

## Who Qualifies for Lottery Licencing?

To be eligible for a lottery licence, an applicant must qualify either as an eligible charitable organization or as a non-profit organization with charitable purposes or objects. Charitable registration with Revenue Canada or incorporation as a non-profit organization does NOT guarantee eligibility for licences.

The licencing authority will review all relevant documentation to determine eligibility. These decisions are based on what is considered charitable in law, including the Criminal Code of Canada, previous court decisions, Order-in-Council 2688/93 as amended, and the policies issued by the Registrar of Alcohol and Gaming.

Although there are many worthwhile activities and causes, not all are considered charitable. An essential and common element in the determination of what is charitable is the provision of “public benefit.” What is considered to benefit the public does not remain constant. It changes with the changing values and needs of society and reflects the social conditions of the time.

In order to determine which organizations are eligible for lottery licences, the Alcohol and Gaming Commission of Ontario uses the four charitable classifications set out below. In order to qualify for a lottery licence, an organization must demonstrate that it exists to provide services in one of these charitable classifications:

- (a) the relief of poverty;
- (b) the advancement of education;
- (c) the advancement of religion;
- (d) other charitable purposes beneficial to the community, not falling under (a), (b) or (c).

In addition, an eligible organization must also meet all of the following criteria:

- ❖ It must provide a charitable benefit to residents of Ontario.
- ❖ It benefits the public at large, not a private group.
  - An organization that is established solely for the benefit of its members is not an eligible organization. It does not have a public benefit.
  - Organizations may direct their charitable works towards specific segments of the community or individuals with a common need, provided that:
    - more than a few individuals benefit;
    - the charitable benefit is accessible to the public at large.
  - An organization that otherwise restricts access is not an eligible organization. Organizations that exist to provide service to individuals with a common need may provide services on an individual basis.
- ❖ Its income is not paid to or used for the personal benefit of its members, its members' relatives or anyone who is not at arm's length from the organization.
  - An organization that transfers income or assets to its members for their personal benefit is not an eligible organization.
- ❖ Projects with a charitable purpose or object are one of its main aims and normal activities.
  - An organization that does not have a mandate to provide charitable works and does not provide charitable works on a regular basis is not an eligible organization.

Charities in Canada must be registered with the Charities Directorate of the Canada Revenue Agency.

According to the Canada Revenue Agency:

A registered charity is an organization established and operated for charitable purposes, and must devote its resources to charitable activities. The charity must be a resident in Canada, and cannot use its income to benefit its members. A charity also has to meet a public benefit test. To qualify under this test, an organization must show that:

- its activities and purposes provide a tangible benefit to the public
- those people who are eligible for benefits are either the public as a whole, or a significant section of it, in that they are not a restricted group or one where members share a private connection, such as social clubs, private groups or professional associations with specific membership
- the charity's activities must be legal and must not be contrary to public policy

To register as a charity, the organization has to be either incorporated or governed by a legal document called a trust or a constitution. This document has to explain the organization's purposes and structure.

Holding lottery events and raising funds through lotteries are just a small part of what a charitable or Non Profit service organization does. You must do more than just have lotteries to raise money to give away. An organization must demonstrate that for a minimum of one year it has carried out charitable activities that provide a direct benefit to Ontario residents, which are consistent with their mandate. Provide a list of charitable activities done throughout the year and attach specific costs for these events. Doing fundraising activities alone does not make an organization eligible for lottery licencing.

What is your operating budget? An organization must provide ongoing programs or services to the community. What is the cost of those programs?

Sometimes individuals will ask for a lottery licence to raise money as a one time event and just want to donate to a worthy cause. ie: help a family in need, donate to the hospital or hospice, raise money for a charity. Although these are wonderful ideas a lottery licence isn't approved for this type of fundraising event. Lotteries/gambling can only be organized and done by a charitable or non-profit organization as explained above.

If you feel your organization falls into the charitable descriptions above and would like to apply for lottery licencing please review this approval package and submit your application and requested documentation. The approval process will take 5 business days.