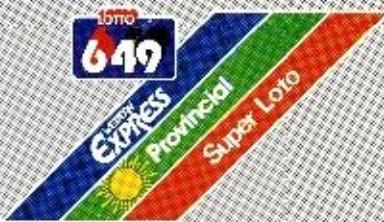


GOV
DOC
CA1
Z4-
3/
1983

GOV PUB

Western Canada Lottery Alberta Division Annual Report 1983





EX LIBRIS
UNIVERSITATIS
ALBERTÆNSIS

Message from the Chairman

Lotteries in Alberta has enjoyed a successful 1983. In review, our achievements are in three important areas; stable revenues, organizational development, and the positive contributions our beneficiaries have made to the quality of life of Albertans.

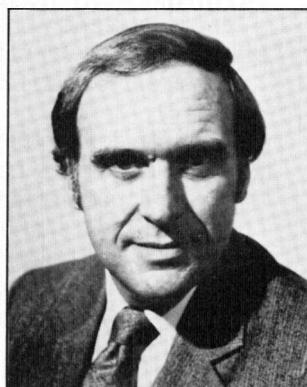
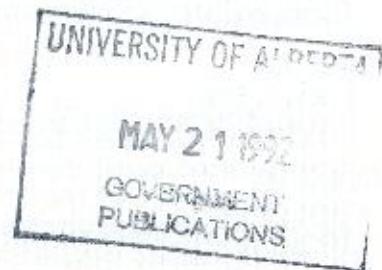
Despite a depressed economy our revenue picture is encouraging. The departure from a commercial distribution system has contributed 1.5 million dollars to our bottom line. This cost-saving innovation plus our ongoing development of a professional sales force attuned to market development and dealer support have contributed significantly to our overall success.

This year's achievements included the province-wide introduction of a new, active game, Lotto 6/49. It's rapid acceptance by Albertans can be directly attributed to the outstanding marketing and promotion capabilities of our Division management. This plus the establishment of the Ticket Issuing and Validating Machine (TIVM) network launched a new era for lottery games in Alberta.

By successfully introducing new products and improving distribution we have helped 'Make it happen' for Albertan beneficiaries. This has resulted in a heightened public awareness of the role lottery funds play in our province.

The Board continues to look forward to increased service to all Albertans through the expansion of facilities by the partners and the promotion of recreational, cultural and sports activities by the beneficiaries. The accomplishments of the past year reaffirm our optimism for the future.

In conclusion, The Board and I wish to thank the Honourable Mary Le Messurier, Minister of Culture for the unfailing support we have received during her administration.



A handwritten signature in black ink, appearing to read "Don Hamilton".

