

May 22, 2014

Minister Doug Horner  
President of Treasury Board & Finance  
Room 423 Legislature Building  
Edmonton AB T5K 2B6

Dear Minister Horner:

As we have discussed verbally with your office, we are submitting a revised Business Plan for 2014 – 2016.

An unprecedented and dramatic drop in the 4<sup>th</sup> quarter revenue, primarily from Northlands Park's slots and handle saw HRA experience a deficit at the end of 2013. That deficit and an anticipated continued decline in the first quarter of 2014, (approximately 5%, although some improvement occurred) as well as a determination that it is unlikely Century Downs will be fully operational in the fourth quarter of 2014, necessitated a significant change in financial forecasts and program activity.

The HRA Board of Directors met with all industry stakeholders to determine the areas of reductions.

The final decision was an internal reduction of \$ 800,000, Breed Improvement \$ 200,000 and Purses \$1,800,000. for a total reduction of \$2.8 million dollars. The financials accompanying the revised Business Plan reflect this decision.

You will note that we have not adjusted 2015 and 2016. We will continue to monitor handle and slot numbers as well as progress at Century Downs and reflect any changes in 2015 –2017, in the Business Plan we submit to you on November 30<sup>th</sup> as per our agreement with Government.

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**CORPORATE OFFICE**

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While Century Downs shows \$8.50 per hour slot play and 45% anticipated increase in handle in 2015 – this may well need to be adjusted downward depending on opening date of track. We have not adjusted this in this document, however, we do anticipate a change in these figures on page 11, in the Business Plan we submit in November of this year.

Track Marketing Coop Partnership – reluctantly, our deteriorating financial position required a difficult decision to cancel this program.

This decision affects the Action Plan 2014 –16 Marketing and we are deleting the reference to partner with tracks on page 12.

Page 14 – Breed Improvement continue to have strong support and you will note in the financials that while funds to support Breed Improvement were reduced, that program was impacted at a lesser amount.

This decision does not impact the action items identified on page 16, however, the amount of support available is reduced.

Page 17 – Human Resource Development – You will note in the financials that the planned increase support for this area could not be sustained. The reduction maintains the assistance to this area that was provided in the 2013 budget.

Page 18 – Human Resource and Development – continuation of Temporary Foreign Worker Program.

We are re-evaluating our participation and reliance on the program to fill the need for experienced grooms and exercise rider program. We will be meeting with the Thoroughbred industry to determine the best course forward. We will continue to train in cooperation with Olds College but our strong economy makes it difficult to attract students.

Page 21 – Purses – this area felt the impact of our financial position most dramatically. It will be increasingly challenging to retain present breeders/owners or to attract new participants. The opening of Century Downs Racetrack and Casino will certainly help but it is expected that it will be a five year period before that impact is fully realized.

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Right now, it is the passion, determination, and commitment of the dedicated persons in our Industry that ensures that Alberta will continue to be a major player in Horseracing in Canada.

Thank you for your consideration of our revised Business Plan and for your continued support of the Horse Racing Industry in Alberta.

Sincerely,



Shirley McClellan  
CEO

cc: Honorable Verlyn Olson, Minister of Agriculture & Rural Development  
Ray Gilmour, Deputy Minister of Treasury Board & Finance  
Bill Robinson, Chief Executive Officer, AGLC  
Jason Krips, Deputy Minister, Agriculture & Rural Development  
HRA Board of Directors

## REVISED ACCOUNTABILITY STATEMENT

The Business Plan for the years commencing January 1, 2014 was prepared by management under my direction and reviewed by the Board of Directors. It reflects the realities of the 2014 Race Season and realistic expectations and assumptions for the following two years. Again, the advice of the Industry at our Industry Dialogue Session, held in Lethbridge and Northlands Park, has been incorporated in this three year plan.

The Original Plan submitted on November 30, 2013 envisioned that the 2014 Race Meet would see the addition of Century Downs Track in operation, in the last quarter of 2014 for Standardbred racing.

The Budget for 2014 and the two years out, incorporated Century Downs and envisioned expenditure areas to be consistent. It was noted that changes in the plan would occur if the Century Downs Track at Balzac was not available to race in 2014.

At present, it appears likely that Century Downs will be available for a short Standardbred Meet only in 2014, and as such, the Business Plan has been adjusted accordingly. The Business Plan reflects full operation at Century Downs in 2015.

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.

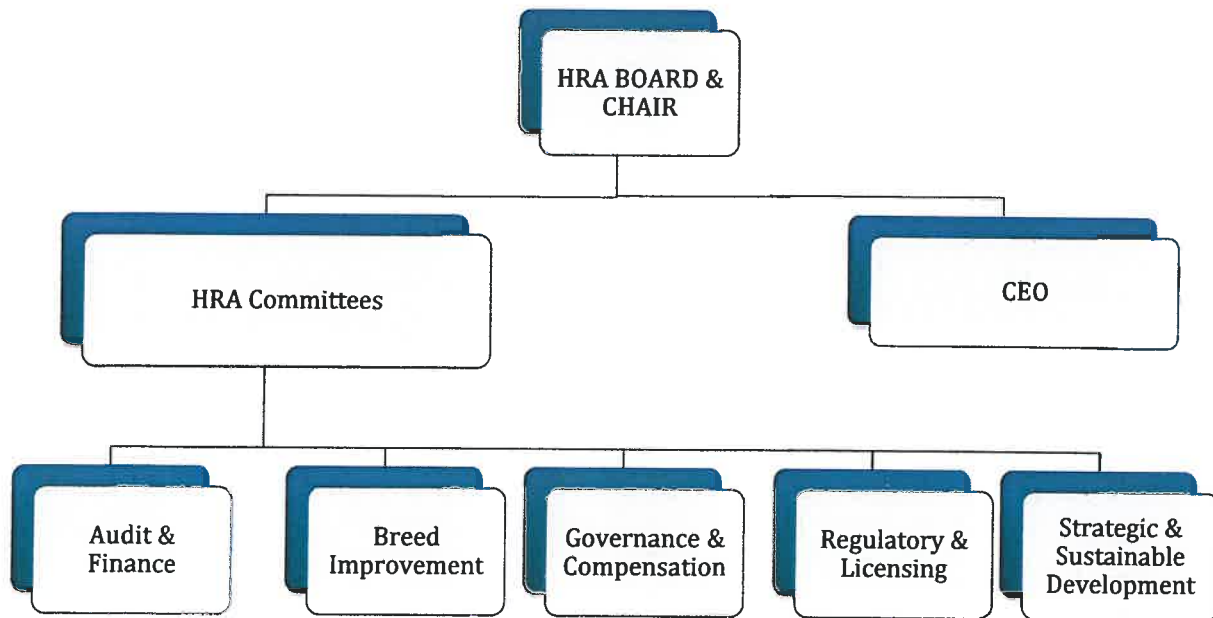
The role of the Chair is to provide direction to management in fulfilling HRA's mandate and carrying out the direction of the Board by ensuring the strategies and operational activities outlined in this Business Plan and the Act are pursued and achieved.

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.

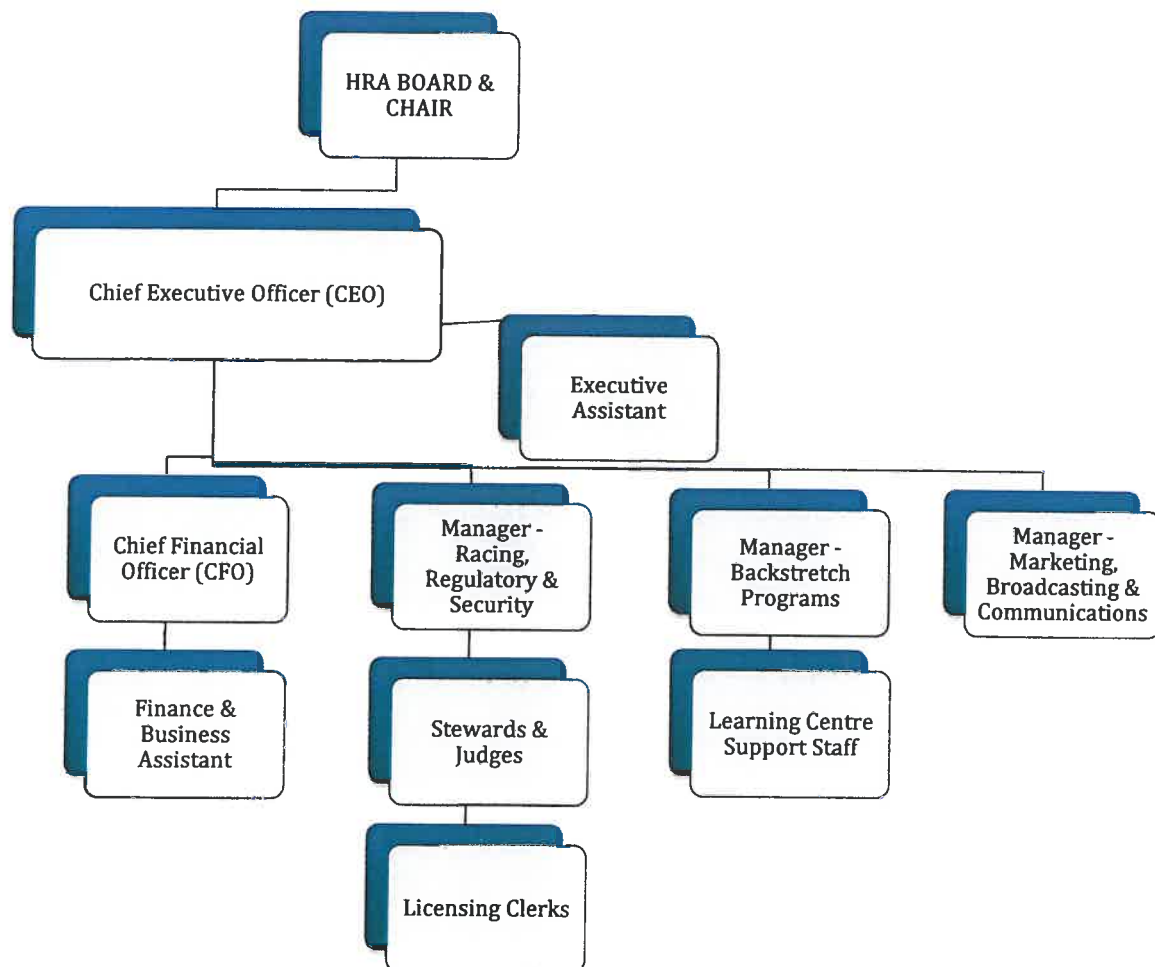
## Horse Racing Alberta Governance Structure



## 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.

To accomplish the above, two sessions with our Industry Partners were held. The first session was held at RMTC in Lethbridge in June, and the second at Northlands Park in August. Industry partners had an opportunity to present their views in a one on one session with the HRA Board.

