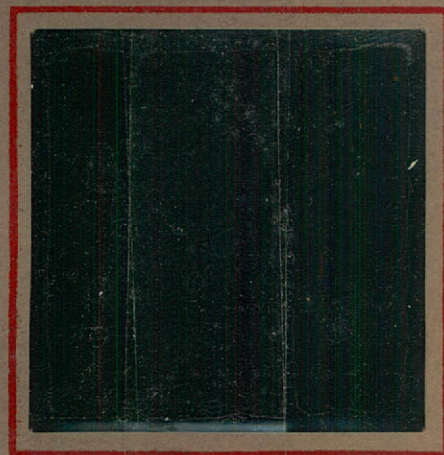
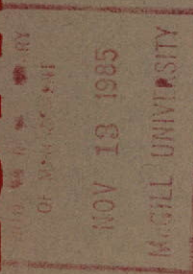
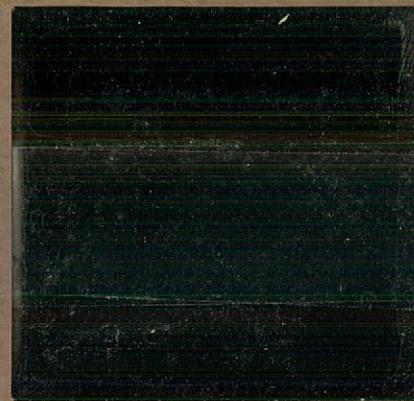


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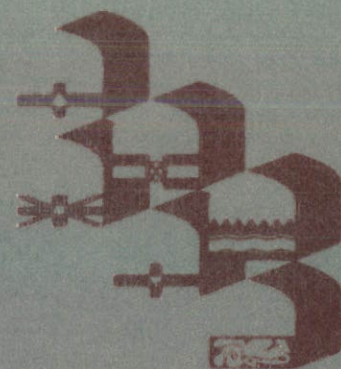
WESTERN CANADA LOTTERY FOUNDATION

ELEVENTH ANNUAL REPORT
APRIL 1, 1984 TO MARCH 31, 1985









CHAIRMAN'S REPORT

The fiscal year ending on March 31, 1985 saw record levels of sales and net profits.

Sales for the year increased by 38 percent or \$133 million – reaching the \$483 million mark.

The on-line games were largely responsible for this increase. LOTTO 6/49 continued its growth accounting for \$91 million of this sales increase. LOTTO WEST, introduced on June 13, 1984, was responsible for \$33 million.

Sales growth of \$43 million in the INSTANT Games offset an average sales decrease of 22 percent in the WESTERN EXPRESS, PROVINCIAL and SUPER LOTO games.

Fiscal 1984/85 also marked the tenth anniversary of the Western Canada Lottery Foundation. The event was celebrated with a special Anniversary Gala Draw which was televised right across Western Canada. Festive ceremonies complemented the draw with entertainment provided by a host of Canadian artists.

Total operating revenues available for distribution to the provinces exceeded \$166 million this year, compared to \$116 million in fiscal 1983/84. Payments made to the Federal Government under the 1979 agreement amounted to \$10.6 million.

On March 31, 1985, British Columbia withdrew its membership from the WCLF. This withdrawal is expected to have little impact on the organizational structure of the Foundation. The provincial governments of Alberta, Saskatchewan and Manitoba and associate members, the Yukon and Northwest Territories, will continue to operate together in the sale of lottery tickets.

In our eleventh year, the Foundation looks forward to pursuing a variety of new projects. Upgrading office automation and the constant challenge of innovating and improving existing computer technology present next year's challenges. Ongoing projects such as the retailer development program and standardizing the retailer's identity within the marketplace will continue to be improved and enhanced.

In addition, the Foundation headquarters will move to new premises in the fall of 1985. We will occupy the top four floors of the "Western Canada Lottery Foundation Building" located in downtown Winnipeg.

New management and a new planned direction will enable the Foundation to meet the desired objectives in the years ahead. In fiscal 1985/86, as in fiscal 1984/85, the WCLF will continue to contribute to this proud eleven year record of achievement.

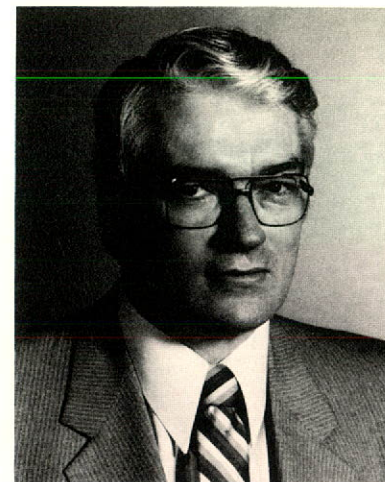
Yours Sincerely,



W. Clarke, Chairman

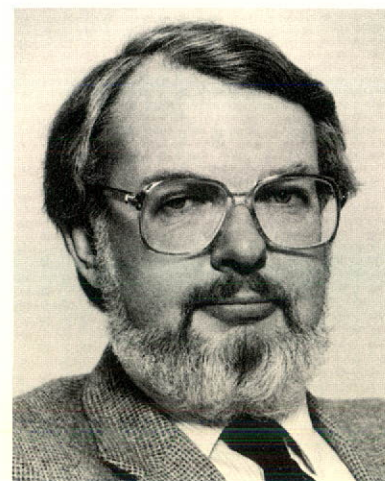
BOARD OF DIRECTORS

The Western Canada Lottery Foundation's Board of Directors is responsible for determining corporate policy and overseeing the general evolution of lotteries in Western Canada. The Board consists of two members from each of the participating provinces. The new records in sales performance achieved during fiscal year 1984/85 must be credited in part to the insight and clear direction provided by the Board.



William (Bill) Clarke

Chairman
Saskatchewan

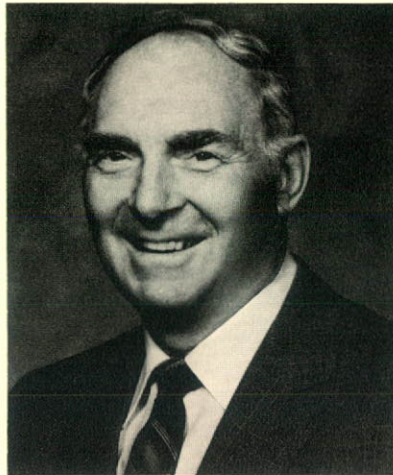


Barry Kelsey

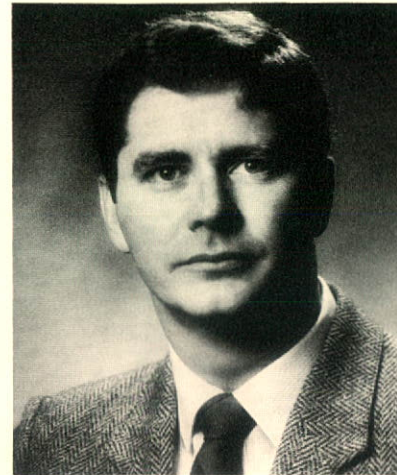
First Vice-Chairman
British Columbia



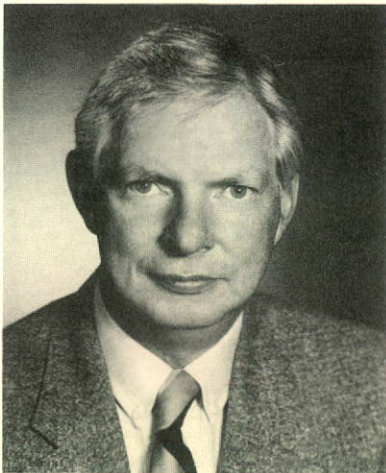
Garth Manness
Second Vice-Chairman
Manitoba



