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# 2023-2024 Annual Report

**NEW BRUNSWICK LOTTERIES AND GAMING CORPORATION**



## **2023-2024 Annual Report**

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Hon. René Legacy  
Minister of Finance and Treasury Board  
Province of New Brunswick

We are pleased to submit to you the Annual Report of the New Brunswick Lotteries and Gaming Corporation for the fiscal year ended March 31, 2024.



Travis Bergin  
Vice-Chair



David Nowlan  
Director

# New Brunswick Lotteries and Gaming Corporation

Under the *Gaming Control Act* (the *Act*), the New Brunswick Lotteries and Gaming Corporation (NBLGC) was established as a Crown corporation responsible for developing, organizing, conducting and managing all provincial gaming as required under paragraph 207(1)(a) of the *Criminal Code* of Canada.

As set out in section 5 of the *Act*, the mandate of the NBLGC is to:

- develop, organize, undertake and conduct and manage lottery schemes on behalf of the government of the Province;
- develop, organize, undertake and conduct and manage lottery schemes on behalf of the government of the Province and the government of another province in Canada;
- ensure those lottery schemes are conducted and managed in accordance with the *Criminal Code* (Canada), the *Gaming Control Act* and applicable regulations; and
- do such other things in respect of lottery schemes as the Lieutenant-Governor in Council may require.

The NBLGC is also responsible for the development and implementation of responsible gaming policies and initiatives and the administration of gaming revenue sharing agreements with First Nations.

## APPROVED LOTTERY SCHEMES

The NBLGC's current lines of business (i.e. approved lottery schemes) are: video lottery, ticket lottery, iLottery and casino gaming.

The Atlantic Lottery Corporation (ALC) operates the video lottery, ticket lottery and iLottery lines of business on behalf of its shareholder, the NBLGC. As the provincial shareholder, the NBLGC is responsible for managing the oversight and accountability relationship with the ALC and appointing directors to represent the shareholder on ALC Board of Directors.

Casino gaming is operated by two private service providers, Great Canadian Gaming New Brunswick, Inc. (Casino New Brunswick) and Grey Rock Entertainment Center Inc. (Grey Rock Casino), in accordance with their respective service provider agreements. The NBLGC exercises its conduct and manage responsibility through the management of those service provider agreements and the oversight of casino operations.

# Governance

## BOARD OF DIRECTORS

The business and affairs of the NBLGC are administered by a board of directors, which consists of the Minister of Finance and Treasury Board, the Deputy Minister of Finance and Treasury Board, and two senior civil servants appointed by the Lieutenant-Governor in Council. The Act requires one of the appointees to be a senior official from the Department of Health. The NBLGC, through its board, is ultimately responsible to the Government of New Brunswick.

At March 31, 2024, the members of the board of directors were:

- Hon. Ernie Steeves, Minister of Finance and Treasury Board (Chair)
- Cheryl Hansen, Deputy Minister of Finance and Treasury Board (Vice-Chair)
- Annie Pellerin, Executive Director, Department of Health
- David Nowlan, Associate Deputy Minister and ERP Business Solution Owner, Finance and Treasury Board

## OFFICERS AND SUPPORT STAFF

In accordance with the by-laws, the officers of the Corporation are:

- Chief Operating Officer (COO)
- Secretary
- Treasurer

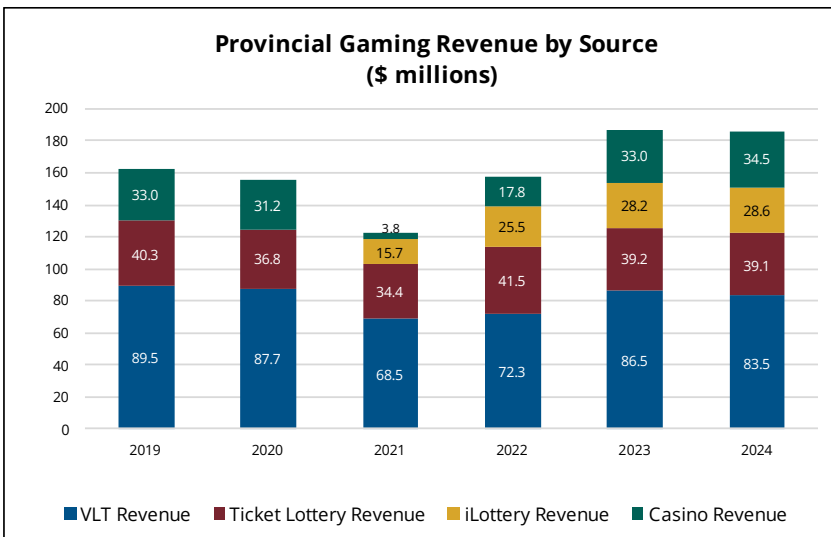
The officers of the Corporation are employees of the Province of the New Brunswick. The NBLGC is supported by the Agency Relations Branch in the Department of Finance and Treasury Board.

# 2023-2024 Financial and Operational Highlights

## GAMING REVENUE

The NBLGC receives the net profits from the operations of the Atlantic Lottery Corporation in New Brunswick. The Corporation also receives an allocation of gross gaming revenue from casino operations (Casino New Brunswick and Grey Rock Casino) in accordance with the terms of the respective service provider agreements.

A total of \$185.7 million in gaming revenue was received in 2023-2024. An additional \$874K in licensing revenues was also received during the fiscal year.



Casino gaming revenue was \$34.5 million, which is slightly higher than pre-pandemic levels.

