
Washington State Gambling Commission



Management Guidelines

for the

Charitable / Nonprofit Gambling Licensee

Management Guidelines for the Nonprofit Gambling Licensee

Introduction

This information packet was prepared for use by bona fide charitable and nonprofit gambling managers, officers, and boards of directors. The packet contains a list of selected rules and regulations and offers guidelines and suggestions for compliance. The information is presented in sections as follows:

Section A – *List of Applicable WAC Rules / RCW:*

Applicable to Charitable or Nonprofit Organizations (intended as a guideline, not all inclusive).

Section B – *Independent Management Control Structure:*

Contains information on the duties of nonprofit directors, independent management control, budgeting, and internal control procedures.

Section C – *Checklist and Sample Accounting Forms:*

Contains a checklist for officers' use and samples of record-keeping forms for various types of activities.

Section D – *Sample Financial Statements:*

For use by high volume licensees, who's combined gross gambling receipts exceed 1 million dollars per year.

***List
of
Selected***

***Washington Administrative
Code Rule Sections***

&

Revised Code of Washington

A

WAC Rules / RCW
Applicable to Charitable or Nonprofit Organizations
(Intended as a guideline – not all inclusive)

WAC 230-03: Permitting and Licensing

WAC 230-05: Fees

WAC 230-06: Rules for All Licensees

WAC 230-07: Charitable and Nonprofit Organizations

WAC 230-09: Fund Raising Events

WAC 230-10: Bingo

WAC 230-11: Raffles

WAC 230-13 Amusement Games

WAC 230-14: Punchboard and Pull-Tabs

WAC 230-15: Card Games

Chapter 9.46 RCW: Gambling — 1973 Act:

RCW 9.46.0205	“Bingo.”
RCW 9.46.0209	“Bona fide charitable or nonprofit organization.”
RCW 9.46.0233	“Fund raising event.”
RCW 9.46.0311	Charitable, nonprofit organizations — Authorized gambling activities.
RCW 9.46.0315	Raffles-No license required, when.
RCW 9.46.0321	Bingo, raffles, amusement games — No license required, when.
RCW 9.46.0331	Amusement games authorized — Minimum rules.
RCW 9.46.0351	Social card, dice games — Use of premises of charitable, nonprofit organizations.
RCW 9.46.0361	Turkey shoots authorized.
RCW 9.46.110	Taxation of gambling activities — Limitations — Restrictions on punch boards and pull-tabs — Lien.
RCW 9.46.120	Restrictions on management or operation personnel — Restriction on leased premises.

***Independent
Management
Control
Structure***

B

Independent Management Control Structure

Introduction

It is the responsibility of the officers and board of directors of each charitable or nonprofit organization to ensure that the legislative intent regarding gambling activities is met. This responsibility shall be fulfilled by developing and maintaining an independent management control system that ensures: gambling activities are closely supervised and operated according to Commission guidelines; gambling proceeds are used solely to advance the purpose of the organization; all assets of the organization are protected from misuse or misappropriation; and an operating environment that facilitates implementation of the officers' or board of directors' policies is maintained. An organization's control environment and control procedures combine to create an independent management control system.

Elements of the control environment include management's philosophy and operating style. The commitment by management to an effective internal control structure sets the tone for all employees. Other elements of the control environment include the organization's structure, its audit committee and internal audit function, management control methods, and personnel policies and procedures. Methods to communicate the assignment of authority and responsibility, as well as external influences, also contribute to the operating environment.

An independent slate of officers or board of directors that has been elected by a process in which all active members have a single vote must oversee a management control system. An organization's operating environment will be independent when its officers, board members, and supervisory level employees completely separate their personal interests and the interest of the organization.

The management control system includes written policies, which set the responsibilities of officers, board of directors, and employees. The management control system also includes written policies establishing the scope of authority delegated to officers, board of directors, and employees.

Duties of Nonprofit Directors

Duty of Obedience

This duty requires directors to carry out the organization's purposes as set forth in its Articles of Incorporation and to ensure the organization conducts its activities in a lawful manner. Tax-exempt status is an important benefit and carries with it the responsibility of always acting for the public good. A breach of the duty of obedience may arise from (a) failure to monitor legal changes and requirements; (b) failure to monitor activities of employees and agents; (c) failure to monitor use of organization's funds; or (d) unauthorized change or expansion of activities.

Duty of Care

Directors have a duty to act in good faith, as a reasonably prudent person would, in a manner reasonably believed to further the best interests of the organization. The director has a duty to manage carefully and responsibly the financial affairs of the corporation. This includes a duty to ensure the books and records of the corporation are accurate and complete, even if this duty is delegated to others. In addition, directors have a duty to pay attention to tax deadlines and other reporting requirements. The director must exhibit good faith, act in a prudent manner, be attentive to the operations of the organization, and be alert to potential problems. A breach of duty of care may arise from (a) neglect of the directorial duties; (b) neglect of organization's legal and financial affairs; or (c) careless, frivolous decisions based on lack of information.

Duty of Loyalty

Directors have a duty to give their undivided loyalty to the mission of the organization they serve. This duty of loyalty includes the duty to further the organization's goals and not the directors' own best interests. There may be situations in which furthering the organization's best interests have the effect of benefiting a director. To avoid breaching the duty of loyalty, the interested director must fully disclose his / her interest to the board and must not participate in board discussion or voting on the issue. According to IRC Section 501(c)(3), no part of the earnings of a tax-exempt organization can inure to the benefit or any private shareholder or individual. Due to the "immoral" nature of a breach of the duty of loyalty, a higher standard of conduct is required, and stiffer court sanctions have resulted from breach of this duty. A breach of the duty of loyalty may arise from (a) use of position or information to gain personal advantage or further the interests of third persons; (b) excessive compensation or benefits; or (c) corporate loans to directors (this is also specifically prohibited by statute; see RCW 24.03.140).

Statutory Duties

Washington State also imposes statutory duties upon directors of nonprofit corporations (see RCW 24.03.127). The duties of a director shall be performed in a manner believed to be in the best interests of the corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. A director may rely upon the information and advice of employees, lawyers, and accountants, but only to the extent that the director, after reasonable inquiry, believes them to be reliable and competent.

If directors of a nonprofit corporation breach one of the duties discussed above, they may be subject to personal liability. In addition, the organization may lose its tax-exempt and nonprofit status. The nonprofit corporation itself may sue its directors for breach of fiduciary duties.

Internal Control Procedures

As mentioned in the introduction to this section, it is the responsibility of the officers and board of directors of all charitable or nonprofit organizations licensed to conduct gambling to ensure: gambling activities are closely supervised and operated according to Commission guidelines; gambling proceeds are used solely to advance to purpose of the organization; all assets of the organization are protected from misuse or misappropriation; and an operating environment that facilitates implementation of the officers' or board of directors' policies is maintained. A good internal control system is essential in ensuring these responsibilities are met.

Internal controls are the policies and procedures established by an organization's officers, board of directors, and management, which are designed to help ensure management directives are carried out. They help prevent and detect any errors, irregularities, misuse of proceeds, and misuse of authority, etc. Internal control procedures include adequate separation of duties, proper procedures for authorizing transactions, and independent checks on performance. Other control procedures include accurate documentation and record keeping, physical control over assets and records, and competent, trustworthy personnel with clear lines of authority and responsibility.

