

**THE HORSEMEN'S BENEVOLENT  
AND  
PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA**

**FINANCIAL STATEMENTS**

**MARCH 31, 2011**

**THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA**

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**MARCH 31, 2011**

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**BEAUCHAMP & COMPANY**  
**CHARTERED ACCOUNTANTS**  
**205 - 788 BEATTY STREET**  
**VANCOUVER, BC V6B 2M1**  
**PHONE: 604-688-2850 FAX 604-688-2777**

**INDEPENDENT AUDITORS' REPORT**

To the Members  
THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA

We have audited the accompanying financial statements of The Horsemen's Benevolent and Protective Association of British Columbia, which comprise the statement of financial position as at March 31, 2011, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Horsemen's Benevolent and Protective Association of British Columbia as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, B.C.  
June 1, 2011

*"Beauchamp & Company"*  
Chartered Accountants

**THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA  
STATEMENTS OF FINANCIAL POSITION  
AS AT MARCH 31, 2011 AND 2010**

**ASSETS**

	<u>2011</u>	<u>2010</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 5)	\$ 158,704	\$ 122,527
Accounts receivable	215,024	231,280
Contribution receivable	22,009	-
Inventory (Note 2 c))	46,668	52,984
Prepaid expenses	5,890	-
	448,295	406,791
<b>RESTRICTED CASH AND CASH EQUIVALENTS</b> (Note 6)	60,000	148,256
	\$ 508,295	\$ 555,047

**LIABILITIES**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 152,765	\$ 104,606
<b>DEFERRED REVENUE</b> (Note 7)		
Dental care program	42,310	52,256
	195,075	156,862
<b>COMMITMENTS</b> (Note 8)		

**NET ASSETS**

<b>RESTRICTED NET ASSETS</b>	60,000	96,000
<b>UNRESTRICTED NET ASSETS</b>	253,220	302,185
	313,220	398,185
	\$ 508,295	\$ 555,047

**APPROVED BY THE DIRECTORS:**

“Noel Roddick” **DIRECTOR**

“Robert Anderson” **DIRECTOR**

“Rob Gilker” **DIRECTOR**

**THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA**

**STATEMENTS OF REVENUES AND EXPENDITURES  
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>REVENUES</b>		
Grant - BC horse racing industry management committee (Note 10)	\$ 30,000	\$ -
Dues - general (Note 2 b))	142,898	200,363
- B.C. bred purse supplement	10,823	15,647
Bequest and other contributions	27,009	-
Interest and other	2,856	5,927
Commissions	1,214	2,475
Net revenue - lasix program	6,446	7,004
Allocation from deferred revenue - dental care program	9,946	45,600
Allocation from deferred revenue - learning program	-	6,758
Hastings Park feed store operations (Schedule A)	56,231	57,018
	<hr/> 287,423	<hr/> 340,792
<b>EXPENDITURES</b>		
Awards night	1,261	-
Barn area T.V. service	25,616	20,467
Benevolence	12,177	8,282
Christmas party, picnic and other recreational activities	4,175	1,094
Contribution to interior track stakes races	-	2,500
Convention and travel - H.B.P.A. annual conference	3,379	13,500
Dental care program (Note 7)	9,946	45,600
Donations - general	1,150	1,000
- New Stride Thoroughbred Retirement Foundation	3,550	6,606
Dues - The H.B.P.A. of Canada	7,000	7,000
Election	-	8,133
Equipment maintenance	5,111	4,573
Horsemen's cafeteria subsidy	17,803	7,444
Insurance	50,515	52,510
Learning centre program	10,164	8,271
Meals - backstretch personnel	4,635	3,011
Meetings - directors	904	2,496
- general membership	2,723	6,435
Miscellaneous	9,064	9,577
Office, telephone and sundry (Note 2d))	12,153	11,593
Political initiatives	-	1,684
Post-mortem program	7,009	-
Professional fees - audit	6,150	5,638
- legal	2,750	1,667
Salaries, consulting fees and benefits	155,977	116,977
Scholarships	15,300	27,739
Website design	3,876	5,580
	<hr/> 372,388	<hr/> 379,377
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES FOR THE YEAR</b>	<hr/> \$ (84,965)	<hr/> \$ (38,585)

**THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010**

	<b>Restricted</b>	<b>Unrestricted</b>	<b>2011</b>	<b>2010</b>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 96,000	\$ 302,185	\$ 398,185	\$ 436,770
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES FOR THE YEAR</b>	-	(84,965)	(84,965)	(38,585)
<b>TRANSFERS (Note 9)</b>	(36,000)	36,000	-	-
<b>BALANCE, END OF YEAR</b>	\$ 60,000	\$ 253,220	\$ 313,220	\$ 398,185

**THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010**

**CASH PROVIDED BY (USED FOR):**

	<u>2011</u>	<u>2010</u>
<b>OPERATING ACTIVITIES</b>		
Deficiency of unrestricted revenues over expenditures for the year	\$ (84,965)	\$ (41,060)
Net change in non-cash working capital items:		
Accounts receivable	16,256	116,391
Contribution receivable	(22,009)	-
Inventory	6,316	(4,315)
Prepaid expenses	(5,890)	-
Accounts payable and accrued liabilities	48,159	(19,957)
Cash (used for) provided by operating activities	(42,133)	51,059
<b>FINANCING ACTIVITIES</b>		
Cash transferred from special projects	-	73,360
Cash transferred from dental program	42,310	-
Cash transferred from (to) restricted cash to fund future retiring allowance (Note 9)	36,000	(36,000)
Cash provided by financing activities	78,310	37,360
<b>INCREASE IN UNRESTRICTED CASH FOR THE YEAR</b>	36,177	88,419
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	122,527	34,108
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 158,704	\$ 122,527
<b>CASH AND CASH EQUIVALENTS ARE COMPRISED OF:</b>		
Bank indebtedness	\$ (41,296)	\$ (152,473)
Guaranteed investment certificates (Note 5)	200,000	275,000
	\$ 158,704	\$ 122,527

**THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA  
HASTINGS PARK FEED STORE OPERATIONS  
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>SALES</b>	\$ 1,495,405	\$ 1,826,274
<hr/>		
<b>COST OF SALES</b>		
Inventory, beginning of year	52,984	48,669
Purchases	1,262,553	1,571,046
Wages and benefits	105,100	113,181
	1,420,637	1,732,896
Inventory, end of year	46,668	52,984
	1,373,969	1,679,912
<b>GROSS PROFIT (8.12%; 2010: 8.01%)</b>	121,436	146,362
<hr/>		
<b>EXPENDITURES</b>		
Accounting and audit	9,900	9,300
Bad debts (recoveries)	(10,866)	25,428
Credit card costs	24,958	25,724
Interest and bank charges	3,690	5,429
General expenses	7,120	6,786
Office salaries and benefits	30,253	27,909
Postage, stationery and office	2,932	3,268
Telephone	1,905	1,706
Travel	1,800	1,800
Warehouse expenses	3,481	4,011
	75,173	111,361
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE INTEREST INCOME</b>	46,263	35,001
<b>INTEREST INCOME</b>	9,968	22,017
<b>EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR</b>	\$ 56,231	\$ 57,018

**THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011**

**1. NATURE OF OPERATIONS**

THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION OF BRITISH COLUMBIA (the "Association") was incorporated pursuant to the Society Act (British Columbia) on March 9, 1987, and commenced operations April 1, 1987. The purpose of the Association is to aid and protect the general welfare of the racing industry, the interest of its members and their employees, and the backstretch personnel.

The Association is exempt from taxation pursuant to Section 149(1) of the Income Tax Act (Canada). These financial statements include the divisional statements of the Hastings Park Feed Store operations (See Schedule A and Note 11).

**2. SIGNIFICANT ACCOUNTING POLICIES**

**a) Use Of Estimates**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") which necessarily involves the use of estimates. The preparation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues earned and expenditures incurred during the year. Actual results could differ from those estimates. The financial statements of the Association have, in management's opinion, been properly prepared within reasonable limits of materiality, and within the framework of the significant accounting policies summarized below.

**b) Revenue Recognition**

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets. Restricted investment income is recognized as revenue in the year in which the related expenditures are incurred. Unrestricted investment income is recognized as revenue when earned.

The Association recognizes revenue on its sale of feed, vitamins and supplies for horses at Hastings Park racecourse upon delivery and receipt of these products by the purchaser.

Effective January 1, 2011, the Association receives an annual revenue allocation of \$120,000 per year as approved by the BC Horse Rating Industry Management Committee ("BCHRI"). (See Note 10)

To December 31, 2010, dues revenue was calculated based on 2% of the purses paid on live racing at Hastings Park racecourse.

**c) Inventory**

Inventory is costed using the first-in, first-out method, and is disclosed at the lower of cost and net realizable value. Cost is comprised of the purchase price of feed, vitamins and supplies plus applicable freight charges.

**THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**d) Capital Assets**

Capital assets purchased during the year are charged directly to the Association's statement of revenues and expenditures. Capital asset purchases of \$1,444 (2010 -\$Nil) were made by the Association during the years ended March 31, 2011 and 2010.

