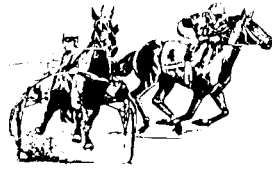


Manitoba



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# ANNUAL REPORT

2009 - 2010

Manitoba  
Horse Racing  
Commission

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David Miles (Chair)  
Dushant Persaud (Vice-Chair)  
Georgine Spooner (Member)  
Margaret Teske (Member)  
Robert King (Member)  
Executive Director: Larry Huber

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## MANITOBA HORSE RACING COMMISSION

PO BOX 46086 WESTDALE  
WINNIPEG MB R3R 3S3

Telephone (204) 885-7770 Facsimile (204) 831-0942

E.Mail: [mhrc@manitobahorsecomm.org](mailto:mhrc@manitobahorsecomm.org)

<http://www.manitobahorsecomm.org>

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June 30<sup>th</sup>, 2010

The Honorable Stan Struthers  
Minister of Agriculture, Food and Rural Initiatives  
Room 165  
Legislative Building  
Winnipeg, MB R3C 0V8

Dear Mr Struthers:

### Annual Report

The undersigned has the honour to present the Forty Fourth Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31<sup>st</sup>, 2010.

Yours truly,

Manitoba Horse Racing Commission

David Miles  
Chair  
DM/wfd



David Miles (Président)  
Dushant Persaud (Vice-président)  
Georgine Spooner (Membre)  
Margaret Teske (Membre)  
Robert King (Membre)  
Directeur général : Larry Huber

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C.P. 46086 WESTDALE  
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<http://www.manitobahorsecomm.org>

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Le 30 juin 2010

L'honorable Stan Struthers  
Ministre de l'agriculture, de l'alimentation et des initiatives  
Pièce 165  
Assemblée législative  
Winnipeg, MB R3C 0V8

Monsieur la ministre :

### **Rapport annuel**

Le soussigné a le privilège de vous présenter le 44e Rapport annuel de la Manitoba Horse Racing Commission pour l'exercice financier qui a pris fin le 31 mars 2010.

Bien cordialement,

Commission hippique du Manitoba

(Manitoba Horse Racing Commission)

David Miles  
Président  
DM/wfd

**FORTY FOURTH ANNUAL REPORT  
THE MANITOBA HORSE RACING COMMISSION**

**For the year ending March 31<sup>st</sup>, 2010**

**COMMISSIONERS**

<b>David Miles</b>	<b>Chair</b>	<b>Winnipeg</b>
<b>Dushant Persaud</b>	<b>Vice Chair</b>	<b>Winnipeg</b>
<b>Georgine Spooner</b>	<b>Member</b>	<b>Winnipeg</b>
<b>Margaret Teske</b>	<b>Member</b>	<b>Winnipeg</b>
<b>Robert King</b>	<b>Member</b>	<b>Winnipeg</b>

**44e Rapport Annuel**

**COMMISSION HIPPIQUE DU MANITOBA  
(THE MANITOBA HORSE RACING COMMISSION)**

**Exercice financier terminé le 31 mars 2010**

**COMMISSAIRES**

<b>David Miles</b>	<b>Président</b>	<b>Winnipeg</b>
<b>Dushant Persaud</b>	<b>Vice-président</b>	<b>Winnipeg</b>
<b>Georgine Spooner</b>	<b>Membre</b>	<b>Winnipeg</b>
<b>Margaret Teske</b>	<b>Membre</b>	<b>Winnipeg</b>
<b>Robert King</b>	<b>Membre</b>	<b>Winnipeg</b>

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## **FORTY FOURTH ANNUAL REPORT**

### **THE HORSE RACING COMMISSION**

#### **GENERAL**

This report covers the twelve-month. Ending March 31<sup>st</sup>, 2010.

#### **FUNCTIONS OF THE MANITOBA HORSE RACING COMMISSION(MHRC)**

As stated in previous annual reports the functions of the MHRC are set out in the Horse Racing Commission Act and the Pari-Mutuel Levy Act.

Under the Horse Racing Commission Act and Regulations thereto the MHRC governs, directs, controls, and regulates horse racing and the operation of all racetracks in Manitoba offering pari-mutuel wagering.

Pursuant to its responsibility the MHRC passes and enforces rules, licenses all industry participants and racetrack operators, and generally oversees all aspects of horse racing to ensure that it is carried on in a manner that is fair and safe for all participants and that the races are run fairly and honestly and are perceived as such by the public. The MHRC is very cognizant of the importance of ensuring the safety of the horses. To that end a veterinarian is employed to inspect and monitor the condition of all horses running at the track.

The rules are primarily enforced on a day-to-day basis by Stewards/Judges (Officials), employed by the MHRC. In carrying out their duties the Officials not only act as investigators and prosecutors, but also act as judge and jury - making decisions based on their own investigations. Appeals from all decisions of the Officials may be made as a matter of right to the Commission, which is bound to act impartially. There is no appeal as a matter of right to any Court or any entity beyond the Commission, so the hearing of appeals is one of the most important functions of the Commission.

