



2017 - 2019 BUSINESS PLAN





February 28 2017

Honourable Oneil Carlier
Minister of Agriculture & Forestry
Room 229 Legislature Building
10800 - 97 Avenue
Edmonton AB T5K 2B6

Dear Minister Carlier:

RE: HORSE RACING ALBERTA'S 2017 – 2019 BUSINESS PLAN AND FINANCIALS

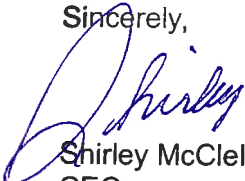
As required under Section 10(1) of the Horse Racing Alberta Act and Section 7 of Horse Racing Alberta's (HRA's) Grant Agreement, I respectfully submit Horse Racing Alberta's 2017 - 2019 Business Plan and Financials, as approved by the Horse Racing Alberta Board of Directors.

2017 will present challenges for the industry as we work towards an agreed upon reduction in purse allocations. We are working with Industry Partners in establishing Best Practises with an ambitious goal of increasing revenue by 5% and we will continue to monitor and update what works best overall.

The 2017 – 2019 Business Plan is focused on modernizing services, targeted marketing and growth of the horse industry.

On behalf of the Board of Horse Racing Alberta, I want to thank you for your continued support of the horse racing industry and we look forward to a continuing an excellent working relationship with you and your officials.

Sincerely,



Shirley McClellan
CEO

cc: Honourable Joe Ceci, Minister of Treasury Board & Finance
Bill Robinson, Chief Executive Officer, AGLC
HRA Board of Directors

CORPORATE OFFICE

#720, 9707 110 Street, Edmonton, Alberta T5K 2L9

Phone: (780) 415-5432 Fax: (780) 488-5105 Toll Free: 1-888-553-7223



February 28, 2017

Honourable Joe Ceci,
Minister of Finance Treasury Board and Finance
323 Legislature Building
10800 - 97 Avenue
Edmonton, AB
T5K 2B6

Dear Minister Ceci:

RE: HORSE RACING ALBERTA'S 2017 – 2019 BUSINESS PLAN AND FINANCIALS

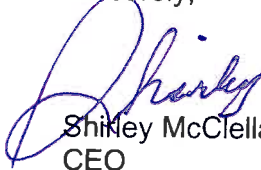
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ACCOUNTABILITY STATEMENT

The Business Plan for the years commencing January 1, 2017 - 2019 was prepared by management under my direction and reviewed by the Board of Directors of Horse Racing Alberta. It reflects changes to the 2017 Race Season and realistic expectations and assumptions for the following two years. Again, the advice of the Industry at our Industry Sessions has been incorporated in this three year plan.

This plan incorporates the addition of Century Downs Track in full operation. 2017 will see the return of a split meet, Thoroughbred and Standardbred at Northlands Park and Century Downs, our two "A" Tracks.

The Budget for 2017 and the two years out, incorporates operations at Century Downs in revenue and expenditure areas. We will continue to focus on Marketing our Industry as a choice for the public's entertainment dollar.

This Business Plan is a forward looking plan and is designed to maximize opportunities for the entire Horse Racing Industry into the future, with an emphasis on the Breeding Industry, and racing at two "A" Tracks and two "B" Tracks, with additional racing opportunities at our "A" Tracks. It contains strategies that will ensure quality racing venues for all of our horse industry and a purse structure and Breed Improvement Program to encourage breeding and investment.

It contains strategies for modernizing services to our Backstretch Personnel and the delivery of those services, however continues an emphasis on education with the addition of a galloping oval at Olds College to ensure quality of training of grooms and exercise riders. The programs will continue as a partnership with Olds College and Horse Racing Alberta.

The addition of protocols for Clenbuterol and cobalt strengthen our testing regime and the protection of the welfare of the horse, racing participants and confidence of the betting public.

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



2017 - 2019 BUSINESS PLAN



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. The Alberta Horse Racing Industry is one of equal parts, breeding, racing and infrastructure. It is a green industry. The breeding side uses active grazing lands that act as green belts. These green belts and horse populations close to our urban centres are a potential tourist resource as well as an opportunity for educational activities."