Del Keown
Secretary of the Board
Alberta



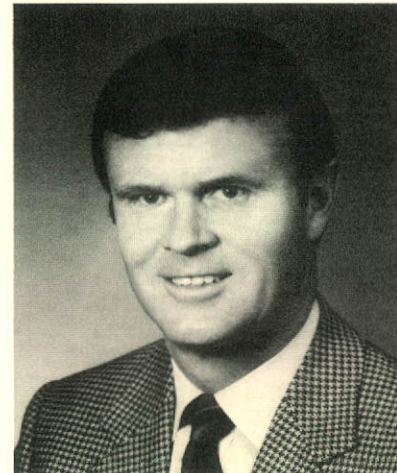
Jim Burnett
Director
Saskatchewan



Ted Chiswell
Director
Manitoba



Claire Eraut
Director
British Columbia



Graham O'Connor
Director
Alberta



Tiff Trimble
General Manager and
Chief Executive Officer

AND THE WINNERS ARE...

When most people hear the word "lotteries", they think of winners – individuals fortunate enough to cash in on a little luck; people featured on the front of the newspaper, nervously grinning from ear to ear, waving that all important 3" x 6" piece of paper that represents not only a cheque, but also a new sense of wealth and security.

These are the people who have come to symbolize the lotteries.

Less obvious and more tangible are the millions of other lottery "winners" in Western Canada. They are the individuals who skate at community rinks, visit local libraries, applaud local theatre and

1.



2.



1. Thousands of Westerners have claimed lottery riches over the years. Theresa Massey featured here with her son Marcel, was just one of the lucky winners to walk out of the Western Canada Lottery Foundation offices with a windfall smile!

2. Lottery funds helped this winning group go all the way! The Spruce Grove Pee Wee Hockey Team was one of the thousands of teams, organizations, and communities across Western Canada that benefitted from record lottery revenues in fiscal 1984/85.

ballet groups, and walk through provincial parks. They are the residents of Western Canada, who regularly enjoy all the direct benefits that lotteries provide. Over the years, they've watched their benefits increase along with lottery sales and that makes them winners, too.

Then there are the more than 6,000 retailers across the West who make it all possible by selling the tickets. Their businesses have prospered as a direct result of lottery sales because they've attracted a new and often dedicated clientele. Their commissions and bonuses have come to represent a dependable and often substantial portion of their annual income. And as lottery sales have increased, so have their profits.

Retailers, players, beneficiaries – they're all winners. They are also three links in the chain of events that have seen lotteries grow and prosper in Western Canada over the last eleven years.

3. *Dedicated people like Laurette Halliwell are vital to the success and growth of lotteries. Lottery retailers throughout the West have seen the difference lottery sales can make in their business operations.*

3.



FISCAL 1984/85 ... A REMARKABLE YEAR

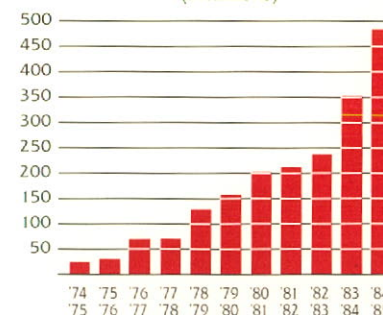
In order for these groups to prosper, the Foundation has had to successfully generate sales.

In fiscal 1984/85, it was extremely successful – in fact, this year the Foundation recorded its best year in the history of lotteries in Western Canada. Ticket sales soared over the \$483 million mark – an increase of \$133 million or 38% over the previous year. Since its inception eleven years ago, the Foundation's continued record performances have resulted in cumulative sales of \$1.96 billion!

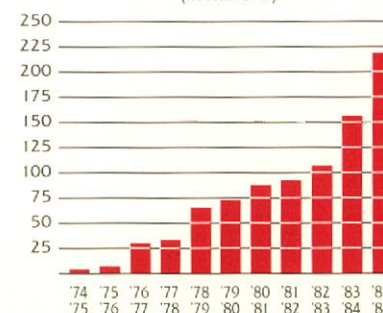
It's a figure that today astounds even lottery executives, but it hasn't given rise to complacency. Officials now, more than ever before, recognize the need to constantly revitalize products to meet consumer desires and ever-changing trends in the marketplace.

When the Western Canada Lottery Foundation was incorporated on May 13, 1974, its primary credo was to act with honesty and integrity in the creation and marketing of lottery games. Over the years, sales have been the true measure of that objective's success. Record sales levels year after year have been achieved through the dedication and hard work of the lottery directors, managers and employees of the WCLF. These same sales records have provided the incentive to carry forward the search for new and innovative lottery products that pose exciting challenges to lottery players across Western Canada.

SALES
(in millions)



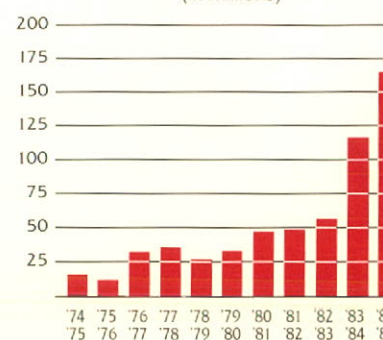
PRIZES
(in millions)



WCLF ELEVEN YEAR RECORD

YEAR	SALES	PRIZES	NET REVENUES
1974/75	\$ 22,281,680	\$ 3,333,750	\$ 15,423,078
1975/76	30,103,833	6,509,775	11,897,406
1976/77	71,273,180	30,392,344	32,421,189
1977/78	74,057,750	33,729,893	35,997,734
1978/79	129,826,205	65,486,755	27,256,787
1979/80	156,304,985	74,148,204	32,921,235
1980/81	200,225,310	88,804,680	47,801,630
1981/82	210,567,067	93,738,730	49,959,744
1982/83	237,424,567	107,240,186	57,177,129
1983/84	350,476,858	156,622,625	116,231,119
1984/85	483,475,814	219,747,396	166,545,429
Totals:	\$1,966,017,249	\$879,754,338	\$593,632,480

NET REVENUE
(in millions)



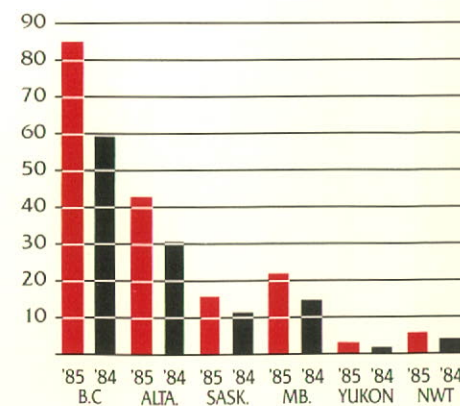
In fiscal 1984/85, thousands of those players realized their dreams. Record sales resulted in record winnings as more than \$219 million was paid in prizes, an increase of \$63 million over the previous year. This figure brings the total for prizes since the first cheque was issued in 1975 to almost \$880 million.

