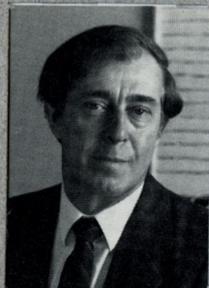


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ANNUAL
REPORT '86

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Western
Canada
Lottery
Alberta
Division

UNIVERSITY OF ALBERTA
MAY 21 1986
GOVERNMENT
PUBLICATIONS

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Edmonton
Northlands

Vice-Chairman

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and Stampede
Limited

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Limited

George Hughes
Don Jackson
Don Sprague
Edmonton
Northlands

**General Manager
Western Canada
Lottery Alberta
Division**

Jack Rutherford

Cover Story

Over the past years, a vast number of individuals and groups have played important roles on the "winning team" of lotteries in Alberta. These have included Alberta Division board members, beneficiaries, retailers, and of course, those who purchase lottery tickets.

To represent all who have helped ensure the continuing success of the Alberta Division, four individuals appear on the cover of our 11th Annual Report. From left to right, they are: R.C.P. Westbury, 1986 Chairman; Mrs. Evelyn Hansen, Chairman of the Alberta Museums Association; Mr. George Osicki, retailer; and Mrs. Ruth Olstad, major prize winner.



EX LIBRIS
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ALBERTÆNSIS

CHAIRMAN'S MESSAGE



R.C.P. Westbury

We are pleased to report that 1986 was a year of outstanding performance, with overall sales reaching a total of over \$166 million.

The year was one in which increased efficiencies were achieved, as progressive technologies and marketing strategies were implemented in all areas of operation.

Foremost among these was the upgrading of the Ticket Issuing and Validating Machine (TIVM) network, which expanded from 598 to 873 outlets.

Equally successful was the implementation of the province-wide retailer plan. As anticipated, this led to a much stronger network, as more retailers in strategic locations went on-line.

During the year, we were pleased with the level of cooperation and commitment demonstrated by the Board and staff of the Western Canada Lottery Corporation in Winnipeg, as well as by our associates in Saskatchewan and Manitoba.

We also commend the employees of the Alberta Division. Once again, this professional group proved to be a major force in meeting the challenges of product distribution and new game introduction, keeping pace with changing consumer attitudes and capitalizing on new business opportunities in Alberta's dynamic marketplace.

Ultimately, these innovations and efficiencies resulted in an increased level of financial support provided to the beneficiaries. As can be seen in the messages which appear within this Annual Report, the welcome resources of funds from lotteries enabled the beneficiaries to make valuable contributions to the quality of life for all Albertans, in such wide-ranging and worthy areas as community service, sports, recreation, and culture.

A handwritten signature in dark ink, appearing to read 'R.C.P. Westbury', with a long horizontal stroke extending to the right.

R.C.P. Westbury

THE BENEFICIARIES



R.C. Jarvis

• *“Funding assists us . . . to promote works by Alberta artists, and to assist Alberta galleries with programs designed to benefit artists and the general public.”*

• *“The Western Canada Lottery Alberta Division has made it possible for our Association to expand its sphere of influence.”*

• *“With financial assistance from lotteries . . . we are able to foster and promote the art of choral music in Alberta.”*

Alberta Art Foundation

“Support provided to the arts is an investment for the individual as well as for society. Beyond their intrinsic value for the enrichment of the quality of life, the arts also produce a positive impact on the economy.”



Rita Smyth

Results of an earlier study conducted by the Alberta Art Foundation confirm this economic contribution. Indeed, the Visual Arts component alone was estimated to have generated over \$64 million in Alberta in one year.

I applaud the insight and wisdom of the Alberta Government in its decision to direct a portion of the Alberta Lotteries proceeds to support the Foundation.

This funding assists us in achieving our mandate to promote works by Alberta artists, and to assist Alberta galleries with programs designed to benefit artists and the general public.”

