

Instructions for the Permittee Annual Financial Statement

These instructions are designed to assist you in filing your Annual Financial Statement in Revenue Online. You will be required to attach bank statements showing the prior year balance, the ending balance, and your reconciliation for each gaming bank account at the end of this process.

1. Go to <https://online-tax.alaska.gov/>
2. Login to your Revenue Online account by entering your username and password in the upper-right.
3. Under the 'My Accounts' tab, select the hyperlinked account ID to the left of the Annual Financial Statement account type.
4. Select the 'File Now' hyperlink to begin filing your Annual Financial Statement.

You can select the 'Save and Continue' button in the bottom-left to save your progress at any time. When you return to the report, you will need to select the 'Change' tab in the upper-right to make changes to your previously saved work.

Instructions

- This is an informational page providing notice that all municipalities and qualified organizations that were issued a gaming permit must complete an Annual Financial Statement (AFS).
- Electronic copies of your organization's current and prior year-end bank statements and reconciliations are not attached on this step of the filing process. There will be an opportunity to attach these documents later in the AFS.

Contact

- The person that is preparing the AFS should fill out their contact information on this step. Current information assists the Department in contacting you when necessary.

Gaming Activity

- Select "Yes" if your organization conducted gaming activity during the period. Once "Yes" is chosen and you select next, you will not be able to change your answer.
- Select "No" if your organization did not conduct gaming activity during the period. Even if you did not conduct gaming activity during the period, you will still need to complete the AFS.

Game Type List

- The 'Game Types Conducted' list on this step will already be prepopulated with the game types stated on your permit.
- If you conducted any additional game types, you may add them by selecting from the dropdown list. This dropdown list can be accessed by selecting the empty white field in the 'Game Types Conducted' table.
- Pull-tabs and Vendor pull-tabs are separate game types.
- If the game type was solely conducted through an operator or multiple-beneficiary-permittee (MBP), it does not need to be included on this list.

Schedule D

- If you did not conduct pull-tab games, you do not need to complete Schedule D.
- Schedule D is used to report all pull-tab games that were closed during the filing period and were not previously included on your organization's quarterly reports.
- An Excel template is provided by the department through the 'Excel Template Provided by the Department' hyperlink. The permittee Schedule D template is form number 500. Once this template is complete, you may upload the file using the 'Upload Excel File' hyperlink. You may also select the 'Add a Record' hyperlink to add a record for each individual game instead of using the Excel template.
- If the pull-tab game was sold to a vendor, then the 'ABC License #' should match the ABC license number on the vendor registration application
- If your organization only participated in pull-tab gaming activity through an operator or a MBP, do not complete Schedule D for games sold by the operator or MBP. This information will have already been reported by your operator or MBP on their annual filing.
- For pull-tab games that were sold to a vendor, use the date that the game was delivered to the vendor for the date opened and date closed fields.

Schedule C-1

- Schedule C-1 is only used to report the cost of self-directed pull-tab games and bingo cards, as well as pull-tabs purchased for vendor sales.
- Select the inventory method used by clicking the arrow next to the pull-down menu.
- Your beginning inventory should match your ending inventory from the previous year. For the first gaming year in which your organization conducts pull-tabs or bingo on its own behalf, the beginning inventory will be zero.
- Do not include the 3% pull-tab tax on Schedule C-1. This tax should be reported on either Schedule AP or AV.

Schedule AV

- 'Vendor Pull-Tabs' need to be listed on the Game Type List in order to view and enter information on Schedule AV. Furthermore, a vendor needs to be listed in the 'Sold By' field on Schedule D for a hyperlink to appear.
- Schedule AV is used to report all sales of pull-tabs to vendor(s) registered under AS 05.15.188.
- Do not report vendor sales with other pull-tabs sales on Schedules AP or AO.
- The 3% pull-tab tax for games that were sold to a vendor should be reported on Schedule AV.

- Pull-tabs must be reported using the accrual method of accounting.
- Your vendor should have paid you at least 70% of the ideal net upon delivery of the game; vendor compensation is the remaining 30% of ideal net.
- Other expenses include expenses such as the costs of game delivery to the vendor and accounting services for vendor sales. Furthermore, if a value is listed in the 'other vendor expenses' field, then an explanation of the other expenses is required in the additional field provided.

Caution—do not include any expenses incurred by the vendor, only include permittee expenses in dealing with the vendor. Permittees are not allowed to pay or reimburse vendors for any expenses.

