



Know your limit, play within it.

July 14, 2016

ORG#: 111937

CHAR#: 8744

Raymond Louie, Board Chair
Pacific National Exhibition
2901 East Hastings Street
Vancouver, BC V5K 5J1

VIA Email: dlee@pne.ca

Dear Raymond Louie:

This letter is to inform you that Gaming Policy and Enforcement Branch, Compliance Division, will be conducting a compliance review of your organization's **Registered Ticket Raffle licence #83387 and #83388** for the licence period **May 1, 2016 to September 12, 2016**. Any reports resulting from audits conducted by Gaming Policy and Enforcement Branch may be disclosed publicly, in compliance with the *Freedom of Information and Protection of Privacy Act*.

Authority: *Gaming Control Act*, Section 78(2):

The general manager or an inspector may conduct inspections for the purposes of ...
(b) monitoring compliance of licensees, eligible organizations and registrants with this Act, the regulations, the rules and the conditions of licences and registration.

In order to conduct the review, we will require access to or copies of your organization's raffle records, as listed in the attachment to this letter. Requests for additional information may be made during the course of the review. We will periodically monitor compliance with Branch criteria throughout the licence period, draw dates, and subsequent reporting of results of the gaming event. We will attend the final draw and may also attend any "early bird" draws pertaining to the raffle in question. We will also meet with you or your representative to review your organization's financial records following submission of the Gaming Event Revenue Report.

Please also complete the attached Advertising and Marketing Compliance Checklist and return it to the Auditor by **July 25, 2016**.

Please contact me if you have any questions regarding the compliance review. Thank you in advance for your assistance and cooperation.

Sincerely,

Harmeet Johal, Auditor
Compliance Division
Telephone: 604-775-1193 Email: harmeet.johal@gov.bc.ca
Enclosure

Registered Ticket Raffle: Records required for the period May 1, 2016 to September 12, 2016:

1. Gaming account bank statements, cancelled cheques, and deposit books. Cheque stubs will be requested if required
2. Receipts and invoices for gaming expenses and prizes, including invoice for purchase of tickets
3. Photocopy of actual printed ticket in each price category (front and back)
4. Journal and/or general ledger listings for gaming account, as well as raffle revenue, prize and expense accounts.
5. Names of cheque signing authorities for the time frame noted
6. Copy of signed Gaming Event Revenue Report with attachments, if applicable
7. Reconciliation of reported gaming event revenue to tickets consumed
8. Contractual agreements with service providers and other third parties, if applicable
9. Description of financial and ticket control procedures for the raffle
10. Copies of ticket raffle advertisements – WebPages, print, newspaper, radio and/or television
11. Witnessed list of winners prepared at the various draws, including addresses and telephone numbers
12. Access to counterfoils and unsold tickets
13. Proof of registration(s) with Gaming Policy Enforcement Branch, Licensing, Registration and Certification Division

Note: Non-gaming account information, as detailed above, must also be provided if gaming funds were deposited/transferred to a non-gaming account(s).

