LGCA

LIQUOR, GAMING & CANNABIS
AUTHORITY OF MANITOBA

Annual Report
2025/26

Regulating for a safer Manitoba.

August 31, 2026

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, 2026.

Respectfully,



Pat Britton
Chair

Board Members

As at March 31, 2026

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, Anishininewuk, Dakota Oyate, Denesuline and Nehethowuk Nations.

We acknowledge Manitoba is located on the National 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

The 2025/26 fiscal year has been a period of both reflection and forward-thinking for the Liquor, Gaming and Cannabis Authority of Manitoba (LGCA), and I was honoured to be in a position to lead important conversations about our past, present and future during this time. Together with my board colleagues, I am proud to share that we have continued to move forward the vital work of regulating for a safer Manitoba.

This year marks the final year of our 2022-2026 strategic plan. At the time this plan was established, horse racing was not yet part of our mandate and the LGCA was navigating an unprecedented time for our other regulated industries. Much has changed over the past few years, yet we have remained steadfast in our commitment to balancing the interests of our regulated industries with our priority of public safety.

Collaboration and engagement have been longtime key focus areas for the LGCA. Indeed, a major focus throughout the 2022-2026 plan was regular engagement with industry stakeholders and Manitobans to better understand their needs and to keep up with industry trends. 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 processes. The relationships we have established provide valuable insight to develop regulations and requirements that give consumers choice while offering protections, particularly for Manitoba's children and youth.

At the same time that we were completing our current strategic plan this year, we embarked on a robust planning process for a new strategic plan to guide us through the next four years. Planning for the 2026-2030 strategic plan began with a comprehensive consultation process with stakeholders and an in-depth review of relevant LGCA materials to inform planning. The board was pleased to participate in a two-day strategic planning retreat in November, where we, along with senior management, explored potential directions for the organization. Our discussions proved fruitful and we look forward to unveiling the LGCA's next strategic plan in the coming months.

In many ways, the new plan will be a continuation of the current one. In particular, we look forward to seeing the completion of a multi-year digital transformation project that was started under the current strategic plan. This initiative will see the LGCA adopt a secure cloud-based portal that will allow online delivery of all liquor, gaming, cannabis and horse racing regulatory programs. Moreover, the LGCA has taken a disciplined approach towards obtaining a cost-effective and reliable solution that best meets organizational needs and that demonstrates our commitment to managing public funds in a responsible and transparent way.

I would like to express my sincere gratitude to my board colleagues for their continued engagement in the good work of the LGCA. I am proud of the honesty and integrity with which we approach our roles, and the shared commitment to strong governance as we lead the LGCA through the completion of the current strategic plan and into the next.

Finally, on behalf of the board, I would like to acknowledge the hard work, expertise and dedication of the LGCA's staff and management. It is truly admirable to witness their commitment to regulatory excellence, and I congratulate them on all they have been able to achieve this year in service to Manitobans.

Sincerely,

Pat Britton
Chair

Message from the Executive Director and CEO



In 2025/26, the Liquor, Gaming and Cannabis Authority of Manitoba (LGCA) made efforts to finish implementing our ambitious four-year strategic plan. I am pleased with all the LGCA has accomplished as we have continued to enhance the regulatory framework and prioritize public safety, while increasing operational efficiencies for our organization.

Through stakeholder engagement and research, we supported the introduction of legislative amendments for liquor and cannabis, provided public education to Manitobans, and moved forward with some key projects this year. At the same time, we began developing our next strategic plan, as mentioned in the letter from our board chair.

Two bills received Royal Assent this year: Bill 8, which allows government to create regulations that would prohibit liquor service licences from being issued to businesses in specified areas; and Bill 9, which restricts controlled-access cannabis stores from opening in urban areas. Bill 34 and corresponding regulations came into effect this year as well, which removed the prohibition on indoor home cultivation of non-medical cannabis. These amendments reflect ongoing efforts to update legislation through the lens of promoting safety for Manitobans.

The LGCA has been busy this year with several public education campaigns targeting specific audiences. New this year was a campaign educating Manitobans about the risks of alcohol and cannabis use during pregnancy. We relied heavily on research to develop this complex campaign, and extensive testing was conducted to ensure it provided accurate information without stigmatizing choices made by pregnant individuals. We launched three other campaigns as well this year, including a sports betting campaign featuring Winnipeg Jets goaltender Connor Hellebuyck, and a campaign about Manitoba's cannabis laws that won a Silver Summit International Marketing Effectiveness Award for Public Advocacy. The social responsibility section of this report, beginning on page 21, provides details about these and other initiatives.

This past year has seen LGCA staff making great strides on our digital transformation project. We were pleased to finalize a multi-year contract with the selected vendor for our new system. With contracting complete, work has been underway on the first and second phases of the project, both of which are expected to launch in the 2026/27 fiscal year. Risk analyses and organizational change management are being implemented as part of business process reengineering for each project phase. We look forward to improving licensing and permitting processes and ultimately offering the full breadth of our regulatory services via this secure cloud-based portal.

None of the important work of the LGCA this year could have been done without the great efforts of our staff and management teams and our board of directors. I am both proud of the work we have accomplished and humbled by my colleagues' dedication to balancing client service and public safety in all they do. This report is a testament to the dedication of these individuals, and I am pleased to work alongside them as we move into the next era for the LGCA, putting the goals of a new multi-year strategic plan into practice.

Regards,

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. This year, amendments to the Act came into force that increase public safety for minors and align Manitoba's regulatory framework for the residential cultivation of non-medical cannabis (home grow) with all other provinces, except for Quebec.

Bill 8, The Liquor, Gaming and Cannabis Control Amendment Act, came into force on November 6, 2025, after having been introduced in 2024/25. This legislation allows government to make regulations



about the kinds of establishments that can be issued liquor service licences. Prohibiting certain types of premises in specific areas from holding liquor service licences could be used to address concerns about liquor service occurring in businesses frequented by minors, such as convenience stores in major urban areas.

