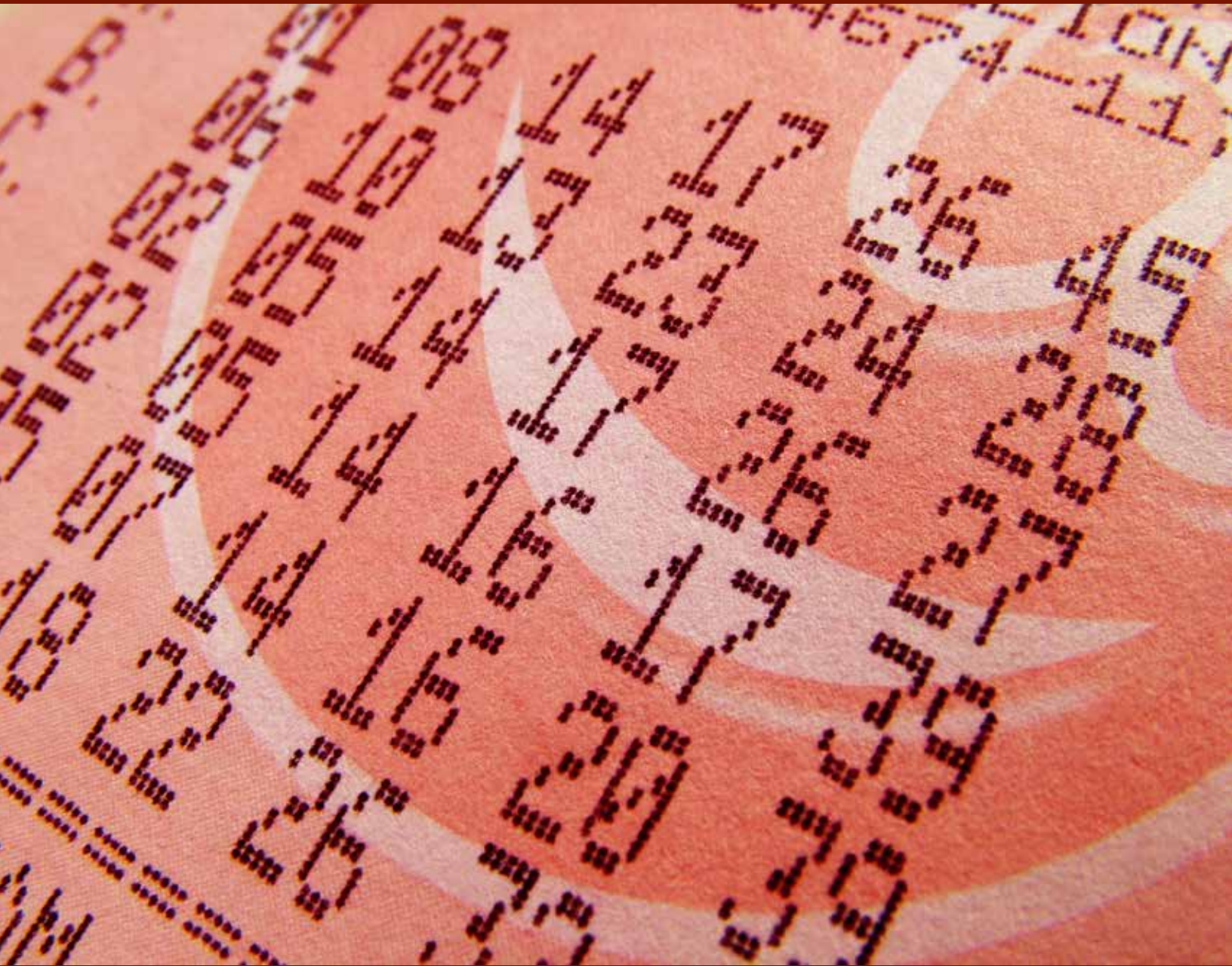


AGCO

Alcohol and Gaming
Commission of Ontario



LOTTERY LICENSING POLICY MANUAL

2015/06



Alcohol and Gaming Commission of Ontario

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Table of Contents

- CHAPTER 1 : REGULATORY FRAMEWORK 17**
- 1.1.0. Introduction..... 17
 - 1.1.0(a) Definitions..... 17
- 1.1.1. Background..... 18
- 1.1.2. The context of gaming in Ontario..... 18
 - (a) Regulation..... 18
 - (b) Licensing: Charitable gaming..... 19
 - (c) Business management (management and conduct)..... 19
- 1.2.1. The regulatory framework..... 19
 - 1.2.1(a) The *Criminal Code* (Canada)..... 20
 - 1.2.1(b)(i) The *Gaming Control Act, 1992*..... 20
 - 1.2.1(b)(ii) Regulations..... 21
 - 1.2.1(c) Order-in-Council..... 21
 - 1.2.1(d) Terms and Conditions..... 21
 - 1.2.1(e) The Registrar’s Standards and Directives..... 22
 - 1.2.1(f) Lottery Licensing Policy Manual..... 22
- 1.3.1. The role of the Registrar of Alcohol and Gaming..... 22
- 1.4.1. The role of municipalities..... 23
 - 1.4.1(a) Issuing lottery licences..... 23
 - 1.4.1(b) Municipal administrative responsibilities..... 24
- 1.5.1. The role of lottery licensing officers..... 24
- 1.6.1. Limits to an organization’s reliance on lottery proceeds..... 25
- 1.7.1. Refusing, cancelling or suspending a licence..... 25
- 1.8.1. Enforcement/compliance..... 26
- 1.9.1. Guiding principles..... 26
- CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS 29**
- 2.1.0. Introduction..... 29
- 2.1.1. What is charitable?..... 30
- 2.1.2. Overview: The relief of poverty..... 32
- 2.1.3. Overview: The advancement of education..... 32
- 2.1.4. Overview: The advancement of religion..... 33

2.1.5. Overview: Other charitable purposes beneficial to the community.....	33
2.2.0. Overview: Eligible organizations.....	34
2.2.1. Policies: Charitable organizations.....	34
2.2.2. Policies: Non-profit with charitable objects.....	34
2.2.3. Policies: Sub-groups of eligible organizations.....	35
2.2.4. Policies: Organizations that amalgamate.....	35
2.2.4(a) Amalgamation: Two or more eligible organizations.....	35
2.2.4(b) Amalgamation: An eligible organization and an ineligible organization.....	36
2.3.0. Overview: Ineligible organizations.....	36
2.3.1. Policies: Ineligible organizations.....	36
2.3.2. Policies: Governments.....	37
2.3.2(a) Municipalities.....	38
2.3.2(b) Public libraries.....	38
2.3.2(c) Municipal homes for the aged.....	38
2.3.2(d) Other agencies funded by government.....	38
2.4.0. Overview: Eligible use of proceeds.....	38
2.4.0(a) Uses in Ontario.....	39
2.4.1. Policies: Eligible use of proceeds.....	40
2.4.1(a)(i) Donating to other eligible organizations.....	40
2.4.1(a)(ii) Donating to other organizations.....	41
2.4.1(a)(iii) Donations for capital expenditures.....	41
2.4.1(b) Direct expenses vs. indirect expenses.....	42
2.4.1(c) Volunteer/staff training.....	43
2.4.1(d) Research.....	44
2.4.1(e) Travel costs.....	44
2.4.1(f) Senior citizen centres and programs for senior citizens.....	45
2.4.1(g) Amendments to the approved uses of proceeds.....	46
2.5.0. Overview: Ineligible use of proceeds.....	46
2.5.1. Policies: Ineligible use of proceeds.....	46
2.6.0. Next steps: Evaluation process.....	47
2.6.1. Next steps: Evaluation guidelines.....	50
2.6.1(a) Evaluating the organization.....	50
2.6.1(b) Evaluating the use of proceeds.....	51
2.6.2. Next steps: Eligibility questionnaire.....	52
2.6.3. Next steps: Constituting documents.....	52

2.7.0. Next steps: Classification guidelines.....	53
2.7.1. Policies: The relief of poverty.....	54
2.7.1(a) Eligibility guidelines.....	54
2.7.1(b) Eligible organizations.....	54
2.7.1(c) Eligible uses of lottery proceeds.....	55
2.7.2. Policies: The advancement of education.....	55
2.7.2(a) Eligibility guidelines.....	55
2.7.2(b) Eligible organizations.....	56
2.7.2(c) Eligible uses of lottery proceeds.....	57
2.7.2(d) Donations of lottery proceeds.....	58
2.7.2(e) Bursaries and scholarships.....	58
2.7.3. Policies: The advancement of religion.....	59
2.7.3(a) Eligibility guidelines.....	59
2.7.3(b) Eligible organizations.....	59
2.7.3(c) Eligible uses of lottery proceeds.....	60
2.7.4. Policies: Other charitable purposes beneficial to the community.....	61
General eligibility guidelines.....	61
2.7.4(a) Culture and the arts.....	62
2.7.4 (a)(i) Eligibility guidelines.....	62
2.7.4(a)(ii) Eligible organizations.....	62
2.7.4(a)(iii) Eligible uses of lottery proceeds.....	62
2.7.4(b) Health and welfare.....	63
2.7.4(b)(i) Eligibility guidelines.....	63
2.7.4(b)(ii) Eligible organizations.....	63
2.7.4(b)(iii) Hospital foundations and auxiliaries.....	63
2.7.4(b)(iv) Eligible uses of lottery proceeds.....	64
2.7.4(c) Amateur sports organizations.....	64
2.7.4 (c)(i) Eligibility guidelines.....	64
2.7.4(c)(ii) Eligible youth amateur sports organizations.....	65
2.7.4(c)(iii) Eligible amateur sports organizations for athletes with a disability.....	66
2.7.4(c)(iv) Eligible adult amateur sports organizations representing Ontario and Canada.....	66
2.7.4(c)(v) Ineligible amateur sports organizations.....	67
2.7.4(c)(vi) Eligible uses of lottery proceeds.....	67
2.7.4(c)(vii) Travel/transportation costs.....	68
2.7.4(c)(viii) Coaching fees.....	69
2.7.4(c)(ix) Payment of officials/referees.....	69
2.7.4(c)(x) Ineligible uses of lottery proceeds.....	70
2.7.4(d) The enhancement of youth.....	70
2.7.4(d)(i) Eligibility guidelines.....	70
2.7.4(d)(ii) Eligible organizations.....	70

2.7.4(d)(iii) Eligible uses of lottery proceeds.....	71
2.7.4(e) Public safety programs.....	71
2.7.4(e)(i) Eligibility criteria.....	71
2.7.4(e)(ii) Eligible organizations.....	71
2.7.4(e)(iii) Eligible uses of lottery proceeds.....	72
2.7.4(e)(iv) Donations for capital expenditures.....	72
2.7.4(f) Community service organizations.....	73
2.7.4(f)(i) Service clubs.....	73
2.7.4(f)(iii) United Way and Federated Health.....	83
2.8.1. Policies: Building funds.....	86
2.8.1(a) Eligibility criteria.....	86
2.8.1(b) Approval process.....	87
2.8.1(c) Reporting requirements.....	88
2.8.1(d) Selling property purchased with a building fund.....	88

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES 91

3.1.0. Introduction.....	91
3.1.1. Definition of a lottery scheme.....	91
3.1.2. Games of chance and games of skill.....	92
3.1.2(a) Games of chance.....	92
3.1.2(b) Games of skill.....	92
3.1.2(c) Games of mixed chance and skill.....	92
3.1.3. Promotional contests.....	92
3.2.0. Prohibited games of chance.....	92
3.2.1. Games prohibited by the Criminal Code (Canada).....	93
3.2.1(a) Three-Card Monte.....	93
3.2.1(b) Coin table.....	93
3.2.1(c) Punchboard.....	93
3.2.2. Games for which a licence is not available.....	93
3.2.2(a) Razzle dazzle.....	93
3.2.2(b) The swinger game.....	93
3.2.2(c) Pea wheel.....	94
3.2.2(d) Dice games.....	94
3.2.2(e) Lottery schemes conducted on or through a computer.....	94
3.2.2(f) Public places of amusement.....	94
3.2.3. Age restriction for playing games of chance.....	94
3.3.0. Advertising licensed lottery events.....	94

3.3.1. Advertising policies.....	95
3.3.2. Content guidelines.....	96
3.4.0. Lottery events in regions without local municipal councils.....	96
3.4.1. Suspending or cancelling lottery licences.....	97
3.4.2. Applicable taxes and rebates.....	97
3.4.3. Registration.....	98
3.4.3(a) Classes of registration.....	98
3.4.3(b) Registration renewals.....	99
3.4.3(c) Exemption from registration.....	99
3.5.0. General operational requirements for licensed lottery events.....	99
3.5.1. General administrative responsibilities.....	100
3.5.2 Bona fide members.....	100
3.5.3. General conflict of interest guidelines.....	101
3.6.0. Financial requirements for licensed lottery events.....	102
3.6.1. Designated lottery trust accounts.....	102
3.6.2. Start-up costs for lottery events.....	104
3.6.3. Indemnities and liability insurance.....	104
3.6.4. Accumulating lottery proceeds.....	104
3.6.5. Lottery trust accounts for American currency.....	105
3.6.6. Financial statements for lottery trust accounts.....	106
3.6.6(a) Annual financial statements.....	106
3.6.6(b) Audited financial statements on request.....	107
3.6.7. Financial guarantees.....	107
3.6.8. Letters of credit.....	108
3.6.9. Standard financial reports.....	108
3.6.10. Electronic funds transfer (EFT).....	109
3.6.10(a) Forms of electronic banking not permitted.....	109
3.6.10(b) Inappropriate uses of EFT.....	110

CHAPTER 4 : BAZAAR LICENCE 112

4.1.0. Introduction.....	112
4.1.1. Lottery events at a bazaar.....	112
4.1.1(a) Wheels of fortune.....	112

4.1.1(b) Bingo.....	113
4.1.1(c) Raffles and penny auction raffles.....	113
4.2.1. Licensing policies.....	114
4.3.1. Licensing procedures.....	114

CHAPTER 5 : RAFFLES **116**

5.1.0. Introduction.....	116
5.1.1. Overview: authority to license.....	117
5.1.1(a) Provincial licensing authority.....	117
5.1.1(b) Municipal licensing authority.....	117
5.1.2. General raffle licensing policies.....	117
5.1.3. Conflict of interest guidelines.....	119
5.2.1. Permitted raffle lottery events.....	119
5.2.1(a) Stub draw.....	119
5.2.1(b) Elimination draw.....	120
5.2.1(c) Calendar draw.....	120
5.2.1(d) "Golf ball drop" raffle lottery.....	121
5.2.1(e) "Rubber duck" race.....	122
5.2.1(f) 50/50 draw.....	123
5.2.1(g) Blanket raffle licence (issued by municipality only).....	124
5.2.1(h) Meat spins/turkey rolls.....	125
5.2.1(i) "Name the raffle" lottery.....	127
5.2.1(j) Bossy bingo/cow patty bingo.....	130
5.2.2. Prohibited raffle events.....	130
5.2.2(a) Sports pools.....	130
5.2.2(b) Raffles by "donation".....	130
5.2.2(c) "Scratch and win".....	131
5.2.2(d) Prize values determined on factors beyond the applicant's control.....	131
5.3.1. Municipal licensing policies.....	131
5.3.2. Municipal licensing procedures.....	132
5.3.3. Municipal licensing fees.....	133
5.4.1. Provincial licensing policies.....	133
5.4.2. Provincial licensing procedures.....	134
5.5.1. Amendments to raffle licences.....	135
5.5.2. Requests to cancel raffle licences.....	135

5.5.3. Financial guarantees.....	136
5.5.4. Advertising for raffle lotteries.....	136
5.5.4(a) General advertising and ticket sale guidelines.....	136
5.5.4(b) Advertising content guidelines.....	137
5.5.4(c) Celebrity advertising.....	137
5.5.4(d) Print advertising.....	137
5.5.4(e) Mail order forms.....	138
5.5.4(f) Provincial, national, international newspapers/magazines, radio, television and web sites.....	138
5.5.4(g) Toll-free telephone numbers.....	138
5.5.5. Gaming-Related Suppliers.....	139
5.5.6. Duties of bona fide members.....	139
5.6.1. Raffle lottery prizes.....	140
5.6.1(a) Houses as prizes.....	140
5.6.1(b) Motor vehicles as prizes.....	140
5.6.1(b)(i) Antique motor vehicles as prizes.....	141
5.6.1(c) Ontario Lottery and Gaming Corporation tickets as prizes.....	141
5.6.1(d) Antiques and art objects as prizes.....	142
5.6.1(e) Vacations as prizes.....	142
5.6.1(f) Liquor as prizes.....	142
5.6.1(g) Firearms as prizes.....	142
5.6.1(h) Crossbows as prizes.....	143
5.6.1(i) Loyalty program points.....	143
5.6.2. Unclaimed raffle prizes.....	144

CHAPTER 6 : SOCIAL GAMING EVENTS 146

6.1.0. Introduction.....	146
6.1.1. Blackjack and wheels of fortune.....	146
6.1.1(a) Blackjack.....	146
6.1.1(b) Wheels of fortune.....	147
6.2.1. Social gaming event licensing policies.....	147
6.2.2. Social gaming event licensing procedures.....	149
6.3.1. Acceptable venues for social gaming events.....	150
6.3.1(a) Examples of acceptable locations.....	150
6.3.1(b) Criteria for acceptable locations.....	150
6.3.2. Venues not acceptable for social gaming events.....	151
6.4.1. Social gaming “fun nights”.....	151

CHAPTER 7 : BREAK OPEN TICKETS 154

7.1.0. Introduction.....	154
7.1.0(a) Other types of break open ticket games.....	154
7.1.0(a)(i) Seal card games.....	154
7.1.0(a)(ii) Bingo event ticket games.....	155
7.1.1. Approved break open tickets.....	155
7.1.2. Key definitions for break open tickets.....	155
7.1.3. Break open ticket suppliers.....	156
7.2.1. Conflict of interest guidelines.....	157
7.3.1. Authority to license.....	157
7.3.1(a) Provincial licensing authority.....	157
7.3.1(b) Municipal licensing authority.....	158
7.4.1. General break open ticket licensing policies.....	158
7.4.1(a) Seal card game policies.....	160
7.4.1(b) Bingo event ticket game policies.....	160
7.5.1. Municipal licensing policies.....	161
7.5.2. Municipal licensing procedures.....	161
7.5.2(a) General procedures.....	161
7.6.1. Provincial licensing policies.....	163
7.6.1(a) Licences issued to Hall Charities Associations (BOT) in non-pooling bingo halls.....	163
7.6.1(b) Provincial break open ticket (PBOT) licensing policies.....	164
7.6.2. Provincial licensing procedures.....	165
7.6.2(a) Licences issued by the Registrar (BOT).....	165
7.6.2(b) Licences issued to Hall Charities Associations in a non-pooling bingo hall.....	166
7.6.2(c) Provincial break open ticket (PBOT) licensing procedures.....	166
7.6.3. Administrative responsibilities of Hall Charities Association in a non-pooling bingo hall.....	168
7.6.3(a) Duties a Hall Charities Association must perform.....	168
7.6.3(b) Duties a Hall Charities Association may delegate to the Operator of the bingo hall.....	168
7.7.1. Sales locations for break open tickets.....	168
7.7.1(a) Licensees selling from their own premises.....	168
7.7.1(b) Registered Seller locations.....	169
7.7.1(c) Special occasions.....	170
7.7.1(d) Designated fair or exhibition locations.....	170
7.8.1. General information for break open tickets.....	171
7.8.1(a) Break open ticket dispensers.....	171

7.8.1(b) Seal card display.....	172
7.8.1(c) Bingo event ticket game poster.....	172
7.8.1(d) Bona fide members.....	172
7.9.1. Retention and destruction of break open tickets.....	172
7.9.2. Prizes.....	173
7.9.2(a) Merchandise prizes.....	173
7.9.2(b) Cash prizes.....	173
7.9.3. Sponsorship and promotions.....	173
7.9.3(a) Sponsored prizes.....	174
7.9.3(b) Promotions.....	174

CHAPTER 8 : FAIR AND EXHIBITION GAMING EVENT 176

8.1.0. Introduction.....	176
8.2.1. Licensing policies.....	177
8.3.1. Licence fees.....	178

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS 180

9.1.0. Introduction.....	180
9.1.1. Authority to license.....	181
9.1.1(a) Provincial licensing authority.....	181
9.1.1(b) Municipal licensing authority.....	181
9.1.2. Bingo hall registration.....	181
9.1.2(a) Bingo locations that must be registered.....	181
9.1.2(a)(i) Bingo locations that may require registration.....	182
9.1.3(b) Bingo locations exempt from registration.....	182
9.2.1. General bingo licensing policies.....	182
9.2.2. Conflict of interest guidelines.....	184
9.3.1. Municipal licensing policies.....	184
9.3.2. Municipally licensed bingos.....	185
9.3.2(a) Regular Bingo.....	185
9.3.2(b) Merchandise Bingo.....	185
9.3.2(b)(i) Merchandise Bingo licensing policies.....	186
9.3.2(c) Loonie Pot Bingo.....	186
9.3.2(c)(i) Loonie Pot Bingo licensing.....	186
9.3.2(d) Decision Bingo.....	187
9.3.2(d)(i) Decision Bingo licensing.....	187

9.3.2(d)(ii) Decision Bingo terms and conditions.....	188
9.3.2(e) Table Board Bingo.....	188
9.3.2(e)(i) Municipal Table Board Bingo licensing.....	188
9.3.2(f) Media Bingo.....	189
9.3.2(f)(i) Media Bingo licensing policies.....	190
9.3.3. Municipal licensing procedures.....	190
9.4.1. Bingos licensed by the Registrar.....	191
9.4.1(a) Break open ticket events run in conjunction with bingo events.....	191
9.4.1(b) Regular Bingo events conducted in regions without local municipal councils.....	192
9.4.1(c) Special Bingo events (Monster Bingos).....	192
9.4.1(d) Super Jackpot Bingo.....	193
9.4.1(e) Table Board Bingo.....	196
9.4.1(e)(i) Provincial licensing policies for table board bingo.....	197
9.4.1(e)(ii) Approved Table Board Bingo devices.....	198
9.4.1(f) Progressive Bingo game.....	198
9.4.1(g) Loonie Progressive game.....	199
9.4.1(g)(i) Game process: Game A.....	200
9.4.1(g)(ii) Game process: Game B.....	200
9.4.2. Procedures for licences issued by the Registrar.....	202
9.4.2(a) Regular or Special bingos.....	202
9.4.2(b) Super Jackpot Bingo.....	203
9.4.2(c) Table Board Bingo.....	204
9.4.2(d) Progressive Bingo game.....	204
9.4.2(e) Loonie Progressive game.....	205
9.5.1. Other permitted bingo games.....	206
9.5.1(a) Super Ball Bingo.....	206
9.5.1(b) “Pay as you play” bingo.....	206
9.5.1(c) In-house bingos—Senior homes.....	207
9.5.2. Prohibited bingo games.....	207
9.6.1. Administrative and operational responsibilities.....	208
9.6.1(a) Tasks the licensee must perform.....	208
9.6.1(b) Tasks that may be carried out by the Operator.....	209
9.6.2. Staffing bingo events.....	209
9.6.3. Distribution of gross receipts from bingo events.....	212
9.6.3(a) When the Operator supplies both the runners and the bingo caller.....	212
9.6.3(b) Where the Operator supplies only the runners or only the bingo caller.....	212
9.6.3(c) When the Operator supplies all the runners on a cost-sharing basis with the licensee.....	213
9.6.3(d) When the licensee does not use the services of an Operator.....	213

9.6.3(e) Super Jackpot disbursements.....	213
9.6.3(f) Disbursements for all other bingo events licensed by the Registrar.....	213
9.6.4. Handling American currency.....	213
9.7.1. Bingo advertising and promotion.....	214
9.7.2. Event specific or non-event specific.....	214
9.7.3. Advertising and promotion content.....	215
9.7.4. Joint marketing plans.....	215
9.7.5. Setting aside funds for advertising and promotion.....	216
9.7.5(a) Licensees.....	216
9.7.5(b) Operators of bingo halls.....	216
9.7.6. Designated trust account for advertising expenses.....	216
9.7.7. Advertising and promotion quarterly reports.....	217
9.7.7(a) Hall Charities Associations.....	217
9.7.7(b) Licensees.....	217
9.7.8. Bingo advertising and promotion activities.....	217
9.7.8(a) Giveaways.....	217
9.7.8(b) Promotional contests.....	218
9.7.8(c) Customer loyalty programs.....	218
9.7.8(c)(i) Programs.....	218
9.7.8(c)(ii) Customer tracking systems.....	219
9.7.8(d) Direct mail to existing customers.....	219
9.7.8(e) Gift certificates.....	219
9.7.8(f) Advertising outside the bingo hall.....	220
9.7.8(f)(i) Shared cost/joint event-specific and non–event specific advertising.....	220
9.7.8(f)(ii) Non–event specific only advertising.....	220
9.7.8(f)(iii) Event-specific only advertising.....	221
9.7.9. Third party advertising.....	221
9.7.9(a) Advertising outside the bingo hall.....	221
9.7.9(b) Advertising inside the bingo hall.....	221
9.8.1. Eligible bingo expenses.....	221
9.8.1(a) Licence fees.....	221
9.8.1(b) Bookkeeping and administrative costs.....	222
9.8.1(c) Transportation to bingo events.....	222
9.8.1(c)(i) Promotional items.....	223
9.8.1(d) Hand-held personal bingo verifiers (PBVs).....	223
9.9.1. Ineligible payments.....	224

9.10.1. Hall Charities Associations.....	224
9.11.1. Bingo losses.....	225
9.12.1. Lottery trust accounts for bingo events.....	226
9.13.1. Required financial statements.....	226
9.14.1. American currency at bingo events.....	226
9.15.1. Electronic funds transfer (EFT).....	227
9.15.1(a) Forms of electronic banking not permitted.....	228
9.15.1(b) Inappropriate uses of EFT.....	228

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS **231**

10.1.0. Introduction.....	231
10.1.1. Authority to license.....	232
10.1.1(a) Municipal licensing authority.....	232
10.1.1(b) Provincial licensing authority.....	232
10.2.1. Non-pooling bingo halls.....	232
10.2.2. What is the bingo revenue model (BRM)?.....	232
10.2.2(a) Overview: Bingo game flexibility framework for pooling halls.....	233
10.2.3. Guidelines for permitted games.....	233
10.2.3(a) Base for bingo and game flexibility.....	233
10.2.3(b) Prizes.....	233
10.2.3(c) Win based on pattern.....	234
10.2.3(d) Pre-calls.....	234
10.2.3(e) U Pick game.....	234
10.2.3(f) Level of winning based on factor beyond pattern.....	235
10.2.3(g) Exit strategy/determination of winner.....	235
10.2.3(h) Additional guidelines.....	235
10.2.4. Bingo game schedule requirements/guidelines.....	236
10.3.1. Overview: Licensing process framework.....	236
10.3.1(a) Bingo revenue model for pooling bingo halls licensing process.....	236
10.3.2. Overview: Roles and responsibilities of municipal licensing authority and Registrar.....	239
Applications.....	239
Reporting.....	240
10.3.2(a) Licensing periods.....	241
10.4.1. Roles and responsibilities of the Hall Charities Association Administrator.....	241

10.4.1(a) HCA Administrator policies.....	242
10.4.1(b) Registration of HCA Administrator.....	242
10.4.1(c) HCA Administrator: Conflict of interest.....	242
10.5.1. Staffing charitable gaming events.....	242
10.5.1(a) Bona fide members.....	243
10.5.1(b) Runners.....	243
10.5.1(c) Volunteer runners in a charity-run bingo hall.....	243
10.5.1(d) Volunteers.....	243
10.5.1(e) Full-time employees of licensee.....	244
10.6.1. Revenue splits.....	244
10.7.1. Reporting requirements.....	246
10.7.1(a) Compliance Report required.....	249
10.7.2. Maximum prize board.....	249
10.7.2(a) Prize board reporting policies.....	249
10.7.2(b) Prize board monitoring policies.....	250
10.8.1. Lottery trust accounts.....	250
10.9.1. Bingo shortages.....	251
10.9.2. Losses.....	251
10.10.1. Eligible expenses.....	252
10.10.1(a) Out-of-pocket expenses.....	252
10.10.1(b) Municipal fees.....	252
10.10.1(c) Registrar’s licence fees.....	252
10.10.1(d) Marketing fund.....	252
10.10.1(e) Personal bingo verifiers (PBVs).....	253
10.10.2. Ineligible expenses.....	253
10.11.1. Application of Harmonized Sales Tax (HST).....	254
Example: Calculation of HST on “Hall Rent”	254
10.12.1. American currency.....	255

Lottery Licensing Policy Manual

CHAPTER 1 :

REGULATORY FRAMEWORK

1.1.0. INTRODUCTION

This manual outlines the policies and procedures municipal and provincial officials must follow to issue charitable gaming licences in Ontario.

The lottery licensing policies in this manual were developed by the Registrar of Alcohol and Gaming, based on authority and direction flowing from:

- the *Criminal Code* (Canada);
- [Order-in-Council 1413/08](#) (as amended); and
- the *Gaming Control Act, 1992* and its Regulations.

The relevant portions of the *Criminal Code* (Canada), the Order-in-Council and the *Gaming Control Act, 1992* are available on the AGCO website (www.agco.on.ca)

Each type of licensed lottery is governed by a specific set of rules known as “terms and conditions.” From time to time, the terms and conditions may change and the legislation may be amended. The owner of this manual is responsible for obtaining copies of any amendments to the legislation and any new terms and conditions and information bulletins as they are issued, in order to keep the manual up to date with all of the policies set by the Registrar.

1.1.0(A) DEFINITIONS

The complete Glossary for this manual is available on the AGCO website (http://www.agco.on.ca/en/whatwedo/llpm_glossary.aspx). In particular, please note these definitions of terms used in this manual:

- **bingo hall** – a type of charitable gaming site where a charitable organization conducts and manages a lottery scheme under the authority of a licence issued by a municipality or by the Registrar.

CHAPTER 1: REGULATORY FRAMEWORK

- **charitable gaming site** – a gaming site where a charitable organization conducts and manages a lottery scheme under the authority of a licence issued by a municipality or by the Registrar.
- **Gaming-Related Supplier** – a person who manufactures, provides, installs, tests, maintains or repairs gaming equipment or who provides consulting or similar services directly related to the playing of a lottery scheme or the operation of a gaming site.
- **gaming site** – premises or an electronic channel maintained for the purpose of playing or operating a lottery scheme.
- **LLPM** – short form of *Lottery Licensing Policy Manual*.
- **Operator** – a person who operates a gaming site.
- **Seller** – someone who is permitted to sell break open tickets on behalf of a licensed charitable or religious organization. A Seller can be registered to sell break open tickets at one or more locations.

1.1.1. BACKGROUND

In Canada, all authority to license gaming activity flows from provisions in the *Criminal Code (Canada)*.

In 1969, the Government of Canada amended the *Criminal Code (Canada)* making it possible for eligible charitable and religious organizations to conduct and manage lottery schemes under a licence issued by the appropriate provincial authority.

Based on the authority conferred by the *Criminal Code*, the Government of Ontario has passed an Order-in-Council, delegating its authority to license charitable gaming events to:

- the Registrar of Alcohol and Gaming, and
- municipal councils.

The Registrar has the authority to license all types of approved lottery events. Municipal councils may license certain types of approved lottery events.

1.1.2. THE CONTEXT OF GAMING IN ONTARIO

The responsibility for gaming in Ontario has been divided into three main areas.

(A) REGULATION

The Alcohol and Gaming Commission of Ontario (AGCO) is responsible for the administration and the regulation of certain types of gaming in Ontario.

The AGCO is responsible for regulating:

- charity casinos;
- commercial gaming (including casinos and internet gaming);
- slot machine facilities at racetracks; and
- charitable gaming.

(B) LICENSING: CHARITABLE GAMING

The Registrar of Alcohol and Gaming and municipal councils both have authority to issue charitable gaming licences, as outlined in this manual.

(C) BUSINESS MANAGEMENT (MANAGEMENT AND CONDUCT)

The Ontario Lottery Gaming Corporation (OLG) is responsible for the management and conduct of:

- charity casinos;
- commercial casinos;
- internet gaming;
- electronic bingo centres; and
- slot machines at racetracks.

1.2.1. THE REGULATORY FRAMEWORK

The charitable gaming industry in Ontario is changing and evolving. The current framework is based on six key elements:

- (a) the *Criminal Code* (Canada);
- (b) the *Gaming Control Act, 1992* and its Regulations;
- (c) the Order-in-Council;
- (d) the terms and conditions;
- (e) Registrar's Standards and Directives; and
- (f) the *Lottery Licensing Policy Manual*, together with all updates and information bulletins.

CHAPTER 1: REGULATORY FRAMEWORK

1.2.1(A) THE *CRIMINAL CODE* (CANADA)

In 1969, the Government of Canada amended the *Criminal Code* (Canada) making it possible for eligible charitable and religious organizations to conduct and manage lottery schemes under a licence issued by the appropriate provincial authority.

- Section 206 of the *Criminal Code* makes it an indictable offence to participate in a lottery scheme in any manner.
- Section 207(1)(a) of the *Criminal Code* provides an exemption from the general prohibition against gambling, allowing provincial governments to conduct and manage lottery schemes.
- Section 207(1)(b) provides an exemption from the general prohibition against gambling, allowing eligible charitable and religious organizations to conduct and manage lottery schemes under the authority of a licence issued by the appropriate authority. This section stipulates that eligible organizations must use lottery proceeds for a charitable object.
- Section 207(1)(b) allows the Lieutenant Governor in Council to delegate licensing authority.
- The Order-in-Council, promulgated by the Government of Ontario, designates the Registrar of Alcohol and Gaming and municipal councils as licensing authorities.

In this manual the term “charitable” includes both “charitable and religious” organizations as referred to in the *Criminal Code* (Canada).

1.2.1(b)(i) The *Gaming Control Act, 1992*

The *Gaming Control Act, 1992* regulates the commercial sector of the charitable gaming industry. The Act requires the registration of individuals, corporations, organizations, associations and partnerships that supply gaming services or goods to licensed charitable organizations.

The Act also outlines the powers of the Registrar of Alcohol and Gaming.

Among other things, the Act details:

- the registration process;
- the types of goods and services that may be provided;
- the manner in which goods and services may be provided;
- reporting responsibilities;
- the Registrar’s authority to establish standards and requirements for the conduct, management and operation of gaming sites or lottery schemes under the Act; and
- the registration appeal process.

1.2.1(b)(ii) Regulations

The Lieutenant Governor in Council may make Regulations prescribing anything required under the Act. For example, the Regulations currently in force establish such things as exemption from registration, classes of registrants and terms of registration.

1.2.1(C) ORDER-IN-COUNCIL

The Order-in-Council:

- defines the roles and responsibilities of municipal councils and the Registrar; and
- gives them the authority to license and regulate certain lottery events.

It also provides broad policies for the administration of lottery events and general terms and conditions for the conduct of lotteries.

For example, the Order-in-Council:

- stipulates that proceeds from licensed lottery schemes must be used only for a charitable or religious object providing a direct benefit to the residents of Ontario;
- outlines the authority of the Registrar;
- gives the Registrar the sole authority to issue certain types of licences;
- outlines certain standard licence requirements;
- gives Registrar the authority to attach terms and conditions to any licence;
- gives a municipal council authority to attach terms and conditions to any licence it issues, provided they do not conflict with those of the Registrar;
- gives the Registrar and municipal councils authority to refuse, suspend or cancel a licence, under certain specified circumstances; and
- gives the Registrar authority to set maximum licence fees.

1.2.1(D) TERMS AND CONDITIONS

The Registrar issues a specific set of rules, known as the terms and conditions, to regulate each type of licensed lottery event. The terms and conditions provide detailed instructions for the conduct and management of licensed lottery events. For example, the terms and conditions govern:

- the role of the licensee;
- the types and amounts of prizes to be awarded;
- rules of play;

CHAPTER 1: REGULATORY FRAMEWORK

- licence fees;
- banking guidelines; and
- reporting requirements.

The Registrar may impose additional terms and conditions to any lottery licence, as necessary. A municipal council may impose additional terms and conditions to any lottery licence it issues, provided they do not conflict with those of the Registrar. Licensees must observe all the terms and conditions of their lottery licence.

1.2.1(E) THE REGISTRAR'S STANDARDS AND DIRECTIVES

The Registrar may issue Standards and Directives that must be followed by licensees. For example, licensees who conduct charitable gaming events in pooling bingo halls are subject to specific *Registrar's Standards on Financial Management and Administration for Bingo Halls Where Proceeds are Pooled*.

See Chapter 10, "Bingo—In Pooling Bingo Halls," for further information.

1.2.1(F) LOTTERY LICENSING POLICY MANUAL

This *Lottery Licensing Policy Manual* (LLPM) has been designed to help provincial and municipal officials issue and administer lottery licences on a consistent basis throughout the province.

The AGCO also uses the LLPM to communicate changes in the Registrar's policies and in the regulatory structures for lottery licensing.

1.3.1. THE ROLE OF THE REGISTRAR OF ALCOHOL AND GAMING

The Alcohol and Gaming Commission of Ontario (AGCO) was established under the *Alcohol and Gaming Regulation and Public Protection Act, 1996*. The Order-in-Council gives the Registrar the authority to administer the lottery licensing provisions of the *Criminal Code* (Canada) for the Province of Ontario.

The Registrar has authority in three main areas:

1. To administer and enforce the *Gaming Control Act, 1992*, including:
 - » registering Gaming-Related Suppliers and Gaming Assistants;
 - » conducting investigations;
 - » setting standards; and
 - » developing standard forms and reporting requirements.

2. To administer the lottery licensing framework that governs all charitable lottery licensing in the province, including:
 - » determining the eligibility criteria for organizations to conduct and manage lottery events;
 - » setting policies and terms and conditions for all approved charitable gaming events;
 - » setting licence fees;
 - » prescribing the form of an application, a licence and a licence report;
 - » developing financial reporting requirements;
 - » prescribing reasonable and necessary expense limits; and
 - » providing education and support to local licensing authorities.
3. To issue licences for lottery events in accordance with the Order-in Council, including:
 - » bingo events, where the total value of prizes to be awarded exceeds \$5,500;
 - » lottery events with accumulating prize values, where a prize not awarded at one event is added to the value of the prize at a subsequent event or events;
 - » lottery events with successive designated numbers, where the designated number is allowed to increase at a subsequent event or events;
 - » Super Jackpot bingo events;
 - » raffle events, where the total value of prizes to be awarded exceeds \$50,000;
 - » lotteries, including break open ticket lotteries, where the event is conducted in conjunction with another licensed gaming event;
 - » provincial break open ticket lotteries;
 - » all social gaming events;
 - » events at designated fairs or exhibitions; and
 - » lottery schemes conducted in unorganized territories, on Crown lands (such as Canadian Forces bases) and in First Nation communities (except those with delegated authority).

See also Chapter 10, "Bingo—In Pooling Bingo Halls," for further information.

1.4.1. THE ROLE OF MUNICIPALITIES

1.4.1(A) ISSUING LOTTERY LICENCES

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

- bingo events with prize boards of up to \$5,500;

CHAPTER 1: REGULATORY FRAMEWORK

- raffles with prizes of up to \$50,000;
- break open ticket events that are not conducted in conjunction with another licensed gaming event, and where the tickets are sold within the municipality;
- bazaar gaming events; and
- media bingo.

See also Section 10.1.0, "Authority to license," for further information.

See Section 1.3.1(3) for those lottery events that may not be licensed by municipalities.

1.4.1(B) MUNICIPAL ADMINISTRATIVE RESPONSIBILITIES

As long as it does not contravene criteria established by the Registrar, a municipal council may develop additional criteria, through bylaws and policies, for making licensing decisions and administering lottery licensing in their municipality.

Municipalities must also:

- report any information required by the Registrar, including the number and type of licences issued and fees collected;
- enforce licensing policies;
- ensure that licensees comply with the terms and conditions of their licences; and
- investigate any breaches of the terms and conditions.

A municipal council may refuse, suspend or cancel licences, in accordance with the Order-in-Council and the Registrar's policies. The AGCO is available to assist the municipality in any compliance and investigation matters.

1.5.1. THE ROLE OF LOTTERY LICENSING OFFICERS

Municipal and provincial licensing officials must:

- determine whether an organization is eligible for lottery licensing in Ontario, according to the guidelines set out in Chapter 2 of 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.

1.6.1. LIMITS TO AN ORGANIZATION'S RELIANCE ON LOTTERY PROCEEDS

Since raising funds through gaming contains a certain element of risk on the part of the charitable organization, lotteries should be viewed as a supplement or alternative to the organization's other fundraising ventures, which may include:

- user/membership fees;
- other types of fundraising projects; and
- grants and donations (not from lottery proceeds).

As well as being an ancillary source of income to the organization, access to gaming opportunities may be allotted by the licensing authority based on the budgetary requirements of the organization and an assessment of community need.

1.7.1. REFUSING, CANCELLING OR SUSPENDING A LICENCE

The following three sections of [Order-in-Council 1413/08](#), which are quoted directly, provide for the suspension or cancellation of lottery licences:

5. *A municipal council may at any time suspend, cancel, or refuse to issue a licence or authorization that it may issue where,*
 - (a) *there has been a breach of any term, condition, directive or standard;*
 - (b) *there are reasonable grounds to believe that the applicant or licensee will not conduct and manage the lottery scheme in accordance with law or with honesty and integrity,*
 - (c) *in its opinion it is in the public interest to do so, or*
 - (d) *an applicant or licensee fails to submit financial reports or other information in accordance with the Registrar's requirements.*
- ...
11. *The Registrar may at any time suspend or cancel a licence issued by himself or herself, or refuse to issue a licence for the grounds set out in section 5.*
12. *The Registrar may at any time suspend or cancel a licence issued by a municipal council that was not issued in accordance with the Registrar's requirements*

If an organization continues to conduct lottery events after its licence has been suspended or cancelled, the lottery events will be illegal pursuant to the *Criminal Code* (Canada).

See also Section 3.4.1, "Suspending or cancelling lottery licences," and Section 5.5.2, "Requests to cancel raffle licences."

CHAPTER 1: REGULATORY FRAMEWORK

1.8.1. ENFORCEMENT/COMPLIANCE

Each municipality has the responsibility to investigate any contraventions of the terms and conditions of a licence it issues. A municipality may request the assistance of the local police force or the AGCO.

Municipalities have the authority to:

- investigate suspected contraventions of the terms and conditions of the licensed lottery scheme;
- investigate suspected financial and management improprieties of licensed organizations and persons; and
- conduct audits of licensed organizations.

In addition to the above, the Registrar has the authority to:

- conduct investigations under the *Gaming Control Act, 1992*; and
- assist municipalities/local enforcement agencies in any investigation or audit of a licence.

1.9.1. GUIDING PRINCIPLES

In order to ensure that lottery licensing is administered fairly and consistently, lottery licensing decisions must be guided by the following fundamental principles:

1. Consider the needs of the community as a whole. All eligible organizations must have fair access to gaming opportunities.
2. Consider both the viability of a proposed lottery scheme and the applicant's ability to execute the scheme.
3. 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.

Lottery Licensing Policy Manual

CHAPTER 2 :

ELIGIBILITY AND USE OF PROCEEDS

2.1.0. INTRODUCTION

This chapter outlines the policies and procedures a licensing official must follow to determine:

- whether an organization is eligible to receive a lottery licence, and
- whether an organization's proposed use of lottery proceeds is eligible.

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 charity:

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

An organization must also demonstrate that for a minimum of one year it has carried out charitable activities that provide a direct benefit to Ontario residents, which are consistent with their mandate.

Determining an organization's eligibility for lottery licensing is a complex process. The guidelines set out in this chapter cannot be considered in isolation of each other. A licensing official must consider all circumstances to determine which of the organization's purposes or objects and activities fall within one of the four charitable classifications. It is not sufficient to look at an organization's purposes to decide whether it qualifies as charitable: it is also necessary to look at the organization's activities.

A licensing official may reference decisions made by the courts, the Canada Revenue Agency and Office of the Ontario Public Guardian and Trustee as a guide to eligibility decisions. However, registration under the federal *Income Tax Act* as a charitable organization does not confer automatic lottery licensing privileges. Similarly, approval of letters patent of incorporation by the Office of the Ontario Public Guardian and Trustee does not confer automatic lottery licensing privileges. Licensing officials must make eligibility decisions on a case-by-case basis, by considering the specific circumstances of each organization.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

Licensing officials must determine the eligible uses of lottery proceeds for each organization by examining the charitable classification of the organization's purposes or objects and activities. For example, an organization that has not demonstrated that it has an object that falls within the "Relief of Poverty" cannot use lottery proceeds to operate a food bank.

Some organizations have objects or purposes and activities that fall within more than one of the four charitable classifications. In this case, eligible uses of lottery proceeds may also fall within more than one of the four classifications.

This chapter is provided as guidance. It is not intended to provide definitive statements with regard to any organization that may apply for a lottery licence. It provides details regarding:

- the process that must be followed;
- guidelines for making eligibility decisions; and
- some examples of organizations and uses of proceeds that may be eligible.

The examples are not exhaustive. They are provided to describe the principles a licensing official must use to determine the eligibility of an organization's purposes or objects and activities.

Organizations must be continuously reviewed and reassessed to ensure continued eligibility. The examples used in this chapter reflect the current interpretation of what is eligible. It is the duty of licensing authorities to remain current.

2.1.1. WHAT IS CHARITABLE?

To be eligible for a lottery licence, an applicant must qualify either as an eligible charitable organization or as a non-profit organization with charitable purposes or objects.

There is no general statutory definition of "charity" and "charitable." However, there is a well-established body of common law dealing with the meaning of "charity." The first legal reference in the development of what is charitable is the preamble to the English *Charitable Uses Act of 1601*. This Act sets out a list of uses recognized as charitable in 1601. Of course, many of these items may no longer be considered charitable today. Subsequent case law has expanded this list of charities, reasoning by analogy to the charities recognized by the Statute of Elizabeth (*Charitable Uses Act, 43 Eliz. I, c. 4, Preamble*). In this way, the meaning of charity continues to evolve to reflect the needs and values of society.

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

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

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

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

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

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

An organization may have purposes or objects that focus its activities towards a specific segment of the community, for example, Aboriginal persons, senior citizens or people with physical or developmental disabilities. Such organizations may be eligible if their purposes or objects and activities fall within one of the four charitable classifications. A licensing official must assess the activities of the organization in order to determine if the organization is eligible and, if so, within which of the four charitable classifications it falls.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

2.1.2. OVERVIEW: THE RELIEF OF POVERTY

The “relief of poverty” classification includes organizations that assist the economically disadvantaged by directly providing goods, social services, programs or facilities. The financial and other assistance provided is intended to alleviate the effects of living in poverty.

Poverty must be considered in relation to current economic and social conditions. The provision of goods or services to relieve poverty is intended to ensure that individuals have a basic standard of living. Individuals do not have to be destitute in order to qualify for this assistance.

Food banks, soup kitchens and organizations that provide clothing, furniture and appliances are examples of these types of organizations.

See also “2.7.1. Policies: The relief of poverty” on page 54.

2.1.3. OVERVIEW: THE ADVANCEMENT OF EDUCATION

The courts have defined the “advancement of education” as:

- significant training or instruction;
- the development of mental faculties; or
- the improvement of a branch of human knowledge, which results in a public benefit.

Simply providing information does not meet this definition: significant training or instruction must also be offered.

To meet this definition, the instruction must be available to a wide section of the public and must not be restricted by any means. It is not necessary for an organization to provide instruction or training in a formal classroom setting, but its activities must improve human knowledge and provide a public benefit through instruction.

Teaching institutions and schools are examples of organizations that may fall within this charitable classification.

See also “2.7.2. Policies: The advancement of education” on page 55.

2.1.4. OVERVIEW: THE ADVANCEMENT OF RELIGION

The “advancement of religion” refers to:

- the promotion of a religious group’s spiritual teachings; and
- the maintenance of the doctrines and spiritual observances upon which those teachings are based.

To be eligible as a charitable organization in this classification, a group’s spiritual beliefs or faith must include an element of worship of a personal God, gods or deities. Fostering a belief in proper morals or ethics alone is not enough to qualify a group as an eligible organization in this classification.

The group’s activities must also include an element of public instruction and the promotion of spiritual teachings. Its activities must serve religious purposes for the public good. The group’s beliefs and practices cannot include anything the courts consider subversive, immoral or illegal.

Places of worship, such as churches, mosques, temples and religious congregations, are examples of these types of organizations.

See also “2.7.3. Policies: The advancement of religion” on page 59.

2.1.5. OVERVIEW: OTHER CHARITABLE PURPOSES BENEFICIAL TO THE COMMUNITY

This is the broadest classification and the most difficult to consider. An organization with a charitable purpose that does not fall under one of the first three classifications may be eligible in this classification. The organization’s activities must provide a public, not private, benefit.

The phrase “other charitable purposes beneficial to the community” has been interpreted to include activities that benefit the whole community, without discrimination, so that the purposes have a truly public character. This may include:

- the promotion of arts and cultural activities;
- cultural, ethnic, native, historic or heritage pursuits;
- the improvement of the quality of health through medical research;
- treatment programs and preventative programs;
- youth sporting activities; and
- community projects undertaken by service organizations.

See also “2.7.4. Policies: Other charitable purposes beneficial to the community” on page 61.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

2.2.0. OVERVIEW: ELIGIBLE ORGANIZATIONS

In general, eligible organizations fall into one of two categories.

1. Charitable organizations: the organization's purposes or objects are all charitable.
2. Non-profit organizations with charitable objects: the organization has a mixture of charitable and non-charitable purposes.

2.2.1. POLICIES: CHARITABLE ORGANIZATIONS

In order to be considered a charitable organization for the purposes of lottery licensing, an organization must have purposes or objects and activities that are exclusively and wholly charitable. A charitable organization cannot have a mixture of charitable and non-charitable purposes or activities.

Charitable organizations have a number of characteristics:

1. They are non-profit organizations. Charitable organizations do not make a profit nor do they distribute profits to their members.
2. Charitable organizations provide benefits to the public or a specified segment of the public.
3. Charitable organizations are restricted to carrying out activities that advance their objects, which must be exclusively charitable. Their business activities are restricted and the public benefit they provide must be of a nature recognized by the courts as charitable.

The Office of the Public Guardian and Trustee has supervisory responsibility for charitable organizations and their use of charitable funds. Charitable organizations must comply with the reporting requirements of the *Charities Accounting Act* and the ownership restrictions set out in the *Charitable Gifts Act*. Charitable organizations may register with the Canada Revenue Agency. However, registration as a charitable organization for the purposes of the *Income Tax Act* does not automatically qualify an organization for lottery licensing.

2.2.2. POLICIES: NON-PROFIT WITH CHARITABLE OBJECTS

Organizations that have a mixture of charitable and non-charitable purposes or objects may be considered to be "non-profit with charitable objects." A non-profit organization with charitable objects is eligible to receive lottery licences if its charitable mandate falls within one of the four charitable classifications listed in Section 2.1.1 and it meets all the other relevant criteria.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

Non-profit organizations have a number of characteristics in common with charitable organizations. However, non-profit organizations do not have the same level of restriction placed on their business activities and the public benefit that they provide.