As winners prospered, so too did the thousands of retailers selling lottery tickets across the West. Lottery retailers earned almost \$30 million in commissions this year, \$4 million more than in 1983/84.

Ultimately, the success in achieving these goals has been the result of the retailers' co-operation and enthusiasm in promoting and selling tickets. Retailers right across the West have become the lifeblood of the industry. Eleven years of record sales and record commissions tells the story of a job well done.

DISTRIBUTION OF REVENUE

	<u>1984/85</u>	<u>1983/84</u>
BRITISH COLUMBIA	\$85,328,775	\$59,303,400
ALBERTA	42,497,290	30,398,007
SASKATCHEWAN	16,016,977	11,034,640
MANITOBA	21,866,049	14,960,601
YUKON	282,903	180,239
NORTHWEST TERRITORIES	553,435	354,232



The most rewarding story of the 1984/85 fiscal year, however, was the revenue generated for the Western provinces. Record payments totalling \$166 million were returned to the provincial and territorial governments, bringing the total eleven-year contribution to just under \$600 million.

The return of revenues to the people is, and was at the outset, the *raison d'être* for lotteries in Western Canada. There's no doubt they have lived up to their creators' expectations. Lotteries have provided benefits to a wide spectrum of citizens in every corner of Western Canada, not simply to the people who play the games.

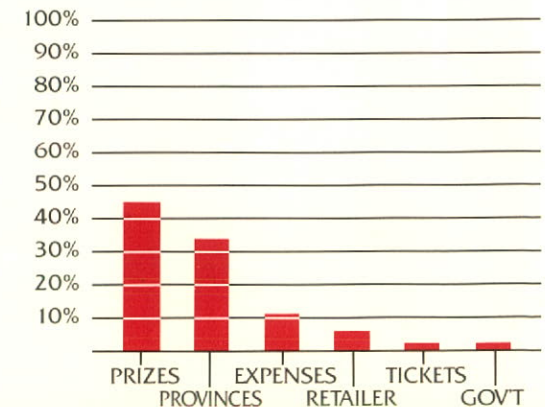
For the Provincial and Federal Governments, lottery sales represent revenue which they otherwise would never receive. And all across the West, these lottery dollars have been put to work supporting sports, culture, recreation and medical research.

In the end, the financial performance of the Foundation has had a direct impact on the quality of life of Western Canadians – the beneficiaries, the retailers and the players; all of them winners.

1984/85 DOLLAR BREAKDOWN

In fiscal 1984/85 the Western Canada Lottery Foundation recorded \$483 million in sales. The graph shows the average dollar breakdown.

45%	PRIZES
34%	REVENUES TO THE PROVINCES
11%	NET OPERATING EXPENSES
6%	RETAILER COMMISSIONS
2%	TICKET PRINTING
2%	FEDERAL GOVERNMENT



WHERE THE MONEY GOES

A phenomenal rise in sales enabled the Western Canada Lottery Foundation to distribute more than \$166 million in lottery profits to the provinces in the 1984/85 fiscal year.

Each provincial and territorial government has established its own priorities for the disbursement of lottery revenues. This income is used to support a variety of worthwhile causes that help to improve the quality of life for all Western Canadians.

The province of British Columbia provides lottery funds for culture, physical fitness, amateur sport, special events, heritage, medical research programs, capital projects and to support EXPO '86, the World Transportation Fair to be held in Vancouver in 1986.

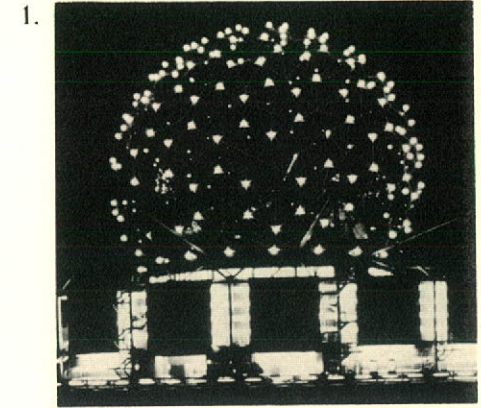
The province of Alberta used lottery revenues to provide funds to a number of foundations and organizations operating province-wide programs in culture and recreation. Initial start-up monies were also given to the new Wild Rose Foundation for non-profit societies that were unable to obtain funding elsewhere. The International Year of Youth Projects, the Calgary Exhibition and Stampede Limited and the Edmonton Northlands also received funding to continue the capital projects carried out by them for the benefit of Albertans generally.

The proceeds from lottery operations in Saskatchewan are distributed through the Sask Trust for Sport, Culture and Recreation to 70 Provincial Sport Governing Bodies, 25 Provincial Cultural Organizations and 23 Provincial Recreation Associations. In addition, Sask Trust funds activities in sport, culture and recreation for 800 local communities, 23 regions, 8 zones, The Western Development Museum, 11 Exhibition Associations, the Saskatchewan Sports Hall of Fame, the Administration Centre for Sport, Culture and Recreation, as well as 263 non-profit community organizations.

1. EXPO '86 the largest World Exposition ever in North America celebrating man's past, present and future will be staged in Vancouver, British Columbia from May 2 to October 13, 1986. This national event, highlighting transportation and communication, is made possible in part, through lottery proceeds.

2. Lottery ticket sales help support a wide range of cultural, recreational and sport organizations and activities in Alberta: everything from literary and performing arts organizations, parks and wildlife foundations, the development and maintenance of recreational programs, to encouraging amateur athletes, coaches and officials affiliated with the many Alberta sport association programs.

3. In Saskatchewan, lotteries are a major contributor to sport, culture and recreation associations throughout the province. In 1984/85 beneficiaries received approximately \$16 million to help support countless worthwhile projects and services.



The Government of Manitoba allocates lottery and gaming revenues to a wide range of community groups through the seven newly formed "umbrella organizations" and the programs of two provincial government departments. These umbrellas encompass the areas of heritage, sports, the arts, community service, multiculturalism, community education and medical research, and fund the projects and programs of community-based groups.

Lottery revenue was distributed by the Yukon Lottery Commission during the fiscal year to aid many community organizations involved in sports, arts, culture and recreation.

In the Northwest Territories, Sport North provided lottery revenue to help finance the Arctic Winter Games, territorial competitions, player development, North Star Special Sports and the Annual General Meeting and Awards.

In addition, the provinces in Western Canada combined to contribute \$10.6 million to the Government of Canada for national programs in sport and culture.



4. 1984/85 was another financially successful year for lotteries in Manitoba. This, of course, meant increased revenues for the thousands of beneficiaries and charitable organizations throughout the province.

5. Enthusiastic support from the people of the Yukon has resulted in record contributions to its member communities and organizations.

6. In the Northwest Territories, Sport North is dedicated to the promotion and development of amateur sport, providing services to organized sport associations and to volunteer, non-profit community groups.



