



Auditor General  
MANITOBA

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**INDEPENDENT AUDITOR'S REPORT**

To the Legislative Assembly of Manitoba, and  
To the Board of the Liquor, Gaming and Cannabis Authority of Manitoba:

***Opinion***

We have audited the financial statements of the Liquor, Gaming and Cannabis Authority of Manitoba, which comprise the statement of financial position as at March 31, 2020, 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 Liquor, Gaming and Cannabis Authority of Manitoba as at March 31, 2020, and its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

***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 Liquor, Gaming and Cannabis Authority of Manitoba 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 PSAS, 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 Liquor, Gaming and Cannabis Authority of Manitoba'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 an intention exists to liquidate the Liquor, Gaming and Cannabis Authority of Manitoba or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Liquor, Gaming and Cannabis Authority of Manitoba'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 Liquor, Gaming and Cannabis Authority of Manitoba'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 Liquor, Gaming and Cannabis Authority of Manitoba'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 Liquor, Gaming and Cannabis Authority of Manitoba 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.

Office of the Auditor General  
Winnipeg, Manitoba  
June 24, 2020

# LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

## STATEMENT OF FINANCIAL POSITION

As at March 31	Actual 2020	Actual 2019
<b>Financial assets</b>		
Cash and cash equivalents	\$ 3,515,290	\$ 2,801,184
Accounts receivable (Note 4)	561,080	527,760
Long-term investment (Note 5)	146,079	146,079
	<u>4,222,449</u>	<u>3,475,023</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	916,245	1,099,662
Deferred revenue (Note 7)	455,383	471,142
Severance benefits (Note 8)	1,086,349	1,131,344
Retirement benefits (Note 8)	108,695	107,063
Non-vested sick leave benefits (Note 8)	160,661	177,384
	<u>1,355,705</u>	<u>1,415,791</u>
Total employee future benefits	<u>1,355,705</u>	<u>1,415,791</u>
	<u>2,727,333</u>	<u>2,986,595</u>
Net financial assets	<u>1,495,116</u>	<u>488,428</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	3,296,570	3,477,790
Prepaid expenses	62,813	35,766
	<u>3,359,383</u>	<u>3,513,556</u>
<b>Accumulated surplus</b>	<b>\$ 4,854,499</b>	<b>\$ 4,001,984</b>

On behalf of the Board:

Original Document Signed  
Board Member

Original Document Signed  
Board Member

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

LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	Budget 2020	Actual 2020	Actual 2019
<b>Revenue</b>			
Licence fees – gaming	\$ 6,174,100	\$ 6,201,717	\$ 6,194,566
Licence fees – liquor	1,749,200	1,652,358	1,700,404
Licence fees – cannabis	40,400	32,500	21,667
MLLC funding transfer	1,365,000	2,061,352	2,975,000
Social responsibility fee	1,610,000	913,648	0
Other revenue	22,000	19,410	24,560
Interest earned	70,100	68,800	81,907
	11,030,800	10,949,785	10,998,104
<b>Expenses</b>			
Salaries and benefits	8,030,000	7,460,641	7,568,115
Public education	565,000	498,600	493,163
Rent	425,100	444,429	641,290
Amortization	363,600	354,653	155,475
Transportation	384,000	314,000	325,934
Legal and professional fees	369,500	297,564	251,109
Supplies and services	240,800	268,804	350,575
Communications	264,500	199,458	245,953
Education, training, conferences	125,000	105,204	133,959
Accommodations	66,000	57,499	80,732
Other expenses	55,400	44,707	44,682
Board	69,200	40,610	51,185
Human resources/systems support	16,100	8,818	8,337
Loss on disposal of tangible capital assets	0	2,283	73,765
	10,974,200	10,097,270	10,424,274
<b>Annual surplus</b>	56,600	852,515	573,830
<b>Accumulated surplus, beginning of year</b>	4,001,984	4,001,984	3,428,154
<b>Accumulated surplus, end of year</b>	\$ 4,058,584	\$ 4,854,499	\$ 4,001,984