— Don Hamilton, Chairman

Board of Directors

CHAIRMAN

Don Hamilton
Edmonton Exhibition Association Limited

VICE-CHAIRMAN

Graham O'Connor
Calgary Exhibition and Stampede Limited

SECRETARY-TREASURER

George Hughes
Edmonton Exhibition Association Limited

DIRECTOR

Frank C. Finn
Calgary Exhibition and Stampede Limited

DIRECTOR

Glen Lavold
Edmonton Exhibition Association Limited

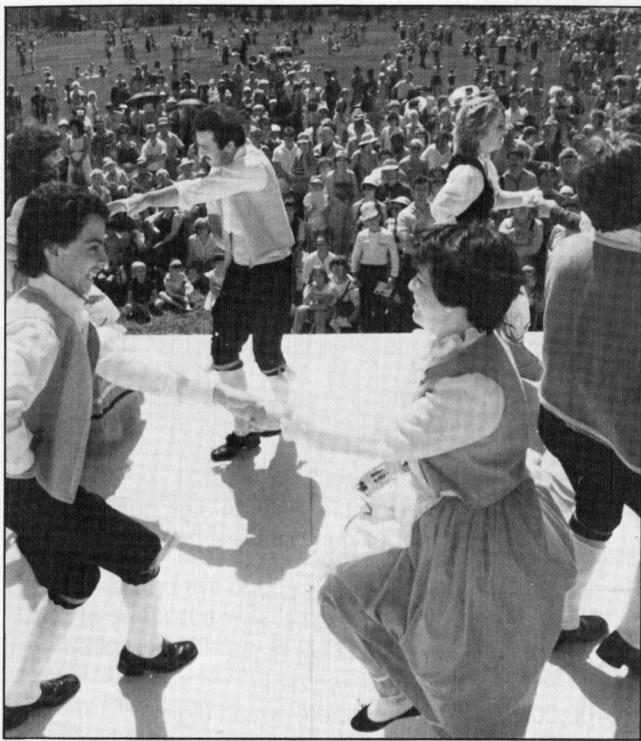
DIRECTOR

Jack R. Nesbitt
Calgary Exhibition and Stampede Limited

GENERAL MANAGER

Jack Rutherford

The Year's Highlights



- Revenue from sales of Express and Provincial lottery tickets and commissions earned from the sale of Super Loto and Lotto 6/49 tickets provided a net income of \$9.7 million which was committed to lottery good works in Alberta.
- Calgary Exhibition and Stampede Limited used lottery funds to complete the Roundup Centre, providing Calgary with a facility which features 150,000 square feet of exhibition space and theatre seating for 500. New trade show and convention business has been attracted to the Roundup Centre which is presently booked 250 days of the year.
- In conjunction with the 1982 Edmonton Klondike Exposition theme of education, Edmonton Exhibition Association Limited established an education endowment program for Albertans which provided students of 13 colleges and universities throughout Alberta with assistance to pursue their studies. The program is intended to provide educational benefits for Albertans in perpetuity.
- Reorganization of Lottery Alberta Ltd. as the sales arm of the Alberta Division led to the establishment of a professional sales force to replace the commercial distribution system. As a result, distribution expenses, (in the form of distributors' commissions) were significantly reduced.
- The Special Retailer Program, which provides an opportunity for non-profit organizations to raise funds through the sale of lottery tickets, was expanded from 58 to 91 participants. Lotteries in Alberta matched profits of Special Retailers returning \$358,742 directly to the communities in which the tickets were sold.
- The thirteen Foundations who are designated beneficiaries of Lottery funds received \$3,847,822 which was used to provide cultural, recreational and sports enrichment for Albertans.
- Lottery funds enabled 1,000 seniors between the ages of 55 and 95 years to travel to Camrose to compete in the 1982 Alberta Senior Games. Events from tennis to slowpitch and from Scrabble to fiddling drew enthusiastic participants. The Alberta Games Council holds this event biannually to provide opportunities for and to promote the benefits of an active lifestyle for seniors.
- The Recreation, Parks and Wildlife Foundation used lottery funds to sponsor the Habitat Program designed to give senior 4-H members and their families a better understanding of land and wildlife management. Techniques for the retention and development of wildlife habitat, particularly on private land, are provided by means of instructional kits which encourage the preservation of Alberta's wildlife species.
- Grass roots involvement of Lotteries in Alberta included promotion of many local events in communities across Alberta. Through its Community Services the Division assisted with the World Junior Curling Championships in Medicine Hat, the Amputee Olympics in Edmonton and the Blueberry Festival in Fort McMurray, to ensure success of these events and to demonstrate how lotteries 'Make it happen.'
- The legends and storytelling traditions of the Cree people from the Fox Lake, Garden River and John D'Or communities are being preserved through a grant from the Alberta Cultural Heritage Foundation. The grant made possible the publication of the stories in English and Cree syllabics for both adults and children. The books were illustrated by native artists and photographers in the communities — some of whom were children.

Background

The Western Canada Lottery Foundation

The Western Canada Lottery Foundation was incorporated under the Canada Corporations Act in 1974 by the Provinces of British Columbia, Alberta, Saskatchewan and Manitoba. The Foundation has its head office 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 the advertising and publishing of 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 the Edmonton Exhibition Association Limited and the Calgary Exhibition and Stampede Limited. A six person Board of Directors administers all the lottery functions related to the sale and distribution of tickets. The Division has headquarters in Edmonton and maintains sales offices in both Edmonton and Calgary through an incorporated company, Lottery Alberta Ltd.

Lotteries in Alberta

The Division operated four separate lotteries: Western Express, Provincial, Super Loto and Lotto 6/49.

Western Express

This lottery is exclusive to citizens of the four western provinces. Draws are televised live every Wednesday evening. A Western Express ticket costs \$1 which gives the buyer a chance to win one major prize as follows:

- \$100,000 - for the complete seven digit number, for which there are five numbers drawn.
- \$10,000 - for the complete seven digit number for which there are five numbers drawn.
- \$1,000 - for the last six digits.
- \$100 - for the last five digits.
- \$25 - for the last four digits.
- \$5 - worth of free tickets for the last three digits.

Provincial

This lottery is conducted on a national basis with draws held every Friday. A ticket costs \$5 and gives the buyer one chance to win on five consecutive weekly draws as follows:

- \$500,000 - One prize per draw for the correct seven digit number.
- \$50,000 - for the last six digits.
- \$1,000 - for the last five digits.
- \$100 - for the last four digits.
- \$25 - for the last three digits.
- \$10 - for the last two digits.