WINNERS

There were hundreds of thousands of them during fiscal 1984/85. Some won \$2, others became millionaires. Some said it was the numbers, others said it was their turn. Most attributed it to pure and simple luck.

THAT WINNING FEELING

In fiscal 1984/85, players won an unprecedented \$220 million, \$63 million more than in the previous year. That brings the total amount given away in cash prizes over the last eleven years to just under \$1 billion!

Of every dollar received during the year, an average of 45% went directly back to the players in prizes.

Record sales of \$483 million confirmed the public's overwhelming satisfaction with lotteries in Western Canada. To this end, the Foundation has always attempted to provide its players with a wide variety of games that are fun and exciting to play, and which in turn maximize revenue available for distribution to the citizens of Western Canada.

Those winners who were fortunate enough to claim major cash prizes of \$5,000 and over this year were generally prudent, practical and pleased with how the windfalls affected their lives.

Based on 650 responses to an on-going WCLF survey, conducted between January and December 1984, surprising statistics came to light. For example, when major winners were asked to list the different ways they used their prize money, the majority, or 75% said they banked or invested it. A further 50% said they shared their prize with family or charities. An overwhelming 88% said they were not approached for donations or purchases of any kind, although most had received publicity in the local news media. Of interest was the fact that only 3% quit their jobs.

All surveys were mailed out to winners six to eight weeks after prize cheques were claimed, allowing them time to absorb and evaluate the impact of a sudden windfall.

USE OF PRIZE MONEY

"List all the ways you have used your money since winning a lottery prize."

75% BANKED OR INVESTED WINNINGS

40% SHARED WITH FAMILY

24% TRAVELLED

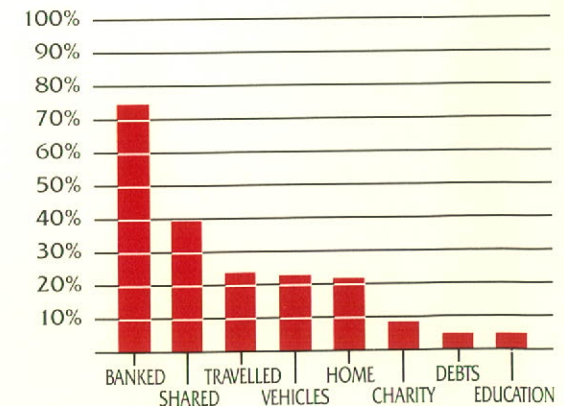
23% BOUGHT NEW VEHICLES

22% PAID OFF MORTGAGE OR BOUGHT NEW HOME

9% DONATED TO CHARITY

5% PAID OFF DEBTS

5% USED FOR EDUCATION



LOTTO 6/49

LOTTO 6/49 authored the biggest success story in another record breaking year when sales went over the \$223 million mark in Western Canada. LOTTO 6/49 sales showed a \$91 million increase in fiscal 1984/85, a net gain of 70%.

Average weekly sales in Western Canada increased to \$4.3 million from \$2.5 million the previous year.

The obvious appeal of LOTTO 6/49 continues to be the players' ability to choose their own numbers, coupled with the often extraordinary Jackpots.

The spiral of higher Jackpots, causing increased participation which in turn leads to even higher grand prizes, was evident in the weeks that led up to the January 12th draw when the Jackpot reached a whopping \$11.2 million!

For LOTTO 6/49 players right across Canada, it must have seemed like déjà vu. It was one year ago – almost to the day – when the last bout of LOTTO fever struck, and like January 14, 1984, it took Canadians six weeks to correctly guess the winning combination of numbers. This one-and-a-half months of intrigue only served to heighten the lottomania, as nationwide publicity brought more and more new players into the game.

By the time the January 12, 1985, Jackpot prize was claimed, \$40 million worth of tickets had been sold in Western Canada in the six-week period. This accounted for 18% of all LOTTO 6/49 sales during the year.

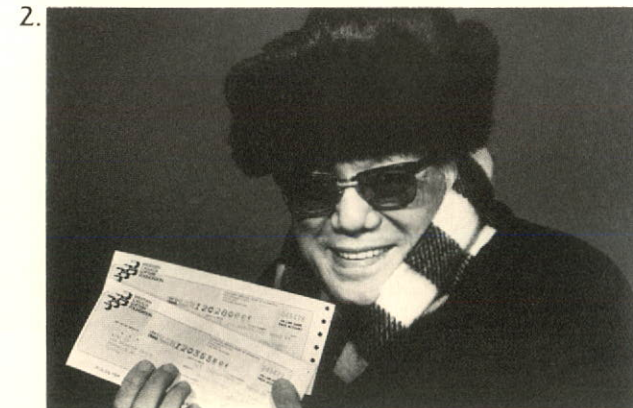
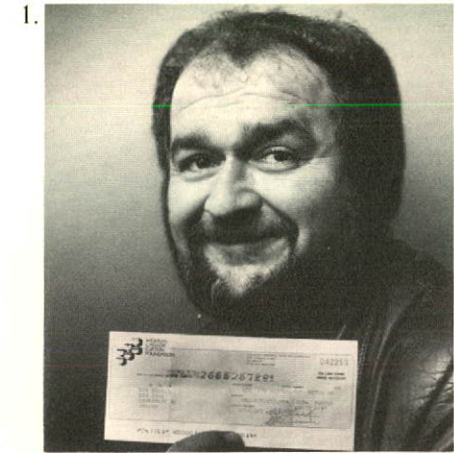
The Foundation learned from the experience of the 1984 ticket rush and was prepared for the huge demands when ticket sales soared again in 1985. An expansion of the on-line sales terminal network took place and at the end of the 1984/85 fiscal year a total of 2,000 retail outlets had on-line terminals in service, an increase of 33% over 1983/84.

1. On October 6th, plumber Don Rozell decided to take a break from clogged drains. So the Invermere resident packed his bags and flew to Winnipeg to claim a LOTTO 6/49 JACKPOT prize of \$2,655,257.90. And then it was off on an Asian excursion!

"My head hasn't stopped spinning," laughed the 36 year old father of two. "I've spent the last 36 hours in an absolute daze."

2. The tickets were a couple of weeks old and his first impulse was to simply throw them away. Instead Wing Sy bundled up for the trek to his local Lottery Ticket Centre. Today the 73 year old Edmonton resident is thanking his lucky stars he did. Two sets of his six numbers matched in the five out of six plus bonus number category and another ticket matched four out of six, earning Mr. Sy a grand total of \$240,633.50 on the October 20 draw!

3. There is a growing community of lottery winners in Taber. In fact, Lilly Bartz is the third town resident to claim a major prize this year. "I was rushing around on Saturday morning and because there were only a few minutes left to buy tickets I chose my numbers at random," explained the August 18 winner. "Don't think about it. It's the best way. It netted me \$308,351.80 didn't it?!"



SO MANY OPTIONS

It also became easier to play the game. During the fiscal year 1984/85, consumers were given the option of playing LOTTO 6/49 four different ways:

- (1.) The regular way.
- (2.) Combinations for five, seven, eight and nine numbers.
- (3.) Quick Pick, the computer that selects a player's six numbers, a method introduced in September of 1983.
- (4.) Subscription play, an especially popular method for people in Canada's outlying communities, where for the first time, they were able to play the game for 13, 26 or 52 weeks.