The following are minimum standards and procedures that your organization should adopt to help ensure that the responsibilities of the officers and board of directors are met:

Cash & Cash Banks

The number of employees authorized to handle cash should be limited.

A person independent of those responsible for the organization's cash sales and cash bank procedures should review the related records on a periodic basis.

All cash banks should be maintained on an impress basis which means that at all times the bank should contain either cash or expenditure receipts totaling the cash bank amount. For example, if your organization maintains a \$300 petty cash bank, and the bank is counted and found to contain only \$125 cash, there should be \$175 in supporting receipts for the \$175 that was spent. The cash banks should be counted and reconciled by an independent person on a regular basis.

Bank Accounts

All checks should be pre-numbered and require two signatures for each transaction, or, at a minimum, require two signatures for transaction in excess of a dollar amount set by the officers or board of directors.

The signing or countersigning of checks in advance should be prohibited.

The list of authorized signors on the accounts should be kept current. Authorized signors should be reviewed and updated at least once each year.

All checks should be stamped "for deposit only" immediately upon receipt.

Internal Control Procedures

A person independent of the persons having check writing authority should review the organization's banking procedures and records at least once every month.

Bank account statements should be mailed directly from the bank to an officer or board member who does not have check writing authority. This person should reconcile the accounts and review the bank statements and cancelled checks on a monthly basis. Unusual items should be investigated before returning the documents to persons with check writing authority.

All bank records, supporting invoices and receipts should be maintained for at least three years.

Non-Sufficient Funds (NSF) Checks

An independent person should review the organization's NSF procedures and NSF check activity at least once per month.

The board of directors or an individual independent of the person having authority to write-off / adjust the checks should approve NSF check write-offs / adjustments.

Purchases

The board of directors should establish a maximum dollar amount for purchases that do not require secondary approval. Any expenditure in excess of the set dollar amount should require the approval of a person independent of those with check writing authority prior to payment being made.

The officers or board of directors on a monthly basis to verify that expenditures are reasonable and proper should review the supporting invoices for all purchases.

Inventory

All items held for retail sale (i.e. bingo paper, pull tabs, food, drink, etc.) should be inventoried and inventory records maintained.

The organization should establish written procedures in regards to the purchase, sale, and write-off of inventory. A periodic review should be conducted to verify that established procedures are being followed.

At least once per month, an independent person should verify retail inventory by comparing retail inventory on hand to sales and purchases to ensure that no inventory is missing.

Property, Plant, Equipment, and Other Assets

The board should approve and document in the board meeting minutes, the acquisition and retirement of all assets.

The organization should develop written policies which establish a dollar amount to determine whether the cost of assets are to be capitalized and amortized over their useful life, or recorded as an expense in the period purchased. All assets purchased with a cost less than

Internal Control Procedures

the established dollar amount should be expensed. Assets, which cost more than the established amount, should be capitalized.

Proper records and supporting documentation should be maintained for all assets, including assets that are retired or sold.

Fixed assets should be inventoried and the fixed asset ledger should be balanced to the general ledger at least once per year.

Proper records should be maintained for all leased assets.

Personnel & Payroll

The organization should establish written policies regarding financial business transactions between the organization and its' members, officers, and employees. Individuals should acknowledge potential conflicts of interest and abstain from voting on issues that directly or indirectly affect their personal interest. All discussions or balloting regarding potential conflicts of interest shall be recorded in official meeting minutes.

The organization should establish a written policy regarding family and personal relationships between the organization's officers and employees. An independent party should monitor activity when related party relationships exist.

All employee wages, salaries, bonuses, and commissions should be approved and properly documented by the board of directors.

The manager of the organization should approve employee time records.

Payroll checks should require the signature of at least two people. At least one of these signatures should be someone who is not involved in preparing payroll.

At least once per month, an independent person should review the clerical accuracy of payroll and verify that employees are paid for only approved wages and hours.

An independent person should review payroll records on a periodic basis to verify that there are no past employees or ghost employees being paid by the organization.

The internal control procedures mentioned above are recommended minimum controls. If your organization is able to implement additional control policies and procedures, it will give greater assurance that the directives of the board of directors are being met. Smaller organizations may not have the financial resources to employ enough people to implement strong internal controls. The cost of implementing more controls may exceed the benefits. This cost / benefit dilemma is something your board of directors will have to discuss and determine, given the resources available, what level of internal controls they feel are sufficient to ensure their responsibilities are met. However, even the smallest organizations should implement minimum internal controls to help protect their assets.

Internal Control Procedures

WAC 230-07-060 requires all nonprofit and charitable organizations licensed to conduct gambling activities to develop and maintain an independent management control system that ensures that the legislative intent regarding gambling activities is met. Additionally, organizations licensed to conduct gambling activities with a combined gross income in excess of \$1,000,000 are required to have their management control structure documented in written policies and procedures. It is also the responsibility of the officers and board of directors of an organization to implement procedures to monitor compliance with established internal controls. Internal control policies and procedures are only effective if all employees and members of the organization follow them.

If you have any questions regarding internal control procedures, please contact your local Special Agent.

Budgeting for Nonprofit Organizations

A budget can be defined as a quantitative expression of a plan of action and an aid to coordination and implementation. Some define budgets for nonprofit organizations as difficult, but much needed tools for the measurement of an organization's fiscal performance. Budgets are a major feature of most control systems. When budgets are administered intelligently, they compel planning, provide performance criteria, and promote communication and coordination. This forced planning is by far the greatest benefit of budgeting to an organization.

Types of Budgets

The usual planning-and-control type of budget scans a period of one year. Quarters and months often break down the annual budget. Primarily, nonprofit organizations use performance reports to monitor their financial operations which compare budgeted with actual performance on a monthly basis. Other long-term budgets are often used for capital projects.

Formulating a Budget

Each organization must decide what type of budgeting system they are going to implement. Most large organizations use a concept of a "master budget" which allows each department to monitor their income, expenditures, and overall compliance with their anticipated financial goals. By combining each department or program's budget into one, a master budget is formed.

One of the first steps in formulating a master budget is to identify income to the organization for the next annual period. Revenues are usually based on historical data while taking into consideration many factors, which may affect a nonprofit organization's future sources of income. For example, an organization may wish to consider increased competition in the gambling industry, the impacts of legislation on governmental funding, and the overall decrease in contributions to charitable organizations in determining their anticipated sources of revenue during the next year of operations. The directors should also review the organization's internal fund-raising plans for the annual period and beyond.

When reviewing the proposed budget, management should consider the organization's primary sources of revenue. If an organization receives the bulk of its funding from one particular source, consideration should be given as to the impact the loss of revenue from a particular source would have on their ability to make progress toward their stated purpose(s). Many nonprofit organizations licensed by the Commission depend on gambling for a large portion of their overall revenue. For these organizations, increased competition in the industry and a decline in revenues can severely impact their program services. While no one can predict the future, anticipation of these impacts should be considered when developing a budget.

Budgeting for Nonprofit Organizations

Organizations should also review their anticipated outlays for expenditures during the next annual period. This part of the planning process forces management to plan for any upcoming major purchases or program expansions by the organization. Evaluating capital projects usually does this and equipment needs for anticipated expenditures. Additionally, an organization should consider the effects of inflation; rising health insurance costs, staffing needs, wage increases, and any other adjustments.

The Commission compiles quarterly statistical reports pertaining to the different gambling activities and expenditures for several classes of licensees. These statistical reports may be useful tools when evaluating the cost effectiveness of each organization's overall gambling activities and anticipated expenditures in specific areas. These reports are available through Public Disclosure requests with our Financial Reporting Section.