Additionally, under the Horse Racing Commission Act, the MHRC is to perform such other duties and functions that may be imposed upon it by the Lieutenant Governor in Council. Traditionally, the Chair of MHRC has acted as a confidential policy advisor to the Member of the Executive Council charged by the Lieutenant Governor in Council with the administration of the Act.

It should be noted that unlike Commissions in some other provinces it is not part of the function of the MHRC to promote horse racing. The Manitoba Commission is a regulator. The only reference to promotion in either the Horse Racing Commission Act or the Pari-Mutuel Levy Act is Section 13 (1) of the Pari-Mutuel Levy Act, which establishes the Pari-Mutuel Levy Fund for "promotion" of horse racing.



Pursuant to the Pari-Mutuel Levy Act, a fixed percentage of each dollar wagered in Manitoba is collected by the track operator and remitted to the MHRC for distribution as authorized by the Act. The MHRC is charged with the responsibility of adopting a plan on an annual basis for distribution of the funds. The Minister of Finance must approve the plan, once adopted, before it can become effective. The current plan, and that adopted and approved for 2010/11, provides that the Commission is to retain 1% for its own operation and is to distribute the balance to the racing industry. For the fiscal period covered by this report, from the approximately \$28,200,000 wagered, the Commission retained approximately \$280,000 to cover its expenses and distributed approximately \$1,900,000 to the Thoroughbred Horsemen's Benevolent and Protective Association (HBPA) for purse support and \$500,000 to the Canadian Thoroughbred Horse Society (CTHS) to support its breeding program.

As stated in previous reports the Standardbred and Quarter Horse Industries have never received money from the Pari-Mutuel Levy Fund. Traditionally these racing organizations were funded by the Province of Manitoba, supplemented by funds from the MHRC. As set out in the annual report for the period ending March 31<sup>st</sup>, 2007 for the years 2004 – 2007 these programs were funded by the Manitoba Lotteries Corporation. The funding arrangement was not renewed for 2008. In order to maintain the program for the 2008 summer season the Government of Manitoba contributed \$525,000 to be disbursed "*in part to the Manitoba Great Western Harness Racing Circuit Inc. (Great Western) and the Manitoba Quarter Horse Association (MQHA) for their 2008 horse racing season*". The government contribution was allocated \$450,000 to Great Western, \$37,500 to MQHA and the balance to MHRC in order to supervise the Great Western race days. This program was continued by the government for the 2009 and 2010 race season and the grant money will be allocated in the same manner as 2008 and 2009 except that due to the MHRC being unable to continue its subsidy of its regulatory costs an additional sum of \$10,000 - \$15,000 is being used for regulatory purposes.

### **THE PUBLIC DISCLOSURE (WHISTLE BLOWER PROTECTION) ACT**

This Act, which came into force April 1st, 2007, applies to the MHRC. Procedures have been implemented as required. There have been no complaints or enquires under this Act.

### **THE YEAR IN REVIEW**

#### ***Positives:***

- Racing at Assiniboia Downs and on the rural harness circuit was entertaining, competitive, and fair to all participants including owners, trainers, riders and drivers, horses and the betting public.
- Manitoba Jockey Club continued to operate the Assiniboia Downs facility in a first class manner.
- There were no accidents which resulted in serious human injury and no injuries caused by substandard riding/driving.

- MHRC continued its encouragement and support of the “Winners Foundation” which provides counseling and support programs to all industry participants.
- Wagering on standard bred racing in rural Manitoba showed marginal improvement.

***Negatives:***

- Overall, wagering continued to decline:
 

2009	\$28,200,000.00
2008	\$30,200,000.00
2007	\$31,500,000.00
- Local and overall participation in the thoroughbred industry continued to decline.
- Groom School discontinued due to lack of participation.

***Conclusion:***

While it is still true to say that the challenges facing Manitoba racing is common throughout North America (and in fact Manitoba is actually meeting its challenges more successfully than many small jurisdictions) this gives little comfort to those concerned about the industry’s future.

The decline in wagering and industry participation has created and continues to exacerbate the downward spiral which must be reversed. The valuable contribution of horseracing to Manitoba has been well documented by the report carried out by Price Waterhouse Coopers LLP which study was referred to in the MHRC Annual Report of 2008-2009.

Recognizing the urgency of the situation the MHRC is working with all industry participants to consider and hopefully implement creative new ideas being put forth by all segments.

## 44e RAPPORT ANNUEL

### LA COMMISSION HIPPIQUE DU MANITOBA

#### Généralités

Ce rapport couvre la période de douze mois qui a pris fin le 31 mars 2010.

#### Fonctions de la Commission hippique du Manitoba (Manitoba Horse Racing Commission – MHRC)

Les activités de la MHRC sont indiquées dans la *Horse Racing Commission Act* ainsi que la *Pari-Mutuel Levy Act*.

Selon la loi de la *Horse Racing Commission Act and Regulations*, la MHRC gouverne, dirige, contrôle et réglemente les courses de chevaux ainsi que les opérations de tous les hippodromes du Manitoba qui offrent la possibilité de pari mutuel.