Bill 9, The Liquor, Gaming and Cannabis Control Amendment Act (2), also introduced in 2024/25, came into force on June 3, 2025. The amendment prohibits the licensing of new controlled-access cannabis retail stores in Manitoba's urban areas. Controlled-access cannabis retail stores allow minors to enter their premises and are located in larger businesses that sell products other than cannabis. This prohibition reduces the potential for young people to come into contact with cannabis products.

Bill 34, The Liquor, Gaming and Cannabis Control Amendment Act, received Royal Assent in 2024/25 and came into force on May 1, 2025. This amendment repeals Manitoba's prohibition on home grown cannabis and allows adults ages 19 years and older to grow up to four cannabis plants per residence. The LGCA developed a regulatory framework in support of public safety and security by requiring cannabis to be grown in indoor locations that young people cannot access.

2022-2026 Strategic Plan

Every four years, the board establishes the foundation that our organization builds upon to plan and deliver our programs and services. Our current strategic plan launched in 2022 and entered its final year in 2025/26. This plan has guided us in striking a balance between prioritizing public safety and enhancing the regulatory framework to better reflect contemporary values and trends.

When the 2022-2026 strategic plan was developed, the LGCA was navigating the unprecedented impacts of COVID-19 on our regulated industries, and horse racing was not yet part of our mandate. Since then, our mandate has expanded to integrate the regulatory role of the former Manitoba Horse Racing Commission, and we have remained steadfast in promoting and enforcing a framework for safety across all four industries. We have continued to engage with our stakeholders to understand their interests and keep up with industry trends. This collaborative approach extends the reach of the plan and allows us to respond as an agile regulator of dynamic industries.

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.

LOOKING AHEAD

In late 2025, we began the process to refresh our strategy for the upcoming four years. Our intention is to strike a balance between continuity and change by preserving the elements of the current plan that remain effective and introducing innovations where needed. The board met with stakeholders from the industries we regulate, the business sector, Indigenous organizations, law enforcement, Manitoba Liquor and Lotteries Corporation, and government. The information gathered is leading the board to explore potential directions for a vibrant 2026-2030 strategic plan. We will launch the new plan at the start of 2026/27.

STAKEHOLDER ENGAGEMENT AND SUPPORT

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 builds stakeholder understanding.

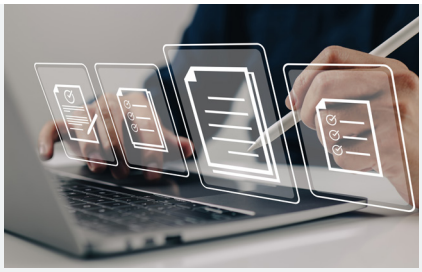
We proactively correspond annually with stakeholders to inquire about matters related to the LGCA's regulated industries and invite them to share any questions or concerns as needed. This approach includes correspondence with various levels of government, Indigenous organizations, industry associations,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

Planning for our 2026-2030 strategic plan began this fiscal year when we initiated a comprehensive engagement process. The board met with stakeholders and reviewed various LGCA documents, such as staff surveys, risk analyses and research summaries, to inform planning. The engagement process culminated in a two-day strategic planning retreat in November 2025, where the board and senior management focused on exploring assumptions, describing potential directions and developing common language to be woven into the new strategic plan. These discussions produced substantial consensus about the LGCA's role in Manitoba and our path forward.



We continually work with other regulatory bodies and levels of government on issues that impact the industries we regulate. The LGCA exchanges information regarding cannabis policy and the implementation of the Cannabis Act (Canada) as part of an ongoing federal-provincial-territorial working group that was formed prior to the legalization of non-medical cannabis. We also share feedback on gaming laws and policies as part of a working group that is tasked with proposing possible amendments to the Criminal Code (Canada).

With respect to the LGCA's social responsibility mandate, we have 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 stages of pregnancy. After initial consultations were conducted last year with medical officials, government agencies, local social service organizations and academic groups, we continued to consult with these stakeholders and subject matter experts throughout the development of materials for the pregnancy campaign during 2025/26. All organizations and individuals who participated in preliminary consultations were invited to provide feedback on initial creative concepts for this campaign.



CONTRACT FOR NEW REGULATORY ASSURANCE SYSTEM

Negotiations for our new regulatory assurance system began in 2025 and resulted in a contract being signed with our selected provider during 2025/26. Canadian company Computronix will provide us with their POSSE Alcoholic Beverage Control software solution. Their experience in supplying solutions for licensing and enforcement programs to other public sector clients will be an asset as we transition all of our regulatory programs to online delivery.

With the contract in place, our efforts shifted this year to project planning, finalizing operational and process requirements and establishing the project's guiding principles. Our goal for this multi-year project is to achieve a digital-first regulatory system that promotes client service and accessibility, while creating efficiencies to ensure resources can be focused on areas that present greater risk to Manitobans within the scope of our regulated industries.

Structure

The LGCA is led by a board that is appointed by the Lieutenant-Governor-in-Council and reports 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 leads 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.

There are two departments that make up the Operations Unit: commercial services and gaming services. The commercial services department consists of commercial licensing and commercial inspections services. Charitable gaming, audit, gaming integrity, social occasion, and horse racing services are delivered by the gaming services department. Structuring interconnected departments together enables us to 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,

MANITOBA ANTI-MONEY LAUNDERING COMMITTEE

Our organization is part of a new anti-money laundering committee that is led by Manitoba Justice. The committee includes community leaders and representatives from Manitoba Justice's Public Safety and Criminal Property Forfeiture divisions, Manitoba Liquor and Lotteries Corporation, law enforcement, as well as the LGCA.

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, policy, research, information technology and enterprise architecture 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, 2026, are published in this report beginning on page 27.

MEETING FINANCIAL REPORTING REQUIREMENTS

Our 2024/25 annual report, including financial statements, was tabled in the legislature in accordance with the Act on October 28, 2025.



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

APPOINTMENT OF NEW AUDITOR

A closed request for proposals for audit services to the LGCA was conducted in 2025/26. The successful proponent was MNP LLP, which was appointed by the Lieutenant-Governor-in-Council as our auditor for a period of up to five years.

credit. An annual budget is approved by the 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 online at LGCAmb.ca.