The last stage of the budgeting process is to determine whether the outcome of the projected revenues, less expenditure, is favorable to the organization. If not, adjustments should be made in either the revenues or expenditures section to produce a result, which is acceptable.

Implementing a Budget

As the organization operates throughout the year, the appropriate amount of revenues and expenses should be recorded as part of the budget. Material variances in each section should be reviewed and explained by the responsible party and adjustments made to bring expenditures within reasonable budget limits, if necessary. Additionally, the organization should establish a system where the management or Board of Directors reviews the results of the organization's operations periodically. Review promotes accountability for expenditures by each section manager, the organization's executive director, and the Board of Directors.

Suggested Procedures

Keeping and Maintaining Minutes of Meetings

1. Minutes should be kept of any meeting where voting or decision-making will take place.
2. While audiotapes taken during a meeting can assist the person responsible for the minutes in reconstructing parts of a meeting, all minutes must be available in written form.
3. The written minutes should be signed by the person who created the document and be made available to all participants for review as to accuracy.
4. At the next meeting, approval or corrections to the minutes from the previous meeting should be part of the meeting agenda.

How to Handle Conflict of Interest Issues Within a Meeting

1. The board member with the potential conflict of interest must acknowledge the issue at the beginning of any discussion of the issue. This acknowledgement should be reflected in the written minutes from the meeting.
2. Once the conflict has been acknowledged, the person is free to be involved in any discussion of the subject.
3. During any voting on the issue, the board member with the acknowledged conflict must abstain from voting. This abstention should be recorded in the written minutes.

What are Related Party Transactions and Potential Problems?

1. Related parties include these types of relationships: direct relatives, including spouses, parents, children, siblings, and similar relationships, whether by blood, adoption, or marriage; persons who maintain a common household; or persons who have business relationships with each other. It can sometimes extend to persons who are close personal friends.
2. There is no prohibition against people working together who are related to each other in one of the relationships described above. In many small organizations, the worker pool is limited. However, certain types of job descriptions can create the appearance of a potential conflict. Obvious examples are those that involve supervision by one party over another, or parties who have control over organizational finances. Disgruntled employees can suspect collusion even if none exists. If money is stolen or cannot be accounted for, the first area of suspicion will generally be the related party.
3. Care must be taken to properly review all related party situations within the organization and implement any appropriate measure to safeguard both the individual's as well as the organization's reputation. An independent party should monitor activity when related party relationships exist.

Suggested Procedures

Why are Job Descriptions Needed and What Should be Included?

1. If someone is not clear regarding what is expected of their position, it is difficult to hold them responsible for what they do or fail to do. Clear, written job descriptions should be created and reviewed on a regular basis. The job descriptions should pertain both to volunteer as well as paid positions, and may also include members of any committees formed for oversight functions.
2. At a minimum the job descriptions should include: the functions the person is expected to perform; the person's chain of command and any supervisory responsibilities; whether the person is paid or a volunteer, if paid, the basis for payment (hourly, overtime provisions, time card or reporting standard, etc.).

Yearly Review Process

1. Independent parties should be tasked with reviewing the organization's financial paperwork at least once a year. This can be done by an individual, but may be better accomplished with a small committee. At a minimum, this committee should personally review all checks, invoices, inventory, and any legal paperwork that has been completed during the year to determine the organization's assets are protected.
2. A report should be prepared for the executive board and signed by the committee members outlining the documents that were reviewed. This report should be maintained with the rest of the organization's records.
3. Whenever possible, the organization should consider having an outside accounting firm or Certified Public Accountant prepare this report.

Legal Papers for Directors and Officers to Review on a Yearly Basis

1. Any reports submitted by review committees or outside accounting firm.
2. The organization's bylaws and articles of incorporation.
3. Any reports to governmental agencies, including the Internal Revenue Service, Department of Revenue, Gambling Commission Quarterly Activity Reports, etc.
4. Any leases or other instruments of financial obligation to the organization.'
5. Internal control systems.

***Checklist
and
Sample
Accounting
Forms***

C

INTERNAL CONTROL QUESTIONNAIRE CHARITABLE / NONPROFIT ORGANIZATIONS FOR THE BOARD

INTRODUCTION:

It is the responsibility of the officers and the board of directors of each charitable or nonprofit organization to ensure that the legislative intent regarding gambling activities is met. This responsibility shall be fulfilled by developing and maintaining an independent management control system that ensures: Gambling activities are closely supervised and operated according to Commission guidelines; gambling proceeds are used solely to advance the purposes of the organization; all assets of the organization are protected from misuse or misappropriation; and an operating environment that facilitates implementation of the officers' or board of directors' policies is maintained. This checklist is a tool to help your organization ensure these guidelines are being met. It is not a substitute for formal written policies.

DEFINITIONS:

Independent Person –

A person who is not involved in the management or the day-to-day operation of the organization (i.e. trustees).

Obligate –

The ability to commit the organization into debt. This does not include the day-to-day operations of the organization (i.e. long-term notes, mortgages, major purchases, and contracts).

INSTRUCTIONS:

Check each question in the appropriate block. Any "NO" answer could indicate a weakness in the organization's internal controls. All "NO" answers should be fully explained in the comment section. Contact your Special Agent for help in correcting any internal control deficiencies noted.

	<u>YES</u>	<u>NO</u>
A. ALL CASH SALES		
(1) Is an independent person reviewing the organization's cash sales procedures and records?	_____	_____
B. CASH BANKS ON PREMISES (INCLUDING PETTY CASH)		
(1) Is an independent person reviewing the organization's cash bank procedures and records?	_____	_____
C. BANK ACCOUNTS		
(1) Are at least two signatures required for each account transaction?	_____	_____
(2) Are there no presigned checks?	_____	_____
(3) Is the list of authorized signers current?	_____	_____
(4) Is the list of authorized signers reviewed and updated at least every year?	_____	_____
(5) Is an independent person reviewing the organization's banking procedures and records?	_____	_____
(6) Is the review done at least monthly?	_____	_____
(7) Are records and supporting documentation kept at least three years?	_____	_____
D. NSF CHECKS		
(1) Is an independent person reviewing the organization's NSF check procedures?	_____	_____
(2) Is the review done at least monthly?	_____	_____
(3) Are write-offs / adjustments approved by the board?	_____	_____

YES NO

E. INVENTORY

- (1) Are all retail items inventoried (i.e. food, drink, pull-tabs, etc.)? _____
- (2) Are inventory records maintained for retail items? _____
- (3) Are the organization's by-law requirements for inventory record keeping being followed? _____
- (4) Is all retail inventory verified by an independent person? _____
- (5) Is the inventory of retail items compared to the sales and purchases to ensure that no inventory is missing? _____
- (6) Is the retail inventory verification done at least monthly? _____

F. PROPERTY, PLANT, EQUIPMENT, AND OTHER ASSETS

- (1) Does the organization have a policy or set dollar amount to determine whether assets are to be capitalized or expensed? _____
- (2) Does the board approve the acquisition of all assets? _____
- (3) Is the approval documented in the board meeting minutes? _____
- (4) Are proper records and supporting documentation maintained for all assets? _____
- (5) Does a qualified person determine the estimated useful life and the depreciation method of depreciable property? _____
- (6) Does the board authorize asset retirements or sales? _____
- (7) Is the authorization documented in the board meeting minutes? _____
- (8) Are proper records and supporting documentation maintained for assets that are retired or sold? _____
- (9) Are fixed assets inventoried annually? _____
- (10) Are the assets control ledger accounts balanced to the general ledger? _____
- (11) Are all records maintained for leased assets? _____

G. PERSONNEL

- (1) Is it against the organization's policy for members, officers, and employees to engage in financial business transactions with the organization? _____
- (2) Are there no family or personal relationships within the organization's officers and employees? _____

FORMS TO ENHANCE CONTROLS

Record keeping and reporting controls are an important part of ensuring your assets are protected and activities are closely monitored. The attached forms have been developed to assist organizations in developing a control system.