Recurring themes from those sessions include: importance of the Calgary track, capital improvements needed at tracks; a Simulcast/OTB wagering model; Appeal processes; importance of the Breed Improvement Program to continue to grow quality; number of race days and purses and the extension of the agreement with government.

A review of the OTB/Simulcast was launched in late June. Interviews with Track operators involved in the system, Horsemen's Associations, operators of teletheatres and fans were accomplished either in person or the opportunity to provide written comment. All information was collated and reviewed by the Strategic & Sustainable Development Committee and through the Committee to the HRA Board. It was determined that this matter will be a matter for the Committee to bring resolution to in the first quarter of 2014.



## **STRATEGIC PRIORITIES 2014– 2016**

The HRA Board of Directors and Senior Staff participated in a Strategic session with a focus on the following areas:

### **Governance:**

- Review of the HRA Act
- Review of the MOU

### **Regulatory**

### **Financial**

- Track operations
- Purses
- Marketing
- Breed Improvement

### **Backstretch**

### **New and enhanced products**

- OTB's
- Mobile units
- New wagering products

Excellent discussions occurred in all the above areas and the 2014 Business Plan is built around the input from the sessions with Industry and the Strategic Planning session.

### **Critical Strategic Priority Areas**

#### **Marketing:**

Expand the use of PSA's, with a focus in the Southern market.

Provide Co-op marketing opportunities with all tracks.

Continue to expand the new Web Site to effectively deliver key information to Industry and Fans.

## **Revenues:**

- Evaluate ways to improve the returns to our *industry*
- Examine options for a new business model for the Simulcast/OTB system to maximize return.
- Work with AGLC with regard to new wagering products that are appropriate to Racing.

## **Tracks:**

- Continue to support the United Horsemen of Alberta in opening the track at Cross Iron Mills (Balzac)
- Encourage the various industry stakeholders to look to long term agreements to enhance stability and confidence in our industry
- Long term licensing
- 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, to 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: 2014 – 2016 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 2014 – 2016**

# **INDUSTRY & GOVERNMENT RELATIONS**

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“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, continued delay and uncertainty around a second 'A' track facility threatened this progress. However, we believe that 2014 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 2014 – 2016: 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, which would include the number of horses</p>

	<p>in each breed, number of farms involved in breeding, raising, and racing, and the economic benefits of the industry to the province. This project is in the planning stage and will be implemented in 2014.</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

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

### INTRODUCTION

The live horse racing and breeding industry in Alberta is as old as the province itself. For decades in Alberta, the racing industry enjoyed much success and strong growth. Over time the industry began to face many challenges, increased competition and changes. The competitive environment in which horse racing now finds itself is not uncommon.

### MARKETING GOALS AND OBJECTIVES

The 2014 marketing plan seeks to:

- Make Alberta Racing a priority
- Continues to raise the profile, awareness, and contributions of the Industry in Alberta
- Bridges the gap to the anticipated new Calgary racing facility

## **PUBLIC SERVICE ANNOUNCEMENTS**

A Public Service Announcement is a noncommercial message placed in the general public with the objective of raising awareness, providing education and information on value contributed by the racing industry to the province.

The 2014 Public Service Announcement (PSA) campaigns are designed to assist Albertans in understanding the contributions and economic impact that the horse racing and breeding industry contributes across the province. The PSAs also reinforce that the industry primarily earns its money through slot machines and contributes significantly to the Alberta Lottery Fund.

Horse Racing Alberta will once again strategically place PSAs on the 6:00pm News in 2014. The campaign will include an increased buy in the Calgary market, while maintaining buys in Lethbridge and Edmonton. Airtime will be purchased on CTV Alberta and Global Alberta. Two new spots will accompany the existing four that are currently running in Alberta. This campaign has proven highly effective in delivering key industry messages with significant return on investment.

## **TECHNOLOGY (WEBSITE)**

Horse Racing Alberta's industry website will continue to deliver racing information, regulatory activities, board and committee information, industry documents, regional racing reports and other industry documentation to racing fans and industry stakeholders.

## **INTERNAL MARKETING**

In an effort to maintain a corporate profile and create goodwill in the community, Horse Racing Alberta participates and sponsors various initiatives with traditional and non-traditional partners. These undertakings offer Horse Racing Alberta increased awareness and public exposure. Horse Racing Alberta will also continue to partner with industry stakeholders on various promotions and special events. Efforts in 2014 will seek out to expand partners by investigating other strategic alliances.

Examples of partnerships include: Canadian Finals Rodeo, TELUS World of Science, Innisfail Rodeo, Tim Horton's International Children's Festival, Whitemud Equine Learning Centre, Edmonton Humane Society, Universal Studios Canada, teletheatre and racetrack promotion and media sponsorships.

## **MEDIA/PUBLIC RELATIONS**

The objective of the PR and Media relations component will be to bolster marketing and promotional strategies, improve and maintain key relationships with stakeholders, media, industry partners and the general public. Horse Racing Alberta continues to follow the extensive Marcomm Works Communication Plan approved by the Board of Directors in 2011.

This allocation is designated for media hosting, various industry publications and awards ceremonies; and general public relations activities.

## **BRANDING**

In 2003, after extensive years of market research, Horse Racing Alberta took a bold step in launching “The Horses” Branding Campaign. In an effort to drive a new audience and increase handle, the branding campaign repositions live horse racing as entertainment to a defined target audience of 18 to 34 across the Province of Alberta. The successful campaign is clear, market research and strong creative properties that speaks to the demographic, and a strategic media buy (Gross Rating Points) that resonates with the target audience.

## **LIVE TELEVISION**

The Broadcasting initiative is designed to help position live horse racing as a mainstream sporting activity on television. In 2014, 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.

## **RISKS**

- Weather, the best of racing plans and promotions can be effected by weather,
- Maintaining top of mind awareness for live horse racing in a tough competitive market place
- Lost advertising weight levels and frequencies across the province for a fourth straight year resulting in reduced market place presence

## ACTION PLAN 2014 – 2016: MARKETING

<i>Key Strategies</i>	<i>Operational Activities</i>
Public Service Announcement Campaign	The industry's Public Service Announcement campaign has been successfully running in the Alberta marketplace for the last five years and will continue.
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 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.
<a href="http://www.thehorses.com">www.thehorses.com</a>	The 'thehorses.com' website will continue to assist industry stakeholders and the general public in providing regulatory, breeding, racing, 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 LICENSING

"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 2014 Racing season.

## ACTION PLAN 2014 – 2016: 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

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“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 2014 – 2016: 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.
- 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 (2014 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.	Evaluate a program element added in 2013 that rewarded Alberta bred horses 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 (2014 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 stakes and 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 (2014 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 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 bred horses at both the A and B racetracks.
Encourage purchase of yearlings at the Annual Quarter Horse sale.	Support the Canada Quarter Horse Cup Races.

### **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.

<b>Yearling Sale</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Target</b>	<b>2015 Target</b>	<b>2016 Target</b>
<b>Thoroughbreds</b>	8,138	5,389	8,469	8,560	8,342	8,500	9,000	9,500
<b>Standardbreds</b>	6,425	5,820	6,242	4,807	10,027	10,300	11,000	12,000
<b>Quarterhorses</b>	3,530	3,538	4,040	3,205	3,636	3,800	4,100	4,400

## **REGULATORY**

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"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 2014 – 2016: 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.	This is ongoing. Dr. Dale Gibson replaced the retired, Dr. Peter Martin. We will have a new security person for the Thoroughbreds in the spring. The accreditation and upgrading of all race track personnel is current and ongoing.
The revised Rules Governing Horse Racing in Alberta is now in use.	Keep upgrading rules as needed for the betterment and fairness of horse racing. Review of penalty guidelines for positive tests to see if any changes are needed.
New Members for the Appeal Tribunal	Work with the new members as to procedures to ensure appeals are heard in a more timely manner.

## HUMAN RESOURCE DEVELOPMENT

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“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 2014 – 2016 (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.  Promote our Groom School and Exercise Rider/Jockey School to attract students from other countries.  Number of students Graduated from Groom school 2012-2013 was 9  Number of students Graduated from Exercise Rider School 2012-2013 was 10	Continue the Exercise Rider/Jockey School as a partnership between HRA and Olds College. Expose our programs to the international racing community.  Scott Williams winning the sovereign award for leading apprentice jockey in Canada. Jennifer Reid also nominated in the same year both graduates of our Exercise Rider/Jockey School.  Amie Pooli riding in an international apprentice race in Abu Dhabi representing Canada as a graduate of Olds College/HRA Exercise Rider School on November 10 <sup>th</sup> 2013. Also upcoming races in Kentucky in April 2014 and France in June 2014.  Continue the Groom School in partnership with Olds College.  Develop a Barn Manager/ Assistant Trainer Program. This program is at the third stage, to develop the curriculum and implement the program would require a budget of \$70,000
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  Meet with HBPA and CTHS to determine strategy for 2015 race season applications to Temporary Foreign Worker Program.	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.	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

	<p>loved one.</p> <p>Counseling and referral services to those suffering from addiction and substance abuse.</p> <p>Organize social events to strengthen sense of community.</p> <p>Advocate for all backstretch personnel.</p>
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## ANIMAL WELFARE

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“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 2014 – 2016: ANIMAL WELFARE

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

Identify and address animal welfare concerns.	<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>
Monitor data provided by the racetrack veterinarians.	<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>
Improve horsemanship and animal welfare through education.	<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>
Ensure racetrack safety.	<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

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“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	\$10,663,936	\$3,368,750	\$14,032,686
2013	\$10,717,127	\$3,361,526	\$14,078,653
2014	\$8,917,566	\$3,246,410	\$12,163,976
2015	\$17,675,946	\$5,080,665	\$22,756,611
2016	\$18,029,465	\$5,283,892	\$23,313,357

\*Estimated money available from Breed Improvement Program.

