



LIQUOR, GAMING & CANNABIS
AUTHORITY OF MANITOBA

Annual Report

2022/23

*Regulating for
a safer Manitoba.*

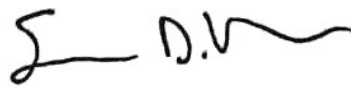
August 31, 2023

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

Dear Minister Goertzen:

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, 2023.

Respectfully,



Stéphane D. Dorge
Chair



Board Members

As at March 31, 2023

Stéphane D. Dorge
Chair
Winnipeg

Rich Harries
Vice-Chair
Morden

Sheila Atkinson
Member
Brandon

Joyce Bateman
Member
Winnipeg

William Duff
Member
Winnipeg

Peter Fuchs
Member
Winnipeg

Sofia Mirza
Member
Winnipeg

Stan Toews
Member
Steinbach

Brad Zander
Member
Winnipeg

Table of Contents

Message from the Chair	2
Message from the Executive Director and CEO	3
About the Liquor, Gaming and Cannabis Authority of Manitoba	4
Operations Overview	12
Commercial Services	12
Community Services	16
Horse Racing Services	19
Social Responsibility	21
Financial Statements and other related information	
Management’s Responsibility for Financial Reporting	28
Independent Auditor’s Report	29
Statement of Financial Position	31
Statement of Operations and Accumulated Surplus	32
Statement of Changes in Net Financial Assets	33
Statement of Cash Flows	34
Notes to Financial Statements	35

The LGCA acknowledges that our offices are located on the territories of Treaty 1, 2 and 5 and operate within all Treaty territories in Manitoba. These are the original lands of the Anishinaabeg, Cree, Oji-Cree, Dakota, and Dene peoples, and the homeland of the Métis Nation. We also acknowledge that our water is sourced from Shoal Lake #40 First Nation.

The LGCA respects the Nations who were the first to protect and care for the land and water, and we recognize that we all benefit from that today. We respect the Treaties that were made on these territories, affirm our commitment to reconciliation, and will hold the spirit of the Treaties in the forefront of our regulatory work.



Message from the Chair

This year marks the beginning of our new strategic plan. Last year, our board had the exciting opportunity to engage extensively with stakeholders and then come together to see how the LGCA had progressed over the past four years and where the organization needed to go. The evolution of our regulated industries, the addition of horse racing to our mandate, and the shift to digital service delivery drove our board to develop a plan that promotes innovation while balancing the needs of our industries and our priority of public safety.

Detailed on page 5, the 2022-2026 strategic plan focuses on growth and modernization alongside the promotion of awareness and responsible engagement by Manitobans with these industries. Our board has set ambitious goals for the team, focusing on digital transformation, stakeholder engagement, and creating a modern and prudential financial model. Our board has confidence in the staff and management at the LGCA to achieve these strategic goals in the service of Manitobans.

Engaging with stakeholders is important for our board. In 2021, we had extensive consultations with members of the liquor industry and related stakeholders like Manitoba's chambers of commerce, law enforcement, and harm reduction groups to understand the changing needs for Manitoba's liquor service model. The hospitality industry has been eager to see change in recent years, to increase flexibility and reduce requirements not focused on the safe and responsible service of liquor. The COVID-19 pandemic emphasized this need for change. Following these informative discussions, our board is pleased to have seen the introduction of Bill 7, The Liquor, Gaming and Cannabis Control Amendment Act. Introduced this year, the Bill paves the way for a modern and streamlined liquor service

framework that removes barriers and focuses on public safety, including protection of minors. We look forward to next year and the chance for further enhancements to the proposed framework through regulation, should the Bill be adopted.

In keeping with 2022/23's theme of planning and modernization, I am also pleased that the LGCA has received ministerial approval for a new four-year French Language Services plan to complement our new strategic plan. This plan focuses on further progress in the provision of French services throughout the LGCA and works in tandem with our strategic goals to ensure French is an easily accessible option for Manitobans when engaging with the LGCA.

2022/23 has been a year of looking to the future and supporting our regulated industries as we finally move past the challenges created by the pandemic. Our regulated industries have experienced unprecedented challenges but have continued to work with us and share their experiences so that the LGCA can continue to grow in its capabilities as a modern regulator.

Finally, on behalf of the board, I would like to take a moment to recognize the hard work and dedication of the staff and management at the LGCA who have demonstrated their commitment to regulatory excellence. I look forward to seeing you put our new strategic plan into action!

Sincerely,

Stéphane D. Dorge
Chair

Message from the Executive Director and CEO



2022/23 was a busy year for the LGCA, as we got hard to work on planning and implementing the board's new four-year strategic plan. Our team took this opportunity to operationalize the strategic plan in a new way, leveraging a cascading balanced scorecard approach to assign responsibilities, plan for short- and long-term initiatives, and develop measures to objectively assess our work. The Province of Manitoba brought in the balanced scorecard approach in recent years, and it has been an excellent tool for the LGCA's leadership and teams to translate strategy into action.

