



Annual Report

2024/25

*Regulating
for a safer
Manitoba.*

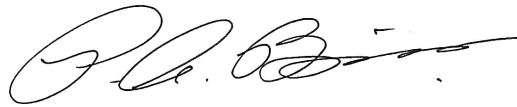
August 31, 2025

Honourable Matt Wiebe
Minister of Justice and Attorney General
Room 104, Legislative Building
450 Broadway
Winnipeg, MB R3C 0V8

Dear Minister Wiebe:

I am pleased to present you with the annual report of the Liquor, Gaming and Cannabis Authority of Manitoba for the fiscal year ended March 31, 2025.

Respectfully,



Pat Britton
Chair



Board Members

As at March 31, 2025

Pat Britton
Chair
Winnipeg

Stéphane D. Dorge
Vice-Chair
Winnipeg

Nathan Ballantyne
Member
East Selkirk

Gurdeep Chahal
Member
Winnipeg

Kiran Claire
Member
Winnipeg

Melissa Dvorak
Member
Winnipeg

Peter Fuchs
Member
Winnipeg

Tom Milne
Member
Winnipeg

Sofia Mirza
Member
Winnipeg

Gerald Rosenby
Member
Winnipeg

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The Liquor, Gaming and Cannabis Authority of Manitoba acknowledges that we provide services on all Treaty Territories in Manitoba and that Manitoba is located on the Treaty Territories and ancestral lands of the Anishinaabeg, Anishinewuk, Dakota Oyate, Denesuline and Nehethowuk Nations.

We acknowledge Manitoba is located on the Homeland of the Red River Métis.

We acknowledge northern Manitoba includes lands that were and are the ancestral lands of the Inuit.

We respect the spirit and intent of Treaties and Treaty Making and remain committed to working in partnership with First Nations, Inuit, and Métis people in the spirit of truth, reconciliation and collaboration.



Message from the Chair

Early in the 2024/25 fiscal year, I was honoured to be asked to lead the board of the Liquor, Gaming and Cannabis Authority of Manitoba (LGCA), at the same time that several other new members were appointed. Our new and continuing members have embraced our collective oversight responsibilities and set an ambitious learning and governance agenda for our first year together.

Our immediate priority was to understand the needs of the LGCA's broad stakeholders and how these are served by our strategy. I would like to acknowledge that the LGCA's 2022-2026 strategic plan was established by a previous complement of board members, and we appreciate their stewardship of the organization. Our board is eager to carry forward the important work of regulating for a safer Manitoba.

Now at the end of the third year of this strategic plan, the LGCA has continued to move steadily towards goals focusing on stakeholder engagement, the promotion of lower-risk behaviours, and streamlined regulatory services. To streamline, the LGCA finds itself in the throes of digital transformation, a common challenge for many public sector organizations. The LGCA's more than 20-year-old regulatory assurance solution no longer serves our clients effectively, and an initiative is underway to build a cloud-based enterprise system that will allow online delivery of liquor, gaming, cannabis and horse racing regulatory programs. I am proud that the LGCA's approach is disciplined towards obtaining a cost-effective and reliable solution that best meets organizational needs. Digital transformation projects normally span multiple years, and it is anticipated that the new system will be fully launched during the LGCA's next strategic plan.

As a neutral regulator, the LGCA's oversight is driven by a deep knowledge of the priorities and interests of our regulated industries and of Manitobans more broadly. We follow a formal engagement

framework, which is detailed more on pages seven and eight of this report, to ensure diverse perspectives are considered in our decision-making. These connections provide valuable insight to develop regulations and requirements that balance consumer choice with public safety, especially that of Manitoba's children and youth. Our board is looking forward to the coming year, when we will have the opportunity to consult extensively to inform the development of the LGCA's next strategic plan.

I would like to express my sincere thanks to each of my board colleagues for their engagement. I am particularly proud of how new and continuing board members worked together with honesty and integrity to continue the good work of the LGCA. I am confident that we bring fresh perspectives and a commitment to strong governance that will be effective as we lead the LGCA through the current strategic plan and into the next.

Finally, on behalf of the board, I would like to recognize the strong and capable efforts of the LGCA's staff and management. It is their dedication to regulatory excellence and hard work every day that propels this organization and has led the LGCA to conclude another successful year of service to Manitobans.

Sincerely,

Pat Britton
Chair

Message from the Executive Director and CEO



The Liquor, Gaming and Cannabis Authority of Manitoba (LGCA) is at the end of the third year of a four-year strategic plan, which is an exciting time. We have made steadfast progress towards our five strategic goals and can see long-term initiatives coming together to shape how we deliver regulatory services for Manitobans.

Public safety is at the core of our regulatory mandate, with a particular emphasis on safeguarding young people from age-restricted products. In 2024/25, we expanded our minor agents program, which aims at reducing underage sales in our regulated industries. The program employs young people between the ages of 16 and 18 years to work alongside LGCA inspectors to test how licensees check identification (ID). After last year's successful initial focus on lottery ticket retailers, the program was extended this year to include licensed cannabis and liquor retailer inspections. More details about this program are provided on page 16 of this report.

Our board chair spoke in her message about digital transformation, and I echo her enthusiasm for this major strategic undertaking. Extensive work took place this year to document processes and assess risk in LGCA programs, so that we can be assured that the new enterprise system will fit our requirements. As well as selecting a supplier for the system itself, we also put in place project management, change management and legal support for this project in 2024/25. Our prudent approach to setting up this project is intended to ensure the right plans and resources are in place to drive success.

Pages four and five of this report describe updates to our enabling legislation, The Liquor, Gaming and Cannabis Control Act. This included Bill 34, which passed early in 2024/25 and is awaiting proclamation next year. Once in force, Manitoba will be aligned with most other provinces in allowing individuals aged 19 years and older to grow up to four cannabis plants per residence

for non-medical use. The LGCA consulted this year with law enforcement, Indigenous organizations, cannabis associations, municipal councils, and consumer advocacy groups to develop supporting regulations for Bill 34 that will prioritize public safety and ensure that cannabis plants are not accessible to young people.

We also engaged with stakeholders throughout 2024/25 to inform the public education we provide to Manitobans. This led to the development of two new province-wide campaigns, one about the risks of purchasing illegal cannabis and the other about ID requirements for age-restricted products and premises. Our campaign evaluations consistently show good recall rates, with over 80% of people saying the LGCA's messages are clear and provide important information. Details about this year's campaigns are provided beginning on page 22.

I am continually impressed by the expertise and dedication of our LGCA team, and I would like to thank them for their efforts to promote and enforce a regulatory framework that keeps safety at the forefront. In addition, I value the guidance of our board as we forge ahead with the goals of our multi-year strategic plan. I look forward to continuing to provide service to Manitobans alongside this exceptional group of professionals.

Regards,

A handwritten signature in black ink that reads "Kristianne Dechant". The signature is written in a cursive, flowing style.

Kristianne Dechant
Executive Director and CEO

About the Liquor, Gaming and Cannabis Authority of Manitoba

The Liquor, Gaming and Cannabis Authority of Manitoba (LGCA) is created by The Liquor, Gaming and Cannabis Control Act (the Act), as authorized by the Criminal Code (Canada), with respect to gaming accountabilities, and the Cannabis Act (Canada), with respect to cannabis accountabilities. The Act and associated regulations establish the LGCA and empower us to regulate liquor, gaming, cannabis and horse racing in Manitoba.

Our Mandate

- ▶ Regulate liquor sales, service and manufacturing
- ▶ Regulate gaming events, employees, products and operations
- ▶ Regulate cannabis sales and distribution
- ▶ Regulate horse racing and participants in horse racing
- ▶ Provide information and advice to government about liquor, gaming, cannabis and horse racing

The LGCA also may develop, promote and support initiatives or programs to encourage the responsible consumption of liquor or cannabis, and responsible participation in gaming or betting on horse racing. We also may seek public input and conduct research on related matters.



