



YUKON LOTTERY COMMISSION

ANNUAL REPORT • 2012-2013



Cover Photo: Beaded Hair Barrette, Adäka Cultural Festival

Table of Contents

Yukon Lottery Commission Annual Report for the year ended March 31, 2013.

Letter of Transmittal.....	2	Revenue Sharing — Government of Yukon	11
Message from the Yukon Lottery Commission.....	3	2012/2013 Lotto Winners	12
Operations and Sales Report	4	Financials.....	14
Sales by Game	5	Management Responsibility Statement	14
Revenue Distribution.....	6	Auditors' Report.....	15
Recreational Projects Program.....	6	Statement of Comprehensive Income.....	16
Travel Assistance Program.....	6	Statements of Changes in Equity.....	17
Community Lottery Program.....	6	Statements of Financial Position.....	18
Yukon Lottery Commission 2012/2013		Statements of Cash Flows	19
Approved Funding	7	Notes to the Financial Statements	20
Total Contributions to Communities/ Applicants.....	10		
Government of Yukon.....	10		





The Honourable Brad Cathers
Minister Responsible for Yukon Lottery Commission
Government of Yukon

December 2, 2013

Dear Minister Cathers,

I have the honour to present you with the Annual Report of the Yukon Lottery Commission for the fiscal year ended March 31, 2013.

Respectfully submitted,

Heather Campbell
Chair
Yukon Lottery Commission

Message from the Yukon Lottery Commission

I am pleased to share with you the 2012/13 Annual Report of the Yukon Lottery Commission.

The Yukon Lottery Commission is created and mandated under the *Public Lotteries Act and Regulations*. A key responsibility of the Commission is the allocation of profits from the sale of lottery tickets. Oversight for public lotteries in Yukon is provided through a partnership between the Yukon Lottery Commission and Western Canada Lottery Corporation.

Efforts underway to improve and strengthen the Commission's governance framework will continue into the next fiscal year. This includes working with our Yukon government partners, Sport and Recreation Branch and Cultural Services Branch, on the development of a Partnership Memorandum of Understanding. Through these efforts the Commission recognizes that our clients are better served by aligning planning and program delivery across agencies.

2014 marks Lotteries Yukon's 40th anniversary of selling lottery products in Yukon and sharing the revenue from lottery profits to support art, sport and recreation in Yukon communities. We look forward to celebrating this momentous occasion with you.

In 2013 we said good-bye to our long standing member of the Yukon Lottery Commission — Jenny Skelton. I would like to give special recognition to Jenny for her many years of service to the Commission and know that she will continue to be active in her community of Watson Lake.

Sincerely,



Heather Campbell, Chair
Yukon Lottery Commission



Operations and Sales Report

Operations

Over the past few years Lotteries Yukon has worked closely with the Commission on the modernization of our operations. Much of this work has resulted in the streamlining of our programs to provide improved access and service to our clients. We recognize the challenges that non-profits face and work hard to ensure the funding programs we deliver are relevant and accessible. To support the effective and efficient delivery of both our funding and retail programs Lotteries Yukon completed a review of our business requirements with the goal of improving the information we collect, manage and report on. This foundational work will support us in developing a performance measurement framework for the Lotteries Yukon funding programs in the next fiscal year.

Sales

Yukon sales continue to have steady growth exceeding previous year's sales. For the 2012/13 fiscal year record sales of \$8.9 million were achieved. This brought in revenues of \$2.99 million back to the territory. Along with the revenues earned by the Yukon Lottery Commission, Yukon's 33 Lottery Ticket Centre retailers throughout the territory collectively earned sales commissions of \$518,000 for their efforts. Players continued to enjoy playing Scratch 'N Win, Lotto Max, Lotto 649, Keno and saying "YES" to the Extra 91% of the time. Prizes totalling \$4.75 million were paid to Yukon players in 2012/13.

Special Note 2012/13 Audited Statement Schedule of break-open tickets

In fiscal 2012/13, Lotteries Yukon was required to replenish the break-open ticket stock. These ticket costs are expensed by Western Canada Lottery Corporation through the monthly revenue settlement provided to the Yukon Lottery Commission therefore these costs are not shown on the Schedule of break-open tickets as an expenditure nor is there an explanation of this internal settlement process within the audited financial statements.

In fiscal 2012/13 Lotteries Yukon's break-open inventory was replenished at a cost of \$75,902.39.