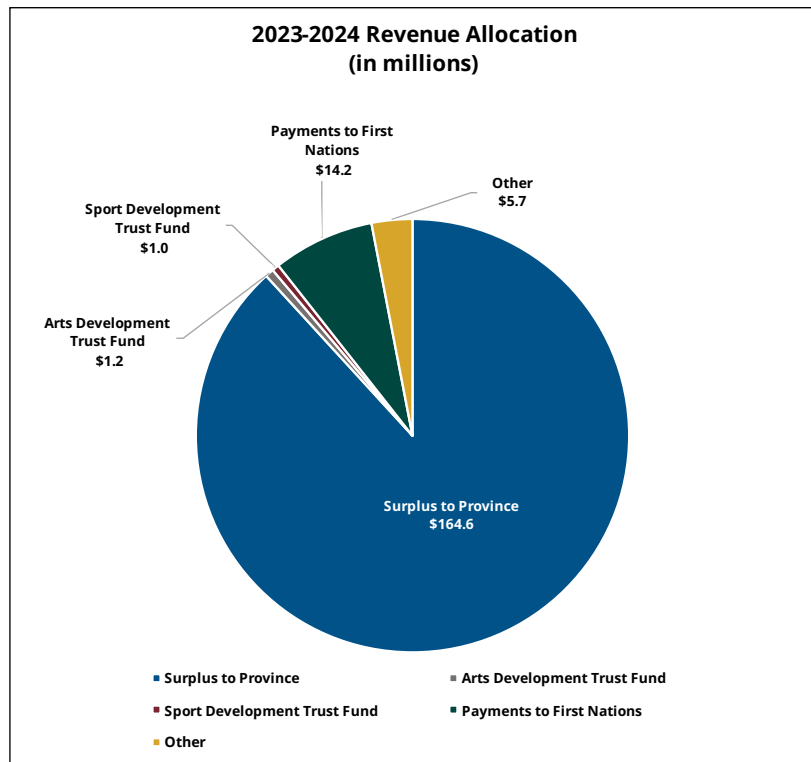
Revenue from video lottery and ticket lottery was \$122.6 million.

Revenue from the iLottery business line was \$28.6 million, with \$24.1 million attributable to iCasino.

## WHERE IS GAMING REVENUE REINVESTED?

In 2023-2024, \$2.2 million of the gaming revenue was reinvested in the provincial Arts and Sport Development Trust Funds. \$14.2 million was disbursed to First Nation communities with revenue-sharing agreements.

The surplus of \$164.6 million was provided to the Province of New Brunswick and invested in provincial programs and services.



## CASINO GAMING

### CASINO NEW BRUNSWICK

The NBLGC manages the casino service provider agreement with Great Canadian Gaming (NB) Limited. Casino New Brunswick is located in Moncton and has been in operation since 2010.

The destination casino complex is comprised of three distinct buildings integrated into one linear design: a hotel, a casino, and a multifunction entertainment and convention centre hosting a variety of events including concerts and conferences.

In 2023-2024, the casino offered approximately 575 slots, 18 table games and 6 Poker tables and hosted 906,724 visitors.

## GREY ROCK CASINO

The NBLGC manages the casino service provider agreement with Grey Rock Entertainment Center Inc. Grey Rock Casino is located on the Madawaska Maliseet First Nation (Edmundston) and has been in operation since 2015.

In 2023-2024, the casino offered approximately 252 slots and 15 electronic tables and hosted 263,822 visitors.

## VIDEO AND TICKET LOTTERY

The NBLGC does not directly operate lotteries but is a shareholder in the ALC and the Interprovincial Lottery Corporation (ILC).

The ALC, a jointly-owned corporation of the four Atlantic provinces, operates the video lottery program and ticket lottery on behalf of the NBLGC.

The ALC also markets and offers ILC lottery products. In 2023-2024, in the New Brunswick market, the ALC offered the following video and ticket lottery products:

- **Video Lottery games:** various games including Royal Spins, Wild Life and Bonus 7s Wild
- **National draw games:** Lotto Max, Lotto 6/49 and Daily Grand
- **Regional draw games:** Atlantic 49, TAG, KENO Atlantic, BUCKO, Salsa Bingo, Twist, Lotto 4, Poker Lotto and Hit or Miss
- **Scratch'n Win games** at various price points, including Lucky 7, Bingo, Crossword, Set for Life! and Mega 360
- **Breakopen games** at various price points, including Super Bar, Criss Cross, Bar 10 Bonus and Flaming 7's

## ILOTTERY

The ALC offers a number of online games at ALC.ca, including:

- **Sports games:** PRO•LINE, PRO•LINE Stadium Parlay, PRO•LINE Fantasy and PRO•LINE Futures
- **iBingo:** various games such as Kitchen Party Bingo, Eastcoast Bingo, Turbo Bingo and Oceanside Bingo
- **Digital Instant games** at various price points including Jungle Tumble, Prospector's Gold, Winter Tumble and Leprechaun Wishes
- **iCasino games** such as The Wild Life, Cash Eruption, Rich Little Piggies Meal Ticket, Megajackpots Cleopatra and Powerbucks Bounty O' Bucks

## **RESPONSIBLE GAMBLING**

The NBLGC is responsible for the development and implementation of responsible gambling resources and ensures that all service providers are fulfilling their responsible gambling obligations as set out in the service agreements. The NBLGC is committed to the promotion of healthy play and is responsible for the development and approval of responsible gambling materials and resources for players, and responsible gambling training for employees. NBLGC works with service providers, other jurisdictions, and experts to review existing materials and make any necessary updates to align with research and best practices. The NBLGC is also a member of the Responsible Gambling Council (RGC) and the Canadian Responsible Gambling Association (CRGA).

Responsible gambling initiatives and resources in 2023-2024 included:

### **FUNDING FOR ADDICTION AND MENTAL HEALTH SERVICES**

From the annual surplus provided to the Province, over \$1 million was made available to the Department of Health for addiction services programs with a focus on prevention, treatment and rehabilitation.

### **RESPONSIBLE GAMBLING INFORMATION AT CASINOS**

Grey Rock Casino offers informative responsible gambling materials, provided by the NBLGC, and an area where patrons, casino staff and others can learn about responsible gambling.

The Responsible Gaming Information Centre (RGIC) is located at Casino New Brunswick and is a service established by the NBLGC through a contracted service provider, Telus Health, which operated the RGIC in 2023-2024 at a cost of \$239K.

### **RGIC at Casino New Brunswick**

The RGIC is available to casino patrons, casino staff, members of the public, and other professionals looking for information about responsible gambling supports and services.

