



**AGLC**

Alberta Gaming &  
Liquor Commission

# Annual Report

2014-2015

The Alberta Gaming and Liquor Commission (AGLC) is a Crown commercial enterprise and agent of the Government of Alberta. We are governed by the province's *Gaming and Liquor Act*, Gaming and Liquor Regulation and related policies. We conduct and manage provincial lotteries, and regulate liquor and charitable gaming activities in the province.

Information about the AGLC is also available on our website at [aglc.ca](http://aglc.ca)

Every day, Albertans trust us to regulate charitable gaming and liquor activities and to conduct and manage provincial lotteries in both a responsible and a sustainable way.

We do so guided by strong values.

**Integrity**

**Respect**

**Collaboration**

**Innovation**

**Excellence**



**AGLC**

Alberta Gaming &  
Liquor Commission

# Contents

<b>5</b>	<b>Section 1 – Governance</b>
6	Message from the Chair and the President and Chief Executive Officer
8	The Board and Corporate Governance
10	Vision, Mission and Values
11	Strategic Directions
<b>12</b>	<b>Section 2 – Corporate</b>
13	Where the Money Goes
14	Our Divisions
<b>16</b>	<b>Section 3 – Measuring Performance</b>
17	Measuring Performance – AGLC Goals
18	Performance at a Glance
20	New Performance Measures for 2014-15
<b>22</b>	<b>Section 4 – Liquor</b>
23	Highlights and Key Facts
27	Measuring Performance - Liquor
<b>31</b>	<b>Section 5 – Gaming</b>
32	Highlights and Key Facts
33	<i>Spotlight: Charitable Gaming</i>
36	Measuring Performance - Gaming
<b>40</b>	<b>Section 6 – Social Responsibility</b>
41	Social Responsibility - Liquor
42	Social Responsibility – Gambling
43	<i>Spotlight: Responsible Gaming Awareness</i>
44	Measuring Performance – Social Responsibility
<b>47</b>	<b>Section 7 – Survey of Albertans</b>
48	Performance Measures – Methodology for Survey-Based Questions
48	Survey of Albertans
51	Survey of Albertans – Social Responsibility
<b>53</b>	<b>Financial Statements – AGLC</b>
<b>82</b>	<b>Financial Statements – Alberta Lottery Fund</b>
<b>88</b>	<b>Contact AGLC</b>

# Governance

The Board of the AGLC is responsible for the governance of the Commission and for overseeing the management of AGLC's business affairs.

The Board guides the AGLC's strategic direction and operational policies; approves the AGLC Business Plan and operational plan; monitors financial results and the performance of the President and Chief Executive Officer; and is ultimately responsible to the Minister of Finance and President of Treasury Board of the Government of Alberta.

The Board is responsible for making decisions respecting gaming and liquor licenses and registrations. In addition, the Board carries out a quasi-judicial function by conducting hearings in relation to alleged violations or breaches of the *Gaming and Liquor Act*, the Gaming and Liquor Regulation and AGLC policies.

## Message from the Chair and the President and Chief Executive Officer

“At the AGLC, maintaining high entertainment value in the province’s gaming industry and enabling a progressive liquor marketplace goes hand in hand with ensuring high standards of integrity, security and social responsibility. When it comes to these three values, we make no compromises.”

As another fiscal year comes to a close, we look back on the Alberta Gaming and Liquor Commission’s (AGLC) accomplishments with pride. We continued to work diligently to ensure integrity in Alberta’s gaming and liquor industries, generating revenue for the province and the people of Alberta, while recognizing and responding to the social impacts of our products and services. As you’ll notice in the pages of this report, we delivered solid results, while staying true to our promise of providing Albertans with choices they can trust.

In 2014-15, we earned more than \$2.2 billion in gaming and liquor revenue. Of this total, more than \$1.5 billion was placed in the Alberta Lottery Fund – an investment that will pay dividends of healthier, happier Albertans and stronger communities for generations to come. Every year, we see thousands of vital programs and services across the province receive support through the Alberta Lottery Fund, and this past year was no exception. From supporting facility upgrades to a children’s camp in Water Valley and a food bank in Brooks to helping host a francophone festival in Edmonton and an indigenous youth career fair in Calgary, gaming dollars were at work, making our province an even better place to live, work and raise a family.

When it comes to gaming proceeds, we would like to recognize and applaud the hard work of numerous charitable organizations that dedicate countless volunteer hours to gaming activities. Charities are the core of Alberta’s unique charitable gaming model that enables eligible charitable and religious groups to conduct casino events, bingos, raffles and pull tickets. Throughout 2014-15, the AGLC continued to support more than 16,000 charitable groups in earning \$342 million for numerous causes, including medical relief, nature conservation, arts programs and seniors services.

It’s clear that gaming revenue touches everyone in our communities. For this very reason, ensuring sustainability of the gaming industry is vital to the AGLC. We continuously strive to make sure the economic benefits of gaming activities are optimized to the advantage of all Albertans. One way we do this is by ensuring that Alberta players have the best in gaming entertainment available to them right here in the province. In 2014-15, we remained committed to providing innovative gaming entertainment options at our 24 casinos, three Racing Entertainment Centres – which recently became four with the opening of Century Downs Racetrack and Casino in April 2015 – and 884 vlt locations.

In 2014-15, Alberta's thriving liquor marketplace remained a solid contributor to our province's economy, providing \$766 million to the government's General Revenue Fund to support priorities such as building roads, hospitals and schools. Albertans also enjoy an outstanding selection in liquor products, which counts more than 20,000 – a number unmatched by any other liquor jurisdiction in Canada, and one that keeps growing. Coupled with high standards of responsible sales and service, as well as our expanding local manufacturing sector, we have many reasons to be proud. Many positive results of the past year in the liquor industry certainly attributed to our excellent relationship with the industry as well as collaboration with many stakeholders and partners in government and community.

At the AGLC, maintaining high entertainment value in the province's gaming industry and enabling a progressive liquor marketplace goes hand in hand with ensuring high standards of integrity, security and social responsibility. When it comes to these three values, we make no compromises. While we recognize that the majority of Albertans consume alcohol and enjoy gaming entertainment in a responsible way, it is our responsibility to also recognize the associated risks. Day in and day out, we remain committed to reducing harms that can come from unhealthy gambling behaviours or excessive alcohol consumption. This year, as in many years prior, we made concerted efforts to help Albertans make informed choices with a comprehensive range of social responsibility programs and resources.

Our many achievements in 2014-15 would not be possible without the hard work and dedication of our AGLC team. We are constantly impressed by the breadth and depth of their knowledge, the passion they put into their work, and the dedication they show in serving Albertans.

This annual report highlights the impressive work we've accomplished over the last year, and sets a solid foundation as we look ahead to the many exciting challenges and opportunities that the coming year will bring!

Sincerely,

*Original signed by*

**Susan L. Green, ICD.D**  
Chair of the Board

*Original signed by*

**D.W. (Bill) Robinson**  
President and Chief Executive Officer

# The Board and Corporate Governance

## Structure

The AGLC Board is appointed by the Government of Alberta, and is comprised of seven public members and the President and Chief Executive Officer of the AGLC, who is a non-voting member. The Board reports to the Minister responsible for the *Gaming and Liquor Act* through the Chair.

The responsibilities of the Board are set out in Section 12 of the *Gaming and Liquor Act*. These include ensuring that the powers and duties of the Commission are appropriately carried out, establishing the policies of the organization, conducting hearings and making decisions respecting licences and registrations.

## Members of the Board of the AGLC (2014-15)

- Susan Green
  - Chair
- William (Bill) Anhorn
- William (Bill) Clark
- James (Jim) Hansen
- Thorna Lawrence
- Brent Shervey
- D.W. (Bill) Robinson
  - President and Chief Executive Officer
  - non-voting member

Biographies of the Board members are available online at [aglc.ca/aboutus/board/](http://aglc.ca/aboutus/board/)

## Responsibilities

The Board has three major areas of responsibility in its governance of the AGLC. These include monitoring, regulation through administrative tribunals, and policy.

## Monitoring

The Board ensures that appropriate monitoring processes and control systems are in place and that the AGLC's financial reports meet the highest standards. The Board also oversees and monitors the administration of the AGLC by the President and Chief Executive Officer. The President and Chief Executive Officer ensures policies of the Board are implemented and advises and informs the Board on the operations of the AGLC.

The Internal Audit office operates under a mandate approved by the Audit Committee, a committee of the Board. The independence of the Internal Audit office is assured, as the Audit Committee has the responsibility for the hiring, compensation and performance reviews of the Director, Internal Audit. The Audit Committee also meets independently with the Office of the Auditor General for the Province of Alberta.

## Regulation

Functioning as an administrative tribunal, the Board conducts hearings, establishes and applies policies and makes decisions on gaming and liquor licences and registrations. When it conducts hearings, the Board has the powers, privileges and immunities of a commissioner under the *Public Inquiries Act*. It may hold an inquiry into any matter related to the *Gaming and Liquor Act*.

## Policy

The Board develops policy collaboratively through strategic planning and stakeholder consultation. The Board may receive policy direction from the Minister of Finance and President of Treasury Board and, in turn, provide policy recommendations to the Minister.

## Committees

The Board has four committees to carry out its responsibilities:

### **Audit Committee**

Oversees:

- financial and performance reporting systems and disclosure;
- internal and external audit activities; and
- enterprise risk management and internal controls.

### **Finance and IT Committee**

Oversees:

- annual business planning and budget process;
- internal financial and performance reporting systems;
- enterprise information technology governance; and
- business continuity and disaster recovery plans.

### **Human Resources Committee**

Assists the Board to fulfill its obligations with respect to:

- corporate human resource matters; and
- code of conduct and ethics matters.

### **Policy and Governance Committee**

Supports the AGLC Board to:

- Establish, monitor and review the corporate governance processes; and
- Ensure that relationships between stakeholders and the Board are effective.

## ***Public Interest Disclosure (Whistleblower Protection) Act***

The Alberta Gaming and Liquor Commission established an office responsible for monitoring and responding to reports made under the *Public Interest Disclosure (Whistleblower Protection) Act* and/or our Code of Conduct and Ethics. In 2014-15, there were no disclosures received under the *Public Interest Disclosure (Whistleblower Protection) Act*.

# Vision, Mission and Values

## Vision

Driven by a bold and balanced approach, AGLC will be a leader in creating progressive gaming and liquor experiences trusted and enjoyed by Albertans.

## Mission

Our promise is to ensure responsible gaming and liquor choices that deliver economic and social benefit to Albertans.



## Values

### Integrity

We play by the rules, do the right thing and do what we say we'll do.

### Respect

We create an environment where each individual is valued and heard, and celebrate the diversity that makes us stronger.

### Collaboration

Together we are better. Working as a team and with our partners we achieve extraordinary results.

### Innovation

We imagine the possibilities. We challenge ourselves to look beyond *what is* to *what can be*.

### Excellence

We are all leaders. We work with passion, pride and purpose and own our part in the success of the team.

# Strategic Directions

The AGLC's Strategic Directions are separated into several themes and are intended to guide the organization to achieve our Vision and Mission. In 2014-15, the Board and the AGLC Executive Team, with input from AGLC staff, revised the Strategic Directions to guide future business decisions and resource allocation.

These directions are meant to propel the organization forward and set direction for the next three to five years. These Strategic Directions will form the basis for the 2016-2019 AGLC Business Plan, with measurement of performance against these directions to be reported in future Annual Reports.

We will **promote responsible growth** of the gaming and liquor industries for the benefit of Albertans.

We will **foster a culture of moderation** by promoting responsible liquor and gaming experiences.

We will develop **policies that enable** the gaming and liquor industries; and that respect our **commitment to compliance**.

By living our values, we will **continuously improve** the delivery of benefits, services and products to stakeholders and each other.

# Corporate

## About the AGLC

The AGLC's role is to administer the *Gaming and Liquor Act*, Gaming and Liquor Regulation and related policies.

Our responsibilities include regulating charitable gaming activities, conducting and managing provincial lotteries and regulating liquor in the province, including its manufacture, importation, sale, purchase, possession, storage, transportation, use and consumption.

We work to sustain the long-term economic benefits of liquor and gaming in a socially responsible manner, and consult with stakeholders and partners when developing and implementing policies. Maintaining integrity in the gaming and liquor industries is at the core of everything we do for Albertans.



# Corporate

## Where the Money Goes

We collect and disburse funds in our liquor and gaming businesses according to the *Gaming and Liquor Act*, other legislation, policies and agreements.

### Liquor

We pay liquor suppliers for their products when the product is sold to licensees. Payments are also made for warehousing, distribution, container deposit and recycling fees, and federal taxes and duties. The related operating costs of the AGLC are deducted and the net operating results from liquor are transferred to the province's **General Revenue Fund**.

### Provincial Gaming

We record sales from casino gaming terminals (e.g. slot machines), video lottery terminals (vlts) and electronic bingo and ensure prizes are paid and the appropriate federal taxes remitted. Commissions are paid to retailers/operators. Licensed charitable and religious groups are paid a commission from casino gaming terminals operating during their licensed casino events. Charitable and religious groups also receive commission from electronic bingo and Keno operating during charitable fundraising events in licensed bingo facilities. All related AGLC operating costs are deducted and the income from Western Canada Lottery Corporation (WCLC) for ticket lottery sales in Alberta is added. The net operating results from provincial gaming are transferred to the **Alberta Lottery Fund**.

### Charitable Gaming

Charitable and religious groups that conduct raffles, sell pull tickets and conduct bingo and casino table games use the proceeds from these gaming activities for approved charitable or religious purposes. The groups pay private sector suppliers for the cost of products and services they obtain to hold their events. Other than fees for licences and trustee services for charitable proceeds from traditional casino events, the AGLC does not receive any revenue from charitable gaming.

## Our Divisions

In addition to the main office located in St. Albert, the AGLC has regional offices in Calgary, Grande Prairie, Lethbridge, Red Deer and Stettler.

AGLC staff serve Albertans through the activities of the following eight divisions.

### Office of the President and Chief Executive Officer

#### Bill Robinson President and Chief Executive Officer

The Office of the President and Chief Executive Officer provides leadership and overall guidance to the administration and operation of the AGLC. The President and Chief Executive Officer serves as a non-voting member of the Board of the AGLC, advises and informs the Board on the operation of the Commission and ensures that policies of the Board are implemented.

The AGLC's Marketing and Communications Branch operates within the Office of the President and Chief Executive Officer. The Branch is the champion of a corporate approach to promoting the AGLC brand and communicating with employees and external stakeholders. Marketing and Communications leads marketing solutions to increase consumer and stakeholder engagement, develops plans for communicating with internal and external audiences, manages the AGLC visual identity and champions a culture whereby employees live the values of the AGLC.

### Corporate Services

#### Gill Hermanns Senior Vice President

(Chief Financial Officer until March 25, 2015)

This division manages the development and integration of strategic, business and operational planning activities. Corporate Services also directs a coordinated policy approach, from the development and maintenance of specific gaming and liquor policies, to broader strategic policy for the Commission.

The division is responsible for corporate records management, enterprise risk management, the business continuity plan and ensuring adherence to the *Freedom of Information and Protection of Privacy Act* (the FOIP Act).

Additionally, the division oversees corporate property management, including real estate development, maintenance, space planning, and staff accommodations.

### Compliance and Social Responsibility

#### Shane Loxterkamp Vice President

This division monitors the integrity of Alberta's gaming and liquor industries in a number of ways: conducting industry audits, issuing gaming and liquor licences, conducting on-site monitoring and investigation of gaming related offences under the *Criminal Code* (Canada) and provincial offences related to liquor and tobacco, as well as reporting on processes used to monitor the integrity of those businesses.

The Compliance and Social Responsibility division also works closely with partners in the liquor and gaming industries to develop and implement social responsibility programs with the aim to reduce alcohol and gambling-related harms and encourage a culture of moderation.

### Liquor Services

#### Alain Maisonneuve Vice President

Liquor Services oversees the liquor supply chain in Alberta and ensures progressive developments in the industry while building strong relationships with liquor stakeholders.

This division registers all liquor products sold in the province and monitors the distribution system in Alberta. Liquor Services also oversees the collection of federal customs and excise duties and provincial mark-ups as well as ensures adherence with applicable liquor legislation.

## **Lottery and Gaming Services**

**Niaz Nejad**  
**Vice President**

This division manages business operations related to the conduct and management of provincial lotteries. In Alberta, provincial lotteries include video lottery terminals (vlts) in licensed premises, casino gaming terminals in casinos and Racing Entertainment Centres (RECs), electronic bingo in licensed bingo facilities and ticket lotteries. Ticket lotteries are conducted and managed in collaboration with the Western Canada Lottery Corporation (WCLC).

The Lottery and Gaming Services division ensures that the provincial lottery network is secure, is operated with integrity and efficiency and meets revenue expectations. They also monitor consumer trends and emerging gaming technologies as part of a commitment to the long-term sustainability of gaming in Alberta.

## **Innovation and Technology Services**

**David Oh**  
**Chief Information Officer and Vice President**

The Innovation and Technology Services division provides information technology to support AGLC's mandate, strategic activities and technological requirements. They develop and manage systems to deliver key components of the gaming and liquor businesses of the AGLC efficiently and effectively. Additionally, they develop specialized applications and collect and monitor information in support of all business units of the AGLC.

The division is also responsible for the management of the portfolio of corporate priority projects.

## **Human Resources and Learning & Development**

**Karen Egan**  
**Vice President**

The Human Resources and Learning & Development division provides human resource programs and services to help our employees achieve their learning and business goals. The division is involved in staffing, job evaluation, employee recognition, retention initiatives, learning and development, occupational health and safety, benefit administration and collective bargaining.

## **Corporate Finance Office**

**Kandice Machado**  
**Chief Financial Officer**  
(assumed role on March 25, 2015)

The Corporate Finance Office provides corporate business support services for the AGLC including finance and procurement. The division provides all cash management services for the Commission, is responsible for the accounting of all gaming and liquor revenues, and manages the accurate reporting of the financial results of the AGLC and the Alberta Lottery Fund.

The Corporate Finance Office oversees all procurement activities for the organization.

# Measuring Performance

The AGLC evaluates the effectiveness of our programs and services through annual performance measurement.

We do this by setting goals in our business plan and providing the results to the public through this annual report.

The results tell us what is working well and where we can improve.

Being open and accountable in this way ensures that we keep the trust of our stakeholders and all Albertans by managing the organization in a manner that reflects their views and values.



# Measuring Performance – AGLC Goals

As outlined in the 2014-2017 Business Plan, the AGLC has established a strategic plan with six goals to guide the organization in serving Albertans.

## **Goal 1 Optimized Organizational Alignment**

The principle outcome of this goal is to increase clarity and alignment within the organization to provide an essential platform for ensuring gaming and liquor sustainability in Alberta.

## **Goal 2 Renewed and Repositioned Capabilities**

The ultimate outcome of this goal is to maximize resilience and minimize the time to effect change. The AGLC aims to be an adaptable, flexible and responsive organization as the expectations of stakeholders continue to evolve.

## **Goal 3 Consumer and Client Focused Culture**

While recognizing that there may be competing interests and different viewpoints among Albertans, the AGLC aims for satisfied consumers and clients in the gaming and liquor industries.

## **Goal 4 Operational Effectiveness Improvement**

This goal is intended to improve the AGLC's operational effectiveness and support progressive and compliant gaming and liquor industries.

## **Goal 5 Continuous Service Evolution**

The outcome of this goal is to sustain revenues and protect the benefit to charities, ensuring that the AGLC's business remains stable by maintaining or growing profits.

## **Goal 6 Responsible Choice Promotion**

The outcome of this goal is two-fold: healthy consumers and reduced liquor and gambling related harms in Alberta.