The LGCA worked on several transformational initiatives in 2022/23, including the introduction of Bill 7, which our Chair mentioned. This legislation would significantly change our liquor service licensing model, removing decades-old requirements and barriers unrelated to safe liquor service. It was a pleasure to work with the board and engage with stakeholders on this important work that will lay the groundwork for a regulatory framework that supports entrepreneurialism and public safety.

Horse racing was another area of transformation, as horse racing regulation was formally incorporated into the LGCA's mandate on April 1, 2022. New details and statistics related to horse racing are presented in this report beginning on page 19, which replaces the reporting done by the former Manitoba Horse Racing Commission (MHRC). After many years moving towards this integration, it was gratifying to welcome the former MHRC staff to the LGCA and begin operations as a unified agency providing regulatory services to Manitoba's thoroughbred and standardbred industries.

In fall 2022, we launched renewed Smart Choices social responsibility programs for liquor and cannabis. This was an exciting project for the LGCA, as we were able to use new techniques in digital education and design to create a more interactive and engaging course for staff working in these

regulated industries.

I am pleased that we were also able to reduce the cost of the program for learners, which could not come at a better time for our hospitality and cannabis industries as they emerged from the challenges of the COVID-19 pandemic. The LGCA looks forward to expanding our training offerings in coming years, leveraging technology to help Manitobans understand and make informed choices about regulated products.

The last transformational initiative I want to touch on is the transfer of public education responsibilities to the LGCA. This year, government directed the LGCA to work with Manitoba Liquor and Lotteries to reduce the duplication of public education about liquor, gaming and cannabis by centralizing this responsibility with the LGCA as a neutral regulator. I would like to thank Manitoba Liquor and Lotteries for working closely with our team to ensure a seamless transition and for continuing to support our public education efforts through information sharing, research and funding. Stay tuned for our expanding public education offerings that will be coming in the new year.

In closing, I would like to take a moment to thank our team for another successful year. The dedication to client service and public safety is what makes the LGCA a trusted regulator. Staff and management have embraced the new strategic plan and are excited for the coming opportunities to challenge ourselves, as we continue to serve Manitobans.

Regards,

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

Kristianne Dechant
Executive Director and CEO

About the Liquor, Gaming and Cannabis Authority of Manitoba

The Liquor, Gaming and Cannabis Authority of Manitoba (LGCA) is created by The Liquor, Gaming and Cannabis Control Act (the Act). 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 may also 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 may also seek public input and conduct research on related matters.



2022-2026 Strategic Plan

In 2022, we launched our new multi-year strategic plan to chart the LGCA's path for the next four years. Extensive consultations with stakeholders from the industries we regulate were held prior to starting development to determine the direction the plan would take. The LGCA recognizes that the businesses operating in the liquor, gaming, cannabis and horse racing industries have differing operational requirements; what they have in common, however, is that all offer products and activities that require oversight for public safety and must operate within the law.



The 2022-2026 strategic plan strikes a balance between prioritizing public safety and enhancing the regulatory framework to better reflect contemporary values and trends. Our organization's approach continues to be data-driven and research-based while engagement with our stakeholders lets us understand their evolving business interests. In turn, this increases our strength as a proactive and nimble regulator. By regularly engaging with the industries we regulate, we are able to establish effective working relationships with our licensees. This collaborative approach extends the reach of the plan to our organization's focus on achieving results and measuring outcomes.



ASSESSING OUR OWN PERFORMANCE

In order to measure our progress over the span of the multi-year plan, we have developed a system of balanced scorecards to monitor our performance at the organizational, unit and department levels.

Our performance monitoring is divided into segments that set a clear path for the LGCA over the next four years. Overall objectives have been determined for the organization and these objectives are defined with respect to delivery by each unit and department. This framework also gives a transparent view of our strategic plan to the stakeholders who rely on us for service and to the LGCA employees who are responsible for supplying that service. The balanced scorecard gives further guidance for how we will advance our internal processes, client service, financial modelling and the capacity of our workforce. This allows the LGCA to assess performance from four differing perspectives, giving a concise understanding of our progress to achieve the goals set out in the strategic plan.

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 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.



INCREASING COMMUNICATION AND EDUCATION TO OUR STAKEHOLDERS

During 2022/23, policy statements explaining additional locations under retail endorsement and multiple retail endorsements were circulated to impacted licensees. This ensured that licensees were provided with the same information and made aware of the new opportunities at the same time.

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 the executive director in accordance with the Act, heads the day-to-day responsibilities of the organization and a budgeted staff of 99 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.



COLLECTIVE BARGAINING UPDATE

After a lengthy bargaining process, the LGCA successfully entered into a new collective agreement with its unionized staff in September 2022. The new five-year agreement with the Manitoba Government and General Employees' Union Local 425 and 426 expired on March 31, 2023.

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, 2023, are published in this report beginning on page 27.

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 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 in the Manitoba legislature and is published in print and at LGCAMB.ca.



MEETING FINANCIAL REPORTING REQUIREMENTS

Our 2021/22 annual report, including financial statements, was tabled in the legislature in accordance with the Act on September 29, 2022.



