



2013 – 2015 BUSINESS PLAN



HORSE RACING ALBERTA

ACCOUNTABILITY STATEMENT

The Business Plan for the years commencing January 1, 2013 was prepared by management under my direction and reviewed by the Board of Directors. It reflects the realities of the 2013 Race Season and realistic expectations and assumptions for the following two years. Again, the advice of the Industry at our Fall Industry Dialogue Session, held at Northlands Park, has been incorporated in this three year plan.

The Plan envisions that the 2013 Race Meet will mirror 2012 in tracks utilized.

The Budget for 2013 and the two years out, proposes modest growth. Expenditures for the 3 year plan will be much the same as the plan for 2012 and the 2 years out. It should be noted that changes in the two years out plan will occur if the Cross Iron track at Balzac is available to race in 2014.

Our Board Chair, Rick LeLacheur, commenced his duties on January 1st.

HRA's priorities and strategies outlined in the Plan are developed within the context of its responsibilities as identified in the Horse Racing Alberta Act. It continues to work toward sustaining the infrastructure that will support economic growth and stability with emphasis on a successful breeding and racing industry into the future.



Shirley McClellan
CEO

HORSE RACING ALBERTA

In 2002, as a result of the Horse Racing Alberta Act, Horse Racing Alberta (HRA) was formed as a not-for-profit corporation with representatives from all segments of the industry and acts as an independent organization that is open and publicly accountable.

MANDATE

In accordance with the Act, the mandated objectives of HRA are:

1. To govern, direct, control, regulate, manage, market and promote horse racing in any or all of its forms;
2. To protect the health, safety and welfare of racehorses and, with respect to horse racing, the safety and welfare of racing participants and racing officials; and
3. To safeguard the interests of the general public in horse racing.

VISION

“Alberta will be recognized internationally for premier horse racing, breeding and quality entertainment.”

MISSION

“To be a governing body whose role is to promote and facilitate the growth, integrity and economic contribution of the Alberta horse racing and breeding industry. This shall be done by providing quality entertainment, employment, economic and value-added agricultural opportunities within a unified, viable, progressive, accountable and self-regulated industry environment.”

CORE BUSINESS

“To stabilize, enhance and ensure the growth and integrity of the Alberta horse racing and breeding industry.”

GOVERNANCE

HRA is governed by a Board Chair, eight Directors representing the various breed organizations and racetracks, three Directors representing the public and two government-appointed ex-officio (non-voting) members.

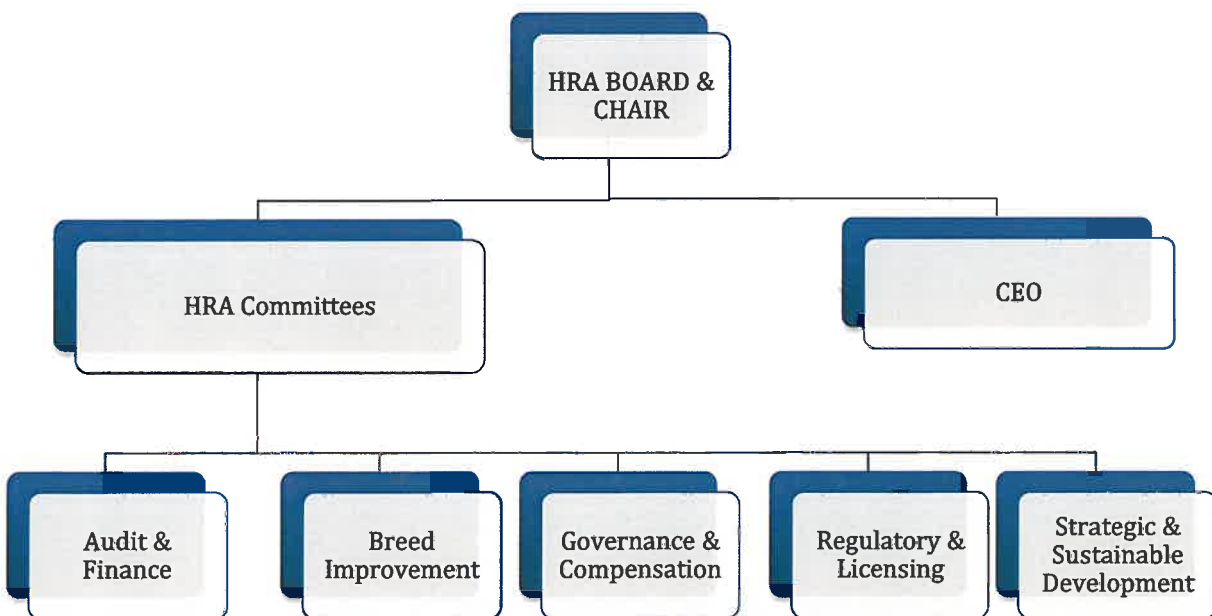
The role of the Chair is to provide direction to management in fulfilling HRA's mandate and carrying out the direction of the Board by ensuring the strategies and operational activities outlined in this Business Plan and the Act are pursued and achieved.

The role of HRA Directors is to provide a multifaceted and balanced approach to industry issues to ensure that decisions are made with full knowledge of all relevant industry logistics. HRA Directors must act with a view to the best interest of the horse racing industry.

The Committees Chaired by members of the Board, report to the Board and are responsible for recommending programs and monitoring performance in specific areas.

Regular communication, reporting, and accountability to the Board is central to the Chair's responsibilities. The Board has empowered the Chair to act and speak publicly on behalf of HRA, as well as to negotiate, on its behalf, with government and industry partners. The role of the Chair was reviewed over the course of 2011 to ensure the role and responsibilities are current and appropriate to the new governance structure

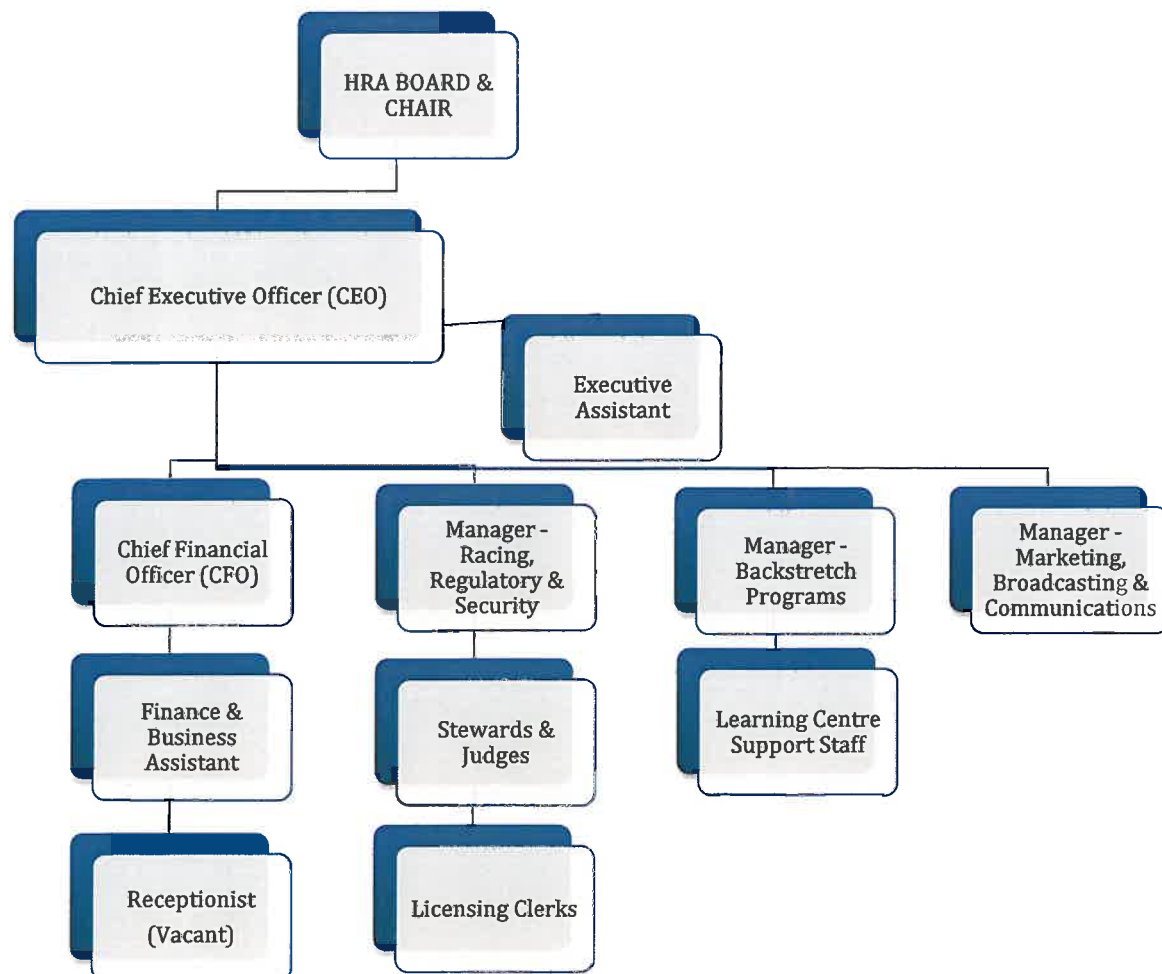
Horse Racing Alberta Governance Structure



CORPORATE STRUCTURE

HRA is led by the Chief Executive Officer and supported by a management team comprised of the Chief Financial Officer, the Manager – Racing, Regulatory & Security, the Manager – Marketing, Broadcasting & Communications, and the Manager – Backstretch Programs. In 2011, HRA completed an organizational review to assess its structure as well as processes and systems in key areas to ensure that they align with its mandate, strategic direction and business plan.

Horse Racing Alberta Corporate Structure



REPORTING REQUIREMENTS

Accountability to Government

On an annual basis, HRA provides to the Minister:

- A three year business plan, approved by the HRA Board of Directors which includes, but is not limited to, goals and key strategies;
- A detailed Operating and Capital Budget for the next calendar year, approved by the HRA Board of Directors, which details financial projections for each subsequent year of the HRA Business Plan and are consistent with the financial targets;
- An Annual Report for the previous calendar year, approved by the HRA Board of Directors, which includes the audited financial statements, and reporting on actual results for each goal, key strategy and performance measure contained in the approved Business Plan; and
- Copies of any management letters issued by HRA's independent auditors and responses to any such letters.

Accountability to Industry

HRA is accountable to industry:

- By actively listening to the issues raised and working collaboratively to address these issues;
- To seek input on industry needs and opportunity for growth; and
- To regularly communicate the overall direction being pursued.

The afternoon in August, "Dialogue with the Industry", again spoke to the importance of improving the lines of communication with our industry partners. Continued improvement to content on our website is a priority in this area.

The importance of a successful resolution to a track in the Calgary market was again emphasized as crucial to the future growth and success of the industry.

A good discussion regarding number of race days and purses was held.

Despite challenges faced by the industry, a commitment to the future of racing was confirmed by the industry participants.

And finally, a recognition that the industry must work together to be successful was recognized and reaffirmed.

STRATEGIC PRIORITIES 2013 – 2015

Through hard work, perseverance, and collaboration with our partners, namely, race track operators, race horse owners, trainers, backstretch staff, horsemen's associations, breeders, and the provincial government - we will work towards rebuilding our industry.