En accord avec ses responsabilités, la MHRC adopte et applique les règlements, accorde les permis à tous les participants de l'industrie ainsi qu'aux opérateurs d'hippodromes, et en général supervise tous les aspects des courses de chevaux afin d'assurer que le sport se déroule d'une manière équitable et sécuritaire pour tous les participants et que les courses se déroulent d'une manière équitable et honnête aux yeux du public. La MHRC reconnaît l'importance d'assurer la sécurité des chevaux. À cette fin, un vétérinaire est embauché pour inspecter et surveiller la condition de tous les chevaux qui participent aux courses.

Les règlements sont appliqués sur une base quotidienne par des commissaires et des juges (officiels) employés par la MHRC. Dans l'exécution de leurs tâches, ces officiels peuvent agir non seulement à titre d'enquêteurs et de procureurs, mais aussi en tant que jury et juge et prendre des décisions basées sur leurs propres enquêtes. Des appels concernant toutes les décisions des officiels peuvent être déposés à l'endroit de la commission, qui se doit d'agir d'une manière impartiale. Il n'y a pas la possibilité d'interjeter un appel dans une cour ou autre entité à l'extérieur de la commission et par conséquent la procédure d'instruire un appel est une des activités les plus importantes de la commission.

Aussi, selon la loi sur la Commission hippique (*Horse Racing Commission Act*), la MHRC doit aussi assumer les responsabilités et tâches que peut lui déléguer le lieutenant-gouverneur en conseil. Selon la tradition, le président de la MHRC a agi en tant que conseiller confidentiel en matière de politique au membre du conseil exécutif chargé par le lieutenant gouverneur en conseil d'appliquer la loi.

Il est à noter que, contrairement aux commissions des autres provinces, la MHRC ne fait pas la promotion des courses de chevaux. La commission du Manitoba agit en tant qu'organisation de réglementation. La seule référence à la promotion comme

telle dans la *Horse Racing Commission Act* ou la *Pari-Mutuel Levy Act* est la section 13 (1) de la *Pari-Mutuel Levy Act* qui établit un fonds de prélèvement pour le pari mutuel (*Pari-Mutuel Levy Fund*) afin de promouvoir les courses de chevaux.

Selon la *Pari-Mutuel Levy Act*, un pourcentage fixe de chaque dollar misé au Manitoba est recueilli par l'opérateur d'hippodrome et remis à la MHRC pour distribution tel qu'autorisé par la loi. La MHRC détient la responsabilité d'adopter un plan sur une base annuelle pour la distribution des fonds. Le ministre des Finances doit donner son approbation au plan tel qu'adopté afin que celui-ci puisse entrer en vigueur. Le plan actuel, ainsi que celui qui a été adopté pour l'année 2010-2011, prévoit que la commission retiendra 1 % pour ses propres opérations et distribuera ce qui reste à l'industrie du hippisme. Pour l'exercice financier couvert par ce rapport, du montant approximatif de 28 200 000 \$ qui avait été misé, la commission a retenu environ 280 000 \$ afin de défrayer ses dépenses et a distribué environ 1 900 000 \$ à la *Thoroughbred Horsemen's Benevolent and Protective Association* (HBPA) pour payer les bourses et 500 000 \$ à la *Canadian Thoroughbred Horse Society* (CTHS) afin de soutenir son programme de sélection.

Comme indiqué dans les rapports des années précédentes, les industries des chevaux standardbred et quarter horse n'ont jamais reçu d'argent du *Pari-Mutuel Levy Fund*. Traditionnellement, ces organisations de course étaient financées par la Province du Manitoba, en plus de recevoir des fonds de la MHRC. Comme il est écrit dans le rapport pour l'exercice financier qui s'est terminé le 31 mars 2007, pour les années 2004-2007, ces programmes ont été financés par la Corporation manitobaine des loteries. Cette entente n'a pas été renouvelée pour l'année 2008. Afin de continuer le programme pour la saison estivale de 2008 le gouvernement du Manitoba a contribué 525 000 \$ à être distribués « en partie au *Manitoba Great Western Harness Racing Circuit Inc. (Great Western)* et la *Manitoba Quarter Horse Association (MQHA)* pour leur saison de courses 2008 ». La contribution du gouvernement a été distribuée comme suit : 450 000 \$ à *Great Western*, 37 500 \$ à la MQHA et le reste à la MHRC afin de superviser les journées de course *Great Western*. Le gouvernement a poursuivi le programme pour la saison de courses 2009-2010 et la contribution a été distribuée de la même manière qu'en 2008-2009. Cependant, une somme additionnelle de 10 000 \$ à 15 000 \$ a été utilisée à cause de l'incapacité de la MHRC de continuer de subventionner ses coûts de réglementation.

### **LOI SUR LES DIVULGATIONS FAITES DANS L'INTÉRÊT PUBLIC (PROTECTION DES DIVULGATEURS D'ACTES RÉPRÉHENSIBLES)**

Cette loi, qui est entrée en vigueur le 1<sup>er</sup> avril 2007, s'applique à la MHRC. Les procédures afférentes ont été mises en œuvre selon les exigences. Il n'y a pas eu de plaintes ou d'enquêtes selon cette loi.

