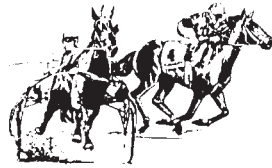


Manitoba



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# ANNUAL REPORT

2010 - 2011

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>, 2011

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 Fifth Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31<sup>st</sup>, 2011.

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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<http://www.manitobahorsecomm.org>

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Le 30 juin 2011

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

Monsiuer la ministre :

### Rapport annuel

Le soussigné a le privilège de vous présenter le 45e Rapport annuel de la Manitoba Horse Racing Commission pour l'exercice financier qui a pris fin le 31 mars 2011.

Bien cordialement,

Commission hippique du Manitoba

(Manitoba Horse Racing Commission)

David Miles  
Président  
DM/wfd

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

**For the year ending March 31st, 2011**

**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>

## **45e Rapport Annuel**

### **COMMISSION HIPPIQUE DU MANITOBA**

**(THE MANITOBA HORSE RACING COMMISSION)**

**Exercice financier terminé le 31 mars 2011**

#### **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 FIFTH ANNUAL REPORT**  
**THE HORSE RACING COMMISSION**

**GENERAL**

This report covers the twelve-month period ending March 31<sup>st</sup>, 2011.

**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 2011/12, 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 \$28,000,000.00 wagered, the Commission retained approximately \$280,000.00 to cover its expenses and distributed approximately \$1,900,000.00 to the Thoroughbred Horsemen's Benevolent and Protective Association (HBPA) for purse support and \$500,000.00 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 \$525,000.00 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 \$450,000.00 to Great Western, \$37,500.00 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, 2010, and 2011 race season and the grant money will be allocated in the same manner as 2008, 2009, and 2010 except that due to the MHRC being unable to continue its subsidy of its regulatory costs, and because the Federal Government off-loaded drug testing costs to the MHRC, an additional sum of about \$25,000.00 is being used for regulatory purposes – including drug testing.

## **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 inquiries 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 (MJC) 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.

*Negatives:*

- Total wagering continued to decline:
 

2010/11	\$27,900,000.00
2009/10	\$28,200,000.00
2008/09	\$30,200,000.00
2007/08	\$31,500,000.00
- It is somewhat encouraging that wagering on live racing increased by about \$300,000.00 (seven percent) but it also must be said that this was an increase from an historical low in wagering. Furthermore it was more than offset by a \$550,000.00 decrease (two percent) in simulcast wagering.
- While the number of local owners has increased, in general each owner owns fewer horses. Furthermore there is little participation by Manitoba residents in the backstretch operations.
- Wagering on the harness circuit continued to decline.

**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.

The rural harness circuit shows no signs of improvement. It is the view of the MHRC that harness racing ought to be re-located to Winnipeg where it has the potential to flourish and in so doing benefit not only the participants in the harness industry but also the MJC and the thoroughbred industry.

## QUARANTE-CINQUIÈME RAPPORT ANNUEL

### LA COMMISSION HIPPIQUE DU MANITOBA

#### GÉNÉRALITÉS

Ce rapport couvre la période de douze mois qui a pris fin le 31 mars 2011.

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

Tel que mentionné dans les rapports annuels antérieurs, 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 de même 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 2011-2012, 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 28 000 000 \$ 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 les saisons de courses 2009, 2010 et 2011, et la contribution a été distribuée de la même manière qu'en 2008, 2009 et 2010. Cependant, une somme additionnelle d'environ 25 000 \$ a été utilisée à des fins réglementaires, y compris pour le dépistage des drogues, à cause de l'incapacité de la MHRC de continuer de subventionner ses coûts de réglementation et parce que le gouvernement fédéral a transmis la couverture des frais liés au dépistage des drogues à la MHRC.

## **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* (MJC) 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.

*Éléments négatifs :*

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

2010-2011	27 900 000 \$
2009-2010	28 200 000 \$
2008-2009	30 200 000 \$
2007-2008	31 500 000 \$
- Il est dans une certaine mesure encourageant de voir que le total des paris sur les courses en direct a augmenté d'environ 300 000 \$ (sept pour cent), mais il faut cependant dire qu'il s'agit là d'une augmentation d'un minimum historique des paris. En outre, cette augmentation a été plus que contrebalancée par un déclin de 550 000 \$ (deux pour cent) des paris en diffusion simultanée.
- Bien que le nombre de propriétaires locaux ait augmenté, chaque propriétaire possède en général moins de chevaux. En outre, les résidents manitobains ne participent que très peu aux opérations de la zone de l'avant-dernier droit.
- Les paris sur le circuit de courses attelées ont continué de baisser.

