



Lottery Licensing Guidelines

Consumer Services

Municipal and Community Affairs



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INTRODUCTION

Sections of the Criminal Code of Canada give the Government of the NWT, and other provinces and territories, the authority to license lottery activities. Government of the Northwest Territories lottery licensing guidelines were developed to determine who was eligible to hold lotteries and what lottery revenues could be used for. These guidelines were found to be somewhat vague and confusing, and as a result lottery funds were sometimes used incorrectly.

These revised guidelines have been developed to answer some of the questions asked by organizations applying for licenses, and to clarify what is an acceptable use of lottery revenues.

Anyone applying for a license should review these guidelines to make sure that they are eligible for a lottery license, that they have provided all the information that is required, and that they understand what can be done with the proceeds from the lottery.

If you have any questions please contact our Consumer Affairs Officer, at (867) 873-7125 (Phone), (867)-920-6343 (Facsimile), mgagnon@maca.gov.nt.ca (Email).

WHO IS ELIGIBLE?

Under the Criminal Code of Canada, only charities and religious organizations are eligible for a lottery license.

For the purpose of determining a “charitable or religious organization” and a “charitable or religious object or purpose”, the Department uses the following definitions:

“Charitable or religious object or purpose includes objects or purposes which

- a. promote the relief of poverty or disease. (Examples include: relief to the poor; activities for the elderly so they stay active in society; or social and educational activities for the emotionally or physically disabled.)
- b. promote the advancement of religion or education. (Examples include: student scholarships; aid to schools, excluding capital expenditures; libraries; museums and the arts; assistance in participating in educational trips abroad; and advancement of or the preservation of cultural heritage.)
- c. are of a charitable or religious nature and are beneficial to the community as a whole. (Examples include: making improvements to the quality of health; supporting and promoting culture; supporting medical research; aiding medical treatment activities; providing a facility for a community’s use; supporting amateur athletics; or, providing places for public worship and other religious activities.)

Charitable or Religious Organization means:

- an incorporated or un-incorporated organization or foundation with a charitable or religious object or purpose; meeting one of the following requirements:
 - registered as a charitable or religious organization under the Income Tax Act (Canada);
 - registered for a charitable or religious object or purpose under the Societies Act (NWT);
 - designated as a charitable or religious organization by the Minister of Municipal and Community Affairs.

Program objectives of the organization must include one of the charitable or religious objects or purposes listed above.

Membership and structure of the organization or foundation must:

- be voluntary;
- be not-for-profit;
- have a broad based membership that provides the organization's or foundation's activities
- have no paid members, directors or officers. Where professional staff are required, or where a inordinate amount of work is needed and cannot be done by volunteers, remuneration can be paid (see section, *What Can Be Done With Lottery Proceeds*);
- have an executive which is democratically chosen from all members
- have activities that benefit the community and not individual members directly;

WHAT CAN BE DONE WITH THE LOTTERY PROCEEDS?

Can the money be used to run the lottery?

- Yes, part of the money made from a lottery can be used to pay prizes (for example bingo or pull ticket winners) and expenses need to operate the activity.
- The money cannot be used to pay prizes for other activities associated with, but not part of the lottery event (i.e. prize money for a winning dog musher in a race.)

Can the rest of the money be used for anything the organization wants?

- No, the rest of the money must be used for a charitable or religious purpose. Some examples of activities for which money has previously been approved for use are set out in Appendix A.

Can the money be used differently for seniors activities?

- Yes, money can also be used for travel and for entertainment if :
 - ⇒ the majority of the seniors in the organization are 60 years old and older;
 - ⇒ the entertainment is for the seniors only
 - ⇒ no liquor is purchased; and
 - ⇒ the activities of the organization are open to seniors within the community and not just the organization's members.

A list of seniors' activities for which money can be used is attached as Appendix B.

Can the money be used for travel?

- Yes, but there are some conditions. Eligible travel expenses that may be paid with lottery money are attached as Appendix C.
- Conditions apply on:
 - ⇒ adult travel;
 - ⇒ travel by student organizations;
 - ⇒ travel outside of the Northwest Territories

IF YOU ARE UNSURE IF LOTTERY MONEY CAN BE USED FOR AN ACTIVITY
PLEASE CONTACT OUR OFFICE AT (867) 873-7125 or (867) 920-8059.

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Appendix A

USE OF LOTTERY FUNDS

Lottery revenue can be used to pay prizes and expenses needed to operate the event. The proceeds remaining must be used for approved charitable or religious purposes. Applicants specify the intended use of lottery proceeds on the application. The following examples are eligible uses of lottery proceeds. Each application will be reviewed upon its own merit and as such, the following are only intended to be examples of uses for which lottery proceeds have been previously approved.

Activities for seniors. See Appendix B for details.

Travel to participate in an organization's activity or service. See Appendix C for details.