Gaming Policy and Enforcement Branch Compliance Division – Charitable Gaming Audit REPORT OF COMPLIANCE AUDIT FINDINGS REGISTERED RAFFLE EVENT REVIEW					Date:	February 17, 2017	
					Prepared By:	Auditor	
					Reviewed By:	Reviewer	
Org #:	111937	Char #:	8744	Licence Period:	May 1, 2016 to Sep 12, 2016 (Regular Raffle) May 2, 2016 to Sep 12, 2016 (50/50 Raffle)		
Licensee:	Pacific National Exhibition						
Type of Review:	Compliance Audit			Licence #:	83387/83388		
Sector:	Arts and Culture						
Type of Gaming Access:		Licensed Gaming – Registered Raffle (Regular Ticket Raffle and Percentage Draw)					
Gaming Activity:				Regular Raffle 83387	50/50 Raffle 83388		
Gross Revenue							
Total sales				\$	4,098,746.00	\$	966,050.00
GST recovery				\$	66,827.89	\$	4,989.90
Interest income							
Total Gross Revenue				\$	4,165,573.89	\$	971,039.90
Prize Costs							
Cash prizes				\$	231,000.00	\$	483,025.00
Cost of merchandise prizes				\$	1,211,071.96		
Total Cost of Prizes				\$	1,442,071.96	\$	483,025.00
Donated prizes				\$	205,567.19		
Event-Related Expenses							
Advertising costs				\$	392,096.60	\$	162,317.70
Wages				\$	262,571.00	\$	51,268.00
Drafting services				\$	2,114.00		
Contract fees for gaming services providers							
Printing costs				\$	17,349.00	\$	9,702.00
Postage and mailing costs				\$	151,748.00	\$	51,528.00
Miscellaneous supplies for the gaming event				\$	3,073.00		
Bank charges				\$	73,682.00	\$	20,655.00
Other				\$	97,821.39	\$	14,875.81
Cash (over)/short				\$	69.00		
Total Event-Related Expenses				\$	1,000,523.99	\$	310,346.51
Expenses as a percentage of gross revenue					24.02%		31.96%
Net Gaming Proceeds				\$	1,722,977.94	\$	177,668.39

This document is the property of the Gaming Policy and Enforcement Branch (Compliance Division). It is confidential and shall not be released or disclosed in whole or part without the prior consent of the General Manager or a delegated authority.

Audit Findings

For the gaming event licences reviewed, we did not identify any instances of non-compliance.

Recommendations for Compliance Enhancement

No recommendations at this time.



February 20, 2017

ORG #: 111937

CHAR #: 8744

Raymond Louie, Board Chair
Pacific National Exhibition
2901 East Hastings Street
Vancouver, BC V5K 5J1

VIA Email: ckwon@pne.ca

Dear Raymond Louie:

We have completed the compliance audit on the conduct and management of your organization's **Registered Ticket Raffle licence #83387 for the licence period May 1, 2016 to September 12, 2016 and licence #83388 for the licence period May 2, 2016 to September 12, 2016.** A copy of the final audit report is attached for your information. Your response to the draft report has been included in the file.

While instances of non-compliance identified in the audit report may jeopardize ongoing eligibility for gaming access, eligibility for both grants and licences is determined solely by the Community Supports Division or Licensing, Registration and Certification Division, respectively.

Please contact me if you have any questions regarding the compliance audit report. Thank you for your cooperation.

Gaming regulation, procedures, conditions, documents and application forms are available at www.gov.bc.ca/gambling.

Sincerely,

Harmeet Johal, Auditor
Compliance Division
Telephone: 604-775-1193 Email: harmeet.johal@gov.bc.ca
Enclosure

Gaming Policy and Enforcement Branch Compliance Division – Charitable Gaming Audit REPORT OF COMPLIANCE AUDIT FINDINGS REGISTERED RAFFLE EVENT REVIEW				Date:	Feb 24, 2017
				Prepared By:	Auditor
				Reviewed By:	Reviewer
Org #:	111937	Char #:	8772	Licence Period:	Aug 20, 2016 – Sep 6, 2016
Licensee:	Pacific National Exhibition				
Type of Review:	Compliance Audit			Licence #:	83545
Sector:	Arts & Culture				
Type of Gaming Access:	Licensed Gaming – Class C Wheel of Fortune				

Gaming Activity:	Per GERR	As Audited
Gross Revenue		
Total sales	\$ 397,785.00	\$ 397,785.00
GST recovery	\$ 341.05	\$ 341.05
Interest income		
Total Gross Revenue	\$ 398,126.05	\$ 398,126.05
Prize Costs		
Cash prizes		
Cost of merchandise prizes		
Total Cost of Prizes	\$ -	\$ -
Donated prizes		
Event-Related Expenses		
Advertising costs	\$ 2,323.00	\$ 2,323.00
Wages	\$ 97,987.00	\$ 97,987.00
Facility rental related to the gaming event	\$ 8,610.00	
Bingo paper	\$ 37,940.00	
Contract fees for gaming services providers	\$ 1,975.00	
Printing costs	\$ 1,085.00	
Postage and mailing costs	\$ 588.00	
Miscellaneous supplies for the gaming event		
Bank charges		
Other (Event expenses)	\$ 3,216.00	\$ 53,414.00
Cash (over)/short		
Total Event-Related Expenses	\$ 153,724.00	\$ 153,724.00
Expenses as a percentage of gross revenue	38.61%	38.61%
Net Gaming Proceeds	\$ 244,402.05	\$ 244,402.05

