

Manitoba



ANNUAL REPORT

2014 - 2015

Manitoba
Horse Racing
Commission



Tom Goodman (Chair)
Brian Billeck (Vice-Chair)
Andrew Moreau (Member)
Donna Drever (Member)

Executive Director: Larry Huber

MANITOBA HORSE RACING COMMISSION

PO BOX 46086 WESTDALE
WINNIPEG MB R3R 3S3

Telephone (204) 885-7770 Facsimile (204) 831-0942
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<http://www.manitobahorsecomm.org>

June 30th, 2015

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

Dear Mr Kostyshyn:

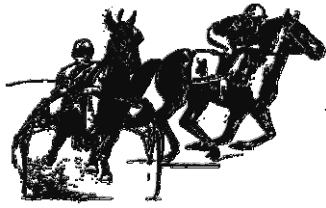
Annual Report

The undersigned has the honour to present the Forty Ninth Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 2015.

Yours truly,

Manitoba Horse Racing Commission

Tom Goodman
Chair, MHRC



Tom Goodman (Président)
Brian Billeck (Vice-président)
Andrew Moreau (Membre)
Donna Drever (Membre)

Directeur general : Larry Huber

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

Le 30 juin 2015

L'honorable Ron Kostyshyn
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 49e Rapport annuel de la Manitoba Horse Racing Commission pour l'exercice financier qui a pris fin le 31 mars 2015.

Bien cordialement,

Commission hippique du Manitoba

(Manitoba Horse Racing Commission)

Tom Goodman
Président, MHRC

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

For the year ending March 31st, 2015

COMMISSIONERS

Tom Goodman	Chair	Stonewall
Brian Billeck	Vice Chair	Winnipeg
Andrew Moreau	Member	Winnipeg
Donna Drever	Member	Winnipeg

49e Rapport Annuel

COMMISSION HIPPIQUE DU MANITOBA

(THE MANITOBA HORSE RACING COMMISSION)

Exercice financier terminé le 31 mars 2015

COMMISSAIRES

Tom Goodman	Président	Stonewall
Brian Billeck	Vice-président	Winnipeg
Andrew Moreau	Membre	Winnipeg
Donna Drever	Membre	Winnipeg

FORTY NINTH ANNUAL REPORT
THE MANITOBA HORSE RACING COMMISSION

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FORTY NINTH ANNUAL REPORT

THE HORSE RACING COMMISSION

GENERAL

This report covers the twelve months ended March 31st, 2015.

THOROUGHBRED RACING

2014 saw a further decline in Thoroughbred racing as the total wagering (including live and simulcast) declined from 2013 handles of \$24,810,148.00 to handles totaling \$24,401,431.00 in 2014. The live racing season was to include 60 days of racing, which was the same as in 2013, but lost three days in each due to inclement weather. Live wagering totaled \$3,156,171.00, down from \$3,659,723.00 in 2013.

The industry continues with its struggle to obtain an adequate supply of horses; this despite purse increases and the efforts of the Horsemen's Benevolent and Protective Association along with the Canadian Thoroughbred Horse Society efforts to increase the number of horses available.

STANDARD BRED RACING

In 2014 the Manitoba Great Western Harness Racing Circuit raced 19 days of their 22 day schedule. (Three days were cancelled due to inclement weather.) Wagering on the rural circuit was up slightly from the year before with \$78,174.00 being wagered compared to \$74,087.00 in 2013. Standardbred racing in Manitoba operates on a much smaller scale than Thoroughbred racing, but its proponents are ardent and enthusiastic.

QUARTER HORSE RACING

There were only six Quarter Horse races offered at Assiniboia Downs in 2014.

SALE OF ASD

In the fall of 2013, the commission first became aware of a mortgage from Manitoba Jockey Club Inc. (“MJC”) to a numbered company owned by Peguis First Nation. The mortgage is in the amount of \$15,000,000.00 and has a 25-year term with no periodic payments and no interest. The commission was concerned the mortgage was being used as a vehicle to transfer ownership of ASD. Section 26(3) of Regulation 10/91 of the Horse Race Commission Act directs that there should be no such transfer without our prior approval.

Accordingly, we directed that the JVA be filed with the commission. As reported last year, MJC took the commission to court and, after lengthy legal proceedings, the Court of Queen’s Bench ruled MJC’s application was inappropriate.