These forms are recommended for control over areas not specifically covered by Commission required formats. Your organization is still required to comply with all WACs and RCWS. There may be additional daily, monthly, quarterly, or annual record and report formats that are required.

A brief summary of each of these forms is being provided for your review. Information given in this summary includes: the purpose of each form, who should prepare the form, and how you may benefit from its use.

DAILY BAR REPORT – FORM 1 (GC2-334) & FORM 2 (GC2-335)

These forms enable clubs to properly identify daily income and to reconcile income to cash on hand. Your bar manager should prepare the daily bar report. However, there should be another individual counting the actual cash on hand. This provides a control through the separation of duties. You will benefit from this form by having a better understanding of your income levels and where the income is going.

SCHEDULE OF CASH PAYOUTS (GC2-336)

This form is to be used in conjunction with the daily bar report. Its purpose is to individually list out all daily cash purchases. Your bar manager should prepare your schedule of cash payouts. Vendor invoices should be maintained to support all payouts. This form will give you a better understanding of daily cash payments.

BOOKKEEPER'S NSF CHECK LOG (GC2-337)

This form is designed to record NSF check information when it is returned from the bank. Its purpose is to list all NSF checks outstanding. It should be prepared and maintained by the bookkeeper. This form will give you a better understanding of the total NSF checks outstanding.

NSF CHECK COLLECTION LOG (GC2-338)

This form is designed to record all NSF checks collected. Its purpose is to document the amount of NSF checks collected and who collected them. The person who collects the NSF checks would be responsible for filling out the form. This form will let you know exactly how much has been collected and can be compared to the *Bookkeeper's NSF Check Log (GC2-337)*.

SCHEDULE OF ADDITIONS / WITHDRAWALS TO CASH BANK (GC2-339)

This form is designed to record all transactions for a cash bank. This bank can be a petty cash fund or an operating bank kept in the organization's safe. This form should be completed by the custodian of the cash bank. It will provide you an accurate running total of your cash bank at all times.

RAFFLE SUMMARY (GC2-340)

This form was designed to be used for a members-only weekly raffle in which more than four prizes are awarded. It should be prepared by the person working the raffle and / or the raffle manager. This form will provide you with an accurate summary of the weekly raffle. You must use a *Raffle Winners Register* (GC2-149) with this *Raffle Summary*.

RAFFLE WINNERS REGISTER (GC2-149)

This form is to be used in conjunction with the *Raffle Summary* (GC2-340) mentioned above. Its purpose is to list the winners and the prizes paid for each raffle conducted. It should be prepared by the person working the raffle and / or the raffle manager.

RAFFLE SUMMARY / WINNERS REGISTER (GC2-341)

This form was designed to be used for a members-only weekly raffle in which less than five prizes are awarded. It should be prepared by the person working the raffle and / or the raffle manager. This form will provide you with an accurate summary of the weekly raffle.

PADDLE WHEEL RAFFLE SUMMARY (GC2-240)

This form was designed to be used for a members-only paddle wheel raffle. Only licensees who have obtained the approval of the Commission to conduct this "alternative format" raffle may conduct paddle wheel raffles. This form should be prepared by the person working the raffle and / or the raffle manager. This form will provide you with an accurate summary of the paddle wheel raffle.

ANNUAL RAFFLE SUMMARY (GC2-342)

This form is to be used in conjunction with the raffle summary forms. Its purpose is to summarize each individual raffle. It should be prepared by the raffle manager. It will provide you with a running yearly total of all raffles conducted by the organization.

PUNCH BOARD / PULL-TAB ACCOUNTABILITY FORM (GC2-343)

This form is designed to track a single pull-tab game's sales and over / shortages. It should be prepared by the pull-tab manager. It will provide you with a means to track a game's progress every shift, day, or week and determine where problems are occurring.

DAILY BAR REPORT – FORM 1

Licensee: _____ Day: _____ Date: _____

<u>TYPE OF SALE</u>	<u>DAY SHIFT</u>	+	<u>NIGHT SHIFT</u>	=	<u>TOTAL</u>
Liquor	_____		_____		_____
Beer	_____		_____		_____
Wine	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
TOTAL REVENUE	_____	(A) +	_____	(B) =	_____ (C)
			Beginning Working Bank		_____ (D)
			NSF Checks Collected +		_____ (E)
			NSF Check Fee +		_____ (E)
			Less Cash Payouts (2) -		_____ (F)
			Expected Cash Per Records		_____ (G)
			Cash Over or (Short)		_____ (H)
			Actual Cash on Hand		_____ (I)
			Less Ending Working Bank -		_____ (J)
			Deposit		_____ (K)
<u>MISCELLANEOUS SALES</u>	<u>DAY SHIFT</u>	+	<u>NIGHT SHIFT</u>	=	<u>TOTAL</u>
Music	_____		_____		_____
Cigarettes	_____		_____		_____
Other	_____		_____		_____
TOTAL MISC. SALES	_____	+	_____	=	_____ (L)
					To (1) above

DAILY BAR REPORT – FORM 1 INSTRUCTIONS

Form 1 was designed for small nonprofit organizations with social clubs to use to record their bar receipts. The licensee should be using a cash register with at least the capability of dividing out each type of sale as required by the taxing authorities. The cash registers should also be capable of printing a subtotal for each shift (x-tapes), and a daily total (z-tape). This form was designed for registers with limited capabilities. This form can be adapted to fit the individual needs of the licensee. Extra space was provided to accommodate additional types of sales.

- A. The day shift total revenue should be supported by a cash register x-tape.
- B. The night shift total revenue should be supported by a cash register x-tape.
- C. The total revenue should be supported by a cash register z-tape showing the daily total.
- D. The beginning working bank should be the same as the previous days ending working bank. Ideally the beginning and ending bank would be for the same amount every day.
- E. Collections of non-sufficient funds (NSF) checks needs to be added to the daily bar receipts because it is money on hand that is not part of the daily revenue. The same is true for any service charge related to the NSF check. These revenues should be included in the daily deposit.
- F. These are only payouts made in cash from the cash register. All amounts will be recorded on the cash payout form and should be supported by a receipt or an invoice. The total cash payouts will reduce the amount of cash on hand for deposit.
- G. The expected cash is the amount of cash that should be on hand from sales, NSF check collections, and the beginning bank, less any cash paid from the register.
- H. Cash over or (short) is the difference between the expected cash and the actual cash on hand.
- I. Actual cash on hand is the total of all cash and checks in the cash register.
- J. The ending working bank should be the same amount as the beginning working bank.
- K. The amount of the deposit on Form 1 is the difference between the actual cash on hand and the ending working bank. The amount deposited should be the daily revenue, plus NSF check and service charge collections, plus cash overages, less payouts, and cash shortages. The amount deposited should be supported by a validated bank deposit slip.
- L. Miscellaneous sales are recorded on the cash register tape. However, it is often useful to know exactly what is included in miscellaneous sales. The items sold can be listed individually. If the "other" category is used, the recordkeeper should manually write in what is included in that total.

