A User's Guide To Lottery Licencing

Township of Admaston/Bromley

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Table of Contents

General guidelines: A summary 3

Eligibility and use of proceeds 4

Eligible use of proceeds: An overview 6

Eligible use of proceeds 7

Annual report 9

Lottery trust account requirements 10

Conflict of interest 11

About raffles 12

Raffle ticket requirements 13

50/50 14

Blanket licence: 16

Bazaar licences 17

Frequently asked questions 18

GENERAL GUIDELINES – A SUMMARY

Municipalities have the authority to issue licences for most lottery events conducted in their communities, including:

- Raffles with prizes up to $50,000;
- Break Open Ticket events not conducted with another event and where tickets are sold within the municipality;
- Bazaar gaming events

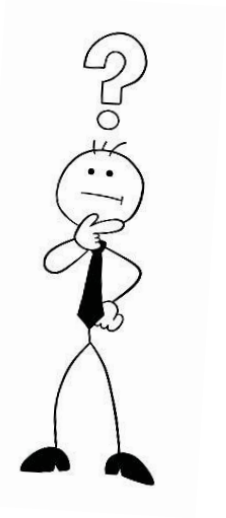
With this authority comes certain responsibility:

- Report any information required by Alcohol and Gaming Commission of Ontario
- (AGCO) Registrar, including number and type of licences issued and fees
- collected;
- Enforce licensing policies;
- Ensure licensees comply with terms and conditions of licences;
- Investigate any breaches of such terms and conditions;
- Refuse, suspend or cancel licences for non-compliance.

Municipalities have the authority to:

- Investigate suspected contraventions or any financial and/or management improprieties of licensed organizations and persons;
- Conduct audits of licensed organizations;
- Attach terms and conditions to any licence(s) issued.

ELIGIBILITY AND USE OF PROCEEDS



To be eligible to receive a lottery licence, an organization must first have charitable purposes and objects that fall within one of the four classifications of charitability:

1. Relief of Poverty;
2. Advancement of Education;
3. Advancement of Religion;
4. Other Charitable Purposes Beneficial to the Community.

Are You Eligible for a Charitable Gaming Licence?

Charitable registration with Revenue Canada or incorporation as a non-profit organization does **NOT** guarantee eligibility for licenses. An individual is **NOT** eligible for a lottery licence.

Your organization may be eligible if it:

- has a purpose to provide charitable services to Ontario residents to:
  - relieve poverty
  - advance religion
  - advance education
  - benefit the community
- has been in existence for at least one year
- has carried out activities consistent with its charitable purpose for at least 1 year that provide a direct benefit to Ontario residents
- is located in Ontario
- is non-profit or charitable

Some examples include:

- hospitals
- service clubs
- youth activities or sports
- arts or culture
- schools

Organizations that only promote the private interests of their members do NOT qualify for gaming event licenses. This may include, but is NOT limited to:

- adult recreation or sports
- individual sport teams
- unions or employee groups
- social clubs
- professional associations
- political, government, lobbying or advocacy groups.

To summarize:

- **Relief of Poverty:** organizations that assist the economically disadvantaged by directly providing goods, social services, programs or facilities to alleviate the effects of living in poverty.

- **Advancement of Education:** significant training or instruction; development of mental faculties; or improvement of a branch of human knowledge resulting in a public benefit. Instruction must be available to a wide section of the public and not be restricted.

- **Advancement of Religion**: promotion of a religious group's spiritual teachings and maintenance of doctrines and spiritual observances upon which those teachings are based. The group's activities must include an element of public instruction and promotion of spiritual teachings, serving religious purpose for the public good. Beliefs and practices cannot include anything the courts consider subversive, immoral or illegal.

- **Other Charitable Purposes Beneficial to Community: includes activities that benefit the whole community, without discrimination**, so that the purposes have a truly public character and may include:
  - promotion of arts and cultural activities;
  - cultural ethnic, native, historic or heritage pursuits;
  - improvement of the quality of health through medical research;
  - treatment programs and preventative programs;
  - youth sporting activities;
  - community projects undertaken by service organizations.

