







## TABLE OF CONTENTS

Board Of Directors	2
From The Board	3
Destinations Visited	4-5
The Lottery Dollar	6
New Horizons	7
The Winners	8-9
The Beneficiaries	10-13
Auditors' Report	14
Financial Statements	15-17
Notes To Financial Statements	18-20



# LOTTERY TICKET CENTRE



**THE BUSINESS OF WESTERN  
CANADA LOTTERY  
CORPORATION IS STEERED  
BY ITS BOARD OF DIRECTORS  
WHICH IS COMPRISED OF  
TWO DIRECTORS FROM EACH  
MEMBER PROVINCE AS  
FOLLOWS:**

JIM BURNETT  
*Chairman*  
Saskatchewan

D.E.L. KEOWN  
*First Vice Chairman*  
Alberta

HOWARD MACDONALD  
*Second Vice Chairman*  
Alberta

GLENDA RUSSELL  
*Secretary*  
Manitoba

GARTH MANNESS  
*Director*  
Manitoba

PAUL ROBINSON  
*Director*  
Saskatchewan

## MAPPING THE COURSE FOR FISCAL 1988/89



was a strategic plan engineered to generate more dollars for the bottom line—revenue returned to the lottery community. And generate it did! Sales accelerated five percent to \$527.7 million, enabling a return of \$199.5 million.

Each product track—On-Line, INSTANT, Hybrid—underwent modifications to enhance performance. The pace for each was heady, the stops along the way numerous, exciting.

The On-Line track proved fastest. LOTTO 6/49, boosted by two five-draw Bonuses featuring guaranteed minimum JACKPOTS of \$10 million, clocked a record \$276.4 million in sales. LOTTO 6/36, with an adjusted prize structure, came in at \$23.6 million. And THE PLUS, a regional game launched July 31st, beat performance projections by 70 percent to come in at \$25.9 million!

The INSTANT track, boasting the greatest variety of scratch and match options to date, was action-packed. With double the ticket options, the \$1 and \$2 game mix boosted INSTANT sales six percent to \$129.2 million.

The Hybrid track slowed 18.5 percent to register combined sales of \$72.5 million. Here, the emerging star was the new \$20 Special Event lottery, this year featuring SPECIAL 88 and CELEBRATION 89. With a mere two draws on its card, this product registered sales of \$14.5 million.

Fiscal 1988/89 was geared to win. And, with a course jam-packed with prize possibilities, what winnings there were! The year's aggregate win—\$246.3 million—sparked miles of smiles from Emerson thru to Inuvik.

To make the course more accessible to all across those miles, the On-Line network expanded 11 percent. To make it more visible, 400 LED JACKPOT signs were fielded along with Back-Lit Point-of-Sale Displays and Polar Motion Signs. To make it more professional, a host of training programs continued including Basic and Certified Lottery Terminal Training. And to make it more secure, tickets took on new features, new redemption procedures were adopted, hours for ticket validation were extended and Retailers were educated on security fundamentals.

The year's pace was hectic, but efficient. Operating expenses held steady at eight percent of sales.

To ensure continued operational efficiencies and maximize the bottom line remain on-going corporate objectives addressed in plans for the year to come. Also addressed is to determine how member provinces share in the economic benefits that accrue from the business of lotteries.

The business of lotteries has never been better. The success of this record year is attributable to player enthusiasm and industry dedication. To all who contributed to its success, including Len Gzebb who retired from his post as General Manager at the close of the year, thanks. Your support made this a winning year for the entire lottery community.

A handwritten signature in blue ink, appearing to read "JIM BURNETT".

JIM BURNETT  
Chairman of the Board

**IN TALLYING  
ROUGHLY 61 PERCENT OF  
TOTAL INTAKE,  
THE ON-LINE MIX  
LED THE FIELD.**



Front-runner was LOTTO 6/49. Fueled by two Bonuses commanding respective sales of \$21.7 million and \$21.5 million, overall performance improved eight percent to \$276.4 million. Regional fan reward was 25 JACKPOT wins worth an aggregate \$50.4 million. The headliner among these was a \$10 million payday for the Thatchers of Edmonton.

Second place finisher was THE PLUS. Dusting ambitious performance projections by 70 percent, this On-Line novice racked up sales of \$25.9 million in just eight months. Gamers were quick to note THE PLUS, its unique prize structure and 1 in 5.26 odds of winning. Combined results of a mall intercept study and tri-province telephone survey signaled an overall game awareness level of 79 percent. More striking, the study showed that of the 74 percent who said "YES" to THE PLUS, 34 percent remain loyal fans.

Riding the draft with sales of \$23.6 million was LOTTO 6/36. This On-Liner approached the course with a prize change and a riddle. The change, based on extensive market research, transformed winnings for matching three of six numbers from \$3 to five \$1 INSTANT tickets. While the change didn't yield the thrill of the year's 10 JACKPOT wins, three of which swung wide of the \$1 million curve, it did generate high-test smiles from at least eight players who solved the riddle of "What Three Numbers Could Win You Thousands?" With \$10,000 prize cheques in hand, their emphatic response was "LOTTO 6/36 Can!"



**SECOND TO RECEIVE THE  
CHECKERED FLAG,  
AT 24 PERCENT OF TOTAL  
INTAKE, WAS  
THE INSTANT MIX.**

Propelled by a battery of 14 games, this mix yielded \$129.2 million in total receipts, an increase of six percent.