If an organization's application does not include documentation proving its status as a charitable organization, it should be considered against the eligibility criteria to determine whether it is a non-profit organization with charitable objects.

2.2.3. POLICIES: SUB-GROUPS OF ELIGIBLE ORGANIZATIONS

If a licensing official receives an application from an organization that appears to be a sub-group, "partner" or auxiliary of another eligible organization, the official must ask the following questions in order to determine the status of the two organizations:

- Are the organizations separate legal entities? For example, if the parent organization dissolves, will the sub-group still exist?
- Do the organizations have different Boards of Directors?
- Do the organizations have independent budgets, banking procedures and funding?
- Do the organizations have differing mandates or purposes?
- Does one of the organizations have overall control, or influence, on the decisions of the other organization?

If the comparison shows that the two organizations exist for the same purposes, the parent group may be licensed if it is an eligible organization. The sub-group, "partner" or auxiliary may only be licensed where the parent group chooses not to conduct lottery events and permits the sub-group, "partner" or auxiliary group to hold lottery licences on its behalf.

2.2.4. POLICIES: ORGANIZATIONS THAT AMALGAMATE

2.2.4(A) AMALGAMATION: TWO OR MORE ELIGIBLE ORGANIZATIONS

If two or more eligible organizations amalgamate, the resulting entity must be treated as one organization for lottery licensing purposes. For example, if two community service organizations that each have a break open ticket licence amalgamate, the new organization may have only one licence. When two or more eligible organizations amalgamate, licensing officials must complete a full eligibility review.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

Eligible organizations that amalgamate must disburse the funds in their designated lottery trust accounts for the purposes approved by the licence. The funds may be disbursed after amalgamation. If the funds are not disbursed before amalgamation, the licensing authority must approve the disbursement of funds.

2.2.4(B) AMALGAMATION: AN ELIGIBLE ORGANIZATION AND AN INELIGIBLE ORGANIZATION

When an eligible organization amalgamates with an ineligible organization, the new organization may or may not be eligible for lottery licensing. Licensing officials must complete a full eligibility review before issuing any new lottery licences.

An eligible organization that amalgamates with an ineligible organization must disburse the funds in its designated lottery trust account before amalgamation, for the purposes approved on the licence. The licensee must notify the licensing authority of the disbursement.

Prior to the disbursement of funds the lottery licensing authority must approve any request to hold lottery proceeds in a designated lottery trust account past the date of amalgamation and must also give prior approval of any final disbursement that occurs after amalgamation.

See also "7.4.1. General break open ticket licensing policies" on page 158.

2.3.0. OVERVIEW: INELIGIBLE ORGANIZATIONS

An organization is ineligible for a lottery licence if:

- it is established as a profit-making entity;
- it does not have a charitable purpose or object;
- it promotes private benefits to a restricted class of members;
- it is established solely for the purpose of adult recreation;
- it is established for the purpose of tourism or other activities that are purely economic in nature; or
- it is a sub-group, "partner" or auxiliary of an eligible organization that is already licensed.

2.3.1. POLICIES: INELIGIBLE ORGANIZATIONS

Organizations ineligible for lottery licensing include:

- professional associations, unions and employee groups, except those set up to carry out charitable activities;
- elected representative groups including municipal, regional, provincial and federal governments;

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

- government agencies or bodies;
- political lobby groups and those attempting to persuade the public to adopt a particular view on a political issue;
- advocacy, self-help and other groups solely dedicated to the political, personal and financial advancement of their members;
 - » However, if direct services which fall into one of the four charitable classifications listed in Section 2.1.1 are provided, advocacy or case management intended to represent an individual/s and secure appropriate charitable services for that individual/s may be considered an eligible charitable purpose.
- political parties;
- adult hobby groups;
- for-profit, members-only or private sports clubs and for-profit adult sports teams and leagues;
- those promoting a political doctrine;
- those attempting to bring about or oppose changes in the law or government policy;
- municipal councils, municipal corporations and their administrative departments; and
- organizations established solely for the purpose of fundraising.

The above list is not intended to be exhaustive. Every organization must be reviewed, based on the documents provided, since all organizations are unique.

2.3.2. POLICIES: GOVERNMENTS

Governments are political bodies established for administrative purposes. Their primary mandate is to govern, which is not a charitable object. Services provided by governments may provide a public benefit and, if provided by a charitable organization, may be considered a charitable activity. However, a government is not a charitable organization and is not eligible for lottery licensing.

When reviewing organizations that are associated with governments, licensing officials must determine the extent to which the organization is:

- separate legally, administratively and financially from the government; and
- controlled by the government.

For example, conservation authorities established under the Conservation Authorities Act are not separate legally, administratively and financially from the government. Therefore, typically these types of organizations are not eligible for lottery licensing.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

2.3.2(A) MUNICIPALITIES

A licensing authority must never issue a lottery licence to a municipality or one of its administrative departments. Municipalities derive their powers from the *Municipal Act* or, in some cases, a constituting act. As entities established primarily for local administration, they are not given the power to carry out charitable objects or to conduct lottery schemes. Therefore, municipalities and their operating committees or agencies do not meet the definition of a charitable organization and do not qualify for licensing under Section 207(1)(b) of the *Criminal Code*.

When reviewing organizations associated with a municipality, a licensing official must determine the extent to which the organization is controlled by the municipality and whether the organization is separate legally, administratively and financially from the municipality.

2.3.2(B) PUBLIC LIBRARIES

Public libraries constituted under the *Public Libraries Act* are not separate financially and administratively from the municipality. Therefore, boards of public libraries established under the *Public Libraries Act* are not eligible for lottery licences.

2.3.2(C) MUNICIPAL HOMES FOR THE AGED

Many municipalities operate homes for the aged under the *Homes for the Aged and Rest Homes Act*. As municipalities are not charitable organizations, they may not benefit from lottery proceeds. Therefore, the licensing authority may not issue lottery licences to either the municipality or the home for the aged itself.

2.3.2(D) OTHER AGENCIES FUNDED BY GOVERNMENT

Many agencies operate under legislation and receive government funding. To determine the eligibility of these organizations, a licensing official must review the legislation that sets out the organization's mandate and its relationship to government. Whether the organization is separate legally, administratively and financially from government and the degree of control exercised by government over the organization will determine whether the organization is eligible for lottery licensing.

2.4.0. OVERVIEW: ELIGIBLE USE OF PROCEEDS

Once a licensing official has decided an applicant is eligible to receive a lottery licence, the licensing official must examine the intended use of lottery proceeds listed on the licence application.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

In order to determine the eligibility of the proposed use of proceeds, a licensing official must review the organization's programs and services.

As outlined in Section 2.1.1, an eligible organization's charitable purposes and objects must fall within one of four classifications. The eligible uses of proceeds will vary by classification and by eligible organization. As such when determining what is considered an eligible use of proceeds for an eligible organization, the following factors must be taken into consideration:

- under which of the four classifications the objects and purposes of the organization fall;
- the mandate of the organization;
- the type of organization; and
- the organization's structure.

Eligible uses of proceeds must be:

- in themselves charitable and advance the charitable purposes or objects of the organization;
- used for the direct delivery of the charitable purposes or objects of the organization; and
- directed toward specific segments of the Ontario community or residents of Ontario with a common need.

A licensing official must determine the eligible uses of proceeds on a case-by-case basis. To determine which of the organization's ongoing costs are eligible, the licensing official should review the proposed budget against the organization's stated mandate. Only those costs that relate directly to the delivery of its eligible programs should be approved as eligible uses of lottery proceeds.

In addition to using lottery proceeds for the direct delivery of its eligible programs, an organization may also use lottery proceeds to pay some of the administrative expenses of those programs. To be considered an eligible use of lottery proceeds, these expenses must be essential for the direct delivery of the organization's charitable objects. The licensing authority must give prior approval to requests to use lottery proceeds for administrative expenses on a case-by-case basis.

The licensing official may limit the use of proceeds to only those expenses that relate to the direct delivery of programs.

The licensing authority must monitor the use of lottery proceeds to ensure they are used as approved, for expenses related to the direct delivery of the eligible charitable services, for the benefit of Ontario residents.

2.4.0(A) USES IN ONTARIO

All proceeds raised from lottery licences must be used for a charitable purpose or object that directly benefits the residents of Ontario. The funds do not necessarily have to be spent in Ontario, but an

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

Ontario resident or community must benefit. This policy applies regardless of the beneficiary's status as a citizen of Canada. For example, refugees living in Ontario may be beneficiaries of programs set up for the relief of poverty in Ontario. However, lottery proceeds cannot be used to bring non-residents to Ontario to then benefit from lottery proceeds. Also, proceeds must be used to generate a charitable, not an economic, benefit.

The following examples are eligible uses of lottery proceeds spent out-of-province to benefit a project or resident of Ontario:

- paying out-of-province medical expenses for an Ontario resident if the treatment is not available in the province, where the costs are not fully funded by the provincial government;
- buying medical equipment for an Ontario hospital from an out-of-province supplier; and
- paying the cost of an out-of-province educational opportunity for Ontario students enrolled in an accredited educational institution.

The following list provides some examples of projects that do not qualify:

- disaster relief provided to communities outside of Ontario;
- medical supplies for developing countries;
- foster child programs for children outside of Ontario;
- environmental projects outside of Ontario; and
- funding for foreign exchange students.

Although many of these activities are worthwhile projects, they provide a direct benefit to individuals outside Ontario. The Order-in-Council limits the allowable use of lottery proceeds to charitable activities that provide a direct benefit to the residents of Ontario.

2.4.1. POLICIES: ELIGIBLE USE OF PROCEEDS

2.4.1(a)(i) Donating to other eligible organizations

Eligible charitable organizations requesting approval to donate lottery proceeds to other eligible organizations must demonstrate that:

- their own charitable purposes or objects permit them to donate funds;
- the charitable organization has a proven track record of carrying out this activity;
- they have their own Board of Directors;
- they have budgets and banking procedures independent of the recipient organization;
- are independent and have overall control over decision-making;

- the recipient organization in itself would be eligible for lottery licensing; and,
- the recipient organization will use the proceeds for an eligible use that is consistent with its charitable purposes or objects.

2.4.1(a)(ii) Donating to other organizations

The same type of eligible charitable organization as described in Section 2.4.1(a)(i) may also in certain circumstances donate lottery proceeds towards goods or services for use by organizations that in themselves may not be considered charitable in nature, including those that are dependent upon municipal governments. In this instance it must be demonstrated, that:

- the goods or services are not core goods or services historically provided by the recipient organization;
- there is no obligation for the recipient organization to provide the goods and services; and
- an agreement to protect the lottery proceeds is in place, prior to the transfer of funds.

An example of an eligible charitable organization donating lottery proceeds towards goods or services for use by another organization that in itself may not be considered charitable in nature:

A service club such as a Rotary Club raises funds for the inclusion of a public computer workstation for a public library established by a municipality. Raising funds for the inclusion of a computer may constitute a charitable use of funds by the Rotary Club provided it can be shown that the proposed use is over and above the basic services that would normally be provided by the library.

An example of an ineligible use of proceeds:

A service club wishes to donate lottery proceeds to purchase jackets for a men's baseball league.

2.4.1(a)(iii) Donations for capital expenditures

In some cases, an eligible charitable organization that meets the criteria set out in 2.4.1(a)(i) may purchase or donate funds towards the purchase of a non-core item for another organization. The recipient organization must use the item for a purpose that provides a public, not a private benefit.

Prior to the purchase, the donating and recipient organizations must enter into a trust agreement outlining their respective responsibilities. The agreement must include the following information:

- who will hold title to the item;
- who maintains the item;
- the current value of the item;
- the item's lifespan and residual value over a period of time;
- who insures the item;

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

- who decides on disposal of the item;
- what happens to the item's residual value.

This agreement is necessary to ensure:

- that the lottery proceeds are used only for charitable purposes; and
- that the residual value of an item is used to support only those initiatives that have also been approved as eligible.

An example of an eligible use of proceeds when a charitable organization donates funds towards a capital expenditure:

A service club raises lottery proceeds towards the purchase of a van for a publicly-owned long term care hospital to transport patients. The purchase of the van may be an eligible use of proceeds provided the service club can demonstrate that the purchase of the van is over and above the services that the long term care hospital would normally provide.

2.4.1(B) DIRECT EXPENSES VS. INDIRECT EXPENSES

Eligible organizations must provide very detailed information concerning their proposed use of lottery proceeds. Because many organizations do not have wholly charitable purposes or objects, it is sometimes difficult to determine whether a proposed use of proceeds can be considered a charitable purpose. In broad terms, proceeds may be used to offset the expenses that are integral to the charitable functions of the organization. These are known as "direct expenses." A direct expense includes any expense that directly helps to fulfil the organization's charitable mandate.

Organizations have costs that may be classified as direct or indirect expenses. A curling club that runs a youth program as a charitable function, in addition to its adult program, has costs that may be considered as direct or indirect depending on the program for which they are incurred. The cost of ice time necessary to deliver the youth program is eligible as a direct expense if it can be isolated from the cost for the adult program. If the cost of the ice time required for the youth program cannot be determined and isolated, it is not an eligible use of lottery proceeds.

Indirect expenses include the group's general operating costs such as salaries, administration, rent, or utility expenses such as heat and hydro. Indirect expenses are not generally considered essential for the delivery of the charitable purpose and therefore may not be eligible uses of proceeds.

The licensing authority may approve these expenses if the applicant meets all of the following requirements.

- The need for the expense is justified as an integral part of the eligible charitable purposes or objects and activities.

- Salaries and wages may only be approved if the expertise level and time required cannot reasonably be provided by a volunteer.
- Salaries and wages must be reasonable and geared to the expertise and hours needed to do the work.

2.4.1(C) VOLUNTEER/STAFF TRAINING

Volunteer and/or staff training may be an eligible use of lottery proceeds. Generally, lottery proceeds may not be used to pay expenses associated with attending, organizing or running conferences or workshops. However, in certain circumstances conferences or workshops may constitute a charitable purpose.

In order to use lottery funds to attend, organize or run a training session, the organization must demonstrate that the training provides a significant charitable and community benefit related to an educational program. The following types of training or workshops may qualify:

- programs or workshops that directly provide education for youth, such as:
 - » summer French programs; and
 - » youth leadership courses;
- conferences or workshops that train volunteers to fulfil an organization's charitable mandate, for example:
 - » training volunteers for Big Brothers, halfway houses and to be counselors at rape crisis centres; or
 - » training volunteers for community safety programs.

If the conference or workshop is only for personal development or if it only benefits the membership of the organization, it does not constitute community benefit and cannot be funded with lottery proceeds.

The following types of conferences and training are examples that do not qualify as a charitable use of lottery proceeds:

- professional development or upgrading for nurses, teachers, lawyers, doctors and other professionals;
- the payment of tuition fees for a volunteer or staff member of the organization to attend a college, university or any other educational institution;
- membership conferences for service clubs, the Royal Canadian Legion, and arts and cultural groups; and
- membership fees for the organization, its volunteers or staff in professional or recreational associations.

The licensing authority must determine whether or not the conference or training constitutes a charitable purpose. The following questions will assist in that determination.

- Is the conference/workshop/training directly related to the charitable mandate of the organization?

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

- Is the conference/workshop/training on the list of uses that do not qualify as outlined in Section 2.5.0, “Ineligible Uses of Proceeds”?
- Will the conference/workshop/ training result in a personal or a public benefit?
- What is the charitable benefit the community would gain through the conference/workshop/ training?

Unless the answers to the above questions clearly indicate that a public charitable benefit will result, the licensing authority must not grant the organization permission to use lottery licensing proceeds for the conference, workshop or training expenses.

2.4.1(D) RESEARCH

An eligible charitable organization that conducts research as an integral part of its charitable mandate may apply for a lottery licence to fund the direct costs of that research. Research may be funded through lottery proceeds if it advances human knowledge and if the resulting advances provide a public benefit either through instruction (“the advancement of education”) or by improving the health and well-being of the residents of Ontario (“other charitable purposes beneficial to the community: health and welfare”).

The licensing authority may grant approval on a case-by-case basis, under the following conditions:

- the applicant is an eligible charitable organization conducting the research as part of its charitable mandate; or
- the applicant is an eligible charitable organization that will donate the lottery proceeds to an eligible charitable organization conducting the research as part of its charitable mandate.

However, lottery proceeds from a provincial break open ticket licence must not be used for research under any circumstances.

See also “7.6.1. Provincial licensing policies” on page 163 for further information on research and provincial break open ticket licences.

2.4.1(E) TRAVEL COSTS

The cost of travel for staff, volunteers and individuals benefiting from the charitable activities of the organization may be an eligible use of proceeds. These costs must directly benefit residents of Ontario and must be considered integral to the organization’s eligible charitable purposes or objects and activities.

The following examples are eligible uses of lottery proceeds for travel costs:

- renting a bus to transport an amateur youth sports team to a sanctioned tournament;

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

- paying for hotel accommodation for a group of students on a school trip which supplements and relates to the academic program.

In some cases, organizations may request approval to pay out-of-province travel costs. The organization must demonstrate that a direct benefit will be provided to the public of Ontario. If the travel provides only a private benefit, the travel costs are not eligible. A licensing official must determine the type of benefit provided on the basis of the organization's charitable purpose or object and activity.

A licensing official must consider requests for approval to pay out-of-province travel costs with lottery proceeds on a case-by-case basis. For example, out-of-province travel to advance education, particularly for youth, is eligible.

On the other hand, out-of-province travel is not an eligible use of lottery proceeds for an arts or cultural organization. Arts and cultural organizations must provide a benefit directed towards the broader public of Ontario, not the individual members of the performing organization. When the performance is outside Ontario, the audience is not made up of Ontario residents. Therefore, the benefit of the travel is considered a private benefit directed to the individual performers. This also applies to school bands travelling out-of-province for the sole purpose of performing while travelling.

2.4.1(F) SENIOR CITIZEN CENTRES AND PROGRAMS FOR SENIOR CITIZENS

The courts have recognized that support to "the aged" (senior citizens) through programs that improve physical and mental health may be considered charitable in nature.

These types of programs may fall under the eligible charitable category of Relief of Poverty or Other Purposes Beneficial to the Community depending upon the activity. For example, programs that provide relief from loneliness and isolation of the aged, and improve their mobility and fitness may be eligible under Other Purposes Beneficial to the Community: Health and Welfare. A non-profit organization that is established to operate and maintain a senior citizens centre or seniors social club to provide recreation, cultural activities and other programs for senior citizens may also be eligible for licensing.

The licensing authority may grant approval on a case-by-case basis, under the following conditions:

- A senior citizen group is one in which the majority of its members is 60 years of age or older.
- The applicant is an eligible charitable organization that provides social and recreation programs to seniors so they remain active in the community.
- Eligible senior programs must be available to all seniors in the community who wish to participate.
- The benefit must not be restricted to an exclusive group.
- Maintenance costs including utilities, property taxes, liability insurance, cleaning and maintenance

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

of senior citizen centre buildings may be eligible uses of proceeds if they are reasonable and necessary expenses in carrying out the charitable programs and services.

2.4.1(G) AMENDMENTS TO THE APPROVED USES OF PROCEEDS

An organization cannot use lottery proceeds for any purpose that was not approved on the original licence application, unless it obtains prior written authorization from the licensing authority.

To obtain an amendment to its proposed use of proceeds, an organization must follow the procedures and policies outlined below.

- The organization must submit a written request to the applicable licensing authority setting out the reasons for the requested amendment.
- The organization must present a detailed outline of its intended purposes for the requested use of proceeds.
- The requested uses must be related to the direct delivery of the purposes or objects of the licensee.

The licensing authority has the right to refuse to amend the approved uses of proceeds. The licensing authority must respond in writing to amendment requests regardless of whether it is approving or refusing the request.

2.5.0. OVERVIEW: INELIGIBLE USE OF PROCEEDS

A proposed use of lottery proceeds is ineligible if:

- it provides a personal benefit or gain to the members of the applicant organization;
- it supports tourism or other purely economic benefits;
- it advances a particular political issue;
- it enhances lands and buildings owned and/or operated by a government;
- it is a responsibility that has traditionally been fulfilled by a government; or
- it funds activities that do not fall within one of the four charitable classifications.

2.5.1. POLICIES: INELIGIBLE USE OF PROCEEDS

Eligible organizations may not use the proceeds from lottery licences for:

- the cost of political lobbying and/or advocating a particular view on a political issue, including the cost of staffing, publication materials and advertising;

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

- fundraising activities, including wages for a fundraiser and the cost of promotional materials;
- administrative or other activities that are not integral to the direct provision of the organization's charitable mandate;
- the provision of services for which the organization receives government funding or which the organization is required, by law, to provide;
- legal fees/costs incurred by the organization or its board;
- volunteer recognition;
- foreign aid, out-of-province aid or aid to non-Ontario residents;
- accounting fees, except as provided by the terms and conditions of the lottery licence;
- out-of-pocket expenses for volunteers to participate in a licensed lottery event, except as permitted under the terms and conditions of the lottery licence;
- academic and sports awards and trophies;
- construction, renovation or improvement of buildings owned by or on land owned by the Government of Canada, the Province of Ontario or municipalities; and
- any activity that does not fall into one of the four charitable classifications.

2.6.0. NEXT STEPS: EVALUATION PROCESS

This section provides an overview of the process to determine whether or not an organization is eligible for lottery licensing, and whether or not its proposed use of proceeds is eligible.

STEP 1: Determine the eligibility of the organization

- (a) Is the organization eligible for lottery licensing according to the criteria set out in 2.6.1(a)? If not, stop here. If the organization is eligible, continue.
- (b) Do the applicant organization's purposes, objects and activities fall within at least one of the four charitable classifications? If so, which one:
 - i) the relief of poverty
 - ii) the advancement of education
 - iii) the advancement of religion
 - iv) other charitable purposes beneficial to the community, not falling under i), ii) or iii).

If the organization's purposes and objects are eligible, continue to Step 2. If not, the organization is ineligible for a lottery licence and the process stops here.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

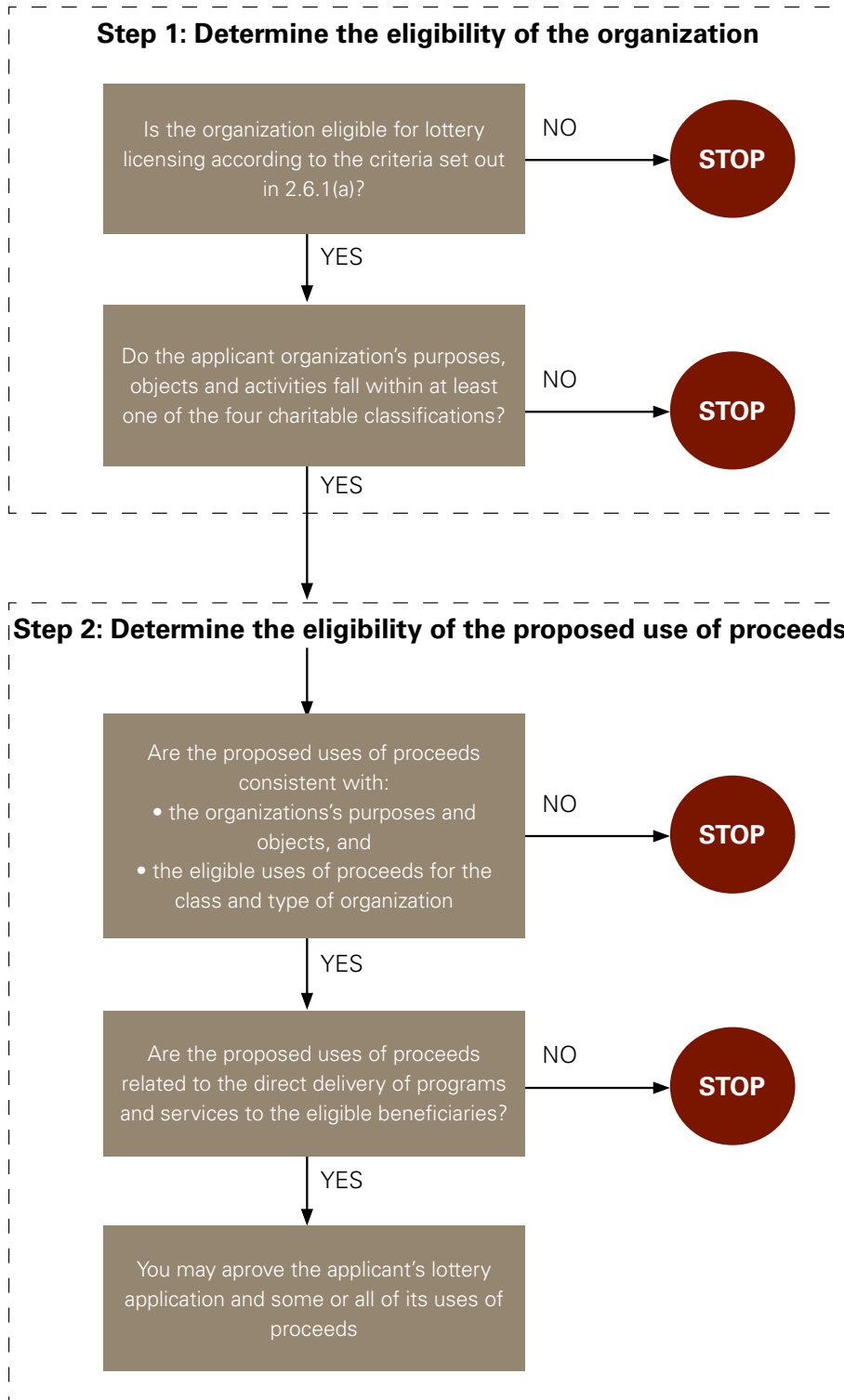
STEP 2: Determine the eligibility of the proposed use of proceeds

To evaluate the use of proceeds, ask the following questions:

- Are the proposed uses of proceeds consistent with:
 - » the organization's purposes and objects, and
 - » the eligible uses of proceeds for the class and type of organization?
- Are the proposed uses of proceeds related to the direct delivery of programs and services to the eligible beneficiaries?

If the answer to both questions is "Yes," the applicant's lottery application and some or all of its proposed uses of proceeds may be eligible for lottery licensing.

Evaluation process flow chart



CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

2.6.1. NEXT STEPS: EVALUATION GUIDELINES

2.6.1(A) EVALUATING THE ORGANIZATION

To be eligible for lottery licensing, an applicant must have an established organizational structure. The applicant must be a legal entity and must have a formal document that establishes the organization. However, incorporation, whether provincial or federal, is neither a prerequisite nor a guarantee that a licence will be issued. No one may use lottery proceeds to start up an organization.

In order to be eligible, an organization must:

- have been in existence for at least one year;
- have provided charitable community services consistent with the primary objects and purposes of the organization for at least one year;
- have a place of business in Ontario;
- demonstrate that it is established to provide charitable services in Ontario;
- propose to use proceeds for charitable purposes or objects that benefit Ontario and its residents; and
- assume full responsibility for the conduct and management of its lottery events.

The terms and conditions for each lottery licence set specific application requirements, which are summarized in the relevant licensing policy sections of this manual.

When an organization first applies for any type of lottery licence, or whenever an eligibility review is required, it must provide all of the following information and documents that apply to it:

- a copy of its letters patent;
- a copy of its constitution and bylaws;
- a copy of its budget for the current year;
- a copy of its financial statements for the preceding year;
- a list of its Board of Directors;
- its latest report to the Public Guardian and Trustee;
- its charitable number for income tax purposes;
- a copy of its Notification of Charitable Registration letter from the Canada Revenue Agency with any supporting documentation, indicating the applicant's status and terms of registration;
- copies of its charitable returns to the Canada Revenue Agency for the previous calendar year;
- a detailed description of its activities; and
- a copy of its annual report.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

The organization must also provide any other information that will assist the licensing official to determine the charitable nature of its purposes, objects and activities.

After the review has been completed, the licensing officer may require additional information to process the application. The organization must provide any information that is requested.

If any changes are made to the documents submitted, the organization must provide the licensing authority with the amended documents as soon as they are available.

Because organizations change, an organization that is considered eligible for lottery licensing must continue to provide the licensing authority with any amended documents as soon as they are available.

Organizations that receive lottery licences will be subject to periodic eligibility reviews.

2.6.1(B) EVALUATING THE USE OF PROCEEDS

In order to determine eligible uses of proceeds, the organization must set out in detail its proposed uses of proceeds and for which programs the proceeds will be applied. The organization's proposed use of proceeds must be for charitable programs and the programs must be consistent with the charitable purposes and objects of the organization. These purposes and objects must be of a charitable nature and fall within at least one of the four charitable classifications listed in Section 2.1.1.

In addition to the policies for "Use of Proceeds" and examples of "Eligible Uses of Proceeds" provided throughout this chapter, the following guidelines may be used to evaluate and determine eligible uses of proceeds:

- A copy of the most recent financial statements should show through past expenditures that contributions to support the charitable objectives of the organization have been made and that the organization is carrying out its charitable objects.
- The current operating budget should itemize each of the projected revenues and expenditures of the organization. The organization's proposed use of proceeds (as detailed in the lottery licensing application) should coincide with the line items in their current operating budget. As well, the operating budget should demonstrate a need for the lottery proceeds.
- The use of lottery proceeds should be restricted to expenditures which are related directly to the delivery of the charitable programs provided by the organization. In other words, lottery proceeds must not be used for programs that are not part of the organization's charitable objects and purposes identified in the constituting documents.
- In limited cases, certain administrative expenses related to the direct delivery of an eligible organization's charitable objects may be considered eligible uses of proceeds. These costs must be essential to the direct delivery of the charitable services and must be approved by the licensing authority on a case-by-case basis. (See also "2.4.1(b) Direct expenses vs. indirect expenses" on page 42 for further information.)

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

2.6.2. NEXT STEPS: ELIGIBILITY QUESTIONNAIRE

The licensing official must assess the applicant's eligibility by asking the following questions. If the answer to any of these questions is "no," the organization is ineligible.

1. Does the organization's purpose fall within one of the four classifications of charitable objects?
2. If yes, which one:
 - (a) the relief of poverty;
 - (b) the advancement of education;
 - (c) the advancement of religion;
 - (d) other charitable purposes beneficial to the community, not falling under (a), (b) or (c);
 - (e) none of the above — stop here.
3. Does the organization have a place of business in Ontario?
4. Has the applicant been in operation for at least one year and does it have a proven charitable mandate that it has carried out throughout the year?
5. Is the organization established to provide charitable services in Ontario and use proceeds for purposes or objects that benefit only Ontario residents? If not, has the organization requested a use of proceeds that is restricted to meet these requirements?
6. Is the applicant properly organized so that it is separate organizationally, legally and financially from any other organization?
7. Are the proposed uses of proceeds eligible?
8. Is the intended use a direct delivery of services that is consistent with the charitable classification and the governing documents of the organization?
9. Are the proposed charitable benefits open to all segments of the community? Or, if the charitable benefits are directed to a specified group of the public, are the benefits open to all segments of that group?

2.6.3. NEXT STEPS: CONSTITUTING DOCUMENTS

Every applicant organization must have a document that establishes the organization, setting out the members' common purpose and detailing how the organization will operate in order to achieve that purpose. Formal documents include Letters Patent, constitution, and memorandum of association. Informal associations that have not adopted formal written constituting documents are not eligible for lottery licensing.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

The organization must demonstrate that the following items are included in its constituting documents:

- the organization's name;
- the organization's purpose or object;
- a description of how an individual becomes a member of the organization and retains membership in the organization;
- a clause stating that the organization's members will not derive any gain from the organization, and that any profits will be used solely to promote the organization's objectives;
- a description of the organization's structure (e.g., president or chair, secretary, treasurer);
- a description of how the organization elects its directors;
- the signature of the officers who adopted the incorporating documents;
- the signature of at least three of the organization's current directing officers, certifying that the incorporating documents are current and still in effect;
- the effective date of the instrument;
- a general dissolution clause (that addresses the winding up of the organization; and
- a further clause (which may be contained in the bylaws) that, if the organization should dissolve, provides for the distribution of the organization's assets and property held or acquired from the proceeds of licensed lottery events (i.e., lottery trust accounts or property purchased with lottery proceeds) to charitable organizations that are eligible to receive lottery proceeds in Ontario.

2.7.0. NEXT STEPS: CLASSIFICATION GUIDELINES

The guidelines in this section are intended to help licensing officials determine:

- whether the applicant falls within one of the four charitable classifications; and
- how an eligible organization may use the net proceeds of a licensed lottery event.

An organization's charitable classification determines its eligible uses of lottery proceeds. The four classifications are:

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

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

The lists of eligible uses are not intended to be exhaustive. A licensing authority may approve other proposed uses, depending upon the specific mandate of the organization. Any eligible organization, regardless of its charitable classification, may be approved for other uses of proceeds, provided that those uses are:

- charitable and advance the charitable purposes or objects of the organization;
- required for the direct delivery of the charitable purposes or objects of the organization; and
- directed toward a large portion of the community or residents of Ontario with a common need.

When an application is approved, the application for the licence forms part of the licence itself. If the licensing authority does not approve all the requested uses of proceeds, the approved uses of proceeds and any restrictions must be specified on the licence when it is issued.

Licensees wishing to use proceeds for any purpose not requested on their original application must request a licence amendment and receive approval before using the proceeds for those purposes. (See also Section 2.4.1(f), "Amendments to Approved Uses of Proceeds," for further information on licence amendments.)

See also Sections "2.4.0. Overview: Eligible use of proceeds" on page 38, "2.4.1. Policies: Eligible use of proceeds" on page 40, "2.5.0. Overview: Ineligible use of proceeds" on page 46 and "2.5.1. Policies: Ineligible use of proceeds" on page 46 for further information .

2.7.1. POLICIES: THE RELIEF OF POVERTY

2.7.1(A) ELIGIBILITY GUIDELINES

To be eligible in this classification, a charitable organization must meet all of the basic eligibility criteria set out in this chapter and must demonstrate that its programs and services assist those who are:

- in financial need;
- distressed or suffering as a result of their financial circumstances; or
- experiencing economic disadvantage.

2.7.1(B) ELIGIBLE ORGANIZATIONS

Examples of the types of organizations that may be eligible in this classification include:

- street patrols who work directly with homeless people;
- food banks;
- shelters for the homeless and economically disadvantaged; and
- meal programs.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

With prior approval from the licensing authority, a charitable organization may use lottery proceeds to set up a fund to assist those in financial need. The fund must provide assistance to address a common need and must be available to anyone in the community who has that need. Approved uses of the fund may include the provision of short-term relief or a one-time payment to relieve an exceptional condition or circumstance (e.g., floods that result in devastation to an Ontario community). More than one charitable organization may contribute to the fund, provided it falls within the charitable organization's mandate. Payments must be made directly to the service provider/retailer.

2.7.1(C) ELIGIBLE USES OF LOTTERY PROCEEDS

The licensing authority may approve eligible organizations in this classification to use lottery proceeds for the direct delivery of services for:

- temporary shelter or subsidized rental accommodation;
- food, supplies and clothing;
- client life skills training, instruction and support intended to alleviate the effect of living in poverty;
- transportation costs for clients to attend programs or access services/resources;
- non-profit daycare services, where the funds are used:
 - » for programs not historically funded, and
 - » for the purpose of allowing access to those persons who could not otherwise afford the service (the organization must have criteria in place to determine eligibility); and
- out-of-pocket expenses for staff and volunteers, including travel costs, for the direct delivery of charitable services to the clients, where receipts are provided (for example, where staff or volunteers are required to use their own vehicle to deliver the service).

See also Section "2.1.2. Overview: The relief of poverty" on page 32, and Sections "2.4.0. Overview: Eligible use of proceeds" on page 38, and "2.5.0. Overview: Ineligible use of proceeds" on page 46 for further information.

2.7.2. POLICIES: THE ADVANCEMENT OF EDUCATION

2.7.2(A) ELIGIBILITY GUIDELINES

To be eligible in this classification, an organization must meet all the basic eligibility criteria and restrictions on uses of proceeds set out in this chapter. Proceeds cannot be used to fund core programs or services. They must demonstrate that its programs and services:

- provide significant scholastic or vocational training or instruction;
- develop intellectual capacity or teach necessary life skills; or

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

- engage in research that improves human knowledge, and disseminate that knowledge to the public.

Normally, the training or instruction provided will lead to a recognized degree, diploma or certificate.

Eligible charitable organizations must demonstrate that:

- lottery proceeds are used to enhance the educational and extracurricular opportunities of a broad cross-section of students, over and above statutory requirements established and funded by the Province;
- programs and services do not simply promote a particular point of view; and
- programs and services confer a significant public educational benefit, not a private benefit.

Education for the professional development of a person or group (such as training courses for teachers, lawyers and nurses) is not an acceptable use of funds in this classification.

An organization that provides a program or curriculum that is contrary to the laws of Ontario or Canada or international law is not eligible for lottery licensing.

2.7.2(B) ELIGIBLE ORGANIZATIONS

Examples of the types of organizations that may be eligible in this classification include:

- public and Roman Catholic schools (elementary and secondary) that are recognized and/or accredited by the Ministry of Education and lead to a secondary school graduation diploma;
- monastic and other religious schools and private schools that are registered with the Canada Revenue Agency as charitable organizations, and provide programs that are accredited by an appropriate government agency;
- colleges, universities and schools of the arts whose programs lead to a recognized certificate or degree;
- scholarship or bursary funds registered with the Canada Revenue Agency as charitable organizations, where:
 - » beneficiaries are selected from a widely based group on the basis of merit and/or need,
 - » there is non-restricted access to the programs, and
 - » funds are directed to an accredited educational program; and
- organizations that provide formal educational activities and training in necessary life skills, such as “English as a Second Language” programs.

In the case of schools, the lottery licensing applicant must be the school itself, not a class or department within the school. However, parent/teacher associations or other groups may also be eligible for lottery licensing, provided that they:

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

- support one of the types of schools listed above; and
- are properly constituted as charitable organizations or non-profit organizations with charitable objects.

Only one related eligible organization may be licensed at any one time to fund the same educational purpose, school, program or governing body. Therefore, the school and its parent/teacher association may not both hold lottery licences. The parent/teacher association is only eligible for lottery licensing if the school determines that it will not raise funds through charitable lotteries.

School councils required by the provincial government are not eligible for lottery licensing.

2.7.2(C) ELIGIBLE USES OF LOTTERY PROCEEDS

Proceeds raised from lotteries cannot be used to fund core programs or services. The definition of core programs or services depends on what has been historically provided by the individual school and what is mandated by the provincial government. Additionally, eligible uses may vary between boards of education and schools in the same community.

The licensing authority may approve eligible organizations in this category to use lottery proceeds for the following purposes, so long as they are not historically provided by the organization or mandated by the provincial government:

- non-profit student publications such as newsletters and yearbooks that are provided at a 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;
- registered scholarships and bursaries open to Ontario residents (as per Section 2.7.2(e)); and
- travel, including out-of-province travel, provided that it complies with the requirements set out in Section 2.4.1(e).

Schools may only use lottery funds to purchase non-core services, items or equipment as approved by the lottery licence. Schools may not use lottery proceeds for the purchase, construction or renovation of facilities or buildings or to purchase other capital assets, such as school buses.

The lottery proceeds raised must be used for the overall benefit of the school. For example, lottery proceeds raised for athletic programs must be used to support all representative sports teams within the school, not just selected teams.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

2.7.2(D) DONATIONS OF LOTTERY PROCEEDS

Schools may receive donations of lottery proceeds raised by eligible organizations for approved uses. In some cases, an eligible organization may purchase or donate funds towards the purchase of a non-core item that has not historically been provided by the school.

Prior to a capital expenditure, the board and the donating organization must enter into an agreement outlining their respective responsibilities. This agreement must include the following information:

- who will hold title to the item;
- who maintains the item;
- the current value of the item;
- the item's lifespan and residual value over a period of time;
- who insures the item;
- who decides on disposal of the item; and
- what will happen to the residual value of the item and how will it be spent.

This agreement is necessary to ensure:

- that the lottery proceeds are used only for charitable purposes; and
- that the residual value of an item is used to support only those initiatives that have also been approved as eligible.

2.7.2(E) BURSARIES AND SCHOLARSHIPS

Lottery proceeds may be used to establish or support scholarship or bursary funds for educational purposes, under the following conditions:

- the establishment or support of such a fund is integral to the organization's mandate;
- the fund is registered with the Canada Revenue Agency as a charitable organization;
- the scholarships or bursaries are designed to allow a significant number of students in the community to apply; and
- the scholarships or bursaries are used for an educational program that leads to a recognized degree, diploma or certificate.

A scholarship fund that allows only a limited number of applicants, such as the children of members of a small service club, to apply would be considered too narrowly focused. Lottery proceeds may not be used for this purpose.

Scholarships or bursaries for the development of established professionals are also ineligible.

See also Section “2.1.3. Overview: The advancement of education” on page 32 and sections “2.4.0. Overview: Eligible use of proceeds” on page 38, and “2.5.0. Overview: Ineligible use of proceeds” on page 46 for further information.

2.7.3. POLICIES: THE ADVANCEMENT OF RELIGION

2.7.3(A) ELIGIBILITY GUIDELINES

The “advancement of religion” refers to promoting the spiritual teachings of a religious body and maintaining the doctrines and spiritual observances upon which those teachings are based.

To be eligible in this classification, an organization must meet all the basic eligibility criteria set out in this chapter and must demonstrate that its programs and services assist in the delivery of religious services and programs to the community. Additional objectives of religious organizations usually include support of the poor, sick and destitute as well as a host of other charitable objectives. In order to be eligible, an organization must demonstrate:

- one of its primary purposes is the advancement of religion;
- its credentials regarding the religion it advances;
- its affiliation with the religion it advances; and
- how it advances that religion.

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.

2.7.3(B) ELIGIBLE ORGANIZATIONS

Examples of the types of organizations that may be eligible in this classification include:

- churches, synagogues, mosques, chapels, temples;
- missionary organizations; and
- other religious assemblies or congregations for religious observance and instruction.

Religious organizations may use lottery proceeds to provide direct benefits only to the residents of Ontario.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

The licensing authority may also allow religious organizations to use lottery proceeds to provide programs falling within other classes of charitable purposes, such as the relief of poverty and the advancement of education, as long as these are included in the purposes or objects of the organization.

An organization that attempts to influence public opinion or actions on political issues is not advancing religion in the charitable sense. Therefore, advocacy, self-help groups and groups dedicated to the political, personal and financial advancement of their members are not eligible organizations in this category.

2.7.3(C) ELIGIBLE USES OF LOTTERY PROCEEDS

The licensing authority may approve eligible organizations in this classification to use lottery proceeds for the following purposes:

- the development and enhancement of religious programs for parishes, missions, synagogues, temples or other religious assemblies within Ontario;
- religious training, education and instruction;
- relief of poverty, provided it is within the mandate of the organization;
- the publication and distribution of religious literature and educational materials;
- administrative costs, including wages and salaries (except salaries for fundraising individuals);
- rent or mortgage payments, and utilities (heat, water, electricity and telephone) for buildings used for religious purposes;
- direct costs for travel within Ontario for religious purposes (see “2.4.1(e) Travel costs” on page 44 for further information);
- the maintenance and repair of buildings used for religious purpose;
- capital projects, including:
 - » the purchase or construction of facilities to be used for religious purposes, and
 - » property improvements and renovations on buildings used for religious purposes (see Section “2.8.1. Policies: Building funds” on page 86 for further information).

See also Section “2.1.4. Overview: The advancement of religion” on page 33, and sections “2.4.0. Overview: Eligible use of proceeds” on page 38, and “2.5.0. Overview: Ineligible use of proceeds” on page 46 for further information.

2.7.4. POLICIES: OTHER CHARITABLE PURPOSES BENEFICIAL TO THE COMMUNITY

GENERAL ELIGIBILITY GUIDELINES

In addition to meeting all the basic eligibility criteria set out in this chapter, an organization may be eligible under this classification if one of its main objects is a charitable purpose beneficial to the community and does not fall within one of the first three classifications.

An organization must have a purpose that provides a public benefit, but this alone is not enough to qualify it as charitable. To be eligible in this classification, an organization must demonstrate that it provides a broad public benefit directed toward an identifiable segment of the community or a significant portion of the 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.

For administrative purposes, eligible organizations with other purposes beneficial to the community have been divided into the following six categories:

- (a) culture and the arts;
- (b) health and welfare;
- (c) amateur sports organizations;
- (d) the enhancement of youth;
- (e) the enhancement of public safety; and
- (f) community service organizations.

The promotion of voluntarism, in itself, is not eligible for lottery licensing. Advertising for volunteers, matching individuals to volunteer placements and promoting volunteer activity are not eligible uses of lottery proceeds. However, volunteer training and support and providing direct charitable services, such as counselling for those in need, are eligible uses of proceeds.

See also sections "2.4.0. Overview: Eligible use of proceeds" on page 38, and "2.5.0. Overview: Ineligible use of proceeds" on page 46 for further information.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

2.7.4(A) CULTURE AND THE ARTS

2.7.4 (a)(i) Eligibility guidelines

To be eligible in this category, an organization must meet all the basic eligibility criteria set out in this chapter and demonstrate that:

- its primary purpose is to provide the public with an opportunity to experience:
 - » artistic endeavours, including literature, dance, music, theatre, painting, sculpture, movies, photography and live performances, or
 - » specific cultural and heritage activities; and
- its programs and services are directed toward approved and recognized cultural and artistic purposes.

2.7.4(a)(ii) Eligible organizations

Examples of the types of organizations that may be eligible in this classification include:

- ballet companies;
- symphony orchestras;
- theatre groups;
- literary groups;
- groups advancing a specific culture, heritage or language beyond the members of the group, to the general public; and
- heritage conservation or historic organizations.

2.7.4(a)(iii) Eligible uses of lottery proceeds

A licensing authority may approve eligible organizations in this category to use lottery proceeds for the following purposes:

- the preservation or enhancement of traditions, heritage and culture, provided there is a public, not private, benefit;
- the publication and distribution of literature and materials;
- the preservation of heritage and cultural art forms, provided there is a public benefit;
- underwriting the costs of cultural festivals, public performances or other community cultural sessions/presentations;
- direct costs for travel within Ontario for culture and arts purposes (out-of-province and out-of-country travel costs are not eligible); and
- capital acquisitions, renovations or maintenance where the buildings and capital assets are used for culture and arts purposes, where specifically approved by the licensing authority (see Section "2.8.1. Policies: Building funds" on page 86 for further information).

2.7.4(B) HEALTH AND WELFARE

2.7.4(b)(i) Eligibility guidelines

To be eligible in this category, an organization must meet all the basic eligibility criteria set out in this chapter and demonstrate that:

- its primary purpose is to improve the health and well-being of the public or an identifiable segment of the community;
- its programs and services are directed towards the provision of medical and social service programs, support and prevention; or
- its primary purpose is to carry out medical research in Ontario.

Eligible organizations may provide programs dedicated to:

- the cure and prevention of disease;
- helping the sick and the dying;
- improving the physical and mental health and well-being of specified groups; and
- providing social and recreational programs to senior citizens so they remain active in the community.

2.7.4(b)(ii) Eligible organizations

Examples of the types of organizations that may be eligible in this classification include:

- hospitals;
- non-profit extended care and residential facilities;
- organizations providing activity and home support programs for seniors;
- organizations that are established to operate and maintain a seniors centre or seniors social club (see Section "2.4.1(f) Senior citizen centres and programs for senior citizens" on page 45 for further information);
- organizations dedicated to research and funding for the prevention of illness or finding a cure;
- organizations dedicated to assisting persons with physical and mental disabilities;
- organizations providing medical and social service support on an outpatient basis; and
- substance abuse programs.

2.7.4(b)(iii) Hospital foundations and auxiliaries

A licensing authority may issue lottery licences to hospital foundations and auxiliaries if they are administratively, financially and legally separate entities.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

2.7.4(b)(iv) Eligible uses of lottery proceeds

The following are some examples of what a licensing authority may approve as eligible uses of lottery proceeds:

- programs that enhance health and well-being;
- medical research within Ontario;
- family counselling and health education;
- administrative costs related solely to the direct delivery of services;
- patient comforts and medical equipment (only if not already funded by the hospital);
- out-of-pocket expenses for staff and volunteers, including travel costs for the direct delivery of charitable services to the clients, where receipts are provided (for example, where staff or volunteers are required to use their own vehicle to deliver the service);
- capital projects, maintenance and repair of buildings (see Section “2.8.1. Policies: Building funds” on page 86 for further information);
- out-of-province medical care, where it can be demonstrated that:
 - » the provincial government is involved in the decision to seek treatment outside Ontario;
 - » the required treatment is unavailable in Ontario;
 - » the costs are not fully funded by the provincial government; and
 - » residents of Ontario benefit from the care provided.

2.7.4(C) AMATEUR SPORTS ORGANIZATIONS

2.7.4 (c)(i) Eligibility guidelines

To be eligible in this classification, an organization must meet all the basic eligibility criteria set out in this chapter and must demonstrate that it provides programs and services to enhance health and fitness through organized, competitive physical activity.

An organization must demonstrate that:

- its primary purpose is to provide opportunities for participation in organized athletic activities at the community level; and
- its programs and services are directed toward approved beneficiaries that are eligible for lottery funding as noted below.

Three types of groups are eligible in this category:

1. Youth amateur sports organizations, where a majority of the players are under the age of 18.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

2. Amateur sports organizations whose purposes or objects are to provide competitive sports opportunities for individuals with a physical, mental or developmental disability, regardless of age.
3. Adult amateur sports organizations, where the athletes represent Ontario or Canada in the Olympics, the Pan-American Games or Commonwealth Games as the result of:
 - » winning previous, sanctioned competitions; and
 - » meeting the guidelines of their governing sport bodies.

Only Ontario residents competing in amateur sports as individuals or as members of teams that are part of a recognized sports organization may benefit from lottery proceeds.

2.7.4(c)(ii) Eligible youth amateur sports organizations

2.7.4 (c)(ii)(1) Eligibility guidelines

For the purposes of lottery licensing, the term “youth” refers to anyone under the age of 18. The majority of individuals (over 50%) benefiting from programs offered by organizations in this category must be under 18 years of age at the start of the sporting season. Adult teams and leagues are not eligible.

To be eligible in this category, an organization must meet all the basic eligibility criteria set out in this chapter and must demonstrate that it is:

- dedicated primarily to supporting amateur athletes under 18, supported by a list of players and their birthdates; and
- an association or club that governs numerous individual competitors, teams, ages or expertise levels (individual teams involving a narrow age group and a small number of participants are too narrowly focused to be eligible for lottery licences or to receive funds or donations derived from lottery proceeds).

2.7.4(c)(ii)(2) Eligible organizations

Examples of the types of organizations that may be eligible in this category include:

- local sports leagues and associations that serve youth;
- non-profit sports clubs, that support a community-oriented program for youth under the age of 18 years; and
- Ontario and national associations for representative teams, such as the Ontario Hockey Association and the Ontario Amateur Softball Association.

