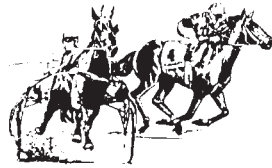


Manitoba



ANNUAL REPORT

2016 - 2017

Manitoba
Horse Racing
Commission



Brett Arnason (Chair)
Peter Fuchs (Vice-Chair)
Marg Homenuik (Member)
Darrell Stephansson (Member)
Robert King (Member)

Larry Huber (Executive Director)

MANITOBA HORSE RACING COMMISSION

PO BOX 46086 WESTDALE
WINNIPEG MB R3R 3S3

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

June 30th, 2017

The Honorable Ralph Eichler
Minister of Agriculture
Room 165
Legislative Building
450 Broadway
Winnipeg, MB R3C 0V8

Dear Mr. Eichler:

Annual Report

The undersigned has the honour to present the Fifty First Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 2017.

Yours truly,

Manitoba Horse Racing Commission

Brett Arnason
Chair, MHRC



Brett Arnason (Président)
Peter Fuchs (Vice-président)
Marg Homenuik (Membre)
Darrell Stephansson (Membre)
Robert King (Membre)

Directeur general : Larry Huber

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 2017

L'honorable Ralph Eichler
Ministre de l'agriculture
Pièce 165
Assemblée législative
Broadway 450
Winnipeg, MB R3C 0V8

Monsieur la ministre :

Rapport annuel

Le soussigné a le privilège de vous présenter le 51^e Rapport annuel de la Manitoba Horse Racing Commission pour l'exercice financier qui a pris fin le 31 mars 2017.

Bien cordialement,

Commission hippique du Manitoba

(Manitoba Horse Racing Commission)

Brett Arnason
Président, MHRC

**FIFTY FIRST ANNUAL REPORT
THE MANITOBA HORSE RACING COMMISSION**

For the year ending March 31st, 2017

COMMISSIONERS

Brett Arnason	Chair	Winnipeg
Peter Fuchs	Vice Chair	Winnipeg
Marg Homenuik	Member	Winnipeg
Darrell Stephansson	Member	Winnipeg
Robert King	Member	Winnipeg

CINQUANTE ET UNIÈME RAPPORT ANNUEL
COMMISSION HIPPIQUE DU MANITOBA
(THE MANITOBA HORSE RACING COMMISSION)

Exercice financier terminé le 31 mars 2017

COMMISSAIRES

Brett Arnason	Président	Winnipeg
Peter Fuchs	Vice-président	Winnipeg
Marg Homenuik	Membre	Winnipeg
Darrell Stephansson	Membre	Winnipeg
Robert King	Membre	Winnipeg

FIFTY FIRST ANNUAL REPORT
THE MANITOBA HORSE RACING COMMISSION

TABLE OF CONTENTS

	<u>PAGE</u>
YEAR IN REVIEW	1-2
MANAGEMENT REPORT	3

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

FIFTY - FIRST ANNUAL REPORT

THE HORSE RACING COMMISSION

GENERAL

This report covers the twelve-month period ending on March 31, 2017.

The functions of the MHRC are set out in the Horse Racing Commission Act, the Horse Racing Regulation Act and the Pari-Mutuel Levy Act.

Under the Horse Racing Commission Act the MHRC is given the power and responsibility to govern, direct, control and regulate horse racing in Manitoba and the operation of all race tracks offering Pari-Mutuel racing. Pursuant to this responsibility the MHRC passes and enforces rule, 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.

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 provides that the Commission shall retain 1% for its own operation, remit 15% to the Minister of Finance and distribute the balance to the racing industry.

Manitoba horse racing statistics for the year are shown in the attached Schedules A to D. These statistics attempt to show the financial implications of the industry to the Province, Associations, Horsemen and Breeders for both thoroughbred and standardbred segments of the industry.

Take Out Percentages for Assiniboia Downs are 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 & Super Hi 5	15.70%	12.5%	0.8%

Thoroughbred

The total combined live and simulcast wagering was \$23,398,678 in 2016. While this represents an improvement from 2015 it also confirms that the future of thoroughbred racing at Assiniboia Downs remains fragile.