Super Loto

This is a national lottery with draws held on the last Sunday of the month. A ticket costs \$10 and gives the buyer one chance to win as follows:

- \$1,000,000 - for the complete seven digit number, for which four numbers are drawn.
- \$50,000 - for the last six digits.
- \$5,000 - for the last five digits.
- \$500 - for the last four digits.
- \$100 - for the last three digits.
- \$10 - for the last two digits.
- \$100,000 - for the complete seven digit alpha number for which five alpha numbers are drawn.

Lotto 6/49

This national lottery is conducted every Saturday afternoon on television. Tickets cost \$1 and are issued through Lotto 6/49 Ticket Issuing and Validating Machines (TIVM) which allow the purchaser to select six numbers from 1-49 inclusive. During the draw six winning numbers from 1-49 inclusive and one bonus number are drawn at random. Prizes are awarded as follows:

- \$10 - for three out of six winning numbers. The remaining prize pool is divided into four categories:
 - 32.9% - for six winning numbers.
 - 21.4% - for five winning numbers and the bonus number.
 - 12.8% - for five winning numbers.
 - 32.9% - for four winning numbers.

Where the Money Goes



Profits received from the Express and Provincial ticket sales (Super Loto and Lotto 6/49 ticket sales are excluded) and the operations of Lottery Alberta Ltd. are used to support a wide range of cultural and recreational activities and facilities in Alberta. Fifteen organizations and foundations are supported by the money they receive from the Alberta Division.

These net proceeds are distributed according to the schedule on page 16.

Edmonton Exhibition Association Limited (Edmonton Northlands)

Conceived to promote all aspects of agriculture in Alberta, Edmonton Northlands is a non-profit society. Since it was founded its objectives have been broadened to include the development of tourism and trade in Alberta and Canada; to encourage the well-being of citizens by providing a wide variety of entertainment and sporting activities and to endow Edmonton's Klondike Days Exposition with the character and tradition of the great North-West.

Construction of Edmonton Northlands' sparkling new Agricom has been assisted by lottery funds creating a facility that enhances trade and commerce in Alberta. When completed in 1984 the Agricom will feature over 450,000 square feet of display and support space making it the largest exhibition facility in Western Canada.

Calgary Exhibition and Stampede Limited

A non-profit organization, Calgary Exhibition and Stampede Limited is committed to the enhancement and preservation of the agricultural and historical legacy of Alberta. The organization encourages development of appropriate aspects of trade, recreation and education in southern Alberta in particular and Alberta in general.

Lottery funds are directed towards capital projects which benefit all Albertans such as the 16,500 seat Grandstand, site of the Calgary Stampede afternoon rodeos and evening grandstand shows, as well as other events including the winter Dinner Theatre productions.

The Alberta Art Foundation

Through acquisition and display of Alberta artworks, the Alberta Art Foundation preserves and encourages the work of Alberta's artists. Last year the Foundation celebrated its 10th Anniversary by purchasing 184 works of art and presenting nine major art exhibitions throughout Alberta. To provide maximum exposure of Alberta art, revolving displays were set up in the lobby of the Provincial Museum and 7 travelling exhibitions were circulated to 27 communities in Alberta. Also, the Foundation loaned works from its collection to 59 locations including Canada House in London, U.K. and Alberta House in New York.

The Alberta Advisory Board on Recreation for the Disabled

In co-operation with municipal recreation and leisure services, the Advisory Board works to improve the quality and variety of activities available for the disabled. The goal is to provide opportunities for those with special needs to function as independent members of the community. Last year, lottery funds helped the Advisory Board play a vital role in the "Forum on the Future of Recreation for the Disabled in Alberta" which was the first provincial attempt to establish long-term goals and co-operative program delivery among groups involved in recreation and leisure services for disabled persons. The Advisory Board has begun implementing the actions proposed at the Forum.





Alberta Choral Federation

The Federation promotes choral singing as an enjoyable artistic and aesthetic experience. Lottery funds are used to support The Alberta Youth Choir, a 48-voice choir of young people between the ages of 16 and 23. They perform throughout our province under the direction of an Albertan guest conductor each year. The Federation also sponsors many festivals and workshops to advance choral music and choir development in Alberta.

