



**SASK LOTTERIES**

Trust Fund for Sport, Culture and Recreation

# **2023-24 PROGRESS REPORT**

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## WHO WE ARE

The Sask Lotteries Trust Fund for Sport, Culture and Recreation (the Trust Fund) was established in 1974 by Sask Sport Inc., pursuant to *The Interprovincial Lotteries Act*, for the purpose of granting funds to eligible, non-profit volunteer organizations in the areas of sport, culture and recreation. The original Act has since been replaced by *The Lotteries and Gaming Saskatchewan Corporation Act*.

The Trust Fund distributes Sask Lotteries proceeds to eligible sport, culture and recreation organizations in Saskatchewan. These eligible organizations are designated by the Minister of Parks, Culture, and Sport based on recommendations from the Lottery Strategic Review Committee through an open and transparent process. Eligible organizations range from provincial sport, culture and recreation groups to Tribal Councils and First Nation Band Councils. Today, there are over 1,200 organizations which receive direct funding support and through them, more than 12,000 affiliated groups receive some form of support.

The lottery-funded system for sport, culture and recreation is delivered to the people of Saskatchewan through three, independent community partners. These "global" organizations - [Sask Sport Inc.](#), [Saskatchewan Parks and Recreation Association Inc.](#) and [SaskCulture Inc.](#) - collectively represent hundreds of community organizations and ensure that lottery proceeds benefit every community in the province. The global organizations are responsible for establishing funding criteria for their respective section of the Trust Fund.

Volunteer committees from sport, culture and recreation communities review all requests made to the Trust Fund. These committees review and make decisions on funding requests from eligible provincial organizations based on funding criteria developed by the three global organizations.

## 2023-24 FINANCIAL OVERVIEW

In 2023-24 net granting to beneficiary organizations was \$64.1 million. Administration expenses as a percentage of Net Proceeds from Lotteries were 1.36%. There were 9.2 Full-Time Equivalent positions as a staff complement.

<b>2023-24</b> <i>(in thousands of dollars)</i>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Net Proceeds from Lotteries	\$ 69,130	\$ 69,106	\$ 70,639
Fund Investment Income	2,695	2,811	4,094
	\$ 71,825	\$71,917	\$ 74,733
<b>EXPENSES</b>			
General Revenue Fund	\$ 6,763	\$ 6,763	\$ 6,472
Federal Government	2,468	2,468	2,734
License Directed Payment	2,500	2,500	2,500
Mitigation Payments	1,705	1,703	1,698
Fund Administration Expenses	983	992	963
Grants to Beneficiary Organizations	61,579	65,579	66,395
Money and Grant Returns	-	(1,750)	(2,318)
	\$ 75,998	\$ 78,255	\$ 78,444
(Deficit)/surplus for the year	\$ (4,173)	\$ (6,338)	\$ (3,711)
FTE Staff Complement	9.6	9.8	9.2

Variance from revised budget:

- Net Proceeds from Lotteries were lower than previous year (\$80.97 million) due to below average roll patterns on LOTTO MAX resulting in fewer larger jackpots, and these larger jackpots drive sales. This was offset by record sales within Sport Select and strong LOTTO 649 and instant ticket sales.
- Investment income was higher than budget due to increased equity dividends and bank interest rates. Reinvestment rates on matured investments were also higher than anticipated.
- Grants to Beneficiary Organizations were higher due to an increase to base granting levels to align with targeted fund balances based on high sales in previous years and to ensure that funds are invested in the sport, culture and recreation system. This was partially offset by money and grant returns received throughout the year.

**OBJECTIVE:**

**License directed payments made from the Trust Fund are done in accordance with the Distribution Agreement.**

**GOAL:**

- Make payments to government organizations as prescribed in the Distribution Agreement (Ex. General Revenue Fund, Government of Canada, provincial and federal taxes).

As required in the “Agreement for the Distribution of Funds from the Sask Lotteries Trust Fund for Sport, Culture, and Recreation” between the Ministry of Parks, Culture, and Sport and the three global organizations (Sask Sport, SaskCulture, and Saskatchewan Parks and Recreation Association), the Trust Fund is required to make specific government payments prior to allocating funds to beneficiaries organizations.

**Performance Measure:**

- Percentage of government payments made as required in the Distribution Agreement.