## **REVUE DE L'ANNÉE**

### **Éléments positifs :**

- Les courses qui ont eu lieu à Assiniboia Downs ainsi qu'au sein du circuit rural de courses attelées furent divertissantes, compétitives et équitables pour tous les participants, y compris les propriétaires, les entraîneurs, les jockeys et conducteurs, les chevaux et les parieurs.
- Le *Manitoba Jockey Club* a continué l'exploitation de Assiniboia Downs de main de maître.
- Aucun accident donnant lieu à des blessures humaines ni blessure causée par des courses qui se sont déroulées en dessous de la norme n'ont eu lieu.
- La MHRC continue d'encourager et d'appuyer la fondation des gagnants (*The Winners Foundation*) qui fournit des programmes de counseling et de soutien à tous les participants de l'industrie.
- Les paris sur les courses standardbred tenues dans les régions rurales du Manitoba se sont légèrement améliorés.

### **Éléments négatifs :**

- Sur l'ensemble, le total des paris a continué de baisser :

2009	28 200 000 \$
2008	30 200 000 \$
2007	31 500 000 \$
- La participation locale et d'ensemble à l'industrie du pur-sang a continué de baisser.
- L'école de formation a cessé de fonctionner à cause du manque de participation.

### **Conclusion :**

Bien que les obstacles auxquels est confrontée l'industrie du hippisme au Manitoba soient les mêmes partout en Amérique du Nord (et qu'en réalité, le Manitoba les surmonte avec plus de succès que beaucoup de petites entités), cela n'a rien d'encourageant pour ceux qui se préoccupent de l'avenir de l'industrie.

La baisse des paris et de la participation à l'industrie a déclenché et continue d'aggraver une descente infernale qui doit être freinée. La contribution importante

des courses de chevaux à la province du Manitoba a été bien documentée par le rapport mené par la firme Price Waterhouse Coopers LLP, dont on faisait référence à l'étude dans le rapport annuel 2008-2009 de la MHRC.

Consciente de l'urgence de cette question, la MHRC travaille en collaboration avec tous les intervenants de l'industrie du hippisme pour envisager et, avec un peu de chance, mettre en œuvre de nouvelles idées apportées par tous.

**SCHEDULE A****Assiniboia Downs****Live Racing**

	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Wagering on Live Racing</b>	<b>4,207,145</b>	<b>5,092,742</b>
<b>Number of Live Race Days</b>	<b>65</b>	<b>68</b>
<b>Number of Live Races</b>	<b>502</b>	<b>541</b>
<b>Average Daily Wagering (Live)</b>	<b>64,725</b>	<b>74,893</b>
<b>Average Live Wager per race</b>	<b>8,380</b>	<b>9,413</b>
<b>Purses Paid Out</b>	<b>4,833,203</b>	<b>5,351,600</b>
<b>Per Race Purse Average</b>	<b>9,627</b>	<b>9,892</b>

**Simulcast Racing**

	<b><u>2009/10</u></b>	<b><u>2008/09</u></b>
<b><u>Simulcast Wagering</u></b>	<b>24,009,541</b>	<b>25,084,802</b>
<b>Number of Race Days</b>	<b>364</b>	<b>364</b>
<b>Average Daily Wagering (Simulcast)</b>	<b>65,960</b>	<b>68,914</b>

**Totals**

	<b><u>2009</u></b>	<b><u>2008</u></b>
<b><u>Pari-Mutuel Wagering</u></b>	<b>28,216,686</b>	<b>30,177,544</b>
<b>Number of Race Days</b>	<b>364</b>	<b>364</b>
<b>Average Daily Wagering</b>	<b>77,518</b>	<b>82,905</b>

**SCHEDULE B**

**RURAL RACING**

	<b><u>Racing Days</u></b>		<b><u>Amount Wagered</u></b>	
	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
Standardbred				
Virden	2	2	16,608	16,045
McCreary	2	0	3,508	0
Dauphin	0	0	0	0
Deloraine	2	2	11,832	11,771
Glenboro	2	2	7,556	11,611
Holland	5	4	18,360	21,382
Killarney	3	4	18,283	27,060
Portage	1	0	5,609	0
Wawanesa	2	2	11,379	9,995
Miami	4	6	16,513	27,512
Subtotal	<b><u>23</u></b>	<b><u>22</u></b>	<b><u>\$109,648</u></b>	<b><u>\$125,376</u></b>

There was no Rural Quarter Horse Racing in 2009

**Other Comparative Statistics**

	<b><u>2008</u></b>	<b><u>2009</u></b>
Total overnight purses - Standardbred	\$270,000	269,437
Per Race Purse Average - Standardbred	1,467	1,530

**Provincial Support Programs**

	<b><u>2008</u></b>	<b><u>2009</u></b>
Race Meet Support - Standardbred	\$375,000	375,000
Breeders/Owners Incentives - Standardbred	112,500	112,500
Purses/Breeders/ Owners Incentives – Quarter Horse (quarter horse programs operated from Assiniboia Downs)	37,500	37,500

