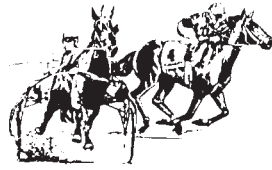


Manitoba



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# ANNUAL REPORT

2012 - 2013

Manitoba  
Horse Racing  
Commission

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

**For the year ending March 31st, 2013**

**COMMISSIONERS**

<b>Tom Goodman</b>	<b>Chair</b>	<b>Stonewall</b>
<b>Brian Billeck</b>	<b>Vice Chair</b>	<b>Winnipeg</b>
<b>Stewart Shinnan</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>
<b>Andrew Moreau</b>	<b>Member</b>	<b>Winnipeg</b>

## **47e Rapport Annuel**

### **COMMISSION HIPPIQUE DU MANITOBA**

**(THE MANITOBA HORSE RACING COMMISSION)**

**Exercice financier terminé le 31 mars 2013**

#### **COMMISSAIRES**

<b>Tom Goodman</b>	<b>Président</b>	<b>Stonewall</b>
<b>Brian Billeck</b>	<b>Vice-président</b>	<b>Winnipeg</b>
<b>Stewart Shinnan</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>
<b>Andrew Moreau</b>	<b>Membre</b>	<b>Winnipeg</b>

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## **FORTY SEVENTH ANNUAL REPORT**

### **THE HORSE RACING COMMISSION**

#### **GENERAL**

This report covers the twelve-month period ending March 31st, 2013.

#### **Functions of the Manitoba Horse Racing Commission (“MHRC”)**

Pursuant to 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.

Accordingly, 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. A veterinarian is employed to inspect and monitor the condition of all horses running at the track.

The rules are enforced on a day-to-day basis by Stewards who are employed by the MHRC. Generally, appeals from their decisions may be made as a matter of right to the Commission. A newly adopted exception in our rules of racing prohibits an appeal of discretionary race calls relating to such matters as placement where a riding infraction has occurred. There is no appeal as a matter of right to any Court or any entity beyond the Commission.

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 2013/14, 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 \$26,605,708 wagered, the Commission retained approximately \$266,057 to cover its expenses and distributed approximately \$1,818,995 to the Thoroughbred Horsemen’s Benevolent and Protective Association (“HBPA”) for purse support and \$488,708 to the Canadian Thoroughbred Horse Society (“CTHS”) to support its breeding program.

The Standardbred and Quarter Horse Industries have never received money from the Pari-Mutuel Levy Fund. There have been other arrangements to support those industries from time to time. In 2012 the Provincial Government provided a grant of \$450,000 of which \$387,500 was allocated to the harness industry, nothing to Quarter Horse Racing, and the balance allocated to the MHRC for supervision and drug testing. The Manitoba Jockey Club (“MJC”) increased its allocation to the Quarter Horse Association by \$20,000.00.

### **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**  
**Thoroughbred Racing**

Live handle	\$ 4,102,708
Simulcast handle	\$22,503,000
Total	\$26,605,708

Race Days:

Live – 60 days

Simulcast – 364 days

Purses

\$4,808,200

**Standardbred Racing**

Live handle	\$80,108
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No Simulcast

Race Days

Live – 20 days

Purses

\$324,084

**Quarter Horse Racing**

There were only 6 races offered at Assinboia Downs in 2012.

Respectfully submitted,  
Tom Goodman,  
MHRC Chair.



## GÉNÉRALITÉS

Ce rapport couvre la période de douze mois qui a pris fin le 31 mars 2013.

### **FONCTIONS DE LA COMMISSION HIPPIQUE DU MANITOBA**

#### **(Manitoba Horse Racing Commission – MHRC)**

Selon la Loi sur la Commission hippique et les Règlements, 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. 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 employés par la MHRC. En général, les appels concernant toutes leurs décisions peuvent être déposés à l'endroit de la commission. Une exception aux règlements a récemment été adoptée qui interdit la possibilité d'interjeter un appel suite aux déclarations discrétionnaires relatives à des questions telles que le placement où a eu lieu l'infraction. Il n'y a pas la possibilité d'interjeter un appel dans une cour ou autre entité à l'extérieur de la commission.