Recently, the commission secured copies of the JVA and the accepted Offer to Purchase, details of which are hereinafter set forth:

(1) The Offer to Purchase is dated June 20th, 2013 and refers to “DISTINCTIVE REALTY SERVICES PHIL WAZONEK” as the listing representing “both parties with the consent of each”. The sale price of \$22,000,000.00 payable as follows:

\$1.00	Deposit
\$15,000,000.00	By net proceeds of a new mortgage
<u>\$6,999,999.00</u>	Seller take-back mortgage, 25 year term, zero interest
\$22,000,000.00	TOTAL

Peguis was allowed 30 days to arrange for financing, and the possession date was August 30th, 2013. MJC undertook to pay a commission of \$860,000.00 to the listing agent.

An extension of the closing date to September 5th, 2013 was granted by later agreement, with a further possible extension to September 13th, 2013.

(2) The JVA, which was signed on August 7th, 2013, outlines plans to build hotels, casinos and related enterprises at ASD. A significant difference from the Offer to Purchase was that, instead of Peguis arranging financing, they were to make a payment on closing \$15,000,000.00 to MJC who were to execute a mortgage to Peguis in that amount.

Transfer and mortgage documents were filed at the Winnipeg Land Titles Office on September 17th, 2013. MJC has retained a new lawyer who has told us that the JVA is being re-worked as it was poorly drafted. The commission notes that many of the terms of the JVA are contradictory, but certain elements of the transaction have already been implemented:

- (1) \$15,000,000.00 was advanced by Peguis to MJC, and MJC appears to have paid the \$860,000.00 real estate commission;
- (2) A 40-acre parcel, known as "the manure pile" has been transferred to Peguis with a \$7,000,000.00 seller take-back mortgage;
- (3) MJC has deposited \$4,980,256.00 in trust with Rath & Co., the former lawyer for Peguis.

The commission has shared the JVA and the accepted Offer to Purchase with officials of the HBPA and the CTHS. The new lawyer for MJC maintains that there has been no sale of ASD but has filed an application for approval of the transfer under protest. The matter is on hold pending anticipated changes to the JVA.

THE ENGINEER'S REPORT

The commission was concerned about the condition of the buildings and structures in the barn area (commonly known as the backstretch). Ken Drysdale of Accutech Engineering, an award-winning structural engineer, was retained assess the safety of the buildings in the backstretch. He found several of the buildings and structures were not safe for human occupation, and made recommendations for repair and remediation. MJC also retained an engineer who has agreed with Drysdale's recommendations. Some of the repair and remediation work has been completed while other temporary measures were implemented to allow the track to open for the 2015 season.

THE SECURITY REPORT

It is essential that security measures be in force so as to assure the racing public that all reasonable measures are in place to ensure horse racing is fair. Security at ASD has been deficient. In the past two years, three out of the five top trainers have committed serious racing offences that were in the nature of cheating.

The commission retained Pat Dauk, a retired RCMP staff sergeant and former livestock investigations coordinator for the RCMP, to prepare a comprehensive report. The report has been provided to MJC, and discussions regarding the report continue. There has already been a marked improvement.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tom Goodman", written in a cursive style.

Tom Goodman, MHRC Chair.

49e RAPPORT ANNUEL

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

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49E RAPPORT ANNUEL
COMMISSION HIPPIQUE DU MANITOBA
(THE MANITOBA HORSE RACING COMMISSION)

GÉNÉRAL

Le présent rapport couvre la période de douze mois prenant fin le 31 mars 2015.

COURSES DE PUR-SANG

L'année 2014 a connu un nouveau déclin pour les courses de pur-sang, le total des paris (courses en direct et transmises en simultané) passant de 24 810 148,00 \$ en 2013 à 24 401 431,00 \$ en 2014. La période de course en direct comprenait 60 jours, exactement la même chose qu'en 2013, chacune des deux années comptant trois jours en moins en raison de conditions météorologiques défavorables. Les paris sur courses en direct ont totalisé 3 156 171,00 \$, en baisse par rapport aux 3 659 723,00 \$ enregistrés en 2013.

Le secteur poursuit sa lutte pour obtenir un nombre adéquant de chevaux, et ce, malgré l'augmentation des bourses et les efforts déployés par la Horsemen 's Benevolent and Protective Association (HBPA), soutenue par la Société canadienne du cheval thoroughbred, pour augmenter le nombre de chevaux disponibles.