In August of 2012, stakeholders and partners of Horse Racing Alberta gathered at Northlands Park to discuss opportunities for the horse racing industry. As a result of these discussions, the Board of HRA agreed to pursue three top priorities identified by the session participants. Interestingly enough, common themes were again constant:

1. Transparency and Improved Communication lines
2. Certainty and Stability – multi-year contracts with tracks for racing and race dates established well before the new Race season.
3. Calgary Market

Critical Strategic Priority Areas

Marketing:

- Review and update the way we market horse racing
- Support all tracks in event marketing, increasing the fan base and successful growth of their fans overall entertainment experience
- Develop cost effective Marketing Strategies to incorporate all new media opportunities and technologies, and to ensure industry-wide co-operation

Revenues:

- Evaluate ways to improve the returns to our industry and reduce our dependence on slots
- Working with our partners in simulcast and off track, create a new business model that will allow this to grow to its full potential
- Work with AGLC as it conducts a review of slot machines and establishes policy with respect to Racing Entertainment Centres (Racinos/REC)

Tracks:

- Continue to support the United Horsemen of Alberta in their pursuit of a track at Cross Iron Mills (Balzac)
- Explore opportunities at community or "B" tracks to improve lighting which could create potential for evening racing and additional races for simulcast
- Encourage the various industry stakeholders to look to long term agreements to enhance stability and confidence in our industry
- Long term licensing, development and support of Northlands Park addressing barn renovations and race track lighting

- Explore ways to grow the community circuit for all racing breeds
- Continue to enhance the quality of the working and living environment of racetrack personnel through educational opportunities, substance abuse rehabilitation, work safety awareness and chaplaincy programs

Racing/Breeding:

- Institute a multi-year purse strategy with sufficient growth to provide confidence for involvement in the industry
- Support the breeding industry with programs that encourage improvement of the quality and numbers of mares bred, competitiveness of breeding stock, and ensure an adequate return at sales

Communication

Continue to improve and expand the new HRA Website utilizing the site with links to partner sites to better communicate with Industry. Continue to hear suggestions from web site users as to improvement of site content.

Risks: 2013 – 2015 Business Plan

The following have been identified as risks that may impede HRA on delivering its business plan objectives:

- Further delay in opening a southern Alberta track.
- The continued moratorium by AGLC, as to the potential expansion of RECs at new community tracks.
- Emergence of new epidemics that threaten race horse, foal, stallion and broodmare health.
- Failure of horsemen's organizations to resolve disputes and agree on a long-term strategic plan for horseracing in Alberta.

Key Strategic Areas 2013 – 2015

INDUSTRY & GOVERNMENT RELATIONS

“Act as a single voice for the Alberta racing industry, keeping industry and government informed of developments, and championing issues important to the attainment of HRA’s mission and goals.”

BACKGROUND / EXPECTED RESULTS

Since 2002, HRA has stimulated significant investment throughout all areas of the horse racing industry and the areas it touches upon (agriculture, recreation, tourism, and transportation). HRA is the forum for industry stakeholders to meet, to strategize, and to unfold plans that will grow the industry. It is critical that HRA continues to be the one voice of the industry in order to ensure ongoing government support. This alignment continues to be HRA’s major challenge, particularly with the potential availability of only one ‘A’ track facility, located at Northlands. The continued delay and uncertainty around a second ‘A’ track facility threatens this progress. However, we believe that 2013 will see a resolution to the question of a track at Balzac.

To be the one voice of the industry, HRA will continue to identify, advocate, and champion issues of relevance and importance on behalf of the industry. The Board will continue its commitment to all racing breeds and show flexibility and creativity to help the divergent industry reach consensus.

We heard the message clearly from our Industry partners. The focus must be to create more confidence, stability, opportunities, and the environment necessary for continued growth in the industry.

ACTION PLAN 2013 – 2015: INDUSTRY AND GOVERNMENT RELATIONS

<i>Key Strategies</i>	<i>Operational Activities</i>
Ensure the industry <u>is</u> meeting provincial government requirements relating to the racing industry.	<p>Present 3 year Business Plan to Government.</p> <p>Provide an Annual Report complete with Audited Financial statements.</p> <p>Ensure the Act governing the activities of Horse Racing Alberta is adhered to.</p> <p>Ensure compliance with the Agreement with Government, governing the activities of Horse Racing Alberta.</p>
Provide guidance and assistance to the industry in meeting provincial and municipal government requirements.	<p>Continue to liaise with the provincial government on matters relating to the horse racing industry.</p> <p>Communicate and work with Alberta Gaming and Liquor Commission (AGLC) as they review their strategies for gaming in Alberta and the impact on RECs.</p> <p>Continue to identify industry-wide issues, provincially and nationally; or other issues of importance to the industry on which HRA should either take the lead, act as arbitrator, or facilitate.</p>
Communicate with industry and government partners.	<p>Regular dialogue and contact with industry. This will be accomplished by regular postings on HRA Web Page and stakeholders meetings.</p> <p>Co-ordinate the evaluation of the economic impact of horse racing in the province.</p> <p>Strengthen existing relationships and forge new relationships with racing, gaming, and agricultural organizations, educational institutions, as well as horsemen's groups at either a provincial, national, or international level.</p> <p>Develop a database of industry data and facts for the use of the racing industry and government. The data base would include facts regarding various breeds of horses,</p>

	<p>which would include the number of horses in each breed, number of farms involved in breeding, raising, and racing, and the economic benefits of the industry to the province.</p> <p>Continue to expand our Website as an effective tool to communicate with our Industry Partners.</p> <p>Develop and distribute an annual report on horse racing in Alberta.</p>
Assist industry in meeting federal government requirements relating the racing industry.	Regular interaction with CPMA regarding Federal regulations that impact the Racing industry.

MARKETING

“In partnership with the industry actively market and promote Alberta horse racing.”

BACKGROUND / EXPECTED RESULTS

Horse Racing Alberta will formulate marketing strategies that are based on the best ways to meet the measures of success arising out of the 2012 Dialogue session with Industry.

BRANDING

The Brand “The Horses” has performed very well in the Alberta Marketplace over the last ten years. HRA research clearly reinforced that the campaign is doing its primary job of increasing awareness and changing perceptions of horse racing. Ten (10) years ago the campaign set out to raise the profile and awareness of the Horse Racing and Breeding Industry, Longwoods Research (2007) and Leger Marketing Research clearly prove the campaign has achieved its goals. Due to continued limited financial resources, the Branding campaign will be refreshed for 2013, rather than the new creative originally envisioned.

LIVE TELEVISION

In 2013, the Industry will once again showcase the prestigious Canadian Derby with a television partner while continuing with a nationwide telephone/internet betting incentive directly tied into this property.

The Industry Public Service Campaign that assists Albertans in understanding the economic impact and contribution of our industry across the province will be increased in the 2013 race season.

WEBSITE

The HRA website will continue to fulfill the website goals of providing regulatory, breeding operational, marketing and governance information but will expand to ask for Industry feedback in appropriate and current matters. The Website will continue to post racing stories to keep our Web participants informed on a timely basis.

In 2013, the website will upgrade offerings to include more racing information, an extension of coverage through regional reporters, industry profiles and timely stories/features. The site will aim to serve the industries core racing fans, and will permit industry stakeholders to submit feedback on the website.

ACTION PLAN 2013 – 2015: MARKETING

<i>Key Strategies</i>	<i>Operational Activities</i>
Public Service Announcement Campaign	The industries Public Service Announcement campaign has been successfully running in the Alberta marketplace for the last five years. Five new Public Service Announcements will be produced for 2013 with the objective of raising awareness while educating Albertan's on the benefits of the Alberta Horse Racing and Breeding Industry.
Continue to reposition live horse racing as a viable and affordable form of entertainment that can be a great social outing with family or friends.	The industry partners will collaborate on marketing and promotional options that ensure we are realizing the maximum return on investment.
Continue to assist industry stakeholders and partners in growing the live attendance and handle (money wagered).	Review and adjust the current marketing activities to ensure that they are linked to increasing attendance and handle as well as the benefits the Industry contributes to the Provincial economy particularly in Agriculture and rural communities. HRA will partner with Alberta racetracks and horsemen/women on the marketing of live racing and special event programs that drive attendance and handle.
Live Television	The Industry will showcase the very popular Canadian Derby nationwide with a television partner.

www.thehorses.com	The 'thehorses.com' website will continue to assist industry stakeholders and the general public in providing regulatory, breeding, operational, marketing, and governance information on the industry website.
Pursue nontraditional horse racing partners in an effort to grow the prominence of the industry and influence public opinion of horse racing in the province.	Evaluate the success of our current partnerships and adjust accordingly.

RACETRACK LICENCING

"To promote the development of high quality off track betting facilities and racetracks for horses, fans, owners, and racing personnel."

The growth and solidification of our principle racing venues, is of utmost importance to the future of racing in Alberta. The industry has endorsed the evolution of racetracks into exciting multi-entertainment destinations.

BACKGROUND / EXPECTED RESULTS

High quality racing facilities are essential for the industry to optimize its potential.

In granting racetrack licenses and providing funding to racetracks in Alberta it is the intention of HRA to:

- Enable the market for pari-mutuel horse racing to mature and expand within the parameters of consumer demand and horse population. As such, the HRA will limit the number of 'A' racetrack licenses to two, which is the number we believe that the Alberta market can support.
- Require detailed long-term strategic business plans from racetrack licenses for both on and off site activities.
- Allocate and monitor funding to racetracks in a fair, equitable, and timely manner, based upon HRA approved business plan, taking into account the racetracks approved strategic business plans for the 2013 Racing season.

ACTION PLAN 2013 – 2015: RACE TRACK LICENSING

<i>Key Strategies</i>	<i>Operational Activities</i>
Grow the Simulcast market.	Review ways to position Alberta racing Live TV and Satellite broadcasting signal to be a more attractive commodity for the sale and exportation to other jurisdictions.
Work with all licensed tracks to assist them to develop an annual budget and business plan that will be used by HRA in the license review process.	Create a standard process and a template to be used for the review of current racetrack licenses.
Explore the introduction of additional gaming devices in those racetracks that have a REC gaming license, where warranted.	Consult with AGLC regarding the possibility of additional gaming devices.

BREED IMPROVEMENT PROGRAM

“Facilitate the growth of the breeding industry and the quality of racehorses bred in Alberta.”

The growth of the industry is largely dependent upon Alberta’s ability to market the horses sired by Alberta stallions, or of mares that deliver foals in Alberta.

BACKGROUND / EXPECTED RESULTS

HRA’s Breed Improvement Program is directed at enabling the production of high quality Alberta bred horses. HRA’s Breed Improvement Committee is responsible for strategic development of these programs.

Success within this sector takes time. Breeders require a five year horizon from the time of arranging for breeding until the racehorse has the opportunity to reach its full potential on the racetrack. The continued delays in developing a new ‘A’ racing facility in the Calgary market area has added challenges in achieving these goals.

ACTION PLAN 2013 – 2015: BREED IMPROVEMENT

- Continue to work with Alberta Agriculture and Rural Development, the Horse Industry Association of Alberta, Olds College, and the Universities of Alberta and Calgary in fostering research and health initiatives for the equine athlete.
- Continue to work with Alberta Agriculture and Rural Development in identifying equine health risks and potential areas that may require research.
- Review the purse component of breeding support programs for provincially bred and owned horses.

- Continue to improve the frequency and variety of educational / training options on such topics as marketing and sale preparation, increasing live foal percentages and disease control and prevention.
- Greater focus on the breeder sector to stem the drop in Alberta foal crop with bonus support for breeders and owners to be equal for Thoroughbreds.
- Direct resources to programs that encourage ownership of Alberta sired or foaled horses of all racing breeds.
- Reward performance that demonstrates the objective of improvement.
- Continue to encourage owners of retired race horses to further their careers in riding schools, dressage, jumping and polo.

Thoroughbreds (2013 forward): Breed Improvement

<i>Key Strategies</i>	<i>Operational Activities</i>
Review effectiveness of all existing programs.	Analyze data on mares bred, foals born and racing success. Over the next three years reward only the top 40% of performers.
Encourage ownership of Alberta bred horses.	Supply purse supplements to successfully competing Alberta breds.
Encourage excellence of breeding by paying only those who demonstrate the ability to compete in the top half of races in Alberta.	Reward performances that demonstrate the objective of improvement.
Highlight Alberta Breeding to improve the quality and value of the Alberta bred Thoroughbred.	Add a program element in 2013 that rewards Alberta breds that compete at high levels elsewhere in North America, support the Alberta Fall Classic, which is a day of stakes races that showcase the Alberta bred racehorse to the rest of the country.
Encourage purchase of Alberta bred yearlings at the Select Alberta Sale.	Support the Yearling Sales Stakes.
Support successful Alberta stallions.	Continue the performance based stallion bonuses.

Standardbreds (2013 forward): Breed Improvement

<i>Key Strategies</i>	<i>Operational Activities</i>
Direct resources to programs that encourage ownership of Alberta sired or foaled standardbreds.	Support bonuses to owners of 2 – 4 year old Alberta sired horses in all non-stakes races.
Support superior quality mares.	Maintain the Mare Bonus Program for foals sired by Alberta stallions.
Review effectiveness of existing programs.	Analyze the data on purse supplementation to ensure goals are being achieved.
Encourage purchase of Alberta bred or sired standardbreds at the Annual Yearling Sale and have proved that they can compete anywhere in North America.	The Annual Yearling Sale has attracted out of Province Buyer's.

