

Gaming Policy and Enforcement Branch (GPEB)
Financial Reporting Standards and Guidelines
for Gaming Services Providers

(Section 77 Gaming Control Act)



Gaming Policy and Enforcement Branch
Licensing, Registration and Certification Division

Revised February 20, 2017

1. INTRODUCTION

This document provides registered gaming services providers with an outline of the financial reporting requirements and guidelines established pursuant to Section 77 of the *Gaming Control Act* (“the Act”). Financial reports provide critical information about the current results of operations, financial stability, and material changes impacting the registrant. The Financial Reporting Standards are in place to:

- Provide guidance on the types of annual financial statements relevant for each registrant.
- Define the form and content of the financial reporting requirements to promote clarity and consistency.
- Ensure the Gaming Policy and Enforcement Branch (“GPEB”) is in receipt of an accurate report on the financial condition of each registrant.

2. ROLES AND RESPONSIBILITIES

GPEB regulates all gaming in British Columbia and ensures the ongoing integrity of registered companies and individuals.

The Licensing, Registration and Certification Division, through its registration process, ensures the gaming industry continues to meet high standards of honesty, integrity and financial responsibility. Registered gaming services providers must comply with Conditions of Registration, including a requirement to submit annual financial statements in the form and content required by GPEB.

3. FINANCIAL REPORTING REQUIREMENTS

3.1 What legislation outlines GPEB’s financial reporting requirements?

Section 77 of the Act states:

Financial reporting requirements

- 77** (1) Every registered gaming services provider must submit annually to the general manager, within 6 months after the end of each financial year of the registrant,
- (a) a financial statement, in the form and with the content required by the general manager, covering the registrant's activities during that financial year in relation to the registration,
 - (b) if required by the general manager, a financial statement audited by an auditor approved by the general manager, and
 - (c) any other information required by the general manager that he or she considers relevant.

Section 34 (h) of the *Gaming Control Regulation* (“the Regulation”) states:

It is a condition of the registration of a gaming services provider that it must comply with Section 77(1) of the Act.

3.2 Why does GPEB require financial statements?

Annual financial statements provide GPEB with meaningful information to appropriately understand the registrant’s results of operations and provide information with respect to changes in financial position, accounting practices, important transactions, changes in financing and equity relationships, related parties, economic independence, and other issues necessitating disclosure to the regulator. Any extension to the filing deadline must be approved in writing by the Licensing, Registration and Certification Division. GPEB may, at its discretion, require an earlier submission of financial statements, as a condition of registration.

3.3 What financial information is required?

There are four types of financial statements:

- *Audited Financial Statements* (provide the best reliance as they are subjected to independent audits);
- *Financial Statements with Review Engagement Report* issued by an independent accountant (provide second best reliance as they have been subjected to analytical and review processes by an independent qualified accountant);
- *Financial Statements with Notice to Reader Report* issued by an independent accountant;
- *Financial Statements Internally Prepared by Management*.

Note: Where unaudited financial statements are deemed acceptable, the financial statements should conform closely to audited statements with respect to the completeness of disclosures.

Financial statements should include:

- *Statement of Financial Position (Balance Sheet)* with comparative figures from prior year.
- *Statement of Operations (Income Statement)* with comparative figures from prior year.
- *Statement of Cash Flows (Changes in Cash Statement)* with comparative figures from prior year.
- *Notes to Financial Statements*, duly referenced, describing the accounting policies, description of financing, loans to shareholders, associated parties, equity, related parties, and other material disclosures that may be appropriate.
- An audit opinion, review engagement opinion, or notice to reader should be attached. If the financial statements are internally prepared, attach a letter from the Chief Financial Officer (or equivalent) attesting to the accuracy of the financial statements.
- If required, other specific disclosures such as auditors' letters to management, board minutes and resolutions, and financial reports from significant associates.

3.4 How does GPEB determine the type of financial statement required for a registrant?

The type of financial statement required is generally assessed on the materiality of the gaming component and potential risk for the registrant based on a registrant's class of registration (*see table on Pages 4 and 5*). GPEB may deem that certain classes of registrants are exempt from filing annual financial statements or permit a modification to the type of financial statement required. Any exemption or modification from the table must be approved in writing by the Licensing, Registration and Certification Division.

3.5 When do these standards become effective?

These standards were effective April 14, 2010 and updated on February 20, 2017.

3.6 How are financial statements to be submitted?

Electronic copies and/or inquiries may be submitted to: Gaming.Registration@gov.bc.ca.
Submit copies on disk/USB to:

Executive Director and Registrar
Licensing, Registration and Certification Division
Gaming Policy and Enforcement Branch

