



CLUB GAMING FINANCE

Presented by Clubs New Zealand

AUTHORISED PURPOSES AND EXPENSES

DIRECT EXPENSES:

(The Cost of Running Gaming in your Club)

- Gaming Duty
- Problem Gambling Levy
- Monitoring Fees
- Gaming Licence Fees (including fees to change 'key persons etc.)
- Service of Gaming Equipment
- Interest on Loans to Purchase Gaming Equipment
- Depreciation of Gaming Equipment
- Electricity (the cost of running the Gaming Area)
- Insurance (the cost of Insuring Gaming Equipment)
- Training (The cost of Harm Minimisation or other specific Gaming Training)
- Loss on Sale of Gaming Equipment
- Wages (for Staff involved in Gaming Operations only) (make sure you "minimise" this).

AUTHORISED PAYMENTS

(In a club, pretty much everything as long as it's nothing to do with the bar operation)

- Mortgage Payments
- Building extensions, renovations, for use by members, non-commercial.
- Provision of furniture and fittings for the club.
- Rates.
- Insurance.
- Electricity and gas.
- Telephone and internet costs.
- Levies to Clubs New Zealand or RNZRSA.
- Reasonable conference expenses (travel & accomm)
- Non-bar assets for the club.
- General repairs and maintenance (non-bar).
- Grants to sporting sections within the club (restrictions apply).
- Grants to external organisations (subject to paperwork).
- Salary/Wages of non-bar staff (administration staff).
- Payments of Club Mortgage (incl. interest).
- SKYTV.
- Security Costs.
- Provision of club vehicle for **welfare** purposes.
- Cleaning.

APPORTIONMENTS

As a general guide, the apportionments should be approximately:

Item	Apportionment when annual gaming revenue is between \$0 and \$250,000.00	Apportionment when annual gaming revenue is between \$250,000.00 and \$750,000.00	Apportionment when annual gaming revenue is over \$750,000.00
Electricity	\$1,000.00	\$3,000.00	\$5,000.00
Insurance	\$750.00	\$3,000.00	\$5,000.00
Wage and salary	\$2,000.00	\$15,000.00	\$20,000.00
Repairs and maintenance	\$250.00	\$2,000.00	\$5,000.00
Accountancy	\$750.00	\$1,500.00	\$2,500.00
Audit	\$750.00	\$1,500.00	\$2,500.00

The EXAMPLE Club Inc.

Gaming Account as at 31 March xxxx

GROSS PROCEEDS		\$	730,000.00
Direct Gaming Costs			
EMS Fees	\$	12,750.00	
Gaming Duty	\$	164,500.00	
Gaming Licence	\$	18,000.00	
Problem Gambling Levy	\$	12,000.00	
Gaming Service & Repair	\$	17,500.00	
Depreciation	\$	<u>57,000.00</u>	
		-\$	281,750.00
Indirect Gaming Costs			
[being apportioned costs]			
Electricity		\$3,000.00	
Insurance (Gaming Equip)		\$3,000.00	
Audit Fees		\$1,500.00	
Accounting Fees		\$1,500.00	
Wages	\$10,000.00	-\$	19,000.00
NET PROCEEDS		\$	429,250.00
(available for distribution to Authorised Purposes)			
Applied/Distributed to Authorised Purposes		-\$	413,700.00
Undistributed Funds c.fwd		\$	15,550.00

IMPORTANT

Gaming Account annual
GMAS relicensing form

The EXAMPLE Club Inc.

Wage Analysis for Gaming Tranfers
For Quarter 1/1/2020 to 31/3/2020

Staff	Position	Hrly Rate	Office		Gaming		Bar		Cleaning	
				\$		\$		\$		\$
Jim	Sec/Mgr	\$40	32	\$1,280	8	\$320				
Mary	Admin	\$28	40	\$1,120						
Jill	Office/Bar	\$25	10	\$250	3	\$75	15	\$375		
Jack	Bar	\$26			10	\$260	30	\$780		
Agnes	Bar	\$21			3	\$63	20	\$420		
Joseph	Cleaner	\$20							18	\$360
TOTALS			\$2,650		\$718		\$1,575		\$360	
			Claim 'Gaming Auth. Purposes'		Claim 'Gaming Auth. Purposes'		Claim NIL		Claim 'Gaming Auth. Purposes'	

You could set up two weekly Automatic Payments from Gaming to Trading Account, the first for Auth. Purposes \$2650 plus \$360 equals \$3010; the second for Gaming, Direct Expenses \$718.

Review quarterly and adjust (some clubs don't have the cash-flow in gaming to claim all the manager's wages, so elect to claim 50% (or whatever suits). You just have to be able to justify to the DIA in an audit situation what you are doing and why.

37.12% LICENCE CONDITION

- It is common for clubs to have a licence condition requiring the gaming account to make a profit equal to, or more than, 37.12% of its gross gaming revenue.
- The club must then apply or distribute to authorised purposes a sum equal to, or more than, 37.12% of its gross gaming revenue.
- Failure to adhere to the licence condition is grounds for licence cancellation.

NET PROCEEDS COMMITTEE

- The club must have a net proceeds committee.
- Each net proceeds committee must comprise at least three persons.
- At least three persons must also be club key persons (executive/committee members or senior staff).
- The Department's view is that three people need to vote on each grant application/distribution decision. Four people are therefore needed if a person abstains due to a conflict.

FUNDS MUST BE DISTRIBUTED REGULARLY

- The gaming profits must be applied or distributed regularly and frequently so there is no accumulation of funds in the dedicated gaming account.
- Distributions to authorised purposes should be made at least quarterly.
- Distributions to authorised purposes are made by the net proceeds committee. Minutes must be kept.

BANKINGS

- All gaming income and expenses must be paid into/out of a dedicated gaming bank account.
- Gaming profits must be banked into the dedicated gaming account within 5 working days (typically by the following Friday).
- The banking amount must match the EMS report.

KEY PERSONS

- Club key persons are:
 - Venue manager.
 - Club manager, general manager, and/or CEO.
 - Club president.
 - Club vice president.
 - Club treasurer.
 - Club secretary.
 - Members of the club's executive committee.
 - Members of the club's net proceeds committee (those who decide what gaming machine proceeds are spent on).
 - Anyone who has a significant influence in how the club is managed.

REQUIREMENT TO NOTIFY DIA

- Clubs must notify DIA if:
 - A key person ceases to be a key person or becomes incapable of performing their duties.
 - A key person is convicted of an offence involving dishonesty.
 - A key person is convicted of an offence under any gambling or racing legislation or regulations.
 - A key person is adjudged bankrupt.
 - The club proposes to change its constitution or trust deed.

LICENCE RENEWAL

- Make sure you are aware of your gaming licence expiry date.
- A licence renewal application needs to be filed before the licence expiry date.
- Financial information (audited).
- Forecast for the following year, signed off by an independent chartered accountant.
- A list of grants/authorised purpose payments.
- A minimising expenses and maximising returns statement.

CAPITAL PURCHASES

- Capital purchases such as gaming machine purchases are made via:
 - Funds held in the depreciation account.
 - A loan from the general club account to the gaming account (the loan needs to be recorded and repaid).
 - A third-party loan to the gaming account, e.g., a finance company loan.

QUESTIONS

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