2019-20	All government payments made as prescribed
2020-21	All government payments made as prescribed
2021-22	All government payments made as prescribed
2022-23	All government payments made as prescribed
<b>2023-24</b>	<b>All government payments made as prescribed</b>

The Trust Fund ensures these payments are made and accounted for prior to allocating funds to the three sections of the Trust Fund.

**GOAL:**

- Make an annual mitigation payment to Sask Sport Distributors Inc. (SSDI) to be granted to former lottery ticket distributors, with this payment not exceeding \$1.5 million.

This payment is to volunteer, non-profit organizations who previously acted as ticket distributors. Under the terms of the lottery license, a payment is made to these organizations, but it must not exceed \$1.5 million.

**Performance Measure:**

- Total payment made to SSDI to be granted to former lottery distributors.

2019-20	\$1,427,173
2020-21	\$1,426,640
2021-22	\$1,408,903
2022-23	\$1,392,567
<b>2023-24</b>	<b>\$1,387,638</b>

The amount paid and the number of organizations paid fluctuates year to year as payments are withheld to organizations if they have not submitted their follow-up report from the previous year. Once their satisfactory follow-up report is submitted, payment will be released. Occasionally a former distributor organization may cease to exist at which time they are removed from the eligible list of organizations to receive the former distributor grant.

**GOAL:**

- Make an annual mitigation payment to Saskatchewan Association of Agricultural Societies and Exhibitions (SAASE) of \$310,000.

This payment is to compensate SAASE for being a former lottery ticket operator.

**Performance Measure:**

- Total payment to SAASE.

2019-20	\$310,000
2020-21	\$310,000
2021-22	\$310,000
2022-23	\$310,000
<b>2023-24</b>	<b>\$310,000</b>

SAASE was originally provided a directed payment in previous distribution agreements, which is now classified as a mitigation payment in the current distribution agreement.

**OBJECTIVE:**

**All Sask Lotteries’ net profits are transferred to the Trust Fund.**

**GOAL:**

- Have an external auditor perform an annual audit of the lottery operations.

Utilizing an external auditor will verify that all lottery profits generated by Sask Lotteries are transferred to the Trust Fund to be used to grant to eligible organizations.

**Performance Measure:**

- Variance between the audited lottery profit figure and amount received by the Fund.

2019-20	No variance (\$61,800,433 audited and transferred)
2020-21	No variance (\$72,705,254 audited and transferred)
2021-22	No variance (\$77,143,016 audited and transferred)
2022-23	No variance (\$80,966,878 audited and transferred)
<b>2023-24</b>	<b>No variance (\$70,638,882 audited and transferred)</b>

This measure ensures that the money received by the Trust Fund matches what was generated in Lotteries profits and is confirmed by an external auditor.

**OBJECTIVE:**

**Grants are distributed to beneficiaries as recommended by the Trust Fund adjudication committees.**

**GOAL:**

- Allocate funds available to grant to the sport, culture and recreation sections of the Trust Fund at the following percentages - 50% sport, 35% culture and 15% recreation. As agreed upon by the three global organizations, the sport section of the Trust Fund receives 50% of the total allocation of funds available to grant, the culture section receives 35%, and the recreation section receives 15%. These funds are then eligible to grant to organizations on the Minister’s

Eligibility List. It is the responsibility of the Trust Fund to make the allocations according to these percentages.

**Performance Measure:**

- Percentage of eligible funds allocated to each section of the Trust Fund.

2019-20	Sport	\$25,758,487 allocated = 50%
	Culture	\$18,030,941 allocated = 35%
	Recreation	\$7,727,546 allocated = 15%
2020-21	Sport	\$31,009,867 allocated = 50%
	Culture	\$21,706,907 allocated = 35%
	Recreation	\$9,302,960 allocated = 15%
2021-22	Sport	\$32,723,572 allocated = 50%
	Culture	\$22,906,500 allocated = 35%
	Recreation	\$9,817,072 allocated = 15%
2022-23	Sport	\$34,521,076 allocated = 50%
	Culture	\$24,164,753 allocated = 35%
	Recreation	\$10,356,323 allocated = 15%
<b>2023-24</b>	<b>Sport</b>	<b>\$30,182,741 allocated = 50%</b>
	<b>Culture</b>	<b>\$21,127,918 allocated = 35%</b>
	<b>Recreation</b>	<b>\$9,054,822 allocated = 15%</b>

**GOAL:**

- Approve and pay grants only to organizations on the Minister’s Eligibility List.