Canadian Band Directors' Association

Dedicated to the attainment of excellence for bands and instrumental band music, the Association promotes band music and music education. The annual Provincial Band Festival in Red Deer hosted 99 bands made up of over 6,000 Albertan student musicians. The festival provides an opportunity for community and school bands to play and learn with internationally renowned adjudicators and clinicians.

The New Western Film Foundation

The Foundation encourages television and film production through the internationally acclaimed Annual Banff Film Festival. This event brings together the world's leading television producers for competition, seminars and business, providing important contacts for Albertans to market their productions and talents.

Alberta Foundation for the Performing Arts

The Foundation encourages the creation, presentation, management, marketing and awareness of Alberta's performing arts. Last year 45 individuals and groups received support for dance, film, mime, music and theatre. Projects provided international exposure for some of Alberta's talented performing artists.

The Recreation, Parks and Wildlife Foundation

Established to involve individuals and groups in recreation and athletics, the Foundation also develops and maintains parks and manages and conserves fish and wildlife.

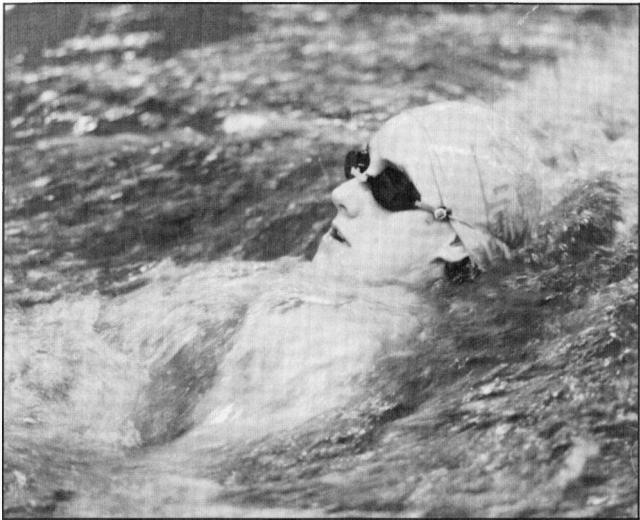
Last year the Foundation funded 136 projects including the production of a video series entitled "The Natural History of Alberta." This seven program series will be made available to all Alberta schools to increase student awareness and appreciation of their natural heritage.

The Alberta Cultural Heritage Foundation

Alberta's cultural heritage is preserved by the Foundation promoting an understanding of ethno-culturalism and providing opportunities to participate in cultural preservation. Last year the Foundation donated grants to 28 projects.

To recognize and encourage the study of second languages in Alberta schools, each year the Foundation sponsors the Alberta Cultural and Linguistic Awards. In 1983, over 370 students from 41 schools gave oral presentations and participated in the cultural program provided.





Alberta Schools' Athletic Association

A broad program of athletic activities is sponsored, organized and conducted among high schools by the Association to make a positive contribution to the total education of the student. Events sponsored include volleyball, wrestling, curling, basketball, gymnastics, badminton and track and field competitions. Transportation of high school teams and individuals to provincial high school championships is a major project of the Association.

Alberta Recreation and Parks Association

Development of the Recreation/Leisure movement is encouraged through membership in the Association which provides sources of information. Continuous 'behind the scenes work' by the Association promotes quality leisure opportunities by providing support and education for volunteers and recreation workers involved with sporting groups, the seniors in Alberta, the disabled, family togetherness programs and special populations such as Indian Reserves and university students.

Sport Alberta

The development of amateur sports in Alberta is promoted and fostered by Sport Alberta which co-ordinates and assists members by providing those services which amateur sport associations cannot provide for themselves. Member associations utilize a range of administrative services which are made available on a centralized, cost-saving basis to facilitate the continued development of amateur sport. Sport Alberta maintains The Alberta Sports Hall of Fame and Museum which honours outstanding athletic achievement and meritorious service to amateur sport in Alberta.

Alberta Games Council

The Council serves to motivate Albertans to achieve higher levels of physical fitness through more active participation in amateur sport. The Alberta Games, hosted by communities throughout Alberta, provide competition opportunities which serve the development of a wide range of sports and cultural activities.

Lottery funds are used to support all programs of the Alberta Games including The Alberta Summer Games, The Alberta Winter Games and The Alberta Senior Games. Camrose was the site of the 1982 Senior Games. In 1982/83 more than 10,000 young Albertans were given the opportunity to participate in Sport Outreach Clinics which provide quality sports instruction in rural Alberta.

