



YUKON LOTTERY COMMISSION

Annual Report 2017/18





On the cover:

Yukon Sourdough Rendezvous were recipients of the
Recreational Projects Program in 2017/18.



Whitehorse Oldtimers
Hockey Society were recipients
of the Travel Assistance
Program in 2017/18.

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Yukon Lottery Commission Annual Report for the year ended March 31, 2018.



Flatwater Paddling Yukon Society were recipients of the
Travel Assistance Program in 2017/18.





MESSAGE FROM THE YUKON LOTTERY COMMISSION

As Chair/CEO of the Yukon Lottery Commission, I am pleased to share with you the Yukon Lottery Commission's Annual Report for 2017/18. The Annual Report is not only a tool to communicate our accomplishments; it is also a means to ensure that the Commission continues to be accountable to Yukoners.

The Yukon Lottery Commission's 2017-2020 business plan guides Lotteries Yukon's actions to meet the goals set by the Commission. Specifically, the plan focuses on good governance and partnerships, effective programming, and strengthening the conduct and management of interjurisdictional lotteries.

At the heart of our work is our desire to continue adapting to the changing needs of Yukoners and Yukon non-profit organizations. During the 2017/18 year, we collaborated with partners and stakeholders to design a new Funding Program Framework that will improve Yukoners' access to and participation in arts, sport and recreation in Yukon.

The Yukon Lottery Commission, through an agreement with Western Canada Lottery Corporation, is responsible for ensuring that the sale of lottery tickets in Yukon is conducted responsibly and with integrity. As such, the Commission commenced a review on responsible gambling frameworks in Canada to assist with developing a Responsible Gambling Policy and Program for Yukon.

The Commission engages a third party auditor each fiscal year to conduct an independent financial audit. Based on the independent audit review included in this annual report, the Commission is confident of the sound financial management of the Yukon Lottery Commission.

Going forward, our aim is to keep building on what's working and striving to continually improve. This is accomplished by supporting a culture of innovation that encourages strategic partnerships, new approaches and ideas, and then acting on those ideas.


On behalf of the Commission, I extend sincere thanks to Heather Campbell for her dedication in performing her tasks as Chair and Chief Executive Officer of the Yukon Lottery Commission over several years. I also want to thank Line Gagnon, Scott Widmeyer and Denny Kobayashi for their time spent as members of the Yukon Lottery Commission, and Lotteries Yukon staff for their ongoing efforts to realize the goals and objectives set out by the Yukon Lottery Commission.

Sincerely,



Frank Curlew
*Chair & Chief Executive Officer,
Yukon Lottery Commission*

WHO WE ARE AND WHAT WE DO



U Kon Echelon Biking Club
were recipients of the
Travel Assistance Program
in 2017/18.

YUKON LOTTERY COMMISSION

The Yukon Lottery Commission consists of a Chair, a Vice Chair and six other members who are appointed by the Minister responsible for Yukon Lottery Commission. The Commission is responsible for oversight of interjurisdictional lotteries in Yukon and reinvesting profits from the sale of lottery tickets into arts, sport and recreation in Yukon.

As stewards, the Yukon Lottery Commission directs and controls the Commission's affairs in accordance with the *Public Lotteries Act and Regulations*, the *Financial Administration Act* and other applicable legislation and policies. A governance agreement between the Yukon Lottery Commission and Government of Yukon describes the roles and responsibilities of the Yukon Lottery Commission, Minister and administration.

In its interjurisdictional lotteries role, the Commission acts as the Government of Yukon's agent for the conduct and management of the sale of lottery tickets through an agreement with Western Canada Lottery Corporation (WCLC) and agreements with lottery retailers throughout Yukon.

Lotteries revenue is reinvested through the Commission's funding programs and also by sharing lottery revenue with the Government of Yukon Sport and Recreation Branch and Cultural Services Branch to supplement government programming for arts, sport and recreation. The remaining revenue is directed towards the operations of Lotteries Yukon.

Using profits derived from lottery revenue, the Commission invests an average of \$2 million per year in community-based initiatives related to arts, sport and recreation.



VISION

As a result of a robust interjurisdictional lottery, Yukoners are living healthy, active and full lives being engaged in and having access to arts, sport and recreation.

MISSION

As an agent of the Government of Yukon and Western Canada Lottery Corporation the Yukon Lottery Commission through its Secretariat, Lotteries Yukon, conducts and manages interjurisdictional lotteries in a socially responsible manner. Through a client centred approach the Commission allocates the profits from the sale of lottery tickets to arts, sport and recreation for the benefit of Yukoners and Yukon communities.

OUR VALUES

Social responsibility

Our lotteries work is undertaken with consideration of its impact on communities and people. We strive to ensure that lottery tickets remain a form of entertainment, and that there is information and support available that promotes healthy lottery play.

Integrity

We take responsibility for our commitments and actions. Our reasoned and objective decision making can be held to close scrutiny.

Collaboration and cooperation

We recognize that our clients are better served by aligning planning and program delivery across departments/agencies, therefore, we will work collaboratively with our partners for the benefit of our clients.

Accessible

Our funding programs are accessible to all segments of the Yukon population and focus on achieving broad benefits to communities and organizations.

Transparency

We are open and clear about our processes, decision making and results.

Lotteries Yukon is the administrative arm of the Yukon Lottery Commission. It supports the work of the Commission, delivers funding programs and provides support to a network of 35 lottery ticket centre retailers throughout Yukon.

Using the Yukon Lottery Commission's Business Plan (2017–2020) as a blueprint for setting priorities, Lotteries Yukon focused its efforts towards growth and refinement of its operations. This included the development of new ideas and new approaches to strengthen the organization while improving its programming.


During the year, Lotteries Yukon engaged internal and external stakeholders (non-profits and government organizations) to develop a new approach to program delivery. These discussions and the results of the Lotteries Yukon Funding Program Evaluation (July 2016), led to the development of the new Projects Fund that consists of four funding streams:

1. Regular Intake;
2. Opportunity Projects;
3. Three Year Plan; and
4. Strategic Partnerships.

These funding streams provide new funding options for applicants, reduce administrative requirements, provide incentives for projects in rural Yukon, further enhance Lotteries Yukon's ability to explore partnerships as a way to improve outcomes for non-profits and participants, and ultimately, improve access to and participation in arts, sport and recreation in Yukon.

