

Manitoba



ANNUAL REPORT

2013 - 2014

Manitoba
Horse Racing
Commission



Tom Goodman (Chair)
Brian Billeck (Vice-Chair)
Stewart Shinnan (Member)
Margaret Teske (Member)
Robert King (Member)
Andrew Moreau (Member)

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
<http://www.manitobahorsecomm.org>

June 30th, 2014

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

Dear Mr Kostyshyn:

Annual Report

The undersigned has the honour to present the Forty Eighth Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 2014.

Yours truly,

Manitoba Horse Racing Commission

Tom Goodman
Chair, MHRC



Tom Goodman (Président)
Brian Billeck (Vice-président)
Stewart Shinnan (Membre)
Margaret Teske (Membre)
Robert King (Membre)
Andrew Moreau (Membre)

MANITOBA HORSE RACING COMMISSION

C.P. 46086 WESTDALE
WINNIPEG MB R3R 3S3

Téléphone (204) 885-7770 Fax (204) 831-0942

Courriel : mhrc@manitobahorsecomm.org
<http://www.manitobahorsecomm.org>

Le 30 juin 2014

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

Monsieur la ministre :

Rapport annuel

Le soussigné a le privilège de vous présenter le 48^e Rapport annuel de la Manitoba Horse Racing Commission pour l'exercice financier qui a pris fin le 31 mars 2014.

Bien cordialement,

Commission hippique du Manitoba

(Manitoba Horse Racing Commission)

Tom Goodman
Président, MHRC

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

For the year ending March 31st, 2014

COMMISSIONERS

Tom Goodman	Chair	Stonewall
Brian Billeck	Vice Chair	Winnipeg
Stewart Shinnan	Member	Winnipeg
Margaret Teske	Member	Winnipeg
Robert King	Member	Winnipeg
Andrew Moreau	Member	Winnipeg

48e Rapport Annuel

COMMISSION HIPPIQUE DU MANITOBA

(THE MANITOBA HORSE RACING COMMISSION)

Exercice financier terminé le 31 mars 2014

COMMISSAIRES

Tom Goodman	Président	Stonewall
Brian Billeck	Vice-président	Winnipeg
Stewart Shinnan	Membre	Winnipeg
Margaret Teske	Membre	Winnipeg
Robert King	Membre	Winnipeg
Andrew Moreau	Membre	Winnipeg

FORTY EIGHTH ANNUAL REPORT
THE MANITOBA HORSE RACING COMMISSION

TABLE OF CONTENTS

	<u>PAGE</u>
GENERAL.....	1 & 2
YEAR IN REVIEW.....	2
MANAGEMENT REPORT.....	3

	<u>SCHEDULE</u>
THOROUGHBRED & SIMULCAST.....	A
STANDARD BRED & QUARTER HORSE (RURAL).....	B
LICENSES & REGISTRATIONS.....	C
RULINGS, FINES & SUSPENSIONS.....	D

FORTY EIGHTH ANNUAL REPORT

THE HORSE RACING COMMISSION

GENERAL

This report covers the twelve-month period ending March 31st, 2014.

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 \$24,810,000 wagered, the Commission retained approximately \$248,101 to cover its expenses and distributed approximately \$1,690,781 to the Thoroughbred Horsemen's Benevolent and Protective Association ("HBPA") for purse support and \$450,274 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 2013 the Provincial Government provided a grant of \$400,000 of which \$362,500 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") maintained 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

This year was marked by ongoing litigation with the MJC occasioned by their undisclosed \$15 million dollar mortgage against Assiniboia Downs ("ASD"). The mortgage is in favour of a numbered company incorporated by Peguis First Nation. It is repayable without interest in 25 years and is collateral to a joint venture agreement with MJC.

The commission was concerned the mortgage may be an indirect means to transfer ownership of ASD without securing our approval. Accordingly, MHRC asked for disclosure of the joint venture agreement, and MJC instituted proceedings to avoid doing so. The MJC action was dismissed with costs. MHRC subsequently received certain assurances from MJC, and issued their 2014 licence.

Respectfully submitted,
Tom Goodman,
MHRC Chair.