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Audit Findings

For the period reviewed, we identified the following instances of non-compliance:

1. The organization did not take proper steps to ensure the verification of certain assets. On September 1, 2016, the auditors requested a reconciliation of the cash content in the vault from the supervisor when the morning shift begins and when the shift changes to the evening staff. The staff provided a copy of the previous day's reconciliations (morning shift and evening shift). The first reconciliation (morning) was not dated with the time, however the second reconciliation (evening) was dated with the time the reconciliation was conducted. The auditors then used surveillance to observe the reconciliations being prepared for August 30, August 31 and September 1, 2016. It was noted the morning shift supervisor was not conducting the reconciliation reports on the dates observed. The evening shift supervisor did conduct the reconciliation at the beginning of the shift for August 30 and August 31 (September 1, 2016 evening shift was not observed).
2. The organization submitted a Gaming Event Revenue Report that was completed incorrectly. Expenses for the event preparation and tear down were not reported in the correct category resulting in a misleading report.

Recommendations for Compliance Enhancement

Based on our findings, we recommend the organization implement the following corrective actions:

1. Verification of assets is required to ensure the organizations assets are tracked and recorded correctly. An outgoing employee should verify the funds they are releasing and an incoming employee should verify the funds they are taking control of. The reconciliation of the vault should include the date and time it was completed as well as the employees signature or initials.
2. The organization should resubmit an amended version of the Gaming Event Revenue Report to the Licensing Division within 60 days of this report being finalized. Event expenses that do not easily fit into a category listed on the report should be included in the "Other" expense category with a detailed list of expenses attached.

Organization's Comments

The organization responded with a letter dated February 20, 2017, in which they indicated an understanding of the issues and committed to the implementation of the audit recommendations. A copy of the letter is attached.



February 24, 2017

ORG #: 111937

CHAR #: 8772

Cynthia Kwon, Manager, Gaming
Pacific National Exhibition
2901 East Hastings Street
Vancouver, BC V5K 5J1

Via Email: ckwon@pne.ca

Dear Cynthia:

We have completed the compliance audit on the conduct and management of your organization's gaming event licence #83545, for the period August 20, 2016, to September 6, 2016. A copy of the final audit report is attached for your information. Your response to the draft report has been included in the file.

While instances of non-compliance identified in the audit report may jeopardize ongoing eligibility for gaming access, eligibility for both grants and licences is determined solely by the Community Supports Division or Licensing, Registration and Certification Division, respectively.

Please contact me if you have any questions regarding the compliance audit report. Thank you for your cooperation.

Gaming regulation, procedures, conditions, documents and application forms are available at www.gov.bc.ca/gambling.

Sincerely,

Dallas Smithson, CPA, CGA
Audit and Compliance
Telephone: 604-775-1196 Email: Dallas.Smithson@gov.bc.ca

Enclosure

Gaming Policy and Enforcement Branch Compliance Division – Charitable Gaming Audit REPORT OF COMPLIANCE AUDIT FINDINGS REGISTERED RAFFLE COMPLIANCE REVIEW					Date:	Jan 15, 2018
					Prepared By:	Auditor
					Reviewed By:	Reviewer
Org #:	111937	Char #:	9121	Licence Period:	Aug 19, 2017 – Sep 4, 2017	
Licensee:	Pacific National Exhibition					
Type of Review:	Compliance Audit				Licence #:	93963
Sector:	Arts & Culture					
Type of Gaming Access:		Licensed Gaming – Registered Raffle (Wheel of Fortune)				