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. One hearing was conducted in 2025/26.

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 five applications for information under FIPPA in 2025/26.

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 2025/26.

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. We continue to promote a culture of safety to our employees by including topical presentations and discussions on best practices in staff meetings. During 2025/26, we conducted an annual review of our accessibility plan and confirmed that all active standards are in place.

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. During this year, we developed our 2026-2030 French language services strategic plan, which was approved by the minister and submitted to the Francophone Affairs Secretariat. Our plan identifies actions to

increase delivery of French language services to the public, enhance cooperation with the Francophone community, and incorporate French into our public education activities.

In 2025/26, we continued to build on our commitment to deliver French language services through our focus on bilingual public education and responsible consumer use. All our public education campaigns were translated into French and promoted among French-speaking audiences with the assistance of the LGCA's Franco-Manitoban Advisory Panel, who ensured messaging in French was effectively and appropriately translated for Franco-Manitobans. We built internal capacity by increasing the number of bilingual staff in designated and non-designated bilingual positions, and ensured all new employees completed Bilingual Services (Active Offer) Training. We reached Franco-Manitoban audiences by increasing French language signage across our offices and by continuing to provide French translations of our websites and materials.

SOCIAL MEDIA ENGAGEMENT

We post in both official languages on our social media channels. Coinciding with major holidays and events, our posts share tips for reducing risk when consuming regulated products or participating in regulated activities. This ongoing engagement extends the LGCA's organic social media reach and further supports our public education mandate.









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, 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 2025/26, we delivered 366 training sessions for commercial and charitable licensees on audit reporting, responsible service, age control measures, public safety, and regulatory compliance.

Commercial Services

For the period from April 1, 2025 to March 31, 2026. Active licences are as at March 31, 2026.

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.

EARLY LIQUOR SERVICE HOURS FOR 2026 WINTER OLYMPICS

The LGCA authorized an extension to allow liquor service hours to begin at 5:00 a.m. during the 2026 Winter Olympic Games. Normally, liquor service in a licensed premises can start at 9:00 a.m., other than on Remembrance Day. The LGCA has administrative processes to allow licensees to open early for significant events. Licensees who opened early were required to comply with the terms and conditions for their licence and additional requirements put in place by the LGCA.



Liquor Service, Retail and Manufacturing	25/26	24/25
Active service licences	**1,929**	1,901
Active retail licences	**467**	469
Active manufacturer licences	**38**	34
New licence approvals	**121**	131
Changes of ownership	**28**	26
Service inspections	**6,250**	7,380
Retail inspections	**1,595**	1,979
Manufacturer inspections	**27**	55
Age Control identification checks	**2,229**	2,070
Last Drink Program referrals*	**23**	22

* 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.

LICENSED SELF-SERVE LIQUOR SERVICE



During 2025/26, we granted interim approval for self-serve liquor service kiosks at Canada Life Centre and Princess Auto Stadium. In these licensed premises, patrons are allowed to take their own liquor from refrigerators before purchase. While new to Manitoba, self-serve kiosks are not a novel concept and are allowed in other provinces including British Columbia, Saskatchewan and Ontario.

The LGCA balanced industry innovation with public safety when creating the initial licensing framework for Manitoba. Both licensed premises have dedicated staff monitoring the kiosks to ensure liquor is not sold to people who are younger than 18 years old or intoxicated, and so that customers do not possess more than two containers of liquor at a time, so as not to exceed maximum service volumes. Interim approval of this new licensing type has given the LGCA the opportunity to observe implementation and functionality while we finalize the terms and conditions for self-serve liquor service.

Liquor and Cannabis Delivery	25/26	24/25
Active delivery licences	**14**	12

RESPONSIBLE SERVICE TRAINING

Smart Choices is the responsible service training the LGCA offers to Manitoba's hospitality and cannabis industries. 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. During 2025/26, 10,892 people completed Smart Choices liquor service and retail certification, and 1,638 people completed Smart Choices retail cannabis certification.

SMART CHOICES

Minors as Agents Program Inspections	25/26	24/25
Lottery ticket retailer inspections	**311**	89
Lottery ticket retailer breaches	**85**	24
Cannabis retailer inspections	**96**	167
Cannabis retailer breaches	**17**	25
Liquor retailer inspections	**5**	23
Liquor retailer breaches	**0**	0

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

When our minors as agents program was launched in 2023/24, it initially included only inspections of lottery ticket agents. Since then, the scope of the program has expanded to include cannabis 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. To ensure the safety of the minor agents, they are always required to work with an LGCA inspector.

The data collected by this program highlights a serious public safety risk and enables us to provide targeted training sessions to licensees. This training reinforces and reminds the licensees to ensure regulated products are not sold to minors or young people.

In 2025/26, 27% of inspected lottery ticket retailers, and 17% of inspected cannabis retail stores were found to be in breach of the prohibition of selling age-restricted products to underage individuals. The rate of breaches of inspected lottery ticket retailers is consistent with last fiscal year, while the rate of breaches of inspected cannabis retail stores increased slightly. As the minors as agents program continues, it will provide further insight to guide the LGCA's procedures for training and enforcement.