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.

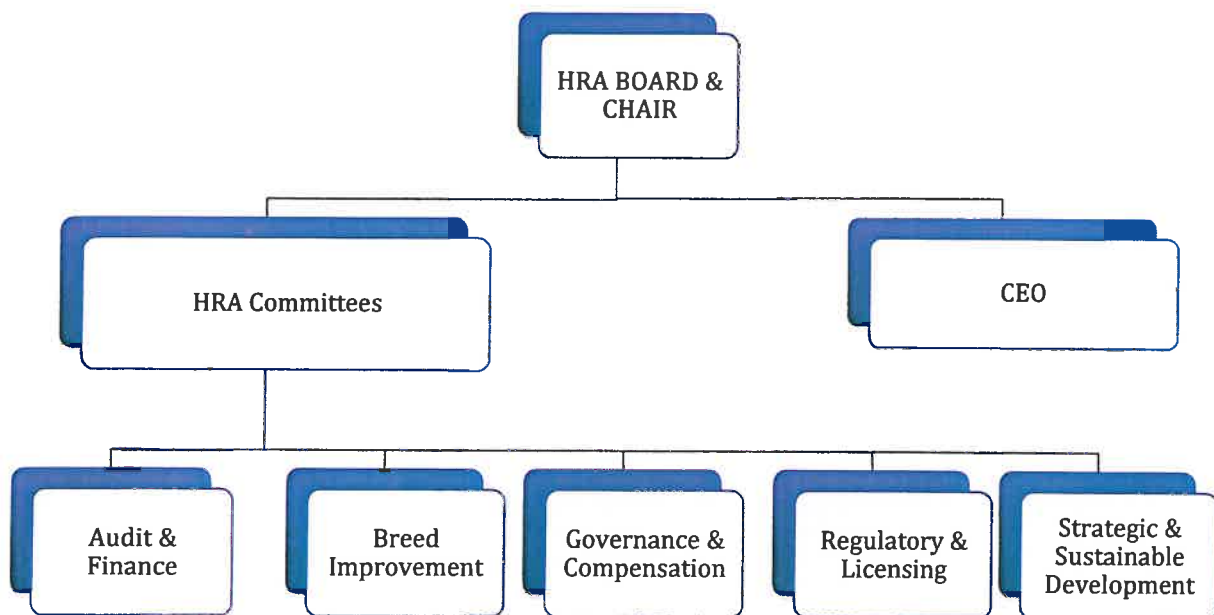
The role of the Chair is to provide direction to management in fulfilling HRA's mandate and carrying out the direction of the Board by ensuring the strategies and operational activities outlined in this Business Plan and the Act are pursued and achieved.

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.