As detailed in the license agreement, the money remaining in the Trust Fund after the required payments have been made can only be granted to organizations on the eligibility list. The list is maintained and amended by the Minister on recommendations provided by the Lottery Strategic Review Committee. There is criteria that organizations must meet to be considered for inclusion on the list and to maintain their eligibility. The criteria is established by the Minister and the three global organizations through the Lottery Strategic Review Committee.

**Performance Measure:**

- Percentage of grants paid to organizations on the Minister’s Eligibility List.

2019-20	100%
2020-21	100%
2021-22	100%
2022-23	100%
<b>2023-24</b>	<b>100%</b>

It is imperative to the integrity of the lottery funded system that only organizations on the eligibility list be approved for direct funding.

**GOAL:**

- Ensure grant payments are supported by the appropriate grant minutes or Board motions from Sask Sport, SaskCulture, SPRA and the Community Funding Committee.

Each global organization is responsible for creating an adjudication mechanism to recommend distribution of funds from their respective section of the Trust Fund to eligible

organizations. Their granting recommendations are forwarded to the Trust Fund committee for approval prior to grants being paid. The globals have collaborated to form the Community Funding Committee (formerly the Community Grant Advisory Committee and the Community Development Fund Committee) to review grant applications for funds they allocate to the Community Grant Program and the Community Development Fund, with those decisions being forwarded to the Trust Fund committee for approval.

**Performance Measure:**

- The percentage of grant payments supported by the appropriate grant minutes or Board motions from Sask Sport, SaskCulture, SPRA and the Community Funding Committee.

2019-20	All granting minutes/motions received and approved by the Fund
2020-21	All granting minutes/motions received and approved by the Fund
2021-22	All granting minutes/motions received and approved by the Fund
2022-23	All granting minutes/motions received and approved by the Fund
<b>2023-24</b>	<b>All granting minutes/motions received and approved by the Fund</b>

All granting adjudication minutes or motions are forwarded to the Trust Fund committee for approval.

**GOAL:**

- Ensure the Trust Fund has policies and procedures that govern the overall operations.

The Trust Fund’s grants are to be distributed to eligible organizations that have as their purpose the promotion of sport, culture and recreation. The Trust Fund was established by Sask Sport for the purpose of granting funds to eligible organizations. As such, it is imperative that operating guidelines are established for the administration and disbursement of the funds.

**Performance Measure:**

- The manuals that govern the operations of the Trust Fund are reviewed on an annual basis.

2019-20	Trust Handbook and Orientation Manual – reviewed March 2020 SSI Personnel Manual – reviewed March 2020 SSI Operation Manual – reviewed November 2019
2020-21	Trust Handbook and Orientation Manual – reviewed March 2021 SSI Personnel Manual – reviewed March 2021 SSI Operation Manual – reviewed November 2020
2021-22	Trust Handbook and Orientation Manual – reviewed March 2022 SSI Personnel Manual – reviewed March 2022 SSI Operation Manual – reviewed November 2021
2022-23	Trust Handbook and Orientation Manual – reviewed March 2023 Sask Sport Policy Manual – reviewed February 2023
<b>2023-24</b>	<b>Trust Fund Manual – reviewed and updated June 2023</b> <b>Sask Sport Policy Manual – reviewed and updated February 2024</b>

This measure ensures the manuals are reviewed on an ongoing basis. By annually reviewing the manuals, the policies and procedures are kept up to date and any potential gaps that need to be addressed are identified. The manuals are reviewed by staff and management on an annual basis and any significant revisions are taken to the appropriate committee and the

Board for approval. In February 2023 the SSI Personnel Manual and SSI Operation Manual were combined into one document, which is named the Sask Sport Policy Manual.

**OBJECTIVE:**  
**Every dollar granted out through the Trust Fund is accounted for, as prescribed by the Distribution Agreement.**

**GOAL:**

- Receive follow-up reports for every grant paid by the Fund on a timely basis, including financial verification of money spent.

As a method to account for every Trust Fund dollar spent by the grant recipients, the Trust Fund has a policy that follow-up reports are required to be submitted by the grant recipients. The detail required in the report varies by granting program, but at a minimum it must include financial verification that it was spent as intended.

**Performance Measure:**

- Number of communities not eligible to receive funding through the Community Grant Program because they have an unresolved follow-up report.