Alberta Historical Resources Foundation

The Foundation provides the means for the preservation and enjoyment of Alberta's historical buildings, sites and objects. Last year, a Heritage Awards Program was established to recognize individuals and groups for their efforts to preserve and promote Alberta's past. The Foundation was involved in a number of architectural preservations including the Gushal Photographic Studio in Blairmore which has operated as a commercial studio since 1912.



Alberta's Lottery Winners

Prizes equal to 45% of the retail sales of Western Express, Provincial, Super Loto and Lotto 6/49 tickets are set aside for winners. After one year unclaimed winnings are made available as prizes on subsequent draws.

During the last fiscal year in Alberta there were; six \$1,000,000 Super Loto winners, sixty-eight \$100,000 Western Express winners, one \$500,000 Provincial winner, twenty-two \$50,000 Provincial winners and seven Lotto 6/49 winners who received prizes ranging from \$47,606.40 to \$1,152,467.20.

Many more Albertans were recipients of instant, bonus and cash prizes.



The Special Retailer Program

The Special Retailer Program was established to financially assist non-profit community service organizations with ongoing and future projects.

Through this program, the profits earned by these non-profit organizations is matched by the Western Canada Lottery Alberta Division, greatly increasing the number of Lottery dollars being distributed to worthwhile community-based organizations and programs.

Ninety-one organizations were licenced as Special Retailers last year, resulting in additional funds being dispersed directly into the community. See Note 9 To The Financial Statements.

The special retailers are:

Acadia Recreation Centre, Calgary
Ajax Sports Club, Edmonton
Al Azhar Shrine Oriental Band, Calgary
Alberta Games Council, Calgary
Alliance Chorale Alberta, Edmonton
Associated Canadian Travellers, Calgary
Association for Safe Alternatives
in Childbirth, Edmonton
Auxiliary to the Allen Gray Hospital, Edmonton
B.P.O. Elks Lodge, Lethbridge
Banff Trail Community Association, Calgary
Bannerman Hockey, Edmonton
Beta Sigma Phi - Head Branch, Sherwood Park
Beta Sigma Phi - Laureta Eta, Edmonton
Beta Sigma Phi - Nu Chapter, Edmonton
Beta Sigma Phi - Preceptor - Theta Chapter, Edmonton
Big Brothers of Calgary and District
Bowness Lions Club, Calgary
Charitable Ticket Booth Castledowns, Edmonton
Charitable Ticket Booth Southgate, Edmonton
Charitable Ticket Booth Westgate Co-op Mall,
Edmonton
Charitable Ticket Booth Westmount, Edmonton
Calgary Lions Club
Calgary Roundup Band
Camrose Agricultural Society
Camrose Lions Club
Canadian Forresters District 2, Edmonton
Centennial Figure Skating Club, Edmonton
Chamber Sweepstake, Hanna
Charles Camsell General Hospital, Edmonton
Council of Social Affairs, Calgary
Crescent Heights Lions Club, Medicine Hat
Edmonton All Girls Marching Band
Edmonton Crusaders Marching Ambassadors
Edmonton Keyano Swim Club
Edmonton Latvian Society Imanta
Edmonton Olympic Track and Field Club
Edmonton Scottish Society
Edmonton Shrine Club
Edmonton Stamp Club



F.L.T. Building Society, Calgary
Fort MacLeod Legion #46
Garneau Community League, Edmonton
Grande Centre Lioness Club, Medley
Greenfield Midget Hockey
(Southwest AL Juvenile), Edmonton
Helping Hands for Hockey, Spruce Grove
Hinton Association for the Handicapped
Hinton Recreation Centre Society
I.O.D.E. Shoppe, Edmonton
Inglewood Community League, Edmonton
Jewish Community Centre, Edmonton
Kinsmen Club of Jubilee City, Fort McMurray
Kerby Centre, Calgary
Lethbridge Chamber of Commerce
Lethbridge Chamber of Commerce, Park Meadows
Lethbridge Legion
Lethbridge Lions Club
Lethbridge Miners Library Inc.
Lloydminster Games Society
Military Collectors Club of Canada, Edmonton
Multi-Cultural Heritage Centre, Stony Plain
Medicine Hat Curling Club
North Hill Youth Action Singers, Calgary
Northmount Kiwanis Club, Calgary
Oil City Jaycee's, Edmonton
Olympian Swim Club, Edmonton

