

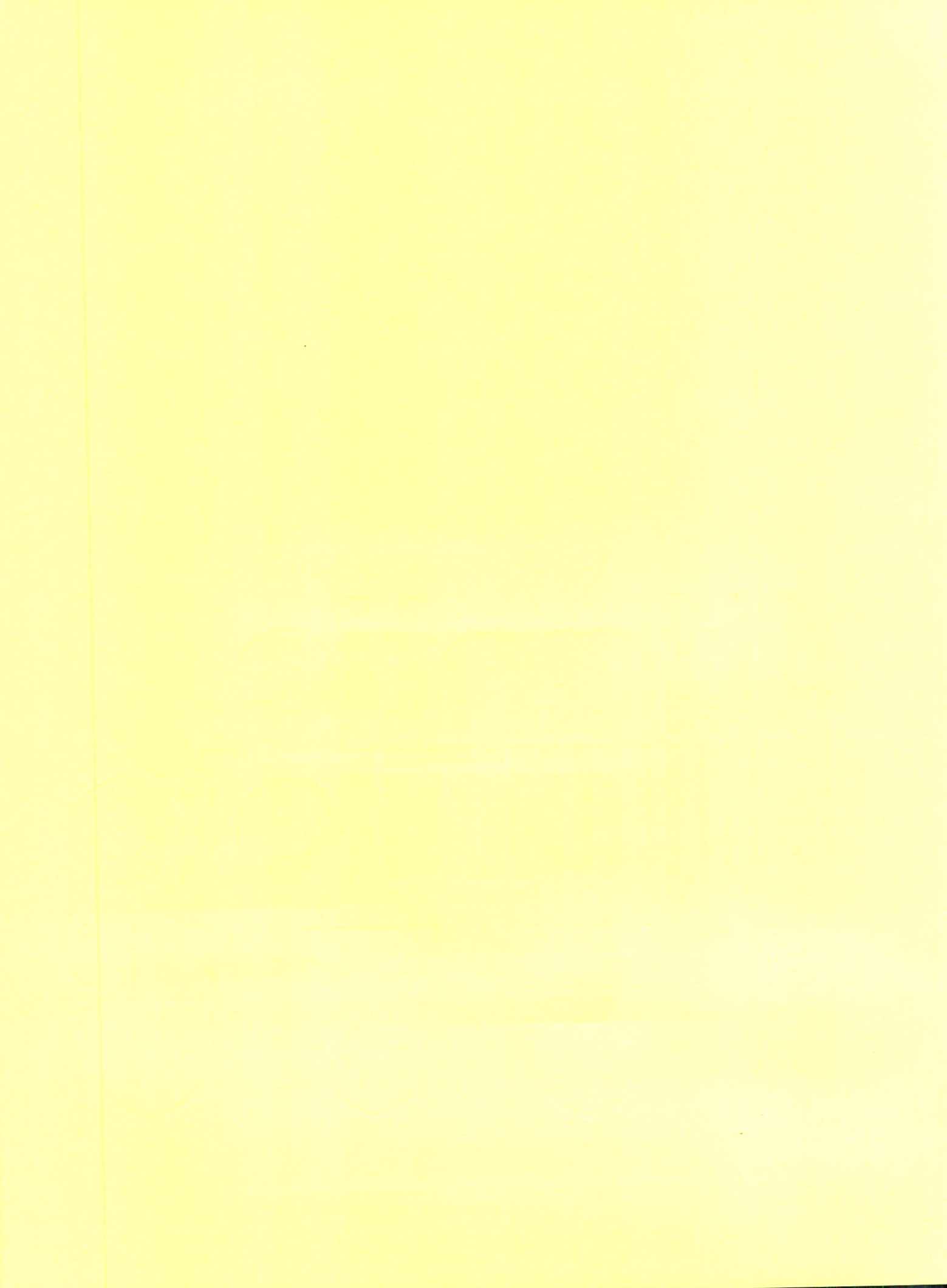
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Atlantic Lottery Corporation Annual Report 1979-1980

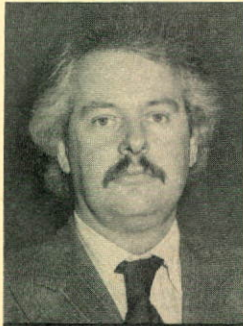
Atlantic
Lottery Corporation



HOWARD ROSS LIBRARY
OF MANAGEMENT
AUG 31 1981
MCGILL UNIVERSITY

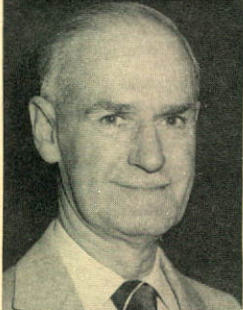


Board Of Directors



Normand Martin, Chairman

Deputy Minister
Department of Youth, Recreation
& Cultural Resources
Fredericton, N.B.



