

**BRITISH COLUMBIA RACING
COMMISSION HORSE RACING
IMPROVEMENT FUND**

**Financial Statements
March 31, 2002**

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AUDITORS' REPORT

TO THE COMMISSIONER OF BRITISH COLUMBIA RACING COMMISSION HORSE RACING IMPROVEMENT FUND

We have audited the balance sheet as at March 31, 2002 and statements of receipts and expenditures and changes in fund balances and cash flows of the British Columbia Racing Commission Horse Racing Improvement Fund for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Vancouver, British Columbia
May 16, 2002

**BRITISH COLUMBIA RACING COMMISSION
HORSE RACING IMPROVEMENT FUND**

Statement of Financial Position
March 31

	2002	2001
		(note 3)
Assets		
Cash and Short-Term Investments	\$ 6,841,240	\$ 8,207,881
Accounts Receivable - Provincial Government	979,052	1,164,386
Accounts Receivable - Other	70	105,330
	\$ 7,820,362	\$ 9,477,597

Liabilities and Fund Balance

	Standardbred Sector	Thoroughbred Sector	2002	2001
Accounts Payable (note 4)	\$ 1,326,051	\$ 643,722	\$ 1,969,773	\$ 3,190,039
Economic Development Committee Appropriations	0	0	0	756,627
Amounts Held for Award Recipients (note 5)	1,281,557	695,398	1,976,955	1,976,988
	2,607,608	1,339,120	3,946,728	5,923,654

Fund Balance

Opening Balance	1,640,572	1,913,371	3,553,943	4,249,590
Increase (Decrease) in Fund Balance During the Year	(35,157)	354,848	319,691	(695,647)
	1,605,415	2,268,219	3,873,634	3,553,943
	\$ 4,213,023	\$ 3,607,339	\$ 7,820,362	\$ 9,477,597

Approved by the Commissioner:

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Alison MacPhail

BRITISH COLUMBIA RACING COMMISSION
HORSE RACING IMPROVEMENT FUND
Statement of Receipts and Expenditures and Changes in
Fund Balance
Year Ended March 31

	Standardbred Sector	Thoroughbred Sector	2002	2001 (note 3)
Receipts from Provincial Government				
(Sandown Park \$314,836; 2001 - \$300,535)	\$ 4,965,144	\$ 9,009,929	\$13,975,073	\$13,867,006
Interest	87,765	102,358	190,123	365,263
	5,052,909	9,112,287	14,165,196	14,232,269
Supplements				
Filly and mare purse supplements	0	184,106	184,106	136,055
General purse supplement	0	1,334,809	1,334,809	1,679,944
B.C. bred purse supplements	0	979,436	979,436	697,330
Orangeville Raceway	1,346,479	0	1,346,479	1,113,141
Sandown	339,872	0	339,872	518,287
Stake races	8,500	0	8,500	8,616
	1,694,851	2,498,351	4,193,202	4,153,373
Awards and Stakes				
B.C. breed bonus	566,938	0	566,938	469,809
B.C. bred/B.C. owned stake races	399,990	255,000	654,990	495,348
Broodmare awards	690,387	808,714	1,499,101	1,462,858
Sales stakes awards	95,740	0	95,740	95,480
Sire stakes - Stallion awards	236,232	199,964	436,196	581,795
Stallion stakes	100,000	0	100,000	140,138
	2,089,287	1,263,678	3,352,965	3,245,428
Grants to Breeders/Racing Associations				
C.T.H.S. - B.C. Division (Operational)	0	349,635	349,635	130,013
H.B.P.A.	0	44,026	44,026	0
Interior race track associations	0	207,586	207,586	179,796
	0	601,247	601,247	309,809
Other				
Industry	444,064	194,029	638,093	1,241,102
Economic Development Committee Program	345,000	203,768	548,768	1,000,000
Thoroughbred facility	0	2,766,430	2,766,430	2,492,176
	789,064	3,164,227	3,953,291	4,733,278
Total Allocated to Programs	4,573,202	7,527,503	12,100,705	12,441,888
Other Expenditures				
Pacific Racing Association loan repayment	0	700,000	700,000	700,000
Professional fees	14,864	29,936	44,800	44,800
Province of B.C. - B.C. Racing Commission operations	500,000	500,000	1,000,000	1,741,228
	514,864	1,229,936	1,744,800	2,486,028
Total	5,088,066	8,757,439	13,845,505	14,927,916
Increase (Decrease)				
Fund Balance During Year	\$ (35,157)	\$ 354,848	\$ 319,691	\$ (695,647)

See notes to financial statements.