Quarter Horses (2013 forward): Breed Improvement

<i>Key Strategies</i>	<i>Operational Activities</i>
Encourage the breeding of quality American Quarter Horse racing stock in Alberta.	Supply breeders' bonuses to successfully competing Alberta breds. In 2012, 7 out of 8 horses that qualified for the Canada Quarter Horse Cup Futurity were consigned to the 2011 AQHRA Annual Yearling Sale and 7 out of 8 were Alberta Bred. There were 18 horses that entered into the Canada Quarter Horse Cup Futurity Trials, and 13 of them were Alberta Bred. Of 182 Quarter Horse starters, 109 were Alberta Bred.
Prove Stallions standing in Alberta.	Continue the performance based stallion bonuses and the Sires Stakes Program for foals sired by Alberta Stallions.
Encourage growth in new ownership and investment in racing and breeding stock of Alberta bred horses.	Ensure a balance of racing opportunities between overnight races and stakes racing programs for Alberta breds at both the A and B racetracks.
Encourage purchase of yearlings at the Annual Quarter Horse sale.	Support the Canada Quarter Horse Cup Races. AQHRA had 46 Quarter Horses consigned to the 2012 Annual Yearling Sale and 42 of them were Alberta Bred. 15 out of 18 Award Winning Horses in 2011 were Alberta Bred.

Community Circuit (2013 forward): Breed Improvement

Continue to work with and provide resources to all breeds at the community racetracks and horse associations. Regardless of where Alberta-breds race in Alberta, Northlands or Community Tracks, they are supported through the Breed Improvement Program. Bonuses are paid based on total purse monies earned by Alberta-breds in all races at all race tracks in Alberta.

REGULATORY

“Enhance and foster integrity and ethical conduct as a foundation for all aspects of the horse racing industry in Alberta.”

BACKGROUND / EXPECTED RESULTS

Racing integrity and the protection of the public interest are essential to the further development of the industry and central to HRA’s mission. HRA is continuing to enhance a regulatory and compliance framework that is just, reasonable, efficient, and consistent.

In accordance with the *Horse Racing Alberta Act*, the mandated objectives of the HRA are:

- To govern, direct, control, regulate, manage, market and promote horse racing in any or all of its forms;
- To protect the health, safety and welfare of racehorses and, with respect to horse racing, the safety and welfare of racing participants and racing officials; and
- To safeguard the interests of the general public in horse racing.

ACTION PLAN 2013 – 2015: REGULATORY

<i>Key Strategies</i>	<i>Operational Activities</i>
Continue to be a full participant in the discussions with other provincial regulators and CPMA regarding roles and responsibilities in the Equine Drug Control Program.	Continue vigilant drug testing.
Succession planning for all regulatory personnel.	Ongoing.
The Rules Governing Horse Racing in Alberta were last revised in 2008. A new edition is considered in this business plan.	All Rules must be re-gazetted before coming into force. This is in progress. All rules will be gazetted before coming into force, April 30, 2013

HUMAN RESOURCE DEVELOPMENT

"Facilitate the education, training, and well-being of individuals involved in Alberta's horse racing industry."

BACKGROUND / EXPECTED RESULTS

HRA has been proactive in addressing human resource issues by improving conditions for its employees and increasing the available pool of qualified personnel. The industry has some unique needs and the hours of work differ from those in most other sectors. In partnership with horsemen's organizations, racing industry solutions will address human resource needs and improve the quality of life for its employees. Many of the programs are directed towards personnel who work and sometimes live at the track.

ACTION PLAN 2013 – 2015 (PROGRAMS): HUMAN RESOURCES

<i>Key Strategies</i>	<i>Operational Activities</i>
Operate on site Learning Centre. Provide safe learning environment.	Encourage backstretch personnel to access learning opportunities. Provide access to computers and on-site instruction.
Research and develop training programs to address the severe shortage of qualified personnel. OUTCOMES Number of students graduated from Groom School 2010 -2012 was 28. 18 still working in the industry. Retention rate – 64%. Number of students graduated from Exercise Rider School 2010-2012 was 31. 18 still working in the industry. Retention rate – 58%.	Continue the Exercise Rider/Jockey School as a partnership between HRA and Olds College. Continue the Groom School in partnership with Olds College. Develop a Barn Manager/Assistant Trainer Program. This Program is at the third stage.
Offer on-site counseling services to all backstretch personnel.	Continue to provide on-site counseling to those suffering from addiction and substance abuse. Referral services to all programs available through Alberta Health Services are also provided, along with information and education.
Temporary Foreign Worker Program OUTCOMES 107 Foreign Workers were brought into Alberta in 2012 to work in the horse racing industry.	Act as third party representative with Service Canada and facilitate all applications for foreign workers. Network and develop contacts with Service Canada and Canada Immigration.

HRA Backstretch Foundation/Not For Profit Society – established June 2012. OUTCOMES Between 2011–2012, conducted 9 Memorial Services.	Explore various avenues for the creation of a charitable model for the Backstretch Foundation. Continue to offer Benevolence to those in need. Memorial Services to those who have lost a loved one. Organize social events to strengthen sense of community. Advocate for all backstretch personnel.
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ANIMAL WELFARE

“Promote and encourage continuous improvement in the industry’s animal welfare practices.”

Protecting “the health, safety, and welfare of racehorses” is one of the legislated objectives of HRA. In reality, equines are treated and looked after very well. Despite this, public perception is often to the contrary, primarily due to publicized issues of poor treatment of animals. This mandate has become increasingly important with media reports of injuries to horses at major international racing events.

BACKGROUND / EXPECTED RESULTS

HRA and other stakeholders must continue to work to ensure that the industry and the public have confidence that Alberta racehorses and breeding stock are treated with respect and dignity. We will seek strategic partnerships with animal welfare organizations to enhance these endeavors.

An outstanding example of these partnerships is the Canadian Equine Centre of Innovation at Olds College. The centre of innovation incorporates leading-edge expertise, facilities, technology, and applied research to provide unique human resource solutions for the equine industry.

ACTION PLAN 2013 – 2015: ANIMAL WELFARE

<i>Key Strategies</i>	<i>Operational Activities</i>
Pursue opportunities to work with others to undertake joint education and research.	Continue the research grant to the Western School of Veterinary Medicine, based on specific research proposals. Enter into partnerships with the University of Alberta and the University of Calgary as appropriate.

<p>Identify and address animal welfare concerns.</p>	<p>Advise industry of any emerging disease threat.</p> <p>Have in place protocols for any emerging infectious disease.</p> <p>Work with racetrack management to assist them with design and upkeep of their facilities in order to ensure the health and safety of horses.</p> <p>Review the multi-location plan for investigating the cause of death of any horse that dies at an Alberta racetrack.</p>
<p>Monitor data provided by the racetrack veterinarians.</p>	<p>Analyze available data on injuries to horses and look for trends.</p> <p>Analyze racing surfaces to ensure an appropriate cost / benefit ratio if installed at Alberta tracks.</p>
<p>Improve horsemanship and animal welfare through education.</p>	<p>Continue to provide educational seminars on fire prevention and safety at racetracks and breeding farms.</p> <p>Working with licensed racetracks, ensure that attainment of a fire safety certificate is a prerequisite for obtaining a groom or trainer license.</p> <p>Work towards better education and ensure proper testing in order to minimize potential drug abuse in racehorses.</p> <p>Work with other agencies to develop seminars for horsemen related to animal upkeep and welfare (i.e., farrier, medication, and vaccination programs).</p>
<p>Ensure racetrack safety.</p>	<p>Work towards ensuring there is an equine emergency care facility at each racetrack.</p> <p>Research ways to reduce catastrophic injuries through education and increasing race surface standards at all tracks.</p> <p>Continue to enforce HRA's rules, policies, and procedures designed to maximize the safety of racehorses during training and competitions.</p> <p>Meet with animal welfare agencies to review the work being done at racetracks to ensure the welfare of the horse population.</p>

PURSES

“Manage and maximize purses, based on revenues available, to stimulate the overall activity, and investment in the industry.”

Purse structure forms the basis for all aspects of the participation and investment in live horse racing. Purses ultimately determine the quality of the horses, racing at all horse racetracks, which then directly determines the revenues that may be potentially generated.

BACKGROUND / EXPECTED RESULTS

The purse structure in Alberta must be aggressive, significant, and sustainable. This will provide commitment to the fiscal viability for those investing and participating in horse racing and allows these industry participants to plan for the long term. The result of this strategy should be:

- A more vibrant horse breeding and racing industry in Alberta.
- A higher quality of racing for racing fans (improved quality of horses; larger and more competitive fields) which in turn may stimulate wagering.
- Consensus amongst the breeds that the purse allocations are fair and equitable.
- An increased number of racehorses and racehorse owners in Alberta.
- A greater possibility of race horse owners and breeders making a positive return on their investment.
- Attract appropriate numbers and sufficiently skilled jockeys and drivers.
- Ensure Alberta offers competitive purses especially as it relates to British Columbia.

The following is the HRA contributions to Purses (including actuals and projections) on the class 'A' track and community circuit from 2010 to the end of this Business Plan period:

Year	HRA Purse Grant	*Breed Improvement Program Breed Support	Total Purses
2010	\$11,165,182	\$3,931,038	\$15,096,220
2011	\$10,675,638	\$3,353,749	\$14,029,387
2012	\$10,694,596	\$3,366,000	\$14,060,596
2013	\$10,717,566	\$3,377,110	\$14,094,676
2014	\$10,717,566	\$3,444,652	\$14,162,218
2015	\$10,717,566	\$3,513,546	\$14,231,112

*Estimated money available from Breed Improvement Program.

ACTION PLAN 2013 – 2015: PURSES

<i>Key Strategies</i>	<i>Operational Activities</i>
Pursue a strategy for purse distribution during this period that sustains racing during continued transitional period.	Manage race dates with regards to available facilities, revenues, horsemen's negotiation, attractive racing product and increasing horse fields.
Communicate the rationale for purse grants and race date allocation.	Incorporate into HRA new "corporate" website and strategic Communications Plan.

KEY PERFORMANCE MEASURES

HRA recognizes the importance of monitoring performance. Specific key performance areas that can be measured and tracked have been selected to reflect the expected rejuvenation of the breeding, racing and entertainment sectors that occur as result of the proposed initiatives. These include:

Industry Confidence in HRA

In 2007 a survey, by an independent market research company, was conducted to determine industry confidence in HRA. 503 telephone interviews, approximately 10 minutes in duration on average, were conducted among a representation sample of Albertans 18+ years of age. Results are accurate within +/- 4.4%. The survey concluded the following:

- Albertans have a very positive view of horse racing and breed in the province, despite the fact that only a small minority actively attend, watch, or bet on the sport.
- Familiarity breeds respect: The more involved people are with horse racing, the more positive their attitudes and the more likely they are to support the Racing Industry Renewal Program.
- Programs such as Horse Racing Alberta's which generate attendance and viewership therefore have an important role in creating positive climate for the provincial government's support of the industry.

Industry confidence ultimately represents the perception of a fair equitable opportunity to be gainfully employed and potential profitability of racing. It is very much dependent on availability of facilities, purse structure and number of race days. All of these areas have been seriously challenged since 2008 to the present date. The level of uncertainty of race dates and the continued delay in the opening of the racing facility in the Calgary area continue to undermine industry's confidence in HRA.

An industry Stakeholder session in 2012 again emphasized the importance of gaining stakeholder confidence through certainty in race dates, transparency and improved communication.

Pari-Mutuel Handle

The pari-mutuel handle reflects fan interest in the industry as an entertainment opportunity and as an alternate wagering activity. It is dependent on the size of the pool of money available for distribution, education of potential bettors, and variety of wagers such as win, place, show, and exotic bets such as exactors, daily doubles, triactors, pick 6, pick 7. Industry emphasis must focus on improving live handle (money bet on the Alberta product), as well as the total handle which includes Foreign Full Card simulcast.

Racetrack Attendance

Racetrack attendance reflects on the success of marketing as well as the ability to compete as a major multifaceted entertainment option for the public. The physical layout of the tracks makes it difficult to accurately reflect the mix of fans attending the racing venues versus the other components of the facilities. Clearly on major race days the attendance at the overall facility dramatically increases.