**D. K. Currie,
Vice-Chairman**

Executive Director
Nova Scotia Lottery Commission
Dartmouth, N. S.



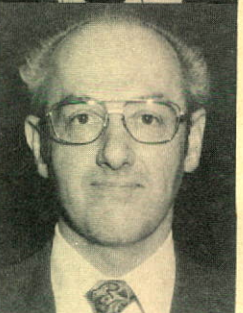
Gilbert Gill, Secretary

Assistant Deputy Minister
Department of Finance
St. John's, Nfld.



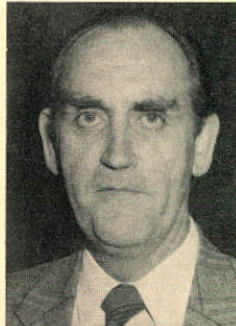
D. B. Boylan, Director

Secretary to the Council
Executive Council Secretariat
Charlottetown, P.E.I.



G. D. Dennis, Director

Deputy Minister
Department of Finance
Charlottetown, P. E. I.



I. D. MacBain, Director

Deputy Minister
Department of Finance
Fredericton, N.B.



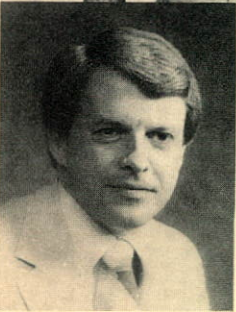
D. K. Roberts, Director

Assistant Secretary
Treasury Board
Government of Newfoundland
& Labrador
St. John's, Newfoundland



Louis Stephen, Director

Deputy Minister
Department of Recreation
Halifax, N. S.



**Cluny Macpherson,
General Manager**

Atlantic Lottery Corporation
Moncton, N. B.

Statement From The Chairman

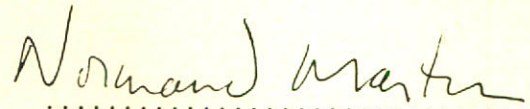
The Atlantic Lottery Corporation in its fourth year of operation continues to be a popular attraction with Atlantic Canadians.

During the past year the Corporation distributed profits of more than \$11 million to New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island with sales of \$41.1 million.

The year has been one of innovation highlighted by the first draw of the \$10 Super Loto game in February and a new look in the \$5 Provincial game in January. Super Loto provides for 10 top prizes of \$1,000,000 every two months.

A game played in all 10 provinces, Super Loto, like the Provincial, is a unique example of interprovincial co-operation in this joint lottery project. Both these games offer top prizes of a million dollars and both have proved to be very popular with players in this region.

The Corporation has achieved much in its brief history and we look forward in anticipation of the challenge that lies ahead. The real success of our lottery must be attributed to the people of Atlantic Canada whose continued support and confidence have been truly appreciated.



.....
Normand Martin

Report From The General Manager

Despite a slight decline in revenue in the 1979-1980 fiscal year, we at the Atlantic Lottery Corporation look back at the past year as one of a learning experience that will prove invaluable to us during the years ahead in the lottery business and we look forward to a banner year in 1980-1981 with the introduction of a new weekly game.

The bi-weekly A-1 game proved to be financially rewarding for many of its players. Last year alone, more than 400,000 prize winners received \$16.6 million. Since the A-1 game began in 1976, some \$50 million has been awarded to more than one million Atlantic Canadians.

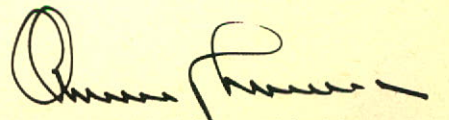
Bonus games once again appeared to be the most successful of the A-1 draws with our first Money Bags X-Tra draw in mid-March a complete sell-out. These bonus draws ensure that all unclaimed prize money is made available to the public.

