

OAKLAND UNIVERSITY

ADMINISTRATIVE POLICIES AND PROCEDURES

435 CHARITABLE GAMING POLICY

SUBJECT: CHARITABLE GAMING POLICY

NUMBER: 435

AUTHORIZING BODY: BOARD OF TRUSTEES

RESPONSIBLE OFFICE: VICE PRESIDENT FOR UNIVERSITY
ADVANCEMENT

DATE ISSUED: JULY, 1987

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RATIONALE: Bingo, Millionaire Parties, Charity Games and Raffles are forms of gambling and are illegal activities for all organizations and individuals except as authorized by law. State law provides that Michigan colleges and universities may conduct certain Games of Chance under certain circumstances. Games of Chance that are not on behalf of the University may not be conducted on University property.

POLICY: Charitable gaming activities such as Bingo, Millionaire Parties, Raffles and other charity Games of Chance may be useful methods of fundraising and may generate other support for the University. These activities may be conducted during University events and/or on University property under the conditions of this policy.

1. The policy applies to University events both on and off University property, and to persons and entities authorized by license, lease or otherwise to use University grounds and buildings.
2. Charitable gaming activities must comply with all applicable laws, including obtaining charitable gaming licenses from the State of Michigan when required, University ordinances, and this policy.
3. Charitable gaming activities must benefit the University either directly (e.g. when the charitable proceeds are retained by the University, etc.) or indirectly (e.g. when a facility usage fee will be paid to the University, etc.).

4. Charitable gaming activities must be consistent with the overall mission of the University as a public institution of higher education, and conform to general social conventions and common public morals and decency. The University may prohibit or cancel any charitable gaming activity that it determines is not in the best interest of the University.
5. The President or the President's designee shall develop administrative policies and/or procedures to control the approval and conduct of charitable gaming activities authorized by this policy.

SCOPE AND APPLICABILITY: It is University policy that, a Game of Chance on behalf of any University program or activity, will not be conducted by any employee, student, volunteer, or other agent of the University unless it is held for the direct institutional benefit of the University or its activities and is in compliance with State law and the procedures set forth below. This policy applies to all Charitable Gaming activities, regardless of offering mode (i.e., online raffles and bingo are also within scope).

All Games of Chance located on campus must be reviewed and approved by the Vice President of the sponsoring area first, before being submitted to the Vice President of University Advancement for review. In addition to campus review, non Oakland University entities, including student organizations, must be deemed as a qualified organization by the state of Michigan in order to host a raffle on campus. After the organization has been judged by the State of Michigan as their own Qualified Organization and received both VP approvals, the organization must submit proof of license prior to the event and submit a copy of their financial statement for our records.

DEFINITIONS:

- **Bingo** A Game of Chance in which prizes are awarded on the basis of Bingo balls randomly drawn from a receptacle that match a previously announced pattern on a player's Bingo card.
- **Charity Game** Tickets with a break-open or pull-tab. These tickets are sold at licensed gaming events. Charity Game tickets can only be purchased from a licensed supplier by a licensed organization.
- **Chairperson Person(s)** listed on the gaming license application responsible for the conduct of the Bingo, Millionaire Parties, Charity Games, or Raffle in accordance to the act, rules, and directives of the State of Michigan Charitable Gaming Division.

- **Millionaire Party** An event at which wagers are placed upon Games of Chance customarily associated with a gambling casino through the use of imitation money or chips that have a nominal value that is equal or greater than the value of the currency for which they can be exchanged.
- **Promotional Activity:** means an activity that is calculated to promote a business enterprise or the sale of its products or services, but does not include a lottery or gift enterprise involving the payment of money solely for the chance or opportunity to win a prize or a lottery or gift enterprise that may be entered by purchasing a product or service for substantially more than its fair market value.
- **Qualified Organization:** A nonprofit organization that is eligible to conduct Bingo, Raffles, and to sell charity game tickets. The State of Michigan specifies that this means either of the following: (i) A bona fide religious, educational, service, senior citizens, fraternal, or veterans' organization that operates without profit to its members and that either has been in existence continuously as an organization for a period of 5 years or is exempt from taxation under section 501(c) of the internal revenue code of 1986, 26 USC 501. Unincorporated student groups and organizations are not qualified organizations.
- **Raffle** A Game of Chance where tickets are sold, a winner(s) is determined by randomly drawing a ticket stub from a container, and a prize is awarded.