On the \$1 side were eight entries. Offering top prizes of \$10,000 and up was the five-strong line-up of high-tier games. Games included THE LOST PYRAMID, THE CYBORG FACTOR, THE 12 DAYS OF CHRISTMAS, ZODIAC, and SUPER SKI. New to the \$1 category was the low-tier game option featuring BANCO, AUTUMN GOLD and QUICK SILVER. Designed to produce more wins, this option was a hit with "scratch for cash" fans. And, in offering a \$1,000 top prize, all winnings were encashable at the Retail level making these the first completely INSTANT game products.

On the \$2 card were six entries. All but the CHRISTMAS CARD were two-part tickets featuring high and low-tier games with a chance to win on one or both. Back by popular demand was DOUBLE DARE with a series of three tickets. Also back for a second season was FIRST AND GOAL. By incorporating a "Game of the Week" component where winnings were determined by actual Canadian Football League game scores, this game met its objectives. The sports fan was attracted and the player base expanded. A new entry to the season's \$2 tally was TREASURE ISLANDS. Launched just before the first snowfall, this ticket offered the chance to win cash and exotic tropical vacations for two to one of five destinations.

**NEXT ACROSS  
LINE, AT 13 PERCENT OF TOTAL  
WAS THE HYBRID MIX.**

The overall pace of this mix slowed 18.5 percent to tally sales of \$72.5 million. Cruising the Hybrid track were two veterans and one newcomer.

At the fore with sales of \$35.2 million was WESTERN EXPRESS. Generating wide-spread interest in this veteran Hybrid were three highly successful Bonus periods. How successful were the year's Bonuses? Each registered a significant increase over base sales. For spring, it was 22.4 percent. For fall, it was 63.8 percent. And for winter, it was 69.4 percent.

Finishing second with sales of \$22.8 million was PROVINCIAL. Revamped to feature a \$1 million grand prize and a scratch game on the ticket pouch, this new Hybrid gained additional sales momentum through three Bonuses. The first two, for instant cash, generated increases over base sales of 30.7 percent and 124.7 percent respectively. The third, for instant cash and a choice between the Sable LS Wagon and Jeep Cherokee Pioneer 4 x 4, sparked a 132.7 percent increase.

Newcomer to the Hybrid mix was the \$20 Special Event game, a game that delivered receipts of \$14.5 million over just two draws. Lap one featured

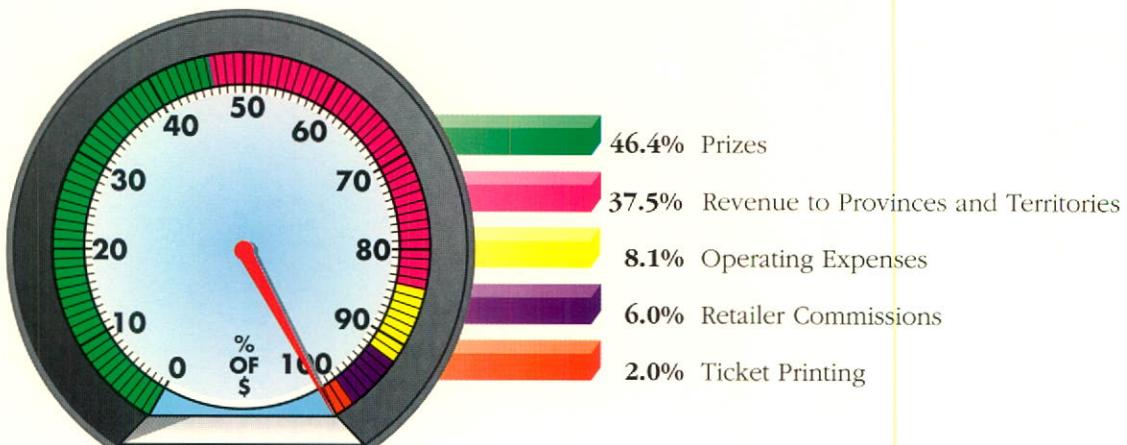


**THE FINISH  
INTAKE,**

SPECIAL 88. What made it special? Ask Jim Emslie of Winnipeg. He won a sleek new Mercedes 560 SL valued at \$80,000. Ask Patricia Larkam of Calgary. She won a racy new Porsche, also valued at \$80,000. Or ask Saskatoon's Julian Smith, winner of a cool \$1 million in cash. What SPECIAL 88 added up to was an astonishing \$25.2 million in prizes! Lap two featured CELEBRATION 89 with a prize roster valued at over \$31.6 million. While Westerners weren't among the convoy claiming merchandise prizes, there was ample cause for celebration. For the Addis family of Winnipeg, the cause was a \$1 million payday. For Neil Watson, it was jetting off to Vancouver with \$1,000 in instant cash and returning to Calgary with an additional \$100,000!