LEGISLATION UPDATE

The LGCA works with government on an ongoing basis to ensure that legislation evolves as needed to maintain a strong regulatory structure for liquor, gaming, cannabis and horse racing. Amendments to the Act were introduced this year that balance the needs of the hospitality and cannabis industries with those of the public and to enhance safety.

Bill 8, The Liquor, Gaming and Cannabis Control Amendment Act, was introduced on March 5, 2025 to create regulation-making power to prohibit liquor service licences from being issued to certain types of premises in

specific areas. This bill would address concerns about liquor service occurring in businesses where minors frequent, such as convenience stores in urban areas.

Also introduced on March 5, 2025 was Bill 9, The Liquor, Gaming and Cannabis Control Amendment Act (2). The proposed legislation will prohibit the licensing of new controlled-access cannabis retail stores in Manitoba's major urban areas. Controlled-access cannabis retail stores allow minors to enter and are located in larger businesses that sell products other than cannabis. A retail agreement with Manitoba Liquor and Lotteries Corporation is required before a retailer can apply to the LGCA for a licence. In April 2024, a government directive suspended Manitoba Liquor and Lotteries Corporation from entering into retail agreements for controlled-access stores in major urban areas. A prohibition in the Act will formalize this directive, and reduce the potential for young people to come in contact with cannabis products.

Bill 34, The Liquor, Gaming and Cannabis Control Amendment Act was introduced on April 24, 2024, and received Royal Assent on June 4, 2024. This legislation will repeal the prohibition on residential cultivation of non-medical cannabis (i.e., home grow), allowing adults aged 19 years and older to grow up to four cannabis plants per residence. The LGCA is developing a supporting regulatory framework that will ensure safety and security by requiring home grow cannabis to be grown in an indoor location that cannot be accessed by young people. It is anticipated that the amendment and the supporting regulations will come into force during the 2025/26 fiscal year.



2022-2026 Strategic Plan

Every four years, the LGCA board establishes the foundation that our organization builds upon to plan and deliver our programs and services. In 2022, our current multi-year strategic plan was launched following extensive consultations with stakeholders from the dynamic industries we regulate.

The 2022-2026 strategic plan strikes a balance between prioritizing public safety and enhancing the regulatory framework to better reflect contemporary values and trends. By regularly engaging with our stakeholders to understand their interests and keep up with industry trends, the LGCA builds upon its abilities as an agile and proactive regulator. This collaborative approach extends the reach of the plan to our organization's focus on achieving results and measuring outcomes.

MISSION

To promote and enforce a framework for safety in the liquor, gaming, cannabis and horse racing industries.

VALUES

- ▶ **Balance:** We act independently to weigh the perspectives of all stakeholders in our regulatory decisions.
- ▶ **Excellence:** We practice continuous improvement to deliver on our regulatory mandate.
- ▶ **Engagement:** We communicate with and listen to licensees, the public and other stakeholders.
- ▶ **Inclusiveness:** We are open-minded and respectful toward all the people with whom we work – inside and outside the LGCA.
- ▶ **Integrity:** We are ethical, professional, and accountable to Manitobans in all our regulatory actions.

GOALS

The 2022-2026 strategic plan sets five goals to enable measurement of the LGCA's progress at providing service to all Manitobans and our regulated industries. Each goal's icon appears in this report to illustrate how our achievements link to these five strategic goals.



A diverse group of professionals whose capabilities evolve to meet future challenges.



A streamlined and digital-first regulatory system.



Lower-risk decisions made by Manitobans over time.



Strong awareness and understanding of the LGCA's role among stakeholders.



A prudent financial model to enable long-term achievement of the LGCA's mandate.



BUILDING STAKEHOLDER ENGAGEMENT

The LGCA is committed to ensuring our regulatory services enable and respond to the evolving industries we oversee. We have a formalized engagement framework to help facilitate a deep understanding of our diverse stakeholders' needs and priorities. The framework identifies the positions within the LGCA accountable for engagement with specific stakeholders and minimum frequencies for contact. Continuous engagement ensures transparency about our regulatory plans and decisions, which helps further stakeholder understanding. These efforts align with the LGCA's values of engagement and inclusiveness.

As part of the engagement framework, we proactively correspond annually with stakeholders to inquire about matters related to the LGCA's regulated industries and invite them to share any questions or concerns as needed. This approach includes correspondence with other levels of government, Indigenous organizations, industry associations, casino operators, law enforcement, and public health agencies, among others.

The LGCA conducts issue-related consultations to understand stakeholder needs and concerns for the purpose of developing our regulatory and public



education initiatives. In September 2024, we invited industry representatives, Manitoba municipalities, Indigenous organizations, law enforcement, business councils and public health agencies to share their feedback regarding the repeal of the home grow prohibition to aid our development of regulations.

With the expansion last year of the LGCA's social responsibility mandate, we committed to developing public education aimed at raising awareness and providing education targeted at reducing potential alcohol and cannabis exposure during the prenatal and post-natal periods. Written and virtual consultations were conducted in this fiscal year with medical officials, government agencies, local social service organizations and academic groups. These consultations allowed us to gather research to determine which resources would be most effective to educate Manitobans on the potential impacts of alcohol and cannabis use during pregnancy and post-partum. The LGCA also participated, for the first time, in the government's Fetal Alcohol Spectrum Disorder Interdepartmental Committee's Elders' Circle to share the research we have conducted and to receive their guidance for the development of future public education.



NEW REGULATORY ASSURANCE SOLUTION

The LGCA's multi-year project to source a customizable cloud-based enterprise system to replace our aging regulatory management system and allow us to deliver all of our regulatory programs online has progressed.

In this second year of the project, we invited a short list of proponents to provide demonstrations and have entered contract negotiations with the selected supplier.



Structure

The LGCA is led by a board appointed by the Lieutenant-Governor-in-Council and reporting to the minister responsible for the Act. A chief executive officer (CEO), also appointed as the executive director in accordance with the Act, heads the day-to-day responsibilities of the organization and a budgeted staff of 100 employees who provide operational and ancillary services.

We license and oversee liquor, gaming, cannabis and horse racing in Manitoba through the following structure:

OPERATIONS

The Operations Unit provides licensing and compliance services, organized by various regulatory program areas. Designed to provide licensees with access to the resources they need from the LGCA, the structure of this unit recognizes the specialization necessary for regulating the liquor, gaming, cannabis and horse racing industries. Operational strength and breadth have been created through the combination of service provision for multiple industries. This blended approach allows us to deliver knowledgeable and streamlined services to licensees every time they engage with the LGCA.

In 2024/25, we made structural changes to the Operations Unit by consolidating its four departments into two: commercial services and gaming services. Commercial licensing and commercial inspections services have been merged into a single commercial services department. Charitable gaming, audit, gaming integrity, social occasion, and horse racing services have been combined to create a new gaming services department. By bringing interconnected departments together, we can build on our culture of teamwork and continuous improvement

while also exploring new paths to advance the LGCA's strategic plan.

The commercial services and gaming services departments authorize and monitor the businesses, organizations, individuals and activities that operate in Manitoba's liquor, gaming, cannabis and horse racing industries. This includes issuing licences, permits and approvals, and ensuring compliance with applicable legislation, regulations, and terms and conditions. Staff provide advice and service to applicants, licensees, permit holders, the public and other stakeholders. They also respond to consumer complaints; conduct liquor, gaming, cannabis and horse racing inspections, investigations and audits; mediate disputes; and recommend remedies and sanctions.

ANCILLARY SERVICES

Additional services are provided as authorized by the Act and in support of corporate and operational activities. Human resources services are provided within a specialized unit, and communications, information technology, policy and research activities are provided within the Strategic Services and Public Affairs Unit.