Mailing address:
PO Box 9202 Stn Prov Govt
Victoria BC V8W 9J1 Canada

Courier address:
3rd Floor, 910 Government Street
Victoria BC V8W 1X3 Canada

4. ANNUAL FINANCIAL STATEMENTS BY REGISTRATION CLASS

REGISTRATION CLASS [Section.29 (1) of the Regulation]	FINANCIAL STATEMENTS
a) <i>class A casino services providers</i> , comprised of gaming services providers that provide casino gaming services at a gaming facility that contains 800 or more slot machines;	Audited Financial Statements
(b) <i>class B casino services providers</i> , comprised of gaming services providers that provide casino gaming services at a gaming facility that contains 500 to 799 slot machines;	Audited Financial Statements
(b.1) <i>class C casino services providers</i> , comprised of gaming services providers that provide casino gaming services at a gaming facility that contains fewer than 500 slot machines;	Audited Financial Statements
(c) <i>class A bingo services providers</i> , comprised of gaming services providers that provide bingo gaming services at a gaming facility with respect to which the lottery corporation has paid gross remuneration that exceeded \$1 000 000 in the most recently completed financial year of the services provider;	Financial Statements with Review Engagement Report
(d) <i>class B bingo services providers</i> , comprised of gaming services providers that provide bingo gaming services at a gaming facility with respect to which the lottery corporation has paid gross remuneration that did not exceed \$1 000 000 in the most recently completed financial year of the services provider;	Financial Statements with Review Engagement Report
(e) <i>community gaming centre services providers</i> , comprised of gaming services providers that provide gaming services at a community gaming centre;	Audited Financial Statements
(f) <i>class A suppliers</i> , comprised of gaming services providers that manufacture slot machines or that manufacture and distribute slot machines;	Audited Financial Statements
(g) <i>class B suppliers</i> , comprised of gaming services providers that carry out one or more of the activities described in paragraph (b) of the definition of "gaming services provider" in Section 1 (1) of the Act, for remuneration of a total value exceeding \$25 000 during the most recent 12 month period, including the value of gaming supplies supplied by associates of the person;	Financial Statements with Review Engagement Report
(h) <i>class C suppliers</i> , comprised of gaming services providers that carry out one or more of the activities described in paragraph (b) of the definition of "gaming services provider" for remuneration of a total value that does not exceed \$25 000 during the most recent 12 month period, including the value of gaming supplies supplied by associates of the person;	Financial Statements with Notice to Reader or Internally Prepared by Management
(i) <i>other gaming services providers</i> , comprised of gaming services providers that carry out one or more of the activities described in paragraph (a) or (c) of the definition of "gaming services provider";	Financial Statements with Review Engagement Report
(j) <i>horse racing operators</i> , comprised of gaming services providers that provide gaming services at a race track for horse racing at which there are 50 or more race days per year;	Audited Financial Statements
(k) <i>seasonal horse racing operators</i> , comprised of gaming services providers that provide gaming services at a race track for horse racing at which there are fewer than 50 race days per year;	Financial Statements with Notice to Reader or Internally Prepared by Management

REGISTRATION CLASS [Section.29 (1) of the Regulation]	FINANCIAL STATEMENTS
(l) <i>horse racing teletheatre operators</i> , comprised of licensed gaming services providers that provide gaming services at horse racing teletheatres;	Financial Statements with Review Engagement Report
(l.1) <i>horse racing teletheatre operators</i> , comprised of contracted gaming services providers that provide gaming services at horse racing teletheatres;	Financial Statements with Notice to Reader or Internally Prepared by Management
(m) <i>security services providers</i> , comprised of gaming services providers that provide security services, surveillance services or both at a gaming facility;	Financial Statements with Review Engagement Report
(n) <i>concessionaire games operators</i> , comprised of gaming services providers that provide gaming services at licensed gaming events;	Financial Statements with Notice to Reader or Internally Prepared by Management
(o) <i>ticket rafflers</i> , comprised of gaming services providers that run ticket raffles;	Financial Statements with Review Engagement Report
(p) <i>social occasion casino operators</i> , comprised of gaming services providers that provide casino gaming services at licensed gaming events;	Financial Statements with Notice to Reader or Internally Prepared by Management
(q) <i>gaming lessors</i> , comprised of gaming services providers that, as lessors, provide to other gaming services providers premises to be used as facilities for gaming;	Not required unless deemed otherwise
(r) <i>ancillary services providers</i> , comprised of gaming services providers that provide ancillary services as prescribed under section 3 (a) of the Regulation;	Not required unless deemed otherwise
(s) <i>automated banking services providers</i> , comprised of gaming services providers that provide automated banking services as prescribed in section 3 (c) of the Regulation;	Financial Statements with Review Engagement Report
(t) <i>lottery retailers</i> , comprised of gaming services providers that contract with the lottery corporation to sell lottery tickets in a site to which access by minors is not restricted, but not to offer or provide any other type of provincial gaming at the site;	Not required unless deemed otherwise
(u) <i>class A hospitality retailers</i> , comprised of gaming services providers that contract with the lottery corporation to sell lottery tickets in site to which access by minors is restricted and in respect of which there is a valid and subsisting liquor primary licence under the <i>Liquor Control and Licensing Act</i> , but not to offer or provide any other type of provincial gaming at the site;	Not required unless deemed otherwise
(v) class B hospitality retailers, comprised of gaming services providers that contract with the lottery corporation to sell lottery tickets, to provide other types of provincial gaming or to do both in sites to which access by minors is restricted and in respect of which there is a valid and subsisting liquor primary licence under the <i>Liquor Control and Licensing Act</i> .	Not required unless deemed otherwise
Associates (approved but not registered)	Not required unless deemed otherwise