



Annual Report

2023/24

*Regulating
for a safer
Manitoba.*

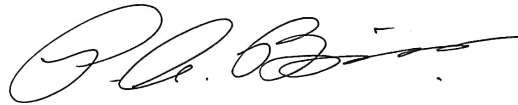
August 31, 2024

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 (LGCA) for the fiscal year ended March 31, 2024. My board colleagues and I are honoured to have been asked by the Manitoba government to lead the LGCA going forward, effective the appointment dates noted below.

Respectfully,



Pat Britton
Chair



Board Members

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

Rich Harries
Member
Morden

Sofia Mirza
Member
Winnipeg

Gerald Rosenby*
Member
Winnipeg

* Appointed on June 12, 2024

** Appointed on July 24, 2024

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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 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 Executive Director and CEO

In 2023/24, the LGCA built on the strong foundation established last year in our efforts to implement our ambitious four-year strategic plan. This included progress on ongoing service, digital, and human resources initiatives to transform the way we regulate Manitoba's liquor, gaming, cannabis and horse racing industries. This year also brought sweeping changes to the framework for liquor service licensing, with Bill 7, The Liquor, Gaming and Cannabis Control Amendment Act, coming into force in September 2023.

Bill 7 overhauled a liquor service licensing framework that had been set during Manitoba's post-prohibition days and remained relatively unchanged for decades. In developing the new framework, the LGCA undertook extensive consultations to understand the needs of the hospitality industry, as well as stakeholders from law enforcement and harm reduction agencies. These efforts resulted in a new framework that positions the LGCA to respond to industry innovation and entrepreneurship, as well as to public preferences for how liquor is served in our province. With outdated operational requirements removed, the focus has rightly shifted to prioritizing public safety though requirements related to safe liquor service. Details of the new framework are presented on pages 11 and 12 of this report.

Stakeholder engagement is at the core of our strategic plan. One topic that was raised as we consulted about liquor service licensing was the types of accepted identification to purchase regulated products in Manitoba. I am pleased to say that this year, we expanded the regulations for primary identification that licensees can accept as proof of age, thus reducing barriers for individuals accessing age-restricted products. The Manitoba Métis Federation

citizenship card is among the types of primary identification now accepted, which acknowledges the unique and essential role of the Métis community in the history, culture and makeup of Manitoba. I am grateful to the Manitoba Métis Federation for their collaboration with us to include the citizenship card.

This year, we were excited to launch our minors as agents program, in which we employ young people between the ages of 16 and 18 years old as "minor agents" to work alongside LGCA inspectors. The new program, supported by legislation, aligns with public health and safety policies that strive to keep liquor, cannabis and provincial gaming products out of the hands of minors. Through this program, we aim to reduce underage sales by detecting them and following up with licensee education and enforcement. The enthusiasm and professionalism of our minor agents has been inspiring to see as they've embraced the challenges of their new role. More details and early statistics from this program are provided on page 15 of this report.

2023/24 marks the first year that a memorandum of understanding was in effect between the LGCA and Manitoba Liquor

and Lotteries Corporation to centralize responsibility for public education with the LGCA. As a neutral regulatory body, the LGCA is well-positioned to be the sole provider of paid public education for liquor, gaming and cannabis in Manitoba. This report's section on social responsibility, beginning on page 22, describes this year's new public education campaigns and the research evidence on which they were based. This included new campaigns under our Know My Limits brand that shared lower-risk liquor consumption strategies for the holiday season and tactics that sports bettors can apply to reduce their risks when gambling. Our "Don't Get Canna-Busted" campaign reminded the public about the laws for cannabis. We are eager to rise to the challenge of this expanded mandate and look forward to delivering more dynamic and engaging public education across the province going forward.

Staff engagement plays a crucial role in all our successes. In 2023/24, we engaged in an ongoing initiative that has seen the LGCA's leadership and teams define and put into practice the cultural elements that will foster our forward momentum. We also embarked this year on a multi-year transformational initiative to provide better resources to our team by replacing our more than 20-year-old regulatory assurance system. A new, digital-first system will allow us to better support internal operations, meet legislated requirements for accessibility and French language services, and more easily accommodate legislative changes to the industries we regulate. Expanded and intuitive online and self-serve options

will benefit both staff and clients, allowing applicants to monitor their progress through the licensing process and freeing up staff to provide customer service where it is needed most. Stay tuned for updates about this strategic initiative in coming years.

This past year has been an exciting one for the LGCA. I would like to take this opportunity to thank the LGCA team for all their hard work to operationalize the extensive legislative and regulatory changes that came into effect during 2023/24. It is evident that each one of you contributes to the LGCA's mission to promote and enforce a framework for safety in the liquor, gaming, cannabis and horse racing industries. I also appreciate the support and guidance from our board as we continue to achieve our strategic plan's goals. At the time of writing, several new board member appointments have been made. I extend a warm welcome to our new board members and look forward to working with you and our LGCA team in service to Manitobans.

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.



EDUCATING MANITOBANS TO MAKE LOWER-RISK DECISIONS

In 2023/24, the LGCA took on the responsibility of providing all paid public education for lower-risk liquor and cannabis consumption, and lower-risk gambling participation. Both the LGCA and Manitoba Liquor and Lotteries Corporation have legislated mandates for social responsibility initiatives; however, the responsibility for province-wide liquor, gambling and cannabis public education was transferred uniquely to the LGCA through a memorandum of understanding that includes a funding transfer from Manitoba Liquor and Lotteries Corporation expressly for this work.

As a neutral regulatory body, we are well-positioned to provide public education. The LGCA has extensive experience providing Manitobans with education and resources that encourage responsible use of liquor, gaming and cannabis. We will continue to provide regular campaigns and initiatives that support lower-risk behaviours related to the industries we regulate. Our 2023/24 campaigns are featured on pages 22 to 25.



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. Legislation and regulations came into force this year to modernize Manitoba's liquor service licensing framework and repeal the social responsibility fee for licensed cannabis retailers.



