



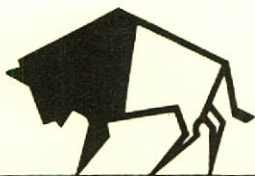
**Manitoba Lotteries Commission**

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**1976 Annual  
Report 1977**







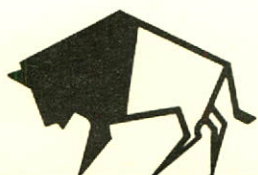
His Honour Francis L. Jobin  
Lieutenant Governor of the  
Province of Manitoba.

I have the honour to submit the Annual  
Report of the Manitoba Lotteries Commission for the  
year ended March 31, 1977.

Respectfully submitted,

Honourable E. R. McGill  
Minister of Consumer, Corporate  
and Internal Services, and  
Minister responsible for the  
administration of the Manitoba  
Lotteries Act.





## Report from the Chairman

On behalf of the Board of Directors and the staff of the Manitoba Lotteries Commission, I take great pleasure in submitting the Annual Report for the fiscal year ended March 31, 1977.

In the previous year, the Commission introduced the "bearer" system of lotteries and had also initiated a new product, the bi-weekly \$1.00 Express ticket. The Board is pleased to report that the changes initiated in 1975/76 have proven most successful by giving the Commission the best year since its inception in terms of ticket accountability, retained earnings, reduced administration costs, highest rate of return to the consumer and of course, net profits.

Specifically, the Commission can point with pride that the changes from the old registered ticket operation to the "bearer" lottery system have,

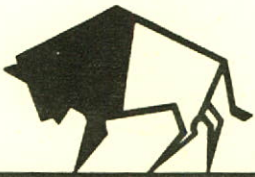
- increased ticket accountability from approximately 85% to a full 100% (i.e. every ticket issued can now be accounted for).
- increased the rate of return to the consumer from approximately 16% of ticket costs to approximately 40% of ticket costs (i.e. 40¢ on the dollar is now returned to the consumer in prizes).
- reduced overall costs of administration from 14% to less than 10%.
- reduced the rate of seller's commissions from in excess of 44% to 20% including both the distributor and retailer levels.
- increased retained earnings on tickets sold from 25% to approximately 30%.

The enclosed financial statement indicates a profit of \$3,214,651 on sales of \$9,671,193 for an overall increase of 147% over the previous period.

It should be clear to all involved that the changes initiated in 1975/76 are beginning to prove very successful indeed, and that the bearer type lottery ticket is a most successful program.

In addition, the previous year saw the formation of a new lottery distribution company, owned and operated by the Manitoba Arts Council, the United Way of Winnipeg and the Advisory Council on Fitness and Amateur Sport, called the Western Lottery - Manitoba Distributor, Incorporated. In its first nine months of operation, with its year end of July 31, 1976, the Corporation showed a profit of \$300,480.





On December 31, 1976, the Express went "Western" and was distributed amongst all four Western Provinces. Prior to this period, Manitoba had been the sole market place for this product. Sales of the Express in 1976/77 exceeded 7,200,000 in 26 draws for an average of 277,000 tickets bi-weekly.

The year again saw changes with the old quarterly \$3 Western ticket and the \$10 Olympic ticket being discontinued in September, 1976, and with the introduction of a new \$5 bi-monthly millionaire lottery called the Provincial.

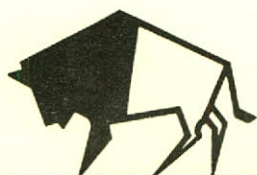
To produce, market and distribute this new Provincial ticket, the Western Canada Lottery Foundation entered into an agreement with Ontario to form the Inter-Provincial Lottery Corporation.

The success of the Manitoba Lotteries Commission in the past year can be attributed to many factors, some of which include:

- the public acceptance of the new \$1 bi-weekly Western Express,
- the efficient and continued efforts of the partners involved to produce, market and distribute quality lottery products that are acceptable to the consumer,
- the efficient distribution network established and managed by the Western Lottery - Manitoba Distributor, Incorporated.

The Board would like to take this opportunity to thank its partners for their continued efforts on behalf of the public of Manitoba, and to express continued confidence in the marketing and distribution of lottery products in the province.

Dario J. Perfumo  
Chairman of the Board.