PROCEDURES:

Games of Chance Licensing Categories

Bingo

- A. There are three types of Bingo licenses that Qualified Organizations may apply for:
1. **Large Bingo:** Allows a qualified Organization to play Bingo on the same day and time at the same location each week. Qualified Organizations can award up to \$3,500 in prizes per Bingo occasion with no single game prize exceeding \$1,100. This license must be renewed annually; the license year is from March 1 through the last day in February.
 2. **Small Bingo:** Allows a Qualified Organization to play Bingo on the same day and time at the same location each week. Qualified Organizations can award up to \$300 in prizes per Bingo occasion with no single game prize exceeding \$25. This license must be renewed annually; the license year is from March 1 through the last day in February.
 3. **Special Bingo:** A special Bingo license entitles a Qualified Organization to hold Bingo games up to seven consecutive days. Special Bingo means a single or

consecutive series of Bingo occasions during which the total value of all prizes awarded through Bingo at a single occasion does not exceed \$3,500 and no single game prize exceeding \$1,100.

Qualified Organizations can receive up to four special Bingo licenses per calendar year.

B. Millionaire Parties

A Millionaire Party License which entitles a Qualified Organization to conduct a Millionaire Party for up to four consecutive days and is valid for one location.

C. Raffles

Raffle licenses entitles a Qualified Organization to conduct random drawings for prizes. Prizes will be cash, merchandise or services. A large Raffle license is required when the total value of all prizes awarded through the Raffle drawings will exceed \$500 in a single day. A small Raffle license is required when the total value of all prizes awarded does not exceed \$500 in a single day (including any Raffle ticket seller incentive prize). A Raffle drawing cannot take place during a licensed Bingo event. The drawing can occur before or after the time listed on the Bingo license.

Types of Raffles:

1. Traditional Raffle: tickets are sold prior to the drawing date and the winner does not need to be present to win.
2. In-house Raffle: tickets are sold and all prizes are awarded at the location and during the beginning and ending times on the license. Types of in-house Raffles include:
 - a. 50/50 Raffles
 - b. Gift basket Raffles
 - c. Door prize drawings
 - d. Giveaway drawings
3. Exemption Raffle: lawful Raffles that are conducted at a scheduled assembly or meeting with a specific beginning and ending time that is conducted or sponsored by a Qualified Organization if all the following are true:
 - a. The Raffle will be held at a single gathering of the Qualified Organization

- b. All tickets will be sold, the drawing will be held, and all prizes will be awarded at the single gathering.
- c. The total value of all prizes awarded for the entire day will not exceed \$100.

D. Charity Games

Charity Game tickets may be purchased only by the Qualified Organizations that have been issued Bingo or Millionaire Party licenses and may be sold only at scheduled licensed events.

E. Promotional Activities

A person may conduct a lottery or gift enterprise "as a promotional activity that is clearly occasional and ancillary to the primary business of that person." To fit within the exception, the activity must be calculated to promote the business, must not involve payment of money solely for the chance to win a prize, and must not involve purchase of a product or service for substantially more than fair market value.

Authorization of Games of Chance

1. The Vice President for University Advancement (VPUA) has been designated by the President as the authorizing officer for all Games of Chance, regardless of prize amount. All requests for the approval of Bingo, Millionaire Parties, Charity Games or Raffles shall be submitted in writing as provided in these procedures to the VPUA. A decision by the VPUA not to authorize a Game of Chance shall be final and binding.
2. The following guidelines will be considered when a Game of Chance application is being evaluated:
 - a. A limited number of Games of Chance will be authorized each year with the total number to be determined by the President in conformance with State law and the regulations of the Bureau of State Lottery.
 - b. Games of Chance will be conducted concurrently only in rare instances.
 - c. The probable participants and their relationship to the University shall be evaluated.
 - d. Net proceeds must be used for direct institutional benefit.
 - e. The sponsoring entity must be a recognized unit or program of Oakland University.