48e RAPPORT ANNUEL

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

TABLE DES MATIÈRES

	<u>PAGE</u>
Généralités	1 & 2
Année dans la revue	2
Rapport de gestion	3

	<u>ANNEXE</u>
Purs-sangs et diffusion simultanée	A
Standardbred et quarter horse (rural)	B
Licenses et inscriptions	C
Décisions, amendes et suspensions	D

48E RAPPORT ANNUEL
COMMISSION HIPPIQUE DU MANITOBA
(THE MANITOBA HORSE RACING COMMISSION)

GÉNÉRALITÉS

Ce rapport couvre la période de douze mois qui a pris fin le 31 mars 2014.

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 24 810 000 \$ qui avait été misé, la

commission a retenu environ 248 101 \$ afin de défrayer ses dépenses et a distribué environ 1 690 781 \$ à la Thoroughbred Horsemen's Benevolent and Protective Association (HBPA) pour payer les bourses et 450 274 \$ 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 2013, le gouvernement du Manitoba a contribué la somme de 400 000 \$ à être distribuée comme suit : 362 500 \$ 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.

REVUE DE L'ANNÉE

Cette année a été marquée par un litige en cours avec la MJC occasionnés par leur non divulguée 15 000 000 \$ hypothèque dollar contre Assiniboia Downs ("TSA"). L'hypothèque est en faveur d'une société à numéro intégrés par la Première nation de Peguis. Il est remboursable sans intérêt en 25 ans et est garantie pour un accord de joint-venture avec la MJC.

La Commission craignait l'hypothèque peut être un moyen indirect de transfert de propriété de TSA sans obtenir notre approbation. En conséquence, la SHRM a demandé la divulgation de l'accord de coentreprise, et MJC a engagé une procédure pour éviter de la faire. L'action MJC a été rejetée avec dépens. MHRC a ensuite reçu certaines assurances de la MJC, et leur a délivré leur licence 2014.

Respectueusement soumis,
Tom Goodman,
Président MHRC.

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.

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 30th, 2014

RAPPORT DE GESTION

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.

Larry Huber
Directeur général

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

Date: le 30 juin 2014

SCHEDULE A

ASSINIBOIA DOWNS

LIVE RACING

	<u>2012/13</u>	<u>2013/14</u>
<u>Wagering on Live Racing</u>	\$4,102,708	\$3,659,723
Number of live race days	60	60
<u>Number of live races</u>		
Overnight	442	445
Stakes	28	28
*Average daily wagering (live)	63,378	60,995
Purse paid out (overnights)	4,804,200	3,772,300

*does not include wagering from outside province

** includes quarterhorse

Simulcast Racing

	<u>2012/13</u>	<u>2013/14</u>
<u>Simulcast Wagering</u>		
Number of race days	364	364
Total Simulcast	22,503,000	21,150,425

	<u>2012/13</u>	<u>2013/14</u>
<u>Pari-mutuel Wagering</u>		
Number of Race Days	364	364
Total Pari - Mutuel	26,605,708	24,810,148

SCHEDULE B

RURAL RACING

	<u>Racing Days</u>		<u>Amount Wagered</u>	
	<u>2012/13</u>	<u>2013/14</u>	<u>2012/13</u>	<u>2013/14</u>
Standardbred				
Deloraine	1	0	4,852	0
Glenboro**	2	3	7,530	11,184
Holland	4	2	14,283	8,058
Killarney	5	6	25,398	25,971
Wawanesa	2	2	9,779	10,094
Miami	6	6	18,266	18,780
Subtotal	<u>20</u>	<u>19</u>	<u>\$80,108</u>	<u>\$74,087</u>

**Glenboro one day non betting machine failure 1

* Portage Turf and MHHI included in Miami

Other Comparative Statistics

	<u>2012/13</u>	<u>2013/14</u>
Total overnight purses - Standardbred	\$231,000	\$188,800
AG Societies	\$48,791	\$60,000
MGWHRC Admin		\$15,780
EQUINE DRUG TESTING		\$25,000

Provincial Support Programs

	<u>2012/13</u>	<u>2013/14</u>
Race Meet Support - Standardbred	\$387,500	\$362,500
Breeders/Owners Incentives - Standardbred	\$93,084	\$72,920

SCHEDULE C

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registration for the year ending

