% |
| Bexar | \$1,160,520.55 | \$1,178,643.52 | \$18,122.97 | 1.56% |
| Blanco | \$31.57 | \$14.21 | \$-17.36 | -54.99% |
| Bosque | \$567.07 | \$24.10 | \$-542.97 | -95.75% |
| Bowie | \$46,956.93 | \$45,969.51 | \$-987.42 | -2.10% |
| Brown | \$15,351.81 | \$31,703.99 | \$16,352.18 | 106.52% |
| Burnet | \$2,367.29 | \$2,275.18 | \$-92.11 | -3.89% |
| Caldwell | \$113.23 | \$113.49 | \$0.26 | 0.23% |
| Cameron | \$73,425.24 | \$82,550.41 | \$9,125.17 | 12.43% |
| Castro | \$15.36 | \$0.00 | \$-15.36 | -100.00% |
| Comal | \$6,962.31 | \$7,146.53 | \$184.22 | 2.65% |
| Dallas | \$476,017.79 | \$472,830.79 | \$-3,187.00 | -0.67% |
| Deaf Smith | \$4.66 | \$9.33 | \$4.67 | 100.21% |
| Denton | \$13,669.72 | \$11,266.82 | \$-2,402.90 | -17.58% |
| Ector | \$102,468.98 | \$109,036.48 | \$6,567.50 | 6.41% |
| Edwards | \$27.52 | \$11.66 | \$-15.86 | -57.63% |
| El Paso | \$44,072.14 | \$28,840.87 | \$-15,231.27 | -34.56% |
| Ellis | \$9,565.17 | \$7,301.85 | \$-2,263.32 | -23.66% |
| Frio | \$896.05 | \$1,237.51 | \$341.46 | 38.11% |
| Galveston | \$40,724.59 | \$37,596.31 | \$-3,128.28 | -7.68% |
| Gray | \$573.43 | \$548.78 | \$-24.65 | -4.30% |
| Grayson | \$6,837.60 | \$10,381.50 | \$3,543.90 | 51.83% |
| Gregg | \$81,164.64 | \$81,127.33 | \$-37.31 | -0.05% |
| Guadalupe | \$87,556.59 | \$97,394.38 | \$9,837.79 | 11.24% |
| Harris | \$637,041.05 | \$730,070.80 | \$93,029.75 | 14.60% |
| Hidalgo | \$363,695.81 | \$366,177.67 | \$2,481.86 | 0.68% |
| Karnes | \$113.12 | \$121.23 | \$8.11 | 7.17% |
| Kaufman | \$33,939.61 | \$32,822.40 | \$-1,117.21 | -3.29% |
| Kendall | \$148.64 | \$695.15 | \$546.51 | 367.67% |
| Kleberg | \$1,285.59 | \$2,799.13 | \$1,513.54 | 117.73% |
| Liberty | \$4,960.97 | \$6,305.92 | \$1,344.95 | 27.11% |
| Lubbock | \$238,636.12 | \$231,039.26 | \$-7,596.86 | -3.18% |
| Lynn | \$4,137.90 | \$4,485.31 | \$347.41 | 8.40% |
| McLennan | \$142,036.93 | \$154,566.68 | \$12,529.75 | 8.82% |
| Midland | \$85,449.94 | \$92,257.55 | \$6,807.61 | 7.97% |

CHARITABLE BINGO OPERATIONS DIVISION

2018 ANNUAL REPORT

Allocations Distributed to Counties and Percentage of Change (cont'd)