Lottery Ticket Retailers and Video Lottery Terminal (VLT) Siteholders	Lottery Ticket Retailers		VLT Siteholders	
	25/26	24/25	25/26	24/25
Active licences	**944**	949	**416**	428
New licence approvals	**33**	30	**4**	8
Changes of ownership	**39**	48	**10**	11
Inspections	**672**	467	**1,458**	1,770
First Nation VLT siteholder reports	**-**	-	**17**	20

Gaming Suppliers and Gaming Service Suppliers	25/26	24/25
Active licences	**67**	60
New licence approvals	**4**	3
Annual licence reviews and renewals	**49**	44

Gaming Integrity	25/26	24/25
Authorizations (for central systems, games, game hardware and software, table games, rules of play, equipment, bingo paper, breakopen tickets, showdowns and ballot draws)	**383**	392
Inspections	**5**	18
Investigations	**1**	3

Gaming Industry Employees	25/26	24/25
Active employees (Aseneskak Casino, Manitoba Liquor and Lotteries Corporation, Sand Hills Casino and South Beach Casino)	**2,081**	2,476
New licence approvals	**477**	555
Licensing investigations	**36**	41
Annual licence reviews and renewals	**1,920**	2,012

Retail Cannabis	25/26	24/25
Active licences	**250**	230
New licence approvals	**27**	26
Licensing investigations	**42**	53
Inspections	**1,120**	1,160
Audit inventory reports	**1,400**	1,198



PUBLIC SAFETY COLLABORATION

In 2025/26, we entered a strategic partnership with the Public Safety Investigations Unit to address complaints about unlicensed stores selling cannabis. While enforcement measures for businesses not licensed by the LGCA are outside of our regulatory authority, we will refer any of these complaints received to the Public Safety Investigations Unit for their investigation.

Community Services

For the period from April 1, 2025 to March 31, 2026. Active licences and permits are as at March 31, 2026.

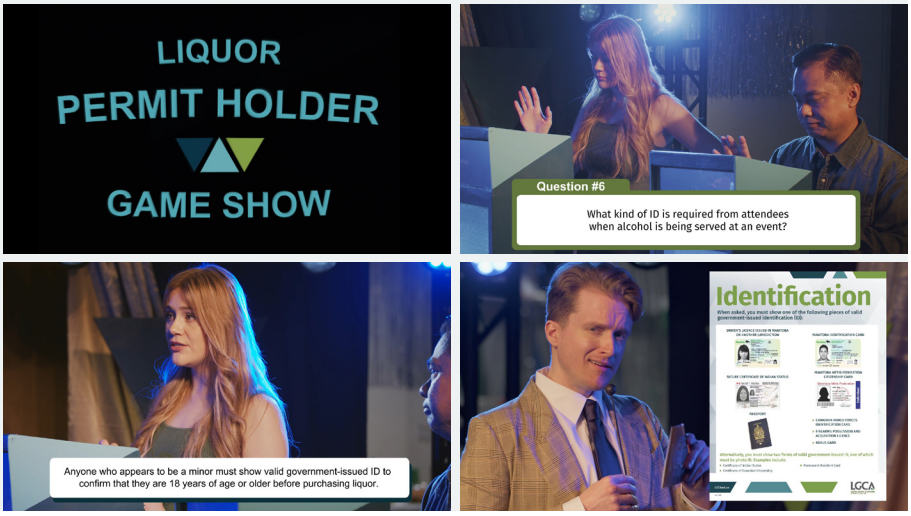
The LGCA issues licences and permits for eligible community-based events and activities, including socials, festivals, charitable fundraisers, family celebrations and special events. Licences and permits are granted in accordance with the Act and accompanying regulations and are issued with terms and 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 OCCASION PERMIT HOLDER EDUCATION

During 2025/26, the LGCA developed and launched a training video for social occasion permit holders. The video shares information about social occasion permit holder responsibilities and social occasion permit event requirements. The video is engaging and educational, based on the format of a gameshow with people competing by answering questions about social occasion permit events. The public can access the video at LGCAmb.ca, and the link is given to all social occasion permit applicants when they submit their application and when they receive their permit.



Social Occasions	25/26	24/25
Social occasion liquor permits	**6,776**	7,063
Pre-event assessments	**1,539**	1,727
Inspections at social occasion permit events	**155**	200
Social occasion raffle licences	**5,020**	4,448

Charitable Gaming Events	25/26	24/25
Charitable licensees	**1,632**	1,593
Active licences	**3,089**	3,035
New licence approvals	**2,733**	2,655
Inspections	**445**	351
Audit event reports	**2,316**	2,381

Charitable Gaming Overview (*in $ millions)

Event Type	Licensed Events		Gross Revenue*		Prizes Paid*		Total Expenses*		Net Profit*	
	25/26	24/25	25/26	24/25	25/26	24/25	25/26	24/25	25/26	24/25
Bingo	**125**	130	**22.81**	22.24	**16.20**	16.02	**3.06**	2.44	**3.55**	3.78
Breakopen	**68**	69	**1.68**	1.60	**1.22**	1.16	**0.10**	0.09	**0.36**	0.35
Raffle	**372**	369	**61.68**	54.00	**28.13**	27.20	**8.98**	7.36	**24.57**	19.44
Texas hold'em poker	**23**	24	**5.09**	3.88	**3.64**	2.78	**0.81**	0.62	**0.64**	0.48
Media bingo	**16**	15	**12.42**	10.32	**4.86**	3.72	**1.58**	1.71	**5.98**	4.89
Other	**12**	6	**0.23**	0.08	**0.20**	0.07	**0.02**	0.00	**0.01**	0.01
Totals	**616**	613	**103.91**	92.12	**54.25**	50.95	**14.55**	12.22	**35.11**	28.95

In addition, 2,130 licences were issued to charitable organizations that, due to reporting thresholds, were not required to submit financial reports or licence fees (116 bingo, 22 breakopen, 1,983 raffle, and nine Texas hold'em poker).

Licensing Authorities under Orders-In-Council	25/26	24/25
First Nation gaming commission annual audit reports	**22**	23
Municipal annual inspections	**31**	95
Municipal licensing authority reports	**124**	134

Horse Racing

For the period from April 1, 2025 to March 31, 2026. Active licences and registrations are as at March 31, 2026.

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 from March through October to deliver in-person service in the backstretch of Assiniboia Downs.