Occupational Licenses	Thoroughbred		Standardbred	
	2013/14	2012/13	2013/14	2012/13
Owner/Trainer	73	70	32	21
Trainer	20	20	2	1
Assistant Trainer	13	12	0	0
Owner/Trainer/Driver	0	0	21	23
Owner/Driver	0	0	2	3
Jockey (1/4 & Amateur incl.)	18	22	0	0
Apprentice Jockey/Exercise Rider	51	44	0	0
Driver	0	0	0	0
Driver/Trainer	0	0	0	0
Jockey Agent	7	7	0	0
Officials	6	8	3	3
Backstretch	153	139	8	6
Occ 1 (Assoc., Kitchen, etc.)	29	32	0	0
Occ 2 (Press, daycare etc.)	75	85	0	0
Occ 3 (Tradesmen, etc.)	14	15	0	0
Occ 5 (Veterinarians, etc.)	6	6	0	0
Vet assistant	<u>12</u>	<u>7</u>	<u>0</u>	<u>0</u>
TOTAL LICENSES ISSUED:	<u>477</u>	<u>467</u>	<u>68</u>	<u>57</u>

Registrations & Non-Occupational

	Thoroughbred		Standardbred	
	2013/14	2012/13	2013/14	2012/13
Owners	330	334	47	49
*owners with grooms licences	34	18	8	11
Sponsored Persons	46	45	0	0
Partnerships	161	137	10	14
Stable Names	95	84	1	0
Colours	41	45	0	0
Leases	0	0	2	2
Authorized Agents	<u>161</u>	<u>153</u>	<u>5</u>	<u>4</u>
TOTAL NON OCCUPATION	<u>868</u>	<u>816</u>	<u>73</u>	<u>80</u>

MANITOBA HORSE RACING COMMISSION

<u>THOROUGHBRED</u>	<u>2013/14</u>	<u>2012/13</u>
RULINGS STEWARDS	31	68
COMMISSION RULINGS	3	
FINES	\$6,550.00	\$8,575.00
<u>STANDARD BRED</u>	<u>2013/14</u>	<u>2012/13</u>
RULINGS	5	19
FINES	\$825.00	\$3,250.00

**MANITOBA HORSE RACING
COMMISSION**

**Financial Statements
For the year ended March 31, 2014**

MANITOBA HORSE RACING COMMISSION

Financial Statements

For the year ended March 31, 2014

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operating Revenue and Expenses and Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Schedule of General and Administrative Expenses	12



Tel: 204 956 7200
Fax: 204 926 7201
Toll-free: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Board of Commissioners of MANITOBA HORSE RACING COMMISSION

We have audited the accompanying financial statements of **MANITOBA HORSE RACING COMMISSION**, which comprise the statement of financial position as at March 31, 2014, and the statement of changes in net assets, operations 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 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 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, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The financial statements of **MANITOBA HORSE RACING COMMISSION** for the year ended March 31, 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 23, 2013.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 17, 2014

MANITOBA HORSE RACING COMMISSION
Statement of Financial Position

March 31

2014 2013

	General Fund	Restricted Funds					Total		
		Assets Fund	Capital Fund	Pari-Mutuel Levy Fund	Rural Fund	H.B.P.A. Fund		C.T.H.S. Fund	
Assets									
Current Assets									
Cash	\$ 70,498	\$ -	\$ -	\$ -	\$ 4,520	\$ 34,712	\$ 156,989	\$ 266,719	\$ 290,007
Receivable from the Province of Manitoba - pension	55,139	-	-	-	-	-	-	55,139	10,818
	125,637	-	-	-	4,520	34,712	156,989	321,858	300,825
Long-term investment (Note 2)	267,153	-	-	-	-	-	-	267,153	264,228
Capital assets (Note 3)	-	12,900	-	-	-	-	-	12,900	14,974
	267,153	12,900	-	-	-	-	-	280,053	279,202
	\$ 392,790	\$ 12,900	\$ -	\$ -	\$ 4,520	\$ 34,712	\$ 156,989	\$ 601,911	\$ 580,027
Liabilities and Fund Balances									
Current Liabilities									
Accounts payable and accrued liabilities	\$ 19,813	\$ -	\$ -	\$ -	\$ 4,520	\$ 34,712	\$ 156,989	\$ 216,034	\$ 219,617
Provision for employee pension benefits (Note 4)	322,292	-	-	-	-	-	-	322,292	275,046
	342,105	-	-	-	4,520	34,712	156,989	538,326	494,663
Fund Balances									
Unrestricted	50,685	-	-	-	-	-	-	50,685	70,389
Invested in capital assets	-	12,900	-	-	-	-	-	12,900	14,975
Restricted	-	-	-	-	-	-	-	-	-
	50,685	12,900	-	-	-	-	-	63,585	85,364
	\$ 392,790	\$ 12,900	\$ -	\$ -	\$ 4,520	\$ 34,712	\$ 156,989	\$ 601,911	\$ 580,027