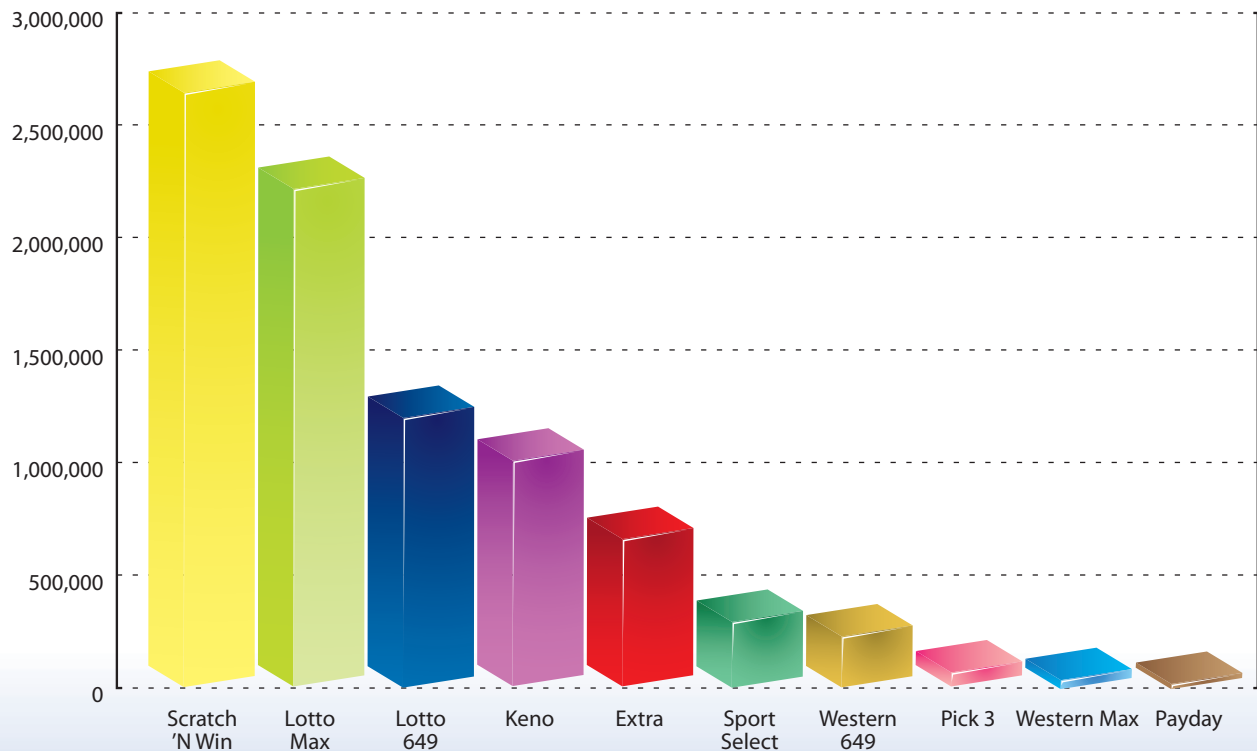
Colleen Parker
General Manager, Lotteries Yukon

Yukon Sales by Game — Five Year Comparison

Lottery Games	2012/2013	2011/12	2010/11	2009/10	2008/09
Lotto Max ¹	\$2,308,990	\$1,982,742	\$2,699,255	\$813,710	-
Super 7 ¹	-	-	-	366,696	\$734,352
Instant	2,690,205	2,694,082	2,732,881	2,322,127	2,400,731
Lotto 649	1,243,468	1,222,754	1,571,124	1,756,706	
Keno	1,117,160	993,819	760,222	900,838	1,419,944
Extra	722,488	662,369	719,433	616,597	630,254
Sport Select ²	392,649	429,767	428,266	416,406	431,794
Western 649	301,767	297,579	274,022	280,823	271,019
Pick 3	70,424	69,422	41,058	43,273	44,278
Millionaire Life	-	-	40,860	-	69,765
Pay Day	16,270	23,208	25,612	37,382	36,672
Western Max	31,106				
Total On-Line	\$8,972,199	\$8,396,456	\$8,944,363	\$7,368,976	\$7,795,515

¹ Super 7 was replaced with Lotto Max in September 2009

² Sport Select Pools and Props games launched in September 2010



Yukon Lottery Commission

Revenue Distribution

The Yukon Lottery Commission's legislated mandate provides for community based programming focused on art, sport and recreation. Lotteries Yukon delivers three different funding programs that are intended to:

- ▶ sustain and contribute to the growth of art, sport and recreation for Yukon people;
- ▶ increase access and participation of all Yukon people in art, sport, and recreation;
- ▶ improve/provide more community art, sport and recreation infrastructure; and
- ▶ increase organizational and community capacity in art, sport and recreation.

The following provides a brief description of the three Lotteries Yukon funding programs. For more information on the investments made in each program for the 2012/2013 fiscal year please refer to pages 7-10 of this report.

Recreational Projects Program

The Recreational Projects Program is application driven and provides non profit groups with funding to support art, sport and recreation projects, events or activities. Applications are accepted twice a year; April 15 and October 15. In 2012/2013, \$387,115 was allocated to projects, special events or activities under the Recreational Projects Program.

Travel Assistance Program

The Travel Assistance Program provides assistance to non-profit groups and extra-curricular high school groups attending competitions or adjudicated events. The Travel Assistance Program is a very popular program providing 990 participants with \$198,638 in funding assistance in 2012/2013.

Community Lottery Program

The Community Lottery Program provides municipalities and local authorities with funding to support art, sport and recreation in their communities. Each community receives a base amount of \$8,000 plus \$12.00 per capita for populations up to 5,000 and \$3.25 per capita for populations over 5,000. The intent of the program is to enable local decision making to meet community needs and create equitable access to lottery revenues for all Yukon people. In 2012/2013 the Community Lottery Program provided \$400,667 to municipalities and local authorities.