During this time period, Lotteries Yukon began planning for a multi-year Recreation Awareness Campaign to raise awareness of how Yukoners' pursuits of recreation contribute to leading healthier, productive and happy lives.

Under the Business Plan (2017–2020), being a leader in responsible gambling is identified as a priority for the Yukon Lottery Commission. In support of this priority, Lotteries Yukon began a review of responsible gambling frameworks and policy in Canada with the goal of developing a Responsible Gambling Policy and Program for the sale of lottery tickets in Yukon.



Flatwater Paddling
Yukon Society were recipients
of the Travel Assistance Program
in 2017/18.

\$ 572,365

Commission paid to Yukon
retailers in 2017/18.

\$ 954,679

Lottery revenue shared with
Government of Yukon for arts,
sport, and recreation.

\$1,244,043

Contributed by Lotteries Yukon
to Yukon communities and
non-profit organizations
in 2017/18.


\$ 5,268,668

Lottery winnings distributed
to Yukoners in 2017/18.

\$ 9,852,924

Ticket sales in 2017/18.

MOVING AHEAD IN 2018/2019



PRIORITIES

In 2018/19, Lotteries Yukon will focus on the following priorities:

- Implementing the new Funding Program Framework with a focus on streamlining application processes, establishing Three Year Agreements with low risk high benefit projects, and building strategic partnerships with external partners;
- Through mechanisms in the Partnership Memorandum of Understanding being more responsive to client needs by collaborating on strategic projects with internal partners (Sport And Recreation Branch, Cultural Services Branch, and Community Development Fund);
- Evaluate the Partnership Memorandum of Understanding between the Yukon Lottery Commission and the Government of Yukon Departments of Tourism and Culture and Community Services; and
- Assess best practices and existing evidence based responsible gambling frameworks for application in Yukon for the sale of lottery tickets.

Snowboard Yukon was a recipient
of the Travel Assistance Program
in 2017/18.



SALES 2017/2018



SALES

Yukon is a member of the Western Canada Lottery Corporation (WCLC), a non-profit organization authorized to manage, conduct and operate lottery and gaming-related activities in the prairie provinces and the territories. Lotteries Yukon distributes national and regional lottery products through an agreement with WCLC.

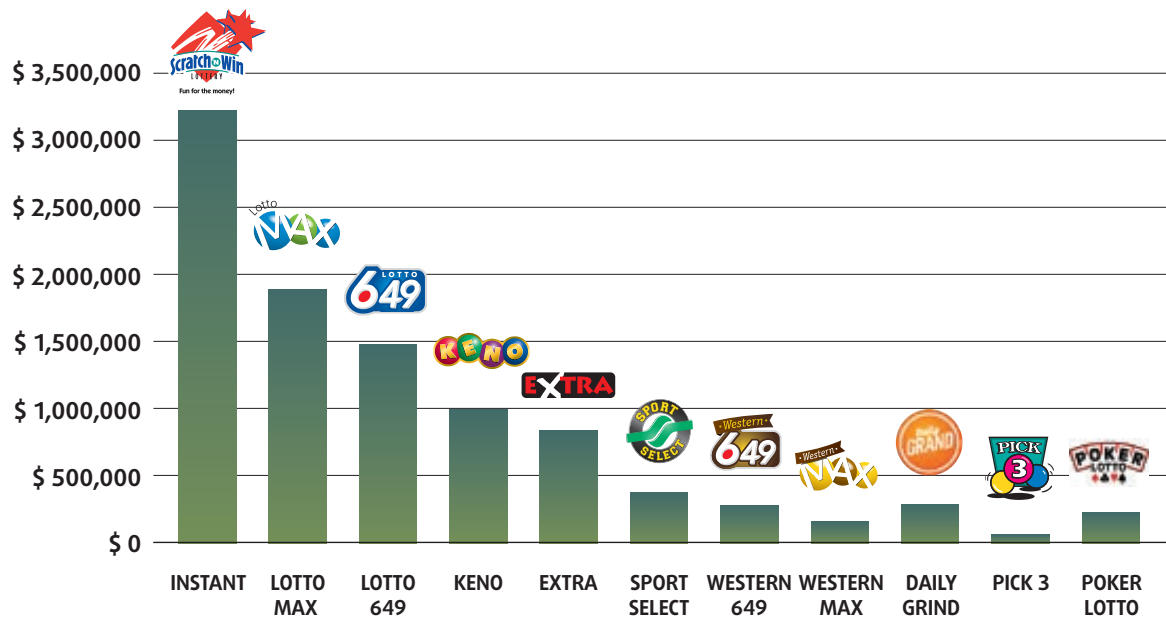
As the territory's sole distributor of lottery products, Lotteries Yukon is responsible for a network of 35 Lottery Ticket Centre Retailers throughout Yukon, with 19 retailers in Whitehorse and 16 retailers in the communities.

In the 2017/18 fiscal year, Yukon achieved sales of \$9.85 million dollars. A weekly sales record was achieved for all Western Canada Lottery Corporation jurisdictions in December 2017 with Yukon sales at \$339,000. Overall, Yukon sales for 2017/18 decreased by approximately 2.0% (\$248,000) from the previous fiscal year of \$10.1 million. This reduction in sales can be attributed to a lower roll pattern for Lotto Max and Lotto 6/49 jackpots. Scratch 'N' Win sales continue to increase marginally in Yukon with a 1% increase. Poker Lotto "ALL IN", an add on game available only with the purchase of a Poker Lotto ticket, was introduced to the market in February 2018 resulting in approximately \$11,000 in additional sales.

