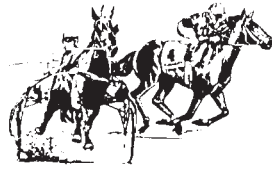


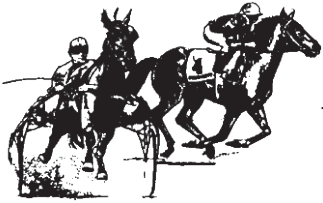
Manitoba



ANNUAL REPORT

2018 - 2019

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 1st, 2019

The Honorable Cliff Cullen
Minister of Justice
Room 104
Legislative Building
450 Broadway
Winnipeg, MB R3C 0V8

Dear Mr. Cullen:

Annual Report

The undersigned has the honour to present the Fifty-Third Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 2019.

Yours truly,

Manitoba Horse Racing Commission

Brett Arnason
Chair, MHRC



Brett Arnason (Chair)
Peter Fuchs (Vice-Chair)
Marg Homenuik (Member)
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Le 1^{er} juin 2019

L'honorable Cliff Cullen
Ministre de la Justice
Palais législatif, bureau 104
450 Broadway
Winnipeg (Manitoba) R3C 0V8

Monsieur le Ministre,

Rapport annuel

Le soussigné a l'honneur de présenter le cinquante-troisième rapport annuel de la Commission hippique du Manitoba couvrant l'exercice financier se terminant le 31 mars 2019.

Cordialement,

la Commission hippique du Manitoba

Brett Arnason
Président, Commission hippique du Manitoba

**FIFTY-THIRD ANNUAL REPORT
THE MANITOBA HORSE RACING COMMISSION**

For the year ending March 31st, 2019

COMMISSIONERS

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

CINQUANTE - TROISIÈME RAPPORT ANNUEL
COMMISSION HIPPIQUE DU MANITOBA
(THE MANITOBA HORSE RACING COMMISSION)

Exercice financier terminé le 31 mars 2019

COMMISSAIRES

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

FIFTY-THIRD ANNUAL REPORT
THE MANITOBA HORSE RACING COMMISSION

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FIFTY - THIRD ANNUAL REPORT

THE HORSE RACING COMMISSION

GENERAL

This report covers the twelve-month period ending on March 31, 2019.

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.

The major categories of rules for which the commission has direct authority and accountability for oversight include:

Racetrack Licensure

Racing Facilities and Stabling area

Occupational Licensure

Distribution of the Levy

Rural Racing Licensure

Conduct of the Race

Horse Medication and Examination

Equine and Human Drug testing

Additionally, under the Horse Racing Commission Act, the MHRC is to perform such other duties and functions that may be imposed upon it by the Lieutenant Governor in Council and it should be noted that unlike Commissions in some other provinces it is not part of the function of the MHRC to promote horse racing. The Manitoba Horse Racing Commission is a regulator. The only reference to promotion in either the Horse Racing Commission Act or the Pari-Mutuel Levy Act is Section 13 (1) of the Pari-Mutuel Levy Act which established the Pari-Mutuel Levy Fund for "promotion" of horse racing.

The overriding concern of the Manitoba Horse Racing Commission is to provide the controls to build in safeguards for all the participants of Assiniboia Downs and Rural Racetracks, this includes equine welfare and entails a duty to provide for the physical and mental needs of the animal to ensure it is safe and healthy.

The Racing Commission has not overlooked the fact that the rules should allow for the participants to conduct their business in an orderly fashion without the burden of undue over regulation or operating costs.

LIVE RACING

Assiniboia Downs conducted 50 days of live thoroughbred racing this past summer from May 10th through September 9th. Total live thoroughbred wagering at Assiniboia Downs was \$3,095,139. See Schedule A.

Standardbred racing continued on the rural circuit this past summer where 10 days of live action was held in Holland, Miami, Glenboro and Killarney. Total live standardbred wagering on the rural circuit was \$36,635. See Schedule B.

SIMULCAST WAGERING

Total simulcast wagering for 2018/19 was \$18,498,649. See Schedule A.

SUMMARY

In November of 2018 the Province announced a 3 year transitional plan to enhance the sustainability of the horse racing industry which is to provide adequate time to develop a long term strategy.