Yukon Lottery Commission Funding Programs 2012/2013 Approved Funding*

COMMUNITY	ORGANIZATION	PROGRAM	AMOUNT
Beaver Creek	Beaver Creek Community Club	CLP	\$ 9,392
Burwash Landing	Burwash Landing Recreation Committee	CLP	9,128
Carcross	Carcross Recreation Board	CLP	13,172
Carmacks	Village of Carmacks	CLP	14,288
Dawson City	City of Dawson	CLP	31,868
	Dawson City Oldtimer Hockey Association	TAP	3,691
	North Klondyke Highway Music Society	RPP	3,869
	Robert Service School	TAP	3,431
			42,859
Destruction Bay	Kluane Lake Athletic Association	CLP	8,588
Faro	Town of Faro	CLP	12,632
Haines Junction	Village of Haines Junction	CLP	18,104
Keno	Keno Community Club	CLP	8,264
Lorne Mountain	Lorne Mountain Community Association	CLP	12,896
Marsh Lake	Marsh Lake Community Society	CLP	14,240
Mayo	Village of Mayo	CLP	13,736
Old Crow	Vuntut Gwitchin First Nation	CLP	10,916
Pelly Crossing	Selkirk First Nation	CLP	11,948
Ross River	Ross River Recreation Society	CLP	12,440
Tagish	Tagish Community Association	CLP	11,000
Teslin	Village of Teslin	CLP	13,436
Upper Liard	Liard First Nation	CLP	9,584
Watson Lake	Town of Watson Lake	CLP	24,608
	Watson Lake Silvertip Oldtimers Hockey	TAP	1,271
			25,879

NOTE: CLP = Community Lottery Program, TAP = Travel Assistance Program, RPP = Recreational Projects Program

* The amount of funding approved/allocated may vary from the amount claimed by recipients.

Yukon Lottery Commission Funding Programs 2012/2013 Approved Funding

COMMUNITY	ORGANIZATION	PROGRAM	AMOUNT	
Whitehorse	City of Whitehorse	CLP	\$ 140,426	
	Arctic Edge Skating Club	RPP	8,723	
	Boreal Adventure Running Association	RPP	1,350	
	Community Choir of Whitehorse Society	RPP	3,493	
	Dog Powered Sports Association of Yukon	RPP	4,150	
	FH Collins Secondary School	TAP	5,057	
	Freedom Trails Therapeutic Riding Association	RPP	1,844	
	Guild Society	RPP	26,508	
	Golden Age Society	RPP	2,175	
	Klondike Highland Dance Club	TAP	1,400	
	Klondike Highland Dance Club	RPP	3,094	
	Mountain View Golf Club	RPP	19,846	
	Northern Lights School of Dance	RPP	9,840	
	Polarettes and Polar Tumblers Gymnastics Club	TAP	2,200	
	Porter Creek Secondary School	TAP	9,780	
	Whitehorse Curling Club	TAP	1,600	
	Whitehorse Glacier Bears Swim Club	TAP	10,468	
	Whitehorse Minor Hockey Association	TAP	29,526	
	Whitehorse Rapids Speed Skating Club	TAP	1,400	
	Whitehorse Rapids Speed Skating Club	RPP	7,000	
	Whitehorse Recreational Ice Hockey Association	TAP	3,200	
	Whitehorse Women's Hockey Association	TAP	800	
	Yukon Academy of Martial Arts	RPP	7,089	
	Yukon Dance Festival Society	TAP	600	
	Yukon Roller Girls	TAP	5,497	
	Yukon Schutzhund Association	RPP	6,306	
				313,372

NOTE: CLP = Community Lottery Program, TAP = Travel Assistance Program, RPP = Recreational Projects Program

* The amount of funding approved/allocated may vary from the amount claimed by recipients.

Yukon Lottery Commission Community Programs 2012/2013 Approved Funding

COMMUNITY	ORGANIZATION	PROGRAM	AMOUNT
Yukon	All-City Band Society	TAP	\$ 23,600
	Alpine Ski Association of Yukon	TAP	2,000
	Athletics Yukon	TAP	4,400
	Basketball Yukon	TAP	3,019
	Biathlon Yukon	TAP	2,800
	Biathlon Yukon	RPP	6,468
	Blue Feather Music Society	RPP	10,550
	Climbing Association of Yukon	TAP	2,400
	Extremely Moving Youth Society	TAP	7,400
	Gwaandak Theatre Society	RPP	16,000
	Learning Disabilities Association of Yukon	RPP	10,000
	Music Yukon	RPP	22,000
	Nakai Theatre	RPP	16,840
	Recreation and Parks Association of Yukon	RPP	21,875
	Skookum Jim Friendship Centre	RPP	7,597
	Snowboard Yukon	TAP	2,200
	Snowboard Yukon	RPP	2,518
	Squash Yukon	TAP	2,800
	Synchro Yukon	TAP	1,600
	Table Tennis Yukon	TAP	2,200
	Tennis Yukon	TAP	4,800
	Volleyball Yukon	TAP	15,600
	Yukon Broomball Association	TAP	3,000
	Yukon Amateur Speed Skating Association	TAP	600
	Yukon Art Society	TAP	1,000
	Yukon Art Society	RPP	17,982
	Yukon Association of Community Living	RPP	4,714
	Yukon Bluegrass Music Society	RPP	14,600
	Yukon Curling Association	TAP	1,800
	Yukon First Nations Tourism Association	RPP	30,000
	Yukon Kennel Club	RPP	7,078
	Yukon Freestyle Ski Association	TAP	3,000
	Yukon Freestyle Ski Association	RPP	16,482
	Yukon Music Camp Society	RPP	12,750
	Yukon Orienteering Association	TAP	1,000
	Yukon Schools Athletic Association	TAP	1,311
	Yukon Shooting Federation	TAP	1,540
	Yukon Soccer Association	TAP	30,646
	Yukon Sourdough Rendezvous Society	RPP	50,785
	Yukon Quest International Association	RPP	13,589
			400,544