Bill 7, The Liquor, Gaming and Cannabis Control Amendment Act was proclaimed on September 1, 2023, at the same time as corresponding regulatory amendments came into effect. These amendments were the result of extensive stakeholder consultations conducted starting in early 2021. The amendments streamlined the liquor service licensing categories to two: general and age-restricted, and eliminated burdensome requirements unrelated to the safe service of liquor. For more information about this extensive regulatory overhaul, please see pages 11 and 12.

Bill 10, The Liquor, Gaming and Cannabis Control Amendment Act (Social Responsibility Fee Repealed) was proclaimed on July 1, 2023, repealing the requirement for licensed cannabis retailers to remit a social responsibility fee of 6% of gross revenue to government. The repeal was retroactive to January 1, 2022. While the LGCA previously received a portion of the social responsibility fee collected by government, the LGCA did not have a role in fee collection, administration or allocation.

2022-2026 Strategic Plan

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

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



BUILDING STAKEHOLDER ENGAGEMENT

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

In keeping with the engagement framework, annual correspondence with stakeholders to inquire about matters relating to the LGCA's regulated industries was introduced this year. This proactive approach extended to other levels of government, First Nations, industry associations, casino operators, law enforcement, and public health agencies, among others. The LGCA was also part of several working groups with Justice Canada, Health Canada, the Canadian Pari-Mutuel Agency and other provincial regulators tasked to review and propose possible amendments to the Cannabis Act (Canada) and sections of the Criminal Code (Canada) related to gaming.

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.

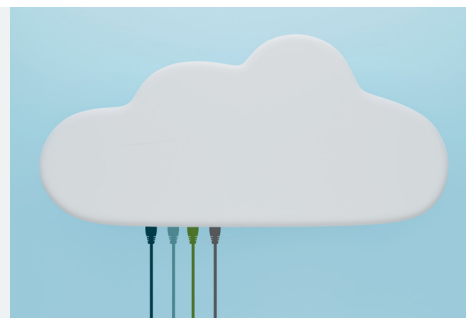


A prudent financial model to enable long-term achievement of the LGCA's mandate.



NEW REGULATORY ASSURANCE SOLUTION

A multi-year project is underway to source a customizable cloud-based enterprise system that will allow the LGCA to deliver all of its regulatory programs online. The LGCA's current regulatory assurance solution has been in use for more than 20 years and is not able to meet current digital needs. The LGCA issued a request for proposals in June 2023 and proposals submitted by interested proponents are under review.



Structure

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

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

OPERATIONS

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

There are four departments in the Operations Unit: commercial licensing; commercial inspections; charitable gaming, audit and integrity services; and social occasions and horse racing. Together, these departments authorize and monitor the businesses, organizations, individuals and activities that operate in Manitoba's liquor, gaming, cannabis and horse racing industries. This includes issuing licences, permits and approvals, and ensuring compliance with applicable legislation, regulations, and terms and conditions. Staff provide advice and service to applicants, licensees, permit holders,

the public and other stakeholders. They also respond to consumer complaints; conduct liquor, gaming, cannabis and horse racing inspections, investigations and audits; mediate disputes; and recommend remedies and sanctions.

ANCILLARY SERVICES

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

The Finance and Administration Unit is responsible for the administration and management of the LGCA's financial activities, as required under Part 2 of the Act, including general accounting, budget planning, financial management and reporting; managing and safeguarding assets; borrowing and investing; and banking. This also includes accurately recording, consolidating and reporting the LGCA's financial activities to be presented for audit. Complete financial statements for the year ended March 31, 2024, are published in this report beginning on page 29.

Finances and Resources

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

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

The Act permits the LGCA to establish its own bank account and operating line of credit. An annual budget is approved by the board, reviewed by the minister responsible for the Act, and approved by Treasury Board. The LGCA's budget is integrated in the summary budgeting process for the minister's primary department, Manitoba Justice.

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

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. The board conducted two appeal hearings in 2023/24.



MEETING FINANCIAL REPORTING REQUIREMENTS

Our 2022/23 annual report, including financial statements, was tabled in the legislature in accordance with the Act on November 24, 2023.



CLEAN AUDIT OPINION

While the full integration of horse racing regulation within the LGCA during 2022/23 created a more complex financial audit than in previous years for our organization, the LGCA received a clean audit opinion from our financial auditors, BDO Canada LLP, for the 2022/23 fiscal year.



COLLECTIVE AGREEMENT RATIFIED

A successful bargaining process resulted in LGCA employees ratifying a new collective agreement on March 12, 2024. The agreement, which is expected to be signed early in the 2024/25 fiscal year, covers the period of March 25, 2023 to March 19, 2027. Adding to the complexity of this negotiation was the merging of employees of the former Manitoba Horse Racing Commission, who will become part of the new single LGCA collective agreement with the Manitoba Government and General Employees' Union locals 425 and 426.



Related Authorities Reporting

The Freedom of Information and Protection of Privacy Act (FIPPA) provides a right of access to records held by public bodies and regulates how public bodies manage personal information. The LGCA processed three applications for information under FIPPA in 2023/24.

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 2023/24.

The Workplace Safety and Health Act and associated regulations are in place to protect the safety and health of workers in Manitoba. The LGCA has a Safe Work Program that meets the legislated requirements and needs of our organization. As part of this program, in 2023/24, a safe driving at work program and associated safe work procedures were finalized. Train-the-trainer sessions were conducted for LGCA management, who provide training to employees and oversee the program on a daily basis for employees who drive in the course of their work.



SAFETY FOR OUR EMPLOYEES

First aid training is provided to employees and management who are part of the LGCA's workplace safety and health committee, and to inspectors who work in the field. The LGCA prioritizes employee safety and includes training about best practices for safety in the workplace at all quarterly staff meetings.