R.C. Jarvis, Chairman

Alberta Band Association

“The Alberta Band Association is committed to establishing, confirming and developing the place of band music in the cultural life of Albertans. Through these involvements, the Association also ensures that the art of band music is part of our heritage, and of our future.

The Western Canada Lottery Alberta Division has made it possible for our Association to expand its sphere of influence.

Just a few of the projects in which this growing influence is seen are proactive and reactive workshops; cooperative



Gordon Moorlag

ventures such as our annual major music convention; programs to educate students in the creative process of composing band music, with the intention of adding music composed by Albertans to Canadian Band Music literature; and ongoing projects such as the Honour Band and the Wind Symphony.”

Rita Smyth, President

Alberta Choral Federation

“With financial assistance provided by lottery funds, the Federation was able to undertake a number of activities during 1985/86, to foster and promote the art of choral music in Alberta.

Over the past season, we welcomed more than five thousand singers, teachers and directors from across Alberta to workshops, master classes, festivals and conferences. We established a choral lending library containing three thousand titles; purchased a computer system; catalogued our library; awarded \$3,000 in bursaries to choral singers and conductors; and continued our sponsorship of the Alberta Youth Choir.

Each year, the Choir is directed by a different Alberta conductor and commissions a work from an Alberta composer. During the last season, the Choir presented concerts in six Alberta centres and performed in the “Gala Youth Concert” during the opening events of Calgary’s new Performing Arts Centre.”

Gordon Moorlag, Chairman

Alberta Crafts Council

“With the help of funding from lotteries, we have been able to take advantage of many opportunities to see our dreams for the Council take shape.

Activities we have undertaken over the past year have brought Alberta’s craft community together; have enabled us to take our works out into communities around the province; and have seen the crafts community receive long-awaited recognition as an important part of Alberta’s established art world.

Our most exciting achievement to date has been Alberta's first and only juried travelling exhibition. Entitled "Hand Spirits," this exhibition featured 57 pieces by 54 Alberta artists. The challenge of developing the exhibition brought crafts people together to



Bonnie Murdoch

• "Without lottery funding, we could never have seen our dreams take shape."

• "... I extend sincere thanks to Alberta Lotteries for truly being 'the source of many benefits'."

• "... we are able to provide Albertans with the opportunity to participate in the rich variety of the literary arts in the province."

• "Without funds from the Western Canada Lottery Alberta Division, the valuable work of the Foundation would not be possible."



Craig Curtis

volunteer their time and energy; the exhibition itself gave people in seven Alberta centres and at EXPO '86 in Vancouver the opportunity to explore the world of crafts in Alberta."

Bonnie Murdoch, *Chairman*

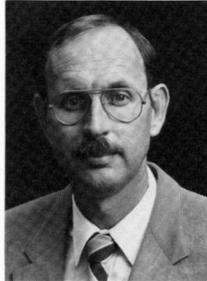
Alberta Cultural Heritage Foundation

"Over the past year, the Alberta Cultural Heritage Foundation approved approximately \$1.2 million in support of over 200 projects across the province. These initiatives were made possible through monies provided by the Western Canada Lottery Alberta Division.

During the year, the Foundation's programs served to stimulate cultural heritage development throughout the province. Projects ranged from developing teaching materials to staging festivals, from sponsoring interprovincial exchanges to funding linguistic awards and films. All contributed to heightening the awareness of the heritage of Albertans.

The Foundation's objective of promoting acceptance and understanding is being met in a pro-active and creative manner. On behalf of the Board of Directors, I extend sincere thanks to Alberta Lotteries for truly being 'the source of many benefits'."

Craig Curtis, *Chairman*



E.J. Hart

Alberta Foundation for the Literary Arts

"The Foundation utilizes lottery funds to promote the arts of writing, publishing and libraries. Although we have funded groups and individuals from across Alberta, it is sometimes difficult to promote the literary arts in remote rural areas.