The Finance and Administration Unit is responsible for the administration and management of the LGCA's financial activities, as required under Part 2 of the Act, including general accounting, budget planning, financial management and reporting; managing and safeguarding assets; borrowing and investing; and banking. This also includes accurately recording, consolidating and reporting the LGCA's financial activities to be presented for audit. Complete financial statements for the year ended March 31, 2025, are published in this report beginning on page 29.

Finances and Resources

In accordance with the Act, the LGCA may be funded by:

- ▶ Fees received by the LGCA under the Act (e.g., licence and permit fees);
- ▶ Amounts that the LGCA, with the approval of Treasury Board, directs Manitoba Liquor and Lotteries Corporation to pay to the LGCA; and
- ▶ Amounts appropriated by the Manitoba legislature for the LGCA.

The Act permits the LGCA to establish its own bank account and operating line of

credit. An annual budget is approved by the LGCA board, reviewed by the minister responsible for the Act, and approved by Treasury Board. The LGCA's budget is integrated in the summary budgeting process for the minister's primary department, Manitoba Justice.

In accordance with the Act, the LGCA's annual report is tabled by the minister in the Manitoba legislature and is published in print and at LGCamb.ca.



MEETING FINANCIAL REPORTING REQUIREMENTS

Our 2023/24 annual report, including financial statements, was tabled in the legislature in accordance with the Act on October 7, 2024.



Hearings

The board conducts quasi-judicial hearings in response to appeals made by applicants, licensees, and stakeholders. The executive director has the authority under the Act to deny licences, permits, and gaming integrity approval applications; issue orders requiring licensees to follow special terms and conditions; order corrective action to remedy deficiencies; and impose sanctions, including fines, licence suspensions and licence cancellations. The business or individual named in such an order has the right to appeal to the LGCA. Objectors to the public notice process for liquor service licences can also appeal in the case of a decision to issue a licence. No hearings were conducted in 2024/25.



COLLECTIVE AGREEMENT SIGNED

After a successful bargaining process that ended with the ratification of a new collective agreement late in 2023/24, the agreement was signed this fiscal year. This action formally merged the employees of the former Manitoba Horse Racing Commission into a new single LGCA collective agreement with the Manitoba Government and General Employees' Union locals 425 and 426.



Related Authorities Reporting

The Freedom of Information and Protection of Privacy Act (FIPPA) provides a right of access to records held by public bodies and regulates how public bodies manage personal information. The LGCA processed eight applications for information under FIPPA in 2024/25.

The Public Interest Disclosure (Whistleblower Protection) Act gives government employees and others a clear process for disclosing significant and serious wrongdoing in the Manitoba public service. The LGCA did not receive any disclosures in 2024/25.

The Workplace Safety and Health Act and associated regulations are in place to protect the safety and health of workers in Manitoba. The LGCA has a Safe Work Program that meets the legislated requirements and needs of our organization. As part of this program this year, we produced training videos on emergency response and safe driving, to enhance the consistency of our organization's internal safety training. To continue fostering the LGCA's safe workplace culture, all staff meetings include discussions on best practices for safety.



WELLNESS AT WORK

A wellness committee consisting of staff and management was created during 2024/25. Among this committee's initiatives is the development of a mental health strategy for our organization, in support of promoting wellness across the LGCA.



The Francophone Community Enhancement and Support Act provides a framework for enhancing the vitality of Manitoba’s francophone community. One of its key elements is the requirement for public bodies to prepare multi-year strategic plans related to the provision of French language services. Our plan identifies actions to develop capacity to provide a wider range of bilingual services and information.

In 2024/25, we built on our commitment to deliver French language services through our focus on bilingual public education and responsible consumer use. We continue to explore opportunities to increase the number of French language media placements in our public education campaigns. At the same time, the LGCA works with its Franco-Manitoban Advisory Panel to ensure public education messaging in French is effectively and appropriately translated for our Franco-Manitoba audience.



BILINGUALLY ENGAGING WITH OUR FOLLOWERS

The LGCA posts in both official languages on our social media channels. Messages coincide with major holidays and sporting events, and provide ongoing support to our public education campaigns by expanding our organization’s organic social media reach.



FOLLOW US!



Facebook.com/LGCAManitoba



Instagram.com/LGCA_Manitoba



LinkedIn.com/company/liquor-gaming-and-cannabis-authority-of-manitoba

Operations Overview

The LGCA strives to be neutral by taking a balanced and independent approach to regulating liquor, gaming, cannabis and horse racing in the public interest. This approach serves us well as a fair and modern regulator of these four dynamic industries. The LGCA's licensing and enforcement services are divided into three streams: commercial, and community and horse racing services.



TRAINING FOR LICENSEES

The LGCA promotes a framework for safety through education. We provide training to support licensees in achieving and maintaining compliance with the terms and conditions of their licences. In 2024/25, we delivered 394 training sessions for commercial, charitable and horse racing licensees on audit reporting, responsible service, age control measures, public safety, and regulatory compliance.

Commercial Services

For the period from April 1, 2024 to March 31, 2025. Active licences are as at March 31, 2025

The LGCA provides commercial licensing and compliance services to restaurants, hotels, entertainment venues, casinos, gaming industry employees, small businesses, gaming suppliers and service providers, liquor and gaming manufacturers, and retail cannabis stores.

Licensing staff determine eligibility of licence applicants through background reviews in accordance with legislated and regulatory requirements. Licences are granted in accordance with the Act and accompanying regulations, and are issued with terms and conditions specific to each licence type.

To assess and confirm regulatory compliance, inspections staff follow a risk-based model to inspect licensees, and audit staff review licensee financial reports and activities, including cannabis inventory reports. Investigations staff conduct gaming employee and supplier investigations to support the licensing process. They also respond to referrals from other LGCA departments and the public, and investigate complaints.

Gaming integrity staff are responsible for ensuring that gaming schemes and equipment operated in Manitoba perform in a manner that is fair, safe, secure, honest and auditable. Gaming integrity authorizations are issued and inspections are conducted in accordance with the Act, accompanying regulations, and standards developed for the different schemes and equipment.



Liquor Service, Retail and Manufacturing	24/25	23/24
Active service licences	1,901	1,891
Active retail licences	469	478
Active manufacturer licences	34	35
New licence approvals	131	102
Changes of ownership	26	29
Service inspections	7,380	9,518
Retail inspections	1,979	2,413
Manufacturer inspections	55	69
Last Drink Program referrals*	22	39

* Under the Last Drink Program, police services gather information from impaired driver arrest reports, including information about the location where the driver consumed liquor prior to their arrest. If the location holds a liquor service licence, the police notify the LGCA, and inspections staff follow up with the licensee to provide information and training. The program is designed to enhance public safety by identifying licensed premises that may have issues related to over-service.



NEW BUSINESS MODELS LICENSED FOR LIQUOR SERVICE

Manitoba’s modernization of its liquor service regulatory framework in 2023/24 resulted in new types of business models having the ability to apply for liquor service licences. In 2024/25, the LGCA licensed a pedal pub, a wider variety of community centres, golf simulator operations and liquor service premises operating within retail environments.

Liquor and Cannabis Delivery	24/25	23/24
Active delivery licences	12	12



SMART CHOICES FOR RESPONSIBLE SERVICE

All staff who serve, sell or deliver liquor, and security and managers in licensed liquor service and retail establishments, as well as managers and staff who sell cannabis in licensed retail cannabis stores, must complete responsible service training before working their first shift. Smart Choices is the responsible service training offered online by the LGCA to Manitoba’s hospitality and cannabis industries. During this fiscal year, 11,525 people completed Smart Choices liquor service and retail certification and 1,849 people completed Smart Choices retail cannabis certification.



Social Responsibility Checks	24/25	23/24
Smart Choices certification checks	3,623	3,963*
Age control identification checks	2,070	2,241*

* Due to a change in tracking method, social responsibility checks for the 2023/24 fiscal year have been recalculated for accurate comparability.