2016 saw 49 days of live racing (50 were scheduled) as the industry continues to keep a watchful eye on the horse supply. All participants, the Manitoba Jockey Club, the Horsemen's Benevolent and Protective Association and the Canadian Thoroughbred Horse Society, continue to work diligently to ensure that the stability over the past years is maintained and it forms a solid base for future growth.

Standardbred

The Manitoba Great Western Harness Racing Circuit raced 18 days with the average daily wagering at \$2,571. The history of harness racing in rural Manitoba extends back to the 1930's and it continues to provide entertainment while enhancing the cultural heritage of local communities. The exact status of this industry though is difficult to determine based on the statistics available from recent years activities and its future may be at risk.

Security

The mandatory drug and alcohol testing programs conducted at Assiniboia Downs coupled with the educational and rehabilitation programs supplied by Winner's Foundation have continued to show positive results. Accordingly incidences of drug or alcohol impairment in the workplace have been greatly reduced and the Commission in cooperation with the Horsemen and the Track Operator continue to offer a work environment safe from the threat of injury to humans or animals as a result of substance abuse occurrences.

The Year in Review

- o Racing at Assiniboia Downs and on the rural circuit was entertaining, competitive, and fair to all participants including owners, trainers, riders, drivers and the horses and betting public.
- o The Manitoba Jockey Club (MJC) continued to operate the Assiniboia Downs (ASD) facility in a first class manner.
- o There were no accidents which resulted in serious human injury, and no injuries caused by substandard riding/driving.
- o The Manitoba Horse Racing Commission continued its encouragement and support of the "Winners Foundation" which provides counseling and support programs to all industry participants.

CINQUANTE ET UNIÈME RAPPORT ANNUEL

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

TABLE DES MATIÈRES

	<u>PAGE</u>
Année dans la revue	1-2
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

CINQUANTE ET UNIÈME RAPPORT ANNUEL

LA COMMISSION HIPPIQUE

GÉNÉRAL

Le présent rapport couvre la période de douze mois prenant fin le 31 mars 2017.

Les fonctions de la Commission hippique du Manitoba (la Commission) sont énoncées dans la *Loi sur la Commission hippique* et son règlement d'application, et dans la *Loi sur les prélèvements sur les mises de pari mutuel*.

En vertu de la *Loi sur la Commission hippique du Manitoba*, la Commission s'est vu confier le pouvoir et la responsabilité de régir, diriger, contrôler et réglementer les courses de chevaux au Manitoba et d'exploiter tous les hippodromes offrant des courses axées sur le pari mutuel. Par ailleurs, la Commission vote et applique des règlements, autorise les intervenants du secteur et les exploitants d'hippodromes, et surveille tous les aspects de la course hippique pour garantir qu'elle se déroule d'une manière équitable et sûre pour tous les participants, et que les courses soient disputées justement et honnêtement, et perçues comme telles par le public.

Conformément à la *Loi sur les prélèvements sur les mises de pari mutuel*, un pourcentage fixe de chaque dollar parié au Manitoba est prélevé par l'exploitant de la piste et remis à la Commission aux fins de distribution conformément à la Loi. La Commission a la responsabilité d'adopter un plan, sur une base annuelle, pour la distribution du fonds. Le ministre des Finances doit approuver le plan ainsi adopté, avant qu'il n'entre en vigueur. Le plan actuel prévoit que la Commission retienne 1 % pour son propre fonctionnement, remette 15 % au ministre des Finances et distribue le solde au sein de l'industrie des courses de chevaux.

Vous trouverez des statistiques concernant les courses de chevaux au Manitoba pour cette année dans les grilles A et B ci-jointes. Nous essayons ainsi de montrer quelles sont les répercussions financières de l'industrie pour la province, les associations, les cavaliers et les éleveurs, aussi bien pour le secteur du pur-sang que celui du standardbred.

Les pourcentages à retirer pour Assiniboia Downs sont les suivants :

	Association	Provincial	Fédéral
Gagnant, placé, classé	10,70 %	7,5 %	0,8 %
Quotidien double, exacta et quiniela	17,70 %	7,5 %	0,8 %
Pick 4	1,70 %	12,5 %	0,8 %
Poules de pari spécial	15,70 %	12,5 %	0,8 %
Superfecta, trifecta et Super Hi-5	15,70 %	12,5 %	0,8 %

Courses de pur-sang

Le total combiné des paris sur les courses de pur-sang, en direct et en diffusion simultanée, s'est chiffré à 23 398 678 \$ en 2016. Même si on constate une amélioration par rapport à 2015, cela confirme aussi que l'avenir de ces courses à Assiniboia Downs demeure fragile.

