

## LOTTERY

The best and most up-to-date information on lotteries can be obtained through contact with the Alcohol and Gaming Commission of Ontario (AGCO) as follows:

Alcohol and Gaming Commission of Ontario  
90 Sheppard Avenue, Suite 200-300  
Toronto, Ontario M2N 0A4  
Tel: 416 326-8700  
Toll free in Ontario: 1 800 522-2876  
Fax: 416 326-5555  
Website: [www.agco.ca](http://www.agco.ca)

AGCO services for Ontario's Lottery Licenses now are fully online using <https://www.agco.ca/iagco> . Currently, the Branch is able to complete the applications and reporting forms online and print them off to then be given to the appropriate authority (local municipalities in most cases.) The login will be the same login that is used for the Branch Liquor License requirements.

Types of lottery licences that Branches could be interested in are:

Break Open Tickets (BOT)  
Bingo  
Raffle (single type or blanket)  
Catch the Ace

### QUICK FACTS ABOUT LOTTERIES THAT YOU SHOULD KNOW:

1. The Alcohol and Gaming Commission (AGCO) is responsible for licensing any lottery events in excess of \$ 50,000.00.
2. Municipalities are responsible for licensing any lottery event under \$ 50,000.00. There are exceptions when a municipality does not have a licensing officer, or where the Branch is located in an organized area with no municipal government or a Canadian Forces Base, the applicant would then have to apply to the AGCO for the licence.
3. The definition of a Lottery Scheme – is defined as any scheme which has the following three components: a prize, a chance to win a prize and a consideration for a fee. If all of the foregoing conditions apply a licence is required. It is the responsibility of applicant to complete the necessary paperwork to obtain a licence.

4. Each licensee (the Branch being the licensee) is responsible to ensure that all Terms and Conditions are followed when conducting any licensed event.
5. Break Open Tickets (BOT's) may be sold in conjunction with another gaming event (i.e. bingo) providing the licence is obtained from the AGCO.
- 6. Branches are not eligible for any funds derived from lottery events conducted by the Ladies' Auxiliary.**
7. Once a lottery has begun, it must continue and cannot be stopped mid-stream.
8. Each licensee must guarantee the prizes of any lottery.
9. Each licensee is responsible to ensure all prizes are presented and must notify the winners in a timely manner.
10. All proceeds derived from lotteries must be kept in a lottery trust account and must be in Canadian Funds with the exception of a Bingo Sponsor's Association.
11. A licensee must never exceed the allowable expenses allowed under any licence. Review the Terms of Condition of the licensed event. In the case of BOT's, refer to the Schedule of Approved Break Open Ticket types and associated expense maximums on the AGCO's website.
12. It is the responsibility of all licence holders to complete the necessary report for each lottery held within the prescribed time period by the licensing authority and terms and Conditions of the event.
13. Branches may use lottery funds for building purposes, if approved by the licencing authority as per the process outlined later in this section.
14. Branches may apply to the licensing authority to use more than 20% of their lottery proceeds for upkeep and maintenance, providing it can show substantial use of the Branch facilities (hall and meeting rooms) by organizations in the community FREE OF CHARGE. The application can be made directly to the licensing authority and the licensing authority must formally approve the use of more than 20% based on the extent of community use of the facility. The approval of Ontario Command is not required.
15. Branches may apply to the licensing authority for a Blanket licence. A Ladies' Auxiliary may also apply for a Raffle or Blanket license **but cannot use the Branch's licence.**
16. Branches that run illegal/unlicensed gaming activities risk having both the LIQUOR and LOTTERY Licences of the Branch revoked. (Liquor Act and Gaming Act)

17. Any person who signs a licence application or is involved in the conduct of a licensed event must not participate in that event. For example, if you sign a licence for a raffle you cannot purchase tickets. Further, if you have knowledge of the Break Open Tickets that are sold you cannot purchase tickets. Bartenders must not purchase BOT's as they would have knowledge of the tickets that have been sold.
18. The AGCO has given permission for both the Branches and Ladies' Auxiliary to donate lottery proceeds to the Charitable Foundation and the Bursary program on the basis that these programs are available to a wide community beyond our membership.
19. The use of dice is prohibited.

