

# A User's Guide to Charitable Gaming and Lottery Licensing



Municipality of Central Huron

Fall 2024

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# General Guidelines

## Summary

The Alcohol and Gaming Commission of Ontario (AGCO) is responsible for regulating and overseeing licensed lottery events conducted by eligible charitable and religious organizations to raise funds to support charitable purposes. As part of the AGCO's regulatory responsibilities in the charitable sector, the AGCO administers, in partnership with municipalities, the regulatory framework governing the issuance of charitable lottery licenses.

The AGCO authorizes municipalities across Ontario, including the Municipality of Central Huron to issue licenses for some types of lottery and gaming events for eligible charitable, religious, and non-profit organizations. The Criminal Code of Canada defines what types of gaming activities are illegal in Canada, and the provinces are assigned responsibility to operate, license, and regulate legal forms of gaming.

The Municipality of Central Huron has the authority to issue licenses for most lottery events conducted in Central Huron, including:

- Bingo events with prize boards of up to \$5,500
- Media bingo events with prizes of up to \$5,500
- 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 tickets are sold within Central Huron
- Bazaar lotteries which include: wheel of fortune (max. individual bet of \$2.00), raffles not exceeding \$50,000 in prizes, and bingo events not exceeding \$5,500 in prizes

With this authority, the Municipality of Central Huron have certain responsibilities:

- Report any information required by the AGCO;
- Enforcing licensing policies;
- Ensure that licensees comply with the terms and conditions of their licenses;
- Investigate any breaches of the terms and conditions; and
- Refuse, suspend, or cancel licenses

Municipalities have a responsibility to investigate any contraventions of the terms and conditions of a license it issues. 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;
- Conduct audits of licensed organizations

Additionally, eligible organizations and their lottery licensing representative are responsible for understanding their role within the lottery licensing program and it is **strongly advised** to review the AGCO's *Lottery Licensing Policy Manual* by visiting: [www.agco.ca](http://www.agco.ca)

Once an organization is deemed eligible for a lottery license, a Lottery Trust Account must be opened and a copy of the account information is submitted to the Municipality of Central Huron. After this has been completed, an application to conduct a lottery may be completed.

## **Eligibility**

To be eligible to receive a lottery license, an organization must first have charitable purposes and objects that fall within one of the four classifications of charitability:

1. The relief of poverty;
2. The advancement of education;
3. The advancement of religion;
4. Other charitable purposes beneficial to the community

To summarize these classifications:

*Relief of Poverty:* 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.

*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.

*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.

*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.

In addition, an organization must also demonstrate the following in order to be deemed eligible:

- Have been in existence for at least one year;
- Provide charitable community services consistent with a primary objective and purpose of the organization for at least one year;
- Demonstrate that the organization is established to provide charitable services in the Municipality of Central Huron;
- Use proceeds for charitable purposes that benefit the Municipality of Central Huron and its residents;
- Assume full responsibility for the conduct and management of its lottery events; and
- Be deemed eligible to conduct lotteries and open a Lottery Trust Account.

The Municipality of Central Huron has the authority to only issue a lottery license to organizations that are operating within the municipal boundaries. If your organization will be operating a license outside of the municipal boundaries of the Municipality of Central Huron, please refer to the municipal office that your organization will be conducting a lottery within.

Individuals are not eligible for a lottery license, nor are the following organizations:

- Social clubs
- Professional associations, unions, employee groups
- Government ministries, agents, or bodies
- Political lobby groups and those attempting to persuade the public to adopt a particular view on a political issue
- Political parties
- Adult hobby groups
- Private social clubs (i.e. golf, curling)
- Adult sports teams
- Individual youth sports teams
- Organizations established solely for the purpose of fundraising

In order to be considered an eligible organization for lottery licensing in the Municipality of Central Huron organizations should complete an **Eligibility Application for Lottery Licensing**. Once an organization has been deemed eligible, organizations should complete a **Lottery License Organization Information** form which can be resubmitted by organizations whenever there are changes to their general information not relating to their eligibility. These forms are available on our website: [www.centralhuron.ca/lottery](http://www.centralhuron.ca/lottery)

## Eligible Use of Proceeds

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

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.