March 31, 2020	15 communities with unresolved follow-ups
March 31, 2021	18 communities with unresolved follow-ups
March 31, 2022	19 communities with unresolved follow-ups
March 31, 2023	17 communities with unresolved follow-ups
<b>March 31, 2024</b>	<b>19 communities with unresolved follow-ups</b>

As there are nearly 1000 communities eligible to receive funding each year, it is a challenge to ensure all follow-up reports are received on time. If follow-up reports are not received, any further grant payments are withheld until the follow-up report is submitted or an unresolved follow-up form is submitted and approved. Administration contacts these communities on a continuous basis in an attempt to collect their follow-up reports to account for the funds.

**GOAL:**

- Keep the Fund’s administrative expenses below 0.5% of annual net lottery ticket sales.

As detailed in the license, the Trust Fund’s administrative expenses are to be kept below a determined percentage of sales.

**Performance Measure:**

- Percentage of the Fund’s administrative expenses compared to annual net lottery ticket sales.

2019-20	0.42% of sales (\$877,742 administration expenses)
2020-21	0.37% of sales (\$872,841 administration expenses)
2021-22	0.36% of sales (\$899,508 administration expenses)
2022-23	0.36% of sales (\$923,296 administration expenses)
<b>2023-24</b>	<b>0.40% of sales (\$963,148 administration expenses)</b>



**OBJECTIVE:**

**Funding stability is provided to the beneficiary groups.**

**GOAL:**

- Continue to provide two-year funding commitments to eligible organizations.

Grants provided by the Trust Fund are an important revenue source for many sport, culture, and recreation groups throughout the province. As the amount of funds available to distribute is reliant on lottery ticket sales, it is important to give the beneficiaries confidence that their annual funding levels are sustainable.

It is the objective of the Trust Fund to provide two-year funding commitments to provincial organizations on a going forward basis. This can be accomplished through prudent financial management of granting commitments combined with meeting lottery sales projections.

In addition to the provincial sport, culture and recreation organizations, the Trust Fund also has the mechanisms in place to provide two-year funding commitments to eligible communities through the Community Grant Program.

**Performance Measure:**

- Number of eligible organizations that received a two-year funding commitment.

2019-20	139 organizations of a possible 141 eligible organizations 681 communities
2020-21	137 organizations of a possible 140 eligible organizations 680 communities
2021-22	138 organizations of a possible 139 eligible organizations 671 communities
2022-23	137 organizations of a possible 139 eligible organizations 683 communities
<b>2023-24</b>	<b>138 organizations of a possible 138 eligible organizations 678 communities</b>

During 2023-24, 678 communities received a second-year funding commitment. Communities have the option to apply directly or allocate their population to another community. With nearly 1000 communities eligible to receive funding, not all communities receive an amount directly from the Trust Fund due to this allocation. Factoring in allocated amounts, 986 communities received funding. Over 99% of funding available is applied for either through direct application or allocation. This year saw one organization meet requirements to be added on the Minister's Eligibility List, while two organizations were removed from the list.

**GOAL:**

- Maintain a year-end restricted fund balance of at least 20% of the following year’s granting projections.

It is necessary to protect lottery beneficiaries from an unexpected drop in their funding levels that would result from an unexpected reduction in lottery profits. A restricted fund balance of 20% of the following year’s granting projections would be used to offset a reduction in lottery profits for a one-year period. This would allow the organizations to continue operating the following year at the funding levels they expected, and plan for possible adjustments for subsequent periods.

**Performance Measure:**

- Restricted fund balance as a percentage of the following year’s granting projections.

2019-20	42.4% (\$24.4M in reserve, \$57.5M in grants projected)
2020-21	52.3% (\$30.1 in reserve, \$57.5M in grants projected)
2021-22	61.6% (\$36.3 in reserve, \$59.0M in grants projected)
2022-23	73.7% (\$45.4M in reserve, \$61.6M in grants projected)
<b>2023-24</b>	<b>63.4% (\$41.7M in reserve, \$65.7M in grants projected)</b>

## FOR MORE INFORMATION

To get more information regarding the Sask Lotteries Trust Fund for Sport, Culture, and Recreation, please call (306) 780-9300 or visit our website at <http://www.sasklotteries.ca/about-us/sask-lotteries-trust-fund.htm>. If you have any questions or would like to provide some feedback on the work we are doing, please call the number above.