# Performance at a Glance

AGLC Goal	Performance Measure	2014-15 Target	2014-15 Result
<b>Goal 1: Optimized Organizational Alignment</b>	Percentage of stakeholders aware of how AGLC serves Albertans	TBD	<b>N/A<sup>1</sup></b>
	Percentage of employees who are aware of the AGLC Strategic Plan	60%	<b>TBD<sup>2</sup></b>
<b>Goal 2: Renewed and Repositioned Capabilities</b>	Percentage of service level targets achieved	70%	<b>80%</b>
<b>Goal 3: Consumer and Client Focused Culture</b>	Percentage of Albertans satisfied with the availability of gaming products and services	80%	<b>78%</b>
	Percentage of Albertans satisfied that the gaming activities they participated in were provided fairly and responsibly <sup>3</sup>	94%	<b>91%</b>
	Percentage of Albertans satisfied that licensed gaming venues are safe and responsible environments in which to gamble	70%	<b>65%</b>
	Percentage of Albertans satisfied with the selection of products at liquor stores	91%	<b>91%</b>
	Percentage of Albertans satisfied that liquor is provided in a responsible manner	91%	<b>92%</b>
	Percentage of Albertans satisfied with the safety and security in and around licensed liquor premises	91%	<b>88%</b>
<b>Goal 4: Operational Effectiveness Improvement</b>	Percentage of all revenues to be received by Licensed Charities, the General Revenue Fund and the Alberta Lottery Fund	80%	<b>80.6<sup>4</sup></b>
	Percentage of liquor licensees who comply with legislation, regulation and policy	95% <sup>5</sup>	<b>94.6%</b>
	Percentage of charitable gaming activities conducted in accordance with legislation, regulation and policy	99% <sup>5</sup>	<b>99.5%</b>
<b>Goal 5: Continuous Service Evolution</b>	Gaming net operating results ( <i>thousands of dollars</i> )	\$1,482,550	<b>\$1,528,341</b>
	Liquor and other net operating results ( <i>thousands of dollars</i> )	\$745,249	<b>\$765,772</b>
<b>Goal 6: Responsible Choice Promotion</b>	Percentage of Albertans that gamble responsibly	97%	<b>98%</b>
	Percentage of Albertans that drink alcohol in moderation <sup>6</sup>	92%	<b>87%</b>
	Percentage of Albertans aware of prevention and harm reduction programs for problem gambling <sup>7</sup>	83%	<b>72%</b>
	Percentage of Albertans aware of prevention and harm reduction programs for problem drinking <sup>8</sup>	90%	<b>80%</b>

## Notes

- <sup>1</sup> This measure has been replaced with a more detailed stakeholder satisfaction index, the details of which are on page 20.
- <sup>2</sup> The target for this performance measure was set at 60% in the 2014-2017 AGLC Business Plan. The bi-annual survey of AGLC employees was not completed before this Annual Report was published; therefore, no survey results are available.
- <sup>3</sup> The results reported in the table above are based on a survey question which asked respondents about their *satisfaction that the gaming activity they participated in was provided fairly and in a responsible manner*. Future survey questionnaires will be reworded to align with the AGLC Goals in the Business Plan, as worded above: percentage of Albertans *satisfied that the gaming activities they participated in were provided fairly and responsibly*.
- <sup>4</sup> Details on the calculations used to determine the result are noted on page 21.
- <sup>5</sup> The targets for these two performance measures (liquor licensees who comply with legislation, regulation and policy, and charitable gaming activities that comply with legislation, regulation and policy) were set in the 2014-2017 AGLC Business Plan. However, caution is advised in any interpretation of results, as there are other factors outside of the AGLC's control that determine the compliance rate.
- <sup>6</sup> In 2014-15, the AGLC adopted the Canadian Low-Risk Alcohol Drinking Guidelines for promoting moderate alcohol consumption; previously, the World Health Organization's AUDIT tool was used to set guidelines. Originally under the previous methodology, a target of 92% was set for "Albertans drink in moderation" in the 2014-17 AGLC Business Plan when based on the AUDIT tool. Due to the change in guidelines, a direct comparison between the target and the results is not possible.
- <sup>7</sup> The 2014-15 survey questionnaire was reworded to align with the goals in the 2014-17 AGLC Business Plan, as shown above. The results reported are based on a survey question which asked respondents about their *awareness of prevention and harm reduction programs for problem gambling*. Previous surveys from 2010-11 through 2013-14 are based on a survey which asked respondents about their *awareness of prevention and treatment programs for problem gambling*. Therefore results may not be directly comparable to the target because the target was set based on different wording of the survey question.
- <sup>8</sup> The 2014-15 survey questionnaire was reworded to align with the goals in the 2014-17 AGLC Business Plan, as shown above. The results reported are based on a survey question which asked respondents about their *awareness of prevention and harm reduction programs for problem drinking*. Previous surveys from 2010-11 through 2013-14 are based on a survey which asked respondents about their *awareness of prevention and treatment programs for alcohol abuse*. Therefore results may not be directly comparable to the target because the target was set based on different wording of the survey question.

## New Performance Measures for 2014-15

### AGLC Goal 1: Optimized Organizational Alignment

Performance Measures

#### 1.a. Percentage of stakeholders aware of how AGLC serves Albertans

This performance measure has been replaced with a more detailed Stakeholder Satisfaction Index which combines ratings of satisfaction on several factors from three main groups of stakeholders: Liquor Industry, Gaming Industry and Charity Licences.

In early 2015, the AGLC completed the Stakeholder Satisfaction Index through survey responses. For each of the three areas, responses to a series of satisfaction questions are provided from several stakeholders groups, as follows:

- Liquor Industry: liquor licensees and liquor agencies
- Gaming Industry: Keno retailers, casino gaming terminal (e.g. slot machine) retailer, video lottery terminal (vlt) retailer, lottery retailer
- Charity Licensees: representing bingo, casino, pull tickets and raffle

The Stakeholder Satisfaction Index yielded an average score of 92% (Liquor Industry: 91.3%; Gaming Industry: 94.7%; Charity Licences: 89.2%).

#### 1.b. Percentage of employees who are aware of the AGLC Strategic Plan

The AGLC conducts a bi-annual survey of employees that includes an assessment of awareness of the Strategic Plan. The survey was not completed before this Annual Report was published; therefore, no survey results are available for 2014-15.

### AGLC Goal 2: Renewed and Repositioned Capabilities

Performance Measure

#### 2.a. Percentage of service level targets achieved

For 2014-15, the AGLC collected service level targets within the organization. A total of 30 service level targets were monitored from four divisions: Compliance and Social Responsibility, Lottery and Gaming Services, Liquor Services and Human Resources and Learning & Development. Of those targets, 24 service level performance measures met or exceeded their target, a result of 80%.

The AGLC is committed to setting service level targets across our divisions, and to monitoring annual performance against these internal service goals. As our capacity to collect data and monitor performance against these targets evolves, these results will be used to manage performance across the various parts of AGLC's business.

## AGLC Goal 4: Operational Effectiveness Improvement

Performance Measure

### 4.a. Percentage of all revenues to be received by Licensed Charities, the General Revenue Fund and the Alberta Lottery Fund

This value is calculated by determining the percentage of total revenue (net of prizes and cost of goods sold) to be received by licensed charities, the General Revenue Fund (GRF), and Alberta Lottery Fund (ALF), after paying operating expenses, commissions, and taxes. Total revenue includes revenue from electronic gaming such as casino gaming terminals, video lottery terminals, and electronic gaming (A), proceeds from non-electronic gaming such as paper bingo, casino table games, pull tickets and raffles (B), provincial lottery, liquor, and other revenue.

All figures and *Notes* are included in the AGLC audited financial statements (pages 55-81), with the exception of the non-electronic gaming proceeds which is included in the 2014-2015 Charitable Gaming in Review (p. 32), to be published by the AGLC.

(\$ thousands)	2014-15	2013-14
<b>Revenue</b>		
Electronic gaming revenue (A)	1,905,602	1,844,027
Non-electronic gaming proceeds <sup>1</sup> (B)	<u>159,163</u>	<u>163,530</u>
Charitable gaming	<u>2,064,765</u>	<u>2,007,557</u>
Provincial Lottery ( <i>Note 16</i> )	396,646	413,146
Liquor	781,900	758,251
Other Revenue	17,833	19,078
<b>Total Revenue</b>	<u>3,261,144</u>	<u>3,198,032</u>
<b>AGLC share of operating expenses, commissions and taxes</b>		
<b>Operating Expenses</b>		
AGLC Operating Expenses ( <i>Note 14</i> )	221,043	223,778
WCLC Operating Expenses ( <i>Note 16</i> )	<u>41,149</u>	<u>40,250</u>
	<u>262,192</u>	<u>264,028</u>
<b>Commissions</b>		
AGLC Commissions <sup>2</sup> ( <i>Note 13</i> )	281,826	272,566
WCLC Commissions ( <i>Note 16</i> )	<u>56,976</u>	<u>61,627</u>
	<u>338,802</u>	<u>334,193</u>
<b>Taxes</b>		
Federal Tax Expense ( <i>Note 13</i> )	16,946	16,859
WCLC Federal Tax Expense ( <i>Note 16</i> )	4,382	4,637
WCLC Payment to Federal Government ( <i>Note 16</i> )	<u>8,817</u>	<u>8,506</u>
	<u>30,145</u>	<u>30,002</u>
<b>AGLC's Total Share of Operating Expenses, Commissions, and Taxes</b>	<u>631,139</u>	<u>628,223</u>
<b>Contribution to Charities, GRF and ALF</b>	<u>2,630,005</u>	<u>2,569,809</u>
<b>Percentage</b>	<b>80.6%</b>	80.4%

#### Notes

<sup>1</sup> net of prizes and event expenses plus Keno, refer to the 2014-2015 Charitable Gaming in Review

<sup>2</sup> includes commissions to operators only

<sup>3</sup> The 2014-2017 AGLC Business Plan indicates that the actual contribution to the GRF and ALF in 2013-14 was 82%. The calculation in support of this measure has been changed to better reflect the percentage of revenues returned to the public, including licensed charities, the GRF and the ALF.

# Liquor

Liquor is a core business of the AGLC. We work to sustain the long-term economic benefits of liquor in Alberta in a socially responsible manner.

Several of the AGLC's Business Plan goals relate directly to Alberta's liquor industry:

**Goal 3: Consumer and Client Focused Culture**

**Goal 4: Operational Effectiveness Improvement**

**Goal 5: Continuous Service Evolution**

Our performance is measured based on these goals. Measuring performance helps set priorities and ensures that the province's liquor industry is managed in a way that reflects **the views and values of Albertans**.

## Highlights and Key Facts

### Liquor licences

The AGLC issues licences to companies and individuals for the sale and service of liquor. There were 8,627 liquor licences in effect on March 31, 2015, excluding special event licences. This compares to 8,488 licences in effect the previous year.

#### Liquor Licences by Class (as at March 31, 2015)

	2014-15	2013-14	2012-13	2011-12	2010-11
Class A (open to the public)	5,172	5,099	5,067	5,094	5,087
Class B (facilities where people pay an entrance fee or buy a ticket)	597	567	554	542	540
Class C (private clubs)	796	798	795	793	793
Class D (retail outlets that sell liquor for off-premises consumption)*	2,024	1,990	1,978	1,960	1,942
Class E (liquor manufacturers)	38	34	30	26	25
<b>Total</b>	<b>8,627</b>	8,488	8,424	8,415	8,387
Private Retail Liquor Stores (included in Class D above)	1,368	1,329	1,312	1,285	1,250
General Merchandise Liquor Stores (included in Class D above)	91	91	93	96	94

\*Includes private retail liquor stores, general merchandise liquor stores, off-sales, manufacturers' off-sales, (for example, cottage wineries), delivery services, sacramental wine providers and commercial caterers.

### Special Event Licences

Special event licences allow the holder to serve liquor at a public or private function (for example, at a wedding reception in a community hall). The licence holder may be an individual, non-profit organization, company or municipality. These licences are not required for functions held at private residences unless liquor is sold at the function.

Special event licences may be obtained from retail liquor stores, general merchandise liquor stores, general off-sales rooms or the AGLC offices in St. Albert, Calgary, Grande Prairie, Red Deer and Lethbridge.

For private functions or public events where liquor is to be sold, a special event licence is required. In 2014-15, a total of 1,147 public resale licences were issued. The total number of private resale licences issued was 267.

## Liquor products available (as at March 31, 2015)

Under Alberta's private liquor retail model, market demand determines which products are available to consumers. Over 2,000 liquor retailers offer a wide choice and excellent access to liquor products province-wide. Consumers in Alberta have unparalleled choice in liquor products with over 20,000 spirits, wines, beers, coolers and ciders to choose from.

### Liquor Products Available

	2014-15	2013-14	2012-13	2011-12	2010-11
Spirits	3,898	3,716	3,310	3,001	2,844
Wine	12,764	12,321	12,054	11,407	11,342
Coolers/Cider	445	389	361	367	338
Beer	2,998	2,356	2,193	1,672	1,405
<b>Total</b>	<b>20,105</b>	18,782	17,918	16,447	15,929

### Liquor Sales by Type (\$ thousands)

	2014-15	2013-14	2012-13	2011-12	2010-11
Spirits	744,795	722,705	713,910	663,656	643,763
Wine	565,672	516,528	494,658	450,746	426,468
Coolers/Cider	126,523	108,473	89,533	75,156	66,680
Beer	1,103,274	1,055,008	1,002,560	959,647	896,571
<b>Total</b>	<b>2,540,264</b>	2,402,714	2,300,661	2,149,205	2,033,482

### Liquor Sales by Volume (in hectolitres, hL)

	2014-15	2013-14	2012-13	2011-12	2010-11
Spirits	275,819	270,242	271,571	255,396	253,472
Wine	436,077	402,732	389,045	363,789	346,898
Coolers/Cider	273,018	239,205	198,616	167,263	144,370
Beer	2,817,285	2,772,402	2,742,474	2,720,865	2,610,874
<b>Total</b>	<b>3,802,199</b>	3,684,581	3,601,706	3,507,313	3,355,614



What is a hectolitre?

**A hectolitre is equivalent to 100 litres**

**1 hL = 100 L**

## Liquor and Other Net Operating Results

Net operating results are transferred to the General Revenue Fund of the Government of Alberta. For 2014-15, liquor and other net operating results was nearly \$766 million.

### Liquor and Other Net Operating Results (\$ thousands)

	2014-15	2013-14	2012-13	2011-12 <sup>1</sup>	2010-11 <sup>1</sup>
Net Operating Results – transferred to General Revenue Fund	<b>765,772</b>	747,026	728,729	700,997	684,534

<sup>1</sup> restated

## Serving Stakeholders

The AGLC is committed to serving all stakeholders in Alberta's liquor industry. In addition to our focus on a liquor model that delivers unparalleled consumer choice, the AGLC strives to continually improve how we serve other key industry players, including retailers and manufacturers, as well as liquor agencies representing products sold in Alberta.

## Technological Advancements

In 2014-15, the AGLC developed the Beverage Alcohol Information System (BAIS), a custom-built, in-house application that supports the registration and price management of all liquor products in Alberta.

An additional advancement in 2014-15 was the development of the Liquor Agency Portal (LAP), an online application for product registration, pricing and enhanced communication with liquor agencies representing products in Alberta.

These technological upgrades are integrated and enable consistent management of liquor services functions across the AGLC. These new platforms allow for increased consistency, effectiveness and efficiency in serving our stakeholders, resulting in improved delivery of services and greater user satisfaction.

## Liquor Mark-up Rates

On behalf of the Government of Alberta, the AGLC collects mark-up on all liquor products sold in Alberta. Mark-up rates depend on product type and per cent of alcohol by volume, and are included in the wholesale price of liquor products.

In 2014-15, at the direction of the Government of Alberta, the AGLC revised the liquor mark-up rates. Adjustments to the mark-up rate schedule were effective March 27, 2015. In 2014-15, mark-up rates were applied according to this schedule:

	As at April 1, 2014	As of March 27, 2015 (and current as at March 31, 2015)
<b>Spirits, Refreshment Beverages and Wine</b>		
	\$ per litre	\$ per litre
Spirits (greater than 60% alcohol content)	17.87	18.09
Spirits (greater than 22% less than or equal to 60% alcohol content)	13.30	13.52
Spirits (less than 22% alcohol content)	9.90	10.12
Refreshment Beverages (greater than 8% and less than or equal to 16% alcohol content)	4.05	4.27
Refreshment Beverages (greater than 1% and less than or equal to 8% alcohol content)	1.35	1.57
Wine and Sake (greater than 16% alcohol content)	6.10	6.32
Wine and Sake (less than or equal to 16% alcohol content)	3.45	3.67
Wine and Mead (sold from cottage winery/meadery farm gates and/or farmers' markets)	0.70	0.70
<b>Beer – less than 11.9% alcohol by volume (Based on annual worldwide production of the manufacturer*)</b>		
	\$ per litre	\$ per litre
Small brewer mark-up – if production is less than or equal to 20,000 hectolitres	0.20**	0.20**
Small brewer mark-up (mid-level) – if production is greater than 20,000 hectolitres and less than or equal to 200,000 hectolitres	0.40**	0.51**
Small brewer mark-up (transition) – if production is greater than 200,000 hectolitres and less than or equal to 400,000 hectolitres	0.40 on sales in Alberta up and including the first 200,000 hectolitres***	0.51 on sales in Alberta up and including the first 200,000 hectolitres***
	0.98 on sales in Alberta for the next 200,000 hectolitres up to and including 400,000 hectolitres	1.20 on sales in Alberta for the next 200,000 hectolitres up to and including 400,000 hectolitres
Standard beer mark-up – if production is greater than 400,000 hectolitres	0.98	1.20
<b>Beer – greater than 11.9% alcohol by volume</b>		
	\$ per litre	\$ per litre
Beer (greater than 11.9% and less than or equal to 16% alcohol content)	4.05	4.27
Beer (greater than 16% and less than or equal to 22% alcohol content)	9.90	10.12
Beer (greater than 22% and less than or equal to 60% alcohol content)	13.30	13.52

\* Annual worldwide production includes the volume of all liquor and non-liquor products manufactured where the beer is produced, as well as all contracted or leased volumes.

\*\* All manufacturers/liquor suppliers/liquor agencies are subject to the standard mark-up rate of \$1.20 per litre. A qualified manufacturer may be eligible for the small brewer mark-up if it meets, to the satisfaction of the AGLC, the following criteria:

1. A qualified manufacturer, under the beer mark-up policy, is defined as:
  - a) An Alberta licensee holding a Class E Manufacturer Licence issued in accordance with the *Gaming and Liquor Act*, Gaming and Liquor Regulation and related AGLC policies; or
  - b) A person who owns/leases, operates and controls an establishment for making liquor outside of Alberta who meets the following requirements of a Class E Manufacturer in Alberta:
    - i) all beer must be manufactured on site;
    - ii) the person must have the continuous right to solely occupy and control the facility, whether or not the facility is owned or leased by the person.
2. A qualified manufacturer is eligible for the small brewer rates on products for distribution in Alberta only if it is either:
  - a) the owner of the trade/brand names it manufactures; or
  - b) the registered agency in Alberta of the products it manufactures.
3. A registered agency that has a product produced at only one qualified manufacturer, that qualified Manufacturer having annual world-wide production of all products less than 20,000 hl, is eligible for the small brewer rate.

\*\*\* Only those beer manufacturers and suppliers whose annual worldwide production was less than 200,000 hectolitres when they entered the Alberta market are eligible for the transition mark-up rates.

## Measuring Performance – Liquor

### AGLC Goal 3: Consumer and Client Focused Culture

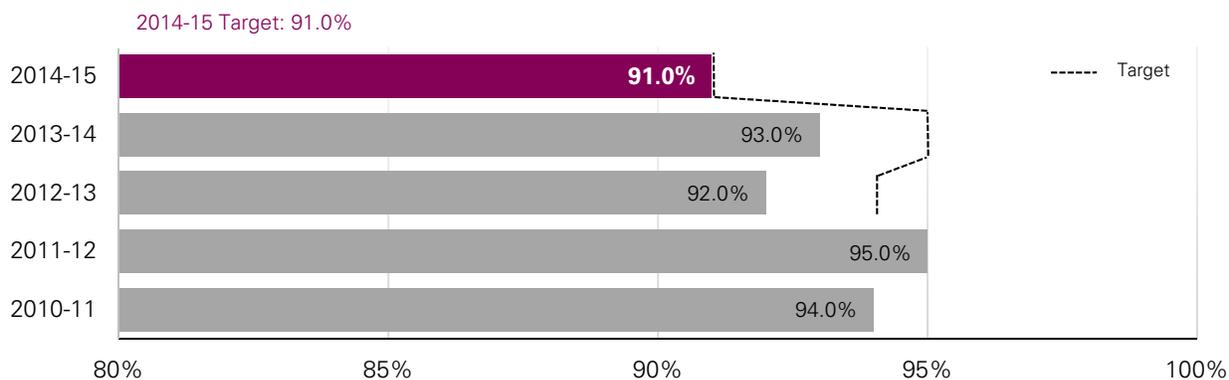
#### Performance Measures

#### 3.d. Percentage of Albertans satisfied with the selection of products at liquor stores

Providing choices Albertans can trust is important to the AGLC. Alberta's privatized liquor model provides Albertans with access to an unparalleled variety of liquor products. On March 31, 2015, there were over 20,000 liquor products available to liquor stores throughout Alberta.