University Requirements

1. The sponsoring group shall complete the Application for Game of Chance Proposal, Exhibit A, and the State of Michigan application, which can be found on the State of Michigan Charitable Gaming Website.
2. Prizes to be obtained through solicitation must be identified, along with the names of the possible donors and the value of the prizes. No acquisition of prizes may occur prior to the authorization of the event. A University department shall be responsible for the supervision of the event, recordkeeping, and completing a State of Michigan Raffle Financial Statement.
3. In the case of non-student groups, the application form is to be submitted through the department head to the Vice President with jurisdiction of the sponsoring unit, and thence, if recommended by that Vice President, to the VPUA.
4. In the case of the student organizations who have been deemed as a qualified organization by the State of Michigan, the application form is to be submitted to the Assistant Director of Student Organizations. The Assistant Director will review the request for compliance with the Center for Student Involvement and Leadership Development policies and make a recommendation to the Director of Center for Student Activities and Leadership Development. The Director, after consultation with the Dean of Students, may recommend the event to the Vice President for Student Affairs. If approved by that Vice President, the applications shall then be forwarded to the VPUA.
5. The VPUA shall be responsible for: (1) reviewing and authorizing submission of any state licensing requests or registration forms; and (2) advising the sponsoring entity of final approval or disapproval of any Game of Chance. The sponsoring entity shall be responsible for preparing and submitting any state licensing request for registration forms.
6. In the case of a Game of Chance which involves a State licensing or registration fee, a check in the appropriate amount made payable to the State of Michigan shall accompany the application. Funds for such check shall be provided by the sponsoring University entity.

Application Process

See Exhibit B

Tax Reporting Requirements

1. Tax Reporting Requirements

Report all anticipated cash or noncash payouts with a value of \$600 or more to the Tax Compliance Office of the Controller's Office at ouacctingdept@oakland.edu prior to the event for a review of reporting and withholding requirements. In the event of a reporting or withholding requirement, proper documentation to report game winnings to the IRS must be obtained prior to the payout.

2. Unrelated Business Income Tax Requirements

If a Qualified Organization holds multiple Raffles per year the IRS may seek federal unrelated business income tax (UBIT) on the net revenue from the activity. In order to meet the federal exclusion for UBIT on charitable gaming, the department is required to keep accurate records reflecting the number of hours worked on the raffle by compensated and volunteer workers. The net revenue can be excluded if substantially all the work is performed by volunteers.

Contact the Tax Compliance Office of the Controller's Office with any additional questions regarding tax reporting, tax withholding, or UBIT issues on Games of Chance.

Prizes

Games of Chance prizes can be cash, merchandise, or services. Prizes can be purchased or donated. Refer to Policy 500 for conditions regarding donated prizes.

State Licensing Requirements

The VPUA shall be responsible for preparing and submitting any state licensing requests or registration forms. Fees are set by the State of Michigan Charitable Gaming Division, Act 382 of the Public Acts of 1972, as amended.

1. Gaming License Application

Departments or organizations must submit a gaming license application provided on the State of Michigan website with applicable license fee. Rules and Directives along with license forms and fee amounts are available online at www.michigan.gov/cg.

2. Financial Responsibility

All proceeds must be deposited into a University account within two business days of the event. Deposits from ticket sales must not be combined with any other monies.

3. Financial Statement

The sponsoring department must complete and submit a financial statement to the State of Michigan Charitable Gaming Commission. Financial statements must be signed by the President prior to submission. University Advancement will review financial statement and the VPUA will initial before sending to the President for signature.

- a. Financial statements for Raffles and special Bingo games must be filed by the tenth day of the month following the event.
- b. Financial statements for large and small Bingo games must be filed by the tenth day of the month following the end of the reporting period.

4. Game Records and Retention

The sponsoring Qualified Organization shall keep a record of the receipts and expenditures related to the Game of Chance for the current calendar year plus three years, including an accounting, in the form prescribed by the Michigan Charitable Gaming Division, of all Raffle receipts and expenditures including the name(s) and address(es) of the winner(s) and prizes won. Other supporting documents, such as canceled checks, deposit slips, unsold tickets, and payment invoices shall also be retained by the sponsoring organization for the current calendar year plus three years. This information shall be made available for University and Bureau of State Lottery audit or inspection.

5. Compliance

All Bingo games, Millionaire Parties, Charity Games and Raffles shall be conducted in accordance with the rules and regulations of the Charitable Gaming Division of the Bureau of State Lottery and State law, P.A. 1972, No. 382, being MCLA 432.102 et seq.

The VPUA and the Vice President of the requesting area shall be aware of and responsible for following the pertinent rules and regulations and shall make available, to those to whom approval to conduct a Game of Chance has been granted, copies of the pertinent provisions.

RELATED POLICIES AND FORMS:

APPENDIX:

- Exhibit A - Game of Chance Proposal Form
- Exhibit B - Game of Chance Flow Chart

- W-9 Form