



## **PPFF Policy for Fundraising Raffles**

The Pennsylvania Parks and Forests Foundation, **after reviewing the new (2014) small games of chance policy**, presents the following guidelines for following the new regulations to raise revenue via small games of chance. We understand that chapters need to be creative in their fundraising efforts, and have agreed to a revised policy for fundraising raffles in compliance with the law, IRS and DCNR guidelines. *NOTE: There is a special license for Bingo that this policy does not cover. If you are considering Bingo, please contact PPFF.*

### **WHAT'S NEW:**

- Monthly (30 Day) License replaces Limited Occasion License
- Background Checks not needed with our level of use
- Games of chance proceeds must be spent by December 31 of the year following the year obtained
- Changes to record keeping policies (see *Keeping the Records* below)

### **HOW DO YOU MAKE IT HAPPEN:**

STEP 1: Required in-house before applying for license

- Group is in good standing with PPFF in regard to procedural and financial requirements. If you are in doubt, call us and we'll let you know your standing and how to improve it if necessary.
- Group has forwarded to PPFF, in writing, approval from chapter board and park manager allowing small games of chance at park events and including proposed plans for games. A signed copy of PPFF Policy for Fundraising Raffles must also be on file at our office. (See signature below.)
- PPFF approval to group to pursue a license based on above conditions being met.

STEP 2: Group applies for license with local county office.

- Due to the nature of our organization, we interpret the law to read that you are eligible for a yearly license at a cost of \$125 per year or a monthly license at a cost of \$25 per month, good for 30 days of use. You can reapply for additional months, but months cannot overlap.
- For simplicity sake, the current approved raffle categories are listed below. Should you seek to expand beyond these methods, you must contact PPFF for additional requirements set forth by the law. Fundraising must be conducted as part of an activity, not as a stand-alone event.
  - Raffles
  - 50/50 drawings
  - Chinese auctions (raffle auctions)
- When license obtained, group forwards to PPFF for file:
  - Copy of license (for each month a license is held)
  - List of game dates
  - List of games to be conducted including cost for chances and list of prizes. (Top prize not to exceed \$2,000 value.)

STEP 3: Conducting Games of Chance

- Limits with regard to types of games allowed and prizes must be carefully followed according to **Small Games of Chance Act**
- W2Gs must be completed when prizes reach \$600 or more and at least 300 times the amount of the price paid for the ticket. Additional information and W-2G forms are available at <http://www.irs.gov/uac/Form-W-2G,-Certain-Gambling-Winnings>. You may also be required to complete a form 5754, which can also be found on the IRS website. IRS Form 5754 is the mechanism for collecting the information necessary to complete the year-end W-2G. Form 5754 is self-explanatory. It provides space for the prize winner to give his/her name, address, SSN and the amount of the prize, and for the possibility of several winners sharing one prize (although this is highly unlikely given the size of the prizes anticipated here).

- Due to the taxing ramifications of prizes over \$5,000, PPF assumes that prizes will remain at the \$2,000 level as required by the yearly/monthly license. (Any prize-thing or cash-valued higher than \$5,000 requires that PPF withhold 25% of the winnings in taxes.)

**KEEPING THE RECORDS**

The small games of chance law requires the following records be kept on file for at least two years. Please submit the records to PPF for inclusion in your file in case of audit. 5% of all licenses will be audited each year.

Records must include the following:

1. All sales invoices.
2. Gross receipts from the conduct of each game of chance.
3. The cost of each game of chance and other expenses related to the conduct of each game of chance.
4. The total of prizes paid out for each game of chance and each prize’s cost or fair market value.
5. The proceeds from the conduct of each game of chance.
6. Totals for items enumerated in items 2 through 5 above for each operating day, operating week, calendar month, calendar year and licensed term.
7. Details as to how proceeds from games of chance were used or disbursed by the eligible organization.
8. A record of any prize for which the licensed eligible organization is required to make a W-2G report to the IRS.
9. A list of winners' names and addresses for prizes in excess of \$600.
10. For merchandise prizes, the licensed eligible organization is required to obtain a sales invoice showing the purchase price of the prize, or if the prize was donated to the licensed eligible organization, a written statement from the donor indicating the fair market value of the prize.

A licensed eligible organization must also maintain records relating to the printing or purchase of materials to be used for raffles and daily and weekly drawings. Records should include an invoice or receipt from the place of purchase that shows the cost and number or amount of the materials purchased.

PPF will provide a spread sheet for tracking the above materials.

**WRAPPING UP THE PAPERWORK**

- At the conclusion of each game, forward the appropriate paperwork to PPF for the audit file.
- Record game proceeds separately on your Deposit Form so a separate accounting may be made.
- Proceeds from games must be used by December 31 of the year following the year obtained.
- PPF is required by the law to maintain these forms on file for two years.

***If a group does not follow policy and PPF must work to obtain required paperwork, an hourly fee will be implemented until file is up to date and the group may lose its right to run small games of chance.*** A group must provide required documentation to remain eligible to have small games of chance.

Approved by PPF Board of Directors: February 26, 2014

File: Financial policies/raffles

**ACKNOWLEDGMENT OF RECEIPT AND UNDERSTANDING OF THE PPF POLICY FOR FUNDRAISING RAFFLES**

CHAPTER: \_\_\_\_\_ Date filed at PPF: \_\_\_\_\_

Chapter Chair: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
Signature Date

Chapter Treasurer: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
Signature Date