

<b>POLICY MANUAL</b>	<b>Policy No. 5-5</b>
For Municipality of South Dundas	Effective Date: April 21, 2015
Subject: Lottery Proceeds	Department: All Departments

## **PURPOSE**

South Dundas has three active firefighter associations. As part of their purpose, they raise funds for charitable purposes beneficial to the community. In some cases funds raised are used to purchase equipment for the fire department. Any equipment purchased by the associations for municipal firefighting purposes becomes an asset that the municipality must insure, maintain and ultimately replace or dispose of. Therefore, any equipment purchased by the associations must be approved by the Fire Chief in order that appropriate resources are available for insurance, maintenance and storage of the asset.

A lottery event is to raise money for charitable objects or groups for a specific reason.

To be eligible to receive a lottery licence, an organization must first have charitable purposes and objects that fall within one of the four classifications of charitability:

- a. the relief of poverty
- b. the advancement of education
- c. the advancement of religion
- d. other charitable purposes beneficial to the Community, not falling under a), b) or c).

The Iroquois, Morrisburg and Williamsburg Fire Associations purposes, objects and activities fall within one of the four charitable classifications – “other charitable purposes beneficial to the Community, not falling under a), b) or c)”.

The eligible use of proceeds will vary by each Association. The Associations must demonstrate that they provide a broad public benefit directed toward an identifiable segment of the community or a significant portion of the community. The Associations may also have objects or purposes that are not charitable, as long as those objects are secondary to the main purpose,

which must be charitable. As such when determining what is considered an eligible use of proceeds, the following factors must be taken into consideration:

- under which of the four classifications the objects and purposes of the organization fall;
- the mandate of the organization;
- the type of organization; and
- the organization's structure.

For administrative purposes, eligible organizations with other purposes beneficial to the community have been divided into six categories:

- a) culture and the arts;
- b) health and welfare;
- c) amateur sports organizations;
- d) the enhancement of youth;
- e) the enhancement of public safety; and,
- f) community service organizations.

The Associations would be eligible under the Public Safety Program category and qualifies as the volunteer fire fighting service. Therefore, they must demonstrate:

- its primary purpose is to provide programs for the enhancement of public safety at the community level;
- its programs and services are available to the whole community;
- its programs and services are directed toward improving community safety;
- its programs and services are consistent with the public safety laws of the Province of Ontario; and,
- it is legally, financially and administratively separate from all forms of government and is not carrying out a municipal, provincial or federal mandate.

Eligible uses of proceeds must be:

- the publication and distribution of non-profit promotional materials and literature related to public safety;
- public safety education programs, such as search and rescue and public signage

- travel costs with Ontario (out-of-province travel is not eligible) for direct program delivery (third party commercial receipts must be provided, as no mileage costs for personal automobiles or other motor vehicles are allowed); and,
- capital acquisitions necessary for the delivery of public safety programs.

## **DONATIONS FOR CAPITAL EXPENDITURES**

The Associations are eligible charitable organizations that meet the criteria and may purchase or donate funds towards the purchase of a non-core item for another organization (i.e. municipality). The recipient organization must use the funds for a purpose that provides a public benefit and is an eligible use of proceeds.

Prior to the purchase, the donating and recipient organization (the Associations) must enter into an agreement outlining their respective responsibilities. The agreement must include the following information:

- who has title to the item;
- who maintains the item;
- the current value of the item;
- the item's life span and residual value over a period of time;
- who insures the item;
- who decides on disposal of the item;
- what happens to the item's residual value

The Agreement is necessary to ensure:

- that the lottery proceeds are used only for charitable purposes; and
- that the residual value of an item is used to support only those initiatives that have also been approved as eligible.

## **FINANCIAL REQUIREMENTS FOR LICENSED LOTTERY EVENTS**

All licensees must hold lottery proceeds in designated lottery trust accounts, for the purposes specified in the lottery licence application and approved by the licensing authority. The licensing authority may limit the amount that may be held in the trust account. Lottery proceeds must be used for the purposes approved by the licensing authority and cannot be accumulated for other purposes or over a period of time not approved by the licensing authority