Proceeds must be used to pay for direct expenses of charitable activities. Lottery proceeds may be donated to other charitable organizations, but the recipient organization must also be eligible for a lottery license themselves. Proceeds must be disbursed in a timely manner and cannot be accumulated, unless approved by the Municipality of Central Huron.

Lottery proceeds must only be used to benefit residents of Ontario. For example, proceeds cannot be donated to disaster relief for communities outside of Ontario.

**If in doubt, check it out! Visit [www.agco.ca](http://www.agco.ca) for more information.**

## General Conflict of Interest Guidelines

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.

1. No member, principal officer or paid staff of an applicant organization may be involved, in any way, in the approval of a license application and/or the conduct and management 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 license, 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.

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. More information is available at [www.agco.ca](http://www.agco.ca)

## Lottery License Reporting

After the lottery event has ended, licensees are required to submit reports to the Municipality of Central Huron. The report forms are available on the AGCO website: [www.agco.ca](http://www.agco.ca). All reports must be filled out completely and must be signed by two bona fide members and match those members who signed the lottery application form. Future lottery licenses will not be issued if there are outstanding or incomplete reports. Reports must be submitted within:

- Bingo - 15 days after each event has ended
- Break Open Ticket - 30 days after the license ends or the last ticket is sold (whichever comes first)
- Raffle - 30 days after the event has ended
  - Catch the Ace within 7 days after every fourth draw

Documentation is required which supports the contents of the lottery report. These items will include:

- Receipts for expenses;
- Name and address of winner(s);
- A copy of a ticket used (for raffle lotteries);
- Funds disbursement information;
- Bank statements for the lottery trust account; and
- Cheque images for payments made from the lottery trust account.

It is important to keep track of the financial particulars over the course of the license, especially when the lottery extends for a significant time period.

Please include and complete a Central Huron **Lottery Report Checklist** with your lottery report submission to the Municipality of Central Huron.

## Lottery Trust Accounts

All financial lottery activity **must** be conducted in a lottery trust account. This account must be used solely for lottery activity and cannot be used for other purposes, such as the proceeds from other types of fundraisers. The types of accounts may vary depending on the bank. For example, the account may be called a 'community organization account' or something similar.

The designated lottery trust account must be in Canadian funds. If the 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. 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 license issued. The bookkeeping and accounting requirements for each type of lottery are covered in detail in the license 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
- 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.

Accounts must be set up to include monthly statements and images of cheques, which must be submitted to the Municipality with the lottery reports. 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 (except bona fide member expenses) by cheque, or by electronic funds transfer (EFT), where permitted. All expenses must be supported by a receipt and cancelled cheque or EFT report.
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 or EFT where 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 (except bona fide member expenses) must be paid directly by cheque or EFT 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 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.

Lottery funds must be held separately to protect them, especially in the case of dissolution. For instance, lottery proceeds cannot be used to pay debts or creditors. A dissolution clause in the organization's constitution will ensure these funds are protected. Two signing officers, who are bona fide members or the organization, are required for the account. All withdrawals from the account must be made by cheque and no transfers are allowed.

### **Start-Up Costs for Lottery Events**

The licensee must pay start-up costs, also commonly known as "seed money," for the conduct and management 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 or make an electronic transfer 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 or electronic transfer 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.

### **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 licenses, the licensing authority must monitor the use of revenues and the level of funds in the lottery trust account(s).

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, and revenue generated will only be used for purposes approved by the licensing authority.

## **Annual Financial Statements**

The terms and conditions of lottery licenses 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. Licensees that receive less than \$250,000 in gross annual revenues must prepare financial statements in accordance with the standards set out in the *CPA Canada 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 *CPA Canada 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 license(s). A public accountant must prepare the audited compliance report in accordance with Section 5815 of the *CPA Canada Handbook*.