Independent of the province's three year transitional plan the government has asked the Liquor, Gaming and Cannabis Authority to work with stakeholders to identify a framework for regulatory oversight that will ensure ongoing fairness and transparency in horse racing to help prepare a transition plan to integrate horse racing regulation into The Liquor, Gaming and Cannabis Control Act.

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

Brett Arnason
Chair, MHRC

CINQUANTE - TROISIÈME RAPPORT ANNUEL

COMMISSION HIPPIQUE DU MANITOBA (THE MANITOBA HORSE RACING COMMISSION)

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CINQUANTE-TROISIÈME RAPPORT ANNUEL

LA COMMISSION HIPPIQUE

GÉNÉRAL

Le présent rapport couvre la période de douze mois prenant fin le 31 mars 2019.

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.

Les principales catégories de règles pour lesquelles la Commission a un pouvoir et une responsabilité directs en matière de surveillance sont les suivantes :

Permis d'exploitation d'un hippodrome	Permis pour hippodromes ruraux
Installations de course et écuries	Déroulement de la course
Certification professionnelle	Médicaments et examens équins
Répartition du prélèvement	Dépistage de drogues chez les chevaux et les humains

Par ailleurs, en vertu de la *Loi sur la Commission hippique du Manitoba*, la Commission est amenée à exécuter d'autres tâches et fonctions qui peuvent lui être imposées par le lieutenant-gouverneur en conseil. Par contre, à l'inverse de certaines commissions d'autres provinces, il faut souligner qu'au Manitoba, il n'appartient aucunement à la Commission de promouvoir la course hippique. Celle-ci a un rôle de régulateur. L'unique mention de promotion, dans la *Loi sur la Commission hippique du Manitoba* ou la *Loi sur les prélèvements sur les mises de pari mutuel*, se trouve au paragraphe 13 (1) de la *Loi sur les prélèvements sur les mises de pari mutuel* qui a établi le Fonds de pari mutuel pour la « promotion » de la course hippique.

La principale préoccupation de la Commission est de pourvoir aux contrôles visant à protéger tous les participants d'Assiniboia Downs et des hippodromes ruraux, ce qui comprend le devoir de veiller au bien-être des chevaux et de répondre à leurs besoins physiques et mentaux pour assurer leur sécurité et leur santé.

La Commission n'a pas négligé le fait que les règles devraient permettre aux participants de mener leurs activités de manière ordonnée, sans surréglementation ni coûts d'exploitation indus.

COURSES EN DIRECT :

L'été dernier, soit du 10 mai au 9 septembre, Assiniboia Downs a connu 50 jours de courses de pur-sang en direct, et le total des paris s'est élevé à 3 095 139 \$. Voir l'annexe A.

Toujours l'été dernier, des courses de standardbred se sont tenues sur le circuit rural. Dix jours de courses en direct ont eu lieu à Holland, Miami, Glenboro et Killarney, et le total des paris s'est élevé à 36 635 \$. Voir l'annexe B

PARIS EN DIFFUSION SIMULTANÉE :

Le total des paris en diffusion simultanée pour 2018-2019 était de 18 498 649 \$. Voir l'annexe A.

RÉSUMÉ :

En novembre 2018, la Province a annoncé un plan de transition étalé sur trois ans visant à renforcer la viabilité de l'industrie des courses de chevaux, ce qui donnera suffisamment de temps pour élaborer une stratégie à long terme.

Indépendamment de ce plan de transition, le gouvernement a demandé à la Régie des alcools, des jeux et du cannabis du Manitoba de travailler avec les intervenants afin de définir un cadre de surveillance réglementaire qui garantira l'équité et la transparence continues dans l'industrie des courses de chevaux. Cette collaboration contribuera à la préparation d'un plan de transition qui intégrera les règlements relatifs aux courses de chevaux dans la *Loi sur la réglementation des alcools, des jeux et du cannabis*.