Ontario associations for representative teams are eligible for one licence per type of gaming event, per team in a municipality at a time, provided that:

- the individual team is a non-profit organization;
- a majority of the team’s signed players are under the age of 18 at the start of the association’s season;

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

- each application is made by the association on behalf of the team;
- the association supports the licence application with an original letter confirming that the team is a non-profit organization in good standing with the association; and
- the use of lottery proceeds is restricted to the direct delivery of the program to the players/team.

If a non-profit club runs both youth and adult programs, only direct expenditures for the youth programs may be considered as eligible uses of lottery proceeds. In order to be eligible, the club must be able to separate the costs of the youth and the adult programs in the budget and the financial tracking system.

2.7.4(c)(iii) Eligible amateur sports organizations for athletes with a disability

2.7.4(c)(iii)(1) Eligibility guidelines

Most of the individuals benefiting from programs offered by organizations in this category must have a demonstrated physical, mental or developmental disability.

To be eligible in this category, an organization must meet all the basic eligibility criteria set out in this chapter and must demonstrate that it is:

- dedicated primarily to supporting amateur athletes who have a physical, mental or developmental disability that limits their ability to participate fully in sporting activities for the general public;
- an association or club governing numerous individual competitors, teams, ages or expertise levels.

2.7.4(c)(iii)(2) Eligible organizations

Examples of the types of organizations that may be eligible in this category include:

- local sports leagues and associations that serve individuals with a physical, mental or developmental disability;
- public non-profit sports clubs, encompassing all ages and expertise levels, as long as they provide programs primarily for individuals with a disability; and
- Ontario and national associations for representative teams, such as the Ontario Special Olympics.

2.7.4(c)(iv) Eligible adult amateur sports organizations representing Ontario and Canada

2.7.4(c)(iv)(1) Eligibility guidelines

Adult amateur sports organizations (where most of the players are 18 and over) representing Ontario or Canada in the Olympics, the Pan American Games or the Commonwealth Games may be eligible to receive lottery licences.

To be eligible in this category, an organization must meet all the basic eligibility criteria set out in this chapter and must demonstrate that it is:

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

- primarily dedicated to the direct support of amateur athletes representing Ontario or Canada in the Olympics, the Pan American Games or the Commonwealth Games;
- an association or club governing numerous individual competitors, teams, ages or expertise levels (individual teams involving a narrow age group and small number of participants that are part of a competitive association or league, are too narrowly focused to be eligible for lottery licences).

Only Ontario residents may benefit from lottery proceeds, regardless of whether the organization is representing Ontario or Canada.

2.7.4(c)(iv)(2) Eligible organizations

The types of organizations that may be eligible in this category include teams representing Canada in the Olympics, Pan American Games and Commonwealth Games (but lottery proceeds may only be directed towards the expenses related to Ontario residents).

2.7.4(c)(v) Ineligible amateur sports organizations

In order to be eligible for lottery licensing, adult sports organizations that do not represent Ontario or Canada in competitions must fulfil some other purpose beneficial to the community. This means that an organization must demonstrate that it has a charitable mandate beyond its adult sports purpose. Lottery proceeds may only be used for the charitable objects of the organization, not for any adult sports objective.

The following types of organizations are not eligible to receive lottery licences:

- private, members-only clubs;
- teams with any combination of amateur and professional athletes;
- for-profit sports organizations or clubs;
- individual teams;
- sub-groups, auxiliaries, booster clubs and groups known as “friends of” ineligible sports organizations;
- professional or semi-professional sports organizations, such as the Canadian Football League;
- committees that support events designed to increase tourism;
- adult recreational or predominately adult-oriented sports; and
- organizations that are administrative in nature and do not directly support amateur athletes.

2.7.4(c)(vi) Eligible uses of lottery proceeds

A sports organization must provide detailed information regarding its proposed use of lottery proceeds. The licensing official must consider the proposed use of proceeds on a case-by-case basis.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

The licensing authority may approve eligible organizations in this category to use lottery proceeds for the following purposes:

- salaries or wages for qualified coaches or instructors that are not members of the organization or the Board of Directors (see Section “2.7.4(c) Amateur sports organizations” on page 64 for further information);
- uniforms;
- equipment, program and safety supplies;
- staff and volunteer training, where necessary for the safety of the athletes, up to and including National Coaching Level II;
- facility rentals for youth amateur sporting events (must be supported by rental receipts);
- facility rentals for adult amateur provincial or national competitions if the licensed sports organization is the host (must be supported by third-party receipts);
- necessary qualified competition officials; and
- direct costs for travel for youth amateur sports purposes to recognized competitions, sanctioned by the appropriate governing bodies, except for out-of-season or exhibition games (see Section 2.7.4(c)(vii), “Travel/transportation costs,” for further information).

2.7.4(c)(vii) Travel/transportation costs

Lottery proceeds may be used for travel and transportation costs for sanctioned out-of-town tournaments or competitions. These costs may include meals, accommodation, airline tickets, bus rental and other reasonable expenses incurred by the players, and a reasonable number of coaches and chaperones for any youth participants. Please note that third-party commercial receipts must be provided for travel. Mileage costs for personal vehicles are not permitted.

The organization must provide the following information with its licence application:

- documents showing that the applicant organization complies with the eligibility requirements;
- a letter from the appropriate sports governing body, sanctioning the tournament/competition;
- a copy of the tournament itinerary, including the dates and time of the scheduled games/competitions; and
- a membership list and a list of participants, noting their ages (approved use of proceeds will be restricted to those under 18).

Except in unusual circumstances, lottery proceeds may not be used to fund travel costs associated with out-of-province training. A sports organization requesting approval for such costs must demonstrate that:

- the need for the training program is justified as an integral part of the sports program;
- the training activity has been historically part of the organization’s mandate and activities;

- participants could not otherwise afford to pay the associated travel and accommodation costs;
- all participants in the training program have been chosen to represent Ontario or Canada; and
- the training cannot be provided in Ontario and must be provided out-of-province to be effective.

See also Section "2.4.1(e) Travel costs" on page 44 for further information.

2.7.4(c)(viii) Coaching fees

Coaching fees (salaries) are considered an indirect expense. However, it is recognized that in certain sports, coaching plays an important role in the development of the players. Therefore, coaching fees are considered eligible uses of lottery proceeds provided the following conditions are met:

- the need for a qualified coach is justified as an integral part of the sports program;
- the expertise level and hours of work required cannot be reasonably provided by a volunteer;
- salaries are reasonable and geared to the expertise required and hours worked; and
- individuals receiving salaries or wages for coaching or other instruction:
 - » have recognized credentials in their field;
 - » are removed from any involvement in the management and conduct of the lottery events;
 - » are not officers or directors of the organization; and
 - » do not have voting rights as members of the organization.

Sports organizations may also use proceeds for training or to develop coaches themselves up to National Coaching Level II.

2.7.4(c)(ix) Payment of officials/referees

If the presence of officials and referees is integral to the proper conduct of the sport, the following types of organizations may use lottery proceeds to pay their fees:

- eligible youth amateur sports organizations; and
- eligible amateur sports organizations for athletes with disabilities.

The fees must be based on amounts authorized by the league or association and only be paid to individuals assigned by the league or association to officiate at the event.

Adult amateur sports organizations representing Ontario or Canada may not use lottery funds to pay officials or referees.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

2.7.4(c)(x) Ineligible uses of lottery proceeds

The following costs are not considered eligible uses of lottery proceeds for any amateur sports organization:

- professional development/staff training beyond National Coaching Level II;
- travel of a social, recreational or administrative nature, including travel for out-of-season or exhibition games or competitions;
- expenses for governing bodies and games committees;
- athletic awards and trophies; and
- the purchase, construction, renovation or repair of facilities or buildings.

In the case of sports organizations, administration costs such as administrators' salaries, tournament and team registration fees, office expenses and utilities are considered to be indirect expenses that are not essential to the delivery of the sports program. Since these administration costs are not considered charitable, they cannot be paid using lottery proceeds.

2.7.4(D) THE ENHANCEMENT OF YOUTH

2.7.4(d)(i) Eligibility guidelines

Organizations that support youth programs and services for youth that enhance human development, civic responsibility and pride in the community may be eligible for lottery licensing in this category.

An organization must meet all the eligibility criteria set out in this chapter and demonstrate that:

- its primary purpose is to provide services and programs for young people;
- its programs and services are directed toward programs and services for youth; and
- its programs have no access restrictions other than the age requirement.

2.7.4(d)(ii) Eligible organizations

Examples of the types of organizations that may be eligible in this category include organizations formed to:

- instruct youth in specific skills, such as 4-H clubs (farming) and Scout and Guide troops (life skills); or
- provide support and assistance to youth, such as Big Sisters and Big Brothers.

Cadet organizations associated with the Armed Forces, such as Air Cadets, may be eligible to receive lottery proceeds. In some circumstances cadet organizations may be controlled by the Provincial Command and may therefore not be constituted as separate legal and administrative organizations. The eligible organization may be the Provincial Command. In those cases, the Provincial Command must apply for and hold the lottery licence on behalf of each cadet group.

2.7.4(d)(iii) Eligible uses of lottery proceeds

The licensing authority may approve eligible organizations in this category to use lottery proceeds for the following purposes:

- salaries or wages for qualified instructors who are not members of the organization or the Board of Directors;
- uniforms, program supplies and equipment;
- the publication and distribution of material which is integral to the organization's charitable activities;
- volunteer training (see Section "2.4.1(c) Volunteer/staff training" on page 43 for further information);
- safety equipment and supplies;
- necessary, qualified competition officials, where competitions are integral to the organization's mandate and activities; and
- direct costs for travel within Ontario for direct program delivery (third-party commercial receipts must be provided, as no mileage costs for personal automobiles or other motor vehicles are allowed).

2.7.4(E) PUBLIC SAFETY PROGRAMS

2.7.4(e)(i) Eligibility criteria

To be eligible in this category, an organization must meet all the eligibility criteria set out in this chapter and demonstrate that:

- its primary purpose is to provide programs for the enhancement of public safety at the community level;
- its programs and services are available to the whole community;
- its programs and services are directed toward improving community safety;
- its programs and services are consistent with the public safety laws of the Province of Ontario; and
- it is legally, financially and administratively separate from all forms of government and is not carrying out a municipal, provincial or federal mandate.

2.7.4(e)(ii) Eligible organizations

Examples of the types of organizations that may qualify in this category include those providing:

- community health and safety programs;
- community water safety programs;

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

- volunteer fire fighting services;
- community search and rescue programs; and
- anti-crime programs such as Crime Stoppers, that are not carried out under a municipal or provincial mandate (community policing programs are not eligible).

Member organizations of the Ontario Federation of Snowmobile Clubs may be eligible provided that:

- they are organized as a non-profit organization in the manner approved by the Registrar; and
- the Federation supports the application.

2.7.4(e)(iii) Eligible uses of lottery proceeds

The licensing authority may approve eligible organizations in this category to use lottery proceeds for the following purposes:

- the publication and distribution of non-profit promotional materials and literature related to public safety;
- public safety education programs, such as search and rescue and public signage;
- travel costs within Ontario (out-of-province travel is not eligible) for direct program delivery (third-party commercial receipts must be provided, as no mileage costs for personal automobiles or other motor vehicles are allowed); and
- capital acquisitions necessary for the delivery of public safety programs, where specifically pre-approved by the licensing authority, except snowmobile trail groomers, which are not eligible.

Eligible member organizations of the Ontario Federation of Snowmobile Clubs may only use lottery proceeds for education and safety programs approved by the Registrar of Alcohol and Gaming. These programs include Easter Seal Rides, Environment Awareness/Education Program, Ride Safe Ride Sober, Driver Training Program (age 12–16 years only), Signage Program, Young Rider Training Program, Safe Driving Education Program and Search/Rescue Assistance.

Proceeds cannot be used for other activities, such as trail grooming and maintenance.

2.7.4(e)(iv) Donations for capital expenditures

In some cases, an eligible charitable organization that meets the criteria set out in Section 2.4.1(a)(i) may purchase or donate funds toward the purchase of a non-core item for another organization. The recipient organization must use the funds for a purpose that provides a public benefit and is an eligible use of proceeds.

Prior to the purchase, the donating and recipient organizations must enter into an agreement outlining their respective responsibilities. The agreement must include the following information:

- who has title to the item;
- who maintains the item;

- the current value of the item;
- the item's lifespan and residual value over a period of time;
- who insures the item;
- who decides on disposal of the item;
- what happens to the item's residual value.

This agreement is necessary to ensure:

- that the lottery proceeds are used only for charitable purposes; and
- that the residual value of an item is used to support only those initiatives that have also been approved as eligible.

2.7.4(F) COMMUNITY SERVICE ORGANIZATIONS

Eligibility guidelines

Community service organizations are established to provide funds to other organizations that carry out charitable activities for the benefit of the community. To be considered eligible for lottery licensing, a community service organization must have a purpose or object that allows them to make donations to eligible organizations. A community service organization must include a statement of how it intends to use the proceeds with its lottery licence application.

Community service organizations are divided into three categories:

- i) service clubs;
- ii) the Royal Canadian Legion; and
- iii) the United Way and Federated Health.

2.7.4(f)(i) Service clubs

Service clubs are generally set up to perform activities and undertake projects that benefit eligible charitable organizations or to operate programs that provide a direct charitable benefit to the public.

To be eligible for lottery licensing, a service club must meet all of the basic eligibility criteria set out in this chapter.

Each branch or chapter of larger service clubs, such as the Rotary or Lions clubs, which have regional, provincial or national mandates, may be eligible, providing the branch:

- meets the eligibility criteria;
- has a specific regional or community mandate;

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

- is a separate legal entity;
- has its own Board of Directors;
- has independent budgets and banking procedures;
- has its own purposes or objects that are recognized in law as being of a charitable nature; and
- has overall control over its decision-making.

2.7.4(f)(i)(1) Eligible organizations

Examples of the types of organizations that may be eligible in this category include:

- organizations historically considered to be service clubs, such as the Lions Club and Rotary Club; and
- social and professional organizations that:
 - » have expanded their mandate to include a charitable object, and
 - » have provided charitable services to the community for at least one year.

2.7.4(f)(i)(2) Eligible uses of lottery proceeds

The service club must give the licensing authority detailed lists of how it proposes to use the lottery proceeds. The service club may only donate lottery proceeds to an organization that is itself eligible to receive a lottery licence and has been approved by the licensing authority. The service club must ensure that donated lottery proceeds are used for purposes consistent with the receiving organization's mandate and approved uses of funds.

The licensing authority may approve service clubs to use lottery proceeds for the following purposes:

- projects that are consistent with the organization's charitable purposes or objects and provide a direct charitable benefit to the community;
- donations to other organizations for their own charitable purposes, which may include the relief of poverty, the advancement of education, the advancement of religion and other purposes beneficial to the community; and
- the general maintenance of their own club premises, if the premises are used for the benefit of the community, up to an amount of two (2) per cent of net lottery proceeds. This percentage may be increased if the facility is used free of charge by the community more than two (2) per cent of the time (see Section 2.7.4(f)(i)(4), "Service club buildings," for further information); and
- building funds (see Section "2.8.1. Policies: Building funds" on page 86 for further information).

Please note that the two per cent of net proceeds allowed for general maintenance is in addition to the percentage of gross receipts a licensee is permitted to retain from the licensed lottery events in order to cover the costs of conducting and managing the event.

2.7.4(f)(i)(3) Ineligible uses of lottery proceeds

In addition to their charitable objects and purposes, service clubs have a mandate to provide membership-oriented activities. These activities provide a private, not a public, benefit to the members of the service club. Membership-oriented activities do not qualify as charitable and service clubs may not use lottery proceeds for these purposes.

The following types of costs do not qualify as eligible uses of proceeds for service clubs:

- expenses related to the members' lounge;
- any program that is membership-oriented, including trips to conferences for members; and
- any programs restricted to members and their families.

2.7.4(f)(i)(4) Service club buildings

If a service club owns a building that it allows charitable organizations to use free of charge, it may use lottery proceeds for a building fund. The building fund may be used to renovate the sections of the building made available to charitable organizations in accordance with the policies for building funds outlined in this chapter. The service club must demonstrate that the public benefit goes beyond the occasional usage by outside charitable groups.

The service club may also use up to two (2) per cent of the net lottery proceeds to pay the general operating expenses of these premises. The licensing authority may increase the maximum allowable expenses for maintenance if the organization can prove the need for the funds and show that the facility is offered free of charge to charitable organizations more than two (2) per cent of the time. The licensing authority should increase the maximum allowable amount to a percentage proportional to the time the facility is used free of charge for eligible charitable purposes. The maintenance costs may include:

- municipal taxes;
- utilities;
- liability insurance on the building; and
- cleaning and general maintenance.

Please note that the two per cent of net proceeds allowed for general maintenance is in addition to the percentage of gross receipts a licensee is permitted to retain from the licensed lottery events in order to cover the costs of conducting and managing the event.

For example, in a small community the service club building may be the only hall in town. The community may use the facility extensively for meetings, classes, community programs, daycare and general community activities. The licensing authority must decide on a case-by-case basis the extent to which the hall is used free of charge by other organizations.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

The licensing authority can use the examples provided on the following page to assist them in determining the amount allowed for building maintenance costs:

1. Example 1 is a form for the organization to fully complete and submit back to the licensing authority.
2. The licensing authority then applies the information provided in the form to calculate the amount allowed using the calculation provided in Example 2.

Example 1

USE OF LOTTERY PROCEEDS	
BUILDING MAINTENANCE COSTS	
Name of Organization:	
Group Identification Number (GIN):	
Address:	
BUILDING EXPENSES	
Expenses	Yearly Amount
Taxes	
Rent*	
Insurance	
Heating	
Electricity	
Water/Sewage	
Phone	
Security	
Cleaning/Janitorial	
Maintenance/Repairs+	
Snowplowing	
Others (Attach Details)	
Total Expenses	

* *Mortgage payments are not an eligible building maintenance expense. For claiming rent, a copy of the rental agreement must be submitted.*

+ *This expense is for minor repairs or general maintenance to the building. Organizations wishing to use lottery proceeds for renovation projects, or capital expenditure costs must submit the documentation required under the "Building Fund Approval Process" in the Lottery Licensing Policy Manual.*

../2

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

USE OF LOTTERY PROCEEDS

BUILDING MAINTENANCE COSTS, cont'd

AMOUNT OF FACILITY AVAILABLE FOR PUBLIC USE

Total Building Availability	Square Footage	Percentage of Building
Restricted Portion of Building (Office, Storerooms, Member's Lounge, etc.)		
Portion of Building Available for Public Use		
Other Property & Use (Sport Fields, etc.) List:		

USE OF FACILITIES

Name /Type of Organization*	No. Occasions used per year	Hall	Other (specify)
Total			

* The licensing authority must review the list of organizations using the facility. As not all groups using the facility maybe charitable, the percentage of use of the facility is determined by those charitable/religious organizations which would be eligible for lottery licensing themselves. If the licensee provides their own charitable programs and services, this usage of the building should also be included in this list.

Example 2:

Building maintenance cost per year:		\$10,000
% of building available for public use (excluding offices & members lounge)	50%	(\$5,000)
Cost of maintaining public portion of hall		\$5,000
Number of days per year used by charitable groups (e.g., assuming 1 Group per day @ 91 days out of 365 days = 25%)		x25%
Amount allowed for building maintenance per year:		\$1,250

2.7.4(f)(ii) The Royal Canadian Legion

Many of the purposes and objects of the Royal Canadian Legion are similar to those of general service clubs. Therefore, for lottery licensing purposes, the branches and commands of the Royal Canadian Legion are treated in the same manner as general service clubs, and the accepted uses of proceeds for service clubs also apply.

The Royal Canadian Legion and its branches may use lottery proceeds for:

- donations to a broad base of eligible charitable organizations;
- the Royal Canadian Legion bursary fund;
- building maintenance; and
- building funds (see also Section “2.8.1. Policies: Building funds” on page 86 for further information).

2.7.4(f)(ii)(1) Eligible uses of lottery proceeds

The licensing authority may approve the Royal Canadian Legion to use lottery proceeds for the following purposes:

1. Projects that are consistent with the organization’s charitable purposes and objects and provide a direct charitable benefit to the community.
2. The development and maintenance of an educational bursary fund established by the Royal Canadian Legion, which meets the following criteria:
 - » the fund is registered with the Canada Revenue Agency as a charitable organization;
 - » the bursaries are available to a significant number of students in the community; and
 - » the bursaries are applied to an educational program that leads to a recognized degree, diploma or certificate.
3. Donations to organizations for their own charitable purposes, which may include the relief of poverty, the advancement of education, the advancement of religion and other purposes beneficial to the community. The branch must provide the licensing authority with specific details on how the recipient will use the donation before approval will be given. The branch may request licence amendments.

(See also Section “2.4.1(g) Amendments to the approved uses of proceeds” on page 46 for further information.)

4. A branch’s building maintenance and general operating costs, up to a maximum of two (2) per cent of the net lottery proceeds, if the building is used free of charge by eligible organizations at least two (2) per cent of the time. The licensing authority may increase this maximum allowable percentage if the branch can prove the need for the funds and show that the facility is used free of charge by eligible charitable or non-profit organizations more than two (2) per cent of the time.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

The allowable percentage may be raised to match the percentage of time the facility is used free of charge for charitable purposes. These maintenance costs may include:

- » municipal taxes;
- » utilities;
- » liability insurance on the building; and
- » cleaning and general maintenance.

Please note that the two per cent of net proceeds allowed for general maintenance is in addition to the percentage of gross receipts a licensee is permitted to retain from the licensed lottery events, in order to cover the costs of conducting and managing the event.

(See Section 2.7.4(f)(i)(4), "Service club buildings," for further information.)

5. The costs of building construction or renovations may be eligible uses of lottery proceeds as outlined in the building fund guidelines.

(See Section 2.7.4(f)(ii)(2), "Royal Canadian Legion building funds," for further information.)

2.7.4(f)(ii)(2) Royal Canadian Legion building funds

Guidelines:

A number of Royal Canadian Legion branches provide their facilities free of charge to eligible charitable organizations. At times, the branches may need to use lottery proceeds to construct new buildings or to cover the costs of renovations. In addition to the general policies set out in Section 2.8.1, "Building Funds," the Registrar has established supplemental building fund policies that apply to the Royal Canadian Legion and its branches. In addition to the usual approval from the licensing authority (who has the final decision), a branch's proposal to use lottery proceeds for building funds must be reviewed and approved by the Ontario Provincial Command of the Royal Canadian Legion.

Eligibility criteria

The licensing authority may grant approval for a branch of the Royal Canadian Legion to use up to a maximum of 50 per cent of net lottery proceeds to cover the capital costs of construction, repair or the leasehold improvement of branch buildings. Capital repairs do not include the normal painting, decorating (interior and exterior) and service calls that are included in the percentage of net lottery proceeds allowed for general maintenance of the building.

A Royal Canadian Legion branch may have a building fund and also use two (2) per cent (or more if approved by the licensing authority) of net proceeds for general maintenance.

The licensing authority may approve a building fund under the following conditions:

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

1. The branch provides a public charitable benefit by allowing charitable organizations in the community to use the building free of charge for their approved purposes.
2. The branch may only apply to use lottery funds to renovate or make additions to buildings it owns or leases on a long-term basis from a non-profit organization. The branch must comply with the procedures set out by the Ontario Provincial Command if it is constructing a new building or renovating an existing one.
3. The branch must obtain prior approval from the licensing authority before using funds for this purpose. The licensing authority must base its decision upon need and the extent to which the community uses the building.
4. Special terms and conditions will apply to maintaining this fund.

Approval process

Prior to using lottery proceeds for renovations or the construction of new buildings, branches must comply with the procedures set out by the Ontario Provincial Command of the Royal Canadian Legion. In addition, branches must follow the general policies for building funds. (See Section “2.8.1. Policies: Building funds” on page 86 for further information.)

If the branch does not comply with this approval procedure, the licensing authority must refer the matter to the Administrative Committee of the Ontario Provincial Command for any action it may deem necessary.

This policy also applies to Legion branches in northwestern Ontario. However, they are not required to obtain approval from the Ontario Provincial Command, since they do not fall under its jurisdiction, but they must follow the general policies for building funds. (See Section “2.8.1. Policies: Building funds” on page 86 for further information.)

Application requirements

If a branch proposes to use lottery proceeds for building fund purposes, it must supply the following information with its licence application:

- a written estimate of the amount needed for the building fund, an explanation of the capital expenditure, and the amount of net lottery proceeds to be used (up to a maximum of 50 per cent);
- a letter of approval from the Ontario Provincial Command authorizing the expenditure and the amount of net lottery proceeds to be used (up to a maximum of 50 per cent of the net proceeds); and
- the documents required in Section 2.8.1 “Building funds.”

The Ontario Provincial Command may request additional documentation to support building fund proposals. The Command must make these documents available to the licensing authority upon request.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

Eligible uses of proceeds

Once the licensing authority has approved the use of proceeds for a building fund, the branch may use up to 50 per cent of net lottery proceeds for the following building fund purposes:

- building repairs;
- replacements and additions of a capital nature; and
- the full amount of the mortgage payments, including the principal and interest, approved for a new building project or for an existing mortgage (not to exceed 50 per cent of the net lottery proceeds over the period of the licence).

Please note that lottery funds may be used to renovate the portions of a building used by the public but not the members' lounge.

2.7.4(f)(ii)(3) Ontario Provincial Command: Construction and renovation procedures

Each branch must comply with the procedures set out by the Ontario Provincial Command of the Royal Canadian Legion for branch construction. These procedures are outlined below:

(a) Present a motion and get it approved by members

Prior to purchasing property or engaging the services of an architect or consultant, the branch must present a motion in a notice mailed to each member.

The notice must include:

- the proposed purchase price of the property; or
- the estimated cost of the new building or renovation in accordance with the branch's ability to pay; and
- the name and address of the architect and/or consultant to be engaged.

A branch cannot apply for a lottery licence to raise funds to purchase property or hire an architect and/or consultant until this motion has been approved.

(b) Engage architect/consultant and get estimate

Once the branch has approved the motion and the Provincial Command has granted permission, the branch may engage the services of an architect and/or consultant and obtain an estimate for the proposed plans.

(c) Present "Notice of Motion to General Meeting"

When the branch receives the estimate, it must present a Notice of Motion to a General Meeting. The

Notice of Motion must include the following details:

- the names of the chairman and members of the Branch Building Committee;
- the total cost of the project, in accordance with the information received;
- a statement of the assets of the branch, as per the last audited financial statement as of May 31st of the preceding fiscal year; and
- the amount of the mortgage required and the relevant interest rate.

The branch must mail a copy of the Notice of Motion and the date of the General Meeting at which it will be considered, to each member in good standing. The branch must also send a copy of each Notice of Motion and certified copies of the minutes of the General Meeting at which the motion was approved, to the Provincial Command.

(d) Get approval from Ontario Command for expenditures

The branch must obtain prior written approval from the Ontario Command for each expenditure from the building fund in excess of \$5,000 during the course of the fiscal year. The branch must send a copy of this approval to the licensing authority.

The Royal Canadian Legion branch must submit regular financial reports as per the terms and conditions of the lottery licence.

2.7.4(f)(ii)(4) Royal Canadian Legion: Selling property purchased with a building fund

The branch must obtain prior approval from the licensing authority before selling or mortgaging any property acquired or renovated through a building fund made up of lottery proceeds. The branch must prepare a document outlining the value of the lottery proceeds applied to the building fund.

When the property is sold, the branch must calculate the value of the lottery funds contributed to the building fund and must direct that amount of money to other eligible charitable organizations in the community. The branch may reduce this amount by the amount of money the branch could have made on an annual basis by renting the facility instead of providing it free of charge (foregone revenue).

Please note that if the sale occurs after the obligation has been reduced to zero, the branch does not have to distribute any funds from the sale of the property to charitable organizations in the community.

2.7.4(f)(iii) United Way and Federated Health

Many public, corporate and private sector places of employment conduct and manage lottery events amongst their employees as part of their annual fundraising campaigns on behalf of the United Way and/or Federated Health (UW/FH). The funds raised from these lotteries are donated to the UW/FH, which, in

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

turn donate these proceeds to eligible charitable organizations that provide a direct charitable benefit to the community.

Public, corporate and private sector places of employment are permitted to conduct and manage lottery events at their places of employment when overseen by the UW/FH and must obtain a lottery licence in order to comply with the *Criminal Code* (Canada).

Lottery licences will only be issued for events to be held during the official fundraising campaign period of the UW/FH.

Licensing policies

- Only the Registrar issues lottery licences for UW/FH campaigns.
- Public, corporate and private sector places of employment, henceforth referred to as “UW/FH employee fundraising committee” (the “committee”), must be either organized as a registered charitable trust or enter into a letter of agreement with the UW/FH. The letter of agreement must contain the following information:
 - » the committee’s name (e.g., RBC Bank Fundraising Committee for United Way);
 - » the committee’s purposes;
 - » a clause stating that the committee will carry out their fundraising lottery project during the published campaign period of the UW/FH campaign in the committee’s workplace, and that it will donate all net proceeds to the UW/FH;
 - » an organizational chart of the committee’s structure (e.g., president or chair);
 - » the effective date of the agreement; and
 - » the signatures of the chair of the committee and the appropriate campaign director or person authorized on behalf of UW/FH.

A sample of a letter of agreement is provided on the following page.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

Sample letter of agreement:

LETTER OF AGREEMENT
BETWEEN
RBC FUNDRAISING COMMITTEE
AND
THE UNITED WAY OF ABC
FEBRUARY 28, 2015

The RBC Fundraising Committee (henceforth referred to as “the Committee”) was formed in order to raise funds to support the mission of the United Way. The Committee proposes to hold a lottery event in order to raise a portion of these funds.

The Committee proposes to hold an event during the United Way’s published campaign period, and all net proceeds raised through lottery event will be donated to the Campaign.

The Committee is organized as follows:

- Chair
- Vice Chair
- Secretary
- Treasurer

The Committee agrees that it will manage and conduct the raffle event in conjunction with the terms and conditions as set out by the Alcohol and Gaming Commission of Ontario, that the event will be managed and conducted within the workplace, and that participation in the event will be restricted to employers and employees of the RBC.

RBC Fundraising Committee	United Way of ABC
NAME	NAME
TITLE	TITLE
SIGNATURE	SIGNATURE

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

In addition, the following policies and guidelines apply to all lottery licences issued to UW/FH employee fundraising committees:

- the licensing policies and the terms and conditions for lottery events must be followed;
- lottery events must be conducted and managed within the workplace;
- participation in the lottery event is restricted to employers and employees only;
- all applications must be submitted by the chair of the committee;
- the committee must obtain municipal support for UW events;
- the committee must pay the standard licence fees; and
- all licence applications must be accompanied by a copy of the letter of agreement between the UW/FH and the employee fundraising committee.

2.8.1. POLICIES: BUILDING FUNDS

The licensing authority must handle requests from organizations wishing to use lottery proceeds for building or renovation projects in the same manner as any other request for the use of lottery proceeds. The organization must show that the building fund constitutes an eligible purpose.

2.8.1(A) ELIGIBILITY CRITERIA

The licensing authority may approve an eligible organization to use up to a maximum of 50 per cent of net lottery proceeds for the capital costs of construction, repair or the leasehold improvement of real property including land and buildings, if:

- the property is owned by the eligible organization or is leased on a long-term basis from a non-profit organization; and
- the organization can show that a public benefit will result.

The following types of construction or renovation may qualify:

- the construction of a new wing for a public hospital;
- the construction or renovation of a church;
- the renovation of part of a building owned by a service club, that the club makes available to charitable organizations free of charge; and
- the construction of a community centre, available to all local residents for activities beyond the municipality's mandate, provided that the building is not owned and operated by the municipality.

2.8.1(B) APPROVAL PROCESS

The licensing authority may approve a building fund under the following conditions:

- The operation of the building is required for the direct delivery of the charitable purposes or objects of the organization.
- The building provides a public charitable benefit to the community or is available free of charge to other non-profit organizations within the community and used for their approved charitable purposes.
- The organization must obtain prior approval from the licensing authority before accumulating lottery proceeds in a building fund.
- The licensing authority must add special terms and conditions to ensure protection of the building fund.
- If the organization does not own the building, it may still be eligible to set up a building fund if it has a valid long-term lease in a building owned by a non-profit organization.

Where the building is not used solely for eligible purposes, the maximum amount of lottery proceeds approved for the building fund must be proportional to the percentage of time the building is used to provide a public charitable benefit.

If the applicant organization wishes to use lottery proceeds for the renovation or construction of a building, it must submit the following information to the licensing authority for review prior to, or with the licence application:

- an explanation of the capital expenditure, a written estimate of the amount needed for the building fund, and the amount of net lottery proceeds to be used (up to a maximum of 50 per cent);
- a budget of the proposed project, including an itemized description of all individual costs;
- the total cost to be incurred;
- a budget for the organization, listing all expenses and all income for the appropriate fiscal year;
- architectural plans (where applicable), especially for new facilities or extensive renovations;
- an explanation of how the use of lottery proceeds for the building fund will affect the organization's service delivery and why the operation of the building is required for the direct delivery of its charitable objects or purposes;
- proof of ownership or a copy of the lease and documentation regarding the non-profit organization that owns the building;
- a plan of how the assets will be disbursed in case of the organization's dissolution;
- copies of written estimates, including labour and material costs for the project;
- details of the main uses of the proposed building or renovation project and an explanation of other uses for the facility; and
- other sources of funding available for the project.

CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS

All of these criteria will not be relevant in all cases. The licensing authority will base its decision on whether the building/facility will be of benefit to the community or a charitable group, and what happens to the proceeds if the building/facility is sold.

Please note that general maintenance costs are not eligible as part of a building fund.

The licensing authority may grant an organization permission to use a specific amount of proceeds from any licensed lottery event for a building fund. A maximum of 50 per cent of the net lottery proceeds may be allocated to the building fund, once approval has been given for the fund. The licensing authority must approve a specific amount of proceeds, rather than a percentage, and must specify the period of time over which funds may accumulate in the building fund. The period of time will be limited and reasonable and must not exceed two years without further approval.

2.8.1(C) REPORTING REQUIREMENTS

The eligible organization must:

- submit regular financial reports, as required by the lottery licence;
- obtain prior approval from the licensing authority before selling or mortgaging any property acquired or renovated through a building fund made up of lottery proceeds; and
- prepare a document outlining the value of the lottery proceeds applied to the building fund.

2.8.1(D) SELLING PROPERTY PURCHASED WITH A BUILDING FUND

The organization must obtain prior approval from the licensing authority in order to sell or mortgage any property acquired or renovated through a building fund made up of lottery proceeds. The organization must also prepare a document outlining the value of the lottery proceeds applied to the building fund and obtain prior approval on how the proceeds will be distributed upon the sale.

When the property is sold, the organization must calculate the value of the lottery funds contributed to the building fund and must direct that amount of money to other eligible charitable organizations in the community.

Lottery Licensing Policy Manual

CHAPTER 3 :

GENERAL LOTTERY LICENSING POLICIES

3.1.0. INTRODUCTION

This chapter contains explanations of policy on the following subjects:

- lottery schemes versus promotional contests;
- prohibited lottery schemes;
- advertising licensed lottery events;
- general lottery licensing policies;
- general operational requirements for lottery events; and
- general financial requirements.

3.1.1. DEFINITION OF A LOTTERY SCHEME

In simple terms, a lottery scheme may be defined as any scheme that has the following three components:

- a prize;
- a chance (to win the prize); and
- consideration or a fee.

Therefore, a lottery scheme exists if money is paid or some other consideration is given for a chance to win a prize.

There are many types of lottery schemes for which licences are not available. The licensing authority will confirm whether or not a licence is available for a proposed lottery scheme. If the proposed event is one for which a lottery licence is available, the organization must apply for a lottery licence. The organization is responsible for ensuring that all its schemes are operated legally.

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

3.1.2. GAMES OF CHANCE AND GAMES OF SKILL

Licences are available for certain types of games of chance and games of mixed chance and skill.

3.1.2(A) GAMES OF CHANCE

Games of chance, sometimes called “mechanical games,” do not involve any element of skill. Games of chance are the most popular form of gambling. There are hundreds of these games, including raffles, bingo, wheels of fortune and break open tickets.

3.1.2(B) GAMES OF SKILL

In games of skill, the element of chance is virtually non-existent. Checkers, chess, bowling, tennis, golf and all sports contests are examples of games of skill.

3.1.2(C) GAMES OF MIXED CHANCE AND SKILL

Games of “mixed chance and skill” combine both elements and include most games played with cards. Blackjack is an example of a game of mixed chance and skill.

3.1.3. PROMOTIONAL CONTESTS

Organizations may conduct contests resembling lottery schemes to promote their products and increase sales. Although there is no formal definition of a contest, contests are often operated by commercial for-profit organizations or their representatives. These organizations cannot be licensed to operate a lottery because they are not charitable. Therefore, the company must ensure that the contest does not fall within the definition of a lottery scheme.

Prior to conducting a contest, organizations may first wish to:

- obtain a legal opinion to ensure that the contest is not a lottery scheme;
- contact Industry Canada to obtain detailed information on promotional contests.

3.2.0. PROHIBITED GAMES OF CHANCE

Only those games for which a licence is available from the Registrar may be licensed.

See also “1.2.1 The regulatory framework” on page 19 and “1.3.1. The role of the Registrar of Alcohol and Gaming” on page 22 for further information.

3.2.1. GAMES PROHIBITED BY THE CRIMINAL CODE (CANADA)

The *Criminal Code* (Canada) prohibits the following lottery schemes:

3.2.1(A) THREE-CARD MONTE

In Three-Card Monte, the dealer shows three cards (usually aces), two red and one black, then shuffles them face down. The player tries to guess the location of the black ace. A variation of the game is played with three cups or walnut shells and a pea.

3.2.1(B) COIN TABLE

A coin table is enclosed by a rail and has a highly polished square surface, with many small, coloured circles. The players toss pennies or other coins from outside the rail onto the layout and receive a prize if the coin lands inside the circle.

3.2.1(C) PUNCHBOARD

A punchboard is made of pressed paper full of holes each containing a printed slip. Players pay to punch out a slip, and win a prize if the slip has a lucky word or number.

3.2.2. GAMES FOR WHICH A LICENCE IS NOT AVAILABLE

The Registrar will not issue licences for the following lottery schemes:

3.2.2(A) RAZZLE DAZZLE

This game is also known as razzle, bolero, football game, hundred yards or roll down. It can be played two ways: with darts or with a roll board. The object of the game is to score points.

3.2.2(B) THE SWINGER GAME

A bowling ball is suspended from an overhead board by a hook and chain. Beneath and slightly to one side of the suspended ball, a bowling pin is placed on a table. The object of the game is to knock over the pin on the return swing of the suspended ball.

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

3.2.2(C) PEA WHEEL

A pea wheel is a type of wheel of fortune that has not been approved.

3.2.2(D) DICE GAMES

Dice games are illegal at carnivals, designated fairs or exhibitions and are prohibited as lottery schemes for charitable licensing purposes under the *Criminal Code* (Canada). The *Criminal Code* (Canada) does allow dice games to be played in casinos under provincial licensing authority.

3.2.2(E) LOTTERY SCHEMES CONDUCTED ON OR THROUGH A COMPUTER

The *Criminal Code* (Canada) allows the government of a province to conduct games through a computer.

Charitable lottery events may not be conducted through a computer, video device or slot machine. The AGCO is currently considering changes to this policy.

Eligible charitable organizations should seek independent legal advice before proposing to use any of these devices for the conduct and management of a licensed lottery event.

3.2.2(F) PUBLIC PLACES OF AMUSEMENT

Any lottery schemes proposed to be managed and conducted at public places of amusement will not be licensed.

3.2.3. AGE RESTRICTION FOR PLAYING GAMES OF CHANCE

A licensee must not allow any person apparently under the age of 18 to participate as a player in any game of chance (see also "5.6.1(f) Liquor as prizes" on page 142 for further information on age restriction).

3.3.0. ADVERTISING LICENSED LOTTERY EVENTS

Advertising is an integral part of the conduct and management of lottery schemes, therefore the licensee is responsible for the design, placement and cost of advertising.

In the case of licensed bingo events in non-pooling bingo halls, the licensees may develop a joint marketing plan with the Operator of the hall in order to co-ordinate and share the cost of certain types of bingo advertising and promotion. (See also "9.7.1. Bingo advertising and promotion" on page 214 for

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

further information. For pooling bingo halls operating under the Bingo Revenue Model, see “10.10.1(d) Marketing fund” on page 252 for further information.)

Licensees must consult the licensing policies for each type of lottery and the terms and conditions of their licences for specific advertising and promotion restrictions.

3.3.1. ADVERTISING POLICIES

1. The licensee must ensure that all advertising complies with the *lottery licence terms and conditions*, any additional terms and conditions, the content guidelines set out in Section 3.3.2, and any existing federal, provincial or municipal laws, including the *Criminal Code* (Canada) and the *Gaming Control Act, 1992*.
2. Advertising of raffle lottery events is permitted through any public medium, including radio, television or print or through any computer-generated medium, including the Internet and web pages.
3. Raffle lottery tickets may not be ordered or sold through the Internet, web pages or any other computer-generated medium.
4. Raffle tickets licensed in Ontario must not be offered for sale, sold or ordered from outside of Ontario. However, while in Ontario, residents of other countries or provinces may purchase raffle tickets or break open tickets licensed in Ontario.
5. While a licensee may advertise in national or international newspapers or magazines, on the Internet or web sites, or on radio and television that may cross borders, tickets may only be sold in Ontario.
6. Raffle tickets must be purchased in Ontario and must not be mailed out of the province. Licensees using 1-800 numbers to facilitate ticket sales must restrict the incoming calls to Ontario area codes. Licensees or their agents must not accept ticket orders from area codes outside Ontario.
7. Any advertising, endorsements or promotional activities by well-known personalities or celebrities must be provided at no cost to the licensee unless permitted by the “Pooling Bingo Halls: Advertising and Marketing Guidelines” (see “10.1.0. Introduction” on page 231) and must comply with all federal, provincial and municipal laws including the *Criminal Code* (Canada) and the *Gaming Control Act, 1992*.
8. Advertisements must contain the name of the organization conducting the event, the fact that it is a charitable organization, the lottery licence number(s), and the terms and conditions for winning prizes.
9. If businesses donate prizes, the licensee may acknowledge the donor’s generosity by including the donor’s name and/or logo on the ticket or in print advertisements. However, the licensee’s name must be predominant on the ticket and must be the focus of all advertising.
10. The licensee must not assign the sole responsibility for advertising any licensed lottery events to any other person, including registered Gaming-Related Suppliers and registered Gaming Assistants involved in the conduct of the event.

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

3.3.2. CONTENT GUIDELINES

All content, including graphics, used to advertise and promote licensed lottery events must comply with the following guidelines:

1. The content must depict charitable gaming in accordance with the principles of honesty and integrity.
2. The messaging in the content should promote public awareness with respect to gambling responsibly.
3. The content must comply with all of the Registrar's policies and guidelines, and any applicable federal, provincial and municipal laws, regulations or policies.
4. The content must not suggest any illegal gaming or depictions of illegal gaming.
5. The content must not imply that participating in gaming activity promotes or is necessary for:
 - » financial success;
 - » social acceptance;
 - » professional achievement;
 - » personal success;
 - » sexuality or sexual opportunity;
 - » the fulfilment of any goal; or
 - » the resolution of financial, social, physical or personal problems.
6. With the exception of public service advertising respecting responsible gambling, content must not appeal, either directly or indirectly, to persons under the age of 18, or be placed in media targeted specifically at people under the age of 18 years.
7. Celebrity endorsements must not state or imply that playing games of chance has contributed to the celebrity's success.
8. Content must not compare one form of gaming to another.

3.4.0. LOTTERY EVENTS IN REGIONS WITHOUT LOCAL MUNICIPAL COUNCILS

There are areas of the province without a local municipal council. These include unorganized territories, First Nations communities and Crown lands.

For the purposes of lottery licensing, an unorganized territory is any geographic area without a local municipal council. Eligible organizations in unorganized territories must apply to the Registrar for a lottery licence.

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

In addition, only the Registrar may issue licences for events to be conducted in First Nations communities (except in the case of First Nations with delegated authority) and on Crown lands, such as military bases.

3.4.1. SUSPENDING OR CANCELLING LOTTERY LICENCES

Prior to making a decision to suspend or cancel a lottery licence, the licensing authority must consider the implications, with regard to the integrity of the gaming event and public expectations. The licensing authority may suspend or cancel a licence if it is in the public interest to do so.

If a licence is cancelled or suspended for an indefinite period, the licensee must refund all ticket purchases. In appropriate circumstances, the licensing authority may allow the licensee to complete the event, then take administrative action after all prizes have been awarded. For example, the licensee's future licence applications may be denied, or licences may be issued with additional terms and conditions.

If the licensee believes that it cannot fulfil the terms and conditions of its licence, it may apply to the municipality or the Registrar to have its licence cancelled. The licensing authority must not cancel a licence if the licensee has requested the cancellation solely on the basis of insufficient sales. The licensee must show that cancellation of the licence is in the public interest. Should the licensing authority grant the request, the licensee must refund all ticket purchases and wind down the event in an orderly manner.

"1.7.1. Refusing, cancelling or suspending a licence" on page 25 for further information.

3.4.2. APPLICABLE TAXES AND REBATES

For pooling bingo halls operating under the Bingo Revenue Model, please see Chapter 10 "Bingo—In Pooling Bingo Halls" Section "10.11.1. Application of Harmonized Sales Tax (HST)" on page 254.

The following policies apply to the HST:

1. The HST does not apply to the licence fee for any gaming event.
2. In a registered bingo hall, the HST is payable on hall rental. The HST is not collected from patrons purchasing paper.
3. The terms and conditions of the lottery licences outline how tax should be handled. The licensee is responsible for ensuring that the appropriate tax is paid for all goods and services it uses in the conduct and management of its event.
4. For all lottery events, the tax paid by the licensee for applicable goods and services must be itemized and disclosed on the financial report form.

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

5. Where a licensee receives a tax rebate, the rebate must be deposited into the lottery trust account and used for the charitable purposes of the licensee.

For details on specific circumstances and any applicable taxes, please contact the applicable financial authority.

3.4.3. REGISTRATION

3.4.3(A) CLASSES OF REGISTRATION

Licensees may employ Gaming-Related Suppliers and Gaming Assistants to provide the goods and services and professional assistance necessary for the conduct and management of lottery schemes.

The *Gaming Control Act, 1992* and its Regulations govern the commercial sector that supplies the charitable gaming industry. Gaming-Related Suppliers and Gaming Assistants must be registered under the Act. Sections 2–10 of Regulation 78/12 defines classes of Gaming-Related Suppliers and Gaming Assistants that require registration. These include:

Category 1 Gaming Assistant

A Category 1 Gaming Assistant is an individual who is employed in the conduct, management or operation of a lottery scheme or in the operation of a charitable gaming site and who, in the opinion of the Registrar, exercises a significant level of decision-making authority or has significant supervisory or training responsibilities with respect to the lottery scheme or the site.

Category 2 Gaming Assistant

A Category 2 Gaming Assistant is an individual who is employed in the conduct, management or operation of a lottery scheme or in the operation of a gaming site and who, in the opinion of the Registrar, does not exercise a significant level of decision-making authority or have significant supervisory or training responsibilities with respect to the lottery scheme or the site.

Gaming-Related Supplier

A Gaming-Related Supplier is a person who manufactures, provides, installs, tests, maintains or repairs gaming equipment or who provides consulting or similar services directly related to the playing of a lottery scheme or the operation of a gaming site.

Seller

A Seller is someone who is permitted to sell break open tickets on behalf of a licensed charitable or religious organization.

Operator

An Operator is a person who operates a gaming site.

3.4.3(B) REGISTRATION RENEWALS

Before issuing a licence to an eligible organization that plans to use the services of a Gaming-Related Supplier, the licensing authority must ensure that the Gaming-Related Supplier's registration is valid. Municipalities can verify the registration status of a Gaming-Related Supplier by requesting a copy of the registration certificate.

If the registration certificate has expired, but the supplier has applied for a renewal and paid the renewal fee prior to expiry, the registration will be deemed to have been renewed until the Registrar grants the renewal or registration is revoked. The supplier must provide proof that the renewal application was made and the fee was paid prior to the expiry date. This proof could be in the form of receipt for the renewal fee or a dated courier's receipt, signed by someone from the AGCO.

Municipalities can also quickly verify registration status by contacting the AGCO.

Please see sections "7.5.2. Municipal licensing procedures" on page 161 and "9.3.3. Municipal licensing procedures" on page 190, for further information.

3.4.3(C) EXEMPTION FROM REGISTRATION

The Regulations under the *Gaming Control Act, 1992* grant certain classes of persons exemption from registration.

See also Section 11 of Ontario Regulation 78/12 made under the Gaming Control Act, 1992 for further information on classes of person exempt from registration under the Act.

3.5.0. GENERAL OPERATIONAL REQUIREMENTS FOR LICENSED LOTTERY EVENTS

When a lottery licence is issued, the licensee becomes responsible for the conduct and management of the lottery event. Provisions in the *Gaming Control Act, 1992* and the Regulations allow the licensee to

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

use the services of a Gaming-Related Supplier to assist in the conduct of the event, but these suppliers may only perform certain tasks. Some tasks cannot be delegated, and must be performed by bona fide members of the licensed organization.

Refer to the relevant chapter for each type of licensed lottery event for further information.

3.5.1. GENERAL ADMINISTRATIVE RESPONSIBILITIES

The licensed organization must perform the following general administrative functions:

1. filing applications;
2. the placement and payment for any advertisements;
3. setting up and maintaining the lottery trust account(s) and separately distributing the proceeds for approved purposes;
4. reconciling all receipts, providing a float for making change, and depositing all receipts into the designated lottery trust account;
5. keeping all necessary records;
6. preparing the financial report and submitting it to the licensing authority; and
7. communicating with the licensing authority.

3.5.2 BONA FIDE MEMBERS

According to the terms and conditions for lottery licences, bona fide members of the eligible charitable organizations must conduct and manage the licensed lottery scheme. This is a legal requirement. Without the participation of bona fide members, as set out in the terms and conditions of the licence, the lottery becomes illegal. In such a case, the licensing authority may suspend licences for future lottery events. A bona fide member for the purposes of lottery licensing is an individual who:

- meets the membership criteria set out in the constituting documents for the organization;
- has been admitted as a member in accordance with the requirements set out in the constituting documents;
- remains a member in good standing in accordance with the constituting documents; and
- participates in the activities of the organization.

A bona fide member cannot be a member of convenience. That is, he or she cannot have been admitted to the organization solely to assist in the operation of the lottery scheme.

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

A bona fide member of an organization that is a member of a Hall Charities Association cannot be a bona fide member of another member organization of the Hall Charities Association, unless that individual meets the membership requirements for the other organization as well.

3.5.3. GENERAL CONFLICT OF INTEREST GUIDELINES

The following conflict of interest guidelines have been established to give the public confidence in the integrity of charitable organizations conducting lottery events. As this is a sensitive issue, licensees must be vigilant in preventing any possibility of a potential or perceived conflict of interest.

Guidelines

1. 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. For example, a member of a municipal council who is also a member of the applicant organization must refrain from offering an opinion or vote on the granting of the licence, must not sign the application and must not have any direct or indirect dealings or decision-making authority with respect to the licensed event.
2. 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.
3. 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.