## ACTION PLAN 2014 – 2016: PURSES

<i>Key Strategies</i>	<i>Operational Activities</i>
A strategy for purse distribution during this period that includes racing at Calgary Track the last quarter of 2014.	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 breeding 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 2013 again emphasized the importance of gaining stakeholder confidence through certainty in race dates, transparency and improved communication, the importance of the Breed Improvement Program to grow quality and the importance of a Calgary Track.

### **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**

2013 Thoroughbred sales were lower by \$217.00 for yearlings, however there were fewer buybacks and not solds compared to 2012. The 2013 sale topper went for \$50,000.

Standardbred number of yearlings offered was down from last year, however the average showed a marked increase.

### **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

**Statement of Operations**  
**Operational Data**

	2011 Actual <sup>1</sup>	2012 Actual <sup>1</sup>	2013 Budget <sup>2</sup>	2013 Actual <sup>3</sup>	2014 Budget <sup>4</sup>	2015 Projections <sup>5</sup>	2016 Projections <sup>6</sup>
Edmonton NLP - Alberta Live & Simulcast	\$12,266,154	\$10,995,048	\$11,328,580	\$9,550,250	\$9,932,260	\$11,041,400	\$11,151,814
Edmonton NLP - Foreign Simulcast	<u>\$98,293,742</u>	<u>\$73,071,858</u>	<u>\$75,288,470</u>	<u>\$71,589,503</u>	<u>\$74,453,082</u>	<u>\$73,379,907</u>	<u>\$74,113,706</u>
	\$110,559,896	\$84,066,906	\$86,617,050	\$81,139,753	\$84,385,342	\$84,421,307	\$85,265,520
Calgary UHA - Alberta Live & Simulcast						\$8,281,050	\$8,363,861
Calgary UHA - Foreign Simulcast						<u>\$55,034,930</u>	<u>\$55,585,279</u>
						\$63,315,980	\$63,949,140
North HOT - Alberta Live & Simulcast		\$630,559	\$649,688	\$652,797	\$470,014	\$721,804	\$729,022
North HOT - Foreign Simulcast		<u>\$13,636,278</u>	<u>\$14,049,930</u>	<u>\$18,195,004</u>	<u>\$13,100,403</u>	<u>\$15,609,473</u>	<u>\$15,765,567</u>
		\$14,266,837	\$14,699,618	\$18,847,801	\$13,570,417	\$16,331,276	\$16,494,589
South HOT - Alberta Live & Simulcast	\$1,787,720	\$1,704,156	\$1,755,850	\$1,482,644	\$1,452,991	\$1,143,848	\$1,155,287
South HOT - Foreign Simulcast	<u>\$31,460,272</u>	<u>\$38,207,110</u>	<u>\$39,366,111</u>	<u>\$30,991,122</u>	<u>\$30,371,300</u>	<u>\$25,645,053</u>	<u>\$25,901,503</u>
	\$33,247,992	\$39,911,266	\$41,121,961	\$32,473,766	\$31,824,291	\$26,788,901	\$27,056,790
Community Track Racing - Alberta Live & Simulcast	\$1,497,636	\$1,612,937	\$1,661,865	\$1,648,573	\$1,636,362	\$1,882,946	\$1,901,776
Community Track Racing - Foreign Simulcast	<u>\$4,098,220</u>	<u>\$3,618,207</u>	<u>\$3,727,964</u>	<u>\$4,272,756</u>	<u>\$4,204,392</u>	<u>\$4,292,378</u>	<u>\$4,335,302</u>
	\$5,595,856	\$5,231,144	\$5,389,829	\$5,921,329	\$5,840,754	\$6,175,324	\$6,237,077
Handle All Tracks Racing - Alberta Live & Simulcast	\$15,551,510	\$14,942,700	\$15,395,983	\$13,334,264	\$13,491,627	\$23,071,048	\$23,301,760
Handle All Tracks Racing - Foreign Simulcast	<u>\$133,852,234</u>	<u>\$128,533,453</u>	<u>\$132,432,475</u>	<u>\$125,048,385</u>	<u>\$122,129,177</u>	<u>\$173,961,741</u>	<u>\$175,701,357</u>
Total Handle All Tracks Racing	<u>\$149,403,744</u>	<u>\$143,476,153</u>	<u>\$147,828,457</u>	<u>\$138,382,649</u>	<u>\$135,620,804</u>	<u>\$197,032,789</u>	<u>\$199,003,116</u>
"A" Track HRA Purse Grant - overnights and stakes							
Thoroughbred - HRA Purse Grant	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141	\$3,680,941	\$7,689,036	\$7,842,816
Standardbred - HRA Purse Grant	\$1,399,187	\$1,893,000	\$1,859,548	\$1,693,000	\$1,365,873	\$5,982,000	\$6,101,640
Purse Grant-AQHRA Stakes Races at Edmonton	<u>\$107,176</u>	<u>\$107,176</u>	<u>\$107,176</u>	<u>\$107,176</u>	<u>\$107,176</u>	<u>\$175,474</u>	<u>\$178,983</u>
Total 'A' Track HRA Purse Grants	\$6,168,504	\$6,662,317	\$6,628,865	\$6,462,317	\$5,153,990	\$13,846,509	\$14,123,440
Purse Grant Lethbridge - Runners	\$1,126,540	\$1,126,540	\$1,126,540	\$1,126,540	\$1,126,540	\$1,858,791	\$1,895,967
Purse Grant Grande Prairie - Runners	\$521,343	\$510,078	\$563,270	\$563,270	\$563,270	\$929,396	\$947,983
Purse Grant Lacombe - Standardbred	\$2,834,251	\$2,340,000	\$2,373,891	\$2,540,000	\$2,048,766	\$1,000,000	\$1,020,000
Purse Grant Millarville - Runners	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$41,250</u>	<u>\$42,075</u>
Total Community HRA Purse Grants	\$4,507,134	\$4,001,618	\$4,088,701	\$4,254,810	\$3,763,576	\$3,829,437	\$3,906,025
Total HRA Purse Grants	<u>\$10,675,638</u>	<u>\$10,663,936</u>	<u>\$10,717,566</u>	<u>\$10,717,127</u>	<u>\$8,917,566</u>	<u>\$17,675,946</u>	<u>\$18,029,465</u>
Scheduled Race Days Thoroughbred at 'A' tracks	81	82	80	78	78	100	100
Scheduled Race Days Standardbred at 'A' tracks	35	41	37	35	46	100	100
Scheduled Race Days Community Tracks	<u>143</u>	<u>131</u>	<u>131</u>	<u>129</u>	<u>129</u>	<u>96</u>	<u>96</u>
Total Scheduled Race Days	<u>259</u>	<u>254</u>	<u>248</u>	<u>242</u>	<u>253</u>	<u>296</u>	<u>296</u>

1 2011 and 2012 Actuals are based on HRA's audited financial statements in all instances in this document. HOT contractual arrangements renegotiated in 2012.

2 2013 Budget as approved by HRA Board. Handle budgeted to increase by 3% over 2012 actuals. Purse budget for 2013 remains at 2012 budget level. Purse allocations are pro-rated based on 43.5% to Thoroughbreds, 39.5% to Standardbreds and 17% to Other Breeds.

3 The variances in the actual for 2013 compared to Budget are due to the decrease in both handle performance and slot revenues that dropped significantly in the later part of 2013. Various programs were reduced accordingly in an effort to keep Purses at level budgeted.

4 For 2014 overall revenue is budgeted to decrease by 4% due to declining trend in both handle and slot performance. Program expenditures were also reduced significantly. Purse allocations include a small standardbred meet at Century Downs in the fall or alternate location if required.

5 Handle is projected to increase by 45% in 2015 and Purse Grants by 98% due to Century Downs racetrack being operational for full year.

