

ANNUAL REPORT ON THE CHARITABLE GAMING ACTIVITIES OF THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES FOR FISCAL YEAR 2025

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Annual Report on the Charitable Gaming Activities of the Virginia Department of Agriculture and Consumer Services for Fiscal Year 2025

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 2025, OCRP issued 408 charitable gaming licenses and 109 charitable gaming registrations to organizations. Licensed organizations are required to report on their charitable gaming activities on a calendar year basis. During calendar year 2024, these organizations reported approximately \$244.2 million in gross sales from bingo, paper pulltabs, Texas Hold'em poker tournaments, and raffle activities, which is an increase of approximately \$4.7 million from 2023. Manufacturers of electronic gaming/pull-tab systems reported approximately \$1.334 billion in gross sales and \$1.222 billion in prizes paid out, for a total of \$112.3 million in adjusted gross sales. From the gross sales of bingo, paper pull-tabs, Texas Hold'em poker tournaments, and raffle activities, the amount that organizations reported to have donated for charitable, community, educational, or religious purposes increased by approximately \$2.3 million, from \$26.7 million in calendar year 2023 to \$29 million in calendar year 2024. The aggregate use of proceeds for all licensed charitable gaming organizations conducting bingo, paper pull-tabs, Texas Hold'em poker tournaments, and raffle activities increased from 11.1 percent in calendar year 2023 to 11.9 percent in calendar year 2024. 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 increased by approximately \$10.9 million, from \$15.7 million in calendar year 2023 to \$26.6 million in calendar year 2024. The aggregate use of proceeds increased from 18.2 percent in calendar year 2023 to 23.7 percent in calendar year 2024.

OCRP collected more than \$2.74 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 Virginia Department of Agriculture and Consumer Services (Department) to report annually to the Governor and the General Assembly regarding the charitable gaming operations of the Department and any recommendations for legislation as 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, Texas Hold'em poker tournaments, and raffles must use at least 10 percent of their gross sales for charitable, community, educational, or religious purposes. During calendar year 2024, these organizations reported approximately \$244.2 million in gross sales from bingo, paper pull-tabs, Texas Hold'em poker tournaments, and raffle activities, which is an increase of approximately \$4.7 million from calendar year 2023. From the gross sales of bingo, paper pull-tabs, Texas Hold'em poker tournaments, and raffle activities, the amount that organizations reportedly donated for charitable, community, educational, or religious purposes increased by approximately \$2.3 million, from \$26.7 million in calendar year 2023 to \$29 million in calendar year 2024. The aggregate use of proceeds increased from 11.1 percent in calendar year 2023 to 11.9 percent in calendar year 2024.

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 2024, manufacturers of electronic gaming/pull-tab systems reported approximately \$1.334 billion in gross sales and \$1.222 billion in prizes paid out for a total of \$112.3 million in adjusted gross sales, which is an increase of approximately \$26.3 million in adjusted gross sales from 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 increased by approximately \$10.9 million, from \$15.7 million in calendar year 2023 to \$26.6 million in calendar year 2024. The aggregate use of proceeds increased from 18.2 percent in calendar year 2023 to 23.7 percent in calendar year 2024.

FINANCIAL INFORMATION

The fiscal year (FY) 2025 general fund appropriation for OCRP was \$2,170,863. OCRP collected \$2,473,050 in audit and administration fees, \$158,750 in license and registration application fees, and \$109,400 in late fees, for a total of \$2,741,200 in fees. These fees were deposited into the Commonwealth's general fund.

ORGANIZATION AND ACCOMPLISHMENTS

OCRP is committed to providing timely and professional services to the charitable gaming community. To facilitate the delivery of these services, OCRP 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 408 licenses and 109 registrations to organizations wishing to conduct charitable gaming activities, two Texas Hold'em poker tournament operator registrations, one landlord registration for Texas Hold'em poker tournaments, 12 charitable gaming supplier licenses, and eight licenses to manufacturers of electronic gaming/pull-tab systems. In addition, 69 license or registration applications were withdrawn by organizations, three applications were denied, and four permits were revoked by the Department. Lastly, the License and Registration Team registered 64 bingo managers and 62 bingo callers.

OCRP 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. Ninety (90) percent of the 126 applications received by OCRP in FY 2025 were submitted online.

Auditing and Financial Reviews Team

During this reporting period, the Auditing and Financial Reviews Team received 492 annual financial reports reflecting approximately \$244.2 million in total gross sales from bingo, paper pull-tabs, Texas Hold'em poker tournaments, and raffle activities. Also, the reports reflect approximately \$1.334 billion in gross sales and \$1.222 billion in prizes paid out for a total of \$112.3 million in adjusted gross sales from electronic gaming/pull-tab activities. Auditors performed 80 audits and financial reviews of licensed organizations, during which they identified approximately \$1,150,037 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 68 letters of warning, 94 notices of violation, and six compliance agreements. The auditors also performed a compliance review of 21 reports submitted by licensed suppliers and 12 reports submitted by manufacturers of electronic gaming/pull-tab systems.

On average, licensed organizations reportedly donated 11.9 percent of their gross sales from their bingo, paper pull-tabs, Texas Hold'em poker tournaments, and raffle activities for charitable, community, educational, or religious purposes. Also, licensed organizations reportedly donated 23.7 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, Texas Hold'em poker tournaments, 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 use 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 1,664 on-site inspections and performed 81 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 19 letters of warning and one notice of violation.

OCRP collaborated with various law enforcement agencies on 14 investigations, seven of which remain under investigation.

REGULATORY ACTIVITY

In response to Chapters 592, 593, 755, and 787 of the 2023 Acts of Assembly as well as Chapters 445, 504, and 593 of the 2024 Acts of Assembly, the Department filed a Notice of Intended Regulatory Action, which was published in The Virginia Register of Regulations on April 7, 2025. The Acts require the Department to (i) issue charitable gaming registrations; (ii) allow the sale of paper instant bingo, seal cards, and pull-tabs dispensed by mechanical equipment during certain annual fundraising events; (iii) issue temporary permits to certain qualified organizations during their respective convention, conference, or event; (iv) allow qualified organizations to count certain expenses related to rental of real property towards meeting their predetermined percentage of receipts for those lawful religious, charitable,

community, or educational purposes; and (v) require the posting of a sign that bears the number and website for the illegal gaming tip line. Also, the Acts require the Department to repeal prohibitions on electronic gaming/pull-tab devices from (i) displaying spinning, rotating, or rolling reels or animation or flashing lights; (ii) accepting vouchers; and (iii) the use of a single press or touch of a button to purchase and play of an electronic pull tab. Lastly, pursuant to § 18.2-340.18 of the Code of Virginia, the Department is promulgating regulations to require any landlord who rents, leases, or otherwise provides a premise to a charitable organization for the purpose of conducting charitable gaming to register with the Department. The Department has already done so for Texas Hold'em Poker Tournaments and must do so for all other forms of charitable gaming for consistency.

2025 LEGISLATIVE ISSUES

During the 2025 legislative session, the Virginia General Assembly considered seven bills pertaining to charitable gaming, two of which were enacted into law, and five of which failed in committee.

Legislative Bill	Patron	Outcome
House Bill 1920	Ward	Enacted – Chapter 49
House Bill 2078	Thomas	Failed in House Committee
House Bill 2167	Krizek	Failed in Senate Committee
House Bill 2634	Wilt	Failed in House Committee
House Bill 2651	Jones	Failed in House Committee
Senate Bill 1241	Durant	Failed in Senate Committee
Senate Bill 1280	Ebbin	Enacted – Chapter 336