LEGISLATION UPDATE

The LGCA works with government on an ongoing basis to ensure that legislation evolves as needed to maintain a strong framework for our regulated industries. Legislation and regulations came into force or were developed this year to integrate horse racing regulation within the LGCA, modernize the liquor service licensing framework and repeal the cannabis social responsibility fee.



Bill 31, The Horse Racing Regulatory Modernization Act (Liquor, Gaming and Cannabis Control Act and Pari-Mutuel Levy Act amended), was proclaimed on April 1, 2022. While the LGCA had administrative oversight of the Manitoba Horse Racing Commission since 2019/20, this legislation formally transferred the regulation of horse racing and administration of the pari-mutuel levy to the LGCA. The amendment also dissolved the Manitoba Horse Racing Commission.

Bill 7, The Liquor, Gaming and Cannabis Control Amendment Act was introduced during this fiscal year. This change would enable the modernization of liquor service licences and is a result of extensive stakeholder consultations that were undertaken by the LGCA's board in 2021. If passed, this change will lay the groundwork for LGCA to create a significantly streamlined liquor service licensing framework via regulation.

Bill 10, The Liquor, Gaming and Cannabis Control Amendment Act (Social Responsibility Fee Repealed) was introduced by the Minister of Finance in response to requests from the cannabis industry. This amendment would repeal the requirement for cannabis stores to pay a social responsibility fee to the government, which would provide significant economic benefit to cannabis retailers operating in Manitoba. While the LGCA receives a portion of the social responsibility fee collected by the government as directed by the Department of Finance, our organization does not collect the fee or administer the allocation of the funds collected.

Hearings

The LGCA's 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 five appeal hearings in 2022/23.

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 10 applications for information under FIPPA in 2022/23.

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 2022/23.

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. During 2022/23, a working alone procedure for our employees was formalized and added to the program.

The Accessibility for Manitobans Act

The LGCA released its 2023-25 Accessibility Plan and updates to its Accessibility Policy to reflect new standards, as required by The Accessibility for Manitobans Act. We are committed to providing an accessible environment for all people with whom we interact in a way that allows them to maintain their dignity and independence by identifying, removing, and preventing barriers to access.

While we recognize that we have made significant strides in improving accessibility since developing our earliest plans, we remain committed to consulting with the public and staff, in particular those with disabilities, to help us respond to diverse accessibility needs. We will work to ensure that we continue to minimize barriers to services and premises in order to create an equitable and inclusive environment. The plan details actions we will take to create accessibility in five areas: client service; information, communication and technology; employment; training and education; and our built environment. All LGCA employees play a part in creating an equitable and inclusive environment to ensure a safe, dignified, and welcoming environment for our colleagues and those we serve.



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. The LGCA prepared a new multi-year strategic plan this year, which covers the same period as our four-year strategic plan. All staff are trained to actively offer service in French and bilingual employees are available to provide it.



FRENCH ACTIVE OFFER VISIBILITY

A primary goal of the LGCA’s current French language services strategic plan is to raise the role and visibility of the plan within our organization with the goal of furthering our progress in the provision of French language services. Accountabilities for French language services initiatives and targets have been elevated to the LGCA’s executive and management levels along with planning and measuring tools. Objectives of the French language services strategic plan align closely with the LGCA’s strategic plan with measures embedded in the balanced scorecards at all levels.

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

We provide training to support our clients with achieving and maintaining compliance with the terms of their licences. In 2022/23, we delivered 405 training sessions for licensees on audit reporting, responsible service, age control measures, public safety, and regulatory compliance.

Commercial Services

For the period from April 1, 2022 to March 31, 2023. Active licences are as at March 31, 2023.

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, retail cannabis stores, and delivery companies.

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	22/23	21/22
Active service licences	1,982	1,949
Active retail licences	483	482
Active manufacturer licences	35	32
New licence approvals	99	85
Changes of ownership	27	31
Service inspections	8,567	10,093
Retail inspections	2,497	2,738
Manufacturer inspections	71	59
Last Drink Program referrals*	22	10

*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.

Social Responsibility Checks	22/23	21/22
Smart Choices certification checks	3,851	2,481
Age control identification checks	2,198	1,295



LIQUOR SERVICE IN DRESSING ROOMS

In May 2022, the LGCA approved the extension of liquor service to dressing rooms for the first time. The sports complex that was approved already held a liquor service licence for a separate area in the facility. Prior to approval for the extension of liquor service to their dressing rooms, the licensee had to identify how they would meet legislative and regulatory requirements, including preventing service to minors and intoxicated customers.

Liquor and Cannabis Delivery	22/23	21/22
Active delivery licences	12	1

2022/23 was the first full year that third-party delivery companies could apply for a licence that allows them to deliver liquor and cannabis for retail and service licensees in Manitoba. The LGCA created this licence type in December 2021, along with terms and conditions that set the requirements for liquor and cannabis delivery. This helps ensure that these products are delivered in a safe and consistent manner to Manitobans



Retail Cannabis	22/23	21/22
Active licences	181	151
New licence approvals	39	79
Inspections	1,032	985
Audit inventory reports	1,826	1,319



FIRST TEMPORARY RETAIL CANNABIS LOCATIONS AUTHORIZED

Although the allowance has been in legislation since 2018, the LGCA authorized the first temporary retail cannabis locations in 2022/23. This authorization allows a retail cannabis licensee to have a temporary location at a short-term event such as a festival, provided they receive municipal and other approvals. With public safety a top priority, the temporary location must meet all security and other requirements of the permanent store, and public consumption is not allowed.