The RGIC provides a variety of materials designed to help inform and educate players and others on:

- gambling in general (e.g., myths and facts, odds, randomness;
- how to gamble responsibly (e.g., tips for keeping gambling fun, best practices);
- the signs of problem gambling and available treatment services; and
- the casino's Voluntary Self-Exclusion (VSE) program.

In 2023-2024, 2,496 people visited the RGIC.

In 2023-2024, NBLGC worked with the Mental Health and Addictions branch at the Department of Health to review responsible gambling brochures and materials, and identify provincial and other resources available for gaming staff, players and other interested stakeholders.

Clinicians suspect that pandemic-related restrictions have had an impact on the way in which New Brunswickers have been gambling. There appears to have been an increase in sports betting and in online gambling through regulated and unregulated platforms. NBLGC began discussions on potential partnerships with university and other researchers to update information on gambling behaviours in the province – to help ensure that addictions support and services are appropriate for individuals experiencing harmful gambling.

## **RESPONSIBLE GAMBLING TRAINING**

Casino staff who have interactions with patrons are required to complete responsible gambling training on: healthy gaming practices, myths and facts about problem gambling, behavioral red flags, and how to direct patrons to resources and supports.

In 2023-2024, NBLGC worked with Casino NB on updates to the responsible gambling training program offered to staff.

## **ATLANTIC LOTTERY CORPORATION**

ALC conducts a Social Responsibility Assessment on all games, promotions, and advertising. In addition, ALC promotes responsible gambling through its social media platforms, in advertisements and on [alc.ca](http://alc.ca). The ALC has achieved a Level 4 Responsible Gambling Certification from the World Lottery Association, and the RG Check Accreditation from the Responsible Gambling Council for their online [alc.ca](http://alc.ca) platform.

ALC's focus on rewarding Positive Play by encouraging and incentivizing the adoption of discretionary healthy play tools on [alc.ca](http://alc.ca). This has placed ALC among the leaders in the industry.

As illustrated in the following table, the ALC has a variety of responsible gambling tools and mechanisms incorporated into their player experience.

ALC.ca	
<b>Education</b> <ul style="list-style-type: none"> <li>• Age verification</li> <li>• Mandatory weekly deposit limit</li> <li>• Optional daily wager limit</li> <li>• Optional daily time limit</li> <li>• Session timer displayed</li> <li>• Pop-up reminders: every 60 minutes</li> <li>• Forced log out</li> <li>• PlayWise program including healthy play and education awareness, including myth busting, tips and PGSI quiz</li> <li>• Personalized communication for players based on their play behaviour through the PlayWise Risk Rating tool. Communication included healthy play habits, incentivizing tool usage and information on local community support</li> </ul>	<b>Support</b> <ul style="list-style-type: none"> <li>• 24 hour pause</li> <li>• Self-exclusion &amp; reinstatement program</li> <li>• Reinstatement requires successful completion of education program</li> <li>• Access to community support information</li> <li>• Access to customer care centre/Chimo</li> <li>• Confidential PlayWise rating of low, moderate or high for every player on alc.ca</li> </ul>
Destination and Video Lottery	
<b>Education</b> <ul style="list-style-type: none"> <li>• Maximum cash-in limits: \$60</li> <li>• Clock continuously displayed on every screen</li> <li>• Screen displays in cash, not credits</li> <li>• Pop-up play reminders: 60, 90, 120 and 145 minutes</li> <li>• Forced cash-out: 150 minutes and when exceeding \$1,000</li> <li>• Player service management tool: time &amp; money settings</li> <li>• Healthy play pamphlets onsite: game odds &amp; facts</li> </ul>	<b>Support</b> <ul style="list-style-type: none"> <li>• Mandatory retailer training</li> <li>• NB gambling support line information on terminals (always on screen)</li> <li>• Support line materials throughout facility</li> <li>• Access to customer care centre/Chimo</li> </ul>

## REVENUE SHARING WITH FIRST NATIONS

The NBLGC shares gaming revenue with First Nations, as provided for in section 24 of the *Gaming Control Act*. In 2023-2024, the NBLGC shared \$14.2 million in VLT gaming revenues. The NBLGC was also engaged in ongoing discussions with the Madawaska Maliseet First Nation on the calculation of net profits from Grey Rock Casino to be shared with the First Nation.

## REGULATORY COMPLIANCE AND RISK MANAGEMENT

The NBLGC, and the service providers under contract with NBLGC, have obligations under the federal *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)* to prevent suspicious and money laundering activities at gaming venues in the province. The NBLGC continued its work on updates to the Anti-Money Laundering (AML) policies and procedures applicable to Casino New Brunswick, Grey Rock Casino, and ALC.

In 2023-2024, the NBLGC continued to work closely with the Gaming Regulatory Enforcement Unit at Justice and Public Safety and with service providers to monitor compliance with the obligations and requirements set out in the *Gaming Control Act* and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

## PERFORMANCE MEASURES AND TARGETS

Financial Performance			
Measure	Target	Key Performance Indicator	Actual/Status
Annual Revenues	\$187 million	Meet (within 2%) or exceed	\$185.7 million - 0.7%
Annual Surplus	\$166 million	Meet (within 2%) or exceed	\$164.6 million - 0.8%
Responsible Gambling			
Measure	Target	Key Performance Indicator	Actual/Status
Access to responsible gambling (RG) resources & information	a) 1,600 visits to RGIC  b) Updated RG educational materials	a) Meet (within 2%) or exceed  b) Provide updated materials to service providers by Q3 2023-2024	a) 2,496 visits to RGIC + 56%  b) Materials updated and provided to service providers
Information on gambling behaviour / prevalence in New Brunswick	Explore partnerships with university researchers and/or research bodies to update New Brunswick information	Identify options by Q3 2023-2024	Survey to be conducted in 2024-25 by Mental Health Research Canada
Compliance and Risk Management			
Measure	Target	Key Performance Indicator	Actual/Status
Financial Transactions and Reports Analysis Centre (FINTRAC) Review	Updated Anti-Money Laundering (AML) policies and procedures	Complete updates by Q4 2023-2024	Complete