**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.

Le circuit rural de courses attelées ne montre aucun signe d'amélioration. La MHRC croit que la course attelée devrait être déplacée à Winnipeg, où elle aurait la possibilité de se développer et ainsi de bénéficier aux participants non seulement de l'industrie des courses attelées, mais aussi du MJC et de l'industrie du pur-sang.

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

	<u>2010/11</u>	<u>2009/10</u>
<b>Wagering on Live Racing</b>	<b>4,500,559</b>	<b>4,207,145</b>
<b>Number of Live Race Days</b>	<b>63</b>	<b>65</b>
<b>Number of Live Races</b>	<b>503</b>	<b>502</b>
<b>Average Daily Wagering (Live)</b>	<b>71,437</b>	<b>64,725</b>
<b>Average Live Wager per race</b>	<b>8,947</b>	<b>8,380</b>
<b>Purses Paid Out</b>	<b>4,703,099</b>	<b>4,833,203</b>

**Simulcast Racing**

	<u>2010/11</u>	<u>2009/10</u>
<b><u>Simulcast Wagering</u></b>	<b>\$ 23,453,388</b>	<b>\$ 24,009,541</b>
<b>Number of Race Days</b>	<b>364</b>	<b>364</b>
<b>Average Daily Wagering (Simulcast)</b>	<b>64,432</b>	<b>65,960</b>

**Totals**

	<u>2010/11</u>	<u>2009/10</u>
<b><u>Pari-Mutuel Wagering</u></b>	<b>\$ 27,953,947</b>	<b>\$ 28,216,686</b>
<b>Number of Race Days</b>	<b>364</b>	<b>364</b>
<b>Average Daily Wagering</b>	<b>76,796</b>	<b>77,518</b>

**SCHEDULE B****RURAL RACING****Racing Days****Amount Wagered**

	<b><u>2010/11</u></b>	<b><u>2009/10</u></b>	<b><u>2010/11</u></b>	<b><u>2009/10</u></b>
Standardbred				
Viriden	0	2	0	16,045
McCreary	0	0	0	0
Dauphin	0	0	0	0
Deloraine	2	2	11,752	11,771
Glenboro	3	2	14,490	11,611
Holland	4	4	19,404	21,382
Killarney	6	4	33,005	27,060
portage	0	0	0	0
Wawanesa	1	2	7,675	9,995
Miami	4	6	14,139	27,512
Subtotal	<b><u>20</u></b>	<b><u>22</u></b>	<b><u>\$100,465</u></b>	<b><u>\$125,376</u></b>

There was no Rural Quarter Horse Racing in 2010  
4 rain outs

**Other Comparative Statistics**

	<b><u>2010/11</u></b>	<b><u>2009/10</u></b>
Total overnight purses - Standardbred	\$264,000	269,437
Average daily purse support	13,200	12,247

**Provincial Support Programs**

	<b><u>2010/11</u></b>	<b><u>2009/10</u></b>
Race Meet Support - Standardbred	\$377,500	375,000
Breeders/Owners Incentives - Standardbred	110,000	112,500
Purses/Breeders/ Owners Incentives – Quarter Horse (quarter horse programs operated from Assiniboia Downs)	37,500	37,500
<b>TOTALS</b>	<b><u>\$525,000</u></b>	<b><u>525,000</u></b>

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

Occupational Licenses	Thoroughbred		Standardbred	
	2010/11	2009/10	2010/11	2009/10
Owner/Trainer	90	89	22	16
Trainer	21	13	3	1
Assistant Trainer	12	12	0	0
Owner/Trainer/Driver		0	19	20
Owner/Driver		0	3	3
Jockey (1/4 & Amateur incl.)	25	23	0	0
Apprentice Jockey/Exercise Rider	56	51	0	0
Driver		0	2	1
Driver/Trainer		0	2	1
Jockey Agent	7	7	0	0
Officials	10	12	5	6
Backstretch	225	184	9	15
Occ 1 (Assoc., Kitchen, etc.)	52	41	0	0
Occ 2 (Press, daycare etc.)	105	45	0	0
Occ 3 (Tradesmen, etc.)	25	24	0	0
Occ 5 (Veterinarians, etc.)	4	6	0	0
Vet assistant	6	4	0	0
<b>TOTAL LICENSES ISSUED:</b>	<b><u>638</u></b>	<b><u>511</u></b>	<b><u>65</u></b>	<b><u>63</u></b>