COURSES DE STANDARDBRED

En 2014, le Manitoba Great Western Harness Racing Circuit a connu 19 jours de courses, au lieu des 22 jours prévus. (Trois jours ont dû être annulés en raison de conditions météorologiques défavorables.) Les paris sur le circuit rural étaient légèrement en hausse par rapport à l'année précédente, totalisant 78 174,00 \$ en 2014, contre 74 087,00 \$ obtenus en 2013. Au Manitoba, les courses de standardbred occupent une place beaucoup moins importante que les courses de pur-sang, mais leurs adeptes sont fervents et enthousiastes..

COURSES DE QUARTERHORSES

Il n'y a eu que six courses de quarterhorses à l'Assiniboia Downs en 2014.

VENTE D'ASD

À l'automne 2013, la Commission a eu connaissance d'un prêt hypothécaire accordé par le Manitoba Jockey Club Inc. (MJC) à une société à dénomination numérique appartenant à la Première nation de Peguis. Il s'agit d'un montant de 15 000 000,00 \$ prêté sur 25 ans, sans paiements périodiques et sans intérêts. La Commission craignait que ce prêt hypothécaire ne serve de véhicule pour le transfert du droit de propriété d'ASD. Or, le paragraphe 3 de l'article 26 du règlement 10/91 de la *Loi sur la Commission hippique* stipule qu'il ne peut y avoir de tels transferts sans notre approbation préalable.

En conséquence, nous avons ordonné que l'accord de coentreprise soit rempli par la Commission. Comme nous l'avons signalé l'an dernier, le MJC a poursuivi la Commission en justice, et après une longue procédure judiciaire, la Cour du Banc de la Reine a jugé que la requête du MJC était inappropriée.

Tout récemment, la Commission s'est procuré des copies de l'accord de coentreprise et de l'offre d'achat acceptée, dont vous trouverez les détails ci-dessous :

(1) L'offre d'achat date du 20 juin 2013 et fait mention de « PHIL WAZONEK - DISTINCTIVE REALTY SERVICES » comme inscription représentant « les deux parties avec leur consentement respectif ». Le prix de vente de 22 000 000,00 \$ payable comme suit :

1,00 \$	Dépôt
15 000 000,00 \$	Au moyen du produit net d'un nouveau prêt hypothécaire
6 999 999,00 \$	Prêt hypothécaire consenti par le vendeur, sur 25 ans, zéro intérêt
22 000 000,00 \$	TOTAL

Il a été accordé 30 jours à Peguis pour rassembler le financement, et la date de prise de possession a été fixée au 30 août 2013. Le MJC s'est chargé de payer une commission de 860 000,00 \$ à l'agent responsable de l'inscription.

Un report d'échéance au 5 septembre 2013 a été consenti par entente ultérieure, avec un possible délai supplémentaire au 13 septembre 2013.

(2) L'accord de coentreprise, signé le 7 août 2013, fait état d'intentions de construire des hôtels, des casinos et des entreprises liées à ASD. On remarque une différence importante par rapport à l'offre d'achat, à savoir que Peguis, au lieu de proposer un financement, allait faire un paiement de 15 000 000,00 \$ au MJC, qui devait consentir une hypothèque à Peguis du même montant.

Les documents de transfert et d'hypothèque ont été remplis au Bureau des titres fonciers (Winnipeg) le 17 septembre 2013. Le MJC a retenu les services d'un nouvel avocat qui nous a fait savoir que l'accord de coentreprise était en cours de reformulation, vu la médiocrité de sa première version. La Commission constate que nombre des conditions de l'accord sont contradictoires, mais que certains éléments de la transaction ont déjà été mis en œuvre :

(1) 15 000 000,00 \$ ont été avancés par Peguis au MJC, et ce dernier semble avoir payé la commission de courtage de 860 000,00 \$;

(2) Une parcelle de 40 acres, connue sous le nom de « tas de fumier », a été transférée à Peguis, assortie d'un prêt hypothécaire accordé par le vendeur de 7 000 000,00 \$;

(3) Le MJC a déposé 4 980 256,00 \$ en fiducie chez Rath & Co., l'avocat précédent, au bénéfice de Peguis.

La Commission a communiqué l'accord de coentreprise et l'offre d'achat acceptée aux représentants de la HBPA et de la Société canadienne du cheval thoroughbred. Le nouvel avocat du MJC maintient qu'il n'y a pas eu vente d'ASD, mais a rempli une demande d'approbation du transfert sous toute réserve. La question est en suspens dans l'attente des changements prévus à l'accord de coentreprise.