Minors as Agents Program Inspections	24/25	23/24
Lottery ticket retailer inspections	89	370
Lottery ticket retailer breaches	24	90
Cannabis retailer inspections	167	-
Cannabis retailer breaches	25	-
Liquor retailer inspections	23	-
Liquor retailer breaches	0	-

The LGCA operates a minors as agents program which enhances our organization’s capacity to enforce breaches related to the sale or service of regulated products to minors or young people.

The program initially launched during 2023/24 with minor agents conducting inspections of lottery ticket retailers. This year, the LGCA widened the scope of the program to include inspections of cannabis retail stores and liquor retail stores.

Agents in the program attempt to purchase regulated products, allowing the LGCA to monitor licensees’ compliance with prohibitions on underage sales. The purpose of these inspections is to ensure licensees are checking for identification that proves a buyer’s age. The agents are younger than 19 years old for cannabis monitoring and younger than 18 years old for monitoring related to liquor and commercial gaming. Minors as agents are required to work with an LGCA inspector at all times.

In 2024/25, 27% of inspected lottery ticket retailers and 15% of inspected cannabis retail stores were found to be in breach of the prohibition of selling age-restricted products to underage individuals. This data that highlights a serious public safety risk enables inspections staff to provide targeted training sessions to licensees. The training reinforces and reminds the licensees of their responsibility to ensure regulated products are not sold to minors or young people.

Lottery Ticket Retailers and Video Lottery Terminal (VLT) Siteholders	Lottery Ticket Retailers		VLT Siteholders	
	24/25	23/24	24/25	23/24
Active licences	949	947	428	436
New licence approvals	30	19	8	11
Changes of ownership	48	89	11	10
Inspections	467	1,070	1,770	2,252
First Nation VLT siteholder reports	-	-	20	34

Gaming Suppliers and Gaming Service Suppliers	24/25	23/24
Active licences	60	63
New licence approvals	3	3
Annual licence reviews and renewals	44	79

Gaming Integrity	24/25	23/24
Authorizations (for central systems, games, game hardware and software, table games, rules of play, equipment, bingo paper, breakopen tickets, showdowns and ballot draws)	392	268
Inspections	18	38
Investigations	3	4

Gaming Industry Employees	24/25	23/24
Active employees (Aseneskak Casino, Manitoba Liquor and Lotteries Corporation, Sand Hills Casino and South Beach Casino)	2,476	2,269
New licence approvals	555	636
Licensing investigations	41	90
Annual licence reviews and renewals	2,012	2,061

Retail Cannabis	24/25	23/24
Active licences	230	203
New licence approvals	26	33
Licensing investigations	53	44
Inspections	1,160	1,180
Audit inventory reports	1,198	965

Community Services

For the period from April 1, 2024 to March 31, 2025. Active licences and permits are as at March 31, 2025.

The LGCA issues licences and permits for eligible community-based events and activities, including socials, festivals, charitable fundraisers, family celebrations and special events. Licences and permits are granted in accordance with the Act and accompanying regulations, and are issued with terms and conditions specific to each licence or permit type. We also license charitable gaming events in accordance with the Act and as permitted by the Criminal Code (Canada).

Prior to permit events, LGCA staff work with event organizers to confirm venue suitability and to provide information and training about responsible liquor service, and charitable event operations and reporting. In keeping with a risk-based approach, inspections staff visit socials, festivals, and charitable gaming events to assess and confirm regulatory compliance, and to identify and remedy gaps.

Audit reviews are conducted on licensed charitable events and on municipal and First Nation gaming commission activity reports. These reviews confirm that record-keeping and reporting practices comply with legislation, regulation, and audit standards.



Social Occasions	24/25	23/24
Social occasion liquor permits	7,063	7,005
Pre-event assessments	1,727	1,508
Inspections at social occasion permit events	200	335
Social occasion raffle licences	4,448	3,132

Charitable Gaming Events	24/25	23/24
Charitable licensees	1,593	1,287
Active licences	3,035	2,568
New licence approvals	2,655	2,043
Inspections	351	367
Audit event reports	2,381	2,247



Charitable Gaming Overview (*in \$ millions)										
Event Type	Licensed Events		Gross Revenue*		Prizes Paid*		Total Expenses*		Net Profit*	
	24/25	23/24	24/25	23/24	24/25	23/24	24/25	23/24	24/25	23/24
Bingo	130	134	22.24	22.13	16.02	16.43	2.44	2.69	3.78	3.01
Breakopen	69	73	1.60	1.60	1.16	1.18	0.09	0.11	0.35	0.31
Raffle	369	318	54.00	47.83	27.20	20.50	7.36	6.90	19.44	20.43
Texas hold'em poker	24	21	3.88	3.19	2.78	2.11	0.62	0.49	0.48	0.59
Media bingo	15	15	10.32	8.79	3.72	2.58	1.71	1.35	4.89	4.86
Other	6	8	0.08	0.16	0.07	0.13	0.00	0.03	0.01	0.00
Totals	613	569	92.12	83.70	50.95	42.93	12.22	11.57	28.95	29.20

In addition, 2,070 licences were issued to charitable organizations that, due to reporting thresholds, were not required to submit financial reports or licence fees (109 bingo, 23 breakopen, 1,926 raffle, nine Texas hold'em poker and three other).

Licensing Authorities under Orders-In-Council	24/25	23/24
First Nation gaming commission inspections	0	6
First Nation gaming commission annual audit reports	23	24
Municipal annual inspections	95	16
Municipal licensing authority reports	134	122

Horse Racing

For the period from April 1, 2024 to March 31, 2025. Active licences and registrations are as at March 31, 2025.

The LGCA licenses thoroughbred and standardbred horse racing participants, race tracks and betting theatres in Manitoba, with a regulatory structure that includes terms and conditions for licensees and rules of racing for both thoroughbred and standardbred racing. Live horse racing in Manitoba is seasonal and we operate a satellite office at Assiniboia Downs from March through October to deliver in-person service.

Thoroughbred Horse Racing Participants	24/25	23/24
Thoroughbred licences	429	572
Thoroughbred registrations	464	456

Standardbred Horse Racing Participants	24/25	23/24
Standardbred licences	72	76
Standardbred registrations	15	9



GUIDELINES FOR RACE DAY CANCELLATIONS

For the first time since integrating horse racing regulation within our mandated responsibilities, the LGCA published guidelines for race day cancellations on our website during the 2024 horse racing season. The LGCA recognizes that inclement weather may require temporary postponement or cancellation of racing in the interest of the health and safety of participants and equine athletes. As such, easily accessible and consistent information should be available to the participants and public.



The LGCA is also responsible for administering the pari-mutuel levy, as established by The Pari-Mutuel Levy Act. The pari-mutuel levy is a percentage of each bet placed on a thoroughbred horse race, and is collected and distributed to provide funding for the promotion of horse racing in Manitoba.

Thoroughbred Wagering	24/25	23/24
Thoroughbred live racing days	50	50
Thoroughbred on-track wagering	\$2,687,028	\$2,686,731
Total pari-mutuel wagering	\$22,251,423	\$21,791,316

Standardbred Wagering	24/25	23/24
Standardbred live racing days	15	14
Standardbred on-track wagering	\$47,380	\$26,630

Social Responsibility



The LGCA has a legislated mandate to develop, promote and support initiatives or programs to encourage the responsible consumption of liquor or cannabis, and responsible participation in gambling. Our public education initiatives are non-judgmental and provide neutral information that enables consumers to make lower-risk decisions if choosing to consume the products or participate in the activities offered by the industries we regulate. We seek public input and conduct research to ensure our public education programs are supported by evidence. The LGCA's campaigns promote limit-setting and inform Manitobans about laws and safety related to alcohol, gambling and cannabis. Our campaigns use a variety of advertising, including online, street level, billboard, transit, convenience store posters, television and radio, as well as streaming audio, video and social media platforms.

Each of our four campaigns in 2024/25 focused on reaching specific demographics that were supported by LGCA research and data. We expanded two of our previous campaigns within our Know My Limits public education brand and developed two new campaigns to educate about the risks of purchasing illegal cannabis and the requirement to provide identification when purchasing alcohol, gambling or cannabis products, if requested by a licensee or when entering an age-restricted premises.