**Registrations & Non-Occupational**

	Thoroughbred		Standardbred	
	2010/11	2009/10	2010/11	2009/10
Owners	464	395	58	62
Sponsored Persons	81	33	0	0
Partnerships	186	177	11	16
Stable Names	107	95	2	1
Colours	60	40	0	0
Leases	0	0	0	0
Authorized Agents	162	49	5	1
<b>total non occupational</b>	<b><u>1060</u></b>	<b><u>789</u></b>	<b><u>76</u></b>	<b><u>80</u></b>



**SCHEDULE D**

**MANITOBA HORSE RACING COMMISSION**

<b><u>THOROUGHBRED</u></b>	<b><u>2010/11</u></b>	<b><u>2009/10</u></b>
RULINGS	125	130
FINES	\$18,800	\$13,700
<b><u>STANDARD BRED</u></b>	<b><u>2010/11</u></b>	<b><u>2009/10</u></b>
RULINGS	15	21
FINES	\$1,500	\$1,815

## **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>, 2011**

## **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 2011**

**The Manitoba Horse Racing Commission  
Financial Statements**

**March 31<sup>st</sup>, 2011**

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Schedule of Compensation Paid to Commission Members and Employees

**Manitoba Horse Racing Commission**  
**Financial Statements**  
*March 31, 2011*



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Manitoba Horse Racing Commission, which comprise the statement of financial position as at March 31, 2011, and the statements of operating revenue and expenses and fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Manitoba Horse Racing Commission as at March 31, 2011, 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  
July 2, 2011  
Winnipeg, Manitoba

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

For the year ended March 31, 2011

	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 2011	2010
<b>ASSETS</b>								
Current								
Cash	72,412	-	-	15,694	8,491	199,091	295,688	
Pari-mutuel levy receivable	-	-	-	-	-	-	11,006	
Accounts receivable	6,000	-	-	-	-	-	23,600	
Receivable from Province of Manitoba - Pension	10,589	-	-	-	-	-	15,523	
	89,001	-	-	15,694	8,491	199,091	331,413	
Long term investment (Note 3)	259,811	-	-	-	-	-	309,422	
Capital assets (Note 4)	-	10,145	-	-	-	-	11,792	
	<b>348,812</b>	<b>10,145</b>	-	<b>15,694</b>	<b>8,491</b>	<b>199,091</b>	<b>652,627</b>	
<b>LIABILITIES AND FUND BALANCES</b>								
Current								
Accounts payable and accrued liabilities	32,811	-	-	15,694	8,491	199,091	334,710	
	32,811	-	-	15,694	8,491	199,091	334,710	
Provision for employee pension benefits (Note 6)	270,400	-	-	-	-	-	324,945	
	303,211	-	-	15,694	8,491	199,091	659,655	
Fund Balances								
Unrestricted	45,601	-	-	-	-	-	(18,820)	
Invested in Capital Assets	-	10,145	-	-	-	-	11,792	
	45,601	10,145	-	-	-	-	(7,028)	
	<b>348,812</b>	<b>10,145</b>	-	<b>15,694</b>	<b>8,491</b>	<b>199,091</b>	<b>652,627</b>	

APPROVED BY THE COMMISSION

*David M. M...*

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, 2011*

	General Fund	Capital Asset Fund	Pari-Mutuel Levy Fund	Restricted Funds			C.T.H.S. Fund	Total	
				Rural Fund	H.B.P.A. Fund			Year ended March 31 2011	2010
<b>Revenue</b>									
Fees, licenses and fines (Note 7)	147,807	-	-	-	-	-	-	147,807	136,233
Grant revenue	38,000	-	-	487,000	-	-	-	525,000	525,000
Interest	-	-	-	-	-	-	-	-	12,571
Pari-mutuel levy	-	-	2,499,848	-	-	-	-	2,499,848	2,654,618
Other income	-	-	-	-	-	-	-	-	4,687
	185,807	-	2,499,848	487,000	-	-	-	3,172,655	3,333,109
<b>Expenses</b>									
General Fund operating expenses (Schedule 1)	376,430	-	-	-	-	-	-	376,430	498,212
Overnight purse support thoroughbred	-	-	-	-	1,767,827	-	-	1,767,827	1,877,032
Owners/breeders incentive thoroughbred	-	-	-	-	-	473,069	-	473,069	502,729
Quarter Horse support	-	-	-	37,500	-	-	-	37,500	37,500
Amortization of capital assets	-	1,647	-	-	-	-	-	1,647	1,647
Standardbred rural	-	-	-	449,500	-	-	-	449,500	449,500
Other expenses	3,908	-	-	-	-	-	-	3,908	-
	380,338	1,647	-	487,000	1,767,827	473,069	-	3,109,881	3,366,620
Excess (deficiency) of revenues over expenses	(194,531)	(1,647)	2,499,848	-	(1,767,827)	(473,069)	-	62,774	(33,511)
Pari-mutuel levy fund transfer	258,952	-	(2,499,848)	-	1,767,827	473,069	-	-	-
Fund balances, beginning of year	(18,820)	11,792	-	-	-	-	-	(7,028)	26,483
Fund balances, end of year	45,601	10,145	-	-	-	-	-	55,746	(7,028)