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.

## **Audited Financial Statements (On Request)**

The licensing authority (the Municipality of Central Huron) 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 license, or as specified by the licensing authority.

## **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 fixed prize value of \$10,000 or more, including taxes. When the total fixed-prize value is \$10,000 or more, the licensing authority requires an irrevocable standby letter of credit as the form of financial guarantee.

Where deemed appropriate, the licensing authority may also require a financial guarantee for lotteries with a fixed prize amount below \$10,000 where the prize is a percentage of the gross ticket sales.

Acceptable forms of financial guarantees are:

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

## **Letters of Credit**

With the exception of 50/50 draws, licensing authorities must obtain irrevocable standby letters of credit for lottery licenses with a total prize value of \$10,000 or greater, including taxes. A licensing authority may also require a letter of credit for a lower prize amount. A letter of credit or other financial guarantee may be required for 50/50 draws where deemed appropriate.

The letter of credit must:

- be issued by a recognized financial institution,
- be made payable on presentation of the original letter of credit at the issuing financial institution,
- cover the full value of all prizes offered, including any bonus prize,
- permit partial draws (that is, can be cashed in part),
- be valid for a minimum of 45 days after the license expiry date, and
- indicate the purpose for which it was issued.

The licensing authority may accept a letter of credit set up and paid for by a third party that permits draws to secure the licensee's obligations.

A letter of guarantee is not an acceptable financial guarantee. A letter of credit must be made payable independent of any occurrence of default on any obligation by the licensee.

## **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 pay for expenses, to deposit monies into its designated lottery trust account, or to distribute net proceeds derived from the conduct of its lotteries to eligible recipients.
- Licensees must decide in accordance with their constitution whether to implement EFT.
- The licensee 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) bona fide members that have been designated to administer EFT.
- The licensee must obtain reports from the financial institution confirming the electronic transfer of funds and any discrepancies
- These reports must be reviewed and signed by one of the bona fide members designated to administer EFT who did not authorize the transfer of funds. This member must also prepare a summary setting out any discrepancies in the report received from the financial institution to be presented to the licensee's Board of Directors, as the case may be.

Forms of electronic banking not permitted:

- Automated teller machines (ATMs);
- Debit cards;
- Internet banking; and
- Telephone banking

EFTs must not be used to pay certain expenses including:

- Reimbursement of out-of-pocket expenses for bona fide members;
- Licensing or authorization fees

For more information regarding lottery trust accounts, please refer to the AGCO's *Lottery Licensing Policy Manual* or visit [www.agco.ca](http://www.agco.ca)

## Raffles

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.

Groups and organizations may only be licensed for one raffle event at a time, except for calendar draws or under a blanket license. The license must state the number of tickets to be printed.

Raffle tickets must not be sold to anyone under the age of eighteen (18) and must not be offered, ordered, or sold through the Internet, a web page, or any other computer-generated communications medium.

The licensed organization's name and the license number must appear on the ticket, the ticket stub, and on any advertising.

The following are permitted raffle lottery events in the Municipality of Central Huron:

- Stub draw
- Elimination draw
- Calendar draw
- "Golf ball drop" raffle lottery
- Rubber duck race
- 50/50 draw (paper-based)
- Blanket raffle
- Meat spin/turkey roll
- "Name the Raffle" lottery
- Bossy bingo/cow patty bingo
- Auction-style raffles
- Catch the Ace (non-electronic)

Information about each type of raffle lottery event can be found in Chapter 5 of the AGCO's *Lottery Licensing Policy Manual*.

### Raffle Prizes

In the Municipality of Central Huron prize values cannot exceed \$50,000. The market value of prizes must not be less than 20% of the total value of the tickets. For example, if the maximum value if all tickets were sold is \$2,500 then the total value of the prize cannot be under 20% or \$500.