Major changes in LOTTO 6/49 took place on April 7, 1984. A new minimum Jackpot prize of \$1 million and a revised structure once the Jackpot reached \$7 million were implemented.

Digits Correct	Pools Fund
6/6	45% of the Pools Fund plus the amount that was not won in the previous draw in the 6/6 or 5/6 + categories or of both. When the 6/6 Pool is in excess of \$7 million, the percentage is reduced to 15% of the Pools Fund.
5/6 +	17% of the Pools Fund. If the 6/6 category is in excess of \$7 million, the percentage in the 5/6 + category is increased to 47%.
5/6	13% of the Pools Fund.
4/6	25% of the Pools Fund plus the amount not won in the 5/6 category in that draw.
3/6*	\$10 fixed prize.
* All amounts payable in the 3/6 category are deducted from the Prize Fund. The balance remaining constitutes the Pools Fund.	

INSTANT GAMES

Instant tickets, which offer the excitement of winning on the spot, have proven a spectacular success over the last two years. Fiscal 1984/85 was the best year ever for these "scratch and win" games. The colorful PROVINCIAL FLOWERS, which debuted April 1984, and the educational and imaginative PIONEERS OF THE WEST, introduced October 16th, attracted huge playing audiences. Both games offered instant prizes from \$2 all the way up to \$10,000.

During the year, a total of 315 prize winners claimed instant prizes of \$10,000 – 127 in the PROVINCIAL FLOWERS and 188 in the PIONEERS OF THE WEST. Payouts in all prize categories topped \$33.5 million!

Instant games are not available in Alberta.

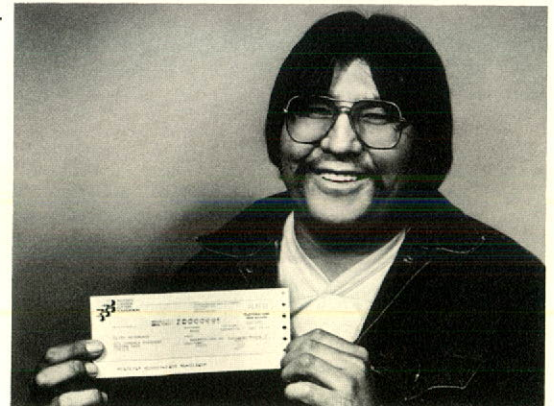
1.



2.



3.



1. Carol Grabowiecki, of Winnipeg, and her fiancé had been busy choosing a house. The \$10,000 they won on PIONEERS OF THE WEST will make a difference in their selection, and it was one more thing to rejoice about, besides their May wedding.

2. A trip to Disney World with her family was uppermost in her mind when Odile Rusk of Rankin Inlet in the Northwest Territories claimed \$10,000 on the PIONEERS OF THE WEST. The 36-year-old administrative officer trainee kept repeating "I'm just so happy".

3. Elvis Hotomanie "blazed the trail" for Saskatchewan residents, when he became one of the province's first winners on the instant PIONEERS OF THE WEST lottery game, introduced in October, 1984.

SUPER LOTO

SUPER LOTO has assumed a very special place in the hearts of Westerners. Since its introduction in 1980, the monthly \$10 game has created almost 50 millionaires in Western Canada. In 1984/85 alone, 15 winners picked up prize cheques of \$1 million!

For the third year in a row, the Western Canada Lottery Foundation recorded the highest level of ticket sales in the country, accounting for 37% of national sales. In Western Canada, SUPER LOTO records were again achieved with \$56 million generated in sales.

One reason for the success of SUPER LOTO has been its innovative game format: the combination of two winning ideas. The instant MATCH THREE game on the pouch, added to SUPER LOTO in 1983, offers a top prize of \$10,000. Inside the pouch, the dream lives on with four prizes of \$1 million, five prizes of \$100,000 and over \$2.3 million in subsidiary prizes offered each month.

Four bonus draws provided players with thousands of opportunities to win additional prizes. The May 24 and August 26 draws each offered 500 additional chances at \$10,000, while the January 27 and February 24 draws featured a total of 1,000 cars – 219 of them won by Westerners.



1. The SUPER LOTO offered a total of 1,000 Canadian built cars in the January and February draws. Vivian Banack of Stony Plain, Alberta, was the lucky winner of a 1985 Mercury Grand Marquis.



2. "It's got to be one of the greatest feelings on earth!" exclaimed Brenda and Darryl Grevna of Saskatoon. "That is, next to winning a lottery, of course." The happy couple will be making their final mortgage payment with the \$100,000 prize cheque they collected on the April 29th SUPER LOTO draw!



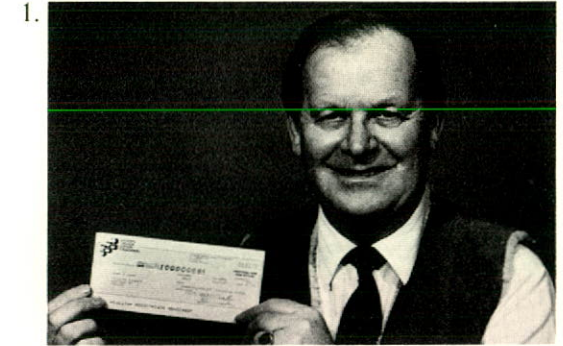
3. Donald Stoddard and his wife, Gisela, both work for Mark Products – a Calgary company that manufactures cable for the oil industry. On SUPER LOTO Sunday, September 30th, Mr. Stoddard did some digging of his own – and he came up with a strike of seismic proportions – a SUPER LOTO win of \$1 million!

WESTERN EXPRESS

Merchandise prizes and a millionaire draw were two new features in the revised WESTERN EXPRESS this year. The oldest of the games offered by the Foundation, the weekly draw featured three prizes of \$100,000, two prizes of \$50,000 and thousands of subsidiary prizes. In total, the WESTERN EXPRESS committed over \$20 million to prizes during fiscal 1984/85.

The excitement and variety of merchandise prizes added even more appeal to the WESTERN EXPRESS. Dream kitchens, entertainment centres, new cars, C.P. Air, Air Canada and Pacific Western Airline packages were just a few of the prizes being offered.

Millionaire Club attachments, which appeared on every tenth ticket, led to \$1 million cheques for five lucky westerners. Also popular was the car-a-day bonus draw, which featured seven cars a week for a total of seven weeks.



1. John Shaw of Osoyoos thought he was indulging in a dream when he bought a December 26th lottery ticket. But that dream became a reality when he claimed a \$100,000 bonanza on the WESTERN EXPRESS.



2. A standing joke with Chester Bentson of Edmonton, that he was going to Winnipeg to claim a prize, turned into a reality when he became an instant millionaire. The retired sales manager and "off and on" author had his Millionaire Club Entry Form drawn on the March 27th WESTERN EXPRESS draw.

3. Holly Plaskett accepted delivery of the Pontiac 6000 she won on the August 29th WESTERN EXPRESS Bonus Draw, at her new address in Whitehorse, Yukon Territory. The 25-year-old lady admitted to being quite shocked at winning the lovely car, particularly because she only purchases tickets "occasionally".