**e) Donated Materials And Services**

Donated materials and services are recorded only when a fair value can be reasonably estimated and when they would be paid for by the Association if they had not been donated.

**f) Contributed Services**

Significant volunteer labour is contributed to assist the Association in carrying out its activities, but is not recorded in the Association's financial statements due to the difficulty of determining the fair value of those services.

**g) Going Concern**

The Canadian Institute of Chartered Accountants ("CICA") Handbook (the "Handbook") Section 1400, General Standards of Financial Statement Presentation, includes requirements to assess and disclose the Association's ability to continue as a going concern. The Association expects its current capital resources will be sufficient to carry out its operations through its current year based on the revenue allocation approved for 2011 by BCHRI. (See Note 10)

**h) Other Significant Accounting Policies**

The Association previously adopted CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement, and Section 3861, Financial Instruments - Disclosure and Presentation. These accounting standards provide comprehensive requirements for the recognition and measurement of financial instruments. Pursuant to these standards, financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables and available-for-sale financial assets, or other financial liabilities. All financial instruments and derivatives are measured on the statement of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in operations; (2) available-for-sale financial instruments are measured at fair value with changes in fair value initially recorded in the statement of changes in net assets until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded on the statement of financial position at fair value unless they qualify for the normal sale or normal purchase exemption and changes in their fair value are recorded in operations unless cash flow hedge accounting is used, in which case changes in fair value are recorded in the statement of changes in net assets.

**THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**h) Other Significant Accounting Policies (Cont'd)**

The Association designated its financial instruments as follows:

- Cash and cash equivalents are classified as held-for-trading;
- Accounts and contribution receivable are classified as loans and receivables;
- Accounts payable and accrued liabilities are classified as other financial liabilities.

Effective April 1, 2009, the Association adopted CICA Handbook Sections 3862 and 3863, Financial Instruments – Disclosure (Section 3862) And Presentation (Section 3863).

These standards replace CICA Handbook Section 3861, Financial Instruments – Disclosure and Presentation. They increase the disclosures previously required, which will enable users to evaluate the significance of financial instruments for the Association's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk, currency risk, interest rate risk, and market risk. The quantitative disclosures must provide information about the extent to which the Association is exposed to risk, based on information provided internally to the Association's key management personnel.

CICA Handbook Section 3862, Financial Instruments - Disclosures was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;

Level 3 - Inputs that are not based on observable market data.

Disclosures required by this standard are included in note 4 to the financial statements.

In January 2009, the CICA approved EIC - 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that the Association's credit risk and the credit risk of the counter party should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The Association adopted this standard on January 12, 2009. The adoption of this Handbook EIC had no impact on the Association's financial statements.

The CICA issued Handbook Section 1535, Capital Disclosures, which establishes disclosure requirements about the Association's capital and how it is managed. The purpose will be to enable users of the financial statements to evaluate the Association's objectives, policies and processes for managing capital and whether the Association has complied with any capital requirements and, if it has not complied, the consequences of such noncompliance. See note 3 to the financial statements for these additional disclosures.

**THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**i) Future Changes In Accounting Policies**

In March of 2011, the Accounting Standards Board ("AcSB") of the CICA issued Part III of the CICA Handbook - Accounting as accounting standards for not-for-profit organizations in the private sector. Part III of the Handbook includes:

- The existing standards dealing with the unique circumstances of not-for-profit organizations, previously in the "4400 series" of standards in Part V of the Handbook;
- The additional standards and amendments proposed in its March, 2010 Exposure Draft "Accounting Standards for Not-for-Profit Organizations";
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to not-for-profit organizations.

The AcSB has concluded that not-for-profit organizations will select one of the two available sets of accounting standards and apply that set of standards to financial statements relating to fiscal years beginning on or after January 1, 2012, with earlier adoption permitted.

Part III of the Handbook contains the new standard, First-Time Adoption by Not-for-Profit Organizations, Section 1501, that sets out transitional provisions for first-time adoption of the proposed set of standards in that Part.

The standards in Part V of the Handbook that are currently applicable will remain in effect until organizations have adopted either the standards in Part I or the standards in Part III. Not-for-Profit organizations should continue to follow the existing Handbook (Part V) until their accounting standards have been finalized and issued.

The AcSB has included in Part III of the Handbook in addition to Sections 4400 to 4470:

- Financial Statement Concepts for Not-for-Profit Organizations, Section 1001;
- Generally Accepted Accounting Principles for Not-for-Profit Organizations, Section 1101;
- General Standards of Financial Statement Presentation for Not-for-Profit Organizations, Section 1401;
- First-Time Adoption by Not-for-Profit Organizations, Section 1501; and
- Inventories held by Not-for-Profit Organizations, Section 3032.