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

Date: June 1st, 2019

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 1 juin 2019

ASSINIBOIA DOWNS**LIVE RACING**

	<u>2018/19</u>	<u>2017/18</u>
<u>Wagering on Live Racing (on track)</u>	\$3,095,139	\$3,126,818
<u>Wagering on Live Racing (partners)</u>	\$8,770,050	\$7,929,092
<u>total live wagering</u>	\$11,865,189	\$11,055,910
Number of live race days	50	50
<u>Number of live races</u>		
Overnight	325	318
Stakes	25	26
Quarterhorse stakes	0	0
*Average daily wagering (live)	\$61,903	\$62,536
Purse paid out (overnights)	\$3,022,600	\$2,788,700
Purse paid out (stakes)	\$730,000	\$813,000
Purse paid out (quarterhorse)	0	0

Simulcast Racing

	<u>2018/19</u>	<u>2017/18</u>
<u>Simulcast Wagering</u>		
Number of race days	364	364
Total Simulcast	18,498,649	\$20,188,000
<u>Pari-mutuel Wagering</u>		
Number of Race Days	364	364
Total Pari - Mutuel	21,593,788	\$23,314,818

RURAL RACING**Racing Days**

<u>Standardbred</u>	<u>2018/19</u>	<u>2017/18</u>
Glenboro	2	0
Holland	2	2
Killarney	2	3
Miami	4	4
Morris	0	1
Subtotal	<u>10</u>	<u>10</u>

Amount Wagered**Amount Wagered**

	<u>2018/19</u>	<u>2017/18</u>
Glenboro	6,930	0
Holland	7,264	8,849
Killarney	10,044	17,985
Miami	12,397	14,292
Morris	<u>0</u>	<u>6,175</u>
	<u>\$36,635</u>	<u>\$47,301</u>

STRATEGIC INITIATIVES PROGRAM

	<u>2018/19</u>	<u>2017/18</u>
Overnight purse	160,000	164,500
Breeders	62,300	63,976
Ag Societies	35,000	30,000
MGWHRC admin	<u>15,946</u>	<u>15,150</u>
Sub Total	\$273,246	\$273,626
MHRC Allocation		
Admin	47,500	47,500
Drug Testing	<u>15,000</u>	<u>15,000</u>
Sub total	\$62,500	\$62,500
TOTAL STRATEGIC INITIATIVES	\$335,746	\$336,126

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registration for the year ending

Occupational Licenses	Thoroughbred		Standardbred	
	2018/19	2017/18	2018/19	2017/18
Owner/Trainer	59	60	10	9
Trainer	20	18	0	0
Assistant Trainer	5	3	0	0
Owner/Trainer/Driver	0	0	14	14
Owner/Driver	0	0	0	3
Jockey (1/4 & Amateur incl.)	21	21	0	0
Apprentice Jockey/Exercise Rider/pony	51	55	0	0
Driver	0	0	5	3
Driver/Trainer	0	0	0	0
Jockey Agent	6	6	0	0
Officials	10	9	4	4
Backstretch - occupational	88	79	7	3
Occ 1 (Assoc., Kit. Sec., test barn etc.)	104	74	0	0
Occ 2 (Press, daycare etc.)	96	123	0	0
Occ 3 (Tradesmen, video, emt etc.)	17	25	3	2
Occ 5 (Veterinarians, etc.)	7	4	0	0
Vet assistant/Tec	<u>9</u>	<u>6</u>	<u>0</u>	<u>0</u>
TOTAL LICENSES ISSUED:	<u>493</u>	<u>483</u>	<u>43</u>	<u>38</u>

Registrations & Non-Occupational

	Thoroughbred		Standardbred	
	2018/19	2017/18	2018/19	2017/18
Owners	331	285	14	22
*owners with grooms licences	18	14	6	9
Sponsored Persons	43	42	0	0
Partnerships	130	123	4	4
Stable Names	83	82	0	0
Colours	42	39	0	0
Leases	0	1	0	0
Authorized Agents	133	<u>122</u>	<u>0</u>	<u>0</u>
TOTAL NON OCCUPATION	<u>780</u>	<u>708</u>	<u>24</u>	<u>35</u>

MANITOBA HORSE RACING COMMISSION

<u>THOROUGHBRED</u>	<u>2018/19</u>	<u>2017/18</u>
RULINGS STEWARDS	29	32
COMMISSION RULINGS	4	2
FINES	\$5,100.00	\$4,600.00