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, 2011*

	<b>2011</b>	<b>2010</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses	62,774	(33,511)
Amortization	1,647	1,647
Employee pension (recovery) costs (note 6)	(13,656)	54,523
	<b>50,765</b>	22,659
Changes in working capital accounts		
Pari-mutuel levy receivable	11,006	(3,790)
Accounts receivable	17,600	(7,300)
Receivable from Province of Manitoba - Pension	4,934	(2,994)
Accounts payable and accrued liabilities	(78,623)	(14,026)
Deferred revenue	-	(2,415)
Employee pension benefits paid (note 6)	(40,889)	(49,836)
	<b>(35,207)</b>	(57,702)
<b>Investing and Financing activities</b>		
Purchase of long-term investments	-	(1,693)
Proceeds on disposal of long-term investments - net	49,611	-
	<b>49,611</b>	(1,693)
<b>Increase (decrease) in cash resources</b>	<b>14,404</b>	<b>(59,395)</b>
<b>Cash resources, beginning of year</b>	<b>281,284</b>	<b>340,679</b>
<b>Cash resources, end of year</b>	<b>295,688</b>	<b>281,284</b>
<b>Supplementary cash flow information</b>		
Interest received	-	12,571

*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, 2011*

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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 levy 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 cash, 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***

Employees of the Commission are pensionable under the Civil Service Superannuation Act. 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, 2009. Experience gains or losses are recognized in the year the actuarial valuation is completed.

**Manitoba Horse Racing Commission**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2011*

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***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 and fixtures	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, the CICA released a decision to allow deferral of Sections 3862 and 3863 for not-for-profit organizations. As such the Commission continues to apply Section 3861.

***Recent accounting pronouncements***

***Government Not-for-Profit Organizations***

Government not-for-profit Organizations (GNPOs) previously followed not-for-profit accounting standards in the CICA Accounting Handbook. The Public Sector Accounting Board (PSAB) approved the inclusion of existing Canadian GAAP for not-for-profit organizations in the CICA Public Sector Accounting Handbook (PSA Handbook) with some minor modifications. GNPOs will be required to adopt these accounting standards effective for fiscal periods beginning on or after January 1, 2012 or the PSA Handbook without the not-for-profit sections. Until the transition to the new standards, GNPOs can continue to follow existing not-for-profit standards in the CICA Accounting Handbook.

***Other Government Organizations***

Previously Other Government Organizations (OGOs) followed for-profit or other accounting standards in the CICA Accounting Handbook. Effective for fiscal periods beginning on or after January 1, 2011 these organizations will have to choose to follow either the PSA Handbook or International Financial Reporting Standards (IFRS) - as documented in Part 1 of the CICA Accounting Handbook.

# Manitoba Horse Racing Commission

## Notes to the Financial Statements

*For the year ended March 31, 2011*

### Transition Planning

The Commission has not yet determined which accounting standards they will follow for the year end March 31, 2012 and the resulting impact on the financial statements.

### 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 0.85%, 2010 - 0.15%) maturing April 4, 2011 on behalf of the Commission, and held until the cash is required to discharge the related liabilities. As this is expected to occur in a future year and the amounts are re-invested annually, this amount has been classified as a long term asset.

