ACCOUNTING FOR LOSSES

If a lottery event does not make enough revenue to cover the amounts paid out for prizes and expenses, a loss occurs. This sheet demonstrates what a loss looks like on an event sheet, and explains what to do in the event of a loss. The **preferred** method to handle and account for losses is demonstrated here.

The Cash Reconciliation area of the event sheet will show a calculation of the loss in the calculated deposit space:

CASH RECONCILIATION:	
Total Gross Revenue (A)	$ 1,597.00
Less Cash Prizes (B)	$ 2,002.00
Less Cash Expenses (C)	$ -
Calculated Deposit (A-B-C)	$ (405.00)
ACTUAL DEPOSIT (E)	

In this case, this amount is the Calculated **Loss** rather than **Deposit**

Generally, the float is sufficient to cover the loss, but the float then has to be brought up to its normal level. To calculate the entry to be recorded in the Actual Deposit space, subtract the Float Returned amount from the Float Issued in the Float Tracking section:

FLOAT TRACKING BY SELLING STATION		
Seller	**Float Issued**	**Float Returned**
Booklet Sales	$ 500.00	$ 90.00
Floor Seller 1	$ 150.00	$ 150.00
Floor Seller 2	$ 150.00	$ 150.00
FLOAT TOTALS (Opening and Closing)	$ 800.00	$ 390.00

Here, the calculation is **$800.00 - $390.00 = $410.00**, which is the amount of cash required to bring the float back up to its normal level. **It is also the amount that should be withdrawn from the lottery bank account by writing a cheque.** The cash reconciliation area is completed with this information, as shown below:

CASH RECONCILIATION:	
Total Gross Revenue (A)	$ 1,597.00
Less Cash Prizes (B)	$ 2,002.00
Less Cash Expenses (C)	$ -
Calculated Deposit (A-B-C)	$ (405.00)
ACTUAL DEPOSIT (E)	($410.00)
CASH OVER/SHORT	$ 5.00

Write a cheque for this amount from the lottery bank account. This amount is the Actual **Withdrawal** rather than **Deposit**.

An event that sustained a loss is recorded a little differently on the financial report – specifically on page 1 where the summary information for the events is recorded and on page 2, the cheque register.

Note that the amount of the cheque written to top up the float is entered in the Actual Deposit column. It is important to ensure that the loss amounts are shown and included in the calculations on page 1 as shown below:

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Bingo Financial Report

# OF EVENTS & DATE		ATTEN-DANCE	GROSS BINGO REVENUE A	CASH PRIZES B	CASH EXPENSES C	CALCULATED DEPOSIT (A-B-C) = D	ACTUAL DEPOSIT E	(OVER) SHORT F
1	Apr-09-07	87	2,610.00	1,996.00		614.00	615.00	($1.00)
2	Apr-16-07	52	1,597.00	2,002.00		-405.00	(410.00)	$5.00
Grand Totals		139	$ 4,207.00	$ 3,998.00	$ -	$ 209.00	$ 205.00	$ 4.00

LICENSE FEE PAYABLE WITH THIS REPORT:	X 1.5%	**Download the Excel version of this report or print more blank copies of this report at www.lgamanitoba.ca.**
	63.11	

When completing the cheque register, the date, cheque number, payee and explanation should be recorded, but the amount of the cheque should not be recorded under any of the expense columns. The reason for this is that the amount has already been recorded on Page 1. If the amount of $410.00 is recorded again as an expense, the duplication of this number will cause the entire report will be out of balance by that amount. The cheque register should look like this:

LOTTERY ACCOUNT CHEQUE & PRE-AUTHORIZED PAYMENT REGISTER						
Enter all cheques and pre-authorized payments recorded during this quarter.						
DATE	CK#	PAYEE (PAID TO)	DESCRIPTION	USE OF PROFIT DISBURSEMENTS	BINGO PRIZES PAID BY CHEQUE	OTHER BINGO EXPENSES
Apr-01-07	92	Heart & Stroke Foundation	Donation	100.00		
April 9/07	93	J Smith	Lucky 7 Prize		300.00	
April 16/07	94	Cash	Reimburse Float $410.00			
Apr-23-07	95	Staples	Supplies			132.43

All of the entries regarding the loss event have now been made on the report. Do not make any other adjustments regarding this loss on the report once these steps have been followed and completed.