| County | 2017 | 2018 | Change | % Change |
|--------------|-----------------------|-----------------------|---------------------|--------------|
| Montague | \$105.91 | \$23.68 | \$-82.23 | -77.64% |
| Montgomery | \$124,005.26 | \$130,925.67 | \$6,920.41 | 5.58% |
| Nolan | \$12.93 | \$5.83 | \$-7.10 | -54.91% |
| Nueces | \$295,227.27 | \$299,027.95 | \$3,800.68 | 1.29% |
| Orange | \$20.12 | \$0.00 | \$-20.12 | -100.00% |
| Parker | \$312.50 | \$165.73 | \$-146.77 | -46.97% |
| Potter | \$170,285.27 | \$172,453.40 | \$2,168.13 | 1.27% |
| Robertson | \$133.18 | \$66.86 | \$-66.32 | -49.80% |
| San Patricio | \$1,253.75 | \$1,883.01 | \$629.26 | 50.19% |
| Smith | \$20,946.68 | \$25,598.79 | \$4,652.11 | 22.21% |
| Tarrant | \$387,726.72 | \$390,545.14 | \$2,818.42 | 0.73% |
| Taylor | \$96,539.34 | \$93,240.28 | \$-3,299.06 | -3.42% |
| Tom Green | \$34,714.38 | \$36,976.24 | \$2,261.86 | 6.52% |
| Travis | \$428,346.05 | \$444,058.51 | \$15,712.46 | 3.67% |
| Upshur | \$13.47 | \$62.07 | \$48.60 | 360.80% |
| Val Verde | \$35,401.98 | \$35,400.60 | \$-1.38 | 0.00% |
| Victoria | \$56,224.96 | \$63,933.68 | \$7,708.72 | 13.71% |
| Waller | \$37.62 | \$154.56 | \$116.94 | 310.85% |
| Webb | \$50,651.73 | \$52,912.20 | \$2,260.47 | 4.46% |
| Williamson | \$56,964.93 | \$42,510.08 | \$-14,454.85 | -25.37% |
| Total | \$5,712,572.49 | \$5,900,547.01 | \$187,974.52 | 3.29% |

Source: Texas Lottery Commission.
Figures as of 3/26/2019. Unaudited.

CHARITABLE BINGO OPERATIONS DIVISION

2018 ANNUAL REPORT

APPENDIX C

Allocations Distributed to Cities and Percentage of Change

| City | 2017 | 2018 | Change | % Change |
|-----------------|--------------|--------------|--------------|----------|
| Abilene | \$82,155.09 | \$78,959.22 | \$-3,195.87 | -3.89% |
| Arlington | \$63,319.06 | \$68,109.36 | \$4,790.30 | 7.57% |
| Austin | \$427,552.17 | \$443,569.83 | \$16,017.66 | 3.75% |
| Azle | \$97.71 | \$0.00 | \$-97.71 | -100.00% |
| Baird | \$0.94 | \$0.00 | \$-0.94 | -100.00% |
| Balch Springs | \$52,970.99 | \$56,453.65 | \$3,482.66 | 6.57% |
| Bandera | \$1,094.31 | \$868.77 | \$-225.54 | -20.61% |
| Bangs | \$3,387.34 | \$3,522.47 | \$135.13 | 3.99% |
| Baytown | \$123.15 | \$8.61 | \$-114.54 | -93.01% |
| Beaumont | \$56,904.07 | \$58,722.82 | \$1,818.75 | 3.20% |
| Bellmead | \$38,630.04 | \$41,012.46 | \$2,382.42 | 6.17% |
| Big Spring | \$13,678.70 | \$16,580.68 | \$2,901.98 | 21.22% |
| Boerne | \$148.62 | \$695.13 | \$546.51 | 367.72% |
| Brownsville | \$62,175.23 | \$62,811.12 | \$635.89 | 1.02% |
| Brownwood | \$11,920.22 | \$12,131.92 | \$211.70 | 1.78% |
| Bryan | \$198,946.99 | \$208,508.37 | \$9,561.38 | 4.81% |
| Buda | \$1,758.23 | \$1,752.66 | \$-5.57 | -0.32% |
| Carrizo Springs | \$4,402.44 | \$4,419.33 | \$16.89 | 0.38% |
| Cleburne | \$30,626.30 | \$33,643.45 | \$3,017.15 | 9.85% |
| College Station | \$18.37 | \$14.00 | \$-4.37 | -23.79% |
| Colorado City | \$6.25 | \$0.00 | \$-6.25 | -100.00% |
| Conroe | \$75,422.51 | \$79,469.73 | \$4,047.22 | 5.37% |
| Copperas Cove | \$147,776.20 | \$149,754.38 | \$1,978.18 | 1.34% |
| Corpus Christi | \$295,214.99 | \$298,956.98 | \$3,741.99 | 1.27% |
| Crystal City | \$10,876.35 | \$10,647.93 | \$-228.42 | -2.10% |
| Dallas | \$135,719.66 | \$123,023.92 | \$-12,695.74 | -9.35% |
| Denison | \$0.00 | \$7,165.38 | \$7,165.38 | N/A |
| Denton | \$13,633.36 | \$11,243.84 | \$-2,389.52 | -17.53% |
| Devine | \$4,787.92 | \$3,571.26 | \$-1,216.66 | -25.41% |
| El Paso | \$44,072.04 | \$28,840.79 | \$-15,231.25 | -34.56% |
| Elmendorf | \$25.52 | \$16.71 | \$-8.81 | -34.52% |
| Everman | \$14,874.19 | \$15,326.55 | \$452.36 | 3.04% |
| Farmers Branch | \$4.22 | \$1.50 | \$-2.72 | -64.45% |
| Fort Worth | \$228,012.62 | \$225,662.62 | \$-2,350.00 | -1.03% |
| Freeport | \$2,192.10 | \$1,914.90 | \$-277.20 | -12.65% |

