APHRC

ATLANTIC PROVINCES HARNESS RACING COMMISSION

Annual Report Fiscal Year April 1st, 2022, to March 31st, 2023



APHRC Highlights from the April 1, 2022, to March 31, 2023, Fiscal

The following are key highlights for the Atlantic Provinces Harness Racing Commission in addition to its normal administrative and regulatory activities:

- Held its Annual Judge's training Seminar in Truro. Judge's, Paddock Judge's, Vet Tech's and Commissioners attended. Guest speakers provided training on How to Conduct a Proper hearing, new Judge's replay system training, New Photo Finish training, QMJHL Director presented on Officiating Consistency, film review.
- Hired new Director August 2022
- Held appeal and complaint hearings to resolve grievances.
- Reprinting of revised Rulebook
- Purchased color photo finish equipment for all 6 racetracks.

Recap from April 1, 2022, to March 31, 2023:

Track	Race Cards	Races	Starters
Charlottetown	77	892	5904
Exhibition Park	10	66	348
Inverness	26	172	987
Northside	27	232	1548
Summerside	28	327	2111
Truro	30	290	1928
Woodstock	1	8	34
Total	199	1987	12860

Recap from April 1, 2021, to March 31, 2022

Track	Race Cards	Races	Starters
Charlottetown	74	888	5756
Exhibition Park	19	114	598
Inverness	25	176	1058
Northside	23	221	1560
Summerside	28	337	2225
Truro	29	280	1925
Total	198	2016	13122

Fines Issued April 1, 2022, to March 31, 2023

Track	Fines
Charlottetown	111
Exhibition Park	18
Inverness	26
Northside	36
Summerside	53
Truro	40
Other	11
Total	295

The TCO2 (total carbon dioxide) test was performed on the blood of racehorses as a means of combatting the practice of administering alkalizing agents for the purpose of enhancing performance.

April 1, 2022, to March 31, 2023: 1684
April 1, 2021, to March 31, 2022: 1870

Recap of the following:

Appeals	18
Positive Tests	8
Investigations	4
Searches	201
Human Drug tests	79
Alcohol breath tests	324
Retention Barns	2

Recommendations to the operation, governance, and regulation of harness racing in the Atlantic Provinces.

1. A thorough review of current rulebook as conflicting rules in certain areas.
2. Review industry best practices from other Jurisdictions
3. Need updated policy on Commissioners for Conflict of Interest
4. Commissioner appointments completed by each provinces' government must refrain from appointing individuals heavily involved in Harness Racing or selecting individuals recommended by Industry Associations
5. Succession planning for Officials
6. Need to implement authorization to conduct barn searches at facilities outside of the licensed racetracks
7. Conduct more searches at off Island racetracks
8. Opening the Act to make it current
9. Stress the importance of having staggered Commission appointments
10. Specific training for Judges and Commissioners on Conducting hearings
11. Create a section on our website for appeals and categorized by calendar year

Brett Revington
Acting Director of Racing
November 15, 2023

Stefan DeCourcey
Vice-Chair of Commission
November 15, 2023

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Financial Statements

Atlantic Provinces Harness Racing Commission

March 31, 2023

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Grant Thornton

Independent Auditor's Report

Grant Thornton LLP
Nova Centre, North Tower
Suite 1000, 1675 Grafton Street
Halifax, NS
B3J 0E9

T +1 902 421 1734
F +1 902 420 1068
www.GrantThornton.ca

To the Members of
Atlantic Provinces Harness Racing Commission

Opinion

We have audited the financial statements of Atlantic Provinces Harness Racing Commission (the "Commission"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets, and 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 Atlantic Provinces Harness Racing Commission as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted 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 accounting standards for not-for-profit organizations, 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 but to do so.

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

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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 an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks 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 up 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 any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Halifax, Canada
June 28, 2023

Chartered Professional Accountants

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Atlantic Provinces Harness Racing Commission
Statement of Financial Position

March 31	2023	2022
Assets		
Current		
Cash and cash equivalents	**$ 15,451**	$ 34,827
Receivables	**19,682**	17,779
Prepaids	**42,059**	-
	77,192	52,606
Capital assets (Note 3)	**120,656**	92,204
	$ 197,848	$ 144,810
Liabilities		
Current		
Payables and accruals	**$ 12,892**	$ 13,451
Deferred revenue	**51,257**	39,022
Amount due to Council of Atlantic Premiers	**13,043**	133
	77,192	52,606
Net assets	**120,656**	92,204
	$ 197,848	$ 144,810

Commitments (Note 4)

On behalf of the Board of Directors

DocuSigned by:
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Director

DocuSigned by:
Mike Wilson
82039C42B5CE42D...
Director

See accompanying notes to the financial statements.