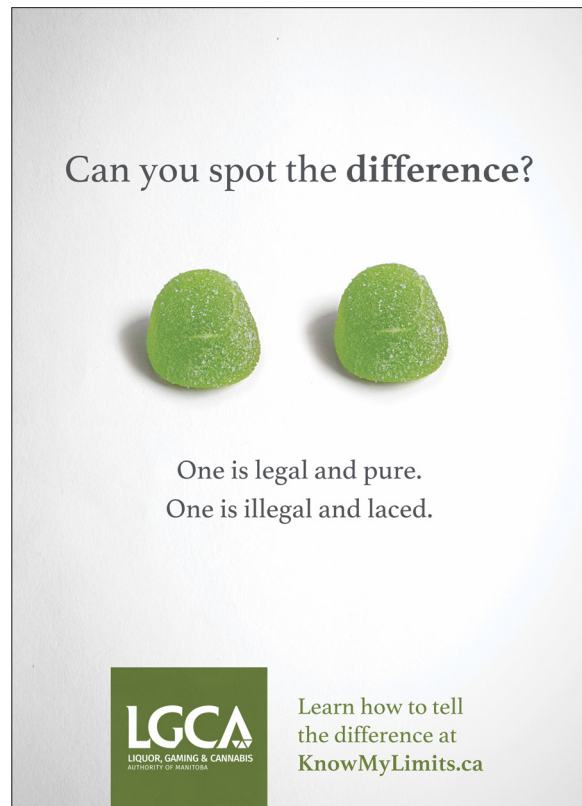


SETTING DRINKING LIMITS FOR THE HOLIDAYS

Since our previous alcohol consumption public education campaign, the Canadian Centre on Substance Use and Addiction released new Guidance on Alcohol and Health, replacing the Low-Risk Alcohol Drinking Guidelines. The new guidance provides a continuum for the different levels of risk associated with alcohol consumption, and recommends people consider reducing their consumption. The campaign revisited strategies for lowering risk when drinking as shared in previous campaigns and added a new message to raise awareness of the strategy to plan for alcohol-free days.

CAN YOU SPOT THE DIFFERENCE?

This campaign provided information about the dangers of the illegal cannabis market and emphasized that legal cannabis in Manitoba can be purchased only from retailers licensed by the LGCA. We contrasted the safety and quality controls that are in place for legal cannabis with the lack of these measures for illegal cannabis. Campaign messaging highlighted the standardized quality- and testing-controls, and accuracy of packaging labeling for delta-9-tetrahydrocannabinol (THC) and cannabidiol (CBD) concentrations for legal cannabis products.



DISPELLING MYTHS AND BETTING RESPONSIBLY

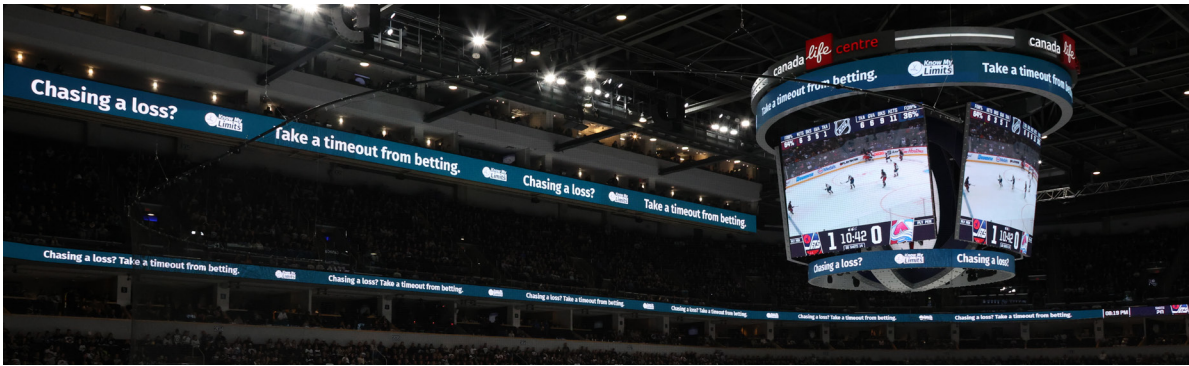
The sports betting landscape has been changing dramatically since the legalization of single-event betting in 2021, and the proliferation of ads and promotions for sports betting has steadily increased. Canadian data shows young men are the primary targets of sports betting advertising and are more likely to be at risk of experiencing gambling-related harm. LGCA research shows younger sports bettors are more likely to believe myths about sports betting, particularly those related to feelings of control and expertise. The goal of this campaign was to inform Manitobans of the risks and myths associated with sports betting and provide them with strategies and information to bet responsibly.



CAN I PLEASE SEE YOUR ID?

In response to stakeholder feedback regarding identification (ID) verification in licensed premises, we developed a new “Bring ID” campaign. The campaign had two parts: training videos for licensees about validating ID and handling challenging situations with customers, and public messaging to remind consumers of the requirement to show ID in licensed businesses, if they’re asked. Training videos, posters and postcard handouts were shared with licensees, while the information aimed at the public ran on digital and social media along with billboards and posters.





EVENT-ORIENTATED PUBLIC EDUCATION

The LGCA began promoting our public education messaging at large-scale sporting and live entertainment events in late 2024. The venues where these types of events are held are ideal to reach the LGCA's public education campaigns' audiences. During Winnipeg Jets hockey games, we strategically chose to promote messaging on responsible sports betting and responsible drinking. For concerts, comedy shows and other performances, we shifted to responsible alcohol and cannabis consumption messages. We also used television advertising during select Winnipeg Jets home and away games that included advertising digitally imposed on the rink boards and during television commercials.





FOSTERING INDUSTRY-RELATED RESEARCH

The LGCA is committed to supporting high-quality, innovative research that connects to our broad regulatory mandate. To grow research capacity for alcohol, gaming, cannabis and horse racing, the LGCA offers scholarships on a competitive basis to full-time students enrolled in professional or graduate programs who are conducting research in any of these fields at a university in Manitoba.

In 2024/25, we awarded the following doctoral student scholarships:

Student	Program	Research
Anam Ara	Doctor of Philosophy (Biochemistry and Medical Genetics)	DNA methylation changes in lungs induced by early life cannabis smoke exposure in mice
Jeffery Biegun	Doctor of Philosophy (Sociology)	Deciphering cannabis consumption patterns: Evidence from Canadian cannabis surveys



MANITOBA SPORTS BETTOR SURVEY 2024

The LGCA conducts research to obtain practical and accurate data about the industries we regulate. Our research informs legislative and regulatory policy, operational decision-making, training programs and public education initiatives.

Sports betting and its supporting advertising market have been rapidly expanding across Canada since the legalization of single-event sports betting in 2021. With the proliferation of sports betting, particularly online, it is important to assess how Manitobans are impacted.

In March 2024, we surveyed 500 adult Manitobans who had bet on sports in the previous 12 months, to better understand the current scope of sports betting. Using a mixed approach of online panel and random-digit telephone surveys, we asked sports bettors about their betting behaviours and motivators, and their knowledge and use of responsible gaming tools. Our Manitoba Sports Bettor Survey 2024 was published in October 2024, and the full report is available at [LGCamb.ca](https://www.lgcamb.ca).

MOST COMMON SPORTS BETS

Almost half of the sports bettors surveyed reported placing bets with family members or friends, with moneyline and sports pools following as the next most common betting behaviours.

Bets with family or friends

Bets placed with or against family or friends on sports, which may include formal (e.g., sportsbook) or informal bets.



Moneyline

A bet on who will win or lose a game.



Sports pools

Bettors pay a fixed price into a pool and make multiple predictions on outcomes.