CHARITABLE BINGO OPERATIONS DIVISION

2018 ANNUAL REPORT

Allocations Distributed to Cities and Percentage of Change (cont'd)

| City | 2017 | 2018 | Change | % Change |
|----------------------|--------------|--------------|-------------|----------|
| Galveston | \$182.90 | \$124.35 | \$-58.55 | -32.01% |
| Garland | \$86,888.78 | \$88,129.71 | \$1,240.93 | 1.43% |
| Grand Prairie | \$19,328.92 | \$20,844.89 | \$1,515.97 | 7.84% |
| Gun Barrel City | \$24,598.81 | \$36,672.47 | \$12,073.66 | 49.08% |
| Harker Heights | \$24,598.81 | \$41,860.54 | \$17,261.73 | 70.17% |
| Harlingen | \$3,481.14 | \$13,432.62 | \$9,951.48 | 285.87% |
| Helotes | \$1,541.12 | \$747.68 | \$-793.44 | -51.48% |
| Hillsboro | \$29,095.37 | \$29,629.76 | \$534.39 | 1.84% |
| Houston | \$187,337.76 | \$222,267.10 | \$34,929.34 | 18.65% |
| Humble | \$37,419.51 | \$37,602.92 | \$183.41 | 0.49% |
| Hurst | \$33,683.11 | \$29,562.34 | \$-4,120.77 | -12.23% |
| Ingleside | \$1,253.74 | \$1,150.69 | \$-103.05 | -8.22% |
| Irving | \$41,260.09 | \$45,347.92 | \$4,087.83 | 9.91% |
| Katy | \$2,972.25 | \$2,562.12 | \$-410.13 | -13.80% |
| Killeen | \$153,141.84 | \$146,237.13 | \$-6,904.71 | -4.51% |
| Kingsville | \$1,243.07 | \$2,762.35 | \$1,519.28 | 122.22% |
| La Feria | \$152.09 | \$60.83 | \$-91.26 | -60.00% |
| La Marque | \$40,500.59 | \$37,387.00 | \$-3,113.59 | -7.69% |
| La Porte | \$42.98 | \$14.18 | \$-28.80 | -67.01% |
| Laredo | \$50,651.60 | \$52,912.04 | \$2,260.44 | 4.46% |
| League City | \$24.42 | \$34.88 | \$10.46 | 42.83% |
| Little River Academy | \$3,363.35 | \$3,305.61 | \$-57.74 | -1.72% |
| Longview | \$81,164.59 | \$81,127.29 | \$-37.30 | -0.05% |
| Lubbock | \$225,299.33 | \$231,039.14 | \$5,739.81 | 2.55% |
| Luling | \$81.78 | \$10.20 | \$-71.58 | -87.53% |
| Marble Falls | \$2,367.25 | \$2,275.15 | \$-92.10 | -3.89% |
| Mercedes | \$4,688.11 | \$4,788.75 | \$100.64 | 2.15% |
| Mesquite | \$32,267.75 | \$32,820.25 | \$552.50 | 1.71% |
| Midland | \$85,449.72 | \$92,257.39 | \$6,807.67 | 7.97% |
| Nocona | \$108.24 | \$23.68 | \$-84.56 | -78.12% |
| Odessa | \$69,057.74 | \$70,103.65 | \$1,045.91 | 1.51% |
| Orange | \$20.12 | \$0.00 | \$-20.12 | -100.00% |
| Palacios | \$44.25 | \$26.75 | \$-17.50 | -39.55% |
| Paris | \$20,744.51 | \$21,363.65 | \$619.14 | 2.98% |
| Pasadena | \$-17.52 | \$3.13 | \$20.65 | -117.87% |
| Pharr | \$59,105.95 | \$60,409.28 | \$1,303.33 | 2.21% |