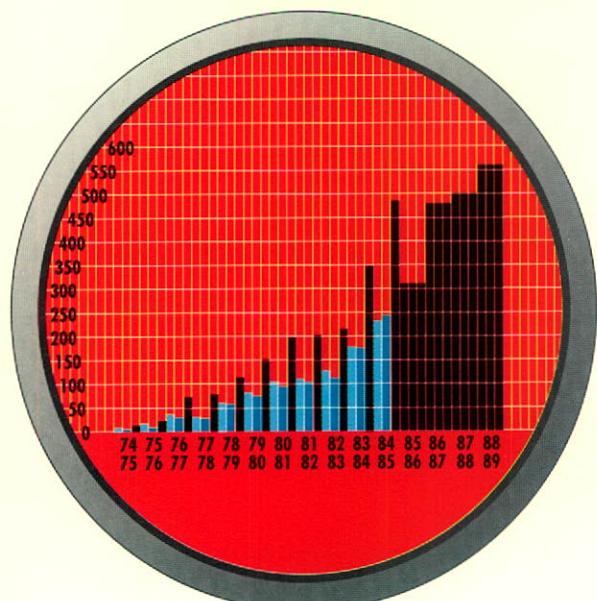
**TO THE INDIVIDUAL, THE DOLLAR SPENT PLAYING GAMES OF CHANCE IS A DISCRETIONARY DOLLAR. WHERE DOES THAT DOLLAR GO?**



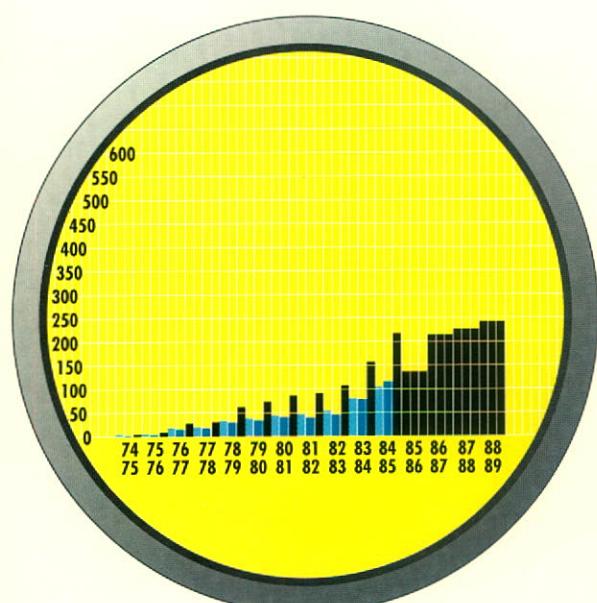
**TO THE COMMUNITY, THE DOLLAR RETURNED AS LOTTERY REVENUE IS THE LIFELOOD OF MANY WORTHWHILE CAUSES.  
WHERE DOES THAT DOLLAR GO?**



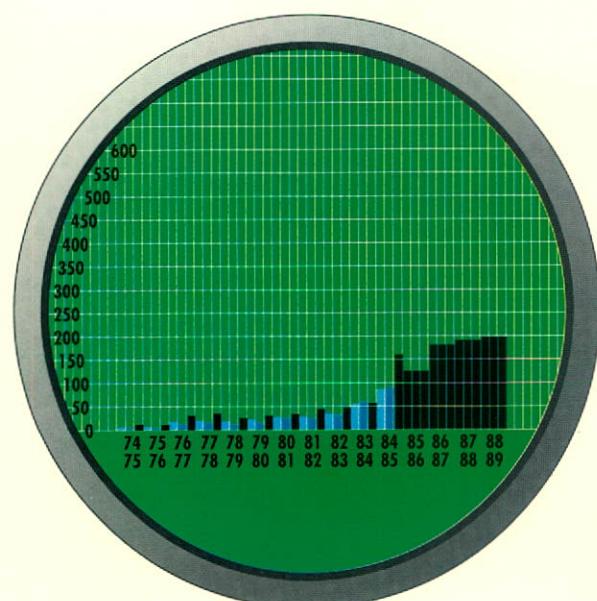
**TO THE INDUSTRY, THE LOTTERY DOLLAR HAS ENABLED A TRACK RECORD OF STEADY GROWTH.**



**TOTAL SALES**  
(in Millions of Dollars)  
from 1974/75 to 1988/89



**TOTAL PRIZES**  
(in Millions of Dollars)  
from 1974/75 to 1988/89



**TOTAL NET REVENUE**  
(in Millions of Dollars)  
from 1974/75 to 1988/89

Note: All figures for 1985/86 onward exclude British Columbia which withdrew from the Corporation at the close of the 1984/85 fiscal year.

Total  
British Columbia  
Prairie Provinces

**TO GO THE MILE IS TO MAINTAIN POSITIVE SALES MOMENTUM.**

The thrust behind the strategic plan for fiscal 1989/90 is to go that mile, and then some.

The course mapped out is the fastest yet, and the most ambitious. The overlapping game strategy, integral to performance of the INSTANT mix, will see the fielding of yet another rapid-fire succession of \$1 and \$2 games to keep "scratch" play in high gear.

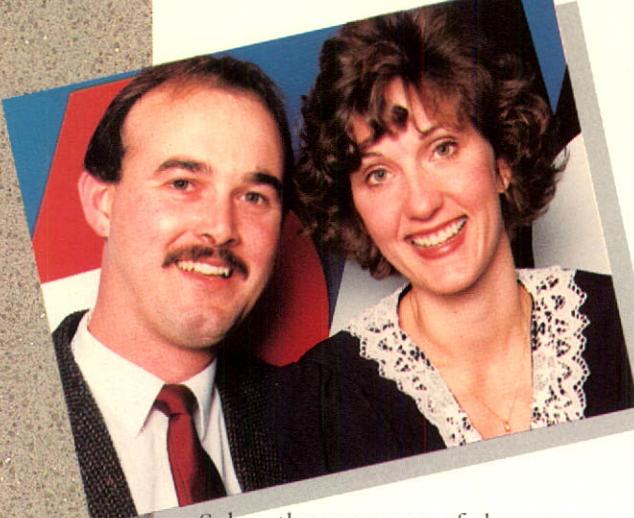
To rev up interest in the Hybrid mix, several new initiatives are planned.