**Yukon First Nation Culture
& Tourism Association was a
Recreational Projects Program
recipient for the
Adäka Cultural Festival.**



2017/18 SALES BY GAME

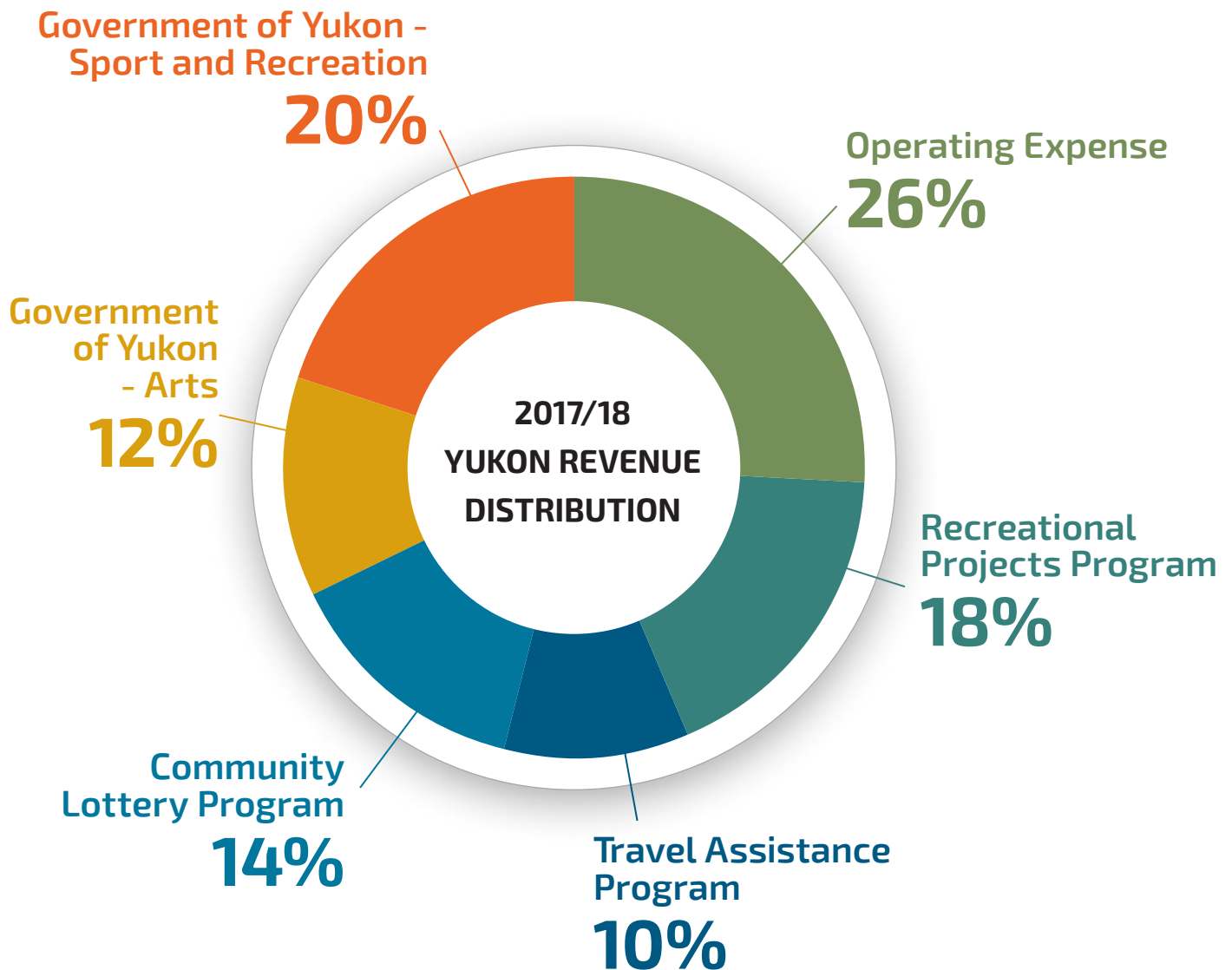


YUKON SALES BY GAME - FIVE YEAR COMPARISON

	2017-18	2016-17	2015-16	2014-15	2013-14
INSTANT	\$ 3,223,595	\$ 3,195,063	\$ 3,100,417	\$ 3,027,977	\$ 2,793,445
LOTTO MAX	1,894,120	2,372,067	2,727,071	1,776,073	1,934,427
LOTTO 649	1,484,410	1,537,954	1,867,806	1,567,391	1,489,904
KENO	996,761	992,212	1,074,454	1,125,659	1,251,456
EXTRA	839,905	900,162	971,227	744,670	734,521
SPORT SELECT	377,193	354,503	385,206	354,599	434,724
WESTERN 649	281,376	302,916	334,644	332,684	325,603
WESTERN MAX	163,030	181,908	190,576	163,340	195,044
DAILY GRAND ¹	288,375	159,226	-	-	-
PICK 3	63,262	78,541	63,779	63,427	93,127
POKER LOTTO ²	229,854	26,220	-	-	-
All In ³	11,043	-	-	-	-
TOTAL SALES	\$ 9,852,924	\$10,100,772	\$ 10,715,180	\$ 9,155,820	\$ 9,252,251
Sales Comparison to Prior Year	(247,848)	(614,408)	1,559,360	(96,431)	280,052
Percentage Comparison	-2%	-6%	17%	-1%	3%
Number of Retailers	34	34	36	36	33

¹ Daily Grand launched October 2016 ² Poker Lotto launched March 2017 ³ All In launched February 2018

REVENUE DISTRIBUTION



DISTRIBUTION OF YUKON REVENUE

Lottery ticket revenue is distributed through three Yukon Lottery Commission funding programs — the Recreational Projects Program, the Travel Assistance Program, and the Community Lottery Program. The Yukon Lottery Commission, through a Partnership Memorandum of Understanding, also shares revenue with the Government of Yukon department of Tourism and Culture (Cultural Services Branch) and the department of Community Services (Sport and Recreation Branch).