CHARITABLE BINGO OPERATIONS DIVISION

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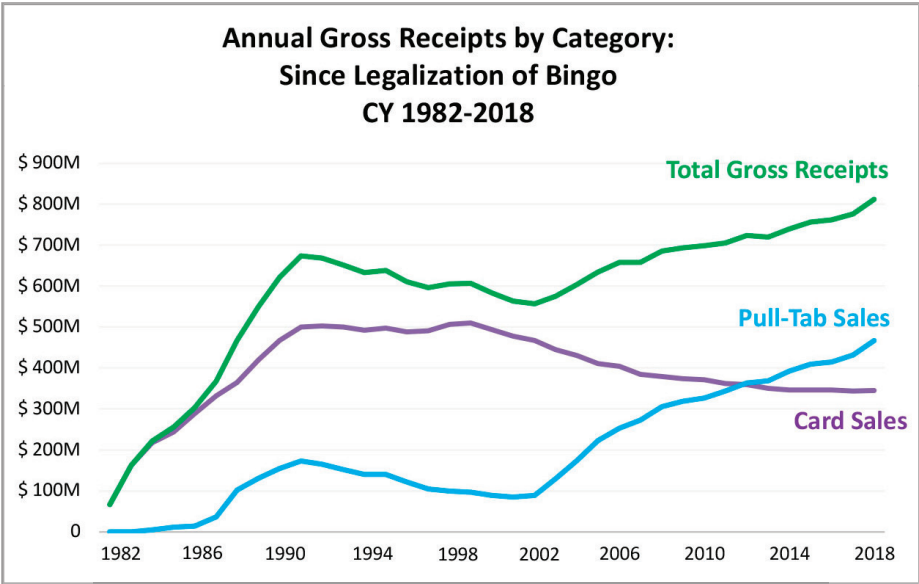
Allocations Distributed to Cities and Percentage of Change (cont'd)