Lottery Ticket Retailers and Video Lottery Terminal (VLT) Siteholders	Lottery Ticket Retailers		VLT Siteholders	
	22/23	21/22	22/23	21/22
Active licences	937	936	436	422
New licence approvals	23	33	8	0
Changes of ownership	63	74	9	17
Inspections	641	968	2,323	2,074
First Nation VLT siteholder reports	-	-	70	72

Gaming Suppliers and Gaming Service Suppliers	22/23	21/22
Active licences	61	62
New licence approvals	1	4
Annual licence reviews and renewals	53	34

Gaming Integrity	22/23	21/22
Authorizations (for central systems, games, game hardware and software, table games, rules of play, equipment, bingo paper, breakopen tickets, showdowns and ballot draws)	291	333
Inspections	64	53
Investigations	18	9

Gaming Industry Employees	22/23	21/22
Active employees (Aseneskak Casino, Manitoba Liquor and Lotteries, Sand Hills Casino and South Beach Casino)	2,276	2,205
New licence approvals	610	380
Licensing investigations	92	44
Annual licence reviews and renewals	2,033	2,195

Community Services

For the period from April 1, 2022 to March 31, 2023. Active licences and permits are as at March 31, 2023.

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	22/23	21/22
Social occasion liquor permits	7,157	2,146
Pre-event assessments	1,554	574
Inspections at social occasion permit events	347	79
Social occasion raffle licences	4,044	1,337

With the elimination of COVID-19 pandemic restrictions for large gatherings and an increase in the public's comfort level to hold such events, the number of social occasion liquor permits and raffle licences issued in 2022/23 are markedly higher year-over-year and are close to pre-pandemic levels.

Charitable Gaming Events	22/23	21/22
Charitable licensees	1,378	1,036
Active licences	2,614	1,959
New licence approvals	2,257	1,541
Inspections	341	269
Audit event reports	2,456	2,481

Charitable Gaming Overview (*in \$ millions)										
Event Type	Licensed Events		Gross Revenue*		Prizes Paid*		Total Expenses*		Net Profit*	
	22/23	21/22	22/23	21/22	22/23	21/22	22/23	21/22	22/23	21/22
Bingo	148	49	17.14	4.63	13.20	3.51	2.12	0.57	1.82	0.55
Breakopen	84	18	1.28	0.34	0.93	0.25	0.09	0.04	0.26	0.05
Raffle	303	332	44.74	40.35	19.30	16.23	7.08	6.68	18.36	17.44
Texas hold'em poker	23	9	2.28	0.32	1.61	0.22	0.37	0.05	0.30	0.05
Media bingo	17	11	7.13	13.61	4.15	7.73	1.41	1.63	1.57	4.25
Other	2	3	0.04	0.02	0.03	0.01	0.00	0.00	0.01	0.01
Total	577	422	72.61	59.27	39.22	27.95	11.07	8.97	22.32	22.35

In addition, 1,636 licences were issued to charitable organizations that, due to reporting thresholds, were not required to submit financial reports or licence fees (one bingo, one breakopen, 1,632 raffle, and two other).



CHARITABLE GAMING RE-OPENING

The COVID-19 pandemic forced closures for organizations that raise funds through licensed charitable gaming. Activities such as licensed bingos and Texas hold'em poker tournaments could not be held due to capacity and social distancing requirements. With public health restrictions now eliminated, the charitable gaming industry has mostly recovered and the number of licensed events and revenues are returning to pre-pandemic levels.



Licensing Authorities under Orders-In-Council	22/23	21/22
First Nation gaming commission inspections	9	14
First Nation gaming commission annual audit reports	24	39
Municipal annual inspections	117	109
Municipal licensing authority reports	138	133



STAKEHOLDER CONSULTATION FRAMEWORK

The LGCA formalized a new consultation framework this fiscal year. This initiative ensures that the LGCA is thorough and structured in its process of engaging proactively with stakeholders. We are committed to ensuring regulatory services enable and respond to evolving industries, facilitated by a deep understanding of our diverse stakeholders' needs and priorities. This tool allows LGCA to more efficiently support the vast diversity of stakeholders that we serve and engage with by identifying stakeholders, grouping their common interests and creating a program of regular interaction in which the LGCA will inform, consult, involve or collaborate with various stakeholders.

Horse Racing Services

For the period from April 1, 2022 to March 31, 2023. Licences and registrations are as at March 31, 2023.

2022/23 marks the first year for the full integration of horse racing within the LGCA's regulatory framework. The LGCA had functional oversight since 2019 of the former Manitoba Horse Racing Commission's regulatory responsibilities and was already operationalizing these tasks into our structure. On April 1, 2022, The Horse Racing Regulatory Modernization Act was proclaimed, which formally transferred horse racing regulation to the LGCA's legislated mandate and repealed The Horse Racing Commission Act.

