

Manitoba



**ANNUAL
REPORT
2019-2020**

**RAPPORT
ANNUEL
2019-2020**

**Manitoba
Horse Racing
Commission**

**Commission
hippique du
Manitoba**



Brett Arnason (Chair)
Peter Fuchs (Vice-Chair)
Marg Homenuik (Member)
Robert King (Member)
Darrell Stephansson (Member)
Executive Director: Kristianne Dechant

MANITOBA HORSE RACING COMMISSION

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June 1, 2020

Le 1 juin 2020

The Honourable Cliff Cullen
Minister of Justice and Attorney General
Room 104, Legislative Building
450 Broadway
Winnipeg, MB R3C 0V8

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

Dear Minister Cullen:

Monsieur le Ministre,

The undersigned has the honour to present the fifty-fourth annual report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31, 2020.

Le soussigné a l'honneur de présenter le cinquante-quatrième rapport annuel de la Commission hippique du Manitoba couvrant l'exercice financier se terminant le 31 mars 2020.

Yours truly,

Cordialement,

Brett Arnason
Chair, Manitoba Horse Racing Commission

Brett Arnason
Président, Commission hippique du Manitoba

MANITOBA HORSE RACING COMMISSION COMMISSIONERS

Brett Arnason, Chair
Winnipeg

Peter Fuchs, Vice-Chair
Winnipeg

Marg Homenuik, Member
Winnipeg

Robert King, Member
Winnipeg

Darrell Stephansson, Member
Winnipeg

COMMISSION HIPPIQUE DU MANITOBA COMMISSAIRES

Brett Arnason, Président
Winnipeg

Peter Fuchs, Vice-président
Winnipeg

Marg Homenuik, Membre
Winnipeg

Robert King, Membre
Winnipeg

Darrell Stephansson, Membre
Winnipeg

**MANITOBA HORSE RACING
COMMISSION**

ANNUAL REPORT 2019-2020

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**COMMISSION HIPPIQUE
DU MANITOBA**

RAPPORT ANNUEL 2019-2020

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YEAR IN REVIEW

General

This report covers the twelve-month period ending on March 31, 2020.

Under The Horse Racing Commission Act, the Manitoba Horse Racing Commission (MHRC) is given the power and responsibility to govern, direct, control and regulate horse racing in Manitoba, and the operation of all race tracks in the province that offer pari-mutuel betting. Pursuant to this responsibility, the MHRC passes and enforces rules, issues licences to all industry participants and racetrack operators, and generally oversees all aspects of horse racing to ensure that it is carried out in a fair and safe manner, and perceived as such by the public.

Additionally, under The Horse Racing Commission Act, the MHRC is to perform other duties and functions that may be imposed by the Lieutenant-Governor-in-Council. The MHRC's core functions as a regulator do not include a role in the advocacy or promotion of horse racing, as in some other jurisdictions.

Live Racing

Assiniboia Downs conducted 50 days of live thoroughbred racing, commencing May 12, 2019 through September 8, 2019. Total live thoroughbred wagering at Assiniboia Downs was \$3,117,046, which is a slight increase above the previous year.

Standardbred racing continued on the rural circuit this past summer with 10 days of live action held in Glenboro, Holland, Killarney, and Miami. Total live standardbred wagering on the rural circuit was \$28,915, which is lower than the previous year.

L'ANNÉE EN REVUE

Général

Le présent rapport couvre la période de douze mois prenant fin le 31 mars 2020.

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 régler 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, et qu'elle soit perçue comme telle par le public.

En outre, 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. La Commission a essentiellement un rôle de régulateur; à l'inverse de certaines commissions d'autres provinces, la promotion ou la défense de la course hippique ne fait pas partie de ses fonctions.

Courses en direct

Du 12 mai au 8 septembre 2019, Assiniboia Downs a connu 50 jours de courses de pur-sang en direct. Le total des paris s'est élevé à 3 117 046 \$, ce qui représente une légère amélioration par rapport à l'année dernière.

Toujours l'été dernier, des courses de chevaux de race standardbred se sont tenues sur le circuit rural. Dix jours de courses en direct ont eu lieu à Glenboro, à Holland, à Killarney et à Miami. Le total des paris s'est élevé à 28 915 \$, ce qui représente une baisse par rapport à l'année dernière.