WESTERN EXPRESS is scheduled for an overhaul designed to broaden its popularity. And signs point to a new vehicle for Bonusing prizes, one where players will "wheel" their way to stardom. For PROVINCIAL, an additional Bonus is in the works. And for the Special Event product, a new ticket is planned to cater to market interest in group play.

The interest in group play is addressed in plans for the On-Line mix as well. With as many as 56 percent of LOTTO 6/49 gamers having participated in group play and demand for organized groups on the rise, a new service is in the works. To be called THE GREAT DIVIDE, it will see the Lottery act as the office "Fred" by organizing groups of 100 for LOTTO 6/49 play. An additional curve planned for the On-Line track is a daily game, one that will see players matching cards, not numbers. The network, expanded in fiscal 1988/89 and targeted for further expansion to as far north as Inuvik in the Arctic Circle, is ready to deal this new hand.

With these and other initiatives ready to roll, it will be another full throttle year, another year geared to win for the lottery community.

## THE WINNERS



Sales, the measure of dreams, more than doubled for October's "Huge...Huger...Hugest" LOTTO 6/49 Bonus. The catalyst was five consecutive \$10 million JACKPOTS.

Getting in on the action just one day after signing a mortgage agreement were **Scott and Lena Thatcher** of Edmonton. Their selection of birthdates, ages and a number drawn from a hat for the October 15th draw yielded the second largest cheque written by Western Canada Lottery Corporation—a \$10 million payday.

Exclaimed Scott, a quality assurance representative for Air Canada, "This just can't be real. I'm overwhelmed!" Added Lena, a part-time inventory clerk for Harry Rosen, "There's no way of fathoming that amount of money!"

The unfathomable win spells a pre-possession mortgage paid-out and, in enabling the purchase of a recreational vehicle, puts an end to wet weather camping discomfort for the Thatchers and their two-year-old twins. More importantly, the win gives time to share. Enthused Lena, "This will give me a good opportunity to stay home and raise the kids."

Prime time is family time for Winnipeg's **Ardis Addis** and family. And on January 8th, prime time took on new meaning with the live telecast of the CELEBRATION 89 draw extravaganza.

Ardis watched the show. As the numbers were drawn for one of the \$1 million prizes, she saw that three of the numbers matched those on her family's ticket, then four, then all seven! It was a dizzying moment, perhaps too good to be true. Before rounding up her clan—Thomas Addis, Donald Addis, Virginia Addis, Patsy Domanski—Ardis had to be sure. "I thought I should double-check it, so I watched the French channel and, when it was right again, I called the kids."

The family's first reaction, like their mother's, was one of skepticism. The \$1 million prize cheque made believers of all, letting the Addis's jubilant celebration begin.

As cautious with their plans as they were skeptical in accepting the good news, the clan intends to keep their feet firmly planted on the ground. Said Patsy, "I think we'll all start by paying bills, leaving it in the bank a while, and thinking about it."

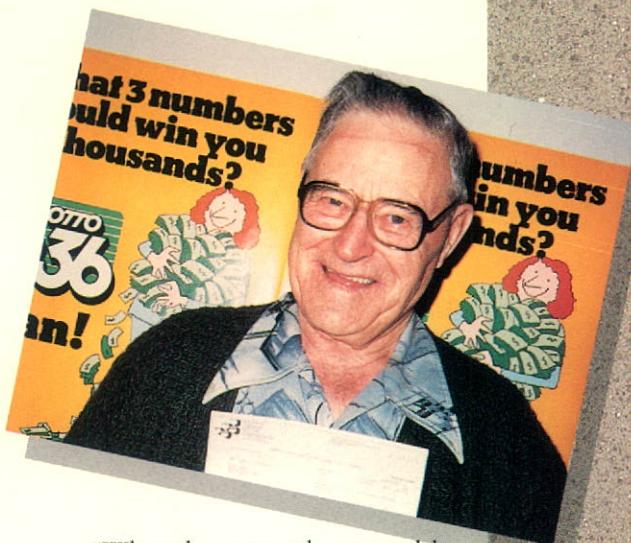


Steered by the stars, Dawson City's **Trudy Lindgren** decided against the intended QUICK SILVER purchase and selected two ZODIAC INSTANT tickets instead. Drawing on the hoped-for astrological powers of her sign and her daughter Patricia's, she selected an Aquarius and a Gemini.

Later that day, Trudy scratched the tickets, looked at the matching symbols and was paralyzed. "I just sat there. I couldn't believe it!" The stars had steered her to \$10,000 in INSTANT riches on Gemini, seven-year-old Patricia's sign.



The band councillor and on-call probation officer "Banked half right away for Patricia. It's for her future, for college or whatever she wants to do when she gets older." With the future looked after, it was time to deal with the present. "I paid a few bills with the other half, gave some to my husband, and I think we'll take a trip to Whitehorse on spring break."



"What three numbers could win you thousands?" The answer, as **Bill Duncan** of Rosetown, Saskatchewan now knows is LOTTO 6/36.

Beginning with tickets for the April 6th draw, the prize for matching three numbers jumped from \$3 to five \$1 INSTANT tickets. And Bill became the first in a string of Westerners to parlay a LOTTO 6/36 three match prize into a \$10,000 instant windfall!

