INTRODUCTION

This document provides registered gaming services providers with an outline of the financial reporting requirements and guidelines established pursuant to Section 81 of the Gaming Control Act 2022 ("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 Independent Gambling Control Office ("IGCO") is in receipt of an accurate report on the financial condition of each registrant or licensee.

ROLES AND RESPONSIBILITIES

The IGCO 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 and licensing process, ensures the gaming industry continues to meet high standards of honesty, integrity and financial responsibility.

FINANCIAL REPORTING REQUIREMENTS

1. What legislation outlines the IGCO's financial reporting requirements?

Section 81 of the Act states:

81 (1) A registered gaming services provider must, within 6 months after the end of each fiscal year of the registered gaming services provider, provide to the general manager a financial statement respecting the activities of the registered gaming services provider in that fiscal year.

(2) On request of the general manager, a registered gaming services provider must provide a financial statement audited by an auditor approved by the general manager.

2. Why does the IGCO require financial statements?

Annual financial statements provide meaningful information to appropriately understand the registrant's or licensee'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. IGCO may, at its discretion, require an earlier submission of financial statements, as a condition of registration.

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.

4. How does the IGCO determine the type of financial statement required?

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 below). The IGCO 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.

SUBMITTING FINANCIAL STATEMENTS

Electronic copies and/or inquiries may be submitted to: Gaming.Registration@igcobc.ca.

ANNUAL FINANCIAL STATEMENTS BY REGISTRATION CLASS

REGISTRATION CLASS [Section 10 of the Regulation]	**FINANCIAL STATEMENTS**
(a) Class A Supplier consisting of registered gaming services providers that are authorized to produce or distribute electronic gaming devices	Audited Financial Statements
(b) Class B Supplier consisting of registered gaming services providers that are authorized to produce or distribute gaming supplies for use in provincial gaming schemes, other than (i)electronic gaming devices, or (ii)gaming supplies for use in online gaming scheme	Financial Statements with Review Engagement Report
(c) Class C Supplier consisting of registered gaming services providers that are authorized to distribute gaming supplies to the lottery corporation for use in online gaming schemes and that are projected to earn from that distribution a gross annual revenue of $5 million or more	Audited Financial Statements
(d) Class D Supplier consisting of registered gaming services providers that are authorized to distribute gaming supplies to the lottery corporation for use in online gaming schemes and that are projected to earn from that distribution a gross annual revenue of $1 million or more but less than $5 million	Audited Financial Statements

REGISTRATION CLASS [Section 10 of the Regulation]	FINANCIAL STATEMENTS
(d.1) Class E Supplier consisting of registered gaming services providers that are authorized to distribute gaming supplies to the lottery corporation for use in online gaming schemes and that are projected to earn from that distribution a gross annual revenue of less than $1 million	Financial Statements with Review Engagement Report
(e) Class F Supplier consisting of registered gaming services providers that are authorized to provide a service prescribed in section 3 (d) or (e) [services included in "gaming services"] of the Gaming Services and Gaming Work Regulation	Financial Statements with Review Engagement Report
(f) Provincial Gaming Facility Operator Class consisting of registered gaming services providers that are authorized to operate a provincial gaming facility	Audited Financial Statements Note: *Bingo Only Operators: -Financial Statements with Review Engagement Report
(g) Gaming Event Services Provider consisting of registered gaming services providers that are authorized to provide gaming services to gaming event licensees for gaming events	Financial Statements with Review Engagement Report
(h) Class A Services Providers comprised of registered gaming event services provider that are authorized to provide any of the following services: i. a service prescribed in section 3 (a), (f), or (g) of the Gaming Services and Gaming Work Regulation; ii. services to maintain or protect any of the following: A. the safety, security, or fairness of a provincial gaming scheme; B. the safety or security of a provincial gaming facility; C. the safety or security of Playnow.com	Financial Statements with Review Engagement Report
(i) Class B Services Providers comprised of gaming services providers that are authorized to provide a service prescribed in section 3 (b) or (c) of the Gaming Services and Gaming Work Regulation;	Not required unless deemed otherwise
(j) Gaming Retailer Class comprised of gaming services providers that are authorized to sell lottery tickets on behalf of BCLC at locations other than provincial gaming facilities;	Not required unless deemed otherwise
Associates Under s.180 of the new Act, the General Manager has authority to conduct background investigations of associated	Not required unless deemed otherwise

REGISTRATION CLASS [Section 10 of the Regulation]	**FINANCIAL STATEMENTS**
persons of an applicant or registrant to assess whether the applicant, registrant or licensee is fit to hold a licence or registration.	

HORSE RACING LICENCE CLASS [Section 22 of the Regulation]	**FINANCIAL STATEMENTS**
(c) Race Track Operator consisting of licences that authorize a licensee to i. manage or operate a race track, and ii. hold horse races on 25 or more days in a 12-month period;	Audited Financial Statements
(d) Temporary Race Track Operator consisting of licences that authorize a licensee to i. manage or operate a race track, and ii. hold horse races on fewer than 25 days in a 12-month period;	Audited Financial Statements
(e) Training Centre Operator consisting of licences that authorize a licensee to manage or operate a racehorse training centre	Financial Statements with Review Engagement Report
(f) Teletheatre Operator consisting of licences that authorize a licensee to manage or operate a horse racing teletheatre;	Financial Statements with Notice to Reader or Internally Prepared by Management
(g) Horse Racing Facility Lessor consisting of licences that authorize a licensee to lease premises to be operated as a horse racing facility	Not required unless deemed otherwise
(h) Purse Administrator consisting of licences that authorize a licensee to administer purse money	Financial Statements with Review Engagement Report
(k) Wagering Services consisting of licences that authorize a licensee to provide off-track wagering services in relation to horse races presented by live telecast at a horse racing teletheatre	Financial Statements with Review Engagement Report
Associates Under s.180 of the new Act, the General Manager has authority to conduct background investigations of associated persons of an applicant or registrant to assess whether the applicant, registrant or licensee is fit to hold a licence or registration.	Not required unless deemed otherwise