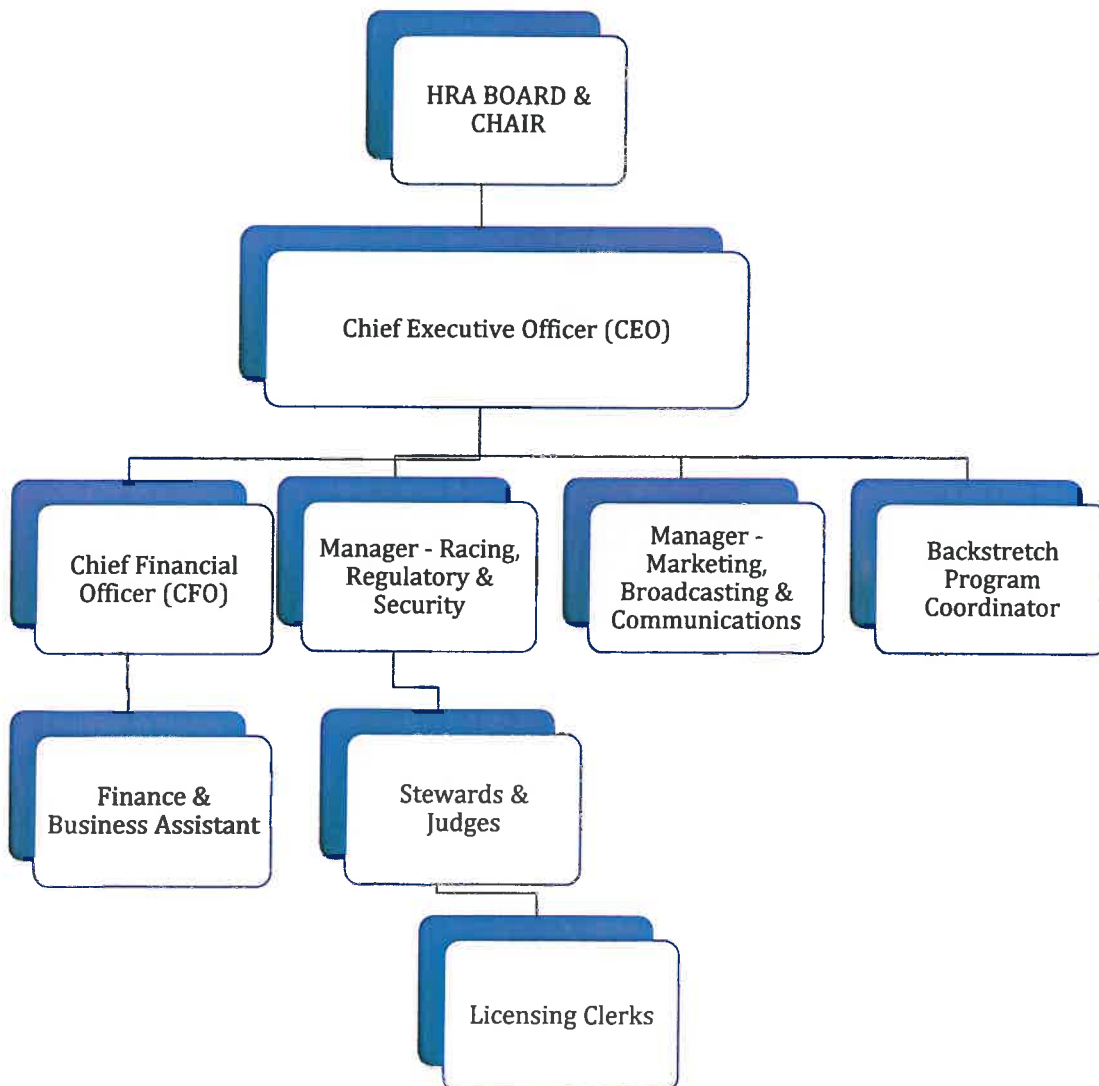
Horse Racing Alberta Governance Structure



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 and the Manager – Marketing, Broadcasting & Communications. The Backstretch Manager's position has been eliminated. Consultation with Industry Partners will occur over the next months to determine what services are appropriate to serve today's Backstretch requirements. In the interim, calls and referrals are to be directed to the Horse Racing Alberta's main office. Upon advice of the Industry, the Learning Centre has been closed. Horse Racing Alberta will continue its Corporate Structure to 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.
- Financial Reports.
- Racetrack Operating Agreements.

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, sessions with our industry partners are held.

Recurring themes from these sessions include: capital improvements needed at tracks; 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; improved communication with industry partners and our racing and non-racing public.

The Simulcast/OTB review was completed, presented to, and approved by the Board of Directors of HRA. A split model, with Northlands operating all outlets north of Red Deer and Century Casino/Max Gibb (Newco) now Century Bets!, operating all outlets south of Red Deer including Red Deer utilizing the area codes 780 (North) and 403 (South) as the dividing line is in place beginning January 1, 2015 for a three year period with an annual evaluation required.

TAB/ADW (Telephone Account Betting/Advanced Deposit Wagering) - For the purposes of HPI (Horse Player Interactive) the province is split with Northlands Park and Century Downs utilizing the same area code as Simulcast/OTB. Xpressbet has been approved for operation in Alberta.