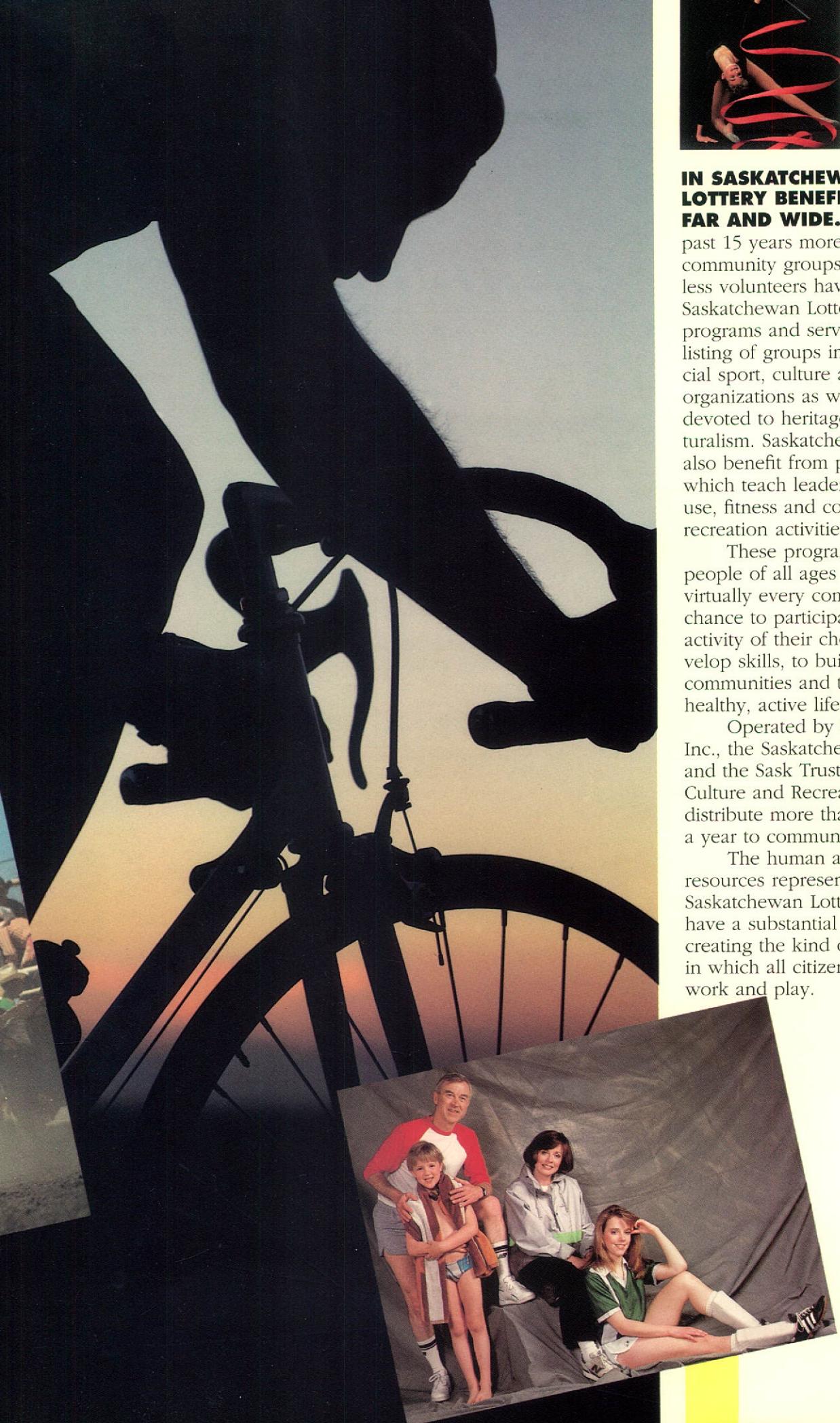
"I couldn't believe it!" exclaimed the father of four and grandfather of seven. "You always look for the big one. But it's quite a surprise when you find it."



**REVENUES FROM  
THE OPERATION OF  
LOTTERIES IN ALBERTA  
ENHANCE AND  
ENRICH THE QUALITY  
OF COMMUNITY LIFE  
AFFORDED TO ALL**

**ALBERTANS.** Throughout the province, the government's innovative use of lottery funds benefits a far-reaching number of cultural, sport, recreational and community initiatives. Beneficiaries have included a children's festival staged by Calgary's Centre for the Performing Arts, the Alberta Museums Association, senior citizens and youth groups, the Alberta Summer and Winter Games, disabled persons, agricultural fairs and exhibitions, Alberta's five regional library systems, and hospital patients across the province who receive treatment and diagnosis from the use of high-cost medical equipment purchased with lottery revenues.





### **IN SASKATCHEWAN, LOTTERY BENEFITS REACH FAR AND WIDE.**

Over the past 15 years more than 1,200 community groups and countless volunteers have used the Saskatchewan Lottery to develop programs and services. This listing of groups includes provincial sport, culture and recreation organizations as well as those devoted to heritage and multiculturalism. Saskatchewan people also benefit from programs which teach leadership, park use, fitness and community recreation activities.

These programs offer people of all ages and abilities in virtually every community the chance to participate in the activity of their choice, to develop skills, to build cohesive communities and to lead a healthy, active lifestyle.

