

## *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 (Chapter 12 of the Lawful Gambling Manual) for restrictions not noted in this chart.

**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

**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

**A-25**  
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

**CHARITABLE CONTRIBUTIONS**  
are defined as lawful purpose codes A1 to A7, A11 to A15, and A19.

## *Guidelines at a Glance*

### *for Real Property and Capital Assets Used Exclusively for Lawful Purpose*

NOTE: These expenditures are not included on the LG267 Worksheet for Code A22.  <b>Examples</b>	<b>Capital Assets</b>		<b>Real Property</b>	The repair or maintenance of capital assets and real property <u>used exclusively for lawful purpose</u> does not require Gambling Control Board approval.
	Acquire or improve		Acquire, erect, expand, improve	
	less than \$2000 per item or project	more than \$2000 per item or project		
<b>Disability</b> - Wheelchairs, medical equipment	A2	Use LG266 (A23)	N/A	A2
<b>Disability</b> – Storage shed for wheelchairs, medical equipment	N/A	N/A	Use LG266 (A24)	A2
<b>Military</b> – flag poles, memorials	A6	Use LG266 (A23)	Use LG266 (A24)	A6
<b>Military</b> – honor guard equipment, rifles, gun safe	A6	Use LG266 (A23)	N/A	A6
<b>501(c)(3)</b> – If paid to vendor directly from gambling account	A1	Use LG266 (A23)	Use LG266 (A24)	A1
<b>Trails</b> – building & land for storage	N/A	N/A	Use LG266 (A24)	A13
<b>Trails</b> – groomers, truck, trailer, tools, plows, other equipment	A13	Use LG266 (A23)	N/A	A13
<b>Youth</b> - playing fields, arenas, related building – dugouts, fencing, lights	N/A	N/A	Use LG266 (A24)	A7
<b>Youth</b> - sports equipment, lawn mower, ice surfacer, etc.	A7	Use LG266 (A23)	N/A	A7

**Other**

Concession stands and other general fund-raising items are general fund expenses, 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) organization or by a licensed 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. 14A and B; and Minnesota Statute 349.154, Subd. 1(2009)*]

- 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 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.