6 In 2016 Handle is also projected to increase by a further 1% and Purse Grants by 2% over previous year.

**Statement of Operations**  
**Financial Data**

	2011 Actual <sup>1</sup>	2012 Actual <sup>1</sup>	2013 Budget <sup>2</sup>	2013 Actual <sup>3</sup>	2014 Budget <sup>4</sup>	2015 Projections <sup>5</sup>	2015 Projections <sup>6</sup>
<b>Revenue</b>							
General Fee	\$7,455,381	\$7,173,795	\$7,395,074	\$6,919,132	\$6,781,040	\$9,851,639	\$9,950,156
Promotional Levy	\$566,625	\$544,464	\$565,723	\$525,908	\$518,750	\$753,650	\$761,187
Assessments / Licenses / Fines / Other	\$300,968	\$281,476	\$296,045	\$300,439	\$300,900	\$350,000	\$350,000
Gaming Agreement-Current Year <sup>7</sup>	\$22,768,998	\$22,859,468	\$23,172,403	\$21,324,627	\$20,304,440	\$39,213,273	\$40,486,776
Deferred Revenue Recognition/Interest	\$4,816	\$6,442	\$5,000	\$7,853	\$5,000	\$6,500	\$6,500
<b>Total Revenue</b>	<b>\$31,096,788</b>	<b>\$30,865,645</b>	<b>\$31,434,246</b>	<b>\$29,077,960</b>	<b>\$27,910,130</b>	<b>\$50,175,063</b>	<b>\$51,554,618</b>
<b>Expenses</b>							
HRA Purse Grant	\$10,675,638	\$10,663,936	\$10,717,566	\$10,717,127	\$8,917,566	\$17,675,946	\$18,029,465
Edmonton - HRA Racetrack Funding <sup>8</sup>	\$8,600,447	\$8,447,577	\$8,583,810	\$7,714,044	\$7,246,465	\$7,872,703	\$7,962,165
Edmonton - Standardbred Stabling					\$210,573		
Calgary - HRA Racetrack Funding	\$0	\$0	\$0	\$0	\$0	\$8,779,405	\$9,295,840
Lethbridge - HRA Racetrack Funding	\$1,098,103	\$1,165,736	\$1,148,501	\$1,182,712	\$1,153,574	\$1,181,091	\$1,192,732
Grande Prairie - HRA Racetrack Funding	\$726,048	\$838,861	\$880,167	\$791,214	\$791,214	\$767,134	\$774,918
Millarville - HRA Racetrack Funding	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$22,000	\$23,000
Lacombe - HRA Racetrack Funding	\$1,040,000	\$1,170,000	\$1,170,000	\$1,170,000	\$1,170,000	\$750,000	\$750,000
<b>Total Racetrack Funding<sup>9</sup></b>	<b>\$11,484,598</b>	<b>\$11,642,174</b>	<b>\$11,802,478</b>	<b>\$10,877,970</b>	<b>\$10,591,826</b>	<b>\$19,372,332</b>	<b>\$19,998,656</b>
Thoroughbred Breeding Support	\$2,253,628	\$2,271,739	\$2,294,000	\$2,273,990	\$2,170,220	\$3,449,400	\$3,587,376
Standardbred Breeding Support	\$1,266,000	\$1,247,052	\$1,266,000	\$1,258,776	\$1,184,580	\$1,882,800	\$1,958,112
Community Breeding Support	\$439,999	\$440,000	\$440,000	\$440,000	\$445,200	\$667,800	\$694,512
<b>Total Breeding Support<sup>10</sup></b>	<b>\$3,959,627</b>	<b>\$3,958,791</b>	<b>\$4,000,000</b>	<b>\$3,972,766</b>	<b>\$3,800,000</b>	<b>\$6,000,000</b>	<b>\$6,240,000</b>
Backstretch - Human Resource Development	\$293,182	\$301,911	\$316,912	\$306,884	\$323,000	\$488,045	\$497,806
Broadcasting	\$141,402	\$162,246	\$130,000	\$147,315	\$135,000	\$202,500	\$210,600
Marketing at Racetracks	\$0	\$498,963	\$500,000	\$488,550	\$0	\$352,500	\$366,600
HRA Internal Marketing	\$151,886	\$151,054	\$200,000	\$140,786	\$150,000	\$300,000	\$312,000
Sponsorship/Major Event Promotions	\$135,340	\$126,883	\$0	\$0	\$0	\$0	\$0
Branding	\$519,945	\$0	\$0	\$0	\$0	\$0	\$0
Communication, Public and Media Relations	\$12,955	\$8,551	\$40,000	\$13,307	\$40,000	\$60,000	\$62,400
Technology Improvements/Website	\$40,411	\$29,398	\$150,000	\$40,893	\$50,000	\$97,500	\$101,400
Backstretch Social Programs	\$0	\$0	\$40,000	\$24,727	\$15,000	\$60,000	\$62,400
Public Service Announcements	\$45,584	\$139,736	\$250,000	\$235,776	\$400,000	\$600,000	\$624,000
Future Initiatives	\$0	\$0	\$40,000	\$0	\$0	\$352,500	\$366,600
<b>Total Marketing and Promotion<sup>11</sup></b>	<b>\$1,047,522</b>	<b>\$1,116,830</b>	<b>\$1,350,000</b>	<b>\$1,091,353</b>	<b>\$790,000</b>	<b>\$2,025,000</b>	<b>\$2,106,000</b>
Regulatory / Administration <sup>12</sup>	\$3,000,338	\$3,329,226	\$3,072,289	\$3,076,620	\$3,054,825	\$3,802,890	\$3,955,006
Contingency <sup>13</sup>	\$225,000	\$0	\$150,000	\$0	\$0	\$500,000	\$500,000
<b>Total Expenses</b>	<b>\$30,685,905</b>	<b>\$31,012,868</b>	<b>\$31,409,245</b>	<b>\$30,042,720</b>	<b>\$27,477,217</b>	<b>\$49,864,213</b>	<b>\$51,326,932</b>
<b>Net Operating Result</b>	<b>\$410,883</b>	<b>-\$147,223</b>	<b>\$25,002</b>	<b>-\$964,760</b>	<b>\$432,913</b>	<b>\$310,850</b>	<b>\$227,686</b>
Cumulative Surplus (Deficit), beginning of year	\$378,751	\$789,634	\$720,513	\$642,411	-\$322,349	\$110,563	\$421,413
<b>Accumulated Surplus, end of year</b>	<b>\$789,634</b>	<b>\$642,411</b>	<b>\$745,515</b>	<b>-\$322,349</b>	<b>\$110,563</b>	<b>\$421,413</b>	<b>\$649,099</b>

7 Slot revenue remains constant for 2011 and 2012 followed by decline of 6.7% ( 8% from budget) in 2013 . A further decline is expected to take place in 2014. With the opening of the UHA racetrack a substantial increase is expected in 2015.

8 In 2014 additional support provided to ASHA for a share of the stabling costs at Northlands Park during the Standardbred Meet.

9 Operating Grants for Northlands Park, Rocky Mountain Turf Club and Evergreen Park are negotiated each year and based on slot performance. Daily operating costs for Lacombe and Millarville to increase in 2015 and 2016.

10 In 2013 reductions to the Breed Improvement and other Programs were made in an effort to meet shortfalls in revenue generation through Handle and Slots. For 2014 the split was revised for Thoroughbred and Standardbred in order to reduce program expenditures. Community Tracks remained constant. A 58% increase has been budgeted for 2015 with a further 4% increase in 2016.

11 Reductions were made to the Marketing Program in 2013 to meet revenue shortfalls. For 2014 the Marketing Budget was further reduced with increases of 156% in 2015 and a further 4% in 2016.

12 As in #10 and #11 reductions were made to Regulatory and Administration in 2013. A 1% decrease is budgeted for 2014, with a 24% increase in 2015 and a further 4% in 2016 due to the opening of the UHA track in Calgary.

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

# 2014 APPROVED BUDGET - Confidential

## Horse Racing Alberta Budget - Summary For Year ended December 31, 2014

	2012 Actual	2013 Budget	2013 Actual	2014 Budget
<b>Gross Handle (see Schedule 1)</b>	\$143,476,153	\$147,828,457	\$138,382,649	\$135,620,804 -2.04%
<b>Revenue</b>				
General Fee	\$7,173,795	\$7,395,074	\$6,919,132	\$6,781,040
Promotional Levy	\$544,464	\$565,723	\$525,908	\$518,750
Assessments, Licenses & Fines (see Schedule 2)	\$229,970	\$246,045	\$240,907	\$240,900
Other (see Schedule 2)	\$51,506	\$50,000	\$59,532	\$60,000
Lottery Fund:				
Slot Revenue (see Schedule 1)	\$22,859,468	\$23,172,403	\$21,324,627	\$20,304,440
Interest	\$6,442	\$5,000	\$7,853	\$5,000
Lottery Fund Total	\$22,865,910	\$23,177,403	\$21,332,480	\$20,309,440
<b>Total Revenue</b>	\$30,865,645	\$31,434,246	\$29,077,960	\$27,910,130
<b>Programs</b>				
Purses (see Schedule 3)	\$10,663,936	\$10,717,566	\$10,717,127	\$8,917,566
Racetrack Funding (see Schedule 4)	\$11,642,174	\$11,802,478	\$10,877,970	\$10,591,826
Marketing & Promotion (see Schedule 5)	\$1,116,830	\$1,350,000	\$1,091,353	\$790,000
Breed Improvement Program (see Schedule 6)	\$3,958,791	\$4,000,000	\$3,972,766	\$3,800,000
Backstretch - Human Resource Dev.(see Schedule 7)	\$301,911	\$316,912	\$306,884	\$323,000
Animal Welfare (see Schedule 7)	\$21,000	\$26,000	\$21,000	\$21,000
Regulatory / Admin. (see Schedule 8)	\$3,319,073	\$3,046,289	\$3,061,023	\$3,033,825
Contingency	\$0	\$150,000	\$0	\$0
<b>Total Program Expenditures</b>	\$31,023,715	\$31,409,245	\$30,048,123	\$27,477,217
<b>Annual Surplus / (Deficit)</b>	<b>(\$158,070)</b>	<b>\$25,002</b>	<b>(\$970,163)</b>	<b>\$432,913</b>
<b>Add: Cumulative Surplus from Previous Year</b>	<b>\$789,634</b>	<b>\$720,513</b>	<b>\$642,411</b>	<b>(\$322,349)</b>
<b>Change in Net Assets</b>	<b>\$10,847</b>		<b>\$5,403</b>	
<b>Cumulative Surplus/ (Deficit)</b>	<b>\$642,411</b>	<b>\$745,515</b>	<b>(\$322,349)</b>	<b>\$110,563</b>

# 2014 APPROVED BUDGET - Confidential

## Schedule 1

### Horse Racing Alberta Budget - Handle/Slot Revenue For Year Ended December 31, 2014

HANDLE "A" Tracks	2012 Actual	2013 Budget	2013 Actual	2014 Budget
Edmonton - NLP	\$84,066,906	\$86,617,049	\$81,139,753	\$84,385,344
North HOT (reclassified 2013)	\$14,266,837	\$14,699,618	\$18,847,801	\$13,570,417
Calgary - UHA				
South HOT (reclassified 2013)	\$39,911,266	\$41,121,961	\$32,473,765	\$31,824,290
Total "A" Tracks	\$138,245,009	\$142,438,628	\$132,461,319	\$129,780,050
Community				
Lethbridge	\$4,453,729	\$4,588,832	\$5,035,937	\$4,955,362
Grande Prairie	\$131,018	\$134,992	\$153,163	\$153,163
Lacombe	\$577,613	\$595,134	\$672,301	\$672,301
Millarville	\$68,784	\$70,871	\$59,928	\$59,928
Total Community	\$5,231,144	\$5,389,829	\$5,921,329	\$5,840,754
Total Handle	\$143,476,153	\$147,828,457	\$138,382,649	\$135,620,804
SLOT REVENUE "A" TRACKS				
Calgary	\$0	\$0	\$0	\$0
HRA Share (51.66%)	\$0	\$0	\$0	\$0
Edmonton	\$32,806,123	\$33,335,183	\$29,957,454	\$28,141,611
HRA Share (51.66%)	\$16,947,643	\$17,220,956	\$15,476,021	\$14,537,956
Total HRA Share "A" Tracks	\$16,947,643	\$17,220,956	\$15,476,021	\$14,537,956
COMMUNITY				
Lethbridge	\$6,359,714	\$6,265,689	\$6,452,332	\$6,293,367
HRA Share (51.66%)	\$3,285,428	\$3,236,855	\$3,333,275	\$3,251,153
Grande Prairie	\$5,084,004	\$5,254,729	\$4,869,012	\$4,869,012
HRA Share (51.66%)	\$2,626,397	\$2,714,593	\$2,515,331	\$2,515,331
Total HRA Share Community	\$5,911,825	\$5,951,449	\$5,848,606	\$5,766,485
Total HRA Share for Province	\$22,859,468	\$23,172,403	\$21,324,627	\$20,304,440
Average Hourly Return per Machine				
Edmonton (625 machines > 563 machines Aug 2013)	8.55	8.64	8.15	8.10
Calgary (650 machines - Oct-Dec 2014)				
Lethbridge (111 machines)	11.00	10.85	11.18	10.90
Grande Prairie (99 machines)	9.41	9.72	9.01	9.01
Average Daily Return per Machine				
Edmonton	145.40	146.88	138.50	137.70
Calgary				
Lethbridge	157.40	155.05	159.70	155.76
Grande Prairie	141.08	145.80	135.12	135.12