In 2014-15, 91 per cent of Albertans who had purchased liquor in an Alberta liquor store were satisfied with the selection of products at liquor stores. This result is consistent with results achieved in previous years and meets the target of 91 per cent.

Detailed information on the Survey of Albertans is available on page 47.



Source: 2014-15 Survey of Albertans – Leger Marketing

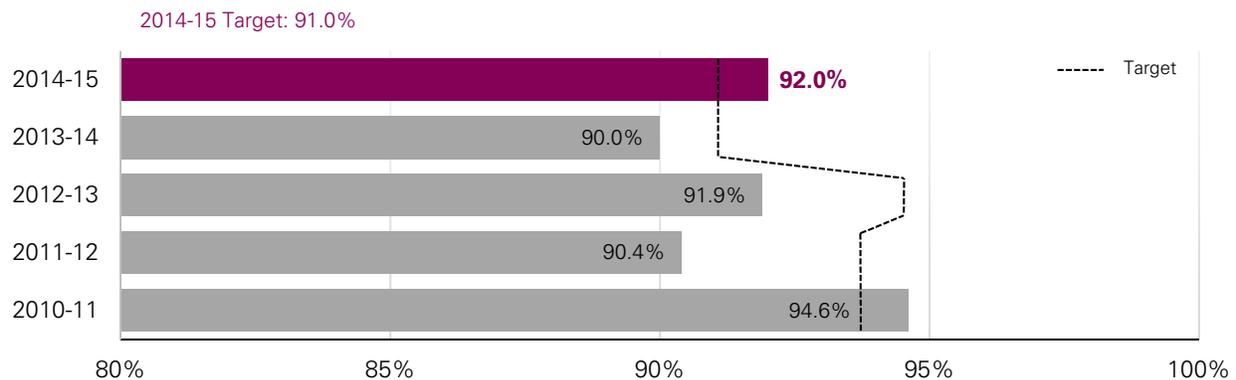
#### Notes:

- This performance measure was first introduced in 2012-13; therefore, there are no targets for prior years.
- There is a 95 per cent certainty that the results are accurate to +/- 3.1 per cent.

#### 3.e. Percentage of Albertans satisfied that liquor is provided in a responsible manner

The AGLC places significant emphasis on working with our stakeholders, licensees and partners to encourage actions that ensure liquor is provided in a socially responsible manner. We use this performance measure to gauge progress related to this goal. In 2014-15, 92 per cent of Albertans indicated they were satisfied that liquor was provided in a responsible manner. It exceeds the target of 91 per cent, and represents a high level of satisfaction among Albertans.

Detailed information on the Survey of Albertans is available on page 47.



Source: 2014–15 Survey of Albertans – Leger Marketing

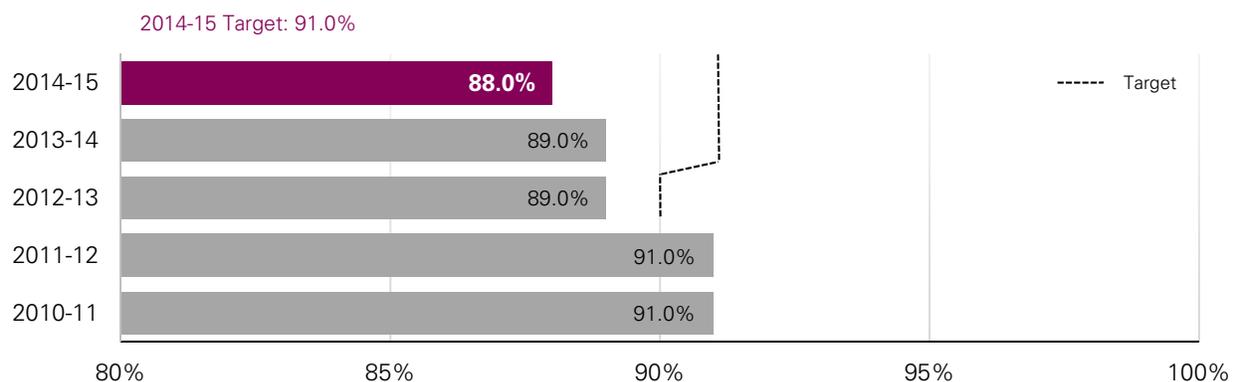
Note:

- There is a 95 per cent certainty that the results are accurate to +/- 3.1 per cent.

### 3.f. Percentage of Albertans satisfied with the safety and security in and around licensed liquor premises

The AGLC works hard to address the causes and impacts of violence in and around licensed premises and, in conjunction with the Alberta Safer Bars Council and licensees, works towards improving safety in these premises. We asked Albertans how satisfied they are with safety and security in and around licensed premises. This survey question was directed at individuals who purchased liquor at licensed premises, which are considered to be a restaurant, lounge or bar. In 2014-15, 88 per cent of Albertans were satisfied with the safety and security in and around licensed premises.

This result represents a high level of satisfaction but does not quite meet the target of 91 per cent. Detailed information on the Survey of Albertans is available on page 47.



Source: 2014–15 Survey of Albertans – Leger Marketing

Notes:

- This performance measure was first introduced in 2012–13; therefore, there are no targets for prior years.
- There is a 95 per cent certainty that the results are accurate to +/- 3.1 per cent.

## AGLC Goal 4: Operational Effectiveness Improvement

Performance Measure

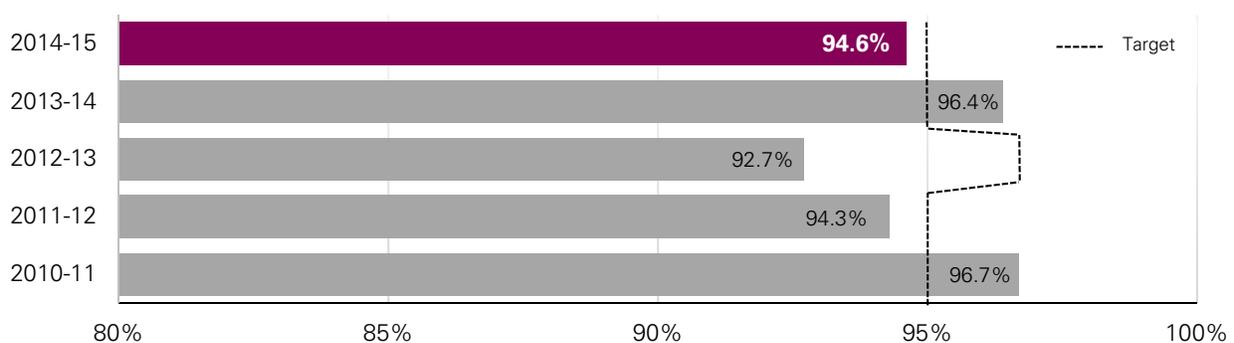
### 4.b. Percentage of liquor licensees who comply with legislation, regulation and policy

The *Gaming and Liquor Act*, Gaming and Liquor Regulation and AGLC policies describe the responsibilities of liquor licensees. The AGLC conducts regular inspections of licensed premises, investigations and audits to ensure that liquor licensees meet their obligations. A liquor licensee may be issued an administrative sanction if an infraction is identified during an inspection. Infractions include but are not limited to:

1. Failing to request proof of age from a patron who appears to be under 25 years of age;
2. Selling liquor to minors or allowing minors in age-restricted facilities;
3. Serving liquor to intoxicated patrons;
4. Serving liquor after hours; and
5. Failing to provide proper supervision and control (e.g. not having enough staff on duty and/or employing staff not properly trained to deal with situations that might occur in licensed premises).

The type of disciplinary action depends on the type and severity of the infraction, as well as prior history and can include a warning or monetary sanction or the suspension or cancellation of a licence. A licensee may request a hearing before the AGLC Board to appeal the administrative sanctions imposed. In 2014-15, 56 administrative sanctions were heard at 36 liquor-related hearings compared to 51 administrative sanctions heard in the previous year. 96.4 per cent of the sanctions were upheld by the AGLC Board.

In 2014–15, nearly 88 per cent of liquor licensees were inspected and 94.6 per cent complied with legislation, regulation and policy. This result is close to the target of 95 per cent and is consistent with the results achieved in previous years.



Source: Stakeholder Database. Report generated using the AGLC Regulatory Integrity Compliance and Education (RICE) system.

Notes:

- Caution is advised in the interpretation of the results as there are factors outside of AGLC's control that contribute to the overall compliance rate.
- Cautions (verbal warnings) are not included in the results.

## AGLC Goal 5: Continuous Service Evolution

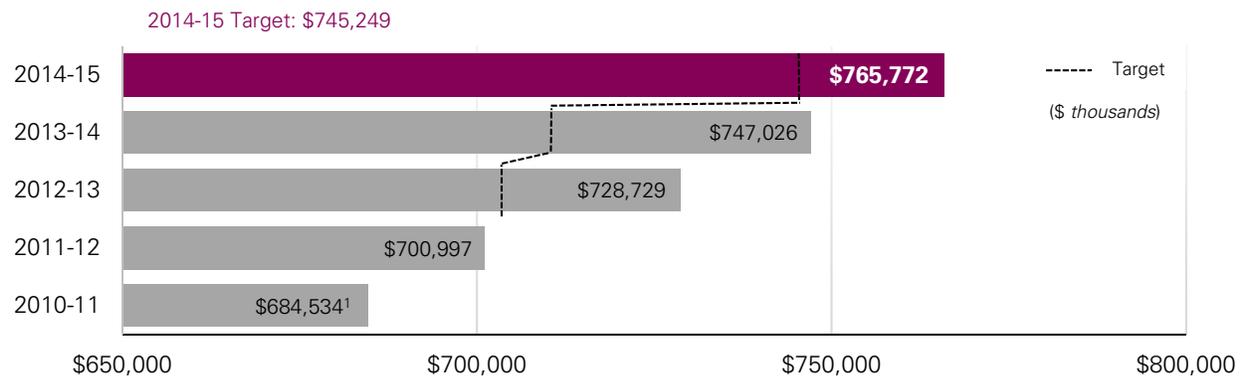
Performance Measure

### 5.b. Liquor and other net operating results (*thousands of dollars*)

Under Alberta’s privatized liquor model, suppliers or their agencies register liquor products with the AGLC and set a price that reflects the cost of the product. This cost includes the cost of manufacturing the product, costs associated with marketing and promotion, costs associated with transportation to the warehouse, warehousing costs and a profit margin. The AGLC then adds federal customs and excise duties (as applicable), provincial mark-up, container deposit, recycling fees and GST to the agency’s cost price. This forms the *wholesale price* at which the AGLC sells liquor to licensees. In 2014–15, the AGLC’s liquor sales were \$2.5 billion.

The AGLC’s cost of product was nearly \$1.8 billion in 2014-15. Our liquor-related operating costs were \$32.3 million, leaving \$750 million which, along with \$16 million collected for licences, administrative sanctions and other charges, yields net operating results of \$766 million. This net operating result is dedicated for transfer to the Government of Alberta’s General Revenue Fund (GRF); a transfer of \$763 million was made in 2014-15.

Liquor and other net operating results (thousands of dollars) available for transfer to GRF



Source: AGLC Audited Financial Statements: Note 12

Notes:

- This performance measure was first introduced in 2012–13; therefore, there are no targets for prior years.
- Since 2010-11, accounting has been based on International Financial Reporting Standards

<sup>1</sup> Restated

# Gaming

Gaming is a core business of the AGLC. We provide Albertans with a wide variety of entertaining gaming products and the tools required to participate in gambling activities in a healthy manner.

We conduct and manage provincial lotteries, including video lottery terminals (vlts), slot machines in casinos and Racing Entertainment Centres (RECs), ticket lotteries and electronic bingo in licensed bingo facilities.

We also regulate thousands of charitable gaming activities, including bingos, casino table games, raffles and pull ticket sales.

Several of the AGLC's Business Plan goals relate directly to gaming in Alberta:

**Goal 3: Consumer and Client Focused Culture**

**Goal 4: Operational Effectiveness Improvement**

**Goal 5: Continuous Service Evolution**

Our performance is measured based on these goals. Measuring performance helps set priorities and ensures that the province's gaming industry is managed in a way that reflects **the views and values of Albertans**.

## Highlights and Key Facts

The AGLC conducts and manages provincial lotteries including video lottery terminals (vlts), casino gaming terminals in casinos and Racing Entertainment Centres (RECs), ticket lotteries and electronic bingo in licensed bingo facilities. We do so by:

- supplying and maintaining electronic gaming equipment;
- ensuring the security and integrity of all electronic gaming equipment, and
- conducting regular audits to maintain the financial integrity of the gaming industry.

These activities are provided by independent retailers, private operators and bingo associations under retailer agreements with the AGLC.

The AGLC also regulates charitable gaming in Alberta including casino table games, paper bingo, pull-tickets and raffles. Charitable and religious groups licensed by the AGLC conduct and manage these gaming activities. The groups keep the proceeds they earn from paper bingo, raffles and pull-ticket sales after their operating expenses are deducted. Charities also receive a commission from slot machines in casinos, electronic bingo and Keno during their casino and bingo events. Groups that hold casino events receive proceeds from table games and pay a service fee to the casino facility operator.

## Charitable gaming

### Charitable gaming summary

	2014-15						2013-14		
	Charity Licences <sup>1</sup>	Total Gross (\$ '000)	Prizes/ Winnings (\$ '000)	Expenses <sup>2</sup> (\$ '000)	Electronic Gaming Proceeds (\$ '000)	Keno Proceeds (\$ '000)	Proceeds to Charity (\$ '000)	Charity Licences <sup>1</sup>	Proceeds to Charity (\$ '000)
Casinos	3,446	\$1,292,682	\$1,046,474	\$157,680	\$175,401	\$27	\$263,956	3,448	248,863
Raffles <sup>3</sup>	11,874	133,339	55,611	29,060	-	-	48,668	10,042	65,835
Pull Tickets <sup>4</sup>	344	86,445	60,631	8,821	-	-	16,993	358	18,173
Bingos <sup>5</sup>	1,040	98,657	63,834	29,848	7,483	233	12,690	1,207	11,586
<b>Total</b>	<b>16,694</b>	<b>\$1,611,122</b>	<b>\$1,226,550</b>	<b>\$225,409</b>	<b>\$182,884</b>	<b>\$260</b>	<b>\$342,307</b>	<b>15,055</b>	<b>344,457</b>

1. Bingo and pull-ticket licences are generally in effect for two years. Licences for casinos and raffles are generally for a single event.
2. Expenses include fixed fees/event expenses (including licence fees), pool expenses and electronic bingo net sales (sales less prizes). After program expenses are paid, electronic bingo net sales are returned to charities in the electronic gaming proceeds column and proceeds to charity columns.
3. Includes prior year information for raffles with gross sales over \$10,000 and current year information for raffles with gross sales under \$10,000.
4. Includes current year information for pull-tickets sold at licensed bingo facilities and prior year information for pull-tickets sold at all other locations.
5. Includes current year information for bingo events conducted at licensed bingo facilities and prior year data for bingo events conducted at community bingo facilities. Does not include community bingos with gross sales under \$2,500.

## Spotlight: Charitable Gaming

Each year, thousands of charities and religious groups across the province volunteer their time conducting casino table games and bingos, selling pull tickets and holding raffles – activities that contribute valuable dollars to making a difference in Alberta’s communities. The AGLC is responsible for protecting the integrity and maintaining the accountability of all gaming activities in Alberta, including charitable gaming events. The AGLC issues licences to eligible organizations, ensures that gaming activities are carried out in accordance with the policies that govern them, and oversees the use of gaming proceeds by charitable groups.

In 2014-15, **over 16,000 charitable gaming licences** were issued, with licensed events generating **more than \$342 million** for participating organizations. The AGLC is dedicated to ensuring integrity in charitable gaming events, so that Alberta’s gaming model can continue to deliver benefits to thousands of eligible organizations that positively impact communities across Alberta each year.

### What is Charitable?

The *Criminal Code* (Canada) requires that groups participating in charitable gaming are charitable or religious in nature and that the proceeds be directed to charitable or religious purposes. The AGLC determines which groups may be eligible for gaming licences and how they may use gaming proceeds. In general, to determine what constitutes a charitable or religious object or purpose, these four criteria are used:

- Relief of poverty;
- Advancement of education;
- Advancement of religion; and
- Other purposes beneficial to the community.

Eligible groups must also have a broad-based volunteer membership, a democratically chosen executive, and unpaid members and directors. Charitable and religious groups must also demonstrate that they offer programs that benefit the broader community, and not the self-interest of group members.

An annual AGLC publication – *Charitable Gaming in Review* – reports on the charitable aspects of Alberta’s gaming model, including further definitions of what is charitable, which groups are eligible, how to become a charitable gaming licensee, how charitable gaming proceeds may be used, the amounts generated by charities, and how the AGLC maintains the integrity of gaming activities.

The *Charitable Gaming in Review* document, as well as additional information for eligible charitable organizations, is available on the AGLC website at [aglc.ca](http://aglc.ca).

### Charitable gaming – Host First Nation casinos

In Alberta, casino gaming operates at 19 facilities across the province and at 5 separate Host First Nation (HFN) casinos. Gaming proceeds from HFN casinos support the First Nations Development Fund (FNDF). The FNDF Grant Program is a Government of Alberta lottery grant initiative available exclusively to First Nation Band Councils in Alberta. FNDF grants may be allocated for economic, social and community development projects. For more information about the FNDF, see [aboriginal.alberta.ca](http://aboriginal.alberta.ca).

## Electronic gaming

### Casino Gaming Terminals

There were 13,585 casino gaming terminals located in casinos and Racing Entertainment Centres (RECs) across Alberta as of March 31, 2015.

	2014-15	2013-14	2012-13	2011-12	2010-11
Casinos					
Edmonton	4,527	4,528	4,532	4,492	4,381
Calgary	4,616	4,502	4,387	4,474	4,584
Other	3,683	3,688	3,606	3,504	3,478
Racing Entertainment Centres	759	765	835	835	835
<b>Total</b>	<b>13,585</b>	13,483	13,360	13,305	13,278

### Video Lottery Terminals (vlts)

As of March 31, 2015 there were 884 vlt locations in Alberta. The number of vlt units in the province is capped at 6,000 in the vlt distributed network (bars, pubs, Gaming Entertainment Centres (GECs)). In Alberta, vlt retailers have between 2 and 10 vlt units per location, while GECs, which have higher facility standards, may have up to 30 vlts. On March 31, 2015, GECs represented 74 of the 884 active vlt locations.

There were 5,837 vlts active and operating on March 31, 2015.

	2014-15	2013-14	2012-13	2011-12	2010-11
Number of operating vlts	5,837	5,989	5,976	5,991	5,982
vlt retail locations	884	903	903	968	1,000
GECs (including in the total number of retail locations above)	74	78	79	78	75

### vlt revenue 2014-15

vlts are programmed to payout, on average, 92 per cent of all credits wagered. Ultimately, what players walk away with in winnings (cash) depends on their behaviour (how long they played or how much money they put in).

The following table depicts how credits played and won compares to cash in and out.

<b>Credits (\$ thousands)</b>		<b>Cash (\$ thousands)</b>	
Credits Played	8,323,763	Cash In	2,597,103
Credits Won (Prizes)	<u>7,663,399</u>	Cash Out	<u>1,936,739</u>
Revenue	<u>660,364</u>	Revenue	<u>660,364</u>
Payout Percentage: Credits Won/Credits Played	<b>92%</b>	Cashout Percentage: Cash Out/Cash In	<b>75%</b>

## Ticket lottery

There were 2,677 Lottery Ticket Centres operating in Alberta on March 31, 2015.

	<b>2014-15</b>	2013-14	2012-13	2011-12	2010-11
Number of Lottery Ticket Centres	2,677	2,650	2,641	2,611	2,562

Lottery ticket centres in Alberta provide lottery products that are made available from the Western Canada Lottery Corporation (WCLC). Examples include LOTTO 6/49, Western 6/49, LOTTO Max and Scratch 'N Win tickets. More information about lottery ticket products can be found at [www.wclc.com](http://www.wclc.com).