Gaming Activity:	Per GERR		As Audited	
Gross Revenue				
Total sales	\$	436,744.00	\$	436,744.00
GST recovery	\$	575.20	\$	575.20
Interest income				
Total Gross Revenue	\$	437,319.20	\$	437,319.20
Prize Costs				
Cash prizes				
Cost of merchandise prizes				
Total Cost of Prizes	\$	-	\$	-
Donated prizes				
Event-Related Expenses				
Advertising costs	\$	4,898.00	\$	4,898.00
Wages	\$	99,888.00	\$	99,888.00
Facility rental related to the gaming event	\$	11,484.00	\$	11,484.00
Contract fees for gaming services providers				
Printing costs				
Postage and mailing costs	\$	1,213.00	\$	1,213.00
Miscellaneous supplies for the gaming event	\$	4,764.00	\$	4,764.00
Bank charges				
Other	\$	31,855.00	\$	31,855.00
Cash (over)/short	\$	(66.00)	\$	(66.00)
Total Event-Related Expenses	\$	154,036.00	\$	154,036.00
Expenses as a percentage of gross revenue		35.22%		35.22%
Net Gaming Proceeds	\$	283,283.20	\$	283,283.20

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Audit Findings

For the date reviewed, we identified the following instances of non-compliance:

1. The organization did not take proper steps to ensure the verification of certain assets, namely the cash located in the Wheel of Fortune vault. The auditor noted on the organization's daily paper work for Aug. 22, Aug. 26 and Aug. 31, 2017, that the vault reconciliation form was completed at the beginning of a shift (per the date/time noted on the report) but not at the end of a shift. Also, the forms were not signed or initialed by the person conducting the reconciliation. Each shift supervisor or assigned delegate should complete a vault reconciliation at the beginning and end of their shift and sign or initial the report. This was an issue on the prior year audit report.
2. Due to the protective sheathing over the numbers on the cash bags used during the box pull at the end of each night, the auditor was unable to clearly see which number corresponded to the bag via surveillance. When the bag was shown to the camera, the reflection from the lights and the plastic cover made it very difficult to confirm the numbers. The numbers should be displayed in such a manner that surveillance can clearly see the writing/numbers on each bag/box when they are being placed into the cash cage.

Recommendations for Compliance Enhancement

Based on our findings, the following actions would increase compliance:

1. Verification of assets is required to ensure the organization's assets are tracked and recorded correctly. An outgoing employee should verify the funds they are releasing and an incoming employee should verify the funds they are accepting. The reconciliation of the vault should include the date and time completed as well as the employee's signature or initials.
2. All transactions within the count room/cash cage must be recorded with sufficient clarity to permit identification of employees, movements and activities. The number on the cash bag must be visible to surveillance as it assists in determining which tables the assets relate to and should be easily identifiable.

Organization's Comments

The organization responded with a letter dated January 5, 2018, in which they indicated an understanding of the issues and committed to the implementation of the audit recommendations. A copy of the letter is attached.



January 15, 2018

ORG #: 111937

CHAR #: 9121

Aubrie Ederer, Acting Manager, Gaming
Pacific National Exhibition
2901 East Hastings Street
Vancouver, BC V5K 5J1

Via Email: aederer@pne.ca

Dear Aubrie:

We have completed the compliance audit on the conduct and management of your organization's Registered Ticket Raffle licence #93963 for the period August 19, 2017 to September 4, 2017. A copy of the final audit report is attached for your information. Your response to the draft report has been included in the file.

While instances of non-compliance identified in the audit report may jeopardize ongoing eligibility for gaming access, eligibility for both grants and licences is determined solely by the Community Supports Division or Licensing, Registration and Certification Division, respectively.

Please contact me if you have any questions regarding the compliance audit report. Thank you for your cooperation.

Gaming regulation, procedures, conditions, documents and application forms are available at www.gov.bc.ca/gambling.

