

# Municipal Lottery Licensing Information Session



# Lottery Licensing Team

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[www.centralhuron.com](http://www.centralhuron.com)

# Information Initiative

Central Huron's Lottery Licensing Team has taken an initiative to communicate and work with each of the groups or potential groups regarding lottery licensing regulations, responsibilities and overall awareness.

# Format for the Session

1. Overview of Legislation (Brief)
  
2. Application Process
  - a) Eligibility
  - b) Licenses
  
3. Compliance Measures
  - a) Report Submission
  - b) Use of Proceeds

# Highlights For This Session

- ▶ Regulatory Framework
- ▶ Eligibility
- ▶ Application Process
- ▶ Licence Types (Raffle, Bingo, Bazaar, Nevada)
- ▶ Use of Proceeds
- ▶ Charity Responsibilities
- ▶ Reporting Practices

# Definitions

AGCO	Alcohol Gaming and Commission of Ontario (Registrar)
LLPM	Lottery Licensing Policy Manual
Raffle	Lottery scheme where tickets are sold for a chance to win a prize in a draw. Several Different types.
Bazaar	A bazaar is a sale of goods held to raise money for a charity. A licence for certain lotteries can be obtained in conjunction.
Break Open Tickets (Nevada)	Instant win lottery tickets, commonly known as pull tab or Nevada tickets

# Definition of a Lottery Event

Three Elements:

1. Fee or a Consideration of Fee
2. Chance to Win
3. Prize

Only those lottery events approved by the A.G.C.O may be licensable

# Background

- ▶ In Canada, all authority to license gaming activity flows from provisions in the *Criminal Code* (Canada).
- ▶ Based on this, an Order-in-Council was passed which:
  - ▶ defines the roles and responsibilities of municipal councils and the Registrar; and
  - ▶ gives the authority to license and regulate certain lottery events.
  - ▶ provides broad policies for the administration of lottery events and general terms and conditions for the conduct of lotteries.



# Charitable Gaming

- ▶ A specific set of rules, known as the terms and conditions, to regulate each type of licensed lottery event have been created.
- ▶ The terms and conditions provide detailed instructions for the conduct and management of licensed lottery events.
  - ▶ the role of the licensee;
  - ▶ the types and amounts of prizes to be awarded;
  - ▶ rules of play;
  - ▶ licence fees;
  - ▶ banking guidelines; and
  - ▶ reporting requirements.

# What Can The Municipality Issue

- ▶ Regular Bingos (Max. \$5,500)
- ▶ Media Bingos (Max. \$5,500)
- ▶ Break Open Tickets (Nevada)
- ▶ Raffles (Max. Prize Board \$50,000)
- ▶ Bazaars

# Municipalities Have Responsibilities To:

- ▶ Conduct eligibility reviews
- ▶ Maintain current eligibility files
- ▶ Review lottery applications, and reports
- ▶ Ensure that proceeds are accounted for and used in accordance with the licensee's charitable mandates
- ▶ Ensure compliance with any issued lottery license
- ▶ Report any breaches

# The Role of Lottery Licensing Officers

- ▶ Determine whether an organization is eligible for lottery licensing in Ontario, according to the guidelines set out in the Lottery Licensing Policy Manual (LLPM);
- ▶ Issue and administer licences in a fair and equitable manner, consistent with the policies set out in the LLPM; and
- ▶ Ensure that licensees meet the requirements of the *Criminal Code* (Canada), the Order-in-Council and the terms and conditions of their licences.

# Guiding Principles

- ▶ Consider the needs of the community as a whole. All eligible organizations must have fair access to gaming opportunities.
- ▶ Consider both the viability of a proposed lottery scheme and the applicant's ability to execute the scheme.
- ▶ Lottery proceeds must only be used for the direct delivery of eligible charitable programs and services, as stated on the licence application and approved by the licensing authority.

# Classifications of Groups

- ▶ Relief of Poverty
- ▶ Advancement of Religion
- ▶ Advancement of Education
- ▶ Charitable Purposes Beneficial to the Community
  - ▶ Cultural and Arts
  - ▶ Health and Welfare
  - ▶ Amateur Sports Organizations
  - ▶ Enhancement of Youth
  - ▶ Public Safety Programs
  - ▶ Community Service Organizations (Service Clubs)

# Relief of Poverty

- ▶ Programs and services which assist those who are economically disadvantaged by directly providing goods, social services, programs or facilities.
  - ▶ Soup Kitchens
  - ▶ Help for the homeless
  - ▶ Food banks

# Advancement of Education

- ▶ Significant training or instruction;
- ▶ Development of mental faculties; or
- ▶ The improvement of a branch of human knowledge, which results in a public benefit.
  - ▶ Schools recognized by the Ministry of Education,
  - ▶ Accredited colleges & universities
  - ▶ PTA's
  - ▶ Registered scholarships or bursary funds



# Advancement of Religion

- ▶ Promotion of a religious group's spiritual teachings; and the maintenance of the doctrines and spiritual observances upon which those teachings are based.
- ▶ Activities that advance religion may include:
  - ▶ organizing and providing religious services and guidance;
  - ▶ performing pastoral and missionary work for Ontario residents; and
  - ▶ establishing and maintaining buildings for worship and other religious use.