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

# LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31	Budget 2020	Actual 2020	Actual 2019
Annual surplus	\$ 56,600	\$ 852,515	\$ 573,830
Acquisition of tangible capital assets	(140,000)	(175,716)	(3,456,663)
Amortization of tangible capital assets	363,600	354,653	155,475
Loss on disposal of tangible capital assets	0	2,283	73,765
	223,600	181,220	(3,227,423)
Decrease (increase) in prepaid expenses	0	(27,047)	37,998
<b>Increase (decrease) in net financial assets</b>	<b>280,200</b>	<b>1,006,688</b>	<b>(2,615,595)</b>
<b>Net financial assets, beginning of year</b>	<b>488,428</b>	<b>488,428</b>	<b>3,104,023</b>
<b>Net financial assets, end of year</b>	<b>\$ 768,628</b>	<b>\$ 1,495,116</b>	<b>\$ 488,428</b>

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

# LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

## STATEMENT OF CASH FLOWS

For the year ended March 31	2020	2019
<b>Operating transactions</b>		
Annual surplus	\$ 852,515	\$ 573,830
Loss on disposal of tangible capital assets	2,283	73,765
Changes in non-cash items		
Accounts receivable	(33,320)	(30,166)
Prepaid expenses	(27,047)	37,998
Accounts payable and accrued liabilities	(183,417)	175,154
Deferred revenue	(15,759)	22,904
Provision for employee severance benefits	(44,995)	86,240
Provision for employee pension benefits	1,632	(1,777)
Provision for employee sick leave benefits	(16,723)	5,216
Amortization	354,653	155,475
Cash provided by operating transactions	889,822	1,098,639
<b>Capital transactions</b>		
Cash used to acquire tangible capital assets	(175,716)	(3,456,663)
Increase (decrease) in cash and cash equivalents	714,106	(2,358,024)
<b>Cash and cash equivalents, beginning of year</b>	<b>2,801,184</b>	<b>5,159,208</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,515,290</b>	<b>\$ 2,801,184</b>
<b>Supplemental cash flow information</b>		
Interest received	66,836	84,652

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

# NOTES TO FINANCIAL STATEMENTS

## 1. Nature of Operations

The Liquor, Gaming and Cannabis Authority of Manitoba (LGCA) was established by The Liquor, Gaming and Cannabis Control Act and accompanying Lieutenant-Governor-in-Council and LGCA board regulations. As per this act, the Liquor and Gaming Authority of Manitoba is continued under the name LGCA. The LGCA regulates liquor sales, service and manufacturing, cannabis sales and distribution, and regulates gaming employees, products and operations.

## 2. Summary of Significant Accounting Policies

### a. Basis of Accounting

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards, established by the Public Sector Accounting Board.

### b. 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 meeting short-term cash commitments rather than for investing.

### c. Employee Future Benefits

- (i) The cost of severance obligations is determined using the annual actuarial report as at March 31, 2020. 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 legacy Manitoba Gaming Control Commission employees and former non-unionized Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGCA, the maximum payout is currently 23 weeks at the employee's weekly salary at the date of retirement. Eligibility will require that the employee has achieved a minimum of nine years of service and that the employee is retiring from the LGCA. For former unionized Regulatory Services Division employees of the Manitoba Liquor Control Commission who transferred to the LGCA, the entitlement is one week's pay for each complete year of continuous service, to a maximum of 25 weeks at the employee's weekly salary at the date of retirement. The 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.
- (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 the annual entitlement.

### d. Tangible Capital Assets

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

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

### e. Prepaid Expenses

Prepaid expenses include rent, insurance and supplies and are charged to expenses over the periods expected to benefit from it.

### f. Revenues

Revenues are recorded on an accrual basis except for gaming event licence fees, supplier licence fees, social occasion permit fees, and licence application fees, which are recognized on a cash receipt basis.

The annual funding transfer from the Manitoba Liquor and Lotteries Corporation is the amount that the LGCA, with the approval of the Treasury Board, directs the Manitoba Liquor and Lotteries Corporation to pay to the LGCA.