In an effort to add diversity to the number of lottery games available to the playing

public in the Atlantic provinces, we introduced the Super Loto game in February. This game offers 10 chances at a top prize of \$1 million spread over a two-draw period. The game is operated by the Interprovincial Lottery Corporation in which all 10 provinces work together and from which all 10 provinces benefit.

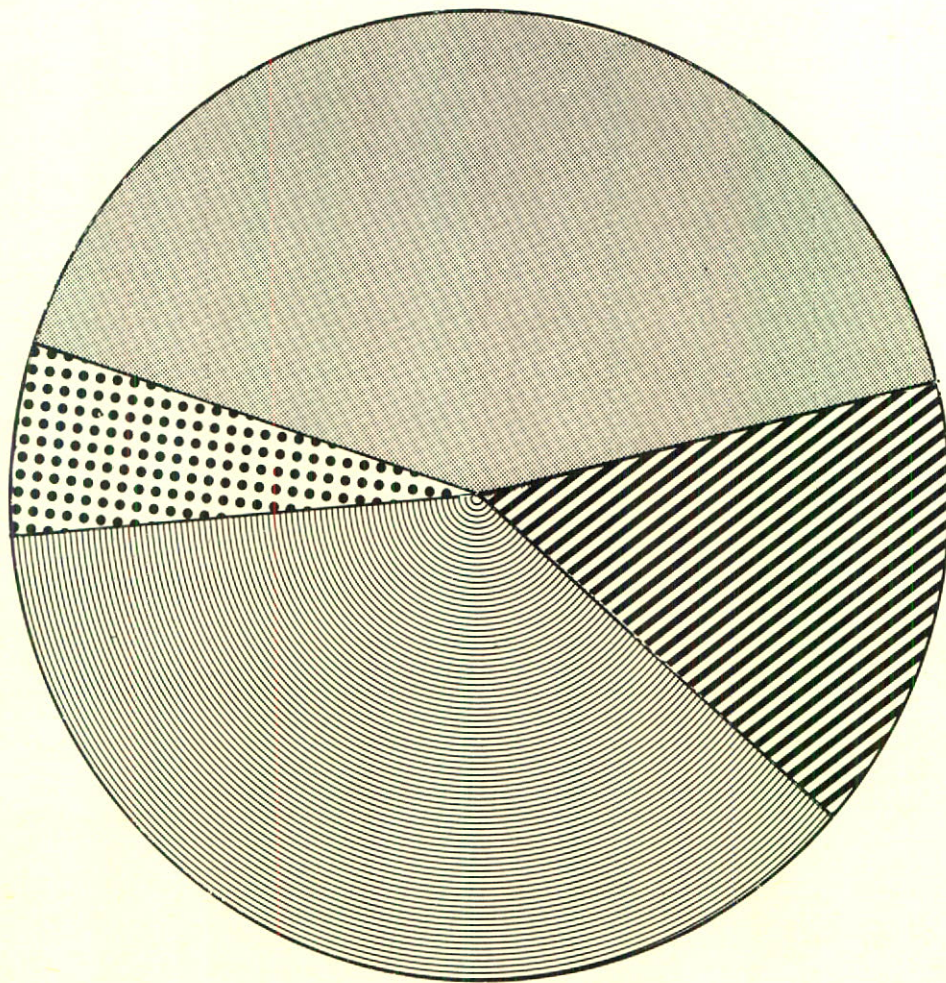
Sales for the \$10 game reached \$1.68 million while another \$10.4 million was realized from sales of the \$5 Provincial game. A new format introduced in January helped Provincial sales grow in the Atlantic provinces to more than 250,000 tickets per month. It was most heartening to award two \$1,000,000 prizes in the January draw to Atlantic Canadians in Charlottetown and St. John's.





We have learned in our better than three years of operation that we need to continue to be flexible, innovative and constantly responsive to the public mood. We feel we have met this need in the past and will strive to continue in the future.