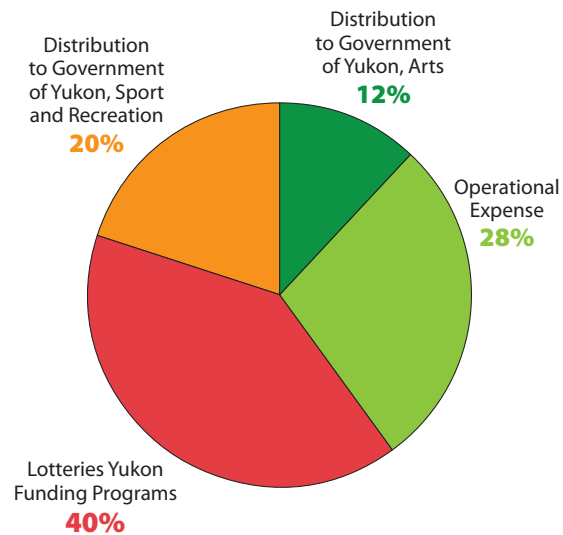
NOTE: CLP = Community Lottery Program, TAP = Travel Assistance Program, RPP = Recreational Projects Program

* The amount of funding approved/allocated may vary from the amount claimed by recipients.

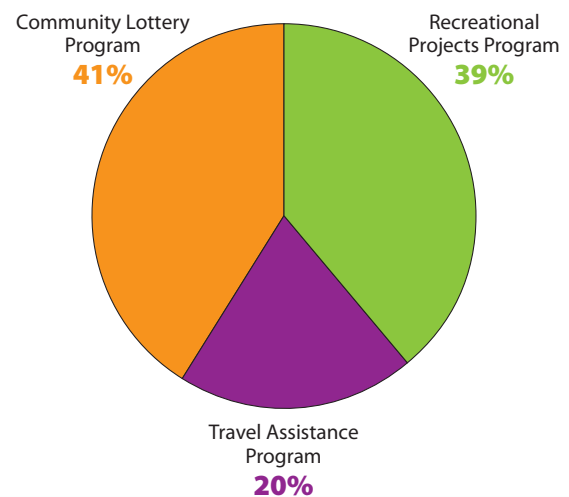
Yukon Lottery Commission Funding Programs 2012/2013 Approved Funding

TOTAL CONTRIBUTIONS TO COMMUNITIES/APPLICANTS	\$986,418
Total YLC Administered Contributions	\$986,418
GOVERNMENT OF YUKON REVENUE SHARING	
Cultural Services Branch	
Yukon Arts Advisory Committee (YAAC)	
Total Cultural Services Branch	\$306,010
Sport & Recreation Branch	
Yukon Sport & Recreation Advisory Committee (YRAC)	
Total Sport & Recreation Branch	\$499,279
Total Funds Released to Yukon Government — YRAC and YAAC	\$805,289
Total Funding Approved/Released	\$1,791,707
Unclaimed Contributions	\$86,156
Total Contributions/Funds Released 2012/2013	\$1,705,551

Distribution of Yukon Revenue



Percentage of Funding by Program 2012/2103



Revenue Sharing — Government of Yukon

Lottery revenues supplement Yukon Government funding for art, sport and recreation; funding is provided to the Yukon Recreational Advisory Committee and the Yukon Arts Advisory Council. In 2012/13 the Yukon Lottery Commission provided the Yukon Recreation Advisory Committee with \$499,279 and the Yukon Arts Advisory Council with \$306,010

Lottery Revenue for the Arts

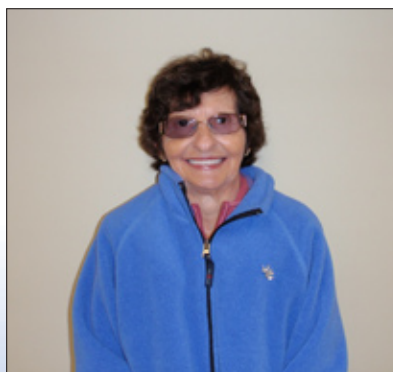
Lottery revenues to the Yukon Government for arts are provided for under the *Public Lottery Regulations* and the *Arts Act*. Programs are administered by the Department of Tourism and Culture with the Yukon Arts Advisory Council making recommendations on funding applications to the Minister of Tourism and Culture. Lottery revenue is used to support the Arts Operating Fund and the Advanced Artist Award.