YUKON LOTTERY COMMISSION FUNDING PROGRAMS 2017/18 APPROVED FUNDING

YLC FUNDING PROGRAMS

Total Contributions to Communities / Applicants	\$ 1,244,043
Total YLC Administered Contributions	\$1,244,043

GOVERNMENT OF YUKON REVENUE SHARING

Cultural Services Branch

Yukon Arts Advisory Committee (YAAC)

Total Cultural Services Branch	\$ 362,778
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Sport & Recreation Branch

Yukon Sport & Recreation Advisory Committee (YRAC)

Total Sport & Recreation Branch	\$ 591,901
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Total Funds Released to Government of Yukon	\$ 954,679
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Total Funding Approved / Shared	\$ 2,546,408
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Unclaimed Contributions	\$ 88,522
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Total Contributions / Funds Released 2017/18	\$ 2,457,886
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OVER
\$1,244,043

approved funding in 2017/18.

Yukon Curling Association
were recipients of the
Travel Assistance Program
in 2017/18.

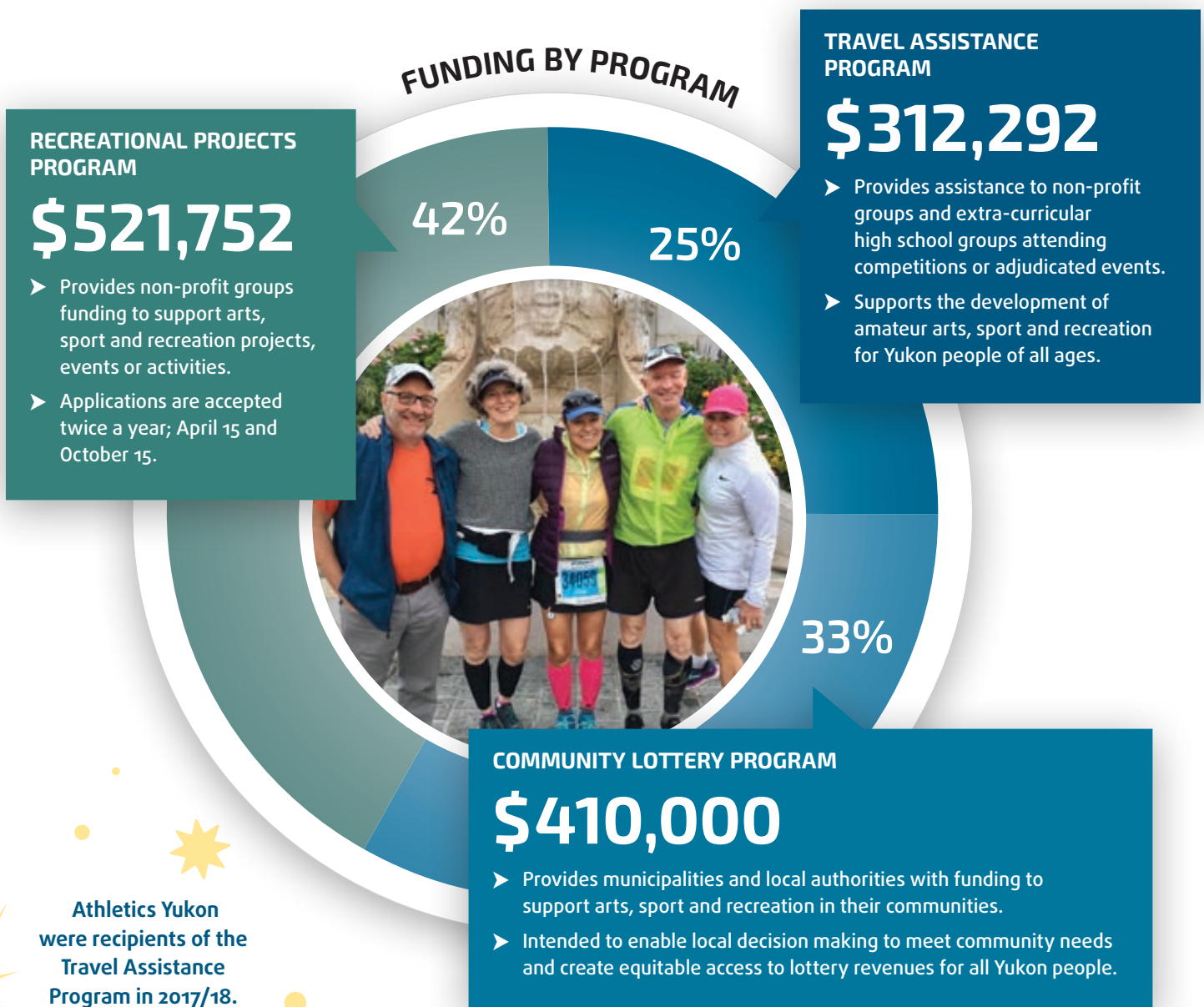


YLC FUNDING PROGRAMS

The Yukon Lottery Commission's legislated mandate provides for programming focused on arts, sport and recreation.

These funding programs are intended to:

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



YUKON LOTTERY COMMISSION FUNDING PROGRAMS

2017/18 APPROVED FUNDING*

COMMUNITY	ORGANIZATION	PROGRAM	AMOUNT
Beaver Creek	Beaver Creek Community Club	CLP	\$ 9,818
Burwash Landing	Burwash Landing Recreation Committee	CLP	\$ 9,818
Carcross	Carcross Recreation Board	CLP	\$ 15,968
Carmacks	Village of Carmacks	CLP	\$ 15,968
Dawson City	City of Dawson	CLP	32,368
	Dawson City Arts Society	RPP	11,062
	Dawson City Community Radio Society	RPP	2,076
	Dawson City Fastball Association	TAP	3,539
	Dawson City Music Festival Society	RPP	10,810
	Friends of the Klondike Corridor Group	RPP	10,522
	North Klondyke Highway Music Society	RPP	4,091
			\$ 74,468
Faro	Town of Faro	CLP	11,868
	Faro Golf Club	RPP	13,622
			\$ 25,490
Haines Junction	Village of Haines Junction	CLP	20,068
	Kluane Chilkat International Bike Relay	RPP	1,840
			\$ 20,068
Keno	Keno Community Club	CLP	\$ 5,718
Lorne Mountain	Lorne Mountain Community Association	CLP	\$ 11,868
Marsh Lake	Marsh Lake Community Society	CLP	\$ 15,968
Mayo	Village of Mayo	CLP	\$ 15,968
Old Crow	Vuntut Gwitchin First Nation	CLP	\$ 11,868
Pelly Crossing	Selkirk First Nation	CLP	\$ 11,868
Ross River	Ross River Recreation Society	CLP	\$ 11,868
Tagish	Tagish Community Association	CLP	\$ 11,868
Teslin	Village of Teslin	CLP	\$ 15,968
Upper Liard	Liard First Nation	CLP	\$ 9,818
Watson Lake	Town of Watson Lake	CLP	24,168
	Watson Lake Silvertip Oldtimer Hockey	TAP	4,089
			\$ 28,257

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

Lotteries Yukon delivers three different funding programs:

TAP

Travel Assistance Program

CLP

Community Lottery Program

RPP

Recreational Projects Program

1,559

Number of participants provided with **Travel Assistance Program** funding in 2017/18.