Tommy Banks

That is why we were particularly pleased to fund a series of literary events sponsored by Lakeland College, Cold Lake Campus. These mid-October events included a writer-in-residence project that saw a writer working with children aged seven to nine in three Cold Lake area schools; a weekend workshop for local writers given by an Alberta writer, publisher and editor; a script workshop for aspiring playwrights; and 'Books North,' a weekend book fair attended by authors and publishers from across Alberta.

Through initiatives such as these, we are able to provide Albertans with the opportunity to participate in the rich variety of the literary arts in the province."

E.J. Hart, *Chairman*

The Alberta Foundation for the Performing Arts

"Since its inception, the Foundation has been able to provide assistance to deserving Alberta artists in a wide variety of undertakings, often as a funder of last resort. Support is provided for individuals and organizations, both professional and non-professional, who are involved in or contribute to the performance, production and creation of performing arts in Alberta.

Our funds are derived principally through the efforts of the Western Canada Lottery Alberta Division, without which the valuable work of the Foundation would not be possible."

Tommy Banks, *Chairman*

Alberta Historical Resources Foundation

"Through funding provided by the Western Canada Lottery Alberta Division, the Foundation has been able to provide grants to wide-ranging and diverse historical projects. These



Grant Weber

• "Through funding provided by the . . . Alberta Division, the Foundation has been able to provide grants to wide-ranging and diverse historical projects."

• "With . . . funds from lotteries, the legacy of Alberta's heritage is being preserved and maintained for future generations."

• "Through these funds . . . we are helping talented athletes develop their skills, and enhancing amateur sport in Alberta."

• "Without funding from lotteries, we would face quite a struggle in achieving our mandate . . . in the province."



Evelyn Hansen



Don G. Skagen



Sherrold Moore

have included Lower Beaver Lodge School in the Peace River area, the Waterton Natural History Association in southern Alberta, the Heritage Trail Interpretive Program in Edmonton and the preservation of the historic Athabasca United Church.

The Foundation is also involved in its own restoration program. As owners of the charming 1908 Old Camrose Courthouse, we are embarking on a \$420,000 project which will see the courthouse returned to its former glory.

With an eye to future directions in architectural preservation, we have maintained an active interest in the development of Fort Macleod as the province's first mainstreet project. Ventures into this new area offer unlimited potential for community participation in heritage preservation."

Grant Weber, Chairman

Alberta Museums Association

"Since 1984, when the five-year lottery funding program was announced by the Province of Alberta, the Alberta Museums Association has been able to expand operations and to establish granting programs of benefit to museums across the province.

Today, lottery funds are used to protect museum heritage objects through the collections management and preservation programs sponsored by the Association. In addition, the standards of storing, displaying and interpreting heritage

objects in museums have advanced dramatically through grants from the Alberta Museums Association.

With the welcome resources of funds from Lotteries, the legacy of Alberta's heritage is being preserved and maintained for future generations."

Evelyn Hansen, President

Alberta Sport Council

"From raw beginners to elite competitors, Alberta athletes receive unprecedented financial and organizational

support through the Alberta Sport Council.

This is in large part due to monies received from the Western Canada Lottery Alberta Division. Through these funds, we are able to direct our energies and efforts to three specific areas.

First is the continuous encouragement of support and sponsorship from corporations, businesses, organizations and individuals in order to market sport to a wider audience. Second is working with the 77 provincial sports associations for the development of technical programs and services for coaches and officials, including the Olympic Game Plan. Third is the organization of annual games and other athletic events to further enhance amateur sport in Alberta.

We appreciate the continuing support from Alberta Lotteries; support which is helping talented athletes to develop their skills and will ultimately create a new generation of champions to represent our province, around the world."

Don G. Skagen, Chairman

Recreation, Parks and Wildlife Foundation

"Over the past years, the Recreation, Parks and Wildlife Foundation has made a genuine, solid contribution throughout Alberta. Thanks to funding from lotteries, we have been able to make a strong impact in every corner of the province; in major centres and in rural communities. In fact, the benefits of

lotteries have become even more visible to Albertans through the wide range of projects we have supported.