STRATEGIC PRIORITIES 2017– 2019

Senior Staff participated in a strategic session with Industry with a focus on Communication with industry partners and the racing and non-racing public.

Excellent discussions occurred in all the above areas and the 2017 - 2019 Business Plan is built around the input from the Industry session with emphasis on continued improvement in communication with industry and the public.

The HRA Board members held an Industry session to discuss priorities under the new agreement with Government and the announcement that Northlands Park would not be racing after 2016. Priorities were the importance of a new “A” Race Track in the Edmonton market area and a reassessment of priorities given the new funding model.

Critical Strategic Priority Areas

Marketing:

Given the new funding model and the uncertainty of racing at Northlands Park, it was determined that we would reduce our marketing budget and commit remaining dollars to strategic areas that are designed to bring the best short term returns.

- Aggressively expand the Web Site to effectively deliver key information to racing industry participants and fans.
- HRA launched a new aggressive digital/target marketing with the goal of driving interest to a younger demographic, utilizing Twitter, Facebook, Instagram and Cinemax teasers.
- A position was created and filled to move the social media campaign forward. Results have been positive to date. This campaign has been ramped up and it is anticipated will continue to be very popular with industry and fans.

Revenues:

- Continue to evaluate ways to improve the returns to our industry.
- Monitor the new business model for the Simulcast/OTB system to maximize return.
- Continue to work with AGLC with regard to new wagering products that are appropriate to Racing.

Tracks:

- Continued support to Century Downs Racetrack and Casino to promote the product in the Calgary and Southern Alberta market.
- 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. Opportunities to hold “boutique” type race days at other existing Community tracks will be aggressively explored using Millarville as guidance. ASHA and Enoch are exploring dates for boutique race dates at Enoch.

- Continue to enhance the quality of the working and living environment of racetrack personnel through educational opportunities, substance abuse rehabilitation and work safety awareness.
- Introduced a capital infrastructure plan in 2015 to assist in improvements at our “A” Tracks expanding to include “B” Tracks in 2017.

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.
- Note: The results of the Yearling Sales, for all breeds demonstrates a positive response to the changes instituted in the Breed Improvement Program.

Communication

Continue to improve and expand the 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. HRA has expanded their contributing writers to ensure all track’s and breed “stories” are available on our website. These new initiatives proved very popular with race fans and will continue in 2017.

Utilize social media, again this is in place and will be evaluated at the end of the current race season to determine if this is a useful target area for resources. Early indications show positive results in this area.

Risks: 2017 – 2019 Business Plan

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

- Ability to meet 5% reduction in slot revenue in 2018 and continue to absorb the reduction in 2019.
- Assumptions on performance in RECs and handle.
- Emergence of new epidemics that threaten race horse, foal, stallion and broodmare health.
- Lack of long term agreements with industry partners to provide confidence for long term investment.
- Uncertainty evolving from Northlands announcement that they were exiting racing at the end of 2016.

Key Strategic Areas 2017 – 2019

INDUSTRY & GOVERNMENT RELATIONS

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

BACKGROUND / EXPECTED RESULTS

Since 2002, HRA has stimulated significant investment throughout all areas of the horse racing industry and the areas it touches upon (agriculture, recreation, tourism, and transportation). HRA is the forum for industry stakeholders to meet, to strategize, and to unfold plans that will grow the industry. It is critical that HRA continues to be the one voice of the industry in order to ensure ongoing government support.

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. The opening of the second “A” Track at Century Downs has provided much of the above however, the announcement of Northlands discontinuing racing at the end of 2016 has introduced new challenges and uncertainty. The opportunity for a new “A” Track in the Edmonton market area is critical.