-5.02%

# **2014 APPROVED BUDGET - Confidential**

Schedule 2

## Horse Racing Alberta Budget - Revenue Detail For Year Ended December 31, 2014

	2012 Actual	2013 Budget	2013 Actual	2014 Budget
<b>Assessment, Licenses and Fines</b>				
Assessments	\$94,195	\$96,045	\$87,585	\$87,600
Licenses	\$100,375	\$124,000	\$110,310	\$110,300
Fines	\$35,400	\$26,000	\$43,012	\$43,000
<b>Total Assessments, Licenses &amp; Fines</b>	<b>\$229,970</b>	<b>\$246,045</b>	<b>\$240,907</b>	<b>\$240,900</b>
<b>Other Revenue</b>				
Interest	\$45,203	\$50,000	\$45,012	\$45,000
Miscellaneous	\$6,303	\$0	\$14,520	\$15,000
<b>Total Other Revenue</b>	<b>\$51,506</b>	<b>\$50,000</b>	<b>\$59,532</b>	<b>\$60,000</b>



# **2014 APPROVED BUDGET - Confidential**

Schedule 3

## **Horse Racing Alberta Budget - Purses For Year Ended December 31, 2014**

	2012 Actual	2013 Budget	2013 Actual	2014 Budget
"A" Track Projected Purses				
Thoroughbred - HRA Purse Grant	(\$) \$4,662,142	(\$) \$4,662,141	(\$) \$4,662,141	(\$) \$3,680,941
Total Thoroughbred Purses	\$4,662,142	\$4,662,141	\$4,662,141	\$3,680,941
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	\$1,893,000	\$1,859,548	\$1,693,000	\$1,365,873
Total Standardbred Purses	\$1,893,000	\$1,859,548	\$1,693,000	\$1,365,873
<b>Total "A" Track - HRA Purse Grant</b>	<b>\$6,662,318</b>	<b>\$6,628,865</b>	<b>\$6,462,317</b>	<b>\$5,153,990</b>
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	\$510,078	\$563,270	\$563,270	\$563,270
Lacombe (Standardbred) - HRA Purse Grant	\$2,340,000	\$2,373,891	\$2,540,000	\$2,048,766
Millarville - HRA Purse Grant	\$25,000	\$25,000	\$25,000	\$25,000
<b>Total Community - HRA Purse Grant</b>	<b>\$4,001,618</b>	<b>\$4,088,701</b>	<b>\$4,254,810</b>	<b>\$3,763,576</b>
<b>Total HRA Purse Grant</b>	<b>\$10,663,936</b>	<b>\$10,717,566</b>	<b>\$10,717,127</b>	<b>\$8,917,566</b>

# **2014 APPROVED BUDGET - Confidential**

Schedule 4

## **Horse Racing Alberta Budget - Racetrack Funding For Year Ended December 31, 2014**

Handle by Track	2012	2013	2013	2014
	Actual	Budget	Actual	Budget
	(\$)	(\$)	(\$)	(\$)
Edmonton - NLP	\$84,066,906	\$86,617,049	\$81,139,753	\$84,385,344
North HOT	\$14,266,837	\$14,699,618	\$18,847,801	\$13,570,417
Calgary - UHA				\$0
South HOT	\$39,911,266	\$41,121,961	\$32,473,765	\$31,824,290
Lethbridge	\$4,453,729	\$4,588,832	\$5,035,937	\$4,955,362
Grande Prairie	\$131,018	\$134,992	\$153,163	\$153,163
Lacombe	\$577,613	\$595,134	\$672,301	\$672,301
Millarville	\$68,784	\$70,871	\$59,928	\$59,928
Total Handle	\$143,476,153	\$147,828,457	\$138,382,649	\$135,620,804
HRA Operating / Capital Grants to Racetracks				
Edmonton	\$8,447,577	\$8,583,810	\$7,714,044	\$7,246,465
Edmonton (Standardbred Stabling)				\$210,573
Calgary	\$0	\$0	\$0	\$0
Lethbridge	\$1,165,736	\$1,148,501	\$1,182,712	\$1,153,574
Grande Prairie	\$838,861	\$880,167	\$791,214	\$791,214
Lacombe	\$1,170,000	\$1,170,000	\$1,170,000	\$1,170,000
Millarville	\$20,000	\$20,000	\$20,000	\$20,000
Total HRA Grant for Racetrack Funding	\$11,642,174	\$11,802,478	\$10,877,970	\$10,591,826

# 2014 APPROVED BUDGET - Confidential

## Horse Racing Alberta Budget - Marketing and Promotion For Year Ended December 31, 2014

Schedule 5

	2012 Actual	2013 Budget	2013 Actual	2014 Budget
Broadcasting	(\$) \$162,246	(\$) \$130,000	(\$) \$147,315	(\$) \$135,000
Marketing Grants (Co-op)				
Northlands Park	\$304,894	\$300,000	\$294,965	\$0
Alberta Downs	\$47,962	\$75,000	\$75,000	\$0
Lethbridge	\$97,000	\$75,000	\$73,000	\$0
Grande Prairie	\$39,391	\$38,000	\$35,585	\$0
Millarville	\$9,716	\$12,000	\$10,000	\$0
Total:	\$498,963	\$500,000	\$488,550	\$0
HRA Internal Marketing	\$151,054	\$200,000	\$140,786	\$150,000
Sponsorship/Major/Special Event Promotion	\$126,883	\$0	\$0	\$0
Branding	\$0	\$0	\$0	\$0
Communication, Public and Media Relations	\$8,551	\$40,000	\$13,307	\$40,000
HOT Marketing Launch Program (Matching)	\$0	\$0	\$0	\$0
Technology Improvements/Website	\$29,398	\$150,000	\$40,893	\$50,000
Backstretch Social Programs	\$0	\$40,000	\$24,727	\$15,000
Top Players Rewards (Matching)	\$0	\$0	\$0	\$0
Public Service Announcements	\$139,736	\$250,000	\$235,776	\$400,000
Contingency	\$0	\$40,000	\$0	\$0
<b>TOTAL MARKETING &amp; PROMOTION</b>	<b>\$1,116,830</b>	<b>\$1,350,000</b>	<b>\$1,091,353</b>	<b>\$790,000</b>

# 2014 APPROVED BUDGET - Confidential

Schedule 6

## Horse Racing Alberta Budget - Breed Improvement Programs For Year Ended December 31, 2014

	2012 Actual (\$)	2013 Budget (\$)	2013 Actual (\$)	2014 Budget (\$)
<b>Breeding Support</b>				
Thoroughbred	\$1,959,797	\$1,959,000	\$1,958,990	\$1,863,520
Standardbred	\$1,021,052	\$1,040,000	\$1,032,776	\$999,580
Total Breeding Support	\$2,980,849	\$2,999,000	\$2,991,766	\$2,863,100
<b>Association Support</b>				
Thoroughbred	\$311,942	\$335,000	\$315,000	\$306,700
Standardbred	\$226,000	\$226,000	\$226,000	\$185,000
Total Association Support	\$537,942	\$561,000	\$541,000	\$491,700
<b>Total Major Breeding Support</b>	<b>\$3,518,791</b>	<b>\$3,560,000</b>	<b>\$3,532,766</b>	<b>\$3,354,800</b>
<b>Community (Other Breeds) Support</b>				
Breeding Support	\$369,750	\$378,110	\$378,110	\$383,310
Association Support	\$70,250	\$61,890	\$61,890	\$61,890
Total Community Support	\$440,000	\$440,000	\$440,000	\$445,200
<b>Total Breeding Support</b>	<b>\$3,958,791</b>	<b>\$4,000,000</b>	<b>\$3,972,766</b>	<b>\$3,800,000</b>

# 2014 APPROVED BUDGET - Confidential

## Horse Racing Alberta

### Budget - Backstretch Human Resource Development and Animal Welfare For Year Ended December 31, 2014

Schedule 7

	2012	2013	2013	2014
	Actual	Budget	Actual	Budget
<b>Backstretch Human Resource Development</b>				
Scholarships				
AQHRA Coordinator	\$8,000	\$16,000	\$10,000	\$16,000
Grooms Training Program	\$0	\$0	\$0	\$0
Exercise Rider Training Program	\$69,973	\$75,500	\$73,496	\$75,000
Other Initiatives *	\$134,702	\$135,000	\$128,524	\$135,000
	\$89,235	\$90,412	\$94,864	\$97,000
<b>Total Backstretch HR Development</b>	<b>\$301,911</b>	<b>\$316,912</b>	<b>\$306,884</b>	<b>\$323,000</b>

\* 2013/2014 "Other Initiatives" Includes:

	2013	2014
• Astley Stakes	\$0	\$0
• Daycare	\$0	\$0
• Computer Literacy/Learning Centre/Education	\$52,460	\$52,500
• Chaplaincy	\$7,500	\$7,500
• Satellite costs	\$34,904	\$35,000
• Trade Booths/Miscellaneous	\$0	\$2,000
	<b>\$94,864</b>	<b>\$97,000</b>