PROVINCIAL

The \$5 PROVINCIAL lottery made a strong contribution to the new records achieved in fiscal 1984/85.

The draw generated over \$43 million in sales, \$14.6 million of which was returned to the provinces for charitable purposes.

The PROVINCIAL prize structure continued to offer weekly grand prizes of \$500,000. By year end, those grand prizes alone amounted to \$26 million. All told, the PROVINCIAL offered Canadian players 2.6 million draw prizes worth a grand total of \$70.3 million.

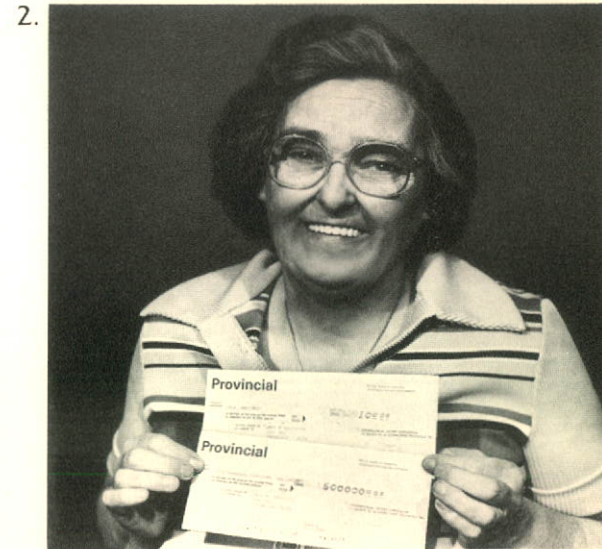
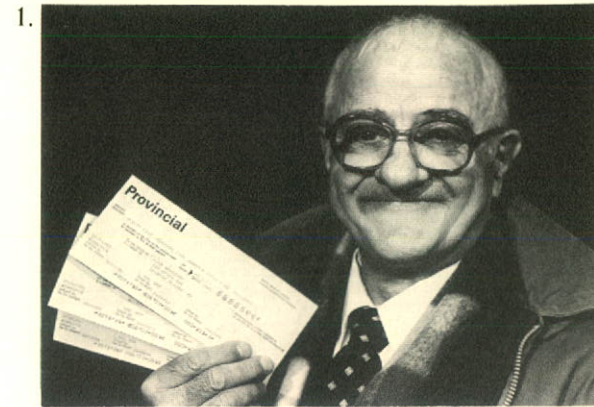
During the year, the PROVINCIAL offered \$10 million in four bonus draws. The July Bonus Draw played on the mystique of Friday the 13th, offering 13 prizes of \$131,313.13.

The October 26 and December 28 draws offered 55 bonus prizes of \$55,555 each, while the March 15 draw featured 100 extra prizes of \$25,000.

In Western Canada, fifteen people learned how it felt to be a "half-millionaire".

1. *If Jim Negrich had known what LUCK held in store for him, he would have checked the tabloid sooner. The Gilbert Plains resident discovered one month after the December 28th PROVINCIAL draw that he was holding a ticket good for a \$55,555 bonus prize!*

2. *Monica Hallett of Entwisle, Alberta won \$500,000 on the February 1, 1985 PROVINCIAL draw. "I watched the television news twice to be sure the winning numbers and my ticket matched," she exclaimed. "After raising our nine children on the homestead and always having to budget so carefully, now there will be enough money for us, our children, and our grandchildren."*



LOTTO WEST

LOTTO WEST, the first on-line lottery for Western Canadians only, again proved the popularity of the pick-your-own-numbers games.

Introduced in June, 1984, the game showed a steady increase over nine and a half months, accounting for over \$33 million in sales. By the end of the 42-week period, sales had climbed from \$708,000 in the first week to almost \$1.1 million per week at the end of the fiscal year, an increase of 55%.

The game offered an interesting twist in on-line lottery games. Players had to choose six of their favorite numbers between 1 and 56, and every "WINSDAY", eight LOTTO WEST numbers were drawn. By including LOTTO WEST with the WESTERN EXPRESS draw, on the "WINSDAY" program, players now had two "Western" games to play with twice the excitement!

By the end of fiscal 1984/85, twenty-one Jackpot winners won prizes totalling nearly \$11 million. A total of \$16.6 million or 50% of every retail dollar was offered in prizes.

Approximately \$11 million in net revenue was realized and distributed to the participating provincial governments for worthwhile projects in Western Canada.

1.



1. Hugh Atwell chose his LOTTO WEST numbers over a cup of coffee. "I put 56 numbered pieces of paper into a coffee cup, shook them up and drew six numbers. It really wasn't a system – it was more a means to an end." The "end" result for the hospital construction project co-ordinator and his wife Leona was the December 19th LOTTO WEST JACKPOT of \$544,814.10!

2. Winnipeg residents Robert and Darin McNamee claimed a whopping \$1,221,163 on the February 6th LOTTO WEST draw. It was Janet McNamee, however, who discovered the winning numbers on her husband and son's ticket. For her superior investigative work the duo plan to take "Mom" to Hawaii!

2.



10TH ANNIVERSARY GALA DRAW

A SPECIAL EVENING TO MARK A SPECIAL OCCASION

In a special celebration to mark ten dynamic years of lotteries in Western Canada, the Foundation went west!

A grand lottery extravaganza was held at the Queen Elizabeth Theatre in Vancouver. Top billing went to the Anniversary Gala Draw, which featured two prizes of \$1 million* and thousands of dollars in subsidiary prizes. It was an evening of glamour and glitz, with a host of Canadian talent to help celebrate a most impressive ten-year record of achievement.

However, the occasion being celebrated was the real star of the evening – ten years of lotteries making Western Canada a better place to be!

A new concept in tickets, “Whole” and “Street”, each containing 10 shares, proved popular and produced \$6.3 million in sales.

*\$100,000 a year for 10 years

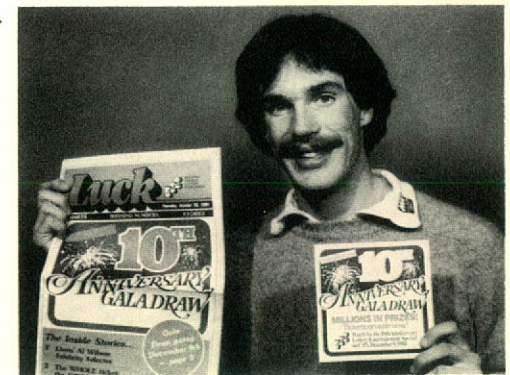
1.



1. Monty Hall, one of television's best known emcees, was the host of the 10th Anniversary Gala Draw. The exciting draw and the talents of well-known Canadian entertainers – The Rovers, Ann Mortifee, Liona Boyd and Dave Broadfoot – made for a pleasure-filled evening.

2. Ilya Storm knew that his share of the top prize would buy “toys” – ski equipment, mountain climbing gear and such things. The 21-year-old ski instructor, his father Peter, a mathematics teacher, mother Erna and sister Evelyn, all of Banff, Alberta, were owners of a winning ticket worth \$100,000 a year for ten years.