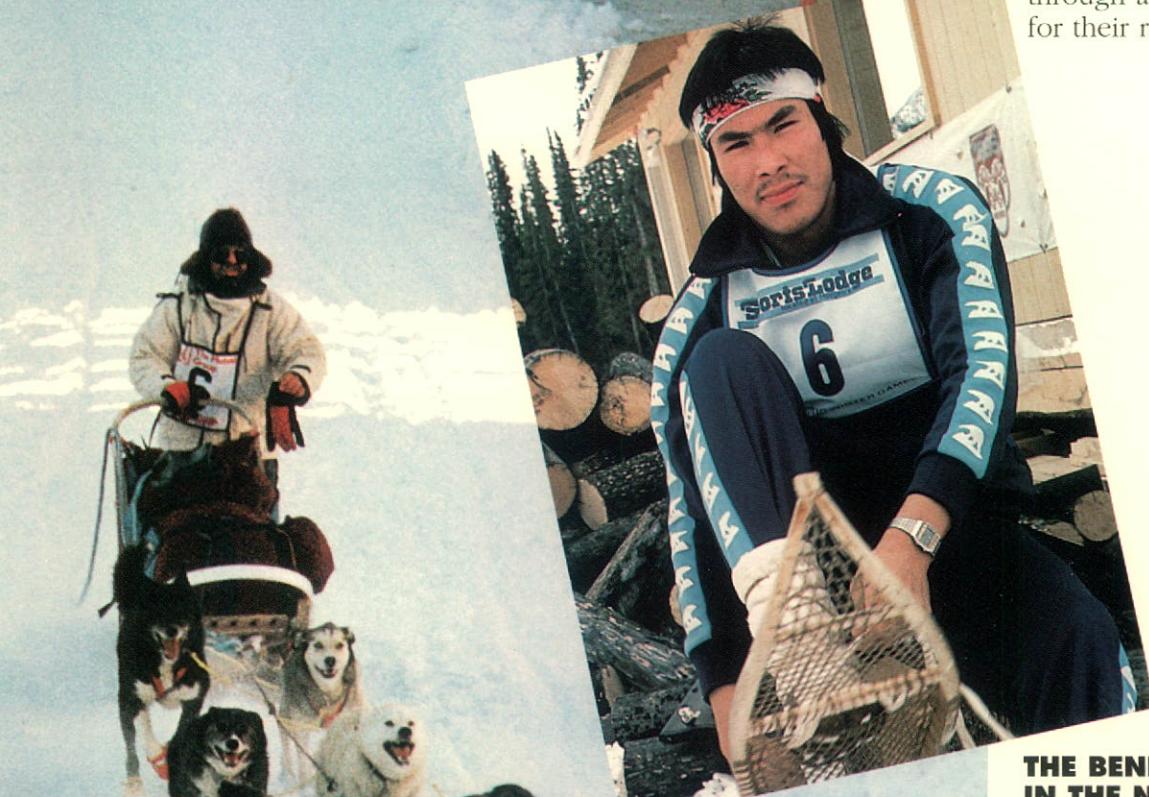
Operated by Sask Sport Inc., the Saskatchewan Lottery and the Sask Trust for Sport, Culture and Recreation raise and distribute more than \$29 million a year to community groups.

The human and financial resources represented by the Saskatchewan Lottery system have a substantial impact on creating the kind of communities in which all citizens want to live, work and play.



**IN MANITOBA, LOTTERY REVENUE IS USED TO FUND THOUSANDS OF COMMUNITY-BASED ORGANIZATIONS THAT IMPROVE OUR QUALITY OF LIFE.**

The arts, sport, recreation, heritage and multicultural and community service projects are the direct beneficiaries of gambling revenue. Six funding Umbrellas, six Special Agreement Groups and two government departments utilize the funds to make good things happen in the province. Manitoba's unique system of lottery revenue distribution ensures that all Manitobans benefit.



**REVENUES REALIZED FROM THE SALE OF LOTTERY TICKETS IN THE YUKON TERRITORY ARE DISTRIBUTED BY THE GOVERNMENT-APPOINTED YUKON LOTTERY COMMISSION.**

Funds are distributed to Yukon communities to enhance their recreational activities, to Elite Athletes and Advanced Artists for pursuit of excellence in their fields of endeavour, to Territorial sport, arts, recreational and cultural organizations to give basic funding support, and to groups and individuals who apply through an application process for their recreational projects.

**THE BENEFITS OF LOTTERIES IN THE NORTHWEST TERRITORIES ARE FAR-REACHING.**

In the Northwest Territories, Sport North provided lottery revenue to help finance the Arctic Winter Games, territorial competitions, coaching, officiating and player development clinics in addition to the Annual General Meeting and Awards. It was also used to assist cultural and recreational organizations, winter regional sports and summer sports.

**AUDITORS' REPORT**

To the Members of the  
Western Canada Lottery Corporation:

We have examined the combined balance sheet of the Western Canada Lottery Corporation and its related lottery organizations as at March 31, 1989 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 Corporation and its related lottery organizations as at March 31, 1989 and the results of its operations and the 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.

Winnipeg, Canada  
June 12, 1989

*Clarkson Gordon*  
Chartered Accountants.