Purchase or rental of equipment, furnishings, promotional material and supplies to deliver activities. Ownership of purchased items must remain with the organization. Items for personal use cannot be bought with lottery proceeds.

Purchase or rental of equipment, supplies or activities to educate students. Generally, support must not be available for the activity or items through regular avenues of funding. Lottery funds cannot be used to offset the capital costs associated with educating students as this function is deemed to be provided by government.

Providing relief for people in distress, or victims of a physical disaster.

Providing a public facility. Lottery funds can be used to support a public facility. Funds can be used if the facility is **accessible to all members of the public**. Funds cannot be used for a social purpose other than those activities for children or seniors.

Providing a facility for a service club. Up to 50% of the proceeds of a lottery can be used by a service club for,

- a. its building fund for the construction, repair, renovation or decoration of the service club building or to provide or replace capital items; or
- b. the equipment of the service club, **but a service club may not apply any of its proceeds to or in respect of any revenue producing equipment or facilities.**

These costs are usually identified as “building funds”. If a building fund is listed as a use of proceeds, its purpose and present financial status must be provided.

Wages or salaries, if:

- ⇒ the services provided are essential to a an organization’s work in the community;
- ⇒ the duties require technical skills;
- ⇒ any individual being paid has special qualifications;
- ⇒ the duties cannot be reasonably performed by volunteers

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Appendix B

USE OF LOTTERY FUNDS FOR SENIORS ACTIVITIES

The use of lottery funds for seniors social and recreational activities is allowable provided:

- broad based community involvement in activities is encouraged and activities are not limited to the members of the organization;
- the majority of the seniors organization consists of individuals 60 years of age and older;
- any entertainment provided is for the seniors, not the general public;
- no liquor is purchased from lottery proceeds;
- The services paid from lottery proceeds are on a cost recovery basis, and not intended to generate a profit. For example, the cost of the meal provided should be based on the actual food and labor cost, as well as a reasonable overhead to cover such things as the cost of utilities and supplies. It is expected the cost of such meals would be less than the regular menu charges.

The use of lottery funds for seniors travel is allowable provided:

- there is broad based community involvement, and eligibility for the trips is not limited to the members of the licenced organization;
- the majority of the senior's organization consists of individuals 60 years of age or older
- expenses are restricted to direct transportation, subsistence and lodging costs to attend an activity.

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Appendix C

USE OF LOTTERY FUNDS FOR TRAVEL

Lottery proceeds can only be used for travel expenses directly related to the delivery of the licensee's charitable services within the Northwest Territories. Proceeds shall only be used for the costs of direct route transportation and those meals and accommodation costs during the period of the actual activity or event. Only the expenses of the participants and the necessary support personnel can be paid. Lottery proceeds cannot be used for social or recreational activities that may be incidental to the activity or event. The following guidelines will be applied to all requests for the use of lottery funds for travel purposes.

Travel by predominately adult organizations, for a social or recreational purpose.

Travel, by organizations comprised mainly of adult members, for a purpose which is social or recreational in nature, is not considered charitable and, therefore, is not an eligible use of lottery proceeds.

Travel by predominately adult organizations, of an administrative nature.

Travel requests of an administrative nature must provide a demonstrated opportunity to enhance the organizations' ability to deliver its services or activities within the Northwest Territories. For travel outside the NWT, a travel itinerary must be submitted. Travel out of Canada is forbidden.

Travel by predominately adult organizations for a sporting event.

Travel requests to pursue sporting activities must be reflective of an opportunity gained as a result of qualifying to advance to a superior level of competitive activity, sanctioned by the appropriate governing body. To travel outside the NWT, a travel itinerary must be submitted.

Travel by predominately youth organizations, for religious, cultural, recreational or sporting purposes.

Lottery revenue may be used for travel by organizations comprised mainly of youth members for religious or cultural purposes or to participate in recreational activities or sporting events. For travel outside the NWT, a travel itinerary must be submitted.

In the case of student organizations, the following additional support must accompany applications:

Student organizations must submit approval from:

- a. Board of Governors of a University;
- b. President of post-secondary schools;
- c. Principal for high schools and junior high or elementary schools

Travel outside of the Northwest Territories

Lottery proceeds cannot be used for travel expenses outside the Northwest Territories without the prior approval of the Community Operations Division, Municipal and Community Affairs, Government of the Northwest Territories. The travel must be related directly to the organization's charitable or religious object or purpose, with the intention of facilitating the development of that purpose or objective within the territory, and be either:

- a. An essential part of the organization's normal, on going activities; or
- b. An extraordinary opportunity gained as a result of qualifying to advance to a superior level of competitive activity, sanctioned by the appropriate governing body.

In the case of youth oriented organizations, travel outside of the Northwest Territories will be approved if a similar activity and/or level of competition is not available within the Northwest Territories.