This scope is seen partly in the number of applications we have received since 1980. Of 1,855 applications, the Foundation has approved 1,167 grants



Ross Alger

• "... funds from lotteries have helped many volunteer groups to achieve their worthy objectives."

• "This year, the Western Canada Lottery Alberta Division's support enabled us to expand many of our activities."

• "Thanks to funds from lotteries, we are bringing a colorful chapter of Alberta's past to life - and are forging a strong future for Fort Macleod."



Pat Ferns

totalling over \$10 million. Beyond providing these direct funds, the Foundation has also acted as a catalyst by providing funding without delay, helping to establish a strong momentum, and generating further activities.

If we didn't have the lottery as a resource, we would face quite a struggle in achieving our mandate to enhance recreation, parks and wildlife opportunities in the province."

Sherold Moore, Chairman

Wild Rose Foundation

"Created to support the needs of volunteer, non-profit organizations in Alberta, the Wild Rose Foundation receives its income from the Western Canada Lottery Alberta Division. The Foundation provides funding for programs and services which do not fall within the mandates of other beneficiaries of lottery profits.

Most grants fall in what might loosely be described as the social services area, followed by culture, agriculture, hospitals and recreation. Without financial assistance, these groups might fail or be severely restricted in their endeavours.

Since it was created in 1984, the Foundation has approved approximately 130 grants and commitments totalling over \$2 million. Successful applications have ranged from heritage societies to senior citizen groups, from sexual assault centres to libraries.

Through the Foundation, funds from

lotteries have helped many volunteer groups to achieve their worthy objectives."

Ross Alger, Chairman

Banff Television Foundation

"The Banff Television Festival is an unique event in North America and has established a reputation for excellence around the world. This year, the Western Canada Lottery Alberta Division's support enabled us to expand many of our activities, including our professional development program, by giving Festival Fellowships to 43 talented individuals from Alberta and across Canada. The Fellowships permitted recipients to attend the 7th Annual Banff Television Festival and participate in the wide range of seminars and workshops. For many, it was an important step in the building of a career; their letters of gratitude alone are proof of the value of this program."

Pat Ferns, Chairman

Fort Macleod Provincial Historic Area Society

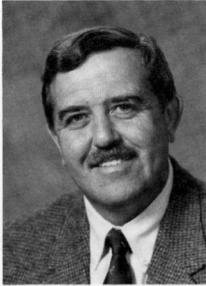
"Fort Macleod is the first designated historic district in Alberta, with 32 historically significant buildings dating from the arrival of the NWMP in 1884 through to 1914. This important part of Alberta's past is also an important part of the future of our community, as restoring historic buildings is part of our program to revitalize downtown Fort Macleod.

Over the past three years, lottery funds have enabled us to undertake programs on three levels. Public funds have helped private enterprise to undertake restoration of buildings, launch promotions, and coordinate downtown activities.

Together, these initiatives have created a strong forward momentum, as our Board's involvements have stimulated other, private investments in restoration and renovation. From the time the money was made available, 21 design projects have been initiated, of which 13 have been completed. By 1990, we anticipate seeing tremendous changes to downtown Fort Macleod, as we bring new life to "the heart of the West's history."

Wes Olmstead, Chairman

THE RETAILERS



Bob Bateman



George Osicki



Helen Regan

Strategies for Success

To a large extent, the success of the Alberta Division's marketing strategy is linked with the enthusiastic support of retailers throughout the province. Their expertise at point of purchase reinforces the Division's overall marketing efforts

and new product launches.

While the Alberta Division benefits from the support of Alberta retailers, so do retailers benefit through ticket sales, as three Alberta businesses have found:

Bateman's Foods Ltd. (Edmonton)

"Bateman Foods Ltd. own and operate a number of Red Rooster convenience stores in Edmonton. When lottery tickets were first introduced, we were reluctant to become involved. Fortunately, a sales representative from the Alberta Division convinced me that lottery tickets build traffic.

The rest is history! Some of our stores now have 6/49 machines and all sell traditional tickets. There's no doubt about it, lottery tickets build customer traffic, and that small percentage profit can sure add up by the end of the week."