# Auditor's Report



MANITOBA

PROVINCE OF MANITOBA  
PROVINCIAL AUDITOR

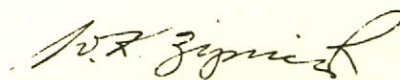
THE MANITOBA LOTTERIES COMMISSION

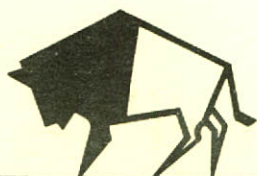
AUDITOR'S REPORT

I report that the accounts and financial statements of The Manitoba Lotteries Commission have been examined under my direction for the fiscal year ended March 31, 1977. 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, the financial statements, being Exhibits A, B, C and Schedule 1, together with the notes thereto, present fairly the financial position of The Manitoba Lotteries Commission as at March 31, 1977 and the results of its operations for the year then ended. The financial statements were prepared on an accounting basis consistent with that of the preceding year and are in agreement with the books of the Commission.

November 10, 1977,  
Winnipeg, Manitoba.

  
W. K. Ziprick, C.A.,  
Provincial Auditor.



# Manitoba Lotteries Commission

EXHIBIT A

## Balance Sheet

as at March 31, 1977 (with 1976 figures for comparison)

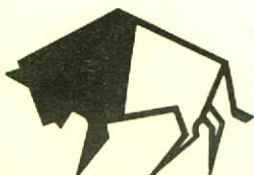
### Assets

	<u>1977</u>	<u>1976</u>
Cash on hand and in bank	\$ 414,454	\$ 138,770
Funds on deposit with the Minister of Finance, interest bearing	1,500,000	900,000
Accrued interest receivable	21,360	13,092
Accounts receivable:		
The Western Lottery - Manitoba Distributor Inc.	445,060	362,352
Western Canada Lottery Foundation	259,501	-
Other	<u>4,916</u>	<u>1,230</u>
	<u>709,477</u>	<u>363,582</u>
Prepaid expenses	-	219
Furnishings and equipment, at cost	22,529	63,630
Less - Accumulated depreciation	<u>22,529</u>	<u>61,869</u>
	-	<u>1,761</u>
Capital contributed to the Western Canada Lottery Foundation	<u>100,000</u>	<u>100,000</u>
	<u>\$ 2,745,291</u>	<u>\$ 1,517,424</u>

### Liabilities

Cheques issued and outstanding	\$ 27,770	\$ 130,319
Accounts payable and accrued liabilities:		
Western Canada Lottery Foundation	-	303,399
Other	<u>34,406</u>	<u>21,485</u>
	<u>34,406</u>	<u>324,884</u>
General Reserve, Exhibit B	<u>2,683,115</u>	<u>1,062,221</u>
	<u>\$ 2,745,291</u>	<u>\$ 1,517,424</u>





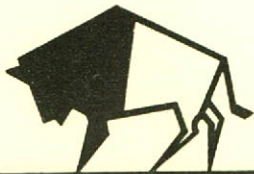
# Manitoba Lotteries Commission

EXHIBIT B

## Statement of General Reserve

for the year ended March 31, 1977 (with 1976 figures for comparison)

	<u>1977</u>	<u>1976</u>
Balance, beginning of year	\$ <u>1,062,221</u>	\$ <u>867,822</u>
Add:		
Excess of revenues over expenditures, Exhibit C	3,214,651	1,299,929
Book value adjustments on disposal of furnishings and equipment	<u>8,625</u>	<u>-</u>
	<u>3,223,276</u>	<u>1,299,929</u>
Deduct:		
Funds transferred to the Trust and Special Division of the Consolidated Fund for cultural and recreational purposes. These funds are administered by the Government and reported on in the Public Accounts of the Province.	1,600,000	1,100,000
Adjustment of prior years' revenues and expenditures	<u>2,382</u>	<u>5,530</u>
	<u>1,602,382</u>	<u>1,105,530</u>
Balance, at end of year, Exhibit A	<u>\$ 2,683,115</u>	<u>\$ 1,062,221</u>



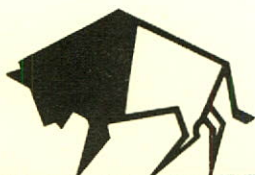
# Manitoba Lotteries Commission

EXHIBIT C

## Statement of Revenues and Expenditures

for the year ended March 31, 1977 (with 1976 figures for comparison)

