These terms and conditions apply to all lottery licensees except those who conduct and manage charitable gaming events that are subject to the Charitable Gaming Events Conducted and Managed in Pooling Bingo Halls Terms and Conditions (4241E).

DEFINITIONS

**CDTA**—short form of “consolidated designated trust account,” which means an account designated as a trust account by the financial institution in which it is held by an HCA, into which are deposited the proceeds derived from events conducted and managed pursuant to lottery licenses, in accordance with these terms and conditions.

**DLTA**—short form of “designated lottery trust account,” which means an account designated as a trust account by the financial institution in which it is held by a lottery licensee, into which are deposited the proceeds derived from events conducted and managed pursuant to lottery licenses, in accordance with these terms and conditions.

**EFT**—short form of “electronic funds transfer,” which means a system of technology that allows for lottery proceeds to be transferred securely by electronic means to deposit monies into a lottery trust account, to pay for expenses, or to distribute net proceeds to eligible recipients or by an HCA to its member organizations’ lottery trust accounts.

**HCA**—short form of “Hall Charities Association,” which means an association formed by all the licensees conducting bingo and other lotteries within a bingo hall or other charitable gaming site.

(1) GENERAL

The Hall Charities Association (HCA) shall act on behalf of its member organizations who were or are licensed to conduct and manage lottery events in the bingo hall.

(2) PROCEEDS AND EXPENSES

2.1 The payment of prizes, reimbursement of out-of-pocket expenses and fees and other charges must be made from the proceeds of the lottery events conducted in the bingo hall.
2.2 Immediately after the lottery event, the licensee must deposit the net proceeds from the conduct of all lottery events into a designated lottery trust account (DLTA). Monies received from other sources must not be deposited into the DLTA.

2.3 The licensee must not exceed the expense levels prescribed by the Registrar. In the event of non-compliance, the licensee must provide the licensing authorities with a written explanation and a plan to bring its expenses into compliance.

2.4 Immediately after the lottery event, the HCA must deposit the proceeds from the conduct of all lottery events into a consolidated designated trust account (CDTA). Monies received from other sources must not be deposited into the CDTA.

(3) BOOKS AND RECORDS

3.1 Licensees must keep a copy of the reports that they are required to submit to licensing authorities.

3.2 Licensees must open a DLTA to administer all the funds derived from lottery events. The HCA must open a CDTA on behalf of its member organizations to administer all the funds derived from lottery events conducted in the bingo hall. The DLTA and CDTA must have the following features:

a) cheque writing privileges and monthly statements issued;

b) all cheques or electronic images of backs and fronts of cheques must be returned with the monthly statement;

c) all cheques or other withdrawals require the signature of at least two (2) signing officers who must be bona fide members of two (2) different members of the licensee; and

d) in the case of an HCA, all cheques or other withdrawals require the signature of at least two (2) signing officers who must be bona fide members of two (2) different member organizations of the HCA.

3.3 a) Licensees must provide details of the DLTA to the licensing authorities.

b) The HCA must provide details of the CDTA to the licensing authorities.
3.4  For each DLTA, licensees must maintain at a minimum the following general ledger accounts:

   a) designated lottery trust account;
   b) a revenue account for each type of lottery;
   c) a prize account for each type of lottery;
   d) an account for expenses related to each type of lottery;
   e) an account for licence fees for each type of lottery;
   f) an administrative expense account for each type of lottery;
   g) if prescribed by the Registrar, a Marketing Fund account;
   h) a bank charges account;
   i) a bookkeeping expenses account;
   j) an audit or accounting expenses account;
   k) an account for the reimbursement of out-of-pocket expenses of bona fide members

3.5  For each CDTA, the HCA must maintain at a minimum the following general ledger accounts:

   a) consolidated designated trust account;
   b) a revenue account for each type of lottery;
   c) a prize account for each type of lottery;
   d) an account for the allocation of five (5) per cent of break open ticket gross wager to the member organizations of the Hall Charities Association;
   e) an account for expenses related to each type of lottery;
   f) an account for licence fees for each type of lottery;
   g) an administrative expense account for each type of lottery;
h) if prescribed by the Registrar, a Marketing Fund account;

i) a bank charges account;

j) a bookkeeping expenses account;

k) an audit or accounting expenses account;

l) an account for the reimbursement of out-of-pocket expenses of bona fide members; and

m) a disbursement account for member organizations who are members of the HCA.