Eligible Use of Proceeds: An Overview

The licensing official must examine the intended use of lottery proceeds as listed on the licence application, by considering the following factors:

- Which classification does the organization fall under?
- What is the mandate of the organization?
- The type of organization;
- The organization's structure.

Eligible proceeds must be:

- In themselves charitable and advance the charitable purposes/objects of the organization;
- Used for direct delivery of the charitable purposes/objects of the organization;
- Directed toward specific segments of the community with a common need.

Several restrictions are in place for use of proceeds and will be determined following a review of the application. A few examples of ineligible use of proceeds include:

- provision of personal benefit or gain for members of the applicant organization;
- supporting tourism or other purely economic benefits;
- advancing a particular political issue;
- enhancing lands and buildings owned and/or operated by a government;
- is a responsibility traditionally fulfilled by a government;
- or it funds activities that do not fall within one of the four charitable classifications.

Further, the Clerk must be satisfied that:

- The proposed uses of proceeds are consistent with the organization's purposes and objects, and the eligible uses of proceeds for the class and type of organization; and
- The proposed uses of proceeds are related to the direct delivery of programs and services to the eligible beneficiaries.

If the answer to both components is "yes", the applicant's lottery application and proposed use of proceeds may be eligible for lottery licensing. Please be clear and specific when completing your application form to ensure compliance.

"IF IN DOUBT … CHECK IT OUT!"

WWW.AGCO.CA

ELIGIBLE USE OF PROCEEDS: TELL ME MORE!

examples are not all-inclusive

Relief of Poverty – Examples of Eligible Uses of Proceeds:

- Temporary shelter/subsidized rental accommodation;
- Food, supplies, clothing;
- Client life skills training, instruction & support to alleviate effects of
- living in poverty;
- Transportation costs for clients to attend programs/access services;
- Non-profit day care services where funds are used:
- For programs not historically funded;
- For the purpose of allowing access to persons who could not otherwise afford the service;
- Out-of-pocket expenses for staff and volunteers (i.e. staff or volunteers required to use personal vehicle to deliver the service).

Advancement of Education – Examples of Eligible Uses of Proceeds:

Funds from lotteries cannot fund core programs or services. Lottery proceeds cannot be used for purchase, construction or renovation of facilities or buildings, or purchase of capital assets such as school buses. Proceeds must be used for overall benefit of school; e.g. lottery proceeds raised for athletic programs must be used to support all representative sports teams within the school, not just selected teams. The licensing authority may approve the use of proceeds for the following purposes, as long as they are not historically provided by the organization or mandated by the Provincial government:

- Non-profit student publications (e.g. newsletters and yearbooks provided at nominal or no cost);
- Educational student conferences and field trips within Ontario;
- Student organizations such as arts/drama clubs and student councils/unions;
- Academic competitions;
- Student athletics programs: uniforms, sports equipment, safety equipment, fees for qualified officials where necessary, and facility rental fees;
- Scholarships and bursaries open to Ontario residents; and
- Travel provided it complies with prescribed criteria.

Advancement of Religion – Examples of Eligible Uses of Proceeds:

- Development and enhancement of religious programs for parishes, missions, synagogues, temples or other religious assemblies in Ontario;
- Religious training, education, instruction;
- Relief of poverty provided it is within mandate of organization;
- Publication and distribution of religious literature and educational materials;
- Administrative costs including wages & salaries;
- Rent or mortgage payments and utilities for buildings used for religious purposes;

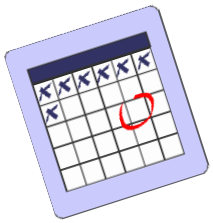
- Direct travel costs within Ontario (for religious purposes);
- Maintenance and repair of buildings used for religious purposes;
- Capital projects including purchase or construction of facilities to be used for religious purposes and property improvements/renovations on buildings used for religious purposes.

Other Charitable Purposes Beneficial to Community:

An eligible organization in this classification may also have objects or purposes that are not charitable, as long as those objects are secondary to the main purpose, which must be charitable. The organization must be operated on a non-profit basis and eligible organizations must fall into one of the six categories noted on Page 4, #4 above.