Approved on behalf of the Commission:

 Chairman

 Controller

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

Statement of Operating Revenue and Expenses and Fund Balances

For the year ended March 31

2014 2013

	Restricted Funds						Total
	General Fund	Capital Assets Fund	Pari-Mutuel Levy Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	
Revenue							
Fees, licenses and fines (Note 5)	\$ 146,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,680
Grant from Manitoba Lotteries	60,000	-	-	340,000	-	-	400,000
Interest	682	-	-	-	-	-	682
Pari-mutuel levy	-	-	2,389,157	-	-	-	2,389,157
Sundry	59	-	-	-	-	-	59
	207,421	-	2,389,157	340,000	-	-	2,936,578
Expenditures							
General Fund operating expenses (Schedule 1)	475,226	-	-	-	-	-	475,226
Overnight purse support thoroughbred	-	-	-	-	1,690,782	450,274	2,141,056
Owners/breeders incentive thoroughbred	-	-	-	-	-	-	-
Quarter Horse support	-	-	-	-	-	-	-
Amortization of capital assets	-	2,075	-	-	-	-	2,075
Standard rural	-	-	-	340,000	-	-	340,000
Other	-	-	-	-	-	-	-
	475,226	2,075	-	340,000	1,690,782	450,274	2,958,357
Excess (deficiency) of revenue over expenditures for the year	(267,805)	(2,075)	2,389,157	-	(1,690,782)	(450,274)	(21,779)
Pari-Mutuel Levy Fund transfer	248,101	-	(2,389,157)	-	1,690,782	450,274	-
Fund balances, beginning of year	70,389	14,975	-	-	-	-	85,364
Fund balances, end of year	\$ 50,685	\$ 12,900	\$ -	\$ -	\$ -	\$ -	\$ 63,585
							\$ 85,364

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	2014	2013
Cash Flows from Operating Activities		
Deficiency of revenue over expenditures	\$ (21,779)	\$ (15,282)
Employee pension benefits (Note 4)	-	28,423
Amortization of capital assets	2,075	3,070
	<u>(19,704)</u>	16,211
Changes in non-cash working capital balances		
Receivable from Province of Manitoba - Pension	(44,321)	2,681
Accounts payable and accrued liabilities	(3,582)	(22,915)
Provision for employee pension benefits (Note 4)	47,244	(28,843)
	<u>(20,363)</u>	(32,866)
Cash Flows from Investing Activities		
Net change in investments	(2,925)	(2,261)
Decrease in cash and bank during the year	(23,288)	(35,127)
Cash, beginning of year	290,007	325,134
Cash, end of year	\$ 266,719	\$ 290,007

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

MANITOBA HORSE RACING COMMISSION

Notes to Financial Statements

For the year ended March 31, 2014

1. Nature of the Organization and Significant Accounting Policies

a. Nature of the Organization

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.

b. Basis of Accounting

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:

MANITOBA HORSE RACING COMMISSION

Notes to Financial Statements

For the year ended March 31, 2014

1. **Nature of the Organization and Significant Accounting Policies** (continued)

b. Basis of Accounting (continued)

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.PA 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, 2012. 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.

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 collectibility 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.

MANITOBA HORSE RACING COMMISSION

Notes to Financial Statements

For the year ended March 31, 2014

1. Nature of the Organization and Significant Accounting Policies (continued)

b. Basis of Accounting (continued)

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, 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.

2. Long-term Investment

The Province of Manitoba has confirmed that it intends to pay in full the March 31, 2008 receivable balance related to prior years' funding for the pension liability. This payment was placed in an interest bearing trust account on March 31, 2009 and is held on behalf of the Manitoba Horse Racing Commission until the cash is required to discharge the related liabilities. Accordingly, this receivable is classified as current.