Paralympic Sports Association, Edmonton
Pineridge Community Association, Calgary
Rainbow Lake Children's Centre Gift Shop
R.C.A.F.A. 700 Wing, Edmonton
Red Deer & District Museum Society
Red Deer Chamber of Commerce, Parkland Mall
Red Deer Chamber of Commerce, Bower Mall
Richard Eaton Singers, Edmonton
Royal Canadian Legion #27, Fort Saskatchewan
Royal Canadian Legion, Hugh Farthing TVS 52, Calgary
Royal Canadian Legion, Norwood Branch
#178, Edmonton
Royal Canadian Legion #204, Picture Butte
Royal Canadian Legion #256, Stony Plain
Royal Canadian Legion #104, Innisfail
St. John Ambulance, Edmonton
St. Paul Lions Club
Samaritan Club, Calgary
Sherwood Park Figure Skating Club
Sweet Adelines - Chinook Winds Chapter, Calgary
Sweet Adelines - Gateway Chapter, Edmonton
Tri-Sport Ticket Booth, Edmonton
Torske Klubben Club of Calgary
Ukranian Canadian Archives & Museum, Edmonton
Vermilion Lions Club
Vocational Rehabilitation and Research Institute Bottle
Depot, Calgary
Westlock Twilight Gym Club

WESTERN CANADA LOTTERY ALBERTA DIVISION (A partnership)

FINANCIAL STATEMENTS MARCH 31, 1983

AUDITORS' 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, 1983 and the statements of income and partners' equity for the year then ended. Our examination was 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, 1983 and the results of its operations for the year then ended in accordance with the accounting principles described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Edmonton, Canada
July 15, 1983

Clarkson Gordon
Chartered Accountants

WESTERN CANADA LOTTERY ALBERTA DIVISION (A Partnership)
Balance Sheet

March 31, 1983
 (with comparative figures at March 31, 1982)

ASSETS

	1983	1982
Cash, term deposits and accrued interest	\$ 335,937	\$ 415,813
Accounts receivable - Western Canada Lottery Foundation	2,142,394	1,898,071
Accounts receivable - Distributorship operated by the Division		375,548
Accounts receivable - Lottery Alberta Ltd.	444,012	161,343
Accounts receivable - Commercial Distributors		295,993
Prepaid expenses and deposits (Note 11)	208,992	6,086
Trust fund (Note 4)	321,050	79,426
	\$3,452,385	\$3,232,280

LIABILITIES

	\$	\$
Accounts payable	376,995	211,166
Due to designated beneficiaries (Note 5)	965,788	1,046,256
Deferred revenue (Note 2)	335,000	347,500
Partners' equity	1,453,552	1,547,932
Trust fund (Note 4)	321,050	79,426
	\$3,452,385	\$3,232,280

Approved by the Board:



Chairman



Secretary Treasurer

(See accompanying notes)

WESTERN CANADA LOTTERY ALBERTA DIVISION (A Partnership)

Statement of Income**FOR THE YEAR ENDED MARCH 31, 1983
(with comparative figures for 1982)**

	1983	1982
Revenue:		
Express ticket sales	\$23,903,505	\$25,426,430
Provincial ticket sales	14,592,180	15,147,595
Super Loto and Ticket Issuing Validating Machine commissions	947,446	
Assessment fees (Note 6)	334,867	1,230,375
Share of other income earned by the Western Canada Lottery Foundation	604,653	1,090,790
Bank interest	78,709	76,325
Net proceeds of mail order and bank sales	52,673	36,132
Promotional fund (Note 7)	133,947	450,604
	<u>40,647,980</u>	<u>43,458,251</u>
Direct expenses:		
Share of the cost of prizes, tickets and administration of the Western Canada Lottery Foundation	22,819,034	22,276,646
Distribution expenses	4,877,712	8,114,805
	<u>27,696,746</u>	<u>30,391,451</u>
Operating expenses:		
Advertising and promotion	877,684	1,134,957
Alberta Government liaison office	74,607	73,011
Bad debt expense	138,462	180,957
Board meetings	31,113	24,124
Furniture and equipment	6,643	6,147
Maintenance, utilities and rent	71,348	39,023
Miscellaneous	18,190	64,817
Postage and office supplies	33,825	38,322
Professional fees	135,544	131,208
Salaries	199,969	265,831
Sales administration fee (Note 8)	1,176,525	
Special retailers (Note 9)	358,742	194,211
Telephone and telex	17,300	18,733
Travel	46,646	43,510
	<u>3,186,598</u>	<u>2,214,851</u>
	<u>30,883,344</u>	<u>32,606,302</u>
Net income (carried forward)	<u>9,764,636</u>	<u>10,851,949</u>

Statement of Income (cont'd)