LE RAPPORT DE L'INGÉNIEUR

La Commission était préoccupée par l'état des bâtiments et installations du secteur des écuries. Ken Drysdale d'Accutech Engineering, ingénieur en structures primé, a été retenu pour évaluer la sécurité de ces bâtiments. Selon lui, plusieurs d'entre eux n'étaient pas sûrs pour les personnes, et en conséquence, il a émis des recommandations en vue de leur réparation et restauration. Le MJC a aussi fait appel à un ingénieur qui est tombé d'accord avec les recommandations de M. Drysdale. Certains travaux de restauration ont été effectués, mais des mesures temporaires ont aussi été prises pour permettre l'ouverture de la piste pour la saison 2015.

LE RAPPORT DE SÉCURITÉ

Il est capital que des mesures de sécurité soient en vigueur, afin de rassurer les amateurs de courses que tout est fait pour que les courses se déroulent équitablement. La sécurité a fait défaut à ASD. Au cours des deux dernières années, trois des principaux entraîneurs sur cinq ont commis des fautes de course graves qui relevaient de la tricherie.

La Commission a fait appel à Pat Daulc, sergent d'état-major de la GRC à la retraite et ancien coordonnateur chargé de veiller au bon traitement du bétail pour le compte de la GRC, et lui a confié la préparation d'un rapport complet. Ce rapport a été communiqué au MJC, et a donné lieu à des discussions qui se poursuivent encore. Cependant, on remarque déjà une nette amélioration.

Le tout respectueusement soumis,

A handwritten signature in black ink, appearing to read 'Tom Goodman', written in a cursive style.

Tom Goodman,
Président MHRC.

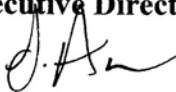
MANAGEMENT REPORT

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.

The responsibility of the Auditor 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 read 'L. Huber', is positioned below the printed name and title.

Date: June 30th, 2015

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.

La responsabilité du vérificateur consiste à formuler une opinion professionnelle indépendante quant à la justesse des états financiers, à tous égards importants.

Larry Huber
Directeur général



Date: le 30 juin 2015

ASSINIBOIA DOWNS**SCHEDULE A****LIVE RACING**

	<u>2014/15</u>	<u>2013/14</u>
<u>Wagering on Live Racing (on track)</u>	\$3,156,171	\$3,659,723
<u>Wagering on Live Racing (partners)</u>	\$4,512,298	\$5,091,529
<u>total live wagering</u>	\$7,668,469	\$8,751,252
Number of live race days	57	60
<u>Number of live races</u>		
Overnight	396	445
Stakes	28	28
*Average daily wagering (live)	55,205	60,995
Purse paid out (overnights)	4,202,600	3,772,300
Purse paid out (stakes)	928,000	

Simulcast Racing

	<u>2014/15</u>	<u>2013/14</u>
<u>Simulcast Wagering</u>		
Number of race days	364	364
Total Simulcast	21,244,714	21,150,425
<u>Pari-mutuel Wagering</u>		
Number of Race Days	364	364
Total Pari - Mutuel	24,401,431	24,810,148

Take-out Percentage for Assiniboia Downs

Pursuant to regulations issued by the Federal Department of Agriculture

Assiniboia Downs deducts and retains percentages from each betting

pool as follows;	Association %	Provincial %	Federal %
Win, Place, Show	10.70	7.5	0.8
Daily Double, Exactor & Quinella	17.70	7.5	0.8
Pick 4	1.70	12.5	0.8
Pick Pools	15.70	12.5	0.8
, Superfecta & Triactor	15.70	12.5	0.8

RURAL RACING

SCHEDULE B

Racing Days

<u>Standardbred</u>	<u>2014/15</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2013/14</u>
Glenboro	4	3	16,628	11,184
Holland	0	2	0	8,058
Killarney	7	6	36,753	25,971
Wawanesa	0	2	0	10,094
Miami	5	6	16,234	18,780
Morris	3	0	8,559	0
Subtotal	<u>19</u>	<u>19</u>	<u>\$78,174</u>	<u>\$74,087</u>

3 rain outs
Selkirk cancelled races held at Killarney

Other Comparative Statistics

	<u>2014/15</u>	<u>2013/14</u>
Total overnight purses - Standardbred	\$227,500	\$188,800
AG Societies	\$66,000	\$60,000
MGWHRC Admin	\$16,500	\$15,780
EQUINE DRUG TESTING	\$25,000	\$25,000