Sincerely,

Dallas Smithson, CPA, CGA
Audit and Compliance
Telephone: 604-775-1196 Email: Dallas.Smithson@gov.bc.ca

Enclosure

Gaming Policy and Enforcement Branch Compliance Division – Charitable Gaming Audit REPORT OF COMPLIANCE AUDIT FINDINGS REGISTERED RAFFLE EVENT REVIEW					Date:	May 9, 2018
					Prepared By:	Auditor
					Reviewed By:	Reviewer
Org #:	111937	Char #:	9176	Licence Period:	May 1, 2017 – Sep 11, 2017	
Licensee:	Pacific National Exhibition					
Type of Review:	Compliance Audit			Licence #:	93961/93962	
Sector:	Arts & Culture					
Type of Gaming Access:		Licensed Gaming – Registered Raffle (Class C)				

Gaming Activity:	Per Raffle GERR	Per 50/50 GERR
Gross Revenue		
Total sales	\$ 5,019,537.00	\$ 858,490.00
GST recovery	\$ 82,227.05	\$ 4,592.52
Interest income		
Total Gross Revenue	\$ 5,101,764.05	\$ 863,082.52
Prize Costs		
Cash prizes	\$ 80,000.00	\$ 429,245.00
Cost of merchandise prizes	\$ 1,609,948.00	
Total Cost of Prizes	\$ 1,689,948.00	\$ 429,245.00
Donated prizes	\$ 213,271.22	
Event-Related Expenses		
Advertising costs	\$ 398,788.60	\$ 156,062.10
Wages	\$ 266,398.00	\$ 39,582.00
Facility rental related to the gaming event		
Contract fees for gaming services providers		
Printing costs	\$ 17,914.00	\$ 10,430.00
Postage and mailing costs	\$ 170,897.00	\$ 39,253.00
Miscellaneous supplies for the gaming event	\$ 2,779.00	
Bank charges	\$ 97,355.00	\$ 18,357.00
Other (Honoraria/Commission)	\$ 91,037.61	\$ 12,392.05
Cash (over)/short		
Total Event-Related Expenses	\$ 1,045,169.21	\$ 276,076.15
Expenses as a percentage of gross revenue	20.49%	31.99%
Net Gaming Proceeds	\$ 2,366,646.84	\$ 157,761.37

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Audit Findings

For the date reviewed, we identified the following instances of non-compliance:

1. The organization used electronic transfers and/or automated debits from the gaming account without written authorization from its board of directors. Section 22(d) of the *Conditions for a Class C Gaming Event Licence* states, “Only use electronic transfers and/or automated debits from the gaming fund bank account where the board of directors has authorized the transactions in writing. This authorization must specify the purpose and maximum dollar amount permitted.”

Recommendations for Compliance Enhancement

Based on our findings, the following actions would increase compliance:

1. Ensure electronic transfers and/or automated debits are only used where the board of directors has authorized the transactions in writing, and the authorization specifies the purpose and maximum dollar amount permitted.

Organization’s Comments

The organization responded with a letter dated April 27, 2018. In the correspondence the organization addressed each of the issues and provided clarification that resulted in the removal of one audit finding. A copy of the letter is attached.



May 9, 2018

ORG#: 111937

CHAR#: 9176

Aubrie Ederer, Manager, Gaming
Pacific National Exhibition
2901 East Hastings Street
Vancouver, BC V5K 5J1

Via Email: aederer@pne.ca

Dear Aubrie:

We have completed the compliance audit on the conduct and management of your organization's Registered Ticket Raffle licence #93961, for the period May 1, 2017 to September 11, 2017. A copy of the final audit report is attached for your information. Your response to the draft report has been included in the file.

While instances of non-compliance identified in the audit report may jeopardize ongoing eligibility for gaming access, eligibility for both grants and licences is determined solely by the Community Gaming Grant Branch or Licensing, Registration and Certification Division, respectively.

Please contact me if you have any questions regarding the compliance audit report. Thank you for your cooperation.

Gaming regulation, procedures, conditions, documents and application forms are available at www.gov.bc.ca/gambling.

Sincerely,

Dallas Smithson, CPA, CGA
Audit and Compliance
Telephone: 604-775-1196 Email: Dallas.Smithson@gov.bc.ca

Enclosure