Bob Bateman

Goro Canyon Smoke & Gift Shop, Banff

"Lotteries have had a very positive effect on my business. Tickets attract customers, give us the opportunity to upsell other products, and give customers the opportunity to browse through our store and tell others about it.

Because of the good name and integrity of the lotteries, they also add a level of credibility to my business."

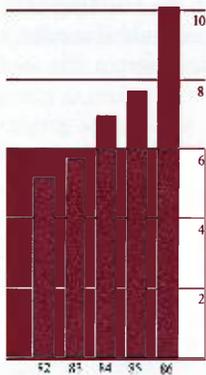
George Osicki

North Hill Ticket Kounter, Calgary

"Initially, I sold lottery tickets for the Elks Club, then opened my own information and ticket booth in 1976. I was on a 'one man operation' for the first six months, but now employ five people on a part-time basis.

Lotteries have enabled me to run a profitable, independent business, and have given me security for the future."

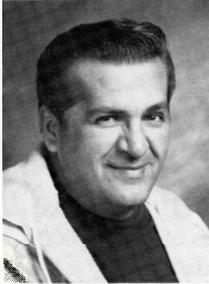
Helen Regan



Fiscal 1982-86 commissions in millions of dollars

Commissions earned by retailers have virtually doubled over the past five years, increasing steadily from \$5 million in 1982 to top the \$10 million mark in 1986.

THE WINNERS



J. Gariepy

• *“The win gave us the dream of a lifetime . . . a mortgage-free home.”*

• *“After six months, it’s still hard to believe it really happened to us. We’ve enjoyed sharing our winnings, and there is great comfort in knowing we don’t have to be concerned financially.”*

Changing the lives of Winners

Of the profits from the sale of lottery tickets, 45% is allocated for the prize fund. In 1986, people throughout Alberta claimed instant, bonus, merchandise and major cash prizes.



Ruth Olstad

Everyone who purchases a ticket dreams of winning; those who do, find their lives have changed. While few undergo dramatic lifestyle changes, most appreciate the financial security and the opportunity to help friends and family.

\$1,000,000 Winner

“We were no different from other families, an average couple with a mortgage and car payment to meet every month. The win gave us the dream of a lifetime . . . a mortgage-free home.

It took the burden off our shoulders, and allowed us to help our parents, our friends, and to secure our children’s future. Now we have total independence, and a financially worry-free life.”

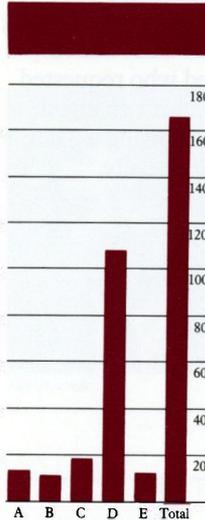
J. Gariepy, Beaumont

\$4,132,083.10 Winner

“Even after six months, it’s hard to believe it really happened to us, but what a wonderful way to start our retirement, which is what we had planned this year. We’ve enjoyed sharing our winnings with our children, our friends and relatives, and a few people in need who requested our help. Our lifestyle hasn’t changed, but there is comfort in knowing we don’t have to be concerned financially.”

Ruth Olstad, Edmonton

OUR BACKGROUND



1986 fiscal sales by product in millions of dollars

The strength of Lotto 6/49 is seen in 1986 sales results, with 65.1% of total sales generated by this on-line game.

The Western Canada Lottery Corporation

The Western Canada Lottery Foundation was incorporated under the Canada Corporations Act in 1974 by the Provinces of British Columbia, Alberta, Saskatchewan and Manitoba. On March 31, 1985, British Columbia withdrew its membership from Western Canada Lottery Foundation. The provincial governments of Alberta, Saskatchewan and Manitoba and associate members, the Yukon and Northwest Territories, continued to operate together in the sale of lottery tickets.