Atlantic Provinces Harness Racing Commission
Statement of Changes in Net Assets

Year ended March 31	2023	2022
Net Assets (deficiency), beginning of year	**$ 92,204**	$ (2,134)
Transfer from Council of Atlantic Premiers	-	2,134
Excess of revenue over expenditures for the year	**28,452**	92,204
Net Assets, end of year	**$ 120,656**	$ 92,204

See accompanying notes to the financial statements.

Atlantic Provinces Harness Racing Commission
Statement of Operations

Year ended March 31

	Budget (unaudited)	2023	2022
Revenue			
Contributions			
New Brunswick	$ 95,699	**$ 95,699**	$ 78,703
Newfoundland and Labrador	18,217	**18,217**	10,606
Nova Scotia	197,458	**197,458**	215,436
Prince Edward Island	118,605	**118,605**	111,234
	429,979	**429,979**	415,979
CPMA testing program	70,000	**67,252**	66,586
Fines and appeals	25,000	**29,921**	28,310
Memberships	40,000	**56,133**	50,746
Reimbursement of officials'	195,000	**195,449**	184,898
Photo patrol/race date fees	40,000	**163,084**	37,621
Stretch drive revenue	15,000	**-**	-
Atlantic bursary revenue	5,000	**-**	-
	819,979	**941,818**	784,140
Expenditures			
Alcohol screening program	9,000	**1,374**	9,284
Amortization	-	**65,052**	15,256
Appeals board	20,000	**13,257**	8,713
Atlantic bursary expense	5,000	**-**	-
Books and subscriptions	400	**-**	350
Committees	2,000	**300**	509
Drug control	70,000	**70,485**	72,070
Furniture and equipment	7,500	**3,952**	7,145
Human drug testing program	20,000	**4,122**	10,922
Investigations	25,079	**23,088**	10,981
Meetings and commission travel	34,500	**34,368**	21,878
Office supplies and other	13,000	**12,220**	20,974
Printing and photocopies	4,500	**3,969**	3,903
Professional fees	24,500	**43,495**	25,582
Promotion/purchase of service	41,000	**63,750**	46,982
Race officials			
Remuneration and expenses	225,000	**217,602**	189,103
Training and supervision	25,000	**26,864**	1,835
Race patrol and photo finish	10,000	**11,850**	556
Rent and utilities	30,000	**24,049**	19,485
Salaries and benefits	165,000	**202,075**	166,007
SBC administration fees	40,000	**40,344**	39,552
Senior judges' group	7,500	**-**	1,743
Staff travel and vehicle	20,000	**34,981**	14,293
Stretch drive expense	15,000	**-**	-
Surplus repayable	-	**13,043**	133
Telephone and fax	6,000	**3,126**	4,680
	819,979	**913,366**	691,936
Excess of revenue over expenditures for the year	$ -	**$ 28,452**	$ 92,204

See accompanying notes to the financial statements.

Atlantic Provinces Harness Racing Commission
Statement of Cash Flows

Year ended March 31	2023	2022
Increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of revenue over expenditures for the year	**$ 28,452**	$ 92,204
Amortization	**65,052**	15,256
Surplus transfer from Council of Atlantic Premiers	**-**	2,134
	93,504	109,594
Net change in non-cash working capital balances related to operations		
Receivables	**(1,903)**	1,648
Prepaids	**(42,059)**	-
Payables and accruals	**(559)**	(16,058)
Deferred revenue	**12,235**	3,507
Amount due to Council of Atlantic Premiers	**12,910**	133
	74,128	98,824
Investing activities		
Addition of capital assets	**(93,504)**	(107,460)
Net decrease in cash and cash equivalents	**(19,376)**	(8,636)
Cash and cash equivalents		
Beginning of year	**34,827**	43,463
End of year	**$ 15,451**	$ 34,827

See accompanying notes to the financial statements.

Atlantic Provinces Harness Racing Commission
Notes to the Financial Statements
March 31, 2023

1. Nature of operations

Legislation was passed in the provinces of New Brunswick, Nova Scotia and Prince Edward Island giving the Atlantic Provinces Harness Racing Commission (the "Commission") (formerly Maritime Provinces Harness Racing Commission) regulatory authority for the region's harness racing industry effective April 1, 1994. The commission was mandated to govern, supervise, control and regulate harness racing and racetracks. The following objectives were detailed:

- To establish uniform rules for conducting harness racing.
- To recruit, train, evaluate and deploy harness racing officials.
- To promote and market harness racing; and
- To promote and encourage the breeding and raging of horses.