Examples of Eligible Uses of Proceeds:

- the preservation or enhancement of traditions, heritage and culture, provided there is a public, not private, benefit;
- programs that enhance health and well-being;
- medical research within Ontario;
- the publication and distribution of non-profit promotional materials and literature related to public safety.



EACH YEAR, THE TOWNSHIP OF ADMASTON/BROMLEY SHOULD RECEIVE THE FOLLOWING INFORMATION ABOUT YOUR ORGANIZATION:

- A copy of the applicant's Articles of Incorporation and/or constitution as well as any by-laws, if applicable (if there has been a change in the past year).
- A copy of a letter from Canada Revenue Agency recognizing the charitable status under the Income Tax Act (if there has been any change since this information was previously submitted.)
- A copy of the most recent filing with Canada Revenue Agency.
- **A list containing the names, business telephone numbers and email addresses of all bona fide members, and a list of the current Executive, including names of those persons having signing authority for your organization**.
- **A copy of your previous year's financial statement.**
- **Bank Statements from your last report with any supporting documents for proceeds used.**
- Detailed program of services provided.
- Annual updates regarding your directing officers and financial particulars.
- A copy of the applicant's complete budget, covering the current twelve month fiscal or calendar year, detailing how resources will be acquired and disbursed during this period.

This information is due no more than 4 months following your fiscal year end. Areas in bold are required by the Township of Admaston/Bromley however, the Licencing Authority may request any of the above documents in addition to the bolded items.

You may wish to provide this information package to subsequent Boards of Directors!

Lottery Trust Account Requirements

A “Lottery Trust Account” must be opened and maintained for lottery events held in the Township of Admaston/Bromley.

The account must have the following features:

- Account is a trust account.
- Account has cheque writing privileges and cheques are returned with monthly bank statements.
- All cheques and bank statements indicate “trust” after the organization’s name.
- All cheques must have two (2) signatures.
- Deposit slips are completed for each deposit and stamped by the teller
- Lottery proceeds cannot be transferred to a General or Operating Account. Lottery proceeds must be distributed from the Lottery Trust Account BY CHEQUE, on the direct objects and purposes of the organization, as approved on each licence application.

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CONFLICT OF INTEREST: GUIDELINES

Conflict of Interest guidelines have been established by the AGCO to give the public confidence in the integrity of charitable organizations conducting lottery events. As this can be a sensitive issue, licencees must be vigilant in preventing any possibility of a potential or perceived conflict of interest!

Guidelines:

- No member, principal officer or paid staff of an applicant organization may be involved, in any way, in the approval of a licence application and/or the management and conduct of a licensed event.
- No person assisting in the conduct and management of a lottery event may have any monetary interest in any card, ticket or bet, or have a chance to win a lottery prize in any way.
- No designated member responsible for the conduct of the licensed lottery, or volunteers assisting with the lottery, may have any direct or indirect personal financial interest in the funds raised.

Some examples:

- Designated members-in-charge, prize donors, and other persons or companies involved in the conduct of the raffle must not purchase tickets;
- Prizes must not be purchased from a business controlled by any of the designated members-in-charge of the licensed lottery event;
- A neutral third party should draw the winning ticket (i.e. a person who has not purchased a ticket);
- No one involved in the sale of Break Open Tickets (BOT) may purchase tickets or participate in gaming events held in conjunction with the BOT gaming event;
- Owners and employees of registered BOT seller locations may not purchase Break Open Tickets sold at that location;
- Members of a licensee's board of directors may not personally benefit or profit in any way from a lottery event conducted and managed by the licensee or play bingo at that hall at any time.

A LITTLE ABOUT: RAFFLES

A raffle is a lottery scheme where tickets are sold for a chance to win a prize in a draw.

- Tickets cannot be sold or distributed until the actual licence certificate has been picked up. Raffle tickets cannot be sold, distributed or advertised outside of Ontario.