ACTION PLAN 2017 – 2019: INDUSTRY AND GOVERNMENT RELATIONS

<i>Key Strategies</i>	<i>Operational Activities</i>	<i>2016 Outcome</i>
Ensure the industry is meeting provincial government requirements relating to the racing industry.	Present a revised 3 year Business Plan to Government. Provide an Annual Report complete with Audited Financial statements. Ensure the Act governing the activities of Horse Racing Alberta is adhered to. Ensure compliance with the Agreement with Government, governing the activities of Horse Racing Alberta.	Revised Business Plan was presented to Government in July of 2016.

2017 Strategies	Operational Activities	
Ensure the industry is meeting provincial government requirements relating to the racing industry.	<p>Present a 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>	
Key Strategies	Operational Activities	2016 Outcome
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 Racing Entertainment Centres (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>	Introduction of a new Racing License form which includes a section for WCB.
2017 Strategies	Operational Activities	
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</p>	

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Key Strategies	Operational Activities	2016 Outcome
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 stakeholder's meetings.</p> <p>Co-ordinate the evaluation of the economic impact of horse racing in the province incorporating the latest 2015 Serecon Report (The Economic Impact of Horse Breeding, Raising and Racing in Alberta) information, utilizing projections with Century Downs first months of operation.</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. The development of a training oval at Olds College for our joint program for Grooms and Exercise Riders as an example. The oval is in place for the students and provides stability of this much needed program.</p> <p>Develop a database of industry data and facts for the use of the</p>	<p>Two industry sessions were held as well as a working group on purse allocation.</p> <p>Connecting with numerous community groups for "Day at the Races" opportunities to introduce the sport to new participants and fans. Example 4-H Clubs. (eight 4-H clubs enjoyed a learning experience in 2016)</p> <p>This initiative continues to be evaluated. Limited</p>

	<p>racing industry and government. The data base would include facts regarding various breeds of horses, which would include the number of horses in each breed, number of farms involved in breeding, raising, and racing, and the economic benefits of the industry to the province. While it is believed this would be valuable, lack of staff resources has not enabled implementation. This will be reviewed again in 2016 to ascertain whether it can be achieved by HRA.</p> <p>Continue to expand our website as an effective tool to communicate with our industry partners, including increasing the use of local contributors.</p> <p>Develop and distribute an annual report on horse racing in Alberta.</p>	<p>Staff resources continue to be a challenge in accomplishing this.</p> <p>We have welcomed new writers to our web site in 2016.</p> <p>The Annual Report was provided in May of 2016.</p>
2017 Strategies	Operational Activities	
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 stakeholder's meetings.</p> <p>Co-ordinate the evaluation of the economic impact of horse racing in the province incorporating the latest 2015 Serecon Report (The Economic Impact of Horse Breeding, Raising and Racing in Alberta) information, utilizing projections with Century Downs full year of operation.</p> <p>Strengthen existing relationships and forge new</p>	

	<p>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 in each breed, number of farms involved in breeding, raising, and racing, and the economic benefits of the industry to the province. While it is believed this would be valuable, lack of staff resources has not enabled implementation. This will be reviewed again in 2017 to ascertain whether it can be achieved by HRA.</p> <p>Continue to expand our website as an effective tool to communicate with our industry partners, including increasing the use of local contributors. Develop and distribute an annual report on horse racing in Alberta.</p>	
Key Strategies	Operational Activities	2016 Outcome
Assist industry in meeting federal government requirements relating to the racing industry.	Regular interaction with CPMA regarding federal regulations that impact the Racing industry.	
2017 Strategies	Operational Activities	
Assist industry in meeting federal government requirements relating the racing industry.	Regular interaction with CPMA regarding federal regulations that impact the Racing industry.	

MARKETING

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

INTRODUCTION

The live horse racing and breeding industry in Alberta is as old as the province itself. For decades the racing industry enjoyed much success and growth. Over time the industry began to face many challenges with increased competition and changes. In 2016, the marketing budget was cut significantly forcing the industry to make tough decisions in marketing.

OBJECTIVES

The 2017 plan seeks to:

- Make Alberta Racing a priority
- Continue to raise the profile, awareness of the horse racing and breeding industry in Alberta
- Encourage attendance at Alberta Racing facilities through a strong call to action
- Partner and promote horsemanship within the equine industry.