Fantasy sports

A bettor assembles a virtual team of professional athletes and accumulates points based on their performance and stats. Typically, bettors play against other bettor-created teams.



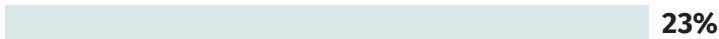
Live in-game

A bet placed on a sporting event once it has started, either on the outcome or on events that occur within the game.



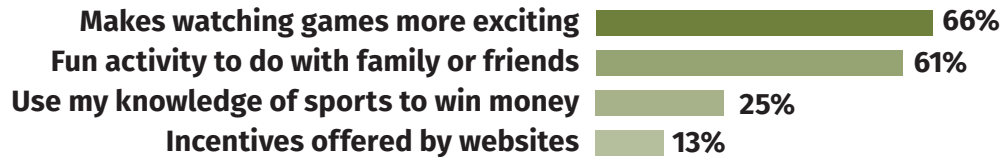
Over/under

Betting on whether the actual number in a game (e.g., total combined score/goals) will be higher or lower than the number projected by sportsbooks.



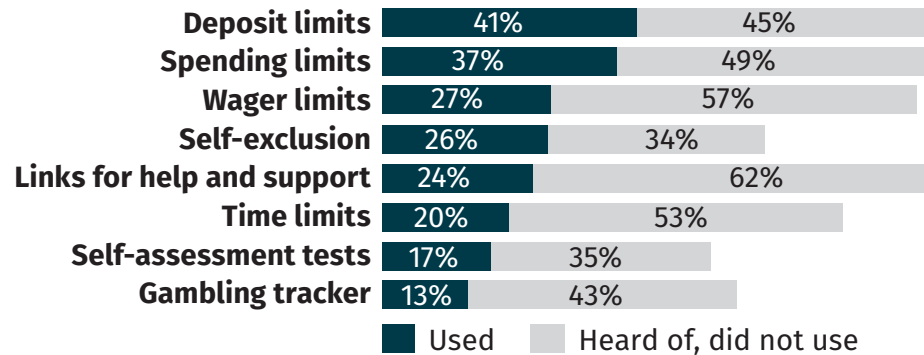
MOTIVATORS FOR BETTING ON SPORTS

Creating excitement and fun were found to be the most common motivators for betting on sports.



RESPONSIBLE GAMBLING TOOLS

We asked online bettors about their awareness of responsible gambling tools and whether they used them. There appears to be a high correlation between awareness and use as the tools used less often had lower awareness.



EVIDENCE-BASED PUBLIC EDUCATION

The Manitoba Sports Bettor Survey 2024 findings heavily influenced enhancements to our sports betting campaign when it reran in early 2025. The data informed us about specific demographics in Manitoba's population who are more likely to engage in riskier sports betting behaviours and shaped the campaign's lower-risk gambling messaging to resonate with these groups.

Financial Statements and other related information

For the year ended March 31, 2025

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Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of the management of the Liquor, Gaming and Cannabis Authority of Manitoba and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to the audit report date.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of the Liquor, Gaming and Cannabis Authority of Manitoba are fairly represented in all material respects in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management:



Kristianne Dechant
Executive Director and CEO



Lauren McWilliams
Director, Finance and Administration

June 13, 2025

Independent Auditor's Report

To the Board of the Liquor, Gaming and Cannabis Authority of Manitoba

Opinion

We have audited the financial statements of **Liquor, Gaming and Cannabis Authority of Manitoba** (the "LGCA"), which comprise the statement of financial position as at March 31, 2025, and the statement of operations and accumulated surplus, the statement of changes in net financial assets and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2025, and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the LGCA in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the LGCA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the LGCA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the LGCA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 LGCA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the LGCA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the LGCA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

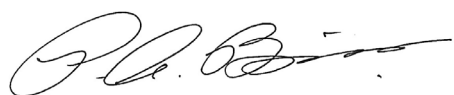
Chartered Professional Accountants

Winnipeg, Manitoba
June 16, 2025

Statement of Financial Position

As at March 31	2025	2024
Financial assets		
Cash and cash equivalents (Note 4)	\$ 9,472,371	\$ 8,217,570
Accounts receivable (Note 5)	860,515	893,676
	10,332,886	9,111,246
Liabilities		
Accounts payable and accrued liabilities (Note 6)	1,531,315	1,570,608
Deferred revenue (Note 7)	736,921	629,946
Severance benefits (Note 8)	1,047,086	999,100
Non-vested sick leave benefits (Note 8)	127,532	133,972
Retirement benefits (Note 8)	319,507	365,603
	3,762,361	3,699,229
Net financial assets	6,570,525	5,412,017
Non-financial assets		
Tangible capital assets (Note 9)	2,827,841	2,552,667
Prepaid expenses	173,863	120,475
	3,001,704	2,673,142
Commitments (Note 10)		
Accumulated surplus	\$ 9,572,229	\$ 8,085,159

Approved on behalf of the Board:



Pat Britton
Chair



Kiran Claire
Audit Committee Chair

The accompanying notes are an integral part of these financial statements.

Statement of Operations and Accumulated Surplus

For the year ended March 31	2025 Budget	2025 Actual	2024 Actual
Revenue			
Licence fees - liquor	\$ 1,655,900	\$ 1,951,511	\$ 1,693,734
Licence fees - gaming	5,963,766	5,852,432	5,733,639
Licence fees - cannabis	210,000	246,500	223,633
Licence fees - horse racing	400,000	370,758	388,231
MLLC funding transfer	3,700,000	3,700,000	3,700,000
Public education transfer	1,352,000	1,352,000	1,300,000
Other revenue	18,000	17,412	13,700
Interest earned	130,000	375,484	326,766
Revenue before pari-mutuel levy	13,429,666	13,866,097	13,379,703
Pari-mutuel levy (Note 14)	1,990,000	1,897,763	1,854,333
Revenue	15,419,666	15,763,860	15,234,036
Expenses			
Salaries and benefits	8,760,315	7,806,507	7,738,984
Public education	1,852,000	1,864,746	1,494,841
Legal and professional fees	419,600	790,466	966,660
Rent	500,000	509,393	516,395
Supplies and services	520,400	414,004	456,261
Amortization (Note 9)	567,430	337,313	326,103
Transportation	273,820	247,345	259,090
Communications	159,800	143,290	162,639
Education, training, conferences	110,000	110,721	70,423
Other expenses	99,678	62,744	51,721
Accommodations	62,300	55,675	64,614
Board	70,000	36,823	43,060
Expenses before pari-mutuel levy	13,395,343	12,379,027	12,150,791
Pari-mutuel levy (Note 14)	1,990,000	1,897,763	1,854,333
Expenses	15,385,343	14,276,790	14,005,124
Annual surplus	34,323	1,487,070	1,228,912
Accumulated surplus, beginning of year	8,085,159	8,085,159	6,856,247
Accumulated surplus, end of year	\$ 8,119,482	\$ 9,572,229	\$ 8,085,159

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Financial Assets

For the year ended March 31	2025 Budget	2025 Actual	2024 Actual
Annual surplus	\$ 34,323	\$ 1,487,070	\$ 1,228,912
Acquisition of capital assets (Note 9)	-	(612,487)	(190,154)
Amortization of capital assets (Note 9)	567,430	337,313	326,103
	567,430	(275,174)	135,949
Increase in prepaid expense	-	(53,388)	(4,745)
Increase in net financial assets	601,753	1,158,508	1,360,116
Net financial assets , beginning of year	5,412,017	5,412,017	4,051,901
Net financial assets , end of year	\$ 6,013,770	\$ 6,570,525	\$ 5,412,017

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the year ended March 31	2025	2024
Cash flows from operating activities		
Annual surplus for the year	\$ 1,487,070	\$ 1,228,912
Amortization	337,313	326,103
	1,824,383	1,555,015
Changes in non-cash items		
Accounts receivable	33,161	(206,625)
Prepaid expenses	(53,388)	(4,745)
Accounts payable and accrued liabilities	(39,293)	582,587
Deferred revenue	106,975	71,959
Provision for employee severance benefits	47,986	(20,645)
Provision for employee retirement benefits	(46,096)	(112,273)
Provision for employee sick leave benefits	(6,440)	(3,108)
	1,867,288	1,862,165
Cash flows used in capital activities		
Acquisition of capital assets	(612,487)	(190,154)
Increase in cash and cash equivalents for the year	1,254,801	1,672,011
Cash and cash equivalents, beginning of year	8,217,570	6,545,559
Cash and cash equivalents, end of year	\$ 9,472,371	\$ 8,217,570

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

For the year ended March 31, 2025

1. Nature of Organization

The Liquor, Gaming and Cannabis Authority of Manitoba (LGCA) is established by The Liquor, Gaming and Cannabis Control Act and accompanying regulations. The LGCA regulates liquor sales, service and manufacturing; gaming employees, products and operations; cannabis sales and distribution; and horse racing in Manitoba.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board, and reflect the following significant accounting policies:

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of one year or less at acquisition and are held for the purpose of funding capital projects, pension liability, and meeting short-term cash commitments rather than for investing.