- Prize values cannot exceed $50,000 or the licence is issued by the Province of Ontario (AGCO) directly. **Retail market value of prizes must not be less than 20% of the total value of the tickets.** So, if your total printed ticket sales value is $2500, the total values of prizes cannot be under 20% or $500.

- Fixed prizes must be awarded in raffle draws, except 50/50 draws. You must know what your prizes are and the values prior to making application for a licence.

- Raffles by Donation (in which part of or the entire purchase price of a ticket is a "donation") are prohibited under Section 206(1) of the Criminal Code and are NOT permitted.

- Raffle tickets must not be sold to anyone under the age of eighteen (18) and must not be offered, ordered or sold through the Internet, a web page or any other computer-generated communications medium.

- Only new and unused merchandise purchased from a reputed vendor may be offered as prizes. Livestock must not be awarded as prizes.

- The licensee's name and licence number must appear on both the main ticket and the ticket stub, and any advertising.

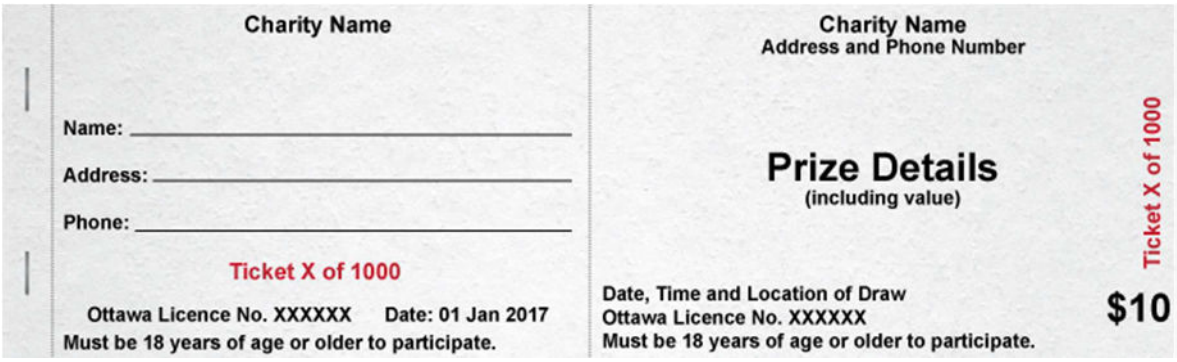
- Raffles by "Donation" The use of the word "donation" in lieu of a purchase price for tickets does not alter the fact that consideration is being paid for a chance to win a prize. Accordingly, this type of raffle constitutes a lottery scheme under Section 206(1) of the Criminal Code.

Lottery Report must be submitted within 30 days of the holding of the lottery.

Raffle Ticket Requirements

- Prize value must include all taxes. Handmade prizes, gift certificates, cash vouchers – no taxes;
- Tickets must specify if taxes are to be paid by the winner(s);
- 50/50 draws must indicate maximum prize value on ticket;
- Handwritten ticket numbers are not acceptable.
- Tickets shall not bear any coupon, promotional or advertising material unless it is promoting the licensee and approved by the licensee. If the prize(s) are donated, the words "courtesy of "or donated by" are acceptable.

The following example ticket does not have to be followed exactly. However, all of the appropriate information must be included. If the tickets are incorrect the licence will not be issued.



Draw Side

- Name of Organization
- Organization Address and Phone Number
- Address and Phone Number
- Name
- Address
- Phone No.
- Lottery Licence Number
- Ticket Number of Total Tickets
- Date of Draw
- Must be 18 years of age or older to participate.

Voucher Side

- Name of Organization,
- Organization Address and Phone Number
- Licence Number
- Date, Time and Location of Draw
- Ticket Number of Total Tickets
- Price of Ticket
- Prizes ((must be listed including retail cash value and all applicable taxes)
- Must be 18 years of age or older to participate.

Note: If raffle is a 50/50 draw - this should be indicated on “prizes” line as well as the maximum prize value.

In addition, if the tickets are to be discounted from the regular price (i.e. $1.00 or 3 for $2.00), then the prices shall be indicated and printed on each ticket.