Simulcast Wagering

Total simulcast wagering for 2019-2020 was \$18,405,189, which is slightly lower than the previous year.

Summary

The regulatory integration of the MHRC into the Liquor, Gaming and Cannabis Authority of Manitoba (LGCA) continued in 2019, and on March 19, 2020, the Manitoba government introduced Bill 39, The Horse Racing Modernization Act. Larry Huber, Executive Director, retired in 2019 after many years of valuable contributions and service to the MHRC and the horse racing industry in Manitoba. The dual appointment of Kristianne Dechant as the Executive Director to both the LGCA and MHRC assists with the melding of the MHRC into the LGCA's existing regulatory regime.



Brett Arnason
Chair, Manitoba Horse Racing Commission

Paris en diffusion simultanée

Le total des paris en diffusion simultanée en 2019-2020 était de 18 405 189 \$, ce qui représente une légère baisse par rapport à l'année dernière.

Résumé

L'intégration réglementaire de la Commission à la Régie des alcools, des jeux et du cannabis du Manitoba (Régie) a continué en 2019, et le 19 mars 2020, le gouvernement du Manitoba a présenté le projet de loi 39, la Loi sur la modernisation de la réglementation des courses de chevaux. Larry Huber, directeur général, a pris sa retraite en 2019 après de nombreuses années de contributions et de services précieux rendus à la Commission et au secteur des courses de chevaux au Manitoba. La double nomination de Kristianne Dechant, en tant que directrice générale de la Régie et de la Commission, contribue à l'intégration de la Commission dans le régime de réglementation actuel de la Régie.



Brett Arnason
Président, Commission hippique du Manitoba

THOROUGHBRED AND SIMULCAST/PURS-SANGS ET DIFFUSION SIMULTANÉE

ASSINIBOIA DOWNS/ASSINIBOIA DOWNS

Live Racing/ Courses en direct	2019/20	2018/19
Wagering on live racing (on track)/Paris sur les courses en direct (sur piste)	\$3,117,046	\$3,095,139
Wagering on live racing (partners)/Paris sur les courses en direct (partenaires)	\$9,350,808	\$8,770,050
Total live wagering/Total des paris en direct	\$12,467,854	\$11,865,189
Number of live race days/Nombre de jours de courses en direct	50	50
Number of live races/ Nombre de courses en direct	2019/20	2018/19
Overnight/Course ordinaire	350	325
Stakes/Course stake	26	25
Average daily wagering (live)/Moyenne des paris journaliers (en direct)	\$65,096	\$61,903
Purse paid out (overnights)/Bourse versée (ordinaires)	\$3,254,800	\$3,022,600
Purse paid out (stakes)/Bourse versée (stakes)	\$820,000	\$730,000
Simulcast Racing/ Courses en diffusion simultanée	2019/20	2018/19
Simulcast Wagering/Paris en diffusion simultanée		
Number of race days/Nombre de jours de courses	364	364
Total simulcast/Total des paris en diffusion simultanée	\$18,405,189	\$18,498,649
Pari-mutuel Wagering/Pari mutuel		
Number of race days/Nombre de jours de courses	364	364
Total pari-mutuel/Total des paris mutuels	\$21,522,235	\$21,593,788

STANDARD BRED (RURAL)/STANDARD BRED (RURAL)**RURAL RACING/COURSES RURALES**

Racing Days/ Jours de courses	2019/20	2018/19
Glenboro (one cancelled after four races)/(un annulé après quatre courses)	2	2
Holland (one cancelled due to rain out)/(un annulé à cause de la pluie)	2	2
Killarney (one non-betting)/(un sans paris)	2	2
Miami (one non-betting)/(un sans paris)	4	4
Total/ Total	10	10

Amount Wagered/ Montant parié	2019/20	2018/19
Glenboro	\$7,407	\$6,930
Holland	\$4,967	\$7,264
Killarney	\$5,693	\$10,044
Miami	\$5,566	\$12,397
Total/ Total	\$23,633	\$36,635