Examples

- A coach for a sporting organization who receives payment from lottery proceeds for coaching services cannot also be a designated member-in-charge at a lottery event.
- The owner of a sporting goods store who is the designated member-in-charge for a sporting organization cannot use lottery proceeds to purchase equipment for the players from his/her sporting store.
- An Operator of a bingo hall cannot conduct or assist with bingos in his/her hall for a charitable organization of which he/she is a member.
- The paid caller for a bingo hall cannot be a volunteer for a licensee or play bingo at any time in a bingo hall where he/she works.

Conflicts of interest could jeopardize the public's confidence in the integrity of licensed gaming events. Although conflicts of interest may not result in criminal charges, they could affect the reputation of the organization in question, and could even jeopardize the organization's future licensing privileges. Conflict of interest guidelines are set out in the relevant chapter for each type of licensed lottery event.

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

3.6.0. FINANCIAL REQUIREMENTS FOR LICENSED LOTTERY EVENTS

All licensees must hold lottery proceeds in designated lottery trust accounts, for the purposes specified in the lottery licence application and approved by the licensing authority. The licensing authority may limit the amount that may be held in the trust account. Lottery proceeds must be used for the purposes approved by the licensing authority and cannot be accumulated for other purposes or over a period of time not approved by the licensing authority.

3.6.1. DESIGNATED LOTTERY TRUST ACCOUNTS

For pooling bingo halls operating under the Bingo Revenue Model, please see Chapter 10, “Bingo—In Pooling Bingo Halls,” Section “10.8.1. Lottery trust accounts” on page 250.

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, in the Province of Ontario. The designated lottery trust account must be in Canadian funds. If the licensee (except for a Hall Charities Association in a non-pooling bingo hall) conducts more than one type of lottery event, it may hold either one designated lottery trust account for all lottery proceeds or a separate designated lottery trust account for each type of lottery.

A Hall Charities Association in a non-pooling bingo hall may hold either a separate designated lottery trust account for each type of lottery event to account for all lottery proceeds or a minimum of two (2) designated lottery trust accounts as permitted under the *Consolidated Designated Trust Accounts Terms and Conditions*.

Licensees that are permitted to accept American currency must also maintain a trust account in American funds, as set out in Section 3.6.5, “Lottery trust accounts for American currency.”

If the licensee maintains only one lottery trust account, the licensee must keep a separate ledger for each type of lottery event and for each licence issued. The bookkeeping and accounting requirements for each type of lottery are covered in detail in the licence terms and conditions.

The trust account(s) must:

- be a chequing account;
- require at least two (2) authorizing signatures;
- be held in the name of the licensee, in trust;
- have duplicate deposit slips, with one copy kept for the licensee’s records;
- provide monthly statements; and

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

- include either the return of all cheques with the monthly statements or the return of electronically scanned images of the front and back of each cancelled cheque with the monthly statements.

The fact that it is a trust account must be stated on the face of the cheques. If a licensee's cheques do not currently state this fact, the licensee should ensure that the information is added when cheques are reordered.

The licensee must keep all records for a minimum of four (4) years. In addition to the account information, the licensee must keep a general ledger of all expenses supported by receipts and/or original invoices.

The following rules apply to lottery trust accounts:

1. The licensee must pay all eligible expenses and disbursements for approved uses of proceeds by cheque (except bona fide member expenses). All expenses must be supported by a receipt and cancelled cheque.

See also Section "3.6.10. Electronic funds transfer (EFT)" on page 109.

2. The licensee must keep all deposit slips; bank receipts from automatic tellers are not acceptable.
3. The licensee cannot make cash withdrawals.
4. The licensee may pay the bona fide member expenses in cash. The bona fide member must acknowledge in writing that he or she received the reimbursement in cash.
5. The licensee may only make cheques payable to cash when it requires a float for the purposes of conducting and managing lottery schemes, including payments to reimburse bona fide member expenses, prizes or making change.
6. Any interest earned on the trust account must be treated as proceeds of the lottery scheme.
7. The licensee must disburse lottery proceeds:
 - » by cheque, and
 - » by Electronic Funds Transfer (EFT)
 - » for only those eligible purposes approved by the licensing authority.
8. Organizations are not permitted to move funds by any means from the designated lottery trust account(s) into their operating or general account(s).
9. All expenses must be paid directly by cheque from the lottery trust account(s). The movement of funds to another account(s), such as the licensee's general operating account(s), or a head office's bank account(s), would create a loss of accountability for those lottery proceeds and is not permitted.
10. The licensee may make temporary investments in instruments insured by the Canada Deposit Insurance Corporation (CDIC) if it receives prior approval from the licensing authority and maintains a careful audit trail. All principal and interest earned on the investment must be returned

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

to the lottery trust account(s) and used for the licensee's approved charitable purposes. These investments cannot exceed the maximum insured by the CDIC.

See Section "9.12.1. Lottery trust accounts for bingo events" on page 226 for further information.

3.6.2. START-UP COSTS FOR LOTTERY EVENTS

The licensee must pay start-up costs, also commonly known as "seed money," for the management and conduct of a licensed lottery event from the designated lottery trust account. However, if there are no funds or insufficient funds in the designated lottery trust account the licensee may write a cheque from its general operating account to its lottery trust account to pay for the start-up costs.

Upon completion of the licensed lottery event the licensee must repay the funds by cheque to its general operating account from its designated lottery trust account. In this instance, the licensing authority must monitor the repayment of the start-up costs and ensure that the repayment is made within an appropriate time period.

3.6.3. INDEMNITIES AND LIABILITY INSURANCE

Licensing authorities may approve a portion of lottery proceeds to be used to pay for insurance premiums or the indemnification of officers, directors or trustees in some circumstances. Approval must be received prior to making the expenditure. The licensing authority must review each request on a case-by-case basis. To be an eligible use of proceeds, the charitable organization must demonstrate that this expense is necessary to advance its objects and purposes and is in compliance with the *Charities Accounting Act*. Hall Charities Associations must show that this expense is necessary in relation to the conduct and management of their licensed lottery events. If approved, the insurance or indemnity can be paid for within the maximum allowable administrative expenses set out by the Registrar.

3.6.4. ACCUMULATING LOTTERY PROCEEDS

In general, lottery proceeds cannot be accumulated. They are intended to provide a public benefit and must be used to do so in a timely manner. However, with the prior approval of the licensing authority, an eligible organization may accumulate lottery proceeds, subject to the terms and conditions imposed by the licensing authority.

To ensure compliance with lottery licensing policy and the terms and conditions of lottery licences, the licensing authority must monitor the use of revenues and the level of funds in the lottery trust account(s).

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

When an organization wishes to accumulate lottery proceeds it must apply to the licensing authority and demonstrate that:

- The charitable activities of the organization justify the accumulation of funds. For example, certain activities are seasonal and an organization may be required to accumulate funds when the activity, such as the operation of a youth hockey association, does not take place.
- The accumulation of funds would be allowed under the *Trustee Act*.
- If the funds are transferred out of the lottery trust account(s) while accumulating, they will be placed only in instruments that are insured by the Canada Deposit Insurance Corporation (CDIC). All principal and interest earned on the investment will be returned to the lottery trust account(s) and used for the licensee's approved charitable purposes. These investments will not exceed the maximum insured by the CDIC. The licensee will maintain a careful audit trail.

Revenue generated may only be used for purposes approved by the licensing authority.

3.6.5. LOTTERY TRUST ACCOUNTS FOR AMERICAN CURRENCY

For pooling bingo halls operating under the Bingo Revenue Model, please refer to Chapter 10 "Bingo—In Pooling Bingo Halls," Section 10.12.1, "American currency," for further information.

Eligible organizations conducting bingo events in communities that border the United States may accept American currency during the conduct of bingo events, including break open ticket sales.

Eligible organizations that accept American currency must keep separate Canadian- and American-designated lottery trust accounts that have been designated as trust accounts by the branch of a financial institution, and must deposit the funds into the corresponding account. Hall Charities Associations in non-pooling bingo halls must maintain a separate American trust account for each type of licensed event.

The organizations must pay all lottery expenses and eligible uses of proceeds by cheque drawn on the Canadian account.

The American account may only be used to deposit the American currency collected during the event, with the exception of withdrawals for a cash float for the conduct of a bingo event. Expenses, donations or any other withdrawals cannot be made from this account unless the licensing authority grants permission. The maximum amount that may be accumulated in this account is the total value of the licensee's estimated prize board.

When enough money (more than the licensed prize board) has accumulated in the American account, it must be transferred to the Canadian designated lottery trust account.

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

The date of the transfer, the exchange rate, and the premium or loss (at buying rate), as well as any eligible expenses (uses of proceeds) made from the Canadian account, must be recorded on the financial report form and in the financial ledgers.

The licensee may transfer funds from the American account to the Canadian account without the pre-approval of the licensing authority, but the licensee must move funds if the licensing authority requires them to be moved.

3.6.6. FINANCIAL STATEMENTS FOR LOTTERY TRUST ACCOUNTS

3.6.6(A) ANNUAL FINANCIAL STATEMENTS

The terms and conditions of lottery licences require organizations to provide the licensing authorities with a verified financial statement within 180 days of the organization's year-end. The type of financial review required depends upon the licensee's gross annual revenues from all sources.

For pooling bingo halls operating under the Bingo Revenue Model, see Section "10.7.1. Reporting requirements" on page 246 for further information.

Licensees that receive less than \$250,000 in gross annual revenues must prepare financial statements in accordance with the standards set out in the *CICA Handbook*.

Licensees that receive \$250,000 or more in gross annual revenues must prepare financial statements in accordance with the standards set out in the *CICA Handbook* and which have been audited by a public accountant.

The licensing authority may require an audited financial statement to be prepared at the licensee's expense at any time.

Organizations that already obtain audited financial statements from an independent accounting firm may submit these statements. In addition, the organization must provide a Review Engagement Report or an Auditor's Report addressing compliance with the terms and conditions and regulations of their lottery licence(s). A public accountant must prepare the audited compliance report in accordance with Section 5815 of the *CICA*.

Organizations that realize less than \$250,000 from all sources during their fiscal year must provide an annual financial statement verified by the two signing officers of the lottery trust account(s) and the organization's Board of Directors. At its discretion, the licensing authority may also request a compliance report. The compliance report must be verified by the licensee's Board of Directors.

3.6.6(B) AUDITED FINANCIAL STATEMENTS ON REQUEST

The licensing authority may require a complete financial picture of a licensee's gaming operations before the expected delivery of an annual financial statement, or the licensing authority may require a thorough review by a third party. The licensing authority may require a licensee to provide an audited financial statement within the time period set out in the licence, or as specified by the licensing authority.

3.6.7. FINANCIAL GUARANTEES

In order to safeguard the interests of both the public and the licensee, and to ensure that all prizes can be awarded, the licensing authority may require that an organization submit a financial guarantee covering the total value of prizes.

The licensing authority must require a financial guarantee for lotteries with a total prize value of \$10,000 or over, including taxes. The licensing authority may also require a financial guarantee for a lower prize amount.

When the total prize value is \$10,000 or over, the licensing authority requires a letter of credit as the form of financial guarantee. (See Section "3.6.8. Letters of credit" on page 108 for further information.)

When the total prize is under \$10,000, the licensing authority may require one of the following financial guarantees:

- an irrevocable letter of credit from a recognized financial institution acceptable to the licensing authority;
- a bank draft or money order.

Guarantees for municipally issued licences must be made payable to the municipality and guarantees for provincially issued licences must be made payable to the Minister of Finance. A guarantee must begin on the date of the licence application and expire no sooner than 45 days after the final draw date. The financial guarantee must indicate the purpose for which it was issued and must be in a form acceptable to the licensing authority.

If a licensee is unable to award the prizes approved by the licence, the licensing authority may draw upon the financial guarantee to ensure that the prizes are awarded.

The licensing authority will return the financial guarantee to the organization as soon as the organization has distributed all prizes and submitted the list of winners and the required financial reports. Therefore, it is in an organization's best interest to fulfil these obligations as soon as possible.

In the case of municipal licences, the municipality must inform the Registrar if the licensee is unable to award the prizes as approved in the licence. This information may have implications for future applications from the licensee.

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

3.6.8. LETTERS OF CREDIT

Licensing authorities must obtain letters of credit for lottery licences with a total prize value of \$10,000 or over, including taxes. A licensing authority may also request a letter of credit for a lower prize amount.

The letter of credit must:

- be issued by a recognized financial institution,
- cover the full value of all prizes offered, including any bonus prize,
- be valid for a minimum of 45 days after the final draw date as specified on the licence, and
- indicate the purpose for which it was issued.

A letter of credit for a municipal licence must be made payable to the municipality and a letter of credit for a licence issued by the Registrar must be made payable to the Minister of Finance.

The licensing authority will return the letter of credit to the licensee once the licensee has distributed the prizes and submitted the list of winners and a financial report. If a licensee is unable to award the prizes as approved on the licence, the licensing authority may draw upon the letter of credit to ensure that the prizes are awarded as approved on the licence.

A municipality must inform the Registrar if a licensee is unable to award the prizes. This information may have implications for the licensee's future applications.

3.6.9. STANDARD FINANCIAL REPORTS

Licensees must complete accurate standard financial reports for each lottery event. The reports must be filed with the licensing authority in accordance with the reporting requirements of the terms and conditions of the lottery licence. Licensing authorities will report any inconsistencies to the AGCO.

In the case of a pooling hall, licensees must provide the HCA at the end of each charitable gaming event with a financial report detailing the results of each charitable gaming event. At minimum, the report must include:

- (a) gross receipts and prizes from bingo;
- (b) gross receipts and prizes from break open tickets;
- (c) licence fees; and
- (d) reimbursement of out-of-pocket expenses.

The licensee must provide the licensing authority with a monthly report verified by the licensee's Board of Directors, setting out all expenses paid from the proceeds derived from the charitable gaming event,

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

as prescribed by the Registrar. The monthly report must be filed within 30 days of the end of the month covered by the report.

The HCA must provide the licensing authorities and the Registrar with a financial report for each monthly period. The report is due 30 days following month-end and must include the necessary information, which includes all licensed lottery events held within the bingo hall.

3.6.10. ELECTRONIC FUNDS TRANSFER (EFT)

EFT allows for the transfer of funds between accounts by electronic means. EFT may be used:

- by a licensee to deposit monies into its designated lottery trust account, to pay for expenses or to disburse net proceeds derived from the conduct of its lotteries for programs; and
- by Hall Charities Associations to pay for expenses, to deposit monies into its CDTA or to distribute net charitable gaming event proceeds to its member organizations.

The provisions for licensees and Hall Charities Associations that choose to implement EFT are detailed in the *Registrar's Standards, Financial Management and Administration for Bingo Halls where Proceeds are Pooled*. In general:

- Licensees must decide in accordance with their constitution whether to implement EFT.
- Each member organization that chooses to use EFT must provide the Hall Charities Association its banking information, on the prescribed form for each designated lottery trust account to receive funds electronically.
- The licensee or Hall Charities Association must ensure that its financial institution's EFT system has the capability of supporting electronic dual authorization, as the transfer of funds must be authorized by two (2) of four (4) bona fide members that have been designated to administer EFT.
- The licensee or the Hall Charities Association must obtain reports from the financial institution confirming the electronic transfer of funds and any discrepancies.
- These reports must be reviewed by the two (2) bona fide members who did not sign the original authorization for the transfer of funds. These members must also prepare a report to be presented to the licensee's or HCA's Board of Directors, as the case may be.

3.6.10(A) FORMS OF ELECTRONIC BANKING NOT PERMITTED

The licensee and Hall Charities Association must not use other forms of electronic banking such as:

- automated teller machines (ATMs);
- debit cards;
- internet banking; and
- telephone banking.

CHAPTER 3 : GENERAL LOTTERY LICENSING POLICIES

3.6.10(B) INAPPROPRIATE USES OF EFT

EFTs must not be used to pay certain expenses including:

- reimbursement of out-of-pocket expenses for bona fide members;
- licensing or authorization fees; and
- HCA administrator.

Lottery Licensing Policy Manual

CHAPTER 4 :

BAZAAR LICENCE

4.1.0. INTRODUCTION

A bazaar is a sale of goods held to raise money for a charity. Municipalities may issue licences to allow eligible organizations to conduct and manage lottery events in conjunction with a bazaar, provided the lottery events are ancillary to the bazaar itself.

Each type of licensed lottery is governed by a specific set of rules known as “terms and conditions.” From time to time, the terms and conditions may change and the legislation may be amended. The owner of this manual is responsible for obtaining copies of any amendments to the legislation and any new terms and conditions and information bulletins as they are issued, in order to keep the manual up to date with all of the policies set by the Registrar.

4.1.1. LOTTERY EVENTS AT A BAZAAR

Four types of lottery events are permitted at bazaars:

- (a) wheels of fortune
- (b) bingo
- (c) raffles and penny auction raffles.

Please refer to the *Bazaar Licence Terms and Conditions* for further information on the conduct of each type of event.

4.1.1(A) WHEELS OF FORTUNE

Under a bazaar licence, the licensee may conduct a maximum of three wheels of fortune, with maximum bets of two (2) dollars.

For the purposes of a bazaar licence, a wheel of fortune is a game where players wager chips, tokens or

cash on the spin of a wheel in order to win a prize. Players set their wagers, then the wheel is spun. The wheel must complete at least three (3) full revolutions and come to a complete stop before prizes may be awarded. The prizes are based on the amount wagered and the rules for winning on that particular wheel of fortune.

See also Section "6.1.1(b) Wheels of fortune" on page 147 in this manual and Section 3.5 of the Bazaar Licence Terms and Conditions for further information.

4.1.1(B) BINGO

Under a bazaar licence, a licensee may conduct a bingo lottery with a maximum of \$500 in prizes. The licensee may sell bingo cards for cash only. The bingo cards may be sold only on the day of the event. The caller must announce the arrangement of winning numbers immediately before the game begins. All prizes must be awarded as outlined and approved on the licence application.

See also Section "9.2.1. General bingo licensing policies" on page 182 for further information.

4.1.1(C) RAFFLES AND PENNY AUCTION RAFFLES

Raffles

Under a bazaar licence, a licensee may conduct a raffle lottery with a maximum of \$500 in prizes. The licensee must sell tickets by cash transactions only. The tickets must be consecutively numbered. All prizes must be awarded as outlined and approved on the licence application.

For raffles where tickets are sold at a single premise and tickets are drawn on the same day as they are sold, the licensee is exempt from general raffle policies requiring a licensee to print complete raffle information on the ticket and retain unsold tickets for one year.

Penny auction raffles

For a set price, participants purchase a certain number of tickets that are usually detachable from the stub portion (retained by the purchaser). Participants may enter as many tickets as they possess on any item (prize) they are interested in by depositing the tickets into a container assigned to that item (prize). The item (prize) is awarded to the person whose ticket is drawn, at random, from the container.

The raffle is limited to a maximum prize board of \$500 and individuals must be present to win. A prize list is not required with the application.

See also Section "5.1.2. General raffle licensing policies" on page 117 for further information.

CHAPTER 4 : BAZAAR LICENCE

4.2.1. LICENSING POLICIES

The following policies apply to bazaar licences:

1. A municipal council or the Registrar of Alcohol and Gaming may issue a licence allowing an eligible organization to conduct and manage the following lottery events during a bazaar:
 - (a) a wheel of fortune event with no more than three (3) wheels, where individual bets do not exceed two (2) dollars;
 - (b) a raffle lottery not exceeding \$500 in prizes; and
 - (c) a bingo lottery not exceeding \$500 in prizes.
2. The policies for licensing raffles as found in Chapter 5 and bingo events as found in Chapter 9 also apply to bazaar licences.
3. Licensees may rent wheels of fortune for licensed bazaar events from unregistered suppliers.
4. The licence fee for a bazaar licence cannot exceed \$10 per wheel and three (3) per cent of the prizes offered for a raffle or bingo event.
5. Licences must not be issued for events to be conducted on any conveyance that moves or is capable of moving, including boats, trains and airplanes.

4.3.1. LICENSING PROCEDURES

Eligible organizations must submit applications for a bazaar licence to the municipality in which the bazaar is to be held. For events to be conducted and managed at bazaars in unorganized territories, on Crown lands or in some First Nation communities, organizations must submit their applications to the Registrar:

An application must include:

1. a fully completed application on a form issued by the Registrar;
2. the applicable licence fee;
3. except for penny raffles, a complete list of the prizes to be awarded for each game;
4. a detailed description of the manner in which the winner will be determined for each game; and
5. any additional documentation required by the licensing authority (e.g., a copy of the ticket or advertising material).

See Section “3.6.7. Financial guarantees” on page 107 and Section “3.6.8. Letters of credit” on page 108 for further information.

Lottery Licensing Policy Manual

CHAPTER 5 :

RAFFLES

5.1.0. INTRODUCTION

A raffle is a lottery scheme where tickets are sold for a chance to win a prize in a draw. The different types of raffle schemes are usually identified by the method of determining the winner. Raffle prizes may consist of merchandise or cash, or a combination of the two.

This chapter outlines the policies and procedures for licensing the following permitted raffle lottery events:

- (a) Stub Draw
- (b) Elimination Draw
- (c) Calendar Draw
- (d) "Golf Ball Drop" Raffle Lottery
- (e) "Rubber Duck" Race
- (f) 50/50 Draw
- (g) Blanket Raffle Licence
- (h) Meat Spin/Turkey Roll
- (i) "Name the Raffle" Lottery
- (j) Bossy Bingo/Cow Patty Bingo.

Each type of licensed lottery is governed by a specific set of rules known as "terms and conditions". From time to time, the terms and conditions may change and the legislation may be amended. Anyone to whom these policies apply is responsible for obtaining copies of any amendments to the legislation and any new terms and conditions, standards, directives and information bulletins as they are issued, in order to keep up to date with all of the policies set by the Registrar. The policies are available on the AGCO website. Please contact the AGCO for more information on obtaining the most up-to-date documents.

5.1.1. OVERVIEW: AUTHORITY TO LICENSE

5.1.1(A) PROVINCIAL LICENSING AUTHORITY

The Order-in-Council gives the Registrar sole authority to issue lottery licences for raffles where the total value of the prizes to be awarded is greater than \$50,000 or where the raffle lottery is to be conducted and managed in conjunction with another licensed gaming event.

Only the Registrar may issue a raffle licence permitting an eligible organization to conduct a raffle lottery event in an unorganized territory, on Crown lands or in some First Nations communities.

5.1.1(B) MUNICIPAL LICENSING AUTHORITY

The Order-in-Council authorizes municipalities to issue licences permitting eligible organizations to conduct raffle lotteries where the total value of the prizes to be awarded, including any taxes is \$50,000 or less.

5.1.2. GENERAL RAFFLE LICENSING POLICIES

The following general policies apply to all types of raffle lottery events:

1. With the exception of a calendar draw and a blanket raffle licence, an eligible organization may be licensed for only one raffle lottery event at a time, including a bazaar licence.
2. With the exception of a 50/50 draw, the licensee must award fixed prizes that are determined at the time of application. The maximum prize value for a 50/50 draw must be determined by the maximum number of tickets printed at the time of application.
3. Raffle licensees must obtain goods and services only from registered Gaming-Related Suppliers. Gaming-Related Suppliers, whether directly contracted by the licensee or not, must possess an appropriate current registration certificate, issued under the *Gaming Control Act, 1992*. Each applicant must include a description of all the goods and services to be obtained from each supplier, in order for the licensing authority to determine whether or not the supplier must be registered under the *Gaming Control Act, 1992*.
4. Subject to the policies outlined in Section 5.6.1(c), the licensee may offer Ontario Lottery and Gaming Corporation (OLG) tickets as early-bird or other raffle prizes. The prize value of OLG tickets must be based on the face value (purchase price) of the tickets. The maximum value of these tickets must not exceed five (5) per cent of the prize board for the licensed lottery event.
5. The licensee may offer its own licensed raffle tickets as early-bird prizes. The prize value of the raffle tickets must be based on the face value (purchase price). The number of these tickets must not exceed a maximum of five (5) per cent of the total number of tickets printed for the licensed

CHAPTER 5 : RAFFLES

lottery event. The licensee must include the cost of these tickets in the overall prize board for the raffle event.

6. Raffle tickets must not be sold to anyone under the age of 18, or 19 if alcohol is included in the prize.
7. Raffle tickets must not be offered by the licensee as contest or promotional prizes through any public medium, including radio, television, print, the Internet, a web page or any other computer-generated communications medium.
8. Raffle tickets must not be ordered or sold through the Internet, a web page or any other computer-generated communications medium.
9. Prizes:
 - i) With the exception of “rubber duck” races, licensees may not award bonus prizes for a raffle lottery.
 - ii) The retail market value of the prizes to be awarded must not be less than 20 per cent of the total value of all tickets printed.
 - iii) The licensee must pay any duty, sales tax or other additional costs related to the prizes. These costs must be included in the stated value of the prizes.
 - iv) Only new (and unused) merchandise purchased from a reputed vendor/supplier may be offered as prizes.
 - v) The prizes must be awarded free and clear of any mortgage, lien or any other encumbrances. The licensee must not offer leased prizes. All prizewinners must be awarded unconditional ownership of the prize.
 - vi) Livestock must not be awarded as prizes.
 - vii) For any prizes worth more than \$500, the licensee must obtain legible copies of a firm price quotation and a letter of intent, invoice or agreement to purchase for each prize.
 - viii) If the applicant is proposing to offer prizes totalling \$10,000 or more, including taxes, the applicant must present a letter of credit. The licensing authority may also require a financial guarantee for a prize of a lesser value. (See Section “3.6.7. Financial guarantees” on page 107 and Section “3.6.8. Letters of credit” on page 108 for further information.)
10. Lottery licences are issued by the Registrar or municipal licensing authorities for the management and conduct of raffle lottery events within the Province of Ontario. Raffle lottery tickets sold under a licence issued in Ontario must not be advertised, offered for sale, sold or ordered from outside of Ontario. However, while they are in Ontario, residents of other countries or provinces may purchase raffle tickets sold under a licence issued in Ontario.
11. Any advertising, endorsements or promotional activities by well-known personalities or celebrities must be provided at no cost to the licensee and must comply with all federal, provincial and municipal laws including the *Criminal Code* and the *Gaming Control Act, 1992* and Regulations.
12. The licensing authority may require the applicant to include a complete ticket sales plan, including an explanation of how credit card sales and dishonoured cheques will be handled.
13. The licensee must ensure that all advertising complies with the *Raffle Licence Terms and*

Conditions, any additional terms and conditions for the lottery licence and with all relevant federal, provincial and municipal laws.

14. The licence application must state the number of tickets to be printed.
15. The licensee's name must appear on both the main ticket and the ticket stub, and on all forms of advertising for the raffle, including brochures and handouts.
16. In the case of 50/50 draws, the licensee may use duplicate tickets or "roll" tickets without the licensee's name and licence number to facilitate the draw.

(See Section "5.2.1(f) 50/50 draw" on page 123 for further information.)

17. The winners must be publicized in the manner set out and approved in the application.
18. If a licensee intends to print tickets in a language other than English, the licensee must provide a full translation of the information in English or French to be printed on the tickets, as well as a copy of the text in the language to be used on the tickets.
19. Licensing authorities may not issue raffle lottery licences for events to be conducted on any conveyance that moves or is capable of moving, including boats, trains and airplanes.

5.1.3. CONFLICT OF INTEREST GUIDELINES

In addition to the general conflict of interest guidelines outlined in Section 3.5.3, licensees must comply with the following guidelines for raffle lottery events:

- The designated members-in-charge, prize donors, and other persons or companies involved in the conduct of the raffle (including insurance companies, legal and accounting firms, call centres, and all registered Gaming-Related Suppliers) 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 (that is, a person who has not purchased a ticket) should be asked to draw the winning tickets.

5.2.1. PERMITTED RAFFLE LOTTERY EVENTS

5.2.1(A) STUB DRAW

A stub draw is a raffle lottery with two-part tickets. The purchaser keeps one part of the ticket and the licensee keeps the other part, known as the "stub," which contains purchaser information. The stubs of all sold tickets are placed in a container and a winner is determined by a random selection.

CHAPTER 5 : RAFFLES

The lottery advertising and rules pertaining to the raffle must clearly state the sequence of draws and include a listing of all the prizes that will be given for each draw. The advertising and rules must also state whether the prize-winning tickets will be returned to the draw to be eligible for all other prizes. Also, if prizes are drawn low to high, the ticket must be re-entered in the draw for all subsequent draws.

The licensee may also award early-bird prizes, as long as the tickets drawn for the early-bird prizes are returned to the ticket container, so that all ticket buyers have a chance at winning the prizes in the main draw.

The licensee must ensure that all the rules and regulations submitted for the conduct of the draw and awarding of prizes are carefully followed. Any variation from the format approved by the licensing authority would constitute a breach of the terms and conditions of the licence. Concurrent licences cannot be approved.

5.2.1(B) ELIMINATION DRAW

An “elimination draw” is a variation on the stub draw in which all tickets are pulled from the container one at a time, until only one ticket is left. The last remaining ticket is the grand prizewinner. The licensee may also award lesser prizes at specific intervals. For example, every 50th ticket pulled could win \$100.

The applicant must establish a procedure for conducting the raffle draw if not all tickets have been sold. This procedure must be submitted as part of the licence application.

In order to minimize complications and ensure that all prizes are awarded as advertised, elimination draws may only be licensed under the following additional conditions:

- Only sold ticket stubs may be put into the drum.
- If all tickets are not sold, the licensee must adjust the interval of winning tickets to ensure that all prizes are awarded as originally advertised.
- When all tickets are not sold, the licensee must announce/advertise the altered format prior to conducting the draw.

5.2.1(C) CALENDAR DRAW

In a “calendar draw,” the ticket purchaser buys a calendar on which prizes are identified for a series of draws to take place on selected days. A purchaser wins a prize by matching the number on the calendar with the number drawn from a container on the specific date. Depending on the rules established for the lottery, a winning calendar number may be placed back in the drum for subsequent draws or it may be eliminated from future draws. The rules for winning must be clearly stated on the licence application and on the calendar itself.

5.2.1(D) "GOLF BALL DROP" RAFFLE LOTTERY

A "golf ball drop" raffle lottery is a lottery in which participants buy a numbered ticket that corresponds to a numbered golf ball. The golf balls that are inscribed (in indelible ink) with the corresponding numbers are transported to the venue of the drop by mechanical means (crane; cherry picker, etc.) or airlifted by a helicopter, and dropped over a pre-determined/designated drop area. The drop must be witnessed by the designated members-in-charge and an auditor.

In addition to the basic application requirements to manage and conduct a raffle lottery event, the applicant must include the following:

- A safety/security plan for the event, approved in writing by the local law enforcement agency or agencies. In the event the "drop" is made from an aircraft the applicant/licensee must ensure that the operator of the aircraft conforms to all other applicable laws. Please note that any additional equipment utilized for the dropping of the golf balls must be certified under the airworthiness regulations.
- A copy of written approval for the event, from any other authority with jurisdiction over the lands over which the drop is to take place; and liability insurance from the charity and the equipment provider (i.e., mechanical equipment/aircraft provider) against damage, injury and loss of life. Liability insurance must name Her Majesty the Queen in Right of Ontario, the Registrar of Alcohol and Gaming, and the Alcohol and Gaming Commission of Ontario and its employees and agents as additional insureds. Confirmation of the policy must be submitted for the Commission's or the municipality's approval. In the event the licence is issued by a municipal authority; the municipality and municipal officials must be named insureds in the policy.
- A copy of the municipal approval permitting the drop to take place in the municipality must be included with the confirmation that this is a "golf ball drop" lottery event.
- Agreement from the owner of the property on which the drop is to take place, indemnifying Her Majesty the Queen in Right of Ontario, the Registrar of Alcohol and Gaming, and the Alcohol and Gaming Commission of Ontario and its employees and agents of any liability. In the event the licence is issued by the municipality, the municipality must be indemnified from any liability. The Agreement must ensure ticket-holders are given access to witness the event.
- A complete site map of the area in which the drop is to take place, inclusive of the safe area for the viewing public. In case of the utilization of an aircraft for the "drop" the plan must be in conformity with all applicable legal requirements.
- A process for determining the winner(s) of the event; after the drop has taken place.
- A procedure for the retrieval of the balls after the event; and matching of the balls to ensure that all the balls that were dropped have been accounted for.
- A procedure in the event that the balls have not landed on the designated area.
- A procedure in the event of bad weather.

The licensee is responsible to ensure that safety precautions, safety equipment and safety procedures

CHAPTER 5 : RAFFLES

are in place in the conduct and management of this lottery. For aircraft operation; the licensee and aircraft operator must conform to all applicable regulations.

Should the licensee choose to insure the lottery event against loss (in the management and conduct of the event), the premium cannot be paid from lottery trust funds.

Reasonable premiums to insure the lottery event against liability for injury or any unforeseen damage to property in the area of the drop may be paid from lottery trust funds.

The licensee must ensure the rules of play submitted for the conduct and management of the event and the awarding of prizes are carefully followed. Any variation from the format approved by the licensing authority would constitute a breach of the terms and conditions of the licence.

The prize board must be a fixed amount and be comprised of cash, merchandise or a combination of the two.

5.2.1(E) "RUBBER DUCK" RACE

A "rubber duck" race is a lottery in which participants buy a numbered ticket that corresponds to a numbered artificial, inanimate floating object such as a rubber duck. All the "ducks" are placed into a river or other naturally moving body of water. The use of any device to create a moving body of water for this type of event is strictly prohibited. The winner is the ticket holder with the number corresponding to the number on the duck that crosses the finish line first.

The licensee may award a bonus prize, in addition to the first prize, on a pre-selected duck if that duck wins the race. The pre-selected duck must be chosen by a separate draw, prior to the conduct of the event. This draw must be properly witnessed by the designated members-in-charge and/or the auditor. The licensee must keep the identifying number of the pre-selected duck confidential until after the race.

In addition to the basic application requirements for all raffle lottery events, applications to conduct and manage a rubber duck race must:

- include a security plan for the race, approved in writing by local law enforcement agencies; and
- obtain written approval for the event, from the Ontario Ministry of the Environment and Energy, the Ontario Ministry of Natural Resources and any other authority with jurisdiction over the lands/waters to be used for the race.

The supplier of the ducks does not have to be registered under the *Gaming Control Act, 1992* as a Gaming-Related Supplier.

5.2.1(F) 50/50 DRAW

A 50/50 draw is a raffle lottery in which the prize is one half the value of all tickets sold during the event or a defined period of the licence. The purchaser receives a ticket containing a number. A ticket stub with the same number is placed in a drum or other container for a draw. The purchaser must be present at the draw (if roll-type tickets are used) in order to collect his or her prize. This information must be included in the rules and regulations and any advertising for the event.

If the holder of the winning ticket number is not present when the number is drawn, the licensee must draw another ticket. This information must also be included in the rules and any advertising for the event.

50/50 tickets may only be sold during scheduled time periods, such as sporting events. Since the actual prize for each draw cannot be determined before the draw date, the organization must indicate the maximum possible prize on the licence application. The maximum prize must not exceed half the revenue available if all the tickets authorized by the licence were sold at the scheduled time.

The licensee may only award prizes based on a 50/50 split of the gross proceeds for a given draw. The licensee must not award any additional prizes under a 50/50 lottery licence.

The licensing authority may issue a licence allowing an organization to hold more than one 50/50 draw over a specified time period, provided that there is a separate draw for each scheduled time during the licence period.

For example, the ABC Hockey Association may apply for a raffle licence to conduct a series of 50/50 draws. The draws will take place at the second intermission during hockey games, on the first and fifteenth of each month, from January to March.

Example: ABC Hockey Association 50/50 Raffle Licence						
Number of tickets printed: 5,000 at \$1 each						
Maximum Prize Board = \$2,500						
Draw Dates:	Jan. 1	Jan. 15	Feb. 1	Feb. 15	Mar. 1	Mar. 15
Tickets sold:	500	800	1,000	1,050	750	900
Prize payout:	250	400	500	525	375	450
Balance of tickets for next draw:	4,500	3,700	2,700	1,650	900	Nil
The licence will be issued for the period of Jan. 1st to March 15th, with draws to be held on the dates specified above.						

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. The tickets must be clearly identified for the draw for which they are sold. The licensee must keep a careful audit trail, as in the example above, to maintain the integrity of the event and to ensure it does not sell over the maximum number of tickets specified on the licence.

CHAPTER 5 : RAFFLES

5.2.1(G) BLANKET RAFFLE LICENCE (ISSUED BY MUNICIPALITY ONLY)

A blanket raffle licence allows eligible organizations to obtain a single lottery licence to conduct and manage more than one type of raffle event within a fixed time period and from one location within a capped prize amount of \$5,000 for total prizes.

The types of raffle events that a licensee may conduct under a blanket raffle licence include:

- stub draws
- elimination draws
- 50/50 draws
- meat spins/turkey rolls
- “name the raffle” lottery.

See Section “5.2.1(h) Meat spins/turkey rolls” on page 125 and Section “5.2.1(i) “Name the raffle” lottery” on page 127 for further information.

A licensee may apply to the licensing authority for a blanket licence to conduct any number of these raffle events or combination of these raffle events for up to a maximum of a six-month period and for a total prize board not to exceed \$5,000.

In addition to the basic application requirements for all raffle lottery events, each application for a blanket raffle licence submitted to the licensing authority must include the following information:

- types of raffle lottery events to be conducted during the period;
- the number of raffle events to be conducted;
- the total number of tickets to be printed for each individual raffle event and the total value of all tickets printed for each of the events;
- the cost per ticket for each event and the price per set of cards for “name the raffle” lotteries;
- the cost per ticket for each event;
- the location where the events will take place;
- the scheduled dates for each type of raffle event to be held;
- a detailed explanation of the rules for each type of raffle event;
- a description of all prizes to be awarded and the total retail value of all prizes to be awarded for each raffle event;
- total value of all prizes to be awarded for the period; and
- the licence fee.

Below is an example of a raffle lottery events schedule that might be used by the applicant to provide details to the licensing authority about each of the events to be conducted under a blanket raffle licence.

Details of Event(s):						
Type of Event(s):						
Month						
Draw Dates						
Total Tickets						
Cost per ticket / Set of Cards						
Prize Board						
Licence Fee						

For Official Use only	
Total Prize Board:	
Licence Fee:	
Period of Licence Fee:	

For tracking purposes and to facilitate the completion of the standard report form for blanket raffle licences, licensees must keep a separate ledger for each raffle event outlining the financial details including: proceeds derived, expenses paid, and a list of how proceeds have been disbursed. Licensees must identify on each deposit slip 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.

5.2.1(H) MEAT SPINS/TURKEY ROLLS

Meat spins/turkey rolls are similar to a stub draw (see Section “5.2.1(a) Stub draw” on page 119). The difference is that there is only one part to the ticket because the winner is determined by a random spin of a wheel rather than by a random selection from the ticket stubs in a container. All of the numbers on the tickets coincide with the numbers on the wheel. For example, if the tickets are numbered 1 to 60, the numbers 1 to 60 are randomly placed around the perimeter of the wheel. Pegs and a clapper slow the wheel to a stop to indicate the winning ticket number.

Since the ticket Seller does not have to complete a stub identifying the purchaser, the purchaser must be present at the draw in order to collect his or her prize.

The licensee must meet the following additional conditions when conducting a meat spin/turkey roll:

- The licensee must provide a plan to the licensing authority to show how it will differentiate

CHAPTER 5 : RAFFLES

between each draw since the numbers will be the same for each draw. For example, if there are five draws, the ticket could specify the time of the spin/draw and spin/draw number and use a tracking form for each draw as in the example on below.

- The number of tickets to be sold must be equivalent to the number of spaces on the wheel.
- The wheel must complete a minimum of three full revolutions to count as a spin.
- Once the first ticket is sold, the licensee must complete the raffle and award the prize as approved in the licence whether or not all tickets have been sold.

Meat Spin/Turkey Roll Tracking Sheet Example

[Name of Licensee]		
Meat Spins/Draws		
Date:	Time of Draw:	Municipal licence #:
Description and value of prize per spin:		
Price of ticket:	Maximum # tickets/spin	#Tickets sold this spin/draw:
Spin/Draw Number 3 of 5		
Wheel Number	Purchase Name	Fee Paid
1		
2		
3		
4		
58		
59		
60		

5.2.1(I) "NAME THE RAFFLE" LOTTERY

A "name the raffle" lottery is a small-scale type of event conducted under a blanket raffle licence (see Section "5.2.1(g) Blanket raffle licence (issued by municipality only)" on page 124). A "name the raffle" lottery allows licensees to award edible products such as porchetta, meats and desserts as prizes.

The game differs from a typical raffle in a few ways:

- Players use playing cards purchased in sets of three (3) instead of purchasing tickets.
- The winner is determined by matching the set of cards with the cards turned by the "dealer".
- The winner is the first player whose three (3) cards all match cards turned up by the dealer and who calls out "bingo."

Players purchase three playing cards at the price approved on the application for licence. Before the start of each game, the dealer announces the number of sets of cards in play. The first game begins when the dealer turns up the first card. The winner is the first player whose set of cards all match the cards turned up by the dealer and who calls out "bingo."

Terms and conditions and rules of play

In addition to the *Raffle Licence Terms and Conditions*, a licensee conducting the lottery must operate the event in accordance with the rules of play. The rules of play are set out on the following page. The municipality must ensure a copy of these rules is supplied with each licence issued.

“Name the Raffle” Lottery Explanation and Rules of Play

NAMETHE RAFFLE” LOTTERY is a game where the prize consists of an edible product.

The game is played with four (4) complete decks of 54 playing cards, inclusive of the Dealer’s deck. Two Jokers are included in a complete deck.

Dealer must be a bona fide member of the licensee. The Dealer will have one complete deck of playing cards. The Dealer conducts the game by calling out the cards turned over in the Dealer’s deck.

Draw is the number of games as approved on the licence application.

Winner is declared when a player’s cards match the cards turned up by the Dealer.

Set of Cards means three playing cards held together by a string or metal ring that are sold to players. Sets of cards may be sold in a sealed envelope.

Game Schedule means a complete list of games that are to be played, the price per set of cards and the prizes that are to be awarded.

Cards are sold in sets of three held together with a string or metal ring. The first game begins when the dealer turns up the first card. The winner is the first player whose cards all match cards turned up by the Dealer and who calls out “BINGO”. The Dealer must verify the “Bingo”. Before the game is closed, the Dealer must ask three (3) times whether there are any other winners of that game. To be declared the winner the player does not need to have the last card called. In the event there are multiple winners, the licensee must award additional prizes. In such cases, the licensee will reduce the numbers of games in the draw to ensure it does not exceed its maximum payout as in Scenario #1.

In the event that there are multiple winners in the last draw of the day, the licensee must award additional prizes, as required. Details respecting the additional prizes must be set out in the lottery report. See scenario #2.

Draw # 1. (Scenario #1) *	Draw # 1. (Scenario #2) **
Game #1.. Winner Mr. A	Game #1 Winner Mr. A
Game #2 .. Winner Ms. B	Game #2 Winner Ms. B
Game #3 .. Winners Mr. X & Ms. Y	Game #3 Winner Mr. C
Game #4... Cancelled, as 4 prizes allocated for this draw have already been awarded	Game #4 Winners Mr. X & Ms. Y

* The licensee must cancel one of the games on the last draw to ensure that they do not exceed the prize board on the lottery licence.

** The licensee must award an additional prize and must report this on the lottery report.

Rules of Play

1. Players must be 18 years of age or over.
2. The minimum price for a set of cards is \$1.00.
3. The maximum price for a set of cards is \$5.00.
4. The maximum value of prizes awarded per game cannot exceed \$10.00. In the event there are multiple winners in a game, the payoff may exceed \$10.00. However, there will be a reduction in the number of games remaining in order to remain within the prize payout as authorized on the licence except where there are multiple winners in the last game in a draw.
5. All sets of cards must be purchased prior to the first card being called by the Dealer.
6. The games must be played with a minimum of 4 decks of cards (inclusive of the Dealer's deck). The Dealer's deck must have a different back design to the cards sold to the players.
7. The Dealer must announce the number of sets of cards sold prior to calling the first card. The Dealer must ensure that unsold sets of cards are put in a secure place prior to the commencement of the game.
8. Prior to the commencement of the game the Dealer must shuffle the Dealer's deck of cards so that they are randomly intermixed and offer the stack of cards to any one of the players to cut.
9. The Dealer's deck must be placed in a Dealers "shoe" or container that will permit one card to be turned over at a time from the top.
10. On completion of a draw, the Dealer will ensure that all sets of cards are retrieved from the players. Upon completion of a review to ensure that all cards have been returned, the sets of cards may be re-sold for the next draw. In the alternative, the licensee may use a different set of cards for the next draw. These cards must have a different back design to those that have already been sold for previous events.
11. It is the responsibility of the licensee to post the time of each draw and the games that are to be held in each of the draws. Details respecting the draws, times of draws, games and rules pertaining to the "Name the Raffle" Lottery are to be submitted to the licensing authority with the application. The documents as approved by the licensing authority must be posted at the venue of the event prior to the event.
12. The licensee must submit reports on the event using Section 1(d) of the Blanket Raffle Lottery Report [form #3156].

CHAPTER 5 : RAFFLES

5.2.1(J) BOSSY BINGO/COW PATTY BINGO

“Bossy bingo” or “cow patty bingo” is a raffle event conducted using a large area divided into many squares. Participants draw a number representing a square. A cow is then placed in the designated area. The prizewinner is the person holding the number of the square upon which the cow’s bowel movement lands.

Technically, this scheme has the three elements necessary for a lottery scheme: consideration, chance and prize; therefore a lottery licence is required.

A municipality may issue a licence for this type of event should it wish to do so. The municipality must ensure that the licensee is able to comply with the terms and conditions of a raffle licence and is able to ensure the integrity of the event.

The licensee must establish rules for playing the game and determining a winner in a case where more than one square is “marked.” These rules must be approved by the municipality.

5.2.2. PROHIBITED RAFFLE EVENTS

5.2.2(A) SPORTS POOLS

A sports pool, based on any combination of chance and skill, must not be licensed. The *Criminal Code* prohibits lottery schemes involving pool selling or bets on any race, fight or other single sporting event or athletic contest.

With the exception of “rubber duck” races, a licensing authority may not issue a licence for any scheme where the winner of a prize is decided on the outcome of a single sporting event, contest or race.

Similarly, sports pools based on a series of sporting events, contests or races are not allowed if the purchaser chooses the team or player or results on which his chances to win are based.

5.2.2(B) 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*. A licensing authority must not issue a licence for a raffle in which part of or the entire purchase price of a ticket is a “donation”.

5.2.2(C) "SCRATCH AND WIN"

"Scratch and win" raffle lotteries must not be licensed.

See also Section "5.1.2. General raffle licensing policies" on page 117 for further information.

5.2.2(D) PRIZE VALUES DETERMINED ON FACTORS BEYOND THE APPLICANT'S CONTROL

The licensee is accountable to both the licensing authority and the public, to ensure that the prize originally offered is the prize actually awarded. In the interest of consumer protection and to ensure that any disputes can be resolved, it is essential that:

- the exact nature and value of each prize is detailed on the application and in any promotional material; and
- that all prizes are awarded as approved on the application for licence.

These requirements help ensure that the integrity of the event is upheld.

Lottery licensing fees, the type of licence required (municipal or provincial) and whether a letter of credit is required are based on a fixed prize value. Where the value of prizes is based on factors beyond the applicant's control, it is impossible to properly administer the event. Therefore, such types of events cannot be licensed.

5.3.1. MUNICIPAL LICENSING POLICIES

In addition to the general raffle licensing policies set out in Section 5.1.2, the following policies apply to licences issued by municipalities:

1. If a licensee wishes to sell tickets from an established point of sale or door-to-door in more than one municipality, it must obtain permission from each municipality in which it proposes to sell tickets.
2. A charitable organization applying to manage and conduct a raffle lottery event must submit its application to the municipality in which it wishes to manage and conduct the event. The application must include a letter of support from the home base municipality. The municipality may or may not issue the licence pursuant to Section 2.(a) of the Order-in-Council 1413/08.
3. A municipality may issue a raffle licence permitting an eligible organization to use a social gaming event (which must be licensed by the Registrar) as a venue for a raffle draw, if the raffle licence clearly states that ticket sales must end prior to the conduct and management of the social gaming event.

CHAPTER 5 : RAFFLES

5.3.2. MUNICIPAL LICENSING PROCEDURES

Organizations applying for a municipal raffle lottery licence must comply with the following procedures:

1. The applicant must submit a fully completed application, on a form issued by the Registrar. The applicant must include all supporting materials with the application.
2. A fully completed application must include:
 - » the location, date and time of the proposed draw (sporting event schedules may be used to provide this information for 50/50 draws to be held during sporting events);
 - » the price of the tickets and a sample ticket;
 - » the licence fee, which may not exceed the prescribed maximum set by the Registrar;
 - » the total number of tickets to be printed;
 - » the rules for the draw and the collection of prizes;
 - » if the total of all prizes is valued at \$10,000 or more, a letter of credit from a bank or financial institution is required and must be made payable to the municipality, for the full retail value of all prizes to be awarded, including taxes, with an expiry date of no less than 45 days after the last draw (see Section "3.6.7. Financial guarantees" on page 107, and Section "3.6.8. Letters of credit" on page 1083.6.8, "Letters of credit," for further information);
 - » if the total of all prizes is valued at less than \$10,000, the municipality may request a financial guarantee;
 - » copies of all receipts, invoices, purchase orders, bills of sale or letters of intent for prizes of \$500.00 or more (including cases where multiples of the same item total more than \$500.00) supporting the stated retail value of the prizes, plus taxes, to allow the licensing authority to calculate the licence fee and the amount necessary for the financial guarantee, if required;
 - » a full translation of the information to be printed on the tickets and advertisements (if other than English) and a copy of the text in the languages to be used;
 - » a full explanation of how credit card sales and dishonoured cheques will be handled; and
 - » the cut-off date for the sale of tickets by cheques and credit cards;
3. Each applicant must include a description of all the services to be obtained from each supplier, in order for the licensing authority to determine whether or not the supplier must be registered under the *Gaming Control Act, 1992* (see also Section "3.4.3. Registration" on page 98, for further information).

The licensing authority may also require:

- » a raffle management plan and budget for the raffle lottery;
- » a detailed ticket sales plan, including where, when and how sales will take place; and
- » any other documentation deemed necessary by the municipality.

4. The applicant must submit the application package to the municipal licensing authority within the time frame specified by the licensing authority. Advertising, promotion and selling of raffle lottery tickets may only begin once the municipality has issued the raffle lottery licence.
5. Once a licence is issued, organizations must submit all requests for changes of information related to an application in writing and signed by an authorized member of the organization. The licensing authority will only consider changes to an application if ticket sales have not yet begun. The licensing authority will not act upon verbal requests. (See Section “5.5.1. Amendments to raffle licences” on page 135, for further information.)

5.3.3. MUNICIPAL LICENSING FEES

The municipality may set up a fee structure to cover the cost of issuing licences and any additional costs related to the supervision and control of the licensed lottery events.