Ticket Requirements (Ready Made Roll Tickets)

If the raffle uses ready-made rolls of tickets, each seller is required to display the following information:

- Name
- Draw Type
- Date
- Location
- Prize Details
- Ticket Price
- Number of tickets for sale
- Draw Date and Time
- An image of what a complete ticket looks like.
- “Winners must be present to claim a prize.”
- “Must be 18 years of age or older to participate.”
- Licence Number

SPECIAL INFORMATION REGARDING 50/50 DRAWS

A 50/50 Draw is a raffle lottery where the prize is one half of the value of all tickets sold. The licensee may only award prizes based on a 50/50 split of the gross proceeds (you cannot deduct half of the administrative fees such as ticket printing or licence fee from the prize to be issued).

In some instances, groups may wish to conduct a series of 50/50 draws over a specified time period; i.e. a hockey association may wish to hold 50/50 draws during the second intermission of hockey games on the 1st and 15th of each month. Whenever a licence is issued for a series of 50/50 draws, the licensee must use different tickets for each draw throughout the course of the licence (two-part roll tickets can be used).

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A LITTLE ABOUT:
BREAK OPEN TICKETS
"B.O.T.'s" – Nevada Licences

Break Open Tickets are instant win lottery tickets, commonly known as "pull tab" or "Nevada" tickets. They are:

- Made of cardboard;
- Have one or more perforated cover window tabs which conceal winning and losing numbers or symbols;
- Are played by tearing off the cover tabs; and
- Also include seal cards and bingo event tickets.

In order to be approved for sale in Ontario, all B.O.T.'s must comply with the Registrar's requirements and standards, including the Standards for Suppliers of Goods and Services: Break Open Tickets. Schedules of such approved B.O.T.'s are available from the Registrar and can also be found on the AGCO website.

In addition to general conflict of interest guidelines, licensees must comply with the following guidelines for B.O.T. lottery events:

- No one involved in the sale of B.O.T.'s may purchase tickets or participate in gaming events held in conjunction with the licensed B.O.T. gaming event;
- The owner and employees of a registered B.O.T. seller location may not purchase tickets sold at that location;

Important Points:

- The Township of Admaston/Bromley issues B.O.T. licences for a period of one year;
- A ticket dispenser or container must not contain tickets sold under more than one licence;
- A deal of tickets must not be split between dispensers or containers;
- If all tickets are sold before the licence expiry date, the licence will be deemed to have expired;
- The licensing authority may grant an amendment extending the licence period provided that:
  - All tickets authorized by the licence have been imprinted with the licence number and name of licensee, but not sold;
  - The licensee makes the request for extension in writing before the current licence expires; and
  - Total licence period does not exceed five years.

BLANKET LICENSING:

WE'VE GOTCHA COVERED

If your group wishes to conduct more than one type of raffle event within a fixed time period, from one location, with the capped prize amount not exceeding $5,000, then do we have a licence for you!

With a view to reduce the number of times you need to apply for a licence, AGCO has developed a Blanket Raffle Lottery application. The types of raffle events that may be conducted under a blanket licence include:

- Stub Draws;
- 50/50 Draws;
- Elimination Draws;
- Meat Spins/Turkey Rolls;
- "Name the Raffle"

Applications may be submitted to conduct any number of these raffle events for up to a maximum six-month period, for a total prize board not exceeding $5,000.

Blanket licence applications must include, in addition to the basic application requirements, the following information:

- Types of raffle lottery events to be conducted during the period;
- The number of raffle events to be held;
- The total number of tickets to be printed for each individual raffle, and the total value of all tickets printed for each event;
- The cost per ticket for each event;
- Location where events will take place;
- Scheduled dates for each raffle event to be held;
- Detailed explanation of the rules for each type of raffle event;
- Description of all prizes to be awarded and the approximate total retail value of all prizes to be awarded for each raffle event; and
- Total value of all prizes to be awarded for the period.

It is important for you to note that separate ledgers must be kept for each raffle event, outlining the financial details including: proceeds derived, expenses paid, and a list of how the proceeds have been disbursed.