DAILY BAR REPORT – FORM 2 INSTRUCTIONS

Form 2 was designed for nonprofit organizations with social clubs to use to record their bar receipts. The licensee should be using a cash register with at least the capability of dividing out each type of sale as required by the taxing authorities. The cash registers should also be capable of printing a subtotal for each shift (x-tapes), and a daily total (z-tape). This form can be adapted to fit the individual needs of the licensee. Extra space was provided to accommodate additional types of sales. This form is for organizations that have most of their "cash on hand" in the form of checks. The reconciliation allows for cash additions to get the ending working bank up to the balance.

- A. The day shift total revenue should be supported by a cash register x-tape.
- B. The night shift total revenue should be supported by a cash register x-tape.
- C. The total revenue should be supported by a cash register z-tape showing the daily total.
- D. The beginning working bank should be the same as the previous days ending working bank. Ideally the beginning and ending bank would be for the same dollar amount every day.
- E. Collections of non-sufficient funds (NSF) checks needs to be added to the daily bar receipts because it is money on hand that is not part of the daily revenue. The same is true for any service charge related to the NSF check. These revenues should be included in the daily deposit.
- F. These are only payouts made in cash from the cash register. All amounts will be recorded on the "cash payout form" and should be supported by a receipt or an invoice. The total cash payouts will reduce the amount of cash on hand for deposit.
- G. The expected cash is the amount of cash that should be on hand from sales, NSF check collections, and the beginning bank, less any cash paid from the register.
- H. Cash over or (short) is the difference between the expected cash and the actual cash on hand.
- I. Actual cash on hand is the total of all cash and checks in the cash register.
- J. The amount of the deposit may be more than the revenues, plus NSF check and service charge collections, plus cash overages, less payouts and cash shortages. This is due to too much of the "actual cash on hand" in the form of checks. The checks would be deposited and any cash would be kept for the ending working balance. Additional cash would have to be added to replenish the ending bank to the working balance.
- K. "Cash additions" are necessary when the deposit includes a portion of the working bank. Cash additions would be needed when the actual cash on hand is mostly checks and there is not enough currency to make up the working bank. Cash additions should only be for the difference between the cash on hand and the amount necessary for the working bank.
- L. The ending working bank should be the same amount as the beginning working bank.
- M. Miscellaneous sales are recorded on the cash register tape. However, it is often useful to know exactly what is included in miscellaneous sales. The items sold can be listed individually. If the "other" category is used, the recordkeeper should manually write in what is included in that total.

SCHEDULE OF CASH PAYOUTS

Licensee _____ Day: _____ Date: _____

<u>CASH PAYOUTS</u>	<u>DAY SHIFT</u>	+	<u>NIGHT SHIFT</u>	=	<u>TOTAL</u>
Liquor	_____		_____		_____
Laundry	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
Misc. (1)	_____		_____		_____
Total Cash Payout	<u>_____</u>		<u>_____</u>		_____
			To (2) on Daily Bar Report		<u>_____</u> (A)

SCHEDULE OF CASH PAYOUTS INSTRUCTIONS

Many cash registers have a cash payout key which records the payouts on the register tape. The "Schedule of Cash Payouts" form was provided so the cash purchases could be listed individually. The total cash payouts are included on the *Daily Bar Report*, Item (2)

All cash payouts should be supported by a vendor's receipt or invoice regardless of whether the payouts are recorded on the cash register tape or recorded manually on the daily record. Only payouts made in *cash* from the cash register should be recorded on this form.

BOOKKEEPER'S NSF CHECK LOG INFORMATION

This form is designed to record NSF check information when it is returned from the bank. Once the check is recorded on the log, it should be given to the person responsible for the collection. This person may be the bartender or a manager.

Once the funds are collected (check amount + collection fees), it should be recorded on the *NSF Check Collection Log* maintained by the collector. The funds are then given back to the bookkeeper and the amount is recorded on the NSF Check Log.

If the funds are collected by the bartender, this amount is recorded on the *Daily Bar Report* form and the money is put into the cash register.

It is recommended that, on a monthly basis, the bookkeeper reconcile uncollected checks (according to their log) to the actual checks held by the collector.

If any problems or questions arise, contact your local Special Agent.

NSF CHECK COLLECTION LOG INFORMATION

This form was designed to be used by the person(s) responsible for collecting NSF checks.

Once the funds are collected (check amount + collection fees), it should be recorded on the *NSF check Collection Log* maintained by the collector. The funds are then given back to the bookkeeper and the amount is recorded on the NSF Check Log.

If the funds are collected by the bartender, this amount is recorded on the *Daily Bar Report* form and the money is put into the cash register.

If any problems or question arise, contact your local Special Agent.

SCHEDULE OF ADDITIONS / WITHDRAWALS TO CASH BANK INFORMATION

This form was designed to record all transactions for a cash bank. This cash bank can be a petty cash fund or an operating bank kept in the organization's safe.

Every time money is added or withdrawn from the cash bank, it should be recorded on the form. This form will provide a running total of your cash bank at all times. This form is designed to be kept with the cash bank.

It is recommended that, on a monthly basis, an independent person reconcile the actual cash to this record.

If any problems or questions arise, contact your local Special Agent.

RAFFLE SUMMARY

Organization Name: _____

Date of Drawing: _____ (a)

Ticket Color: _____

Ending Ticket Number: _____

- Beginning Ticket number: - _____

+ 1 + _____ 1

= Number of Tickets Sold: = _____

x Cost per Ticket: x _____

= Gross Receipts: = _____ (b)

Actual Deposit Amount: _____ (c)

Cash Over / (Short): _____ (d)

If deposit > gross receipts, then cash over.
If deposit < gross receipts, then cash (short).

Date of Deposit: _____

Total Cost of Prizes Awarded: _____ (e)

Manager: _____ Date: _____

Preparer: _____ Date: _____

NOTE: Keep this record and winners register with winning tickets for a minimum of three years. If winners need not be present to win, then also keep all sold tickets. Figures (a) through (e) should be transferred to the *Annual Raffle Summary*.

RAFFLE SUMMARY INFORMATION

TYPE OF RAFFLE:

This form was designed be used for a members-only weekly raffle. This type of raffle is usually conducted as follows:

- The raffle is held on a regularly scheduled night of the week (For example: every Friday night).
- Only one or two members sell theater-style tickets from a roll for a specific time period prior to the drawing (For example: 4 pm to 9 pm, or Monday through Friday). Therefore, a ticket distribution log is not needed.
- There are no expenses other than the cost of the prizes awarded that night. Usually the same prizes are awarded each week (For example: steaks).

DISCLOSURE:

The following information shall be disclosed in writing (a posted sign is sufficient) to the participants at the point of sale:

1. Name of the organization.
2. Date (Example: every Friday)
3. Time (Example: 4pm to 9pm, drawing to be held at 9pm)
4. Location (Example: club lounge, etc.)
5. Cost per Ticket (not to exceed \$25 per ticket)
6. Description of prizes to be awarded (Example: five drawings for a package of two steaks each)
7. Whether or not the winner must be present to win

RECORD KEEPING:

In addition to this raffle summary, you must use a Winners Register and maintain both as part of your records.