Thoroughbred Horse Racing Participants	25/26	24/25
Thoroughbred licences	**524**	429
Thoroughbred registrations	**537**	464

Standardbred Horse Racing Participants	25/26	24/25
Standardbred licences	**70**	72
Standardbred registrations	**12**	15



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	25/26	24/25
Thoroughbred live racing days	**50**	50
Thoroughbred on-track wagering	**$2,870,170**	$2,687,028
Total pari-mutuel wagering	**$20,798,072**	$22,251,423

Standardbred Wagering	25/26	24/25
Standardbred live racing days	**12**	15
Standardbred on-track wagering	**$26,177**	$47,380

Social Responsibility

The LGCA has a legislated mandate for social responsibility to develop, promote and support initiatives or programs to encourage the responsible consumption of liquor or cannabis, and responsible participation in gambling. We present public education messages in a neutral, non-judgemental manner and we neither discourage nor encourage participation or use of regulated products. Most of our campaigns discuss limit-setting and responsible use, while some campaigns inform Manitobans of laws and safety regarding liquor, gaming and cannabis products.

The expansion in 2023/24 of our responsibility to become the sole provider of public education for liquor, gaming and cannabis in Manitoba has allowed us to offer additional education about the products of the industries we regulate. This year, we updated an earlier campaign about Manitoba's cannabis laws to reflect new legislation and added targeted messaging to our existing sports betting campaign. We also launched a new public education initiative aimed at providing information about alcohol and cannabis use during and after pregnancy, which will be an ongoing educational initiative for years to come.

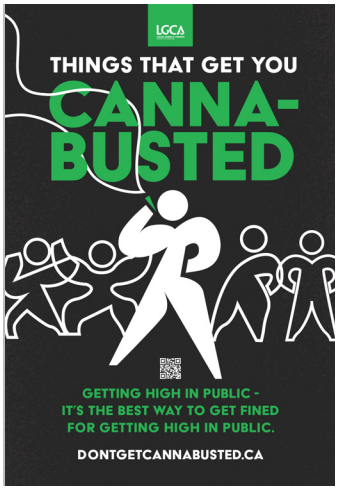
DON'T GET CANNA-BUSTED FOR HOME GROW

We revised our cannabis laws campaign – Don't Get Canna-Busted – and the associated microsite with new content resulting from the repeal of Manitoba's prohibition on home grown cannabis in 2025/26. The updated campaign included the following messages:

- No more than four cannabis plants can be grown in a home, no matter how many people live there;
- A person can carry no more than 30 grams of dried cannabis in public; and
- It is illegal to use cannabis in public (except for topical products).







Our Don’t Get Canna-Busted campaign's look is bright and colourful, with each variant using a different art style to communicate its message. The design and language are intended to appeal to younger adult Manitobans, the primary intended audience of this campaign.

AWARD-WINNING CAMPAIGN

Our 2025/26 Don’t Get Canna-Busted campaign won a Silver Summit International Marketing Effectiveness Award for Public Advocacy. The assessment for the award examines how clearly the presentation delivers on its strategic intent, and how effectively it changes perceptions, prompts action or strengthens affinity. The LGCA worked closely with the Winnipeg office of ChangeMakers, a North American strategy and communications firm, to develop this campaign.

BREAKING DOWN SPORTS BETTING MYTHS

2025/26 marked the third cycle of our sports betting campaign. The campaign focused on dispelling the myth held by some sports bettors that having knowledge about a team, player or sport can allow them to place a winning bet. Other campaign messaging conveyed that betting should be done as a form of entertainment and not to make money.

For this campaign, we partnered with Connor Hellebuyck of the Winnipeg Jets. Hellebuyck is a high-performing goalie, having won the Hart Memorial Trophy and the Vezina Trophy for the 2024-25 National Hockey League season. Partnering with a public figure who is well-known to sports fans in Manitoba added credibility to our message and built trust with our target audience of young adult males.



To reach this target audience, we ran the advertising heavily on television and streaming services and during live sports events. The campaign performed very well among the target audience. When surveyed after the campaign had run, those who reported placing a bet during the year prior to the campaign were more likely to recall seeing at least one of the advertisements and correctly recall the campaign's messages, especially with TV advertisements. Over half of the people surveyed said that Connor Hellebuyck added credibility to our messages and grabbed their attention.

DETERMINING OUR TARGET AUDIENCE

LGCA research underpins our public education initiatives. For our 2024 Manitoba Sports Bettor Survey, we surveyed 379 Manitobans who reported that they had bet on sports in the preceding 12 months. The survey found that men were two and half times more likely to have bet on sports than women. Four out of ten respondents said that they bet at least weekly, with younger bettors aged 18 to 29 years saying they bet more frequently and bet higher amounts than their older counterparts. This data has guided the LGCA to determine the target audience for our Know My Limits Sports Betting campaign series.



THE SAFEST CHOICE IS TO USE NO ALCOHOL OR CANNABIS DURING PREGNANCY

As part of our expanded social responsibility public education mandate, the LGCA committed to developing public education initiatives on prenatal and post-natal alcohol and cannabis consumption. In 2025/26, we launched our first education initiative on this topic. This campaign – No Safe Amount – is targeted at Manitobans who are pregnant or planning to become pregnant, their support networks, and healthcare providers who engage with pregnant individuals.

We conducted extensive background research to inform the development of this campaign. Initial research began in November 2024 when we surveyed 1,250 adult Manitobans, including an oversample of 285 respondents who were pregnant, new parents or planning to become pregnant within the next two years. In January 2025, we conducted eight qualitative focus groups with pregnant individuals and new parents. The specific objectives of these projects were to understand participants' awareness of the risks of prenatal alcohol and cannabis use, perceived adequacy of information and trusted sources of information.

Our research found there were lower levels of awareness of the risks related to prenatal alcohol and cannabis use among 18- to 34-year-olds and individuals who are planning to become pregnant, are currently pregnant, or are new parents. We also found that there was less overall knowledge about the risks of prenatal cannabis use.

RISK AWARENESS OF ALCOHOL, CANNABIS AND PREGNANCY

The research we conducted on the public's awareness of the risks of using alcohol or cannabis during pregnancy shows there is a need for public education.

AWARENESS OF RISKS OF ALCOHOL USE ON PREGNANCY OR AN UNBORN CHILD



AWARENESS OF RISKS OF CANNABIS USE ON PREGNANCY OR AN UNBORN CHILD



Most survey participants did not recall finding information about the risks of prenatal alcohol or cannabis use, beyond posters in bars or restaurants and at their doctor's office.