COMMUNITY	ORGANIZATION	PROGRAM	AMOUNT
Whitehorse	City of Whitehorse	CLP	\$ 147,176
	All City Band Concert Society	TAP	19,800
	Arctic Edge Skating Club	TAP	2,200
	Dog Powered Sports Association of Yukon	RPP	6,875
	Equine Association Yukon	RPP	2,825
	FH Collins Secondary School	TAP	4,562
	Golden Age Society	RPP	3,301
	Kwanlin Koyotes Ski Club	RPP	6,000
	Larrikin Entertainment Ensemble	RPP	10,750
	Mountain View Golf Club	RPP	14,452
	Open Pit Performance League	RPP	19,314
	Polarettes and Polar Tumblers Gymnastics Club	TAP	8,400
	Polarettes and Polar Tumblers Gymnastics Club	RPP	48,692
	Porter Creek Secondary School	TAP	6,559
	U Kon Echelon Biking Club	TAP	2,400
	Vanier Catholic Secondary School	TAP	6,481
	Whitehorse Cross Country Ski Club	RPP	11,591
	Whitehorse Curling Club	RPP	4,914
	Whitehorse Glacier Bears Swim Club	TAP	11,712
	Whitehorse Oldtimers Hockey Association	TAP	3,944
	Whitehorse Rapids Speed Skating Club	RPP	583
	Whitehorse Women's Hockey Association	TAP	5,691
	Yukon Dance Festival Society	TAP	800
	Yukon Horse and Rider Association	RPP	5,105
	Yukon Medieval Combat Association	TAP	1,297
	Yukonconstruct Makers	RPP	7,725
			\$ 363,148

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

Yukon Art Society was a Recreational Projects Program recipient in 2017/18 for the purchase of new pottery wheels.

COMMUNITY	ORGANIZATION	PROGRAM	AMOUNT
Yukon	Alpine Ski Association of Yukon	TAP	\$ 13,009
	Association Franco-Yukonnaise	TAP	6,200
	Athletics Yukon	TAP	12,600
	Basketball Yukon	TAP	8,944
	Biathlon Yukon	TAP	3,600
	Blue Feather Music Society	RPP	28,000
	Breakdancing Yukon Society	RPP	17,526
	Breakdancing Yukon Society	TAP	5,000
	Climb Yukon Association	TAP	5,800
	ElderActive Yukon Recreation Association	TAP	5,939
	Flatwater Paddling Yukon Society	RPP	8,000
	Flatwater Paddling Yukon Society	TAP	4,800
	Guild Society	RPP	15,610
	Gwaandak Theatre Society	RPP	20,000
	Jazz Yukon	RPP	14,012
	Judo Yukon	TAP	17,677
	Learning Disabilities Association of Yukon	RPP	10,000
	Longest Night Society	RPP	9,698
	Music Yukon	RPP	25,450
	Nakai Theatre	RPP	15,000
	Recreation & Parks Association Yukon	RPP	24,986
	Snowboard Yukon	TAP	600
	Snowboard Yukon	RPP	2,962
	Softball Yukon	TAP	1,502
	Squash Yukon	TAP	4,600
	Synchro Yukon	TAP	3,800
	Table Tennis Yukon	TAP	2,458
	Volleyball Yukon	TAP	30,400
	Youth of Today Society	RPP	6,824
	Yukon Aboriginal Sport Circle	TAP	1,800
	Yukon Amateur Hockey Association	TAP	45,223
	Yukon Amateur Speed Skating Association	TAP	4,600
	Yukon Art Society	RPP	5,122
	Yukon Bluegrass Music Society	RPP	10,500
	Yukon Curling Association	TAP	3,400
	Yukon Dog Mushers Association	TAP	373
	Yukon Dog Mushers Association	RPP	7,983
	Yukon Film Society	RPP	20,000
	Yukon First Nations Culture and Tourism Assoc.	RPP	25,250
	Yukon Freestyle Ski Association	TAP	2,600
	Yukon Freestyle Ski Association	RPP	7,922
	Yukon Golf Association	TAP	400
	Yukon Orienteering Association	RPP	5,778
	Yukon Quest International Association	RPP	16,320
	Yukon Soccer Association	TAP	45,492
	Yukon Sourdough Rendezvous Society	RPP	28,659
			\$ 556,420

47

Number of Yukon non-profit groups who received **Recreational Projects Program** funding in 2017/18.

19

Number of Yukon communities allocated **Community Lottery Program** funding in 2017/18.

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

REVENUE SHARING

Lottery revenues supplement Government of Yukon funding for arts, sport and recreation.

ARTS

\$362,778

Lottery revenues to the Government of Yukon for arts are provided for under the *Public Lottery Regulations* and the *Arts Act*.

- ▶ Programs are administered by the department of Tourism and Culture (Cultural Services Branch).
- ▶ The Yukon Arts Advisory Council (YAAC) makes 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.