Selon la Loi sur les prélèvements sur les mises de pari mutuel, 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 et approuvé pour l'année 2013-2014, 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 26 605 708 \$ qui avait été misé, la commission a retenu environ 266 057 \$ afin de défrayer ses dépenses et a distribué environ 1 818 995 \$ à la Thoroughbred Horsemen's Benevolent and Protective Association (HBPA) pour payer les bourses et 488 708 \$ à la Canadian Thoroughbred Horse Society (CTHS) afin de soutenir son programme de sélection.

Les industries des chevaux standardbred et quarter horse n'ont jamais reçu d'argent du Fonds du pari mutuel. Par le passé, il y a eu d'autres arrangements pour appuyer ces industries de temps à autre. En 2012, le gouvernement du Manitoba a contribué la somme de 450 000 \$ à être distribuée comme suit : 387 500 \$ à l'industrie des courses attelées, 0 \$ aux courses de quarter horse et le reste à la MHRC pour la couverture des frais liés à la supervision et au dépistage des drogues. Par la suite, le Manitoba Jockey Club (MJC) a augmenté son attribution à la Quarter Horse Association de 20 000 \$.

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

Cette loi, qui est entrée en vigueur le 1er 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.

**ASSINIBOIA DOWNS****LIVE RACING**

	<b><u>2012/13</u></b>	<b><u>2011/12</u></b>
<b><u>Wagering on Live Racing</u></b>	\$4,102,708	\$4,094,502
Number of live race days	60	60
<b><u>Number of live races</u></b>		
Overnight	442	478
Stakes	28	25
*Average daily wagering (live)	63,378	68,241
Purse paid out	4,804,200	3,912,574

\*does not include wagering from outside province

**Simulcast Racing**

	<b><u>2012/13</u></b>	<b><u>2011/12</u></b>
<b><u>Simulcast Wagering</u></b>		
Number of race days	364	364
Total Simulcast	22,503,000	22,530,592

	<b><u>2012/13</u></b>	<b><u>2011/12</u></b>
<b><u>Pari-mutuel Wagering</u></b>		
Number of Race Days	364	364
Total Pari - Mutuel	26,605,708	26,625,094

## SCHEDULE B

	<u>Racing Days</u>	<u>RURAL RACING</u>	<u>Amount Wagered</u>	
	<u>2012/13</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2011/12</u>
Standardbred				
Deloraine 1 rain out	1	1	4,852	6,451
Glenboro	2	2	7,530	9,468
Holland	4	4	14,283	16,088
Killarney 1 rain out	5	4	25,398	23,578
Wawanesa	2	2	9,779	8,940
Miami	6	8	18,266	22,299
Subtotal	<u>20</u>	<u>21</u>	<u>\$80,108</u>	<u>\$86,824</u>

\* Portage Turf and MHHI included in Miami  
 There was no Rural Quarter Horse Racing in 2012

### Other Comparative Statistics

	<u>2012/13</u>	<u>2011/12</u>
Total overnight purses - Standardbred	\$231,000	\$264,000
AG Societies	\$48,791	\$49,126

### Provincial Support Programs

	<u>2012/13</u>	<u>2011/12</u>
Race Meet Support - Standardbred	\$387,500	\$377,500
Breeders/Owners Incentives - Standardbred	\$93,084	\$110,000

**SCHEDULE C**

**MANITOBA HORSE RACING COMMISSION**

**Occupational Licenses and Registration for the year ending**

Occupational Licenses	Thoroughbred		Standardbred	
	2011/12	2012/13	2011/12	2012/13
Owner/Trainer	73	70	10	21
Trainer	30	20	2	1
Assistant Trainer	7	12	0	0
Owner/Trainer/Driver	0	0	29	23
Owner/Driver	0	0	1	3
Jockey (1/4 & Amateur incl.)	24	22	0	0
Apprentice Jockey/Exercise Rider	48	44	0	0
Driver	0	0	0	0
Driver/Trainer	0	0	0	0
Jockey Agent	8	7	0	0
Officials	7	8	5	3
Backstretch	143	139	5	6
Occ 1 (Assoc., Kitchen, etc.)	43	32	0	0
Occ 2 (Press, daycare etc.)	90	85	0	0
Occ 3 (Tradesmen, etc.)	21	15	0	0
Occ 5 (Veterinarians, etc.)	5	6	0	0
Vet assistant	5	7	0	0
<b>TOTAL LICENSES ISSUED:</b>	<b><u>504</u></b>	<b><u>467</u></b>	<b><u>52</u></b>	<b><u>57</u></b>