.....
Cluny Macpherson

Revenues To The Provinces



	New Brunswick	37.66 per cent
	Newfoundland	15.92
	Nova Scotia	40.11
	Prince Edward Island	6.31

Auditors' Report To The Shareholders

We have examined the balance sheet of the Atlantic Lottery Corporation Inc. as of March 31, 1980 and the statements of operations, account with the Atlantic Provinces and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as of March 31, 1980 and the results of its operations and changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Moncton, New Brunswick
May 27, 1980

Balance Sheet As Of March 31, 1980

with comparative figures for 1979

<u>ASSETS</u>		
	<u>1980</u>	<u>1979</u>
Current assets:		
Prize funds (including deposit certificates of \$4,250,000; 1979 - \$3,800,000) (note 1)	\$ 5,044,914	4,288,816
General operating funds (including deposit certificate of \$500,000; 1979 - \$250,000)	1,841,611	1,350,478
Accounts receivable (note 2)	754,644	278,038
Prepaid expenses	23,617	30,068
Deferred expenses - future draws (note 1)	2,257,619	878,986
Total current assets	9,922,405	6,826,386
Fixed assets, at cost less accumulated depreciation and amortization (note 1):		
Automotive	371,923	346,046
Operating equipment, furniture and fixtures	309,381	298,096
Leasehold improvements	58,482	47,248
	<u>739,786</u>	<u>691,390</u>
Less accumulated depreciation and amortization	366,257	189,796
	<u>373,529</u>	<u>501,594</u>
	<u>\$ 10,295,934</u>	<u>7,327,980</u>

See accompanying notes to financial statements.

Atlantic Lottery Corporation Inc.
(Incorporated under the provisions of the
Canada Business Corporations Act)

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>1980</u>	<u>1979</u>
Current liabilities:		
Accounts payable and accrued liabilities	\$ 641,740	582,278
Deferred income - future draws (note 1)	2,319,100	1,897,070
Liability for unclaimed prizes (note 1)	5,181,339	4,346,586
Due to the Atlantic Provinces	1,779,826	52
Total current liabilities	9,922,005	6,825,986
Long-term liability:		
Due to the Atlantic Provinces	373,529	501,594
Shareholders' equity:		
Capital stock:		
Authorized, issued and fully paid		
- 4 common shares of no par value	400	400
	<u>\$ 10,295,934</u>	<u>7,327,980</u>

On behalf of the Board of Directors:

Norman Martin Director
Donald K. Leunie Director

Statement Of Operations

Year ended March 31, 1980 with comparative figures for 1979

	1980	1979
Lottery ticket sales (note 5):		
A-1 game	\$ 29,025,558	38,852,375
Provincial game	10,442,220	4,765,110
Super Loto game	1,628,430	-
	41,096,208	43,617,485
Less discount on ticket sales:		
A-1 game	1,581,360	1,942,818
Provincial game	522,111	238,255
Super Loto game	121,535	-
	2,225,006	2,181,073
Net ticket sales	38,871,202	41,436,412
Direct costs of ticket sales:		
Prizes paid and provision for unclaimed prizes:		
A-1 game	14,435,770	17,139,920
Provincial game	6,913,207	3,810,223
Super Loto game	1,058,802	-
Printing and packaging costs:		
A-1 game	927,753	1,148,357
Provincial game	407,172	115,580
Super Loto game	34,682	-
Assessed cost - Interprovincial Lottery Corporation (note 4)	462,600	-
	24,239,986	22,214,080
Gross profit from operations	14,631,216	19,222,332
Operating expenses:		
Sales and distribution (schedule 1)	1,719,601	1,665,050
Advertising and public relations (schedule 1)	2,024,571	1,568,631
Administrative (schedule 2)	862,181	687,343
Depreciation and amortization of fixed assets	177,390	100,787
	4,783,743	4,021,811
Operating profit	9,847,473	15,200,521
Bank interest and other income	1,069,008	522,130
Net profit - transferred to the account with the Atlantic Provinces	\$10,916,481	15,722,651

See accompanying notes to financial statements.