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. In our plan, we identified actions to develop our capacity over a four-year period to provide a wider range of services and information in bilingual formats. In 2023/24, the LGCA reinforced our

commitment to building French capacity by making French language training accessible to all staff throughout the year and by identifying employees who are prepared to provide service in French to the public. In addition, a new French language services committee was formed, with representation from all units in the organization. The committee meets quarterly to review progress on actions outlined in the multi-year French language strategic plan.



MODERNIZATION OF MANITOBA’S LIQUOR SERVICE REGULATORY FRAMEWORK

Licence Types: Regulatory changes came into effect in 2023 to simplify the previously complex and burdensome licensing process for businesses that serve liquor for on-site consumption, such as restaurants, bars and tasting rooms. Responding to industry requests and extensive consultations, the new framework reduces red tape, offers more flexibility and opportunities to innovate, and emphasizes the safe service of liquor. These changes have allowed the LGCA to consider more varied options for liquor service from the hospitality industry, and a broader range of licensees can now participate in catering, liquor sales with delivery or takeout, and the bring your own wine program.



The proclamation of Bill 7, The Liquor, Gaming and Cannabis Control Amendment Act, on September 1, 2023, streamlined the number of liquor service licence categories from six to two, and removed requirements unrelated to the safe service of liquor. For example, entertainment requirements that were based on the frequency and type of entertainment provided in a venue no longer form part of the requirements to hold a liquor

service licence. As another example, food must be available for customers in all licensed premises, but the requirement for an on-site kitchen was removed, resulting in certain hospitality industry operators no longer incurring the expense of creating kitchen facilities. Businesses benefit from the amendments through reductions to operational costs and by working within a licensing system that is easier to navigate.

Maximum Serving Sizes: On June 9, 2023, the maximum serving size of beer, cider and coolers increased from 750 ml to 1,000 ml. The previous limit had been in place for decades, and prior to the growth of the craft beer industry and the development of industry packaging standards. This change provides greater flexibility for liquor service licensees and responds to both consumer preferences and industry standards, as 473 ml tall cans are common in the local craft brewing industry. The risk of over-service associated with this change is low, as customers are still restricted to having two containers in their possession at one time.



Identification Cards: As part of the efforts to update and modernize the liquor framework in Manitoba, on July 1, 2023, regulatory amendments expanded the list of acceptable primary identification types that can be used by the public to prove their age when purchasing liquor or cannabis or participating in provincial gaming. The expanded options for primary identification include valid Canadian Armed Forces identification cards, driver's licences issued in any jurisdiction, firearms possession and acquisition licences, Manitoba Identification cards issued by Manitoba Public Insurance, Manitoba Métis Federation citizenship cards, NEXUS cards, secure certificate of Indian status cards, and passports issued by any country. This change removes barriers for accessing age-restricted products in Manitoba by those legally allowed to purchase them.

Identification

When asked, you must show one of the following pieces of valid government-issued identification (ID):

<p>DRIVER'S LICENCE ISSUED IN MANITOBA OR ANOTHER JURISDICTION</p> 	<p>MANITOBA IDENTIFICATION CARD</p> 
<p>SECURE CERTIFICATE OF INDIAN STATUS</p> 	<p>MANITOBA MÉTIS FEDERATION CITIZENSHIP CARD</p> 
<p>PASSPORT</p> 	<ul style="list-style-type: none"> ▶ CANADIAN ARMED FORCES IDENTIFICATION CARD ▶ FIREARMS POSSESSION AND ACQUISITION LICENCE ▶ NEXUS CARD

Alternatively, you must show two forms of valid government-issued ID, one of which must be photo ID. Examples include:

- ▶ Certificate of Indian Status
- ▶ Certificate of Canadian Citizenship
- ▶ Permanent Resident Card

Operations Overview

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



SUPPORTING LICENSEES WITH TRAINING

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 2023/24, we delivered 358 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, 2023 to March 31, 2024. Active licences are as at March 31, 2024.

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 auditors review licensee financial reports and activities, including cannabis inventory reports. Investigators conduct gaming employee and supplier investigations to support the licensing process. They also respond to referrals from other LGCA departments and the public, and investigate complaints.

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

Liquor Service, Retail and Manufacturing	23/24	22/23
Active service licences	1,891	1,982
Active retail licences	478	483
Active manufacturer licences	35	35
New licence approvals	102	99
Changes of ownership	29	27
Service inspections	9,518	8,567
Retail inspections	2,413	2,497
Manufacturer inspections	69	71
Last Drink Program referrals*	39	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.

Liquor and Cannabis Delivery	23/24	22/23
Active delivery licences	12	12



SMART CHOICES MAKE A DIFFERENCE

During this fiscal year, 11,796 people completed Smart Choices liquor service and retail certification and 1,864 people completed Smart Choices retail cannabis certification. Smart Choices is the responsible service training offered by the LGCA 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.

Social Responsibility Checks	23/24	22/23
Smart Choices certification checks	1,685	3,851
Age control identification checks	1,433	2,198



MINORS AS AGENTS PROGRAM LAUNCHED

The LGCA's minors as agents program was launched in September 2023 to enhance our capacity to enforce breaches related to the sale or service of regulated products to minors or young people. Agents in the program attempt to purchase regulated products, allowing the LGCA to monitor licensees' compliance with prohibitions on under-age sales. The purpose of these inspections is to make sure 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; agents are required to work with an LGCA inspector at all times.



Lottery ticket retailers were selected as the initial licence type to be inspected, allowing minor agents and inspectors to implement and assess this new program with lower-risk licensees. These premises allow minors to be present, so they are familiar environments for agents, and the inspector can generally observe the minor agent throughout the entire transaction. The program will expand to include inspections of other types of licensees in the future.

In this first year of the program, 370 minors as agents inspections resulted in 90 breaches, a 24.3% breach rate. In keeping with the LGCA's progressive discipline model, an educational approach has been used as a first step, with 84 education sessions provided by inspectors to licensees, and sanctions escalating for repeated breaches.