**Registrations & Non-Occupational**

	Thoroughbred		Standardbred	
	2011/12	2012/13	2011/12	2012/13
Owners	394	334	37	49
*owners with grooms licences	20	18	16	11
Sponsored Persons	47	45	0	0
Partnerships	179	137	27	14
Stable Names	105	84	2	0
Colours	53	45	0	0
Leases	0	0	0	2
Authorized Agents	159	153	4	4
<b>total non occupational</b>	<b><u>957</u></b>	<b><u>816</u></b>	<b><u>86</u></b>	<b><u>80</u></b>

**MANITOBA HORSE RACING COMMISSION**

<b><u>THOROUGHBRED</u></b>	<b><u>2011/12</u></b>	<b><u>2012/13</u></b>
RULINGS	73	68
FINES	\$13,050.00	\$8,975.00
<b><u>STANDARD BRED</u></b>	<b><u>2011/12</u></b>	<b><u>2012/13</u></b>
RULINGS	7	19
FINES	\$525.00	\$3,250.00

## **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 23, 2013**

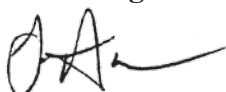
## **Rapport de la direction**

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 23 juin 2013**



**The Manitoba Horse Racing Commission  
Financial Statements**

**March 31<sup>st</sup>, 2013**

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Statement of Cash Flow

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**Manitoba Horse Racing Commission**  
**Financial Statements**  
*March 31, 2013*



## 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, 2013, March 31, 2012 and April 1, 2011, and the statements of operating revenue and expenses and fund balances, and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian public sector accounting standards.

### **Basis of Presentation**

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes that the Manitoba Horse Racing Commission adopted Canadian public sector accounting standards on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retroactively by management to the comparative information in these financial statements.

*Office of the Auditor General*

Office of the Auditor General  
June 23, 2013  
Winnipeg, Manitoba

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

As at March 31, 2013

	General Fund	Capital Asset Fund	Restricted Funds				Total As at March 31 2013
			Pari-Mutuel Levy Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	
<b>ASSETS</b>							
Current							
Cash	110,676	-	-	-	847	176,228	290,007
Receivable from Province of Manitoba - Pension	10,818	-	-	-	-	-	10,818
	121,494	-	-	-	847	176,228	300,825
Long term investment (Note 4)	264,228	-	-	-	-	-	264,228
Capital assets (Note 5)	-	14,975	-	-	-	-	14,975
	<b>385,722</b>	<b>14,975</b>	<b>-</b>	<b>-</b>	<b>847</b>	<b>176,228</b>	<b>580,028</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Current							
Accounts payable and accrued liabilities	40,287	-	-	-	847	176,228	219,618
	40,287	-	-	-	847	176,228	219,618
Provision for employee pension benefits (Note 6)	275,046	-	-	-	-	-	275,046
	315,333	-	-	-	847	176,228	494,664
Fund Balances							
Unrestricted	70,389	-	-	-	-	-	70,389
Invested in Capital Assets	-	14,975	-	-	-	-	14,975
	70,389	14,975	-	-	-	-	85,364
	<b>385,722</b>	<b>14,975</b>	<b>-</b>	<b>-</b>	<b>847</b>	<b>176,228</b>	<b>580,028</b>