2.



AUDITORS' REPORT

To the Members of the
Western Canada Lottery Foundation:

We have examined the combined balance sheet of the Western Canada Lottery Foundation and its related lottery organizations as at March 31, 1985 and the combined statements of operations and changes in amounts due to Provincial Governments or appointed organizations 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 combined financial statements present fairly the financial position of the Western Canada Lottery Foundation and its related lottery organizations as at March 31, 1985 and the results of its operations and the changes in amounts due to Provincial Governments or appointed organizations for the year then ended in accordance with the accounting principles described in note 3 to the combined financial statements applied on a basis consistent with that of the preceding year.

Clarkson Gordon

Chartered Accountants,
Winnipeg, Canada,
June 11, 1985

WESTERN CANADA LOTTERY FOUNDATION AND ITS RELATED LOTTERY ORGANIZATIONS

COMBINED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 1985

	<u>1985</u>	<u>1984</u>
Lottery sales (note 4)	\$483,475,814	\$350,476,858
Direct expenses:		
Prizes	219,747,396	156,622,625
Retailer commissions	29,909,838	25,963,014
Ticket printing	11,095,058	10,708,962
	<u>260,752,292</u>	<u>193,294,601</u>
Sales less direct expenses	222,723,522	157,182,257
Operating expenses:		
Sales and distribution (note 5)	15,614,738	14,016,455
Administration	6,945,478	5,821,819
Advertising	5,571,310	5,334,194
Amortization (note 3)	16,570,560	4,424,226
Data services	5,778,346	3,809,695
Dissemination of winning numbers	2,006,688	1,962,070
	<u>52,487,120</u>	<u>35,368,459</u>
Sales less expenses	170,236,402	121,813,798
Interest and other income	6,938,900	4,630,285
Net revenue from lottery operations	<u>\$177,175,302</u>	<u>\$126,444,083</u>
Payment to the Federal Government (note 7)	\$ 10,629,873	\$ 10,212,964
Distributed to governments or appointed organizations in the following provinces or territories:		
British Columbia	85,328,775	59,303,400
Alberta	42,497,290	30,398,007
Saskatchewan	16,016,977	11,034,640
Manitoba	21,866,049	14,960,601
Yukon	282,903	180,239
Northwest Territories	553,435	354,232
	<u>\$177,175,302</u>	<u>\$126,444,083</u>

(see accompanying notes)

**WESTERN CANADA LOTTERY FOUNDATION
AND ITS RELATED LOTTERY ORGANIZATIONS**

**STATEMENT OF CHANGES IN AMOUNTS DUE TO
PROVINCIAL GOVERNMENTS OR APPOINTED ORGANIZATIONS**

YEAR ENDED MARCH 31, 1985

	<u>1985</u>	<u>1984</u>
Due to Provincial Governments or appointed organizations, beginning of year	\$ 30,213,213	\$ 17,468,456
Add:		
Net revenue from lottery operations	177,175,302	126,444,083
Interest income on funds retained by Foundation on behalf of Alberta (note 8)	2,078,226	571,479
	<u>209,466,741</u>	<u>144,484,018</u>
Deduct:		
Distributions during the year	158,965,982	104,057,841
Payment to Federal Government (note 7)	10,629,873	10,212,964
Reserve for signs and fixtures expenditures (note 6)	3,181,518	—
	<u>172,777,373</u>	<u>114,270,805</u>
Due to Provincial Governments or appointed organizations, end of year	<u>\$ 36,689,368</u>	<u>\$ 30,213,213</u>
Due as follows:		
British Columbia	\$ 5,397,309	\$ 5,351,092
Alberta (note 8)	30,198,829	21,765,422
Saskatchewan	728,105	1,550,056
Manitoba	336,821	1,444,376
Yukon	7,572	43,088
Northwest Territories	20,732	59,179
	<u>\$ 36,689,368</u>	<u>\$ 30,213,213</u>

(see accompanying notes)

WESTERN CANADA LOTTERY FOUNDATION AND ITS RELATED LOTTERY ORGANIZATIONS

COMBINED BALANCE SHEET

MARCH 31, 1985

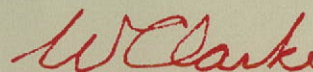
ASSETS

	<u>1985</u>	<u>1984</u>
Cash:		
Prize funds	\$ 11,671,729	\$ 12,777,405
Other	50,881,968	29,404,472
Other receivables	4,267,645	4,382,946
Prepaid expenses and deposits on equipment	1,112,704	1,236,058
Fixed assets (note 3)	—	14,868,883
	<u>\$ 67,934,046</u>	<u>\$ 62,669,764</u>

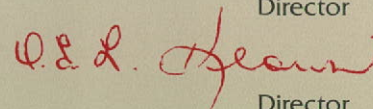
LIABILITIES

Prizes payable	\$ 11,671,729	\$ 12,777,405
Payable to Interprovincial Lottery Corporation	9,548,188	7,714,485
Accounts payable and accrued charges	4,726,170	5,108,655
Deferred revenue (note 3)	2,117,073	6,856,006
Due to Provincial Governments or appointed organizations	36,689,368	30,213,213
Reserve for signs and fixtures expenditures (note 6)	3,181,518	—
	<u>\$ 67,934,046</u>	<u>\$ 62,669,764</u>

On behalf of the Board:



Director



Director

(see accompanying notes)

WESTERN CANADA LOTTERY FOUNDATION AND ITS RELATED LOTTERY ORGANIZATIONS

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Nature of the Foundation

The Western Canada Lottery Foundation was incorporated under Part II of the Canada Corporations Act on May 13th, 1974. The Provincial Governments of Manitoba, Saskatchewan and Alberta are members in the Foundation. As set out in note 2, British Columbia was a member of the Foundation throughout the year until its withdrawal on April 1, 1985. The Yukon Territory and the Northwest Territories participate with the provinces as associate members in the sale of lottery tickets.

Under the terms of its incorporation, the Foundation is responsible for the conduct and management of lottery games in its members' jurisdictions. During the year, the WESTERN EXPRESS, LOTTO WEST, ANNIVERSARY and INSTANT lottery games were conducted solely by the Foundation and the Foundation participated in the conduct of the PROVINCIAL, SUPER LOTO, and LOTTO 6/49 lotteries through the Interprovincial Lottery Corporation. The Interprovincial Lottery Corporation is incorporated under the Canada Business Corporations Act, and its shares are held by Her Majesty the Queen in right of the respective provinces. The Western Canada Lottery Foundation is the Regional Marketing Organization for the PROVINCIAL, SUPER LOTO, and LOTTO 6/49 in its members' jurisdictions. The Ontario Lottery Corporation, Loto-Quebec, the Atlantic Lottery Corporation and the British Columbia Lottery Corporation (as of April 1, 1985) are the Regional Marketing Organizations in Ontario, Quebec, the Atlantic provinces and British Columbia, respectively.