Lottery Ticket Retailers and Video Lottery Terminal (VLT) Siteholders	Lottery Ticket Retailers		VLT Siteholders	
	23/24	22/23	23/24	22/23
Active licences	947	937	436	436
New licence approvals	19	23	11	8
Changes of ownership	89	63	10	9
Inspections	1,070*	641	2,252	2,323
First Nation VLT siteholder reports	-	-	34	70

* After an inspection by a minor as agent, an inspector conducts a follow-up with the licensee, which is included in the reported number of inspections.

Gaming Suppliers and Gaming Service Suppliers	23/24	22/23
Active licences	63	61
New licence approvals	3	1
Annual licence reviews and renewals	79	53

Gaming Integrity	23/24	22/23
Authorizations (for central systems, games, game hardware and software, table games, rules of play, equipment, bingo paper, breakopen tickets, showdowns and ballot draws)	268	291
Inspections	38	64
Investigations	4	18

Gaming Industry Employees	23/24	22/23
Active employees (Aseneskak Casino, Manitoba Liquor and Lotteries Corporation, Sand Hills Casino and South Beach Casino)	2,269	2,276
New licence approvals	636	610
Licensing investigations	90	92
Annual licence reviews and renewals	2,061	2,033

Retail Cannabis	23/24	22/23
Active licences	203	181
New licence approvals	33	39
Licensing investigations	44	31
Inspections	1,180	1,032
Audit inventory reports	965	1,826

Community Services

For the period from April 1, 2023 to March 31, 2024. Active licences and permits are as at March 31, 2024.

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, inspectors visit socials, festivals, and charitable gaming events to assess and confirm regulatory compliance, and to identify and remedy gaps.

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



Social Occasions	23/24	22/23
Social occasion liquor permits	7,005	7,157
Pre-event assessments	1,508	1,554
Inspections at social occasion permit events	335	347
Social occasion raffle licences	3,132	4,044

Charitable Gaming Events	23/24	22/23
Charitable licensees	1,287	1,378
Active licences	2,568	2,614
New licence approvals	2,043	2,257
Inspections	367	341
Audit event reports	2,247	2,456

Charitable Gaming Overview (*in \$ millions)										
Event Type	Licensed Events		Gross Revenue*		Prizes Paid*		Total Expenses*		Net Profit*	
	23/24	22/23	23/24	22/23	23/24	22/23	23/24	22/23	23/24	22/23
Bingo	134	148	22.13	17.14	16.43	13.20	2.69	2.12	3.01	1.82
Breakopen	73	84	1.60	1.28	1.18	0.93	0.11	0.09	0.31	0.26
Raffle	318	303	47.83	44.74	20.50	19.30	6.90	7.08	20.43	18.36
Texas hold'em poker	21	23	3.19	2.28	2.11	1.61	0.49	0.37	0.59	0.30
Media bingo	15	17	8.79	7.13	2.58	4.15	1.35	1.41	4.86	1.57
Other	8	2	0.16	0.04	0.13	0.03	0.03	0.00	0.00	0.01
Total	569	577	83.7	72.61	42.93	39.22	11.57	11.07	29.2	22.32

In addition, 1,625 licences were issued to charitable organizations that, due to reporting thresholds, were not required to submit financial reports or licence fees (74 bingo, five breakopen, 1,540 raffle, five Texas hold'em poker and one other).



LOWER LICENCE FEES FOR CHARITABLE GAMING

On April 1, 2023, the LGCA decreased our licence fees to 1.0% of gross revenue for raffles and Texas hold'em poker tournaments with gross revenues of more than \$10,000, and for all bingo and breakopen events, media bingos, sport drafts and Calcutta auctions. The licence fee had previously been 1.5% of the gross revenue for these types of charitable gaming events. Licensed charitable raffles and Texas hold'em poker tournaments with gross revenues of \$10,000 or less continue not to pay any licence fees to the LGCA.



Licensing Authorities under Orders-In-Council	23/24	22/23
First Nation gaming commission inspections	6	9
First Nation gaming commission annual audit reports	24	24
Municipal annual inspections	16	117
Municipal licensing authority reports	122	138

Horse Racing

For the period from April 1, 2023 to March 31, 2024. Active licences and registrations are as at March 31, 2024.

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

Thoroughbred Horse Racing Participants	23/24	22/23
Thoroughbred licences	572	548
Thoroughbred registrations	456	406

Standardbred Racing Participants	23/24	22/23
Standardbred licences	76	65
Standardbred registrations	9	0



AMENDED LICENCE FEES FOR RACE HORSE OWNERS

The fee charged for thoroughbred and standardbred horse owner licences was amended this year to be based on the percentage of ownership, in response to industry requests. The licence fee for an owner having a fractional ownership of less than 5% of any horse was reduced to \$25 on April 1, 2023. Owners having full ownership or fractional ownership of 5% or greater of any horse continue to be charged a \$100 owner licence fee.

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	23/24	22/23
Thoroughbred live racing days	50	50
Thoroughbred on-track wagering	\$2,686,731	\$2,606,529
Total pari-mutuel wagering	\$21,791,316	\$22,881,130



RACE TRACK OPERATOR LICENSING

In July 2023, the LGCA issued a race track operator licence that allowed 14 days of live standardbred racing at The Loop, a new horse race track located on the Red River Exhibition grounds. Prior to receiving approval, the operator had to meet the LGCA's terms and conditions for the newly constructed half-mile race track, paddock barn and judges' stand.



Standardbred Wagering	23/24	22/23
Standardbred live racing days	14	9
Standardbred on-track wagering	\$26,630	\$19,641

Social Responsibility

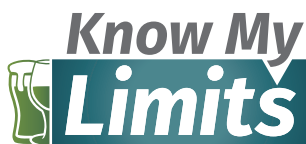


ENCOURAGING LOWER-RISK CHOICES

The LGCA has a legislated mandate to develop, promote and support initiatives or programs to encourage the responsible consumption of liquor or cannabis, and responsible participation in gambling. We seek public input and conduct research to ensure our public education programs are supported by evidence.