**3. MANAGEMENT OF CAPITAL**

The Association's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Association includes the components of net assets as well as its cash and cash equivalent balances.

The Association manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Association may attempt to renegotiate its grant revenue allocation, increase fundraising activities, acquire or dispose of assets or adjust the amount of its cash and cash equivalent balances.

**THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011**

**3. MANAGEMENT OF CAPITAL (CONT'D)**

The Association's investment policy is to invest its cash in highly liquid investments which are readily convertible into cash, selected with regards to the expected timing of expenditures from continuing operations.

**4. FINANCIAL INSTRUMENTS**

The Association's financial instruments consist of cash, guaranteed investment certificates, accounts and contribution receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments due to the immediate or short term maturity of the majority of these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximate their carrying values.

**a) Credit Risk**

The Association is exposed to credit risk with respect to its cash and cash equivalents balances. However, the risk is minimized as cash and investment savings balances are placed with a large Canadian financial institution. The Association is subject to credit risk through trade receivables in its Hastings Park Feed Store Division. Credit risk with respect to trade receivables is minimized by a large customer base and its geographic dispersion. The Association performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary. The Association maintains provisions for potential credit losses, and any such losses to date have been within management's expectations.

**b) Liquidity Risk**

The Association is exposed to liquidity risk due to the timing of revenues received to meet commitments associated with financial instruments. The Association manages liquidity risk by maintaining adequate cash and investment savings balances.

**c) Foreign Exchange Risk**

The Association is not exposed to foreign exchange risk from financial instruments as it has not incurred foreign currency transactions during the years ended March 31, 2011 and 2010.

**d) 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 rates of the Association's investments are as disclosed in note 5 to the financial statements.

**THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011**

**4. FINANCIAL INSTRUMENTS (CONT'D)**

The fair value of the Association's financial instruments as at March 31, 2011 and 2010 is summarized as follows:

	Level	March 31, 2011		March 31, 2010	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>					
Held for trading					
Cash and cash equivalents	1	\$ 158,704	\$ 158,704	\$ 122,527	\$ 122,527
Loans and receivables					
Accounts receivable	2	215,024	215,024	231,280	231,280
Contribution receivable	2	22,009	22,009	-	-
Held to maturity					
Restricted cash and cash equivalents	1	60,000	60,000	148,256	148,256
<b>Financial Liabilities</b>					
Accounts payable and accrued liabilities	2	\$ 152,765	\$ 152,765	\$ 104,606	\$ 104,606

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about the financial instruments (See Notes 5 and 6).

**5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash on deposit with the Association's bank and highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash. As at March 31, 2011, the Association's term investments had effective annual interest rates of between 0.60 and 0.65%. In respect of these investments, \$200,000 matured on April 5, 2011, and were renewed for a one year term to April 5, 2012.

The Association's Hastings Park Feed Store Division has a bank line of credit facility of \$250,000. As security, the Association has provided a general security agreement covering all assets of the Association, an assignment of fire insurance proceeds, and hypothecation of a \$60,000 guaranteed investment certificate. Interest on the credit facility is charged at prime + 0.25% up to \$60,000, and at prime + 0.50% on the remaining balance. Renegotiation of this credit facility is anticipated to be prior to September 30, 2011.

**6. RESTRICTED CASH AND CASH EQUIVALENTS**

The Association has restricted the use of a \$60,000 (2010 - \$60,000) guaranteed investment certificate as security for the bank line of credit facility of its Hastings Park Feed Store Division as disclosed in note 5. This externally restricted amount is not available for other purposes without the approval of the Association's Board of Directors.

**THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011**

**6. RESTRICTED CASH AND CASH EQUIVALENTS (CONT'D)**

In addition, the Association has restricted \$Nil (2010 - \$52,256) for a dental care plan for qualified personnel as disclosed in note 7 and \$Nil (2010 - \$36,000) to fund the retiring allowance paid to the former Secretary-Treasurer of the Association.

<b>7. DEFERRED REVENUE</b>	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 52,256	\$ 74,614
Add funds received:		
Grant - dental care program	-	30,000
	<hr/> 52,256	<hr/> 104,614
Deduct expenditures incurred:		
Allocation to revenue to offset learning centre program	-	(6,758)
Dental care program	(9,946)	(45,600)
<b>BALANCE, END OF YEAR</b>	<hr/> <hr/> \$ 42,310	<hr/> <hr/> \$ 52,256

During the years ended March 31, 2011 and 2010, the thoroughbred horse racing industry approved a grant to the Association of up to \$Nil (2010 - \$30,000) in connection with its participation in the dental program pertaining to backstretch personnel.