Average Price at Select Yearly Sales

2012 sales showed improvement over 2011 for Thoroughbred.

Standardbred number of yearlings offered for sale showed improvement, however the average showed improvement for price was marginally down.

Performance Indicators

A wide spectrum of data will be collected for inclusion in the Annual Report and monitored by HRA to assess progress in implementing desired objectives. These include:

- Number of licenses issued
- Number of registered breeders
- Number of mares bred
- Live foal rate
- Documented animal welfare indicators
- Number of racehorse owners
- Number of racehorses owned by Alberta licensees

Industry Confidence in HRA	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Projection	2013 Target	2014 Target	2015 Target
Agreement that HRA helps stabilize, enhance and ensure the growth and integrity of the Alberta horse racing and breeding industry	83.00%	No Data	No Data	No Data	No Data	80%	85%	85%	85%	85%
Agreement that HRA is a leader in promoting and facilitating the growth, integrity and economic contribution of the Alberta horse racing and breeding industry	85.90%	No Data	No Data	No Data	No Data	80%	85%	85%	85%	85%
Pari-Mutuel Handle	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Projection	2013 Target	2014 Target	2015 Target
Alberta Racing Handle	\$41,297,125	\$36,877,066	\$31,050,73	\$19,874,589	\$18,353,866	\$15,551,510	\$15,342,969	\$15,496,399	\$15,728,845	\$15,964,777
Total Handle	\$171,196,862	\$180,308,474	\$182,458,310	\$158,336,427	\$151,747,286	\$149,403,744	\$146,364,809	\$147,828,457	\$150,045,884	\$152,296,572
Racetrack Attendance *	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Projection	2013 Target	2014 Target	2015 Target
Northlands	1,434,968	1,427,839	1,427,924	1,420,000	1,497,924	1,498,000	1,550,000	1,600,000	1,650,000	1,700,000
Calgary	197,423	154,085	63,779	0	0	0	0	0	0	0
Lethbridge	66,689	69,820	74,025	69,104	74,025	75,000	76,000	77,000	78,000	79,000
Grande Prairie	29,800	29,800	23,200	23,200	23,200	24,000	25,000	25,500	26,000	26,500
Millarville	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,200	5,400	5,600
Lacombe	0	0	0	3,840	3,840	4,300	4,800	5,300	5,800	6,300
Total	1,733,880	1,686,544	1,593,928	1,521,144	1,603,989	1,606,300	1,660,800	1,713,000	1,765,200	1,817,400
Yearling Sale (Not a measure in 2007)	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target	2015 Target
Thoroughbreds	11,143	11,016	9,300	8,138	5,389	8,469	8,560	8,600	8,800	9,000
Standardbreds	6,692	6,632	7,527	6,425	5,820	6,242	4,807	4,900	5,200	5,500
Quarterhorses	5,484	4,268	3,314	3,530	3,538	4,040	3,205	3,400	3,600	3,800

* Edmonton and Calgary figures are a year round total and the other tracks are for live race dates only.

Statement of Operations
Operational Data

	2010 Actual ¹	2011 Actual ¹	2012 Budget ²	2012 Forecast ³	2013 Budget ⁴	2014 Projections ⁵	2015 Projections ⁶
Handle 'A' Racing -Alberta Live & Simulcast	\$14,717,737	\$12,266,154	\$13,174,551	\$12,001,560	\$12,121,576	\$12,303,399	\$12,487,950
Handle 'A' Racing -Foreign Simulcast	\$97,434,897	\$98,293,742	\$100,731,178	\$88,630,400	\$89,516,704	\$90,859,455	\$92,222,346
Total Handle 'A' Racing	\$112,152,634	\$110,559,896	\$113,905,729	\$100,631,960	\$101,638,280	\$103,162,854	\$104,710,296
Handle HOT - Alberta Simulcast	\$2,199,135	\$1,787,720	\$1,864,691	\$1,800,200	\$1,818,202	\$1,845,475	\$1,873,157
Handle HOT - Foreign Simulcast	\$31,667,620	\$31,460,272	\$32,423,353	\$38,842,300	\$39,230,723	\$39,819,184	\$40,416,472
Total Handle HOT	\$33,866,755	\$33,247,992	\$34,288,044	\$40,642,500	\$41,048,925	\$41,664,659	\$42,289,629
Handle 'Community' Racing -Alberta Live & Simulcast	\$1,436,994	\$1,497,636	\$1,460,353	\$1,541,209	\$1,556,621	\$1,579,970	\$1,603,670
Handle 'Community' Track Racing -Foreign Simulcast	\$4,290,902	\$4,098,220	\$4,305,297	\$3,549,140	\$3,584,631	\$3,638,401	\$3,692,977
Total Handle 'Community' Racing	\$5,727,896	\$5,595,856	\$5,765,650	\$5,090,349	\$5,141,252	\$5,218,371	\$5,296,647
Handle All Tracks Racing -Alberta Live & Simulcast	\$18,353,867	\$15,551,510	\$16,499,595	\$15,342,969	\$15,496,399	\$15,728,844	\$15,964,777
Handle All Tracks Racing-Foreign Simulcast	\$133,393,419	\$133,852,234	\$137,459,828	\$131,021,840	\$132,332,058	\$134,317,040	\$136,331,795
Total Handle All Tracks Racing	\$151,747,286	\$149,403,744	\$153,959,423 ²	\$146,364,809 ³	\$147,828,457 ⁴	\$150,045,884 ⁵	\$152,296,572 ⁶
"A" Track HRA Purse Grant - overnights and stakes							
Thoroughbred - HRA Purse Grant	\$4,551,750	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141
Standardbred - HRA Purse Grant	\$1,961,051	\$1,399,187	\$3,442,142	\$1,893,000	\$1,859,548	\$1,859,548	\$1,859,548
Purse Grant-AQHRA Stakes Races at Edmonton	\$102,000	\$107,176	\$107,176	\$107,176	\$107,176	\$107,176	\$107,176
Total 'A' Track HRA Purse Grants	\$6,614,801	\$6,168,504	\$8,211,459	\$6,662,317	\$6,628,865	\$6,628,865	\$6,628,865
Purse Grant Lethbridge - Runners	\$1,342,913	\$1,126,540	\$1,126,540	\$1,126,540	\$1,126,540	\$1,126,540	\$1,126,540
Purse Grant Grande Prairie - Runners	\$722,500	\$521,343	\$563,270	\$540,739	\$563,270	\$563,270	\$563,270
Purse Grant Grande Prairie - Standardbred	\$453,320	\$0	\$0	\$0	\$0	\$0	\$0
Purse Grant Lacombe - Standardbred	\$2,006,649	\$2,834,251	\$791,297	\$2,340,000	\$2,373,891	\$2,373,891	\$2,373,891
Purse Grant Millarville - Runners	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Total Community HRA Purse Grants	\$4,550,382	\$4,507,134	\$2,506,107	\$4,032,279	\$4,088,701	\$4,088,701	\$4,088,701
Total HRA Purse Grants	\$11,165,182	\$10,675,638	\$10,717,566 ²	\$10,694,596 ³	\$10,717,566 ⁴	\$10,717,566 ⁵	\$10,717,566 ⁶
Scheduled Race Days Thoroughbred at 'A' tracks	84	81	84	84	84	84	84
Scheduled Race Days Standardbred at 'A' tracks	47	35	41	41	41	41	41
Scheduled Race Days Community Tracks	139	143	135	131	135	135	135
Total Scheduled Race Days	270	259	260	256	260	260	260

- 1 2010 and 2011 Actuals are based on HRA's audited financial statements in all instances in this document. Rural Hot contractual arrangements expired in 2009 and were re-allocated to Northlands Park. Contractual arrangements were made for the Calgary Urban Hot area. Subsequent years have been re-allocated. In 2011 the "B" track Standardbred meet moved from Grande Prairie to Lacombe and purses were adjusted accordingly.
- 2 2012 Budget as approved by HRA Board. Handle budgeted to increase by 1% over 2010 actuals. Purse budget for 2012 to remain at 2011 budget level. Purse allocations are pro-rated based 43.5% to Thoroughbreds, 39.5% to Standardbreds and 17% to Other Breeds. Purses for the "A" Standardbred meet were budgeted separate from the "B" meet.
- 3 The variances in the forecast for 2012 from the 2012 Budget are due to a projected 5% decrease in handle performance and a 1% increase in slot revenues based on slot performance through September 2012. Purses for Standardbred were adjusted between the "A" meet in Edmonton and the "B" meet in Lacombe.
- 4 For 2013 Handle is budgeted to increase by a modest 1%. Purse allocations to remain constant with the split for Standardbreds at the "A" and "B" meets to follow the same split as in 2012 forecast while the total remains the same.
- 5 Handle is projected to increase by 1.5% in 2014 and Purse Grants to remain constant.
- 6 In 2015 Handle is also projected to increase by a further 2% and Purse Grants continue to remain constant.

Statement of Operations

Financial Data

	2010	2011	2012	2012	2013	2014	2015
	Actual ¹	Actual ¹	Budget ²	Forecast ³	Budget ⁴	Projections ⁵	Projections ⁶
Revenue							
General Fee	\$7,587,406	\$7,455,381	\$7,694,971	\$7,317,710	\$7,391,423	\$7,502,294	\$7,614,829
Promotional Levy	\$575,929	\$566,625	\$588,665	\$559,805	\$565,444	\$573,926	\$582,534
Assessments / Licenses / Fines / Other	\$392,022	\$300,968	\$349,345	\$317,000	\$296,045	\$296,045	\$296,045
Gaming Agreement-Current Year ⁷	\$23,834,823	\$22,768,998	\$22,743,315	\$22,942,974	\$23,172,403	\$23,635,852	\$24,108,569
Deferred Revenue Recognition/Interest	\$1,935	\$4,816	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Total Revenue	\$32,392,115	\$31,096,788	\$31,381,296	\$31,142,489	\$31,430,315	\$32,013,116	\$32,606,977
Expenses							
HRA Purse Grant	\$11,165,182	\$10,675,638	\$10,717,566	\$10,694,596	\$10,717,566	\$10,717,566	\$10,717,566
Edmonton - HRA Racetrack Funding	\$9,296,481	\$8,600,447	\$8,633,412	\$8,498,821	\$8,583,810	\$8,755,486	\$8,930,596
Calgary/Urban HOT - HRA Racetrack Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lethbridge - HRA Racetrack Funding	\$1,155,057	\$1,098,103	\$1,079,358	\$1,137,129	\$1,148,501	\$1,171,471	\$1,194,900
Grande Prairie - HRA Racetrack Funding	\$798,734	\$726,048	\$677,026	\$871,453	\$880,167	\$911,170	\$943,061
Millarville - HRA Racetrack Funding	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Lacombe - HRA Racetrack Funding	\$503,117	\$1,040,000	\$1,200,000	\$1,170,000	\$1,170,000	\$1,170,000	\$1,170,000
Total Racetrack Funding ⁸	\$11,773,389	\$11,484,598	\$11,609,797	\$11,697,404	\$11,802,478	\$12,028,127	\$12,258,557
Contributions to Alta Racetrack Capital Fund ⁹	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0
Thoroughbred Breeding Support	\$2,517,946	\$2,253,628	\$2,294,000	\$2,294,000	\$2,294,000	\$2,339,880	\$2,386,678
Standardbred Breeding Support	\$1,526,431	\$1,266,000	\$1,266,000	\$1,266,000	\$1,266,000	\$1,291,320	\$1,317,147
Community Breeding Support	\$499,341	\$439,999	\$440,000	\$440,000	\$440,000	\$448,800	\$457,776
Total Breeding Support ¹⁰	\$4,543,717	\$3,959,627	\$4,000,000	\$4,000,000	\$4,000,000	\$4,080,000	\$4,161,600
Emerging Programs and Projects ¹¹	\$7,180	\$0	\$0	\$0	\$0	\$0	\$0
Human Resource Development	\$259,182	\$293,182	\$316,912	\$310,000	\$316,912	\$323,250	\$329,715
Broadcasting	\$398,869	\$141,402	\$140,000	\$140,000	\$130,000	\$132,600	\$135,252
Marketing at Racetracks	\$0	\$0	\$490,000	\$440,000	\$500,000	\$510,000	\$520,200
HRA Internal Marketing	\$217,735	\$151,886	\$150,000	\$150,000	\$200,000	\$204,000	\$208,080
Sponsorship/Major Event Promotions	\$5,000	\$135,340	\$200,000	\$200,000	\$0	\$0	\$0
Branding	\$261,509	\$519,945	\$200,000	\$200,000	\$0	\$0	\$0
Communication, Public and Media Relations	\$7,811	\$12,955	\$10,000	\$10,000	\$40,000	\$40,800	\$41,616
HOT Marketing Launch Program (Matching)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology Improvements/Website	\$90,319	\$40,411	\$80,000	\$80,000	\$150,000	\$153,000	\$156,060
Consumer Research	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Backstretch Social Programs	\$0	\$0	\$0	\$0	\$40,000	\$40,800	\$41,616
Public Service Announcements	\$78,435	\$45,584	\$80,000	\$80,000	\$250,000	\$255,000	\$260,100
Future Initiatives	\$68,557	\$0	\$0	\$0	\$40,000	\$40,800	\$41,616
Total Marketing and Promotion ¹²	\$1,148,235	\$1,047,522	\$1,350,000	\$1,300,000	\$1,350,000	\$1,377,000	\$1,404,540
Regulatory / Administration ¹³	\$3,322,134	\$3,000,338	\$3,215,546	\$3,209,611	\$3,072,289	\$3,133,735	\$3,196,409
Contingency ¹⁴	\$0	\$225,000	\$150,000	\$0	\$150,000	\$200,000	\$250,000
Total Expenses	\$32,269,019	\$30,685,905	\$31,359,820	\$31,211,610	\$31,409,245	\$31,859,678	\$32,318,388
Net Operating Result	\$123,097	\$410,883	\$21,476	(\$69,121)	\$21,071	\$153,439	\$288,589
Cumulative Surplus (Deficit), beginning of year	\$255,654	\$378,751	\$615,502	\$789,634	\$720,513	\$741,583	\$895,022
Accumulated Surplus, end of year	\$378,751	\$789,634	\$636,978	\$720,513	\$741,583	\$895,022	\$1,183,611
Contributions to Alta Racetrack Capital Fund ¹⁵	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0
Disbursements from Alberta Racetrack Capital Fund ¹⁵	(\$50,000)	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative Surplus from Previous Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative Alberta Race Track Capital Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0