APPROVED BY THE COMMISSION

  
 Chairwoman

  
 Comptroller

The accompanying notes are an integral part of these financial statements


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

As at March 31, 2012

	General Fund	Capital Asset Fund	Restricted Funds			Total As at March 31 2012
			Pari-Mutuel Levy Fund	Rural Fund	H.B.P.A. Fund	
<b>ASSETS</b>						
Current						
Cash	122,156	-	-	2,322	27,787	325,134
Receivable from Province of Manitoba - Pension	13,499	-	-	-	-	13,499
	135,655	-	-	2,322	27,787	338,633
Long term investment (Note 4)	261,967	-	-	-	-	261,967
Capital assets (Note 5)	-	18,045	-	-	-	18,045
	<b>397,622</b>	<b>18,045</b>	<b>-</b>	<b>2,322</b>	<b>27,787</b>	<b>618,645</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Current						
Accounts payable and accrued liabilities	39,555	-	-	2,322	27,787	242,533
	39,555	-	-	2,322	27,787	242,533
Provision for employee pension benefits (Note 6)	275,466	-	-	-	-	275,466
	315,021	-	-	2,322	27,787	517,999
Fund Balances						
Unrestricted	82,601	-	-	-	-	82,601
Invested in Capital Assets	-	18,045	-	-	-	18,045
	82,601	18,045	-	-	-	100,646
	<b>397,622</b>	<b>18,045</b>	<b>-</b>	<b>2,322</b>	<b>27,787</b>	<b>618,645</b>

APPROVED BY THE COMMISSION

  
 Chairperson

  
 Comptroller

The accompanying notes are an integral part of these financial statements

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

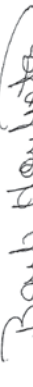
As at April 1, 2011

	General Fund	Capital Asset Fund	Restricted Funds			Total As at April 1 2011
			Pari-Mutuel Levy Fund	Rural Fund	H.B.P.A. Fund	
<b>ASSETS</b>						
Current						
Cash	72,412	-	-	15,694	8,491	295,688
Accounts receivable	6,000	-	-	-	-	6,000
Receivable from Province of Manitoba - Pension	10,589	-	-	-	-	10,589
	89,001	-	-	15,694	8,491	312,277
Long term investment	259,811	-	-	-	-	259,811
Capital assets	-	10,145	-	-	-	10,145
	<b>348,812</b>	<b>10,145</b>	<b>-</b>	<b>15,694</b>	<b>8,491</b>	<b>582,233</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Current						
Accounts payable and accrued liabilities	32,811	-	-	15,694	8,491	256,087
	32,811	-	-	15,694	8,491	256,087
Provision for employee pension benefits	270,400	-	-	-	-	270,400
	303,211	-	-	15,694	8,491	526,487
Fund Balances						
Unrestricted	45,601	-	-	-	-	45,601
Invested in Capital Assets	-	10,145	-	-	-	10,145
	45,601	10,145	-	-	-	55,746
	<b>348,812</b>	<b>10,145</b>	<b>-</b>	<b>15,694</b>	<b>8,491</b>	<b>582,233</b>

APPROVED BY THE COMMISSION

  
 Chairwoman

Chairman

  
 Comptroller

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, 2013*

	General Fund	Capital Asset Fund	Restricted Funds				Total Year ended March 31 2013
			Pari-Mutuel Levy Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	
<b>Revenue</b>							
Fees, licenses and fines (Note 7)	153,307	-	-	-	-	-	153,307
Grant revenue	62,500	-	-	387,500	-	-	450,000
Interest	2,201	-	-	-	-	-	2,201
Pari-mutuel levy	-	-	2,573,760	-	-	-	2,573,760
	<u>218,008</u>	<u>-</u>	<u>2,573,760</u>	<u>387,500</u>	<u>-</u>	<u>-</u>	<u>3,179,268</u>
<b>Expenses</b>							
General Fund operating expenses (Schedule 1)	486,914	-	-	-	-	-	486,914
Overnight purse support thoroughbred	-	-	-	-	1,818,995	-	1,818,995
Owners/breeders incentive thoroughbred	-	-	-	-	-	488,708	488,708
Quarter Horse support	-	-	-	-	-	-	-
Amortization of capital assets	-	3,070	-	-	-	-	3,070
Standardbred rural	-	-	-	387,500	-	-	387,500
Other expenses	9,363	-	-	-	-	-	9,363
	<u>496,277</u>	<u>3,070</u>	<u>-</u>	<u>387,500</u>	<u>1,818,995</u>	<u>488,708</u>	<u>3,194,550</u>
Excess (deficiency) of revenue over expenses	(278,269)	(3,070)	2,573,760	-	(1,818,995)	(488,708)	(15,282)
Pari-mutuel levy fund transfer	266,057	-	(2,573,760)	-	1,818,995	488,708	-
Fund balances, beginning of year	82,601	18,045	-	-	-	-	100,646
Fund balances, end of year	<u>70,389</u>	<u>14,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,364</u>