	2012	2013	2013	2014
	Actual	Budget	Forecast	Budget
<b>Animal Welfare</b>				
Grant-Western School of Veterinary Medicine	\$20,000	\$20,000	\$20,000	\$20,000
Performance Standardbreds	\$1,000	\$1,000	\$1,000	\$1,000
Other Initiatives *		\$5,000	\$0	\$0
<b>Total Animal Welfare</b>	<b>\$21,000</b>	<b>\$26,000</b>	<b>\$21,000</b>	<b>\$21,000</b>

\* 2013/2014 "Other Initiatives" Includes:

	2013	2014
• Fire Prevention Training	\$0	\$0
• Committee Meetings	\$0	\$0
• Seminars/Emerging Programs	\$0	\$0
	<b>\$0</b>	<b>\$0</b>

# **2014 APPROVED BUDGET - Confidential**

Schedule 8

## **Horse Racing Alberta Budget - Regulatory / Administration For Year Ended December 31, 2014**

### **Salaries and Benefits**

Salaries	\$1,613,964
Contractors	\$315,671
Benefits	\$178,350
<b>Total Salaries and Benefits</b>	<b>\$2,107,985</b>

### **Operating Expenses**

Travel - Regulatory & Administration	\$174,325
Travel - Board	\$22,309
Toxicology - Human	\$6,068
Toxicology - Equine	\$401
Photo Finish & Video Patrol	\$235,678
Appeal Tribunal	\$57,818
Postage & Courier	\$8,812
Advertising	\$0
Rent & Parking	\$201,068
Legal	\$63,582
Consulting	\$87,324
Audit	\$70,687
Telephone	\$43,621
Office Supplies	\$14,215
Office Equipment	\$13,967
Systems	\$79,671
Printing	\$6,047
Memberships & Subscriptions	\$19,506
Insurance	\$30,542
Meetings, Seminars & Conferences	\$4,627
Committee Expenses	\$0
Industry & Government Relations Committee	\$6,256
Racetrack Licensing Committee	\$0
Regulatory Committee	\$0
Amortization	\$12,647
Other	\$51,917
<b>Total Operating Expenses</b>	<b>\$1,211,088</b>
<b>Total Administration Expenses</b>	<b>\$3,319,073</b>

### **2013 Budget**

	(\$)
	\$1,423,749
	\$374,000
	\$168,000
	<b>\$1,965,749</b>

### **2013 Actual**

	(\$)
	\$1,452,668
	\$353,077
	\$156,043
	<b>\$1,961,788</b>

### **2014 Budget**

	(\$)
	\$1,475,925
	\$340,000
	\$160,000
	<b>\$1,975,925</b>

	(\$)
	\$170,000
	\$20,000
	\$45,000
	\$15,000
	\$230,000
	\$50,000
	\$6,500
	\$10,000
	\$140,000
	\$32,000
	\$20,000
	\$74,500
	\$38,000
	\$13,000
	\$11,000
	\$72,000
	\$11,000
	\$18,540
	\$29,000
	\$10,000
	\$3,000
	\$5,000
	\$3,000
	\$1,000
	\$13,000
	\$40,000
	<b>\$1,080,540</b>
	<b>\$3,046,289</b>

	(\$)
	\$190,551
	\$20,730
	\$7,249
	\$1,600
	\$233,668
	\$36,618
	\$2,197
	\$0
	\$152,466
	\$45,781
	\$51,843
	\$69,949
	\$36,574
	\$10,782
	\$9,878
	\$77,753
	\$20,439
	\$19,707
	\$29,754
	\$6,555
	\$606
	\$6,299
	\$0
	\$0
	\$7,728
	\$60,507
	<b>\$1,099,234</b>
	<b>\$3,061,023</b>

	(\$)
	\$191,000
	\$21,000
	\$7,300
	\$1,600
	\$234,000
	\$37,000
	\$2,200
	\$0
	\$156,500
	\$45,000
	\$40,000
	\$70,000
	\$37,300
	\$11,000
	\$10,100
	\$79,300
	\$21,000
	\$20,000
	\$30,350
	\$6,700
	\$750
	\$6,300
	\$1,000
	\$500
	\$7,000
	\$21,000
	<b>\$1,057,900</b>
	<b>\$3,033,825</b>

**HORSE RACING ALBERTA  
Financial Projections 2014 to 2016**

	2011 Actual <sup>1</sup>	2012 Actual <sup>1</sup>	2013 Budget <sup>2</sup>	2013 Actual <sup>3</sup>	2014 Budget <sup>4</sup>	2015 Projections <sup>5</sup>	2016 Projections <sup>6</sup>
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Handle:  
Edmonton MLP - Alberta Live & Simulcast  
Edmonton MLP - Foreign Simulcast

\$12,266,154	\$10,995,048	\$11,328,580	\$9,550,250	\$9,832,260	\$11,041,400	\$11,151,814
\$98,293,742	\$73,071,858	\$75,288,470	\$71,589,503	\$74,453,082	\$73,379,907	\$74,113,708
\$110,559,896	\$84,066,906	\$86,617,048	\$81,139,753	\$84,385,342	\$84,421,307	\$85,265,520

Calgary UHA - Alberta Live & Simulcast  
Calgary UHA - Foreign Simulcast

	\$630,559	\$649,888	\$652,797	\$470,014	\$721,804	\$728,022
	\$13,636,278	\$14,049,930	\$18,195,004	\$13,100,403	\$15,609,473	\$15,765,568
	\$14,266,837	\$14,698,818	\$18,847,801	\$13,570,417	\$16,331,277	\$16,484,590

North HOT - Alberta Live & Simulcast  
North HOT - Foreign Simulcast

	\$1,704,156	\$1,755,850	\$1,482,644	\$1,452,991	\$1,143,848	\$1,155,286
	\$38,207,110	\$39,366,111	\$30,991,122	\$30,371,300	\$25,645,053	\$25,901,503
	\$39,911,266	\$41,121,961	\$32,473,766	\$31,824,291	\$26,788,901	\$27,056,790

South HOT - Alberta Live & Simulcast  
South HOT - Foreign Simulcast

\$1,787,720	\$1,704,156	\$1,755,850	\$1,482,644	\$1,452,991	\$1,143,848	\$1,155,286
\$31,460,272	\$38,207,110	\$39,366,111	\$30,991,122	\$30,371,300	\$25,645,053	\$25,901,503
\$33,247,992	\$39,911,266	\$41,121,961	\$32,473,766	\$31,824,291	\$26,788,901	\$27,056,790

Community Track Racing - Alta Live & Simulcast  
Community Track Racing - Foreign Simulcast

\$1,497,636	\$1,612,937	\$1,661,865	\$1,648,573	\$1,636,362	\$1,882,946	\$1,901,775
\$4,098,220	\$3,618,207	\$3,727,864	\$4,212,756	\$4,204,392	\$4,292,378	\$4,335,302
\$5,595,856	\$5,231,144	\$5,389,829	\$5,921,329	\$5,840,754	\$6,175,324	\$6,237,077

Handle All Tracks Racing - Alberta Live & Simulcast  
Handle All Tracks Racing - Foreign Simulcast  
Total Handle All Tracks Racing

\$15,551,510	\$14,942,700	\$15,395,983	\$13,334,264	\$13,481,827	\$23,071,048	\$23,391,758
\$133,852,234	\$128,533,453	\$132,432,475	\$125,048,385	\$122,129,177	\$173,961,740	\$175,701,357
\$149,403,744	\$143,476,163	\$147,828,457	\$138,382,649	\$135,620,804	\$197,032,788	\$199,003,116
	-4.13%	3.03%	-6.39%	-8.28%	45.28%	1.00%

**Purse Grant:**

"A" Track HRA Purse Grant - overnights and stakes

Thoroughbred - HRA Purse Grant  
Standardbred - HRA Purse Grant

\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141	\$3,660,941	\$7,689,036	\$7,642,816
\$1,399,187	\$1,893,000	\$1,859,548	\$1,693,000	\$1,365,873	\$5,982,000	\$6,101,640

AQHRA Stakes Races  
Total "A" Track HRA Purse Grant

\$107,176	\$107,176	\$107,176	\$107,176	\$107,176	\$175,474	\$178,983
\$6,168,504	\$6,662,317	\$6,628,685	\$6,462,317	\$5,153,990	\$13,846,509	\$14,123,439

Community - HRA Purse Grant

Leithbridge Purse Grant  
Grande Prairie Purse Grant - Runners  
Grande Prairie Purse Grant - Standardbred  
Lacombe Purse Grant  
Millarville Purse Grant  
Other

\$1,126,540	\$1,126,540	\$1,126,540	\$1,128,540	\$1,126,540	\$1,858,791	\$1,885,957
\$521,343	\$510,078	\$563,270	\$563,270	\$563,270	\$829,396	\$847,984
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$2,834,251	\$2,340,000	\$2,373,891	\$2,540,000	\$2,048,766	\$1,000,000	\$1,020,000
\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$41,250	\$42,075
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$4,507,134	\$4,001,618	\$4,088,701	\$4,254,810	\$3,763,576	\$3,829,437	\$3,908,026

Total - HRA Purse Grant

\$10,676,638	\$10,663,936	\$10,717,666	\$10,717,127	\$8,917,666	\$17,676,946	\$18,029,466
	-0.11%	0.50%	0.00%	-16.79%	98.21%	2.00%

**Scheduled Race Days:**

Thoroughbred at 'A' tracks  
Standardbred at 'A' tracks  
Community Tracks  
Total Scheduled Race Days

81	82	80	78	78	100	100
35	41	37	35	46	100	100
143	131	131	129	129	96	96
259	254	248	242	253	296	296