### 4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2011 Net book value</i>
Computer equipment	11,599	4,780	6,819
Security equipment	2,714	1,675	1,039
Furniture and fixtures	7,572	5,285	2,287
	21,885	11,740	10,145

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2010 Net book value</i>
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

### 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, 2011 this facility has not been utilized.

## Manitoba Horse Racing Commission Notes to the Financial Statements

*For the year ended March 31, 2011*

### 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, 2009 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 6.50% (2010 - 7%), 2.00% inflation (2010 – 2.50%), salary rate increases of 3.25% (2010 - 3.25%), discount rate of 6% (2010 - 6%) 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, 2011 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:***

	2011	2010
Balance, beginning of year	324,945	320,258
Benefits accrued	9,023	14,000
Interest accrued on benefits	19,694	20,916
Benefits paid	(40,889)	(49,836)
Experience (gain) loss	(42,373)	19,607
Balance, end of year	270,400	324,945

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

	2011	2010
Benefits accrued	9,023	14,000
Interest accrued on benefits	19,694	20,916
Experience (gain) loss	(42,373)	19,607
Pension (recovery) cost	(13,656)	54,523

**Manitoba Horse Racing Commission**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2011*

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**7. Fees, licenses and fines**

	<b>2011</b>	2010
<hr/>		
Assiniboia Downs		
Daily licenses	<b>86,200</b>	85,400
Fees and licenses	<b>44,827</b>	32,233
Fines	<b>14,970</b>	16,365
	<hr/> <b>145,997</b>	133,998
 Rural Circuit		
Fees and licenses	<b>1,810</b>	1,835
Fines	-	400
	<hr/> <b>1,810</b>	2,235
	<hr/> <b>147,807</b>	136,233
	<hr/>	



**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 and the long term investment is re-invested annually.

***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. Related party transactions**

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

**10. 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 surplus position of \$55,746 (2010 - deficit \$7,028). 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.

**11. 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, 2011*

	<b>2011</b>	<b>2010</b>
Expenses		
Commissioners' per diem and honoraria	<b>17,598</b>	12,203
Drug, alcohol and security	<b>6,798</b>	7,325
Employee benefits	<b>19,611</b>	31,027
Equipment and office furniture	<b>2,147</b>	3,388
Equipment rentals	<b>734</b>	1,803
Insurance	<b>1,061</b>	817
Memberships and dues	<b>11,703</b>	460
Office	<b>12,942</b>	21,099
Pension (recovery) cost (note 6)	<b>(13,656)</b>	54,523
Professional fees	<b>11,721</b>	19,102
Salaries		
Administration	<b>134,881</b>	130,487
Security	<b>4,481</b>	5,018
Stewards and judges	<b>83,210</b>	134,517
Veterinarian services	<b>50,836</b>	48,809
Support grant	<b>19,332</b>	12,056
Telephone	<b>6,039</b>	7,921
Travel	<b>6,992</b>	7,657
	<b>376,430</b>	498,212



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying Schedule of Compensation Paid to Commission Members and Employees of the Manitoba Horse Racing Commission as at December 31, 2010 ("the schedule"). The schedule has been prepared by management based on Section 2 of the Public Sector Compensation Disclosure Act.

### **Management's Responsibility for the Schedule**

Management is responsible for the preparation of the schedule in accordance with Section 2 of the Public Sector Compensation Disclosure Act and for such internal control as management determines is necessary to enable the preparation of a schedule that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedule 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial information in the Schedule of Compensation Paid to Commission Members and Employees of the Manitoba Horse Racing Commission as at December 31, 2010 is prepared, in all material respects, in accordance with Section 2 of the Public Sector Compensation Disclosure Act.

### **Basis of Accounting**

Without modifying our opinion, we draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedule is prepared to assist the entity to meet the requirements of Section 2 of the Public Sector Compensation Disclosure Act. As a result, the schedule may not be suitable for another purpose.

*Office of the Auditor General*

Office of the Auditor General  
July 2, 2011  
Winnipeg, Manitoba

# THE MANITOBA HORSE RACING COMMISSION

## Schedule of Compensation Paid to Commission Members and Employees For the Year Ended December 31, 2010

<b>Name</b>	<b>Position</b>	<b>Compensation (\$'s)</b>
Huber, Larry	Executive Director	81,889
Meek, Dr. Joseph	Commission Veterinarian	50,836

### **Note 1:**

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. The amounts reported were calculated in accordance with the definition of compensation provided in Section 1 of The Public Sector Compensation Disclosure Act. In the year 2010, the Commission paid the Board members in aggregate \$17,598. In the year 2010, the Commission paid the above employees \$50,000 or greater.

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