**COMBINED STATEMENT OF OPERATIONS**

YEAR ENDED MARCH 31, 1989

	<b>1989</b>	1988
	(in thousands of dollars)	
Lottery sales (note 3)	<b>\$527,744</b>	<b>\$501,890</b>
Direct expenses:		
Prizes	<b>246,295</b>	230,600
Retailer commissions	<b>31,993</b>	30,640
Ticket printing	<b>10,771</b>	9,198
	<b>289,059</b>	<b>270,438</b>
Gross income	<b>238,685</b>	231,452
Operating expenses:		
Ticket distribution and administration (note 4)	<b>11,989</b>	11,982
Marketing	<b>13,824</b>	12,738
Computer information and gaming systems	<b>11,313</b>	10,101
Depreciation and amortization	<b>6,030</b>	5,467
	<b>43,156</b>	<b>40,288</b>
Operating income	<b>195,529</b>	191,164
Interest and other income	<b>4,009</b>	3,095
Net income	<b>\$199,538</b>	<b>\$194,259</b>
Net income allocated to the following provinces or territories:		
Alberta	<b>\$109,763</b>	\$107,839
Saskatchewan	<b>40,000</b>	38,459
Manitoba	<b>47,311</b>	45,834
Yukon Territory	<b>1,302</b>	1,037
Northwest Territories	<b>1,162</b>	1,090
	<b>\$199,538</b>	<b>\$194,259</b>

(see accompanying notes)

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

YEAR ENDED MARCH 31, 1989

	<b>1989</b>	1988
	(in thousands of dollars)	
Due to Provincial Governments or appointed organizations, beginning of year	<b>\$15,410</b>	\$10,903
Add:		
Net income	<b>199,538</b>	194,259
	<b>214,948</b>	205,162
Deduct:		
Distributions during the year	<b>192,659</b>	176,467
Payment to Federal Government on behalf of the Provincial Governments (note 6)	<b>7,504</b>	13,285
	<b>200,163</b>	189,752
Due to Provincial Governments or appointed organizations, end of year	<b>\$14,785</b>	\$15,410
Due as follows:		
Alberta	<b>\$7,148</b>	\$8,083
Saskatchewan	<b>3,751</b>	3,510
Manitoba	<b>3,663</b>	3,624
Yukon Territory	<b>122</b>	105
Northwest Territories	<b>101</b>	88
	<b>\$14,785</b>	\$15,410

(see accompanying notes)

**COMBINED BALANCE SHEET**

AS AT MARCH 31, 1989

ASSETS	1989	1988
	(in thousands of dollars)	
Cash—		
Prize funds	\$19,269	\$13,074
Other	2,479	1,503
	<u>21,748</u>	<u>14,577</u>
Accounts receivable	4,537	3,619
Prepaid expenses and deposits on equipment	1,480	919
Fixed assets (note 5)	<u>15,454</u>	<u>18,648</u>
	<u>\$43,219</u>	<u>\$37,763</u>
LIABILITIES		
Prizes payable	\$19,269	\$13,074
Payable to Interprovincial Lottery Corporation	1,843	1,798
Accounts payable and accrued charges	3,381	2,151
Deferred revenue	3,941	5,330
Due to Provincial Governments or appointed organizations	<u>14,785</u>	<u>15,410</u>
(see accompanying notes)	<u>\$43,219</u>	<u>\$37,763</u>

On behalf of the Board:



Director



Director

**NOTES TO COMBINED FINANCIAL STATEMENTS**

MARCH 31, 1989

**1. NATURE OF THE CORPORATION**

The Western Canada Lottery Corporation was incorporated without share capital under Part II of the Canada Corporations Act on May 13, 1974. The Provincial Governments of Manitoba, Saskatchewan and Alberta are members in the Corporation, and the Yukon Territory and the Northwest Territories participate with the provinces as associate members in the sale of lottery tickets. Each province and territory has appointed a lottery organization to assist the Corporation with the distribution of lottery tickets in its jurisdiction.

Under the terms of its incorporation, the Corporation is responsible for the conduct and management of lottery games in Western Canada. The **WESTERN EXPRESS**, **LOTTO 6/36**, **THE PLUS** and **INSTANT** lottery games are conducted solely by the Corporation. The Corporation participates in the conduct of the **PROVINCIAL**, **SPECIAL EVENT** games, **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 Corporation is the Regional Marketing Organization for the **PROVINCIAL**, **SPECIAL EVENT** games, **SUPER LOTO** and **LOTTO 6/49** in its members' jurisdiction. The Ontario Lottery Corporation, Loto Québec, the Atlantic Lottery Corporation and the British Columbia Lottery Corporation are the Regional Marketing Organizations in Ontario, Québec, the Atlantic provinces and British Columbia, respectively.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Corporation have been prepared in accordance with generally accepted accounting principles. The more significant of these accounting principles are presented below in order to assist the reader in understanding these financial statements:

**a. Principles of combination**

In addition to the results of the operation of the Western Canada Lottery Corporation and its financial position, 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, SPECIAL EVENT games, SUPER LOTO and LOTTO 6/49**

As the Corporation is a Regional Marketing Organization for the **PROVINCIAL**, **SPECIAL EVENT** games, **SUPER LOTO** and **LOTTO 6/49**, it pays the Interprovincial Lottery Corporation its share of the cost of prizes for these games as well as its share of the ticket printing costs for the **PROVINCIAL**, **SPECIAL EVENT** games and **SUPER LOTO**. These costs (\$144,969,000), and the Corporation's share of the Interprovincial Lottery Corporation's operating expenses (\$644,000), and interest revenues (\$1,267,000) are reflected in the expenses and interest revenues in the combined statement of operations.