Provincial Support Programs

	<u>2014/15</u>	<u>2013/14</u>
Race Meet Support - Standardbred	\$335,000	\$362,500
Breeders/Owners Incentives - Standardbred	\$90,000	\$72,920

SCHEDULE C

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registration for the year ending

Occupational Licenses	Thoroughbred		Standardbred	
	2013/14	2014/15	2013/14	2014/15
Owner/Trainer	73	60	32	12
Trainer	20	19	2	1
Assistant Trainer	13	6	0	0
Owner/Trainer/Driver	0	0	21	16
Owner/Driver	0	0	2	3
Jockey (1/4 & Amateur incl.)	18	24	0	0
Apprentice Jockey/Exercise Rider/pony	51	42	0	0
Driver	0	0	0	2
Driver/Trainer	0	0	0	2
Jockey Agent	7	6	0	0
Officials	6	8	3	6
Backstretch - occupational	153	112	8	3
Occ 1 (Assoc., Kit. Sec., etc.)	29	31	0	0
Occ 2 (Press, daycare etc.)	75	101	0	0
Occ 3 (Tradesmen, video etc.)	14	18	0	0
Occ 5 (Veterinarians, etc.)	6	5	0	0
Vet assistant	<u>12</u>	<u>6</u>	<u>0</u>	<u>0</u>
TOTAL LICENSES ISSUED:	<u>477</u>	<u>438</u>	<u>68</u>	<u>45</u>

Registrations & Non-Occupational

	Thoroughbred		Standardbred	
	2013/14	2014/15	2013/14	2014/15
Owners	330	311	47	40
*owners with grooms licences	34	17	8	7
Sponsored Persons	46	41	0	0
Partnerships	161	129	10	8
Stable Names	95	80	1	0
Colours	41	34	0	0
Leases	0	0	2	0
Authorized Agents	<u>161</u>	<u>157</u>	<u>5</u>	<u>2</u>
TOTAL NON OCCUPATION	<u>868</u>	<u>769</u>	<u>73</u>	<u>57</u>

MANITOBA HORSE RACING COMMISSION

<u>THOROUGHBRED</u>	<u>2014/15</u>	<u>2013/14</u>
RULINGS STEWARDS	22	31
COMMISSION RULINGS	2	3
FINES	\$14,620.00	\$6,550.00

<u>STANDARD BRED</u>	<u>2014/15</u>	<u>2013/14</u>
RULINGS	11	5
FINES	\$975.00	\$825.00

**MANITOBA HORSE RACING
COMMISSION**

Financial Statements
For the year ended March 31, 2015

MANITOBA HORSE RACING COMMISSION

Financial Statements

For the year ended March 31, 2015

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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, 2015, and the statement of operating revenue and expenses and fund balances and the statement of 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 Manitoba Horse Racing Commission as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 24, 2015

MANITOBA HORSE RACING COMMISSION
Statement of Financial Position

March 31

2015 2014

	Restricted Funds							Total
	General Fund	Capital Assets Fund	Pari-Mutuel Levy Fund	Minister of Finance Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	
Assets								
Current Assets								
Cash	\$ 130,690	\$ -	\$ -	\$ 23,417	\$ 6,088	\$ 88,941	\$ 116,155	\$ 365,291
Receivable from the Province of Manitoba - pension	58,571	-	-	-	-	-	-	58,571
	189,261	-	-	23,417	6,088	88,941	116,155	423,862
Long-term investment (Note 2)	269,532	-	-	-	-	-	-	269,532
Capital assets (Note 3)	-	11,289	-	-	-	-	-	11,289
	269,532	11,289	-	-	-	-	-	280,821
	\$ 458,793	\$ 11,289	\$ -	\$ 23,417	\$ 6,088	\$ 88,941	\$ 116,155	\$ 704,683

Liabilities and Fund Balances

Current Liabilities								
Accounts payable and accrued liabilities	\$ 53,106	\$ -	\$ -	\$ 23,417	\$ 6,088	\$ 88,941	\$ 116,155	\$ 287,707
Provision for employee pension benefits (Note 4)	328,103	-	-	-	-	-	-	328,103
	381,209	-	-	23,417	6,088	88,941	116,155	615,810
Fund Balances								
Unrestricted	77,584	-	-	-	-	-	-	77,584
Invested in capital assets	-	11,289	-	-	-	-	-	11,289
	77,584	11,289	-	-	-	-	-	88,873
	\$ 458,793	\$ 11,289	\$ -	\$ 23,417	\$ 6,088	\$ 88,941	\$ 116,155	\$ 704,683