L'année 2016 a connu 49 jours de course en direct (contre 50 prévus) alors que l'industrie continue à garder un œil attentif sur la réserve de chevaux. Tous les participants, le Manitoba Jockey Club, la Horsemen's Benevolent and Protective Association et la Société canadienne du cheval thoroughbred continuent de travailler avec diligence afin de garantir que la stabilité des dernières années est maintenue et qu'elle constitue une base solide pour une croissance future.

Courses de standardbred

Le Manitoba Great Western Harness Racing Circuit a connu 18 jours de course pour des paris quotidiens s'élevant en moyenne à 2 571 \$. L'histoire des courses attelées au Manitoba rural remonte aux années 1930 et elles continuent de divertir tout en mettant en valeur le patrimoine culturel des communautés locales. Il est difficile cependant de cerner l'état exact de cette industrie d'après les statistiques établies à partir des activités des dernières années, et son avenir est peut-être en péril.

Sécurité

Les programmes obligatoires de dépistage de drogues et d'alcool menés à Assiniboia Downs, de pair avec les programmes d'éducation et de réadaptation offerts par la Winners Foundation, ont continué à montrer des résultats positifs. Par conséquent, les incidents liés aux abus d'alcool et de drogue ont considérablement diminué et la Commission, en collaboration avec les cavaliers et l'exploitant de la piste, continue d'offrir un milieu de travail où la menace de blessure aux humains ou aux animaux par suite d'abus de substances est inexistante.

Retour sur l'année

- Les courses, à Assiniboia Downs et sur le circuit rural, ont été divertissantes, compétitives et équitables pour tous les participants, y compris les propriétaires, les entraîneurs, les cavaliers, les conducteurs ainsi que les chevaux et les parieurs.
- Le Manitoba Jockey Club (MJC) a continué d'exploiter les installations d'Assiniboia Downs (ASD) de manière extraordinaire.
- On ne signale aucun accident ayant causé de graves blessures aux personnes, et aucune blessure résultant d'une conduite à risque de la part des cavaliers.
- La Commission hippique du Manitoba a poursuivi ses encouragements et son appui à la Winners Foundation qui fournit conseils et programmes de soutien à tous les intervenants de l'industrie.

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 be 'L. Huber', with a long horizontal flourish extending to the right.

Date: June 30th, 2017

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 2017

ASSINIBOIA DOWNS**LIVE RACING**

	<u>2016/17</u>	<u>2015/16</u>
<u>Wagering on Live Racing (on track)</u>	\$3,099,221	\$2,636,709
<u>Wagering on Live Racing (partners)</u>	\$6,731,702	\$3,877,140
<u>total live wagering</u>	\$9,830,923	\$6,513,849
Number of live race days	49	48
<u>Number of live races</u>		
Overnight	325	337
Stakes	26	25
Quarterhorse stakes	0	6
*Average daily wagering (live)	63,249	54,931
Purse paid out (overnights)	2,904,700	2,785,800
Purse paid out (stakes)	705,000	458,000
Purse paid out (quarterhorse)	0	50,000

Simulcast Racing

	<u>2016/17</u>	<u>2015/16</u>
<u>Simulcast Wagering</u>		
Number of race days	364	364
Total Simulcast	20,299,457	20,024,589
<u>Pari-mutuel Wagering</u>		
Number of Race Days	364	364
Total Pari - Mutuel	23,398,678	22,661,298

RURAL RACING**Racing Days**

<u>Standardbred</u>	<u>2016/17</u>	<u>2015/16</u>
Glenboro	2	2
Holland	2	2
Killarney	4	4
Miami	6	4
Morris	4	5
Subtotal	<u>18</u>	<u>17</u>

2 rain outs

Amount Wagered

	<u>2016/17</u>	<u>2015/16</u>
Glenboro	4,284	7,518
Holland	1,909	7,080
Killarney	17,698	21,533
Miami	14,422	9,670
Morris	<u>7,973</u>	<u>11,449</u>
	<u>\$46,286</u>	<u>\$57,250</u>