**TOTALS**

**\$525,000**      **\$525,000**



**SCHEDULE C****MANITOBA HORSE RACING COMMISSION****Occupational Licenses and Registration for the year ending**

Occupational Licenses	Thoroughbred		Standardbred	
	2009	2008	2009	2008
Owner/Trainer	89	95	16	39
Trainer	13	22	1	2
Assistant Trainer	12	16	0	0
Owner/Trainer/Driver	0	0	20	23
Owner/Driver	0	0	3	0
Jockey (1/4 & Amateur incl.)	23	32	0	0
Apprentice Jockey/Exercise Rider	51	55	0	0
Driver	0	0	1	3
Driver/Trainer	0	0	1	0
Jockey Agent	7	8	0	0
Officials	12	12	6	6
Backstretch	184	201	15	7
Occ 1 (Assoc., Kitchen, etc.)	41	92	0	0
Occ 2 (Press, daycare etc.)	45	68	0	0
Occ 3 (Tradesmen, etc.)	24	29	0	0
Occ 5 (Veterinarians, etc.)	6	6	0	0
Vet assistant	4	6	0	0
<b>TOTAL LICENSES ISSUED:</b>	<b><u>511</u></b>	<b><u>642</u></b>	<b><u>63</u></b>	<b><u>80</u></b>

**Registrations & Non-Occupational**

	Thoroughbred		Standardbred	
	2009	2008	2009	2008
Owners	395	476	62	63
Sponsored Persons	33	82	0	0
Partnerships	177	183	16	28
Stable Names	95	132	1	1
Colours	40	48	0	0
Leases	0	0	0	0
Authorized Agents	49	175	1	4
<b>total non occupational</b>	<b><u>789</u></b>	<b><u>1096</u></b>	<b><u>80</u></b>	<b><u>96</u></b>

SCHEDULE D

MANITOBA HORSE RACING COMMISSION

<u>Thoroughbred</u>	<u>2009</u>	<u>2008</u>
Rulings	130	146
Fines	\$13,700	\$12,925
<u>Standardbred</u>	<u>2009</u>	<u>2008</u>
Rulings	21	19
Fines	\$ 1,815	\$ 1,316

## **MANAGEMENT REPORT**

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. 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. The financial information presented elsewhere in the annual report, is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance as to the reliability and accuracy of the financial information and to ensure that the assets of the Commission are properly safeguarded.

The responsibility of the Auditor General for Manitoba is to express an independent professional opinion as to whether the financial statements are presented fairly, in all material respects.

**Larry Huber**  
**Executive Director**

A handwritten signature in black ink, appearing to be 'L. Huber', with a long horizontal flourish extending to the right.

**Date: June 30<sup>th</sup>, 2010**

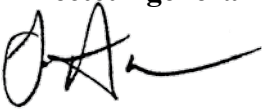
## **Rapport de la direction**

Les états financiers ci-joints sont la responsabilité de la direction et ont été préparés conformément aux principes comptables canadiens généralement reconnus. À notre avis, les états financiers ont été convenablement préparés à l'intérieur des limites de l'importance relative des renseignements, en y incorporant le meilleur jugement de la direction en ce qui a trait aux estimations requises ainsi que toutes autres données disponibles. L'information financière présentée ailleurs dans ce rapport annuel est conforme à ce que l'on retrouve dans les états financiers.

La direction maintient des contrôles internes afin d'assurer, et ce dans la mesure du possible, que l'information financière est précise et fiable et aussi que les actifs de la commission soient bien protégés.

La responsabilité du vérificateur général du Manitoba est d'exprimer une opinion professionnelle indépendante à savoir que les états financiers ont été présentés d'une manière équitable dans tous leurs aspects importants.

**Larry Huber**  
**Directeur général**



**Date: le 30 juin 2010**

**The Manitoba Horse Racing Commission  
Financial Statements**

**March 31<sup>st</sup>, 2010**

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Statement of Operating Revenues and Expenses and Fund Balances

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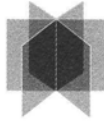
Notes to the Financial Statements

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**Manitoba Horse Racing Commission**  
**Financial Statements**  
*March 31, 2010*



OFFICE OF THE  
AUDITOR GENERAL  
MANITOBA

## AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and  
To the Board of Commissioners of Manitoba Horse Racing Commission

We have audited the statement of financial position of the Manitoba Horse Racing Commission as at March 31, 2010, and the statements of operating revenue and expenses and fund balances and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Office of the Auditor General*