Statement Of Changes In Financial Position

Year ended March 31, 1980 with comparative figures for 1979

	1980	1979
Working capital, beginning of year	\$ 400	400
Source of funds:		
From operations:		
Net profit	10,916,481	15,722,651
Depreciation and amortization of fixed assets	177,390	100,787
Funds provided from operations	11,093,871	15,823,438
Proceeds from the sale of fixed assets	8,210	-
Total funds provided	11,102,081	15,823,438
Application of funds:		
Funds available for distribution to		
Atlantic Provinces:		
New Brunswick	4,159,236	5,718,440
Newfoundland and Labrador	1,758,018	2,285,064
Nova Scotia	4,430,320	6,591,655
Prince Edward Island	696,972	924,810
	11,044,546	15,519,969
Purchase of fixed assets:		
Automotive	34,845	295,791
Operating equipment, furniture and fixtures	11,456	7,678
Leasehold improvements	11,234	-
	57,535	303,469
Total funds applied	11,102,081	15,823,438
Working capital, end of year	\$ 400	400

See accompanying notes to financial statements.

Statement Of Account With The Atlantic Provinces

Year ended March 31, 1980 with comparative figures for 1979

	<u>Lotteries Commission of New Brunswick</u>
Current liability to the Atlantic Provinces:	
Due to (due from) Atlantic Provinces, beginning of year	\$ (42,775)
Add funds made available from current operations:	
Net profit for the year	4,112,240
Decrease (increase) in long-term liability	46,996
	<u>4,159,236</u>
 Funds for distribution to Atlantic Provinces	 4,116,461
 Less actual remittances to the Provinces during the year	 3,466,736
 Due to the Atlantic Provinces, end of year	 <u>\$ 649,725</u>
 Long-term liability to the Atlantic Provinces:	
Balance, beginning of year	\$ 191,772
 Increase (decrease) in long-term liability for the year	 (46,996)
 Balance, end of year	 <u>\$ 144,776</u>

See accompanying notes to financial statements.

Province of Newfoundland and Labrador	1980		1979	
	Nova Scotia Lottery Commission	P.E.I. Lotteries Commission	Total	Total
23,591	25,454	(6,218)	52	\$ 1,035,385
1,736,929	4,378,135	689,177	10,916,481	15,722,651
21,089	52,185	7,795	128,065	(202,682)
1,758,018	4,430,320	696,972	11,044,546	15,519,969
1,781,609	4,455,774	690,754	11,044,598	16,555,354
1,493,182	3,723,185	581,669	9,264,772	16,555,302
288,427	732,589	109,085	1,779,826	52
67,515	209,719	32,588	501,594	298,912
(21,089)	(52,185)	(7,795)	(128,065)	202,682
46,426	157,534	24,793	373,529	501,594

Sales And Distribution Expenses And Advertising And Public Relations Expenses

Year ended March 31, 1980 with comparative figures for 1979

Schedule 1

	1980	1979
Sales and distribution expenses:		
Salaries	\$ 802,602	727,324
Commissions	153,269	122,503
Employee benefits	96,034	82,076
Travel	203,269	201,320
Rent	17,281	17,866
Promotion - point of sale material	218,819	145,142
Telephone and telegraph	27,973	11,568
Vehicle lease costs	-	98,034
Vehicle operating costs	135,564	201,524
Other	64,790	57,693
	<u>\$ 1,719,601</u>	<u>1,665,050</u>
Advertising and public relations:		
Salaries	\$ 138,388	142,910
Employee benefits	15,356	14,931
Advertising	1,449,264	1,085,287
Promotion and public relations	394,561	301,949
Professional fees	4,978	3,064
Travel	7,161	10,090
Other	14,863	10,400
	<u>\$ 2,024,571</u>	<u>1,568,631</u>

Administrative Expenses

Year ended March 31, 1980 with comparative figures for 1979

Schedule 2

	1980	1979
Salaries and wages	\$ 307,171	269,088
Employee benefits	38,769	30,474
Travel	24,636	25,845
Advertising and public relations	7,096	8,138
Insurance	12,014	11,628
Rent - premises	56,235	50,089
- equipment	14,546	13,031
General office supplies and postage	83,985	55,494
Telephone and telegraph	102,219	103,540
Bank charges	46,764	20,926
Computer services	20,711	12,319
Professional services	48,044	59,793
Consulting, systems development and outside services	76,668	2,978
Other	23,323	24,000
	<u>\$ 862,181</u>	<u>687,343</u>

Notes To Financial Statements (March 31, 1980)

1. Summary of significant accounting policies:

(a) Fixed assets:

Depreciation and amortization of fixed assets is computed using the straight line method over their estimated useful lives as follows:

Automotive	33 1/3 per cent
Operating equipment	10 per cent and 33 1/3 per cent
Furniture and fixtures	20 per cent
Leasehold improvements	over the terms of the related leases.