If the winner is not required to be present to win, you need to retain the *winning tickets* and *all sold, non-winning tickets* with your records.

If the winner must be present to win, you only need to retain the *winning tickets* with your records.

Raffle records, as well as supporting invoices for the purchase of prizes, must be maintained for a minimum of three years.

Once complete, the information on this raffle summary should be recorded on the *Annual Raffle Summary* form.

NOTE:

Your organization is responsible for complying with all RCW and WAC raffle rules.

WASHINGTON STATE GAMBLING COMMISSION RAFFLE SUMMARY

Licensee: _____ Date of Drawing: _____

1. Reconciliation of Ticket Sales

_____ (-) _____ (+) 1 (-) _____ (=) _____
 Ending Ticket # Beginning Ticket # # of Returned Tickets Total Tickets Sold

2. Activity Summary

Gross Receipts: Total Tickets Sold _____ X Per Ticket \$ _____ = \$ _____

Less Prizes Paid **(See Winners Register)** (-) _____

Equal Net Receipts = _____

Expenses:

License Fees..... \$ _____

Local Taxes..... _____

State Taxes..... _____

Equipment Rental..... _____

Advertisement..... _____

Cash (Over) / Short ^(A)..... _____

Other..... _____

Total Expenses..... \$ _____

Net Income..... \$ _____

3. Other Required Information:

^(A) Cash (Over) / Short:

Gross Receipts \$ _____ (-) Total Amount Deposited^(B) _____ (=) \$ _____

Explanation of Cash (Over) / Short: _____

^(B) Schedule of Deposits:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
_____	\$ _____	_____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Subtotal From Attached Schedule (If Needed) \$ _____

Total Amount Deposited – Attach Deposit Slips \$ _____

_____/_____
 Manager Date Preparer Date

RAFFLE WINNERS REGISTER

Licensee: _____

Date of Raffle: _____, _____

For prizes with a cost or fair market value in excess of \$50:

<u>Name, Address & Phone # of Winner</u>	<u>Description of Prize (Indicate If Donated)</u>	<u>Purchase Price or Fair Market Value Amount</u>	<u>Winning Ticket Numbers (1)</u>
_____	_____	\$	_____
_____	_____	_____	_____
()	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
()	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
()	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
()	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
()	_____	_____	_____

For prizes with a cost or fair market value of \$50 or less:

<u>Number Awarded</u>	<u>Description</u>		
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total Prizes Paid		\$	(2)

(1) Attach Winning Tickets to Prize Summary.
 (2) Record Total Prizes Paid on the Raffle Summary.

RAFFLE SUMMARY / WINNERS REGISTER

Organization Name: _____

Date of Drawing: _____ (a)

Ticket Color: _____

Ending Ticket Number: _____

- Beginning Ticket Number: - _____

+ 1 + _____ 1

= Number of Tickets Sold: = _____

x Cost per Ticket: x _____

= Gross Receipts: = _____ (b)

Actual Deposit Amount: _____ (c)

Cash Over / (Short): _____ (d)

If deposit > gross receipts, then cash over.

If deposit < gross receipts, then cash (short).

Date of Deposit: _____

Total Cost of Prizes Awarded: _____ (e)

<u>Winner's Name</u>	<u>Prize Awarded</u>	<u>Winning Ticket #</u>

Manager: _____ Date: _____

Preparer: _____ Date: _____

NOTE: Keep this record with winning tickets for a minimum of three years. If winners need not be present to win, then also keep all sold tickets. Figures (a) through (e) should be transferred to the *Annual Raffle Summary*.

RAFFLE SUMMARY / WINNERS REGISTER INFORMATION

TYPE OF RAFFLE:

This form was designed to be used for a members-only weekly raffle. This type of raffle is usually conducted as follows:

- The raffle is held on a regularly scheduled night of the week (For example: every Friday night).
- Only one or two members sell theater-style tickets from a roll for a specific time period prior to the drawing (For example: 4 pm to 9 pm, or Monday through Friday). Therefore, a ticket distribution log is not needed.
- There are no expenses other than the cost of the prizes awarded that night. Usually the same prizes are awarded each week (For example: steaks).

DISCLOSURE:

The following information shall be disclosed in writing (a posted sign is sufficient) to the participants at the point of sale:

1. Name of the organization.
2. Date (Example: every Friday)
3. Time (Example: 4pm to 9pm, drawing to be held at 9pm)
4. Location (Example: club lounge, etc.)
5. Cost per Ticket (Example: 50 cents each)
6. Description of prizes to be awarded (Example: five drawings for a package of two steaks each)
7. Whether or not the winner must be present to win

RECORD KEEPING:

If the winner is not required to be present to win, you need to retain the *winning tickets* and *all sold, non-winning tickets* with this form.

If the winner must be present to win, you only need to retain the *winning tickets* with this form.

Raffle records, as well as supporting invoices for the purchase of prizes, must be maintained for a minimum of three years.

Once complete, the information on this raffle summary should be recorded on the *Annual Raffle Summary* form.

NOTE:

Your organization is responsible for complying with all RCW and WAC raffle rules.

PADDLE WHEEL RAFFLE SUMMARY

Organization Name: _____

Date of Drawing: _____ (a)

	SPIN #1	SPIN #2	SPIN #3
# of Paddles Sold			
x Cost per Paddle			
= Sales			

Name of Winner: _____

Winning Paddle #: _____

Prize Awarded: _____

	SPIN #4	SPIN #5	SPIN #6
# of Paddles Sold			
x Cost per Paddle			
= Sales			

Name of Winner: _____

Winning Paddle #: _____

Prize Awarded: _____

SUMMARY:

Total Gross Receipts: \$ _____ (b)

Actual Deposit Amount: \$ _____ (c)

Cash Over / (Short): \$ _____ (d)

If deposit > gross receipts, then cash over.
If deposit < gross receipts, then cash (short).

Total Cost of Prizes Awarded: \$ _____ (e)

Date of Deposit: _____

Signatures: _____
Manager Date

Preparer Date

NOTE: This record must be maintained for a minimum of three years.
 Figures (a) through (e) should be transferred to the *Annual Raffle Summary*.

PADDLE WHEEL RAFFLE SUMMARY INFORMATION

TYPE OF RAFFLE:

This form was designed to be used for a members-only paddle wheel raffle. This type of raffle is an "alternative format" raffle. Therefore, in addition to having a raffle license, you must request and receive permission in writing from the Gambling Commission in order to conduct paddle wheel raffles. They are usually conducted as follows:

- The raffle is held on a regularly scheduled night of the week (For example: every Friday night).
- Equipment used is a wheel with numbered spaces on it and corresponding numbered paddles.
- The paddles are sold for a certain amount (not to exceed \$100) immediately prior to the spin of the wheel. The wheel is spun when all the paddles (or as many paddles as possible) are sold. The person who has the paddle which matches the number spun on the wheel is the winner.
- The number of spins of the wheel may vary each time, depending on how many paddles can be sold or how many prizes are available to be won.
- There are no expenses other than the cost of the prizes awarded that night. Usually the same prizes are awarded each week (For example: steaks).

DISCLOSURE:

The following information shall be disclosed in writing (a posted sign is sufficient) to the participants at the point of sale:

1. Name of the organization
2. Date (Example: every Friday)
3. Time (Example: 4pm to 9pm)
4. Location (Example: club lounge, etc.)
5. Cost per paddle (Example: \$1 each)
6. Description of prizes (Example: steaks)
7. House rules governing what will happen if all paddles on the wheel are not sold.