## Keno

Albertans were able to play Keno at 12 bingo halls, 19 casinos and 51 Gaming Entertainment Centres (GECs) in 2014-15.

	<b>2014-15</b>	2013-14	2012-13	2011-12	2010-11
Bingo halls offering Keno	12	12	13	17	18
Casinos and RECs offering Keno	19	18	18	18	18
GECs offering Keno	51	52	52	53	52
<b>Total</b>	<b>82</b>	82	83	88	88

## Electronic bingo

Last year, the AGLC began the replacement of older wireless hand-held devices with fixed-based electronic bingo units. These devices ensure greater reliability and an enhanced bingo experience to players while bringing operational efficiencies to bingo halls and the AGLC.

The AGLC completed the exchange of hand-held to fixed-base devices at the end of June 2014.

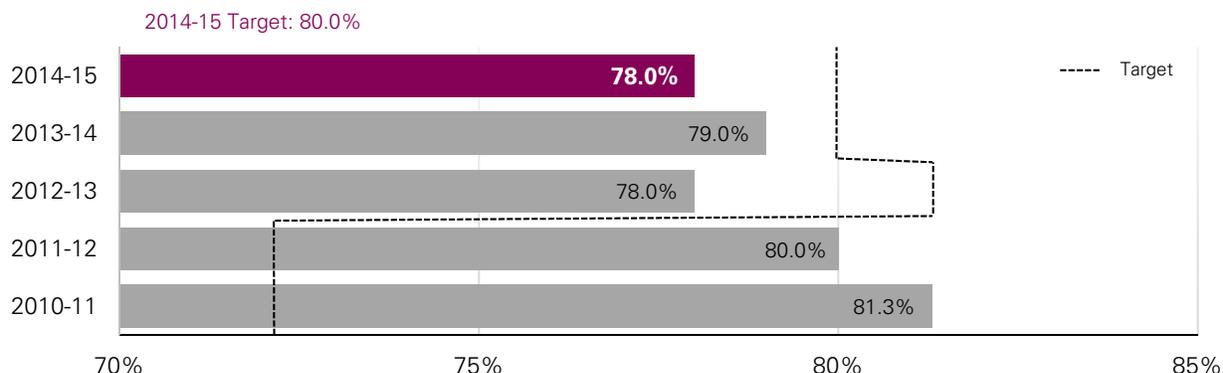
## Measuring Performance - Gaming

### AGLC Goal 3: Consumer and Client Focused Culture

#### Performance Measures

#### 3.a. Percentage of Albertans satisfied with the availability of gaming products and services

To ensure gaming sustainability while providing and protecting Albertans' choices, we continuously strive to strike a balance between social responsibility and economic benefit. Monitoring Albertans' satisfaction with the availability of gaming products and services is one of the ways that the AGLC ensures that balance. In 2014-15, 78 per cent of Albertans were satisfied with the availability of gaming products and services. This result is consistent with the results obtained in the past three years but does not quite meet the target of 80 per cent. Detailed information on the Survey of Albertans is available on page 47.



Source: 2014-15 Survey of Albertans – Leger Marketing.

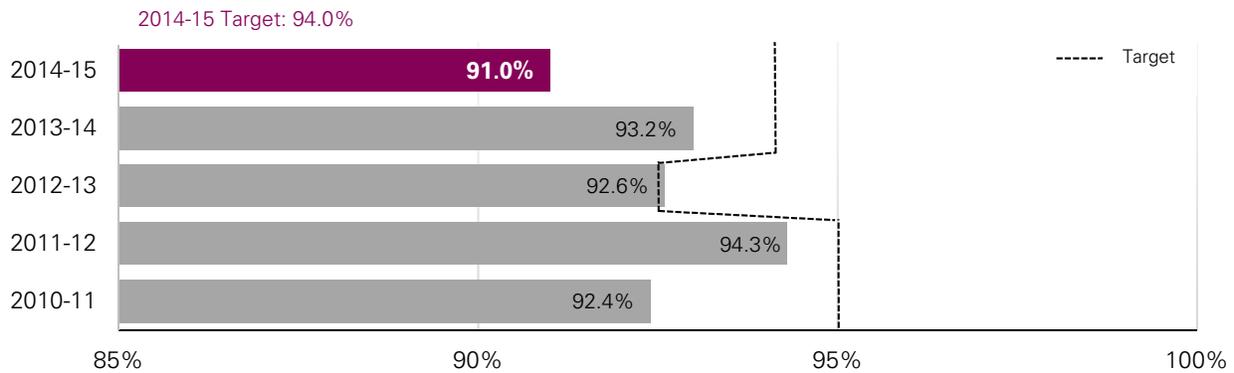
- There is a 95 per cent certainty that the results are accurate to +/- 3.1 per cent.

#### 3.b<sup>1</sup> Percentage of Albertans satisfied that the gaming activities they participated in were provided fairly and responsibly

The AGLC oversees the conduct of legal gaming in Alberta. Albertans expect that gaming activities are carried out fairly and responsibly. We place significant emphasis on working with our stakeholders, licensees and partners to ensure that Albertans' gaming experiences are consistent with these expectations.

We survey Albertans about their gaming experiences each year. Among those Albertans who played bingos, pull-tickets, video lottery terminals (vlts), casino gaming terminals, table games or participated in raffles or ticket lotteries, 91 per cent expressed satisfaction that the gaming activity they participated in was provided fairly and responsibly. This result is below the target of 94 per cent.

Detailed information on the Survey of Albertans is available on page 47.



Source: 2014-15 Survey of Albertans – Leger Marketing.

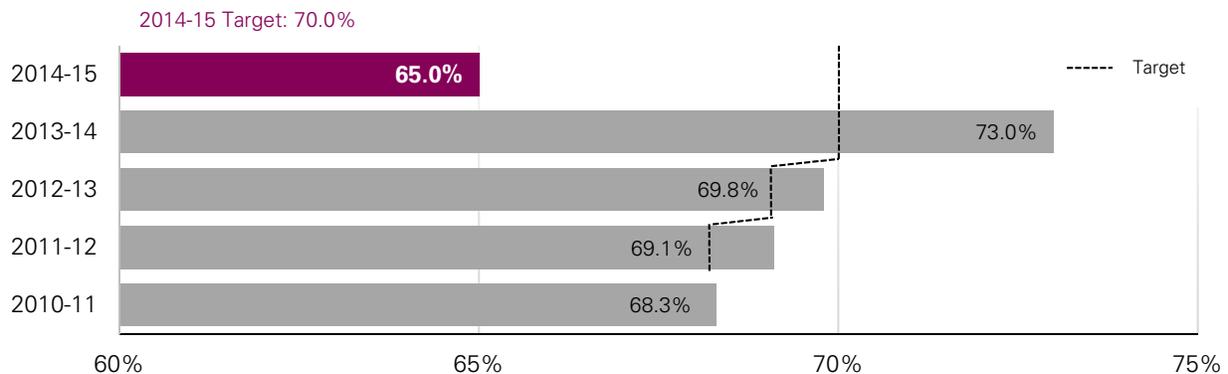
Notes:

- There is a 95 per cent certainty that the results are accurate to +/- 3.1 per cent.
- The results for 2011–12 and prior were based on results for the following gaming activities: bingos; raffles, including small raffles or larger raffles benefiting things like hospitals; pull-tickets, break-opens or Nevada tickets; video lottery terminal or vlt games in bars or lounges or casinos; slot machine games in casinos or racetracks; table games, for example blackjack and roulette at casinos; and lottery tickets, for example Lotto 6/49, LottoMax, scratch and instant win tickets or Sport Select.
- Since 2012–13, the activities were refined to include poker at casinos and lottery tickets were categorized as: Scratch N’ Win, Sport Select or other games (like Lotto 6/49 and LottoMax).

<sup>1</sup> For the years prior to 2014-15, the results reported in the table above are based on a survey question which asked respondents about their satisfaction that the gaming activity they participated in was provided *fairly and in a responsible manner*. The survey question was reworded (“*fairly and responsibly*”) for 2014-15, to align with the performance measure as stated in the 2014-2017 AGLC Business Plan.

### 3.c. Percentage of Albertans satisfied that licensed gaming venues are safe and responsible environments in which to gamble

In conjunction with our stakeholders, we work hard to ensure licensed gaming facilities in Alberta are safe and responsible environments. In 2014-15, as part of our yearly Survey of Albertans, 65 per cent of Albertans said they were satisfied that licensed gaming venues were safe and responsible environments in which to gamble. This result falls below the target of 70 per cent that was set for 2014-15. Detailed information on the Survey of Albertans is available on page 47.



Source: 2014-15 Survey of Albertans – Leger Marketing

Notes:

- There was a tragic incident at the Apex Casino in St. Albert in January 2015 which may have increased attention on the security policies and procedures at casinos in Alberta; responses to this survey question may have been influenced by this incident. The AGLC works closely with gaming operators to ensure the integrity of the gaming environment and the safety of volunteers, patrons and staff.
- This performance measure was first introduced in 2011–12; therefore, there are no targets for prior years.
- There is a 95 per cent certainty that the results are accurate to +/- 3.1 per cent.
- The results for 2010–11 are based on one survey question: “*How satisfied are you that (Location) are a safe and responsible environment in which to gamble?*” Locations were: licensed bingo facilities, casinos, bars and lounges and Racing Entertainment Centres (RECs).
- In 2011–12, the survey methodology was refined and the 2011–12 to 2014-15 results are based on an index of two questions: “*How satisfied are you that (Location) are a safe environment in which to gamble?*” and “*How satisfied are you that (Location) are a responsible environment in which to gamble?*” Locations were: licensed bingo facilities, casino, bars and lounges and Racing Entertainment Centres (RECs).

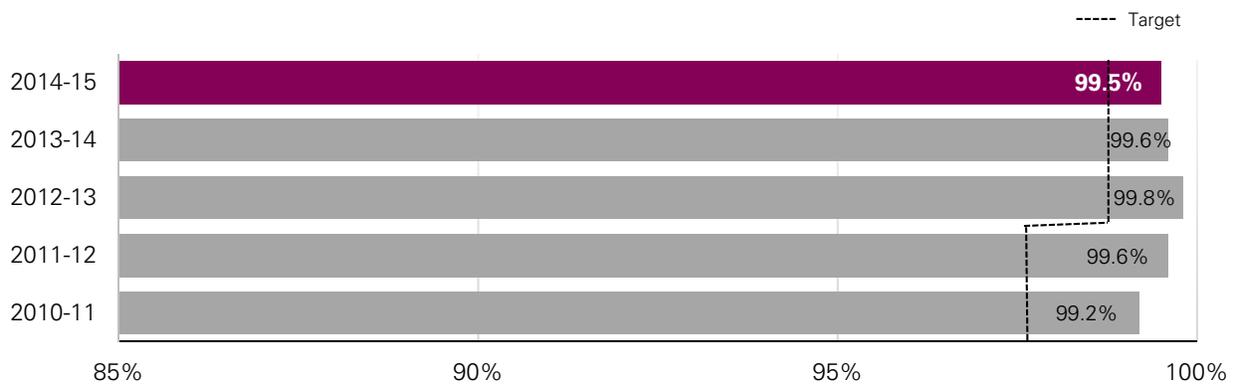
## AGLC Goal 4: Operational Effectiveness Improvement

Performance Measure

### 4.c. Percentage of charitable gaming activities conducted in accordance with legislation, regulation and policy

The AGLC licenses gaming facilities and charitable gaming activities (casino table games, pull-ticket sales, raffles and bingo events) which are governed by the *Criminal Code* (Canada), the *Gaming and Liquor Act* and Gaming and Liquor Regulation.

The AGLC conducts regular inspections of licensed gaming facilities and events to ensure that gaming activities comply with legislation, regulation and policy. While most charitable gaming activities are compliant, there are occasional occurrences of non-compliance. Almost all (99.5 per cent) of charitable gaming activities were conducted in compliance with legislation, regulation and policy in 2014-15. There were 5,457 charitable gaming inspections conducted in 2014-15, resulting in only 30 incidents of non-compliance. This result exceeds the target of 99 per cent and is consistent with the results achieved in previous years.



Source: Stakeholder Database. Report generated using the AGLC Regulatory Integrity Compliance and Education (RICE) system.

Note:

- Caution is advised in the interpretation of the results as there are factors outside of AGLC's control that contribute to the overall compliance rate.

## AGLC Goal 5: Continuous Service Evolution

Performance Measure

### 5.a. Gaming net operating results (*thousands of dollars*)

Under the *Criminal Code* (Canada), we are responsible for conducting and managing ticket lotteries (through the Western Canada Lottery Corporation (WCLC)) and all electronic gaming devices (casino gaming terminals, video lottery terminals and electronic bingo) in Alberta. These activities are provided by independent retailers, private operators and bingo associations through retailer agreements. The AGLC supplies and maintains the electronic equipment used for vlts, casino gaming terminals and electronic bingo and maintains WCLC ticket lottery equipment.

In 2014-15, revenue from video lottery terminals (vlts), casino gaming terminals and electronic bingo was \$1.9 billion, compared to \$1.8 billion in the previous year. Of this amount, the AGLC paid commissions to operators and charities along with payments to the federal government and our gaming-related operating costs. The income from WCLC for ticket lottery in Alberta was also included in the net operating result of over \$1.5 billion. This net operating result is dedicated for transfer to the Alberta Lottery Fund to support thousands of volunteer, public and community-based initiatives in ways that enhance the quality of life for all Albertans; a transfer of \$1.5 billion was made in 2014-15.

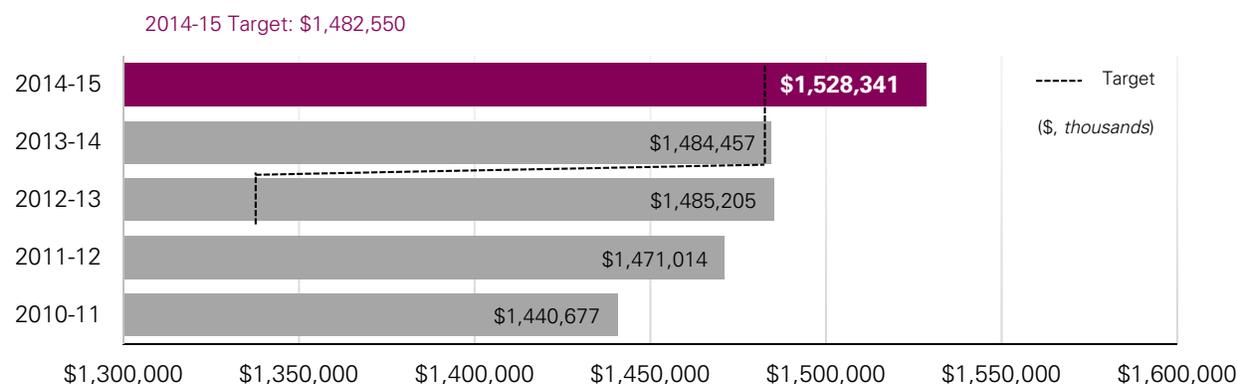
#### Gaming Net Operating Results

(\$ thousands)				2014-15	2013-14
	Casino Gaming Terminals	Video Lottery Terminals (vlts)	Electronic Bingo	Total	Total
Credits played <sup>a</sup>	16,262,377	8,323,763	30,129	24,616,269	23,488,803
Credits won <sup>b</sup>	(15,027,978)	(7,663,399)	(19,290)	(22,710,667)	(21,644,776)
Revenue	1,234,399	660,364	10,839	1,905,602	1,844,027
Commissions/Federal Payments	(367,262)	(104,760)	(3,479)	(475,501)	(464,221)
Net Revenue	867,137	555,604	7,360	1,430,101	1,379,806
Expenses				(188,786)	(193,475)
Other Revenue				1,704	-
Income from Ticket Lottery (WCLC)				285,322	298,126
<b>Net Operating Results</b>				<b>1,528,341</b>	1,484,457

<sup>a</sup> Credits played are either credits played (casino gaming terminals and vlts) or cash spent (electronic bingo).

<sup>b</sup> Credits won are either credits won (casino gaming terminals and vlts) or cash received or prizes won (electronic bingo).

Gaming net operating results were slightly higher than the previous year and exceeded the stated target.



Source: AGLC Audited Financial Statements: Note 12.

- Gaming net operating results is gaming revenue, less commissions and federal payments, less gaming-related operating expenses, plus gaming-related other revenue, plus income from the WCLC.
- This performance measure was introduced in 2012-13; therefore, there are no targets for prior years.

# Social Responsibility

The AGLC takes a balanced approach in managing liquor and gaming activities in the province, one that respects the interests of Albertans.

Although there are obvious economic and social benefits that are derived from Alberta's liquor and gaming industries, the AGLC recognizes that there are costs as well. For this reason, social responsibility is integrated into our core businesses of liquor and gaming with a goal of enabling Albertans to make informed choices.

One of the AGLC's Business Plan goals is dedicated to social responsibility:

## **Goal 6: Responsible Choice Promotion**

Our performance is measured based on this goal. Measuring performance helps set priorities and ensures that the AGLC is promoting a culture of moderation and is providing tools to Albertans to reduce gambling and liquor related harms.



## Social Responsibility – Liquor

### Best Bar None (BBN)

A voluntary accreditation program for licensed premises, BBN has a goal of reducing alcohol-related harms in communities. The program uses a system of accreditation, assessment and awards to engage licensed premises in responsible management and safe operations.

Best Bar None:

- encourages businesses to adopt best practices related to customer safety and responsible service of alcohol;
- gives businesses the tools to be better prepared for any violent incidents; and
- builds positive relationships among the industry, enforcement agencies, governments and community.

In 2014-15, 57 venues in Edmonton, 33 in Calgary and 5 in Grande Prairie were successfully accredited under Best Bar None. The AGLC is dedicated to expanding the program to other centres in Alberta.

### Alberta Safer Bars Council

This provincial advisory group meets quarterly to discuss and develop ways to deter and reduce violence in and around licensed premises, and to develop best practices for operators. Members are from police agencies, municipalities, the liquor and hospitality industries and several government departments.

### SMART Training – Liquor

ProServe and ProTect SMART training ensures industry workers understand liquor laws and policies, and are well-prepared to provide responsible service to Albertans. All industry workers providing liquor or security service must complete SMART Training and certification is valid for five years.

- **ProServe** certification is mandatory for liquor licensees and their staff or others who provide liquor service. The program raises awareness of responsible sale, service and consumption of liquor in licensed premises. ProServe is for those who work in bars, restaurants, private clubs, mass assembly venues, liquor delivery services, liquor sampling and licensed public special events. Training is available online, in seminar sessions and by home study.
- **ProTect** is mandatory for those who provide security in licensed premises, including security staff and managers of licensed premises. ProTect is aimed at increasing patron and staff safety. This training is a key part of the strategy on safer communities. It is offered in classroom sessions and online.

The following chart indicates the number of people successfully completing SMART Training during the fiscal year.

SMART Training - Liquor	2014-15	2013-14	2012-13	2011-12	2010-11
ProServe Training*	<b>45,275</b>	37,706	35,950	35,594	37,379
ProServe Transfers from other provinces	<b>958</b>	245	428	540	524
ProTect Training	<b>4,395</b>	3,717	3,195	2,936	4,247

\*This total does not include transfers from other provinces.

## Social Responsibility – Gambling

A number of tools are available to help Albertans gamble in a balanced way. The AGLC is also proud to partner with other organizations to increase awareness of responsible gambling.

### **Responsible Gambling Information Centre (RGIC) Program**

The RGIC program is a cornerstone of the AGLC's dedication to a balanced approach to gambling. In 2014-15, the RGIC program included 26 AGLC staff in casinos and Racing Entertainment Centres across Alberta providing responsible gambling information and support referrals in each of these venues. In 2014-15, RGIC staff recorded more than 44,000 patron contacts.

### **Player Awareness Terminal (PAT)**

Located in all RGIC kiosks, the PAT is a standalone kiosk that features interactive screens that offer players information on responsible and problem gambling including: a self-test; information to dispel gambling myths; as well as tips for gamblers on how to develop safe, personal responsible gambling guidelines.