Office of the Auditor General

Winnipeg, Manitoba  
June 1, 2010



**Manitoba Horse Racing Commission**  
**Statement of Financial Position**

For the year ended March 31, 2010

	General Fund	Capital Asset Fund	Restricted Funds			Total	
			Pari-Mutuel Levy Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	Year ended March 31 2010
<b>ASSETS</b>							
Current							
Cash	24,813	-	-	11	36,781	219,679	340,679
Pari-mutual levy receivable	-	-	11,006	-	-	-	7,216
Interfund balances	1,146	-	(1,006)	-	7,795	2,065	-
Accounts receivable	23,600	-	-	-	-	-	16,300
Receivable from Province of Manitoba - Pension	15,523	-	-	-	-	-	12,529
	65,082	-	-	11	44,576	221,744	376,724
Long term investment (Note 3)	309,422	-	-	-	-	-	307,729
Capital assets (Note 4)	-	11,792	-	-	-	-	13,439
	<b>374,504</b>	<b>11,792</b>	-	<b>11</b>	<b>44,576</b>	<b>221,744</b>	<b>697,892</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Current							
Accounts payable and accrued liabilities	68,379	-	-	11	44,576	221,744	348,736
Deferred revenue	-	-	-	-	-	-	2,415
	68,379	-	-	11	44,576	221,744	351,151
Provision for employee pension benefits (Note 6)	324,945	-	-	-	-	-	320,258
	393,324	-	-	11	44,576	221,744	671,409
Fund Balances							
Unrestricted	(18,820)	-	-	-	-	-	13,044
Invested in Capital Assets	-	11,792	-	-	-	-	13,439
	(18,820)	11,792	-	-	-	-	26,483
	<b>374,504</b>	<b>11,792</b>	-	<b>11</b>	<b>44,576</b>	<b>221,744</b>	<b>697,892</b>

APPROVED BY THE COMMISSION

*David Molo*

Chairman

Comptroller

The accompanying notes are an integral part of these financial statements

## Manitoba Horse Racing Commission

### Statement of Operating Revenue and Expenses and Fund Balances

For the year ended March 31, 2010

	Restricted Funds					Total		
	General Fund	Capital Asset Fund	Pari-Mutuel Levy Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	Year ended March 31 2010	2009
<b>Revenue</b>								
Fees, licenses and fines (Note 7)	136,233	-	-	-	-	-	136,233	122,015
Grant revenue	38,000	-	-	487,000	-	-	525,000	525,000
Interest	12,571	-	-	-	-	-	12,571	415
Pari-mutuel levy	-	-	2,654,618	-	-	-	2,654,618	2,917,999
Employee future benefits (Note 6)	4,687	-	-	-	-	-	4,687	12,529
	<u>191,491</u>	<u>-</u>	<u>2,654,618</u>	<u>487,000</u>	<u>-</u>	<u>-</u>	<u>3,333,109</u>	<u>3,577,958</u>
<b>Expenses</b>								
General Fund operating expenses (Schedule 1)	498,212	-	-	-	-	-	498,212	511,896
Overnight purse support thoroughbred	-	-	-	-	1,877,032	-	1,877,032	2,062,549
Owners/breeders incentive thoroughbred	-	-	-	-	-	502,729	502,729	553,675
Quarter Horse support	-	-	-	37,500	-	-	37,500	37,500
Amortization of capital assets	-	1,647	-	-	-	-	1,647	2,095
Standardbred rural	-	-	-	449,500	-	-	449,500	452,071
	<u>498,212</u>	<u>1,647</u>	<u>-</u>	<u>487,000</u>	<u>1,877,032</u>	<u>502,729</u>	<u>3,366,620</u>	<u>3,619,786</u>
Excess (deficiency) of revenues over expenses	(306,721)	(1,647)	2,654,618	-	(1,877,032)	(502,729)	(33,511)	(41,828)
Pari-mutuel levy fund transfer	274,857	-	(2,654,618)	-	1,877,032	502,729	-	-
Fund balances, beginning of year	13,044	13,439	-	-	-	-	26,483	68,311
Fund balances, end of year	<u>(18,820)</u>	<u>11,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,028)</u>	<u>26,483</u>

The accompanying notes are an integral part of these financial statements

# Manitoba Horse Racing Commission

## Statement of Cash Flows

*For the year ended March 31, 2010*

	<b>2010</b>	<b>2009</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses	(33,511)	(41,828)
Amortization	1,647	2,095
Employee pension costs (note 6)	54,523	28,149
	<b>22,659</b>	<b>(11,584)</b>
Changes in working capital accounts		
Pari-mutuel levy receivable	(3,790)	(1,652)
Accounts receivable	(7,300)	(2,650)
Receivable from Province of Manitoba - Pension	(2,994)	295,200
Accounts payable and accrued liabilities	(14,026)	(23,799)
Deferred Revenue	(2,415)	660
Employee pension benefits paid (note 6)	(49,836)	(15,620)
	<b>(57,702)</b>	<b>240,555</b>
<b>Investing and Financing activities</b>		
Purchase of capital assets	-	(1,086)
Long-term investments	(1,693)	(307,729)
	<b>(1,693)</b>	<b>(308,815)</b>
<b>Decrease in cash resources</b>	<b>(59,395)</b>	<b>(68,260)</b>
<b>Cash resources, beginning of year</b>	<b>340,679</b>	<b>408,939</b>
<b>Cash resources, end of year</b>	<b>281,284</b>	<b>340,679</b>
<b>Supplementary cash flow information</b>		
Interest received	12,571	415

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

# Manitoba Horse Racing Commission

## Notes to the Financial Statements

*For the year ended March 31, 2010*

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### 1. Nature of the operations

The Manitoba Horse Racing Commission (Commission) was established under The Horse Racing Commission Act to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba. The Commission's sustainability is dependent upon on-going financial resources realized through The Horse Racing Commission Act.