STRATEGIC INITIATIVES PROGRAM

	<u>2016/2017</u>		<u>2015/2016</u>
Overnight purse	129,600	(139,600)	199,400
Breeders	69,950		77,600
Ag Societies	54,000		54,000
MGWHRC admin	<u>15,950</u>		<u>16,500</u>
Sub Total	\$269,500		\$347,500
MHRC Allocation			
Admin	37,500		37,500
Drug Testing	<u>25,000</u>	(15,000)	<u>25,000</u>
Sub total	\$62,500		\$62,500
TOTAL STRATEGIC INITIATIVES	\$332,000		\$410,000

* MHRC re-allocated \$10,000 from equine drug testing to overnight purse support.

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registration for the year ending

Occupational Licenses	Thoroughbred		Standardbred	
	2016/17	2015/16	2016/17	2015/16
Owner/Trainer	59	52	13	15
Trainer	16	23	0	0
Assistant Trainer	4	2	0	0
Owner/Trainer/Driver	0	0	15	15
Owner/Driver	0	0	3	4
Jockey (1/4 & Amateur incl.)	24	17	0	0
Apprentice Jockey/Exercise Rider/pony	64	60	0	0
Driver	0	0	2	1
Driver/Trainer	0	0	1	3
Jockey Agent	5	6	0	0
Officials	9	8	4	3
Backstretch - occupational	74	91	3	2
Occ 1 (Assoc., Kit. Sec., test barn etc.)	69	37	0	0
Occ 2 (Press, daycare etc.)	107	79	0	0
Occ 3 (Tradesmen, video, emt etc.)	35	23	0	0
Occ 5 (Veterinarians, etc.)	5	6	0	0
Vet assistant	<u>8</u>	<u>5</u>	<u>0</u>	<u>0</u>
TOTAL LICENSES ISSUED:	<u>479</u>	<u>409</u>	<u>41</u>	<u>43</u>

Registrations & Non-Occupational

	Thoroughbred		Standardbred	
	2016/17	2015/16	2016/17	2015/16
Owners	314	251	23	29
*owners with grooms licences	12	16	7	9
Sponsored Persons	38	45	0	0
Partnerships	131	127	6	7
Stable Names	80	62	1	1
Colours	30	27	0	0
Leases	0	0	0	2
Authorized Agents	<u>137</u>	<u>101</u>	<u>0</u>	<u>5</u>
TOTAL NON OCCUPATION	<u>742</u>	<u>629</u>	<u>37</u>	<u>53</u>

MANITOBA HORSE RACING COMMISSION

<u>THOROUGHBRED</u>	<u>2016/17</u>	<u>2015/16</u>
RULINGS STEWARDS COMMISSION RULINGS	37	23
FINES	\$5,300.00	\$2,960.00

<u>STANDARD BRED</u>	<u>2016/17</u>	<u>2015/16</u>
RULINGS	14	14
FINES	\$1,425.00	\$800.00

**MANITOBA HORSE RACING
COMMISSION**

Financial Statements
For the year ended March 31, 2017

MANITOBA HORSE RACING COMMISSION

Financial Statements

For the year ended March 31, 2017

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
Supplementary Financial Information	
Schedule of General and Administrative Expenses	12



Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 866 863 6601
www.bdo.ca

BDO Canada LLP
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, 2017, 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, 2017, 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 Professional Accountants