Manitoba has established a social responsibility fee intended to offset the costs of the cannabis regulatory regime. The social responsibility fee is 6% of annual non-medical cannabis sales. The LGCA receives a portion of the social responsibility fee proportionate to its annual cannabis regulatory expenditures.

### g. Expenses

Expenses are recorded on an accrual basis.

### h. Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

### 3. Financial Instruments and Financial Risk Management

#### Measurement

Financial instruments are classified into one of the two measurement categories: (a) fair value or (b) cost or amortized cost.

The LGCA records its financial assets at cost. Financial assets include cash and cash equivalents, temporary investments and accounts receivable. The LGCA also records its financial liabilities at cost. Financial liabilities are accounts payable.

Gains and losses on financial instruments measured at fair value are recorded in accumulated surplus as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the statement of operations. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs.

The LGCA did not incur any re-measurement gains and losses during the year ended March 31, 2020 (2019 - \$nil).

The LGCA has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, market risk, interest risk, and foreign currency risk.

#### 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.

The maximum exposure of the LGCA to credit risk as at March 31, 2020 was:

	2020	2019
Cash and cash equivalents	\$ 3,515,290	\$ 2,801,184
Accounts receivable	561,080	527,760
	<u>\$ 4,076,370</u>	<u>\$ 3,328,944</u>

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

Accounts receivable: The LGCA 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.

The aging of accounts receivable as at March 31, 2020 was:

Current	\$ 552,154
30 to 60 days past billing date	(359)
61 to 90 days past the billing date	8,028
More than 90 days past the billing date	<u>1,257</u>
	<u>\$ 561,080</u>

#### 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 significant 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.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The LGCA is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

### 4. Accounts Receivable

	2020	2019
MLLC	\$ 523,139	\$ 503,811
Liquor service/retail beer vendor/ cannabis licensees	558	992
First Nation casinos	4,600	6,500
Social occasion permit holders	0	1,250
Gaming event licensees	20,993	3,147
Interest on short-term investments	10,787	8,823
Other trades	1,003	3,237
	<u>\$ 561,080</u>	<u>\$ 527,760</u>



## 5. Long-Term Investment

The Province of Manitoba had accepted responsibility for the severance pay benefits of \$146,079 accumulated to March 31, 1998 for certain employees. Effective March 31, 2009, the Province of Manitoba placed the amount of \$146,079 into an interest-bearing trust account to be held on the LGCA's behalf until the cash is required to discharge the related liabilities. Interest earned on this investment this year was \$2,695 (2019 - \$2,513).

## 6. Accounts Payable and Accrued Liabilities

	2020	2019
Accounts payable and accrued liabilities	\$ 63,644	\$ 232,762
Salaries and benefits payable	64,702	11,076
Accrued vacation pay	784,661	851,596
Other	3,238	4,228
	<u>\$ 916,245</u>	<u>\$ 1,099,662</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.

	Balance at Beginning of Year	Receipts During Year	Transferred to Revenue	Balance at End of Year
Licence fees	\$ 471,142	\$ 911,724	\$ 927,483	\$ 455,383

## 8. Employee Future Benefits

### a. Severance Benefits

The amount of the estimated liability for accumulated severance pay benefits for LGCA employees is determined using the annual actuarial report of severance obligations as at March 31, 2020. It should be noted that the Manitoba Liquor and Lotteries Corporation 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 of March 31, 2020. The LGCA's actuarially-determined net liability for accounting purposes as at March 31, 2020, was \$982,499 (2019 - \$1,021,573). An actuarial gain of \$13,984 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 this year amounted to \$175,369 (2019 - \$18,770).

Significant long-term actuarial assumptions used in the March 31, 2020 valuation and in the determination of the March 31, 2020 present value of the accrued severance benefit obligation were:

Annual rate of return	
(i) inflation component	2.00%
(ii) real rate of return	<u>3.75%</u>
	<u>5.75%</u>

Annual salary escalation rates	
(i) general increases	
a) salary increase	2.00%
b) real rate	<u>0.50%</u>
	<u>2.50%</u>

(ii) service, merit and promotional increases. The rates used vary by age groupings from a high of 3.0% to a low of 0%.