Employee Future Benefits

- (i) The cost of severance obligations for non-unionized employees and employees of the Manitoba Government and General Employees' Union, locals 425 and 426 (MGEU 425 and 426) is determined using the annual actuarial report as at March 31, 2025. Severance pay, at the employee's date of retirement, will be

determined using the eligible employee's years of service and based on the calculation as set by the Province of Manitoba. For former Manitoba Gaming Control Commission employees and former non-unionized Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGCA, the maximum payout is currently 23 weeks at the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the LGCA. For former unionized Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGCA, the entitlement is one week's pay for each complete year of continuous service, to a maximum of 25 weeks at the employee's weekly salary at the date of retirement. Manitoba Liquor and Lotteries Corporation (MLLC) will maintain the severance liability to March 31, 2014, for all former Manitoba Liquor Control Commission employees who transferred to the LGCA.

The costs of benefits earned by employees are charged to expenses as services are rendered. The costs are determined by an actuary using the projected benefit method and reflect management's best estimates of the length of service, salary increases and ages at which employees will retire. Actuarial gains and losses are recognized over the expected remaining service life.

- (ii) All LGCA employees belong to the Province of Manitoba’s Civil Service Superannuation Fund (Superannuation Fund), which is a multi-employer joint trustee plan. The Superannuation Fund is a defined benefit plan, providing a pension on retirement based on the member’s age at retirement, length of service and highest earnings averaged over five years.

The joint trustee board of the Superannuation Fund determines the required contribution rates.

The LGCA’s contribution to the Superannuation Fund is recorded as an expense for the year.

- (iii) The cost of non-vested sick leave benefits is determined by an estimation of the number of days earned during the year that will be used in future periods in excess of annual entitlement.

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Furniture and fixtures	10% diminishing balance basis
Leasehold improvements	Straight-line basis over remaining term of lease
Computer equipment	30% diminishing balance basis
Equipment	20% diminishing balance basis

Tangible capital assets under construction, in development or that have been removed from service are not amortized until they are available to be put into service.

Prepaid Expenses

Prepaid expenses include long-term information technology contracts, rent, insurance, and supplies and are charged to expenses over the periods expected to benefit from them.

Revenue Recognition

Revenues from transactions with performance obligation are recognized at a point in time or as the LGCA satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

(a) The LGCA recognizes commercial licence fees over the duration of the licence since the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) The LGCA recognizes gaming event licence fees, supplier licence fees, social occasion permit fees, licence application fees, horse racing licence fees and other revenue when received.

(c) The LGCA recognizes the pari-mutuel levy each week as it is collected and distributed to the industry stakeholders.

Interest revenue is recognized on an accrual basis, as earned.

The annual funding transfer from MLLC is the amount that the LGCA, with the approval of Treasury Board, directs MLLC to pay to the LGCA. The amount of the public education transfer is established via a memorandum of understanding that MLLC pays to the LGCA for the purpose of conducting public education.

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations and accumulated surplus as the stipulation liabilities are settled.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues and expenses in the periods in which they become known.

Financial Instruments

The financial instruments of the LGCA consist of cash and cash equivalents, accounts receivable and accounts payable.

All of the LGCA's financial instruments are carried at cost or amortized cost.

Financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations and accumulated surplus.

3. Financial Instruments and Financial Risk Management

The LGCA has exposure to the following risks from its use of financial instruments:

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another

party. Financial instruments which potentially subject the LGCA to credit risk consist principally of cash and cash equivalents, and accounts receivable.

Cash and cash equivalents are not exposed to significant credit risk as the deposits are primarily held by the Minister of Finance.

Accounts receivable are not exposed to significant credit risk as the receivable is composed of fees due from clients and payment in full is typically collected when it is due. The LGCA does not use an allowance for doubtful accounts. The policy is to write off any accounts deemed uncollectible during the year.

Liquidity Risk

Liquidity risk is the risk that the LGCA will not be able to meet its financial obligations as they come due. The LGCA manages liquidity risk by maintaining adequate cash balances. The LGCA prepares and monitors forecasts of cash flows from operations, and anticipated investing and financing activities. The LGCA continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the LGCA's income or the fair values of its financial instruments. The market risk the LGCA is exposed to is interest rate risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and cash equivalents. The interest rate risk on cash and cash equivalents is considered to be low, because of their short-term nature.

4. Designated Assets

There is an internally restricted fund of \$5,000,000 that was proactively approved by the board to fund the LGCA's current and future capital spending needs, including a strategic investment to replace aging information technology systems. A portion of the investments held are also maintained to cover the pension liability.

5. Accounts Receivable

	2025	2024
MLLC	\$ 775,836	\$ 770,840
Licenses	71,132	115,471
Other	10,247	2,065
Employee licences	3,300	5,300
	<u>\$ 860,515</u>	<u>\$ 893,676</u>

6. Accounts Payable and Accrued Liabilities

	2025	2024
Accrued vacation pay	\$ 641,001	\$ 624,924
Salaries and benefits payable	193,095	591,959
Accounts payable and accrued liabilities	697,219	353,725
	<u>\$ 1,531,315</u>	<u>\$ 1,570,608</u>

7. Deferred Revenue

Deferred revenue consists of liquor service, retail beer vendor, and retail cannabis licence fees received to be recognized as revenue in the year in which the related revenues are earned.

	Opening Balance	Receipts During Year	Transferred To Revenue	Closing Balance
Licence fees	\$629,946	\$1,513,308	\$1,406,333	\$736,921

8. Employee Benefits

Severance Benefits

The amount of the estimated liability for accumulated severance pay benefits is determined using the annual actuarial report of severance obligations as at March 31, 2025. It should be noted that MLLC will maintain the severance liability earned to March 31, 2014 for all former Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGCA. The LGCA will continue to accrue the severance liability for former Manitoba Gaming Control Commission employees and will accrue the severance liability for former Regulatory Services Division employees of the Manitoba Liquor Control Commission April 1, 2014, and onwards.

For former Manitoba Gaming Control Commission employees and former non-unionized Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGCA, the maximum payout is currently 23 weeks at the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the LGCA. For former unionized Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGCA, the entitlement is one week's pay for each complete year of continuous service, to a maximum of 25 weeks at the employee's weekly salary at the date of retirement.

The plan for former Manitoba Horse Racing Commission employees who transferred to the LGCA was amalgamated with the MGEU 425 and 426 plan during this fiscal year.

An actuarial report was completed for the severance pay liability as at March 31, 2025. The LGCA's actuarially-determined net liability for accounting purposes as at March 31, 2025 was \$895,476 (\$839,313 in 2024). An actuarial loss of \$6,448 will be amortized over the

expected average remaining service life of the employee group. This loss will begin to be amortized at the beginning of the next fiscal year. Severance payments for the year amount to \$22,366 (\$112,250 in 2024).