## SUMMARY OF RECOMMENDATIONS FROM THE OFFICE OF THE AUDITOR GENERAL

Name and year of audit area	Total Recommendations
Audit of the NBLGC Financial Statements 2023-2024	2

Recommendations	Response
We recommend NBLGC, in conjunction with other government departments and the Office of the Comptroller, record all transactions in its own separate and unique entity in the Fusion general ledger.	NBLGC will work with the Office of the Comptroller and the Departments of Finance and Treasury Board and Justice and Public Safety to make the necessary adjustments so that all transactions for NBLGC – including those related to ALC and the two casinos – are recorded in one unique NBLGC entity in the Fusion General Ledger.
We recommend the NBLGC, in conjunction with the Department of Finance and Treasury Board, resolve the recovery of overpayments made to First Nations prior to January 1, 2016, as a result of an error in the calculation of gaming revenue.	Direction has been provided from Cabinet for the Department of Finance and Treasury Board to ensure the overpayment is considered as part of Government's larger approach to relationships with First Nations.

## SUMMARY OF RECOMMENDATIONS FROM THE OFFICE OF THE AUDITOR GENERAL PREVIOUS YEARS

Name and year of audit area	Recommendations	
	Total	Implemented
Audit of the NBLGC Financial statements 2022-2023	3	2
Audit of the NBLGC Financial statements 2021-2022	3	2
Audit of the NBLGC Financial statements 2020-2021	3	2
Audit of the NBLGC Financial statements 2019-2020	4	3
Audit of the NBLGC Financial statements 2018-2019	2	1

# **Financial Statements**

## **New Brunswick Lotteries and Gaming Corporation**

**31 March 2024**

## INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Board of Directors of the New Brunswick Lotteries and Gaming Corporation

### Report on the Audit of the Financial Statements

#### *Opinion*

I have audited the financial statements of New Brunswick Lotteries and Gaming Corporation (the Entity), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, change in accumulated operating surplus, remeasurement gains and losses, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

#### *Basis for Opinion*

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.

I 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 I identify during my audit.

A handwritten signature in black ink, reading "Paul Martin". The signature is fluid and cursive, with the first name "Paul" and last name "Martin" clearly distinguishable.

Paul Martin, FCPA, FCA  
Auditor General

*Fredericton, New Brunswick, Canada*  
December 17, 2024

## Management Report

**March 31, 2024**

The preparation of the financial information is an integral part of management's responsibilities and the accompanying financial statements are the responsibility of the management of the New Brunswick Lotteries and Gaming Corporation (NBLGC).

The NBLGC has an accounting system and related controls to provide management and the Board of Directors with reasonable assurance that transactions are executed and recorded as authorized, that assets are properly safeguarded and accounted for, and that financial records are reliable for the preparation of financial statements in accordance with Canadian public sector accounting standards.

It is the responsibility of the NBLGC's Board of Directors to oversee management's performance of its financial reporting responsibilities and to review and approve the financial statements. The Board reviews and recommends approval of the financial statements, and meets periodically with management and the external auditors concerning internal controls and other financial matters.



Travis Bergin  
Acting Deputy Minister,  
Finance and Treasury Board  
Vice-Chairperson, NBLGC



Denise Galley-Horncastle  
Chief Operating Officer, NBLGC

# New Brunswick Lotteries and Gaming Corporation

## Statement of Financial Position as at 31 March

	Note	2024	2023
<b>Financial Assets</b>			
Due from Province of New Brunswick	4a	\$ 3,122,256	\$ 6,229,659
Accounts Receivable	4b	4,279,874	5,668,518
Investments:			
Investment in Atlantic Lottery Corporation Inc.	6	34,343,702	33,525,967
Investment in share capital of Interprovincial Lottery Corporation		1	1
<b>Total Financial Assets</b>		<b>41,745,833</b>	<b>45,424,145</b>
<b>Liabilities</b>			
Accounts Payable	5	6,885,968	11,157,295
HST Payable		516,162	490,895
Deferred revenue		-	249,987
<b>Total Liabilities</b>		<b>7,402,130</b>	<b>11,898,177</b>
<b>Net Financial Assets</b>		<b>34,343,703</b>	<b>33,525,968</b>
<b>Accumulated Surplus</b>		<b>\$ 34,343,703</b>	<b>\$ 33,525,968</b>
<b>Accumulated Surplus is Comprised of:</b>			
Accumulated Operating Surplus		\$ 12,007,050	\$ 12,001,113
Accumulated Remeasurement Gains		22,336,653	21,524,855
		<b>\$ 34,343,703</b>	<b>\$ 33,525,968</b>

Contingent Liabilities - Note 12

The accompanying notes are an integral part of these Financial Statements.

Approved by the Corporation



Director



Director

## New Brunswick Lotteries and Gaming Corporation

### Statement of Operations for the year ended 31 March

		2024 Budget (Note 13)	2024 Actual	2023 Actual
	Note			
<b>Revenue</b>				
Investment Income from ALC Inc.	6	\$ 150,959,000	\$ 151,211,594	\$ 153,896,044
Casino New Brunswick	7	33,000,000	31,360,000	30,415,076
Grey Rock Casino	7	3,000,000	3,155,113	2,629,439
Other		500,000	873,594	491,058
<b>Total Revenues</b>		<u>187,459,000</u>	<u>186,600,301</u>	<u>187,431,617</u>
<b>Expense</b>				
Revenue Sharing Agreements with First Nations	8	13,905,000	14,151,557	14,550,812
Contribution to Arts Development Trust Fund	9	1,200,000	1,200,000	1,200,000
Contribution to Sport Development Trust Fund	9	1,000,000	1,000,000	1,000,000
Taxes	10	5,200,000	5,673,580	5,415,171
Compliance and Administration		60,000	-	75,000
Distribution to the Province of New Brunswick	11	166,094,000	164,569,227	165,185,485
<b>Total Expenses</b>		<u>187,459,000</u>	<u>186,594,364</u>	<u>187,426,468</u>
<b>Annual Surplus</b>		<u>\$ -</u>	<u>\$ 5,937</u>	<u>\$ 5,149</u>

The accompanying notes are an integral part of these Financial Statements.