As a neutral regulator of age-restricted products and activities, our public education campaigns are non-judgmental and encourage adult Manitobans to set limits when they consume the products or participate in the activities that we regulate. Other important functions of our public education are consumer protection information and messaging that furthers public understanding of the laws for liquor, gambling and cannabis. We use a variety of advertising, including online, street level, billboard, transit, convenience store posters, television and radio, as well as streaming audio, video and social media platforms.

The LGCA ran three new campaigns in 2023/24, each targeting specific demographics supported by LGCA research and data. Through our Know My Limits public education brand, we promoted limit-setting strategies that adult Manitobans can use when consuming alcohol during the holiday season and when betting on sports. We also launched a new campaign to remind the public about the laws for cannabis purchase and consumption.





Our Know My Limits Holiday Liquor campaign included strategies for lower-risk drinking shared in previous campaigns, as well as those developed by the Canadian Centre on Substance Use and Addiction. The Canadian Centre on Substance Use and Addiction released updated guidance on alcohol and health in 2022/23, which is reflected in this campaign. A first for the LGCA was the development of radio spots in three Indigenous languages: Cree, Ojibwe and Oji-Cree. Limited Indigenous media placements are available in Manitoba and the radio advertising broadened our reach to this audience.



EVENT-BASED SOCIAL MEDIA ACTIVITY

Coinciding with major sporting events and holidays, the LGCA delivered targeted responsible use and participation messages through our social media channels.



FOLLOW US!

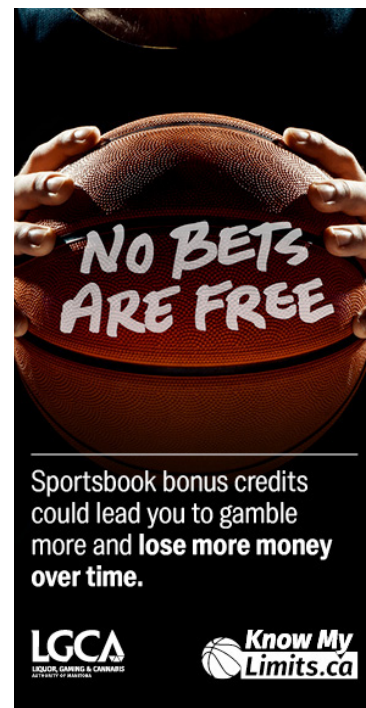


Facebook.com/LGCAManitoba



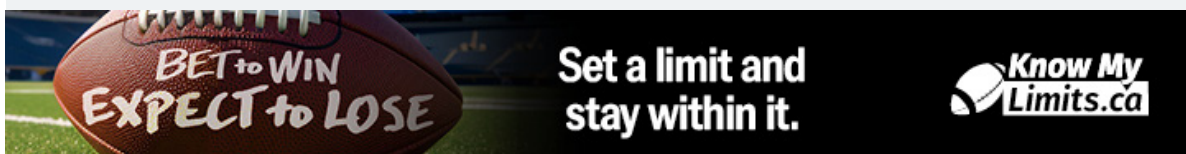
Instagram.com/LGCA_Manitoba

The legalization of single event sports betting in 2021 has led to increased public interest in sports betting and advertising by gambling website operators. The increase in advertising during live sports events has made betting more accessible, which in turn, increases the potential of gambling-related harms. The LGCA took this opportunity to launch a new Know My Limits Gambling campaign this year aimed at sports bettors, with a specific emphasis on online betting. The messaging included strategies for responsible betting, information to dispel myths associated with sports betting, and the risks of placing bets on unregulated gambling websites. This was the first Know My Limits Gambling campaign to shift its focus from the more traditional forms of gambling to sports betting. It was also the first time that the LGCA ran television advertising, with placements on TSN, CBC and SportsNet to directly reach sports fans.



EVIDENCE-BASED PUBLIC EDUCATION

Our ongoing research creates a solid base for the public education we deliver. Prior to developing our new Know My Limits Sports Betting campaign, we conducted focus groups and an online survey with sports bettors to gain understanding about Manitoba’s sports betting landscape and sports bettors’ behaviours and beliefs.

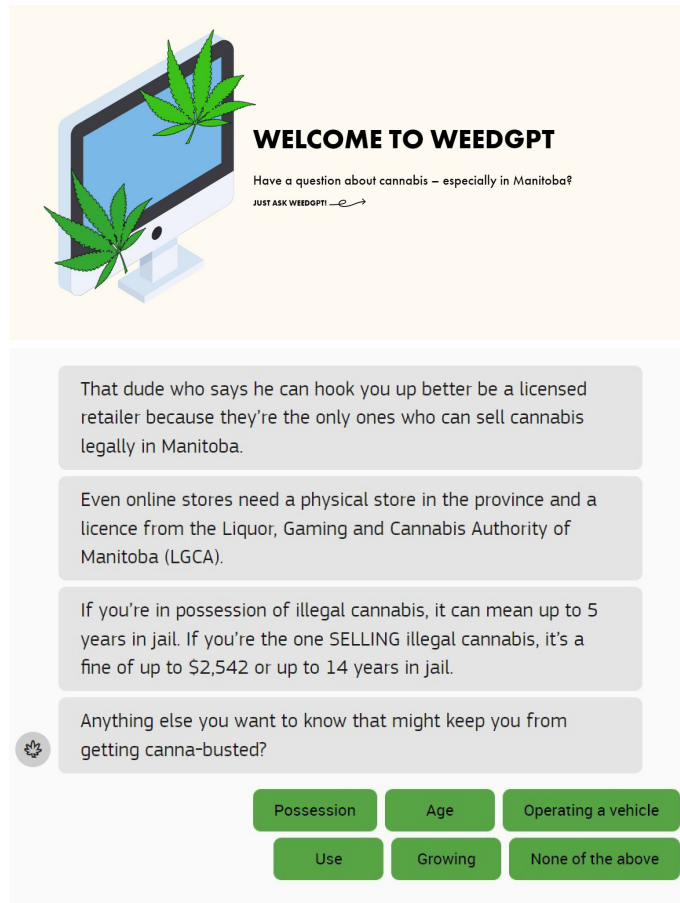


The research showed that two thirds of sports bettors in Manitoba are male and that football and hockey are the most popular sports on which they place bets. A large portion of the bettors surveyed believe that betting creates fun and excitement for watching sports and, compared to other forms of gambling, bettors believe they have more control over sports betting outcomes. They also feel that there is a need to communicate lower-risk gambling strategies such as setting a budget when betting. This primary research led the LGCA to develop campaign messaging and imagery that would primarily resonate with males and that would help dispel myths about sports betting.