7 Slot revenue declines by 4% in 2011 with a modest growth of 1% in 2012 over budget. Minimal increases of 1% budgeted for 2013 and 2% projected for next two years.

8 In 2010 Racetrack Funding Grants comprised of Pari-Mutuel Grants and Operating/Capital Grants. Commencing in 2011 all Grants are combined and are re-negotiated annually based on cost of racing.

9 In 2010 \$50,000 was reallocated to Lacombe from the ASHA purse account to assist with capital expenditures for first full year of operation.

10 In 2011 the total available for Breed Improvement is split 57.35% to Thoroughbred (both A and B tracks), 31.65% to Standardbred (both A and B tracks) and 11% to Other Breeds.

11 Funds for new and unforeseen but effective programs and projects that will move the horse racing industry forward. In 2010 only \$7,180 was used for Pick 6 in Lacombe. This Program was discontinued in 2011.

12 Marketing Budget will remain at the 2012 level with increases of 2% in both 2014 and 2015.

13 2011 saw decrease of 10% from 2010. The forecast for 2012 is consistent with budget with 2013 budget to remain the same. Increases of 2% projected for 2014 and 2015.

14 In 2011 a Contingency was introduced and each year is based on approximately .5% to 1% of projected revenue, if available.

15 Contributions to Capital Fund and Disbursements from Capital Fund were adjusted to balance out in years 2008 through 2010. Operating and Capital Grants have now been combined.

CONFIDENTIAL - Approved by the HRA Board October 18, 2012

HORSE RACING ALBERTA
Financial Projections 2013 to 2015

Handle:	2010 Actual ¹	2011 Actual ¹	2012 Budget ²	2012 Forecast ³	2013 Budget ⁴	2014 Projections ⁵	2015 Projections ⁶
Handle 'A' Track Racing -Alberta Live & Simulcast	\$14,717,737	\$12,266,154	\$13,174,551	\$12,001,560	\$12,121,576	\$12,303,399	\$12,487,950
Handle 'A' Track Racing -Foreign Simulcast	\$97,434,897	\$98,293,742	\$100,731,178	\$86,630,400	\$89,516,704	\$90,859,455	\$92,222,346
Total Handle 'A' Track Racing (Including Rural HOT'09)	\$112,152,634	\$110,559,896	\$113,905,729	\$100,631,960	\$101,638,280	\$103,162,854	\$104,710,297
Handle HOT (Calg Urban'09) - Alberta Simulcast	\$2,199,135	\$1,787,720	\$1,864,891	\$1,800,200	\$1,818,202	\$1,845,475	\$1,873,157
Handle HOT (Calg Urban'09) - Foreign Simulcast	\$31,667,620	\$31,460,272	\$32,423,353	\$36,842,300	\$39,230,723	\$39,819,184	\$40,416,472
Total Handle HOT (Calg Urban'09)	\$33,866,755	\$33,247,992	\$34,288,044	\$40,642,500	\$41,048,925	\$41,664,659	\$42,289,629
Handle 'Community' Track Racing -Alta Live & Simulcast	\$1,436,994	\$1,497,636	\$1,460,353	\$1,541,209	\$1,556,621	\$1,579,970	\$1,603,670
Handle 'Community' Track Racing -Foreign Simulcast	\$4,280,902	\$4,099,220	\$4,305,297	\$3,549,140	\$3,584,631	\$3,638,401	\$3,692,977
Total Handle 'Community' Track Racing	\$5,727,896	\$5,595,856	\$5,765,650	\$5,090,349	\$5,141,252	\$5,218,371	\$5,296,647
Handle All Tracks Racing -Alberta Live & Simulcast	\$18,353,866	\$15,551,510	\$16,499,595	\$15,342,989	\$15,496,399	\$15,728,845	\$15,964,777
Handle All Tracks Racing-Foreign Simulcast	\$133,393,419	\$133,862,234	\$137,459,828	\$131,021,840	\$132,332,058	\$134,317,039	\$136,331,795
Total Handle All Tracks Racing	\$151,747,286	\$149,403,744	\$153,959,423	\$146,364,809	\$147,828,457	\$150,045,884	\$152,296,572
		-1.64%	3.05%	-4.93%	1.00%	1.50%	1.50%
Purse Grant:							
"A" Track HRA Purse Grant - overnights and stakes							
Thoroughbred - HRA Purse Grant	\$4,551,750	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141
Standardbred - HRA Purse Grant	\$1,961,051	\$1,396,187	\$1,859,548	\$1,893,000	\$1,859,548	\$1,859,548	\$1,859,548
AQHRA Stakes Races	\$102,000	\$107,176	\$107,176	\$107,176	\$107,176	\$107,176	\$107,176
Total "A" Track HRA Purse Grant	\$6,614,801	\$6,168,504	\$6,628,865	\$6,662,317	\$6,628,865	\$6,628,865	\$6,628,865
Community - HRA Purse Grant							
Lethbridge Purse Grant	\$1,342,913	\$1,126,540	\$1,126,540	\$1,126,540	\$1,126,540	\$1,126,540	\$1,126,540
Grande Prairie Purse Grant - Runners	\$722,500	\$521,343	\$563,270	\$540,739	\$563,270	\$563,270	\$563,270
Grande Prairie Purse Grant - Standardbred	\$453,320	\$0	\$0	\$0	\$0	\$0	\$0
Lacombe Purse Grant	\$2,006,649	\$2,834,251	\$2,373,891	\$2,340,000	\$2,373,891	\$2,373,891	\$2,373,891
Millarville Purse Grant	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Community - HRA Purse Grants	\$4,550,381	\$4,507,134	\$4,088,701	\$4,032,278	\$4,088,701	\$4,088,701	\$4,088,701
Total - HRA Purse Grant	\$11,165,182	\$10,675,638	\$10,717,566	\$10,694,596	\$10,717,566	\$10,717,566	\$10,717,566
		-4.36%	0.39%	-0.21%	0.21%	0.00%	0.00%
Scheduled Race Days:							
Thoroughbred at 'A' tracks	84	81	84	84	84	84	84
Standardbred at 'A' tracks	47	35	47	41	47	47	47
Community Tracks	139	143	135	131	135	135	135
Total Scheduled Race Days	270	259	266	256	266	266	266

	2010 Actual ¹	2011 Actual ¹	2012 Budget ²	2012 Forecast ³	2013 Budget ⁴	2014 Projections ⁵	2015 Projections ⁵
	\$7,587,406	\$7,455,381	\$7,694,971	\$7,317,710	\$7,391,423	\$7,502,294	\$7,614,829
	\$575,929	\$586,625	\$588,865	\$559,805	\$585,444	\$573,926	\$582,534
	\$250,724	\$233,851	\$279,345	\$247,000	\$246,045	\$246,045	\$246,045
	\$141,298	\$87,117	\$70,000	\$70,000	\$50,000	\$50,000	\$50,000
	23,834,823	22,768,998	22,743,315	22,942,974	23,172,403	23,635,852	24,108,569
	\$1,935	\$4,816	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
	\$23,836,756	\$22,773,814	\$22,748,315	\$22,947,974	\$23,177,403	\$23,640,852	\$24,113,569
	\$32,392,115	\$31,096,788	\$31,381,296	\$31,142,489	\$31,430,315	\$32,013,116	\$32,606,977
	\$ 3,329,282	\$ 3,014,766	\$ 3,215,546	\$ 3,209,611	\$ 3,072,289	\$ 3,133,735	\$ 3,198,409
	\$11,773,389	\$11,484,598	\$11,609,797	\$11,697,404	\$11,802,478	\$12,028,127	\$ 12,258,557
	\$4,543,717	\$3,959,627	\$4,000,000	\$4,000,000	\$4,000,000	\$4,080,000	\$4,161,600
	\$1,148,235	\$1,047,522	\$1,350,000	\$1,300,000	\$1,350,000	\$1,377,000	\$1,404,540
	\$11,165,182	\$10,875,638	\$10,717,566	\$10,694,586	\$10,717,566	\$10,717,566	\$10,717,566
	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0
	\$7,180	\$0	\$0	\$0	\$0	\$0	\$0
	\$259,182	\$293,182	\$316,912	\$310,000	\$316,912	\$323,250	\$329,715
	\$0	\$225,000	\$150,000	\$0	\$150,000	\$200,000	\$250,000
	\$32,276,166	\$ 30,700,333	\$31,359,821	\$ 31,211,611	\$31,409,245	\$31,859,678	\$32,318,387
	\$115,949	\$396,455	\$21,476	(\$69,121)	\$21,071	\$153,439	\$298,589
	\$255,854	\$378,751	\$615,502	\$789,834	\$720,513	\$741,583	\$895,022
	\$7,148	\$14,428					
	\$378,751	\$789,634	\$636,978	\$720,513	\$741,583	\$895,022	\$1,183,611
	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0
	(\$50,000)	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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**HORSE RACING ALBERTA
Assumptions to Financial Projections 2013 to 2015**

1. 2010 and 2011 Actuals are based on HRA's audited financial statements in all instances in this document.
2. 2012 Budget as approved by HRA Board. A 1% increase in handle was budgeted over 2010 actuals resulting in a 3% increase over 2011 actuals. Purse allocations are pro-rated based on approved racing schedules at the tracks.
3. 2012 Forecast is based upon updated projections for slot revenues reflecting performance through August 2012. Slot revenue is forecast to be 1% over budget. Handle is forecast to decrease by approximately 5% from budget.
4. Both Handle and Slot Revenue are budgeted to increase by 1% in 2013. Regulatory and Administrative expenditures budgeted to decrease by approximately 4% due to the closure of the Calgary Office. Other overall program expenditures will remain constant. The Contingency will also remain at \$150,000. This was introduced in 2011 to meet revenue shortfalls and/or increases to expenses if necessary.
5. In 2014, Handle is projected to increase by 1.5% over 2013 and Slot Revenue is projected to increase by 2%. Most program expenses are projected to increase by approximately 2% also.
6. In 2015 Handle is projected to increase a further 2% and Slot Revenue by 2%. Most program expenses are projected to increase by 2% also.
7. General Fee is 5% of Handle. Promotional Levy is 0.6% of "feature" handle (any wager other than win-place-show), which is estimated at 63.75% of the total.
8. See Slot Revenue Projections on Page 7.
9. See Regulatory/Administration Projections on Page 9.
10. Racetrack Funding Grants comprise (a) Pari-Mutuel Grants and (b) additional general revenues made available by agreement. See Racetrack Funding Projections on Page 10 and notes thereto.
11. See Breed Improvement Program Projections on Page 8.
12. See Marketing and Promotion Projections on Page 11.
13. See HRA Purse Projections on Page 5.
14. See Alberta Racetrack Capital Fund Projections on Page 10. Established in 2004 to support significant new capital requests for infrastructure and capital projects. Beginning in 2010 Operating and Capital Grants were combined.
15. Funds for new and unforeseen but effective programs and projects that will move the horse racing industry forward.
16. Cumulative Surplus from HRA programs and operations is carried over from year to year. HRA's fiscal year-end is December 31.