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, 2012*

	General Fund	Capital Asset Fund	Restricted Funds				Total Year ended March 31 2012
			Pari-Mutuel Levy Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	
<b>Revenue</b>							
Fees, licenses and fines (Note 7)	141,088	-	-	-	-	-	141,088
Grant revenue	38,000	-	-	487,000	-	-	525,000
Interest	959	-	-	-	-	-	959
Pari-mutuel levy	-	-	2,579,203	-	-	-	2,579,203
Other income	38,048	-	-	-	-	-	38,048
	<u>218,095</u>	<u>-</u>	<u>2,579,203</u>	<u>487,000</u>	<u>-</u>	<u>-</u>	<u>3,284,298</u>
<b>Expenses</b>							
General Fund operating expenses (Schedule 1)	434,260	-	-	-	-	-	434,260
Overnight purse support thoroughbred	-	-	-	-	1,822,911	-	1,822,911
Owners/breeders incentive thoroughbred	-	-	-	-	-	491,041	491,041
Quarter Horse support	-	-	-	37,500	-	-	37,500
Amortization of capital assets	-	3,204	-	-	-	-	3,204
Standardbred rural	-	-	-	449,500	-	-	449,500
Other expenses	982	-	-	-	-	-	982
	<u>435,242</u>	<u>3,204</u>	<u>-</u>	<u>487,000</u>	<u>1,822,911</u>	<u>491,041</u>	<u>3,239,398</u>
<b>Excess (deficiency) of revenues over expenses</b>	(217,147)	(3,204)	2,579,203	-	(1,822,911)	(491,041)	44,900
Capital asset fund transfer	(11,104)	11,104	-	-	-	-	-
Pari-mutuel levy fund transfer	265,251	-	(2,579,203)	-	1,822,911	491,041	-
Fund balances, beginning of year	45,601	10,145	-	-	-	-	55,746
	<u>82,601</u>	<u>18,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,646</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, 2013

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents provided by (used for) the following activities		
<b>Operating activities:</b>		
Excess (deficiency) of revenues over expenses	(15,282)	44,900
Employee pension benefits (Note 6)	28,423	28,665
Amortization of capital assets	3,070	3,204
	<u>16,211</u>	<u>76,769</u>
Changes in working capital accounts		
Accounts receivable	-	6,000
Receivable from Province of Manitoba - Pension	2,681	(2,910)
Accounts payable and accrued liabilities	(22,915)	(13,554)
Provision for employee pension benefits (Note 6)	(28,843)	(23,599)
	<u>(32,866)</u>	<u>42,706</u>
<b>Capital activity:</b>		
Purchase of capital assets	-	(11,104)
<b>Investing activity:</b>		
Net change in long-term investment	(2,261)	(2,156)
<b>Increase (decrease) in cash resources</b>	<u>(35,127)</u>	<u>29,446</u>
<b>Cash resources, beginning of year</b>	<u>325,134</u>	<u>295,688</u>
<b>Cash resources, end of year</b>	<u>290,007</u>	<u>325,134</u>
<b>Supplementary cash flow information</b>		
Interest received	<u>2,201</u>	<u>959</u>

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, 2013*

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### 1. Nature of the operations

Manitoba Horse Racing Commission (the "Organization") 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 dependant 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.