## New Brunswick Lotteries and Gaming Corporation

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### Statement of Remeasurement Gains and Losses for the year ended 31 March

	<u>2024</u>	<u>2023</u>
<b>Accumulated Remeasurement Gain (Loss) - Beginning of Year</b>	<b>\$ 21,524,855</b>	<b>\$ -</b>
Opening Adjustments for Unrealized Gains Attributable to:		
Other Comprehensive Income <sup>1</sup>	-	23,918,614
<b>Revised Accumulated Remeasurement Gain - Beginning of Year</b>	<b><u>21,524,855</u></b>	<b><u>23,918,614</u></b>
 Unrealized Gains (Losses) Attributable to:		
Other Comprehensive Income (Loss) <sup>1</sup>	<u>811,798</u>	<u>(2,393,759)</u>
<b>Net Remeasurement Gain (Losses)</b>	<b><u>811,798</u></b>	<b><u>(2,393,759)</u></b>
<b>Accumulated Remeasurement Gain - End of Year</b>	<b><u>\$ 22,336,653</u></b>	<b><u>\$ 21,524,855</u></b>

The accompanying notes are an integral part of these Financial Statements.

<sup>1</sup>Beginning in 2022-23, other comprehensive income is no longer reported in the Statement of Change in Accumulated Operating Surplus.

## New Brunswick Lotteries and Gaming Corporation

### Statement of Change in Net Financial Assets for the year ended 31 March

		2024 Budget (Note 13)	2024 Actual	2023 Actual
	Note			
<b>Net Financial Assets - Beginning of Year</b>		\$ 33,525,968	\$ 33,525,968	\$ 35,914,578
<b>Changes in Year</b>				
Annual Surplus		-	5,937	5,149
Change in ALC Accumulated Other Comprehensive Income - Mark to Market Fair Value	6	-	(855,614)	302,736
Change in ALC Accumulated Other Comprehensive Income - Employee Future Benefits	6	-	1,667,412	(2,696,495)
<b>Increase (Decrease) in Net Financial Assets</b>		\$ -	\$ 817,735	\$ (2,388,610)
<b>Net Financial Assets - End of year</b>		\$ 33,525,968	\$ 34,343,703	\$ 33,525,968

### Statement of Change in Accumulated Operating Surplus for the year ended 31 March

		2024 Budget (Note 13)	2024 Actual	2023 Actual
	Note			
<b>Accumulated Operating Surplus - Beginning of Year</b>		\$ 12,001,113	\$ 12,001,113	\$ 35,914,578
Annual Surplus		-	5,937	5,149
Adjustment to Accumulated Operating Surplus		-	-	(23,918,614)
Other Comprehensive Income <sup>1</sup>	6	-	-	-
Distribution to the Province of New Brunswick		-	-	-
<b>Accumulated Operating Surplus - End of Year</b>		\$ 12,001,113	\$ 12,007,050	\$ 12,001,113

The accompanying notes are an integral part of these Financial Statements.

<sup>1</sup> Beginning in 2022-23, other comprehensive income is reported in the Statement of Accumulated Remeasurement Gains and Losses.

# New Brunswick Lotteries and Gaming Corporation

## Statement of Cash Flow for the year ended 31 March

	<b>2024</b>	<b>2023</b>
<b>Cash and Cash Equivalents Generated by (used in):</b>		
<b>Operating Activities</b>		
Annual Surplus	\$ 5,937	\$ 5,149
Decrease to Accounts Receivable	1,388,644	2,219,408
(Decrease) to Accounts Payable	(4,271,327)	(846,549)
Increase to HST Payable	25,267	83,638
(Decrease) Increase to Deferred Revenue	(249,987)	649
<b>Net Cash Used in Operating Activities</b>	<b>\$ (3,101,466)</b>	<b>\$ 1,462,295</b>
<b>Investing Activities</b>		
(Increase) Decrease in Investments	(817,735)	2,388,610
Other Comprehensive Income (Loss)	811,798	(2,393,759)
<b>Net Cash Used in Investing Activities</b>	<b>\$ (5,937)</b>	<b>\$ (5,149)</b>
<b>(Decrease) Increase in Cash and Cash Equivalents During The Year</b>	<b>(3,107,403)</b>	<b>1,457,146</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>6,229,659</b>	<b>4,772,513</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 3,122,256</b>	<b>\$ 6,229,659</b>
	<b>2024</b>	<b>2023</b>
<b>Cash and Cash Equivalents represented by:</b>		
Due From Province of New Brunswick	<b>\$ 3,122,256</b>	<b>\$ 6,229,659</b>

The accompanying notes are an integral part of these Financial Statements.

**New Brunswick Lotteries and Gaming Corporation**  
**Notes to the Financial Statements**  
**31 March 2024**

**1. Nature of the Corporation**

The New Brunswick Lotteries and Gaming Corporation (NBLGC) is a Crown Corporation established under the *Gaming Control Act* on June 26, 2008.

The NBLGC is responsible for developing, organizing, conducting and managing provincial lottery schemes on behalf of the Province. The approval of those lottery schemes, and the NBLGC's participation in any other business activities which fall outside of recognized lottery schemes, must be provided by the Lieutenant-Governor in Council. The NBLGC is also responsible for the development and implementation of the Province's responsible gaming policy and for managing agreements with third party service providers for the operation of casinos in the province. The NBLGC is also the Province's shareholder in the Atlantic Lottery Corporation Inc. (ALC Inc.), which is a jointly-owned corporation of the four Atlantic Provinces. ALC Inc. operates the ticket lottery, iLottery and video lottery programs on behalf of the Province. On a regional basis, ALC Inc. also markets and handles the products of the Interprovincial Lottery Corporation (ILC) - an organization that operates national lottery games in Canada, and is owned jointly by the ten provinces. The NBLGC also manages the provincial gaming revenue sharing agreements with First Nations.

**2. Summary of significant accounting policies**

**a) Basis of accounting**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**b) Specific Accounting Policies**

Revenues and Expenses

Revenues and expenses are recorded on an accrual basis in the period in which the transaction or event that gave rise to the revenue or expense occurred.