Approved on behalf of the Commission:

 Chairman

 Controller

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	2015	2014
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenditures	\$ 25,288	\$ (21,779)
Amortization of capital assets	1,611	2,075
	26,899	(19,704)
Changes in non-cash working capital balances		
Receivable from Province of Manitoba - pension	(3,432)	(44,321)
Accounts payable and accrued liabilities	71,673	(3,582)
Provision for employee pension benefits (Note 4)	5,811	47,244
	100,951	(20,363)
Cash Flows from Investing Activities		
Net change in investments	(2,379)	(2,925)
Increase (decrease) in cash and bank during the year	98,572	(23,288)
Cash, beginning of year	266,719	290,007
Cash, end of year	\$ 365,291	\$ 266,719

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, 2015

1. Nature of the Organization and Significant Accounting Policies

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 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 Development, 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 Minister of Finance Fund is used for levies debucted and paid to the Minister of Finance as per 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 Development.

Horsemen's Benevolent Protection Association (H.B.PA) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.PA 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.

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, 2015

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

Basis of Accounting (continued)

Fund Accounting

The Commission follows the restricted fund method of accounting for contributions, and maintains seven funds: General Fund, Capital Asset Fund, Pari-Mutuel Levy Fund, Minister of Financial 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, 2013. 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, 2015

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

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, 2015

3. Capital Assets

	2015			2014		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Security equipment	\$ 13,118	\$ 7,699	\$ 5,419	\$ 13,118	\$ 6,519	\$ 6,599
Furniture & fixtures	7,571	7,182	389	7,571	6,550	1,021
Computer equipment	12,299	6,818	5,481	12,299	7,019	5,280
	\$ 32,988	\$ 21,699	\$ 11,289	\$ 32,988	\$ 20,088	\$ 12,900

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, 2013 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 6.00% (2012 - 6.00%), 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, 2015 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 2.78 years. During 2015 amortization of the net actuarial loss was \$(9,551).

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

	2015	2014
Accrued benefit obligation, beginning of year	\$ 322,292	\$ 275,046
Benefits accrued	10,673	8,443
Interest accrued on benefits	15,002	14,204
Benefits paid	(25,756)	(28,642)
Actuarial gain	-	49,582
Accrued benefit obligation, end of year	322,211	318,633
Unamortized actuarial gain (loss)	5,892	3,659
Provision, end of year	\$ 328,103	\$ 322,292

MANITOBA HORSE RACING COMMISSION Notes to Financial Statements

For the year ended March 31, 2015

4. Provision for Employee Pension Benefits (continued)

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

	2015	2014
Benefits accrued	\$ 10,673	\$ 8,443
Interest accrued on benefits	15,002	14,204
Amortization of actuarial loss	(9,551)	(3,748)
	\$ 16,124	\$ 18,899

5. Fees, Licenses and Fines

	2015	2014
Assiniboia Downs		
Daily licenses	\$ 142,695	\$ 108,840
Fees and licenses	28,340	30,445
Fines	17,005	5,905
	188,040	145,190
Rural Circuit		
Fees and licenses	1,355	1,040
Fines	835	450
	2,190	1,490
	\$ 190,230	\$ 146,680

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, 2015

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 at the exchange amount.

MANITOBA HORSE RACING COMMISSION
Schedule of General and Administrative Expenses

For the year ended March 31	2015	2014
Commissioners' per diem and honoraria	\$ 18,141	\$ 21,056
Drug, alcohol and security	18,691	18,089
Employee benefits	31,238	29,345
Equipment and office furniture	4,080	3,391
Insurance	2,110	1,144
Membership and dues	5,132	5,194
Office	28,606	12,615
Pension cost	16,124	18,899
Professional fees	54,859	25,478
Repairs and Maintenance	41,789	-
Salaries:		
Administration	167,009	147,925
Security	7,352	5,621
Stewards and judges	100,050	86,202
Veterinarian services	55,054	51,809
Support grant	32,786	28,529
Telephone	10,833	10,305
Travel	11,028	9,624
	\$ 604,882	\$ 475,226

MANITOBA HORSE RACING COMMISSION Schedule of Compensation

For the year ended December 31, 2014

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, 2014, the Commission paid the Board members in aggregate \$18,594, of which \$13,685 was paid to the Board Chair. During the fiscal year ended December 31, 2014, 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	55,054

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