

Mary Ann Williamson  
Chairman

J. Winston Krause  
Commissioner



# TEXAS LOTTERY COMMISSION

Gary Grief, *Executive Director*

Philip D. Sanderson, *Charitable Bingo Operations Director*

**CERTIFIED MAIL NO. 7004 0750 0001 3238 3173**  
**RETURN RECEIPT REQUESTED**

January 19, 2011

Jo Ann Buri, Chairman  
SPJST Bingo Committee  
7918 Hilshire Green  
Houston, TX 77055

Re: Bingo Advisory Opinion Request No. 2011-1114-0002

Dear Ms. Buri:

This advisory opinion responds to your request for a bingo advisory opinion received on November 14, 2010. You provided additional requested information on November 18, 2010. Specifically, you requested:

We have bingo every Thursday night at Lodge 88 and for the last six months we have an average attendance of 650/675 players each week. We have our kitchen open and manned by our youth club who fund their activity expenses from the income they receive. The kitchen services our bingo players only each Thursday night.

My question is: Can we contribute to the renovation of equipment in the kitchen. . . . The bingo uses the kitchen once a week for 50 weeks of the year which represents an estimated 50% usage for the year. What can we do to help this renovation?

ANSWER:

Texas Occupations Code §2001.453(a) provides in pertinent part that an organization may withdraw funds from its bingo account for charitable purposes. In addition, Texas Occupations Code §2001.454(a) provides that a licensed authorized organization shall devote net proceeds from bingo to the charitable purposes of the organization. Furthermore, Subsection (b) provides that net proceeds must be dedicated to a cause, deed, or activity that is consistent with its federal

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tax exemption or the purposes and objectives for which the organization qualifies as an authorized organization under §2001.002.

Thus, the organization may choose to make a contribution from its bingo account to its general account to cover up to 50% of the cost of renovation of kitchen equipment if the contribution is for charitable purposes consistent with those of the licensed authorized organization. The organization must maintain records necessary to substantiate that the disbursements are for allowable charitable purposes. If the organization can prove that the disbursements are directed to a cause, deed or activity that is consistent with the federal tax exemption the organization obtained under 26 U.S.C. Section 501, then those costs may be recognized as a charitable distribution and, therefore, an allowable use of funds derived from the conduct of bingo.

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#### SUMMARY

If the contribution is for charitable purposes consistent with those of the licensed authorized organization, the organization may choose to make a contribution from its bingo account to its general account to cover up to 50% of the cost of renovation of its kitchen equipment.

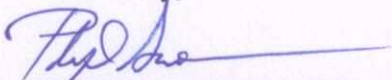
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This advisory opinion cannot be construed as a tax ruling or otherwise interpretive of the Internal Revenue Code. The information provided is completely limited to the context of the Bingo Enabling Act and the Charitable Bingo Administrative Rules.

This advisory opinion is based on the laws, rules and regulations in effect at the time of its issuance. All of the information provided herein is subject to change in law.

This opinion is purely advisory in nature and is limited to the particular questions at issue and to the facts presented in the request. Therefore, this opinion must not be relied upon as a previous determination regarding any conduct which is not substantially consistent with the opinions and facts stated in the request.

Yours truly,



Philip D. Sanderson, Director  
Charitable Bingo Operations Division

cc: Mary Ann Williamson, Chairman  
J. Winston Krause, Commissioner  
Gary Grief, Executive Director  
Kimberly L. Kiplin, General Counsel