SPORT AND RECREATION

\$591,901

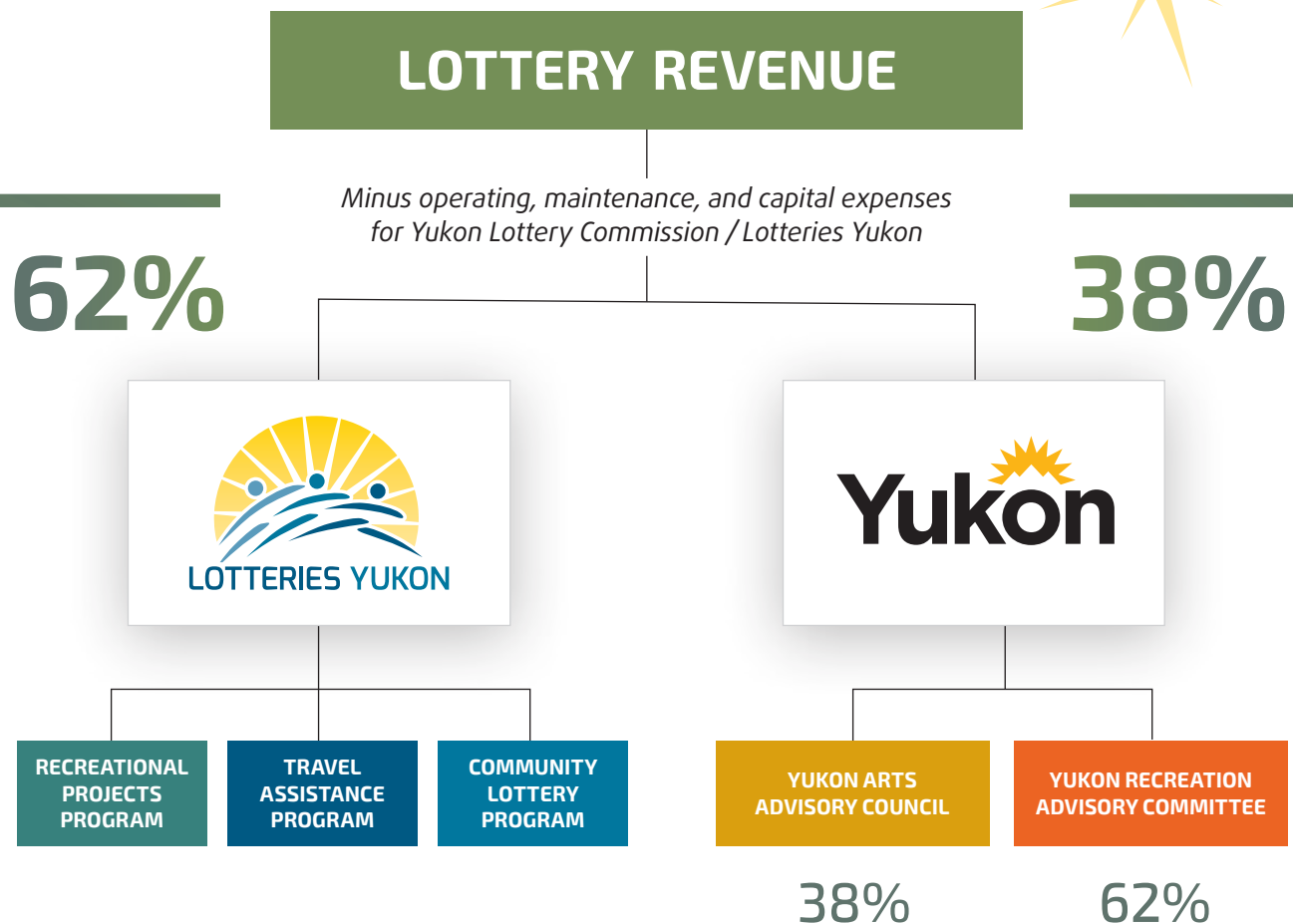
Lottery revenues to the Government of Yukon for sport and recreation are provided for under the *Public Lottery Regulations* and the *Recreation Act*.

- ▶ Programs are administered by the department of Community Services (Sport and Recreation Branch).
- ▶ The Yukon Recreation Advisory Committee (YRAC) 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.

The Guild Society was a
Recreational Projects Program
recipient in 2017/18.



YUKON LOTTERY COMMISSION REVENUE SHARING MODEL



Yukon Lottery Commission
Financial Statements
March 31, 2018

Yukon Lottery Commission

Financial Statements

March 31, 2018

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Management Responsibility Statement

The management of Yukon Lottery Commission is responsible for preparing the financial statements and the notes to the financial statements.

Management prepares the financial statements in accordance with International Financial Reporting Standards. The financial statements are considered by management to present fairly the Commission'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 Crowe MacKay LLP, Chartered Professional Accountants, the Commission's auditors. Their report outlines the scope of their examination and their opinion on the financial statements.



General Manager
July 27, 2018



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, 2018, and the statements of comprehensive income, changes in equity, and cash flows for the year 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 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, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Whitehorse, Canada
July 27, 2018


Chartered Professional Accountants

Yukon Lottery Commission

Statement of Comprehensive Income

For the year ended March 31,	2018	2017
Revenues		
Commissions - Western Canada Lottery Corporation	\$ 3,053,706	\$ 3,273,838
Terminals	9,505	9,685
Interest income	97,957	71,093
Break-open Tickets (schedule 1)	192,001	108,223
	3,353,169	3,462,839
Administration expenses		
Advertising and promotion	5,056	8,107
Amortization	4,751	11,257
Break-open Tickets (schedule 1)	69,197	60,696
Miscellaneous	1,886	-
Office	10,493	7,379
Postage and courier	624	596
Professional and consulting fees	47,330	50,443
Public relations	4,632	4,408
Rent	79,568	80,049
Repairs and maintenance	8,589	9,388
Telephone and utilities	9,442	9,560
Travel and training	9,906	7,284
Wages and benefits	477,521	438,057
	728,995	687,224
	2,624,174	2,775,615
Commission meeting and program expenditures		
Directors' honoraria, travel and meetings	25,854	23,472
Retailer incentive	21,483	14,200
	47,337	37,672
Excess of revenues over administration expenses of revenue over expenditures before transfer payments	2,576,837	2,737,943
Transfer payments (note 11)	2,110,201	2,146,703
Excess of revenue over expenditures being comprehensive income	\$ 466,636	\$ 591,240