Significant long-term actuarial assumptions used in the March 31, 2025 valuation and in the determination of the March 31, 2025 present value of the accrued severance benefit obligation were:

Annual rate of return	4.50%
Annual salary escalation rates	
(i) general increases	
a) salary increase	2.00%
b) real rate	0.50%
	<u>2.50%</u>
(ii) service, merit and promotional increases	1.00%

The severance benefit liability as at March 31, 2025 includes the following components:

	<u>2025</u>	2024
Accrued benefit liability	\$ 895,476	\$ 839,313
Unamortized actuarial gains	151,610	159,787
Severance benefit liability	<u>\$ 1,047,086</u>	<u>\$ 999,100</u>

The total expenses related to severance benefits as at March 31, 2025 include the following components:

	<u>2025</u>	2024
Interest on obligation	\$ 39,494	\$ 35,832
Current period benefit cost	75,852	68,191
	<u>115,346</u>	<u>104,023</u>
Amortization of actuarial gain over expected average remaining service lifetime	(27,755)	(31,726)
Total expense related to severance benefit	<u>\$ 87,591</u>	<u>\$ 72,297</u>

Non-Vested Sick Leave Benefits

Non-unionized employees and employees of MGEU 425 and 426 are credited with sick day credits for use as paid absences in the year, due to illness or injury. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in the most recent collective agreement. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plans are included in the financial statements. The accrued benefit obligation related to sick leave entitlement earned by employees is determined using a valuation model developed by an actuary. The valuation is based on employee demographics, sick leave usage, and actuarial assumptions. The cost of non-vested sick leave benefits is determined by an estimation of the number of days earned during the year that will be used in future periods in excess of the annual entitlement. The assumptions include a 4.00% discount rate and a 1.50% annual salary increase.

Retirement Benefits

All employees of the LGCA are members of the Province of Manitoba's defined benefit Superannuation Fund.

In accordance with the provisions of The Civil Service Superannuation Act, LGCA employees are eligible for pension benefits. Plan members are required to contribute to the Superannuation Fund at prescribed rates for defined benefits and will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five years prior to retirement, termination, or death that provides the highest earnings. The LGCA is required to match contributions contributed to the Superannuation Fund by the employees at

prescribed rates, which is recorded as an operating expense. Under The Civil Service Superannuation Act, for non-unionized employees and the employees in MGEU 425 and 426, the LGCA has no further pension liability. For former Manitoba Horse Racing Commission employees who transferred to the LGCA, there is an additional liability due to the former Manitoba Horse Racing Commission participating as a non-matching employer. At December 31, 2018, the Superannuation Fund had a deficit of \$5.2 billion.

The LGCA's portion of contributions to the Superannuation Fund is recognized as an operating expense in the period of contribution. The total contribution for this year was \$486,779 (\$414,099 in 2024).

For non-unionized employees and employees of MGEU 425 and 426 whose annual earnings exceed the limit under the Superannuation Fund or are a disability retirement, a pension liability is established. Based on the annual actuarial report of pension obligations as at March 31, 2025, a reserve of \$44,753 (\$45,867 in 2024) has been established as a pension liability. Due to the nature of the liability, actuarial gains or losses are recognized in operations in the year. Pension costs realized this year were decreased by \$1,114 (decreased by \$55,987 in 2024).

For former Manitoba Horse Racing Commission employees who transferred to the LGCA, the liability is based on the liability accrued by the former Manitoba Horse Racing Commission. Based on the annual actuarial report of pension obligations as at March 31, 2025, a reserve of \$274,754 (\$319,736 in 2024) has been established as a pension liability. Due to the nature of the liability, actuarial gains or losses are recognized in operations in the year. Pension costs realized this year were decreased by \$44,982 (decreased by \$53,718 in 2024). The plan was amalgamated with the MGEU 425 and 426 plan during this fiscal year.

Significant long-term actuarial assumptions used in the March 31, 2025 valuation and in the determination of the March 31, 2025 present value of the accrued basis pension obligation were:

Annual rate of return	
(i) inflation component	2.00%
(ii) real rate of return	4.00%
	<hr/>
	6.00%
Annual salary escalation rates	
(i) general increases	
a) salary increase	2.00%
b) productivity component	0.50%
	<hr/>
	2.50%

(ii) service, merit and promotional increases.
The rates used vary by age.

9. Tangible Capital Assets

	2025			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furniture and fixtures	\$ 1,585,696	\$ 22,923	\$ -	\$ 1,608,619
Leasehold improvements	2,101,086	-	-	2,101,086
Computer equipment	1,553,141	135,328	1,044,041	644,428
Equipment	136,231	-	12,710	123,521
Assets under construction	-	454,236	-	454,236
	5,376,154	612,487	1,056,751	4,931,890
Accumulated amortization				
Furniture and fixtures	677,866	91,773	-	769,639
Leasehold improvements	705,631	146,540	-	852,171
Computer equipment	1,348,875	89,976	1,044,041	394,810
Equipment	91,115	9,024	12,710	87,429
	2,823,487	337,313	1,056,751	2,104,049
Net book value	\$ 2,552,667	\$ 275,174	\$ -	\$ 2,827,841
				2024
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furniture and fixtures	\$ 1,553,445	\$ 32,251	\$ -	\$ 1,585,696
Leasehold improvements	1,996,696	104,390	-	2,101,086
Computer equipment	1,501,202	51,939	-	1,553,141
Equipment	134,657	1,574	-	136,231
	5,186,000	190,154	-	5,376,154
Accumulated amortization				
Furniture and fixtures	579,461	98,405	-	677,866
Leasehold improvements	565,675	139,956	-	705,631
Computer equipment	1,272,379	76,496	-	1,348,875
Equipment	79,869	11,246	-	91,115
	2,497,384	326,103	-	2,823,487
Net book value	\$ 2,688,616	\$ (135,949)	\$ -	\$ 2,552,667

10. Commitments

The LGCA has an operating lease expiring on December 16, 2033 for its Winnipeg premises and an operating lease expiring on January 31, 2028 for its Brandon premises. The minimum annual lease payments for the next five years are:

2026	\$	280,340
2027		280,340
2028		272,690
2029		234,440
2030		234,440
	\$	<u>1,302,250</u>

11. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the board.

12. Working Capital Advance

The Minister of Finance, with Lieutenant-Governor approval by Order-in-Council (341/1997), has arranged for working capital advances to be available to the LGCA. The aggregate of the outstanding advances is not to exceed \$2,000,000 (\$2,000,000 in 2024). As at March 31, 2025, \$2,000,000 (\$2,000,000 in 2024) of these advances were unused and available.

13. Related Party Transactions

The LGCA is related in terms of common ownership to all Province of Manitoba departments, agencies, and Crown corporations. The LGCA enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

14. Pari-Mutuel Levy

The Pari-Mutuel Levy Act was established in 1997 to provide funding for the promotion of horse racing in Manitoba. The pari-mutuel levy is collected and distributed by the LGCA. The Manitoba Standardbred Racing Industry fund is used for the funding of harness racing. The Horsemen's Benevolent Protective Association fund is used for overnight purses at Assiniboia Downs. The Canadian Thoroughbred Horse Society fund is used for breeders' and owners' incentives at Assiniboia Downs.

	<u>2025</u>	<u>2024</u>
Manitoba Standardbred Racing Industry	\$ 317,875	\$ 310,601
Horsemen's Benevolent and Protective Association	1,247,779	1,219,224
Canadian Thoroughbred Horse Society	<u>332,109</u>	<u>324,508</u>
	<u>\$ 1,897,763</u>	<u>\$ 1,854,333</u>





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This report is available on the Liquor, Gaming and Cannabis Authority of Manitoba's website at LGC&C.ca.

La version française de ce rapport annuel est disponible au site web de la Régie des alcools, des jeux et du cannabis du Manitoba au LGC&C.ca.

Available in alternate formats, upon request.