

Welcome to Gaming!

This document is meant as a summary for executive committee/board members regarding their obligations for the oversight of gaming at their organizations.

GENERAL

Gaming is a privilege in the State of New Mexico. The New Mexico Gaming Control Board (GCB) administers the state's Gaming Control Act (Act). Under the Act qualifying Not – for - Profit organizations may operate up to 15 gaming machines at their location. The licensed gaming operator is the Post/Lodge/Aerie itself, not the gaming operation. As the organization is the licensee, the NMGCB looks to the governing body of each non-profit gaming operator to provide independent and objective oversight of the organization's gaming activities. This document is meant to provide a basic understanding of the legal and regulatory requirements associated with holding a gaming license.

DEFINITIONS

Net Take, as used in this document, means the total of funds placed into the gaming machines minus any amounts paid out as prizes by the gaming machines in a given period.

Net Revenue after Gaming Tax means an amount equal to 90% of the Net Take from all gaming machines operated by the Non-Profit gaming licensee. Charity Requirement means an amount equal to 18.9% of Net Revenue after Gaming Tax each month.

Distributor payment is an amount, reflected in a written contract between the Non-Profit

organization and a licensed distributor as a percent of Net Take after Gaming Tax on a monthly basis, for the use of the distributors gaming machines.

REQUIREMENTS

There are 3 bank accounts required for each gaming operator; a gaming operating account, a gaming tax account and a gaming charity and education account.

Each month when the gaming tax bill is received the gaming operator shall immediately:

Transfer the tax amount on the gaming tax bill to the gaming tax account. This tax amount must be paid no later than the 15th day of the subsequent month.

Transfer the charity requirement, 18.9% of Net Revenue, into the gaming charity and education account based on the net take shown on the tax bill.

Pay the distributor for use of the games based on a written contract between the licensed Non-Profit operator (Lodge/Post/Aerie) and the licensed distributor.

The balance of the operating fund after making the above transfers and payments shall not exceed \$ 20,000. Any excess above the \$ 20,000 limit shall be immediately transferred to the licensee's general operating account.

DROP AND COUNT

The drop and count is the process by which any currency in the machines is removed and counted.

The drop and count shall be conducted by the gaming manager and one/two other persons. The Gaming Accountant shall not participate in the drop and count process. The Drop and Count shall be conducted under continuous surveillance. The key to good internal control over the drop and count is

adequate segregation of duties, that is, the separation of those with recording responsibility (gaming accountant) from those with asset custody (those performing the drop and count). Control of this process is critical to the protection of the Non-profit operator's assets. Board/executive committee members should familiarize themselves with these procedures and satisfy themselves that there is adequate separation of duties and internal control over the drop and count process.

CHARITY AND EDUCATION

The primary purpose of Not-for-Profit gaming is the donations made to charitable and educational purposes. For that reason the board takes the requirements of the rules and statutes in this area very seriously. In order to provide guidance to the Non-Profits on charitable and educational giving, the board has promulgated "Charity and Educational Guidelines" as part of the Non-Profit Minimum Internal Controls. Board/executive committee members should familiarize themselves with these guidelines so they can oversee the proper distribution of Charity and Educational funds. A copy of the Charity Guidelines is attached for your information. An additional requirement is that all charity and education funds be disbursed within 120 days of fiscal year end. Lastly, the board recommends that each non-profit form a Charity and Education committee to oversee proper distribution of these funds.

STAFFING

A licensed Non-Profit gaming operator shall have a minimum of two "key persons" found suitable by the GCB. These persons are the Gaming Manager and the Gaming Accountant. By regulation, the board/executive committee shall hire these persons

and they shall report to the board/executive committee. The Gaming Manager then hires the balance of the gaming team, such as cashiers, who are required to obtain and maintain work permits with the GCB. A person who does not hold a finding of suitability or work permit issued by the board may work in gaming. Only those found suitable can sign checks on the gaming bank accounts. Board/executive committee members should familiarize themselves with the GCB licensing requirements for both individuals and gaming operators.

MINIMUM INTERNAL CONTROLS

The Board has promulgated "Minimum Internal Control Standards for Non-Profit Operators" (MICS). The MICS provide detailed guidance on the conduct of Non-Profit gaming. The MICS are available on the GCB web site under the "Audit & Compliance" tab. Board/executive committee members should read this document in order to gain a better understanding of the board's requirements. Failure to comply with statutes, regulations and MICS may result in administrative citations for the Non-Profit Gaming Operator.

FINANCIAL REPORTING

In an effort to reduce the regulatory burden on Non-Profit operators, the board recently did away with the requirement that each gaming operator provide monthly financial statements to the board. We believe that monitoring the financial condition and

success of Non-Profit gaming at each licensed organization is best left to each organization's board/executive committee. To that end, we encourage each board/executive committee to require the gaming operation to provide monthly reporting of gaming activity to the board/executive committee. This will allow the licensee's governing board to monitor gaming activities on an ongoing basis.

NEED HELP

If you are a member of a board or executive committee and you have questions regarding any aspect of gaming operations you may contact the board's Audit and Compliance division, the Licensing division, the Enforcement division or our Bingo staff, listed under the Enforcement Division, for assistance. Contact information for each member of each division is provided under the "Divisions" tab on the GCB web site (www.nmgcb.org). Additionally, the board's Information Systems Division IS technical hotline number is 877-297-1159.

SUMMARY

Gaming is a privilege in New Mexico. Compliance with applicable statutes, regulations and MICS is a condition of obtaining and maintaining this privilege. As the licensed operator is the Lodge/Post/Aerie the board looks to the governing body of the Lodge/Post/Aerie to exercise oversight of gaming in order to ensure compliance and safeguard each organization's assets.



GAMING RESPONSIBILITIES FOR NOT-FOR-PROFIT BOARD MEMBERS

**4900 Alameda Blvd. * Albuquerque, NM 87113
Phone (505) 841-9700 * Fax (505) 841-9720
www.nmgcb.org**