During the year in review, the organization changed its name to "Corporation" to more accurately reflect the nature of its operations. The Corporation's head office is in Winnipeg, and serves as a central organization for the creation of lottery games, the production of lottery tickets, and other centralized functions such as advertising and publishing winning numbers.

The Alberta Division

The Alberta Division has operated since June 1974 under a licence granted by the provincial minister responsible for the Interprovincial Lottery Act. The Licensee is a partnership of Edmonton Northlands and the Calgary Exhibition and Stampede Limited. An eight-person Board of Directors administers all lottery functions related to the sale and distribution of tickets. The Division has headquarters in Edmonton and sales offices in Edmonton and Calgary.

Lotteries in Alberta

During the year in review, five separate, ongoing lotteries were operated in Alberta.

A) Western Express

Generated \$13,795,453 (8.3% of total sales) with major prizes of \$3,295,000 and 51 Firebirds awarded.

B) The Provincial

Generated \$11,619,492 (7.0% of total sales) with major prizes of \$1,387,220 awarded.

C) Super Loto

Generated \$18,865,480 (11.3% of total sales) with major prizes of \$7,515,000 and 73 Cadillacs awarded.

D) Lotto 6/49

Generated \$108,236,221 in sales (65.1% of total sales) with major prizes of \$11,717,780.50 awarded.

E) Lotto West

Generated \$13,865,177.00 (8.3% of total sales) with major prizes of \$2,393,498.90 and nine Ford Tempos awarded.

** major prizes include cash prizes \$5,000 plus.*

FINANCIAL STATEMENTS



Auditor's Report

To the Partners of the
Western Canada Lottery Alberta
Division:

We have examined the balance sheet of the Western Canada Lottery Alberta Division as at March 31, 1986 and the statement of changes in financial position for the year then ended. We have also examined the statement of lottery operations in Alberta as derived from the financial statements of the Western Canada Lottery Corporation for the year ended March 31, 1986. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Western Canada Lottery Alberta Division as at March 31, 1986, the changes in its financial position and the results of lottery operations in Alberta for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

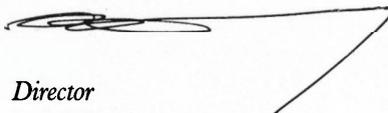
*Clarkson Gordon
Chartered Accountants
Edmonton, Canada
May 15, 1986*

Balance Sheet
March 31, 1986
(with comparative
figures at March 31,
1985)

Assets	1986	1985
Current assets:		
Cash	\$ 175,976	\$ 230,587
Accounts receivable—		
Western Canada Lottery Corporation	53,278	1,948
Accounts receivable—other	318,819	95,699
Prepaid expenses and deposits	3,758	4,357
Inventory of tickets at distributors	<u>668,682</u>	<u>560,316</u>
	<u>1,220,513</u>	<u>892,907</u>
Non-current assets:		
Fixed assets at cost less accumulated depreciation (<i>Note 4</i>)	<u>144,750</u>	<u>185,446</u>
Total assets	<u>\$ 1,365,263</u>	<u>\$ 1,078,353</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 108,738	\$ 128,076
Due to Western Canada Lottery Corporation for tickets	668,682	560,316
Due to designated beneficiaries		8,461
Due to partners		<u>12,692</u>
	<u>777,420</u>	<u>709,545</u>
Excess of advances from Western Canada Lottery Corporation over net operating expenses (<i>Note 5</i>)	<u>587,843</u>	<u>368,808</u>
Total liabilities	<u>\$ 1,365,263</u>	<u>\$ 1,078,353</u>

(See accompanying notes)

Approved by the Board:


 Director


 Director

**Statement of
Changes in
Financial Position
for the year ended
March 31, 1986**
*(with comparative
figures for the year
ended March 31,
1985)*