If the prize value exceeds \$10,000, financial guarantees will be required to be submitted to the Municipality of Central Huron.

Fixed prizes must be awarded in raffle draws, except 50/50 draws. You must know what your prizes are and the value(s) prior to applying for a license.

Only new and unused merchandise purchased from a reputed vendor may be offered as prizes. Livestock cannot be awarded as prizes.

## **50/50 Draws**

A 50/50 Draw is a raffle lottery where the prize is one half of the value of all tickets sold. The licensed organization may only award prizes based on a 50/50 split of the gross proceeds (i.e. you cannot deduct half of the administrative fees such as ticket printing or the license fee from the prize).

Tickets for paper-based 50/50 draws 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 license application. The maximum prize must not exceed half the revenue available if all the tickets authorized by the license were sold at the scheduled time. For a 50/50 Split the Pot draw, the organization must indicate how the prize pot is to be divided. For example, if the prize pot will be divided into 3 individual prizes: Prize 1 = 50% of the pot, Prize 2 = 25% of the pot, Prize 3 = 25% of the pot. The licensee may award prizes based on a 50/50 split of the gross proceeds for a given draw. They may also include a reasonable number of fixed-prize draws, such as for an early bird or consolation prize. The fixed prizes, such as cash or merchandise, must be paid from the charity's half of the ticket sales

In some instances, groups may wish to conduct a series of 50/50 draws over a specified time period (i.e. a hockey association may wish to hold 50/50 draws during the second intermission of hockey games on the 1<sup>st</sup> and 15<sup>th</sup> each month). Whenever a license is issued for a series of 50/50 draws, the licensed organization must use different tickets for each draw throughout the course of the license (two-part tickets can be used).

Whenever a license is issued for a series of paper-based 50/50 draws, the licensee must use different tickets for each draw throughout the course of the license. The tickets must clearly identify the draw for which they are sold. The licensee must keep a careful audit trail to maintain the integrity of the event and to ensure it does not sell more than the maximum number of tickets specified on the license.

## **Blanket Licenses**

A blanket raffle license allows eligible organizations to obtain a single lottery license to conduct and manage more than one type of raffle event within a fixed period and from one location within a capped prize amount of \$50,000 for total prizes. The types of raffle events that a licensee may conduct under a blanket raffle license include:

- stub draws
- elimination draws
- paper-based 50/50 draws
- meat spins/turkey rolls
- "name the raffle" lottery

A licensee may apply to the licensing authority for a blanket license to conduct any number of these raffle events or combination of these raffle events for up to a maximum of a year and for

a total prize board not to exceed \$50,000. In addition to the basic application requirements for all raffle lottery events, each application for a blanket raffle license 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 license 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 license.

Detail of Event(s):						
Type of Event(s):						
Month of Event						
Draw Dates						
Total Tickets						
Cost per Ticket/Set of Cards						
Prize Board						
License Fee						

For tracking purposes and to facilitate the completion of the standard report form for blanket raffle licenses, 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.

**If in doubt, check it out! Visit [www.agco.ca](http://www.agco.ca) for more information.**

## Catch the Ace

A “Catch the Ace” progressive (accumulating jackpot) raffle lottery is a multiple-draw game in which:

- all ticket holders have a chance to win a prize consisting of 20% of ticket sales for an initial draw;
- the winner of the draw has a chance to win a prize consisting of 30% of ticket sales from each draw held to date, which progresses from draw to draw until the winner of the initial draw selects the Ace of Spades from a regular deck of cards.

If the card selected is not the Ace of Spades, the selected card is removed from the deck and the progressive prize portion of the ticket sales for that draw is rolled over into the progressive jackpot for the next scheduled draw. The licensee conducts the scheduled events using the playing cards remaining from the original deck until the Ace of Spades has been selected and the progressive jackpot has been awarded.

