



June 16, 2003

Log # 220385

To: All Hobby Group Administrators

I am writing further to my letter of April 25, 2003, and to clarify the circumstances under which hobby groups, such as quilting guilds, may be licensed to conduct ticket raffles.

The Province must ensure licensed gaming events are conducted in a manner consistent with Canada's Criminal Code. Under the Code, the Province has the authority to licence charitable and religious organizations to generate funds for charitable and religious purposes.

Generally, all eligibility criteria, outlined in the Guidelines for Applying for a Class A or Class B Gaming Event Licence, must be met before a gaming event licence can be issued. For community fundraising groups, such as a hobby or employee group, a gaming event licence for a ticket raffle may be issued if all net gaming proceeds will be donated to one or more eligible organizations.

The monies generated through ticket sales are considered gross revenue. From the gross revenue, a community fundraising group which is the licensee may:

- Recover the actual or full market value of the prize(s) they are awarding. For example, while a quilting group may spend a limited amount on materials for a quilt, they may recover an amount reflecting the real value of the quilt(s). This amount must be consistent with the true value of the prize in the marketplace; and
- Legitimate and real expenses directly related to putting on the raffle event. This may include costs for tickets, advertising, the location at which the raffle occurs, and so forth. If the raffle is conducted as part of a larger event (e.g.: a quilt show), an amount reflecting the portion of the total event costs represented by the raffle may be included. Event-related expenses cannot exceed 20 per cent of actual gross revenue.

Any monies legitimately recovered for prizes or expenses may be used at the discretion of the organization.

The remaining proceeds must be allocated towards eligible community organizations' programs and services. When submitting its application for a gaming event licence, community fundraising groups must submit a letter from the eligible organization(s) confirming awareness that the raffle is being conducted on their behalf, and agreeing to accept and use those proceeds for eligible purposes.

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Alternatively, an eligible organization may be the licensee for the ticket raffle and purchase the prize from another organization, such as a hobby group. Such a licensee may claim prize costs and event-related expenses, but must use the remaining net proceeds for eligible programs and services, which might include purchase of items from a hobby group.

Sincerely,

A handwritten signature in black ink, appearing to read 'Derek Sturko'. The signature is fluid and cursive, with a prominent loop at the beginning and a long, sweeping tail that ends in a small hook.

Derek Sturko
General Manager