The fee for a municipal raffle lottery licence must not exceed the maximum amount set by the Registrar.

In the case of a 50/50 draw, the licence fee is calculated based on the maximum prize board (see Section “5.2.1(f) 50/50 draw” on page 123, for an example).

Please see “CHAPTER 10 : BINGO—IN POOLING BINGO HALLS” on page 231, for fees applicable to raffles conducted and managed in pooling bingo halls operating under the Bingo Revenue Model.

5.4.1. PROVINCIAL LICENSING POLICIES

In addition to the general raffle lottery licensing policies set out in Section 5.1.1, the following policies apply to raffle licences issued by the Registrar:

1. The applicant organization must send a letter of notification to the municipality in which the organization is based when obtaining a raffle licence issued by the Registrar.
2. In the case of an incomplete application, the licensing official will send the applicant a letter outlining the deficiencies in the application and requesting all the required documents.
3. If an applicant intends to award prizes of one million dollars or more, the application must also include a summary of the applicant’s experience in conducting and managing raffle lotteries. The application must include a business plan, a budget and a ticket sales plan, including an explanation of how credit card sales and dishonoured cheques will be handled.
4. If a licensee wishes to sell provincially licensed tickets from an established point of sale or door-to-door in more than one municipality, it must send a letter of notification to each municipality in which it proposes to sell tickets, including a copy of the licence and the licence application.

CHAPTER 5 : RAFFLES

5.4.2. PROVINCIAL LICENSING PROCEDURES

Organizations applying for a raffle lottery licence from the Registrar must comply with the following procedures:

1. The applicant must submit a completed application to the Registrar at least 45 days prior to the proposed start date of the raffle lottery. Advertising, promotion and selling of raffle lottery tickets may only begin once the Registrar has issued the raffle lottery licence.
2. The applicant must submit a fully completed application, on a form issued by the Registrar. The applicant must include all supporting materials with the application.
3. A fully completed application must include:
 - » a list of the municipalities in which the applicant proposes to sell tickets (see also Section “5.4.1. Provincial licensing policies” on page 133, for further information);
 - » the location, dates and time at which the draw(s) are to be held;
 - » the licence fee in a cheque or money order, made payable to the Minister of Finance, in the amount set by the Registrar for all prizes over \$50,000 of the total retail value, including all applicable taxes of all prizes to be awarded;
 - » an irrevocable letter of credit in a form acceptable to the Registrar, from a bank or a financial institution, made payable to the Minister of Finance, for the full retail value of all prizes to be awarded, including taxes, with an expiry date of no less than 45 days after the last draw;
 - » a complete list of prizes, with their full retail value (plus applicable taxes), and a detailed description of the sequence of the prize draws;
 - » copies of all receipts, invoices, purchase orders, bills of sale or letters supporting the stated retail value of the prizes, including taxes:
 - if a prize has a value of \$500 or more, or
 - if multiples of a prize item have a total value of \$500 or more;
 - » the rules for the draw(s) and the collection of prizes;
 - » a full translation of the information to be printed on the tickets (if other than English) and a copy of the text in the languages to be used;
 - » a full explanation of how credit card sales and dishonoured cheques will be handled;
 - » the price of the tickets, the total number of tickets to be printed and a sample ticket;
 - » the cut-off date for the sale of tickets by cheques and credit cards;
 - » a raffle management plan and budget for the raffle lottery and any other documentation deemed necessary by the Registrar; and
 - » a plan and explanation for the use of any automated telephone ticket ordering services.
4. Organizations must submit all requests for changes related to an application in writing, signed by

an authorized member of the organization. The Registrar will not act upon verbal requests. (See also Section “5.5.1. Amendments to raffle licences” on page 135, for further information.)

5.5.1. AMENDMENTS TO RAFFLE LICENCES

A licensee must conduct a raffle lottery within the terms outlined in its application and the terms and conditions of its licence. However, if it is in the public interest to do so, a licensing authority may issue an amendment to a licence it has issued. A licensing authority may also refuse a licence amendment request. A licensee must not change the way it is conducting and managing an event unless it has first obtained a licence amendment.

The licensing authority must consider requests for licence amendments on a case-by-case basis. The licensing authority is under no obligation to issue an amendment solely because it has previously issued an amendment under the same or similar conditions. Amendments must not be granted solely on the expectation of loss.

The licensee must apply for a licence amendment in writing, before any tickets have been sold under the licence. The licensing authority will not grant amendments after ticket sales have begun. The licensing authority will only consider amending a raffle licence when it has discussed the reasons for the request with the licensee and established that the amendment is in the public interest.

5.5.2. REQUESTS TO CANCEL RAFFLE LICENCES

An organization licensed to conduct a Raffle event may request to have its licence cancelled at any time, provided that no tickets have been sold. Any such request must be made in writing to the licensing authority and must state that no sales have taken place.

In the interests of consumer protection, a licence may not be cancelled once sales have begun except under the following conditions:

- all ticket purchasers must sign a disclaimer indicating that they have no objections to the lottery being cancelled; and
- the licensee must contact all ticket purchasers and refund the ticket purchase price.

The request to cancel must be made in writing to the applicable licensing authority with an explanation of why the licensee is making the request.

Unless all ticket purchasers agree to the above conditions, the licensee must conduct the lottery event as originally set out in the application for licence. Since the purchase of a raffle ticket is considered a contract

CHAPTER 5 : RAFFLES

between the purchaser and the licensee organization, a licensee that cancels an event without meeting the above conditions may receive civil claims.

See also Section “3.4.1. Suspending or cancelling lottery licences” on page 97, for further information.

5.5.3. FINANCIAL GUARANTEES

In order to safeguard the interests of both the public and the licensee, and to ensure that all prizes can be awarded, regardless of any extenuating circumstances, the licensing authority may request that an eligible organization present a financial guarantee covering the total value of the prizes. The licensing authority must require a financial guarantee for all raffle licences with a total prize value of \$10,000 or over, including taxes. The licensing authority may also request a financial guarantee for a lesser prize amount.

When the total prize value of a raffle licence is \$10,000 or over, the licensing authority requires a letter of credit as the form of financial guarantee.

See Section “3.6.7. Financial guarantees” on page 107, and Section “3.6.8. Letters of credit” on page 108, for further information.

5.5.4. ADVERTISING FOR RAFFLE LOTTERIES

5.5.4(A) GENERAL ADVERTISING AND TICKET SALE GUIDELINES

The licensee is responsible for ensuring the accuracy of the information used in its advertising. The licensee should have its advertising materials reviewed by its legal counsel for compliance with all applicable federal and provincial legislation.

A municipality may only approve lotteries within its own boundaries and the Registrar may approve lotteries within Ontario. Therefore:

- raffle ticket orders must not be solicited or accepted from outside Ontario;
- raffle tickets must not be mailed or otherwise distributed to persons outside Ontario; and
- raffle tickets must not be advertised, promoted or marketed to persons outside of Ontario.

See Section “3.3.0. Advertising licensed lottery events” on page 94, for further information.

5.5.4(B) ADVERTISING CONTENT GUIDELINES

1. The content of lottery promotion and advertising must not imply that participating in gaming activity promotes or is necessary for:
 - » financial success;
 - » social acceptance;
 - » professional achievement;
 - » personal success;
 - » sexual opportunity;
 - » the fulfillment of any goal; or
 - » the resolution of financial, social, physical or personal problems
2. With the exception of public service advertising, content must not appeal, either directly or indirectly to persons under the age of 18, or be placed in media targeted specifically at people under the age of 18.
3. Content must not compare one form of gaming to another.

See Section “3.3.2. Content guidelines” on page 96, for further information.

5.5.4(C) CELEBRITY ADVERTISING

Celebrities and other well-known personalities may endorse or otherwise promote raffles, but only if they provide such assistance to the licensee free of charge.

There are separate advertising and promotional guidelines for pooling bingo halls. Please see “[Pooling Bingo Halls: Advertising and Marketing Guidelines](#)” located on www.agco.on.ca (AGCO website).

In addition, celebrity endorsement must not:

- state or imply that playing games of chance has contributed to the celebrity’s success;
- be aimed at individuals under the age of 18; or
- specifically encourage individuals under the age of 18 to participate in a lottery event.

5.5.4(D) PRINT ADVERTISING

Print advertisements for raffle lotteries must contain the following information:

- the name of the licensee;
- the licence number;

CHAPTER 5 : RAFFLES

- the location, date and time at which the draw (or draws) is to be held, including the location, date and time of each early bird draw, and the cut-off time for buying tickets for each early bird draw;
- the total number of tickets printed;
- the price of the ticket; and
- a description of the prizes to be awarded, including their value.

If space restrictions prevent a licensee from giving full details of the prizes to be awarded, the licensee should refer the customer to a brochure or other document containing those details.

5.5.4(E) MAIL ORDER FORMS

Organizations conducting raffle lotteries often sell tickets through a mail order form built into an advertisement. The advertisement and the mail order form must both bear the lottery licence number. The consumer sees the advertisement, fills out the order form and mails it, along with the proper payment, to the charitable organization. The organization, in turn, records the purchase and mails the ticket to the consumer.

While the Registrar allows this procedure, organizations should be aware that it could cause administrative difficulties if the form is distributed in areas outside Ontario. Licensees must ensure that the mail order forms are not distributed beyond provincial boundaries nor should the licensee accept orders from outside Ontario.

5.5.4(F) PROVINCIAL, NATIONAL, INTERNATIONAL NEWSPAPERS/MAGAZINES, RADIO, TELEVISION AND WEB SITES

While a licensee may advertise in national or international newspapers and magazines, on the Internet or web sites, or on radio and television that may cross borders, tickets may only be sold in Ontario. A licensee may publish the winner's name and ticket number on the Internet.

5.5.4(G) TOLL-FREE TELEPHONE NUMBERS

Licensees using toll-free telephone numbers (e.g., 1-800 numbers) to facilitate ticket sales must require the telephone service supplier to restrict the incoming calls to Ontario area codes. Ticket orders from area codes outside Ontario are not permitted.

5.5.5. GAMING-RELATED SUPPLIERS

Call centres, ticket fulfilment centres and other organizations that provide a ticket order-taking service for licensed lottery events must be registered under the *Gaming Control Act, 1992*. Licensees that operate their own call centres must use their bona fide members and/or their own staff members, provided that the staff members' primary responsibility is not providing gaming services that would normally require registration.

If a licensee uses gaming services provided by an unregistered supplier or sub-contractor, the licensee will be in breach of the terms and conditions of the lottery licence.

5.5.6. DUTIES OF BONA FIDE MEMBERS

In order for a lottery scheme to be legal it must be conducted and managed by bona fide members of the licensed organization. (See also Section "3.5.2 Bona fide members" on page 100, for further information.)

An organization must designate a minimum of two bona fide members to be in charge of the conduct of a raffle lottery event. The organization must submit the names of the designated bona fide members to the licensing authority and must be prepared to provide documentation proving the designated individuals are bona fide members and not members of convenience. The designated members in charge must be at least 18.

The bona fide members are responsible for:

- supervising all activities related to the conduct of the event;
- completing and filing the required financial report on the results of the event;
- ensuring that all terms and conditions of the licence and any additional conditions imposed by the licensing authority are complied with;
- supervising all ticket Sellers;
- keeping all required records and depositing all monies into the designated lottery trust account; and
- reconciling all tickets.

The *Raffle Licence Terms and Conditions* do not make provisions for reimbursing expenses for bona fide members who participate in the conduct and management of raffle lotteries.

CHAPTER 5 : RAFFLES

5.6.1. RAFFLE LOTTERY PRIZES

5.6.1(A) HOUSES AS PRIZES

In addition to the general raffle licensing policies, the following policies apply to house raffle applications.

1. As a prize, a licensee may only offer a new home if the home is:
 - » covered by the *Ontario New Homes Warranties Plan Act*;
 - » ready for occupancy prior to the draw; and
 - » situated in the Province of Ontario.
2. The following additional information is required for house raffle applications:
 - » an accepted Offer to Purchase/Agreement of Purchase and Sale, including any addenda agreed to by the builder;
 - » if a house is being donated, a legal document is required showing the terms of the donation;
 - » a statement of whether or not the house has been completed and if the organization has access to it for the purpose of selling tickets;
 - » if the house has not been completed: the anticipated completion date, which must be a date before the date set for the draw for that house;
 - » the closing date for the transfer to the winner;
 - » the builder's addendum or appendix with a complete description of the home, site plan and all items included or excluded;
 - » proof that the house is insured against fire, vandalism, etc.; and
 - » a statement of who (the donor or licensee, not the winner) will be responsible for other fees incurred, such as legal and title search fees, land transfer tax, retail sales tax and municipal occupancy fees.
3. Licensees offering homes or land as prizes must submit proof of title/deed transfers to the prizewinners as part of the financial report for the lottery.

5.6.1(B) MOTOR VEHICLES AS PRIZES

In addition to the general raffle lottery policies, the following policies apply to all motor vehicle raffle applications:

- The licensee must award the vehicle free of any hidden costs (such as taxes, pre-delivery inspection [PDI] costs and dealer's fees). This fact must be advertised. The licensee may choose to make the winner responsible for vehicle licence and insurance costs, provided these conditions are fully disclosed.
- The licensee may only award new vehicles, obtained through a registered dealer in Ontario, as

prizes for raffle lotteries (except as detailed below). The dealer must be registered through the Ontario Motor Vehicle Industry Council.

- The licensee may not award leased or rental cars as prizes.
- The licensee must inform the winner of the point of delivery of the prize(s). The point of delivery must be in Ontario.
- The licence application must include a purchase agreement or a letter from the dealer indicating the type, model, and options of the car to be awarded and the full retail value of the car, including taxes, freight, PDI costs, duty and any other applicable costs.

5.6.1(b)(i) Antique motor vehicles as prizes

An organization may offer an antique motor vehicle as a prize in a licensed raffle lottery, provided the vehicle meets the requirements set by the Ministry of Transportation of Ontario (MTO) to be qualified for historic motor vehicle licence plates.

In the interests of consumer protection and to ensure that any advertising represents the true full retail value of the items offered, these types of prizes will be allowed only where the following documents accompany the application:

- a certificate from two independent certified antique appraisers listing the appraised value of the automobile (value based on the lower appraisal) and attesting to its status as an antique automobile;
- proof that the item is insured against theft, fire, etc.;
- a copy of the ownership certificate;
- certification that there are no liens on the automobile;
- a safety certificate; and
- a statement, signed by the applicant's authorized signing officers, that the applicant will pay any taxes on the transfer of title to the prizewinner.

5.6.1(C) ONTARIO LOTTERY AND GAMING CORPORATION TICKETS AS PRIZES

Raffle lottery licensees may award Ontario Lottery and Gaming Corporation (OLG) tickets as secondary prizes for raffle lottery events provided that the following conditions are met:

- Any raffle advertising that includes OLG product names or logos must be directed to the OLG for approval. A letter of approval from the OLG must be submitted to the licensing authority.
- The OLG logo must be no more than half the size of the licensee's logo.
- The prize value of OLG tickets must be based on the face value (purchase price) of the tickets. The maximum value of these tickets must not exceed five (5) per cent of the prize board for the licensed lottery event.

CHAPTER 5 : RAFFLES

5.6.1(D) ANTIQUES AND ART OBJECTS AS PRIZES

Occasionally, organizations conducting raffle lotteries offer antiques or art objects as the main prize for their event. In the interests of consumer protection and to ensure that any advertising represents the true market value of the item(s) offered, these types of prizes will be allowed only if the following documents accompany the application:

- a certificate from two independent, certified art/antique appraisers listing the appraised value of the object (value based on the lower appraisal);
- proof that the item is insured; and
- a statement of ownership.

5.6.1(E) VACATIONS AS PRIZES

Organizations conducting raffle lotteries may offer vacations as prizes, provided the travel agency is registered with the Travel Industry Council of Ontario (TICO). Where vacations are offered as prizes for raffle lotteries, the locations and dates of the arrivals and departures for all portions of the vacation package must be included in the licence application. The summary of the vacation package offered must include a full description of all services, including hotel accommodations, meals, complete travel arrangements including points of departure and entry (which must be in Ontario), limousine services, airline tickets, carriers and boat cruises.

5.6.1(F) LIQUOR AS PRIZES

Liquor may be awarded as a prize for a raffle lottery provided that the organization conducting the raffle lottery ensures that:

- any such prize must be purchased from the Liquor Control Board of Ontario (LCBO), Brewers Retail or liquor manufacturer's retail store.
- any such prize is awarded only to persons 19 years of age or over; and that
- this condition is disclosed to all ticket purchasers.

5.6.1(G) FIREARMS AS PRIZES

Prohibited and restricted firearms as defined in the *Criminal Code* (Canada) must not be used as prizes for raffle lotteries.

Licensees may only use non-restricted firearms (long guns) such as shotguns and rifles, which are reasonably used for hunting and sporting purposes, as prizes for raffle lotteries provided the following conditions are met:

- The licensee must ensure that the non-restricted firearm is retained and controlled by an individual who possesses the appropriate firearms licence for the purpose of transferring the non-restricted firearm.
- The non-restricted firearm must be properly registered. The transfer of the non-restricted firearm to the prizewinner must only occur after the prizewinner can produce a valid firearm licence (i.e., “Firearms Acquisition Certificate”), at which time the non-restricted firearm registration must be transferred to the prizewinner.
- The prizewinner has one year from the date of the draw in which to claim the prize and transfer registration of the firearm into the winner’s name.
- In the event that the prizewinner does not obtain the required firearm licence, claim the prize and transfer registration of the firearm into the winner’s name within one year, the firearm or monies equivalent to the fair market value of the firearm must be donated to a beneficiary approved by the licensing authority.
- The non-restricted firearm must be purchased/donated through an authorized firearms dealer in the province of Ontario.
- The licensee must have the conditions for receiving the prize printed on the ticket and fully disclosed to all raffle ticket purchasers.

5.6.1(H) CROSSBOWS AS PRIZES

Prohibited crossbows as defined in the *Criminal Code* (Canada) must not be used as prizes for raffle lotteries.

Licensees may only use crossbows that are reasonably used for hunting and sporting purposes as prizes for raffle lotteries. The crossbows must be purchased/donated through an authorized dealer in the province of Ontario.

5.6.1(I) LOYALTY PROGRAM POINTS

An organization may offer loyalty program points as a prize in a licensed raffle lottery. Donated points are not an allowable prize and cannot be accepted as part of the prize board. Only loyalty program points that are purchased by the licensee from the supplier can be a valid prize.

When loyalty program points are part of the prize board, it must offer a cash alternative prize.

All advertising must represent the fair market value of the loyalty program points prize offered.

This prize may be allowed only where the following documents and information accompany the lottery application:

- a prizewinner agreement between the charity (licensee) and the winner, providing full disclosure of the details clarifying the prize;

- evidence that the prize board offers a cash alternative to the loyalty points prize; and
- confirmation that the points have been purchased by the licensee from the supplier.

The licensee must ensure that all rules and regulations (rules of play) submitted for the conduct and management of this prize are carefully followed and that all inquiries, if any, regarding this type of prize are to be made to the licensee prior to the purchase of the ticket(s).

5.6.2. UNCLAIMED RAFFLE PRIZES

Organizations that have conducted raffle lotteries and are unable to find the holder of the winning ticket(s) are obligated to make every reasonable effort to contact the winner, including:

- attempting to locate the winner through the telephone number and address on the ticket stub of the raffle ticket kept by the licensee, by sending a registered letter and telephoning; and
- advertising in local newspapers and/or radio stations within 120 days following the draw, setting out a complete list of the names and city of residence of all the winners of any unclaimed prizes.

The organization must keep records of the attempts made to contact the winner, as part of the documentation retained under the terms and conditions of the licence.

Any prizes that are not claimed must be handled in accordance with the *Raffle Licence Terms and Conditions*.

Lottery Licensing Policy Manual

CHAPTER 6 :

SOCIAL GAMING EVENTS

6.1.0. INTRODUCTION

Only the Registrar may issue social gaming event licences.

A “social gaming event” is a lottery event conducted as a secondary or complementary component of a social occasion, such as a dinner or dance sponsored by:

- the licensee of the social gaming event, or
- another organization approved by the Registrar.

A licensee may operate up to 20 blackjack tables and/or wheels of fortune at a social gaming event. The operating hours of a social gaming event must fall within the time period of the social occasion and must not exceed eight (8) consecutive hours between 12:00 noon and 2:00 a.m.

Each type of licensed lottery is governed by a specific set of rules known as “terms and conditions”. From time to time, the terms and conditions may change and the legislation may be amended. The owner of this manual is responsible for obtaining copies of any amendments to the legislation and any new terms and conditions and information bulletins as they are issued, in order to keep the manual up to date with all of the policies set by the Registrar.

6.1.1. BLACKJACK AND WHEELS OF FORTUNE

6.1.1(A) BLACKJACK

The object of blackjack is to achieve a better hand than the dealer’s. A player wins if he or she has a higher total than the dealer without exceeding 21 points (busting), or if the dealer’s total exceeds 21. Each card is counted at face value, except the ace, which can be valued at one (1) or 11 points at the player’s discretion, and the face cards (jack, queen and king), which count as 10 points each.

6.1.1(B) WHEELS OF FORTUNE

A wheel of fortune is a game where players wager non-negotiable chips on the spin of a wheel in order to win a prize. Players set their wagers, then the wheel is spun. The wheel must complete at least three (3) full revolutions and come to a complete stop before prizes may be awarded. The prizes are based on the total value of the chips wagered and the rules for winning on that particular wheel of fortune.

Licensees may use only wheels of fortune approved by the Registrar. The Registrar has approved the following wheels of fortune for use in the conduct of social gaming events:

- Crown and Anchor wheel
- Over and Under 7 wheel
- Number wheel
- Pony wheel
- Money wheel
- Colour wheel
- Chuck-a-Luck wheel
- Six Arrow wheel (must have 13 spaces and six [6] arrows)
- Horse Race wheel
- Fruit wheel
- Crazy Colour ball.

6.2.1. SOCIAL GAMING EVENT LICENSING POLICIES

Only the Registrar may issue social gaming event licences.

The following licensing policies apply to social gaming events:

1. An eligible organization is limited to one social gaming event licence per calendar month for one day only.(See item 4 below)
2. Licensed events are restricted to a maximum of 20 games, which may include any combination of blackjack tables and/or wheels of fortune.
3. Social gaming events are limited to one per calendar month at any one location.
4. Each social gaming event may be licensed to operate for a maximum of eight (8) consecutive hours between 12:00 noon and 2:00 a.m. Therefore, an event that begins on one calendar day may continue into the next calendar day but must be completed by 2:00 a.m. on the second calendar day.

CHAPTER 6 : SOCIAL GAMING EVENTS

5. Each event is restricted to the hours of operation stated on the licence.
6. A licensing authority may impose additional restrictions on the hours of operation as a condition of approving the location and supporting the application.
7. Social gaming events may only be licensed at approved venues. (See Section “6.3.1. Acceptable venues for social gaming events” on page 150, for further information.)
8. The eligible organization must submit a completed application through the municipality to the Registrar at least 30 days prior to the date it proposes to begin promoting, advertising or selling tickets for the social event, if any of these items contain references to the lottery event. New applicants must ensure that the Registrar receives their completed application at least 45 days in advance of the event.
9. An eligible organization must submit a separate application for each social gaming event.
10. A licensee may conduct a raffle lottery in conjunction with a social gaming event on the same licence, if the total value of all the raffle merchandise or cash prizes is \$5,000 or less. In this case, the *Raffle Licence Terms and Conditions* also apply to the social gaming event licence.
11. If a licensee intends to award raffle prizes with a total value of over \$5,000, the licensee must apply for both a raffle lottery licence and a social gaming event licence. The licensee must comply with the *Raffle Licence Terms and Conditions*.
12. An organization with a municipal raffle licence may use a social gaming event (licensed by the Registrar) as a venue for a raffle draw, provided the raffle licence clearly states that ticket sales will end prior to the conduct and management of the social gaming event.
13. The licence fee for a social gaming event licence is set at five (5) dollars per table or wheel of fortune.
14. Betting limits for a social gaming event licence are set at a one (1) dollar minimum and five (5) dollars maximum.
15. If an entrance fee is required for a social occasion, the entrance fee must not include any chance to win a prize in a licensed raffle. Raffle tickets must be sold separately.
16. The licensee must keep costs related to the licensed games separate from those related to the non-gaming parts of the social gaming event for accounting expense purposes. The only exception is rental costs, provided the licensed games are played in the same room as the social occasion.
17. The licensee must track and report all gaming revenue from the social gaming event separately from any other revenue received from the social occasion.
18. The licensee may establish a social gaming event trust account for all expenses and revenues related to the licensed gaming events. Alternatively, if the licensee has established one designated lottery trust account, it must establish a separate ledger for the social gaming event. Costs related to the non-gaming activities of a social gaming event must not be paid from the designated lottery trust account or the social gaming event trust account.
19. If the licensee incurs costs for the licensed games prior to the conduct of the social gaming event, the licensee may pay those costs from the designated lottery trust account or from funds deposited to its social gaming event trust account by cheque from its general operating account. The licensee must repay the funds from its general account by cheque from its social gaming

event trust account upon completion of the social gaming event. The licensee must notify the licensing authority when it intends to move funds from one account to another to pay start-up costs. The licensing authority must monitor the situation to ensure that the repayment is made within an appropriate time period. (See Section “3.6.2. Start-up costs for lottery events” on page 104, for further information.)

20. If the licensed games at a social gaming event operate at a loss, the licensee must deal with the loss in accordance with the procedures set out in the terms and conditions of the licence.
21. A licensee may request to make changes to an application, in accordance with the licensing procedures. However, once a social gaming event licence has been issued, the Registrar will not consider further requests for changes.
22. The Registrar will not issue a licence to an applicant that has not submitted and received approval for financial reports due for previous lottery events.

6.2.2. SOCIAL GAMING EVENT LICENSING PROCEDURES

Only the Registrar may issue social gaming event licences.

Applications must include:

1. a fully completed application on a form supplied by the Registrar;
2. a letter of support from the municipality or Band Council where the event is to be conducted;
3. the licence fee (money order or cheque made payable to the Minister of Finance);
4. a copy of the site contract with the event location;
5. a price quotation from a registered Gaming-Related Supplier, if used;
6. a prize invoice, price quotation or purchase order for each raffle prize with a retail value of \$500 or more (including taxes);
7. an event budget;
8. information related to the cost of the space;
9. information on previously suspended or cancelled gaming licences;
10. a list of the bona fide members volunteering at the event;
11. the proposed use of proceeds; and
12. for first-time applicants, a current budget for the organization detailing how funds will be acquired and disbursed during a fiscal year.

The Registrar will return applications that are not accompanied by the required documents and note the deficiencies.

CHAPTER 6 : SOCIAL GAMING EVENTS

Organizations must request changes to an application in writing, on letterhead, signed by the member who signed the original licence application. The request must include a letter of support from the municipality and any supporting documents that may be affected. The Registrar requires two weeks to respond to a request for changes, and may approve or deny the request.

6.3.1. ACCEPTABLE VENUES FOR SOCIAL GAMING EVENTS

6.3.1(A) EXAMPLES OF ACCEPTABLE LOCATIONS

Examples of facilities that may qualify as acceptable locations for social gaming events include:

- municipal community centres;
- service club halls;
- church halls;
- banquet halls and ballrooms available for private functions, including those in hotels; and
- convention centres.

6.3.1(B) CRITERIA FOR ACCEPTABLE LOCATIONS

In order to be an acceptable location for the conduct of a social gaming event, a location must meet the following standards:

- The location must comply with all municipal bylaws, including zoning and parking bylaws and fire regulations. The location must also have a public hall licence or authorization for public assembly purposes, including a designation of the maximum number of persons permitted for an assembly.
- The hall must be separated from other activity areas by permanent walls or a floor to ceiling accordion door that locks from the inside.
- The social gaming event location must have a separate entrance that is not shared by patrons of any other activity conducted on the premises. Patrons of the social gaming event must have direct access to the washrooms and food services. If patrons must pass through other activity areas to reach the washrooms or food services, the location is not acceptable.
- A location must be used primarily for lease or rent to the general public for various functions, such as weddings, parties and meetings. A location that must close down all or part of its regular facility/business in order to hold a social gaming event is not an acceptable location.
- The Registrar may not issue social gaming event licences at locations where the owners and/or operators have been charged and/or convicted of gaming-related offences or had their registrations suspended or revoked.
- The Registrar may not issue social gaming event licences at locations where owners and/or

operators have been charged and/or convicted of liquor-related offences or had their liquor licence suspended or revoked.

- If the applicant proposes to permit the consumption of liquor during a social gaming event, the applicant should contact the Alcohol and Gaming Commission of Ontario for information regarding liquor licence laws and Special Occasion Permits.

6.3.2. VENUES NOT ACCEPTABLE FOR SOCIAL GAMING EVENTS

The Registrar will not issue social gaming event licences for events to be held in the following locations:

- bars or taverns without separate banquet facilities;
- dining lounges or restaurants without separate banquet facilities;
- common/public areas of any buildings, including shopping malls, strip malls and other retail locations;
- business offices, office lobbies, warehouse facilities, factories, storage buildings, units or offices in office buildings and retail or industrial malls;
- recreation centres and party rooms in condominiums and apartment buildings;
- private homes, dwellings/residences; and
- any conveyance that moves or is capable of moving, including boats, trains and airplanes.

6.4.1. SOCIAL GAMING “FUN NIGHTS”

Some organizations conduct events such as blackjack or wheels of fortune as “fun nights,” for the sole purpose of providing entertainment for their guests.

Typically, at these types of events, the chips, tokens or play money are made available to everyone free of charge (no direct or indirect consideration). As well, no prizes are awarded if an entrance fee of any kind has been charged. If any kind of fee (direct or indirect consideration) has been charged for the event, the chips, tokens or play money are not redeemed for goods, wares, merchandise or cash at the end of the evening.

As there is no licence available for this type of event, it is ultimately the responsibility of organizations or individuals wishing to conduct “fun nights” to ensure that any events they conduct comply with the *Criminal Code* (Canada). Organizations or individuals wishing to conduct “fun nights” may wish to seek independent legal advice.

Lottery Licensing Policy Manual

CHAPTER 7 :

BREAK OPEN TICKETS

7.1.0. INTRODUCTION

“Break open tickets” are instant-win lottery tickets, commonly known as “pull tab” or “nevada” tickets and the brand name “Pocket Slots.” Break open tickets:

- are made of cardboard;
- have one or more perforated cover window tabs that conceal winning and losing numbers or symbols;
- are played by tearing off the cover tabs; and
- also include seal cards and bingo event tickets.

Each type of licensed lottery is governed by a specific set of rules known as “terms and conditions.” From time to time, the terms and conditions may change and the legislation may be amended. Anyone to whom these policies apply is responsible for obtaining copies of any amendments to the legislation and any new terms and conditions, standards, directives and information bulletins as they are issued, in order to keep up to date with all of the policies set by the Registrar. The policies are available on the AGCO website. Please contact the AGCO for more information on obtaining the most up-to-date documents.

7.1.0(A) OTHER TYPES OF BREAK OPEN TICKET GAMES

Some break open ticket games offer the traditional instant prizes and a chance to win a secondary/special prize. Two such games are “seal card” games and “bingo event ticket” games.

7.1.0(a)(i) Seal card games

Seal card games feature tickets called “hold tickets” that provide certain players a chance at a secondary prize or prizes determined by removing a window from a larger break open ticket known as a “seal card.” The seal card is opened to reveal winning numbers or symbols that match the numbers or symbols on the player’s “hold” ticket.

See Section “7.4.1(a) Seal card game policies” on page 160, and the Break Open Ticket Licence Terms and Conditions for further information.

For pooling bingo halls operating under the Bingo Revenue Model, see the *Terms and Conditions – Charitable Gaming Events Conducted and Managed in Pooling Bingo Halls* and *Registrar’s Standards* for further information.

7.1.0(a)(ii) Bingo event ticket games

Similar to the seal card game, a “bingo event ticket” game also provides players a chance at a secondary/special prize. The difference is that these games are conducted in conjunction with licensed bingo events and feature “hold” tickets that contain bingo ball numbers or symbols based on the number of bingo balls being used in the bingo event. The winner of the bingo event ticket game prize(s) is determined by matching the bingo ball symbol(s) on the hold ticket with one or more of the bingo numbers called during a licensed bingo event or dabbing a pattern of bingo ball numbers or symbols on the game ticket during a bingo event.

See Section “7.4.1(b) Bingo event ticket game policies” on page 160, and the *Break Open Ticket Licence Terms and Conditions* for further information.

For pooling bingo halls operating under the Bingo Revenue Model, see the *Terms and Conditions – Charitable Gaming Events Conducted and Managed in Pooling Bingo Halls* and *Registrar’s Standards* for further information.

7.1.1. APPROVED BREAK OPEN TICKETS

In order to be approved for sale in Ontario, all break open tickets, including seal card games and bingo event game tickets, must comply with the Registrar’s requirements and standards related to break open tickets including the Standards for Suppliers of Goods and Services: Break Open Tickets.

Schedules of approved break open tickets are available from the Registrar and can be found on the AGCO website.

7.1.2. KEY DEFINITIONS FOR BREAK OPEN TICKETS

Break open tickets are packaged in “boxes” within “deals” and are identified by “type” and “style.”

Deal: Refers to each separate series of break open tickets with the same serial number.

Box: Refers to a separately sealed box of break open tickets within a deal, as shipped by the Gaming-Related Supplier.

CHAPTER 7 : BREAK OPEN TICKETS

Type: Refers to the number of tickets per deal, the price of each ticket and the total prize value per deal.

Style: Refers to the combination of approved graphics (such as bells, boats or fruit) and prize structure used for the break open tickets. There may be many different styles within a break open ticket type, as approved graphics may be used with any type, and several different prize structures may be approved for each type.

Prize Structure: Refers to the number and combination of winning tickets and prize amounts used to reach the total prize value in the break open ticket type, as approved by the Registrar.

Prize structure example:

Number of Winning Tickets = 223

Total Prizes = \$1,015

1 x \$300 = \$300

4 x \$100 = \$400

1 x \$50 = \$50

2 x \$25 = \$50

215 x \$1 = \$215

Graphics: Refers to the symbols (such as bells, boats or fruit) and any other approved illustrations appearing on the break open tickets.

Break open tickets are sold either in a transparent container or an approved break open ticket “dispenser.”

Container: A clear box from which an attendant manually withdraws break open tickets. Break open ticket containers do not require prior approval by the Registrar.

Dispenser: A break open ticket dispenser is an electrical or mechanical device used to dispense break open tickets. Break open ticket dispensers must be approved by the Registrar and manufactured by a manufacturer registered as a Gaming-Related Supplier registered under the *Gaming Control Act, 1992*.

7.1.3. BREAK OPEN TICKET SUPPLIERS

Licensees may purchase break open tickets directly from any manufacturer that is registered as a Gaming-Related Supplier under the *Gaming Control Act, 1992*.

Registered Gaming-Related Suppliers are permitted to supply break open tickets to licensees for sale at bingo halls or other charitable gaming sites, third-party locations or their own premises.

Cash, rebates, loyalty rewards and other similar incentives to registered third-party locations that sell break open tickets (break open ticket Sellers and OLG Lottery Retailers) in order to obtain the use of, or to secure the continued use of, their services is not permitted and may result in administrative sanction.

A list of approved manufacturers of break open tickets for the Ontario market is available from the Registrar.

7.2.1. CONFLICT OF INTEREST GUIDELINES

In addition to the general conflict of interest guidelines outlined in Section 3.5.3, licensees must comply with the following guidelines for break open ticket lottery events:

1. No one involved in the sale of break open tickets may purchase tickets or participate in gaming events held in conjunction with the licensed break open ticket gaming event.
2. The owner and employees of a registered break open ticket Seller location may not purchase break open tickets sold at that location.
3. Executive members of Hall Charities Associations may not purchase break open tickets in their hall.
4. Incentives to registered third-party locations that sell break open tickets (break open ticket Sellers and OLG Lottery Retailers) in order to obtain or secure the use of their services are not permitted.

See Section 7 “7.1.3. Break open ticket suppliers” on page 156, for further information.

7.3.1. AUTHORITY TO LICENSE

7.3.1(A) PROVINCIAL LICENSING AUTHORITY

The Order-in-Council gives the Registrar sole authority to issue lottery licences allowing eligible organizations to manage and conduct:

- break open ticket lotteries in conjunction with another licensed lottery event;
- break open ticket lotteries in an unorganized territory, on Crown lands or in First Nations communities that do not have their own Order-in-Council;
- break open ticket lotteries at designated fairs or exhibitions, regardless of whether or not they have licences to sell tickets at break open ticket Seller locations (see Section “7.7.1(d) Designated fair or exhibition locations” on page 170); and
- provincial break open ticket (PBOT) lotteries.

CHAPTER 7 : BREAK OPEN TICKETS

7.3.1(B) MUNICIPAL LICENSING AUTHORITY

Municipalities issue licences permitting eligible organizations to conduct break open ticket lotteries from locations within their own boundaries, provided the break open ticket lotteries are not conducted and managed in conjunction with another licensed gaming event.

7.4.1. GENERAL BREAK OPEN TICKET LICENSING POLICIES

1. In addition to a break open ticket licence(s) for a location(s) in a municipality, a licensee may also have a break open ticket licence issued by the Registrar to sell tickets in conjunction with another licensed lottery event.
2. Licensees selling tickets from locations in municipal boundaries prior to their amalgamation may be permitted to continue sales from those locations for a period not to exceed 18 months. After this time the newly amalgamated organization must conform to the break open ticket licensing policies established by the licensing authority.

See also Section "2.2.4. Policies: Organizations that amalgamate" on page 35, for further information.

3. Where there is no Hall Charities Association at a bingo hall, individual licensees may apply to the Registrar for a licence to manage and conduct break open ticket events in conjunction with their regular bingo events.
4. Eligible organizations may apply for a licence to sell multiple ticket types under one licence. This includes tickets from multiple ticket manufacturers. Separate licences are required for each sales location.
5. All tickets sold under the same licence will be imprinted with the same licence number. To differentiate between different ticket types sold under the same licence, a unique identifier is required to be imprinted on the ticket and noted on the licence (e.g., licence 12345 distinguishes ticket types by identifying as 12345-a, 12345-b, etc.)
6. All break open tickets, including seal card games and bingo event ticket games sold in pooling bingo halls operating under the Bingo Revenue Model, must be imprinted with the registration number of the bingo hall, instead of the licence number.
7. The period for a break open ticket licence cannot exceed five (5) years, including any amendments and/or extensions.
8. The licensing authority may apply risk-based criteria to determine whether a licence period may be extended and to determine the length of the licence period. Criteria may include: licensee's experience with charitable gaming; demonstrated level of compliance with all policies, procedures and applicable terms and conditions; and the licensee's history of timely and accurate reporting to the licensing authority.
9. If all the tickets are sold before the licence expiry date, the licence will be deemed to have expired.
10. The licensing authority may grant an amendment extending the licence period, provided that:

- » all the tickets authorized by the licence have been imprinted with the licence number and name of the licensee but not sold;
 - » the licensee makes the request for the extension in writing before the current licence expires; and
 - » the total licence period does not exceed five (5) years.
11. Only one eligible organization may be licensed to sell break open tickets per address, or location at one time.
 12. Each separate business in a building, such as a shopping mall, may be considered as a separate location for licensing purposes.
 13. The licensee may sell only break open tickets where the types, prize structures and graphics have been approved by the Registrar.
 14. The licensee must ensure that different ticket types or styles are not mixed within a single compartment of a transparent container or break open ticket dispenser.
 15. The licensee is permitted to carry over partially sold deals from one licence period to the next. Once tickets have been carried over from one licence period to the next, they are prohibited from being carried over to any further subsequent licence periods. The carry-over of any unopened boxes from one licence period to another is prohibited. There is no limit on the number of tickets that can be carried over to a new licence period as long as they come from an opened deal of tickets that has already been put into sale.
 16. Any unsold tickets remaining at the end of the subsequent licence period that have been carried over from one licence period to the next must be removed from sale and then the deal collapsed at the end of the subsequent licence period. Tickets must be retained and destroyed in accordance with the Registrar's policies.

See Section "7.9.1. Retention and destruction of break open tickets" on page 172, for further information.

17. A deal of tickets must not be split between dispensers or containers.
18. Licensees may sell break open tickets from any location on the premises indicated on the licence.
19. Licensees must use break open ticket dispensers approved by the Registrar. The dispensers must be manufactured and supplied by registered suppliers.
20. Licence fees may be refunded once a licence has been issued if the licensee can demonstrate that:
 - » the break open tickets have not been imprinted; or
 - » the break open tickets were damaged, lost or destroyed as a result of circumstances beyond the licensee's control and the licensee can account for all sold, damaged, lost and remaining tickets.
21. A licensing authority may not issue a break open ticket licence for events to be conducted on any conveyance that moves or is capable of moving including boats, trains and airplanes.

See Section "7.5.1. Municipal licensing policies" on page 161, and Section "7.6.1. Provincial licensing policies" on page 163, for further information.

CHAPTER 7 : BREAK OPEN TICKETS

7.4.1(A) SEAL CARD GAME POLICIES

The following policies apply specifically to seal card games:

1. A seal card game may only be conducted and managed in conjunction with a licensed bingo event, licensed charitable gaming event or at premises used by members of a service club.
2. The licensee must only put a deal of seal card game tickets out for sale if there is a reasonable expectation that the deal will sell out during the course of the bingo event or, in the case of service club premises where bingo is not being played, that the deal will sell out within one operating day.
3. The licensee must remove the seal card window to reveal the seal card winner(s) as soon as the entire deal of seal card tickets has been sold.
4. It is not necessary for a player to be present at the time the seal card window is revealed. If a player who has a hold ticket will not be present at the time the winning numbers or symbols for the seal card prize is revealed, he/she must leave contact information with the licensee.
5. Some seal card games have rules of play that allow the licensee to choose between different options of how the game is played and the special prizes that are awarded. For example, the licensee could have the option of opening one seal on a seal card to reveal a \$1,000 special prize or two seals to reveal two \$500 prizes.
6. Where the licensee has options for how prizes are to be awarded, one option must be chosen and the licensee must ensure that it is posted and announced to players before starting the sale of the deal of tickets for that game.

See the Break Open Ticket Licence Terms and Conditions for further information.

For Hall Charities Associations in pooling bingo halls operating under the Bingo Revenue Model, see the *Terms and Conditions – Charitable Gaming Events Conducted and Managed in Pooling Bingo Halls*.

7.4.1(B) BINGO EVENT TICKET GAME POLICIES

The following policies apply specifically to bingo event tickets:

1. A bingo event ticket game may only be licensed in conjunction with licensed bingo events conducted in registered charitable gaming sites or premises exempt from registration and may only be licensed by the Registrar.
2. A bingo event ticket game must be played and completed within one bingo event. If all bingo event tickets have not been sold during the bingo event, the licensee must submit a discrepancy report to the Registrar that sets out the number of tickets in the deal, the number of unsold tickets, prizes awarded and total gross receipts within 30 days of the event.
3. When the bingo event ticket game is won by dabbing a pattern of bingo ball numbers or symbols,

the player must be present in order to win the bingo event ticket game prize.

4. Some types of bingo event ticket games have rules that allow the licensee to choose how the game is played. For example, the licensee could use bingo numbers called during the bingo event and have players dab a pattern of bingo ball numbers or symbols on the game ticket or simply open a seal card to determine the winner of the bingo event ticket game prize.
5. Where the licensee has options for how prizes are to be awarded, one option must be chosen and the licensee must ensure that it is posted and announced to players before starting the sale of the deal of tickets for that game.

See the Break Open Ticket Licence Terms and Conditions for further information.

For Hall Charities Associations in pooling bingo halls operating under the Bingo Revenue Model, see the *Terms and Conditions — Charitable Gaming Events Conducted and Managed in Pooling Bingo Halls*.

7.5.1. MUNICIPAL LICENSING POLICIES

The following licensing policies apply to break open ticket licences issued by municipalities:

1. An eligible organization may be licensed to sell break open tickets either:
 - » from a location where registration is not required; or
 - » through a Seller of break open tickets in the municipality who is registered under the *Gaming Control Act, 1992*.

See Section “7.7.1. Sales locations for break open tickets” on page 168, for further information.

2. Municipalities may issue break open ticket licences allowing eligible organizations to sell tickets during special community events. Organizations with a current break open ticket licence may also sell break open tickets at a community event (see Section “7.7.1(c) Special occasions” on page 170, for further information).

7.5.2. MUNICIPAL LICENSING PROCEDURES

7.5.2(A) GENERAL PROCEDURES

The following procedures apply to break open ticket licences issued by municipalities:

CHAPTER 7 : BREAK OPEN TICKETS

1. The applicant must submit a completed application, on a form issued by the Registrar. The applicant must include all supporting materials with the application. The licensing authority may request additional information or documents.
For first time applicants, please refer to the documents outlined in Section 2.6.1(a), "Evaluating the organization."
2. A municipality may set its own licence fee, provided it does not exceed the amount prescribed by the Registrar. Municipalities may choose a set fee or a fee based on a percentage of the prize board, provided that the fee does not exceed the maximum prescribed by the Registrar.
3. Local charities and PBOT licensees are permitted to sell BOTs from more than one sales location within a municipality or area covered by a given licensing authority, subject to any limits imposed by the licensing authority.

It is expected that limitations imposed by licensing authorities on the number of BOT licences issued to any eligible organization will be the result of detailed analysis and only used where the limitation is warranted (for example, where a waiting list of new eligible organizations awaiting BOT sales locations exists).

The Registrar retains the authority to issue provincial break open ticket (PBOT) licences. However, the Registrar may place a limit on the number of retail locations permitted per PBOT licensee in a municipality or area covered by a given licensing authority if a similar limit, that is warranted, has been placed on the number of retail locations that may sell BOTs for each charity by the local licensing authority.

4. If a licensee wishes to change the ticket type, or add a new ticket type to be sold, the licensee must apply for an amendment to the existing licence. Licensees do not have to apply to the licensing authority for an amendment in the following circumstances:
 - » The licensee wants to cease selling a specific ticket type or style mid-licence; or
 - » The licensee sells out of a particular ticket type mid-licence and does not wish to order more inventory of that ticket type for the remainder of the licence period.However, the licensee may choose to apply for an amendment to remove that ticket type from the licence in order to reduce the reporting requirement. Otherwise, the licensee must report nil sales for the remainder of the licence period.
5. The licensee must notify the municipality in writing if it wishes to make any changes to the licence. The licensee cannot make any changes to the conduct and management of ticket sales unless it has first received approval in writing.
6. Municipalities may only issue a licence on a form provided by the Registrar. The licence must state:
 - » the name and address of the licensee;
 - » the ticket type(s);
 - » identification of each ticket type with a unique identifier

- » the number of deals approved, if applicable;
 - » the name and address of the location at which tickets will be sold;
 - » the duration of the licensing period;
 - » the name(s) of the registered Gaming-Related Suppliers supplying the break open tickets and any other gaming-related equipment or services to the licensee.
7. An eligible organization wishing to sell break open tickets at a special community event must obtain prior written approval from the board governing the event. The letter must state that the board has not, and will not apply, for a break open ticket licence to be conducted and managed at its event, and it will not participate in ticket sales or share in the net proceeds of the break open ticket lottery. (See also Section “7.7.1(c) Special occasions” on page 170, for further information.)
 8. A licensee must ensure that the break open ticket Seller’s registration for the proposed location is valid.

7.6.1. PROVINCIAL LICENSING POLICIES

7.6.1(A) LICENCES ISSUED TO HALL CHARITIES ASSOCIATIONS (BOT) IN NON-POOLING

BINGO HALLS

The following licensing policies apply to break open ticket licences issued by the Registrar to Hall Charities Associations in non-pooling bingo halls:

1. Where a Hall Charities Association exists, only the Hall Charities Association may apply to conduct a break open ticket event in conjunction with a licensed bingo event. Organizations must be members of the Hall Charities Association in order to participate in the sale of tickets and share in the proceeds.
2. A Hall Charities Association may use bona fide members of the licensee managing and conducting the bingo event to sell break open tickets at a bingo event, or utilize employees of the Operator of the bingo hall that are registered as Gaming Assistants under the *Gaming Control Act, 1992* to sell the tickets.
3. A Hall Charities Association that applies to sell break open tickets must comply with the following policies:
 - » The Hall Charities Association must enter into a written agreement with the Operator of the bingo hall, outlining the roles and responsibilities of each party.
 - » The agreement with the Operator of the bingo hall must be signed by each organization that is a member of the Hall Charities Association.
 - » Break open tickets ordered by a Hall Charities Association may not be sold during any lottery event held by organizations that are not members of the Hall Charities Association.
 - » A licence permitting a Hall Charities Association to sell a variety of ticket types is valid for a period of up

CHAPTER 7 : BREAK OPEN TICKETS

to five (5) years or until the licensee sells the number of boxes permitted under the licence, whichever is less.

- » A Hall Charities Association must submit a report of ticket sales every three (3) months.

7.6.1(B) PROVINCIAL BREAK OPEN TICKET (PBOT) LICENSING POLICIES

In order to sell break open tickets throughout the province, an eligible organization must demonstrate that it provides a direct benefit to communities across Ontario and its services are accessible throughout the province.

A provincial break open ticket (PBOT) licensee must provide a broad benefit to the residents of Ontario. As a result, certain programs, such as those that are too narrowly focused, are not eligible to receive PBOT proceeds, even though they may be eligible to receive proceeds from other types of lottery licences.

Examples of programs ineligible to receive PBOT proceeds include:

- research;
- programs that supplement or are provided to other organizations that deliver programs and services to residents of Ontario; and
- competitions, contests and scholarship programs.

The following policies apply to PBOT licence applications:

1. To qualify for a PBOT licence:
 - » The organization's provincial mandate must be stated in its governing documents.
 - » The organization must have a volunteer Board of Directors, with representation from all regions of the province.
 - » The organization must have the structure, financial resources and membership capacity to provide services province-wide, to all Ontario residents.
 - » The organization must have a demonstrated track record of providing direct services province-wide.
 - » The organization must have a presence (usually through local chapters or branches) that encompasses all regions of Ontario and allows it to provide direct services to individuals.

A "presence" usually refers to an organization's physical presence. For example, an organization may maintain a web site, but this alone is not enough to qualify it as having a province-wide presence for lottery licensing purposes. However, an organization's programs may also be delivered to areas of the province where the organization has no physical presence. For example, if particular programs and services cannot be brought to the client, then the client may be brought to the program.

2. Local charities and PBOT licensees are permitted to sell BOTs from more than one sales location

within a municipality or area covered by a given licensing authority, subject to any limits imposed by the licensing authority.

It is expected that limitations imposed by licensing authorities on the number of BOT licences issued to any eligible organization will be the result of detailed analysis and only used where the limitation is warranted (for example, where a waiting list of new eligible organizations awaiting BOT sales locations exists).

The Registrar retains the authority to issue PBOT licences. However, the Registrar may place a limit on the number of retail locations permitted per PBOT licensee in a municipality or area covered by a given licensing authority if a similar limit, that is warranted, has been placed on the number of retail locations that may sell BOTs for each charity by the local licensing authority.