MANITOBA HORSE RACING COMMISSION Notes to Financial Statements

For the year ended March 31, 2014

3. Capital Assets

	2014			2013		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Security equipment	\$ 13,118	\$ 6,519	\$ 6,599	\$ 13,118	\$ 4,252	\$ 8,866
Furniture & fixtures	7,571	6,550	1,021	7,571	6,476	1,095
Computer equipment	12,299	7,019	5,280	12,299	7,286	5,013
	\$ 32,988	\$ 20,088	\$ 12,900	\$ 32,988	\$ 18,014	\$ 14,974

4. 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, 2012 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 6.00% (2011 - 6.00%), 2.00% inflation (2011 - 2.00%), salary rate increases of 3.75% (2011 - 3.75%), discount rate of 6.00% (2011 - 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, 2014 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 0.60 years. During 2014 amortization of the net actuarial loss was \$(3,748).

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

	2014	2013
Accrued benefit obligation, beginning of year	\$ 275,046	\$ 261,609
Benefits accrued	8,443	11,211
Interest accrued on benefits	14,204	20,251
Benefits paid	(28,642)	(28,843)
Actuarial gain	49,582	41,716
Accrued benefit obligation, end of year	318,633	305,944
Unamortized actuarial gain (loss)	3,659	(30,898)
Provision, end of year	\$ 322,292	\$ 275,046

MANITOBA HORSE RACING COMMISSION

Notes to Financial Statements

For the year ended March 31, 2014

4. Provision for Employee Pension Benefits (continued)

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

	2014	2013
Benefits accrued	\$ 8,443	\$ 11,211
Interest accrued on benefits	14,204	20,251
Amortization of actuarial loss	(3,748)	(3,039)
	\$ 18,899	\$ 28,423

5. Fees, Licenses and Fines

	2014	2013
Assiniboia Downs		
Daily licenses	\$ 108,840	\$ 108,840
Fees and licenses	30,445	31,242
Fines	5,905	12,225
	145,190	152,307
Rural Circuit		
Fees and licenses	1,040	1,000
Fines	450	-
	1,490	1,000
	\$ 146,680	\$ 153,307

6. 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.

MANITOBA HORSE RACING COMMISSION

Notes to Financial Statements

For the year ended March 31, 2014

6. Financial Instruments (continued)

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.

7. 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 of General and Administrative Expenses

For the year ended March 31	2014	2013
Commissioners' per diem and honoraria	\$ 21,056	\$ 12,498
Drug, alcohol and security	18,089	27,339
Employee benefits	29,345	24,518
Equipment and office furniture	3,391	2,823
Equipment rentals	-	2,646
Insurance	1,144	2,053
Membership and dues	5,194	10,126
Office	12,615	21,829
Pension cost	18,899	28,423
Professional fees	25,478	21,182
Salaries:		
Administration	147,925	151,546
Security	5,621	8,894
Stewards and judges	86,202	90,157
Veterinarian services	51,809	52,555
Support grant	28,529	11,374
Telephone	10,305	8,547
Travel	9,624	10,404
	\$ 475,226	486,914

MANITOBA HORSE RACING COMMISSION Schedule of Compensation

For the year ended December 31, 2013

Note 1

Basis of Accounting

Pursuant to Section 2 of The Public Sector Compensation Disclosure Act, the entity shall disclose to the public in accordance with the Act the amount of compensation that it pays or provides in the year directly or indirectly where such compensation equals or exceeds \$50,000 per year. Compensation means compensation pursuant to any arrangement, including an employment contract, calculated to include the total value of all cash and non-cash salary or payments, allowances, bonuses, commissions and perquisites. During the year ended December 31, 2013, the Commission paid the Board members in aggregate \$12,498, of which \$5,684 was paid to the Board Chair. During the fiscal year ended December 31, 2013, the following employees received compensation of wages and taxable benefits of \$50,000 or more:

<u>Name</u>	<u>Title</u>		<u>Amount</u>
Huber, Larry	Executive Director	\$	90,000
Meek, Dr. Joseph	Commission Veterinarian		52,386

Printed by



Ken Blackmore 204-925-1834
ken@corporatesourceinc.com