Many survey participants said they learned about risks related to alcohol and pregnancy in their high school health class, however, they did not learn about the risks associated with cannabis. This may be because most participants attended high school before cannabis was legalized.

The No Safe Amount campaign's concept emerged from the finding that survey respondents who were pregnant, new parents or planning to become pregnant had many questions about safe amounts for prenatal consumption of alcohol and cannabis. With this in mind, we developed advertisements in a question-and-answer format that provide straightforward, factual information.



As part of this campaign, we created resources such as brochures, infographics, and fact sheets/conversation guides for the target audience and health care providers. We also added a section on our Know My Limits website with information about the risks of alcohol and cannabis exposure on pregnancy. The LGCA plans to update resources as new research emerges and develop new resources and messages tailored to different audiences and communities.



ADVANCING RESEARCH IN MANITOBA



We are committed to supporting high-quality, innovative research that connects to our broad regulatory mandate. To grow research capacity for liquor, 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 2025/26, the LGCA renewed 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

The LGCA regularly conducts research to obtain up-to-date data about the industries we regulate. The knowledge that we gain guides our operational needs, legislative development initiatives, and public education campaigns.

Our 2025 Manitoba Liquor Survey surveyed 1,500 adult Manitobans regarding their alcohol consumption, including motivations for drinking, behaviours around setting limits, and opinions on the kinds of alcohol-related public education messages they think are important to improve public safety. Additional questions were added to our survey to assess Manitobans' awareness and adherence to national lower-risk guidelines. Highlights of our findings were released in late 2025 and we expect to publish the full report in 2026/27.

83% **of Manitobans surveyed reported drinking alcohol in the past 12 months.**

Reasons reported for drinking alcohol:

- **44%** To celebrate
- **39%** To be sociable
- **36%** To make social gatherings more enjoyable
- **35%** Customary on special occasions

Strategies reported for lowering risks when drinking alcohol:

- **52%** pre-plan transportation
- **38%** count the number of drinks consumed at an occasion
- **37%** limit the number of drinks consumed at an occasion

What is important for the LGCA to tell people about alcohol to reduce their risks?

- **23%** How alcohol impacts health/body
- **19%** Don't drink and drive/operate machinery
- **10%** Risks/effects of drinking
- **9%** Drink in moderation/not to excess

ENHANCING OUR SURVEY APPROACH

In February and March 2025, we ran our Manitoba Liquor Survey. This survey is a new iteration of the LGCA's Manitoba Liquor, Gambling and Cannabis Survey that we used to conduct once every three years. Starting with our 2025 Manitoba Liquor Survey, we will run annual surveys that shift focus each year on a rotational basis between liquor, gambling and cannabis. Smaller-scale annual surveys reduce the survey length and allow us to expand each questionnaire to include more topical variables for analysis. We will continue to compare trends in behaviours across surveys.

Financial Statements and Other Related Information

For the year ended March 31, 2026

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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 17, 2026

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, 2026, and the statements of operations and accumulated surplus, changes in net financial assets and 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 LGCA as at March 31, 2026, and the results of its operations, changes in its 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.

Other Matter

The financial statement for the year ended March 31, 2025 were audited by another auditor who expressed an unmodified opinion on those statements on June 16, 2025.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

MNP LLP
True North Square - 242 Hargrave Street, Suite 1200, Winnipeg MB, R3C 0T8 1.877.500.0795 T: 204.775.4531 F: 204.783.8329

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.

Winnipeg, Manitoba

June 17, 2026

MNP LLP

Chartered Professional Accountants

Statement of Financial Position

As at March 31	2026	2025
Financial assets		
Cash and cash equivalents (Note 3)	**$ 9,114,152**	$ 9,472,371
Accounts receivable (Note 4)	**59,726**	860,515
	9,173,878	10,332,886
Liabilities		
Accounts payable and accruals (Note 5)	**1,278,756**	1,531,315
Deferred revenue (Note 6)	**777,753**	736,921
Severance benefits (Note 7)	**1,074,421**	1,047,086
Non-vested sick leave benefits (Note 7)	**133,502**	127,532
Retirement benefits (Note 7)	**366,032**	319,507
	3,630,464	3,762,361
Net financial assets	**5,543,414**	6,570,525
Non-financial assets		
Tangible capital assets (Note 8)	**4,862,792**	2,827,841
Prepaid expenses	**75,243**	173,863
	4,938,035	3,001,704
Accumulated surplus	**$ 10,481,449**	$ 9,572,229

Commitments (Note 9)

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	2026 Budget	2026 Actual	2025 Actual
Revenue			
Licence fees			
Licence fees - liquor	$ 1,659,079	**$ 1,957,615**	$ 1,951,511
Licence fees - gaming	5,793,360	**6,031,802**	5,852,432
Licence fees - cannabis	223,633	**285,542**	246,500
Licence fees - horse racing	400,000	**382,913**	370,758
MLLC funding transfer	4,585,000	**3,700,000**	3,700,000
Public education transfer	1,406,080	**1,406,080**	1,352,000
Interest revenue	260,000	**231,085**	375,484
Other revenue	14,700	**21,350**	17,412
Revenue before pari-mutuel levy	14,341,852	**14,016,387**	13,866,097
Pari-mutuel levy (Note 13)	1,990,000	**1,778,511**	1,897,763
	16,331,852	**15,794,898**	15,763,860
Expenses			
Salaries and benefits	9,428,474	**7,823,274**	7,806,507
Public education	1,906,080	**1,749,043**	1,864,746
Legal and professional fees	558,000	**1,351,784**	790,466
Supplies and services	623,301	**736,577**	414,004
Rent	526,723	**553,472**	509,393
Amortization (Note 8)	567,430	**359,268**	337,313
Transportation	281,359	**138,740**	247,345
Communications	156,881	**130,604**	143,290
Education, training, conferences	100,000	**77,510**	110,721
Other expenses	53,427	**63,432**	62,744
Board	70,000	**48,855**	36,823
Accommodations	67,351	**47,897**	55,675
	14,339,026	**13,080,456**	12,379,027
Operating surplus before other expenses	1,992,826	**2,714,442**	3,384,833
Other expenses			
Loss on disposal of tangible capital assets (Note 8)	-	**(26,711)**	-
Pari-mutuel levy (Note 13)	(1,990,000)	**(1,778,511)**	(1,897,763)
	(1,990,000)	**(1,805,222)**	(1,897,763)
Annual surplus	2,826	**909,220**	1,487,070
Accumulated surplus, beginning of year	9,572,229	**9,572,229**	8,085,159
Accumulated surplus, end of year	$ 9,575,055	**$ 10,481,449**	$ 9,572,229