Deferred Revenue

The Province of New Brunswick requires that charitable/non-profit groups pay a fee for licenses for gaming activities such as bingo, raffles, etc. In addition, gaming suppliers and gaming assistants, as defined by regulations under the *Gaming Control Act*, are required to be registered under the Act and to pay a registration fee. A portion of these fees are unearned as of March 31, 2023. This amount is deferred and recognized as it is earned. Effective 1 April 2023, under the adoption of the Public Sector Accounting Standard PS 3400 – Revenue, this amount will be recognized as revenue at its realizable value.

Government Transfers

Government transfers are transfers of money, such as grants, to an organization for which the NBLGC does not receive any goods or services directly in return. They are recognized in the NBLGC's financial statements as expenses in the period the events underlying the transfer occurred, as long as the transfer is authorized and eligibility criteria have been met. Government transfers are comprised of contributions to the Arts Development Trust Fund, the Sport Development Trust Fund, payments to the Province of New Brunswick and payments to First Nations under Revenue Sharing Agreements.

**New Brunswick Lotteries and Gaming Corporation**  
**Notes to the Financial Statements**  
**31 March 2024**

**Note 2 continued**

**c) Investments**

The NBLGC uses the modified equity method to account for its investment in ALC Inc. Under the modified equity method, the investment is initially recognized at cost and subsequently the carrying amount is increased or decreased to recognize the NBLGC's share of income or losses from the investment and reduced by distributions received. The accounting policies of ALC Inc. are not adjusted to conform to those of NBLGC.

The NBLGC uses the cost method to account for its investment in the Interprovincial Lottery Corporation.

**d) Financial Instruments**

Financial instruments consist of amounts due from the Province of New Brunswick, accounts receivable, accounts payable and HST payable, all of which are recognized at cost and are assumed to approximate their fair value. Financial instruments are recognized when the NBLGC becomes a party to the contractual rights and obligations of the financial instrument.

Financial instruments are derecognized when the contractual rights to the cash flows from the financial asset have expired or have been transferred, and the NBLGC has transferred substantially all risks and rewards of ownership or are derecognized when the contractual obligation has been discharged, cancelled, or has expired.

**e) Measurement Uncertainty**

The preparation of financial statements in accordance 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 period.

Items requiring the use of significant estimates include HST payable on gaming revenue, payments to First Nations under Revenue Sharing Agreements, accounts receivable from casinos and First Nations and allowance for doubtful accounts on the First Nations accounts receivable. Also, amounts recorded in ALC Inc. financial statements, such as the useful lives of tangible and intangible assets, impairment of non-financial assets, accrued liabilities, employee future benefits, development costs, fair value of financial instruments and liabilities for unclaimed prizes, which all impact the net distribution and allocation of undistributed income or loss to the NBLGC. Actual results could differ from the estimates made by management in these financial statements, and these differences, which may be material, could require adjustments in subsequent reporting periods. Due to the unpredictability of future events, the extent of the measurement uncertainty cannot be reasonably estimated.

**f) Adoption of New Accounting Standards**

Effective 1 April 2023, the NBLGC also prospectively adopted Public Sector Accounting Standard PS 3400 – Revenue. This standard did not have a material impact on the Corporation and was adopted using prospective application.

**New Brunswick Lotteries and Gaming Corporation**  
**Notes to the Financial Statements**  
**31 March 2024**

**Note 2f continued**

Effective 1 April 2023, the NBLGC also prospectively adopted Public Sector Accounting Standards PS 3160 – Public Private Partnerships and PSG-8 – Purchased Intangibles. No additional recognition or disclosures were required as a result of the adoption of these standards.

**3. Risk Management**

An analysis of risk from the NBLGC's financial instruments is provided below:

**a) Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. Accounts receivables are disclosed in Note 4. The NBLGC's maximum exposure to credit risk at March 31, 2024 is equal to the accounts receivable balance of \$19,022,923 and amounts due from the Province of New Brunswick of \$3,122,256. An allowance for doubtful accounts in the amount of \$14,743,049 has been established. The remaining balances are due from related parties of the NBLGC. The amounts due from ALC Inc. of \$1,980,427, Grey Rock Entertainment Center Inc. (GREC, Inc.) of \$1,536,348 and Great Canadian Gaming (New Brunswick) Ltd. (GCGNB) of \$763,099 are all considered low risk.

**b) Liquidity risk**

Liquidity risk is the risk of not being able to settle or meet an obligation on time or at a reasonable price. Liquidity risk is managed through the Province's consolidated fund in order to meet operating and capital requirements. Management has determined liquidity risk to be insignificant.

**c) Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The NBLGC's management considers exposure to interest rate risk to be insignificant. NBLGC's maximum exposure to interest rate risk at March 31, 2024 is equal to ALC Inc.'s mark to market long-term debt interest rate swap fair value of \$123,214.

**d) Currency risk**

Currency risk arises on financial instruments denominated in a foreign currency. The NBLGC's management considers exposure to currency risk to be insignificant.

**4. Accounts Receivable**

**a) Due from Province of New Brunswick (PNB) – Cash and Cash Equivalents**

The NBLGC uses the provincial consolidated fund as its bank account. Funds are deposited to and cheques are issued from this account to meet NBLGC's obligations. The amounts in the table below are not available to PNB for general purposes. A receivable from PNB has been recorded for these amounts as detailed below:

**New Brunswick Lotteries and Gaming Corporation**  
**Notes to the Financial Statements**  
**31 March 2024**

**Note 4a continued**

	<b>2024</b>	<b>2023</b>
HST Payable	\$ 516,162	\$ 490,895
Deferred Revenue	-	249,987
Payables to First Nations	2,606,094	4,488,777
Payable to Sport Development Trust Fund	-	1,000,000
<b>Due from Province of New Brunswick</b>	<b>\$ 3,122,256</b>	<b>\$ 6,229,659</b>

**b) Accounts Receivable**

	<b>2024</b>	<b>2023</b>
ALC Inc.	\$ 1,980,427	\$ 3,865,563
First Nations	14,743,049	14,743,049
GREC, Inc.	1,536,348	1,367,160
GCGNB	763,099	435,795
	19,022,923	20,411,567
Less: Allowance for Doubtful Accounts	14,743,049	14,743,049
	<b>\$ 4,279,874</b>	<b>\$ 5,668,518</b>

**5. Accounts Payable**

	<b>2024</b>	<b>2023</b>
Distributions to Province of New Brunswick	\$ 4,279,874	\$ 5,668,518
Payable to First Nations	2,606,094	4,488,777
Payable to Sport Development Trust Fund	-	1,000,000
	<b>\$ 6,885,968</b>	<b>\$ 11,157,295</b>

**6. Investment in Atlantic Lottery Corporation Inc. – Surplus**

**6.1** The following tables present condensed financial information of ALC Inc. and NBLGC's share of its investment in ALC Inc.