# Charitable Purposes Beneficial to the Community

## Culture & Arts

- ▶ Provide arts or cultural programs to the community or residents of Ontario
  - ▶ folk dance, jazz festivals, theatre groups
- ▶ Cultural or artistic groups that only provide services to its members are ineligible (restricted benefit).

## Health and Welfare

- ▶ Advance health & welfare and provides programs and services that confer a significant public benefit.
- ▶ Programs that are dedicated to the cure and prevention of disease, helping the sick and dying or the improvement of underprivileged groups.

# Charitable Purposes Beneficial to the Community

## Amateur Sports Organizations

- ▶ Provides programs and services to enhance health and fitness through organized, competitive physical activity.
- ▶ Majority 18 and under or those with disabilities
- ▶ Must be an Association, or Club which governs multiple teams, ages and expertise

## Enhancement of Youth

- ▶ Primary purpose is to provide services to youth
  - ▶ Big Brothers Big Sisters
  - ▶ Scout and Guide Troops
- ▶ No restriction to access the programs other than age

# Charitable Purposes Beneficial to the Community

## Public Safety Programs

- ▶ Enhancement of Public Safety at the Community Level
- ▶ Legally, Financially, Administratively separate from all forms of Government
  - ▶ Anti-crime
  - ▶ Community health and safety programs

## Community Service Organizations

- ▶ Not-For-Profit basis with Charitable objects
- ▶ Benefit to a significant portion of the public (not restricted to members)
  - ▶ Lions
  - ▶ Legion
  - ▶ Rotary

# Ineligible Organizations

- ▶ Profit Making entities
- ▶ No Charitable Mandate
- ▶ Solely for Adult Recreation
- ▶ Private Benefits to Restricted Class of Members

# ELIGIBILITY

When an organization first applies for any type of lottery license or whenever an eligibility review is required, the organization must provide all information and documents that apply. An Eligibility Application and supporting documents must be submitted.

The eligibility application and supporting documents will assist the licensing official to determine the charitable nature of its purposes, objects and activities of the organization.

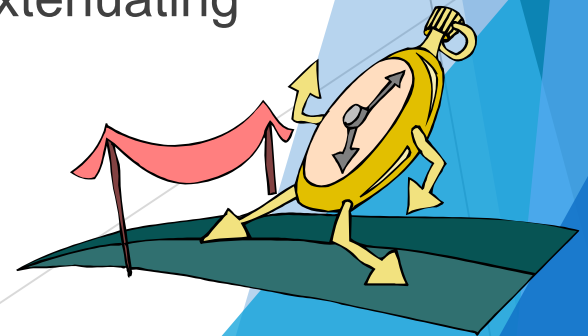
# LIST OF CONSTITUTING DOCUMENTS

- ▶ LIST OF BOARD MEMBERS
- ▶ FINANCIAL STATEMENTS FOR THE PREVIOUS FISCAL YEAR
- ▶ CONFIRMATION OF TRUST ACCOUNT FOR LOTTERY FUNDS
- ▶ CONSTITUTIONS
- ▶ BYLAWS (including Dissolution Clause)
- ▶ LETTERS PATENT (if applicable)
- ▶ CURRENT OPERATING BUDGET
- ▶ DETAILED DESCRIPTIONS OF ORGANIZATIONS ACTIVITIES
- ▶ COPY OF ANNUAL REPORT (if applicable)
- ▶ NOTIFICATION OF CHARITABLE NUMBER REGISTRATION (if applicable)
- ▶ THE MOST RECENT REGISTERED CHARITY INFORMATION RETURN & PUBLIC INFORMATION RETURN, AS SUBMITTED TO CANADA CUSTOMS AND REVENUE AGENCY (if applicable)
- ▶ ADDITIONAL MATERIAL (Brochures, programs, etc.)



# TIME LINES

- ▶ If you are a NEW organization applying to conduct lotteries, the approximate process time is 5-10 business days. An eligibility review needs to be completed as well as the review of the lottery application itself.
- ▶ If you are an organization applying to conduct lotteries and have already submitted all eligibility documents and have been deemed eligible, the process time would be approximately 5-7 business days.
- ▶ Applications submitted prior to 5 business days, will not be approved for licensing unless there are extenuating circumstances.





# LOTTERY APPLICATIONS

Where are the applications found:

- ▶ Central Huron website (under review):  
[www.centralhuron.com](http://www.centralhuron.com)
- ▶ AGCO website: [www.agco.ca](http://www.agco.ca)
- ▶ Front Counter at Town Hall – 23 Albert St, Clinton ON

# Types of Lottery Licenses

- ▶ Nevada – BOT (Break Open Tickets)
- ▶ Raffles – 50/50 Draws
  - Stub Draw (may include Early Bird Draw)
  - Meat Draw
  - Elimination Draw
  - Calendar Draw
  - Blanket Raffle Draw
- ▶ Bingo
- ▶ Bazaar – Wheels of Fortune
  - Bingo (max. of \$500.00)
  - Raffle and Penny Auction Raffles (max. of \$500.)