Legislation was passed on October 9, 2015 that the name of the commission will be renamed to Atlantic Provinces Harness Racing Commission as on this date Newfoundland was added to the Commission. As a function of government, the Commission is not subject to the income tax act.

2. Significant accounting policies

Basis of presentation
These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Agency
The Commission is an agency of the Council of Atlantic Premiers. These financial statements include only those assets, liabilities, revenue and expenditures related to the operations of the Commission.

Provincial allocation
Revenue and expenditures are allocated to New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador based upon the pari-mutual betting for the penultimate year ended December 31. This results in the following allocation rates:

	2023	2022
	%	%
Province of New Brunswick	**22.26**	18.92
Province of Nova Scotia	**45.92**	51.79
Province of Prince Edward Island	**27.58**	26.74
Province of Newfoundland and Labrador	**4.24**	2.55

Cash and cash equivalents
Cash and cash equivalents consist of amounts held on account at financial institutions.

Operations Surplus
The excess (deficiency) of revenue over expenditures is part of the Consolidated Fund of the Council of Atlantic Premiers. Historically, the Council of Atlantic Premiers has funded the deficit, or the Commission has transferred the surplus. The surplus less impact due to acquisition and depreciation of capital assets, is set up as a payable at year end.

2. Significant accounting policies (continued)

Revenue

Contributions

The Commission follows the deferral method of accounting for its contributions, grants and project revenue. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable in the amount to be received can be reasonably estimated and collection is reasonably assured.

Memberships

Membership revenue is based on a 12-month period beginning on the participant's birthday. Accordingly, membership dues received in the current fiscal year, but relating to the period after the year end, are deferred and recorded as revenue in the subsequent fiscal year.

Other revenue

Revenue from fines and appeals and other revenue streams is recognized when received or receivable and the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital assets

Capital assets are stated at cost less accumulated amortization. Purchased capital assets are recorded at acquisition cost. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Commission's ability to provide services, its carrying amount is written down to its residual value. Depreciation is provided on the declining balance basis, with half year method in the year of acquisition at the following rates:

Computer hardware	30%
Computer software	100%
Office equipment and furniture	30%

Pension plan

The Commission participates in the Pension Plan for Employees of the Council of Atlantic Premiers and Participating Employers. The plan is a defined benefit pension plan which was considered fully funded on a going concern basis as of the last actuarial valuation of October 1, 2021, however as the Commission simply participates in the plan, it accounts for it as if it was a defined contribution plan. Pension expense is recognized when plan contributions are made or became due. During the year ended March 31, 2023, the Commission recognized pension expense of $11,944 (2022 - $13,307)

Financial instruments

The Commission considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Commission accounts for the following as financial instruments:

- cash and cash equivalents
- receivables
- payables and accruals
- amount due to Council of Atlantic Premiers

A financial asset or liability is recognized when the Commission becomes party to contractual provisions of the instrument.

2. Significant accounting policies (continued)

Financial instruments (continued)
The Commission initially measures its financial assets and financial liabilities at fair value.

The Commission subsequently measures all of its financial assets and financial liabilities at cost or amortized cost less any reduction for impairment. The Commission removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

The Commission is exposed to credit risk through its financial instruments. The Commission is not exposed to significant liquidity risk, interest rate risk or other price risk.

(a) Credit risk

> Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission's main credit risks relate to its accounts receivable. Provisions are maintained for potential credit losses as necessary; no such losses have been recognized to date. Management believe the Commission is not exposed to any significant credit risk and no provision for doubtful accounts has been recorded.

Management estimates
The presentation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from these estimates. Items subject to significant management estimates include the useful lives of capital assets.

3. Capital assets

	Cost	Accumulated Amortization	**2023 Net Book Value**	2022 Net Book Value
Computer hardware	$ 102,621	$ 91,151	**$ 11,470**	$ 9,022
Office equipment and furniture	122,179	56,713	**65,466**	81,832
Computer software	93,775	50,055	**43,720**	1,350
	$ 318,575	$ 197,919	**$ 120,656**	$ 92,204

4. Commitments

Future minimum annual commitments under a long term lease for office facilities, a long term lease for office equipment and an agreement with Standardbred Canada for services are as follows:

Year ending March 31, 2024	$ 59,458
2025	60,281
2026	61,121
2027	61,978
2028	57,012

The long-term lease for office facilities is subject to annual CPI increases. Amounts above are reflected of future commitments based on current-year values.

5. Related party transactions

During the year the Commission incurred expenditures on behalf of its Board of Directors of $47,625 (2022 - $30,591) relating to travel expense claims, meeting, and committee expenses. The transactions were recorded in the Statement of Operations for appeals board, committees and meetings and commission travel expenses at their exchange amount.