See accompanying notes

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Yukon Lottery Commission

Statement of Changes in Equity

For the year ended March 31,	2018	2017
Surplus, beginning of year	\$ 5,245,406	\$ 4,654,166
Excess of revenue over expenditures being comprehensive income	466,636	591,240
Surplus, end of year	\$ 5,712,042	\$ 5,245,406

See accompanying notes

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Yukon Lottery Commission

Statement of Financial Position

March 31,	2018	2017
Assets		
Current		
Cash (note 4)	\$ 233	\$ 466
Funds held in trust (notes 4 and 5)	7,274,918	6,604,210
Trade receivables (note 6)	480,288	523,439
Inventory	6,544	11,572
Prepaid expenses	11,718	16,131
	7,773,701	7,155,818
Property and equipment (note 7)	45,378	50,594
	\$ 7,819,079	\$ 7,206,412

Liabilities

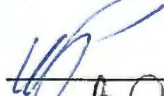
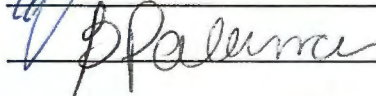
Current		
Trade payables and accruals (note 8)	\$ 233,387	\$ 243,028
Provision, committed to Yukon Government (note 12)	1,353,593	1,304,174
Provision, committed transfer payments (note 9)	520,057	413,804
	2,107,037	1,961,006

Equity

Surplus (note 13) (Schedule 2)	5,712,042	5,245,406
	\$ 7,819,079	\$ 7,206,412

Commitments and contingencies (note 10)

Approved on behalf of the board:

 Member
 Member

See accompanying notes

7

Yukon Lottery Commission

Statement of Cash Flows

For the year ended March 31,	2018	2017
Cash provided by (used for)		
Operating activities		
Excess of revenues over administration expenses	\$ 466,636	\$ 591,240
Items not affecting cash		
Amortization	5,216	12,284
Interest income	(97,957)	(71,093)
	373,895	532,431
Change in non-cash working capital items		
Trade receivables	43,151	(50,731)
Inventory	5,028	(2,192)
Prepaid expenses	4,413	(8,826)
Trade payables and accruals	(9,641)	23,379
Provision, committed to Yukon Government	49,419	(316,385)
Provision, committed transfer payments	106,253	(18,460)
	572,518	159,216
Investing activity		
Interest Income	97,957	71,093
Increase in cash	670,475	230,309
Cash, beginning of year	6,604,676	6,374,367
Cash, end of year	\$ 7,275,151	\$ 6,604,676
Cash consists of:		
Cash	\$ 233	\$ 466
Funds held in trust	7,274,918	6,604,210
	\$ 7,275,151	\$ 6,604,676

See accompanying notes

8

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2018

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 interjurisdictional 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. The Commission is not subject to income taxes.

These financial statements were authorized for issue at a meeting of the Commission on July 27, 2018.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

The following new and amended standards were adopted by the Commission effective April 1, 2017:

(a) Amendments to IAS 7 - Statement of Cash Flows

During the year, the Commission implemented the amendments to IAS 7. These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. The Commission does not have financing activities. Consequently, there was no effect on the financial statements.

3. Significant accounting policies

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

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Commission takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety,

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2018

3. Significant accounting policies (continued)

which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Property and equipment

Property and equipment are recorded at cost. The Commission 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
Artwork	Not amortized

(c) 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.

(d) 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.

(e) 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:

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

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2018

3. Significant accounting policies (continued)

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.

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

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2018

3. Significant accounting policies (continued)

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, 2018

3. Significant accounting policies (continued)

(f) Accounting estimates

The preparation of financial statements in conformity with International Financial Reporting Standards 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.

(g) 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.

(h) 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.

(i) Functional and presentation currency

Items are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). These financial statements are presented in Canadian dollars, which is the Commission's functional currency and presentation currency.

(j) Termination benefits

A liability for termination benefits, in respect of severance, is recognized when the Commission can no longer withdraw the offer of severance.

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2018

3. Significant accounting policies (continued)

(k) 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, 2018 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.

The Commission is currently evaluating the impact of this standard on its financial statements.

4. Cash

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

5. 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.

6. Trade receivables

Accounts receivable is all, or substantially all, due from Western Canada Lottery Corporation.

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2018

7. Property and equipment

						2018
	Furniture and equipment	Leasehold improvements	Computer hardware	Artwork	Total	
Cost						
Opening	\$ 99,906	\$ 76,391	\$ 58,826	\$ 26,275	\$ 261,398	
Closing	99,906	76,391	58,826	26,275	261,398	
Accumulated amortization						
Opening	79,106	76,391	55,307	-	210,804	
Provision	4,160	-	1,056	-	5,216	
Closing	83,266	76,391	56,363	-	216,020	
Net book value	\$ 16,640	\$ -	\$ 2,463	\$ 26,275	\$ 45,378	
						2017
	Furniture and equipment	Leasehold improvement s	Computer hardware	Artwork	Total	
Cost						
Opening	\$ 99,906	\$ 76,391	\$ 58,826	\$ 26,275	\$ 261,398	
Closing	99,906	76,391	58,826	26,275	261,398	
Accumulated amortization						
Opening	73,906	70,815	53,799	-	198,520	
Provision	5,200	5,576	1,508	-	12,284	
Closing	79,106	76,391	55,307	-	210,804	
Net book value	\$ 20,800	\$ -	\$ 3,519	\$ 26,275	\$ 50,594	

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2018

8. Trade payables and accruals

Included in trade payables and accruals are the following:

	2018	2017
Trade payables and accruals	\$ 24,631	\$ 23,578
Due to Yukon Government, a related party, for wages payable	40,717	62,681
Accrued employee termination benefits	168,039	156,769
	<u>\$ 233,387</u>	<u>\$ 243,028</u>

9. Provision, committed transfer payments

	2018	2017
Provision, opening	\$ 413,804	\$ 432,264
Additions	1,244,044	1,190,598
Paid during the year	(1,049,269)	(1,127,649)
Unclaimed	(88,522)	(81,409)
	<u>\$ 520,057</u>	<u>\$ 413,804</u>

10. Commitments and contingencies

The Commission has a lease for office space until August 31, 2018 which requires future minimum lease payments. The commission is in the process of renewing this lease.