LICENCES AND REGISTRATIONS/LICENCES ET ENREGISTREMENTS

Occupational Licences/ Licences de professionnel	Thoroughbred/ Purs-sangs		Standardbred/ Standardbred	
	2019/20	2018/19	2019/20	2018/19
Owner/Trainer/Propriétaire ou entraîneur	60	59	13	10
Trainer/Entraîneur	11	20	0	0
Assistant Trainer/Entraîneur adjoint	6	5	0	0
Owner/Trainer/Driver/Propriétaire, entraîneur et conducteur	0	0	14	14
Owner/Driver/Propriétaire ou conducteur	0	0	0	0
Jockey (1/4 and amateur included)/Jockey (1/4 et amateurs inclus)	21	21	0	0
Apprentice Jockey/Exercise Rider/Pony/Apprenti jockey, conducteur d'exercice ou poney	48	51	0	0
Driver/Conducteur	0	0	4	5
Driver/Trainer/Conducteur ou entraîneur	0	0	0	0
Jockey Agent/Agent de jockeys	4	6	0	0
Officials/Officiels	10	10	4	4
Backstretch – occupational / Zone de l'avant-dernier droit – professionnel	95	88	2	7
Occ. 1 (assoc., kit. sec., test barn, etc.)/Occ. 1 (assoc., sec. kit., écurie de rétention, etc.)	116	104	3	0
Occ. 2 (press, daycare, etc.)/Occ. 2 (presse, garderie, etc.)	1	96	0	0
Occ. 3 (tradesmen, video, EMT, etc.)/Occ. 3 (gens de métier, vidéo, technicien en soins médicaux d'urgence, etc.)	21	17	3	3
Occ. 5 (veterinarians, etc.)/Occ. 5 (vétérinaires, etc.)	8	7	0	0
Vet assistant/Tec/Aide-vétérinaire ou tec.	10	9	0	0
Total Licenses Issued/ Total des licences délivrées	411	493	43	43

Registrations and Non-Occupational/ Enregistrements et non professionnel	Thoroughbred/ Purs-sangs		Standardbred/ Standardbred	
	2019/20	2018/19	2019/20	2018/19
Owners/Propriétaires	322	331	19	14
Owners with groom licences/Propriétaires ayant des licences de palefreniers	22	18	11	6
Sponsored persons/Personnes parrainées	24	43	0	0
Partnerships/Partenariats	114	130	5	4
Stable names/Noms des écuries	70	83	0	0
Colours/Couleurs	35	42	0	0
Leases/Locations	0	0	0	0
Authorized agents/Agents autorisés	137	133	0	0
Total Non-Occupational/ Total des non professionnels	724	780	35	24

RULINGS, FINES AND SUSPENSIONS/DÉCISIONS, AMENDES ET SUSPENSIONS

Thoroughbred/ Purs-sangs	2019/20	2018/19
Rulings stewards/Commissaires des décisions	24	29
Commission rulings/Décisions de la Commission	1	4
Fines/Amendes	\$4,900	\$5,100
Standardbred/ Standardbred	2019/20	2018/19
Rulings/Décisions	22	8
Fines/Amendes	\$1,775	\$725

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 financial information, and to ensure that the assets of the Manitoba Horse Racing 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.



Kristianne Dechant

**Executive Director
June 1, 2020**

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 maintien 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 avoirs de la commission hippique du Manitoba 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.



Kristianne Dechant

**Directrice générale
Le 1 juin 2020**

MANITOBA HORSE RACING COMMISSION

Financial Statements

For the year ended March 31, 2020

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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, 2020, 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, 2020, 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
June 29, 2020

MANITOBA HORSE RACING COMMISSION
Statement of Financial Position

March 31

2020 2019

	General Fund	Capital Assets Fund	Pari-Mutuel Levy Fund	Standardbred Fund	Restricted Funds			Total
					HBPA Fund	CTHS Fund	Total	
Assets								
Current Assets								
Cash	\$ 29,463	-	-	\$ 16,748	\$ 15,785	\$ 17,397	\$ 79,393	\$ 479,448
Long-term Investment (Note 2)	283,897	-	-	-	-	-	283,897	279,188
Capital Assets (Note 3)	-	-	-	-	-	-	0	5,977
Receivable from the Province of Manitoba - Pension (Note 4)	183,925	-	-	-	-	-	183,925	148,880
	467,822	-	-	-	-	-	467,822	434,045
	\$ 497,285	\$ -	\$ -	\$ 16,748	\$ 15,785	\$ 17,397	\$ 547,215	\$ 913,493