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HORSE RACING ALBERTA Financial Projections 2013 to 2015

Risk Factors

Risk factors identified with the attainment of this Business Plan include:

1. Changes to government's current gaming policy that impact racing.
2. The 2013 budget and projections for 2014 and 2015 do not include a new racing facility in the Calgary area. Should there be any significant changes to this the Business Plan will have to be reviewed and amended accordingly.
3. Failure to achieve annual breeding and purse strategy targets could call into question the ability of HRA to provide a stable fiscal environment for the industry.
4. Failure of the Alberta horse racing industry to work together for the benefit of the industry as a whole.
5. Failure of HRA to be recognized as the single voice for the racing industry.
6. Underperformance of slot machines and/or overall provincial handle.
7. Competitive practices of other racing jurisdictions, particularly the introduction of electronic gaming devices on a substantial scale at British Columbia Racetracks. This could have a significant effect on Alberta's horse supply as well as the industry's ability to attract new owners and participants to the province if Alberta cannot remain competitive.
8. Competitive practices of other gaming and entertainment industries in Alberta.
9. The success of breeding programs is in part predicated on the desire of owners to race in Alberta. As such, the success of other strategies that relate to improving the quality of racing in Alberta (e.g. increased purses, the future of racing in Calgary, the timing of improvements to the racing infrastructure in Edmonton, etc.) are also critical to the further development of the breeding industry.
10. Other breeding risk factors include:
 - disease
 - economic conditions (e.g. further drought)
 - Insufficient quantity of proven stallions
 - Mare reproductive loss syndrome
11. Downturn in the provincial economy or in a provincial economic sector that has a direct influence on the Alberta horse racing and breeding industries.

The HRA Board is of the opinion that the above risk factors are adequately addressed by this business plan, and barring natural factors (drought, viruses) or a shift in government support to the racing renewal initiative as currently agreed to, these factors should not have any material effect. One potential exception is the BC electronic gaming device issue. The impacts of these machines will depend upon the number introduced and the amount of revenues returned to the BC racing industry.

HORSE RACING ALBERTA

Purse Projections 2013 to 2015 ¹

	2010 Actual	2011 Actual	2012 Budget	2012 Forecast	2013 Budget	2014 Projections	2015 Projections
HRA Purse Grant	\$11,165,182	\$10,675,838	\$10,717,566	\$10,694,596	\$10,717,566	\$10,717,566	\$10,717,566
		-4.38%	0.39%	-0.21%	0.21%	0.00%	0.00%
Race Days							
Edmonton Thoroughbred	84	81	85	81	84	84	84
Calgary Thoroughbred	0	0	0	0	0	0	0
Thoroughbred Sub-Total	84	81	85	81	84	84	84
Edmonton Standardbred	47	35	35	35	47	47	47
Lacombe Standardbred	0	55	60	55	40	40	40
Standardbred Sub-Total	47	90	95	90	87	87	87
Lethbridge	47	45	50	45	49	49	49
Grande Prairie	44	22	25	22	25	25	25
Lacombe	47	20	23	20	20	20	20
Millarville	1	1	1	1	1	1	1
Community Sub-Total	139	88	99	88	95	95	95
Total Race Days	270	259	279	259	266	266	266
"A" Track Projected Puruses							
Thoroughbred	\$4,551,750	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141
Total Thoroughbred Puruses	\$4,551,750	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141
AQHRA Stakes Races	\$102,000	\$107,176	\$107,176	\$107,176	\$107,176	\$107,176	\$107,176
Total AQHRA Stakes Races	\$102,000	\$107,176	\$107,176	\$107,176	\$107,176	\$107,176	\$107,176
Standardbred	\$1,961,051	\$1,399,187	\$1,859,548	\$1,893,000	\$1,859,548	\$1,859,548	\$1,859,548
Total Standardbred Puruses	\$1,961,051	\$1,399,187	\$1,859,548	\$1,893,000	\$1,859,548	\$1,859,548	\$1,859,548
Total "A" Track - HRA Purse Grant	\$6,614,801	\$6,168,504	\$6,628,865	\$6,662,317	\$6,628,865	\$6,628,865	\$6,628,865
Community Track Projected Puruses							
Lethbridge	\$1,342,913	\$1,126,540	\$1,126,540	\$1,126,540	\$1,126,540	\$1,126,540	\$1,126,540
Grande Prairie Runners	\$722,500	\$521,343	\$563,270	\$540,739	\$563,270	\$563,270	\$563,270
Grande Prairie Standardbred	\$453,320	\$0	\$0	\$0	\$0	\$0	\$0
Lacombe	\$2,006,849	\$2,834,251	\$2,373,891	\$2,340,000	\$2,373,891	\$2,373,891	\$2,373,891
Millarville	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Total Community - HRA Purse Grant	\$4,550,381	\$4,507,134	\$4,088,701	\$4,032,279	\$4,088,701	\$4,088,701	\$4,088,701
Total HRA Purse Grant	\$11,165,182	\$10,675,838	\$10,717,566	\$10,694,596	\$10,717,566	\$10,717,566	\$10,717,566

¹ The purse projections presented here are the anticipated minimum average purses for each category of racetrack. It does not imply that the purses at each individual racetrack will be the same. HRA will determine purses based on industry performance and requirements.

² For 2011 HRA purse allocations were reduced by 4%. Commencing in 2011 purse splits per breed were based on 43.5% to Thoroughbred, 39.5% to Standardbred and 17% to Other Breeds (Quarterhorse and Community Thoroughbred) of total HRA yearly purse allocation. Lacombe hosted both an "A" and "B" meet. Purse allocations are contingent upon HRA receiving sufficient funds from the Alberta Lottery Fund. The total amount of purse monies available to Standardbred was again combined to produce an overall daily purse allocation of \$35,877 per race day. Actual figures reflect cancelled race days.

³ For 2012 HRA purse allocations remain constant. Standardbred purses at Northlands Park are based on \$46,171 per race day and Alberta Downs at \$39,000 per race day.

⁴ 2012 actual reflects slight variation from budget due to cancelled race days.

⁵ Purse allocations remain constant for 2013 through 2015.

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**HORSE RACING ALBERTA
Race Days 2013 to 2015**

<i>Race Days</i>	2010 Actual	2011 Actual	2012 Budget	2012 Forecast	2013 Budget	2014 Projections	2015 Projections
Thoroughbred at 'A' tracks	84	81	84	84	84	84	84
Edmonton	84	81	84	84	84	84	84
Total Thoroughbred at 'A' tracks	84	81	84	84	84	84	84
Standardbred at 'A' tracks	47	35	47	41	47	47	47
Edmonton	47	35	47	41	47	47	47
Total Standardbred at 'A' tracks	47	35	47	41	47	47	47
Community Tracks	47	45	49	49	49	49	49
Lethbridge	47	45	49	49	49	49	49
Grande Prairie	44	22	25	24	25	25	25
Lacombe	47	75	60	57	60	60	60
Millarville	1	1	1	1	1	1	1
Total Community Tracks	139	143	135	131	135	135	135
Total Race Days	270	259	266	256	266	266	266

HORSE RACING ALBERTA

Slot Revenue Projections 2013 to 2015

SLOT REVENUE				
	2010 Actual	2011 Actual	2012 Budget	2012 Forecast
Calgary				
Northlands	35,755,697	33,399,795	33,600,000	33,005,132
Total "A" Tracks	35,755,697	33,399,795	33,600,000	33,005,132
Community				
Lethbridge	6,033,024	5,990,743	5,900,000	6,203,652
Grande Prairie	4,349,148	4,684,178	4,525,000	5,202,702
Millarville	-	-	-	-
Total Community	10,382,173	10,674,921	10,425,000	11,406,354
Total Slot Revenue	46,137,869	44,074,716	44,025,000	44,411,486
HRA share:				
51.66% share	23,834,823	22,768,998	22,743,315	22,942,974
Total HRA share	23,834,823	22,768,998	22,743,315	22,942,974
HRA SLOT REVENUE BY VENUE				
Calgary				
Northlands	18,471,393	17,254,334	17,357,760	17,050,451
Lethbridge	3,116,660	3,094,818	3,047,940	3,204,807
Grande Prairie	2,246,770	2,419,846	2,337,615	2,687,716
Total	23,834,823	22,768,998	22,743,315	22,942,974
			-0.11%	0.88%

HRA SLOT REVENUE BY VENUE

2010		2011		2012		2012		2013		2014		2015	
Actual		Actual		Budget		Forecast		Budget		Projections		Projections	
Number of Slot Machines													
Calgary	-	-	625	-	-	625	625	-	-	625	-	-	625
Edmonton	111	111	111	111	111	111	111	111	111	111	111	111	111
Grande Prairie	99	99	99	99	99	99	99	99	99	99	99	99	99
Total Slot Machines	835	835	835	835	835	835	835	835	835	835	835	835	835
Average Hourly Return per Machine													
Calgary	-	-	-	-	-	-	-	-	-	-	-	-	-
Edmonton	9.27	8.66	8.71	8.53	8.64	8.82	8.99	8.64	8.82	8.82	8.99	8.99	8.99
Lethbridge	10.45	10.38	10.43	10.68	10.85	11.07	11.29	10.85	11.07	11.07	11.29	11.29	11.29
Grande Prairie	8.05	8.67	8.37	9.60	9.72	9.92	10.11	9.72	9.92	9.92	10.11	10.11	10.11
Average Daily Return per Machine													
Calgary	-	-	-	-	-	-	-	-	-	-	-	-	-
Edmonton	157.60	147.22	148.07	145.01	146.88	149.87	152.87	146.88	149.87	149.87	152.87	152.87	152.87
Lethbridge	149.32	148.27	149.04	152.62	155.08	158.18	161.34	155.08	158.18	158.18	161.34	161.34	161.34
Grande Prairie	120.69	129.99	125.55	144.00	145.80	148.74	151.71	145.80	148.74	148.74	151.71	151.71	151.71

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**HORSE RACING ALBERTA
Breed Improvement Program 2013 to 2015**

		2010 Actual	2011 Actual	2012 Budget	2012 Forecast	2013 Budget	2014 Projections	2015 Projections
Breeding Support	TB	\$2,221,766	\$1,944,000	\$1,979,000	\$1,979,000	\$1,959,000	\$1,998,180	\$2,038,144
	SB	\$1,284,431	\$1,040,000	\$1,024,000	\$1,024,000	\$1,040,000	\$1,060,800	\$1,082,016
	Total	\$3,506,197	\$2,984,000	\$3,003,000	\$3,003,000	\$2,999,000	\$3,058,980	\$3,120,160
Association & Related Support	TB	\$296,180	\$309,628	\$315,000	\$315,000	\$335,000	\$341,700	\$348,534
	SB	\$242,000	\$226,000	\$242,000	\$242,000	\$226,000	\$230,520	\$235,130
	Total	\$538,180	\$535,628	\$557,000	\$557,000	\$561,000	\$572,220	\$583,664
Total "A" BIP		<u>\$4,044,376</u>	<u>\$3,519,628</u>	<u>\$3,560,000</u>	<u>\$3,560,000</u>	<u>\$3,560,000</u>	<u>\$3,631,200</u>	<u>\$3,703,824</u>
Community Breeding Support Community Association & Related Support Total Community BIP		\$424,841	\$369,749	\$363,000	\$363,000	\$378,110	\$385,672	\$393,386
		\$74,500	\$70,250	\$77,000	\$77,000	\$61,890	\$63,128	\$64,390
		\$499,341	\$439,999	\$440,000	\$440,000	\$440,000	\$448,800	\$457,776
Total BIP Expenses		<u>\$4,543,717</u>	<u>\$3,959,627</u>	<u>\$4,000,000</u>	<u>\$4,000,000</u>	<u>\$4,000,000</u>	<u>\$4,080,000</u>	<u>\$4,161,600</u>
					0.00%	0.00%	2.00%	2.00%

1 2013 overall Budget to remain at same level as 2012 with increase of 2% per year in both 2014 and 2015.