The severance benefit liability at March 31, 2020 includes the following components:

	2020	2019
Accrued benefit liability	\$ 982,499	\$ 1,021,573
Unamortized actuarial gains	103,850	109,771
Severance benefit liability	<u>\$ 1,086,349</u>	<u>\$ 1,131,344</u>

The total expenses related to severance benefits at March 31, 2020 include the following components:

	2020	2019
Interest on obligation	\$ 58,822	\$ 57,083
Current period benefit cost	<u>91,744</u>	<u>66,595</u>
	<u>150,566</u>	<u>123,678</u>
Effect of change in assumptions	<b>(287)</b>	
Amortization of actuarial gain over expected average remaining service lifetime	<u>(19,905)</u>	<u>(18,668)</u>
Total expense related to severance benefit	<u>\$ 130,374</u>	<u>\$ 105,010</u>

## b. 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, the LGCA has no further pension liability. 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 contributions for this year were \$439,546. Contributions for the 2018/19 year were \$436,434.

For employees 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, 2020, a reserve of \$108,695 (2019 - \$107,063) 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 \$1,632 (2019 - reduced by \$1,777). Significant long-term actuarial assumptions used in the March 31, 2020 valuation and in the determination of

the March 31, 2020 present value of the accrued basic pension benefit obligations were:

Annual rate of return	
(i) inflation component	2.00%
(ii) real rate of return	<u>3.75%</u>
	<u>5.75%</u>

Annual salary escalation rates	
(i) general increases	
a) salary increase	2.00%
b) productivity component	<u>0.50%</u>
	<u>2.50%</u>

(ii) service, merit and promotional increases. The rates used vary by age groupings from a high of 3.0% to a low of 0%.

## c. Non-Vested Sick Leave Benefits

All employees 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. These assumptions include a 3.60% discount rate and a 3.75% annual salary increase.

## 9. Tangible Capital Assets

March 31, 2020

	Equipment	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
<b>Cost</b>					
Opening balance	\$ 122,058	\$ 1,493,996	\$ 1,163,199	\$ 1,847,390	\$ 4,626,643
Additions	3,052	38,607	97,029	37,028	175,716
Disposals			(42,411)		(42,411)
Closing Balance	\$ 125,110	\$ 1,532,603	\$ 1,217,817	\$ 1,884,418	\$ 4,759,948
<b>Accumulated amortization</b>					
Opening balance	\$ 11,424	\$ 74,788	\$ 1,019,537	\$ 43,104	\$ 1,148,853
Amortization	22,280	145,118	61,293	125,962	354,653
Disposals			(40,128)		(40,128)
Closing Balance	\$ 33,704	\$ 219,906	\$ 1,040,702	\$ 169,066	\$ 1,463,378
				<b>Net book value</b>	<b>\$ 3,296,570</b>

**March 31, 2019**

	<b>Equipment</b>	<b>Furniture and fixtures</b>	<b>Computer equipment</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>Cost</b>					
Opening balance	\$ 56,276	\$ 466,290	\$ 1,128,811	\$ 64,397	\$ 1,715,774
Additions	113,612	1,421,784	73,877	1,847,390	3,456,663
Disposals	(47,830)	(394,078)	(39,489)	(64,397)	(545,794)
Closing Balance	\$ 122,058	\$ 1,493,996	\$ 1,163,199	\$ 1,847,390	\$ 4,626,643
<b>Accumulated amortization</b>					
Opening balance	\$ 51,353	\$ 341,559	\$ 1,008,098	\$ 64,397	\$ 1,465,407
Amortization	6,600	58,172	47,599	43,104	155,475
Disposals	(46,529)	(324,943)	(36,160)	(64,397)	(472,029)
Closing Balance	\$ 11,424	\$ 74,788	\$ 1,019,537	\$ 43,104	\$ 1,148,853
				<b>Net book value</b>	<b>\$ 3,477,790</b>

**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:

2021	278,990
2022	278,990
2023	279,215
2024	280,340
2025	280,340

**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 Orders-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 (2019 - \$2,000,000). As at March 31, 2020, \$2,000,000 (2019 - \$2,000,000) of these advances were unused and available.