Schedule AP

- Schedule AP is only used to report gaming activity that your organization conducted on its own behalf. Do not report any information related to vendor, operator or MBP gaming activity on this schedule.
- Complete a separate Schedule AP entry for each game type.
- Do not report sales tax on Schedule AP. Sales tax collected is not considered part of the sales price of the gaming item, such as a pull-tab or bingo card. This is money that is owed to the municipality. It is not income from gaming activity and should not be included in your gross receipts. See Schedules F and F-1 for instructions regarding sales tax.
- The 3% pull-tab tax for self-conducted pull-tab games should be reported on Schedule AP.
- All prizes awarded for each gaming activity, other than donated prizes, must be entered on Schedule AP, even if the prizes are in excess of the limits. Donated prizes are reported later in the AFS.
- Do not report operator, MBP, or vendor expenses on Schedule AP.
- Expenses are only allowed if they directly relate to the operation of the authorized games. Furthermore, only the ordinary, necessary, and reasonable expenses of the games may be deducted as game-related expenses. Permittees are required to report all gaming expenses, even if they are in excess of the percentage limitations.
- Allocating expenses. If your organization conducted more than one type of gaming activity and cannot determine how much of a certain expense (for example, professional services or advertising) relates to each gaming activity, the expense should be allocated among the gaming activities. Acceptable allocation methods are those that most accurately match expenses to the revenue from the activity (see examples below).
 - Space Used: a ratio of the amount of space required to conduct a gaming activity to the total space used for all gaming activities of an operation.
 - Time Spent: a ratio of the time spent conducting a gaming activity to the total time available for all gaming activities.

- The total amount of authorized expense that may be deducted for advertising is limited to five percent of your organization's adjusted gross income from gaming activity. The limitation is based on the adjusted gross income from all gaming activities, not just on the adjusted gross income from each separate gaming activity. Enter advertising expense as an expense of the activity to which it relates.
- Only straight line depreciation may be used. The depreciation period is five years for personal property and computer software used in gaming activity. The depreciation period is ten years for an improvement to leased real property that a permittee owns and uses in a gaming activity; if the permittee does not own the improvement, no depreciation may be claimed. The depreciation period is 30 years for real property that a permittee owns and uses in gaming activity. In lieu of depreciation, a permittee may expense the entire cost of five- year property in the year of purchase if expenses remain within the limits of AS 05.15.160.
- Other expenses may only be deducted if they are directly related to the operation of the gaming activity. You must include an explanation of these other expenses in the additional field provided. Examples include non-alcoholic refreshments given free of charge during gaming activities, gaming permit fees, and the 1% fee paid with the Annual Financial Statement from the previous year.
- The Excess Expense Calculation Worksheet is informational and lets you know if you have exceeded the regulatory limits. It displays any excess expenses from Schedule AP.
- Total gross receipts when sales tax is imposed by a municipality: Sales tax collected is not considered part of the sales price of a gaming device, such as a pull-tab or bingo card. This is money owed to the municipality. It is not income from the gaming activity.
 - Do not include this amount as gross receipts. If the sales tax is not collected as a percent of the ideal sales price ($\$1.00 \times 4\% \text{ tax} = 0.04 + 1.00 = \1.04 that should be collected, but only $\$1.00$ was collected), the sales tax paid to the municipality will reduce the reported gross receipts (ideal sales price of $\$1.00 - 0.04 = 0.96$ gross revenue from the sale of the pull-tab).
 - When a check is written to the municipality for the sales tax owed, the amount should not be included in gaming expenses or taxes. The money was collected from the purchasers of the pull-tabs or bingo cards and is simply being forwarded to the municipality.
 - See the instructions for Schedules F and F-1 if your gaming activities were subject to sales tax.

Caution: If a lease of premises other than the permittee's primary gaming location is executed for the sale of pull-tabs by an employee, volunteer or member of the permittee, at a premise that would otherwise qualify as a vendor location, lease payments may not exceed 20% of the ideal net of the pull-tab activity conducted in the premises.

Schedule AO

- There should already be a blue ‘MBP’ or ‘Operator’ hyperlink for any operators or MBPs that you used or were a part of during the year.
- The ‘Add a Record’ hyperlink can be used to add additional operator or MBP entities.
- Use the information that you received from your operator/MBP to complete this schedule. Your Operator or MBP should provide this information to you by February 28 of the year following the year in which the gaming activity was conducted.
- Only include gaming activity conducted by your operator or MBP on Schedule AO.
- The amount that you received from the operator or MBP should be entered in the ‘Amount Paid’ field on the Net Proceeds Paid to Permittee by Operator/MBP table.