The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded by a grant from the Department of Agriculture, Food and Rural Initiatives, interest earned on the General Fund, as well as a proportionate share of the Pari-Mutuel Levy according to the Plan for Distribution.

Revenues and expenses related to program delivery and administrative activities of the Commission are reported in the General Fund.

Capital Asset Fund represents the net investment of the Commission in capital assets.

Effective April 1, 1997, Pari-mutuel Levy Act (the "Act") was enacted. The Act provides for the establishment of a Pari-mutuel Levy Fund for the promotion of horse racing in Manitoba. The fund is collected by the Commission and distributed in accordance with a Plan For Distribution, as required by the Act.

The Rural Fund is used for funding of the rural circuit as well as Quarter Horse racing. Funding for the Rural Fund is provided through a grant from the Department of Agriculture, Food and Rural Initiatives.

Horsemen's Benevolent Protection Association (H.B.P.A.) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.P.A. Fund is provided through the Pari-mutuel Levy Act based on the Plan For Distribution approved by the minister responsible for the administration of the Act.

Canadian Thoroughbred Horsemen Society (C.T.H.S.) Fund is to be used for breeder's and owner's incentives at Assiniboia Downs. Funding for the C.T.H.S. Fund is provided through the Pari-mutuel Levy Act based on the Plan For Distribution approved by the minister responsible for the administration of the Act.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) using the following significant accounting policies:

***Fund accounting***

The Commission follows the restricted fund method of accounting for contributions.

***Financial instruments***

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings. All other financial instruments are subsequently measured at amortized cost.

The Commission's financial instruments consist of cash, long term investment, accounts receivable, pari-mutuel levy receivable, receivable from Province of Manitoba - pension and accounts payable and accrued liabilities.

The Commission has designated its financial instruments as follows:

Cash and long term investment are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net earnings.

Accounts receivable, pari-mutuel levy receivable and receivable from Province of Manitoba - pension are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in net earnings in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in net earnings for the current period.

**Fair value of financial instruments**

The fair value of accounts receivable, pari-mutuel levy receivable, receivable from Province of Manitoba - pension, accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

The fair value of long term investments approximates its carrying value as the original deposit is reinvested annually at rates for investments with similar terms and conditions.

***Revenue recognition***

Restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be estimated and collection is reasonably assured.

Funding from the Province of Manitoba includes the Commission's share of provisions recorded for unfunded pension liabilities.

**Pension costs**

Pension costs consist of the employer's share of pension benefits paid to retired employees, as well as the increase in the employee pension benefits liability during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 2007. Experience gains or losses are recognized in the year the actuarial valuation is completed.

**Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

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.

**Fund transfers**

- i) Capital fund transfer  
Fund transfers represent allocations from the General Fund to the Capital Asset Fund for capital acquisitions.
- ii) Pari-mutuel levy fund transfer  
A pari-mutuel levy is collected by the Commission for the promotion of horse racing in Manitoba. The Pari-mutuel Levy Fund is then distributed in accordance with the Plan for Distribution.

**Capital assets**

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives, as follows:

Computer equipment	5 years
Security equipment	10 years
Furniture	10 years

**Financial instruments deferral of section 3862 and 3863**

In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation to replace Section 3861 Financial Instruments – Disclosure and Presentation. The effective date for these new Sections was for interim and annual financial statements with fiscal years beginning on or after October 1, 2007, with earlier adoption permitted. However, in light of the uncertainty regarding the future direction in setting standards for not-for-profit organizations, the CICA released a decision to allow deferral of Sections 3862 and 3863 for this sector. As such the Commission continues to apply Section 3861.

**3. Long-term investment**

In 2009 the Province of Manitoba made a payment of the March 31, 2008 receivable balance related to the prior years' funding for the pension liability. This payment has been placed in a trust account (bearing interest at 0.15%) maturing June 25, 2010 on behalf of the Manitoba Horse Racing Commission, and held until the cash is required to discharge the related liabilities. As this is only likely to happen in a future year, this amount has been classified as a long term asset.

**Manitoba Horse Racing Commission**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2010*

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**4. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2010 Net book value</b>
Computer equipment	11,599	4,085	7,514
Security equipment	2,714	1,265	1,449
Furniture and fixtures	7,572	4,743	2,829
	21,885	10,093	11,792

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2009 Net book value</b>
Computer equipment	11,599	3,390	8,209
Security equipment	2,714	856	1,858
Furniture and fixtures	7,572	4,200	3,372
	21,885	8,446	13,439

**5. Bank indebtedness**

The Commission has an operating line of credit to a maximum of \$40,000 bearing interest at prime plus 2%. At March 31, 2010 this facility has not been utilized.

**Manitoba Horse Racing Commission**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2010*

**6. Provision for employee pension benefits**

The Commission follows the accrual method of accounting for its employee pension benefits liability.