All applicants for lottery events including Bingo, Raffles, which includes (Calendar Draws, 50/50 draws, Elimination Draws, Raffles, etc.), Bazaars, and Break Open Tickets will receive the Terms and Conditions of the Lottery Event on approval of the licence. **Branches are cautioned to read and follow these Terms and Conditions carefully.** Should a conflict exist, the Terms and Conditions of the licensed lottery will supersede anything in this manual.

Branches have the responsibility to ensure that they maintain proper records for each type of lottery scheme they conduct. This includes all financial information (banking, record keeping and other documents in support of the licence application) and must be kept for 4 years from the expiry date of the licence).

#### **USE OF FUNDS (AGCO Policy Manual Chapter 2 Section 2.7.4.F)**

- Funds may only be used in accordance with the license issued or special approvals given by the licensing authority. If you are applying to the licensing authority for special permission to use lottery funds be sure to get the answer in writing. Without this happening there is no paper trail if the Branch is audited.
- Organizations must provide the licensing authority with a specific and detailed list of the purposes for which the funds will be used, including the names, addresses, etc., of the charities and community groups utilizing the facilities free of charge. General terms such as for 'community betterment' or 'service club charities' are not acceptable.
- Lottery funds may be used for the following:
  1. Relief of poverty – specify.
  2. The advancement of education through bursaries and scholarships. The fund must be registered with Canada Revenue Agency (CRA).
  3. Charitable purposes beneficial to the community, such as community projects, recreational or public facilities, youth programs where a majority of the participants are under 18 years of age.
  4. The Royal Canadian Legion Charitable Foundation and Bursary Fund.
- Lottery funds may also be used under the AGCO's 'Building Fund Policy', described later in this section. This policy requires both the approval of the Provincial Headquarters

and the licensing authorities and the renovations and construction are restricted to the part of the Branch which is made available free of charge to the community. **Lottery funds may not be used for the clubroom.**

- Branches may use up to 20% of the net proceeds of a lottery event for maintenance of the Branch if the premises are a benefit to the community. Under special circumstances the Branch may apply for the use of ‘More than 20%’ of the proceeds. An application must be made to the licensing authority and the percentage determined is based on the degree of the community’s use of the Branch, **free of charge. Please note that Branches may not claim the “free of charge use” then turn around and ask the charity using the facilities for a donation.**

## **NON – USE OF PROCEEDS**

No part of the proceeds derived from the conduct of a Break Open Ticket Lottery shall be applied to the premises to which the sale of the Break Open Tickets is authorized unless the use of the proceeds for such purposes shall enhance the ability of the licensee to perform services of public good and welfare, **and written permission** is obtained from the licensing authority.

Rent or user fees may not be expensed for administration purposes or general Branch expenses on present facilities, e.g., routine maintenance of the club premises including heat, hydro, mortgage, salaries etc.

Proceeds **may not** be used for:

- Attendance at seminars, workshops, conventions, etc.
- Any program that is membership oriented, professional development, upgrading or training courses or for charitable projects where the benefit accrues to persons outside of Ontario.
- Any endeavour where volunteers have any interest in the funds raised, either directly or indirectly.
- Individual sports teams, where a majority of participants are 18 or over.
- Bursaries/Scholarships for a narrowly focused group, such as children and grandchildren of members only.
- Donations to a charity or other organization which will in turn present a cheque of a near or equal amount to the Branch in lieu of a hall rental – cheque must be deposited to the lottery account. Branches may not create a paper trail to circumvent the legislation.
- Donations to Seniors Groups (in house activities) e.g., subsidized bus trips, etc.
- Indirect expenses, e.g., salaries and administration.
- Adult recreation programs.

## USE OF LOTTERY PROCEEDS - BUILDING FUNDS

### ELIGIBILITY CRITERIA

The Criminal Code of Canada, Section 207 (1) (b), allows for charitable and religious organizations to be licensed to conduct lottery events provided that all funds raised are used for charitable and religious objects and purposes. Funds raised from lottery events may be used only for the purposes where public charitable benefit can be established. Approval may be granted to a Branch of The Royal Canadian Legion to use a portion of funds raised from lottery events for the capital cost of construction, repair or leasehold improvement of its Branch building provided the following can be shown:

- 1) The building provides a public charitable benefit to the community, in that it is available **FREE OF CHARGE** to other organizations within the community.
- 2) The Branch must own or lease the building in which an application for renovations is being applied. Construction of new buildings and renovations to existing buildings must comply with the procedures set out by Ontario Command.
- 3) Approval must be obtained from the licensing authority prior to using funds for this purpose. Approvals will be based on a detailed package of information supplied by the Branches and will be based upon need and the extent that the building is used by the community.
- 4) Special terms and conditions will apply to maintaining this fund.