### **Voluntary Self-Exclusion (VSE) Program**

In Alberta, if someone feels they are having trouble controlling their gambling, enrolling in the casino and racing entertainment centre (REC) VSE program is an option. This program enables participants to voluntarily ban themselves from all casinos and RECs for specified period of time ranging from six months to five years. If detected in a casino or REC during this time, they will be removed from the facility. Participants are required to complete a workshop on responsible and problem gambling within 90 days of signing onto the VSE program.

### **Responsible Gambling Features on vlts**

Responsible gambling features on vlts help players remain aware of the amount of time they have been playing, the dollars they have remaining during a play session, and how to get help if their gambling becomes problematic.

### **The Alberta Gambling Research Institute (AGRI)**

AGRI is a consortium of the University of Alberta, University of Calgary and the University of Lethbridge. Its primary purpose is to support and promote research into gambling in Alberta. Through a funding agreement with the Government of Alberta, AGRI receives \$1.5 million annually from the Alberta Lottery Fund.

### **GAIN**

The Gaming Information for Charitable Groups (GAIN) program was designed to assist volunteers of eligible charitable and religious organizations to gain a better understanding of the responsibilities and requirements of conducting gaming events (casinos, bingos, raffles and pull tickets). All sessions are voluntary and provide information about eligibility, the licence application process, use of gaming proceeds and financial reporting requirements.

In 2014-15 GAIN program facilitators provided 136 sessions in 58 communities to over 1,800 participants. The GAIN online program assisted 238 individuals from 217 different organizations. For more information about the GAIN program, visit [gain.aglc.ca](http://gain.aglc.ca).

## Responsible Gambling Advisory Committee

This committee informs and guides the implementation of the Alberta Responsible and Problem Gambling Strategy. The committee was formed by the AGLC, Alberta Health Services and Alberta Health in partnership with problem gambling interest groups. In early 2015, a new five year strategy was developed that will move to action by all of the involved stakeholder groups.

## Addiction Helpline

People who believe they, or someone they care about, are experiencing problems with gambling may contact the Alberta Health Services 24-hour toll-free Addiction Helpline (1-866-332-2322) for information on treatment services in Alberta. Counselling is provided to individuals who are in crisis.

## SMART Training – Gambling

Workers who are well-trained and supported by their managers and supervisors make a difference. We work with industry stakeholders to develop responsible service programs for workers in the gaming industry. These programs help provide balance in the industry. It's the right thing to do and it's good business.

Trained industry workers play a key role in raising awareness of problem gambling behaviours in the gaming industry. We offer three SMART training programs to help educate and inform people working in the gaming industry about responsible gambling. Similar to the SMART training programs for liquor industry workers, these programs are also mandatory and cover social responsibilities. These programs include Deal Us In – Phase One and Phase Two (for staff of casinos and Racing Entertainment Centres), Reel Facts (for vlt retailers) and A Good Call (for staff of bingo halls).

The following chart indicates the number of people successfully completing SMART Training during the fiscal year.

SMART Training - Gaming	2014-15	2013-14	2012-13	2011-12	2010-11
Deal Us In – Phase 1 (casino)	<b>1,505</b>	1,385	1,567	2,142	2,426
Deal Us In – Phase 2 (casino)	<b>487</b>	484	460	700	498
Reel Facts (vlt retailers)	<b>4,968</b>	4,361	3,569	3,608	3,438
A Good Call (bingo)	<b>396</b>	425	425	230	232

## Spotlight: Responsible Gambling Awareness

The annual Responsible and Problem Gambling Symposium is a key part of the AGLC's commitment to social responsibility.

Every fall, the AGLC hosts a symposium that brings together operators, casino staff, health staff and other stakeholders to hear the newest information about gambling issues.

The tenth annual event in October 2014 included a keynote address by baseball legend Pete Rose. Mr. Rose provided a candid account of the personal impact that gambling has had on his life and career.

There were over 175 attendees in 2014, up from approximately 100 in 2013.

## Measuring Performance – Social Responsibility

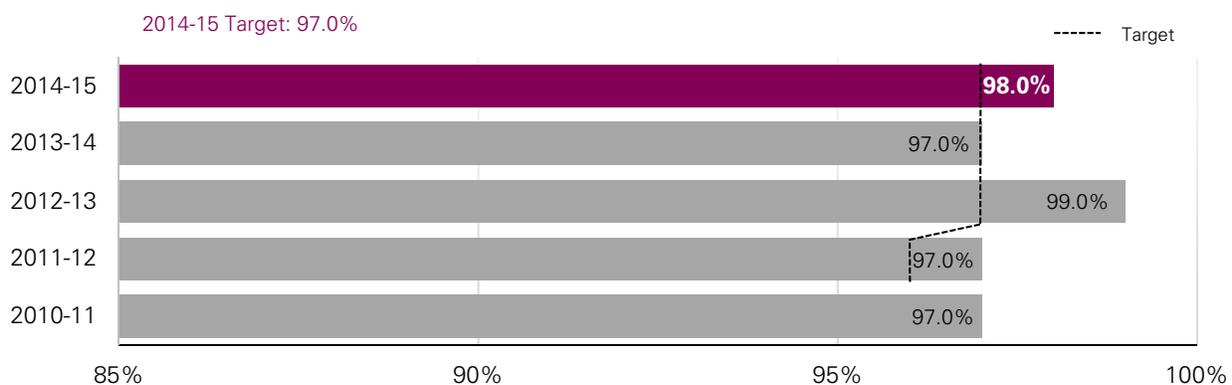
### AGLC Goal 6: Responsible Choice Promotion

#### Performance Measures

#### 6.a. Percentage of Albertans that gamble responsibly

We engage in a number of activities that encourage healthy, sustainable gambling environments that minimize gambling-related harms. Each year, we survey Albertans about their gambling behaviours. Survey questions and result indices are based on the internationally recognized Problem Gambling Severity Index (PGSI). In 2014-15, 98 per cent of Albertans self-reported that they gamble responsibly.

This result is similar to the result achieved last year and just exceeds this year's target of 97 per cent. Detailed information on the Survey of Albertans – Social Responsibility is available on page 51.



Source: 2014-15 Survey of Albertans – Social Responsibility – Leger Marketing

Notes:

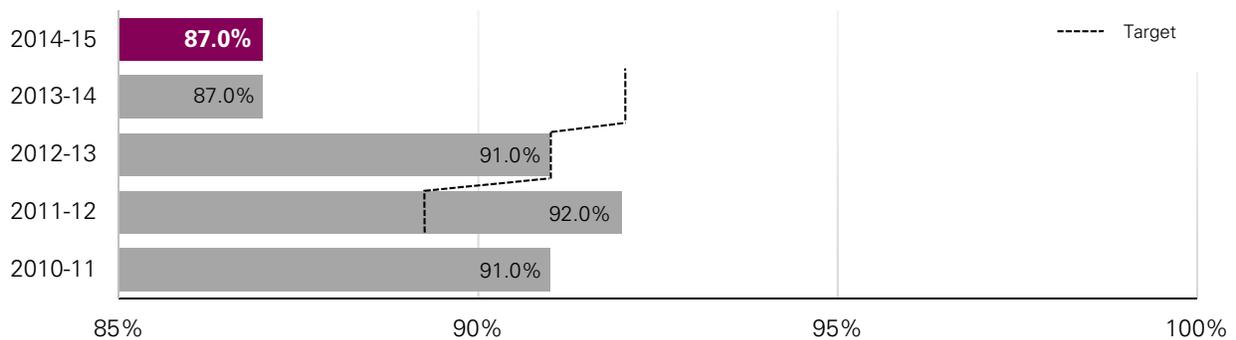
- This performance measure was introduced in 2011-12; therefore, there are no targets for prior years.
- There is a 95 per cent certainty that the results are accurate to +/- 3.1 per cent.

#### 6.b. Percentage of Albertans that drink alcohol in moderation

The AGLC leads or actively participates in a number of liquor-related initiatives designed to foster a culture of moderation in Alberta. Each year, we survey Albertans about their alcohol consumption.

The calculation of this performance measure is based on the Canadian Low-Risk Alcohol Drinking Guidelines. The questions to determine a person's level of drinking as specified by the guidelines are sourced from the Screening Brief Intervention and Referral tool developed by the College of Family Physicians of Canada and the Canadian Centre on Substance Abuse. Formerly, the AGLC used the World Health Organization's alcohol assessment measure, the Alcohol Use Disorders Identification Test.

In 2014–15, 87 per cent of Albertans self-reported that they either abstained from alcohol or drank a moderate amount of alcohol. A target of 92 per cent was established in the 2014-2017 AGLC Business Plan; however, under the Canadian Low-Risk Alcohol Drinking Guidelines, the criteria for what is considered healthy drinking is a stricter threshold and therefore is not directly comparable to previous years' results for the percentage of Albertans that drink alcohol in moderation. Detailed information on the Survey of Albertans – Social Responsibility is available on page 51.



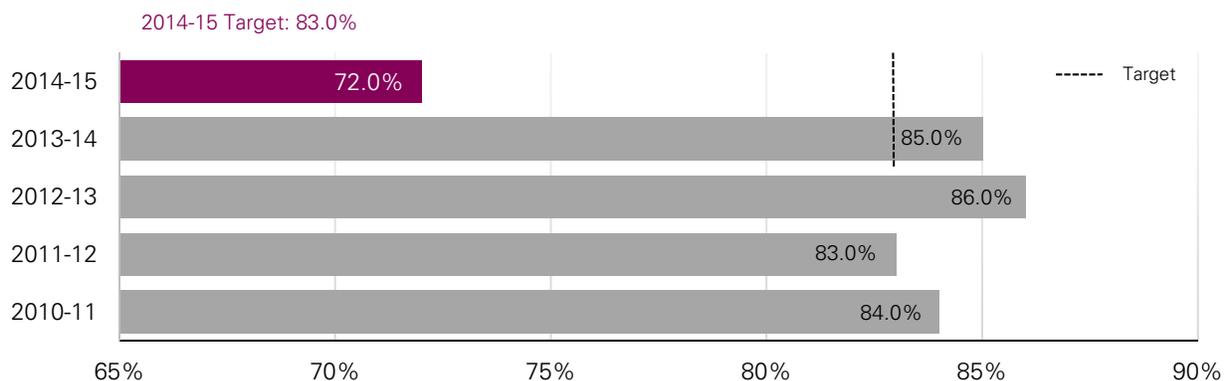
Source: 2014–15 Survey of Albertans – Social Responsibility – Leger Marketing

- As detailed above, there was a change in methodology in 2014-15 with the adoption of the Canadian Low-Risk Drinking Guidelines; therefore, the result is not directly comparable to previous years' results.
- This performance measure was introduced in 2011-12; therefore, there are no targets for prior years.
- There is a 95 per cent certainty that the results are accurate to +/- 3.1 per cent.

### 6.c. Percentage of Albertans aware of prevention and harm reduction programs for problem gambling

Through collaboration with the gaming industry, Alberta Health Services and other stakeholders, we work to promote responsible gambling in Alberta by developing, implementing and evaluating initiatives that encourage responsible gambling. We ensure that educational materials are readily available to Albertans to help them make informed decisions about gambling. We also ensure Albertans are informed about available treatment options. The AGLC communicates this information to Albertans in gaming venues and through television, radio and print advertising.

Through our Survey of Albertans, 72 per cent of Albertans indicated they had heard, seen or read material related to prevention and harm reduction programs for problem gambling in 2014-15. To better reflect the role of the AGLC and capture feedback on areas where we have direct influence, the measure was reworded from 'treatment' to 'harm reduction' in 2014-15. This result is below our target of 83 per cent. In future years, the AGLC will continue to monitor these results to determine if the lower result was due to the change in wording or indicative of lower public awareness. Detailed information on the Survey of Albertans is available on page 50.



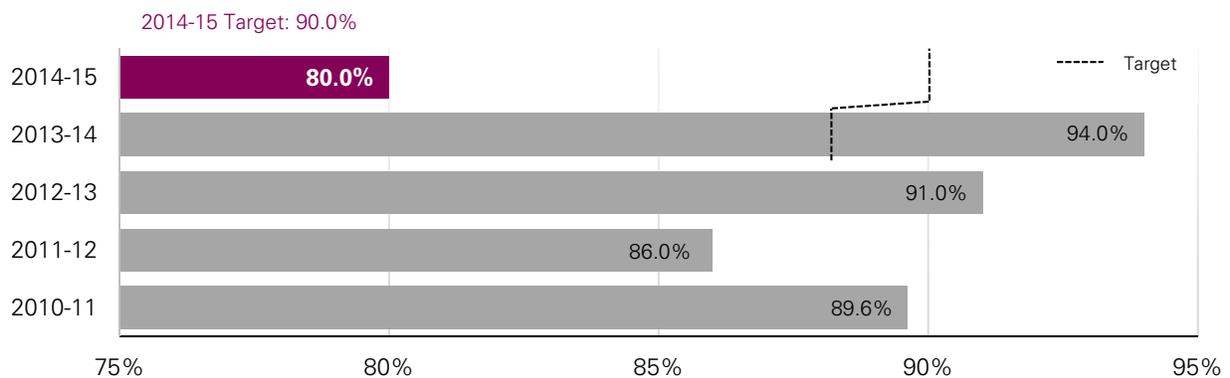
Source: 2014-15 Survey of Albertans – Leger Marketing.

- There is a 95 per cent certainty that the results are accurate to +/- 3.1 per cent.
- The 2014-15 survey questionnaire was reworded to align with the goals in the 2014-2017 AGLC Business Plan, as worded above: *awareness of prevention and harm reduction programs for problem gambling*. The results reported above for 2010-11 through 2013-14 are based on a survey question which asked respondents about their *awareness of prevention and treatment programs for problem gambling*. Therefore results may not be directly comparable to the target.
- In 2015, the AGLC is introducing GameSense, a comprehensive information program designed to assist players to learn key gambling facts, discover how games of chance work, dispel common myths about gambling, practice tips for playing responsibly and access resources if gambling is a problem. GameSense includes online resources, information centres at all Alberta casinos and racing entertainment centres and public service announcements.

## 6.d. Percentage of Albertans aware of prevention and harm reduction programs for problem drinking

In conjunction with our stakeholders, the AGLC works hard to promote the responsible sale, service and consumption of liquor in Alberta to reduce alcohol-related harms. By establishing partnerships, like the AGLC’s partnership with Alberta Health Services to develop and distribute educational materials, we inform Albertans about the assistance available to those wanting help with their alcohol consumption. We asked Albertans if they have come into contact with this type of information. In 2014–15, 80 per cent of Albertans indicated they had heard, seen or read material related to prevention and harm reduction programs for problem drinking.

To better reflect the role of the AGLC and capture feedback on areas where we have direct influence, the measure was reworded from ‘treatment’ to ‘harm reduction’ and from ‘alcohol abuse’ to ‘problem drinking’ for the 2014-15 survey. This result is below the target of 90 per cent. In future years, the AGLC will continue to monitor these results to determine if the lower result was due to the change in wording or indicative of lower public awareness. Detailed information on the Survey of Albertans is available on page 50.



Source: 2014-15 Survey of Albertans – Leger Marketing

Notes:

- There is a 95 per cent certainty that the results are accurate to +/- 3.1 per cent.
- The 2014-15 survey questionnaire was reworded to align with the goals in the 2014-2017 AGLC Business Plan, as worded above: *awareness of prevention and harm reduction programs for problem drinking*. The results reported above for 2010-11 through 2013-14 are based on a survey question which asked respondents about their *awareness of prevention and treatment programs for problem drinking*. Therefore results may not be directly comparable to the target.

# Survey of Albertans

To measure public satisfaction, we conduct an annual survey of Albertans.

Each year, we contract an independent professional survey company to conduct both public opinion and client satisfaction surveys on our behalf.

A sample of Albertans, representing all geographic regions, and reflecting the age and gender make-up of the province, provides feedback on questions related to liquor, gaming, social responsibility and the AGLC as an organization.

Survey responses help us to understand liquor and gaming in Alberta as well as our performance in serving Albertans.



## Performance Measures – Methodology for Survey-Based Questions

Each year, we contract an independent professional survey company to conduct public opinion and client satisfaction surveys. In 2014-15, Léger, The Research Intelligence Group, conducted the survey on behalf of the AGLC. This section provides details on each survey and its corresponding performance measures.

### Survey of Albertans

The survey seeks public opinion on the performance of the AGLC to deliver gaming and liquor products and services to Albertans.

A random and representative sample of Albertans was established based on Statistics Canada census data made available in 2014. For each of six geographic regions in the province, the number of interviews in each age-gender segment was proportionate to the 2014 population estimates. The sample size was 1,000 adult Albertans, providing a margin of error no greater than  $\pm 3.1$  per cent at the 95 per cent confidence level.

Beginning in 2011, the response options were modified slightly to decrease the survey length, from a scale of seven to a scale of five. The Survey of Albertans gathers results for the following performance measures:

#### **3.a. Percentage of Albertans satisfied with the availability of gaming products and activities**

The results for this performance measure were calculated by obtaining responses to the following:

*“Thinking about legal gaming entertainment options in Alberta, overall, how satisfied are you with the availability of gaming entertainment products and activities provided to Albertans?”*

Respondents were considered satisfied if they responded ‘very satisfied’ or ‘somewhat satisfied’ to the above question.

#### **3.b. Percentage of Albertans satisfied that the gaming activity they participated in was provided fairly and responsibly<sup>1</sup>**

The results for this performance measure were calculated by determining who had participated in the following gaming activities:

- A. Bingos
- B. Raffles, including small raffles or larger raffles benefiting things like hospitals
- C. Pull-tickets, break-opens or Nevada tickets
- D. video lottery terminal or vlt games in bars or lounges or casinos
- E. casino gaming terminals in casinos or Racing Entertainment Centres (RECs)
- F. Table games, for example blackjack and roulette at casinos
- G. Poker at casinos
- H. Scratch N’ Win tickets
- I. Sports Select
- J. Other Lottery Tickets, for example, Lotto 6/49 or LottoMax

If they had purchased or participated in one of those gaming activities, respondents were asked:

*"How satisfied are you that the [gaming activity (A to J) above] was provided fairly and responsibly?"*

Respondents were considered satisfied if they responded 'very satisfied' or 'somewhat satisfied' to the above question. Responses were weighted by participation.

<sup>1</sup> Note: For 2014-15, the survey question was worded differently than the performance measure indicated in the AGLC 2014-17 Business Plan. The results reported in the table above are based on a survey question which asked respondents about their satisfaction that the gaming activity they participated in was provided fairly and in a responsible manner. Future survey questionnaires will be reworded to align with the AGLC Goals in the Business Plan, as worded above; percentage of Albertans satisfied that the gaming activities they participated in were provided fairly and responsibly.

### **3.c. Percentage of Albertans satisfied that licensed gaming venues in Alberta are safe and responsible environments in which to gamble**

The results for this performance measure were calculated using an index of two questions:

*"How satisfied are you that (Location) are a safe environment in which to gamble?"*, and

*"How satisfied are you that (Location) are a responsible environment in which to gamble?"*

Locations were: licensed bingo facilities, casinos, bars and lounges and Racing Entertainment Centres (RECs). Respondents were considered satisfied if they responded 'very satisfied' or 'somewhat satisfied'.

### **3.d. Percentage of Albertans satisfied with the selection of products at liquor stores**

The results for this performance measure were calculated by obtaining responses to the following question:

*"How satisfied are you with the selection of products in liquor stores?"*

Respondents were considered satisfied if they responded 'very satisfied' or 'somewhat satisfied' to the above question. This survey question was directed at those individuals who had purchased liquor products in a liquor store.

### **3.e. Percentage of Albertans satisfied that liquor is provided in a responsible manner**

The results for this performance measure were calculated by using a weighted average for the following:

- respondents' level of satisfaction with the service of alcohol in a responsible manner, and
- respondents' level of satisfaction with the sale of liquor in a responsible manner.

Respondents were considered satisfied if they responded 'very satisfied' or 'somewhat satisfied' to the above questions.

### **3.f. Percentage of Albertans satisfied with the safety and security in and around licensed premises**

The results for this performance measure were calculated by obtaining responses to the following question:

*“How satisfied are you with your safety and security in and around licensed premises?”*

Respondents were considered satisfied if they responded ‘very satisfied’ or ‘somewhat satisfied’ to the above question. This survey question was directed at those individuals who purchased alcohol at a restaurant, lounge or bar. A licensed premises is considered to be a restaurant, lounge or bar.