Net income(brought forward)	9,764,636	10,851,949
Allocated to trust fund (Note 4)	246,935	
	<hr/>	<hr/>
	9,517,701	10,851,949
Payments made to:		
The Alberta Games Council	100,000	100,000
	<hr/>	<hr/>
	9,417,701	10,751,949
Balance allocated as follows:		
To the designated beneficiaries- 40% (Note 5)	3,767,081	4,300,779
	<hr/>	<hr/>
To the partners as designated in the licence agreement-60%	\$5,650,620	\$6,451,170
	<hr/>	<hr/>

(See accompanying notes)

WESTERN CANADA LOTTERY ALBERTA DIVISION (A Partnership)

Statement of Partners' Equity

FOR THE YEAR ENDED MARCH 31, 1983

	Edmonton Exhibition Association Limited	Calgary Exhibition and Stampede Limited	Total
Partners' equity, March 31, 1982	\$ 773,966	\$ 773,966	\$ 1,547,932
Portion of net income for the year allocated to partners	2,825,310	2,825,310	5,650,620
	3,599,276	3,599,276	7,198,552
Payments to partners as designated in the licence agreement	2,872,500	2,872,500	5,745,000
Partners' equity, March 31, 1983	\$726,776	\$726,776	\$1,453,552

(See accompanying notes)

Notes to Financial Statements, March 31, 1983

1. Nature of the partnership

Effective May 15, 1974, the Edmonton Exhibition Association Limited and the Calgary Exhibition and Stampede Limited formed a partnership for the purpose of conducting and operating a continuing lottery to be marketed throughout the Province of Alberta. The partnership operates and has operated under the authority of various licences issued by the member of the Executive Council of the Province of Alberta charged with the administration of The Interprovincial Lottery Act. This licence together with a second licence dealing with the Super Loto lottery, authorizes the partnership to act as the Provincial Marketing Organization for the following lotteries:

- a) The Provincial, Super Loto and Lotto 6/49 lotteries which are joint undertakings by all provinces through the Interprovincial Lottery Corporation.
- b) The Express lottery which is administered by the four western Canadian provinces through the Western Canada Lottery Foundation.

The partnership acts as an agent of the Government of the Province of Alberta which is a member of the Western Canada Lottery Foundation. The Western Canada Lottery Foundation was incorporated on May 13, 1974, under Part II of the Canada Corporations Act and provides, without financial gain, in the four western provinces, services concerning the conduct and management of the above named lotteries.

Under the terms of the licences, the partnership shares in the proceeds of the sale of Express and Provincial lottery tickets but not in the proceeds of the sale of Super Loto and Lotto 6/49 lottery tickets. From July 1, 1982 the partnership receives a 7% commission on the distribution of Super Loto lottery tickets in Alberta. The partnership also receives revenues for the provision of a courier service for the Lotto 6/49 Ticket Issuing Validating Machine network in Alberta. In accordance with the terms of the licences, \$100,000 of the net income of the partnership is distributed to the Alberta Games Council and 40% of the balance is distributed to designated beneficiaries while the remaining 60% flows equally to the partners as beneficiaries under the terms of the licence agreement. The licences referred to above expire on March 31, 1984.

2. Significant accounting policies

REVENUE FROM TICKET SALES

Revenue from the sale of Express and Provincial lottery tickets is recorded at the price paid by the ticket purchaser before deduction of distribution expenses as well as the partnership's share of the cost of prizes, tickets and administration of the Western Canada Lottery Foundation. Revenue received or that which is

estimated to be receivable from ticket sales relating to draws subsequent to year end is deferred and shown as deferred revenue on the balance sheet.

Revenue from the distribution of Super Loto lottery tickets and from the provision of a courier service for the Lotto 6/49 Ticket Issuing Validating Machine network in Alberta is recorded at the commission rates agreed upon with Western Canada Lottery Foundation.

FIXED ASSETS

The cost of fixed assets acquired is charged to operations as operating expenses.

INCORPORATION

These financial statements do not include any assets, liabilities, revenues and expenses of the partners and therefore income taxes are not provided for in the financial statements.

3. Significant events

During the nine months from July 1, 1982 to March 31, 1983 the lottery ticket distribution system in Alberta was substantially changed. Effective July 1, 1982, Lottery Alberta Ltd. became the sole distributor of lottery tickets in Alberta. At that time the Western Canada Lottery Alberta Division ceased charging distributor assessment fees including those fees charged on the sale of Super Loto tickets. Accordingly, no assessment revenue has been earned for the nine months to March 31, 1983.

