

Expenditures Allowed

This one-page chart lists the lawful purpose expenditures that are allowed, and the codes to use when reporting these expenditures. Refer to the code A information for restrictions not noted in this chart.

CHARITABLE CONTRIBUTIONS are defined as lawful purpose codes A1 to A7, A10 to A15, and A19.

A1
to and by 501(c)(3) organizations or 501(c)(4) festival organizations

A2
relieving the effects of poverty, homelessness, or disability

A3
program for education, prevention, or treatment of problem gambling

A4
funding a public or private nonprofit education institution registered with or accredited by Minnesota or any other state

A5
scholarships

A6
- recognition of military service (open to the public)
- active military personnel in need

A7
activities and facilities benefiting youth under age 21

A8
payment of local, state, and federal taxes on receipts from lawful gambling, refund on unsold tickets

A9
real estate taxes and assessments on gambling premises:
- owned by a licensed organization (includes veterans organizations), or
- wholly leased by a licensed 501(c)(19) veterans organization.

A10
- contributions to the United States, state of Minnesota, or any of its subdivisions or agencies or instrumentalities (except a direct contribution to a law enforcement or prosecutorial agency)
- a fund administered and regulated by a city or county (for lawful purposes)

A11
to and by a nonprofit organization which is a church or a body of communicants

A12
water quality testing for public waters, provided that the MPCA has approved the project

A13
- wildlife management project that benefits the public-at-large, provided that the DNR has approved the project
- costs related to grooming and maintaining snowmobile or all-terrain vehicle trails that are grant-in-aid trails, or other trails open to public use, provided that DNR has approved the project.

- supplies and materials for safety training and education programs coordinated by the DNR

A14
conducting nutritional programs, food shelves, and congregate dining programs primarily for persons who are age 62 or older or disabled

A15
to community arts organizations or expenditures to fund arts programs in the community

A16
utility costs (fuel for heating, water, electricity, and sewer costs) for building wholly owned or wholly leased by licensed veteran or fraternal organizations and used as their primary headquarters (if portion leased out, percentage for primary headquarters allowed with GCB Director approval)

A17
meals and other membership events of licensed veterans organizations, limited to members and spouses only, held in recognition of military service (limit \$5,000 per year for all organizations at post home)

A18
fees paid to the state for organization license, premises permits, and gambling manager license

A19
recognizing humanitarian service demonstrated through volunteerism or philanthropy

A20
contribution to another licensed organization, with Board approval

A21
contribution to a parent organization that has received prior Board approval

REAL PROPERTY AND CAPITAL ASSETS A22

repair, maintenance, or improvement of owned real property and capital assets, or replacement of owned capital asset that is no longer repairable, subject to annual limit

A23
acquisition or improvement of capital assets (excluding real property) used exclusively for lawful purpose, with a cost greater than \$2,000, with Board approval

A24
acquisition, erection, improvement, or expansion of real property used exclusively for lawful purpose, with Board approval

A25
erection or acquisition of comparable building to replace building destroyed or made uninhabitable due to fire or catastrophe, or taken or sold under eminent domain proceeding, with Board approval

A26
contribution to nonlicensed 501(c)(19) organization that is not affiliated with contributing organization and whose owned or leased property is not a permitted premises

Guidelines at a Glance				
Real Property and Capital Assets Used Exclusively for Lawful Purpose				
NOTE: These expenditures are not included on the LG267 Worksheet for Code A22. EXAMPLES	Capital Assets		Real Property	The repair or maintenance of capital assets and real property used exclusively for lawful purpose does not require Gambling Control Board approval.
	Acquire or Improve			
	less than \$2000 per item or project	more than \$2000 per item or project	Acquire, erect, expand, improve	
Disability - Wheelchairs, medical equipment	A2	Use LG266 A23		A2
Disability - Storage shed for wheelchairs, medical equipment			Use LG266 A24	A2
Military - flag poles, memorials	A6	Use LG266 A23	Use LG266 A24	A6
Military - honor guard equipment, rifles, gun safe	A6	Use LG266 A23		A6
501(c)(3) - If paid to vendor directly from gambling account	A1	Use LG266 A23	Use LG266 A24	A1
Trails - building and land for storage			Use LG266 A24	A13
Trails - groomers, truck, trailer, tools, plows, other equipment	A13	Use LG266 A23		A13
Youth - playing fields, arenas, related building - dugouts, fencing, lights			Use LG266 A24	A7
Youth - sports equipment, lawn mower, ice surface, etc.	A7	Use LG266 A23		A7
Other Concession stands and other general fund-raising items are general fund expenses. They are not lawful purpose.				

Expenditures Not Allowed

Lawful purpose expenditures that are not allowed include the following.

Benefits to organization making expenditure prohibited

- An organization may not retain any control over any expenditure, contribution, or other disposition of gambling gross profits.
EXCEPTION: The only exception is for expenditures made by a licensed 501(c)(3) or 501(c)(4) festival organization to its own general fund, with prior Board approval each year, using form LG200C. [See *Minnesota Rules 7861.0320, Subp. 14; and Minnesota Statute 349.154, Subd. 1*]
- Any contribution or expenditure that results in any monetary, economic, financial, or material benefit to the organization making the contribution or expenditure.

Circumventing lawful purpose

Any contribution to a 501(c)(3) organization or other entity with the intent or effect of not complying with lawful purpose restrictions or requirements.

Conflict of interest

Any contribution or expenditure that is not allowed under the conflict of interest provisions of the Minnesota Nonprofit Corporation Act, Minnesota Statutes 317A.255.

Fund-raising exception

A contribution or expenditure may not be made for the purposes of fund-raising, except for an expenditure by a 501(c)(3) organization or a 501(c)(4) festival organization from its general fund.

Direct law enforcement contribution

A contribution may not be made directly to a law enforcement agency, such as police or sheriff, or to a prosecutorial agency.

Liquor

The purchase of any intoxicating liquor, wine, or malt beverages is not allowed.

Pension or retirement fund (government)

A contribution may not be made to a city, county, or town with the knowledge that the governmental unit intends to use the contribution for a pension or retirement fund.

Political purposes

- An expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office.
- A contribution for promoting or defeating a ballot question.
- A contribution for any activity intended to influence an election or a governmental decision-making process.

Tax interest, penalties

Interest on taxes, tax penalties, or interest on tax penalties are allowable expenses, not lawful purpose expenditures.