### **6.c. Percentage of Albertans aware of prevention and harm reduction programs for problem gambling<sup>1</sup>**

The results for this performance measure were calculated by obtaining responses to the following question:

*“Have you ever heard, seen or read anything about prevention and harm reduction programs for problem gambling?”*

Respondents were considered aware if they responded ‘yes’. Alternate responses were ‘no’ or ‘don’t know’.

<sup>1</sup> Note: The 2014-15 survey questionnaire was reworded to align with the goals in the 2014-2017 AGLC Business Plan, as worded above: *awareness of prevention and harm reduction programs for problem drinking*. The results reported above for 2010-11 through 2013-14 are based on a survey question which asked respondents about their *awareness of prevention and treatment programs for problem gambling*. Therefore results may not be directly comparable to the target.

### **6.d. Percentage of Albertans aware of prevention and harm reduction programs for problem drinking<sup>1</sup>**

The results for this performance measure were calculated by obtaining responses to the following question:

*“Have you ever heard, seen or read anything about prevention and harm reduction programs for problem drinking?”*

Respondents were considered aware if they responded ‘yes’. Alternate responses were ‘no’ or ‘don’t know’.

<sup>1</sup> Note: The 2014-15 survey questionnaire was reworded to align with the goals in the 2014-2017 AGLC Business Plan, as worded above: *awareness of prevention and harm reduction programs for problem drinking*. The results reported above for 2010-11 through 2013-14 are based on a survey question which asked respondents about their *awareness of prevention and treatment programs for alcohol abuse*. Therefore results may not be directly comparable to the target.

## Survey of Albertans – Social Responsibility

Each year, we measure Albertans' self-reported behaviours regarding gambling and alcohol consumption. A random and representative sample of Albertans was established based on Statistics Canada census data made available in 2014. For each of six geographic regions in the province, the number of interviews in each age-gender segment was proportionate to the 2014 population estimates. The sample size was 1,000 adult Albertans, providing a margin of error in the results no greater than  $\pm 3.1$  per cent at the 95 per cent confidence level.

The Survey of Albertans – Social Responsibility supports the following performance measures:

### 6.a. Percentage of Albertans that gamble responsibly

The results for this performance measure were calculated by using the Problem Gambling Severity Index (PGSI) developed by Garry Smith and Harold Wynne. Answers were coded on a scale from zero to three, where zero represents the least risk/problem activity/response and three represents the response associated with the highest risk/problem activity/response. The higher the score the greater the risk that gambling is a problem. Respondents were considered to gamble responsibly if they had an overall score of two or below.

Questions in the PGSI are:

Thinking of the last 12 months:

- Have you bet more than you could really afford to lose?
- Still thinking about the last 12 months, have you needed to gamble with larger amounts of money to get the same feeling of excitement?
- When you gambled, did you go back another day to try to win back the money you lost?
- Have you borrowed money or sold anything to get money to gamble?
- Have you felt that you might have a problem with gambling?
- Has gambling caused you any health problems, including stress or anxiety?
- Have people criticized your betting or told you that you had a gambling problem, regardless of whether or not you thought it was true?
- Has your gambling caused any financial problems for you or your household?
- Have you felt guilty about the way you gamble or what happens when you gamble?

### 6.b. Percentage of Albertans that drink alcohol in moderation<sup>1</sup>

The calculation of this performance measure is based on the Canadian Low-Risk Alcohol Drinking Guidelines. The questions to determine a person's level of risky drinking as specified by the guidelines are sourced from the Screening Brief Intervention and Referral tool developed by the College of Family Physicians of Canada and the Canadian Centre on Substance Abuse.

The percentage of Albertans who drink alcohol in moderation includes the population of Albertans who stated that they do not drink. Albertans who drink alcohol are considered to drink alcohol in moderation if they are female and drink 2 or less drinks per day, or 10 or less drinks per week (calculated by multiplying the number of drinks per day, by the number of days per week on which alcohol is consumed), OR if they are male and drink 3 or less drinks per day, or 15 or less drinks per week (calculated by multiplying the number of drinks per day, by the number of days per week on which alcohol is consumed).

Questions are:

- Do you drink beer, wine, coolers, or other alcoholic beverages?

If answered yes:

- On average, how many days per week do you drink alcohol?
- On a typical day, how many drinks do you consume?

<sup>1</sup> Note: Survey questions were modified in 2014–15 which set a higher threshold for determining if a person drinks alcohol in moderation. Formerly, AGLC used the World Health Organisation’s alcohol assessment measure, the Alcohol Use Disorders Identification Test. Under the Canadian Low-Risk Alcohol Drinking Guidelines, the criteria for what is considered healthy drinking is a stricter threshold and is not directly comparable to previous years’ results.

# Financial Statements

## Alberta Gaming and Liquor Commission

<b>54</b>	Independent Auditor's Report
<b>55</b>	Balance Sheet
<b>56</b>	Statement of Operations
<b>57</b>	Statement of Comprehensive Income
<b>58</b>	Statement of Cash Flows
<b>59</b>	Notes to the Financial Statements



## Independent Auditor's Report

To the Members of the Alberta Gaming and Liquor Commission

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Alberta Gaming and Liquor Commission, which comprise the balance sheet as at March 31, 2015, and the statements of operations, comprehensive income 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.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Gaming and Liquor Commission as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 27, 2015

Edmonton, Alberta

## Balance Sheet

(thousands of dollars)

At March 31

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (note 4)	\$ 194,488	\$ 163,624
Accounts receivable	22,832	37,190
Prepaid expenses and inventories (note 5)	11,255	12,746
	228,575	213,560
<b>Property, Plant and Equipment</b> (note 6)	276,795	261,548
<b>Computer Software</b> (note 7)	29,400	31,391
<b>Investment Property</b> (note 8)	33,765	7,881
<b>Investment in Western Canada Lottery Corporation</b> (note 16)	35,204	31,074
	\$ 603,739	\$ 545,454
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 183,122	\$ 152,458
Due to the Alberta Lottery Fund (note 9)	108,085	84,547
	291,207	237,005
<b>Due to General Revenues</b> (note 10)	279,461	276,689
<b>Provision for Loss on Leased Properties</b> (notes 17 and 18)	225	236
<b>Net Defined Benefit Pension Liability</b> (notes 3d and 11)	68,213	58,090
<b>Accumulated Other Comprehensive Income (Loss)</b> (note 11)	(35,367)	(26,566)
	\$ 603,739	\$ 545,454

The accompanying notes are part of these financial statements.

Approved by:

BOARD

MANAGEMENT

*Original signed by*

*Original signed by*

\_\_\_\_\_  
Thorna Lawrence, CA  
Chair of the Audit Committee

\_\_\_\_\_  
D. W. (Bill) Robinson  
President and Chief Executive Officer

## Statement of Operations

(thousands of dollars)

For the year ended March 31

	<u>2015</u>	<u>2014</u>
Liquor Revenue (note 12)	\$ 2,540,264	\$ 2,402,714
Liquor Cost of Sales (note 12)	<u>(1,758,364)</u>	<u>(1,644,463)</u>
	781,900	758,251
Gaming Revenue (note 12)	<u>1,905,602</u>	<u>1,844,027</u>
	2,687,502	2,602,278
Commissions and Federal Payments (note 13)	(475,501)	(464,221)
Operating Expenses (note 14)	<u>(221,043)</u>	<u>(223,778)</u>
<b>PROFIT FROM OPERATIONS FOR THE YEAR</b>	1,990,958	1,914,279
Other Revenue (note 15)	17,833	19,078
Income from Western Canada Lottery Corporation (note 16)	<u>285,322</u>	<u>298,126</u>
<b>NET OPERATING RESULTS</b> (notes 3j and 12)	<u>\$ 2,294,113</u>	<u>\$ 2,231,483</u>

The accompanying notes are part of these financial statements.

## Statement of Comprehensive Income

(thousands of dollars)

For the year ended March 31

	<u>2015</u>	<u>2014</u>
<b>NET OPERATING RESULTS</b> (notes 3j and 12)	\$ 2,294,113	\$ 2,231,483
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Net Actuarial Losses (note 11)	<u>(8,801)</u>	<u>(9,735)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>\$ 2,285,312</u>	<u>\$ 2,221,748</u>

The accompanying notes are part of these financial statements.

## Statement of Cash Flows

(thousands of dollars)

For the year ended March 31

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net operating results for the year	\$ 2,294,113	\$ 2,231,483
Decrease in provision for loss on leased properties	(11)	(1,515)
Amortization	51,518	59,851
Gain on disposal of property, plant and equipment	(1,704)	(1,150)
Net changes in operating assets and liabilities	<u>47,834</u>	<u>(20,046)</u>
	2,391,750	2,268,623
Transfers to the Alberta Lottery Fund	(1,504,803)	(1,493,495)
Transfers to General Revenues	<u>(763,000)</u>	<u>(740,000)</u>
	<u>123,947</u>	<u>35,128</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(62,627)	(106,183)
Purchase of computer software	(5,203)	(3,868)
Additions to investment property	(26,396)	(434)
Proceeds on disposal of property, plant and equipment	5,273	3,726
Net change in Investment in Western Canada Lottery Corporation	<u>(4,130)</u>	<u>1,030</u>
	<u>(93,083)</u>	<u>(105,729)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	30,864	(70,601)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>163,624</u>	<u>234,225</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 194,488</u>	<u>\$ 163,624</u>
<b>Supplemental cash flow information:</b>		
Interest received	<u>\$ 1,624</u>	<u>\$ 2,082</u>

The accompanying notes are part of these financial statements.

## **NOTE 1 AUTHORITY AND PURPOSE**

The Alberta Gaming and Liquor Commission (Commission) operates under the authority of the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000. The registered office operates out of 50 Corriveau Avenue, St. Albert, Alberta.

The Commission is an agency of the Government of Alberta which conducts and manages provincial lotteries, carries out functions respecting gaming under the *Criminal Code* (Canada), and controls, in accordance with legislation, the manufacture, importation, sale, and purchase of liquor for the Government of Alberta. As an agent of the Government of Alberta, the Commission is not subject to federal or provincial corporate income taxes.

The Commission also administers the Alberta Lottery Fund which was established under the *Interprovincial Lottery Act*, RSA c1-8.

The financial statements for the year ended March 31, 2015 were authorized by the Board on May 27, 2015.

## **NOTE 2 BASIS OF PREPARATION**

### **Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Standards Interpretation Committee (IFRIC).

These financial statements have been prepared on a historical cost basis and are presented in Canadian dollars. All values are rounded to the nearest thousand dollars, except where indicated.

## **NOTE 3 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

The preparation of the Commission's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

For long lived assets, judgment is used to estimate each component of an asset's useful life and is based on an analysis of all pertinent factors including the expected use of the asset. If the estimated useful lives were incorrect, this could result in an increase or decrease in the annual amortization expenses, and future impairment charges.

For the provision for pension liability, judgment is used to estimate the underlying assumptions for future salary increases, inflation rates, and discount rates. If these assumptions are incorrect, this could result in an adjustment to the liability and the gain or loss recorded in Other Comprehensive Income (Loss) in the Statement of Comprehensive Income.

**NOTE 3 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described throughout these notes to the financial statements. The Commission based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future development, however, may change due to market changes or circumstances arising beyond the control of management. Such changes are reflected in the assumptions when they occur.

**(a) Financial Instruments**

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Classification depends on the nature and purpose of the financial asset or financial liability and the Commission's intentions. Classifications are described below:

Cash and cash equivalents	Loans and receivables
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Financial liabilities
Due to Alberta Lottery Fund	Financial liabilities
Due to General Revenues	Financial liabilities

Loans and receivables

Cash and cash equivalents and accounts receivables are accounted for at cost.

Financial liabilities

Accounts payable and accrued liabilities, due to Alberta Lottery Fund and due to General Revenues are accounted for at cost.

Impairment

Financial assets and financial liabilities are assessed for indicators of impairment on an annual basis. If there is objective evidence that impairment exists, the loss is recorded on the Statement of Operations. The impairment loss is measured as the difference between the acquisition cost and the current fair value.

**(b) Inventories**

Gaming parts and supplies are valued at weighted average cost which is not in excess of net realizable value.

Liquor inventory is held on behalf of liquor suppliers or agents. As such, the value, related duties and taxes are not recorded in these financial statements.

**NOTE 3 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES** (Cont'd)**(c) Property, Plant and Equipment, Computer Software and Investment Property**

Property, plant and equipment, computer software, and investment property are reported at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful life of the assets, reducing the original cost to estimated residual value. Where an item is comprised of major components with different useful lives, the components are accounted for as separate items. Amortization begins when the asset is put into use. Land is not amortized.

The estimated useful lives, residual value and amortization method are reviewed at the end of each fiscal year, with the effect of any changes in estimate accounted for on a prospective basis.

Investment property is defined as land, building or a combination thereof, that is held to earn rental income rather than for use in the ordinary course of business by the owner. The warehouse located in St. Albert that is leased to Connect Logistics Services Inc. is an investment property. Investment property also includes the acquired land for construction of a new liquor warehouse.

**(d) Defined Benefit Pension Plans**

The Commission participates in multi-employer defined benefit pension plans sponsored by the Province of Alberta: the Public Services Pension Plan (PSPP), the Management Employees Pension Plan (MEPP), and the Supplementary Retirement Plan for Public Service Managers (SRP). The cost of providing benefits under the defined benefit plans is determined separately for each plan by independent actuaries based on several assumptions. An expense and a liability for benefits earned are recognized in the period that employee service has been rendered. Under defined benefit pension plan accounting, the Commission must recognize its proportionate share, determined on an actuarial basis, of plan assets, obligations, re-measurement amounts, and service cost.

For defined benefit pension plans, current benefit cost represents the actuarial present value of the benefits earned in the current period. Such cost is actuarially determined using the accrued benefit method prorated on service, a market interest rate, management's best estimate of projected costs, and the expected years of service until retirement. The liability is the present value of the defined benefit obligation, which is determined by discounting the estimated future cash flows using a discount rate based on market yields of high quality corporate bonds having terms to maturity that approximate the duration of the related benefit liability. Interest expense represents the amount required in each year to build up the liability over the projected period to its future value. Re-measurement changes in benefit liabilities, composed of actuarial changes in assumptions and experience gains and losses, are recognized in other comprehensive income.

The Net Defined Benefit Pension Liability, including the underlying assumptions for future salary increases, inflation rates and discount rates, is reviewed annually.

**(e) Investment in an Associate – Western Canada Lottery Corporation**

The Commission's investment in its associate is accounted for using the equity method of consolidation. The associate is the Western Canada Lottery Corporation (WCLC) in which the Commission has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associate but has no control or joint control over those policies.

**NOTE 3 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES** (Cont'd)**(e) Investment in an Associate – Western Canada Lottery Corporation** (Cont'd)

WCLC is a non-profit organization authorized to manage, conduct and operate ticket lottery activities for its members, the governments of Alberta, Saskatchewan, and Manitoba. The Yukon Territory, the Northwest Territories, and Nunavut participate as associate members.

Under the equity method, the investment in WCLC is carried in the balance sheet at cost plus post acquisition changes in the Commission's share of net assets of WCLC.

The Statement of Operations reflects the share of the results of operations of WCLC. Where there has been a change recognized directly in the equity of WCLC, the Commission recognizes its share of any changes and discloses this, when applicable, in Due to General Revenues. Unrealized gains and losses resulting from transactions between the Commission and WCLC are eliminated to the extent of the interest in WCLC.

The share of income from WCLC is shown on the face of the Statement of Operations.

The financial statements of WCLC are prepared under IFRS for the same reporting period as the Commission. Where necessary, adjustments are made to bring the accounting policies into conformity with those of the Commission.

If there are indicators that the investment in WCLC is impaired, the Commission calculates the amount of impairment as the difference between the recoverable amount of WCLC and its carrying value. This difference would be recognized in the income from WCLC in the Statement of Operations.

Upon any loss of significant influence over WCLC, the Commission would measure and recognize any remaining investment at its fair value. Any difference between the carrying amount of WCLC upon loss of significant influence and the fair value of the investment and proceeds from disposal is recognized in the Statement of Operations.

**(f) Revenue and Expense Recognition**

Revenue from gaming terminals, video lottery terminals and personal play electronic bingo is based on each bet and is recognized at the time that play has been completed and all machine credits have been played or converted to cash. Revenue from play along electronic bingo is recognized at the time of purchase of the cards. Prizes, commissions and federal payments related to gaming terminals, video lottery terminals, and all forms of electronic bingo, are recognized on the same basis as related revenues.

Revenue from the sale of liquor is recognized when goods are shipped and title has passed to the customer. Revenue received in advance of shipment is deferred and recognized when goods are shipped and title has passed to the customer. Cost of product sold related to liquor is recognized on the same basis as the related revenue.

**NOTE 3 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES** (Cont'd)**(g) Impairment of Non-Financial Assets**

At each reporting date, if there are indicators that non-financial assets carried at amortized cost may be impaired, the Commission would complete a formal impairment assessment. For this purpose, non-financial assets would be grouped at the lowest levels for which there are separately identifiable cash inflows; these groupings are referred to as cash-generating units. An impairment loss would be the amount by which the cash-generating units' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses would be recognized in the Statement of Operations.

For previously impaired non-financial assets, an assessment is made annually as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Commission estimates the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the non-financial asset's recoverable amount since the last impairment loss was recognized. An impairment loss is reversed only to the extent that the non-financial asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the non-financial asset in prior years.

Such reversal is recognized in the Statement of Operations in a manner consistent with the originally recognized impairment loss.

**(h) Federal Taxes**

Under the Excise Tax Act and Games of Chance (GST/HST) Regulations, the Commission is required to pay GST and Federal Tax on gaming operations. However, the Commission as a Crown agent of the Government of Alberta has a tax-exempt status for its liquor and regulatory operations.

**(i) Operating Expenses**

Operating expenses are allocated against Provincial Lotteries Revenue or Liquor and Other Revenue, based on the nature of the expense.

**(j) Allocation of Net Operating Results**

The *Gaming and Liquor Act* requires the Commission to transfer net operating results to the Alberta Lottery Fund and the General Revenue Fund.

Net operating results arising from the conduct of authorized gaming terminal, video lottery, lottery ticket, and electronic bingo in Alberta is transferred to the Alberta Lottery Fund. Note 9 discloses further information on amounts due to the Alberta Lottery Fund.

Net operating results of liquor operations and other income is transferred to General Revenues. Note 10 discloses further information on amounts due to General Revenues.

### **NOTE 3 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)**

#### **(k) Contingent Liabilities and Provisions**

Contingent liabilities are possible obligations that may result in the future sacrifice of economic benefits arising from existing conditions or situations involving uncertainty.

Provisions are recognized when the Commission has a present obligation as a result of a past event. It is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Statement of Operations net of any reimbursement.

All legal claims are assessed by the Commission's legal counsel to determine the possible liability. Disclosure is made if the assessment of possible liability meets specific criteria and the likelihood is greater than 10%. Additionally, a provision is recognized if the assessment of possible liability meets specific criteria and the likelihood is greater than 50%.

#### **(l) Future Accounting Changes**

Future accounting changes are based on standards issued but not yet effective up to the date of the issuance of the financial statements. The following information is of standards and interpretations issued, which management reasonably expects to be applicable at the future date. The Commission is assessing the impact of these new standards on its financial statements.

IFRS 9 (2014) *Financial Instruments* – Issued on July 24, 2014, mandatorily effective for annual reporting periods commencing on or after January 1, 2018, with early adoption permitted. For a limited period, previous versions of IFRS 9 (2013) may be adopted early if not already done so, provided the relevant date of initial application is before February 1, 2015. The Standard includes requirements for recognition, measurement, impairment, and de-recognition of financial instruments, as well as general hedge accounting. The Commission is not expecting any impact on the financial statements in relation to this new standard.

IFRS 15 *Revenue from Contracts with Customers* - Issued in May of 2014, mandatorily effective for annual reporting periods commencing on or after January 1, 2017. The Standard provides framework for recognition, measurement, and disclosure of revenue, as well as a requirement for entities to provide users of financial statements with more informative and relevant revenue-related disclosures. The Commission is currently assessing the impact of this new standard on the financial statements.

### **NOTE 4 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. Additionally, cash and cash equivalents include the proceeds from table games which the Commission holds on behalf of charities; further details are provided in Note 19.