HORSE RACING ALBERTA
Racetrack Funding 2013 to 2015

Handle by Track	2010 Actual	2011 Actual	2012 Budget	2012 Forecast	2013 Budget	2014 Projections	2015 Projections
Edmonton	\$112,152,834	\$110,559,886	\$113,905,728	\$100,831,960	\$101,638,280	\$103,162,854	\$104,710,296
Calgary Urban HOT	\$33,866,755	\$33,247,992	\$34,288,044	\$40,642,500	\$41,048,925	\$41,664,658	\$42,289,628
Lethbridge	\$5,179,319	\$4,872,179	\$5,047,298	\$4,396,990	\$4,440,980	\$4,507,574	\$4,575,188
Grande Prairie	\$161,608	\$120,718	\$121,923	\$114,650	\$115,797	\$117,534	\$119,297
Lacombe	\$328,151	\$541,650	\$534,508	\$509,925	\$515,024	\$522,749	\$530,591
Millarville	\$58,816	\$61,309	\$61,922	\$68,784	\$69,472	\$70,514	\$71,572
	\$151,747,286	\$149,403,744	\$153,959,423	\$146,364,809	\$147,828,457	\$150,045,884	\$152,296,572
			1.03%	-4.83%	1.00%	1.50%	1.50%
Parl-Mutuel Grant							
Edmonton	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Calgary Urban HOT	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lethbridge	\$49,204	\$0	\$0	\$0	\$0	\$0	\$0
Grande Prairie	\$1,535	\$0	\$0	\$0	\$0	\$0	\$0
Lacombe	\$3,117	\$0	\$0	\$0	\$0	\$0	\$0
	\$53,856	\$0	\$0	\$0	\$0	\$0	\$0
Available to Racetracks from HRA Agreements							
Edmonton	\$9,296,481	\$8,600,447	\$8,633,413	\$8,498,821	\$8,583,810	\$8,755,486	\$8,930,596
Calgary Urban Hot	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lethbridge	\$1,105,853	\$1,098,103	\$1,079,358	\$1,137,129	\$1,148,501	\$1,171,471	\$1,194,900
Grande Prairie	\$797,199	\$726,048	\$677,026	\$871,453	\$880,167	\$911,170	\$943,061
Lacombe	\$600,000	\$1,040,000	\$1,200,000	\$1,170,000	\$1,170,000	\$1,170,000	\$1,170,000
Millarville	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
	\$11,719,533	\$11,484,598	\$11,609,797	\$11,697,404	\$11,802,478	\$12,028,127	\$12,258,557
	\$11,773,389	\$11,484,598	\$11,609,797	\$11,697,404	\$11,802,478	\$12,028,127	\$12,258,557
			1.09%	0.76%	0.90%	1.91%	1.92%
Total Racetrack Funding							
Alberta Capital Fund							
Contributions to Capital Fund							
Northlands	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lethbridge	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grande Prairie	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lacombe	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0
	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0
Total Contributions to Capital Fund ⁵							
Disbursements from Capital Fund ⁵							
Northlands	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lethbridge	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grande Prairie	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lacombe	-\$50,000	\$0	\$0	\$0	\$0	\$0	\$0
Total Disbursements from Capital Fund							
Current Year Surplus (Deficit)	-\$50,000	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative Surplus from Previous Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Racetrack Capital Fund Cumulative Total							

1 Beginning In 2010 Operating and Capital Grants have been combined. Northlands Park received 26% (all in), Lethbridge and Grande Prairie tracks received 18.33% (all in). For 2010 an operating grant was available to Lacombe based on \$10,000 per race day and an additional \$20,000 was allocated to Millarville to help with their one day meet.

2 In 2011 Northlands Park received 26.75% (all in) and Community tracks received between 13.33% to 18.33% (all in). For 2011 an operating grant was available to Lacombe based on 65 race days at \$16,000 per day and an additional \$20,000 was allocated to Millarville to help with their one day meet. Part-mutuel (Discretionary) Grants have been discontinued for all tracks.

3 2012 Budget based on 26.75% to Northlands Park, 18.33% to Lethbridge 13.33% to Grande Prairie, \$19,500 per race day to Lacombe and \$20,000 to Millarville.

4 Forecast for 2012 reflects increased slot play in Grande Prairie resulting in an estimate of 16.75% (based on sliding scale formula).

5 Budget for 2013 projects a 1% overall increase in slot performance resulting in Plerating Grant for Grande Prairie estimated at 16.75%.

6 For 2014-2015 grants are based on track requirements, slot performance and funds available. Northlands Park is projected at 25.75%, Lethbridge at 18.33% and Grande Prairie at 17 to 17.25%.

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**HORSE RACING ALBERTA
Marketing & Promotion 2013 to 2015**

	2010 Actual	2011 Actual	2012 Budget	2012 Forecast	2013 Budget	2014 Projections	2015 Projections
Broadcasting	\$398,869	\$141,402	\$140,000	\$140,000	\$130,000	\$132,600	\$135,252
Marketing Grants to Racetracks Northlands Park Calgary Lethbridge Grande Prairie Millarville							
Total:	\$0	\$0	\$490,000	\$440,000	\$500,000	\$510,000	\$520,200
HRA Internal Marketing	\$217,735	\$151,886	\$150,000	\$150,000	\$200,000	\$204,000	\$208,080
Sponsorship/Major Event Promotions	\$5,000	\$135,340	\$200,000	\$200,000	\$0	\$0	\$0
Branding	\$281,509	\$519,945	\$200,000	\$200,000	\$0	\$0	\$0
Communication, Public and Media Relations	\$7,811	\$12,955	\$10,000	\$10,000	\$40,000	\$40,800	\$41,616
HOT Marketing Launch Program (Matching)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology Improvements/Website	\$90,319	\$40,411	\$80,000	\$80,000	\$150,000	\$153,000	\$156,060
Backstretch Social Programs	\$0	\$0	\$0	\$0	\$40,000	\$40,800	\$41,616
Top Players Rewards (Matching)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public Service Announcements	\$78,435	\$45,584	\$80,000	\$80,000	\$250,000	\$255,000	\$260,100
Future Initiatives	\$68,557	\$0	\$0	\$0	\$40,000	\$40,800	\$41,616
Total HRA Marketing & Promotion Programs	\$1,148,235	\$1,047,522	\$1,350,000	\$1,300,000	\$1,350,000	\$1,377,000	\$1,404,540
				-3.70%	0.00%	2.00%	2.00%

¹ The 2012 Budget to remain constant for 2013.

² A 2% increase is projected over the next two years. The program budgets are allocated annually.

2013 APPROVED BUDGET - Confidential

Horse Racing Alberta
Budget - Summary
For Year ended December 31, 2013

	2011 Actual (\$)	2012 Budget (\$)	2012 Forecast (\$)	2013 Budget (\$)
Gross Handle (see Schedule 1)	\$149,403,744	\$153,959,423	\$146,364,809	\$147,828,457
Revenue				
General Fee	\$7,455,381	\$7,694,971	\$7,317,710	\$7,391,423
Promotional Levy	\$566,625	\$588,665	\$559,805	\$565,444
Assessments, Licenses & Fines (see Schedule 2)	\$233,851	\$279,345	\$247,000	\$246,045
Other (see Schedule 2)	\$67,117	\$70,000	\$70,000	\$50,000
Lottery Fund:				
Slot Revenue (see Schedule 1)	\$22,768,998	\$22,743,315	\$22,942,974	\$23,172,403
Interest	\$4,816	\$5,000	\$5,000	\$5,000
Lottery Fund Total	\$22,773,815	\$22,748,315	\$22,947,974	\$23,177,403
Total Revenue	\$31,096,788	\$31,381,296	\$31,142,489	\$31,430,315
Programs				
Purses (see Schedule 3)	\$10,675,638	\$10,717,566	\$10,694,596	\$10,717,566
Racetrack Funding (see Schedule 4)	\$11,484,598	\$11,609,797	\$11,697,404	\$11,802,478
Marketing & Promotion (see Schedule 5)	\$1,047,522	\$1,350,000	\$1,300,000	\$1,350,000
Breed Improvement Program (see Schedule 6)	\$3,959,627	\$4,000,000	\$4,000,000	\$4,000,000
Backstretch - Human Resource Dev.(see Schedule 7)	\$293,182	\$316,912	\$310,000	\$316,912
Animal Welfare (see Schedule 7)	\$20,000	\$33,400	\$21,000	\$26,000
Regulatory / Admin. (see Schedule 8)	\$2,994,766	\$3,182,146	\$3,188,611	\$3,046,289
Contingency	\$225,000	\$150,000	\$0	\$150,000
Total Program Expenditures	\$30,700,333	\$31,359,821	\$31,211,611	\$31,409,245
Annual Surplus / (Deficit)	\$396,455	\$21,476	(\$69,121)	\$21,070
Add: Cumulative Surplus from Previous Year	\$378,751	\$615,502	\$789,634	\$720,513
Change in Net Assets	\$14,428			
Cumulative Surplus/ (Deficit)	\$789,634	\$636,978	\$720,513	\$741,583

2013 APPROVED BUDGET - Confidential

Schedule 1

Horse Racing Alberta
Budget - Handle/Slot Revenue
For Year Ended December 31, 2013

	2011 Actual	2012 Budget	2012 Forecast	2013 Budget
HANDLE				
"A" Tracks				
Calgary (Urban HOT)	\$33,247,992	\$34,288,044	\$40,642,500	\$41,048,925
Edmonton	\$83,696,759	\$86,683,746	\$85,554,680	\$86,410,227
	\$116,944,751	\$120,971,790	\$126,197,180	\$127,459,152
HOT Handle (Rural HOT)	\$26,863,137	\$27,221,982	\$15,077,280	\$15,228,053
Total "A" Tracks	\$143,807,888	\$148,193,772	\$141,274,460	\$142,687,205
Community				
Lethbridge	\$4,872,179	\$5,047,298	\$4,396,990	\$4,440,960
Grande Prairie	\$120,718	\$121,923	\$114,650	\$115,797
Lacombe	\$541,650	\$534,508	\$509,925	\$515,024
Millarville	\$61,309	\$61,922	\$68,784	\$69,472
Total Community	\$5,595,856	\$5,765,651	\$5,090,349	\$5,141,252
Total Handle	\$149,403,744	\$153,959,423	\$146,364,809	\$147,828,457
SLOT REVENUE				
"A" TRACKS				
Calgary	\$0	\$0	\$0	\$0
HRA Share (36.66%)	\$0	\$0	\$0	\$0
Edmonton	\$33,399,795	\$33,600,000	\$33,005,132	\$33,335,183
HRA Share (51.66%)	\$17,254,334	\$17,357,760	\$17,050,451	\$17,220,956
Total HRA Share "A" Tracks	\$17,254,334	\$17,357,760	\$17,050,451	\$17,220,956
COMMUNITY				
Lethbridge	\$5,990,743	\$5,900,000	\$6,203,652	\$6,265,689
HRA Share (51.66%)	\$3,094,818	\$3,047,940	\$3,204,807	\$3,236,855
Grande Prairie	\$4,684,178	\$4,525,000	\$5,202,702	\$5,254,729
HRA Share (51.66%)	\$2,419,847	\$2,337,615	\$2,687,716	\$2,714,593
Total HRA Share Community	\$5,514,664	\$5,385,556	\$5,892,522	\$5,951,449
Total HRA Share for Province	\$22,768,998	\$22,743,315	\$22,942,974	\$23,172,403
Average Hourly Return per Machine				
Edmonton (625 machines)	8.66	8.71	8.53	8.64
Lethbridge (111 machines)	10.38	10.43	10.68	10.85
Grande Prairie (99 machines)	8.67	8.37	9.60	9.72
Average Daily Return per Machine				
Edmonton	147.22	148.07	145.01	146.88
Lethbridge	148.27	149.04	152.62	155.05
Grande Prairie	129.99	125.55	144.00	145.80