Excess Expenses & Prizes

- This is an informational page; there is no additional information that needs to be entered. Excess prizes and expenses from Schedules AP and AV will be listed on this page. Your operator or MBP is responsible for any excess expenses from Schedule AO.

Summary

- This is an informational page; there is no additional information that needs to be entered.
- No fee is due if total gross receipts were less than \$20,000 during the year.
- There are hyperlinks to Schedules AO, AP, and AV to the right of the corresponding fields. Selecting these hyperlinks leads to the corresponding schedule.

Schedule F

- Schedule F, Other Deposits and Increases, is used in conjunction with Schedule F-1, Other Disbursements and Reductions, to help reconcile the gaming bank account balance.
- Receipts from gaming not deposited by year-end of the prior year should be entered on the ‘Prior Year Net Proceeds Deposited after December 31 of Prior Year’ field.
- Explain other deposits or increases on the lines provided. For example, the initial deposit to open the gaming account may have been a transfer from the general account. Large raffles spanning two year may require entries on Schedules F and F-1 to avoid the appearance of excess prizes or expenses in either year. Also include here any loans or gifts received during the year, including donations of net proceeds received from another permittee. See 15 AAC 160.363.
- Sales Tax Collected: Enter the city sales tax collected, or the reduction to gross receipts on Schedule AP, if sales tax wasn’t collected, on this line. See the instructions for Schedule AP for more information regarding sales taxes.

Schedule F-1

- Receipts from gaming from the current year that were not deposited in the gaming account by December 31 of the current year should be entered on the 'Current Year Net Proceeds Not Deposited by December 31 of Current Year' field.
- Non-deductible sales tax: Enter the non-deductible sales tax paid on this line. Sales tax should not be deducted as a tax or general expense on Schedules AP or AV.
- Explain any other reductions to cash on the lines provided. For example, non-gaming receipts that should have been deposited to the general account but were inadvertently deposited to the gaming account are entered here.

Donated Prizes

- If applicable, enter 'Yes' and the value of any donated prizes on this step.

Schedule E

- An Excel template is provided by the department through the 'Excel Template Provided by the Department' hyperlink. The permittee Schedule E Template is form number 550. Once this template is complete, you may upload it using the 'Upload Excel File' hyperlink. You may also select the 'Add a Record' hyperlink to add a record for each individual donation of net proceeds instead of using the Excel template.
- Net proceeds derived from gaming activities must be spent within one year following the year in which they were earned, on uses stated in Sec. 05.15.150.
- List the recipient name, date, purpose, check number, and amount for each donation of net proceeds.
- If you transferred net proceeds to the general account or any other account, use Schedule E to report how the money was used. You must account for all net proceeds transferred to your general account by listing the general account check number, date, recipient, purpose, and the amount of each payment.
- If your organization needs to hold net proceeds for a period longer than one year, you must apply through Revenue Online. See AS 05.15.150(b) and 15 AAC 160.822 for additional information.
- If you donate net proceeds to another permittee organization, you must make a reasonable effort to ensure that each recipient uses the donated net proceeds in accordance with statute. See 15 AAC 160.810 for additional information.

Gaming Account Reco.

- Line 1, 'Prior Year Balance of All Games of Chance and Contests of Skill Checking and Savings Accounts', this balance should match the year-end bank balance from the previous year.
- All interest earned during the year on your gaming checking account should be reported on line 3 'Interest Earned on Games of Chance and Skill Checking and Savings Accounts'.

- Line 9, 'Year-end Balance of All Games of chance and skill checking and savings accounts' should match the year-end balance stated on your bank statements.
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Attachments

- Attach bank statements showing the prior year balance, the ending balance, and your reconciliation for each gaming bank account. A maximum of five files can be attached.
 - For example, if you are filing your 2016 AFS, the attached bank statement showing your prior year balance should be for the 12/31/2015 period. Additionally, the attached bank statement showing your ending balance should be for the 12/31/2016 period.
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Certification

- Once your report is complete, check the box declaring that the report is true and complete to the best of your knowledge.
- Preparers need to select the 'If you are not the taxpayer in which this account is being filed, please click and fill out the preparer information' hyperlink, and fill out the required information before checking the box declaring that the report is true and complete to the best of your knowledge.

Payment takes two business days to process and will show as 'Pending' in your account.