The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. For the year ended March 31, 2015, securities held by the Fund had a time-weighted yield of 1.18% per annum (March 31, 2014: 1.17% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

## NOTE 5 PREPAID EXPENSES AND INVENTORIES

(in thousands)

	<u>2015</u>	<u>2014</u>
Gaming Parts	\$ 9,358	\$ 10,357
Prepaid Expenses	1,280	1,542
Supplies	617	847
	<u>\$ 11,255</u>	<u>\$ 12,746</u>

## NOTE 6 PROPERTY, PLANT, AND EQUIPMENT

(in thousands)

	<u>Land</u>	<u>Buildings &amp; Leasehold Improvements</u>	<u>Vehicles</u>	<u>Equipment &amp; Computer Hardware</u>	<u>Gaming Equipment &amp; Terminals</u>	<u>Total</u>
Cost, March 31, 2014	\$ 2,057	\$ 36,682	\$ 3,800	\$ 33,482	\$ 426,778	\$ 502,799
Additions	-	1,217	1,034	2,001	58,375	62,627
Disposals	-	-	(970)	(2,115)	(38,013)	(41,098)
Cost, March 31, 2015	<u>2,057</u>	<u>37,899</u>	<u>3,864</u>	<u>33,368</u>	<u>447,140</u>	<u>524,328</u>
Accumulated Amortization, March 31, 2014	-	(20,608)	(2,876)	(25,698)	(192,069)	(241,251)
Additions	-	(960)	(641)	(1,227)	(40,984)	(43,812)
Disposals	-	-	954	2,115	34,461	37,530
Accumulated Amortization, March 31, 2015	-	<u>(21,568)</u>	<u>(2,563)</u>	<u>(24,810)</u>	<u>(198,592)</u>	<u>(247,533)</u>
Net Book Value, March 31, 2015	<u>\$ 2,057</u>	<u>\$ 16,331</u>	<u>\$ 1,301</u>	<u>\$ 8,558</u>	<u>\$ 248,548</u>	<u>\$ 276,795</u>
Cost, March 31, 2013	\$ 2,057	\$ 34,959	\$ 3,670	\$ 32,203	\$ 434,079	\$ 506,968
Additions	-	1,776	716	7,180	96,511	106,183
Disposals	-	(53)	(586)	(5,901)	(103,812)	(110,352)
Cost, March 31, 2014	<u>2,057</u>	<u>36,682</u>	<u>3,800</u>	<u>33,482</u>	<u>426,778</u>	<u>502,799</u>
Accumulated Amortization, March 31, 2013	-	(19,780)	(2,839)	(29,719)	(242,764)	(295,102)
Additions	-	(881)	(618)	(1,880)	(50,590)	(53,969)
Disposals	-	53	581	5,901	101,285	107,820
Accumulated Amortization, March 31, 2014	-	<u>(20,608)</u>	<u>(2,876)</u>	<u>(25,698)</u>	<u>(192,069)</u>	<u>(241,251)</u>
Net Book Value, March 31, 2014	<u>\$ 2,057</u>	<u>\$ 16,074</u>	<u>\$ 924</u>	<u>\$ 7,784</u>	<u>\$ 234,709</u>	<u>\$ 261,548</u>

The estimated useful life over which property, plant, and equipment are amortized is as follows:

Buildings	Up to 40 years
Leasehold Improvements	Lease term
Vehicles	3 years
Equipment and Computer Hardware	Up to 10 years
Gaming Equipment and Terminals	Up to 8 years

**NOTE 7 COMPUTER SOFTWARE**  
(in thousands)

	<b>Computer Software</b>	<b>Software Under Development</b>	<b>Gaming (VLT) Software</b>	<b>Total</b>
Cost, March 31, 2014	\$ 23,388	\$ 1,208	\$ 26,261	\$ 50,857
Additions	2,720	2,479	4	5,203
Disposals	-	-	-	-
Cost, March 31, 2015	<u>26,108</u>	<u>3,687</u>	<u>26,265</u>	<u>56,060</u>
Accumulated Amortization, March 31, 2014	(13,753)	-	(5,713)	(19,466)
Additions	(1,941)	-	(5,253)	(7,194)
Disposals	-	-	-	-
Accumulated Amortization, March 31, 2015	<u>(15,694)</u>	<u>-</u>	<u>(10,966)</u>	<u>(26,660)</u>
Net Book Value, March 31, 2015	<u>\$ 10,414</u>	<u>\$ 3,687</u>	<u>\$ 15,299</u>	<u>\$ 29,400</u>
Cost, March 31, 2013	\$ 14,677	\$ 7,847	\$ 26,261	\$ 48,785
Additions	2,699	1,169	-	3,868
Transfers	7,808	(7,808)	-	-
Disposals	(1,796)	-	-	(1,796)
Cost, March 31, 2014	<u>23,388</u>	<u>1,208</u>	<u>26,261</u>	<u>50,857</u>
Accumulated Amortization, March 31, 2013	(14,159)	-	(1,734)	(15,893)
Additions	(1,390)	-	(3,979)	(5,369)
Disposals	1,796	-	-	1,796
Accumulated Amortization, March 31, 2014	<u>(13,753)</u>	<u>-</u>	<u>(5,713)</u>	<u>(19,466)</u>
Net Book Value, March 31, 2014	<u>\$ 9,635</u>	<u>\$ 1,208</u>	<u>\$ 20,548</u>	<u>\$ 31,391</u>

The estimated useful life over which computer software is amortized is as follows:

Computer Software	Up to 10 years
Gaming (VLT) Software	5 years

## NOTE 8 INVESTMENT PROPERTY (LIQUOR WAREHOUSES)

(in thousands)

	<u>Land</u>	<u>Building</u>	<u>Work in Progress Land</u>	<u>Work in Progress Building</u>	<u>Total</u>
Cost, March 31, 2014	\$ 2,056	\$ 28,766	\$ 31	\$ 143	\$ 30,996
Additions	1	1,481	19,035	5,879	26,396
Disposals	-	-	-	-	-
Cost, March 31, 2015	<u>2,057</u>	<u>30,247</u>	<u>19,066</u>	<u>6,022</u>	<u>57,392</u>
Accumulated Amortization, March 31, 2014	-	(23,115)	-	-	(23,115)
Additions	-	(512)	-	-	(512)
Disposals	-	-	-	-	-
Accumulated Amortization, March 31, 2015	-	<u>(23,627)</u>	-	-	<u>(23,627)</u>
Net Book Value, March 31, 2015	<u>\$ 2,057</u>	<u>\$ 6,620</u>	<u>\$ 19,066</u>	<u>\$ 6,022</u>	<u>\$ 33,765</u>
Cost, March 31, 2013	\$ 2,056	\$ 28,506	\$ -	\$ -	\$ 30,562
Additions	-	260	31	143	434
Disposals	-	-	-	-	-
Cost, March 31, 2014	<u>2,056</u>	<u>28,766</u>	<u>31</u>	<u>143</u>	<u>30,996</u>
Accumulated Amortization, March 31, 2013	-	(22,557)	-	-	(22,557)
Additions	-	(558)	-	-	(558)
Disposals	-	-	-	-	-
Accumulated Amortization, March 31, 2014	-	<u>(23,115)</u>	-	-	<u>(23,115)</u>
Net Book Value, March 31, 2014	<u>\$ 2,056</u>	<u>\$ 5,651</u>	<u>\$ 31</u>	<u>\$ 143</u>	<u>\$ 7,881</u>

(a) The estimated useful life over which investment property is amortized is as follows:

Buildings Up to 40 years

(b) Net Profit from Investment Property

	<u>2015</u>	<u>2014</u>
Rental income derived from investment property	\$ 2,841	\$ 2,841
Direct operating expenses (including repair and maintenance) generating rental income	(280)	(102)
Net profit arising from investment property	<u>\$ 2,561</u>	<u>\$ 2,739</u>

Estimated rental income for the current lease term which expires January 31, 2018 is:

2015-16	\$ 2,943
2016-17	\$ 3,251
2017-18	\$ 2,712

**NOTE 8 INVESTMENT PROPERTY (LIQUOR WAREHOUSES)** (Cont'd)  
 (in thousands)

(c) Fair Value of Investment Property

	<u>2015</u>	<u>2014</u>
Fair value of investment property	\$ 47,400	\$ 45,850

Investment property is stated at cost.

The fair value at March 31, 2015 and March 31, 2014 is based on a valuation performed by Bourgeois & Company Ltd., an accredited independent valuer. Bourgeois & Company Ltd. have appropriate qualifications and recent experience in the valuation of similar properties. Two market based techniques (income and direct comparison approaches) were applied to estimate fair value.

The fair value valuation was performed on the distribution and storage facility at 50 Corriveau Avenue, St. Albert, Alberta. The valuation does not include land purchased in April 2014 for construction of the new liquor warehouse. The total cost of \$19.1 million is assumed to be equal to the fair market value.

**NOTE 9 DUE TO THE ALBERTA LOTTERY FUND**  
 (in thousands)

The *Gaming and Liquor Act* requires the Commission to transfer net operating results from provincial lotteries to the Alberta Lottery Fund. This amount represents the portion of net operating results from provincial lottery operations, which has not been transferred to the Alberta Lottery Fund due to year end invoicing cycles and timing of transfers to the Alberta Lottery Fund.

	<u>2015</u>	<u>2014</u>
Due to the Alberta Lottery Fund, beginning of year	\$ 84,547	\$ 93,585
Net operating results, Provincial Lotteries (note 12)	1,528,341	1,484,457
Transfers to the Alberta Lottery Fund	(1,504,803)	(1,493,495)
Due to the Alberta Lottery Fund, end of year	<u>\$ 108,085</u>	<u>\$ 84,547</u>

Amounts due to the Alberta Lottery Fund are unsecured, non-interest bearing and have no specific terms of repayment.

## NOTE 10 DUE TO GENERAL REVENUES

(in thousands)

The *Gaming and Liquor Act* requires the Commission to transfer net operating results from the sale of liquor to the General Revenue Fund. Due to General Revenues reflects the outstanding balance due to General Revenues from liquor operations and other income, as follows:

	<u>2015</u>	<u>2014</u>
Due to General Revenues, beginning of year	\$ 276,689	\$ 269,663
Net operating results, Liquor and Other (note 12)	765,772	747,026
Transfers to General Revenues	(763,000)	(740,000)
Due to General Revenues, end of year	<u>\$ 279,461</u>	<u>\$ 276,689</u>

Amounts due to General Revenues are unsecured, non-interest bearing and have no specific terms of repayment. The Commission does not expect to pay the total amount owing to General Revenues during the next fiscal year as the Commission retains funds to maintain a sufficient level of liquidity to support its business operations.

## NOTE 11 EMPLOYEE BENEFIT PLANS

(in thousands)

The principal assumptions used in determining pension obligations for the Commission are shown below:

	<u>2015</u>			<u>2014</u>		
	<u>PSPP</u>	<u>MEPP</u>	<u>SRP</u>	<u>PSPP</u>	<u>MEPP</u>	<u>SRP</u>
Discount rate:	3.40%	3.40%	3.80%	4.40%	4.40%	4.40%
Inflation rate:	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Average wage increases:	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Commission's share of plan payroll:	2.10%	1.76%	1.81%	2.18%	1.79%	1.81%
Date of the most recent actuarial valuation from which results are extrapolated:	Dec. 31, 2013	Dec. 31, 2012				
Commission's Expected Contributions For The Next Period:						
All plans		\$ 9,300			\$ 9,892	

Additional assumptions are described in the valuation reports for each of the respective plans.

**NOTE 11 EMPLOYEE BENEFIT PLANS (Cont'd)**  
(in thousands)

**The Commission's Proportionate Share of Defined Benefit Pension Plan Liabilities**

	2015				2014			
	PSPP	MEPP	SRP	Total	PSPP	MEPP	SRP	Total
<b>Change in Fair Value of Plan Assets</b>								
Opening fair value of plan assets	\$ 94,925	\$ 38,314	\$ 1,259	\$ 134,498	\$ 63,500	\$ 27,752	\$ 1,655	\$ 92,907
Employer contributions	6,809	2,247	112	9,168	7,041	1,922	185	9,148
Benefit payments	(4,945)	(1,880)	(42)	(6,867)	(4,851)	(1,678)	(36)	(6,565)
Interest income on assets	4,218	1,694	57	5,969	2,455	1,059	66	3,580
Actuarial (loss) gain	2,958	2,500	19	5,477	26,780	9,259	(611)	35,428
Closing Fair Value of Plan Assets	\$ 103,965	\$ 42,875	\$ 1,405	\$ 148,245	\$ 94,925	\$ 38,314	\$ 1,259	\$ 134,498
<b>Change in Defined Benefit Obligation</b>								
Opening defined benefit obligation	\$ 140,731	\$ 50,407	\$ 1,450	\$ 192,588	\$ 99,000	\$ 39,123	\$ 1,855	\$ 139,978
Current service cost (employer)	5,799	2,037	125	7,961	6,260	2,278	120	8,658
Benefit paid	(4,945)	(1,880)	(42)	(6,867)	(4,851)	(1,678)	(36)	(6,565)
Interest expense	6,211	2,221	66	8,498	3,773	1,498	82	5,353
Actuarial losses (gains)	7,512	6,523	243	14,278	36,549	9,186	(571)	45,164
Closing Defined Benefit Obligation	\$ 155,308	\$ 59,308	\$ 1,842	\$ 216,458	\$ 140,731	\$ 50,407	\$ 1,450	\$ 192,588
<b>Net Defined Benefit Liability</b>	<b>\$ 51,343</b>	<b>\$ 16,433</b>	<b>\$ 437</b>	<b>\$ 68,213</b>	<b>\$ 45,806</b>	<b>\$ 12,093</b>	<b>\$ 191</b>	<b>\$ 58,090</b>

The Commission records a provision for only the employer portion of the surplus (deficit) attributable to the Commission. The employer portions are 50% for PSPP, 63% for MEPP, and 54% for SRP.

**Accumulated Other Comprehensive Income**

	2015				2014			
	PSPP	MEPP	SRP	Total	PSPP	MEPP	SRP	Total
Actuarial loss(gain) on plan assets	\$ (2,958)	\$ (2,500)	\$ (19)	\$ (5,477)	\$ (26,780)	\$ (9,259)	\$ 611	\$ (35,428)
Experience loss on plan liabilities	7,512	6,523	243	14,278	36,548	9,186	(571)	45,163
Amount recognized in OCI	4,554	4,023	224	8,801	9,768	(73)	40	9,735
Beginning balance, AOCI	21,415	5,107	44	26,566	11,647	5,180	4	16,831
Ending balance, AOCI	\$ 25,969	\$ 9,130	\$ 268	\$ 35,367	\$ 21,415	\$ 5,107	\$ 44	\$ 26,566

**Defined Benefit Pension Expense**

	2015				2014			
	PSPP	MEPP	SRP	Total	PSPP	MEPP	SRP	Total
Current service cost (employer)	\$ 5,799	\$ 2,037	\$ 125	\$ 7,961	\$ 6,260	\$ 2,278	\$ 120	\$ 8,658
Interest expense	6,211	2,221	66	8,498	3,773	1,498	82	5,353
Interest income on assets	(4,218)	(1,694)	(57)	(5,969)	(2,455)	(1,059)	(66)	(3,580)
Net pension-benefit expense recognized	\$ 7,792	\$ 2,564	\$ 134	\$ 10,490	\$ 7,578	\$ 2,717	\$ 136	\$ 10,431

**NOTE 11 EMPLOYEE BENEFIT PLANS** (Cont'd)  
 (in thousands)

**Risks arising from defined benefit plans**

Economic risks

Defined benefit plans are directly exposed to economic risks from plan assets invested in capital markets, and indirectly with respect to measurement risk from assumptions based on economic factors, such as discount rates affected by volatile bond markets.

Demographic risks

Demographic factors affect current and future benefit costs with respect to the amount and time horizon of expected payments due to such factors as workforce average age and earnings levels, attrition and retirement rates, mortality and morbidity rates, etc.

Multi-employer plan funding risk

In addition to economic and demographic risk factors, the Commission is exposed to funding risk in the multi-employer plans arising from:

- Legislative changes affecting eligibility for and amount of pension and related benefits; and
- Performance of plan assets affected by investment policies set by the government.

Because these plans are governed by legislation rather than contract, there is little flexibility for participants with respect to withdrawal from the plan, plan wind-up or amendments, and mandatory funding requirements.

**Sensitivity Analysis:**

	2015			2014		
	PSPP	MEPP	SRP	PSPP	MEPP	SRP
Estimated sensitivity of liabilities to a 1% change in the discount rate:	13.70%	13.70%	19.30%	14.20%	13.40%	18.70%
Estimated sensitivity of liabilities to a 1% change in the inflation rate:	6.60%	7.50%	8.50%	9.04%	7.92%	25.09%

## NOTE 12 GAMING AND LIQUOR OPERATING RESULTS

(in thousands)

Management monitors the operating results of the various revenue sectors for the purpose of making decisions about resource allocation and performance assessment. Operating expenses are not allocated to the individual revenue sectors but are allocated between Provincial Lotteries Revenue and Liquor and Other Revenue as authorized by the *Gaming and Liquor Act*.

	2015				Liquor and Other	Total
	Provincial Lotteries			Subtotal		
	Casino Gaming Terminals	Video Lottery Terminals	Electronic Bingo (a)			
Credits Played	\$ 16,262,377	\$ 8,323,763	\$ 30,129	\$ 24,616,269	\$ -	\$ 24,616,269
Liquor Revenue	-	-	-	-	2,540,264	2,540,264
	<u>16,262,377</u>	<u>8,323,763</u>	<u>30,129</u>	<u>24,616,269</u>	<u>2,540,264</u>	<u>27,156,533</u>
Credits Won	(15,027,978)	(7,663,399)	(19,290)	(22,710,667)	-	(22,710,667)
Cost of Liquor Product	-	-	-	-	(1,758,364)	(1,758,364)
	<u>(15,027,978)</u>	<u>(7,663,399)</u>	<u>(19,290)</u>	<u>(22,710,667)</u>	<u>(1,758,364)</u>	<u>(24,469,031)</u>
	1,234,399	660,364	10,839	1,905,602	781,900	2,687,502
Commissions & Federal Payments	(367,262)	(104,760)	(3,479)	(475,501)	-	(475,501)
	<u>\$ 867,137</u>	<u>\$ 555,604</u>	<u>\$ 7,360</u>	1,430,101	781,900	2,212,001
Operating Expenses				(188,786)	(32,257)	(221,043)
Profit from Operations for the Year				1,241,315	749,643	1,990,958
Other Revenue				1,704	16,129	17,833
Income from Western Canada Lottery Corporation				<u>285,322</u>	-	<u>285,322</u>
Net Operating Results				<u>\$ 1,528,341</u>	<u>\$ 765,772</u>	<u>\$ 2,294,113</u>

(a) includes Keno charity commissions

**NOTE 12 GAMING AND LIQUOR OPERATING RESULTS (Cont'd)**  
(in thousands)

	<b>2014</b>					
	<b>Provincial Lotteries</b>				<b>Liquor and Other</b>	<b>Total</b>
	<b>Casino Gaming Terminals</b>	<b>Video Lottery Terminals</b>	<b>Electronic Bingo (a)</b>	<b>Subtotal</b>		
Credits Played	\$ 15,812,590	\$ 7,641,522	\$ 34,691	\$ 23,488,803	\$ -	\$ 23,488,803
Liquor Revenue	-	-	-	-	2,402,714	2,402,714
	<u>15,812,590</u>	<u>7,641,522</u>	<u>34,691</u>	<u>23,488,803</u>	<u>2,402,714</u>	<u>25,891,517</u>
Credits Won	(14,591,778)	(7,029,632)	(23,366)	(21,644,776)	-	(21,644,776)
Cost of Liquor Product	-	-	-	-	(1,644,463)	(1,644,463)
	<u>(14,591,778)</u>	<u>(7,029,632)</u>	<u>(23,366)</u>	<u>(21,644,776)</u>	<u>(1,644,463)</u>	<u>(23,289,239)</u>
	1,220,812	611,890	11,325	1,844,027	758,251	2,602,278
Commissions & Federal Payments	(363,302)	(97,280)	(3,639)	(464,221)	-	(464,221)
	<u>\$ 857,510</u>	<u>\$ 514,610</u>	<u>\$ 7,686</u>	1,379,806	758,251	2,138,057
Operating Expenses				(193,475)	(30,303)	(223,778)
Profit from Operations for the Year				1,186,331	727,948	1,914,279
Other Revenue				-	19,078	19,078
Income from Western Canada Lottery Corporation				<u>298,126</u>	-	<u>298,126</u>
Net Operating Results				<u>\$ 1,484,457</u>	<u>\$ 747,026</u>	<u>\$ 2,231,483</u>

(a) includes Keno charity commissions

## NOTE 13 COMMISSIONS AND FEDERAL PAYMENTS

(in thousands)

	<b>2015</b>			
	Casino Gaming Terminals	Video Lottery Terminals	Electronic Bingo (a)	Total
Commissions				
Operators	\$ 181,217	\$ 98,979	\$ 1,630	\$ 281,826
Charities	175,039	-	1,690	176,729
Federal Tax Expense (b)	11,006	5,781	159	16,946
	<u>\$ 367,262</u>	<u>\$ 104,760</u>	<u>\$ 3,479</u>	<u>\$ 475,501</u>

	<b>2014</b>			
	Casino Gaming Terminals	Video Lottery Terminals	Electronic Bingo (a)	Total
Commissions				
Operators	\$ 179,145	\$ 91,720	\$ 1,701	\$ 272,566
Charities	173,032	-	1,764	174,796
Federal Tax Expense (b)	11,125	5,560	174	16,859
	<u>\$ 363,302</u>	<u>\$ 97,280</u>	<u>\$ 3,639</u>	<u>\$ 464,221</u>

(a) includes Keno Charity Commissions

(b) as prescribed by the Games of Chance (GST/HST) Regulations, taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) on gaming terminal, video lottery terminal and electronic bingo sales based on a prescribed formula. This tax is in addition to the GST paid on the purchase of goods and services for which a credit is not allowed under the formula.