Lottery Revenue for Sport and Recreation

Lottery revenues to the Yukon Government for sport and recreation are provided for under the *Public Lottery Regulations* and the *Recreation Act*. Programs are administered by the Department of Community Services, Sport and Recreation Branch. The Yukon Recreation Advisory Committee makes recommendations on funding applications to the Minister of Community Services. Lottery revenues contribute to funding programs for sport governing bodies, recreation groups, high performance athletes and officials, and Sport Yukon.



2012/2013 Lotto Winners



2012/2013 Lotto Winners



2012/2013 Lotto Winners



Management Responsibility Statement

The management of Yukon Lottery Commission is responsible for preparing the financial statements, the notes to the financial statements and other financial information contained in this annual report.

Management prepares the financial statements in accordance with International Financial Reporting Standards. The financial statements are considered by management to present fairly the management's financial position and results of operations.

The Commission, in fulfilling its responsibilities, adheres to the Yukon Financial Administration Act which provides for a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the financial statements.

The financial statements have been reported on by MacKay LLP, Chartered Accountants, the Commission's auditors. Their report outlines the scope of their examination and their opinion on the financial statements.



General Manager
September 27, 2013

Independent Auditors' Report

To the Members of Yukon Lottery Commission

We have audited the accompanying financial statements of Yukon Lottery Commission, which comprise the statement of financial position as at March 31, 2013, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

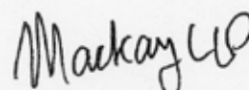
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yukon Lottery Commission as at March 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

**Whitehorse, Canada
September 27, 2013**



Chartered Accountants

mackay.ca refers to the Canadian firm MacKay LLP

Yukon Lottery Commission

Statements of Comprehensive Income

For the year ended March 31,	2013	2012
Revenue		
Commissions - Western Canada Lottery Corporation	\$ 2,909,987	\$ 2,638,994
Break-open tickets (schedule 1)	36,623	91,821
Interest income	42,117	33,708
Terminals	8,620	8,525
	2,997,347	2,773,048
Administration expenses		
Break-open tickets (schedule 1)	50,539	56,118
Advertising and promotion	7,984	13,076
Amortization	21,829	20,598
Insurance	422	1,653
Leased equipment	3,635	3,663
Miscellaneous	133	178
Office	11,366	8,269
Postage and courier	733	985
Professional and consulting fees	25,390	35,145
Public relations	6,312	9,509
Rent	73,786	72,963
Repairs and maintenance	10,976	9,618
Retail	139	1,073
Telephone and utilities	12,189	6,687
Travel and training	14,435	4,063
Wages and benefits	407,356	372,493
	647,224	616,091
	2,350,123	2,156,957
Commission meeting and program expenditures		
Directors' honoraria, travel and meetings	18,673	30,021
Retailer incentive	19,633	21,508
	38,306	51,529
Excess of revenue over expenditures before transfer payments	2,311,817	2,105,428
Transfer payments (note 9)	1,705,553	1,940,985
Excess of revenue over expenditures being comprehensive income	\$ 606,264	\$ 164,443

Yukon Lottery Commission

Statement of Changes in Equity

For the year ended March 31,	2013	2012
Retained earnings, beginning of year	\$ 1,775,230	\$ 1,610,787
Excess of revenue over expenditures being comprehensive income	606,264	164,443
Retained earnings, end of year	\$ 2,381,494	\$ 1,775,230

Yukon Lottery Commission**Statement of Financial Position**

March 31, **2013** **2012**

Assets**Current**

Cash (note 3)	\$ 220	\$ 396
Funds held in trust (notes 3 and 4)	3,873,527	3,176,424
Trade receivables (note 5)	449,202	503,831
Inventory	13,081	11,070
Prepaid expenses	6,663	11,720

4,342,693 **3,703,441**

Property and equipment (note 6) **85,068** **104,879**

\$ 4,427,761 **\$ 3,808,320**

Liabilities**Current**

Trade payables and accruals	\$ 164,990	\$ 168,791
Provision, committed to Yukon Government (note 10)	1,235,569	1,041,750
Provision, committed transfer payments (note 7)	645,708	822,549

2,046,267 **2,033,090**

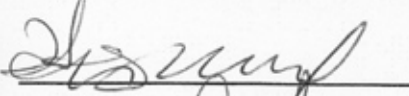
Equity

Retained earnings (note 11) **2,381,494** **1,775,230**

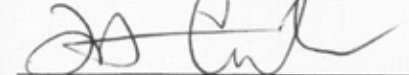
\$ 4,427,761 **\$ 3,808,320**

Commitments and contingencies (note 8)

Approved on behalf of the Commission:



Member



Member

Yukon Lottery Commission

Statement of Cash Flows

For the year ended March 31,	2013	2012
Cash provided by (used for)		
Operating activities		
Excess of revenue over expenditures being comprehensive income	\$ 606,264	\$ 164,443
Item not affecting cash		
Amortization	23,606	22,528
	629,870	186,971
Change in non-cash working capital items		
Trade receivables	54,629	(59,829)
Inventory	(2,011)	2,597
Prepaid expenses	5,057	(4,619)
Trade payables and accruals	(3,801)	19,735
Provision, committed to Yukon Government	193,819	90,077
Provision, committed transfer payments	(176,841)	12,078
	700,722	247,010
Investing activity		
Purchase of property and equipment	(3,795)	(16,606)
Increase in cash	696,927	230,404
Cash, beginning of year	3,176,820	2,946,416
Cash, end of year	\$ 3,873,747	\$ 3,176,820
Cash consists of:		
Cash	\$ 220	\$ 396
Funds held in trust	3,873,527	3,176,424
	\$ 3,873,747	\$ 3,176,820
Supplemental cash flow information		
The Commission had the following cash transactions:		
Interest received	\$ 42,117	\$ 33,708

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2013

1. Nature of operations

Yukon Lottery Commission ("Commission") was created under the provisions of the Yukon Public Lotteries Act and is responsible for the conduct and management of public lotteries in the Yukon, as set out by agreement with Western Canada Lottery Corporation. This includes the distribution and administration of funds received from government sanctioned lotteries. The Commission's registered office address is 101-205 Hawkins Street, Whitehorse, Yukon Y1A 1X3.

These financial statements were authorized for issue at a meeting of the Commission on September 27, 2013.

2. Significant accounting policies

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The significant policies are detailed as follows:

(a) Property and equipment

Property and equipment are recorded at cost. The company provides for amortization using the following methods at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and equipment	20%	Declining balance
Leasehold improvements	6 years	Straight-line
Computer hardware	30%	Declining balance
Computer software	100%	Declining balance
Break-open machines	30%	Declining balance

(b) Inventory

The inventory of promotional items is valued using the specific item method at the lower of cost and net realizable value. The write-down of inventories to net realizable value is recognized in the period that the write-down occurs. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed.

(c) Transfer payments

Transfer payments are treated as expenditures at the time the transfer payments are approved by the Commission. All unpaid, but approved transfer payments, are included in the provision for committed transfer payments. Approved transfer payments which are not claimed within the required time frame are reversed as unclaimed transfer payments.

(d) Financial instruments

The Commission utilizes various financial instruments. All transaction costs related to financial instruments are separated into one of the following categories based on the purpose for which the asset was acquired. The accounting policy for each category is as follows:

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2013

2. Significant accounting policies (continued)

Financial assets at fair value through profit and loss:

This category is comprised of financial assets which are carried in the statement of financial position at fair value, or classified as held-for-trading. Financial assets are classified as held-for-trading if the Commission manages such investments and makes purchases and sale decisions based on their fair value and the assets have been acquired principally for the purpose of selling in the near term. Financial assets classified as held-for-trading or designated at fair value through profit or loss are measured at fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as fair value through profit and loss are expensed as incurred. The Commission did not have any financial assets designated at fair value through profit and loss.

Cash, loans and receivables:

Cash and funds held in trust comprise of cash on hand and funds held by Yukon Government in trust, which includes short-term liquid investments.

Financial assets with fixed or determinable payments that are not derivatives and are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method of amortization, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred. Trade receivables are classified as loans and receivables.

Held to maturity:

Financial assets are classified as held-to-maturity if the Commission has the positive intent and the ability to hold the asset to maturity. Held-to-maturity financial assets are initially measured at fair value and then measured at amortized cost using the effective interest method of amortization. Under this method, estimated future cash receipts are discounted over the asset's expected life to its net carrying value. Net gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment. The Commission did not hold any held-to-maturity financial assets.

Available for sale financial assets:

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss. Financial assets available-for-sale are measured at fair value with changes recognized in other comprehensive income. The Commission did not hold any available-for-sale financial assets.

Other financial liabilities:

This category includes financial liabilities other than those classified as held-for-trading and comprises trade payables. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2013

2. Significant accounting policies (continued)

Unless otherwise stated, the fair value of the Commission's financial instruments approximate their carrying values. The Commission did not have any financial instruments measured at fair value through profit and loss.

The Commission assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes an allowance for impairment when such evidence exists. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has a negative impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

a) Assets carried at amortized cost

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When the asset becomes uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying value does not exceed the amortized cost had no impairment been recognized in prior periods.

b) Assets classified as available-for-sale

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss is recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in unrealized gains/losses on available-for-sale financial assets in equity, to profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale financial asset increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale financial asset is recognized in other comprehensive income.

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2013

2. Significant accounting policies (continued)

(e) Accounting estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Management makes assumptions and estimates in determining the net realizable value of inventory. The impact of the assumptions and estimates used could result in the over or understatement of net realizable value and the reported amount of inventory on the statement of financial position and any loss or recovery reported on the statement of income resulting from a write-down or recovery to net realizable value.

Management makes assumptions and estimates in determining the useful life of property and equipment. The impact of the assumptions and estimates could result in an under or overstatement of the annual provision for amortization of these assets resulting in an under or overstatement of the net book value of the assets on the statement of financial position.