The LGCA licenses thoroughbred and standardbred horse racing participants, race tracks and betting theatres in Manitoba. 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. Prior to the start of the 2022/23 horse racing season, the LGCA developed new terms and conditions for licensees and updated the rules of racing for both thoroughbred and standardbred. The regulatory structure and requirements for horse racing in Manitoba had not been updated in several decades and the changes put in place by LGCA streamlined outdated licensing procedures.

Thoroughbred Racing Participants	22/23	21/22
Thoroughbred licences	548	846
Thoroughbred registrations	406	391

Standardbred Racing Participants	22/23	21/22
Standardbred licences	65	61
Standardbred registrations	0	9

Administration of The Pari-Mutuel Levy Act was also transferred to the legislative authority of the LGCA when The Horse Racing Regulatory Modernization Act came into force. The pari-mutuel levy, which is a percentage of each bet placed on a thoroughbred horse race, is collected and distributed by the LGCA to provide funding for the horse racing industry in Manitoba.

Thoroughbred Wagering	22/23	21/22
Thoroughbred live racing days	50	51
Thoroughbred on-track wagering	\$2,606,529	\$2,055,765
Total pari-mutuel wagering	\$22,881,130	\$25,360,195

Standardbred Wagering	22/23	21/22
Standardbred live racing days	9	10
Standardbred on-track wagering	\$19,641	\$23,133

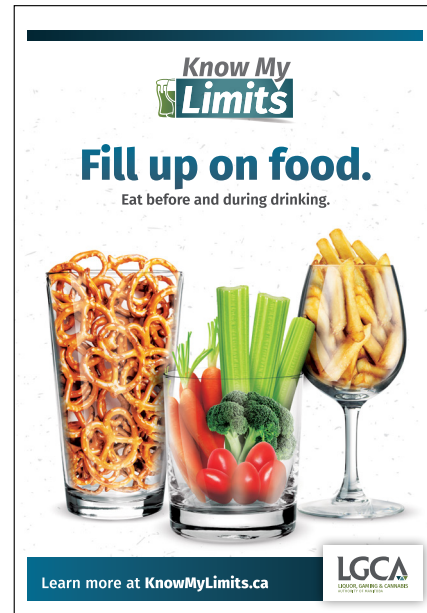


HORSE RACING REPORTING INTEGRATION

The LGCA's functional oversight of The Manitoba Horse Racing Commission included responsibility for its legislated reporting requirements. The Manitoba Horse Racing Commission's 2021/22 annual report, including financial statements, was tabled in the legislature on August 10, 2022. This marked the third and final year the LGCA produced this report. Due to the full integration of horse racing regulation within the LGCA and commencing with the 2022/23 fiscal year, the LGCA is including horse racing licensing statistics and pari-mutuel reporting within our organization's annual report.

Social Responsibility

The LGCA is legislatively mandated to encourage the responsible consumption of liquor and cannabis, and responsible participation in gambling and horse race betting. We direct our public education at adult Manitobans using a neutral, non-judgmental approach with a focus on setting limits on consuming the products or participating in the activities that we regulate.



EDUCATING FOR SAFETY

In 2022/23, we continued to build the reach of our Know My Limits public education brand and website by re-running three public education campaigns that focused on helping adult Manitobans set limits when they consume liquor or cannabis or participate in gambling. The campaigns used a variety of online, street level, billboard, transit and convenience store advertising, as well as streaming audio and social media platforms, and ran in both English and French.



Switch it up.



Learn more at [KnowMyLimits.ca](https://www.knowmylimits.ca)



Before You Play

Plan to gamble once a week or less.



Learn more at [KnowMyLimits.ca](https://www.knowmylimits.ca)



Making weed treats this holiday season?



Whether it's a gift or treats for guests, let them know if it contains cannabis.





In the fall of 2022, we re-ran our Legal Online Gambling campaign. This campaign educates Manitobans about how to tell the difference between legal and illegal raffles. Digital and social media advertising was used to share this information.



CONNECTING ON SOCIAL MEDIA

With the success of the online-only Legal Online Gambling campaign, the LGCA began to increase the use of our self-managed social media channels. In early 2023, we began posting all messaging on our social media platforms in both English and French, a practice we intend to continue.

GAMBLING QUICK TIP

Limit your consumption of alcohol, cannabis and other drugs.



Being under the influence of alcohol, cannabis or other substances can make it harder to stick to the lower-risk guidelines.



CONSEIL RAPIDE LIÉ AU JEU



Limitez votre consommation d'alcool, de cannabis et d'autres substances.



Être sous l'influence de l'alcool, du cannabis ou d'autres substances peut rendre plus difficile le fait de respecter les Lignes directrices sur les habitudes de jeu à moindre risque.



FOLLOW US!