	1986	1985
Cash provided by (used in) operating activities:		
Advances from		
Western Canada Lottery Corporation	\$ 3,535,000	\$ 4,465,097
Net operating expenses (<i>Schedule A</i>)	(3,315,965)	(4,096,289)
Charges to operations not requiring a current cash payment:		
Depreciation	62,474	60,702
Change in non-cash working capital balances:		
Accounts receivable—		
Western Canada Lottery Corporation	(51,330)	1,942,929
Accounts receivable—other	(223,120)	354,618
Prepaid expenses and deposits	599	(2,301)
Accounts payable	(19,338)	(322,811)
Due to partners		12,692
Deferred revenue		(320,000)
	<u>(11,680)</u>	<u>2,094,637</u>
Cash provided by (used in) investment activities:		
Fixed asset additions	(21,778)	(9,017)
Assumption of assets and liabilities of Lottery Alberta Ltd.		(83,730)
	<u>(21,778)</u>	<u>(92,747)</u>
Cash provided by (used in) financing activities:		
Payments to beneficiaries	(8,461)	(1,038,656)
Payments to partners	(12,692)	(1,575,532)
	<u>(21,153)</u>	<u>(2,614,188)</u>
Net increase (decrease) in cash during the year	(54,611)	(612,298)
Cash, beginning of year	<u>230,587</u>	<u>842,885</u>
Cash, end of year	<u>\$ 175,976</u>	<u>\$ 230,587</u>

(See accompanying notes)

**Statement of
Lottery Opera-
tions in Alberta
(Note 2) for the
year ended
March 31, 1986**
*(with comparative
figures for the year
ended March 31,
1985)*

	1986	1985
Revenue:		
Lotto 649 ticket sales	\$108,236,221	\$ 70,209,738
Western Express ticket sales	13,795,453	13,206,475
Provincial ticket sales	11,619,492	10,920,575
Super Loto ticket sales	18,865,480	15,844,910
Lotto West ticket sales	13,865,177	11,255,278
Anniversary game		2,507,975
Other income	<u>1,848,403</u>	<u>1,785,677</u>
	<u>168,230,226</u>	<u>125,730,628</u>
Direct expenses:		
Share of the cost of prizes, tickets and administration	91,186,671	70,791,785
Distribution expenses	10,206,630	7,222,922
Payment to Federal government	<u>6,780,832</u>	<u>2,751,840</u>
	<u>108,174,133</u>	<u>80,766,547</u>
Income before net operating expenses of Western Canada Lottery Alberta Division	60,056,093	44,964,081
Net operating expenses (<i>Schedule A</i>)	<u>3,315,965</u>	<u>4,096,289</u>
Net income from lottery operations in Alberta available for distribution pursuant to the Interprovincial Lottery Licence	56,740,128	40,867,792
Net income paid to the partners (<i>Note 1</i>)	<u>5,500,000</u>	<u>5,500,000</u>
Remaining income available for distribution	<u>\$ 51,240,128</u>	<u>\$ 35,367,792</u>

(See accompanying notes)

Schedule A
Net Operating
Expenses for
the year ended
March 31, 1986
(with comparative
figures for the year
ended March 31,
1985)

	1986	1985
Salaries and benefits	\$ 1,620,117	\$ 1,823,287
Advertising and promotion	829,706	1,111,867
Travel	439,532	509,701
Special retailers (Note 6)	190,195	242,733
Management report	115,515	
Maintenance utilities and rent	76,863	74,014
Telephone and telex	64,578	73,624
Depreciation	62,474	60,702
Postage and office supplies	36,180	42,172
Miscellaneous	34,858	53,750
Sales seminars and meetings	24,130	20,602
Professional fees	23,132	40,601
Insurance and bonding	21,073	25,914
Directors' meetings and expenses	18,710	24,818
Repairs and maintenance	16,342	15,527
Redemption expenses	12,999	12,275
Bad debt expense (recovery)	3,891	(9,056)
	<u>3,590,295</u>	<u>4,122,531</u>
Less:		
Interest income	(39,151)	(26,242)
Retailer licencing fees net of related expenses		
of \$7,608	<u>(235,179)</u>	<u> </u>
Net operating expenses	<u>\$ 3,315,965</u>	<u>\$ 4,096,289</u>

(See accompanying notes)

**Notes to the
Financial
Statements
March 31, 1986**

1. Nature of the Partnership

Effective May 15, 1974, Edmonton Northlands and the Calgary Exhibition and Stampede Ltd. formed a partnership for the purpose of conducting and operating a continuing lottery to be marketed throughout the Province of Alberta. The Alberta Division operates under the authority of the Interprovincial Lottery Licence issued by the Minister of the Province of Alberta responsible for the Interprovincial Lottery Act.