# Manitoba Horse Racing Commission

## Notes to the Financial Statements

*For the year ended March 31, 2013*

### 2. Impact of adopting Canadian public sector accounting standards

These are the Commission's first financial statements prepared in accordance with Canadian public sector accounting standards (PSAS) including the 4200 series of standards. The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 30, 2012, and the opening PSAB balance sheet as at April 1, 2011 (the Commission's date of transition to public sector accounting standards). In preparing these financial statements, the Commission has elected to apply the following transitional provision permitted by PS 2125 First-time Adoption by Government Organizations at the date of transition to PSAS:

#### Retirement and Post-Employment Benefits

PS 3250 requires a government organization to amortize actuarial gains and losses to the liability or asset and the related expense in a systemic and rational manner over the expected average remaining service life of the employee group. A first-time adopter may elect to recognize all cumulative actuarial gains and losses as of the date of transition to public sector standards directly in net assets.

#### Reconciliation of Fund Balances and Operating Revenues and Expenses

The Commission's previous financial statements used Canadian generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover Accounting Standards. The adoption of PSAS resulted in adjustments to the previously reported assets, liabilities, fund balances and excess of expenses over revenues. Details of these changes are as follows.

#### *Statement of Financial Position as at March 31, 2012*

	Pre-changeover Canadian GAAP	Transitional adjustment	PSAS
Provision for employee pension benefits	261,609	13,857	275,466
Receivable from Province of Manitoba - Pension	-	13,499	13,499
Unrestricted fund balances	82,959	(358)	82,601

#### *Statement of Operating Revenue and Expenses for the year ended March 31, 2012*

General fund operating expenses	433,902	358	434,260
Excess (deficiency) of revenues over expenses	45,258	(358)	44,900

# Manitoba Horse Racing Commission

## Notes to the Financial Statements

For the year ended March 31, 2013

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### *Statement of Cash Flow*

The transition to PSAS resulted in the purchase of capital assets previously shown as Investing activity now being shown as a Capital activity. Changes to excess of revenues over expenses for the year-end March 31, 2012 were offset by adjustments to operating activities.

### Explanation of Adjustments to PSAS

Prior to transition to PSAS the Commission immediately expensed actuarial gains or losses. Subsequent to transition to PSAS the Commission is required to amortize actuarial gains or losses over the average remaining service life of the employees.

As a result, the actuarial gain of \$13,857 as of March 31, 2012 which was previously expensed was reversed and amortization of this amount commenced in 2013 over its average remaining service life. Pension expense for the year ended March 31, 2012 increased by \$358 and the Provision for employee pension benefits increased by \$13,857. As a result, the receivable from the Province of Manitoba increased by \$13,499.

### 3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards for government not for profit organizations, including the 4200 series of standards and include the following significant accounting policies:

#### ***Fund accounting***

The Commission follows the restricted fund method of accounting for contributions, and maintains 6 funds: General Fund, Capital Asset Fund, Pari-Mutuel Levy Fund, Rural Fund, H.B.P.A. Fund, and C.T.H.S. Fund.

#### ***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, 2011. Actuarial gains and losses are amortized over the average remaining service life of employees, commencing in the year following when the actuarial gain or loss arises.

# Manitoba Horse Racing Commission

## Notes to the Financial Statements

For the year ended March 31, 2013

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### **Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

### **Fund transfers**

i) Capital asset 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

Security equipment	10 years
Computer equipment	5 years
Furniture and fixtures	10 - 20 years

### **Financial instruments**

The financial instruments of the Commission consist of cash, accounts receivable, receivable from the Province of Manitoba - Pension, long term investment, and accounts payable and accrued liabilities.

All of the Commission's financial instruments are carried at cost or amortized cost.

If an impairment loss is determined by The Commission and there is no realistic prospect of recovery the financial asset(s) are written down to net recoverable value with the writedown being recognized in the statement of operating revenue and expenses and fund balances.

## **4. 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 0.87%, 2012 - 0.82%) maturing April 4, 2013 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.