	<b>2024</b>		<b>2023</b>	
	<b>ALC Inc.</b>	<b>NBLGC Share</b>	<b>ALC Inc.</b>	<b>NBLGC Share</b>
<b>Balance Sheet</b>				
(\$ thousands)				
<b>Assets</b>	<b>\$407,290</b>	-	<b>\$333,858</b>	-
<b>Liabilities</b>	285,938	-	215,234	-
<b>Shareholders' Equity</b>				
Retained Earnings	120,940	34,221	115,360	32,548
Comprehensive Income/(Loss)	411	122	3,263	978
Share capital	1	-	1	-
<b>Total Retained Earnings</b>	<b>\$121,352</b>	<b>\$34,343</b>	<b>\$118,624</b>	<b>\$33,526</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$407,290</b>	-	<b>\$333,858</b>	-

**New Brunswick Lotteries and Gaming Corporation**  
**Notes to the Financial Statements**  
**31 March 2024**

**Note 6.1 continued**

	<b>2024</b>		<b>2023</b>	
	<b>ALC Inc.</b>	<b>NBLGC Share</b>	<b>ALC Inc.</b>	<b>NBLGC Share</b>
<b><u>Statement of Operations</u></b>				
<b>(\$ thousands)</b>				
Gross Profit	\$713,502		\$693,876	
Expenses	(169,249)		(147,928)	
Other income (expenses)	2,416		365	
Taxes & Payments to Federal Government	(59,641)		(54,064)	
<b>Net profit</b>	<b>\$487,028</b>	<b>\$151,212</b>	<b>\$492,249</b>	<b>\$153,896</b>
<b>Investment Income from ALC Inc.</b>		<b>\$151,212</b>		<b>\$153,896</b>
<b><u>Changes in Retained Earnings</u></b>				
<b><u>(Calculation of Retained Earnings)</u></b>				
<b>(\$ thousands)</b>				
<b>Retained Earnings, Beginning of Year</b>	<b>\$115,360</b>	<b>\$32,548</b>	<b>\$124,332</b>	<b>\$35,239</b>
Net Profit	486,134	\$151,212	492,249	\$153,896
Change in Actuarial Assumptions	5,558	1,667	(8,989)	(2,696)
Distributed to Shareholders	(486,112)	(151,206)	(492,232)	(153,891)
Dividends Paid	-	-	-	-
<b>Retained Earnings, End of Year</b>	<b>\$120,940</b>	<b>\$34,221</b>	<b>\$115,360</b>	<b>\$32,548</b>
<b><u>Changes in Accumulated Other Comprehensive Income (Loss)</u></b>				
<b>(\$ thousands)</b>				
Accumulated Other Comprehensive Income (Loss), Beginning of Year	\$3,263	\$978	\$2,254	\$676
Mark to Market Instruments				
Change in Fair Value	(2,852)	(856)	1,009	302
<b>Accumulated Other Comprehensive Income (Loss), End of Year</b>	<b>\$411</b>	<b>\$122</b>	<b>\$3,263</b>	<b>\$978</b>
<b>Investment in ALC Inc.</b>		<b>\$34,343</b>		<b>\$33,526</b>

As of March 31, 2024, New Brunswick's share of ALC Inc.'s debt is \$31.1M (2023 - \$18.3M).

**6.2 Investment Income from ALC Inc.**

The profit of ALC Inc. is distributed to each of the four provincial shareholders. The NBLGC's share for the current year, as illustrated in Note 6.1 (Statement of Operations table) represents the calculated profit of ALC Inc. in New Brunswick as determined by the *Amended and Restated Unanimous Shareholders' Agreement* ("the Agreement") signed August 8, 2000. Under the Agreement, ALC Inc.'s costs incurred for

**New Brunswick Lotteries and Gaming Corporation**  
**Notes to the Financial Statements**  
**31 March 2024**

**Note 6.2 continued**

NBLGC activities, such as VLTs, investments, interest costs, and overhead costs, are deducted from the allocation of revenue for NBLGC.

The following table illustrates the net ALC Inc. profit distributed to NBLGC. Withholdings are reimbursements back to ALC which in turn increase ALC Inc.'s shareholders' equity, and increase NBLGC's investment in ALC.

<b>Investment Income from ALC Inc.:</b>	<b>2024</b>	<b>2023</b>
<b>(\$ thousands)</b>		
NBLGC's share of Net Profit (Note 6.1)	\$151,212	\$153,896
Unallocated Profit	(6)	(5)
<b>Net Distribution to NBLGC</b>	<b>\$151,206</b>	<b>\$153,891</b>

**7. Agreements with Casino Service Providers**

In 2008, the NBLGC signed a Casino Service Provider Agreement (CSPA) with Sonco Gaming New Brunswick Limited Partnership (Sonco). In October 2015, as permitted under the CSPA and approved by the NBLGC, Casino New Brunswick was sold and the CSPA transferred to a new casino service provider, Great Canadian Gaming (New Brunswick) Ltd. (GCGNB), a wholly owned subsidiary of Great Canadian Gaming Corporation (GCGC), a publicly traded gaming company.

On December 20, 2020, Apollo Global Management Inc. agreed to acquire all the outstanding shares of Great Canadian Gaming Corp. Final approval was received in September of 2021 and there is no material impact on the current CSPA or the operations of GCGNB.