Winnipeg, Manitoba
July 5, 2017

MANITOBA HORSE RACING COMMISSION
Statement of Financial Position

March 31

2017 2016

	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 (bank indebtedness)	\$ 67,274	\$ -	\$ -	\$ 23,841	\$ 456	\$ 34,359	\$ 123,666	\$ 249,596	\$ 321,131
Accounts receivable	-	-	-	-	-	-	-	-	40
Receivable from the Province of Manitoba - pension	120,897	-	-	-	-	-	-	120,897	74,703
Prepaid expenses	-	-	-	-	-	-	-	-	4,334
	188,171	-	-	23,841	456	34,359	123,666	370,493	400,208
Long-term investment (Note 2)	272,492	-	-	-	-	-	-	272,492	270,611
Capital assets (Note 3)	-	8,633	-	-	-	-	-	8,633	9,961
	272,492	8,633	-	-	-	-	-	281,125	280,572
	\$ 460,663	\$ 8,633	\$ -	\$ 23,841	\$ 456	\$ 34,359	\$ 123,666	\$ 651,618	\$ 680,780
Liabilities and Fund Balances									
Current Liabilities									
Accounts payable and accrued liabilities	\$ 50,416	\$ -	\$ -	\$ 23,841	\$ 456	\$ 34,359	\$ 123,666	\$ 232,738	\$ 214,439
Deferred revenue	-	-	-	-	-	-	-	-	4,320
Provision for employee pension benefits (Note 4)	393,389	-	-	-	-	-	-	393,389	345,314
	443,805	-	-	23,841	456	34,359	123,666	626,127	564,073
Fund Balances									
Unrestricted	16,858	-	-	-	-	-	-	16,858	106,746
Invested in capital assets	-	8,633	-	-	-	-	-	8,633	9,961
	16,858	8,633	-	-	-	-	-	25,491	116,707
	\$ 460,663	\$ 8,633	\$ -	\$ 23,841	\$ 456	\$ 34,359	\$ 123,666	\$ 651,618	\$ 680,780

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 Operating Revenue and Expenses and Fund Balances

For the year ended March 31

2017 2016

	General Fund	Capital Assets Fund	Pari-Mutuel Levy Fund	Minister of Finance Fund	Rural Fund	Restricted Funds			Total
						H.B.P.A. Fund	C.T.H.S. Fund	Total	
Revenue									
Fees, licenses and fines (Note 5)	\$ 172,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,680
Grant from Manitoba Agriculture, Food and Rural Development	62,500	-	-	-	269,457	-	-	-	331,957
Interest	389	-	-	-	-	-	-	-	389
Pari-mutuel levy	-	-	2,240,838	-	-	-	-	-	2,240,838
Sundry	31	-	-	-	-	-	-	-	31
	235,600	-	2,240,838	-	269,457	-	-	-	2,745,895
Expenditures									
General Fund operating expenses (Schedule 1)	549,431	-	-	-	-	-	-	-	549,431
Overnight purse support thoroughbred	-	-	-	336,126	-	1,321,526	349,200	-	2,006,852
Owners/breeders incentive thoroughbred	-	-	-	-	-	-	-	-	-
Quarter Horse support	-	-	-	-	-	-	-	-	-
Amortization of capital assets	-	1,328	-	-	-	-	-	-	1,328
Standard rural	-	-	-	-	279,500	-	-	-	279,500
Other	-	-	-	-	-	-	-	-	-
	549,431	1,328	-	336,126	279,500	1,321,526	349,200	-	2,837,111
Excess (deficiency) of revenue over expenditures for the year	(313,831)	(1,328)	2,240,838	(336,126)	(10,043)	(1,321,526)	(349,200)	-	(91,216)
Pari-Mutuel Levy Fund transfer	223,943	-	(2,240,838)	336,126	10,043	1,321,526	349,200	-	-
Fund balances, beginning of year	106,746	9,961	-	-	-	-	-	-	116,707
Fund balances, end of year	\$ 16,858	\$ 8,633	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,491
									\$ 116,707

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	2017	2016
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenditures	\$ (91,216)	\$ 27,834
Amortization of capital assets	1,328	1,328
	<u>(89,888)</u>	<u>29,162</u>
Changes in non-cash working capital balances		
Accounts receivable	40	-
Receivable from Province of Manitoba - pension	(46,194)	(16,132)
Prepaid expenses	4,334	(4,334)
Accounts payable and accrued liabilities	18,299	(73,308)
Deferred revenue	(4,320)	4,320
Provision for employee pension benefits (Note 4)	48,075	17,211
	<u>(69,654)</u>	<u>(43,081)</u>
Cash Flows from Investing Activities		
Net change in investments	<u>(1,881)</u>	<u>(1,079)</u>
Decrease in cash and bank during the year	(71,535)	(44,160)
Cash, beginning of year	<u>321,131</u>	<u>365,291</u>
Cash, end of year	<u>\$ 249,596</u>	<u>\$ 321,131</u>

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, 2017

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 deducted 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.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.

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, 2017

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, 2014. 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, 2017

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 long term.

