

KAWARTHA BINGO SPONSOR'S ASSOCIATION INC.

FINANCIAL STATEMENTS

MARCH 31, 2019
(unaudited)

NOTICE TO MEMBERS

I have examined the Statement of Financial Position of Kawartha Bingo Sponsor's Association Inc. as at March 31, 2019 and the statements of operations and changes in net assets and cash flows for the year then ended. My examination consisted primarily of enquiry, analytical procedures, limited testing of transactions and discussion related to the information supplied by management.

Based upon my examination, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.



Accountant
Kayser Financial Services Inc.
Peterborough, Ontario
May 29, 2019

KAWARTHA BINGO SPONSOR'S ASSOCIATION INC.

STATEMENT OF FINANCIAL POSITION

As at March 31, 2019

| | 2018 | 2017 |
|---|-------------------|-------------------|
| ASSETS | | |
| Current | | |
| Cash and bank (Note 2) | \$ 23,267 | \$ 14,019 |
| Accounts receivable | 84,870 | 88,423 |
| | <u>\$ 108,137</u> | <u>\$ 102,442</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 1,695 | \$ 2,151 |
| Allocations owing to member organizations | 77,745 | 81,052 |
| | <u>79,440</u> | <u>83,203</u> |
| UNRESTRICTED NET ASSETS | <u>28,698</u> | <u>19,239</u> |
| | <u>\$ 108,138</u> | <u>\$ 102,442</u> |

Unaudited - see Notice to Members

The accompanying notes are an integral part of these financial statements

KAWARTHA BINGO SPONSOR'S ASSOCIATION INC.

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended March 31, 2019

| | 2018 | 2017 |
|---|------------------|------------------|
| REVENUES | | |
| Sponsors' share of bingo earnings | \$ 929,276 | \$ 947,994 |
| Interest income | 79 | 63 |
| | <u>929,355</u> | <u>948,057</u> |
| Less allocations to member organizations | <u>843,776</u> | <u>866,203</u> |
| GROSS PROFIT | <u>85,579</u> | <u>81,854</u> |
| EXPENSES | | |
| Advertising and promotion | 1,731 | 2,397 |
| Bank charges | 333 | 296 |
| Board of Director expenses | 300 | 1,651 |
| Insurance | 750 | 730 |
| Meetings and conferences | 3,639 | 4,132 |
| Meeting room rentals and supplies | - | - |
| Office expenses | 415 | 575 |
| Professional fees | 1,844 | 1,500 |
| Salaries and benefits | 67,108 | 65,162 |
| | <u>76,120</u> | <u>76,443</u> |
| | 9,459 | 5,411 |
| SPECIAL DISTRIBUTION to member organizations | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenue over expenses for the year | 9,459 | 5,411 |
| Unrestricted net assets, beginning of year | 19,239 | 13,828 |
| Unrestricted net assets, end of year | <u>\$ 28,698</u> | <u>\$ 19,239</u> |

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KAWARTHA BINGO SPONSOR'S ASSOCIATION INC.

STATEMENT OF CASH FLOWS

For the year ended March 31, 2019

| | 2018 | 2017 |
|---|-------------------------|-------------------------|
| Cash provided by (used in) | | |
| Operating Activities | | |
| Excess (deficiency) of revenue over expenses for the year | \$ 9,459 | \$ 5,411 |
| Changes in non-cash working capital balances | | |
| Accounts receivable | 3,553 | (16,475) |
| Accounts payable and accrued liabilities | (456) | (7,207) |
| Allocations owing to member organizations | (3,308) | 16,857 |
| | <u>(211)</u> | <u>(6,825)</u> |
| Increase (decrease) in cash during the year | 9,248 | (1,414) |
| Cash and bank, beginning of year | <u>14,019</u> | <u>15,433</u> |
| Cash and bank, end of year | <u><u>\$ 23,267</u></u> | <u><u>\$ 14,019</u></u> |

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KAWARTHA BINGO SPONSOR'S ASSOCIATION INC.

Notes to the Financial Statements For the year ended March 31, 2019

1. Significant Accounting Policies

a) Nature and Purpose of Organization

Kawartha Bingo Sponsor's Association Inc. is a non-profit organization incorporated without share capital under the laws of Ontario on April 4, 2008. Its membership is comprised of all organizations authorized by the City of Peterborough to participate in the bingos operated by Delta Bingo. Its purpose is to receive distributions of funds from the Ontario Lottery and Gaming Corporation representing the "sponsors' " share of revenue derived by the bingos operated by Delta Bingo and to distribute these funds to its member organizations. Effective January 1, 2009, these distributions have been allocated monthly to the member organizations during that month.

b) Basis of Accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

c) Revenue Recognition

The organization follows the deferral method of accounting for contributions. Revenue from bingo operations is recognized when individual bingo sessions are completed. Distributions from the Ontario Lottery and Gaming Corporation received subsequent to the end of the fiscal year related to bingo sessions completed during the fiscal year are reported as accounts receivable. Similarly, distributions to member organizations paid subsequent to the end of the fiscal year related to bingo sessions completed during the fiscal year are reported as allocations owing to member organizations.

d) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All financial instruments are reported at cost or amortized costs less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed.

Unaudited - see Notice to Members

KAWARTHA BINGO SPONSOR'S ASSOCIATION INC.

Notes to the Financial Statements For the year ended March 31, 2019

e) Income Taxes

The organization is a not-for-profit organization as defined by the Federal and Ontario Income Tax Acts and, as such, is not subject to federal and provincial income taxes.

f) Capital Assets

Capital assets are recorded at cost and amortized over the assets' estimated useful lives. The organization has no significant capital assets.

2. Cash and Bank

The organization's account is held at one registered financial institution. The account earns a nominal rate of interest.

3. Economic Dependence

The organization derives substantially all of its revenue through its relationship with Delta Bingo and the Ontario Lottery and Gaming Corporation.

4. Surplus Assumed from Predecessor Organization

The Kawartha Bingo Sponsors Association was formed as an unincorporated non-for-profit organization prior to 1998. Membership was comprised of all organizations authorized by the City of Peterborough to participate in the bingos operated by Delta Bingo or by its predecessor company. On January 1, 1998, the Kawartha Bingo Sponsors Association was granted permission by the then Gaming Control Commission to pool the funds generated by the individual bingo sessions and allocate the resulting pooled income among its member organizations on an equitable basis. Prior to that time, member organizations received whatever funds (if any) generated by the individual bingo sessions they "sponsored".

Due to an anomaly in the original allocation formula, a surplus accumulated in the Kawartha Bingo Sponsors Association, which, at April 3, 2008, amounted to \$73,681. On April 4, 2008, Kawartha Bingo Sponsor's Association Inc. was incorporated to take over the operations and assume the assets and liabilities of the Kawartha Bingo Sponsors Association.

During the prior year, \$66,300 of this accumulated surplus was distributed to the member organizations by way of a special distribution.

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