In September 2014, the NBLGC signed an agreement with GREC, Inc. regarding the establishment of a casino facility at Madawaska Maliseet First Nation. The Grey Rock Casino opened on March 1, 2015.

Under the terms of the Casino Service Provider Agreement, Casino New Brunswick is entitled to receive 51% of the gross gaming revenue while NBLGC retains the remaining 49%. In fiscal 2023-24, casino gaming revenue from Casino New Brunswick operations to NBLGC was \$31,360,000 (2022-23 - \$30,415,076). Total allocation of revenue to GCGNB for operational services at Casino New Brunswick was \$34,380,060; this included \$852,629 representing the retention of leased slot machines.

Under the terms of the Agreement, GREC, Inc. is entitled to receive 80% of the gross gaming revenue while NBLGC retains the remaining 20%. In fiscal 2023-24, casino gaming revenue from GREC, Inc. operations to NBLGC was \$3,155,113 (2022-23 - \$2,629,439). Total allocation of revenue to GREC, Inc. for operational services was \$13,238,415; this included \$104,601 representing the retention of leased slot machines.

**New Brunswick Lotteries and Gaming Corporation**  
**Notes to the Financial Statements**  
**31 March 2024**

**8. Revenue Sharing Agreements with First Nations**

**8.1 Payments to First Nations**

Pursuant to provisions under the *Gaming Control Act*, as at 31 March 2024, First Nations have agreements with the Minister of Finance and Treasury Board and have active gaming commissions and thereby receive a payment with respect to video lottery and/or breakopen ticket lottery schemes conducted on reserve. Payments to First Nations under Revenue Sharing Agreements are as follows:

	<b>2024</b>	<b>2023</b>
St. Mary's First Nation	\$3,824,239	\$4,331,924
Madawaska Maliseet First Nation	13,348	9,354
Woodstock First Nation	2,435,785	2,427,558
Oromocto First Nation	2,118,349	1,938,726
Metepenagiag First Nation	1,543,815	1,611,115
Kingsclear First Nation	-	222,465
Eel River Bar First Nation	1,032,949	932,412
Esgenoôpetitj First Nation	850,646	784,478
Elsipogtog First Nation	1,054,126	1,273,998
Retroactive Payments – Note 8.2	1,278,300	1,018,782
<b>Total</b>	<b>\$14,151,557</b>	<b>\$14,550,812</b>

A review by management of the payments to First Nations identified calculation errors that resulted in overpayments of \$14,743,049 for the period 2003-2016. A provision for uncollectable accounts has been set up for the full amount of overpayments made before January 1, 2016. As of January 1, 2016, the calculation errors which lead to the overpayment have been corrected and no overpayments have been made thereafter.

**8.2 Retroactive Payments to First Nations**

On January 12, 2023, the New Brunswick Court of Appeal found that Madawaska Maliseet First Nation should have been paid its share of the net profit from video lottery revenues generated at Grey Rock Casino. The impact of the retroactive sharing of net profits are included in the table above under Retroactive Payments.

**9. Trust Funds**

Annual lottery profits designated for the Arts Development Trust Fund and the Sport Development Trust Fund are prescribed in Regulation 2008-110 under the *Gaming Control Act*. The amounts are \$1,200,000 and \$1,000,000 respectively.

**New Brunswick Lotteries and Gaming Corporation**  
**Notes to the Financial Statements**  
**31 March 2024**

**10. Taxes**

As a prescribed HST registrant, the NBLGC makes tax payments to the Government of Canada pursuant to the *Games of Chance Regulations* under the *Excise Tax Act* (the Regulations). An imputed tax on gaming expense is calculated according to a formula set out in the Regulations. The NBLGC is not currently involved in non-gaming commercial activities.

**11. Related Party Transactions**

The NBLGC is related to the Province and all departments, agencies, commissions, and Crown corporations under common control of the Province of New Brunswick.

Inter-entity transactions (transactions between commonly controlled entities) are recorded at the exchange amount when they are undertaken on similar terms and conditions as if the entities were dealing at arm's length.

Transactions with the Province of New Brunswick and entities under common control of the Province of New Brunswick have occurred and been settled on normal trade terms, with the exception of office space, information technology, human resources, legal, operational and financial administration services which NBLGC receives from the Province of New Brunswick at no charge.

The NBLGC transfers revenues in excess of its expenses to the Province of New Brunswick. The distribution to the Province of New Brunswick is recorded as an expense on the Statement of Operations and was \$164,569,227 in 2023-24 (2022-23 - \$165,185,485).

The Statement of Financial Position contains the following related entity amounts:

	<b>2024</b>	<b>2023</b>
Due from Province of New Brunswick	\$ 3,122,256	\$ 6,229,659
Due to Province of New Brunswick	4,279,874	5,668,518
<b>Net Due to Province of New Brunswick</b>	<b>\$ 1,157,618</b>	<b>\$ 561,141</b>

The Statement of Operations contains the following amounts that were paid to the Province of New Brunswick related entities:

	<b>2024</b>	<b>2023</b>
Distribution to the Province of New Brunswick	\$164,569,227	\$165,185,485
Contribution to the Arts Development Trust Fund	1,200,000	1,200,000
Contribution to the Sport Development Trust Fund	1,000,000	1,000,000
	<b>\$166,769,227</b>	<b>\$167,385,485</b>

Related parties also include key management personnel having the authority and responsibility for planning, directing, and controlling the activities of the NBLGC, their close family members, and any entities closely affiliated with these individuals. Key management personnel for the NBLGC have been identified as members of the Board of directors along with the officers of the corporation. For the year ended March 31, 2024, there were no transactions to report between the NBLGC and key management personnel, their close family members, or any entities affiliated with them.

**New Brunswick Lotteries and Gaming Corporation**  
**Notes to the Financial Statements**  
**31 March 2024**

**12. Contingent Liabilities**

There are currently outstanding claims and potential claims against the Corporation. The likely outcome of these legal actions cannot be determined at this time.

**13. Budget**

The budget figures included in these financial statements have been derived from the estimates approved by the Board of Directors of the NBLGC.