Each deposit slip must identify the date of the raffle event for each deposit made into the designated lottery trust account, and specify the total proceeds deposited for each individual event.

A Little About: Bazaar Licences

A Bazaar is defined as "a sale of goods held to raise money for a charity."

Four types of lottery events are permitted at bazaars, in any combination:

- Wheels of Fortune
- Bingo
- Raffles
- Penny Auction (Penny Sale) Raffles

Wheels of Fortune:

A game where players wager chips, tokens or cash on the spin of a wheel in order to win a prize. Wagers are set and the wheel is spun – it must complete at least three full revolutions and come to a full stop for prizes to be awarded (example – Crown & Anchor). Maximum of three wheels of fortune; maximum bets of $2.00.

Bingo:

Under a Bazaar licence, a bingo lottery may be conducted with a maximum of $500 in prizes. Bingo cards may be sold for cash only, and only on the day of the event. General Bingo Licensing Policies apply.

Raffles:

A raffle lottery may be conducted under a bazaar licence with a maximum of $500 in prizes. Cash transactions for ticket sales only are permitted. Tickets must be consecutively numbered (i.e. you can use roll tickets).

When raffle tickets are sold at a single premises and tickets are drawn the same day (i.e. at the bazaar) the licensee is exempt from general raffle policies requiring printing of complete raffle information on the ticket and retaining unsold tickets for one year.

Penny Auction Raffles:

Total prize value has a maximum $500 cap. Participants purchase tickets which are detachable from stub portion and are used to "bid" on a variety of "auction items" (the prizes) by depositing a ticket into a container assigned to that prize. The prize is awarded to the person whose ticket is drawn, at random, from the container.

Important Note: AGCO requires that the application include a complete list Of the prizes to be awarded for each game.

FREQUENTLY ASKED QUESTIONS:

Why do I need a licence to raise money for a good cause?
A lottery is an event where a fee is paid for a chance to win a prize. Typically, these may include bingos, raffles, break open (Nevada) tickets and charity casino events. All lotteries require a licence issued by a municipality or by the Province of Ontario.

What happens if our Break Open Ticket (B.O.T.) licence expires before we have sold all of the tickets?
You may apply to the City for an amendment to your licence to extend the time period of the licence. However, the total period for one licence, including amendments, must not exceed five years. If you have not sold all B.O.T.'s within the one year, the licence is not valid and tickets must not be sold.

If I am a member of the Board of Directors or lottery/ fundraising committee, can I purchase a lottery ticket on that lottery event?
No. In accordance with the AGCO rules and regulations, this constitutes a Conflict of Interest and is not permitted. See the conflict of interest guidelines contained in this information kit. Note - anyone who has purchased a ticket cannot pull the winning ticket.

When should I submit my lottery licence application?
For organizations seeking their first raffle licence, applications should be submitted at least 45 days before the event. If it is not the first licence for the organization, the application should be submitted at least 30 days prior to the event.

How soon can I pick up the licence once the application has been submitted?
Municipal staff must carefully review all applications and ensure that the organization's file is complete. Please allow at least five business days for processing your licence application.

Can my licence application be suspended, cancelled or refused?
Yes. A licence may be suspended, cancelled or refused where there has been a breach of any term or condition; if there are reasonable grounds to believe the licensee will not conduct and manage the lottery scheme in accordance with the law; it is in the public interest to do so; or if a licensee fails to submit the financial reports relating to the conduct of any lottery event.

Must lottery revenues be held in a separate bank account?
Yes. A licensed organization must open and maintain a separate lottery trust account, designated as a trust account by the branch of a recognized financial institution.

What if my licence was issued in the Township of Admaston/Bromley but I also want to sell

tickets in another municipality?

If a licensee wishes to sell tickets from an established point of sale in more than one municipality, it must obtain permission from each municipality in which it proposes to sell tickets.

What if I have more questions?

There is a great deal of useful information available on the AGCO website, www.agco.ca. However, if you need further information, please contact the Township of Admaston/Bromley at 613-432-2885.