



**ANNUAL REPORT ON THE
CHARITABLE GAMING ACTIVITIES OF THE
DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES
FOR FISCAL YEAR 2024**

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Commissioner**

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**Annual Report on the Charitable Gaming Activities of the
Virginia Department of Agriculture and Consumer Services for Fiscal Year 2024**

Executive Summary

The Office of Charitable and Regulatory Programs (OCRP) in the Virginia Department of Agriculture and Consumer Services is tasked, in part, with licensing, registering, training, inspecting, auditing, and conducting financial reviews of charitable gaming organizations, suppliers, manufacturers of electronic gaming/pull-tab systems, and network bingo providers as well as registering and training personnel involved in charitable gaming in the Commonwealth.

Information in this report includes the number of charitable gaming licenses and registrations issued by OCRP as well as the number of charitable gaming on-site inspections, training sessions, investigations, audits, and financial reviews conducted by staff.

During fiscal year 2024, OCRP issued 413 charitable gaming licenses and 107 charitable gaming registrations to organizations. Licensed organizations are required to report on their charitable gaming activities on a calendar year basis. During calendar year 2023, these organizations reported approximately \$239.5 million in gross sales from bingo, paper pull-tabs, and raffle activities, which is an increase of approximately \$20.2 million from 2022. Manufacturers of electronic gaming/pull-tab systems reported approximately \$1.174 billion in gross sales and \$1.088 billion in prizes paid out for a total of \$86 million in adjusted gross sales. From the gross sales of bingo, paper pull-tabs, and raffle activities, the amount that organizations reported to have donated for charitable, community, educational, or religious purposes increased by approximately \$1.1 million, from \$25.6 million in calendar year 2022 to \$26.7 million in calendar year 2023. The aggregate use of proceeds, as a percentage of gross sales, for all licensed charitable gaming organizations conducting bingo, paper pull-tabs, and raffle activities decreased from 11.6 percent in calendar year 2022 to 11.1 percent in calendar year 2023. From the adjusted gross sales of electronic gaming/pull-tab activities, the amount that organizations reported to have donated for charitable, community, educational, or religious purposes was \$15.7 million and the aggregate use of proceeds for organizations conducting electronic gaming/pull-tab activities was 18.2 percent in calendar year 2023.

OCRP collected more than \$2.6 million in charitable gaming fees, which were deposited into the Commonwealth's general fund.

LEGISLATIVE MANDATE

Section 18.2-340.18 (8) of the Code of Virginia requires the Department of Agriculture and Consumer Services to report annually to the Governor and the General Assembly regarding the charitable gaming operations of the Department and any recommendations for legislation applicable to charitable gaming in the Commonwealth.

GENERAL OVERVIEW

Charitable gaming is a sizeable source of funding for many non-profit organizations in Virginia. The Office of Charitable and Regulatory Programs (OCRP) is tasked, in part, with licensing, registering, training, inspecting, auditing, and conducting financial reviews of charitable gaming organizations, suppliers, manufacturers of electronic gaming/pull-tab systems, and network bingo providers as well as registering and training personnel involved in charitable gaming in the Commonwealth.

OCRP also seeks to ensure that licensed organizations meet use-of-proceeds requirements; currently, licensed organizations conducting bingo, paper pull-tabs, and raffles must use at least 10 percent of their gross sales for charitable, community, educational, or religious purposes. During calendar year 2023, these organizations reported approximately \$239.5 million in gross sales from bingo, paper pull-tabs, and raffle activities, an increase of approximately \$20.2 million from calendar year 2022. From the gross sales of bingo, paper pull-tabs, and raffle activities, the amount that organizations reportedly donated for charitable, community, educational, or religious purposes increased by approximately \$1.1 million, from \$25.6 million in calendar year 2022 to \$26.7 million in calendar year 2023. Despite the increase in gross sales and reported donations, the aggregate use of proceeds, as a percentage of gross sales, decreased from 11.6 percent in calendar year 2022 to 11.1 percent in calendar year 2023.

Licensed organizations conducting electronic gaming/pull-tab activities must use at least 20 percent of their adjusted gross sales for charitable, community, educational, or religious purposes. During calendar year 2023, manufacturers of electronic gaming/pull-tab systems reported approximately \$1.174 billion in gross sales and \$1.088 billion in prizes paid out for a total of \$86 million in adjusted gross sales by organizations. From the adjusted gross sales of electronic gaming/pull-tab activities, the amount that organizations reported to have donated for charitable, community, educational, or religious purposes was \$15.7 million, and the aggregate use of proceeds was 18.2 percent in calendar year 2023.