The Alberta Division acts as agent of the Government of Alberta which is a member of the Western Canada Lottery Corporation (formerly the Western Canada Lottery Foundation). The Corporation provides, without financial gain, in Manitoba, Saskatchewan and Alberta, services concerning the conduct and management of lotteries.

The Interprovincial Lottery Licences require the Corporation to manage and operate in Alberta as the agent of the Government of Alberta such lottery schemes as authorized by the Minister. The Alberta Division is licenced as agent of the Government to act as the Provincial Marketing Organization and to assist the Corporation in the conduct and management of the authorized lottery schemes. The lottery schemes designated by the Minister pursuant to the licence are "Express", "Provincial", "Super Loto", "Lotto 649" and "Lotto West". The Corporation distributes the net profits arising from the sales of authorized lottery schemes in Alberta in the manner prescribed in the licence.

Under the terms of the licence in effect to March 31, 1986, each partner receives 15% of the net income from lottery operations in Alberta to a maximum of \$2,750,000 each.

2. Statement of Lottery Operations in Alberta

The statement of Lottery Operations in Alberta is derived from the financial statements of the Western Canada Lottery Corporation. It reflects total lottery ticket sales in Alberta and the direct expenses related thereto such as the cost of prizes, tickets, administration and distribution. Net operating expenses represent the costs incurred by the Alberta Division in its capacity as Provincial Marketing Organization together with other costs relating to the conduct of its business reduced by interest and retailer licensing fees. The Corporation reimburses the Alberta Division for these costs which are deducted in arriving at the net income from lottery operations in Alberta available for distribution pursuant to the Interprovincial Lottery Licence.

3. Significant accounting policies

a) Fixed assets

Fixed assets are recorded at cost and are depreciated at rates designed to write off the cost of the asset over its estimated useful life. The principal rates and methods used are:

Furniture, fixtures and improvements	20%	Declining balance
Community service vehicles	30%	Declining balance
Hot airship	25%	Straight line

In the year of acquisition, depreciation is prorated from the month of purchase.

b) These financial statements do not include any assets, liabilities, revenues and expenses of the partners.

4. Fixed assets

Fixed assets are comprised as follows:

	Cost March 31, 1986	Accumulated depreciation March 31, 1986	Net book value March 31, 1986	Net book value March 31, 1985
Hot airship	\$120,000	\$ 90,000	\$ 30,000	\$ 60,000
Community service vehicles	46,277	30,404	15,873	24,223
Furniture and office equipment	78,153	27,125	51,028	44,459
Leasehold improvements	73,486	25,637	47,849	56,764
	<u>\$317,916</u>	<u>\$173,166</u>	<u>\$144,750</u>	<u>\$185,446</u>

5. Excess of advances from Western Canada Lottery Corporation over net operating expenses

This includes advances from Western Canada Lottery Corporation in excess of operating expenses, together with interest income and retailer licensing fees as follows:

	1986	1985
Balance, beginning of year	\$ 368,808	
Advances from Western Canada Lottery Corporation	3,535,000	\$4,465,097
Operating expenses	(3,590,295)	(4,122,531)
Interest income	39,151	26,242
Retailer licensing fees net of expenses	235,179	
Balance, end of year	<u>\$ 587,843</u>	<u>\$ 368,808</u>

6. Special retailers

Special retailers are charitable organizations that buy and sell tickets in the same manner as regularly licensed retailers. Special retailers are paid an additional amount equal to the commission earned by regularly licensed retailers less any administrative expenses incurred in selling lottery tickets.