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

Statement of Changes in Net Financial Assets

For the year ended March 31	2026 Budget	2026 Actual	2025 Actual
Annual surplus	$ 2,826	**$ 909,220**	$ 1,487,070
Acquisition of tangible capital assets (Note 8)	-	**(2,420,930)**	(612,487)
Amortization of tangible capital assets (Note 8)	567,430	**359,268**	337,313
Loss on disposal of tangible capital assets (Note 8)	-	**26,711**	-
	567,430	**(2,034,951)**	(275,174)
Change in prepaid expenses	-	**98,620**	(53,388)
Increase (decrease) in net financial assets	570,256	**(1,027,111)**	1,158,508
Net financial assets, beginning of year	6,570,525	**6,570,525**	5,412,017
Net financial assets, end of year	$ 7,140,781	**$ 5,543,414**	$ 6,570,525

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

Statement of Cash Flows

For the year ended March 31	2026	2025
Cash provided by (used for) the following activities		
Operating		
Annual surplus	**$ 909,220**	$ 1,487,070
Amortization	**359,268**	337,313
Loss on disposal of tangible capital assets	**26,711**	-
	1,295,199	1,824,383
Changes in working capital accounts		
Accounts receivable	**800,789**	33,161
Prepaid expenses	**98,620**	(53,388)
Accounts payable and accruals	**(252,559)**	(39,293)
Deferred revenue	**40,832**	106,975
Provision for employee severance benefits	**27,335**	47,986
Provision for employee retirement benefits	**46,525**	(46,096)
Provision for employee sick leave benefits	**5,970**	(6,440)
	2,062,711	1,867,288
Investing		
Purchases of tangible capital assets	**(2,420,930)**	(612,487)
Increase (decrease) in cash and cash equivalents	**(358,219)**	1,254,801
Cash and cash equivalents, beginning of year	**9,472,371**	8,217,570
Cash and cash equivalents, end of year	**$ 9,114,152**	$ 9,472,371

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

Notes to Financial Statements

For the year ended March 31, 2026

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

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Basis of Presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash and Cash Equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. These short-term investments are held for the purpose of funding capital projects, pension liabilities, and meeting short-term cash commitments.

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, 2026. 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.

For former employees of the Manitoba Horse Racing Commission who transferred to the LGCA, severance is estimated based on current pay and years of service.

(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.

Net Financial Assets
The LGCA's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the LGCA is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated annual surplus.

Asset Classification
Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver services; they may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Tangible Capital Assets
Tangible capital assets are recognized at cost. Costs include the purchase price as well as other acquisition costs.

Amortization
Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

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

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

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

Long-lived Assets
Long-lived assets consist of tangible capital assets with finite useful lives and intangible assets under construction. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The LGCA performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in surplus for the year.

Revenue Recognition
Revenue from transactions with performance obligations is recognized when the LGCA satisfies

a performance obligation by providing the promised services to a payor. The performance obligation is evaluated as being satisfied either over a period of time or at a point in time.

(a) The LGCA recognizes commercial licence fees over the duration of the licence.

(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 industry stakeholders.

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

MLLC and Public Education Transfer
Annual funding is recognized as revenue when the LGCA, with the approval of Treasury Board, directs MLLC to pay the specified amount to the LGCA. The direction and approval establish the authority for the amount, and revenue is recognized when the funding is authorized and receivable.

The public education transfer is recognized as revenue when the amount is established via a memorandum of understanding and MLLC pays the LGCA for the purpose of conducting public education. Revenue is recognized when the memorandum is executed and the transfer is receivable.

Government Transfers
The funds from MLLC do not have performance obligations and are not government transfers. The LGCA would recognize a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the LGCA would recognize revenue as the liability is settled. Transfers of non-depreciable assets would be recognized in revenue when received or receivable.

Financial Instruments
The LGCA recognizes its financial instruments when the LGCA becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the LGCA may irrevocably elect to subsequently measure any financial instrument at fair value. The LGCA has made such an election during this fiscal year.
The LGCA has designated cash and cash equivalents, accounts receivable and accounts payable and accruals to be subsequently measured at their fair values as doing so is in accordance with the LGCA's risk management strategy since the individual instruments share the same risk exposure.

The LGCA subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The LGCA has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately

recognized in operating net income for the year. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment that is not considered temporary is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value.

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 revenue and expenses during the reporting period.

Accounts receivable is stated after evaluation as to 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. 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, 2026. Severance payable is based on the collective agreement with the Manitoba Government and General Employee's Union and is recorded at cost based on years of service to March 31, 2026. 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. Retirement benefits are estimated using the Civil Service Superannuation Act as amended to the measurement date.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements changes as such estimates and assumptions in future could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations and accumulated surplus in the year in which they become known.

Statement of Remeasurement Gains and Losses
By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues earned in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, these two statements account for changes in the LGCA's net assets (liabilities) in the year.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

There were no remeasurement gains or losses during the year or in the prior year. Therefore, a statement of remeasurement gains and losses has not been presented.