Tickets are valid only for the draw for which they are purchased. Once the draw is complete, the nonwinning tickets are removed from the draw container and a new series of tickets is made available for sale for the next draw. The prize structure must be as follows:

- 20% of event ticket sales—awarded to the bearer of the winning ticket at each draw
- 30% of event ticket sales—allocated to the progressive jackpot
- 50% of event ticket sales—retained by licensee, from which all allowable expenses will be paid

Catch the Ace progressive raffle lottery policies:

1. The playing cards from a standard deck of 52 cards (the 2 through to the ace of diamonds, hearts, clubs and spades, totaling 52 cards) are each placed in identical, opaque envelopes and sealed. Those sealed envelopes are shuffled, randomly numbered from 1 to 52 and placed on public display, in a secure fashion, at each draw.
2. As an alternative to using a deck of playing cards, the licensee may also use approved gaming supplies from a registered supplier.
3. Tickets:
  - Roll tickets or stub tickets may be used
  - Tickets (serialization) must be unique from draw to draw
  - There must be no duplicate ticket numbers for all draws under a license
  - There must be a documented process in place showing how the licensee will ensure there are no duplicate tickets for all draws
  - Tickets are only eligible for the draw for which they are purchased. At the conclusion of the draw, all non-winning tickets must be removed from the container. Non-winning tickets may be destroyed after 30 calendar days
  - Winning tickets must be kept in accordance with the requirements outlined in the Raffle Terms and Conditions
  - The licensee will keep a log of all draws, recording the sequence numbers and other characteristics for all tickets in play.
4. It is not mandatory for the purchaser of the ticket selected at a draw to be in attendance. However:



- If the licensee is using roll tickets, the licensee is required to include in the Rules of Play the amount of time within which the winner must claim the prize before another ticket is drawn
  - If stub tickets are used, the licensee shall require purchasers to provide their name and contact information and to indicate in a designated area on the stub the envelope number selected by the purchaser in the event that his or her ticket is drawn. The licensee must also set out a procedure to be followed in the event that that envelope number has already been chosen and is no longer available.
5. Once sales for a draw have closed, a ticket must be selected as the winning ticket for that draw. The number on the ticket will be announced at the draw and the prize shall be awarded accordingly
  6. The licensee must use a container that is large enough to hold all sold tickets or stubs
  7. All prizes must be paid by cheque in Canadian funds
  8. The Rules of Play must be posted at the location of the draw and be readily available to the public
  9. The ConnexOntario name and phone number (1-866-531-2600) must appear on the Rules of Play, in all print advertising and on all stub tickets
  10. Once the Ace of Spades card is selected, the event and license are concluded. If the licensee wishes to conduct another Catch the Ace event, a new license must be obtained.
  11. Draw Process:
    - Immediately prior to the draw, the ticket sales for the draw, the draw prize and the current progressive jackpot amount must be announced
    - In the event that the Ace of Spades is not drawn, the licensee will immediately destroy the card selected by the winner of the draw
    - The licensee must maintain a log to record the destruction of all cards The log must include the draw date, complete card details and verification by the bona fide member who destroyed the card, and by another bona fide member in charge of the lottery.
  12. All draws will be video recorded by the licensee. The following requirements must be met:
    - Participants will be advised in the Rules of Play that all raffle draws will be video recorded in order to ensure raffle integrity
    - Video recordings must be secured by the licensee and made available to the licensing authority upon request. All video recordings must be maintained for at least 30 calendar days after the draw date, after which they may be deleted or destroyed
    - The video recording shall in be high definition (minimum resolution — 720p) in a well-lit environment, have an unobstructed view of all raffle activities and show:
      - i. selection of the winning draw ticket;
      - ii. selection of the envelope by the bearer of the winning draw ticket;
      - iii. reveal of playing card within selected envelope; and
      - iv. destruction of the playing card.

**If in doubt, check it out! Visit [www.agco.ca](http://www.agco.ca) for more information.**

## Applying for a Raffle License

It is important to ensure your organization's eligibility is up-to-date with the Municipality of Central Huron.

