

**LIQUOR, GAMING AND CANNABIS
AUTHORITY OF MANITOBA**

Financial Statements
For the year ended March 31, 2021

LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

Financial Statements

For the year ended March 31, 2021

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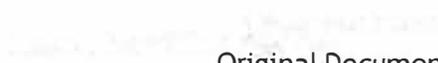
Management's Responsibility for Financial Reporting

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

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

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

On behalf of Management:


Original Document Signed

Lauren McWilliams, Director, Finance and Administration


Original Document Signed

Kristianne Dechant, Executive Director and CEO

June 23, 2021



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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 "Organization"), which comprise the statement of financial position as at March 31, 2021, 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, 2021, 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Organization for the year ended March 31, 2020 were audited by another auditor who expressed an unqualified opinion on those financial statements on June 24, 2020

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
June 23, 2021

LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA
Statement of Financial Position

March 31	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 4,177,605	\$ 3,515,290
Accounts receivable (Note 4)	448,661	561,080
Long-term investments (Note 5)	146,079	146,079
	4,772,345	4,222,449
Liabilities		
Accounts payable and accrued liabilities (Note 6)	691,076	916,245
Deferred revenue (Note 7)	481,988	455,383
Severance benefits (Note 8)	934,925	1,086,349
Non-vested sick leave benefits (Note 8)	138,147	160,661
Retirement benefits (Note 8)	107,795	108,695
	2,353,931	2,727,333
Net financial assets	2,418,414	1,495,116
Non-financial Assets		
Tangible capital assets (Note 9)	3,075,071	3,296,570
Prepaid expenses	141,272	62,813
	3,216,343	3,359,383
Commitments (Note 10)		
Accumulated surplus	\$ 5,634,757	\$ 4,854,499

Approved on behalf of the Board:

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LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

Statement of Operations and Accumulated Surplus

For the year ended March 31	2021	2021	2020
	Budget	Actual	Actual
Revenue			
Licence fees - gaming	\$ 6,181,350	\$ 5,999,857	\$ 6,201,717
Licence fees - liquor	1,740,267	1,195,108	1,652,358
Licence fees - cannabis	40,000	88,849	32,500
MLLC funding transfer	1,431,000	1,610,660	2,061,352
Social responsibility fee	1,744,000	564,340	913,648
Other revenue	369,950	26,880	19,410
Interest earned	78,458	7,586	68,800
	11,585,025	9,493,280	10,949,785
Expenses			
Salaries and benefits	8,235,653	6,504,965	7,460,641
Public education	720,000	516,668	498,600
Rent	441,984	466,431	444,429
Amortization	359,153	335,491	354,653
Transportation	361,900	238,607	314,000
Legal and professional fees	292,025	180,438	297,564
Supplies and services	273,930	175,577	268,804
Communications	227,568	144,740	199,458
Education, training, conferences	100,000	55,210	105,204
Other expenses	401,808	35,776	44,707
Board	70,204	31,941	40,610
Accommodations	69,400	17,341	57,499
Human resources/systems support	16,320	9,837	8,818
Loss on disposal of tangible capital assets	-	-	2,283
	11,569,945	8,713,022	10,097,270
Annual surplus	15,080	780,258	852,515
Accumulated surplus, beginning of year	4,045,765	4,854,499	4,001,984
Accumulated surplus, end of year	\$ 4,869,579	\$ 5,634,757	\$ 4,854,499

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

LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA
Statement of Changes in Net Financial Assets

For the year ended March 31	2021	2021	2020
	Budget	Actual	Actual
Annual surplus	\$ 15,080	\$ 780,258	\$ 852,515
Acquisition of capital assets	(170,000)	(113,993)	(175,716)
Amortization of capital assets	359,153	335,491	354,653
Loss on disposal of capital assets	-	-	2,283
	189,153	221,498	181,220
Increase in prepaid expense	-	(78,458)	(27,047)
Increase in net financial assets	204,233	923,298	1,006,688
Net financial assets, beginning of year	741,199	1,495,116	488,428
Net financial assets, end of year	\$ 945,432	\$ 2,418,414	\$ 1,495,116

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	2021	2020
Cash Flows from (used in) Operating Activities		
Annual surplus for the year	\$ 780,258	\$ 852,515
Amortization	335,491	354,653
Loss on disposal of tangible capital assets	-	2,283
	<u>1,115,749</u>	<u>1,209,451</u>
Changes in non-cash items		
Accounts receivable	112,419	(33,320)
Prepaid expenses	(78,458)	(27,047)
Accounts payable and accrued liabilities	(225,169)	(183,417)
Deferred revenue	26,605	(15,759)
Provision for employee severance benefits	(151,424)	(44,995)
Provision for employee retirement benefits	(900)	1,632
Provision for employee sick leave benefits	(22,514)	(16,723)
	<u>776,308</u>	<u>889,822</u>
Cash Flows used in Capital Activities		
Acquisition of capital assets	(113,993)	(175,716)
Increase in cash and cash equivalents for the year	662,315	714,106
Cash and cash equivalents, beginning of year	<u>3,515,290</u>	<u>2,801,184</u>
Cash and cash equivalents, end of year	<u>\$ 4,177,605</u>	<u>\$ 3,515,290</u>

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

LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

1. Nature of Organization

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

Employee Future Benefits

- i. The cost of severance obligations is determined using the annual actuarial report as at March 31, 2021. 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 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 unionized Regulatory Services Division employees of 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 MLLC 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.

LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

2. Significant Accounting Policies (continued)

Employee Future Benefits (continued)

- ii. All LGCA employees who 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 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, and licence application fees, which are recognized when received.

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

LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

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 and is recognized on an accrual basis.

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 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 LGCA consist of cash and cash equivalents, long-term investments, accounts receivable and accounts payable.

All of 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.

LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

3. Financial Instruments and Financial Risk Management

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

Credit Risk

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

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

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

Liquidity Risk

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

Market Risk

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

Interest Rate Risk

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

LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

4. Accounts Receivable

	2021	2020
MLLC	\$ 366,805	\$ 523,139
Other trades	62,317	1,003
Gaming event licensees	17,337	20,993
First Nations casinos	2,100	4,600
Interest on short-term investments	102	10,787
Liquor service/ retail beer vender/ cannabis licensees	-	558
	\$ 448,661	\$ 561,080

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 \$ 1,154 (\$2,695 in 2020).

6. Accounts Payable and Accrued Liabilities

	2021	2020
Accrued vacation pay	\$ 536,417	\$ 784,661
Salaries and benefits payable	86,751	64,702
Accounts payable and accrued liabilities	64,726	63,644
Other	3,182	3,238
	\$ 691,076	\$ 916,245

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	\$ 455,383	\$ 952,912	\$ 926,307	\$ 481,988

LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

8. Employee Benefits

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, 2021. It should be noted that the Manitoba Liquor and Lotteries Corporation with 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.

As actuarial report was completed for the severance pay liability as of March 31, 2021. The LGCA's actuarially-determined net liability of accounting purposes as at March 31, 2021 was \$774,178 (\$982,499 in 2020). An actuarial gain of \$74,903 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 \$246,825 (\$175,369 in 2020).

Significant long-term actuarial assumptions used in the March 31, 2021 valuation and in the determination of the March 31, 2021 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	2.50%
b) real rate	<u>0.50%</u>
	<u>3.00%</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%.

LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

8. Employee Benefits (continued)

The severance benefit liability at March 31, 2021 includes the following components:

	<u>2021</u>	<u>2020</u>
Accrued benefit liability	\$ 774,178	\$ 982,499
Unamortized actuarial gains	<u>160,747</u>	103,850
Severance benefit liability	<u>\$ 934,925</u>	<u>1,086,349</u>

The total expenses related to severance benefits at March 31, 2021 include the following components:

	<u>2021</u>	<u>2020</u>
Interest on obligation	\$ 51,258	\$ 58,822
Current period benefit cost	<u>62,149</u>	<u>91,744</u>
	113,407	150,566
Effect of change in assumptions	-	(287)
Amortization of actuarial gain over expected average remaining service lifetime	<u>(18,003)</u>	<u>(19,905)</u>
Total expense related to severance benefit	<u>\$ 95,404</u>	<u>\$ 130,374</u>

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. The assumptions include a 3.2% discount rate and a 3.75% annual salary increase.

LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

8. Employee Benefits (continued)

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 contribution for this year were \$410,762 (\$439,546 in 2020).

For employees who 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, 2021, a reserve of \$107,795 (\$108,695 in 2020) 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 \$900 (increased by \$1,632 in 2020). Significant long-term actuarial assumptions used in the March 31, 2021 valuation and in the determination of the March 31, 2021 present value of the accrued basis pension 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	2.50%
b) productivity component	<u>0.50%</u>
	<u>3.00%</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%.

LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

9. Tangible Capital Assets

	2021			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furniture and fixtures	\$ 1,532,603	\$ -	\$ -	\$ 1,532,603
Leasehold improvements	1,884,418	-	-	1,884,418
Computer equipment	1,217,817	113,993	-	1,331,810
Equipment	125,110	-	-	125,110
	4,759,948	113,993	-	4,873,941
Accumulated Amortization				
Furniture and fixtures	219,906	131,270	-	351,176
Leasehold improvements	169,066	127,033	-	296,099
Computer equipment	1,040,703	58,907	-	1,099,610
Equipment	33,704	18,281	-	51,985
	1,463,379	335,491	-	1,798,870
Net book value	\$ 3,296,570	\$ (221,498)	\$ -	\$ 3,075,071
				2020
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furniture and fixtures	\$ 1,493,996	\$ 38,607	\$ -	\$ 1,532,603
Leasehold improvements	1,847,390	37,028	-	1,884,418
Computer equipment	1,163,199	97,029	42,411	1,217,817
Equipment	122,058	3,052	-	125,110
	4,626,643	175,716	42,411	4,759,948
Accumulated Amortization				
Furniture and fixtures	74,788	145,118	-	219,906
Leasehold improvements	43,104	125,962	-	169,066
Computer equipment	1,019,537	61,293	40,128	1,040,702
Equipment	11,424	22,280	-	33,704
	1,148,853	354,653	40,128	1,463,378
Net book value	\$ 3,477,790	\$ (178,937)	\$ 2,283	\$ 3,296,570

LIQUOR, GAMING AND CANNABIS AUTHORITY OF MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

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:

2022	\$	278,990
2023		279,215
2024		280,340
2025		280,340
2026		280,340
		<hr/>
	\$	1,399,225

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 (\$2,000,000 in 2020). As at March 31, 2021, \$2,000,000 (\$2,000,000 in 2020) 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.