Proposed 2017 – 2019 Business Plan Allocation

Social Media	70,000
Internal Marketing	220,000
Website	45,000
Media/PR	15,000
Industry Handle Incentives	45,000
Total	\$395,000

Social Media

Horse Racing Alberta added an aggressive social media campaign to the marketing mix in 2015. Using a combination of promotion, testimonials, telling racing stories, videos and highlighting big racing days and events proved very successful in 2016. Platforms on Facebook, Twitter, Instagram, Snapchat and Periscope enabled the industry to tell positive stories about Alberta horses, facilities and the men and women who work daily in our industry. This platform allows the industry to provide real time messaging and provide instant feedback and communication to followers.

The use of social media platforms will continue in 2017 to build, engage inform, and entertain horse racing fans and stakeholders while promoting events and activities throughout the year.

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. In 2017, Horse Racing Alberta will introduce some new programs within the equine industry.

4 H Foundation of Alberta

4 H has been an important part of Alberta since 1917. 4 H aims to develop youth through strong programs across the province. These programs develop urban and rural youth and adult's skills such as co-operation, leadership, critical thinking, public speaking, community service, decision making and many other life areas. 4 H Alberta is comprised of 360 clubs, with 5,700 members and over 500 volunteers. This opportunity will see the industry and 4H partner on strategic 100th Anniversary initiatives while offering each club member and their families an opportunity to visit racing facilities in Alberta.

4-H ALBERTA



Whitemud Equine Learning Centre

For the last five years Horse Racing Alberta has been a strategic partner with the Whitemud Equine Centre (WECLA) in Edmonton. WECLA is a non-profit organization that offers a variety of riding and non-riding programs for people ages six to sixty-five that benefit high-risk youth, aboriginal youth, war veterans, people with disabilities and the elderly.

In 2017 the horse racing and breeding industry will expand our partnership with WECLA. The industry will also arrange in providing groom and jockey visits to WECLA on specific occasions.

The industry will continue to explore partnership opportunities with other organizations such as High School Rodeo, Alberta Beef Clubs, Pony Clubs, and will work closely with HRA backstretch staff in an effort to work together in many other areas including charitable events, outreach programs and others.



World Driving Championships

On Saturday August 12, 2017, Century Downs in Calgary will host the first leg of the World Driving Championships (WDC) featuring 11 drivers from around the world in partnership with Alberta Standardbred Association, Horse Racing Alberta and Standardbred Canada.

In 2017, Standardbred Canada will host the World Trotting Conference and this companion event, the World Driving Championship. WDC features 11 drivers competing in a minimum 22 races to determine the World Driving Champion.



Other Partnerships

Horse Racing Alberta will also continue to partner with industry stakeholders on various promotions and special events across the province while continuing to seek out new opportunities. Examples of some of the partnerships include, Fun for Fans, International Children's Festival, Canadian Derby, Alberta Breeders Fall Classic and the Alberta Derby, media sponsorships and other initiatives.

Industry Website

The industry Website continues to deliver to racing fans and industry stakeholders racing information, regulatory activities, key industry documentation, video profiles, horse and people profiles and regional racing reports. The site has proven to be a key communications tool to industry stakeholders, customers and the general public.

Major Event / Handle Incentive Partnerships

Horse Racing Alberta will continue to partner with all industry racing facilities and stakeholders in promotions and wagering incentives that maintain the current core customer while targeting new customers. This requires a delicate balance between existing promotions and expanding events that appeal racing to new customers while driving attendance and handle.

Strategic Pick Four and other wagering incentives were introduced in 2016, the industry will be encouraged to expand these wagering offerings further in 2017.

Big Race Video Support

In 2016, Horse Racing Alberta produced eight video features in support of the Fall Classic and the Brad Gunn / Ralph Klein feature races. The videos captured some of the classic battles, horses and people behind the equine athlete in an effort to raise the profile of the race day and encourage attendance and handle.

The videos were posted on the industry website and social media platforms. This marketing tool proved very successful receiving strong viewership and creating race day hype.