Applicants are encouraged to review the Raffle License Terms and Conditions on the AGCO's website: [www.agco.ca](http://www.agco.ca)

When your organization is ready to apply for a raffle lottery license you must complete:

- **Application to Manage and Control a Raffle Lottery**
  - or: **Application to Manage and Conduct a Blanket Raffle Lottery**
- **Raffle Application Checklist**

These forms are available at [www.centralhuron.ca/lottery](http://www.centralhuron.ca/lottery)

Organizations must gather supporting documentation, such as a mock raffle ticket, to apply for a raffle lottery license. Submit this documentation, a completed application form, and the checklist to the Municipality of Central Huron for review.

If the application is successful, the organization will receive a lottery license and may proceed with the lottery event. However, there are still ongoing responsibilities in order to manage the lottery event such as keeping strong record of the event and completing a lottery report.

## Raffle Reporting

Following the commencement of a raffle lottery event, your organization **must** submit a **Raffle Lottery Report** or **Blanket Raffle Lottery Report** within **30 days** of holding the lottery. If your event was a Catch the Ace then a **Catch the Ace Raffle Report** must be submitted within **7** days after every fourth draw. These report forms are available at [www.agco.ca](http://www.agco.ca) or [www.centralhuron.ca/lottery](http://www.centralhuron.ca/lottery). Your report can be submitted to the Clerk's department by mail, fax, email, or in-person at the municipal office.

A raffle lottery report **must include the following** when submitted:

- A list of prize winner(s)
- An itemized list of administrative costs (licensing fee, ticket purchase/printing fees, etc.)
- Lottery trust account bank statements
- Copies of cheques and invoices for expenses and use of lottery proceeds
- One unsold ticket (this is not needed if it is a "rip ticket" for 50/50 draws)

To assist with the information and documentation to be provided, please refer to the **Central Huron Lottery Report Checklist**, the **Raffle Lottery Report Instructions**, or contact the Municipality of Central Huron. These documents are available at [www.centralhuron.ca/lottery](http://www.centralhuron.ca/lottery).

**If in doubt, check it out! Visit [www.agco.ca](http://www.agco.ca) for more information.**

## Bingo

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.

Bingo licenses may be issued for events being held in a public space. They may have a prize value of up to \$5,500. Bingo games with a prize board over \$5,500 must be licensed through the Alcohol and Gaming Commission of Ontario (AGCO).

The following are permitted bingo lottery events in the Municipality of Central Huron:

- Regular Bingo
- Merchandise Bingo
- Loonie Pot Bingo
- Decision Bingo
- Table Board Bingo
- Media Bingo

Information about each type of bingo lottery event can be found in Chapter 9 of the AGCO's *Lottery Licensing Policy Manual*.

### Applying for a Bingo License

It is important to ensure your organization's eligibility is up-to-date with the Municipality of Central Huron.

Applicants are encouraged to review the Bingo License Terms and Conditions on the AGCO's website: [www.agco.ca](http://www.agco.ca)

When your organization is ready to apply for a bingo lottery license you must complete:

- **Application to Manage and Control a Bingo Lottery**
  - Including the games to be played at the bingo on a separate sheet (Item #13)
- **Bingo Application Checklist**

These documents are available at [www.centralhuron.ca/lottery](http://www.centralhuron.ca/lottery).

Organizations must gather supporting documentation to apply for a bingo lottery license. Submit this documentation, a completed application form, and the checklist to the Municipality of Central Huron for review.

If the application is successful, the organization will receive a lottery license and may proceed with the lottery event. However, there are still ongoing responsibilities in order to manage the lottery event such as keeping strong record of the event and completing a lottery report.

## Bingo Reporting

Following the commencement of a bingo lottery event, your organization **must** submit a **Bingo Lottery Report** within **15 days** of holding the lottery. Your report can be submitted to the Clerk's department by mail, fax, email, or in-person at the municipal office.