RECORD KEEPING:

Raffle records, as well as supporting invoices for the purchase of prizes, must be maintained for a minimum of three years.

Once complete, the information on this raffle summary should be recorded on the *Annual Raffle Summary* form.

NOTE:

Your organization is responsible for complying with all RCW and WAC raffle rules.

PUNCH BOARD / PULL-TAB ACCOUNTABILITY FORM

Game Name: _____

Date in Play: _____

WSGC Stamp #: _____

Date Out of Play: _____

Employee Name	Beginning Shift Count	Ending Shift Count	Sold Tabs	Cost per Chance	Gross Receipts	Prizes Paid	Expected Cash Count	Actual Cash Count	Cash Over / Short
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____
_____	_____	- _____ = _____	X	_____ = _____	_____ - _____ = _____	_____ = _____	_____ - _____ = _____	_____ = _____	_____ = _____

PUNCH BOARD / PULL-TAB ACCOUNTABILITY FORM INFORMATION

This form was designed to track a pull-tab game's sales and over / shortages. Shortages can occur from operating mistakes or employee thefts.

Before you take the time to weigh each game, it is best to double check to see that the shortages are not errors. One common problem is that games are not weighed properly when counting the little tabbies, a sample of 200 to 400 is needed to get an accurate count. The larger and heavier break-open window games may only need a sample of 100.

Games can be either counted every shift, day, or week. To pinpoint sales and shortages, it is best to count games every shift. All pull-tab games in play, or just a few, can be counted.

When shortages first start occurring, contact your Special Agency. He / She can assist you in determining how and where the shortages are occurring and suggest steps to correct the problem.

***Sample
Financial
Statements***

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Sample Financial Statements

The following samples include: Statement of Financial Position, Statement of Activities, and Statement of Cash Flows. These illustrations are intended as examples only; they present only a few of the permissible formats. Other formats or levels of detail may be appropriate for different organizations. Organizations are encouraged to provide information in ways that are relevant and understandable to donors, creditors, and other external users of financial statements.

The Commission encourages organizations to provide comparative statements; however, for simplicity, the illustrative Statements of Activities and Statements of Cash Flows have been shown for a single year. The illustrations also include specific notes to the financial statements for matters discussed in these statements. The notes are not intended to illustrate compliance with all generally accepted accounting principles and specialized accounting and reporting principles and practices. The accompanying examples were taken from "AICPA Checklists and Illustrative Financial Statements for Not-For-Profit Organizations."

Big Brothers of Any County, Inc.
Statement of Financial Position
December 31, 200--

Assets

Current Assets

Cash and cash equivalents	\$ 36,450
Contributions receivable (Note 2)	42,100
Leasehold interest, current (Note 3)	34,500
Prepaid expenses	3,800
Deposit	<u>2,000</u>
Total current assets	118,850

Noncurrent Assets

Vehicles and office equipment (Note 4)	26,400
Leasehold interest, noncurrent (Note 3)	213,950
Investments (Note 5)	<u>67,800</u>
Total noncurrent assets	<u>308,150</u>
Total assets	<u>\$ 427,000</u>

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 34,500
---------------------------------------	-----------

Net Assets

Unrestricted	68,150
Temporarily restricted (Note 9)	266,550
Permanently restricted (Note 10)	<u>57,800</u>
Total net assets	<u>392,500</u>
Total liabilities and net assets	<u>\$ 427,000</u>

The accompanying notes are an integral part of these financial statements.

Big Brothers of Any County, Inc.
Statement of Activities
Year Ended December 31, 200--

Changes in Unrestricted Net Assets

Revenues

Contributions	\$ 91,400
Program revenue	212,600
Special events, net of direct costs in the amount of \$14,000	22,200
Donated goods and facilities	34,800
Donated services	4,500
Interest and dividends	<u>3,050</u>
Total unrestricted revenue	<u>368,550</u>

Net assets released from restrictions

Expiration of time restrictions	<u>27,000</u>
Total unrestricted revenues and other support	<u>395,550</u>

Expenses

Program expenses	335,300
Management and general	41,350
Fund-raising expenses	<u>46,050</u>
Total expenses	<u>422,700</u>
Decrease in unrestricted net assets	<u>(27,150)</u>

Changes in Temporarily Restricted Net Assets

Contributions	18,100
Donated facilities	248,450
Net assets released from restrictions	<u>(27,000)</u>
Increase in temporarily restricted net assets	<u>239,550</u>

Changes in Permanently Restricted Net Assets

Contributions to endowment fund	10,000
Interest income	<u>500</u>
Increase in permanently restricted net assets	<u>10,500</u>

Increase in Net Assets

222,900

Net Assets at Beginning of Year, Restated (Note 8)

169,600

Net Assets at End of Year

\$392,500

The accompanying notes are an integral part of these financial statements.

Big Brothers of Any County, Inc.
Statement of Cash Flows
Year Ended December 31, 200--

Cash Flows From Operating Activities

Increase in net assets	\$ 222,900
Adjustments to reconcile change in net assets to net cash used by Operating activities:	
Depreciation	8,500
Contributions restricted for long-term investment	(258,450)
Increase in contribution receivable	(3,100)
Increase in prepaid expenses	(2,000)
Increase in accounts payable and accrued expenses	<u>7,800</u>
Net cash used by operating activities	<u>(24,350)</u>

Cash Flows from Investing Activities

Purchase of office equipment	<u>(6,500)</u>
------------------------------	----------------

Cash Flows from Investing Activities

Proceeds from contributions restricted for building fund	10,000
Interest and dividends restricted for reinvestment	<u>500</u>
Net cash provided by financing activities	<u>10,500</u>

Net Decrease in Cash and Cash Equivalents (20,350)

Cash and Cash Equivalents at Beginning of Year 56,800

Cash and Cash Equivalents at End of Year \$ 36,450

Supplemental Data:

Noncash investing and financing activities:	
Gift of leasehold rights	\$ 248,450

The accompanying notes are an integral part of these financial statements.

Big Brothers of Any County, Inc.
Statement of Functional Expenses
 Year Ended December 31, 200--

	<i>Supporting Services</i>			<i>Total</i>
	<i>Program</i>	<i>Management and General</i>	<i>Fund- Raising</i>	
Salaries	\$197,000	\$22,000	\$22,000	\$241,000
Rent	36,500	3,000	3,000	42,500
Insurance	22,000	2,300	2,300	26,600
Payroll Taxes	17,200	1,900	1,900	21,000
Outside Services	8,000		9,000	17,000
Telephone	9,500	1,500	1,500	12,500
Office Supplies	8,500	2,000	1,500	12,000
Depreciation	6,000	1,250	1,250	8,500
Lease and Maintenance	5,600	900	900	7,400
Dues	7,000			7,000
Accounting and Legal		4,500		4,500
Postage	6,200	1,100	1,800	9,100
Advertising and Recruitment	3,600			3,600
Mileage	2,000	300	300	2,600
Newsletter	2,500			2,500
Awards and Recognition	2,500			2,500
Miscellaneous	<u>1,200</u>	<u>600</u>	<u>600</u>	<u>2,400</u>
	<u>\$335,300</u>	<u>\$ 41,350</u>	<u>\$ 46,050</u>	<u>\$422,700</u>

Big Brothers of Any County, Inc.
Notes to Financial Statements
Year Ended December 31, 200--

Note 1 – Nature of Organization and Significant Accounting Policies

Big Brothers of Any County, Inc. (the Organization) is a nonprofit organization dedicated to helping single-parent children by building friendships through a one-on-one matching program with screened adult volunteers.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated Services, Goods and Facilities

A substantial number of volunteers have donated approximately 20,000 hours to the Organization's program services and fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services (which include accounting and legal services) are reflected in the statement of activities at their fair value.

Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Conditional Promises to Give

As of December 31, 200--, the Organization had received conditional promises to give aggregating \$13,000 that is contingent upon the Organization's raising matching corporate gifts.

Notes to Financial Statements

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. At year-end and throughout the year, the organization's cash balances were deposited in several banks. Management believes the organization is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments are stated as cost, which approximates market value.

Vehicles and Office Equipment

Vehicles and office equipment are carried at cost. Depreciation is computed on the straight-line method.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Organization is a nonprofit corporation whose revenue is derived from contributions and other fund-raising activities and is not subject to federal or state income taxes.

Note 2 – Contributions Receivable

Contributions Receivable	\$ 52,600
Less allowance for uncollectable contributions	<u>(10,500)</u>
	<u>\$ 42,100</u>

Note 3 – Leasehold Interest

In December of 1200--, the Organization received a contribution of leasehold rights for 3,000 square feet of office space for a ten-year term. The organization's monthly rent under a signed lease agreement is \$1 per month. The present value of the fair market rent of \$3,000 per month over the lease term, which was determined using an 8% discount rate, has been recognized as temporarily restricted support in the current year. The amounts are classified as follows:

Future leasehold rights	\$ 248,450
Less current portion – twelve months	<u>(34,500)</u>
Leasehold interest – noncurrent	<u>\$ 213,950</u>

Notes to Financial Statements

The expected time expirations on restrictions of leasehold interests are:

<u>Year Ending December 31,</u>	<u>Amount</u>
200--	\$ 34,500
200--	31,900
200--	29,500
200--	27,200
200--	25,100
Thereafter	<u>100,250</u>
	<u>\$ 248,450</u>

Note 4 – Vehicles and Office Equipment

Office equipment	\$ 29,500
Leasehold improvements	12,400
Vehicles	<u>14,300</u>
	56,200
Less accumulated depreciation	<u>(29,800)</u>
	<u>\$ 26,400</u>

Note 5 – Investments

The Organization's investments at December 31, 200-- included approximately \$57,800 of equity securities and \$10,000 of State of Israel Bonds.

Note 6 – Lease Commitments

The Organization leased its Any City office facilities under a noncancellable operating lease, which expired December 31, 200--. Rental expense for the year ended December 31, 200--, including common area expenses was \$42,500.

In December 200--, the Organization signed a lease agreement for new office facilities for a term of ten years. The Organization may cancel the lease at any time with a 30-day notice. See also Note 3.

Note 7 – Functional Allocation of Expenses

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited.

Note 8 – Change in Accounting Method

During 200--, the Organization adopted the accounting treatment prescribed by Statement on Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements for Not-for-Profit Organizations*. In accordance with SFAS No. 116, contributions received are recorded as

Notes to Financial Statements

unrestricted support depending on the existence and / or nature of any donor restrictions. As permitted by SFAS No. 116, the Organization may retroactively apply the provisions of this new statement by restating the net assets as of December 31, 200--. The adjustment of \$27,000 made to net assets as of December 31, 200--, represents contributions not previously reported.

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
Net assets, beginning as previously stated	\$89,850	--	\$52,750	\$142,600
Adoption of SFAS No. 116	--	\$27,000	--	27,000
Net assets, beginning restated	<u>\$89,850</u>	<u>\$27,000</u>	<u>\$52,750</u>	<u>\$169,900</u>

Note 9 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following specific program services:

Contributions receivable for the Combined Federal Campaign	\$ 18,100
Donated facilities available for future years	<u>248,450</u>
	<u>\$ 266,550</u>

Note 10 – Permanently Restricted Assets

Permanently restricted assets of \$57,800 are restricted to investments in perpetuity, the income from which is expendable to support the Combined Federal Campaign.

Big Brothers of Any County, Inc.
Supplemental Schedule
For the Year Ended December 31, 200--

	Bingo	Pull-Tabs	Crane	Total
REVENUES				
Receipts	\$6,262,241	\$3,786,060	\$ 10,335	\$10,058,636
Less: Prizes Paid	<u>4,188,628</u>	<u>2,697,383</u>	<u>135</u>	<u>6,886,146</u>
NET REVENUE	2,073,613	1,088,677	10,200	3,172,490
OPERATING EXPENSES				
Accounting and Legal	\$ 9,891	\$	\$	\$ 15,872
Advertising	44,674	5,981		71,681
Auto Expense	3,491	27,007		5,604
Bad Debts	6,116	2,113		9,800
Bank Charges	1,267	3,684		2,032
Cash Short	6,297	765		4,405
Casual Labor	3,443	(1,892)		5,526
Computer Service Fee	315	2,083		509
Depreciation	60,422	194		80,864
Dues and Subscriptions	2,006	20,442		3,225
Equipment Rent	181,383	1,219		181,383
Insurance – Business	12,153			19,496
Insurance – Medical and Dental	26,908	7,343		43,177
Insurance – Retirement	9,347	16,269		15,000
Licenses	13,165	5,653	395	23,767
Maintenance and Supplies	46,299	10,207		74,329
Miscellaneous Expenses	235	28,030		376
Office Supplies and Expenses	8,686	141		13,937
Other Employee Benefits	5,216	5,251		8,330
Printing	27,051	3,114		27,051
Rent	54,373	32,878		87,251
Repairs	2,223	1,342		3,565
Security	1,007	609		1,616
Seminar Expense	555	336		891
Supplies	110,278	127,204		237,482
Taxes – Gambling	156,301	189,303		345,604
Taxes – Payroll	81,680	45,978	198	127,856
Taxes – Property	3,071	1,859		4,930
Telecheck Expense	802	488		1,290
Telephone and Utilities	31,376	18,954		50,330
Travel Expense	3,557	2,150		5,707
Uniform Expense	1,091	662		1,753
Wages	<u>374,915</u>	<u>226,757</u>	<u> </u>	<u>601,672</u>

	Bingo	Pull-Tabs	Crane	Total
LESS: OPERATING EXPENSES	<u>\$ 1,289,594</u>	<u>\$ 786,124</u>	<u>\$ 593</u>	<u>\$ 2,076,311</u>
Excess of Revenue over Expenses	<u>784,019</u>	<u>302,553</u>	<u>9,607</u>	<u>1,096,179</u>
OTHER INCOME (EXPENSE)				
Interest Income	2,715			2,715
Gain on Sale of Assets	<u>11,836</u>			<u>11,836</u>
TOTAL OTHER INCOME (EXPENSE)	<u>14,551</u>			<u>14,551</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE FEDERAL INCOME TAX	798,570	302,553	9,607	1,110,730
FEDERAL INCOME TAX		<u>99,345</u>		<u>99,345</u>
Excess of Revenue Over Expenses	<u>\$ 798,570</u>	<u>\$ 203,208</u>	<u>\$ 9,607</u>	<u>\$ 1,011,385</u>

NOTE: *The figures used in this statement do not necessarily correlate to the other financial statements. This financial statement should be viewed independently.*