3. In an amalgamated municipality, the Registrar may permit an organization to maintain its status quo by selling tickets at each of its previous locations in the former municipalities, provided:
 - » circumstances and market conditions warrant multiple locations; and
 - » the licensee can justify the need.

The Registrar will permit licensees selling from locations in an amalgamated municipality to continue sales from their former locations for an 18-month period. After 18 months, they must comply with the new municipality's licensing policies.

7.6.2. PROVINCIAL LICENSING PROCEDURES

7.6.2(A) LICENCES ISSUED BY THE REGISTRAR (BOT)

Eligible organizations applying for a break open ticket (BOT) lottery licence from the Registrar must follow the procedures listed below. If the organization is a Hall Charities Association in a non-pooling bingo hall, it must also observe the additional procedures set out in Section 7.6.2(b).

For pooling bingo halls operating under the Bingo Revenue Model, see Chapter 10, "Bingo—In Pooling Bingo Halls," for further information.

Eligible organizations applying for a provincial break open ticket (PBOT) licence must follow the procedures outlined in Section 7.6.2(c).

1. The applicant must submit a fully completed application, on the form issued by the Registrar. The applicant must include all supporting materials with the application. The licensing authority may request additional information or documents.

For first time applicants, please refer to the documents outlined in Section 2.6.1(a), "Evaluating the organization."

CHAPTER 7 : BREAK OPEN TICKETS

2. Cheques and money orders must be made payable to the Minister of Finance.
3. An eligible organization wishing to sell break open tickets at a designated fair or exhibition must obtain prior written approval from the board governing the event. In the approval letter the board must state that it has not, nor will it be applying for a break open ticket licence to be conducted and managed at its event, and it will not participate in ticket sales or share in the net proceeds of the break open ticket lottery. This letter of approval must be attached to the licence application.
4. The break open ticket licence must state the type(s) of ticket and, if applicable, the number of deals authorized to be sold under the licence.
5. An eligible organization must include on the application each type of ticket it would like to sell. If the licensee wishes to change the ticket type(s), add new ticket type(s) or sell additional deals, it must apply for an amendment.
6. The licensee must notify the Registrar in writing if it wishes to make any changes to the information on the original application. The licensee cannot make any changes to the conduct and management of ticket sales unless it has first received approval in writing.

7.6.2(B) LICENCES ISSUED TO HALL CHARITIES ASSOCIATIONS IN A NON-POOLING BINGO HALL

In addition to the general requirements set out in Section 7.6.2(a), Hall Charities Associations applying for break open ticket lottery licences in a non-pooling bingo hall must observe the procedures listed below.

A Hall Charities Association must submit the following additional information with its application:

- a copy of the written agreement between the Hall Charities Association and the Operator of the bingo hall;
- a list of all member organizations, with the names and signatures of an authorized representative from each, plus the signatures of two authorized representatives from the Hall Charities Association;
- for first-time applicants, the Hall Charities Association's constitution and bylaws, including provisions for the handling of break open ticket sales, signed by at least three (3) current officers; and
- any changes to the Hall Charities Association constitution and bylaws, signed by at least three (3) current officers.

7.6.2(C) PROVINCIAL BREAK OPEN TICKET (PBOT) LICENSING PROCEDURES

1. The eligible organization must submit a fully completed application, on the form issued by the Registrar, accompanied by the following items:
 - » complete copies of the applicant's governing documents (letters patent, any supplementary letters patent, constitution, bylaws, charter, trust deed, memorandum or articles of association);

- » a complete copy of the Notification of Charitable Registration letter from the Canada Revenue Agency (where registered) and any documentation that the Canada Revenue Agency has supplied to the organization (e.g., any terms of registration or changes in status);
 - » complete copies of the two (2) most recent Registered Charity Information Returns and Public Information Returns as submitted to the Canada Revenue Agency;
 - » a copy of the organization's verified financial statements for the two (2) previous fiscal years and a copy of the current operating budget;
 - » copies of the organization's monthly bank statements for the last fiscal year and up to the current date;
 - » a copy of the organization's last two (2) annual reports;
 - » a list of the organization's local chapters or member/affiliated agencies and their addresses, including a detailed outline of the legal, administrative and financial relationships between the applicant and all chapters or member/affiliated agencies, including contractual agreements;
 - » a list of the organization's Board of Directors and the cities in which they reside;
 - » a detailed outline of the programs and services that the organization provides to residents of Ontario, how these programs and services are delivered across the province and the costs incurred in delivering the programs and services;
 - » an outline of sales tracking procedures, including a list of ticket sales locations and their respective registration numbers, noting the municipality for each location;
 - » a list of bona fide members who will be assisting with the break open ticket administration/sales; and
 - » the type and style or styles of tickets to be ordered under the licence (no ticket samples are required).
2. If an application is incomplete, the Registrar will send the applicant a letter outlining the deficiencies in the application and requesting the required documents.
 3. Prior to selling tickets in a municipality, the organization must notify the municipality of its intention to sell break open tickets at a specific location and provide it with a copy of the licence.
 4. Once a PBOT licence has been issued, the licensee must provide the following information to the Registrar:
 - » break open ticket lottery reports;
 - » when changes occur, an up-to-date list of all locations where the licensee sells or intends to sell break open tickets;
 - » an annual, up-to-date list of the Board of Directors;
 - » any changes to governing documents as they occur; and
 - » verified or audited annual financial statements.
 5. A licensee must pay the prescribed provincial break open ticket licence fee. The amount owed is based on the tickets ordered in the previous quarter. The cheque for licence fees must be made payable to the Minister of Finance.

CHAPTER 7 : BREAK OPEN TICKETS

7.6.3. ADMINISTRATIVE RESPONSIBILITIES OF HALL CHARITIES ASSOCIATION IN A NON-Pooling BINGO HALL

When a Hall Charities Association wishes to sell multiple ticket types under a single licence, it must enter into an agreement with the Operator of the bingo hall, outlining a division of roles and responsibilities. Only the Hall Charities Association may perform certain duties required for the conduct and management of the lottery event.

7.6.3(A) DUTIES A HALL CHARITIES ASSOCIATION MUST PERFORM

- supervising both hall sales and cash counting;
- determining and purchasing the types and styles of tickets to be sold;
- completing and filing the lottery reports;
- maintaining a designated trust account to administer the BOT lottery;
- keeping financial records;
- distributing proceeds to the Hall Charities Association members on a pro rata basis; and
- advertising, marketing and promoting ticket sales.

7.6.3(B) DUTIES A HALL CHARITIES ASSOCIATION MAY DELEGATE TO THE OPERATOR OF THE BINGO HALL

- placing ticket orders, storing tickets and monitoring inventory;
- advising on the mix of tickets to be sold, and the timing and scheduling of new tickets;
- selling tickets and tracking sales;
- cash counting; and
- responding to customer complaints.

7.7.1. SALES LOCATIONS FOR BREAK OPEN TICKETS

Tickets may be sold at the locations and under the circumstances listed below.

7.7.1(A) LICENSEES SELLING FROM THEIR OWN PREMISES

A licensee that provides goods or services to itself and sells tickets at its own premises is not required to be registered under the *Gaming Control Act, 1992*. A licensee may sell tickets from its own premises without registration provided that it:

- orders and stores its own tickets;
- leases an entire facility at a flat rate or owns its own premises; and
- sells the tickets itself using its own bona fide members or staff. (The staff members' primary responsibility cannot be providing gaming services.)

The landlord of the premises does not have to be registered, provided that the landlord does not participate in the conduct and management of the break open ticket event, and does not receive any payment (rent or otherwise) based on a percentage of tickets sold.

A licensee selling from its own premises may choose to pay itself rent for the portion of the premises used for the sale of its break open tickets. In order to create an audit trail for these rental payments, the licensee must issue itself an invoice, and pay itself with a cheque issued from the lottery trust account. The revenue from these rental payments may be deposited to its general account. A licensee's expenses related to the sale of break open tickets must not exceed the maximum amount established by the Registrar.

7.7.1(B) REGISTERED SELLER LOCATIONS

If an eligible organization proposes to sell break open tickets at a location other than a bingo hall or a premises it owns or leases for its own charitable activities, the location must be registered as a Seller under the *Gaming Control Act, 1992*. The Seller's registration number must be included with the licence application.

In order to sell break open tickets at a registered Seller location, the licensee must enter into a contract with the Seller. This contract must contain a termination clause allowing either party to terminate the contract upon at least 90 days written notice prior to licence expiry, to be effective upon licence expiry. The termination clause must also provide for immediate cancellation of the contract should the organization's licence or the Seller's registration be suspended or revoked. In the event that a licence is suspended or revoked, the Seller may enter into a contract with another licensee.

The licensee may pay the Seller the allowable commission for the sale of break open tickets. The licensee may choose to request its net proceeds (gross proceeds minus sales commissions) when the break open tickets are delivered to the Seller. Alternatively, the licensee may choose to allow the Seller to pay the net proceeds for all break open tickets within 30 days after they have been delivered for sale.

If a licensee cancels a contract with a Seller and the Seller does not sell all the deals but has paid the full net proceeds, the licensee must refund to the Seller the full amount of the net proceeds for the unsold deals.

CHAPTER 7 : BREAK OPEN TICKETS

For purposes of reconciliation, the Seller is responsible for the security of the break open tickets once the seal on the deal package is broken. The Seller must return all the unsold deals and partial deals to the licensee, to allow the licensee to do a full reconciliation.

7.7.1(C) SPECIAL OCCASIONS

A municipality may issue break open ticket licences allowing eligible organizations to sell break open tickets at special community events of limited duration, such as community festivals, regardless of whether or not they have licences to sell tickets at break open ticket Seller locations, provided that:

- the applicant has obtained the written approval of the board of the event, signed by an authorized board member;
- only one licence for a special occasion is issued per organization, per year;
- only one organization is licensed during the community festival regardless of the size of the event; and
- the licence is not issued for more than five (5) consecutive days.

An eligible organization with a current break open ticket licence may apply to be licensed to sell tickets at a community festival in one of two ways:

1. The organization may apply to the municipality to have its licence amended to allow it to stop selling tickets at its current location during the community event and to sell tickets at the community event instead. The licensee may resume selling tickets at its regular location on the date specified in the licence amendment.
2. The organization may maintain its current licence and apply for a special occasion licence to sell break open tickets at the community event.

If a registered Seller location or a licensee-owned (or leased) premises is already selling break open tickets on the community event grounds, they may continue their ticket sales during the event.

Break open ticket sale locations at festivals and other community events do not have to be registered as Seller locations under the *Gaming Control Act, 1992* unless the location is providing other services that would require registration under the Act.

7.7.1(D) DESIGNATED FAIR OR EXHIBITION LOCATIONS

The Registrar may issue break open ticket licences allowing eligible organizations to sell tickets at designated fairs or exhibitions, regardless of whether or not they have licences to sell break open tickets at Seller locations, provided that:

- the applicant has obtained the written approval of the board of the fair or exhibition, signed by an authorized board member;

- only one organization is licensed for the fair or exhibition regardless of the size of the event; and
- each licence is issued only for the duration of the event, and cannot be extended.

Break open ticket sale locations at designated fairs or exhibitions do not have to be registered as Sellers under the *Gaming Control Act, 1992* unless the location is providing other services requiring registration under the Act.

If a registered Seller location or a licensee-owned (or leased) premises is already selling break open tickets on the designated fair or exhibition grounds, they may continue their ticket sales during the event.

7.8.1. GENERAL INFORMATION FOR BREAK OPEN TICKETS

7.8.1(A) BREAK OPEN TICKET DISPENSERS

Break open ticket dispensers are electrical or mechanical devices, and do not include “containers” as defined in Section 7.1.2, used to dispense break open tickets. They may be used in bingo halls, Seller locations registered to sell break open tickets under the *Gaming Control Act, 1992* and at other locations exempt from registration, provided the following conditions are met:

1. Break open ticket dispenser models must be approved by the Registrar and supplied by a registered Gaming-Related Supplier.
2. The registered Gaming-Related Supplier must be able to provide proof, in writing, that the Registrar has approved the break open ticket dispenser.
3. A licensee may choose to purchase or rent a dispenser from a registered Gaming-Related Supplier.
4. If the licensee chooses to purchase a dispenser, the licensee must enter into a purchase agreement with a manufacturer that is a registered Gaming-Related Supplier.

If the licensee chooses to rent a dispenser, the licensee must enter into a written contract with the registered Gaming-Related Supplier. Any rental contract must state the terms and duration of the rental and outline what will happen in the event that the licence is suspended, revoked or cancelled.

5. The licensee must pay for the purchase or the rental of a break open ticket dispenser with a cheque from the lottery trust account.
6. The maximum allowable expenses set by the terms and conditions allow licensees the option of expensing an additional amount prescribed by the Registrar towards the purchase or rental costs of a break open ticket dispenser.

CHAPTER 7 : BREAK OPEN TICKETS

7.8.1(B) SEAL CARD DISPLAY

The *Break Open Ticket Licence Terms and Conditions* require that the seal card be prominently displayed identifying the dollar value of the seal card prizes available to be won.

7.8.1(C) BINGO EVENT TICKET GAME POSTER

The *Break Open Ticket Licence Terms and Conditions* require that a bingo event ticket game poster be displayed to identify the dollar value of prizes available to be won.

7.8.1(D) BONA FIDE MEMBERS

In order for a lottery scheme to be legal it must be conducted and managed by bona fide members of the licensed organization. The licensee must designate at least one bona fide member to be responsible for the conduct of the break open ticket lottery. If the tickets are to be sold by a Hall Charities Association in a non-pooling bingo hall, the association must designate a minimum of two bona fide members.

The licensee must submit the names of the designated bona fide members to the licensing authority and must be prepared to provide documentation proving that the designated individuals are bona fide members and not members of convenience. The designated members must be at least 18 years old. (See also Section “3.5.2 Bona fide members” on page 100, for further information.)

For pooling bingo halls operating under the Bingo Revenue Model, see Section “10.5.1(a) Bona fide members” on page 243, for further information.

7.9.1. RETENTION AND DESTRUCTION OF BREAK OPEN TICKETS

Destruction of unsold, imprinted tickets ensures that gaming product is not re-introduced into the marketplace for illegal sale. The licensee must keep reconciled tickets for 90 calendar days after the interim or final report is filed with the licensing authority and then destroy them in the manner set out below.

Following the prescribed retention period, the following tickets must be destroyed:

- All redeemed winning tickets with a value greater than \$1.00;
- All tickets remaining in the BOT container/dispenser at the conclusion of the licence period that have already been carried over from the previous licence period;
- All tickets remaining in the BOT container/dispenser when the licensee has chosen to collapse a ticket type/style mid-licence or at the conclusion of the licence; and
- Any unopened deals of tickets remaining at the end of the licence period.

The tickets must be destroyed in the following manner:

- The licensee is required to arrange for the destruction of tickets;
- Destruction is permitted by a shredding company, manufacturer or registered supplier; and
- The licensee is required to provide a signed declaration from a third party (e.g., registered manufacturer or supplier) regarding the destruction of the tickets.

7.9.2. PRIZES

The Registrar retains the sole authority to approve all tickets including their graphics, prizes, prize values, sponsorship and promotions. Only ticket types and styles approved by the Registrar may be sold in Ontario.

7.9.2(A) MERCHANDISE PRIZES

Licensees are permitted to award merchandise as prizes for BOT lotteries, in addition to existing prize options of cash or free tickets. The value of merchandise prizes for purposes of establishing the prize board and licence fees will be based on the manufacturer's suggested retail price (MSRP). Licensees must be able to provide documentation indicating the MSRP of prizes at the time they were obtained for reporting purposes and upon request.

Merchandise prizes may be stored at a premise other than the retail location. Licensees are required to provide the winning ticket holder with a claim ticket to be exchanged for the actual prize which, in turn, must be awarded within one week of winning ticket redemption. Licensees must ensure that the winning ticket holder can pick up the prize at the retail location or should deliver the prize directly to the winning ticket holder within the one-week period. This will be communicated through a sign posted by the licensee at the point of sale stating these requirements.

7.9.2(B) CASH PRIZES

In order to ensure retailers are not required to keep large sums of cash onsite to pay out top prizes, licensees, in consultation with their retailers, may designate an amount above which customers will receive a claim ticket for their prize. All cash prizes must be paid within 48 hours. Licensees are required to ensure that retailers post a sign notifying customers of this.

7.9.3. SPONSORSHIP AND PROMOTIONS

Licensees may permit external sponsors to place their branding on break open tickets sold by the

CHAPTER 7 : BREAK OPEN TICKETS

licensee. The ticket must be prominently identified as a charity product. Any benefits realized by the manufacturer or the supplier are to be disclosed to the licensee. Sponsorship and branding must comply with the prescribed graphic approval requirements.

7.9.3(A) SPONSORED PRIZES

As part of the prescribed prize board, licensees may offer prizes provided by external sponsors.

Games may be developed whereby players submit the played ticket for a coupon to be redeemed for a free item, at which point no further purchase is required. The face value of the coupon is to be included as part of the prize board.

7.9.3(B) PROMOTIONS

A licensee may elect to sell break open tickets that have promotions of additional value attached to them. The value of the promotions may or may not be included in the prescribed prize board. The ticket may be used or redeemed for a coupon in the following manner:

- a coupon for free merchandise is to be included in the prize board; and
- a coupon for discounting of merchandise requiring an additional purchase is not included in the prize board.

Lottery Licensing Policy Manual

CHAPTER 8 :

FAIR AND EXHIBITION GAMING EVENT

8.1.0. INTRODUCTION

The *Criminal Code* (Canada) allows lottery events to be licensed at designated fairs or exhibitions.

Only the Registrar may:

- designate fairs or exhibitions as eligible venues for the conduct and management of lottery events; and
- issue lottery licences for events to be managed and conducted at the designated fairs or exhibitions.

The Ontario Association of Agricultural Societies maintains a list of fairs and exhibitions. The Registrar recognizes these as fairs and exhibitions for the purpose of lottery licensing. Fairs and exhibitions appearing on the list must meet all other eligibility requirements for lottery licensing.

The Registrar may consider designating other fairs and exhibitions not included on this list for the conduct and management of lottery events.

The boards of designated fairs or exhibitions or the operators of concessions leased from the boards (concessionaires) may apply to conduct and manage lottery events.

Each type of licensed lottery is governed by a specific set of rules known as terms and conditions. From time-to-time, the terms and conditions may change and the legislation may be amended. The owner of this manual is responsible for obtaining copies of any amendments to the legislation and any new terms and conditions and information bulletins as they are issued, in order to keep the manual up-to-date with all of the policies set by the Registrar.

8.2.1. LICENSING POLICIES

The following policies apply to all licence applications from fair or exhibition boards and concessionaires:

1. Fair or exhibition boards and concessionaires may be licensed to conduct and manage lottery events only during and at designated fairs or exhibitions.
2. The Registrar may issue Fair or Exhibition Gaming Event licences for the following gaming events:
 - » blackjack,
 - » wheel of fortune, and
 - » merchandise bingo events.

See Section "6.1.1. Blackjack and wheels of fortune" on page 146, and also the Fair or Exhibition Gaming Event Licence Terms and Conditions "Rules of Play" for further information.

3. The Registrar may also issue licences for the conduct and management of Break Open Ticket and Raffle lotteries during a designated fair or exhibition.
4. Fair or exhibition boards are eligible for a licence to conduct and manage the following lottery schemes during the fair or exhibition:
 - » blackjack
 - » wheel of fortune
 - » merchandise bingo
 - » break open tickets
 - » raffles.
5. Concessionaires are eligible for a licence to conduct and manage the following lottery schemes during the annual fair or exhibition:
 - » wheel of fortune
 - » merchandise bingo.
6. Concessionaires may apply for licences to conduct and manage lottery events at a fair or exhibition only if there is a lease in effect between the concessionaire and the board of the fair or exhibition. The concessionaire must conduct and manage the event.
7. Betting limits for blackjack and wheel of fortune are set at a \$1 minimum and \$5 maximum.
8. The applicant must use the application form for a fair or exhibition gaming event and enclose the licence fee. A concessionaire must also provide a copy of the lease.
9. A fair or exhibition board or a concessionaire may use the services of a registered Gaming-Related Supplier. The licence application must include the supplier's name and a summary of the services or equipment to be supplied.

CHAPTER 8 : FAIR AND EXHIBITION GAMING EVENT

10. The Registrar will not issue lottery licences for events to be conducted and managed on any conveyance that moves or is capable of moving including boats, trains and airplanes.

8.3.1. LICENCE FEES

The following licence fees apply:

- Blackjack tables: \$10 per table per day
- Wheel of fortune: \$10 per wheel of fortune per day
- Merchandise bingos: \$100 per location
- Raffle lotteries: three (3) per cent of the total prize
- Break open tickets: three (3) per cent of prizes per deal

Lottery Licensing Policy Manual

CHAPTER 9 :

BINGO—IN NON-POOLING BINGO HALLS

9.1.0. INTRODUCTION

Bingo is a game of chance where players are awarded a prize or prizes for being the first to complete a specified arrangement of numbers on bingo paper, based on numbers selected at random.

This chapter contains the policies and procedures for licensing bingo events. The Registrar issues certain types of bingo licences and municipalities issue others.

For information on charitable gaming events conducted in pooling bingo halls please refer to Chapter 10: “Bingo—In Pooling Bingo Halls.”

Currently, the following types of bingo events may be licensed in Ontario:

- Regular Bingo
- Super Jackpot Bingo
- Special Bingo
- Merchandise Bingo
- Media Bingo
- Decision Bingo
- Table Board Bingo
- Progressive Bingo.

The above list is subject to change.

If a municipal official receives an application for a bingo game that he or she is not familiar with, the official must first ensure that the bingo game in question is one which is currently approved for licensing by the Registrar before issuing a licence.

Each type of licensed lottery is governed by a specific set of rules known as “terms and conditions”.

From time to time, the terms and conditions may change and the legislation may be amended. Anyone to whom these policies apply is responsible for obtaining copies of any amendments to the legislation and any new terms and conditions, standards, directives and information bulletins as they are issued, in order to keep up to date with all of the policies set by the Registrar. The policies are available on the AGCO website. Please contact the AGCO for more information on obtaining the most up-to-date documents.

9.1.1. AUTHORITY TO LICENSE

9.1.1(A) PROVINCIAL LICENSING AUTHORITY

The Order-in-Council gives the Registrar sole authority to issue lottery licences allowing eligible organizations to manage and conduct:

- bingo events conducted in conjunction with other licensed lottery events;
- bingo events with prize boards over \$5,500;
- bingo events conducted in an unorganized territory, on Crown lands or in some First Nations communities; and
- bingo events where a prize or prizes not awarded at one event may be added to the amount of the prize to be awarded at a subsequent event or events.

9.1.1(B) MUNICIPAL LICENSING AUTHORITY

The Order-in-Council authorizes municipalities to issue licences permitting eligible organizations to conduct Regular Bingo games with maximum prize boards of up to \$5,500.

9.1.2. BINGO HALL REGISTRATION

The Registrar has established criteria and procedures for opening, upgrading, relocating and reopening bingo halls. The *Criteria and Procedures* are available through the AGCO and may be downloaded from the website at www.agco.on.ca.

9.1.2(A) BINGO LOCATIONS THAT MUST BE REGISTERED

The *Gaming Control Act, 1992*, governs the registration of Operators of bingo halls, which include:

- charitable gaming sites where four (4) or more bingo events are conducted in any seven-day period (formerly Class A and Class B bingo halls).
- charitable gaming sites where no more than three (3) events are conducted in any seven-day period (formerly Class C bingo halls).

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

9.1.2(a)(i) Bingo locations that may require registration

Licensees that rent out their premises and/or equipment to another licensee may require registration as prescribed by Regulation.

9.1.3(B) BINGO LOCATIONS EXEMPT FROM REGISTRATION

Registration is not required in the following circumstances:

1. An operator of a bingo hall does not require registration if no more than one bingo event is conducted in the hall during any seven-day period.
2. Licensees that conduct bingo events in their own premises, either owned or rented, do not require registration, provided that they meet the requirements prescribed by Regulation.

9.2.1. GENERAL BINGO LICENSING POLICIES

1. A charitable organization must submit its application to the local municipality, regardless of the type of bingo game it wishes to conduct and the amount of the prize board.
2. An eligible charitable organization may be licensed to conduct more than one Regular Bingo event per day. A separate event time, a separate prize board and separate bingo paper must be sold for each event listed on the licence.
3. Licensees may not combine prize boards from more than one event, unless otherwise approved by the Registrar.
4. Licensees must sell bingo paper only on the day of the event. The paper must be used for the event for which it is sold. Bingo paper must be identified by event, to ensure that unused paper is not used at a later event. The licensee must set up audit procedures to account for all sales and unsold bingo paper per event.
5. Licensees must record and account for all cash transactions, including bingo paper sold and prizes awarded.
6. There is no minimum time requirement between bingo events, provided the licensee meets the terms and conditions and all policy requirements for the bingo licence, and maintains a proper audit trail for each event.
7. All signing officers and designated members-in-charge of lottery events must be bona fide members of the organization, and must be at least 18 years of age.
8. A minimum of three (3) designated bona fide members must be present and in charge of the management and conduct of the event.
9. Game schedules may be made up of different games and prize payouts. Schedules may include regular and special games, including jackpot games licensed by municipalities and games licensed by the Registrar, such as Super Jackpot and Progressive bingo games.

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

10. Game schedules must include the starting and ending times for each session in which the licensed Regular Bingo event, and any events to be conducted in conjunction with it, will be held. The maximum prize payouts for each game must be included as well.
11. Licensees may conduct and manage a variable bingo game up to the maximum licensed prize board. If a licensee awards multiple prizes in one game, the prize total for the game cannot exceed the maximum of the Regular Bingo event prize board.
12. Licensees may offer jackpot games as part of the Regular Bingo event prize board. The jackpot prize may be awarded within a set designated number of calls. However, if the jackpot is not won within the designated number of calls, the consolation prize must be awarded. For jackpot games, neither the number nor prize amount can be progressive in nature.
13. The Registrar will not license provincial games held in conjunction with a Regular Bingo event where the jackpot is 100 per cent of the prize board.
14. The licensee must announce all prize payouts as approved on the game schedule before the game begins.
15. The licensee must establish a policy for large-numbered or Braille bingo paper for the visually impaired. The Registrar will not require manufacturers of this bingo paper to be registered under the *Gaming Control Act, 1992* unless they are involved in other activities requiring registration.
16. Break open tickets may be awarded as prizes for a Regular Bingo event provided the following conditions are met:
 - » the prize value must be based on the purchase price of the tickets;
 - » the cash value of the tickets to be awarded as prizes must be shown on the game schedule and approved by the licensing authority;
 - » break open tickets may only be awarded as bingo prizes to the winner of a Regular Bingo game, and not as the result of a draw or any other means of declaring a winner;
 - » the licensee must establish a procedure, approved by the licensing authority, to determine how prizes will be awarded to multiple winners;
 - » any advertising that includes break open tickets must be forwarded to the licensing authority for prior approval; and
 - » the licensee must follow all other policies and the terms and conditions for Regular Bingo events.
17. A licensee may charge a reduced price for bingo paper, provided the discount is listed on the game schedule and the licensing authority approves the pricing proposal. The licensee must submit its proposed discounts with its game schedule. The licensee may also apply to sell two (2) sheets of paper with six (6) sets of bingo numbers for the usual price of a single sheet with twelve sets. The licensee must monitor all discounts and provide a clear audit trail.
18. Bingo licences must not be issued for bingo events to be conducted and managed on any conveyance that moves or is capable of moving, including but not limited to boats, trains and airplanes.
19. When licensed to be conducted in a bingo hall, bingo may not be played outdoors.

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

9.2.2. CONFLICT OF INTEREST GUIDELINES

Bingo licensees must comply with the following conflict of interest guidelines, in addition to the general conflict of interest guidelines outlined in Section 3.5.3:

1. Licensees may not permit their bona fide members or persons acting as runners, cashiers or in other capacities for the licensed organization to play bingo while they are conducting the bingo, or play any other games held in conjunction with their event.
2. Employees who are involved in the conduct of the bingo events, whether they are registered or not, may not play bingo at that hall at any time.
3. Members of a licensee's Board of Directors, including a Hall Charities Association, 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.
4. Bingo hall employees and managers cannot act as bona fide members for the conduct of any licensed bingo event or a break open ticket lottery held in conjunction with the bingo event.

9.3.1. MUNICIPAL LICENSING POLICIES

The following policies apply to bingo licences issued by municipalities:

1. A municipal council may issue a licence with maximum prize boards of up to \$5,500 where the applicant is eligible and it is in the best interest of the community.
2. A municipal council is not obliged to issue a licence and may take into account factors such as:
 - » the number of licences already issued;
 - » existing playing locations;
 - » existing playing time slots;
 - » the applicant's ability to conduct and manage the event and to raise sufficient funds;
 - » the applicant's financial need; and
 - » community benefit.
3. A municipal council may attach additional terms and conditions to the licences it issues, provided that they do not conflict with the terms and conditions and the policies established by the Registrar.
4. Traditionally, eligible organizations have been limited to up to 52 licensed bingo events per year. However, a municipal council has the authority to set the number at greater or lesser maximum bingo events per year.
5. An eligible charitable organization may be licensed in more than one municipality, if none of the licences run during the same licensing period. The organization must notify each municipality of its licences in other municipalities.

9.3.2. MUNICIPALLY LICENSED BINGOS

This section contains information on municipally issued licences for the following types of bingo games and events:

- (a) Regular Bingo
- (b) Merchandise Bingo
- (c) Loonie Pot Bingo
- (d) Decision Bingo
- (e) Table Board Bingo
- (f) Media Bingo.

See Section “5.2.1(j) Bossy bingo/cow patty bingo” on page 130.

9.3.2(A) REGULAR BINGO

Pursuant to the Order-in-Council, a municipality may issue licences allowing eligible charitable organizations to conduct Regular Bingo events with prize boards that do not exceed \$5,500.

The licensee’s game schedule may include any combination of fixed prize and variable prize games. Variable prize games must show a minimum and maximum prize payout for each game on the schedule.

If all the games on a licensee’s schedule are variable prize games, the maximum prizes to be awarded cannot exceed 60 per cent of gross sales for each game. The total prizes paid out can never exceed the licensed prize board.

9.3.2(B) MERCHANDISE BINGO

“Merchandise Bingo” is a bingo game or event where the prize board consists of items of merchandise. An eligible organization may be licensed to conduct Merchandise Bingo as a regular bingo event, as part of a Regular Bingo event or at a “black tie event”.

At a “black tie event”, participants play by invitation only. They pay a fixed amount to participate in the event. The entrance fee covers the cost of playing bingo.

Boards of designated fairs or exhibitions, or concession operators at designated fairs or exhibitions, may apply to the Registrar to conduct Merchandise Bingo events during the fair or exhibition.

See also “CHAPTER 8 : FAIR AND EXHIBITION GAMING EVENT” on page 176, for further information.

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

9.3.2(b)(i) Merchandise Bingo licensing policies

The following licensing policies apply to Merchandise Bingo games conducted as a Regular Bingo event, as part of a regular bingo event or at a “black tie event”:

1. The retail value (including taxes and duties) of the merchandise offered at Merchandise Bingo events cannot exceed \$5,500.
2. A receipt or invoice is required for any prize with a retail value of \$500 or more, including applicable taxes.
3. The prizes must be awarded without encumbrances of any kind. For example, the prizes cannot be leased.
4. If two or more players have a winning combination on the same number called, the game must continue to a full card. If the game is still tied after a full card has been called, the tied participants must be given new cards to play a supplementary game. The supplementary game must be conducted in the same manner as the tied game, until a winner is declared. These rules must be clearly announced before the game begins.
5. An organization may be licensed for only one Merchandise Bingo event at a time.

9.3.2(C) LOONIE POT BINGO

A Loonie Pot Bingo is a special, variable prize game within a Regular Bingo game schedule. Bingo patrons pay a dollar to have their bingo paper stamped for the designated Loonie Pot Bingo game. Before the game begins, a number is selected, announced and put back into the machine. If a player with stamped bingo paper calls bingo and their winning number arrangement contains the pre-selected number, they also win the Loonie Pot Bingo prize.

9.3.2(c)(i) Loonie Pot Bingo licensing

The following licensing policies apply to Loonie Pot Bingo:

1. The maximum prize payout is \$100. Any surplus collected for the Loonie Pot Bingo prize becomes part of the net proceeds to be used for the charitable objects or purposes as approved on the application for licence.
2. The licensee must determine which game will be played for the regular game prize plus the Loonie Pot Bingo prize, and must have the game approved by the licensing authority as part of the game schedule.
3. The Loonie Pot Bingo prize cannot be carried over to another bingo event. The licensee must establish a procedure for awarding the Loonie Pot, if the winner of the designated game is not eligible for the Loonie Pot prize.
4. The Loonie Pot Bingo prize must be part of the up to \$5,500 prize board for the regular game schedule.

5. Only one Loonie Pot Bingo game is allowed per Regular Bingo event.
6. The terms and conditions for the Regular Bingo and the general licensing policies regarding variable games apply to the Loonie Pot Bingo game.

See sections “9.4.1(g) Loonie Progressive game” on page 199, and “9.4.2(e) Loonie Progressive game” on page 205, licensed by the Registrar.

9.3.2(D) DECISION BINGO

Decision Bingo differs from Regular Bingo in two ways:

- players use chips to purchase bingo paper, and
- during each game, players have the option of ending play or continuing to play by using chips to ante.

Players purchase chips at \$0.25 each for (a) buying regular bingo paper in single strips and/or books for an amount authorized by the licensing authority, and (b) upping the ante.

Before the start of each game, the caller announces the number of cards in play. After three numbers have been called, the players must decide whether or not to continue playing. If a player continues, the player must ante one chip (\$0.25) after each three numbers have been called. The game continues until a one-line bingo winner is declared. The prize awarded is the total value of the antes received during the game, up to a limit of \$100.

9.3.2(d)(i) Decision Bingo licensing

The following licensing policies apply to Decision Bingo:

1. Municipalities may license Decision Bingo events under a regular bingo licence, for prize boards up to \$5,500.
2. Decision Bingo may only be played on a program made up entirely of Decision Bingo games.
3. The municipality must issue a licence for a specific time period and must indicate the maximum number of games allowed during that period.
4. Applicants for Decision Bingo licences must submit all documents required for Regular Bingo events.
5. Municipalities may charge a Decision Bingo licence fee of up to three (3) per cent of the maximum prizes to be awarded.
6. Decision Bingo may not be conducted in conjunction with any other bingo event.

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

9.3.2(d)(ii) Decision Bingo terms and conditions

In addition to the Regular Bingo reporting requirements, the additional terms and conditions require that Decision Bingo financial reports include:

- the number of players for each game;
- the number of cards sold for each game; and
- the amount of antes paid for each game.

9.3.2(E) TABLE BOARD BINGO

Table Board Bingo, also known as “shutter board” bingo, is a bingo game played on a mechanical table board bingo device. This device contains permanent bingo cards and shutters. A player marks a number by covering it with a shutter. The prize amount is variable and is determined by the number of boards in play.

Table Board Bingo may be licensed in one of three ways:

1. Where the total prize board for the event does not exceed \$5,500, a municipality may license an eligible organization to conduct Table Board Bingo games:
 - » as a Regular Bingo event, or
 - » as part of a Regular Bingo event.
2. The Registrar may license Hall Charities Associations to conduct Table Board Bingo games, in conjunction with a licensed Regular Bingo event. The Table Board Bingo prizes are in addition to the maximum Regular Bingo prize board.
3. The Registrar may license Hall Charities Associations to conduct Table Board Bingo games in conjunction with Special (Monster) Bingo events. The Table Board Bingo prizes are in addition to the Special (Monster) Bingo prize board.

See Section “9.4.1(e) Table Board Bingo” on page 196, licences issued by the Registrar.

9.3.2(e)(i) Municipal Table Board Bingo licensing

The following policies apply to municipally issued licences for Regular Bingo events that are made up entirely of Table Board Bingo or include Table Board Bingo games as part of the Regular Bingo prize board:

1. No limit is set on the number of Table Board Bingo games that may be played within a licensed event, provided that the prizes awarded do not exceed the licensed prize amount.
2. If a Regular Bingo event is made up entirely of Table Board Bingo games, the prizes paid out cannot exceed 60 per cent of the gross proceeds for the event, up to a maximum of \$5,500. If

the municipality has set a lower prize limit for Regular Bingo events, the prizes cannot exceed that amount.

3. Prize amounts for Table Board Bingo games must be based on a percentage of the revenue collected for each game. While the percentage may vary from game to game, the Table Board Bingo prizes paid out cannot exceed 60 per cent of the total revenues collected for the licensed bingo event. The percentage payout for the Table Board Bingo game must be noted on the game schedule and in the licence application.
4. A Table Board Bingo event must be conducted during the time appearing on the licence.
5. A licensee may not hold a Super Jackpot game in conjunction with a Regular Bingo event made up entirely of Table Board Bingo games.
6. All other policies for Regular Bingo events licensed by a municipality, as outlined in Section 9.3.1, apply to Table Board Bingo games.

9.3.2(F) MEDIA BINGO

Pursuant to the Order-in-Council, a municipality may issue licences allowing eligible organizations to conduct a Media Bingo event with prize boards that do not exceed \$5,500.

Media Bingo is operated through the public media including radio, newspaper, or television. Media Bingo differs from Regular Bingo in that the licensee may only sell bingo cards that have a clearly visible, consecutively numbered serial number. This is for tracking purposes, as bingo cards are usually distributed to local merchants who sell the bingo cards on behalf of the licensee organization. The licence number must appear on all Media Bingo cards.

Persons who have covered the specified arrangement of numbers required to win would call a local telephone number to register their “bingo” and provide their card to the licensee in order to collect their prize.

Radio Bingo

Games may be aired on the radio in one of two ways:

1. on a half- to one-hour program, where numbers are called and all games are completed during this time period; or
2. may be run for a period of two to four weeks on the radio where a few numbers are drawn and called daily at a specified time (for example, three numbers a day are called until a winner is declared).

Newspaper Bingo

The bingo numbers are published in a local newspaper and run for a period of time, usually two to four

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

weeks in length, with a few called numbers being published each day. The game proceeds until a winner has been declared.

Television Bingo

This type of bingo is usually aired over a local cable television station in a half-hour or hour-long program. The winner is the first person to phone in and claim a bingo during the broadcast.

9.3.2(f)(i) Media Bingo licensing policies

The following licensing policies apply to Media Bingo:

1. Municipalities may license Media Bingo events for prize boards of up to \$5,500.
2. An eligible organization may be licensed for only one Media Bingo event at a time and the licence cannot be issued for more than six (6) months.
3. If a licensee wishes to sell its bingo cards in municipalities outside of the one where the bingo is being managed and conducted, the licensee must obtain a letter of approval from each municipality in which it proposes to sell bingo cards.
4. Licensees must conduct the Media Bingo in accordance with the *Media Bingo Licence Terms and Conditions*.

9.3.3. MUNICIPAL LICENSING PROCEDURES

Applicants must submit their bingo licence applications to the municipality in which the bingo event is to be held. The following documents must be submitted:

1. a completed application on a form issued by the Registrar;
2. the licence fee (a municipality may set its own lottery licensing fee structure, provided the total fees charged do not exceed the amount prescribed by the Registrar);
3. a game schedule outlining:
 - » bingo games to be played;
 - » the winning arrangement of numbers for each game;
 - » the value of the prize for each game;
 - » the minimum and maximum payouts for variable prize games, also known as “share the wealth” games, including any Table Board Bingo games;
 - » the set percentage used to calculate the variable prizes for the individual Table Board Bingo games;
 - » the price of the bingo paper, if applicable;

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

- » the total value of all prizes offered for the bingo event;
- » the name and address of the premises where the bingo event is to be held (see also Section “9.1.2. Bingo hall registration” on page 181, for further information);
- » any special purchase provisions for used bingo paper exchanged for new paper (e.g., \$0.25 instead of \$0.50); and
- » the starting and ending time for the time slot for the licensed Regular Bingo event, and any bingo games played in conjunction with it, including the fixed time slot for any Table Board Bingo games.

9.4.1. BINGOS LICENSED BY THE REGISTRAR

This section contains information on licences issued by the Registrar for the following types of games and events:

- (a) Break open ticket events run in conjunction with bingo events, including Seal Card Games and Bingo Event Ticket games;
- (b) Regular Bingo events conducted in unorganized territories, in some First Nations communities and on Crown Lands;
- (c) Special Bingo events;
- (d) Super Jackpot Bingo games;
- (e) Table Board Bingo events held in conjunction with Regular or Special Bingo events;
- (f) Progressive Bingo game events;
- (g) Loonie Progressive game events; and
- (h) charitable gaming events (please see “CHAPTER 10 : BINGO—IN POOLING BINGO HALLS” on page 231, for further information).

9.4.1(A) BREAK OPEN TICKET EVENTS RUN IN CONJUNCTION WITH BINGO EVENTS

The Registrar has the sole authority to issue a licence for a break open ticket event to be held in conjunction with another licensed gaming event. Even if the municipality licensed the related bingo event, only the Registrar may issue the licence for the break open ticket event.

The municipality may only licence a break open ticket event if it is not held in conjunction with another gaming event.

Please see “CHAPTER 7 : BREAK OPEN TICKETS” on page 154, for further information.

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

9.4.1(B) REGULAR BINGO EVENTS CONDUCTED IN REGIONS WITHOUT LOCAL MUNICIPAL COUNCILS

The Registrar licenses all Regular Bingo events to be conducted in unorganized territories, on Crown lands and in First Nations communities (except those who exercise licensing authority under an Order-in-Council). Applicants must follow the application procedures for obtaining a licence issued by the Registrar.

9.4.1(C) SPECIAL BINGO EVENTS (MONSTER BINGOS)

The following policies apply only to Special (Monster) Bingo events:

1. A Special Bingo event is any bingo event, including Merchandise Bingo, that has a prize board in excess of \$5,500.
2. Only the Registrar may issue a lottery licence for a Special Bingo event. When considering an application, the Registrar takes marketplace conditions into consideration. Licences may only be issued three to four months before the event date.
3. Licences are limited to one (1) licence per 30-day period, per 100-km radius. The 30-day period is not based on the calendar month.
except
 - (a) Special Bingo events are limited to one licence per 15 days, per 30-km radius, in the following areas:
 - Durham, York, Peel, Halton, Haldimand-Norfolk, Niagara, Hamilton-Wentworth (known as the Golden Horseshoe), and
 - in the Ottawa-Carleton area, including the amalgamated municipalities of Kanata, Nepean, Ottawa, Vanier and Gloucester.
 - (b) Special Bingo events are limited to one licence per 15 days, per 15-km radius in Toronto.
4. Special Bingo events licensed in the Golden Horseshoe or Ottawa-Carleton region will not influence the licensing of events in the adjacent 100-km radius.
5. To be eligible for a Special Bingo licence, an eligible charitable organization cannot have a Regular Bingo licence with event dates within three (3) months (before and after) of the date of a Special Bingo event, regardless of where the Regular Bingo event is held.
6. The licensee is permitted to sell tickets that allow customers to prepay for bingo paper before the date of the event.
7. The Registrar may issue a licence permitting an eligible organization that does not normally conduct Regular Bingo to conduct and manage a Special Bingo event.
8. No more than 12 Special Bingo licences may be issued in each calendar year for events to be conducted and managed in one bingo hall.

9. If the organization licensed to conduct the Special Bingo event agrees, the Hall Charities Association may conduct and manage bingo games for which it receives licences from the Registrar during the Special Bingo event.
10. Once the Registrar approves a Special Bingo event date, it cannot be changed.
11. The Registrar will authorize one (1) event date per licence.
12. The licensee must provide a letter of credit for all Special Bingo events where the prize board is \$10,000 or more. The letter of credit must have an expiry date of at least 45 days after the event date.
13. The Registrar requires a minimum of 45 days to process an application for a Special Bingo event licence.

9.4.1(D) SUPER JACKPOT BINGO

Super Jackpot Bingo is a separately licensed bingo game that is part of a Regular Bingo event. The Super Jackpot Bingo prize is in addition to the Regular Bingo event prize board.

The Super Jackpot prize is awarded based on a set, increasing number of bingo numbers called at successive Super Jackpot games. A player must complete a full card in order to win the Super Jackpot prize. Fifty bingo numbers are called at the first Super Jackpot game. At each successive game, the number of bingo numbers called increases by one until the Super Jackpot game has been won.

The licensee must award a consolation prize when the Super Jackpot is not won within the designated number of bingo numbers called.

Once a Super Jackpot has been won, a new game begins at the next Super Jackpot game covered by the licence. If the Super Jackpot prize has not been won prior to the end of the licence period the prize will be carried forward to the new licence period.

Licensees should apply for their new licence at least 45 days before the end of their current licence period, to ensure that a new licence can be issued before the current licence expires. If a licensee is conducting the last game in a licence period, and the licensee will not be obtaining another licence, the full Super Jackpot prize must be awarded.

The following policies apply to Super Jackpot Bingo games:

1. Only the Registrar may issue licences for Super Jackpot games.
2. All the charitable organizations at a non-pooling bingo hall where four (4) or more events are held within a seven-day period must form a Hall Charities Association to administer all the Super Jackpot licences for that bingo hall. The following policies apply to the Hall Charities Association in respect to the Super Jackpot licences:

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

- » A principal officer from each participating member organization of the Hall Charities Association must sign the Super Jackpot licence application;
- » A licensee may not hold a Super Jackpot game in conjunction with a Regular Bingo event made up entirely of Table Board Bingo games.
- » A Hall Charities Association may choose to conduct Super Jackpot games with multiple “horizontal” licences or a single “vertical licence”:
 - “Horizontal” licences allow licensees to offer different Super Jackpot prize boards in conjunction with Regular Bingo events. A “horizontal” licence limits a Super Jackpot prize to a single time slot per day. For example, a licensee could have one “horizontal” licence for a 2:00 p.m. slot and another licence for a 7:00 p.m. slot. If the jackpot is not won at the 2:00 p.m. slot, it must be carried over to the 2:00 p.m. time slot on the next day. Similarly, if the jackpot is not won at 7:00 p.m., it must be carried over to the next 7:00 p.m. time slot.

Example: Horizontal Super Jackpot Licences							
A, B, C = Separate Horizontal Licences							
# = Number of Balls called in Super Jackpot Game							
* = Super Jackpot Winner							
	Sun.	Mon.	Tue.	Wed.	Thu.	Fri.	Sat.
2 p.m.	A -> (50#s)	A -> (51#s)	A -> (52#s)	A (Win)* (53#s)	A (New) -> (50#s)	A -> (51#s)	A -> (52#s)
7 p.m.	B -> (50#s)	B -> (51#s)	B -> (52#s)	B -> (53#s)	B -> (54#s)	B*(Win) (55#s)	B (New) (50#s)
10 p.m.	C -> (50#s)	C -> (51#s)	C -> (52#s)	C -> (53#s)	C -> (54#s)	C -> (55#s)	C -> (56#s)

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

- A “vertical” licence allows licensees to offer Super Jackpot games only at Regular Bingo time slots that have the same Super Jackpot prize board. With a “vertical” licence, the Super Jackpot is carried over to the next time slot with the same prize board, until it is won. For example, it can be carried over from the 2:00 p.m. slot to the 7:00 p.m. slot, providing they have the same Super Jackpot prize board.

Example: Vertical Super Jackpot Licence

V = Vertical Super Jackpot Licence
 # = Number of Balls called in Super Jackpot Game
 * = Supper Jackpot Winner

	Sun.	Mon.	Tue.	Wed.	Thu.	Fri.	Sat.
2 p.m.	V (50#s) ↓	V (53#s) ↓	V (Win)* (56#s) -	V (52#s) ↓	V (55#s) ↓	V (58#s) ↓	V (New) (50#s) ↓
7 p.m.	V (51#s) ↓	V (54#s) ↓	V (New) (50#s) ↓	V (53#s) ↓	V (56#s) ↓	V (59#s) ↓	V (51#s) ↓
10 p.m.	V (52#s) ↓	V (55#s) ↓	V (51#s) ↓	V (54#s) ↓	V (57#s) ↓	V (Win)* (60#s) -	V (52#s) ↓

- » The Hall Charities Association must use a separate lottery trust account to administer all the Super Jackpot licences.
- » The Hall Charities Association must maintain a separate ledger for each Super Jackpot licence.
- » The Hall Charities Association must prepare a separate Super Jackpot event report for each Super Jackpot licence.
- » The Hall Charities Association must submit a monthly Super Jackpot event report to the Registrar by the 15th day of the following month.
- » The Hall Charities Association must combine the net proceeds from all Super Jackpot games and divide them at least monthly among all member organizations on a pro rata basis, determined by the number of Regular Bingo events conducted by each organization (see example below). In the case of horizontal licences, the Hall Charities Association may choose to combine the net proceeds of all licences and divide them on a pro rata basis between participating members, or the Association may distribute the proceeds from each licence between participating members on a pro-rata basis.

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

Example: Monthly Super Jackpot Disbursements

Total Net Proceeds to be Disbursed to All Members Groups = \$15,000

Total # of Regular Bingo Events ("Events") = 10

Groups	# of Events		Share*	Amount**	Year to Date***
Charity A	3	X	1500	\$4,500	-
Charity B	2	X	1500	\$3,000	-
Charity C	2	X	1500	\$3,000	-
Charity D	3	X	1500	\$4,500	-
Totals:	10			\$15,000	

*Share = Total net proceeds divided by total number of events

**Amount = Share multiplied by number of events per group

***Hall Charities Association Should also keep a running total of disbursements for year-to-date.

- The Registrar may license a Hall Charities Association to conduct one Super Jackpot Bingo game for each time slot at which a member organization of the Hall Charities Association conducts a licensed Regular Bingo event.

Fee Example: a \$3,000 Super Jackpot Game with \$300 in Line Prizes conducted at 180 events over a 6-month period:

The Super Jackpot licence fee would be calculated as

$$180 \times (\$3,000 + \$300) \times 40\% \times 3\% = \mathbf{\$7,128.00}$$

9.4.1(E) TABLE BOARD BINGO

Table Board Bingo, also known as "shutter board" bingo, is a bingo game played on a mechanical Table Board Bingo device. This device contains permanent bingo cards and shutters. A player marks a number by covering it with a shutter. The prize amount is variable and is determined by the number of boards in play.

Table Board Bingo may be licensed in one of the three following ways:

- A municipality may license an eligible organization to conduct Table Board Bingo as a Regular Bingo event or as part of a Regular Bingo event, where the total prize board for the event does not exceed \$5,500.
- The Registrar may license Hall Charities Associations to conduct Table Board Bingo games, in conjunction with a licensed Regular Bingo event. The Table Board Bingo prizes are in addition to the maximum Regular Bingo prize board.
- The Registrar may licence Hall Charities Associations to conduct Table Board Bingo games in conjunction with Special (Monster) Bingo events. The Table Board Bingo prizes are in addition to the Special (Monster) Bingo prize board.