# Manitoba Horse Racing Commission

## Notes to the Financial Statements

*For the year ended March 31, 2013*

### 5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2013 Net book value</i>
Security equipment	13,117	4,252	8,865
Computer equipment	12,300	7,286	5,014
Furniture and fixtures	7,572	6,476	1,096
	<b>32,989</b>	<b>18,014</b>	<b>14,975</b>
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2012 Net book value</i>
Security equipment	13,117	2,922	10,195
Computer equipment	12,300	6,089	6,211
Furniture and fixtures	7,572	5,933	1,639
	<b>32,989</b>	<b>14,944</b>	<b>18,045</b>

### 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, 2011 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 6.00% (2012 - 6.50%), 2.00% inflation (2012 - 2.00%), salary rate increases of 3.75% (2012 - 3.75%), discount rate of 6.00% (2012 - 6.00%) 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, 2013 using a formula provided by the actuary and adjusted for a provision for adverse experience and a trust fund credit.

The average remaining service life of employees is 4.56 years. During 2013 amortization of the net actuarial loss was \$3,039.

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

	<i>2013</i>	<i>2012</i>
Accrued benefit obligation, beginning of the year	<b>261,609</b>	270,400
Benefits accrued	<b>11,211</b>	9,795
Interest accrued on benefits	<b>20,251</b>	18,870
Benefits paid	<b>(28,843)</b>	(23,599)
Actuarial loss (gain)	<b>41,716</b>	(13,857)
Accrued benefit obligation, end of year	<b>305,944</b>	261,609
Unamortized actuarial gain (loss)	<b>(30,898)</b>	13,857
Provision, end of year	<b>275,046</b>	275,466

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

	<i>2013</i>	<i>2012</i>
Benefits accrued	<b>11,211</b>	9,795
Interest accrued on benefits	<b>20,251</b>	18,870
Amortization of actuarial (gain) loss	<b>(3,039)</b>	-
Pension cost	<b>28,423</b>	28,665

**Manitoba Horse Racing Commission**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2013*

**7. Fees, licenses and fines**

	2013	2012
<b>Assiniboia Downs</b>		
Daily licenses	108,840	91,880
Fees and licenses	31,242	36,709
Fines	12,225	11,209
	152,307	139,798
<b>Rural Circuit</b>		
Fees and licenses	1,000	1,290
	153,307	141,088

**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 reinvested 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, 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.

Accounts receivable is 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.



# Manitoba Horse Racing Commission

## Notes to the Financial Statements

*For the year ended March 31, 2013*

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### 9. Related party transactions

In addition to those related party 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 in the exchange amount.

**Manitoba Horse Racing Commission**  
**Schedule 1 - General Fund Operating Expenses**  
*For the year ended March 31, 2013*

	<b>2013</b>	2012
Expenses		
Commissioners' per diem and honoraria	<b>12,498</b>	11,985
Bad debt expense		700
Drug, alcohol and security	<b>27,339</b>	28,772
Employee benefits	<b>24,518</b>	25,747
Equipment and office furniture	<b>2,823</b>	1,960
Equipment rentals	<b>2,646</b>	2,730
Insurance	<b>2,053</b>	1,097
Memberships and dues	<b>10,126</b>	5,250
Office	<b>21,829</b>	8,089
Pension cost	<b>28,423</b>	28,665
Professional fees	<b>21,182</b>	23,345
Salaries		
Administration	<b>151,546</b>	118,068
Security	<b>8,894</b>	5,939
Stewards and judges	<b>90,157</b>	82,476
Veterinarian services	<b>52,555</b>	50,007
Support grant	<b>11,374</b>	20,396
Telephone	<b>8,547</b>	9,276
Travel	<b>10,404</b>	9,758
	<b>486,914</b>	434,260



## 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, 2012 ("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, 2012 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  
June 23, 2013  
Winnipeg, Manitoba

# THE MANITOBA HORSE RACING COMMISSION

## Schedule of Compensation Paid to Commission Members and Employees For the Year Ended December 31, 2012

<b>Name</b>	<b>Position</b>	<b>Compensation (\$'s)</b>
Huber, Larry	Executive Director	90,000
Meek, Dr. Joseph	Commission Veterinarian	52,555

### **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 2012, the Commission paid the Board members in aggregate \$12,498, of which \$5,684 was paid to the Board Chair. In the year 2012, the Commission paid the above employees \$50,000 or greater.

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