**HORSE RACING ALBERTA  
Financial Projections 2014 to 2016**

	2011 Actual <sup>1</sup>	2012 Actual <sup>1</sup>	2013 Budget <sup>2</sup>	2013 Actual <sup>3</sup>	2014 Budget <sup>4</sup>	2015 Projections <sup>5</sup>	2016 Projections <sup>6</sup>
<b>Revenue:</b>							
General Fee <sup>7</sup>	\$7,455,381	\$7,173,795	\$7,395,074	\$6,919,132	\$6,781,040	\$9,851,639	\$8,950,156
Promotional Levy <sup>7</sup>	\$568,625	\$544,464	\$565,723	\$525,908	\$518,750	\$753,650	\$761,187
Assessments, Licenses & Fines	\$233,851	\$229,970	\$246,045	\$240,907	\$240,900	\$290,000	\$290,000
Other	\$67,117	\$51,506	\$50,000	\$59,532	\$60,000	\$60,000	\$60,000
Slots - Current Year (Page 7) <sup>8</sup>	22,768,998	22,859,468	23,172,403	21,324,627	20,304,440	39,213,273	40,486,778
Interest on Deferred Contributions	\$4,816	\$8,442	\$5,000	\$7,853	\$5,000	\$6,500	\$6,500
Gaming Agreement Sub-total	\$22,773,814	\$22,865,910	\$23,177,403	\$21,332,480	\$20,309,440	\$39,219,773	\$40,493,276
<b>Total Revenue</b>	<b>\$31,096,788</b>	<b>\$30,865,645</b>	<b>\$31,434,246</b>	<b>\$29,077,960</b>	<b>\$27,910,130</b>	<b>\$50,175,063</b>	<b>\$51,554,618</b>
<b>Expenses:</b>							
Regulatory / Administration (Page 9) <sup>8</sup>	\$ 3,014,766	\$ 3,340,073	\$ 3,072,289	\$ 3,082,023	\$ 3,054,825	\$ 3,802,890	\$ 3,955,006
Racetrack Funding Grant (Page 10) <sup>10</sup>	\$11,484,598	\$11,642,174	\$11,802,478	\$10,877,970	\$10,591,828	\$19,372,332	\$18,998,656
Breed Improvement Program (Page 6) <sup>11</sup>	\$3,958,627	\$3,958,781	\$4,000,000	\$3,972,766	\$3,800,000	\$6,000,000	\$6,240,000
HRA Marketing and Promotion (Page 11) <sup>12</sup>	\$1,047,522	\$1,116,830	\$1,350,000	\$1,091,353	\$790,000	\$2,025,000	\$2,108,000
HRA Purse Grant (Page 5) <sup>13</sup>	\$10,675,638	\$10,683,936	\$10,717,568	\$10,717,127	\$8,917,566	\$17,675,946	\$18,029,465
Backstretch - Human Resource Development	\$293,182	\$301,911	\$316,912	\$308,884	\$323,000	\$488,045	\$497,806
Contingency	\$225,000	\$0	\$150,000	\$0	\$0	\$500,000	\$500,000
<b>Total Expenses</b>	<b>\$30,700,333</b>	<b>\$31,023,715</b>	<b>\$31,409,245</b>	<b>\$30,048,123</b>	<b>\$27,477,217</b>	<b>\$49,864,213</b>	<b>\$51,326,932</b>
<b>Annual Surplus / (Deficit) from Programs</b>	<b>\$398,455</b>	<b>(\$158,070)</b>	<b>\$25,002</b>	<b>(\$970,163)</b>	<b>\$482,913</b>	<b>\$310,850</b>	<b>\$227,686</b>
<b>Add: Cumulative Surplus from Previous Year <sup>14</sup></b>	<b>\$378,751</b>	<b>\$789,634</b>	<b>\$720,513</b>	<b>\$642,411</b>	<b>(\$322,349)</b>	<b>\$110,563</b>	<b>\$421,413</b>
<b>Change in Net Assets</b>	<b>\$14,428</b>	<b>\$10,847</b>		<b>\$5,403</b>			
<b>Cumulative Surplus Unrestricted / (Deficit)</b>	<b>\$789,634</b>	<b>\$642,411</b>	<b>\$746,616</b>	<b>(\$322,349)</b>	<b>\$110,563</b>	<b>\$421,413</b>	<b>\$649,099</b>



## ***CONFIDENTIAL - Approved by the HRA Board April 29, 2014***

### **HORSE RACING ALBERTA Assumptions to Financial Projections 2014 to 2016**

1. 2011 and 2012 Actuals are based on HRA's audited financial statements in all instances in this document.
2. 2013 Budget as approved the HRA Board. Handle was budgeted to increase by 3% over 2012 actuals and Slot Revenue was budgeted to increase by 1%. Purse allocations are pro-rated based on approved racing schedules at the tracks. Regulatory and Administrative expenditures budgeted to decrease by 8% due to the closure of the Calgary Office.
3. 2013 Actuals are based on HRA's audited financial statements in all instances in this document.
4. 2014 Budget is based on the shortfall in revenue generated in 2013 from both handle and slots and in particular the downward curve experienced in the months of November and December of 2013. While it is expected that there will be Standardbred racing at the UHA racetrack in the fall of 2014, the budget does not include the opening of the racetrack casino in 2014. In addition to decreased revenue projections, significant reductions were made to program expenditures, and in particular purses, marketing and breed improvement program to ensure a balanced budget is realized.
5. With opening of UHA racetrack expected for 2015, Slot Revenue is projected to increase by approximately 93% from 2014 Budget. Handle is also projected to increase by 45% with the addition of the new track. Regulatory and Administrative expenditures to increase based on additional costs associated with opening of new track. Purses are budgeted to increase by 98%. Many program expenditures will increase substantially due to increased revenue generation. The Contingency Fund will be increased to \$500,000. This was introduced in 2011 to meet revenue shortfalls and/or increases to expenses if necessary.
6. In 2016 Handle is projected to increase a further 1% and Slot Revenue by approximately 3%. Most program expenses are projected to increase between 2 to 4%.
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 Cumulative Surplus from HRA programs and operations is carried over from year to year. HRA's fiscal year-end is December 31.

## **HORSE RACING ALBERTA Financial Projections 2014 to 2016**

### **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 2014 budget includes standardbred racing in the fall and 2015 and 2016 include a new fully operational 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 2014 to 2016 <sup>1</sup>**

	2011 Actual	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Projections	2016 Projections
HRA Purse Grant	\$10,675,638	\$10,663,936 -0.11%	\$10,717,566 0.50%	\$10,717,566 0.00%	\$8,917,566 -16.79%	\$17,675,946 98.21%	\$18,029,465 2.00%
Race Days							
Edmonton Thoroughbred	81	82	80	78	78	50	50
Calgary Thoroughbred	0	0	0	0	0	50	50
Thoroughbred Sub-Total	81	82	80	78	78	100	100
Edmonton Standardbred	35	41	37	35	22	50	50
Calgary Standardbred					24	50	50
Lacombe Standardbred					39		
Standardbred Sub-Total	55	37	40	39	85	100	100
Lethbridge	90	78	77	74	85	100	100
Grande Prairie	45	49	45	44	44	45	45
Lacombe	22	24	25	25	25	25	25
Millarville	20	20	20	20	20	25	25
Community Sub-Total	1	1	1	1	1	1	1
Total Race Days	88	94	91	90	80	96	96
	259	254	248	242	253	286	296
<b>"A" Track Projected Purse</b>							
Thoroughbred	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141	\$3,680,941	\$7,689,036	\$7,842,816
Total Thoroughbred Purse	\$4,662,141	\$4,662,141	\$4,662,141	\$4,662,141	\$3,680,941	\$7,689,036	\$7,842,816
AQHRA Stakes Races	\$107,176	\$107,176	\$107,176	\$107,176	\$107,176	\$175,474	\$178,983
Total AQHRA Stakes Races	\$107,176	\$107,176	\$107,176	\$107,176	\$107,176	\$175,474	\$178,983
Standardbred	\$1,399,187	\$1,893,000	\$1,859,548	\$1,859,548	\$1,365,873	\$5,982,000	\$6,101,640
Total Standardbred Purse	\$1,399,187	\$1,893,000	\$1,859,548	\$1,859,548	\$1,365,873	\$5,982,000	\$6,101,640
Total "A" Track - HRA Purse Grant	\$6,168,504	\$6,662,317	\$6,628,865	\$6,628,865	\$5,153,990	\$13,846,509	\$14,123,439
Community Track Projected Purse							
Lethbridge	\$1,126,540	\$1,126,540	\$1,126,540	\$1,126,540	\$1,126,540	\$1,858,791	\$1,895,967
Grande Prairie Runners	\$521,343	\$510,078	\$563,270	\$563,270	\$563,270	\$929,396	\$947,984
Grande Prairie Standardbred	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lacombe	\$2,834,261	\$2,340,000	\$2,373,891	\$2,373,891	\$2,046,766	\$1,000,000	\$1,020,000
Millarville	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$41,250	\$42,075
Total Community - HRA Purse Grant	\$4,507,134	\$4,001,618	\$4,088,701	\$4,088,701	\$3,763,576	\$3,829,437	\$3,906,026
Total HRA Purse Grant	\$10,675,638	\$10,663,936	\$10,717,566	\$10,717,566	\$8,917,566	\$17,675,946	\$18,029,465

- 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.
- 2011, 2012, and 2013 Actuals reflect Audited Financial Statements.
- 2014 Budget includes Standardbred Racing to commence at UHA in fall of 2014 with 24 days projected. Purses have been reduced by 17% due to 2013 shortfall and reduced revenue generation.
- 2015 Projections include 100 days of Racing in both Edmonton and Calgary with Lacombe hosting the Standardbred "B" Meet. A 98% increase in overall purses is projected.
- 2016 Projections include a further 2% overall increase in purses over 2015 level.