-  [Facebook.com/LGCAManitoba](https://www.facebook.com/LGCAManitoba)
-  [Instagram.com/LGCA_Manitoba](https://www.instagram.com/LGCA_Manitoba)



RESEARCH ADVANCEMENT

The LGCA is committed to supporting high-quality, innovative research that links to our broad regulatory mandate. To grow research capacity for liquor, gaming and cannabis in the province, the LGCA offers scholarships on a competitive basis to graduate students who are conducting research in any of these fields at a university in Manitoba.



In 2022/23, the LGCA renewed the following doctoral students' scholarships:

Student	Program	Research
Stephanie Dudok	Doctor of Philosophy (Clinical Psychology)	Improving access to and navigation of late-life mental health substance use and addiction services
Alanna Single	Doctor of Philosophy (Clinical Psychology)	Examining the relation between social anxiety and cannabis use in emerging adulthood



NEW LOW-RISK DRINKING GUIDELINES

The LGCA draws on collaborative research to develop messages for our public education campaigns. During 2022/23, The Canadian Centre on Substance Use and Addiction released updated guidance on alcohol and health. We are reviewing ways to incorporate the new guidelines for an upcoming Know My Drinking Limits campaign.



NEW SMART CHOICES - MORE ACCESSIBLE AND INTERACTIVE AT A LOWER COST!



SMART CHOICES Liquor Service and Retail Certification

In late 2022, we released the newly updated Smart Choices social responsibility training programs. The Liquor, Gaming and Cannabis Control Act requires that people who sell or serve liquor, or sell retail cannabis, must successfully complete responsible service and sales training, and our training programs enable licensees and their staff to meet this requirement.

The updates reflect current laws and best practices

for socially responsible service, while also incorporating a more modern presentation style. Video and audio are used extensively, in keeping with best practices for instructional design, making the training more interactive and accessible for learners. Both Smart Choices educational streams for the liquor and retail cannabis industries are available solely online at SmartChoicesmb.ca, making them accessible anywhere and at any time. After completing training, users continue to have access to the material, allowing them to review any time they wish. Along with these improvements, the LGCA is able to administer the training at a lower cost and passes this savings onto users with a reduction of course fee from \$45 to \$25.



SMART CHOICES Cannabis Retail Certification



2022 LIQUOR, GAMING AND CANNABIS IN MANITOBA II SURVEY

The LGCA regularly conducts research to obtain up-to-date data about the industries we regulate. This knowledge guides our operational needs, legislative development initiatives and public education campaigns. The LGCA runs its Liquor, Gaming and Cannabis in Manitoba Survey every three years to gather information about adult usage and trends within our regulated industries. We completed the survey in the fall of 2022 and expect to release the findings in the 2023/24 fiscal year.



Financial Statements and other related information

For the year ended March 31, 2023

Management’s Responsibility for Financial Reporting	28
Independent Auditor’s Report	29
Statement of Financial Position	31
Statement of Operations and Accumulated Surplus	32
Statement of Changes in Net Financial Assets	33
Statement of Cash Flows	34
Notes to Financial Statements	35

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 26, 2023

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, 2023, 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, 2023, 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.



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BDO Canada LLP
201 Portage Avenue - 26th Floor
Winnipeg MB R3B 3K6 Canada

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

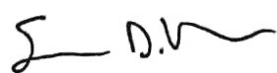
Chartered Professional Accountants

Winnipeg, Manitoba
July 12, 2023

Statement of Financial Position

As at March 31	2023	2022
Financial assets		
Cash and cash equivalents (Note 4)	\$ 6,545,559	\$ 5,852,163
Accounts receivable (Note 5)	687,051	18,439
	7,232,610	5,870,602
Liabilities		
Accounts payable and accrued liabilities (Note 6)	988,021	733,733
Deferred revenue (Note 7)	557,987	523,579
Severance benefits (Note 8)	1,019,745	935,034
Non-vested sick leave benefits (Note 8)	137,080	131,649
Retirement benefits (Note 8)	477,876	105,515
	3,180,709	2,429,510
Net financial assets	4,051,901	3,441,092
Non-financial assets		
Tangible capital assets (Note 9)	2,688,616	2,960,214
Prepaid expenses	115,730	43,346
	2,804,346	3,003,560
Commitments (Note 10)		
Accumulated surplus	\$ 6,856,247	\$ 6,444,652

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	2023 Budget	2023 Actual	2022 Actual
Revenue			
Licence fees - liquor	\$ 1,652,363	\$ 1,616,331	\$ 1,309,559
Licence fees - gaming	6,201,716	5,947,149	5,770,862
Licence fees - cannabis	135,000	202,017	150,883
Licence fees - horse racing	400,000	372,283	-
MLLC funding transfer	2,039,068	3,250,000	1,938,356
Social responsibility fee (Note 16)	1,210,932	-	671,644
Other revenue	23,035	18,000	20,640
Interest earned	-	135,850	1,851
Revenue before pari-mutuel levy	11,662,114	11,541,630	9,863,795
Pari-mutuel levy (Note 17)	1,990,000	1,961,076	-
Revenue	13,652,114	13,502,706	9,863,795
Expenses			
Salaries and benefits	8,324,218	7,645,094	5,954,401
Legal and professional fees	562,011	903,079	576,918
Public education	720,000	837,497	964,897
Rent	484,252	480,775	488,479
Amortization	438,579	334,909	363,605
Transportation	321,764	243,796	269,237
Supplies and services	245,330	179,580	129,250
Communications	185,165	159,626	146,490
Other expenses	105,839	100,300	33,966
Education, training, conferences	110,000	81,260	51,821
Accommodations	63,847	55,290	31,190
Net effect of restructuring transaction (Note 14)	-	54,767	-
Board	69,904	54,062	43,646
Expenses before pari-mutuel levy	11,630,909	11,130,035	9,053,900
Pari-mutuel levy (Note 17)	1,990,000	1,961,076	-
Expenses	13,620,909	13,091,111	9,053,900
Annual surplus	31,205	411,595	809,895
Accumulated surplus, beginning of year	6,444,652	6,444,652	5,634,757
Accumulated surplus, end of year	\$ 6,475,857	\$ 6,856,247	\$ 6,444,652