| City | 2017 | 2018 | Change | % Change |
|------------------|-----------------------|-----------------------|---------------------|--------------|
| Plano | \$64,533.83 | \$67,392.11 | \$2,858.28 | 4.43% |
| Richardson | \$31,996.52 | \$33,189.06 | \$1,192.54 | 3.73% |
| Robstown | \$31.40 | \$70.67 | \$39.27 | 125.06% |
| Roma | \$15,960.60 | \$12,241.46 | \$-3,719.14 | -23.30% |
| Round Rock | \$28,612.21 | \$29,653.70 | \$1,041.49 | 3.64% |
| San Angelo | \$34,670.23 | \$36,957.84 | \$2,287.61 | 6.60% |
| San Antonio | \$1,030,953.21 | \$1,035,064.61 | \$4,111.40 | 0.40% |
| San Benito | \$3,029.16 | \$2,446.55 | \$-582.61 | -19.23% |
| San Juan | \$27,016.69 | \$28,169.50 | \$1,152.81 | 4.27% |
| Schertz | \$62.50 | \$24.30 | \$-38.20 | -61.12% |
| Seabrook | \$23.99 | \$0.00 | \$-23.99 | -100.00% |
| Seguin | \$17,325.35 | \$21,552.22 | \$4,226.87 | 24.40% |
| Sherman | \$6,824.97 | \$3,216.09 | \$-3,608.88 | -52.88% |
| South Houston | \$36,200.87 | \$33,665.24 | \$-2,535.63 | -7.00% |
| Temple | \$15,192.51 | \$17,945.66 | \$2,753.15 | 18.12% |
| Tomball | \$65.57 | \$10.42 | \$-55.15 | -84.11% |
| Tye | \$14,384.19 | \$14,280.98 | \$-103.21 | -0.72% |
| Tyler | \$20,946.61 | \$25,598.78 | \$4,652.17 | 22.21% |
| Universal City | \$208.19 | \$168.40 | \$-39.79 | -19.11% |
| Uvalde | \$0.50 | \$50.55 | \$50.05 | 10010.00% |
| Victoria | \$56,224.90 | \$63,933.61 | \$7,708.71 | 13.71% |
| Waco | \$100,318.78 | \$110,444.98 | \$10,126.20 | 10.09% |
| Watauga | \$20,249.30 | \$20,876.32 | \$627.02 | 3.10% |
| Weslaco | \$4,453.93 | \$1,656.79 | \$-2,797.14 | -62.80% |
| West | \$4.18 | \$3.25 | \$-0.93 | -22.25% |
| West Lake Hills | \$30.68 | \$23.59 | \$-7.09 | -23.11% |
| White Settlement | \$27,335.93 | \$30,760.36 | \$3,424.43 | 12.53% |
| Wichita Falls | \$9,098.47 | \$2,625.99 | \$-6,472.48 | -71.14% |
| Total | \$4,924,457.96 | \$5,048,300.81 | \$123,842.85 | 2.51% |

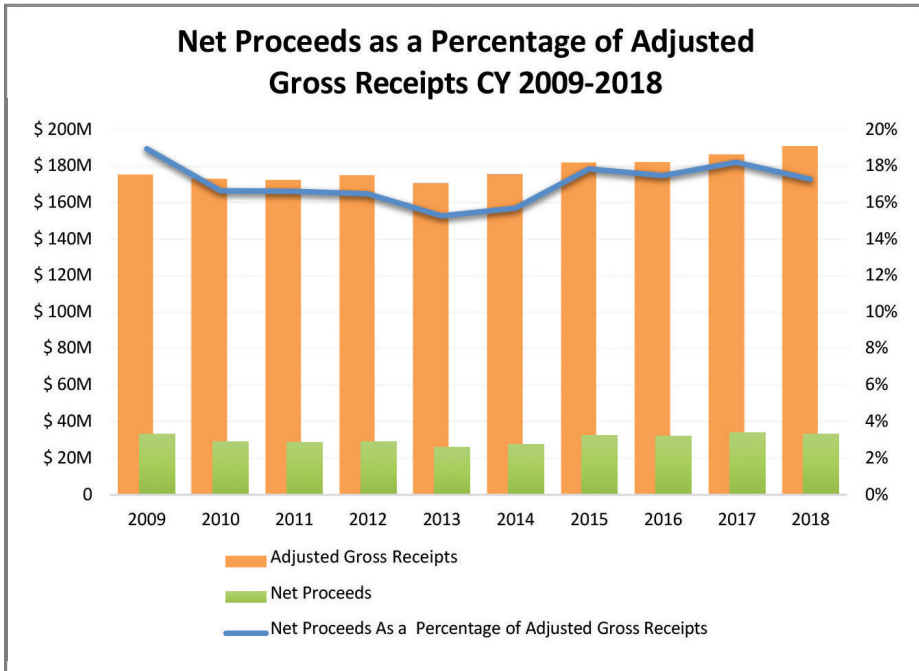
Source: Texas Lottery Commission.
Figures as of 3/26/2019. Unaudited.

APPENDIX D

Charts



Source: Texas Lottery Commission.
Figures as of 3/26/2019. Unaudited.



Source: Texas Lottery Commission.
Figures as of 3/26/2019. Unaudited.