MANITOBA HORSE RACING COMMISSION Notes to Financial Statements

For the year ended March 31, 2017

3. Capital Assets

	2017			2016		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Security equipment	\$ 13,118	\$ 9,997	\$ 3,121	\$ 13,118	\$ 8,848	\$ 4,270
Furniture and fixtures	7,571	7,285	286	7,571	7,233	338
Computer equipment	12,299	7,073	5,226	12,299	6,946	5,353
	\$ 32,988	\$ 24,355	\$ 8,633	\$ 32,988	\$ 23,027	\$ 9,961

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, 2015 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 6.00% (6.00% in 2014), 2.00% inflation (2.00% in 2014), salary rate increases of 3.75% (3.75% in 2014), discount rate of 6.00% (6.00% in 2014) 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, 2017 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 0.78 years. During 2017 amortization of the net actuarial loss was \$8,252.

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

	2017	2016
Accrued benefit obligation, beginning of year	\$ 345,314	\$ 328,103
Benefits accrued	12,595	12,382
Interest accrued on benefits	13,064	18,356
Benefits paid	(17,962)	(27,874)
Accrued benefit obligation, end of year	353,011	330,967
Unamortized actuarial gain	40,378	14,347
Provision, end of year	\$ 393,389	\$ 345,314

MANITOBA HORSE RACING COMMISSION
Notes to Financial Statements

For the year ended March 31, 2017

4. Provision for Employee Pension Benefits (continued)

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

	2017	2016
Benefits accrued	\$ 12,595	\$ 12,382
Interest accrued on benefits	13,064	18,356
Amortization of actuarial loss	(8,252)	(12,910)
Pension cost	\$ 17,407	\$ 17,828

5. Fees, Licenses and Fines

	2017	2016
Assiniboia Downs		
Daily licenses	\$ 134,865	\$ 135,220
Fees and licenses	29,560	25,702
Fines	5,630	3,790
	170,055	164,712
Rural Circuit		
Fees and licenses	1,325	500
Fines	1,300	75
	2,625	575
	\$ 172,680	\$ 165,287

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.

MANITOBA HORSE RACING COMMISSION

Notes to Financial Statements

For the year ended March 31, 2017

6. Financial Instruments (continued)

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.

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	2017	2016
Commissioners' per diem and honoraria	\$ 8,461	\$ 8,736
Drug, alcohol and security	14,211	16,141
Employee benefits	65,593	60,048
Equipment and office furniture	9,747	1,367
Insurance	2,015	1,944
Membership and dues	816	5,432
Office	11,942	21,773
Pension cost	17,407	17,828
Professional fees	16,014	6,546
Repairs and maintenance	(5,785)	26,061
Salaries		
Administration	174,907	185,965
Security	7,252	6,609
Stewards and judges	126,380	113,980
Veterinarian services	52,912	53,981
Support grant	25,835	11,839
Telephone	11,531	10,685
Travel	10,193	14,888
	\$ 549,431	\$ 563,823



Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 866 863 6601
www.bdo.ca

BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Independent Auditor's Report

To the Board of Directors of Manitoba Horse Racing Commission

We have audited the accompanying Schedule of Compensation ("Schedule") of Manitoba Horse Racing Commission and a summary of significant accounting policies and other explanatory information for the year ended December 31, 2016. This Schedule has been prepared by management based on The Public Sector Compensation Disclosure Act.

Management's Responsibility for the Schedule

Management is responsible for the preparation of the Schedule in accordance with The Public Sector Compensation Disclosure Act and for such internal control as management determines necessary to enable the preparation of the 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, if any, 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 of Manitoba Horse Racing Commission for the year ended December 31, 2016 is prepared, in all material respects, in accordance with The Public Sector Compensation Disclosure Act.

Basis of Accounting

Without modifying our opinion, we draw attention to Note to the Schedule, which describes the basis of accounting. The Schedule is prepared to assist Manitoba Horse Racing Commission 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.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
July 5, 2017

MANITOBA HORSE RACING COMMISSION Schedule of Compensation

For the year ended December 31, 2016

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, 2016, the Commission paid the Board members in aggregate \$10,502, of which \$4,591 was paid to the Board Chair. During the fiscal year ended December 31, 2016, 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	\$	112,771
Meek, Dr. Joseph	Commission Veterinarian		54,568

Printed by



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