2. Withdrawal of British Columbia as a member of the Foundation

In July 1984, British Columbia advised the three other member provinces of the Foundation that the Province was withdrawing from the Foundation effective April 1, 1985. As a consequence, the Foundation entered into an agreement with its member provinces and the British Columbia Lottery Corporation ("B.C.L.C.") to provide for an orderly transition of the lottery operations in British Columbia to B.C.L.C. This agreement establishes the basis for continued cooperation in the operation of lotteries in Western Canada and for the conduct of common and cooperative games. The agreement provides for the division of assets and a settling of accounts between the Foundation and B.C.L.C. which includes provisions for B.C.L.C. to receive its pro-rata share of the unclaimed prize fund and to contribute its pro-rata share toward future claims against the Foundation that pertain to business conducted prior to April 1, 1985.

3. Accounting principles

The financial statements of the Foundation and related organizations have been prepared in accordance with accounting principles that are considered appropriate for an organization of this type. The more significant of these accounting principles are summarized below:

(a) Principles of combination

In addition to the financial position of the Western Canada Lottery Foundation and the results of its operations, the combined financial statements include the costs of delivery of lottery tickets incurred by related lottery organizations in each province or territory and their related assets and liabilities.

(b) Accounting for the expenses of the PROVINCIAL, SUPER LOTO and LOTTO 6/49

As the Foundation is a Regional Marketing Organization for the PROVINCIAL and SUPER LOTO, it pays the cost of prizes and ticket printing for the PROVINCIAL and SUPER LOTO draws to the Interprovincial Lottery Corporation. In addition the Foundation pays its share of the LOTTO 6/49 prize expense. These costs (\$148,778,514), and the Foundation's share of the Interprovincial Lottery Corporation's operating expenses (\$936,925), and interest revenue (\$1,768,610), are reflected in the expenses and interest revenue in the combined statement of operations.

(c) Deferred revenue

Revenue and expenses related to draws held during the year ended March 31, 1985 are included in the combined statement of operations on an accrual basis. Net receipts from the sale of lottery tickets related to drawings held subsequent to March 31, 1985 have been recorded as deferred revenue.

(d) Capital expenditures

The Foundation has adopted a basis of accounting for capital expenditures so that major expenditures will not significantly affect the income distribution to the beneficiaries. Previously, capital purchases which significantly affected income were capitalized and amortized on a straight-line basis over a period of five years. Other capital expenditures were charged to current operations at the time of acquisition.

Under the special circumstances of the withdrawal of British Columbia from the Foundation, the Board of Directors decided on November 21, 1984 that the Foundation should fully amortize all assets by March 31, 1985. Accordingly, the unamortized cost of all previously capitalized fixed assets were charged against lottery revenues during the year. Had the Foundation continued to amortize these assets as originally planned, amortization expense would have been reduced and net revenue from lottery operations would have been increased by \$11,983,000.

4. Lottery sales

Sales revenue by product is as follows:

	<u>1985</u>	<u>1984</u>
LOTTO 6/49	\$223,150,854	\$131,558,324
INSTANT	76,859,977	33,534,629
SUPER LOTO	56,410,050	63,715,850
WESTERN EXPRESS	44,458,485	70,613,450
PROVINCIAL	43,181,165	51,054,605
LOTTO WEST	33,054,208	—
ANNIVERSARY	6,361,075	—
	<u>\$483,475,814</u>	<u>\$350,476,858</u>

5. Sales and distribution expenses

Sales and distribution expenses include expenses of related lottery organizations in the amount of \$8,242,295 (1984 — \$8,172,903) which represent provincial costs related to the distribution of lottery tickets to retailers.

6. Signs and Fixtures program

On January 18, 1985 the Board of Directors decided that sufficient funds should be reserved to complete Phase II of the Signs and fixtures program. This program entails expenditures subsequent to year-end for retailers' lottery signage and fixtures. Accordingly, a reserve in the amount of \$3,181,518 was created by an allocation from the distributable funds of the provinces based on their proportionate share of sales for the year ended March 31, 1985.

7. Payment to Federal Government

The Interprovincial Lottery Corporation makes inflation-adjusted payments to the Government of Canada as a result of an agreement between the Provincial Governments and the Federal Government on the withdrawal of the Federal Government from the lottery field. The Foundation, as a Regional Marketing Organization of the Interprovincial Lottery Corporation, remits its member provinces' share of the above payments to the Interprovincial Lottery Corporation.

Subsequent to year-end, an agreement was signed between the provinces and the Federal Government whereby the provinces agreed to remit a further \$100 million to the Federal Government over the next three years. The Foundation's share of this payment will amount to \$6 million annually.

8. Funds retained by the Foundation on behalf of Alberta

The Province of Alberta directed the Foundation to retain a portion of the Province's share of the current year's distributable revenue. In addition, interest was earned on accumulated funds in the amount of \$2,078,226 (1984 – \$571,479) which was credited directly to the Province rather than to interest revenue. At March 31, 1985, funds held on behalf of the Province amounted to \$27,329,568 (1984 – \$17,712,774).

9. Comparative figures

The comparative operating expenses have been reclassified from the figures previously presented to conform to the presentation of the 1985 financial statements.

Further information on the disbursement of lottery revenue may be obtained by contacting:

MANITOBA

Manitoba Lotteries Foundation
830 Empress Street
WINNIPEG, Manitoba
R3G 3H3
Telephone (204) 945-2670

SASKATCHEWAN

Sask Sport Distributors Inc.
1870 Lorne Street
REGINA, Saskatchewan
S4P 2L7
Telephone (306) 337-1414

ALBERTA

c/o Department of Consumer & Corporate Affairs
11th Floor Capitol Square
10065 Jasper Avenue
EDMONTON, Alberta
T5J 3B1
Telephone (403) 427-3715

BRITISH COLUMBIA

Grants Co-Ordinator
Provincial Secretary's Office
Parliament Buildings
VICTORIA, British Columbia
V8V 1X4
Telephone (604) 387-1011 local 253

YUKON

Yukon Lottery Commission
Box 5183
WHITEHORSE, Yukon
Y1A 5G2
Telephone (403) 667-5915

NORTHWEST TERRITORIES

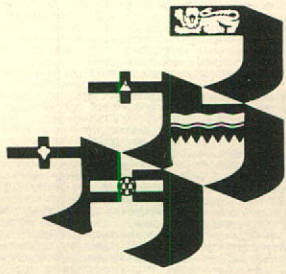
Sport North
P.O. Box 504
YELLOWKNIFE, Northwest Territories
X1A 1H0
Telephone (403) 873-7723

Western Canada Lottery Foundation
Number 1 Lakeview Square,
Winnipeg, Manitoba
R3C 3H8



R3C 3H8
Winnipeg, Manitoba
Number 1 Lakeview Square,
Western Canada Lottery Foundation





WESTERN
CANADA
LOTTERY
FOUNDATION

November 7, 1985

McGill University
Howard Ross Library of Management
1001 Sherbrooke Street West
Montreal, Quebec
H3A 1G4

Attention: Dorothy Lawson, Serials Assistant

Dear Ms. Lawson:

Enclosed, please find a copy of the Western Canada Lottery Foundation's Annual Report for the fiscal year ending March 31, 1985.

If you require additional copies, please do not hesitate to contact me at (204) 942-8217, extension 258.

Sincerely,

Debbie Gordon
Supervisor, Public Relations

DG/ml1

Enclosure