**HORSE RACING ALBERTA  
Race Days 2014 to 2016**

		2011	2012	2013	2013	2014	2015	2016
		Actual	Actual	Budget	Actual	Budget	Projections	Projections
<b>Race Days</b> Thoroughbred at 'A' tracks	Edmonton	81	82	80	78	78	50	50
	Calgary						50	50
Total Thoroughbred at 'A' tracks		81	82	80	78	78	100	100
Standardbred at 'A' tracks	Edmonton	35	41	37	35	22	50	50
	Calgary					24	50	50
Total Standardbred at 'A' tracks		35	41	37	35	46	100	100
Community Tracks	Lethbridge	45	49	45	44	44	45	45
	Grande Prairie	22	24	25	25	25	25	25
	Lacombe	75	57	60	59	59	25	25
	Millarville	1	1	1	1	1	1	1
	Total Community Tracks	143	131	131	129	129	96	96
	Total Race Days	259	254	248	242	253	296	296



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**HORSE RACING ALBERTA**

**Breed Improvement Program 2014 to 2016**

	2011 Actual	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Projections	2016 Projections
Breeding Support							
TB	\$1,944,000	\$1,959,797	\$1,959,000	\$1,958,990	\$1,863,520	\$2,961,900	\$3,080,376
SB	\$1,040,000	\$1,021,052	\$1,040,000	\$1,032,776	\$999,580	\$1,543,800	\$1,605,552
Total	\$2,984,000	\$2,980,849	\$2,999,000	\$2,991,766	\$2,863,100	\$4,505,700	\$4,685,928
Association & Related Support							
TB	\$309,628	\$311,942	\$335,000	\$315,000	\$306,700	\$487,500	\$507,000
SB	\$226,000	\$226,000	\$226,000	\$226,000	\$185,000	\$339,000	\$352,560
Total	\$535,628	\$537,942	\$561,000	\$541,000	\$491,700	\$826,500	\$859,560
Total "A" BIP	\$3,519,628	\$3,518,791	\$3,560,000	\$3,532,766	\$3,354,800	\$5,332,200	\$5,545,488
Community Breeding Support							
Community Association & Related Support	\$369,749	\$369,750	\$378,110	\$378,110	\$383,310	\$574,965	\$597,964
Total Community BIP	\$70,250	\$70,250	\$61,890	\$61,890	\$61,890	\$92,835	\$96,548
	\$439,999	\$440,000	\$440,000	\$440,000	\$445,200	\$667,800	\$694,512
Total BIP Expenses	\$3,959,627	\$3,958,791	\$4,000,000	\$3,972,766	\$3,800,000	\$6,000,000	\$6,240,000
		-0.02%	1.04%	-0.68%	-5.00%	57.89%	4.00%

<sup>1</sup> Budget to decrease in 2014, then Increase by 58% in 2015 and 4% in 2016.

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**HORSE RACING ALBERTA**

**Regulatory / Administration 2014 to 2016**

	2011 Actual	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Projections	2016 Projections
Staff Salaries & Benefits	\$ 1,644,870	\$ 2,002,935	\$ 1,850,749	\$ 1,841,466	\$ 1,860,925	\$ 2,236,334	\$ 2,325,787
Operational Costs <sup>1</sup>	\$ 1,130,805	\$ 1,182,523	\$ 1,048,540	\$ 1,057,463	\$ 1,028,350	\$ 1,361,356	\$ 1,415,810
Board and Committee Costs	\$ 239,091	\$ 154,615	\$ 173,000	\$ 183,094	\$ 165,550	\$ 205,200	\$ 213,408
Total Administration Costs	<u>\$ 3,014,766</u>	<u>\$ 3,340,073</u>	<u>\$ 3,072,289</u>	<u>\$ 3,082,023</u>	<u>\$ 3,054,825</u>	<u>\$ 3,802,890</u>	<u>\$ 3,955,006</u>
			-8.02%	0.32%	-0.88%	24.49%	4.00%

<sup>1</sup> Includes changes in net assets.

<sup>2</sup> In 2013 HRA currently has 25 full-time, part-time, seasonal and contracted positions. Of these positions 17 are regulatory (related to race officiating and supervision). Decrease in 2013 budget due to closure of Calgary office and reduction in staffing.

<sup>3</sup> A decrease of 1% is budgeted for 2014.

Board and Committee costs for 2014:

Board Honorariums & Chair	115,000
Board Travel & Expenses	21,000
Committee Expenses	750
Industry & Government Relations Committee	6,300
Racetrack Licensing Committee	1,000
Regulatory Committee	500
Animal Welfare Committee	21,000
	<u>165,550</u>

<sup>4</sup> An increase of 24% is projected for 2015 based on UHA being fully operational for the full year.

<sup>5</sup> An increase of 4% is projected for 2016.



**HORSE RACING ALBERTA  
Racetrack Funding 2014 to 2016**

	2011 Actual	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Projections	2016 Projections
Handle by Track							
Edmonton - Northlands Park	\$83,696,759	\$84,066,906	\$86,617,049	\$81,139,753	\$84,385,344	\$84,421,307	\$85,265,520
Calgary - UHA							
North HOT	\$26,863,138	\$14,266,837	\$14,699,618	\$18,847,801	\$13,570,417	\$63,315,980	\$63,949,140
South HOT	\$33,247,992	\$39,911,266	\$41,121,961	\$32,473,765	\$31,824,290	\$16,331,276	\$16,494,589
Lethbridge	\$4,872,179	\$4,453,729	\$4,568,832	\$5,035,937	\$4,955,362	\$26,788,901	\$27,056,790
Grande Prairie	\$120,718	\$131,018	\$134,992	\$153,163	\$153,163	\$5,321,399	\$5,374,613
Lacombe	\$541,650	\$577,613	\$595,134	\$672,301	\$672,301	\$154,695	\$156,242
Millarville	\$61,309	\$68,784	\$70,871	\$59,928	\$59,928	\$638,704	\$645,091
	\$149,403,744	\$143,476,153	\$147,828,457	\$138,382,649	\$135,620,804	\$60,527	\$61,133
		-3.97%	3.03%	-6.39%	-2.00%	45.28%	1.00%
Pari-Mutuel Grant							
Edmonton	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Calgary	\$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	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Available to Racetracks from HRA Agreements							
Edmonton	\$8,600,447	\$8,447,577	\$8,583,810	\$7,714,044	\$7,246,465	\$7,872,703	\$7,962,165
Edmonton - Standardbred Stabling					\$210,573		
Calgary	\$0	\$0	\$0	\$0	\$0	\$8,779,405	\$9,295,840
Lethbridge	\$1,098,103	\$1,165,736	\$1,148,501	\$1,182,712	\$1,153,574	\$1,181,091	\$1,192,732
Grande Prairie	\$726,048	\$838,861	\$880,167	\$791,214	\$791,214	\$767,134	\$774,918
Lacombe	\$1,040,000	\$1,170,000	\$1,170,000	\$1,170,000	\$1,170,000	\$750,000	\$750,000
Millarville	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$22,000	\$23,000
	\$11,484,598	\$11,642,174	\$11,802,478	\$10,877,970	\$10,591,826	\$19,372,332	\$19,998,656
	\$11,484,598	\$11,642,174	\$11,802,478	\$10,877,970	\$10,591,826	\$19,372,332	\$19,998,656
		1.37%	1.39%	-7.63%	-2.63%	82.90%	3.23%
Total Racetrack Funding							

- In 2011 and 2012 Northlands Park received 25.75% (all in) and Community tracks received between 13.33% to 18.33% (all in). Additional operating grants were made available to Lacombe for the Standardbred Meet and Millarville to help with their one day meet held July 1. Pari-mutuel (Discretionary) Grants have been discontinued for all tracks.
- 2013 Budget based on 25.75% to Northlands Park, 18.33% to Lethbridge, 16.75% to Grande Prairie, \$19,500 per race day to Lacombe and \$20,000 to Millarville.
- 2013 Actual reflects decreased slot play in both Edmonton and Grande Prairie resulting in a reduction of 8% overall.
- Budget for 2014 projects further decreases in revenue generation at both Northlands Park and Lethbridge. Operating Grant for Grande Prairie estimated at 16%.
- Additional Support of \$210,573 budgeted to Northlands Park for a share of the costs to ASHA for stabling horses during the Northlands meet.
- UHA is budgeted for the full operational year. Daily operating costs for Lacombe to increase to \$30,000 per race day based on 25 day meet. Small increase to the Millarville operating grant.
- All grants are based on track requirements, slot performance and funds available. Northlands Park is projected at 25.75%, UHA at 25.75%, Lethbridge at 18.33% and Grande Prairie at 16%.



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**HORSE RACING ALBERTA  
Marketing & Promotion 2014 to 2016**

	2011 Actual	2012 Actual	2013 Budget	2013 Actual	2014 Budget	2015 Projections	2016 Projections
Broadcasting	\$141,402	\$162,246	\$130,000	\$147,315	\$135,000	\$202,500	\$210,600
Marketing Grants to Racetracks							
Northlands Park		\$304,894	\$300,000	\$294,965			
Calgary		\$47,962	\$75,000	\$75,000			
Lethbridge		\$97,000	\$75,000	\$73,000			
Grande Prairie		\$39,391	\$38,000	\$35,585			
Millarville		\$9,716	\$12,000	\$10,000			
Total:	\$0	\$498,963	\$500,000	\$488,550	\$0	\$352,500	\$366,600
HRA Internal Marketing	\$151,886	\$151,054	\$200,000	\$140,786	\$150,000	\$300,000	\$312,000
Sponsorship/Major Event Promotions	\$135,340	\$126,863	\$0	\$0	\$0	\$0	\$0
Branding	\$519,945	\$0	\$0	\$0	\$0	\$0	\$0
Communication, Public and Media Relations	\$12,955	\$8,551	\$40,000	\$13,307	\$40,000	\$60,000	\$62,400
HOT Marketing Launch Program (Matching)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Technology Improvements/Website	\$40,411	\$29,398	\$150,000	\$40,893	\$50,000	\$97,500	\$101,400
Backstretch Social Programs	\$0	\$0	\$40,000	\$24,727	\$15,000	\$60,000	\$62,400
Top Players Rewards (Matching)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public Service Announcements	\$45,584	\$139,736	\$250,000	\$235,776	\$400,000	\$600,000	\$624,000
Future Initiatives	\$0	\$0	\$40,000	\$0	\$0	\$352,500	\$366,600
Total HRA Marketing & Promotion Programs	<u>\$1,047,522</u>	<u>\$1,116,830</u> 6.62%	<u>\$1,350,000</u> 20.89%	<u>\$1,091,353</u> -19.16%	<u>\$1,790,000</u> -27.61%	<u>\$2,025,000</u> 156.33%	<u>\$2,106,000</u> 4.00%

1 2014 Budget decreased by 41% from 2013 Budget and by 28% from 2013 actual. 156% Increase projected for 2015 with a 4% increase for 2016.  
2 The program budgets are allocated annually.