### APPROVAL PROCESS

Prior to using lottery proceeds for renovations or for the construction of new buildings, Branches must comply with the procedures as set out by Ontario Provincial Command of The Royal Canadian Legion. *See Branch Construction section in this manual.*

**NOTE: Where this procedure is not complied with, the matter shall be referred to the Administrative Committee of the Ontario Provincial Command for any action it may deem necessary and this could include the suspension of the Branch Charter or the Branch Officers.**

Where an application for lottery licensing indicates that funds are to be used for building fund purposes, the following must be submitted with the application for licence:

- 1) An explanation of the type of capital expenditure, and the amount of net lottery proceeds that will be used up to a maximum of 50%;

- 2) Each application, where proceeds are to be used for building fund purposes, must be accompanied by a letter from the Ontario Provincial Command indicating the type of expenditure authorized as well the amount of net lottery proceeds to be used up to a maximum of 50% of the net proceeds. The Ontario Provincial Headquarters may request documents to support building fund proposals and shall make these documents available to the licensing authority upon request;
- 3) Where building fund proceeds are to be used for renovations or new buildings, the Branch must submit the documents outlined in Section 2.8.1. of the Lottery Licensing Policy Manual to the licensing authority. Copies of this section are available from AGCO website;
- 4) The licensing authority will not approve any building fund request unless the above criteria is met.

## **USE OF PROCEEDS**

Once the approval process has been completed and approval granted for the use of lottery proceeds for a building fund, individual Branches of The Royal Canadian Legion are permitted to use up to 50% of lottery proceeds for the following ‘building fund’ purposes:

- Mortgage payments, including principal and interest, for existing building and/or renovations in progress
- Building repairs
- Painting and decorating (interior and exterior)
- Replacements of a capital nature
- Municipal Taxes
- Heating and Hydro
- Liability insurance on the building

This process is not intended to supersede any approvals/commitments which were in place prior to this change and will take effect once existing approvals expire.

## **DISPOSAL OF PROPERTY**

Any property acquired or renovated through a building fund composed of lottery proceeds may not be sold or mortgaged without the prior approval of the licensing authority.

A document outlining the value of the lottery proceeds applied to the building fund must be made available for review at all times.

Upon the sale of the property, the value of lottery funds contributed to the building fund must be recovered from the sale price and be directed to other charitable organizations in the community.

The Branch may reduce the amount of the 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.

**POLICY**

**INTERPRETATION**

Use of up to 50% of lottery proceeds for building fund purposes

Applies to Royal Canadian Legion Branch buildings which can demonstrate they are used by the community free of charge.

Applies to new renovation projects and new buildings – it is not retroactive.

Must receive Provincial Command approval for all projects/buildings which exceed \$ 25,000.00 in a fiscal year.

All other policies in the Policy Manual of the AGCO shall apply.

Projects related to the member’s lounge are not eligible.

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20% of net proceeds for building upkeep and maintenance

Applies to service clubs including Legions provided building is used by the community.

20% of net lottery proceeds may be used for general upkeep and maintenance of premises as of February 28, 2023.  
(<https://www.agco.ca/bulletin/2023/increase-percentage-lottery-proceeds-service-clubs-can-use-operating-costs> )

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Use of more than 20% of net proceeds for building upkeep and maintenance (formerly known

Where the Branch can demonstrate that its facilities are used extensively free of charge by the community, then approval may be granted for

as the community centre concept)

lottery proceeds to be used for general upkeep and maintenance.

Approval by the Licensing Authority is required and approval from Provincial Headquarters is not needed.

The percentage of the lottery funds which may be used for this purpose should be based on the percentage of time that the building is used by the community free of charge versus membership use.

This applies to Legion Branches which provide substantial community use of their facilities.

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Rental Fee for Break Open Ticket

The terms and conditions of the Break Open Ticket licence authorize a rental fee to be taken from the gross receipts.

Branches may charge themselves a ‘rental fee’ within this maximum providing the Branch does not exceed the total expense maximum as outlined in the AGCO’s Schedule of Break Open Ticket Types and Associated Expense maximums.