Statement of Changes in Net Financial Assets

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual
Annual surplus	\$ 31,205	\$ 411,595	\$ 809,895
Acquisition of capital assets	-	(63,311)	(248,748)
Amortization of capital assets	438,579	334,909	363,605
	438,579	271,598	114,857
Decrease (increase) in prepaid expense	-	(72,384)	97,926
Increase in net financial assets	469,784	610,809	1,022,678
Net financial assets, beginning of year	1,975,380	3,441,092	2,418,414
Net financial assets, end of year	\$ 2,445,164	\$ 4,051,901	\$ 3,441,092

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

Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows from operating activities		
Annual surplus for the year	\$ 411,595	\$ 809,895
Amortization	334,909	363,605
	746,504	1,173,500
Changes in non-cash items		
Accounts receivable	(668,612)	430,222
Prepaid expenses	(72,384)	97,926
Accounts payable and accrued liabilities	254,288	42,657
Deferred revenue	34,408	41,591
Provision for employee severance benefits	84,711	109
Provision for employee retirement benefits	372,361	(2,280)
Provision for employee sick leave benefits	5,431	(6,498)
	756,707	1,777,227
Cash flows used in capital activities		
Acquisition of capital assets	(63,311)	(248,748)
Increase in cash and cash equivalents for the year	693,396	1,528,479
Cash and cash equivalents, beginning of year	5,852,163	4,323,684
Cash and cash equivalents, end of year	\$ 6,545,559	\$ 5,852,163

Notes to Financial Statements

For the year ended March 31, 2023

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 three months 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, 2023. 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 it.

Revenue Recognition

Revenues are recorded on an accrual basis except for gaming event licence fees, supplier licence fees, social occasion permit fees, licence application fees, and horse racing fees which are recognized when received.

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. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations and accumulated surplus as the stipulation liabilities are settled.

Measurement Uncertainty

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

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided

where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

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

Financial Instruments

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

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

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

3. Financial Instruments and Financial Risk Management

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

Credit Risk

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

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

Accounts receivable 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. Designated Assets

During the year, the Board approved an internally restricted fund of \$4,000,000 for capital spending.

5. Accounts Receivable

	2023	2022
MLLC	\$ 619,738	\$ -
Other	2,002	445
Licensees	62,161	14,144
Employee licences	3,150	3,850
	<u>\$ 687,051</u>	<u>\$ 18,439</u>

6. Accounts Payable and Accrued Liabilities

	2023	2022
Accrued vacation pay	\$ 549,794	\$ 491,388
Salaries and benefits payable	142,071	102,661
Accounts payable and accrued liabilities	293,302	136,627
Other	2,854	3,057
	<u>\$ 988,021</u>	<u>\$ 733,733</u>

7. Deferred Revenue

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

	Opening Balance	Receipts During Year	Transferred To Revenue	Closing Balance
Licence fees	\$523,579	\$1,092,287	\$1,057,879	\$557,987

8. 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, 2023. 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, 2023. The LGCA's actuarially-determined net liability for accounting purposes as at March 31, 2023 was \$768,528 (\$752,320 in 2022). An actuarial gain of \$62,398 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 \$20,641 (\$77,414 in 2022).

Significant long-term actuarial assumptions used in the March 31, 2023 valuation and in the determination of the March 31, 2023 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 at March 31, 2023 includes the following components:

	<u>2023</u>	<u>2022</u>
Accrued benefit liability	\$ 768,528	\$ 752,320
Unamortized actuarial gains	220,317	182,714
Severance benefit liability	\$ 988,845	\$ 935,034

The total expenses related to severance benefits at March 31, 2023 include the following components:

	<u>2023</u>	<u>2022</u>
Interest on obligation	\$ 44,246	\$ 43,960
Current period benefit cost	55,001	57,840
	<u>99,247</u>	<u>101,800</u>
Amortization of actuarial gain over expected average remaining service lifetime	(24,795)	(24,277)
Total expense related to severance benefit	\$ 74,452	\$ 77,523

(b) Employees of MGEU 146

	<u>2023</u>	<u>2022</u>
Severance benefit liability	\$ 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, 2023.