	<u>1977</u>	<u>1976</u>
Revenues:		
Net ticket revenues, Schedule 1	\$ 3,200,478	\$ 1,831,274
Investment income	135,091	99,836
Miscellaneous income	362	3,404
Total net revenues	<u>3,335,931</u>	<u>1,934,514</u>
Expenditures (Note 1):		
Administration, General and Promotion Expenses:		
Advertising and promotion	65,837	92,814
Audit, legal and accounting fees	4,894	10,007
Board members' fees and expenses	5,684	6,876
Cartage	911	963
Depreciation - furnishings and equipment	1,761	17,492
Equipment rentals and maintenance	457	660
Miscellaneous	1,649	2,772
Office and storage space rental	4,828	6,094
Office supplies	419	6,358
Postage, telephone and telex	626	6,390
Salaries	32,724	87,815
Travel	1,490	3,053
	<u>121,280</u>	<u>241,294</u>
Commissions to selling agencies	<u>-</u>	<u>393,291</u>
Total expenditures	<u>121,280</u>	<u>634,585</u>
Excess of revenues over expenditures, Exhibit B	<u>\$ 3,214,651</u>	<u>\$ 1,299,929</u>



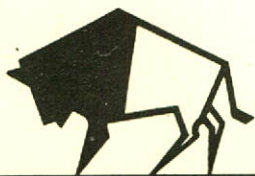
# Schedule of Net Ticket Revenues

for the year ended March 31, 1977 (Notes 2, 3, 4 and 5) (with 1976 figures for comparison)

## Schedule 1

	<u>Ticket Sales</u>	<u>Cost of Tickets Sold</u>	<u>Net Ticket Revenues</u>
<u>The Western Lottery:</u>			
2 Series	\$ 333,651	\$ 239,287	\$ 94,364
<u>The Olympic Lottery:</u>			
2 Draws	634,757	630,736	4,021
<u>The Provincial Lottery:</u>			
4 Draws	1,430,507	1,180,475	250,032
<u>The Western Express Lottery:</u>			
26 Draws	<u>7,272,278</u>	<u>4,420,217</u>	<u>2,852,061</u>
Balance, March 31, 1977, Exhibit C	<u>\$ 9,671,193</u>	<u>\$ 6,470,715</u>	<u>\$ 3,200,478</u>
Balance, March 31, 1976, Exhibit C	<u>\$ 6,946,390</u>	<u>\$ 5,115,116</u>	<u>\$ 1,831,274</u>





Notes to Financial Statements  
March 31, 1977

1. During the preceding fiscal year the Western Canada Lottery Foundation, on completion of the Western Lottery Series "AE", discontinued the sale of registered lottery tickets and began the sale of bearer tickets. This change resulted in the discontinuance by the Commission of direct commission payments to selling agencies. Also, during the preceding year a non-profit corporation, The Western Lottery - Manitoba Distributor Inc., was established for the purpose of distributing lottery tickets on behalf of the Commission effective with the sale of Western Lottery Series "762".
2. During the fiscal year ended March 31, 1977 the Western Canada Lottery Foundation discontinued the sale of Western Lottery and Olympic Lottery tickets and entered into an agreement with the Inter-Provincial Lottery Corporation to participate in the sale of Provincial Lottery tickets.
3. Subsequent to the year end the Commission entered into an agreement with The Western Lottery - Manitoba Distributor Inc., retroactive to January 1, 1977, to sell the Provincial Lottery ticket to the Distributor at a per ticket price that is equal to the per ticket cost to the Commission plus the sum of 15 cents. Prior to January 1, 1977, the Commission had earned approximately 90 cents per ticket. This change in the selling price to the Distributor has resulted in a decrease of approximately \$177,000 to the Commission in net ticket revenues during the year under review.
4. In accordance with a requirement of the Western Canada Lottery Foundation, tickets purchased from the Foundation include a levy of five percent on Western Lottery gross ticket sales for a "Ministerial Special Fund" administered by the Foundation. The "Ministerial Special Fund" is used to provide financial support to national and inter-provincial sporting events as authorized by the Provincial Ministers.
5. The 1976 comparative figures included in the schedule of net ticket revenues have been restated to reflect the sales of lottery tickets made through the Western Canada Lottery Foundation's mail order operation rather than to reflect the net ticket revenues as miscellaneous income in the statement of revenues and expenditures.