In addition to the effect of the change described in the preceding paragraph, the Division is entitled to an increased gross profit on ticket sales earned by the Western Canada Lottery Foundation as a result of the elimination of distributor commissions from the Foundation's distribution expenses. The elimination of the distributor commissions became effective with the amendment of the distribution system on July 1, 1982.

4. Trust fund

Three former distributors commenced an action on February 20, 1981 against the Western Canada Lottery Alberta Division for damages allegedly caused by breach of contract through the alteration of the distributors' territories. Net profits from the operation of six former territories to March 31, 1982 have been set aside in a trust account to defray reasonable costs and for payment of the award of the Courts, if any. Any funds left over after the action is resolved are to be paid out by the Division to beneficiaries as provided for under Schedule A of the licence authorizing Western Canada Lottery Alberta Division to operate as a Provincial Marketing Organization for the period to March 31, 1984. Funds of \$321,050 have been set aside in a trust fund pending resolution of the legal action. The outcome of the action commenced by the

Notes to Financial Statements, March 31, 1983 (cont'd)

distributors and the amount of the award of the Courts, if any, is not yet determinable. The resolution of the action will be accounted for as a prior period adjustment.

5. Due to designated beneficiaries

Transactions in the account for the year were as follows:

Due to designated beneficiaries at March 31, 1982	\$1,046,256
Designated beneficiaries share of net income for the year (Statement 2)	3,767,081
Earnings less expenses on amounts set aside for designated beneficiaries	273
	<u>4,813,610</u>

Payments to designated beneficiaries:

Alberta Art Foundation	384,782
Alberta Cultural Heritage Foundation	480,978
Alberta Foundation for the Performing Arts	480,978
Alberta Historical Resources Foundation	384,782
New Western Film and Television Foundation	96,196
Canadian Band Directors' Association (Alberta Chapter)	48,098
Alberta Choral Federation	48,098
Recreation, Parks and Wildlife Foundation	1,154,346
Alberta Advisory Board on Recreation for the Disabled	96,196
Alberta Recreation and Parks Association	57,717
Alberta Schools Athletic Association	57,717
Alberta Games Council	442,499
Sport Alberta	115,435
	<u>3,847,822</u>

Due to designated beneficiaries at March 31, 1983	\$ 965,788
--	------------

Payments to designated beneficiaries are made in accordance with the Interprovincial Lottery Licence as cash is received from the Western Canada Lottery Foundation.

6. Assessment fees

The commercial distributors were charged assessment fees on tickets sold until June 30, 1982:

Assessment fees on tickets sold	\$ 468,814
Less: transfer to promotional fund (Note 7)	133,947
	<u>\$ 334,867</u>

7. Promotional fund

The directors approved a promotional fund which was set up on May 1, 1981 whereby an additional 1% distribution assessment was levied on distributors, the proceeds of which were to be applied as a matching of funds for approved distributor promotion projects designed to more effectively promote the sale of lottery tickets. The promotional fund did not exist after June 30, 1982 due to the reorganization of the Alberta ticket distribution system.

8. Sales administration fee

As of July 1, 1982 the Alberta ticket distribution system was amended with the effect that Western Canada Lottery Foundation depots in Edmonton and Calgary sold tickets to Lottery Alberta Ltd. whose employees in turn resold the tickets to retailers throughout the province. During 1983, Lottery Alberta Ltd. charged the partnership an administration fee of \$1,176,525 which represents the net operating costs of Lottery Alberta Ltd. for the period July 1, 1982 to March 31, 1983 less the profits to March 31, 1982.

9. 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. This year the program was expanded from 58 to 91 participants returning \$358,742 directly to the communities in which tickets were sold.

10. Lease commitments

The partnership is committed to minimum operating lease payments until December 31, 1986 of approximately \$72,000 per annum.

11. Other commitments and prepaid expenses

The Western Canada Lottery Alberta Division is committed to the purchase of a hot-air ship at a purchase price of \$120,000. At March 31, 1983, \$50,000 has been contributed to the purchase of the hot-air ship and is reflected as a prepaid expense in the accounts of March 31, 1983. Also included in prepaid expenses is \$150,000 representing the Western Canada Lottery Alberta Division's payment for advertising on the tickets for the Universiade Games.

12. Reclassification

Certain March 31, 1982 figures have been reclassified for comparative purposes.

GOV DOC CA1 Z4- 3/ 1983
WESTERN CANADA LOTTERY ALBERTA
DIVISION
ANNUAL REPORT/
SERIAL M2 [REDACTED] GOV PUB



000039556964

DATE DUE SLIP