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 3.75% 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 \$645,417 (\$359,055 in 2022).

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, 2023, a reserve of \$101,854 (\$105,515 in 2022) 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 \$3,661 (decreased by \$2,280 in 2022). Significant long-term actuarial assumptions used in the March 31, 2023 valuation and in the determination of the March 31, 2023 present value of the accrued basis pension obligation were:

Annual rate of return	
(i) inflation component	2.00%
(ii) real rate of return	3.75%
	<hr/>
	5.75%
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 groupings from a high of 3.0% to a low of 0%.

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, 2023, a reserve of \$373,454 (\$371,077 in 2022) 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 increased by \$2,377. Significant long-term actuarial assumptions used in the March 31, 2023 valuation and in the determination of the March 31, 2023 present value of the accrued basis pension obligation were:

Annual rate of return	
(i) inflation component	2.00%
(ii) real rate of return	3.75%
	<hr/>
	5.75%
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 groupings from a high of 3.0% to a low of 0%.	

9. Tangible Capital Assets

	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
	2022			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furniture and fixtures	\$ 1,532,603	\$ 20,842	\$ -	\$ 1,553,445
Leasehold improvements	1,884,418	112,278	-	1,996,696
Computer equipment	1,331,810	106,081	-	1,437,891
Equipment	125,110	9,547	-	134,657
	4,873,941	248,748	-	5,122,689
Accumulated amortization				
Furniture and fixtures	351,176	120,064	-	471,240
Leasehold improvements	296,099	147,158	-	443,257
Computer equipment	1,099,610	81,599	-	1,181,209
Equipment	51,985	14,784	-	66,769
	1,798,870	363,605	-	2,162,475
Net book value	\$ 3,075,071	\$ (114,857)	\$ -	\$ 2,960,214

10. Commitments

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

2024	\$	280,340
2025		280,340
2026		280,340
2027		280,340
2028		272,690
	\$	<u>1,394,050</u>

11. Budgeted Figures

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

12. Working Capital Advance

The Minister of Finance, with Lieutenant-Governor approval by Order-in-Council (341/1997), has arranged for working capital advances to be available to the LGCA.

The aggregate of the outstanding advances is not to exceed \$2,000,000 (\$2,000,000 in 2022). As at March 31, 2023, \$2,000,000 (\$2,000,000 in 2022) of these advances were unused and available.

13. Related Party Transactions

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

14. Restructuring Transaction

On April 1, 2022, the LGCA entered into a restructuring transaction with the Manitoba Horse Racing Commission under The Horse Racing Regulatory Modernization Act (Liquor, Gaming and Cannabis Control Act and Pari-Mutuel Levy Act Amended). The restructuring transaction was undertaken to transfer responsibility for the regulation of horse racing in Manitoba to the LGCA. The LGCA has recognized in the statement of financial position, the assets and liabilities received from the Manitoba Horse Racing Commission at their carrying amount on the date of the restructuring as illustrated below.

Financial assets

Cash	\$	108,264
Accounts receivable		15,293
Long-term investment		<u>304,396</u>
		427,953

Liabilities

Accounts payable and accrued liabilities		115,784
Provision for employee pension benefits		<u>371,077</u>
		486,861

Net financial debt**Non-financial assets**

Tangible capital assets		<u>4,141</u>
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Total assets and liabilities received

	\$	<u>(54,767)</u>
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An expense of \$54,767 has been recognized as a separate line item on the statement of operations and accumulated surplus, which represents the net effect of the assets and liabilities received.

Included in the statement of operations and accumulated surplus from April 1, 2022 until the end of the year are the following revenues and expenses related to the responsibilities transferred from the Manitoba Horse Racing Commission as part of the restructuring transaction.

Revenue		
Licence fees	\$	372,283
Pari-mutuel levy		1,961,076
		<u>2,333,359</u>
Expenses		
Pari-mutuel levy	\$	1,961,076
Salaries and benefits		284,372
Operating expenses		53,265
Other		6,834
Communication		4,559
Professional fees		1,452
Repairs and maintenance		340
	\$	<u>2,311,898</u>

15. Comparative Amounts

Certain of the comparative amounts presented in the financial statement have been restated to conform to the current year's financial statement presentation.

16. Social Responsibility Fee

The Government of Manitoba announced subsequent to year-end the intention to repeal the cannabis social responsibility fee (SRF) back to January 1, 2022. The statement of operations and accumulated surplus has been adjusted to reflect the SRF to December 31, 2021 and the portion January 1 to March 31, 2022 as MLLC funding transfer.

17. 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>2023</u>	<u>2022</u>
Manitoba Standardbred Racing Industry	\$ 328,481	\$ 334,399
Horsemen's Benevolent and Protective Association	1,289,407	1,315,135
Canadian Thoroughbred Horse Society	343,188	346,751
Manitoba Horse Racing Commission	-	233,044
	<u>\$ 1,961,076</u>	<u>\$ 2,229,329</u>

The 2022 figures are presented as comparatives for information purposes and are not reflected in the statement of operations and accumulated surplus for 2022 (see Note 14 for results of restructuring transaction).





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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.