

# Department of Charitable Gaming Guide to Obtaining a License

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[www.dcg.ky.gov](http://www.dcg.ky.gov)

## In General

- There are 2 types of licenses – an exempt license and a regular gaming license.
- Your organization may obtain an exempt license if:
  - Gross gaming receipts will not be over \$25,000 a year; and
  - You are not going to sell pulltabs or have casino nights.
  - You may conduct bingo and have festival games of chance with this license.
  - There is no fee and a simplified application and reporting process.
  - An exempt application (CG-EXEMPT) is available on the website under “Applications and Reports.”
- Your organization must obtain a regular license if:
  - Gross gaming receipts will exceed \$25,000 a year; OR
  - You also intend to sell pulltabs or have a casino night.
  - A regular application (CG-1) is available on the website under “Applications and Reports.”
- Your organization qualifies for a license if they:
  - Have a 501(c) 3, 4, 8, 10, or 19 from the IRS or are a common school;
  - Have been continuously operating in Kentucky for 3 years; and have maintained an office in Kentucky for at least 1 year; and
  - Have made reasonable progress before their charitable goal in the last 3 years.

## License process

- The application (CG-1) must be submitted at least 60 days prior to the anticipated date of gaming.
  - The application must include an original signature of an officer.
  - Applications are available on the website under “Applications and Reports.”
- The application must be accompanied by the \$25 processing fee.
  - The remaining fee will be invoiced at a later date.
  - The fee for a first time application is \$100.
  - For subsequent applications, the fee is based on the previous year’s gross receipts and could be \$100, \$200, or \$300.
- During the review process, an office inspection will be scheduled to verify the information contained in the application.

- While the application is being process, the Department highly recommends that you attend training.
  - Training is available at the Frankfort office and periodically in the state throughout the year. A training schedule is available on the website under “Training and Class Registration.” You can register for training via the Department’s web site as well.
  - There is also a training manual available on the website under “Training and Class Registration.”
  - The statute and regulations governing gaming are located on the website under “Statute and Regulations.”
- Once the Department reviews the application, it will contact you to correct any deficiencies.
- The Department does a criminal history check on the CEO, CFO, and all chairpersons.
  - If they are out of state, the criminal history check requires that they complete a fingerprint card.
- If your organization qualifies for a license and once any deficiencies are corrected, the Department will invoice the remaining fee and send you fingerprint cards if required.
- The license will be issued when the Department receives the remaining license fee and the fingerprint cards.

### **Charitable Gaming Accounting**

- The organization must set up a charitable gaming account.
  - This is a separate bank account in order to deposit the gaming funds and pay gaming expenses.
  - There are only certain monies that can be deposited into the account and only certain expenses that can be paid from the account. Please make sure that you are familiar with these rules found in the statute and regulations, specifically KRS 238.550(9) and 820 KAR 1:120.
- The organization will need to have initial start-up cash for expenses.
  - The funds can be transferred from general account or another source.
  - The amount needed depends on the kind of gaming conducted.

### **Financial Reporting**

- If the organization obtains an exempt license, then the organization must file the annual financial report (CG-EFR) files by January 31<sup>st</sup>. This report serves as the license renewal. The CG-EFR can be found on the website under “Applications and Reports.”
- If the organization obtains a regular gaming license, the organization must report to the Department either quarterly or annually for every quarter that the organization possesses a license on CG-FIN which can be found on the website under “Applications and Reports.”

- If the organization has gross receipts of \$200,000 or less per year and does not play bingo once a week, the organization can report annually. The report is due by January 31<sup>st</sup>.
- The organization will also pay the fee due on gross receipts at this time which is .0649%.