**c. Income recognition**

Lottery revenue is recorded as of the date of the draw with the exception of **INSTANT** game revenue which is recorded at the time of sale to the Retailer. For lotteries with draws subsequent to March 31, 1989, the receipts, net of direct expenditures, as at March 31 are recorded as deferred revenue.

**d. Fixed assets**

Expenditures for fixed assets are capitalized at cost and are depreciated over their estimated useful lives. Expenditures for repairs and maintenance are charged to income. When assets are sold or retired, their costs and related accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in income.

Depreciation is provided on a straight line basis using the following rates:

Computer systems and other related game equipment	20%
Office furniture and fixtures	10%
Leasehold improvements	10%
Retailer fixtures and signage	20%

**e. Accounting for free ticket prizes**

Lottery tickets issued as a consequence of the redemption of free ticket prizes are not recorded as ticket sales or as prizes paid.

**f. Pension costs and obligations**

The Corporation accounts for pension costs and obligations using the recommendations of The Canadian Institute of Chartered Accountants with prospective application from April 1, 1987. Pension costs are actuarially determined using the projected benefit method pro-rated on service and management's best estimate assumptions. Adjustments arising from plan amendments, experience gains and losses, changes in actuarial assumptions and the difference between the actuarial present value of accrued pension obligations and the market value of pension plan assets at March 31, 1987 are amortized on a straight line basis over the employees' average remaining service life of 12 years.

**3. LOTTERY SALES**

Sales revenue by product is as follows:

	1989	1988
(in thousands of dollars)		
LOTTO 6/49	\$276,404	\$255,113
INSTANT	129,208	122,085
WESTERN EXPRESS	35,179	46,624
THE PLUS	25,954	—
LOTTO 6/36	23,649	35,690
PROVINCIAL	22,848	23,591
SPECIAL EVENT/SUPER LOTO	14,502	18,787
	<hr/> <u>\$527,744</u>	<hr/> <u>\$501,890</u>

**4. TICKET DISTRIBUTION AND ADMINISTRATION EXPENSES**

Ticket distribution and administration expenses include expenses of related lottery organizations in the amount of \$4,333,000 (1988—\$4,042,000) which represent provincial costs related to the distribution of lottery tickets to retailers.

**5. FIXED ASSETS**

Fixed assets are comprised of:

	Cost	Accumulated Depreciation	1989 Net	1988 Net
(In thousands of dollars)				
Computer systems and other related game equipment	\$28,770	\$18,216	\$10,554	\$13,070
Office furniture and fixtures	1,032	413	619	724
Leasehold improvements	5,030	2,288	2,742	3,230
Retailer fixtures and signage	5,775	4,236	1,539	1,624
	<u>\$40,607</u>	<u>\$25,153</u>	<u>\$15,454</u>	<u>\$18,648</u>

**6. PAYMENT TO FEDERAL GOVERNMENT**

The Interprovincial Lottery Corporation makes payments to the Government of Canada as a result of an agreement made between the Provincial Governments and the Federal Government on the withdrawal of the Federal Government from the lottery field. The agreement requires the provinces, on a combined basis, to make on-going payments of \$24 million in 1979 dollars annually on an inflation-adjusted basis (currently \$42 million).

The Corporation, as a Regional Marketing Organization of the Interprovincial Lottery Corporation, remits its member provinces' share of the above payments to the Interprovincial Lottery Corporation which is based on current population statistics and amounted to 18.0 percent of the total in 1989. The cost is allocated between each member province based on their share of lottery ticket sales.

**7. FUNDS ADMINISTERED BY THE CORPORATION**

The Corporation distributes lottery income to beneficiaries on behalf of one of its member provinces. The undesignated funds are administered on behalf of the province by the Corporation and are not reflected in these statements.

**8. PENSION COSTS AND OBLIGATIONS**

The Corporation maintains a defined benefit pension plan covering substantially all of its employees. Based on the latest actuarial report the estimated present value of accrued pension benefits as at March 31, 1989 amounted to \$1,850,000 (1988—\$1,425,000). The market value of the net assets available to provide these benefits was \$2,369,000 (1988—\$1,657,000).

The pension expense recorded in the accounts during 1989 amounted to \$226,000 (1988—\$124,000).

**9. STATEMENT OF CASH FLOWS**

A statement of cash flows has not been included with the financial statements as it would provide no additional information.

**EACH PROVINCIAL AND  
TERRITORIAL GOVERNMENT  
MAPS THE COURSE FOR  
LOTTERY REVENUE  
DISBURSEMENT IN ITS  
COMMUNITY. LOTTERY  
REVENUE DISBURSEMENT  
CHECKPOINTS INCLUDE:**

Government of Alberta Canada  
Lotteries and Financial Assistance  
to Major Exhibitions and Fairs  
14th Floor, Royal LePage Building  
10130-103rd Street  
Edmonton, Alberta  
T5J 3R2

Sask Trust for Sport, Culture  
and Recreation  
1870 Lorne Street  
Regina, Saskatchewan  
S4P 2L7

Manitoba Lotteries Foundation  
830 Empress Street  
Winnipeg, Manitoba  
R3G 3H3

Lotteries Yukon  
312 Wood Street  
Whitehorse, Yukon Territory  
Y1A 2E6

Sport North  
P.O. Box 504  
Yellowknife, Northwest Territories  
X1A 1H0

**For additional lottery information,  
your checkpoint is:**

Western Canada Lottery  
Corporation  
9th Floor, 125 Garry Street  
Winnipeg, Manitoba  
R3C 4J1  
(204) 942-8217