<u>STANDARD BRED</u>	<u>2018/19</u>	<u>2017/18</u>
RULINGS	8	16
FINES	\$725.00	\$1,000.00

**MANITOBA HORSE RACING
COMMISSION**

Financial Statements
For the year ended March 31, 2019

MANITOBA HORSE RACING COMMISSION

Financial Statements

For the year ended March 31, 2019

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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 Opinion

We have audited the accompanying financial statements of MANITOBA HORSE RACING COMMISSION ("the Commission"), which comprise the statement of financial position as at March 31, 2019, and the statement of operating revenue and expenses and fund balances and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2019, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepting auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of our audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
August 1, 2019

MANITOBA HORSE RACING COMMISSION
Statement of Financial Position

March 31

2019 2018

	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	
Assets									
Current Assets									
Cash	\$ 51,112	\$ -	\$ -	\$ 308,575	\$ 477	\$ 1,532	\$ 117,752	\$ 479,448	\$ 363,627
Long-term investment (Note 2)	279,188	-	-	-	-	-	-	279,188	274,840
Capital assets (Note 3)	-	5,977	-	-	-	-	-	5,977	7,305
Receivable from the Province of Manitoba - Pension (Note 4)	148,880	-	-	-	-	-	-	148,880	155,772
	428,068	5,977	-	-	-	-	-	434,045	437,917
\$ 479,180	\$ 5,977	\$ -	\$ 308,575	\$ 477	\$ 1,532	\$ 117,752	\$ 913,493	\$ 801,544	

Liabilities and Fund Balances

Current Liabilities									
Accounts payable and accrued liabilities	\$ 61,925	\$ -	\$ -	\$ 308,575	\$ 477	\$ 1,532	\$ 117,752	\$ 490,261	\$ 323,944
Provision for employee pension benefits (Note 4)	428,068	-	-	-	-	-	-	428,068	430,612
	489,993	-	-	308,575	477	1,532	117,752	918,329	754,556
Fund Balances									
Unrestricted	(10,813)	-	-	-	-	-	-	(10,813)	39,683
Invested in capital assets	-	5,977	-	-	-	-	-	5,977	7,305
	(10,813)	5,977	-	-	-	-	-	(4,836)	46,988
\$ 479,180	\$ 5,977	\$ -	\$ 308,575	\$ 477	\$ 1,532	\$ 117,752	\$ 913,493	\$ 801,544	

Approved on behalf of the Commission:

Bud H

Chairman

Al Samana

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

2019 2018

	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)	\$ 177,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,243
Grant from Manitoba									
Agriculture, Food and Rural Development	62,500	-	-	-	273,246	-	-	-	335,746
Interest	874	-	-	-	-	-	-	874	364
Pari-Mutuel levy	-	-	2,062,089	-	-	-	-	-	2,062,089
Sundry	274	-	-	-	-	-	-	274	146
	240,891	-	2,062,089	-	273,246	-	-	2,576,226	2,842,435
Expenditures									
General Fund operating expenses, (Schedule 1)	507,326	-	-	-	-	-	-	-	507,326
Overnight purse support thoroughbred	-	-	-	309,313	-	1,217,051	319,786	1,846,150	2,007,961
Owners/breeders incentive thoroughbred	-	-	-	-	-	-	-	-	-
Quarter Horse support	-	-	-	-	-	-	-	-	-
Amortization of capital assets	-	1,328	-	-	-	-	-	1,328	1,328
Standard rural	-	-	-	-	273,246	-	-	273,246	273,626
	507,326	1,328	-	309,313	273,246	1,217,051	319,786	2,628,050	2,820,938
Excess (deficiency) of revenue over expenditures for the year	(266,435)	(1,328)	2,062,089	(309,313)	-	(1,217,051)	(319,786)	(51,824)	21,497
Pari-Mutuel Levy Fund transfer	215,939	-	(2,062,089)	309,313	-	1,217,051	319,786	-	-
Fund balances, beginning of year	39,683	7,305	-	-	-	-	-	46,988	25,491
Fund balances, end of year	\$ (10,813)	\$ 5,977	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,836)	\$ 46,988