9.4.1(e)(i) Provincial licensing policies for table board bingo

The following policies apply to Table Board Bingo events licensed by the Registrar:

1. No limit is set on the number of Table Board Bingo games that may be played under a licence issued in conjunction with a Regular or Special (Monster) Bingo event. However, the total value of the prizes awarded for the Table Board Bingo event cannot exceed 60 per cent of the licensed prize board for the Regular or Special Bingo event.
2. Only one Table Board Bingo event may be licensed per Regular or Special Bingo event time slot.
3. The licensee must offer variable prize amounts for Table Board Bingo games, based on a percentage of the revenue collected for each game. While the percentage may vary within the licensed Table Board Bingo event, the total amount of prizes paid out cannot exceed 60 per cent of the total revenues collected for the event. The percentage for the Table Board Bingo game must be noted in the licence application and on the game schedule.
4. Table Board Bingo games will be licensed for a maximum period of six (6) months.
5. The Hall Charities Association must apply for and administer the Table Board Bingo licences. The following policies apply:
 - » A principal officer of each member organization must sign the licence application.
 - » The Hall Charities Association must:
 - set up a separate designated lottery trust account to administer Table Board Bingo games;
 - combine the net proceeds from all Table Board Bingo games and divide the proceeds monthly among member organizations on a pro rata basis, determined by the number of regular events held by each organization;
 - maintain a separate ledger for each Table Board Bingo licence;
 - prepare a separate Table Board Bingo report for each Table Board Bingo licence; and
 - submit a monthly Table Board Bingo activity report to the Registrar by the 15th day of the following month.
6. If a Hall Charities Association is applying to conduct a Table Board Bingo event in conjunction with a Special Bingo event, it must obtain the written support of the Special Bingo licensee.
7. A Table Board Bingo event must be conducted in a fixed time slot. That is, the licensee must hold the event in the same time slot each day and cannot move it to another time slot.
8. A Table Board Bingo event held in conjunction with a Regular or Special Bingo event must be completed during the time allocated for the Regular or Special Bingo event.
9. The Table Board Bingo licence application must specify the days and time slots when each Table Board Bingo event will be conducted.
10. Each Table Board Bingo event must be conducted at the time slot specified on the licence.

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

11. A licensee may not hold a Super Jackpot game in conjunction with a Regular Bingo event made up entirely of Table Board Bingo games.
12. The prescribed licence fee for Table Board Bingo is payable in the form of a cheque made payable to the Minister of Finance.

9.4.1(e)(ii) Approved Table Board Bingo devices

The following policies apply to the use of Table Board Bingo devices:

1. Licensees must use Table Board Bingo devices approved by the Registrar, or that meet the criteria established by the Registrar.
2. Licensees must obtain Table Board Bingo devices from suppliers that are approved by the Registrar and registered under the *Gaming Control Act, 1992*.

9.4.1(F) PROGRESSIVE BINGO GAME

A Progressive Bingo game is a separately licensed bingo game, held in conjunction with a Regular Bingo event, where the prize amount increases from event to event. If the progressive prize is not won at one event, it is added to the amount of the prize to be awarded at the next Progressive Bingo game. The progressive prize increases at each successive event until the specified limit is reached or until the progressive prize is won.

The licensee must award a consolation prize at every event whether or not the main Progressive Bingo game prize is won. The structure of the consolation prize must be described on the game schedule of the Regular Bingo event during which the Progressive Bingo game will be conducted.

The dollar amounts of the Progressive Bingo game prize and the consolation prize must be announced prior to the commencement of each game.

Rules of play

Progressive Bingo games must be managed and conducted in accordance with Rules of Play that are attached to and form part of the *Progressive Bingo Game Licence Terms and Conditions*.

A licensee has the option of conducting and managing up to two Progressive Bingo games in conjunction with any one licensed Regular Bingo event. Under this option licensees may apply for:

- One Rules of Play "A" –"Accumulator-style game", and,
- One of the following Progressive Bingo Game Rules of Play:
 - » Rules of Play "B" –"\$10,000 Progressive-style game", or;
 - » Rules of Play "C" –"\$5,000 Progressive-style game", or;

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

- » Rules of Play “D” –“Two \$5,000 Progressive-style games”

The following policies apply to Progressive Bingo games:

1. Only the Registrar may issue a Progressive Bingo Game Licence.
2. Progressive Bingo games will be licensed for a maximum period of six (6) months.
3. A Progressive Bingo game event must be conducted in a designated fixed time slot during which the licensed Regular Bingo event will be held and must be noted on the game schedule.
4. The following policies apply to Hall Charities Association with respect to Progressive Bingo game licences:
 - » A principal officer from each member organization of the Hall Charities Association must sign the Progressive Bingo game licence application.
 - » The Hall Charities Association must use a separate lottery account designated as a “trust account” by the bank or other financial institution to administer the Progressive Bingo game licence.
 - » The Hall Charities Association must maintain a separate ledger for each Progressive Bingo game licence.
 - » The Hall Charities Association must prepare a separate Progressive Bingo game report for each Progressive Bingo game licence.
 - » The Hall Charities Association must submit a prescribed financial report to the Registrar by the 15th day of the following month.
5. In its application, the Hall Charities Association must specify the days and time slots for each Progressive Bingo game.
6. The licensee must conduct and manage the Progressive Bingo game in the designated fixed time slot specified on the licence.
7. The licence fee for each Progressive Bingo game event is \$12.00.

Fee Example:

The fee for a licensee conducting 4 Progressive Bingo Game events per day, 7 days a week, over the maximum licensing period of 26 weeks would be:

$$4 \text{ events per day} \times \$12 = \$48 \times 7 \text{ days} = \$336 \times 26 \text{ weeks} = \mathbf{\$8,736.00}$$

9.4.1(G) LOONIE PROGRESSIVE GAME

The Loonie Progressive game is a separately licensed game that is played during the Regular Bingo event where the prize amount increases from event to event. If the Loonie Progressive game prize is not won, it is added to the amount of the prize to be awarded at the next Loonie Progressive game event. The Loonie Progressive game prize is allowed to increase at each successive event to a maximum of \$5,000 or until the prize is won. Players must purchase a Loonie Progressive game ticket and paper for the Regular Bingo

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

event in order to play the Loonie Progressive game. Licensees may offer the Loonie Progressive game in two game formats each of which is governed by its own set of Rules of Play.

Rules of Play

The Loonie Progressive game must be conducted and managed in accordance with the Rules of Play that are attached to and form part of the *Loonie Progressive Game Licence Terms and Conditions*:

- Loonie Progressive Rules of Play: Game "A," and
- Loonie Progressive Rules of Play: Game "B."

9.4.1(g)(i) Game process: Game A

Prior to the commencement of each licensed Regular Bingo event, a bingo ball is randomly drawn from the bingo blower. The number on the drawn bingo ball becomes known as the "Indicator Number". The "Indicator Number" (bingo ball) must be clearly shown and announced to all players in the hall and returned to the bingo blower before the bingo session begins. If the Indicator Number is drawn, the bingo ball drawn immediately after the "Indicator Number" is the Loonie Progressive game number.

The player or players who have a valid Loonie Progressive game "A" ticket and complete the specified arrangement of numbers when the Loonie Progressive Game Number is called win the Loonie Progressive Game "A" prize. Whether or not the Loonie Progressive Game "A" prize is won, no amount may be awarded as a consolation prize.

The Loonie Progressive game prize must be calculated and awarded in accordance with the Loonie Progressive Rules of Play Game "A" attached to and forming part of the *Loonie Progressive Game Licence Terms and Conditions*.

9.4.1(g)(ii) Game process: Game B

In order to play Game B, players must purchase a Loonie Progressive Game "B" ticket. Unlike in Game A, there is no indicator number drawn.

The Loonie Progressive Game "B" prize is awarded to the player who completes the specified arrangement of numbers on the bingo paper within a designated number of calls and has a valid Loonie Progressive Game "B" ticket.

If the Loonie Progressive Game "B" prize is not won and the prize has accumulated to \$5,000, the designated number of calls must increase by one at each session until the Loonie Progressive Game "B" prize is won.

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

The Loonie Progressive game prize must be calculated and awarded in accordance with the Loonie Progressive Rules of Play Game “B” attached to and forming part of the *Loonie Progressive Game Licence Terms and Conditions*.

The following policies apply to both game formats for the Loonie Progressive game:

1. Loonie Progressive game tickets may be priced at \$1 or \$2 per event.
2. Players who participate in the Loonie Progressive game must have purchased Regular Bingo paper and a valid ticket for the Loonie Progressive game in order to claim the Loonie Progressive game prize.
3. The licensee must have an auditable tracking system to record all ticket purchases and to verify a winning Loonie Progressive game.
4. The tickets must have two parts, one of which is given to the customer and the other is retained by the licensee. Each part of the ticket must contain the following:
 - » name of the Loonie Progressive game participant;
 - » hall location, session, date and time of the Loonie Progressive game event;
 - » total prize amount that may be awarded;
 - » the price to play the Loonie Progressive game;
 - » ticket number (all tickets must be sequentially numbered)

The following licensing policies apply to the Loonie Progressive game:

- Only the Registrar may issue licences for Loonie Progressive games.
- Loonie Progressive games will be licensed for a maximum period of six (6) months.
- The licence fee for each Loonie Progressive game event is \$2.00.

Fee Example:

The fee for a licensee conducting 4 loonie progressive game events per day, 7 days a week, over the maximum licensing period of 26 weeks would be:

$$4 \text{ events per day} \times \$2 = \$8 \times 7 \text{ days} = \$56 \times 26 \text{ weeks} = \mathbf{\$1,456.00}$$

Where a Hall Charities Association exists, only the Hall Charities Association may apply for a licence to conduct and manage the Loonie Progressive game. Where no Hall Charities Association exists, the individual licensee may apply for a licence to conduct and manage the Loonie Progressive game.

Loonie Progressive game applicants must submit the following information with the application:

- a letter of support from the local licensing authority;
- copies of the game schedule for the licensed Regular Bingo event in conjunction with which the

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

Loonie Progressive game is to be conducted and managed; and a void cheque from the Loonie Progressive game lottery trust account.

On the financial report licensees are required to specify the ticket numbering system used for the Loonie Progressive Game “B” tickets. Any tickets that are void must be accounted for on the financial report and the original void tickets must be submitted with the financial report.

The following policies apply to a Hall Charities Association with respect to Loonie Progressive game licences in a non-pooling hall:

- A principal officer from each participating member organization of the Hall Charities Association must sign the Loonie Progressive game licence application.
- The Hall Charities Association must use a separate lottery account designated as a “Trust Account” by the bank or other financial institution to administer their Loonie Progressive game licences and use and distribute proceeds in accordance with the banking requirements set out in the *Regular and Special Bingo Licence Terms and Conditions*.
- The Hall Charities Association must maintain a separate ledger for each Loonie Progressive game licence.
- In its application, the Hall Charities Association must specify the days and time slots for each Loonie Progressive game.
- The licensee must conduct and manage the Loonie Progressive game only during the Regular Bingo games specified on the application for licence.
- The Hall Charities Association must prepare a separate Loonie Progressive game report for each Loonie Progressive game licence.
- The Hall Charities Association must submit a prescribed financial report to the Registrar by the 15th day of the following month.

9.4.2. PROCEDURES FOR LICENCES ISSUED BY THE REGISTRAR

9.4.2(A) REGULAR OR SPECIAL BINGOS

The following procedures apply to bingo licences issued by the Registrar:

Applications must include:

1. A completed application on a form issued by the Registrar, signed by at least one (1) of the designated members-in-charge and two (2) principal officers of the organization.
2. The prescribed licence fee in the form of a cheque made payable to the Minister of Finance.
3. A game schedule outlining:

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

- » the bingo games to be played;
 - » the winning arrangement of numbers for each game;
 - » the value of the prize for each game;
 - » the minimum and maximum payouts for variable prize games;
 - » the prices of the bingo paper;
 - » the total value of all prizes offered for the bingo event;
 - » any special purchase provisions for used bingo paper exchanged for new bingo paper (e.g., \$0.25 instead of \$0.50); and
 - » the start and end time for the time slot during which the Regular Bingo event and any licensed lottery events/games conducted in conjunction with it will be held.
4. The name and address of the premises where the bingo event is to be held.

First-time applicants must allow a minimum of 45 days for the Registrar to process their licence application.

The Registrar will:

- notify an applicant if its application is deficient, requesting the missing documents; and
- communicate only with the appropriate contact person of the Hall Charities Association as listed on the application form (e.g., a member-in-charge or a principal officer of the association), regarding applications, licences and amendments.

See sections "9.4.2(b) Super Jackpot Bingo" on page 203, (c), (d) and (e) for additional requirements for Super Jackpot Bingo, Table Board Bingo, Progressive Bingo Game and Loonie Progressive Game applications.

9.4.2(B) SUPER JACKPOT BINGO

Super Jackpot licence applicants must comply with the following procedures:

1. In addition to the requirements for Regular or Special Bingo event licences, applicants for Super Jackpot licences must submit the following information:
 - » copies of the game schedule for the Regular Bingo event during which the Super Jackpot game will be conducted;
 - » game schedules of all bingo events licensed in the hall;
 - » a list of the bingo events during which Super Jackpot games will be played, on a weekly basis, including the day and time of each event, indicating any days the bingo hall will be closed for holidays during the licensing period;
 - » a list of all organizations that are members of the Hall Charities Association; and

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

- » the signature of an authorized principal officer from each member organization, verifying that he or she has read, understands and agrees to comply with the *Super Jackpot Bingo Terms and Conditions*.
- 2. The Registrar may also request that the Hall Charities Association submit a copy of its current membership, constitution and bylaws.

9.4.2(C) TABLE BOARD BINGO

Organizations submitting Table Board Bingo applications to the Registrar must comply with the following procedures.

1. In addition to the requirements for Regular or Special Bingo event licences, Table Board Bingo licence applicants must submit the following information:
 - » copies of the game schedule for the licensed Regular or Special Bingo event specifying:
 - the set percentage used to calculate the variable prizes for the individual Table Board Bingo games;
 - which events are made up entirely or partly of Table Board Bingo games; and
 - the start and end times for the Regular or Special Bingo time slot;
 - » game schedules for all municipally-licensed bingo events in the hall;
 - » a list of the bingo events during which Table Board games will be played, on a weekly basis, including the day and time of each event, indicating any days the bingo hall will be closed for holidays during the licensing period; and
 - » the signature of an authorized principal officer from each member of the Hall Charities Association verifying that he or she has read, understands and agrees to comply with the *Table Board Bingo Terms and Conditions*.
2. The Registrar may also request that the Hall Charities Association submit a copy of its current membership, constitution and bylaws.

9.4.2(D) PROGRESSIVE BINGO GAME

Progressive Bingo game licence applicants must comply with the following procedures:

1. In addition to the requirements for Regular or Special Bingo event licences, applications for a Progressive Bingo game licence must also include:
 - » which Progressive Bingo Game Rules of Play will apply, "A", "B", "C" or "D";
 - » a list of the days and the time slots when the Progressive Bingo will be conducted;
 - » copies of the game schedule for the Regular Bingo event during which the Progressive Bingo game will be conducted; and
 - » the Progressive Bingo game lottery trust account number;
2. Where the application is for Rules of Play "A" the applicant must specify:

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

- » the minimum designated number of calls; and
 - » the method for determining the amount of the consolation prize.
3. Where the applicant is a Hall Charities Association applications must also include:
 - » a list of all organizations that are members of the association; and
 - » the signature of an authorized principal officer from each member organization, verifying that he or she has read, understands and agrees to comply with the *Progressive Bingo Game Licence Terms and Conditions*.
 4. The Registrar may also request that a Hall Charities Association submits a copy of its current membership, constitution and bylaws.

9.4.2(E) LOONIE PROGRESSIVE GAME

1. Applications for a Loonie Progressive game licence must include:
 - » a completed application on a form issued by the Registrar, signed by at least one of the designated members-in-charge and two principal officers of the organization;
 - » the licence fee in the form of a cheque made payable to the Minister of Finance;
 - » the name and address of the premises where the Loonie Progressive game event is to be held;
 - » a list of all Regular Bingo session start times at which the Loonie Progressive game will be conducted;
 - » copies of the game schedule for the Regular Bingo event, clearly identifying those games where the Loonie Progressive game will be managed and conducted;
2. Where the applicant is an individual charity the application must also include the account number of the designated bingo trust account that will be used to administer the game.
3. Where the applicant is a Hall Charities Association in a non-pooling bingo hall applications must also include:
 - » a list of all organizations that are members of the association;
 - » the account number of the designated Loonie Progressive game lottery trust account; and
 - » the signature of an authorized principal officer from each participating member organization, verifying that he or she has read, understands and agrees to comply with the *Progressive Bingo Game Licence Terms and Conditions*.
4. First-time applicants must also include:
 - » a sample copy of the two-part Loonie Progressive game ticket; and
 - » a void cheque from the trust account that will be used to administer the Loonie Progressive game.
5. For reporting purposes:
 - » a separate Loonie Progressive game report must be prepared for each Loonie Progressive game licence; and
 - » the ticket numbering system used on the Loonie Progressive game ticket must be submitted with the

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

financial report. Any tickets that are void must be accounted for on the financial report and the original void tickets must be submitted with the financial report.

6. The Registrar may also request that a Hall Charities Association submit a copy of its current membership, constitution and bylaws.
7. The Registrar will:
 - » notify an applicant if its application is deficient, requesting the missing documents; and
 - » communicate only with the appropriate contact person of the Hall Charities Association, as listed on the application form (e.g., a member-in-charge or a principal officer of the association), regarding applications, licences and amendments.

9.5.1. OTHER PERMITTED BINGO GAMES

9.5.1(A) SUPER BALL BINGO

Super Ball Bingo is a Regular Bingo game where the prize value is based on a dollar amount multiplied by the number called from a designated ball.

Super Ball Bingo may only be licensed if:

1. the prize value is based on an amount multiplied by a number drawn and called before the game starts; or
2. before the game starts, the caller announces:
 - » a minimum and maximum potential prize payout, and
 - » the rules for determining the prize (for example, an amount multiplied by the last or first number called).

9.5.1(B) “PAY AS YOU PLAY” BINGO

“Pay as you play” bingo (or “walk-in” bingo) refers to a way of playing bingo, rather than a specific type of game. At “pay as you play” bingo, patrons purchase bingo paper for only the games they wish to play and are not required to buy bingo paper for the whole event.

“Pay as you play” bingo games may be licensed, provided the following conditions are met:

1. The bingo games must be conducted and managed according to a structured game schedule that includes a cap on the prizes to be awarded for each game.
2. The licensee must set up internal financial controls to reconcile all the transactions involved in the conduct of the bingo event.

The licensing authority must review each proposal to determine that there is proper accountability in the operation of the bingo event. Each proposal must include:

- a detailed game schedule with a breakdown of all the different games and the payouts for each game;
- details on how the bingo paper will be sold;
- detailed procedures on how transactions will be reconciled; and
- detailed procedures on how prize payouts are determined.

9.5.1(C) IN-HOUSE BINGOS—SENIOR HOMES

There are a small number of in-house bingo games conducted by senior citizens that are not licensed.

The game participants are generally, if not exclusively, the residents of a senior citizens home but occasionally include visiting family or friends. Entry fees may vary from \$0.25 to \$0.30 with the proceeds being returned to the players in the form of prizes. Technically, the three elements of a lottery (i.e., consideration, chance and prize) are present (see also Section “3.1.1. Definition of a lottery scheme” on page 91). What is missing, however, is the intent on anyone’s part to make a profit, or even raise funds. The underlying objective is to provide some entertainment and have a lot of fun.

It is the opinion of the Registrar that these events fall more properly into the category of recreational activity rather than prohibited lottery schemes.

The Registrar has therefore concluded that bingo games being played in senior citizens residences or nursing homes that involve trivial amounts of money do not require enforcement action.

Determining what makes a game trivial may be subjective and will depend on individual circumstances. Consideration should be given to the amount of money paid to play, e.g. \$0.25 or \$0.30, etc., and whether or not the total collected is disbursed in the form of prizes. Another important factor is that the game is organized and played in-house and is clearly recreational, as opposed to fundraising for whatever purpose.

Please contact the Alcohol and Gaming Commission of Ontario if any questions or concerns arise regarding this matter.

9.5.2. PROHIBITED BINGO GAMES

The following types of bingo games must not be licensed:

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

1. Games commonly known as “pick a bingo” or “do it yourself bingo,” where players may determine or pick the numbers on their game cards.
2. Games commonly known as “king and queen,” which use a wild number or any number that is not called by random selection.
3. Speed Ball Bingo games where the last digit of a number drawn before the start of a game, for example 8, is used as a wild-card number, in any combination such as 8, 18, 28, etc., on all bingo cards for that game.
4. Games where either the exact prize or the maximum prize potential (prize range) is not known and cannot be announced before the game is played, except for Super Ball Bingo.

9.6.1. ADMINISTRATIVE AND OPERATIONAL RESPONSIBILITIES

Licensed charitable organizations are responsible for the conduct and management of bingo events. While only a licensee’s members, employees or volunteers may carry out certain duties, other duties may be carried out by an Operator registered under the *Gaming Control Act, 1992*.

9.6.1(A) TASKS THE LICENSEE MUST PERFORM

1. Licensees must designate a minimum of three bona fide members, who are at least 18 years of age, to supervise the bingo event. The licensee must submit the names of the designated members to the licensing authority.
2. The licensee’s members must supervise the sale of bingo paper.
3. The licensee is responsible for bingo advertising and promotion, but it may conduct these activities through the Hall Charities Association and/or in cooperation with the Operator. The Operator of the bingo hall is subject to certain restrictions in this area. For a complete description of the types of advertising and promotion that may be carried out by a licensee or a hall owner, see Section “9.7.1. Bingo advertising and promotion” on page 214.
4. The licensee is responsible for the following financial functions:
 - » supervising the handling of all revenues generated from its own licensed events;
 - » paying expenses, including hall rental, advertising and reimbursement for bona fide member expenses; and
 - » setting up and maintaining the lottery trust account(s), including depositing all incoming monies.
5. The licensee is responsible for creating an official record of the game by recording the numbers called. The numbers may be recorded by electronic verifying equipment, videotaping or handwriting.
6. The licensee must resolve any conflicts by referring to the official record.

9.6.1(B) TASKS THAT MAY BE CARRIED OUT BY THE OPERATOR

1. The Operator of the bingo hall may prepare a draft game schedule, suggested prize allocation and suggested bingo paper prices for review and final approval by the licensee.
2. Bingo hall employees may check and validate a patron's bingo paper once "bingo" has been called. However, the licensee's designated person in charge is responsible for making the decision to recognize a winner, including in the case of a dispute, as outlined in Section 9.6.1 (a)(6).
3. The Operator of the bingo hall may place bingo paper orders, store bingo paper and monitor inventory.
4. In addition, the licensee may delegate the following responsibilities to the Operator of the bingo hall:
 - » selling bingo paper and tracking sales;
 - » cash counting and reconciliation; and
 - » responding to customer complaints.

9.6.2. STAFFING BINGO EVENTS

Each licensee is responsible for deciding how to staff its bingo events, as long as the minimum of three (3) bona fide members of the licensed organization are present to conduct and manage the event.

1. In addition to three (3) bona fide members, licensees may staff their events with any combination of:
 - (a) bona fide members and full-time employees of the charitable organization:
 - The organization's full-time employees may volunteer to assist at bingo events, provided that their primary duty is not providing gaming services.
 - (b) employees of the bingo hall:
 - The organization may negotiate with the Operator to provide registered staff for certain services such as calling the game or selling break open tickets.
 - (c) runners employed by the bingo hall:
 - The licensee may choose to negotiate with the Operator to provide all the runners. In this case, the licensee and the Operator may share the staffing costs for the runners as permitted by the terms and conditions.
 - (d) volunteers, who may be members of the licensees in the Hall Charities Association or family, friends or volunteers from other member organizations, who receive no reimbursement for out-of-pocket expenses.
2. If the Operator of the bingo hall provides all the runners as in 1(c) above, the licensee and the Operator share the entire staffing costs. When the staffing costs are shared:
 - » The Hall Charities Association and the Operator must sign a Memorandum of Understanding, approved by the licensing authority.

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

- » The Operator must set up a proper payroll for the employees, with the appropriate source deductions.
- » The licensee's share of the staffing costs, paid to the Operator:
 - is subject to HST;
 - must be paid from the maximum amount allowed for reimbursement of bona fide member expenses, which is, including HST, three (3) per cent of the Regular Bingo prize board for the event; and
 - must be paid separately from the rent.
- » The licensee may reimburse only the three designated members-in-charge for bona fide member expenses. The reimbursement:
 - must not be cost-shared with the Operator;
 - in the case of pooling halls, must be paid from the allowable maximum administrative costs of one (1) per cent of the gross receipts of Regular Bingo, Super Jackpot and the sale of break open tickets; and
 - in a non-pooling situation, must be taken from net proceeds.

For an example of how to calculate the amounts to be distributed to the Operator of the bingo hall and the licensee when the cost of runners is shared, please refer to Figure 1.

3. The licensee may reimburse bona fide members and staff of the licensee for bona fide member expenses related to a bingo event. These bona fide member expenses may include items such as meals, transportation and babysitting expenses. The organization may reimburse a member for up to \$10 without receipts, for reasonable and necessary expenses, provided the organization maintains a record of the amounts paid out, including an acknowledgement signed by the bona fide members for the amounts received. For expenses above \$10, up to a maximum of \$20, the bona fide member must provide receipts for the full amount. The reimbursement cannot exceed \$20 per person, and the total of the reimbursements for all bona fide members cannot exceed three (3) per cent of the event prize board. (See Section "3.5.2 Bona fide members" on page 100, for further information.)
4. The licensee must pay any staff reimbursement for out-of-pocket expenses from the lottery trust account and must report it as an expense on the lottery event report.

Fig. 1: Sharing the Cost of Runners Between the Hall and the Licensee

Scenario

- Bingo event: 3 hours of work with 4 runners employed by the hall
- Hall runners earn \$7 per hour each.
 $\$7.00 \times 4 = \28.00
 $\$28.00 \times 3 = \84.00
- Assume the employer portion of EI and CPP is 10%. Assume that the employer pays no other benefits.
 $\$7.00 \times 0.10 = \0.70
 $0.70 \times 4 = \$2.80$
 $2.80 \times 3 \text{ hours} = \8.40
- Three designated members-in-charge with receipts for \$10 each in bona fide member expenses: \$30.00

Total Costs of the Bingo Event

Gross Receipts		\$5,000
Less(-) Prizes		(4,000)
	Gross Profit	\$1,000
Licence Fee	\$120	
Actual staffing costs (84.00 + 8.40)	92.40	
HST (92.40 x 0.13)	12.01	
Advertising (2% of prize board)	80.00	
Less total costs	\$304.41	(304.41)
	Net Profit before hall expenses	\$695.59
Hall Operator's Amount (695.00 x 40%)	\$278.24	
+HST on Hall Rental	36.17	
Less total Hall costs	\$314.41	(314.41)
	Net Profit/Licensee's amount	\$381.18
Less out-of-pocket expenses for designated members in charge		(30.00)
	Net Licensee amount	\$351.18

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

9.6.3. DISTRIBUTION OF GROSS RECEIPTS FROM BINGO EVENTS

The terms and conditions for bingo licences describe how a licensee must distribute the gross receipts from bingo events. The licensee must calculate the distribution of the gross receipts from the bingo events based upon whether or not it uses the services of a registered Operator of a bingo hall and, if so, which services are provided.

In order to calculate the amount to be paid to the Operator (the hall rent), the licensee must first deduct from the gross receipts the other eligible costs incurred in the conduct and management of the bingo event. These expenses may include the prizes, licence fee, bona fide member expenses, advertising and promotion, hand-held personal bingo verifiers and the cost of transportation as approved by the licensing authority. The amount calculated by deducting these expenses from the gross receipts is referred to as the "Base Amount." The licensee must then use this "Base Amount" to calculate the hall rent payable to the Operator of the bingo hall for goods and services provided to the licensee for the bingo event, as outlined in 9.6.3(a) to (c).

Calculating the base amount

How to calculate the Base Amount for 9.6.3(a) to (c):

Gross Receipts

Less(-) (Prizes + licence fee + reimbursements* + advertising and promotional costs + authorized transportation + hand-held personal bingo verifiers)

Equals (=) **Base Amount**

**Refers to out-of-pocket expenses or staffing costs of runners shared with the hall*

Any remaining expenses (including, but not limited to: bingo paper, security, storage, equipment, costs related to the building and employee wages) must be paid by the Operator of the bingo hall.

If the Operator or its employees makes an error that results in a cash shortage, this shortage must be deducted from the amount paid to the Operator.

9.6.3(A) WHEN THE OPERATOR SUPPLIES BOTH THE RUNNERS AND THE BINGO CALLER

The licensee must keep a minimum of 60 per cent of the Base Amount and pay the Operator either a maximum of 40 per cent of the Base Amount, or up to 15 per cent of the gross receipts, whichever is less.

9.6.3(B) WHERE THE OPERATOR SUPPLIES ONLY THE RUNNERS OR ONLY THE BINGO CALLER

The licensee must keep a minimum of 60 per cent of the Base Amount and pay the Operator either a maximum of 40 per cent of the Base Amount or 14 per cent of the gross receipts, whichever is less.

9.6.3(C) WHEN THE OPERATOR SUPPLIES ALL THE RUNNERS ON A COST-SHARING BASIS WITH THE LICENSEE

When the licensee and the Operator of the bingo hall share the cost of the runners, the licensee's share of the staffing costs is paid from the amount allowed for reimbursement of out-of-pocket expenses, which is a maximum of three (3) per cent of the Regular Bingo prize board for that event.

The licensee must keep a minimum of 60 per cent of the Base Amount and pay the Operator either a maximum of 40 per cent of the Base Amount or 14 per cent of the gross receipts, whichever is less.

9.6.3(D) WHEN THE LICENSEE DOES NOT USE THE SERVICES OF AN OPERATOR

Total expenses are capped at 15 per cent of gross receipts, not including the Goods and Services Tax. The terms and conditions outline the allowable expenses.

9.6.3(E) SUPER JACKPOT DISBURSEMENTS

In Super Jackpot calculations, only the prizes, licence fees and advertising and promotion costs are deducted from the gross receipts:

Gross Receipts – (Prizes + Licence Fee + Advertising and Promotion Costs) = Base Amount.

The Hall Charities Association must keep a minimum of 60 per cent of the Base Amount and pay the Operator a maximum of 40 per cent of the Base Amount, up to a maximum of 15 per cent of the gross receipts, whichever is less.

For an example of how to calculate the monthly Super Jackpot disbursements to a Hall Charities Association's member groups, please refer to the example in Section 9.4.1(d)(2).

9.6.3(F) DISBURSEMENTS FOR ALL OTHER BINGO EVENTS LICENSED BY THE REGISTRAR

For all other bingo events licensed by the Registrar and conducted in registered charitable gaming sites, licensees must use the "Base Amount" to calculate the hall rental payable to the Operator, as outlined in Section 9.6.3(a) to (c).

9.6.4. HANDLING AMERICAN CURRENCY

At bingo events where American currency is accepted, the total gross receipts are affected by the value of the American dollar. All administrative expenses must be paid in Canadian funds, and the amount

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

of adjusted gross receipts must be calculated taking into account the value of the American currency converted into Canadian dollars.

9.7.1. BINGO ADVERTISING AND PROMOTION

The Registrar has established guidelines giving licensees and Operators of bingo halls a wide variety of options for bingo advertising and promotion. Allowable bingo advertising and promotions activities include:

- giveaways;
- promotional contests;
- customer loyalty programs;
- mail outs;
- gift certificates;
- advertising outside the hall; and
- in-hall advertising.

Licensees and Operators are responsible for ensuring that they comply with the Registrar's policies, the *Criminal Code (Canada)*, the *Gaming Control Act, 1992* and Regulations and any other applicable municipal, provincial and federal legislation. Licensees and Operators may contact the AGCO for clarification on AGCO policies.

Licensees may choose to advertise and promote their events:

- independently;
- jointly through the Hall Charities Association;
- jointly through the Hall Charities Association in conjunction with the Operator; or
- both independently and jointly.

Licensees that choose to market their events together and/or in conjunction with an Operator of a bingo hall must develop a joint marketing plan, as outlined in Section 9.7.4.

9.7.2. EVENT SPECIFIC OR NON-EVENT SPECIFIC

- "Event specific" activities relate directly to the conduct and management of a gaming activity. They are the responsibility of the licensee.
- "Non-event specific" activities do not relate directly to either the conduct or management of a specific gaming activity; therefore, either Operators of bingo halls or licensees may conduct these type of activities.

9.7.3. ADVERTISING AND PROMOTION CONTENT

The content of all bingo advertising and promotion, including graphics, must comply with the policies outlined in Section 3.3.2, “Content Guidelines,” and the policies listed below:

1. All “event specific” advertising must state:
 - » the name of the eligible charitable organization conducting the event, and
 - » the lottery licence number(s).
2. Licensees must not combine prize values for more than one event to create the impression of a large single prize board.
3. The terms and conditions of the licence prohibit promotional or advertising material on bingo paper, unless it promotes the licensee and is placed by the licensee.

9.7.4. JOINT MARKETING PLANS

The licensees in a Hall Charities Association may decide to market their events together or in conjunction with the Operator of the bingo hall. Each licensee who wishes to participate must consent in writing to the marketing plan. Licensees may develop only one joint marketing plan per hall. A licensee may choose to opt out of the joint marketing plan and conduct its own advertising and promotion.

The licensees must develop a joint marketing plan through the Hall Charities Association. If the Operator of the bingo hall is sharing the cost of the plan, the Operator will be involved in the development of the plan as well.

The joint marketing plan must outline:

- the proposed advertising and promotion plans;
- the estimated timeline for implementation;
- the projected costs;
- the cost sharing proposal; and
- a description of the expected outcome or benefit of each proposed activity.

Joint advertising costs must be shared between the Hall Charities Association and the Operator of the bingo hall on a 60/40 (Hall Charities Association/ Operator) basis. The licensee or Hall Charities Association must contribute its 60 per cent from the up to two (2) per cent it is allowed to spend for advertising. The two (2) per cent must cover the total amount of a licensee’s advertising and promotional activity, including amounts spent independently or jointly.

See Section “9.7.5. Setting aside funds for advertising and promotion” on page 216, for further information.

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

9.7.5. SETTING ASIDE FUNDS FOR ADVERTISING AND PROMOTION

9.7.5(A) LICENSEES

Licensees may set aside an amount of up to two (2) per cent of the Regular Bingo and Table Board Bingo prize board for advertising and promotion activities and up to two (2) per cent of the actual prizes awarded from their Super Jackpot, Progressive Bingo Game and Loonie Progressive Game events.

Members of the Hall Charities Association who are participating in the joint marketing plan as described in Section 9.7.4 must submit the agreed upon amounts to the Hall Charities Association.

Members of the Hall Charities Association who are participating in the joint marketing plan must submit the agreed upon amounts to the Hall Charities Association.

Licensees who participate in joint advertising may also conduct their own independent advertising plan, provided they have funds remaining within the allowable limits.

9.7.5(B) OPERATORS OF BINGO HALLS

No limit has been set on the amount an Operator of a bingo hall can spend on its own independent advertising and promotional activities.

When an Operator is participating in joint advertising and/or promotion with a Hall Charities Association, the Operator's contribution is limited to 40 per cent of the entire cost of the activities.

9.7.6. DESIGNATED TRUST ACCOUNT FOR ADVERTISING EXPENSES

Licensees who advertise and promote their events independently must deposit funds, up to the prescribed limits, in a separate designated trust account used solely for advertising expenses. Each licensee must submit a report to the Hall Charities Association outlining:

- the cost of advertising and promotion in the previous quarter;
- the amount of money remaining in the account; and
- a plan for returning excess funds to the licensee's lottery trust account and to the Operator of the bingo hall.

9.7.7. ADVERTISING AND PROMOTION QUARTERLY REPORTS

9.7.7(A) HALL CHARITIES ASSOCIATIONS

Hall Charities Association must provide member organizations and the Operator of the bingo hall with a quarterly report, including:

- total advertising and promotion expenditures during the previous quarter;
- total disbursements of unused funds returned to the member organizations and the Operator during the quarter;
- the total remaining accumulated advertising and promotion funds; and
- plans for returning excess funds to the member organizations and the Operator, if required.

At any time, a Hall Charities Association may return accumulated, unused advertising and promotion funds to the Operator and licensees. The amount returned must be based on the amounts contributed by the individual licensees and the Operator.

9.7.7(B) LICENSEES

Licensees who are carrying out independent advertising and promotion activities must submit quarterly reports on these activities to the Hall Charities Association.

9.7.8. BINGO ADVERTISING AND PROMOTION ACTIVITIES

9.7.8(A) GIVEAWAYS

Licensees and Operators may offer giveaways of non-gaming products to customers and prospective customers. The following policies apply to giveaways:

- A giveaway may be in the form of a coupon that may be redeemed for merchandise or a discount on an item. Coupons cannot be redeemed for cash.
- Any restrictions on the redemption of a coupon, such as when or what it may be redeemed for, must be stated on the coupon.
- Items to be used as giveaways may be donated by third parties (someone other than the licensee or the Operator) in exchange for promotional considerations only. No other forms of payment are permitted.

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

9.7.8(B) PROMOTIONAL CONTESTS

While both hall operators and licensees may stage promotional contests, there are some restrictions:

- Only licensees may stage promotional contests in the form of a bingo or break open ticket game; while
- Operators may host other types of promotional contests including those that extend across more than one bingo hall.

A third party or an Operator may donate prizes to be given away as part of an Operator or licensee-run promotional contest in exchange for promotional consideration only. No other form of payment is permitted. Operators and licensees may not contract with a third party to offer inducements, such as gifts or the chance to receive a gift, to play games of chance. Operators and licensees must ensure that all promotional contests comply with the relevant municipal, provincial and federal legislation.

9.7.8(C) CUSTOMER LOYALTY PROGRAMS

9.7.8(c)(i) Programs

Operators and/or licensees may establish customer loyalty programs that reward customers for their patronage, based on the frequency of their visits. A “visit” is defined as one session of not less than 1.5 hours. Customers may redeem their accumulated loyalty points for rewards in the form of giveaways of non-gaming products. Customer loyalty points cannot be redeemed for cash.

If customer loyalty programs are part of a joint marketing plan between licensees and the Operator of the bingo hall, the licensees’ share of the costs, including administration and rewards, must fall within the prescribed limits for advertising and promotion.

Customer loyalty programs may be shared across charitable gaming sites, including those belonging to different Operators, and across geographic/municipal boundaries.

If the organization discontinues the program or ceases operation, the program will constitute a liability, based upon points and/or rewards earned by customers. An organization offering a customer loyalty program must be able to fund this liability.

Customer loyalty programs must be pre-approved by the Registrar in writing. Licensees and/or Operators must submit a detailed proposal containing:

- a description of how the program will function;
- the role and responsibilities of each party participating in the program;
- a description of how the points will be tracked (for example, manually or through an automated tracking system);

- a detailed description of each reward, its retail dollar value and its designated point value;
- the redemption value of each point awarded;
- a plan for funding the liability, in the event of a closure or bankruptcy;
- the proposed cost sharing arrangement, if any, between the Operator and licensees/Hall Charities Association; and
- the written agreement of the Operator and/or Hall Charities Association.

9.7.8(c)(ii) Customer tracking systems

Licensees and Operators may use customer tracking systems to record the information necessary to operate their customer loyalty programs. The tracking system may be as simple as punch cards or as sophisticated as electronic cards. In most cases, the suppliers of the customer tracking systems will not be required to register under the *Gaming Control Act, 1992*. However, the Registrar may require that a supplier be registered under the Act in order to contract with an Operator and/or licensee to track points or guarantee liability.

The Registrar will make registration decisions on a case-by-case basis, prior to granting program approval. Also, at any time the Registrar may require that a supplier be registered.

9.7.8(D) DIRECT MAIL TO EXISTING CUSTOMERS

Licensees and Operators may use direct mail advertising to communicate with existing customers only. The mail must be addressed to the intended recipient. The licensees/ Operator must compile a formal mailing list of the names and addresses of actual customers at that bingo hall. The list must be available for inspection by the licensing authority.

9.7.8(E) GIFT CERTIFICATES

Licensees and Operators may sell gift certificates or offer them as promotional items. These gift certificates may only be redeemable for cash or non-gaming products. Each gift certificate must state its restrictions, such as what it may be redeemed for, when it may be used and its expiry date. The cost of a gift certificate must be the same as its redemption value.

Gift certificates produced by a licensee may only be sold during that licensee's events. This must be stated on the certificate.

As gift certificates are the equivalent of cash, they represent a liability for the issuing organization. Licensees and Operators must:

- reserve sufficient funds to redeem all gift certificates in circulation;

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

- set up accounting practices and procedures to ensure that their financial statements reflect gift certificates in circulation; and
- institute security measures, such as serial numbers and original signatures, to validate gift certificates.

Licensees and Operators who intend to sell gift certificates must develop a policy outlining:

- how the program will operate;
- the security measures;
- restrictions on redemption;
- a plan to address liability for outstanding gift certificates; and
- any other outstanding issues.

While the Registrar does not have to approve the policy or the accounting measures in advance, the licensee or Operator must be able to provide them for inspection or audit purposes.

9.7.8(F) ADVERTISING OUTSIDE THE BINGO HALL

The Registrar permits three types of advertising outside the bingo hall:

- i) Shared cost/joint event-specific and non-event specific advertising
- ii) Non-event specific only advertising
- iii) Event-specific only advertising

9.7.8(f)(i) Shared cost/joint event-specific and non-event specific advertising

For advertising that contains both event-specific and non-event specific advertising, a licensee or a Hall Charities Association may share the cost with an Operator of a bingo hall. Such advertising may contain, for example, information about specific games to be played and general information about the hall, including promotional activities.

When licensees or Hall Charities Associations and Operators wish to engage in such joint advertising, they must develop a joint marketing plan, as outlined in Section 9.7.4. and make it available upon request by a licensing authority.

9.7.8(f)(ii) Non-event specific only advertising

Operators and licensees/Hall Charities Associations may engage in non-event specific advertising, either jointly or independently.

9.7.8(f)(iii) Event-specific only advertising

Only licensees, either individually or through a Hall Charities Association, may engage in event-specific only advertising.

9.7.9. THIRD PARTY ADVERTISING

9.7.9(A) ADVERTISING OUTSIDE THE BINGO HALL

Third parties (parties other than licensees or Operators) may not financially contribute to advertising outside the hall, but they may provide promotional considerations in return for advertising. For example, a company may provide a product giveaway that goes directly to players, in return for being mentioned in an advertisement.

If a third party sponsor is mentioned in an advertisement containing event specific information, the licensee's name must be featured more prominently than that of the third party sponsor.

9.7.9(B) ADVERTISING INSIDE THE BINGO HALL

Operators may offer advertising space within the hall to third party sponsors only in return for promotional considerations that go directly to players. Operators may not sell advertising space.

9.8.1. ELIGIBLE BINGO EXPENSES

This section covers expenses that the licensee may incur during the conduct and management of bingo events. These expenses include:

- (a) licence fees,
- (b) bookkeeping and administrative fees,
- (c) transportation to bingo events (when approved by the licensing authority), and
- (d) hand-held personal bingo verifiers (optional).

Advertising and promotion costs are covered in Section 9.7.1.

9.8.1(A) LICENCE FEES

The municipality or the Registrar may charge a licence fee for any Regular or Special Bingo. The

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

municipality or the Registrar may charge a licensing fee as a flat rate or as a percentage of the prize board, as long as the total amount does not exceed the Registrar's prescribed maximum lottery licensing fee. The licence fee for variable prize board events is calculated based on the value of the maximum licensed prizes.

9.8.1(B) BOOKKEEPING AND ADMINISTRATIVE COSTS

Up to one (1) per cent of the gross Super Jackpot receipts, break open ticket receipts, Table Board Bingo receipts, Progressive Bingo game receipts, Loonie Progressive game receipts and up to one (1) per cent of the gross pooled bingo receipts may be used to pay for bookkeeping and administrative costs, (including HST) associated with each type of lottery. The Hall Charities Association must pay for these costs from the Association's share of the net proceeds. Only actual expenses may be charged. The one (1) per cent is a maximum allowable expense and must be supported by invoices. Funds to pay for administrative costs may not be pooled into a separate account.

The Hall Charities Association cannot pay any of the one (1) per cent allowed for bookkeeping and administrative tasks to:

- Operators of bingo halls;
- any individuals or companies that do not operate at arm's length from the Operator;
- members of the Hall Charities Association's Board of Directors; or
- cover legal fees.

9.8.1(C) TRANSPORTATION TO BINGO EVENTS

Operators and licensees may contract with transportation companies to bring customers to a bingo hall only under special circumstances and with the prior written approval of the licensing authority. The following policies apply to transportation to bingo halls:

- Both the licensee and the Operator of the bingo hall should agree that there is a need to arrange and provide the transportation;
- Where the route crosses one or more municipal boundary, all municipalities involved must approve this arrangement in writing;
- Transportation arrangements for a licensee may only be approved on an event-by- event basis;
- Operators and licensees may not compensate transportation providers on the basis of the number of players brought to the hall, the amount the players spend or lose, or the amount of time spent in the hall;
- Operators and licensees may provide directly to passengers coupons, contest entries, or other in-hall giveaways;

- Under no circumstances can transportation providers sell gaming products or provide a “package deal” that includes gaming products; and
- Transportation providers such as buses and taxis that deal directly with the public for the sole purpose of picking customers up, taking them to the bingo hall and returning them at the end of the evening do not require municipal pre-approval unless there are other restrictions that the municipality has imposed.

9.8.1(c)(i) Promotional items

The Operator or licensee may provide passengers with free coupons, contest entries or other in-hall giveaways under the following conditions:

- the promotional items cannot be a payment to the transportation provider;
- the bingo customer cannot pay for the promotional items as part of a transportation cost; and
- the promotional items must be given directly to the customers by the Operator or licensee, not the transportation provider.

9.8.1(D) HAND-HELD PERSONAL BINGO VERIFIERS (PBVS)

A personal bingo verifier (PBV) is a hand-held device that individual bingo players may use to track and verify numbers as they are called by the bingo caller during the bingo game. Under no circumstances does a PBV replace the conventional method of playing bingo with bingo paper and dabbers; rather, it is meant to assist the player with playing their cards or paper.

The provisions for the use of the PBV are set out in the *Regular and Special Bingo Licence Terms and Conditions*. Pursuant to the terms and conditions, licensees may choose to offer the use of hand-held PBVs provided:

- the maximum number of cards that may be played with a hand-held personal bingo verifier does not exceed 36;
- a maximum of one (1) PBV may be used per player, per session; and
- a cost-sharing agreement must exist between the licensee and Operator where the licensee is using the services of an Operator of a bingo hall.

Other provisions:

- Bingo must be played using bingo paper;
- While PBVs may be used by players to keep track of numbers called, players must dab their paper contemporaneously with the numbers being called (licensees should allow a moment for players to ensure that all numbers have been dabbed);
- Prizes must not be paid unless the winning combination of numbers or symbols has been dabbed on the bingo paper;

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

- All bingos must be verified on paper and not through the use of a PBV; and
- Lease, rental or purchase of PBVs must be from Gaming-Related Suppliers that are registered under the *Gaming Control Act, 1992*.

9.9.1. INELIGIBLE PAYMENTS

An organization's licensing privileges may be jeopardized if it makes the following types of ineligible payments:

1. any payment to the Operator of the bingo hall that is not specifically approved of in the terms and conditions of the licence;
2. payment for any type of service provided by bingo hall employees, except as permitted by the terms and conditions of the licence;
3. transportation costs for customers, including bussing and taxi fares, unless pre-approved by the licensing authority;
4. insurance for losses, including any type of contingency funds; and
5. legal fees.

This list is not exhaustive. The licensing authority may deem other types of payments and expenses ineligible as well.

9.10.1. HALL CHARITIES ASSOCIATIONS

A Hall Charities Association is an association formed by the individual charitable organizations conducting Regular Bingo events at a bingo hall. All charitable organizations using bingo halls where four or more events are held within a seven-day period must form a Hall Charities Association. (See "CHAPTER 10 : BINGO—IN POOLING BINGO HALLS" on page 231 for further information.)

In bingo halls where three or less events are held within a seven-day period, the formation of a Hall Charities Association is optional.

When setting up a Hall Charities Association, the member organizations must adopt a constitution and bylaws outlining their administrative objectives and establishing criteria for:

- electing a board of directors; (*Note: All persons elected to the Hall Charities Association board must be active members of a charitable organization that is a member of the HCA and must remain active members of their charitable organization during their term of office on the HCA board.*)
- operating as a non-profit association;
- dissolving the association; and
- any other necessary procedures.

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

The Hall Charities Association has several important functions:

1. Individual charitable organizations must form a Hall Charities Association in order to apply for licences issued by the Registrar, such as Super Jackpot, Table Board Bingo and Break Open Ticket.
2. It gives the charitable organizations a common voice in discussions with the Operator of the bingo hall.
3. It simplifies the administration of lottery events licensed by the Registrar by allowing the Hall Charities Associations to use one licence and one designated lottery trust account.
4. Any joint marketing plans for bingo advertising and promotion must be conducted through the Hall Charities Association (see Section “9.7.4. Joint marketing plans” on page 215, for further information).

The Hall Charities Association’s responsibilities are detailed in the terms and conditions of the licence. In general, a Hall Charities Association:

- schedules the dates and times of bingo events;
- determines the type of prize board (variable or fixed);
- determines the game schedule and the price of bingo paper; and
- administers licences issued to the Hall Charities Association.

The above tasks may be performed in consultation with the Operator of the bingo hall.

9.11.1. BINGO LOSSES

In the case of a loss at a bingo event, the charitable organization must pay the prizewinners first. The payment may be made from the float and the gross receipts of the event. If there is still not enough money to pay the prizes, the organization may pay the prizewinners by cheque from its lottery trust account.

The Operator of the bingo hall and the licensee must share the responsibility for a bingo loss. The licensee is responsible for 50 per cent of the loss and the Operator is responsible for the remaining 50 per cent.

When there is a loss at an event, the licensee cannot reimburse bona fide member expenses.

See “CHAPTER 10 : BINGO—IN POOLING BINGO HALLS” on page 231, for information on pooling bingo halls.

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

9.12.1. LOTTERY TRUST ACCOUNTS FOR BINGO EVENTS

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, in the Province of Ontario. The designated lottery trust account must be in Canadian funds. If the licensee (except for a Hall Charities Association) conducts more than one type of lottery event, it may hold either one designated lottery trust account for all lottery proceeds or a separate designated lottery trust account for each type of lottery.

Licensees that are permitted to accept American currency must also maintain a trust account in American funds, as set out in Section 3.6.5 “Lottery Trust Accounts for American Currency.”

If the licensee maintains only one lottery trust account, the licensee must keep a separate ledger for each type of lottery event and for each licence issued. The bookkeeping and accounting requirements for each type of lottery are covered in detail in the terms and conditions for each type of licence.

See also Section “3.6.1. Designated lottery trust accounts” on page 102, for further information.

9.13.1. REQUIRED FINANCIAL STATEMENTS

The terms and conditions of lottery licences require organizations to provide the licensing authority with a verified financial statement within 180 days of the organization’s year-end. The type of financial review required depends upon the licensee’s gross annual revenues from all sources.