## NOTE 14 OPERATING EXPENSES

(in thousands)

	<b>2015</b>	<b>2014</b>
Salaries and benefits	\$ 92,539	\$ 88,047
Amortization	51,518	59,851
Leased gaming terminals	30,336	31,142
Equipment and vehicles	11,067	10,146
Fees and services	7,113	5,656
Data communications	6,990	7,578
Data processing	6,236	5,576
Property	2,921	3,063
Travel and training	2,786	3,142
Net interest in net defined benefit pension liability (note 11)	2,529	1,774
Freight and ticket product delivery	1,934	1,917
Stationery and supplies	1,932	1,876
Insurance and bank charges	1,188	1,303
Retailer relations	910	1,723
Miscellaneous	909	858
Liquor product expense	135	126
	<u>\$ 221,043</u>	<u>\$ 223,778</u>

**NOTE 15 OTHER REVENUE**  
(in thousands)

	<u>2015</u>	<u>2014</u>
Licences	\$ 6,299	\$ 6,259
Miscellaneous	2,089	3,187
Premises rental revenue	2,841	2,841
Liquor levies	2,105	2,240
Gain on disposal of property, plant, and equipment	1,704	1,150
Interest revenue	1,624	2,082
Retailer service fees	644	749
Administrative sanctions	527	570
	<u>\$ 17,833</u>	<u>\$ 19,078</u>

**NOTE 16 INVESTMENT IN WESTERN CANADA LOTTERY CORPORATION (WCLC)**  
(in thousands)

The Commission's interest in the WCLC is based upon Alberta's share of lottery ticket sales.

The WCLC is a private entity that is not listed on any public exchange. The following table illustrates summarized financial information of the Commission's investment in the WCLC.

	<u>2015</u>	<u>2014</u>
<b>Balance Sheet (WCLC)</b>		
Current Assets	\$ 89,444	\$ 83,226
Capital and Intangible Assets	17,339	21,194
	<u>\$ 106,783</u>	<u>\$ 104,420</u>
Current Liabilities	\$ 70,598	\$ 71,666
Due to Provincial Governments or Appointed Organizations	51,483	45,790
Equity	(15,298)	(13,036)
	<u>\$ 106,783</u>	<u>\$ 104,420</u>
<b>Statement of Operations (Alberta Only)</b>		
Ticket Lottery Revenue (a)	\$ 810,208	\$ 857,695
Ticket Lottery Prizes (a)	(413,562)	(444,549)
Gaming Revenue	396,646	413,146
Commissions (a)	(56,976)	(61,627)
Federal Tax Expense (a)	(4,382)	(4,637)
Payment to Federal Government (b)	(8,817)	(8,506)
	326,471	338,376
Operating Expenses	(41,149)	(40,250)
Net Operating Results	<u>\$ 285,322</u>	<u>\$ 298,126</u>

**NOTE 16 INVESTMENT IN WESTERN CANADA LOTTERY CORPORATION (WCLC) (Cont'd)**

- (a) On-line ticket lottery revenues are recognized at the date of the draw, with instant ticket revenues being recognized at the date activated for sale by the retailer. Prizes, commissions and federal payments related to ticket revenues are recognized on the same basis as related revenues.
- (b) A payment is made to the federal government which represents the Province of Alberta's share resulting from an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment is made by WCLC on behalf of Alberta and is based on current population statistics and its share of ticket lottery sales.

**Statement of Change in Investment in WCLC**

	<u>2015</u>	<u>2014</u>
Investment in WCLC, beginning of year	\$ 31,074	\$ 32,104
Net Operating Results recorded by AGLC	\$ 285,322	\$ 298,126
Interest Revenue recorded by Alberta Lottery Fund	1,552	1,075
WCLC Net Income Allocated to Alberta	<u>\$ 286,874</u>	<u>\$ 299,201</u>
Advances received from WCLC	(282,744)	(300,231)
Investment in WCLC, end of year	<u>\$ 35,204</u>	<u>\$ 31,074</u>

**NOTE 17 COMMITMENTS**

(in thousands)

Commitments are obligations of the Commission to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	<u>2015</u>	<u>2014</u>
Obligations under operating leases and contracts		
Premise Leases and other contracts	\$ 3,490	\$ 4,456
Former Retail Liquor Stores	1,044	1,105
Video Lottery Terminals - Network Services	7,000	10,500
Investment Property – Land Purchase	-	16,200
Development of Investment Property	7,396	-
	<u>\$ 18,930</u>	<u>\$ 32,261</u>

**NOTE 17 COMMITMENTS** (Cont'd)  
 (in thousands)

Estimated payment requirements for each of the next five years and thereafter are as follows:

2015-16	\$	11,945
2016-17		4,280
2017-18		489
2018-19		379
2019-20		374
Thereafter		1,463
	\$	<u>18,930</u>

The Commission has lease obligations for former retail liquor stores, which have been subleased to third parties. Provision for loss on leased properties of \$225 (2014 - \$236) has been made where the payments to be received on the sub-leases are less than the lease payments to be made. Estimated receipts for each of the next five years and thereafter are as follows:

2015-16	\$	50
2016-17		50
2017-18		50
2018-19		50
2019-20		50
Thereafter		618
	\$	<u>868</u>

**NOTE 18 CONTINGENT LIABILITIES AND PROVISIONS**  
 (in thousands)

The Commission is a defendant in several legal claims. Management has assessed these claims as at March 31, 2015, and determined, due to the nature of the claims, none of the claims will be provided for in our accounts or disclosed in these notes as they are remote and are not expected to have material adverse effect in the financial position or operations of the Commission.

The Commission amended a lease agreement with a tenant on October 7, 2014. Under the terms of the amended agreement, the Commission has agreed to assume certain third party premise leases for the remainder of the lease term if a significant change in the terms of the tenant's appointment occurs before January 31, 2018. As of March 31, 2015, the Commission's potential liability is \$20.7 million (2014 - \$19.2 million).

**NOTE 18 CONTINGENT LIABILITIES AND PROVISIONS** (Cont'd)  
 (in thousands)

Provisions are recognized as liabilities because they are present obligations and it is probable that an outflow of resources will be required to settle the obligation.

A provision for loss on leased properties has been recorded on onerous lease contracts on former retail liquor store operations that could not be terminated by the Commission at the time of liquor privatization in 1993. The provision is determined based on the difference between the aggregate estimated sublease revenue and the total lease obligations. As at March 31, 2015, there were 2 leases (2014 – 2 leases) that make up the provision.

	<u>Lease Provision</u>
As at March 31, 2014	\$ 236
Amounts used against the provision	(11)
As at March 31, 2015	<u>\$ 225</u>
Expected Outflow of Resources	
Within one year	\$ 10
After one year but not more than five years	42
After five years	173
	<u>\$ 225</u>

**NOTE 19 FUNDS UNDER ADMINISTRATION**  
 (in thousands)

The Commission manages the collection, investment and distribution of the charities' share of proceeds/losses from table games at licensed charitable casino events.

The share of proceeds/losses from these table games allocated to charities is established in policy and by agreement between the participating charity and the relevant casino operator. These allocations are collected by the Commission and pooled by casino or region over a three month period. The pooled funds earn interest and the Commission deducts administrative fees from the pools. The net proceeds in each pool at the end of the pooling period are distributed equally to each charity holding a licensed charitable casino event in the casino/region during the pooling period.

	<u>2015</u>	<u>2014</u>
Charitable Proceeds	\$ 19,045	\$ 16,316
Held Charitable Proceeds	2	85
	<u>\$ 19,047</u>	<u>\$ 16,401</u>

## NOTE 20 SALARIES AND BENEFITS

(in thousands)

The Commission is an agent of the Government of Alberta and as such, is required to disclose certain information in accordance with the *Fiscal Management Act*.

		2015			2014	
		Base Salary <i>note a</i>	Other Cash Benefits <i>note b</i>	Other Non-cash Benefits <i>note c</i>	Total	Total
<b>Board</b>						
Chairperson	<i>note d</i>	\$ 123	\$ -	\$ -	\$ 123	\$ 102
Board Members		213	-	-	213	260
<b>Chief Executive</b>						
President and Chief Executive Officer	<i>note e</i>	280	2	52	334	353
<b>Executive Management</b>						
Chief Financial Officer and Senior Vice President	<i>note f</i>	214	50	51	315	260
Vice President, Compliance and Social Responsibility		195	3	48	246	240
Chief Information Officer and Vice President, Innovation and Technology	<i>note g</i>	194	368	48	610	253
Vice President, Liquor Services		180	3	46	229	127
Vice President, Human Resources and Learning & Development		180	3	45	228	211
Vice President, Lottery and Gaming Services		177	3	43	223	567
Vice President, Strategy, Transformation and Ethics	<i>note h</i>	-	-	-	-	527

- (a) Base salary includes regular base pay and acting pay.
- (b) Other cash benefits include vacation payouts, lump sum payouts, wellness spending account reimbursements and severance. There were no bonuses paid in fiscal 2014-15.
- (c) Other non-cash benefits include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plans, health care, dental coverage, group life insurance, and short and long term disability plans.
- (d) The position was occupied by two individuals during the year.
- (e) Automobile provided; taxable benefit amount of \$8 (2014 - \$10) is not included in other non-cash benefits.
- (f) Effective March 25, 2015, the position of Chief Financial Officer and Senior Vice President was separated into two positions.
- (g) The position was occupied by two individuals during the year.
- (h) The incumbent resigned effective November 1, 2013 and the duties were reassigned to other Vice Presidents.

## **NOTE 21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The carrying values of the Commission's financial instruments approximate their fair values unless otherwise noted.

The Commission is exposed to various risks related to its financial assets and liabilities. These risk exposures are managed on an ongoing basis.

Credit risk represents the loss that would be recognized if parties holding financial assets of the Commission fail to honour their obligations. Credit risk is minimized as the Commission does not have significant exposure to any individual retail entity.

Liquidity risk is the risk the Commission will not be able to meet its financial obligations as they fall due. The majority of the Commission's operational activities involve cash sales and short term accounts receivables. The Commission relies on funds generated from its operations to meet operating requirements and to finance capital investment.

## **NOTE 22 RELATED PARTY TRANSACTIONS**

(in thousands)

The Commission is a wholly-owned entity of the Government of Alberta. The Government significantly influences the Commission.

The Commission reports to the President of Treasury Board and Minister of Finance. Any ministry, department or entity the Minister is responsible for is a deemed related party to the Commission. These include:

- Department of Treasury Board and Finance, including Risk Management and Insurance
- Alberta Lottery Fund
- General Revenue Fund

The Commission made payments totalling \$397 (2014 - \$362) to Risk Management and Insurance. Transactions with the Alberta Lottery Fund are disclosed in Note 9 and transactions with the General Revenue Fund are disclosed in Note 10.

The Western Canada Lottery Corporation (WCLC), an associated entity as disclosed in Note 3, is also a deemed related party to the Commission. Details of transactions with WCLC are disclosed in Note 16. In addition, the Commission received \$644 (2014 - \$749) in retailer service fees from WCLC.

The Board members of the Commission, executive management and their close family members are deemed to be related parties to the Commission. Transactions with close family members are immaterial; compensation for Board members and executive management is disclosed in Note 20.

**NOTE 23 APPROVED BUDGET**

(in thousands)

The Commission includes its annual budget, on a summarized basis, in its business plan. The summarized budget receives approval by the Minister the Commission reports to on recommendation from the Commission Board and becomes part of the fiscal plan of the Government of Alberta.

	<u>2015</u>
Liquor Revenue	\$ 2,393,572
Liquor Cost of Sales	<u>(1,628,572)</u>
	765,000
Gaming Revenue	<u>1,906,234</u>
	2,671,234
Commissions and Federal Payments (a)	(493,195)
Operating Expenses	<u>(266,139)</u>
<b>PROFIT FROM OPERATIONS FOR THE YEAR</b>	<b>1,911,900</b>
Other Revenue	15,995
Income from Western Canada Lottery Corporation	<u>299,904</u>
<b>NET OPERATING RESULTS</b>	<b>\$ 2,227,799</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	
Loss on Pension Liability	<u>(8,850)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$ <u>2,218,949</u></b>

(a) includes Keno charity commissions

# Financial Statements

## Alberta Lottery Fund

- 83** Independent Auditor's Report
- 84** Balance Sheet
- 85** Statement of Revenue, Expenditure  
and Fund Equity
- 86** Notes to the Financial Statement



## Independent Auditor's Report

To the Members of the Alberta Gaming and Liquor Commission

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Alberta Lottery Fund, which comprise the balance sheet as at March 31, 2015, and the statement of revenue, expenditure and fund equity 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 Canadian public sector accounting 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.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Lottery Fund as at March 31, 2015, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 27, 2015

Edmonton, Alberta



Alberta Lottery Fund  
**Balance Sheet**

At March 31

(thousands of dollars)	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 30,268	\$ 3,093
Due from Alberta Gaming and Liquor Commission (Note 5)	<u>108,085</u>	<u>84,547</u>
	<u>\$ 138,353</u>	<u>\$ 87,640</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Accounts payable (Note 6)	\$ 85,578	\$ 34,865
Fund equity	<u>52,775</u>	<u>52,775</u>
	<u>\$ 138,353</u>	<u>\$ 87,640</u>

The accompanying notes are part of these financial statements.

Approved by:

BOARD

MANAGEMENT

*Original signed by*

*Original signed by*

---

Thorna Lawrence, CA  
 Chair of the Audit Committee  
 Alberta Gaming and Liquor Commission

---

D. W. (Bill) Robinson  
 President and Chief Executive Officer  
 Alberta Gaming and Liquor Commission



Alberta Lottery Fund

## Statement of Revenue, Expenditure and Fund Equity

For the year ended March 31

(thousands of dollars)	Budget 2015 (Note 8)	Actual 2015	Actual 2014
<b>REVENUE</b>			
Proceeds from lottery operations (Note 7)	\$ 1,482,550	\$ 1,528,341	\$ 1,484,457
Interest	<u>3,000</u>	<u>4,064</u>	<u>4,442</u>
	1,485,550	1,532,405	1,488,899
<b>EXPENDITURE</b>			
Lottery Fund expenditures (Note 1)	<u>1,485,550</u>	<u>1,532,405</u>	<u>1,488,899</u>
Excess of revenue over expenditure for the year	-	-	-
Fund equity, beginning of year	<u>52,775</u>	<u>52,775</u>	<u>52,775</u>
Fund equity, end of year	<u>\$ 52,775</u>	<u>\$ 52,775</u>	<u>\$ 52,775</u>

The accompanying notes are part of these financial statements.



Alberta Lottery Fund

## Notes to the Financial Statements

March 31, 2015

### NOTE 1 AUTHORITY AND PURPOSE

The Lottery Fund is administered by the Alberta Gaming and Liquor Commission under the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000. The Lottery Fund receives the proceeds from lottery operations (see Note 7) and makes transfers therefrom in the public interest in order to support thousands of volunteer, public and community-based initiatives.

The *Appropriation Act, 2014* authorized transfers from the Lottery Fund as presented in the 2014-2015 Estimates, and provided for flexibility in the amount allocated from the Lottery Fund to the General Revenue Fund so that the net balance of the Lottery Fund would be zero at the year ended March 31, 2015.

The transfer of funds to certain programs is based on electronic gaming proceeds generated at related gaming facilities, in accordance with government policy direction. For these programs, the amount transferred may differ from the budgeted amount.

The accountability and utilization of Lottery Fund amounts transferred to entities within the Government of Alberta may be determined and confirmed by referencing the respective entity's financial statements.

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

#### Cash Flows

A statement of cash flows is not provided as disclosure in these financial statements is considered to be adequate.

#### Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accounts payable are estimated to approximate their carrying values, because of the short term nature of these instruments.

#### Financial Instruments

As the Lottery Fund does not have any transactions involving financial instruments that are classified in the fair value category and has no foreign currency transactions, there are no re-measurement gains and losses and therefore a statement of re-measurement gains and losses has not been presented.

### NOTE 3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors, while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities, with a maximum term-to-maturity of three years. For the year ended March 31, 2015, securities held by the Fund had a time-weighted return of 1.18% per annum (March 31, 2014: 1.17% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Alberta Lottery Fund

## Notes to the Financial Statements

March 31, 2015

### NOTE 4 RELATED PARTY TRANSACTIONS

Related parties are those consolidated, or accounted for, on the modified equity basis in the Province of Alberta's financial statements.

All the transactions, except for interest revenue, of the Lottery Fund are considered related party transactions.

### NOTE 5 DUE FROM THE ALBERTA GAMING AND LIQUOR COMMISSION

This amount represents the portion of net operating results from provincial lotteries, which has not been transferred by the Alberta Gaming and Liquor Commission (AGLC) to the Alberta Lottery Fund at year end.

(thousands of dollars)	2015	2014
Due from AGLC, beginning of year	\$ 84,547	\$ 93,585
Proceeds from provincial lotteries	1,528,341	1,484,457
Transfers from AGLC	(1,504,803)	(1,493,495)
Due from AGLC, end of year	<u>\$ 108,085</u>	<u>\$ 84,547</u>

### NOTE 6 ACCOUNTS PAYABLE

Accounts payable consists primarily of outstanding payments to the Department of Treasury Board and Finance.

### NOTE 7 PROCEEDS FROM PROVINCIAL LOTTERIES

Proceeds from provincial lotteries received by the Alberta Gaming and Liquor Commission are recorded as revenue of the Lottery Fund after the deduction of related operating expenses.

(thousands of dollars)	2015	2014
Income from casino gaming terminals	\$ 867,137	\$ 857,510
Income from video lottery terminals	555,604	514,610
Income from ticket lottery	326,406	338,310
Income from electronic bingo	7,425	7,752
Less operating expenses, including gain on disposal of property, plant and equipment	(228,231)	(233,725)
Proceeds from provincial lotteries	<u>\$ 1,528,341</u>	<u>\$ 1,484,457</u>

### NOTE 8 BUDGET

The 2015 budgeted expenditures were authorized in total by the *Appropriation Act, 2014* on April 24, 2014.

# Contact AGLC

Additional copies of this publication are available on the AGLC's website at [aglc.ca](http://aglc.ca)

## Follow the AGLC:



@AGLCdotCA



[www.facebook.com/AGLC.Alberta](http://www.facebook.com/AGLC.Alberta)



[www.youtube.com/user/AGLCdotCA](http://www.youtube.com/user/AGLCdotCA)

**Toll free:** 1-800-272-8876

## Mailing Address:

50 Corriveau Avenue  
St. Albert, AB T8N 3T5  
780-447-8600





ISBN 978-1-4601-2763-6

Printed in Canada