Cannabis laws have evolved since the early days of cannabis legalization when the LGCA launched our first cannabis public education campaign. The messaging for the new campaign this fiscal year reminded the public of existing and newer laws, and addressed the changes in attitudes and consumption habits that have occurred. Bright colours and informal language were used in the new Don't Get Canna-Busted campaign's advertisements to engage a demographic of young adults aged 19 years and older.

We created an informative and interactive microsite specifically for the Don't Get Canna-Busted campaign that lets visitors connect with WeedGPT, the LGCA's cannabis public education chatbot.





MANITOBA LIQUOR, GAMBLING AND CANNABIS SURVEY II

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

We conduct prevalence surveys every three years to gather information about Manitobans' knowledge and behaviours related to liquor, gambling and cannabis and to monitor population trends. Collecting similar data at different time points tracks the evolution of adult Manitobans' consumption of alcohol and cannabis, as well as their participation in gambling activities. Tracking these changes helps ensure that policy development and social responsibility initiatives are responsive to the changing needs of Manitobans.

In 2022, the LGCA surveyed 1,604 Manitobans aged 18 years and older using online panel and random-digit telephone surveys, with the full report released in 2023/24. We asked Manitobans questions regarding their alcohol and cannabis consumption and their participation in gambling activities, behaviours around setting limits on use, motivations for use, as well as their perceptions on LGCA public education initiatives.



What Manitobans said about their motivators for use or participation and behaviours related to liquor, gaming and cannabis:

81% of Manitobans reported drinking in the past 12 months, motivated primarily by social reasons. When consuming alcohol, 75% of Manitobans stated that they always used at least one lower-risk drinking strategy to reduce risks related to alcohol consumption. The most common strategies used were pre-planning transportation, eating while drinking, and limiting the number of drinks.



81% of Manitobans reported drinking in the past 12 months

80% of Manitobans reported participating in at least one type of gambling in the past 12 months. The most popular forms of gambling were lottery tickets, charity raffles/fundraising tickets, slot machines and VLTs, with the popularity of each increasing by several percentage points. Betting on sports online and betting on horse races were the least popular gambling activities, although their popularity also increased several percentage points (9% and 10% in 2022, compared to 1% and 5% in 2019, respectively).



80% of Manitobans reported participating in gambling in the past 12 months

32% of Manitobans reported consuming cannabis in the past 12 months, with those 25 to 34 years old reporting the highest rates (54%) of cannabis use. Manitobans used cannabis for both recreational and medicinal reasons and were most likely to have purchased cannabis from a licensed retailer (69%).



32% of Manitobans reported consuming cannabis in the past 12 months

THE TOPICS MANITOBANS SAID ARE MOST IMPORTANT FOR PUBLIC EDUCATION:

Alcohol's physical or health impacts on individuals and how to use it responsibly.



How alcohol impacts health/body



Don't drink and drive



Drinking is addictive



Drink in moderation

Gambling's downsides, such as being addictive, that people are likely to lose money in the long run, and that gambling has negative impacts.



Gambling is addictive



Only gamble what you can afford



Lose money in the long run



Gambling has negative impacts

Cannabis's physical or health impacts on individuals and how to use it responsibly, which is similar to the public education Manitobans suggested for alcohol messaging.



How cannabis impacts health/body



Risks/effects of cannabis



Cannabis is addictive



Don't use cannabis and drive

Financial Statements and other related information

For the year ended March 31, 2024

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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

May 29, 2024

Independent Auditor's Report

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

Opinion

We have audited the financial statements of **Liquor, Gaming and Cannabis Authority of Manitoba** (the "LGCA"), which comprise the statement of financial position as at March 31, 2024, and the statement of operations and accumulated surplus, the statement of changes in net financial assets and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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

BDO Canada LLP

Chartered Professional Accountants

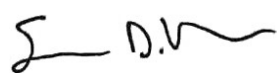
Winnipeg, Manitoba

May 29, 2024

Statement of Financial Position

As at March 31	2024	2023
Financial assets		
Cash and cash equivalents (Note 5)	\$ 8,217,570	\$ 6,545,559
Accounts receivable (Note 6)	893,676	687,051
	<u>9,111,246</u>	<u>7,232,610</u>
Liabilities		
Accounts payable and accrued liabilities (Note 7)	1,570,608	988,021
Deferred revenue (Note 8)	629,946	557,987
Severance benefits (Note 9)	999,100	1,019,745
Non-vested sick leave benefits (Note 9)	133,972	137,080
Retirement benefits (Note 9)	365,603	477,876
	<u>3,699,229</u>	<u>3,180,709</u>
Net financial assets	5,412,017	4,051,901
Non-financial assets		
Tangible capital assets (Note 10)	2,552,667	2,688,616
Prepaid expenses	120,475	115,730
	<u>2,673,142</u>	<u>2,804,346</u>
Commitments (Note 11)		
Accumulated surplus	\$ 8,085,159	\$ 6,856,247

Approved on behalf of the Board:



Stéphane D. Dorge
Chair



Joyce Bateman
Audit Committee Chair

Statement of Operations and Accumulated Surplus

For the year ended March 31	2024 Budget	2024 Actual	2023 Actual
Revenue			
Licence fees - liquor	\$ 1,679,217	\$ 1,693,734	\$ 1,616,331
Licence fees - gaming	5,953,558	5,733,639	5,947,149
Licence fees - cannabis	195,717	223,633	202,017
Licence fees - horse racing	400,000	388,231	372,283
MLLC funding transfer	3,700,000	3,700,000	3,250,000
Public education transfer	1,300,000	1,300,000	-
Other revenue	19,150	13,700	18,000
Interest earned	-	326,766	135,850
Revenue before pari-mutuel levy	13,247,642	13,379,703	11,541,630
Pari-mutuel levy (Note 15)	1,990,000	1,854,333	1,961,076
Revenue	15,237,642	15,234,036	13,502,706
Expenses			
Salaries and benefits	8,665,646	7,738,984	7,645,094
Legal and professional fees	549,324	966,660	903,079
Public education	1,800,000	1,494,841	837,497
Rent	498,249	516,395	480,775
Amortization (Note 10)	559,618	326,103	334,909
Transportation	312,643	259,090	243,796
Supplies and services	400,435	456,261	232,845
Communications	153,763	162,639	159,626
Other expenses	64,221	51,721	47,035
Education, training, conferences	110,000	70,423	81,260
Accommodations	61,652	64,614	55,290
Net effect of restructuring transaction	-	-	54,767
Board	70,000	43,060	54,062
Expenses before pari-mutuel levy	13,245,551	12,150,791	11,130,035
Pari-mutuel levy (Note 15)	1,990,000	1,854,333	1,961,076
Expenses	15,235,551	14,005,124	13,091,111
Annual surplus	2,091	1,228,912	411,595
Accumulated surplus, beginning of year	6,856,247	6,856,247	6,444,652
Accumulated surplus, end of year	\$ 6,858,338	\$ 8,085,159	\$ 6,856,247

Statement of Changes in Net Financial Assets

For the year ended March 31	2024 Budget	2024 Actual	2023 Actual
Annual surplus	\$ 2,091	\$ 1,228,912	\$ 411,595
Acquisition of capital assets (Note 10)	-	(190,154)	(63,311)
Amortization of capital assets (Note 10)	559,618	326,103	334,909
	559,618	135,949	271,598
Decrease (increase) in prepaid expense	-	(4,745)	(72,384)
Increase in net financial assets	561,709	1,360,116	610,809
Net financial assets , beginning of year	4,051,901	4,051,901	3,441,092
Net financial assets , end of year	\$ 4,613,610	\$ 5,412,017	\$ 4,051,901

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

Statement of Cash Flows

For the year ended March 31	2024	2023
Cash flows from operating activities		
Annual surplus for the year	\$ 1,228,912	\$ 411,595
Amortization	326,103	334,909
	1,555,015	746,504
Changes in non-cash items		
Accounts receivable	(206,625)	(668,612)
Prepaid expenses	(4,745)	(72,384)
Accounts payable and accrued liabilities	582,587	254,288
Deferred revenue	71,959	34,408
Provision for employee severance benefits	(20,645)	84,711
Provision for employee retirement benefits	(112,273)	372,361
Provision for employee sick leave benefits	(3,108)	5,431
	1,862,165	756,707
Cash flows used in capital activities		
Acquisition of capital assets	(190,154)	(63,311)
Increase in cash and cash equivalents for the year	1,672,011	693,396
Cash and cash equivalents, beginning of year	6,545,559	5,852,163
Cash and cash equivalents, end of year	\$ 8,217,570	\$ 6,545,559

Notes to Financial Statements

For the year ended March 31, 2024

1. Nature of Organization

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

2. Significant Accounting Policies

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

Cash and Cash Equivalents

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

Employee Future Benefits

- (i) The cost of severance obligations for non-unionized employees and employees of the Manitoba Government and General Employees' Union locals 425 and 426 (MGEU 425 and 426) is determined using the annual actuarial report as at March 31, 2024. 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 employees of the Manitoba Government and General Employees' Union, local 146 (MGEU 146), 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.

Tangible Capital Assets

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

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

Prepaid Expenses

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

Revenue Recognition

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

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

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

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

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

The annual funding transfer from MLLC is the amount that the LGCA, with the approval of the Treasury Board, directs MLLC to pay to the LGCA.

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

Measurement Uncertainty

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

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

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

Financial Instruments

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

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

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

3. Financial Instruments and Financial Risk Management

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

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the LGCA to credit risk consist principally of cash and cash equivalents, and accounts receivable.

Cash and cash equivalents is 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 typically collected when it is due. The LGCA does not use an allowance for doubtful accounts. The policy is to write off any accounts deemed uncollectible during the year.

Liquidity Risk

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

Market Risk

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

Interest Rate Risk

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

4. Adoption of New Accounting Standard

On April 1, 2023, the LGCA adopted Public Sector Accounting Standards PS 3400, Revenue. This standard was adopted prospectively. In accordance with the provisions of the standard, there has been no impact on the financial statements of the current period.

5. Designated Assets

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

6. Accounts Receivable

	2024	2023
MLLC	\$ 770,840	\$ 619,738
Other	2,065	2,002
Licensees	115,471	62,161
Employee licences	5,300	3,150
	<u>\$ 893,676</u>	<u>\$ 687,051</u>

7. Accounts Payable and Accrued Liabilities

	2024	2023
Accrued vacation pay	\$ 624,924	\$ 549,794
Salaries and benefits payable	591,959	142,071
Accounts payable and accrued liabilities	353,725	293,302
Other	-	2,854
	<u>\$ 1,570,608</u>	<u>\$ 988,021</u>

8. 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	\$557,987	\$1,208,059	\$1,136,100	\$629,946

9. Employee Benefits

Severance Benefits

- (a) Non-unionized employees and employees of MGEU 425 and 426

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, 2024. It should be noted that MLLC will maintain the severance liability earned to March 31, 2014 for all former Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGCA. The LGCA will continue to accrue the severance liability for former Manitoba Gaming Control Commission employees and will accrue the severance liability for former Regulatory Services Division employees of the Manitoba Liquor Control Commission April 1, 2014, and onwards.