3.6 In addition to a general journal, the licensee must prepare a revenue journal. At minimum, the daily revenue journal must contain the following information:

a) date and time of the lottery event;

b) gross receipts for each type of lottery conducted;

c) prizes awarded for each type of lottery conducted;

d) licence fee;

e) out-of-pocket expenses paid for each lottery event;

f) overages or shortages incurred by each lottery event;

g) the actual amount of cash deposited, supported by a deposit slip, for each type of lottery conducted;

h) the financial information set out in each daily revenue journal, totalled at the end of each month and posted to the general ledger.

3.7 In addition to a general journal, the HCA must prepare a daily revenue journal. At minimum, the daily revenue journal must contain the following information:

a) date and time of the lottery event;

b) name of the licensee;
c) gross receipts for each type of lottery conducted;

d) prizes awarded for each type of lottery conducted;

e) licence fee;

f) out-of-pocket expenses paid for each lottery event;

g) overages and shortages incurred by each lottery event;

h) the actual amount of cash deposited, supported by a deposit slip, for each type of lottery conducted; and

i) the financial information set out in each daily revenue journal, totaled at the end of each month and posted to the general ledger.

3.8 The bank reconciliation must be completed at the end of each month after the receipt of the DLTA or CDTA bank statement. All deposits must be verified and any cheques or disbursements must be reviewed. All items must be accounted for on the bank statement.

3.9 a) Two (2) bona fide members of different licensees that are member organizations of the HCA must be designated to administer the CDTA.

b) Two (2) bona fide members of the licensee must be designated to administer the DLTA.

3.10 The licensee and HCA must provide a financial report to its Board of Directors on a monthly basis summarizing all lottery events and activity on the DLTA or CDTA. The report must cover the entire month.

3.11 The bank reconciliation for the DLTA must be reviewed and approved monthly by at least two (2) bona fide members of the licensee.

3.12 The bank reconciliation for the CDTA must be reviewed and approved monthly by at least two (2) bona fide members of different licensees that are member organizations of the HCA.

3.13 The licensee and HCA must ensure that all withdrawals from their respective DLTAs or CDTAs are made by cheque or by electronic funds transfer for the payment of expenses as permitted by the Registrar or for the use of net proceeds as approved in the application for Licence.
3.14 The licensee and HCA must ensure that there are no transfers between any DLTA or a CDTA and a general operating account.

(4) ELECTRONIC FUNDS TRANSFER

4.1 Licensees must decide in accordance with their constitution and subject to agreement with their financial institution whether to implement electronic funds transfer (EFT). EFT may be used:

a) by an HCA to pay for expenses, to deposit monies into its account or to distribute net proceeds derived from the conduct of charitable gaming events to its member organizations; and

b) by a licensee to pay for expenses, to deposit monies into its account, or to distribute net proceeds derived from the conduct of lotteries to eligible recipients.

4.2 The licensee or HCA, in consultation with its financial institution, must determine a maximum amount that may be transferred electronically from each DLTA or CDTA over a specified period of time.

4.3 In the case of an HCA, it must obtain written authorization from each member organization that is agreeing to the use of EFT. Each participating member organization is responsible for providing the HCA its banking information, approved by two (2) authorized signing officers, for each DLTA to receive funds electronically.

4.4 If the HCA or licensee wishes to pay expenses or distribute the net proceeds derived from the conduct of lottery events by EFT, the HCA or licensee must obtain the payee’s banking information and retain it on file.

4.5 The licensee or the HCA must ensure that its financial institution’s EFT system has the following capabilities:

a) cryptographic security provided by the financial institution;

b) audit capability that records all changes made to the DLTA or CDTA EFT file so that changes made cannot be hidden or accounts deleted without leaving an audit trail;
c) electronic dual authorization;

d) automatic electronic confirmation of funds transferred sent to a bona fide member; and

e) backup capabilities and utilities for audit purposes.

4.6  
a) The HCA must designate four (4) bona fide members to administer EFT funds and be signing officers for the HCA. The four (4) bona fide members must be representatives of four (4) different member organizations of the HCA.

b) Each licensee must designate at least three (3) bona fide members to administer EFT funds and be signing officers for the licensee.

4.7 Licensees and the HCA must use software applications provided by or software required by their financial institution to create EFT files and transfer funds electronically.

4.8 The licensee or the HCA must ensure that sufficient funds are available in the account prior to executing any transfer.