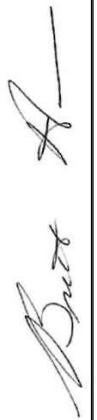
Liabilities and Fund Balances

Current Liabilities								
Accounts payable and accrued liabilities	\$ 50,580	-	-	\$ 16,748	\$ 15,785	\$ 17,397	\$ 100,510	\$ 490,261
Provision for Employee Pension Benefits (Note 4)	467,822	-	-	-	-	-	467,822	428,068
	518,402	-	-	16,748	15,785	17,397	568,332	918,329

Fund Balances

Unrestricted	(21,117)	-	-	-	-	-	(21,117)	(10,813)
Invested in capital assets	-	-	-	-	-	-	0	5,977
	(21,117)	-	-	-	-	-	(21,117)	(4,836)
	\$ 497,285	\$ -	\$ -	\$ 16,748	\$ 15,785	\$ 17,397	\$ 547,215	\$ 913,493

Approved on behalf of the Commission:



Chair



Executive Director

MANITOBA HORSE RACING COMMISSION
Statement of Operating Revenue and Expenses and Fund Balances

For the year ended March 31

2020 2019

	General Fund	Capital Assets Fund	Pari-Mutuel Levy Fund	Standardbred Fund	Restricted Funds			Total
					HBPA Fund	CTHS Fund	Total	
Revenue								
Fees, licences and fines (Note 5)	\$ 168,355	-	\$ -	-	\$ -	-	\$ 168,355	\$ 177,243
Grant from Manitoba Justice	138,000	-	-	-	-	-	138,000	335,746
Interest	4,882	-	-	-	-	-	4,882	874
Pari-mutuel levy	-	-	2,056,857	-	-	-	2,056,857	2,062,089
Sundry	306	-	-	-	-	-	306	274
	311,543	-	2,056,857	-	-	-	2,368,400	2,576,226
Expenditures								
General fund operating expenses (Schedule 1)	537,069	-	-	-	-	-	537,069	507,326
Overnight purse support thoroughbred	-	-	-	308,529	-	-	1,213,707	1,841,635
Amortization of capital assets Standard rural	-	5,977	-	-	-	-	5,977	1,328
	537,069	5,977	-	308,529	1,213,707	319,399	2,384,681	2,628,050
Excess (deficiency) of Revenue-over Expenditures for the year	(225,526)	(5,977)	2,056,857	(308,529)	(1,213,707)	(319,399)	(16,281)	(51,824)
Pari-mutuel Levy Fund Transfer	215,222	-	(2,056,857)	308,529	1,213,707	319,399	-	-
Fund Balances, beginning of year	(10,813)	5,977	-	-	-	-	(4,836)	46,988
Fund Balances, end of year	\$ (21,117)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,117)	\$ (4,836)

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	2020	2019
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures	\$ (16,281)	\$ (51,824)
Amortization of capital assets	5,977	1,328
	<u>(10,304)</u>	<u>(50,496)</u>
Changes in non-cash working capital balances		
Receivable from Province of Manitoba - pension	(35,045)	6,892
Accounts payable and accrued liabilities	(389,751)	166,317
Provision for employee pension benefits	39,754	(2,544)
	<u>(395,346)</u>	<u>120,169</u>
Cash flows from investing activities		
Net change in investments	(4,709)	(4,348)
Increase (decrease) in cash and bank during the year	(400,055)	115,821
Cash, beginning of year	479,448	363,627
Cash, end of year	\$ 79,393	\$ 479,448

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, 2020

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 Justice, interest earned on the general fund, as well as a proportionate share of the pari-mutuel levy according to the plan of distribution established under The Pari-Mutuel Levy Act.

Revenues and expenses related to program delivery and administrative activities of the Commission are reported in the general fund.

The capital asset fund represents the net investment of the Commission in capital assets.

The Pari-Mutuel Levy Act was established in 1997 to provide 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 of distribution which is approved by the Minister of Finance.

The standardbred fund is used for funding of harness racing. Funding for the standardbred fund is provided through the Pari-Mutuel Levy Act based on the plan of distribution.