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

An actuarial report was completed for the severance pay liability as at March 31, 2024. The LGCA's actuarially-determined net liability for accounting purposes as at March 31, 2024 was \$796,048 (\$768,528 in 2023). An actuarial loss of \$35,747 will be amortized over the

expected average remaining service life of the employee group. This gain will begin to be amortized at the beginning of the next fiscal year. Severance payments for the year amount to \$112,250 (\$20,641 in 2023).

Significant long-term actuarial assumptions used in the March 31, 2024 valuation and in the determination of the March 31, 2024 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%
	<u>2.50%</u>
(ii) service, merit and promotional increases	1.00%

The severance benefit liability as at March 31, 2024 includes the following components:

	<u>2024</u>	2023
Accrued benefit liability	\$ 796,048	\$ 768,528
Unamortized actuarial gains	159,787	220,317
Severance benefit liability	\$ 955,835	\$ 988,845

The total expenses related to severance benefits as at March 31, 2024 include the following components:

	<u>2024</u>	2023
Interest on obligation	\$ 35,832	\$ 44,246
Current period benefit cost	68,191	55,001
	104,023	99,247
Amortization of actuarial gain over expected average remaining service lifetime	(31,726)	(24,795)
Total expense related to severance benefit	\$ 72,297	\$ 74,452

(b) Employees of MGEU 146

	<u>2024</u>	2023
Severance benefit liability	\$ 43,265	\$ 30,900

Severance payable is based on the collective agreements with the Manitoba Government and General Employee's Union and is recorded at cost based on years of service to March 31, 2024.

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 4.25% discount rate and a 3.50% annual salary increase.

Retirement Benefits

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

In accordance with the provisions of The Civil Service Superannuation Act, LGCA employees are eligible for pension benefits. Plan members are required to contribute to the Superannuation Fund at prescribed rates for defined benefits and will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five years prior to retirement, termination, or death that provides the highest earnings. The LGCA is required to match contributions contributed to the Superannuation Fund by the employees at prescribed rates, which is recorded as an operating expense. Under The Civil Service Superannuation Act, for non-unionized employees and the employees of MGEU 425 and 426, the LGCA has no further pension liability. For the employees of MGEU 146, 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 \$414,099 (\$645,417 in 2023).

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, 2024, a reserve of \$45,867 (\$101,854 in 2023) 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 \$55,987 (decreased by \$3,661 in 2023). Significant long-term actuarial assumptions used in the March 31, 2024 valuation and in the

determination of the March 31, 2024 present value of the accrued basis pension obligation were:

Annual rate of return	
(i) inflation component	2.00%
(ii) real rate of return	4.00%
	<hr/>
	6.00%
Annual salary escalation rates	
(i) general increases	
a) salary increase	2.00%
b) productivity component	0.50%
	<hr/>
	2.50%
(ii) service, merit and promotional increases.	
The rates used vary by age.	

For employees of MGEU 146, 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, 2024, a reserve of \$319,736 (\$373,454 in 2023) 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 \$53,718 (increased by \$2,377 in 2023). Significant long-term actuarial assumptions used in the March 31, 2024 valuation and in the determination of the March 31, 2024 present value of the accrued basis pension obligation were:

Annual rate of return	
(i) inflation component	2.00%
(ii) real rate of return	4.00%
	<hr/>
	6.00%
Annual salary escalation rates	
(i) general increases	
a) salary increase	2.00%
b) productivity component	0.50%
	<hr/>
	2.50%
(ii) service, merit and promotional increases.	
The rates used vary by age.	

10. Tangible Capital Assets

	2024			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furniture and fixtures	\$ 1,553,445	\$ 32,251	\$ -	\$ 1,585,696
Leasehold improvements	1,996,696	104,390	-	2,101,086
Computer equipment	1,501,202	51,939	-	1,553,141
Equipment	134,657	1,574	-	136,231
	5,186,000	190,154	-	5,376,154
Accumulated amortization				
Furniture and fixtures	579,461	98,405	-	677,866
Leasehold improvements	565,675	139,956	-	705,631
Computer equipment	1,272,379	76,496	-	1,348,875
Equipment	79,869	11,246	-	91,115
	2,497,384	326,103	-	2,823,487
Net book value	\$ 2,688,616	\$ (135,949)	\$ -	\$ 2,552,667
				2023
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furniture and fixtures	\$ 1,553,445	\$ -	\$ -	\$ 1,553,445
Leasehold improvements	1,996,696	-	-	1,996,696
Computer equipment	1,437,891	63,311	-	1,501,202
Equipment	134,657	-	-	134,657
	5,122,689	63,311	-	5,186,000
Accumulated amortization				
Furniture and fixtures	471,240	108,221	-	579,461
Leasehold improvements	443,257	122,418	-	565,675
Computer equipment	1,181,209	91,170	-	1,272,379
Equipment	66,769	13,100	-	79,869
	2,162,475	334,909	-	2,497,384
Net book value	\$ 2,960,214	\$ (271,598)	\$ -	\$ 2,688,616

11. Commitments

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

2025	\$	280,340
2026		280,340
2027		280,340
2028		272,690
2029		234,440
	<u>\$</u>	<u>1,348,150</u>

12. Budgeted Figures

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

13. Working Capital Advance

The Minister of Finance, with Lieutenant-Governor approval by Order-in-Council (341/1997), has arranged for working capital advances to be available to the LGCA. The aggregate of the outstanding advances is not to exceed \$2,000,000 (\$2,000,000 in 2023). As at March 31, 2024, \$2,000,000 (\$2,000,000 in 2023) of these advances were unused and available.

14. 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.

15. Pari-Mutuel Levy

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

	<u>2024</u>	<u>2023</u>
Manitoba Standardbred Racing Industry	\$ 310,601	\$ 328,481
Horsemen's Benevolent and Protective Association	1,219,224	1,289,407
Canadian Thoroughbred Horse Society	324,508	343,188
	<u>\$ 1,854,333</u>	<u>\$ 1,961,076</u>





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

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

Available in alternate formats, upon request.