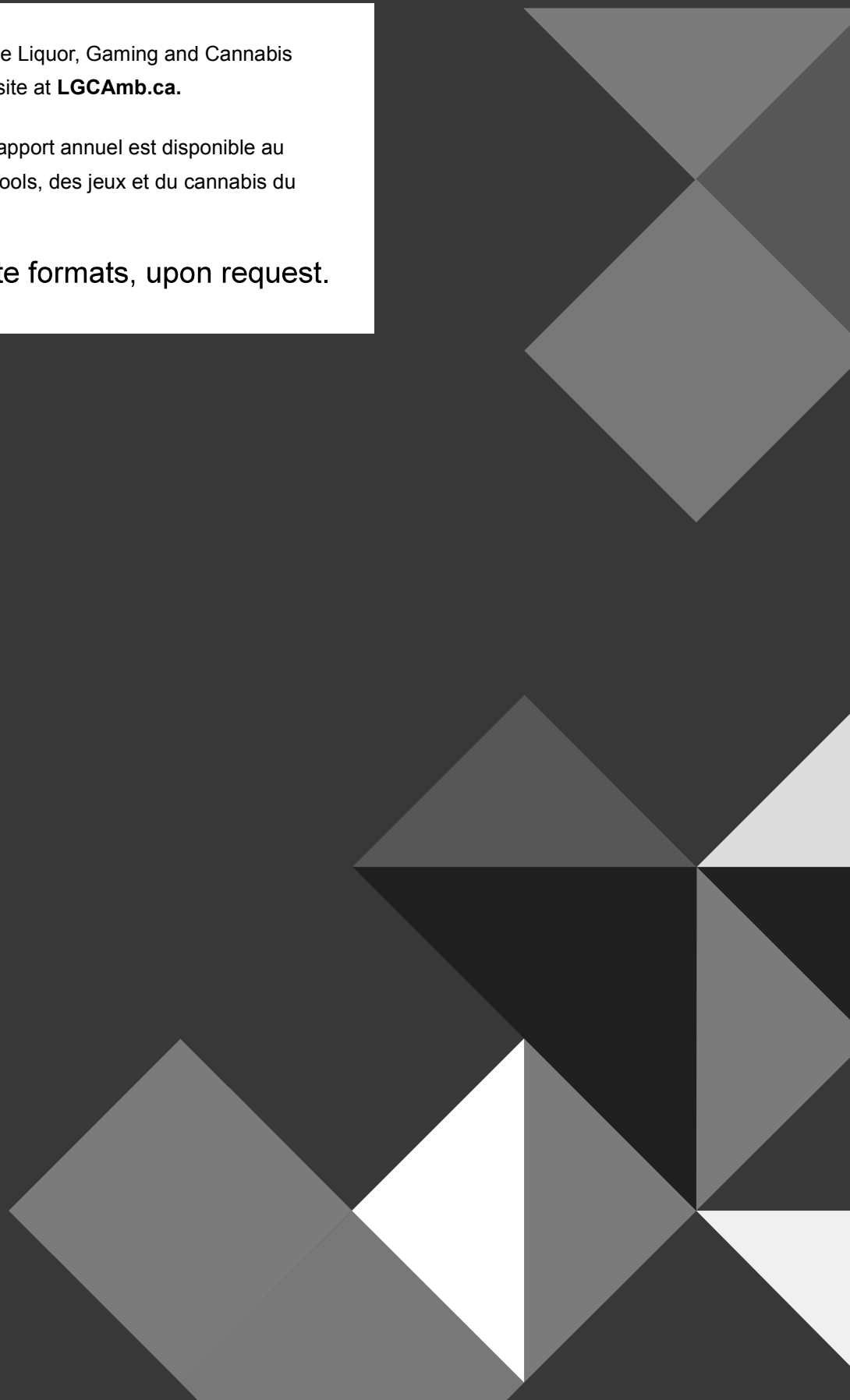
**13. Related Party Transactions**

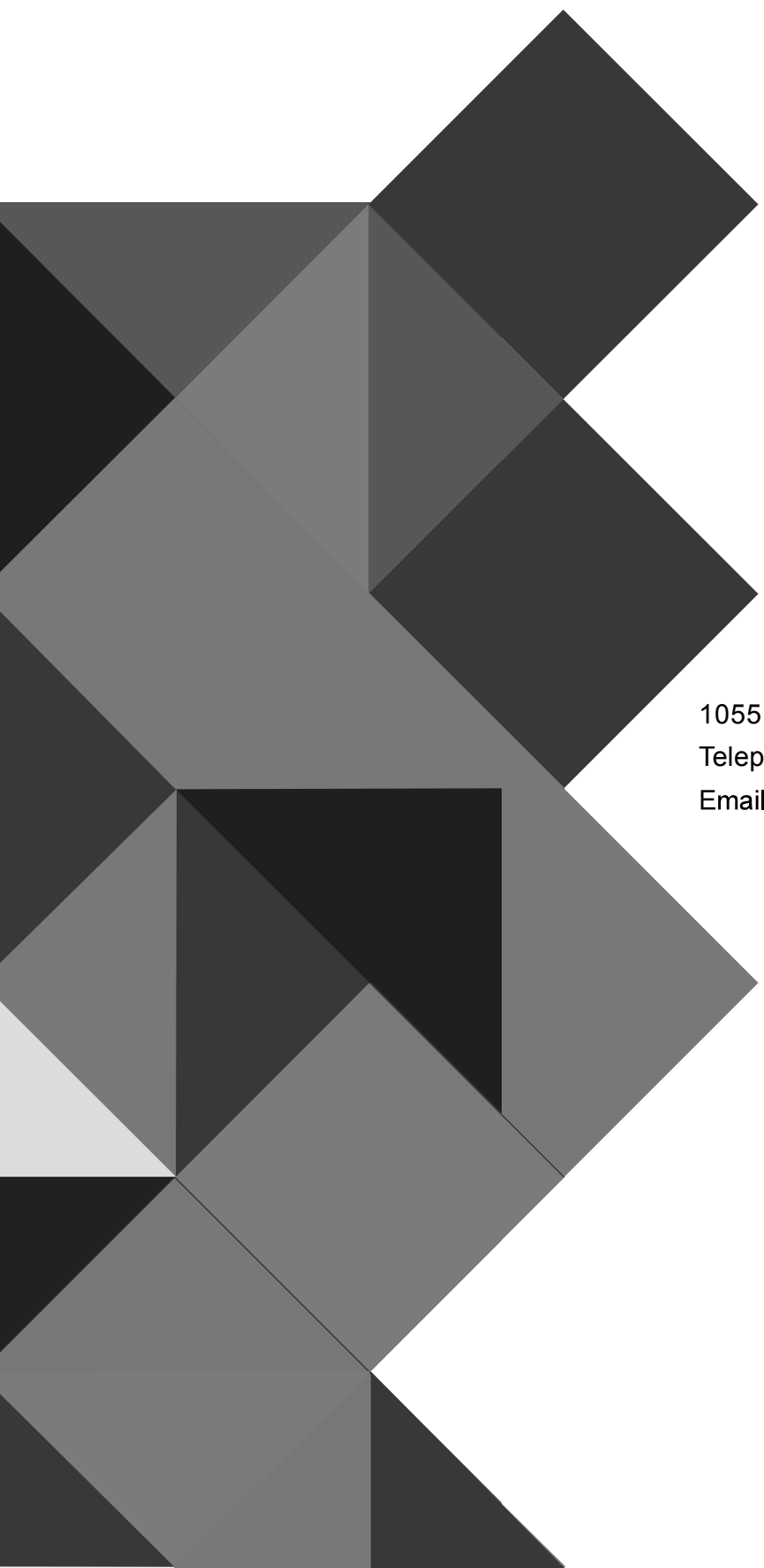
The LGCA is related in terms of common ownership to all Province of Manitoba created departments, agencies, and Crown corporations. The LGCA enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

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.





# LGCA

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