Future minimum lease payments are as follows:

April 1, 2018 to August 31, 2018	<u>\$ 36,398</u>
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The Commission is responsible for paying their employees of five or more years of service severance and sick pay upon retirement or termination of employment (see note 8). The accruals for those employees have been set up as a payable in the financial statements. For employees that have been employed by the Commission for less than five years, severance and sick pay is not required to be paid out unless the employee was laid off or terminated without just cause. The Commission is not aware of any future layoffs or termination of employment; therefore, the amount of any liability is not determinable at this time.

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2018

11. Transfer payments

	2018	2017
Recreational Projects	\$ 521,752	\$ 534,603
Travel Assistance Program	312,292	245,995
Community Lottery Program	410,000	410,000
Unclaimed funds	(88,522)	(81,409)
Yukon Government - YRAC/YAAC (note 12)	954,679	1,037,514
	\$ 2,110,201	\$ 2,146,703

12. Provision, committed to Yukon Government

	2018	2017
Excess of revenue over expenditures before transfer payments	\$ 2,576,837	\$ 2,737,942
Less: Break-open net income (schedule 1)	(122,804)	(47,527)
	2,454,033	2,690,415
Change in contingencies reserve (prior year less current year)	58,281	39,884
	58,281	39,884
Total revenue available for distribution	\$ 2,512,314	\$ 2,730,299
	2018	2017
Total revenue available for distribution (from above)	\$ 2,512,314	\$ 2,730,299
Less: Available for Yukon Lottery Commission (62%)	(1,557,635)	(1,692,785)
Total available for Yukon Government (38%)	\$ 954,679	\$ 1,037,514
	2018	2017
Sport and Recreation Branch (62%)	\$ 591,901	\$ 643,259
Cultural Services Branch (38%)	362,778	394,255
Total transfer payments to Yukon Government	\$ 954,679	\$ 1,037,514
	2018	2017
Provision, opening	\$ 1,304,174	\$ 1,620,559
Additions	954,679	1,037,514
Paid during the year	(905,260)	(1,353,899)
Provision, closing	\$ 1,353,593	\$ 1,304,174

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2018

13. Capital management

The Commission considers its surplus 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 surplus earnings of \$2,228,755 (2017 - \$2,206,836) to provide for contingencies, to maintain funding levels for the Commission's funding programs, and for partnership strategic initiatives. These restricted amounts are not available for other purposes without approval of the Commission.

14. Related party transactions

During the year, Yukon Government provided employee services to the Commission of \$528,324 (2017 - \$478,037).

During the year, the Commission committed \$954,679 (2017 - \$1,037,514) and paid out \$905,260 (2017 - \$1,353,899) to Yukon Government.

15. Key management compensation

During the year, key management compensation totaled \$180,560 (2017 - \$162,510). Key management compensation include the General Manager's salaries and benefits and all board members' honoraria.

16. Financial instruments

(a) Fair value

The Commission's financial instruments include cash, funds held in trust, trade receivables, trade payables and accruals. The fair values approximate their carrying value due to the immediate or short-term maturity of these instruments.

(b) Credit risk

The Commission has credit risk in trade receivables from Western Canada Lottery Corporation in respect of commissions of \$480,288 (2017 - \$523,439), which is not impaired. 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.

Yukon Lottery Commission

Notes to the Financial Statements

March 31, 2018

16. Financial instruments (continued)

(c) 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 accruals are all due within one year.

(d) 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 \$36,300 in 2018.

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

For the year ended March 31,

Schedule of break-open tickets	Schedule 1	
	2018	2017
Revenue	\$ 192,001	\$ 108,223
Expenditures		
Advertising and promotion	495	741
Amortization	465	1,027
Directors' honoraria travel and meetings	2,530	2,142
Miscellaneous	185	-
Office supplies	1,027	674
Postage and freight	61	54
Professional and consulting fees	4,632	4,604
Public relations	453	402
Rent	7,786	7,306
Repairs and maintenance	840	857
Retailer incentive	2,102	1,372
Telephone	924	872
Training	633	328
Travel	336	337
Wages and benefits	46,728	39,980
	69,197	60,696
Excess of revenues over administration expenses	\$ 122,804	\$ 47,527

Yukon Lottery Commission

Schedule of Capital Management of Surplus

Schedule 2

For the year ended March 31,

2018 2017

	Operating Surplus	Invested in Capital Assets	Working Capital	Contingencies	Recreational Projects Program	Community Lottery Program	Travel Assistance Program	Partnership Strategic Initiatives	Total	Total
Balance, beginning of year	\$ 2,987,964	\$ 50,606	\$ 100,000	\$ 670,923	\$ 980,321	\$ 17,527	\$ 28,123	\$ 409,942	\$ 5,245,406	\$ 4,654,166
Excess of revenue over expenditures before transfer payments	2,454,033	-	-	-	-	-	-	122,804	2,576,837	2,737,943
Balance before transfer payments	5,441,997	50,606	100,000	670,923	980,321	17,527	28,123	532,746	7,822,243	7,392,109
Transfer payments	(1,886,431)	-	-	-	-	-	(312,292)	-	(2,198,723)	(2,228,112)
Unclaimed funds	38,650	-	-	-	-	-	49,872	-	88,522	81,409
Transfer payments (note 11)	(1,847,781)	-	-	-	-	-	(262,420)	-	(2,110,201)	(2,146,703)
Amortization	3,594,216	50,606	100,000	670,923	980,321	17,527	(234,297)	532,746	5,712,042	5,245,406
Investment in Capital Assets	4,751	(5,216)	-	-	-	-	-	465	-	-
Transfers to reserves	(236,878)	-	-	-	-	-	-	-	-	-
Transfers from reserves	75,808	-	-	(58,281)	-	(17,527)	236,878	-	-	-
Balance, end of year	\$ 3,437,897	\$ 45,390	\$ 100,000	\$ 612,642	\$ 980,321	\$ -	\$ 2,581	\$ 533,211	\$ 5,712,042	\$ 5,245,406





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