Licensees that receive less than \$250,000 in gross annual revenues must prepare financial statements in accordance with the standards set out in the *CICA Handbook*.

Licensees that receive \$250,000 or more in gross annual revenues must prepare financial statements in accordance with the standards set out in the *CICA Handbook* which have been audited by a public accountant.

The licensing authority may require an audited financial statement to be prepared at the licensee’s expense at any time.

See Section “3.6.6. Financial statements for lottery trust accounts” on page 106 for further information.

9.14.1. AMERICAN CURRENCY AT BINGO EVENTS

Eligible organizations conducting bingo events in towns that border the United States may accept American currency during the conduct of bingo events, which may include break open ticket sales at charitable gaming sites that have a substantial American clientele.

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

If the patron purchases bingo paper in American funds, the licensee must pay out any prizes won in American funds. If the paper is purchased in Canadian funds, the prizes must be paid out in Canadian funds. Charitable organizations may apply house rules that may or may not require patrons to buy all bingo paper, including specials, in the same currency. These rules must be clearly displayed.

Eligible organizations that accept American currency must keep separate Canadian and American lottery trust accounts that have been designated as trust accounts by the branch of a recognized financial institution in Ontario, and must deposit the funds into the corresponding account. Hall Charities Associations must maintain a separate American trust account for each type of licensed event.

The organizations must pay all lottery expenses and draw funds for approved eligible uses by cheque from the Canadian account. The American account may only be used to deposit the American currency collected during the event, with the exception of withdrawals for a cash float for the conduct of a bingo event. Expenses, donations or any other withdrawals cannot be made from this account unless the licensing authority grants permission. The maximum amount that may be accumulated in this account is the total value of the prize board.

When enough money (more than the licensed prize board) has accumulated in the American account, it must be transferred to the Canadian bingo lottery trust account.

The date of the transfer, the exchange rate, and any premium or loss (at buying rate), as well as any donations made from the Canadian account, must be recorded on the financial report form and in the financial ledgers.

The licensee may transfer funds from the American account to the Canadian account without the pre-approval of the licensing authority. The licensee must transfer funds if the licensing authority requires them to be transferred.

9.15.1. ELECTRONIC FUNDS TRANSFER (EFT)

Electronic funds transfer (EFT) allows for the transfer of funds between accounts by electronic means. EFT may be used:

- By a licensee to deposit monies into its designated lottery trust account, to pay for expenses or to disburse net proceeds derived from the conduct of its lotteries for programs; and
- By a Hall Charities Association (HCA) to pay for expenses, to deposit monies into its CDTA or to distribute net charitable gaming event proceeds to its member organizations.

The provisions for licensees and HCAs that choose to implement EFT are detailed in the *Registrar's Standards, Financial Management and Administration*. In general:

CHAPTER 9 : BINGO—IN NON-POOLING BINGO HALLS

- Licensees must decide in accordance with their constitution whether to implement EFT.
- Each member organization that chooses to use EFT must provide the HCA its banking information, on the prescribed form for each designated lottery trust account to receive funds electronically.
- The licensee or HCA must ensure that its financial institution's electronic funds transfer system has the capability of supporting electronic dual authorization as the transfer of funds must be authorized by two (2) of four (4) bona fide members that have been designated to administer EFT.
- The licensee or the HCA must obtain reports from the financial institution confirming the electronic transfer of funds and any discrepancies.
- These reports must be reviewed by the two (2) bona fide members who did not sign the original authorization for the transfer of funds. These members must also prepare a report to be presented to the licensee's or HCA's Board of Directors, as the case may be.

9.15.1(A) FORMS OF ELECTRONIC BANKING NOT PERMITTED

The licensee and Hall Charities Association must not use other forms of electronic banking such as:

- automated teller machines (ATMs);
- debit cards;
- internet banking; and
- telephone banking.

9.15.1(B) INAPPROPRIATE USES OF EFT

EFTs must not be used to pay for certain expenses including:

- reimbursement of out-of-pocket expenses for bona fide members;
- licensing or authorization fees; and
- HCA Administrator.

Please refer to the *Registrar's Standards, Financial Management and Administration where Proceeds Are Not Pooled* for further information.

Lottery Licensing Policy Manual

CHAPTER 10 :

BINGO—IN POOLING BINGO HALLS

10.1.0. INTRODUCTION

This chapter contains the policies and procedures for licensing charitable gaming events including bingo and break open ticket events in pooling charitable gaming sites. The Registrar’s licensing framework for events, including bingo and break open tickets in pooling charitable gaming sites, is also known as the Bingo Revenue Model (BRM) and was implemented in May 2007.

The BRM is governed by:

- (a) the *Lottery Licence Terms and Conditions*;
- (b) the *Terms and Conditions – Charitable Gaming Events Conducted and Managed in Pooling Bingo Halls*;
- (c) the *Registrar’s Standards and Directives*; and
- (d) any additional terms and conditions that may be imposed by a licensing authority.

The *Lottery Licence Terms and Conditions* (a) are the core terms and conditions common to all lotteries with the focus on honesty, integrity and accountability.

The *Terms and Conditions – Charitable Gaming Events Conducted and Managed in Pooling Bingo Halls* (b) are the terms and conditions specific to pooling bingo halls with the focus on the management and conduct and rules of play.

The *Registrar’s Standards and Directives* (c) are set out as required. The Registrar has issued *Registrar’s Standards for Financial Management and Administration for Bingo Halls Where Proceeds Are Pooled*.

The above documents replace all other terms and conditions with respect to bingo and break open ticket lotteries managed and conducted in a pooling bingo hall.

From time to time, the terms and conditions may change and the legislation may be amended. Anyone to whom these policies apply is responsible for obtaining copies of any amendments to the legislation and any new terms and conditions, standards, directives and information bulletins as they are issued, in order

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

to keep up to date with all of the policies set by the Registrar. The policies are available on the AGCO website. Please contact the AGCO for more information on obtaining the most up-to-date documents.

10.1.1. AUTHORITY TO LICENSE

Both the Municipal licensing authority and the Registrar are involved in issuing either charitable gaming event licences or authorizations, consistent with the Order-In-Council. (See also Section “1.2.1(c) Order-in-Council” on page 21)

10.1.1(A) MUNICIPAL LICENSING AUTHORITY

- Municipal licensing authority assesses eligibility, use of proceeds and issues authorizations.
- Municipal licensing authority has the ability to inspect premises, attach additional terms and conditions (provided they do not conflict with the Registrar’s terms and conditions) as well as suspend and revoke authorizations they issue.
- Municipal licensing authority may collect a fee for issuing an authorization up to a maximum, prescribed by the Registrar, per event.

10.1.1(B) PROVINCIAL LICENSING AUTHORITY

- Registrar of Alcohol and Gaming reviews game structure and issues a licence to member organizations of the Hall Charities Association in conjunction with the municipal licences.
- The licensing fee is collected as a percentage of wagering prescribed by the Registrar.

10.2.1. NON-POOLING BINGO HALLS

Bingo halls that do not pool continue to operate under the previous revenue model (60/40 split with caps), terms and conditions and policies and procedures as set out in Chapter 9, “Bingo—In Non-Pooling Halls.”

Hall Charities Associations have the option to adopt pooling and operate under the BRM.

10.2.2. WHAT IS THE BINGO REVENUE MODEL (BRM)?

The BRM applies to all pooling bingo halls. While the role of provincial and municipal licensing authorities remains in place, this model provides for flexibility in how charitable games are licensed, managed and conducted. Highlights of the BRM include:

- increased flexibility to design game schedules to match the current bingo market;

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

- a maximum percentage of wagering that may be given away as prizes is prescribed by the Registrar;
- a marketing fund established at eight to twelve per cent of bingo win with responsibility for its use shared between charities and hall operators;
- all bingo hall revenues are split between charities and Operators of bingo halls;
- charities receive 45 per cent and Operators receive 55 per cent;
- charities pay for costs of administration, licence fees and authorization fees;
- Operators are responsible for all other expenses;
- a single-licence approach for all charitable gaming events conducted in pooling halls;
- no distinction between municipal and provincial games.

10.2.2(A) OVERVIEW: BINGO GAME FLEXIBILITY FRAMEWORK FOR POOLING HALLS

A key component of the framework is that it allows for flexibility in designing games and game schedules as the charities, with the advice of the hall, best see fit to meet their market needs. However, recognizing that accountability and public confidence in the games must be maintained, the following set of guidelines may be used to assist in game development and as a review tool for the licensing official for determining appropriate game schedules. If a licensing official receives an application for a bingo game that he or she is not familiar with, the official must first ensure that the bingo game in question is one for which a licence is available.

10.2.3. GUIDELINES FOR PERMITTED GAMES

10.2.3(A) BASE FOR BINGO AND GAME FLEXIBILITY

- Games must be conducted using a fixed combination of numbers and/or symbols to a maximum of 90. Examples: B,I,N,G,O, and numbers one (1) to seventy-five (75), or numbers one (1) to ninety (90), or numbers one (1) to eighty (80).
- Customers may choose the numbers or symbols to appear on their bingo paper provided that specific controls have been implemented to track all numbers in play.
- Programs may include any number of games or combination of games.

10.2.3(B) PRIZES

- Prizes may be fixed, variable, progressive or a combination. (Example: variable prizes could include using the value of the final number called when a bingo game is won as the multiplier to determine the total value of the prize awarded.)

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

- Games may include non-fixed prize payouts and have no guaranteed prizes provided that specific controls have been implemented.
- There are no restrictions on minimum or maximum payouts per game/event (that is, minimum prizing may be set out in the house rules).
- There are no restrictions on the base amount for the purpose of developing the prize for any game, including progressive-type games (i.e., seeding of prize pots).
- Prizes may increase by percentages or a set amount.

10.2.3(C) WIN BASED ON PATTERN

- Winning combinations to achieve bingo may be based on a pattern or combinations such as fixed or rotating symbols or full card.
- Games may include wild numbers provided that specific controls have been implemented to track all numbers in play.

10.2.3(D) PRE-CALLS

Pre-called games are bingo games where a large number of calls are required to determine a winner, so some numbers are called at the beginning of the event to allow the game to be played more quickly. Pre-called games are usually games that will offer larger prizes and are often referred to as Special games. Sealed bingo cards must be used for pre-called games.

- There is no restriction on the number of pre-calls allowed provided only sealed bingo cards are used and no ancillary prize (line prize) is awarded.
- Buy-back cards may be offered at a reduced price provided sealed cards are used and proper controls have been implemented to identify and track the card.

10.2.3(E) U PICK GAME

The U Pick game (also known as “pick a bingo” or “do-it-yourself bingo”) allows players to choose the numbers on their game cards. The following procedures must be followed for this game to be approved on the schedule:

- Paper may only be sold in sequential order and only from a stationary location; floor sales are not permitted.
- The name of the bingo hall must appear on the paper.
- A breakdown of eligible tickets in play for each specific game must be provided to the caller prior to the start of each U Pick game (e.g., 001 to 120).
- The licensee’s portion of the bingo card must be separated and bundled for each game and retained for a period of at least 30 days from the event.

10.2.3(F) LEVEL OF WINNING BASED ON FACTOR BEYOND PATTERN

- Games may be based on achieving a winning combination within any number of ball calls.
- In the case of a progressive game the number of ball calls may increase until the prize is won provided the manner in which it increases is applied consistently throughout the duration of the progressive game.
- Increasing the number of ball calls may be based on different factors such as time period elapsed, wagering level achieved or prizing level reached.
- Games may be based on obtaining a winning combination containing a certain number which may be determined as the number following an indicator number or some other means (also allows new factors such as colours to establish distinctions for tiered prizing).

10.2.3(G) EXIT STRATEGY/DETERMINATION OF WINNER

- An exit strategy or manner in which the game is guaranteed to conclude must be identified.
- The conclusion may be based on a specified time period, a prize level being reached or the game may be designed in such a fashion as to guarantee a conclusion. (Example: a game based on the number of ball calls that increase would be guaranteed to conclude at some point however a game based on an indicator number would require a conclusion point to be identified as either a prize maximum or a pre-established must-go date.)

10.2.3(H) ADDITIONAL GUIDELINES

- Numbers in play must be determined using bingo balls or bingo playing cards in accordance with the terms and conditions.
- All games must be played on paper, laminated paper, hard card, plastic cards or through a table board device.
- Bingo must not be played solely on a Personal Bingo Verifier (PBV). (See Section “10.10.1(e) Personal bingo verifiers (PBVs)” on page 253, for more information.)
- All prizes must be awarded in cash, merchandise or a combination of the two.
- There are no minimum time periods required between sessions.
- There is no minimum or maximum number of games that may be played per session.
- Multiple sessions may be played in separate areas within the same bingo hall.
- Overall bingo prize board across all games conducted and averaged over each quarter must not exceed the maximum average of wagering prescribed by the Registrar.
- Monthly interim reports must be submitted in order to identify any potential issues with reaching the maximum prize board percentage prescribed by the Registrar.

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

10.2.4. BINGO GAME SCHEDULE REQUIREMENTS/GUIDELINES

The following details must be provided at the time application is submitted:

- the type of game being played;
- how each game will be conducted;
- the pricing;
- the prizing and how it is calculated;
- how winners are determined; and
- how the game will be guaranteed to come to a conclusion.

The above information must be made readily available to all customers and may be made available through a combination of:

- (a) the Game Schedule
- (b) Rules of Play, and
- (c) House Rules.

10.3.1. OVERVIEW: LICENSING PROCESS FRAMEWORK

10.3.1(A) BINGO REVENUE MODEL FOR POOLING BINGO HALLS LICENSING PROCESS

Figure A provides an overview of the procedure flow for issuing charitable gaming event licences in pooling bingo halls.

Step 1.0: HCA Administrator receives and reviews individual charity applications

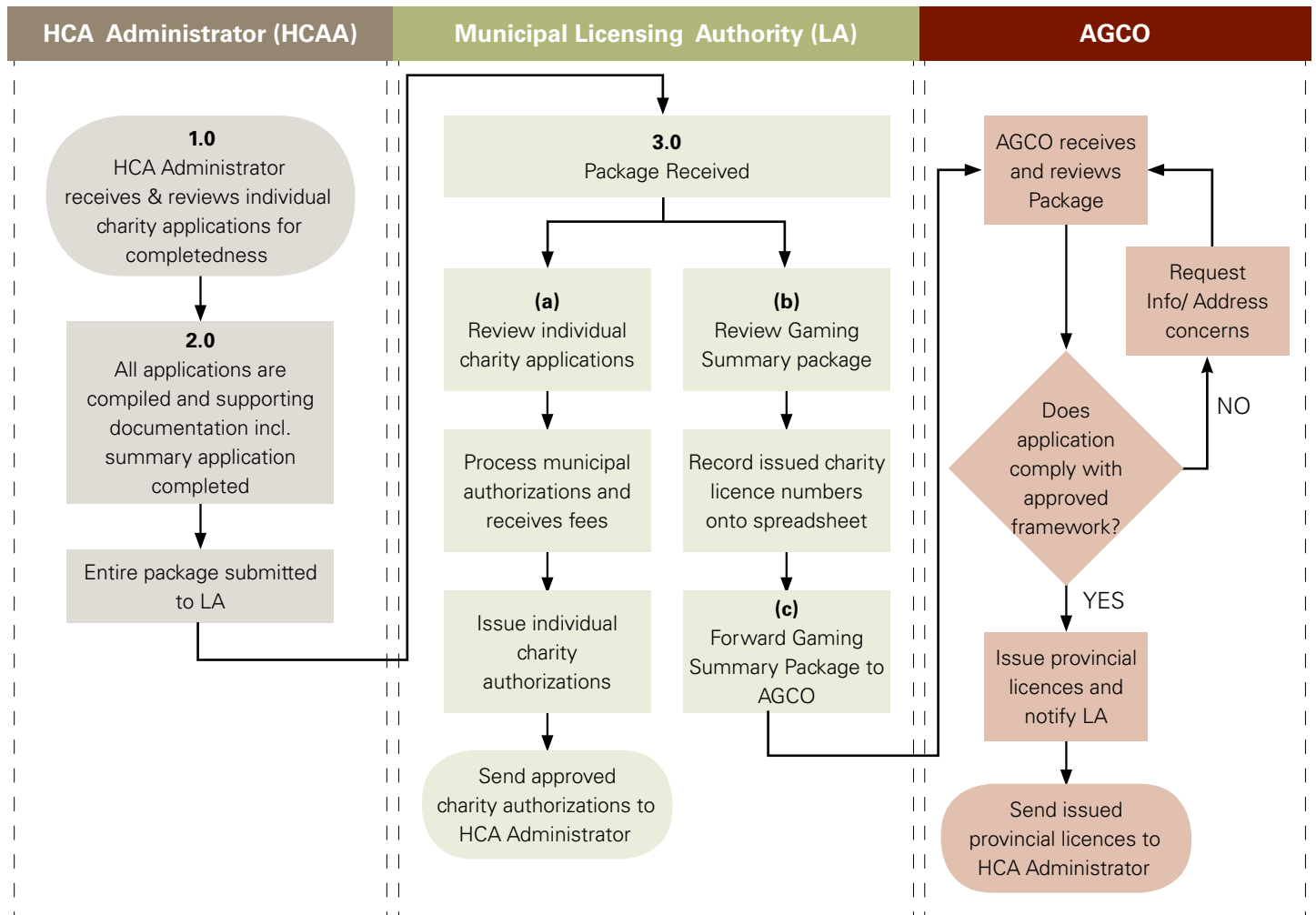
Each member organization of the Hall Charities Association (HCA) must complete the Charitable Gaming Application form (CGAF) and submit it to the HCA Administrator along with its municipal authorization fee and a signed Member Declaration form.

Step 2.0: All applications and supporting documentation are compiled for each pooling bingo hall

All applications are compiled along with supporting documentation to form a complete package for each pooling bingo hall.

The HCA Administrator assembles all the CGAFs, municipal authorization fees and Member Declaration forms to be sent to the municipal licensing authority.

Figure A: Bingo Revenue Model for Pooling Bingo Halls Licensing Process



In addition, the HCA Administrator must complete and provide the following supporting documentation to the municipal licensing authority:

- a Charitable Gaming Summary form
- a Charitable Gaming Spreadsheet
- signed Member Declaration forms
- Game Schedules
- Game Rules
- House Rules.

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

Step 3.0: Package received

Upon receipt of all of the documentation noted in step 2.0 above, the municipal licensing authority is responsible for:

- (a) Fully reviewing the CGAFs, including conducting eligibility reviews as required in order to issue the individual charity authorizations. All charitable gaming authorizations that the municipal licensing authority issues must be sent to the HCA Administrator to be posted at the bingo hall.
- (b) Reviewing the supporting documentation (Gaming Summary Package) and recording all municipal authorization numbers that it has issued onto the Charitable Gaming Spreadsheet.
- (c) Assembling and forwarding the following package of information to the Registrar for processing of the Provincial Charitable Gaming Licence:
 - » a Charitable Gaming Summary form
 - » a Charitable Gaming Spreadsheet
 - » signed Member Declaration forms
 - » Game Schedules
 - » Game Rules
 - » House Rules.

Step 4.0: Bingo lottery events conducted

Lottery reports and licence fees must be submitted to the Registrar by the HCA no later than 30 days after the month end.

Please refer to Section 10.7.0, "Reporting requirements," for further information.

10.3.2. OVERVIEW: ROLES AND RESPONSIBILITIES OF MUNICIPAL LICENSING AUTHORITY AND REGISTRAR

APPLICATIONS

MUNICIPAL LICENSING AUTHORITY	REGISTRAR
<ul style="list-style-type: none"> • Receives the applications from the HCA Administrator • Reviews the applications from the member organizations for eligibility (See “CHAPTER 2 : ELIGIBILITY AND USE OF PROCEEDS” on page 29 for more information) • Issues authorizations to the individual charities for a specified date and time at the bingo hall and forwards authorizations to the HCA Administrator • Forwards the summary application and accompanying documents, including municipal authorization numbers, to the Registrar for processing of licences issued by the Registrar. 	<ul style="list-style-type: none"> • Receives from the municipality, the summary application and accompanying documents, including municipal authorization numbers • Relies on municipal determination of eligibility • Reviews game schedules to identify any situation where the games being offered do not fit within the framework of games permitted • Issues a licence to the HCA that includes all municipal authorization numbers for its individual member organizations for a specified date and time at the location.

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

REPORTING

MUNICIPAL LICENSING AUTHORITY	REGISTRAR
<p>Both licensing authorities receive monthly reports, which are due 30 days following the end of each month, from the HCA Administrator detailing:</p>	
<ul style="list-style-type: none"> • gross wager by lottery type, • prizes by lottery type, • gross revenues, • administration costs for the HCA, • authorization fees, • net revenues and • disbursements to each individual licensee of the HCA; • out-of-pocket expenses; • total deposits; • shortages (if any) by event; • HST and any other applicable taxes paid; • other revenue attributed to the Operator of the bingo hall; • amount paid to Operator for the month; • marketing fund information (copies of the bank statements, deposit slips, cancelled cheques and EFTs must be provided to either licensing authority upon request) 	
<ul style="list-style-type: none"> • Receives monthly reports from the HCA member organizations detailing: <ul style="list-style-type: none"> » net lottery proceeds received; » all expenses paid; » use of proceeds; and » balance remaining. 	<ul style="list-style-type: none"> • Monitors to ensure the maximum prize board requirements are being achieved at regular intervals as required (see also Section “10.7.2. Maximum prize board” on page 249)
<ul style="list-style-type: none"> • Monitors appropriate use of proceeds for each member organization of the HCA 	

10.3.2(A) LICENSING PERIODS

The licensing process for lottery events conducted in pooling bingo halls requires the issuance of an authorization from the municipality and a licence from the Registrar.

The licensing officials must ensure that the authorization and the licence are issued for the same time periods. Since the municipal authorization is issued first, the Registrar's licence will reflect the authorization period that has been determined by the municipal licensing official.

The licensing period must not exceed one year.

10.4.1. ROLES AND RESPONSIBILITIES OF THE HALL CHARITIES

ASSOCIATION ADMINISTRATOR

To assist in fulfilling its responsibilities, the HCA must retain the services of a Hall Charities Association Administrator (HCA Administrator) who is registered under the *Gaming Control Act, 1992* and meets the applicable Standards for a Supplier of Goods and Services Bingo, as found on the AGCO website: www.agco.on.ca.

The HCA Administrator's responsibilities are set out in the *Terms and Conditions: Charitable Gaming Events Conducted and Managed in Pooling Bingo Halls*. The HCA Administrator coordinates and administers the activities of the HCA including:

1. Coordinating the submission of all authorization applications for the individual charities. (Charities are responsible for completing and signing their own individual authorization applications)
2. Filing the authorization applications with the licensing authorities.
3. Coordinating consistent preparation of charitable gaming event reports. Event reports must be completed by the individual charity following its event.
4. Providing licensing authorities with an electronic report detailing the monthly gross wager and prizes paid for bingo (to calculate the percentage prize board), total revenues, administration costs and licence fees, and the disbursement of funds to the HCA member charities.
5. Making monthly statements available to each member organization of the HCA upon request or as required.
6. Administering one trust account for the marketing fund.
7. Administering and maintaining one lottery account to track all revenue.
8. Administering and maintaining one lottery trust account to deal with U.S. funds, if applicable.
9. Scrutinizing reports and calculations of other revenues from the Operator and calculating Operator portion of the lottery proceeds.

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

10. Processing payment of licence and authorization fees from the lottery trust account.
11. Processing payment of HCA administration costs from the lottery trust account.
12. Calculating and processing distribution of net proceeds to individual member charities.
13. Assisting HCA in preparing recommended session schedule or dates and times for each member organization for approval by the municipal licensing authority.
14. Reviewing Operator recommendations for game schedule including game mix and prizing to ensure compliance with the prize board requirements, recognizing the expertise of the Operator
15. Complying with and ensuring compliance with all applicable Standards and Directives prescribed by the Registrar;
16. Preparing financial and other reports requested by the licensing authority.

10.4.1(A) HCA ADMINISTRATOR POLICIES

1. The HCA Administrator is an employee of the Hall Charities Association and may be paid for his/her services from charity revenues as a reasonable and necessary administrative expense.
2. An HCA Administrator may work at more than one bingo hall.
3. An HCA Administrator must maintain an arm's length relationship with the Operator of the bingo hall.

10.4.1(B) REGISTRATION OF HCA ADMINISTRATOR

The HCA Administrator must be registered as a Gaming-Related Supplier under the *Gaming Control Act, 1992*, must be able to fulfil all of the responsibilities set out in Section 10.4.1 (above) and have an arm's length relationship from the Operator of the bingo hall.

10.4.1(C) HCA ADMINISTRATOR: CONFLICT OF INTEREST

An HCA Administrator must not act as a bona fide member in the conduct and management of charitable gaming events at the hall where he/she is the HCA Administrator; however, he/she may serve as a member-at-large of a member organization.

See also Section "3.5.3. General conflict of interest guidelines" on page 101, and Section "9.2.2. Conflict of interest guidelines" on page 184, for further information.

10.5.1. STAFFING CHARITABLE GAMING EVENTS

In addition to bona fide members, charitable gaming events must be staffed by runners who are provided

by the bingo hall. Other responsibilities must be fulfilled by employees of the Operator of the bingo hall registered under the GCA to provide services such as calling the game or selling BOTs.

10.5.1(A) BONA FIDE MEMBERS

Bona fide members are needed to meet *Criminal Code* requirements for charities/licensees to conduct and manage a charitable gaming event. The role of bona fide members is a necessary part of conducting and managing lottery events in a pooling bingo hall.

A minimum of three (3) bona fide members are required to manage and conduct each lottery event for which a licence has been issued.

The role of a bona fide member at a charitable gaming event is detailed in the *Terms and Conditions for Charitable Gaming Events Conducted and Managed in Pooling Bingo Halls*. The Operator of the bingo hall may provide advice to assist in business decisions.

10.5.1(B) RUNNERS

A runner is a person on the floor whose responsibilities include selling paper, identifying winners and paying out prizes. Runners do not require registration under the *Gaming Control Act, 1992* unless their responsibilities include selling break open tickets on the hall floor.

Runners working on the floor of the bingo hall are required to be employees of the Operator of the bingo hall and as a result are paid for by the Operator.

Even though the Operator must provide the runners for charitable gaming events, bona fide members of charities are responsible for the distribution and reconciliation of all bingo paper, break open tickets, and raffles.

10.5.1(C) VOLUNTEER RUNNERS IN A CHARITY-RUN BINGO HALL

In a charity-run bingo hall where four or more lottery events are run within a seven-day period, reimbursement of volunteer runners is not permitted.

A charity-run bingo hall is responsible for ensuring it is meeting all applicable laws as an employer.

10.5.1(D) VOLUNTEERS

Volunteers may be members of the licensees in the Hall Charities Association or family, friends or volunteers from other member organizations who receive no reimbursement for out-of-pocket expenses.

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

10.5.1(E) FULL-TIME EMPLOYEES OF LICENSEE

Full-time employees of the charitable organization may volunteer to assist at charitable gaming events, provided that their primary duty is not providing gaming services.

10.6.1. REVENUE SPLITS

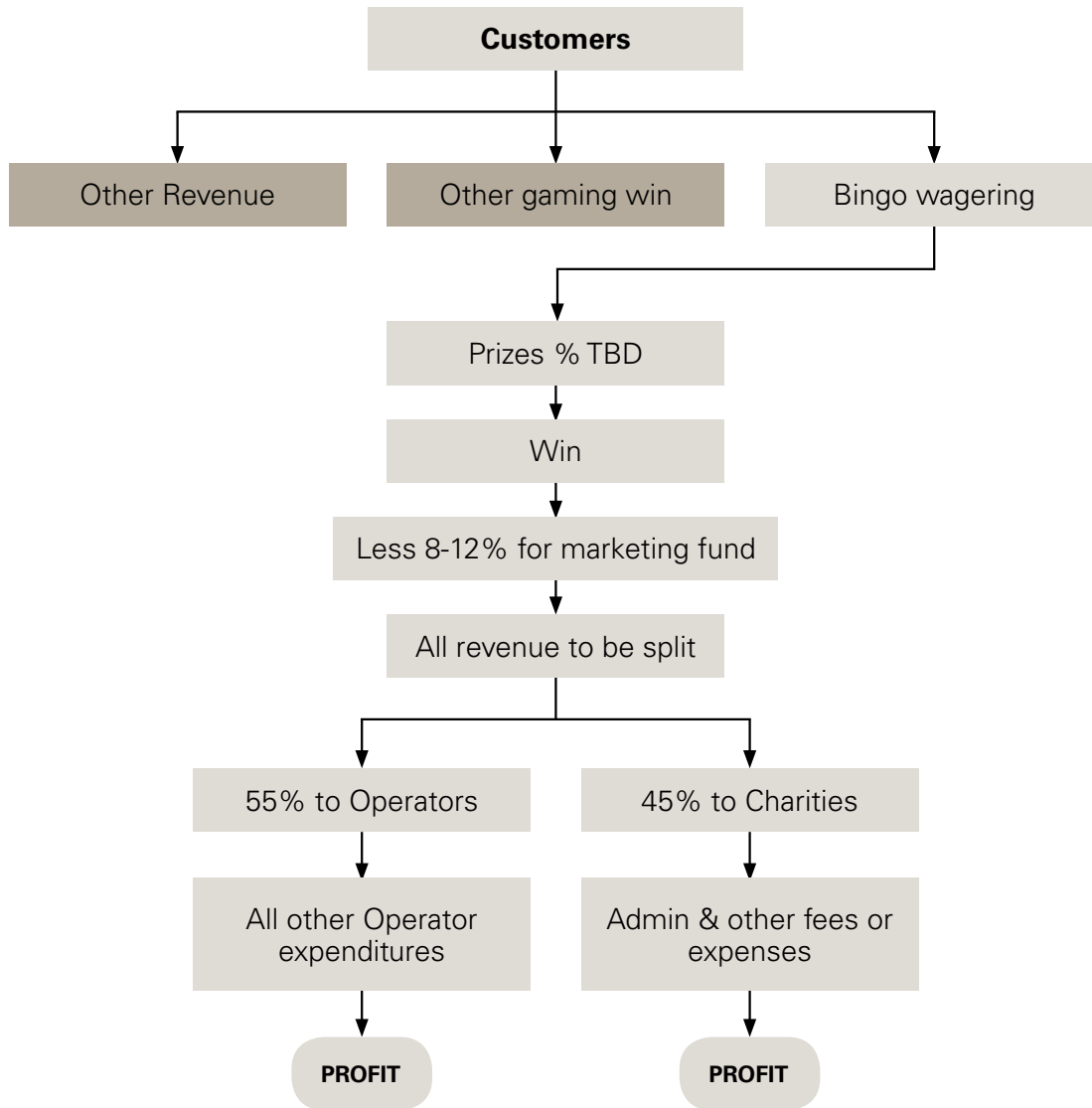
Under the Bingo Revenue Model, after payment of certain expenses, all revenue streams, from gaming and non-gaming sources are split between the charities and the Operator, with 55 per cent to the Operators and 45 per cent to the charities. As shown in Figure B below, revenue streams include:

- other revenue (e.g., food and beverage sales);
- other gaming Win (e.g., break open ticket sales); and
- bingo wagering.

Key Points

- Revenues from BOT sales after prizes and the commission from the sale of Ontario Lottery Gaming (OLG) products are considered part of the revenue that is split between the Operator and the charities
- Games offered in the hall are considered part of the revenue that is split between the Operator and the charities
- There is no distinction between lottery and non-lottery revenues earned by the charities in terms of necessary and reasonable expenses and use of proceeds. The 45 per cent a licensee receives is considered lottery proceeds and must be used in accordance with the requirements on expenses and use of proceeds.
- Where food and beverage sales at the bingo hall have been contracted out to a third party paying a monthly rental fee to the Operator of the bingo hall, all of the gross sales from the canteen must be included in the 55/45 split between the Operator and charities.
- After payment of prizes and the five (5) per cent BOT fee directed to the HCAs (CDTA), BOT revenues (forming part of the “Other Gaming Win” revenue stream) are split, with 55 per cent flowing to the Operator and 45 per cent flowing to the charities.
- Licensees are responsible for paying licence and authorization fees and their administration costs. The Operator is responsible for all other expenses associated with supplying and selling BOTs in the hall.

Figure B: Bingo Revenue Model – “Revenue Splits”

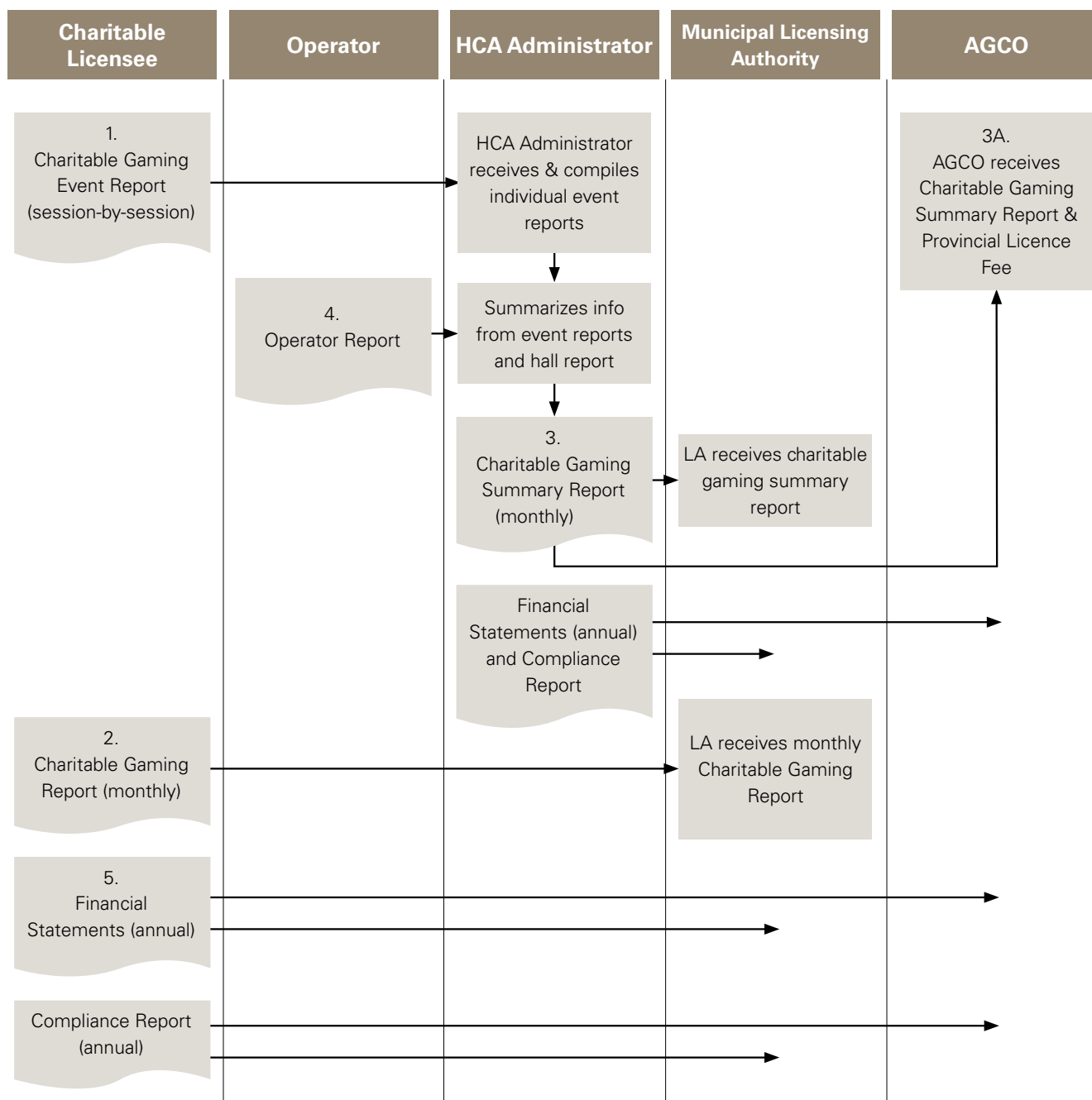


CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

10.7.1. REPORTING REQUIREMENTS

Refer to Figure C to guide you through the financial reporting process for charitable gaming events.

Figure C: Financial reporting process for charitable gaming events



Step 1: Charitable Gaming Event Report

Charitable licensees (member organizations) are responsible for event-by-event record keeping at the conclusion of each event and must provide copies of Charitable Gaming Event Reports (Event Reports) to the HCA Administrator, who coordinates monthly reports on their behalf. At minimum, the report must include:

- gross receipts and prizes from bingo,
- gross receipts and prizes from break open tickets,
- gross receipts and prizes from raffles,
- authorization fees and,
- reimbursement of out-of-pocket expenses.

Step 2: Charitable Gaming Report

Charitable licensees must also complete a monthly Charitable Gaming Report showing:

- revenues,
- expenses,
- use of proceeds and
- balance.

This report must be filed with the municipal licensing authority in order to allow for ongoing reporting relating to the use of proceeds.

Step 3: Charitable Gaming Summary Report

The HCA Administrator compiles the individual Event Reports on behalf of the member organization into a Charitable Gaming Summary Report. The report must be submitted, to both licensing authorities, 30 days following month-end and include the following information:

- wagering for each type of lottery
- prizes for each type of lottery
- all gaming and non-gaming revenues
- authorization fees for the month
- out-of-pocket expenses for each event
- shortage (if any) for each event
- total deposits for the period
- administrative expenses paid in the month

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

- HST and any other applicable taxes paid in the month
- other revenue from Operator
- amount of overall revenue paid to Operator
- list of members of HCA and their share of net proceeds for the month
- marketing fund information.

This report, along with the Operator Report (see item 4), must be filed with the municipal licensing authority and the Registrar.

- The municipality uses this information to monitor wagering activities and charity disbursements.
- The Registrar uses this information to ensure that the prize board has not exceeded the maximum prize board percentage prescribed by the Registrar (see Section “10.7.2. Maximum prize board” on page 249, for further information).

Step 3.A: Provincial licence fee

The provincial licence fee is prescribed by the Registrar and is calculated as a percentage of gross wager on bingo, break open tickets and raffles. The fee must be submitted along with the Charitable Gaming Summary Report on a monthly basis.

Step 4: Operator Report

The Operator Report must be completed by the Operator of the bingo hall and submitted to the HCA Administrator on a monthly basis.

The HCA Administrator uses this information to verify gross revenues from the sale of non-gaming related products (e.g., concessions, dabbers, etc.). The Administrator may also obtain additional information from the Operator.

If the Hall Charities Association is not satisfied with the Operator’s Report on the gross revenue from the sale of non-gaming related products, the Hall Charities Association may withhold the disbursement of funds from the revenue generated as a result of lottery events.

The Hall Charities Association must report any conflicts or disagreements to the Registrar.

Step 5: Financial statements

The *Lottery Licence Terms and Conditions* require licensees and HCAs to prepare financial statements covering revenues from all their sources (gaming and non-gaming). The type of financial review required depends upon the licensee’s gross annual revenues from all sources.

If gross revenues are under \$250,000, the financial statements must be prepared and approved by

the charity's Board of Directors. If gross revenues are over \$250,000 audited financial statements are required.

If gross revenues are under \$250,000 but another statute (e.g., Corporations Act) requires audited statements, it must have its statements audited.

(See the Lottery Licence Terms and Conditions "Reporting Requirements," Sections 3.8 and 3.10 (a) and (b) for more information.)

The financial statements must be made available upon the request of the licensing authority along with any other information the licensing authority deems necessary.

Audit Fees

The licensee is permitted to pay the portion of the audit fee that is related to charitable gaming from gaming revenues.

10.7.1(A) COMPLIANCE REPORT REQUIRED

(Lottery Licence Terms and Conditions "Reporting Requirements," Section 3.8(b))

The licensee must submit a summary of compliance with the terms and conditions, applicable terms prescribed by the Registrar, the Standards and Directives prescribed by the Registrar and any additional terms and conditions imposed by the licensing authority.

10.7.2. MAXIMUM PRIZE BOARD

How licensees (with the assistance of Operators) manage their prize boards is a critical component to the success of bingo. In addition to the bingo flexibility framework, the Registrar has prescribed a maximum percentage average of wagering that may be given away as prizes.

While individual games or sessions may be higher than the prescribed percentage in prizes, the overall average over each prescribed three-month period must not exceed the maximum allowable prize board.

10.7.2(A) PRIZE BOARD REPORTING POLICIES

To ensure that the prize board averages are being met across the province, each HCA must file a monthly report with the Registrar showing gross wagering and prizes paid.

The HCA must establish a separate ledger for money that is "committed to" or accruing for progressive-

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

style games so that the prize payouts are secure. In other words, there must be sufficient funds in the lottery trust account to pay out the prize money whenever the progressive prize is won.

Only prizes that have actually been won and paid-out should be reported as part of the monthly report in order to calculate the percentage prize board.

The Registrar will conduct a review of prize board averages for each quarter to take into account fluctuations due to payouts for progressive style games and also to allow for seasonal fluctuations.

10.7.2(B) PRIZE BOARD MONITORING POLICIES

The Registrar will contact licensees and Operators that are not achieving the required prize board levels to ensure that they are moving appropriately to reduce the prize payouts.

Where the licensee and Operator fail to demonstrate compliance, the Registrar may take disciplinary action, issue directives or utilize regulatory enforcement measures.

The Registrar's action will be decided on a case-by-case basis, by considering the specific circumstances of each situation.

10.8.1. LOTTERY TRUST ACCOUNTS

The following rules apply to lottery trust accounts for individual Licensees:

1. 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, in the Province of Ontario. The designated lottery trust account must be in Canadian funds. If the licensee (except for a Hall Charities Association in a pooling hall) conducts more than one type of lottery event, it may hold either one designated lottery trust account for all lottery proceeds or a separate designated lottery trust account for each type of lottery.
2. If the licensee maintains only one lottery trust account, the licensee must keep a separate ledger for each type of lottery event and for each licence issued.
3. All cheques or withdrawal require the signatures of at least two (2) bona fide members of the licensee.
4. Licensees may use electronic funds transfer (EFT) to pay for expenses, to deposit revenues and/or to distribute net proceeds derived from the conduct of charitable gaming events for objects and purposes approved in the application for licence.

See also Section 3.7.0, "Electronic funds transfer (EFT)," for further information.

5. A licensee cannot move funds by any means from the designated lottery trust account(s) into its operating or general account(s).

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

The following rules apply to lottery trust accounts for HCAs in pooling halls:

1. The HCA may open either a separate consolidated designated trust account (CDTA) for each type of lottery event or one (1) CDTA with separate ledgers as permitted under the *Registrar's Standards – Financial Management and Administration for Charitable Gaming Sites Where Proceeds are Pooled*.
2. An HCA whose member organizations are permitted to accept American currency must also maintain a separate CDTA in American funds as per the *Registrar's Standards – Financial Management and Administration for Charitable Gaming Sites Where Proceeds are Pooled*.
3. A minimum of four (4) bona fide members representing four different member organizations must be designated to administer the CDTA.
4. Electronic Funds Transfer may be used to disburse pooled lottery proceeds to member organizations' lottery trust accounts in accordance with the *Registrar's Standards, Financial Management and Administration for Charitable Gaming Sites Where Proceeds are Pooled*.

See also Section "3.6.10. Electronic funds transfer (EFT)" on page 109, for further information.

5. The HCA must open and maintain a separate trust account to administer the marketing fund in accordance with the *Registrar's Standards*.

10.9.1. BINGO SHORTAGES

At the conclusion of the bingo event if there are shortages as a result of errors made by runners on the gaming floor, the responsibility is assumed by the employer (Operator). Where the hall is owned and operated by the charity, shortages are made up based on who supplied the runners for the event. For example, if the event is staffed by volunteers of the licensee, the licensee would be responsible for covering the shortage.

Shortages incurred as a result of the Operator or its employees must be paid to the licensee conducting the charitable gaming event and be included as part of the net deposit for that event.

10.9.2. LOSSES

If the total of all three revenue streams—bingo revenues, other gaming win (e.g., BOT sales) and other revenue (food and beverage sales)—results in a loss, the responsibility for the overall loss must be split between the hall and the members of the HCA. The members of the HCA are responsible for 45 per cent of the loss and the Operator of the bingo hall is responsible for 55 per cent.

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

10.10.1. ELIGIBLE EXPENSES

10.10.1(A) OUT-OF-POCKET EXPENSES

The licensee may reimburse bona fide members for “out-of-pocket expenses” that are related to the charitable gaming event. These bona fide member expenses may include items such as meals, transportation and babysitting expenses. Bona fide members may be reimbursed up to \$20 per event, with receipts. Reimbursement of out-of-pocket expenses for volunteers is not permitted.

10.10.1(B) MUNICIPAL FEES

The licensing authority may charge fees not to exceed the amounts prescribed by the Registrar.

The fee, collected by the licensing authority, is submitted by the HCA Administrator on behalf of each licensee as part of its application package.

The HCA Administrator may pay the fee either by one cheque or individual cheques from HCA members.

10.10.1(C) REGISTRAR’S LICENCE FEES

The Registrar’s fee has been prescribed as a percentage of the gross wager (actual monies wagered) on bingo and break open ticket events.

The Registrar collects licence fees on a monthly basis in arrears.

The fee is reported on and submitted with the Charitable Gaming Summary Report.

10.10.1(D) MARKETING FUND

An amount of eight (8) to twelve per cent of all Bingo Win (gross bingo wagering minus prizes) must be set aside for a marketing fund within the hall (see Section “10.6.1. Revenue splits” on page 244, Figure B).

The purpose of the fund is to support the establishment of a marketing plan and the marketing activities it calls for. There must be joint decision making between the licensees and Operator to determine how best to spend this revenue.

The revenues for the marketing fund must be deposited into a designated marketing fund trust account.

Licensees must ensure that the Hall Charities Association follows the requirements of the Standards prescribed by the Registrar for the administration of the marketing fund.

10.10.1(E) PERSONAL BINGO VERIFIERS (PBVS)

A personal bingo verifier (PBV) is a hand-held device that individual bingo players may use to track and verify numbers as they are called by the bingo caller during the bingo game. Under no circumstances does a PBV replace the conventional method of playing bingo with bingo paper and dabbers; rather, it is meant to assist players in keeping track of numbers that have been called.

No prize is paid to a player unless that person has dabbed, at minimum, the winning combination of numbers or symbols required to win on bingo paper prior to calling “bingo”.

- bingo must be played using bingo paper;
- while PBVs may be used by players to keep track of numbers called, players must dab their paper contemporaneously with the numbers being called (licensees should allow a moment for players to ensure that all numbers have been dabbed);
- prizes must not be paid unless the winning combination of numbers or symbols has been dabbed on the bingo paper;
- all bingos must be verified on paper and not through the use of a PBV; and
- lease, rent or purchase of equipment (PBVs) must be from suppliers that are registered under the *Gaming Control Act, 1992*.

See the Terms and Conditions – Charitable Gaming Events Conducted and Managed in Pooling Bingo Halls.

PBVs are considered an operational expense and therefore paid for by the Operator of the bingo hall.

10.10.2. INELIGIBLE EXPENSES

The cost of printing programs and posting rules of play at bingo halls is not a marketing expense and must not be claimed within the maximum eight (8) to twelve per cent allowed for advertising and promotions. Programs and Rules of Play are not considered a form of advertising. It is an expense of the Operator.

Please also refer to the *Pooling Bingo Halls: Advertising and Marketing Guidelines* found on the AGCO website: www.agco.on.ca.

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

10.11.1. APPLICATION OF HARMONIZED SALES TAX (HST)

The following policies apply to the Harmonized Sales Tax (HST):

1. Pooling of revenue
 - » The HST does not apply to the licensee's share of the revenue split (45 per cent).
 - » The HST is payable on the bingo hall's share (commonly referred to as "hall rent") as defined in Section 6.8 of the *Registrar's Standards – Financial Management and Administration for Charitable Gaming Sites where Proceeds are Pooled*.

See also sample calculation on the following page.
2. Bingo Hall — other revenue
 - » Bingo halls must collect HST on any taxable goods and service but can claim an input tax credit on any HST paid in providing those goods and/or services.
3. Wagering
 - » HST is not collected from patrons purchasing paper or break open tickets.
4. Prize payouts
 - » Payment of prizes is exempt from HST.
5. Marketing fund
 - » HST is not payable as funds accumulate in the marketing fund. However, payments out of the fund (i.e., to suppliers) will be subject to HST unless otherwise specifically exempt from HST
6. Reporting
 - » For all lottery events, the HST paid by the licensee for applicable services and supplies must be reported on the Charitable Gaming Summary Report form.

For details on specific circumstances and any applicable taxes, please contact the applicable financial authority.

Example: Calculation of HST on "Hall Rent"

Scenario:

- Net Bingo Revenue =\$1,000.00
- Net BOT Revenue= \$500.00
- HCA's share of other non-gaming revenue= \$45.00

Steps		Example	
Step 1.	Add net bingo revenue (bingo win minus 8-12% for marketing fund) plus net BOT revenue = (A)	\$1,000.00	Net Bingo Revenue
		<u>+\$500.00</u>	Net BOT Revenue
		= \$1,500.00	(A)
Step 2.	Multiply (A) by 0.55 (Hall Operator's share of gaming revenue) = (B)	\$1,500.00	
		<u>× 0.55</u>	
		= \$825.00	(b) Operator's share of Gaming Revenue
Step 3.	Subtract the HCA's 45% share of non-gaming revenue (concessions etc.), = (C) From the total in (B)	\$825.00	
		<u>-\$45.00</u>	(C) HCA's share of Non-Gaming Revenue
		= \$780.00	(D) Hall Rent
Step 4.	This number is hall rent = (D). The HST is calculated on this number. (D) × .0513 = HST Payable on Hall Rent.	<u>× 13%</u>	
		\$101.40	HST Payable on Hall Rent

10.12.1. AMERICAN CURRENCY

Eligible organizations conducting bingo events in towns that border the United States may accept American currency during the conduct of bingo events, which may include break open ticket sales at bingo halls that have a substantial American clientele.

If the patron purchases bingo paper in American funds, any prizes won must be paid out in American funds. If the paper is purchased in Canadian funds, the prizes must be paid out in Canadian funds.

A Hall Charities Association whose member organizations accept American currency must maintain a separate American lottery trust account that has been designated as a trust account by the branch of a recognized financial institution in Ontario. American funds must be deposited into the American account.

All lottery expenses and funds for approved eligible uses must be paid from the Canadian account. The American account may only be used to deposit the American currency collected during the event, with the exception of withdrawals for a cash float for the conduct of a bingo event. Expenses, donations or any other withdrawals cannot be made from this account unless the licensing authority grants permission. The maximum amount that may be accumulated in this account must not exceed the licensee's estimated prize board.

CHAPTER 10 : BINGO—IN POOLING BINGO HALLS

When funds in the American account accumulate in excess of the estimated prize board, they must be transferred to the Canadian lottery trust account. The date of the transfer, the exchange rate and the premium or loss (at buying rate), as well as any donations made from the Canadian account, must be recorded on the financial report form (charitable gaming summary report) and in the financial ledgers.