**8. COMMITMENTS**

The Association is committed to aggregate payments totalling \$12,000 from April 1, 2011 to June 30, 2011 for consulting services to the new Secretary-Treasurer of the Association. The Association is committed to aggregate payments totalling \$4,500 from April 1, 2011 to June 30, 2011 for consulting fees paid to the administrative assistant of the Association.

**9. TRANSFERS**

The Association's board of directors approved a transfer of \$36,000 (2010 - \$Nil) from restricted net assets to its unrestricted net assets and \$Nil (2010 - \$73,360) from the restricted special projects net assets to its unrestricted net assets to cover the deficiency of revenues over expenditures for the years ended March 31, 2011 and 2010.

**10. ECONOMIC DEPENDENCE**

On January 21, 2010, BCHRI created by the BC Ministry of Housing and Social Development under the provincial government's Gaming Policy and Enforcement Office, and the B.C. Horse Racing Industry Organizations, established a horse racing industry financial model. Pursuant to a revised annual allocation approved by BCHRI, the Thoroughbred Sector received \$8,380,000 to December 31, 2010 which went to the awards/stakes programs and the horsemen's purse pool account. The Association did not receive an allocation in 2010 for administrative purposes. This grant allocation is not revenue of the Association, and is therefore not reflected in these financial statements.

**THE HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION  
OF BRITISH COLUMBIA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2011**

**10. ECONOMIC DEPENDENCE (CONT'D)**

On December 10, 2010, BCHRI notified the Thoroughbred Sector that its revenue allocation for 2011 will be \$10,260,000 to fund its administrative operations, awards/stakes programs and the horsemen's purse pool account. The Association is expected to receive \$120,000 of this annual allocation to fund its administrative operations, and received \$30,000 for the period from January 1 - March 31, 2011, which are disclosed as revenues in its statement of revenues and expenditures for the year ended March 31, 2011.

**11. DIVISIONAL OPERATIONS - STATEMENTS OF FINANCIAL POSITION**

As at March 31, 2011 and 2010, the assets, liabilities and net assets of the Association's two divisions, are as follows:

<b>ASSETS</b>	<b>General Operations</b>	<b>Hastings Park Feed Store Operations</b>	<b>2011 Total</b>
Cash and cash equivalents	\$ 263,989	\$ (105,285)	\$ 158,704
Accounts receivable	5,389	209,635	215,024
Contribution receivable	22,009	-	22,009
Inventory	-	46,668	46,668
Prepaid expenses	5,890	-	5,890
	<u>297,277</u>	<u>151,018</u>	<u>448,295</u>
Restricted cash and cash equivalents	60,000	-	60,000
	<u>\$ 357,277</u>	<u>\$ 151,018</u>	<u>\$ 508,295</u>

<b>LIABILITIES AND NET ASSETS</b>	<b>General Operations</b>	<b>Hastings Park Feed Store Operations</b>	<b>2011 Total</b>
Accounts payable and accrued liabilities	\$ 1,747	\$ 151,018	\$ 152,765
Deferred revenue	42,310	-	42,310
	<u>44,057</u>	<u>151,018</u>	<u>195,075</u>
Net assets	313,220	-	313,220
	<u>\$ 357,277</u>	<u>\$ 151,018</u>	<u>\$ 508,295</u>

<b>ASSETS</b>	<b>General Operations</b>	<b>Hastings Park Feed Store Operations</b>	<b>2010 Total</b>
Cash and cash equivalents	\$ 301,940	\$ (179,413)	\$ 122,527
Accounts receivable	245	231,035	231,280
Inventory	-	52,984	52,984
	<u>302,185</u>	<u>104,606</u>	<u>406,791</u>
Restricted cash and cash equivalents	148,256	-	148,256
	<u>\$ 450,441</u>	<u>\$ 104,606</u>	<u>\$ 555,047</u>

<b>LIABILITIES AND NET ASSETS</b>	<b>General Operations</b>	<b>Hastings Park Feed Store Operations</b>	<b>2010 Total</b>
Accounts payable and accrued liabilities	\$ -	\$ 104,606	\$ 104,606
Deferred revenue	52,256	-	52,256
	<u>52,256</u>	<u>104,606</u>	<u>156,862</u>
Net assets	398,185	-	398,185
	<u>\$ 450,441</u>	<u>\$ 104,606</u>	<u>\$ 555,047</u>