The Horsemen's Benevolent Protection Association (HBPA) fund is to be used for overnight purses at Assiniboia Downs. Funding for the HBPA Fund is provided through The Pari-Mutuel Levy Act based on the plan of distribution.

The Canadian Thoroughbred Horsemen Society (CTHS) fund is to be used for breeders' and owners' incentives at Assiniboia Downs. Funding for the CTHS fund is provided through The Pari-Mutuel Levy Act based on the plan of distribution.

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, 2020

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 six funds: general fund, capital asset fund, pari-mutuel levy fund, standardbred fund, HBPA fund, and CTHS 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, 2018. 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 collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

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

MANITOBA HORSE RACING COMMISSION

Notes to Financial Statements

For the year ended March 31, 2020

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 of 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 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, 2020

3. Capital Assets

	2020			2019		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Security equipment	\$ 13,118	\$ 13,118	\$ -	\$ 13,118	\$ 12,295	\$ 823
Furniture and fixtures	7,571	7,571	-	7,571	7,386	185
Computer equipment	12,299	12,299	-	12,299	7,330	4,969
	\$ 32,988	\$ 32,988	\$ -	\$ 32,988	\$ 27,011	\$ 5,977

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, 2018 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 5.75% (6.00% in 2017), 2.00% inflation (2.00% in 2017), salary rate increases of 3.50% (3.75% in 2017), discount rate of 5.75% (6.00% in 2017) 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, 2020 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 \$183,925 (\$148,880 in 2019) 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 \$47,736 (\$16,762 in 2019) has been recorded in the statement of operating revenue and expenses.

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

	2020	2019
Accrued benefit obligation, beginning of year	\$ 428,068	\$ 430,612
Benefits accrued	28,671	29,558
Interest accrued on benefits	27,241	27,194
Benefits paid	(22,705)	(22,471)
Experience loss	5,607	(44,633)
Increase in trust account held by Province of Manitoba	376	(3,354)
Change in assumptions	564	11,162
Balance, end of year	\$ 467,822	\$ 428,068

MANITOBA HORSE RACING COMMISSION

Notes to Financial Statements

For the year ended March 31, 2020

5. Fees, Licences and Fines

	2020	2019
Assiniboia Downs		
Daily licences	\$ 135,220	\$ 134,865
Fees and licences	25,965	31,743
Fines	4,500	5,500
	165,685	172,108
Rural circuit		
Fees and licences	1,090	4,535
Fines	1,580	600
	2,670	5,135
	\$ 168,355	\$ 177,243

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, 2020

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 that 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.

8. Uncertainty due to COVID-19

Subsequent to year end, the impact of COVID-19 in Canada increased significantly. This will affect Manitoba's horse racing industry, and the Commission by extension. Licensing fees may be affected by owners, trainers and jockeys being unable to enter Manitoba. In addition, the Commission's share of the pari-mutuel levy fund for the 2021 year may be affected by a projected decline in wagering due to COVID-19. Management is actively monitoring the effect on its financial condition, liquidity, operations, and workforce. Given the daily evolution of the COVID-19 pandemic, the Commission is not able to fully estimate the effects of COVID-19 on its results of operations, financial condition, or liquidity at this time.

MANITOBA HORSE RACING COMMISSION

Schedule of General and Administrative Expenses

For the year ended March 31	2020	2019
Commissioners' per diem and honoraria	\$ 4,287	\$ 7,177
Drug, alcohol and security	7,677	8,860
Employee benefits	40,426	34,420
Equipment and office furniture	2,950	2,824
Insurance	1,808	3,282
Membership and dues	9,379	128
Office	22,987	17,394
Pension cost	47,736	16,762
Professional fees	4,681	19,286
Salaries		
Administration	174,229	180,454
Security	6,318	8,275
Stewards and judges	123,867	121,580
Veterinarian services	53,306	50,703
Support grant	17,530	15,599
Telephone	9,597	10,167
Travel	10,291	10,415
	\$ 537,069	\$ 507,326

MANITOBA HORSE RACING COMMISSION

Note to Schedule of Compensation

For the year ended December 31

Note on Basis of Accounting

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

a) Aggregate compensation of all Commissioners	\$ 3,415	
Name	Title	Amount
Huber, Larry	Executive Director	\$ 120,269

Manitoba



**Manitoba
Horse Racing
Commission**

**Commission
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Manitoba**

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