(b) Distribution of net profits:

The net profits of the Corporation, after provision for prizes and the payment of all operating and other expenses, are distributed to the agencies of the four Atlantic Provinces. The distribution to each province is based on the calculated profit by game, by province. Up to March 31, 1979, the distribution to each province was based on the composite percentage of ticket sales for each draw in that province.

(c) Revenues and expenses:

Revenue from all tickets sold as at March 31 for drawings subsequent to that date are treated as deferred revenue. All discounts relating to these ticket sales, as well as direct costs of ticket inventory relating to drawings subsequent to March 31 are treated as deferred expenses. All other expenses are charged to operations as incurred.

(d) Unclaimed prizes:

All unclaimed prizes pertaining to the A-1 game are retained in the prize fund for a period of one year from the date of the draw. Unclaimed prizes remaining after the one-year claiming period are transferred to a special prize fund to be used for special prizes in subsequent draws. Prizes of the Provincial and Super Loto games (see note 4) are not funded directly by the Corporation but by the Interprovincial Lottery Corporation with the exception of prizes for certain free tickets for the Provincial game which are paid out of general operating funds as incurred.

As at March 31, the liability for unclaimed prizes is made up as follows:

	1980	1979
A-1 game:		
- Regular prize fund	\$ 3,225,690	3,075,255
- Special prize fund	1,819,224	1,213,561
	<u>5,044,914</u>	<u>4,288,816</u>
Provincial game:		
- Free tickets, not funded	136,425	57,770
	<u>\$ 5,181,339</u>	<u>4,346,586</u>

2. Accounts receivable:

The accounts receivable at March 31, comprises the following:

	1980	1979
Due from Interprovincial Lottery Corporation	\$ 619,942	102,980
Due from Western Canada Lottery Foundation	-	112,750
Other	134,702	62,308
	<u>\$ 754,644</u>	<u>278,038</u>

3. Share capital:

On the incorporation of the Corporation, one common share was issued to each of the provinces or their agencies for a cash consideration of \$100 per share.

4. Provincial and Super Loto games:

Effective January 1, 1979 the Corporation assumed the duties as the Regional Marketing Organization of The Interprovincial Lottery Corporation. The accompanying financial statements include the Corporation's participation in twelve draws of the Provincial game (three draws in 1979) and one draw of the Super Loto game.

Pursuant to a Federal/Provincial agreement effective December 31, 1979, the Government of Canada agreed to withdraw from the sale of lottery tickets. In consideration, the provinces, through the Interprovincial Lottery Corporation and the Regional Marketing Organization, agreed to remit an amount annually to the Government of Canada. The Atlantic Lottery Corporation is the Regional Marketing Organization of the Interprovincial Lottery Corporation for the four Atlantic Provinces and its share of the payments to the Government of Canada for the period to March 31, 1980 amounted to \$462,600. This amount has been included in the accompanying statement of operations as a direct cost of ticket sales.

5. Supplementary information:

The following is the lottery ticket sales by province by game for the year ended March 31.

	1980	1979
New Brunswick		
- A-1 game	\$ 11,149,145	14,472,185
- Provincial game	3,422,720	1,598,980
- Super Loto game	509,130	-
	<u>15,080,995</u>	<u>16,071,165</u>
Newfoundland and Labrador		
- A-1 game	4,563,273	5,608,205
- Provincial game	1,797,100	813,765
- Super Loto game	406,920	-
	<u>6,767,293</u>	<u>6,421,970</u>
Nova Scotia		
- A-1 game	11,409,765	16,394,185
- Provincial game	4,703,430	2,131,070
- Super Loto game	633,190	-
	<u>16,746,385</u>	<u>18,525,255</u>
Prince Edward Island		
- A-1 game	1,903,375	2,377,800
- Provincial game	518,970	221,295
- Super Loto game	79,190	-
	<u>2,501,535</u>	<u>2,599,095</u>
	<u>\$ 41,096,208</u>	<u>43,617,485</u>

In The Winners Circle



Cluny Macpherson, general manager of the Atlantic Lottery Corporation presents Mr. Andy Bernard of Charlottetown, P.E.I. with his \$1,000,000 windfall from the Provincial draw in January. The win couldn't have come at a better time for the 42-year-old carpenter. He was scheduled to be laid off from his job.