An actuarial valuation of the employee pension benefit liability as at December 31, 2007 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 7% (2004 - 7%), 2.50% inflation (2004 - 2.50%), salary rate increases of 3.25% (2004 - 3.25%) and post retirement indexing at 2/3 of the inflation rate. The service to date projected benefit method was used and the liabilities have been estimated to March 31, 2010 using a formula provided by the actuary and adjusted for a provision for adverse experience and a trust fund credit.

***Provision for employer's share of employees' pension plan:***

	2010	2009
Balance, beginning of year	320,258	307,729
Benefits accrued	14,000	14,272
Interest accrued on benefits	20,916	25,680
Benefits paid	(49,836)	(15,620)
Experience loss (gain)	19,607	(11,803)
Balance, end of year	324,945	320,258

***The Commission's pension plan costs consist of the following:***

	2010	2009
Benefits accrued	14,000	14,272
Interest accrued on benefits	20,916	25,680
Experience loss (gain)	19,607	(11,803)
Pension cost	54,523	28,149



**Manitoba Horse Racing Commission**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2010*

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7. **Fees, licenses and fines**

	2010	2009
Assiniboia Downs		
Daily licenses	85,400	71,150
Fees and licenses	32,233	35,436
Fines	16,365	14,212
	<b>133,998</b>	120,798
Rural Circuit		
Fees and licenses	1,835	822
Fines	400	395
	<b>2,235</b>	1,217
	<b>136,233</b>	122,015

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**8. Financial instruments**

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

***Liquidity risk***

Liquidity risk arises from the possibility of the Commission having insufficient financial resources to meet its financial obligations when they come due. The Commission mitigates this risk through cash management. Accounts payable and accrued liabilities are typically paid when due.

***Interest rate risk***

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

***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 Commission to credit risk consist principally of cash, long term investment, pari-mutuel levy receivable, accounts receivable and receivable from Province of Manitoba - pension.

Cash is not exposed to significant credit risk as cash is held with a large reputable financial institution.

Long term investment and receivable from Province of Manitoba - pension are not exposed to significant credit risk as both are with the Province of Manitoba.

Pari-mutuel receivable and accounts receivable are not exposed to significant credit risk as payment in full is typically collected when due. No allowance for doubtful accounts is required.

***Foreign currency risk***

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

**9. Capital management**

The Commission's objective when managing capital is to ensure that its expenditures closely match their revenues. Capital consists of the various fund balances in a deficit of \$7,028 (2009 - surplus \$26,483). The Commission is not subject to externally imposed capital requirements. There have been no changes in the Commission's approach to capital management during the period.

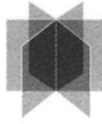
**10. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.

**Manitoba Horse Racing Commission**  
**Schedule 1 - General Fund Operating Expenses**

*For the year ended March 31, 2010*

	<b>2010</b>	2009
Expenses		
Commissioners' per diem and honoraria	<b>12,203</b>	15,080
Drug, alcohol and security	<b>7,325</b>	9,849
Employee benefits	<b>31,027</b>	26,757
Equipment and office furniture	<b>3,388</b>	3,290
Equipment rentals	<b>1,803</b>	2,171
Insurance	<b>817</b>	923
Memberships and dues	<b>460</b>	5,475
Office	<b>21,099</b>	17,324
Pension cost (note 6)	<b>54,523</b>	28,149
Professional fees	<b>19,102</b>	13,449
Salaries		
Administration	<b>130,487</b>	145,775
Security	<b>5,018</b>	18,776
Stewards and judges	<b>134,517</b>	133,128
Veterinarian services	<b>48,809</b>	52,104
Support grant	<b>12,056</b>	15,926
Telephone	<b>7,921</b>	8,131
Travel	<b>7,657</b>	15,589
	<b>498,212</b>	511,896



OFFICE OF THE  
AUDITOR GENERAL  
MANITOBA

## **AUDITORS' REPORT**

### **Schedule of Compensation Paid to Commission Members and Employees**

To the Legislative Assembly of Manitoba, and  
To the Board of Commissioners of the Manitoba Horse Racing Commission

We have audited the Schedule of Compensation Paid to Commission Members and Employees of the Manitoba Horse Racing Commission for the year ended December 31, 2009, prepared in accordance with Section 2 of The Public Sector Compensation Disclosure Act. This financial information is the responsibility of the Commission's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this schedule presents fairly, in all material respects, the commission members and employees compensation payments of the Manitoba Horse Racing Commission for the year ended December 31, 2009, in accordance with the provisions of The Public Sector Compensation Disclosure Act.

*Office of the Auditor General*

Office of the Auditor General

Winnipeg, Manitoba  
June 1, 2010

# THE MANITOBA HORSE RACING COMMISSION

## Schedule of Compensation Paid to Commission Members and Employees For the Year Ended December 31, 2009

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid to the Commission's Board members and of individual compensation paid to Board members or staff, where such compensation equals or exceeds \$50,000 per year. In the year 2009 the Commission paid the Board members in aggregate \$12,203. In the year 2009, the Commission paid the following employees in excess of \$50,000.

<b>Name</b>	<b>Position</b>	<b>Compensation (\$'s)</b>
Huber, Larry	Executive Director	78,375

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