4.9 The licensee or the HCA must submit EFT files on a regular basis to its financial institution.

4.10 The transfer of funds must be authorized electronically by two (2) of the bona fide members designated to administer EFT.

4.11 The EFT file must be submitted to the financial institution within two (2) business days of creating the file to execute EFTs. The licensee or the HCA must retain a record confirming the transfer of funds.

4.12 The licensee or the HCA must obtain reports from the financial institution summarizing the file information. At a minimum the reports must provide:

a) the number of accepted and rejected payments and the dollar value of each;

b) a returned items report that lists any payments that were returned and why the transactions were returned, including the dollar value of each; and

c) a redirected transaction report that identifies payments intended for closed branches or other financial institutions.
4.13 The licensee or the HCA must ensure that within three (3) business days of receipt, the reports received from the financial institution are reviewed and signed by one (1) of the bona fide members designated to administer EFT who did not sign the original authorization for the transfer of funds. The signing officer must prepare a summary setting out any discrepancies in the report received from the financial institution and present it to the licensee’s or HCA’s Board of Directors at a meeting to be held within 90 days.

(5) REPORTING REQUIREMENTS

5.1 a) The HCA must reconcile the CDTA and make available a report to its member organizations on a monthly basis. The reporting period must cover the entire month.

b) Each licensee must reconcile its DLTA and provide a report to its Board of Directors on a monthly basis. The reporting period must cover the entire month.

5.2 Licensees shall provide the HCA at the end of each lottery event with a financial report detailing the results of each lottery event. At minimum, the report must include:

a) gross receipts and prizes from bingo

b) gross receipts and prizes from break open tickets

c) licence fees; and

d) reimbursement of out-of-pocket expenses.

5.3 a) The HCA must provide the licensing authorities with a financial report for each type of lottery conducted on the prescribed forms within the prescribed time.

b) Licensees must provide the licensing authorities with a financial report for each type of lottery conducted on the prescribed forms within the prescribed time.

5.4 Member organizations of the HCA are responsible for any shortages incurred as a result of that member organization’s operation of a lottery event, and these must be indicated on the financial report. Shortages incurred as a result of the Operator of the bingo hall or its employees are the responsibility of the Operator and must be
paid to the member organization conducting the charitable gaming event and must be included as part of the net deposit for that event.

5.5 Where a licensee is required to do so, the licensee must file its financial statements with the licensing authority within 180 days after the fiscal year end.

5.6 Each licensee must file with the licensing authorities the compliance reports required by the Registrar within 180 days of its fiscal year end.

5.7 The HCA must make available to its member organizations copies of all reports filed with the licensing authority immediately after they are filed.

(6) OUT-OF-POCKET EXPENSES AND DISTRIBUTION OF PROCEEDS

6.1 Licensees may choose to provide reimbursement of out-of-pocket expenses to bona fide members.

6.2 After the payment of all allowable expenses, the HCA must divide the remaining proceeds on a pro-rata basis to member organizations of the HCA based on the number of lottery events conducted by each member during the reporting period. Each member's share must be reduced by the amount of shortages incurred by them.

(7) AMERICAN CURRENCY

7.1 Only licensees that conduct bingo or break open tickets from border cities where the majority of bingo players are American may accept American currency for the payment of bingo paper and break open tickets.

7.2 a) Licensees or HCAs whose member organizations accept American currency must maintain a separate DLTA or CDTA in American funds for the purpose of depositing all funds received in American currency and replenishing the float required in American funds. The account must meet all other requirements of these Standards.
b) No withdrawals, by cheque or otherwise, shall be made from this account except as provided for in these Standards.

7.3 a) The maximum amount that may be on deposit in the American account at any time must not exceed the licensee’s estimated prize board.

b) Deposits in excess of the estimated prize board (including interest) must be withdrawn and deposited into the DLTA or CDTA in Canadian currency.

7.4 All expenses must be paid in Canadian currency only, drawn on the Canadian DLTA or CDTA.

7.5 For the purposes of calculating the adjusted gross receipts, the daily “buying” exchange rate set by the chartered banks must be used. This information must be obtained on a daily basis.

7.6 All players purchasing bingo paper or break open tickets in American currency must be paid prizes in American currency and may be paid from the cash proceeds or from the American DLTA or CDTA.

RELATED DOCUMENTS

- Lottery Licensing Policy Manual, chapter 9, “Bingo—In Non-Pooling Bingo Halls”