2013 APPROVED BUDGET - Confidential

Schedule 2

Horse Racing Alberta
Budget - Revenue Detail
For Year Ended December 31, 2013

	2011 Actual (\$)	2012 Budget (\$)	2012 Forecast (\$)	2013 Budget (\$)
Assessment, Licenses and Fines				
Assessments	\$91,075	\$132,345	\$95,600	\$96,045
Licenses	\$113,226	\$121,000	\$124,000	\$124,000
Fines	\$29,550	\$26,000	\$27,400	\$26,000
Total Assessments, Licenses & Fines	\$233,851	\$279,345	\$247,000	\$246,045
Other Revenue				
Interest	\$45,581	\$50,000	\$50,000	\$50,000
Miscellaneous	\$21,535	\$20,000	\$20,000	\$0
Total Other Revenue	\$67,117	\$70,000	\$70,000	\$50,000

2013 APPROVED BUDGET - Confidential

Schedule 3

Horse Racing Alberta
Budget - Purses
For Year Ended December 31, 2013

"A" Track Projected Purses	2011 Actual	2012 Budget	2012 Forecast	2013 Budget
Thoroughbred - HRA Purse Grant	(\$)	(\$)	(\$)	(\$)
Total Thoroughbred Purses	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141
	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141
AQHRA Stakes Races at Edm.- HRA Purse Grant	\$107,176	\$107,176	\$107,176	\$107,176
Total AQHRA Stakes Races at Edmonton	\$107,176	\$107,176	\$107,176	\$107,176
Standardbred - HRA Purse Grant	\$1,399,187	\$1,859,548	\$1,893,000	\$1,859,548
Total Standardbred Purses	\$1,399,187	\$1,859,548	\$1,893,000	\$1,859,548
Total "A" Track - HRA Purse Grant	\$6,168,504	\$6,628,865	\$6,662,317	\$6,628,865
Community Track Projected Purses				
Lethbridge (Runners) -HRA Purse Grant	\$1,126,540	\$1,126,540	\$1,126,540	\$1,126,540
Grande Prairie (Runners) - HRA Purse Grant	\$521,343	\$563,270	\$540,739	\$563,270
Lacombe (Standardbred) - HRA Purse Grant	\$2,834,251	\$2,373,891	\$2,340,000	\$2,373,891
Millarville - HRA Purse Grant	\$25,000	\$25,000	\$25,000	\$25,000
Total Community - HRA Purse Grant	\$4,507,134	\$4,088,701	\$4,032,279	\$4,088,701
Total HRA Purse Grant	\$10,675,638	\$10,717,566	\$10,694,596	\$10,717,566

2013 APPROVED BUDGET - Confidential

Schedule 4

Horse Racing Alberta Budget - Racetrack Funding For Year Ended December 31, 2013

	2011 Actual (\$)	2012 Budget (\$)	2012 Forecast (\$)	2013 Budget (\$)
Handle by Track				
Calgary Urban Hot	\$33,247,992	\$34,288,044	\$40,642,500	\$41,048,925
Edmonton	\$83,696,759	\$86,683,746	\$85,554,680	\$86,410,227
Rural HOT	\$26,863,137	\$27,221,982	\$15,077,280	\$15,228,053
Lethbridge	\$4,872,179	\$5,047,298	\$4,396,990	\$4,440,960
Grande Prairie	\$120,718	\$121,923	\$114,650	\$115,797
Lacombe	\$541,650	\$534,508	\$509,925	\$515,024
Millarville	\$61,309	\$61,922	\$68,784	\$69,472
Total Handle	\$149,403,744	\$153,959,423	\$146,364,809	\$147,828,457
HRA Operating / Capital Grants to Racetracks				
Calgary	\$0	\$0	\$0	\$0
Edmonton	\$8,600,447	\$8,633,412	\$8,498,822	\$8,583,810
Lethbridge	\$1,098,103	\$1,079,358	\$1,137,129	\$1,148,501
Grande Prairie	\$726,048	\$677,026	\$871,453	\$880,167
Lacombe	\$1,040,000	\$1,200,000	\$1,170,000	\$1,170,000
Millarville	\$20,000	\$20,000	\$20,000	\$20,000
Total HRA Grant for Racetrack Funding	\$11,484,598	\$11,609,797	\$11,697,404	\$11,802,478

2013 APPROVED BUDGET - Confidential

Schedule 5

Horse Racing Alberta
Budget - Marketing and Promotion
For Year Ended December 31, 2013

	2011 Actual (\$)	2012 Budget (\$)	2012 Forecast (\$)	2013 Budget (\$)
Broadcasting	\$141,402	\$140,000	\$140,000	\$130,000
Marketing Grants				
Northlands Park	\$0	\$0	\$0	\$0
Calgary Stampede	\$0	\$0	\$0	\$0
Lethbridge	\$0	\$0	\$0	\$0
Grande Prairie	\$0	\$0	\$0	\$0
Millarville	\$0	\$0	\$0	\$0
Total:	\$0	\$490,000	\$440,000	\$500,000
HRA Internal Marketing	\$151,886	\$150,000	\$150,000	\$200,000
Sponsorship/Major/Special Event Promotion	\$135,340	\$200,000	\$200,000	\$0
Branding	\$519,945	\$200,000	\$200,000	\$0
Communication, Public and Media Relations	\$12,955	\$10,000	\$10,000	\$40,000
HOT Marketing Launch Program (Matching)	\$0	\$0	\$0	\$0
Technology Improvements/Website	\$40,411	\$80,000	\$80,000	\$150,000
Backstretch Social Programs	\$0	\$0	\$0	\$40,000
Top Players Rewards (Matching)	\$0	\$0	\$0	\$0
Public Service Announcements	\$45,584	\$80,000	\$80,000	\$250,000
Future Initiatives	\$0	\$0	\$0	\$40,000
TOTAL MARKETING & PROMOTION	\$1,047,522	\$1,350,000	\$1,300,000	\$1,350,000

2013 APPROVED BUDGET - Confidential

Schedule 6

Horse Racing Alberta
Budget - Breed Improvement Programs
For Year Ended December 31, 2013

Breeding Support	2011 Actual (\$)	2012 Budget (\$)	2012 Forecast (\$)	2013 Budget (\$)
Thoroughbred	\$1,944,000	\$1,979,000	\$1,979,000	\$1,959,000
Standardbred	\$1,040,000	\$1,024,000	\$1,024,000	\$1,040,000
Total Breeding Support	\$2,984,000	\$3,003,000	\$3,003,000	\$2,999,000
Association Support				
Thoroughbred	\$309,628	\$315,000	\$315,000	\$335,000
Standardbred	\$226,000	\$242,000	\$242,000	\$226,000
Total Association Support	\$535,628	\$557,000	\$557,000	\$561,000
Total Major Breeding Support	\$3,519,628	\$3,560,000	\$3,560,000	\$3,560,000
Community (Other Breeds) Support				
Breeding Support	\$369,749	\$363,000	\$363,000	\$378,110
Association Support	\$70,250	\$77,000	\$77,000	\$61,890
Total Community Support	\$439,999	\$440,000	\$440,000	\$440,000
Total Breeding Support	\$3,959,627	\$4,000,000	\$4,000,000	\$4,000,000

2013 APPROVED BUDGET - Confidential

Schedule 7

Horse Racing Alberta
Budget - Backstretch Human Resource Development and Animal Welfare
For Year Ended December 31, 2013

Backstretch Human Resource Development

Scholarships
AQHRA Coordinator
Grooms Training Program
Exercise Rider Training Program
Other Initiatives *
Total Backstretch HR Development

2011 Actual (\$)
\$10,000
\$0
\$71,035
\$125,238
\$86,909
\$293,182

2012 Budget (\$)
\$16,000
\$0
\$75,500
\$135,000
\$90,412
\$316,912

2012 Forecast (\$)
\$16,000
\$0
\$76,759
\$134,702
\$82,539
\$310,000

2013 Budget (\$)
\$16,000
\$0
\$75,500
\$135,000
\$90,412
\$316,912

* 2012/2013 "Other Initiatives" Includes:

- . Astley Stakes
- . Daycare
- . Computer Literacy/Learning Centre/Education
- . Chaplaincy
- . Satellite costs
- . Trade Booths/Miscellaneous

2012
\$0
\$0
\$42,912
\$7,500
\$35,000
\$5,000
\$90,412

2013
\$0
\$0
\$42,912
\$7,500
\$35,000
\$5,000
\$90,412

Animal Welfare

Grant-Western School of Veterinary Medicine
Performance Standardbreds
Other Initiatives *
Total Animal Welfare

2011 Actual (\$)
\$20,000
\$20,000

2012 Budget (\$)
\$20,000
\$1,000
\$12,400
\$33,400

2011 Forecast (\$)
\$20,000
\$1,000
\$0
\$21,000

2013 Budget (\$)
\$20,000
\$1,000
\$5,000
\$26,000

* 2012/2013 "Other Initiatives" Includes:

- . Fire Prevention Training
- . Committee Meetings
- . Seminars/Emerging Programs

2012
\$0
\$2,400
\$10,000
\$12,400

2013
\$0
\$2,000
\$3,000
\$5,000

2013 APPROVED BUDGET - Confidential

Schedule 8

Horse Racing Alberta
Budget - Regulatory / Administration
For Year Ended December 31, 2013

	2011 Actual (\$)	2012 Budget (\$)	2012 Forecast (\$)	2013 Budget (\$)
Salaries and Benefits				
Salaries	\$1,439,195	\$1,609,908	\$1,553,587	\$1,423,749
Contractors	\$229,562	\$216,000	\$331,582	\$374,000
Benefits	\$154,203	\$195,000	\$165,000	\$168,000
Total Salaries and Benefits	\$1,822,960	\$2,020,908	\$2,050,169	\$1,965,749
Operating Expenses				
Travel - Regulatory & Administration	\$164,287	\$185,000	\$170,000	\$170,000
Travel - Board	\$35,900	\$25,000	\$18,500	\$20,000
Travel - Transition	\$0	\$0	\$0	\$0
Toxicology - Human	\$10,898	\$15,000	\$7,856	\$45,000
Toxicology - Equine	\$3,518	\$5,000	\$3,100	\$15,000
Photo Finish & Video Patrol	\$219,416	\$220,000	\$228,250	\$230,000
Appeal Tribunal	\$30,550	\$18,810	\$46,464	\$50,000
Postage & Courier	\$8,831	\$9,000	\$8,850	\$6,500
Advertising	\$9,095	\$10,000	\$0	\$10,000
Rent & Parking	\$204,027	\$216,635	\$205,550	\$140,000
Legal	\$36,328	\$53,328	\$21,423	\$32,000
Consulting	\$81,289	\$31,930	\$69,309	\$20,000
Audit	\$63,643	\$73,130	\$73,130	\$74,500
Telephone	\$42,351	\$43,610	\$43,610	\$38,000
Office Supplies	\$14,597	\$14,136	\$14,136	\$13,000
Office Equipment	\$12,938	\$14,626	\$14,626	\$11,000
Systems	\$90,357	\$90,000	\$89,000	\$72,000
Printing	\$4,061	\$17,863	\$10,248	\$11,000
Memberships & Subscriptions	\$19,739	\$18,540	\$18,540	\$18,540
Insurance	\$31,534	\$34,980	\$30,529	\$29,000
Meetings, Seminars & Conferences	\$5,514	\$10,000	\$4,050	\$10,000
Committee Expenses	\$0	\$4,950	\$1,100	\$3,000
Industry & Government Relations Committee	\$5,000	\$5,000	\$5,000	\$5,000
Racetrack Licensing Committee	\$101	\$4,000	\$1,000	\$3,000
Regulatory Committee	\$0	\$1,000	\$500	\$1,000
Amortization	\$14,427	\$13,700	\$12,800	\$13,000
Other	\$63,403	\$26,000	\$40,871	\$40,000
Total Operating Expenses	\$1,171,806	\$1,161,238	\$1,138,442	\$1,080,540
Total Administration Expenses	\$2,994,766	\$3,182,146	\$3,188,611	\$3,046,289