**BRITISH COLUMBIA RACING COMMISSION
HORSE RACING IMPROVEMENT FUND**

Statement of Cash Flow
Year Ended March 31

	2002	2001
		(note 3)
Net Increase (Decrease) in Fund Balance	\$ 319,691	\$ (695,647)
Accounts Receivable		
Provincial Government	185,334	(530,799)
Other	105,260	(63,543)
Due from RIF Program	0	79,542
Accounts Payable	(1,220,265)	1,169,452
Economic Development Committee Appropriations	(756,627)	756,627
Amounts Held for Award Recipients	(34)	823,571
Cash Used by Activities in Fund Balance	(1,366,641)	1,539,203
Transferred from RIF Program	0	2,973,590
Increase (Decrease) in Cash and Short-Term Investments, Beginning of Year	(1,366,641)	4,512,793
	8,207,881	3,695,088
Cash and Short-Term Investments, End of Year	\$ 6,841,240	\$ 8,207,881

**BRITISH COLUMBIA RACING COMMISSION
HORSE RACING IMPROVEMENT FUND**

Notes to Financial Statements
Year Ended March 31, 2002

1. OPERATIONS

The fund's mandate is to receive and distribute monies for the purpose of enhancing and improving horse racing in B.C. as well as improvements of race track facilities and research. During the year the number of Commissioners has been reduced from seven to one and administration of the Fund is managed by B.C. Ministry of Public Safety and Solicitor General.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Assets

Assets are recorded to the extent that they represent cash and claims upon outside parties as a result of events and transactions prior to the year-end.

(b) Liabilities

All liabilities are recorded to the extent that they represent claims payable to outside parties as a result of events and transactions prior to the year-end.

(c) Revenue

All revenues in the Fund are recorded on an accrual basis. Government transfers are recognized as revenues in the period during which the transfer is authorized and any eligibility criteria is met. The revenue of the Horse Racing Improvement Fund is dependent on the dollars wagered in B.C. by the racing patrons. The revenue is divided between Thoroughbred and Standardbred sectors.

(d) Expenses

The cost of all goods and services received during the year is recorded as expenses. Sectors have established advisory boards that guide and decide how expenditures are allocated and have developed a five year plan.

(e) Financial instruments

The Fund's financial instruments consists of cash and short-term investments, accounts receivable, accounts payable, and monies held for distribution to recipients of awards. It is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and would impact future results of operations and cash flows.

**BRITISH COLUMBIA RACING COMMISSION
HORSE RACING IMPROVEMENT FUND**

Notes to Financial Statements
Year Ended March 31, 2002

3. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

4. ACCOUNTS PAYABLE

	Standardbred Sector	Thoroughbred Sector	2002 Total	2001 Total
				(note 3)
Province of B.C. - B.C. Racing				
Commission Operations	\$ 278,880	\$ 278,879	\$ 557,759	\$ 1,741,228
Orangeville Raceway	1,013,606	0	1,013,606	554,727
B.C.S.B.S.	0	0	0	54,237
B.C.S.A.	6,732	0	6,732	6,434
Equine health research	5,000	10,000	15,000	14,080
Professional fees	5,833	11,667	17,500	10,000
Pacific Racing Association	0	250,750	250,750	732,647
H.B.P.A.	0	27,791	27,791	5,840
C.T.H.S.	0	49,635	49,635	25,014
Owned and sired stakes	0	0	0	326
General purse supplements (Sandown)	0	0	0	6,812
B.C. Bred stake races (Sandown)	0	0	0	38,694
Winners Foundation	16,000	0	16,000	0
B.C.T.S.	0	15,000	15,000	0
	\$ 1,326,051	\$ 643,722	\$ 1,969,773	\$ 3,190,039

5. AMOUNTS HELD FOR AWARD RECIPIENTS

	Standardbred Sector		Thoroughbred Sector	
	2002	2001	2002	2001
Broodmare awards	\$ 690,387	\$ 565,158	\$ 255,387	\$ 366,215
B.C. bred/B.C. owned stake races	0	0	300,441	320,818
B.C. bred bonus	566,938	469,809	0	87,413
Sire 3 stake-Stallion awards	24,232	20,000	63,174	0
B.C. bred purse supplements	0	0	0	80,912
Filly and mare purse supplements	0	0	63,174	65,616
General purse supplements	0	0	0	1,047
Jockey awards	0	0	13,222	0
	\$ 1,281,557	\$ 1,054,967	\$ 695,398	\$ 922,021