Management records commitments for transfer payments to recipients and records these as a provision for committed transfer payments. The amount recorded is based on the amount approved by the Commission based on the recipients' expected expenditures. In some cases the amount is not fully applied for, consequently the amount will result in unclaimed amounts that are recorded as a reduction in transfer payments and committed transfer payments when the amounts are known.

(f) Revenue recognition

Lottery commissions are recognized when the lottery tickets are sold by Western Canada Lottery Corporation. Interest income is recognized in the period earned.

(g) Impairment of long-lived assets

The Commission tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2013

2. Significant accounting policies (continued)

(h) Accounting standards not yet adopted

IFRS 9 Financial Instruments

IFRS 9 replaces *IAS 39 Financial Instruments: Recognition and Measurement* and shall be applied to annual periods beginning on or after January 1, 2015 with early adoption permitted. IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

IFRS 13 Fair Value Measurements

IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements and shall be applied to annual periods beginning on or after January 1, 2013 with early adoption permitted. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements except in specified circumstances.

The Commission is currently evaluating the impact of these standards on its financial statements.

3. Cash

Cash and cash equivalents consist of cash and funds held in trust.

4. Funds held in trust

All general funds of the Commission are held in trust for the Commission by Yukon Government. The account is interest bearing based on a pooled investment portfolio. Most deposits and expenditures are processed through this account which is subject to the provisions of the Yukon Financial Administration Act.

5. Trade receivables

Accounts receivable, in its entirety, is due from Western Canada Lottery Corporation and Yukon Government.

Yukon Lottery Commission**Notes to the Financial Statements**

March 31, 2013

6. Property and equipment

	2013			
	Furniture and equipment	Leasehold improvements	Computer hardware	Total
Cost				
Opening	\$ 85,860	\$ 76,391	\$ 55,087	\$ 217,338
Additions	3,100	-	695	3,795
Closing	88,960	76,391	55,782	221,133
Accumulated amortization				
Opening	45,198	17,289	49,972	112,459
Provision	8,516	13,381	1,709	23,606
Closing	53,714	30,670	51,681	136,065
Net book value	\$ 35,246	\$ 45,721	\$ 4,101	\$ 85,068
				2012
	Furniture and equipment	Leasehold improvements	Computer hardware	Total
Cost				
Opening	\$ 79,104	\$ 66,541	\$ 55,087	\$ 200,732
Additions	6,756	9,850	-	16,606
Closing	85,860	76,391	55,087	217,338
Accumulated amortization				
Opening	36,013	6,138	47,781	89,932
Provision	9,185	11,151	2,191	22,527
Closing	45,198	17,289	49,972	112,459
Net book value	\$ 40,662	\$ 59,102	\$ 5,115	\$ 104,879

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2013

7. Provision, committed transfer payments

	2013	2012
Provision, opening	\$ 822,549	\$ 810,471
Additions	986,419	1,350,156
Paid during the year	(1,077,104)	(1,178,361)
Unclaimed	(86,156)	(159,717)
Provision, closing	\$ 645,708	\$ 822,549

8. Commitments and contingencies

The Commission has a lease for office space until August 31, 2013 which requires future minimum lease payments as follows:

2014 \$33,189

A new lease agreement has not yet been signed at the date of this report.

The Commission has been named as a party to a lawsuit related to Scratch 'n Win lottery tickets. The matter is ongoing and any liability related to this claim is not determinable at this time.

9. Transfer payments

	2013	2012
Recreational Projects	\$ 101,418	\$ 142,061
Major Projects	285,697	552,000
Sponsorship	-	37,000
Total Recreational Projects Program	387,115	731,061
Travel Assistance Program	198,638	220,184
Community Lottery Program	400,667	398,911
Unclaimed funds	(86,156)	(159,717)
Yukon Government - YRAC/YAAC (note 12)	805,289	750,546
Total transfer payments	\$ 1,705,553	\$ 1,940,985

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2013

10. Provision, committed to Yukon Government

	2013	2012
Excess of revenue over expenditures before transfer payments	\$ 2,311,817	\$ 2,105,428
Less: Break-open net (income)/loss (schedule 1)	13,916	(35,703)
	2,325,733	2,069,725
Change in contingencies reserve (prior year less current year)	(55,901)	30,161
Transfer to major projects reserve (20% of revenue excluding breakopens)	(592,146)	(536,247)
Total revenue available for distribution	\$ 1,677,686	\$ 1,563,639

	2013	2012
Total revenue available for distribution (from above)	\$ 1,677,686	\$ 1,563,639
Less: Available for Yukon Lottery Commission (52%)	(872,397)	(813,093)
Total available for Yukon Government (48%)	\$ 805,289	\$ 750,546

	2013	2012
Sport and Recreation Branch (62%)	\$ 499,279	\$ 465,339
Cultural Services Branch (38%)	306,010	285,207
Total transfer payments to Yukon Government	\$ 805,289	\$ 750,546

	2013	2012
Provision, opening	\$ 1,041,750	\$ 951,673
Additions	805,289	750,547
Paid during the year	(611,470)	(660,470)
Provision, closing	\$ 1,235,569	\$ 1,041,750

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2013

11. Capital management

The Commission considers its retained earnings to represent the Commission's capital. The Commission manages its capital in such a manner that there is sufficient working capital available to ensure the Commission is able to continue its operations without suffering cash shortfalls, and has sufficient funds to provide transfer payments to eligible recipients and funding to Yukon Government for sport, recreation and arts. The Commission does not have any externally imposed capital requirements. The Commission has restricted retained earnings (Schedule 2) for certain specified expenditures.

