

CITY OF ROCHESTER
REVIEW OF BINGO ORGANIZATIONS

Office of Public Integrity
Date: June 28, 2013

I. EXECUTIVE SUMMARY

In this review, we assessed the validity of financial information reported to the City of Rochester and compliance with applicable regulations by organizations conducting bingo games. The Office of Public Integrity (OPI) selected for examination three of the six organizations that currently conduct bingo games in the City of Rochester. Additionally, we performed an analysis of rent collected by the Bingo Palace for calendar year 2012 to ensure that the City received the required 3% fee from this type of revenue.

The results of the review indicate general compliance with regulations, and reported transactions appear accurate and reliable. However, we noted the following exception:

- ◆ OPI noted that one of the three organizations tested failed to donate one third of its profits to a charitable organization. State law requires organizations conducting bingo to donate at least one third of their bingo net profits to charitable organizations.

II. BACKGROUND, OBJECTIVES, AND SCOPE

A. Assignment

The Office of Public Integrity routinely examines the detail records of a selection of various organizations licensed by the City of Rochester to conduct bingo games. The work plan for the current fiscal year includes the examination of three of these organizations. Additionally, as part of this review, we included an analysis of rent revenue reported to the City by the Bingo Palace.

B. Background

The City of Rochester currently authorizes six organizations to conduct bingo games in the City. Each organization plays at least once weekly for a total of nine weekly bingo game occasions, and uses the net proceeds from the games to benefit community-based activities.

State law and City Code strictly regulate all aspects of bingo including bookkeeping requirements and maintenance, record retention, allowable and unallowable expenditures, required amounts of charitable donations, reporting requirements, and game play procedures.

For the calendar year ended December 31, 2012, the City collected \$8,099 in net revenue from bingo licensing fees.

C. Objectives and Scope

The objectives of this review were to determine the validity of reported financial information and to verify compliance with applicable regulations.

The Office of Public Integrity randomly selected three organizations for an examination of reported transactions for all games played during the calendar year ended December 31, 2012. We judgmentally selected a sample of expenditures from the organizations for testing and determined the validity of each selected transaction.

OPI also performed site inspections for each of these organizations while they conducted bingo games. The organizations are:

Friends of Rochester Hebrew High School Elmwood Building Fund
Friends of Rochester Hebrew High School Scholarship
St. Stanislaus Parish Council

Additionally, we completed an analysis of all 2012 rent revenue reported by the organization who operates the Bingo Palace facility to ensure that they properly submitted to the City 3% of the net profit related to this rent revenue.

III. RESULTS OF REVIEW

The results of the review indicate that the organizations generally comply with State and local bingo regulations, and reported transactions appear accurate and reliable. However, we noted one instance of non-compliance with State requirements.

A Required Donation to Charitable Organization Not Paid

New York State Racing and Wagering Board Regulation 5821.18 requires organizations conducting bingo to disburse at least one-third of their net profits derived from bingo for specific lawful expenditures. Acceptable donations and expenditures for lawful purposes include disbursements to recognized charitable organizations, for patriotic, civic and community projects, to recognized programs serving youth, for educational purposes, for religious purposes, for fire-fighting activities and volunteer ambulance corps and for veterans activities.

OPI noted that one of the three organizations did not meet this requirement for 2012. The Friends of Rochester Hebrew High School Elmwood Building Fund had 2012 net profits of \$618 and, as a result, should have disbursed at least one-third, or \$206 as a donation to a charitable activity. However, this

organization did not make any such donations. As a result of this review, the organization made the required disbursement.

IV. CONCLUSION

The validity of the reported transactions for the organizations tested appears reasonable. Based on these results, the Office of Public Integrity does not consider any further testing necessary.