FINANCIAL INFORMATION

The fiscal year (FY) 2024 general fund appropriation for OCRP was \$2,023,409. OCRP collected \$2,392,326 in audit and administration fees, \$142,022 in license and registration application

fees, and \$100,669 in late fees, for a total of \$2,635,017 in fees. These fees were deposited into the Commonwealth's general fund.

ORGANIZATION AND ACCOMPLISHMENTS

OCRCP is committed to providing timely and professional services to the charitable gaming community. To facilitate the delivery of these services, OCRCP is divided into three functional areas: License and Registration Team, Auditing and Financial Reviews Team, and Inspections and Game Training Team.

License and Registration Team

During this reporting period, the License and Registration Team issued 413 licenses and 107 registrations to organizations wishing to conduct charitable gaming activities, 20 charitable gaming supplier licenses, and five licenses to manufacturers of electronic gaming/pull-tab systems. In addition, the License and Registration Team registered 68 bingo managers and 75 bingo callers.

OCRCP provides an online service for applicants to submit their bingo manager and bingo caller registration applications, minimizing the need for applicants to send applications in the mail. Seventy-eight (78) percent of the 143 applications received by OCRCP in FY 2024 were submitted online.

Auditing and Financial Reviews Team

During this reporting period, the Auditing and Financial Reviews Team received 455 annual financial reports reflecting approximately \$239.5 million in total gross sales from bingo, paper pull-tabs, and raffle activities. Also, the reports reflect approximately \$1.174 billion in gross sales and \$1.088 billion in prizes paid out for a total of \$86 million in adjusted gross sales from electronic gaming/pull-tab activities. Auditors performed 67 audits and financial reviews of licensed organizations, during which they identified approximately \$441,705 in unreported gross sales. The auditors also ensured that charitable gaming funds were used for allowable charitable, community, educational, or religious purposes as required by statute and regulations. Organizations identified as having excessive unreported revenue were required to develop stricter internal controls, and, in some instances, the organizations were required to undergo training. Additional follow-up will be conducted with these organizations to assess their efforts to strengthen their internal controls. In addition, the Auditing and Financial Reviews Team issued 85 letters of warning, 20 notices of violation, and seven compliance agreements. The auditors also performed a compliance review of seven reports submitted by licensed suppliers and 14 reports submitted by manufacturers of electronic gaming/pull-tab systems.

On average, licensed organizations reportedly donated 11.1 percent of their gross sales from their bingo, paper pull-tabs, and raffle activities for charitable, community, educational, or religious purposes. Also, licensed organizations reportedly donated 18.2 percent of their adjusted gross sales from their electronic gaming/pull-tab activities for charitable, community, educational, or religious purposes. Auditors continue to work with organizations to maximize the charitable, community, educational, or religious use of their gaming proceeds, including through the review of unspent bank account balances, analysis of cash shortages, and evaluation of the prize payout structure. Auditors issue quarterly discrepancy letters to organizations that are not on track to use either at least 10 percent of their gross sales generated from bingo, paper-tabs, and raffles; or at least 20 percent of their adjusted gross sales for charitable, community, educational, or religious purposes. If organizations do not meet the minimum percentage required to be used for charitable, community, educational, or religious purposes, then the auditors will issue either a letter of warning, notice of violation, or take other compliance action.

Inspections and Game Training Team

During this reporting period, OCRP inspectors completed 1,006 on-site inspections and performed 98 game management training sessions for organizations that were new to charitable gaming, were required to undergo training through an audit/financial review, or had requested training assistance. In addition, the Inspections and Game Training Team issued 15 letters of warning, two notices of violation, and two compliance agreements.

OCRP inspectors collaborated with various law enforcement agencies on three investigations, all of which remain under investigation.

REGULATORY ACTIVITY

In response to Chapter 612 of the 2022 Acts of Assembly, the Commissioner of Agriculture and Consumer Services promulgated regulations governing Texas Hold'em poker tournaments (11 VAC 20-30 *et seq.*), which became effective on May 9, 2024.

2024 LEGISLATIVE ISSUES

During the 2024 legislative session, the Virginia General Assembly considered eight bills pertaining to charitable gaming. Three of these bills were enacted into law, two were incorporated into another bill, one failed in committee, and one was continued to the 2025 Session of the General Assembly.

Legislative Bill	Patron	Outcome
House Bill 195	Martinez	Bill failed in Senate committee
House Bill 298	Ballard	Incorporated into House Bill 523
House Bill 523	Krizek	Enacted – Chapter 445

House Bill 527	Krizek	Continued to 2025
House Bill 1016	Wilt	Stricken at request of patron
Senate Bill 344	Reeves	Enacted – Chapter 504
Senate Bill 348	Reeves	Incorporated Into Senate Bill 397
Senate Bill 397	Ebbin	Enacted – Chapter 593