Future Changes in Accounting Standards
A number of new and amended Canadian public sector accounting standards have been issued and not applied in preparing these

financial statements. These standards will come into effect as follows:

- The Conceptual Framework for Financing Reporting in the Public Sector replaces the conceptual aspects of Public Sector Accounting Standard 1100 (Financial Statement Concepts) and Public Sector Accounting Standard 100 (Financial Statement Objectives) for fiscal years beginning on or after April 1, 2026.
- Public Sector Accounting Standard 1202, Financial Statement Presentation, replaces Public Sector Accounting Standard 1201 for fiscal years beginning on or after April 1, 2026. The standard introduces a new reporting model, including:
  - Revised statement of financial position format
  - New statement of net financial assets and net financial liabilities
  - New statement of changes in net assets or net liabilities

3. Designated Assets

There is an internally restricted fund of $7,000,000 (2025 - $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 and short-term commitments.

4. Accounts Receivable

	2026	2025
Licensees	**$ 54,897**	$ 71,132
Other	**3,423**	10,247
Employee licences	**950**	3,300
MLLC	**456**	775,836
	$ 59,726	$ 860,515

5. Accounts Payable and Accruals

	2026	2025
Accrued vacation pay	**$ 643,971**	$ 641,001
Accounts payable and accrued liabilities	**418,690**	697,219
Salaries and benefits payable	**216,095**	193,095
	$ 1,278,756	$ 1,531,315

6. 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	$736,921	$1,505,937	$1,465,105	$777,753

7. 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, 2026. 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 as at 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.

An actuarial report was completed for the severance pay liability as at March 31, 2026. The LGCA's actuarially-determined net liability for accounting purposes as at March 31, 2026 was $919,314 (2025 - $895,476). An actuarial (loss) gain of $64,593 (2025 - ($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 $43,249 (2025 - $22,366).

Significant long-term actuarial assumptions used in the March 31, 2026 valuation and in the determination of the March 31, 2026 present value of the accrued severance benefit obligation were:

Annual rate of return	4.80%
Annual salary escalation rates	
(i) general increases	
a) salary increase	2.00%
b) real rate	0.50%
	2.50%
(ii) service, merit and promotional increases	1.00%

The severance benefit liability at March 31, 2026 includes the following components:

	2026	2025
Accrued benefit liability	**$ 919,314**	$ 895,476
Unamortized actuarial gains	**155,107**	151,610
Severance benefit liability	**$ 1,074,421**	$ 1,047,086

Total expenses related to severance benefits at March 31, 2026 include the following components:

	2026	2025
Interest on obligation	**$ 41,356**	$ 39,494
Current period benefit cost	**90,326**	75,852
	131,682	115,346
Amortization of actual gain over expected average remaining lifetime	**(29,370)**	(27,755)
Total expense related to severance benefit	**$ 102,312**	$ 87,591

Severance payable is based on the collective agreement with the Manitoba Government and General Employee's Union and is recorded at cost based on years of service to March 31, 2026.

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 3.00% 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 that provides the highest earnings prior to retirement, termination, or death. 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 employees of the Manitoba Horse Racing Commission 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. Total contribution for this year was $467,144 (2025 - $486,779).

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, 2026, a reserve of $43,410 (2025 - $44,753) 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 $17,410 (2025 - decrease of $1,114).

For former employees of the Manitoba Horse Racing Commission 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, 2026, a reserve of $322,622 (2025 - $274,754) 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 decreased by $47,868, (2025 - decrease of $44,982). The plan was amalgamated with the MGEU 425 and 426 plan during the fiscal year ending March 31, 2025.

Significant long-term actuarial assumptions used in the March 31, 2026 valuation and in the determination of the March 31, 2026 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%
	6.00%
Annual salary escalation rates	
(i) general increases	
a) salary increase	2.00%
b) productivity component	0.50%
	2.50%

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

8. Tangible Capital Assets

2026

	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furniture and fixtures	**$ 1,608,619**	**$ 15,146**	**$ -**	**$ 1,623,765**
Leasehold improvements	**2,101,086**	**-**	**-**	**2,101,086**
Computer equipment	**644,428**	**268,046**	**189,803**	**722,671**
Equipment	**123,521**	**-**	**8,513**	**115,008**
Assets under construction	**454,236**	**2,137,738**	**-**	**2,591,974**
	4,931,890	**2,420,930**	**198,316**	**7,154,504**
Accumulated amortization				
Furniture and fixtures	**769,639**	**85,227**	**-**	**854,866**
Leasehold improvements	**852,171**	**148,424**	**-**	**1,000,595**
Computer equipment	**394,810**	**118,399**	**163,527**	**349,682**
Equipment	**87,429**	**7,218**	**8,078**	**86,569**
	2,104,049	**359,268**	**171,605**	**2,291,712**
Net book value	**$ 2,827,841**	**$ 2,780,198**	**$ 26,711**	**$ 4,862,792**

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

9. Commitments

The LGCA has entered into various lease agreements with estimated minimum annual payments as follows:

2027	$ 280,340
2028	$ 272,690
2029	$ 234,440
2030	$ 234,440
2031	$ 234,440

10. Budget Information

The disclosed budget information has been provided for comparison purposes and has been derived from the estimates approved by the board.

11. 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 (2025 - $2,000,000). As at March 31, 2026, $2,000,000 (2025 - $2,000,000) of these advances were unused and available.

12. 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.

13. 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 funding 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.

	2026	2025
Manitoba Standardbred Racing Industry	**$ 297,901**	$ 317,875
Horsemen's Benevolent and Protective Association	**1,169,371**	1,247,779
Canadian Thoroughbred Horse Society	**311,239**	332,109
	$ 1,778,511	$ 1,897,763

14. Financial Instruments

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

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. 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 is not exposed to significant credit risk as the receivable is composed of fees due from clients and payment in full is 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 value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The LGCA is exposed to interest rate risk on cash and cash equivalents. The interest risk on cash and cash equivalents is considered to be low, due to their short-term nature.

LIQUOR, GAMING & CANNABIS
AUTHORITY OF MANITOBA

1055 Milt Stegall Drive
Winnipeg, MB R3G 0Z6

Telephone: 204-927-5300
Toll-free: 1-800-782-0363

Email: information@LGCAmb.ca
Website: LGCAmb.ca

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

La version française de ce rapport est disponible sur le site web de la Régie des alcools, des jeux et du cannabis du Manitoba, à l'adresse LGCAmb.ca.

Available in alternate formats, upon request.