Mr. and Mrs. William Coffin can now enjoy a secure retirement. The Glace Bay couple, who have been married for 56 years, claimed \$25,000 in the A-1 draw. They have no immediate plans for the money, but explained with twenty-four grandchildren there will be no problem finding a use for the windfall.



Dianne Ferguson forgot to check her A-1 tickets, but husband Alvin didn't. As a result the Murray River, P.E.I. couple claimed a \$25,000 windfall.



Patrick Duke of St. John's, Nfld. had to suspend building plans on his new home when he ran short of capital. Then Mr. Duke and his wife Irene won \$50,000.



Twenty-one-year-old Darlene Kiley of Dartmouth, N.S. had never won anything until her number came up big for \$25,000 in the A-1 draw.



Clarence and Clara MacDonald of Millville, N.B. have been buying tickets of one kind or another for all of their 65 married years. That persistence paid big dividends when they won \$100,000 on Atlantic Loto's special Money Bags X-Tra draw.



For fifty-six-year-old George Antle of St. John's, Nfld., winning \$1,000,000 in the Provincial meant an early retirement and a lot more time to spend outdoors. Mr. Antle was presented his cheque, which officially made him millionaire, by Atlantic Lottery Corporation general manager Cluny Macpherson.



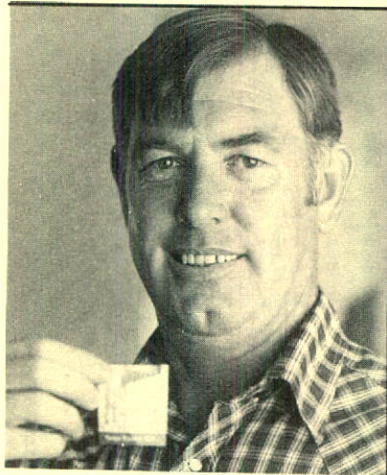
Riding high and all smiles was Mrs. Marian Mosher of Saint John, N.B. after she claimed her new Ford Mustang in Atlantic Loto's Winning Wheels Draw.



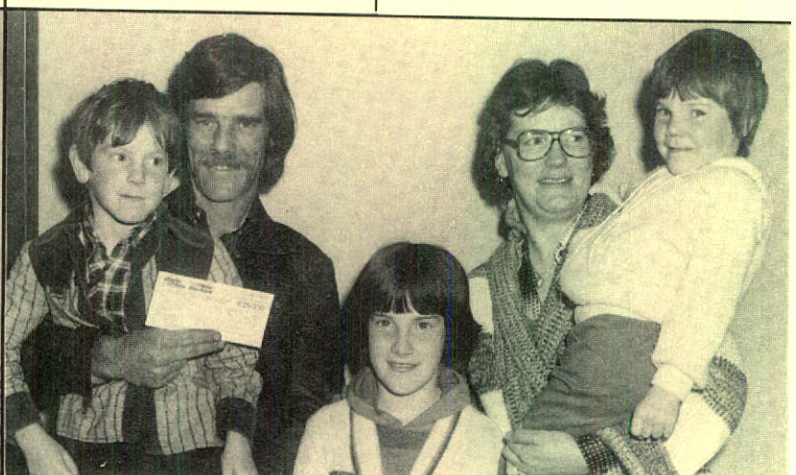
Moncton, N.B. cab driver, Alverie Gallant, gives the thumbs up sign of success as he claimed \$25,000 in the A-1 draw.



Halifax, N.S. resident, Don Forbes drove away happy after claiming a 1980 Volvo in Atlantic Loto's Cars & Cash Draw. Mr. Forbes is shown receiving the keys to his new car from Ross Brown, Nova Scotia regional sales manager with the Atlantic Lottery Corporation.



Ed Lutes from St. John's, Nfld. expects to pay off his bills with the \$25,000 windfall he claimed in the A-1 draw.



Mr. and Mrs. Gene Herrell of Hunter River, P.E.I. have good reason to be happy. They won \$25,000 in an Atlantic Loto A-1 draw. Their three children, ranging in age from four to nine years, made the trip to Moncton with their parents to pick up the cheque.