The Commission has internally restricted retained earnings of \$1,559,242 (2012 - \$1,204,295) to provide for contingencies, an even level of funding, travel, future major projects, and future transfer payments. These restricted amounts are not available for other purposes without approval of the Commission.

12. Related party transactions

During the year, Yukon Government provided employee services to the Commission of \$439,751 (2012 - \$406,652).

During the year, the Commission committed \$805,289 (2012 - \$750,546) and paid out \$611,470 (2012 - \$660,440) to Yukon Government.

13. Key Management Compensation

During the year, key management compensation totaled \$138,593 (2012 - \$136,721). Key management compensation include the General Manager's salaries and benefits and all board members' honoraria.

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2013

14. Financial instruments

Fair value

The Commission's financial instruments include cash, funds held in trust, trade receivables, trade payables, and committed transfer payments. The fair values approximate their carrying value due to the immediate or short-term maturity of these instruments. The Commission classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) quoted prices in active markets for identical assets or liabilities (Level 1) which includes cash and funds held in trust;
- (ii) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (Level 3) which includes trade receivables, trade payables and accrued liabilities, and committed transfer payments.

Credit risk

The Commission has credit risk in trade receivables from Western Canada Lottery Corporation in respect of commissions of \$437,221 (2012 - \$503,831) and a trade receivable from Yukon Government of \$11,981 (2012 - \$0). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

The maximum exposure to credit risk is the carrying value of its accounts receivable.

Liquidity risk

Liquidity risk is the risk the Commission may not be able to meet its obligations associated with its financial liabilities. The Commission's accounts payable and committed transfer payments are all due within one year.

Interest rate risk

The Commission is exposed to the interest rate risk on its funds held in trust. A change in the effective interest rate of 1/2% on its funds held in trust would result in an approximate impact on income of \$19,000 in 2013.

15. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Yukon Lottery Commission**Schedule to the Financial Statements**

For the year ended March 31,

Schedule of break-open tickets**Schedule 1**

	2013	2012
Revenue		
Commission - Break-open tickets	\$ 36,623	\$ 91,821
Expenses		
Advertising and promotion	635	1,200
Amortization	1,777	1,930
Directors' honoraria, travel and meetings	1,485	2,753
Insurance	34	152
Leased equipment	289	336
Miscellaneous	11	16
Office supplies	904	758
Postage and freight	58	90
Professional and consulting fees	2,019	3,223
Public relations	502	872
Rent	5,868	6,691
Retailer incentive	1,572	2,071
Repairs and maintenance	873	882
Telephone	969	613
Training	786	144
Travel	362	228
Wages and benefits	32,395	34,159
	50,539	56,118
Excess (deficiency) of revenue over expenditures	\$ (13,916)	\$ 35,703

Yukon Lottery Commission

Schedule 2 - Capital management of retained earnings

For the year ended March 31,

											2013	2012
	Operating Surplus	Invested in Capital Assets	Working Capital	Contingencies	Recreational Projects Program Major Projects	Travel Assistance Program	Future Application Transfer Payments	Total	Total	Total	2013	2012
Balance, beginning of year	\$ 570,936	\$ 104,878	\$ 100,000	\$ 536,245	\$ 288,462	\$ 75,263	\$ 99,446	\$ 1,775,230	\$ 1,610,787			
Excess of revenue over expenditures before transfer payments	2,325,733	-	-	-	-	-	(13,916)	2,311,817	2,105,428			
Balance before transfer payments	2,896,669	104,878	100,000	536,245	288,462	75,263	85,530	4,087,047	3,716,215			
Transfer payments	(1,307,374)	-	-	-	(285,597)	(198,638)	-	(1,791,709)	(2,100,702)			
Unclaimed funds	37,706	-	-	-	21,558	26,892	-	86,156	159,717			
Transfer payments (note 9)	(1,269,668)	-	-	-	(264,139)	(171,746)	-	(1,705,553)	(1,940,985)			
Amortization	1,627,001	104,878	100,000	536,245	24,323	(96,483)	85,530	2,381,494	1,775,230			
Investment in Capital Assets	21,828	(23,605)	-	-	-	-	1,777	-	-			
Transfers to reserves	(3,795)	3,795	-	-	-	-	-	-	-			
Transfers from reserves	(822,782)	-	-	55,900	592,146	174,736	-	-	-			
Balance, end of year	\$ 822,252	\$ 85,068	\$ 100,000	\$ 592,145	\$ 616,469	\$ 78,253	\$ 87,307	\$ 2,381,494	\$ 1,775,230			

Back Cover Photo: Yukon Sourdough Rendezvous Snow Shoe Shufflers