It is important to keep track of the financial particulars over the course of the license, especially when the lottery extends for a significant time period.

A bingo lottery report **must include the following** when submitted:

- A list of prize winner(s)
- An itemized list of administrative costs (licensing fee, ticket purchase/printing fees, etc.)
- Lottery trust account bank statements
- Copies of cheques and invoices for expenses and use of lottery proceeds

To assist with the information and documentation to be provided, please refer to the Central Huron **Lottery Report Checklist** or contact the Municipality of Central Huron.

**If in doubt, check it out! Visit [www.agco.ca](http://www.agco.ca) for more information.**

## Break Open Tickets

Break Open Tickets (BOTs) 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.

In the Municipality of Central Huron, Break Open Tickets cannot be conducted in conjunction with another licensed gaming event and tickets must be sold within Central Huron.

In order to be approved for sale in Ontario, all BOTs must comply with the AGCO Registrar’s requirements and standards, including the Standards for Supplies of Goods and Services: Break Open Tickets. Schedules of such approved BOTs are available from the Registrar and can be found on the AGCO’s website: [www.agco.ca](http://www.agco.ca)

In addition to the general conflict of interest guidelines, 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.

It is important to note that:

- The period for a Break Open Ticket license cannot exceed five (5) years, including any amendments;
- The Municipality of Central Huron may grant an amendment extending the license period, provided that:
  - All the tickets authorized by the license have been imprinted with the license number and name of the licensee but not sold;
  - The licensee makes the request for extension in writing before the current license expires
- A deal of tickets must not be split between dispensers or containers;
- If all tickets are sold before the license expiry date, the license will be deemed to have expired;
- It is permissible to carry over partially sold deals from one license period to the next. Once tickets have been carried over once they cannot be carried over to any further subsequent license periods. The carry-over of any unopened boxes from one license to another is prohibited.

The *Lottery Licensing Policy Manual* outlines general procedures for Break Open Ticket Licenses:

- The applicant must submit a completed application form. The applicant must include all supporting materials with the application. The Municipality may request additional information or documents.
- It is possible to change the ticket type or add a new ticket type to be sold by applying for an amendment to the existing license.
- The Municipality must be informed in writing if there is a wish to make any changes to the license.

More information about Break Open Tickets can be found in Chapter 7 of the AGCO's *Lottery Licensing Policy Manual*.

## Applying for a Break Open Ticket License

It is important to ensure your organization's eligibility is up-to-date with the Municipality of Central Huron.

Applicants are encouraged to review the Break Open Ticket License Terms and Conditions on the AGCO's website: [www.agco.ca](http://www.agco.ca)

When your organization is ready to apply for a Break Open Ticket lottery license you must complete:

- **Break Open Ticket License Application**
- **Break Open Ticket Application Checklist**

These documents are available at [www.centralhuron.ca/lottery](http://www.centralhuron.ca/lottery).

Organizations must gather supporting documentation to apply for a lottery license. Submit this documentation, a completed application form, and the checklist to the Municipality of Central Huron for review.

If the application is successful, the organization will receive a lottery license and may proceed with the lottery event. However, there are still ongoing responsibilities in order to manage the lottery event such as keeping strong record of the event and completing a lottery report.

## Break Open Ticket Reporting

Following the commencement of a bingo lottery event, your organization **must** submit a **Break Open Ticket Lottery Report** within **15 days** of holding the lottery. Your report can be submitted to the Clerk's department by mail, fax, email, or in-person at the municipal office.

It is important to keep track of the financial particulars over the course of the license, especially when the lottery extends for a significant time period.

A Break Open Ticket lottery report **must include the following** when submitted:

- A list of prize winner(s)
- An itemized list of administrative costs (licensing fee, ticket purchase/printing fees, etc.)

- Lottery trust account bank statements
- Copies of cheques and invoices for expenses and use of lottery proceeds

To assist with the information and documentation to be provided, please refer to the Central Huron **Lottery Report Checklist** available at [www.centralhuron.ca/lottery](http://www.centralhuron.ca/lottery) or contact the Municipality of Central Huron.