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	2019	2018
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenditures	\$ (51,824)	\$ 21,497
Amortization of capital assets	1,328	1,328
	<u>(50,496)</u>	22,825
Changes in non-cash working capital balances		
Receivable from Province of Manitoba - pension	6,892	(34,875)
Accounts payable and accrued liabilities	166,317	91,206
Provision for employee pension benefits	(2,544)	37,223
	<u>120,169</u>	<u>116,379</u>
Cash Flows from Investing Activities		
Net change in investments	<u>(4,348)</u>	<u>(2,348)</u>
Increase in cash and bank during the year	115,821	114,031
Cash, beginning of year	<u>363,627</u>	<u>249,596</u>
Cash, end of year	\$ 479,448	\$ 363,627

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, 2019

1. Nature of the Organization and Significant Accounting Policies

Nature of the Organization

Manitoba Horse Racing Commission (the "Commission") was established under The Horse Racing Commission Act to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba. The Commission's sustainability is dependent upon on-going financial resources realized through The Horse Racing Commission Act.

The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded by a grant from the Department of Agriculture, Food and Rural 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, 2019

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, 2017. 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, 2019

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 investment is classified as long-term.

MANITOBA HORSE RACING COMMISSION Notes to Financial Statements

For the year ended March 31, 2019

3. Capital Assets

	2019			2018		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Security equipment	\$ 13,118	\$ 12,295	\$ 823	\$ 13,118	\$ 11,146	\$ 1,972
Furniture and fixtures	7,571	7,386	185	7,571	7,335	236
Computer equipment	12,299	7,330	4,969	12,299	7,202	5,097
	\$ 32,988	\$ 27,011	\$ 5,977	\$ 32,988	\$ 25,683	\$ 7,305

4. Provision for Employee Pension Benefits

The Commission records the pension liability and the related pension expense, including an interest component, in its financial statements. An actuarial valuation of the employee pension benefit liability as at December 31, 2017 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 6.00% (6.00% in 2016), 2.00% inflation (2.00% in 2016), salary rate increases of 3.75% (3.75% in 2016), discount rate of 6.00% (6.00% in 2016) 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, 2019 using a formula provided by the actuary and adjusted for a provision for adverse experience and a trust fund credit.

The Province of Manitoba has accepted responsibility for the pension liability, net of the long-term investment balance. The Commission has therefore recorded an amount recoverable from the Province of Manitoba of \$148,880 (\$155,772 in 2018) equal to the estimated value of its actuarially determined liability in its financial statements less the long-term investment balance. The Province makes payments on the receivable when it is determined that the funding is required to discharge the related pension obligation. Total pension expense of \$16,762 (\$14,254 in 2018) has been recorded in the statement of operations.

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

	2019	2018
Accrued benefit obligation, beginning of year	\$ 430,612	\$ 393,389
Benefits accrued	29,558	26,465
Interest accrued on benefits	27,194	24,908
Benefits paid	(22,471)	(20,312)
Experience loss	(44,633)	7,789
Increase in trust account held by Province of Manitoba	(3,354)	(1,627)
Change in assumptions	11,162	-
Balance, end of year	\$ 428,068	\$ 430,612

MANITOBA HORSE RACING COMMISSION

Notes to Financial Statements

For the year ended March 31, 2019

5. Fees, Licenses and Fines

	2019	2018
Assiniboia Downs		
Daily licenses	\$ 134,865	\$ 134,865
Fees and licenses	31,743	30,606
Fines	5,500	3,100
	172,108	168,571
Rural Circuit		
Fees and licenses	4,535	1,070
Fines	600	1,250
	5,135	2,320
	\$ 177,243	\$ 170,891

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, 2019

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

Note to Schedule of Compensation

For the year ended December 31, 2018

Note on Basis of Accounting

Pursuant to Section 2 of The Public Sector Compensation Disclosure Act, the Commission 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. 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. The amounts meeting the requirement for disclosure are listed below.

a) Aggregate compensation of all Board Members		\$	6,684
<u>Name</u>	<u>Title</u>		<u>Amount</u>
Huber, Larry	Executive Director	\$	112,684
Meek, Dr. Joseph	Commission Veterinarian		50,703

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