# Fees

- ▶ The Municipal fee for a lottery is 3% of your total prize value.
- ▶ Central Huron currently charges up to a maximum of \$10.00 for a licence fee. Above \$10.00 is supplemented by a Donation Fund and the \$10.00 fee is charged to the organization.

# KEY POINTS WHEN FILLING OUT A LOTTERY APPLICATION

- ▶ Fill out the entire application
- ▶ Trust Account
- ▶ Use of Proceeds (Detailed)
- ▶ Two Signatures of Bona Fide Members
- ▶ Prize Values
- ▶ Ticket Sale Information

We, the undersigned, as two principal officers of record (organization)

Address

apply for a licence to manage and conduct a Raffle Lottery from the premises municipally known as

and situated in the Municipality of

between the dates specified, and for the charitable or religious objects and purposes, and in the manner described herein.

1. The Charitable or religious objects or purposes to which proceeds are to be donated are described as

2. The total value of all prizes to be awarded in the Raffle Lottery for which this application is made will be \$.....cash value, or merchandise or articles at equivalent market retail value. Merchandise prizes are described as

3. Closing date for the sale of the tickets will be ..... and the draw for a winner or winners will be made at (address)

on (date)..... at (time).....

If a series of draws, beginning date .....

ending date ..... Number of draws .....

4. A winner or winners will be determined by (describe)

and the name(s) and address(es) of the winner or winners will be published (describe)

5. The total number of tickets to be printed will be .....

and all tickets will be numbered consecutively from.....

to ..... Price per ticket \$ .....

# Key Point to Remember

1. Breach of Terms and Conditions
2. Time Line
3. Eligibility Application vs Lottery Application
4. Dissolution Clause in Bylaws



# LOTTERY LICENCE COMPLIANCE

- ▶ Lottery Reports
- ▶ Books and Records
- ▶ Designated Trust Account
- ▶ Expenses
- ▶ Use of Proceeds

# LOTTERY REPORTS

- ▶ Provincial and Municipal (tentatively not needed)
- ▶ Filed within 30 days / Bingo 15 days
- ▶ Submitted with supporting documentation



# LOTTERY REPORTS

- ▶ AGCO – RAFFLE REPORT

or

- ▶ AGCO – BLANKET RAFFLE REPORT

- ▶ AGCO – BINGO REPORT

PLUS

- ▶ Municipal Central Huron –Trust Account Reconciliation Report (Tentatively not needed)

(Samples of reports – attached at end of package)

# LOTTERY REPORTS

- ▶ Signed by 2 Bona Fide Members
  - ▶ match those on the application
- ▶ Bona Fide Member means a member in good standing of the licensee who has duties, beyond conducting lotteries, within the organization. 'Members of convenience' whose only duty is to assist with the raffle are not considered Bona Fide members.

# BOOKS AND RECORDS

## DEFINITION:

means documents, outlining financial details of lottery events and includes, but is not limited to ledgers, sub ledgers, cheque books, cheque stubs, deposit slips, bank statements, cancelled cheques, receipts, invoices, and control sheets.

# BOOKS AND RECORDS

- ▶ Must be maintained by the Licensee
- ▶ Keep - minimum of 4 years from:  
**Date of Lottery Event or**  
**Date Proceeds Expended**
- ▶ Made available to the Licensing Authority

# DESIGNATED TRUST ACCOUNT

## DEFINITION:

means an account designated as a trust account by the branch of a recognized financial institution within the province of Ontario.

# DESIGNATED TRUST ACCOUNTS

- ▶ In the name of the licensee
- ▶ 2 options:
  1. One Account – all lottery activity
  2. One Account per type of lottery
- ▶ Cheque writing – copies of cancelled cheques
- ▶ Bank Statements
- ▶ Only lottery funds can be deposited or withdrawn from this account

# DESIGNATED TRUST ACCOUNTS CONTINUED:

- ▶ 2 signing officers – bona fide members
- ▶ Deposit all lottery monies asap
- ▶ All withdrawals made by cheque
  - lottery expenses
  - donations
- ▶ Transfers prohibited
- ▶ Remain Open until Final Report

# EXPENSES

- ▶ Directly related to the lottery event
- ▶ Obtain receipts for each expense
- ▶ Paid separately by cheque
- ▶ Paid from Trust Account
- ▶ Nevada – Maximum Expense Schedule



# USE OF PROCEEDS

- ▶ Must be used for the purpose approved on the licence
- ▶ Changes – written request to licensing authority
- ▶ Disbursed in a timely manner
- ▶ Accumulation of proceeds must be approved
- ▶ Proof of disbursement to approved charitable purpose or approved charitable group

# Questions??