**If in doubt, check it out! Visit [www.agco.ca](http://www.agco.ca) for more information.**

## **Bazaar License**

A bazaar is a sale of goods held to raise money for a charity. The Municipality of Central Huron may issue licenses 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.

Three types of lottery events are permitted at bazaars:

- Wheels of Fortune
- Bingo
- Raffles and Penny Auction Raffles

### **Wheels of Fortune**

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

### **Bingo**

Under a bazaar license, a licensee may conduct a bingo lottery with a maximum of \$5,500 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 license application.

### **Raffles and Penny Auctions**

Under a bazaar license, a licensee may conduct a raffle lottery with a maximum of \$50,000 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 license 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.

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 \$50,000 and individuals must be present to win. A prize list is not required with the application.



## Applying for a Bazaar License

It is important to ensure your organization's eligibility is up-to-date with the Municipality of Central Huron.

Applicants are encouraged to review the Bazaar License Terms and Conditions on the AGCO's website: [www.agco.ca](http://www.agco.ca)

When your organization is ready to apply for a Bazaar lottery license you must complete:

- **Bazaar License Application**
- **Bazaar Application Checklist**

These documents are available at [www.centralhuron.ca/lottery](http://www.centralhuron.ca/lottery).

Organizations must gather supporting documentation to apply for a lottery license. Submit this documentation, a completed application form, and the checklist to the Municipality of Central Huron for review.

If the application is successful, the organization will receive a lottery license and may proceed with the lottery event. However, there are still ongoing responsibilities in order to manage the lottery event such as keeping strong record of the event and completing a lottery report.

## Bazaar Reporting

Following the commencement of a bazaar lottery event, your organization **must** submit a **Lottery Report** within **30 days** of holding the lottery. Your report can be submitted to the Clerk's department by mail, fax, email, or in-person at the municipal office.

It is important to keep track of the financial particulars over the course of the license, especially when the lottery extends for a significant time period.

A Bazaar lottery report **must include the following** when submitted:

- A list of prize winner(s)
- An itemized list of administrative costs (licensing fee, ticket purchase/printing fees, etc.)
- Lottery trust account bank statements
- Copies of cheques and invoices for expenses and use of lottery proceeds
- One unsold ticket

To assist with the information and documentation to be provided, please refer to the Central Huron **Lottery Report Checklist** or contact the Municipality of Central Huron.

**If in doubt, check it out! Visit [www.agco.ca](http://www.agco.ca) for more information.**

## Frequently Asked Questions

### **Why do I need a license to raise money for a good cause?**

A lottery is an event where a fee is paid for a chance to win a prize. All lotteries require a license issued by a municipality or by the Province of Ontario. Charitable gaming refers to lottery schemes permitted by licenses under the Criminal Code (Canada). Typically, these include bingos, raffles, break-open tickets, and social gaming events held by charitable and religious organizations.

### **If I am a member of the Board of Directors or lottery/fundraising committee, can I purchase a lottery ticket on that lottery event?**

No. In accordance with the AGCO's rules and regulations, this constitutes a Conflict of Interest and is not permitted. Visit [www.agco.ca](http://www.agco.ca) for more information on the Conflict of Interest Guidelines. Note: anyone who has purchased a ticket cannot pull the winning ticket.

### **Can my license application be suspended, cancelled or refused?**

Yes. A license may be suspended, cancelled or refused where there has been a breach of any term or condition. For example, if there are reasonable grounds to believe the licensee will not conduct and manage the lottery scheme in accordance with the law; it is in the public interest to suspend, cancel or refuse; or if a licensee fails to submit the financial reports relating to the conduct of any lottery event.

### **Must lottery revenue be held in a separate bank account?**

Yes. A licensed organization must open and maintain a lottery trust account to administer all funds related to the conduct of lottery events.