It is proposed this program be expanded in 2017 to include other breeds and big races.

Media Public Relations

The Media / Public Relations component will continue to bolster marketing strategies; key media messages; improve key stakeholder relationships with media; industry partners and the general public.

HRA continues to follow the extensive Marcomm Works Communication Plan approved by the board in 2011.

Conclusion

The plan follows the 2016-2018 Business Plan Allocation delivering very strategic marketing executions in support of the horse racing and breeding industry in 2017.

ACTION PLAN 2017 – 2019: MARKETING

Key Strategies	Operational Activities	2016 Outcomes
Public Service Announcement Campaign	In 2016, PSA's will be highlighted on the HRA web site and other non-cost opportunities.	PSA properties were rotated and supported in social media platforms and website.
2017 Strategies	Operational Activities	
Public Service Announcement Campaign	PSA's will be highlighted on the HRA web site and other non-cost opportunities such as Industry websites.	
Key Strategies	Operational Activities	2016 Outcomes
Social Media	Combination of promotion, testimonials, telling racing stories, videos and highlights	Social media platforms on Facebook, Snapchat, Twitter,

	of racing events in an aggressive social media platform.	Instagram, and periscope allowed for the delivery of instant key industry messages.
2017 Strategies	Operational Activities	
	Province wide social media platform that allows the industry to provide real time messaging and instant feedback and communication.	
Key Strategies	Operational Activities	2016 Outcomes
Internal Marketing 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.	Assisted in the promotion and exposure of major event race days across the province.
2017 Strategies	Operational Activities	
Continue to sponsor and participate in industry initiatives across the province.	Introduction of new programs within the equine industry including World Driving Championships, 4H Alberta, WECLA and others.	
Key Strategies	Operational Activities	2016 Outcomes
Live Television	There will not be live television shows in 2016 due to budget restraints.	
Key Strategies	Operational Activities	2016 Outcomes
www.thehorses.com	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.	The industry website continues to build traffic and visits. Number of visits were up over 11% in 2016.

2017 Strategies	Operational Activities	
Continued growth of the industry website page views and visits.	Growth in traffic by delivering to racing fans and stakeholders more racing information, regulatory activities, people and equine profiles, and live racing information.	

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.

2015 saw the long anticipated opening of the second “A” racetrack at Century Downs. A full complement of Judges, Stewards, Veterinarian and Security are in place to service the new track. A Licensing agent is on site. 2016 anticipated Standardbred and Thoroughbred racing as well as the possibility of Quarter Horse races at Century Downs. This did not occur due to the timing of the Funding agreement with Government and the Capital investment required. Plans to implement this race schedule at Century Downs for 2017 are underway.

With the announcement of Northlands Park exiting racing after the 2016 Race Meet, the HRA Board of Directors determined that Expressions of Interest be posted for applications to build and operate an “A” Race Track Facility in the Edmonton Market area. The Expressions of Interest closing saw seven (7) interested parties submit applications. An External Committee, struck to review applications, reviewed applications and recommended all seven applicants to move to a Request for Proposal (RFP) process. The External Committee reviewed the submitted RFP’s (four) and recommended a successful candidate to the HRA Board of Directors. The Board of Directors met with the External Review Committee. After careful consideration of the External Review Committee’s recommendation, the HRA Board approved the External Review Committee’s recommendation of Century Casinos Europe to proceed to an “A” Track Horse Race Facility and License. It is expected that this phase of Licensing an “A” Track for the Edmonton market area will be completed in 2017. A letter of Intent to License has been provided to Century to enable them to proceed with the construction of the facilities.

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 the Alberta market can support
- Require detailed long-term strategic business plans from racetrack licenses for both on and off site activities
- 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 2017-2019 racing seasons (presented to HRA annually).

ACTION PLAN 2017 – 2019: RACE TRACK LICENSING

Key Strategies	Operational Activities	2016 Outcomes
Growth in the OTB/Simulcast market.	Implementation of the Split Model proposal: This has been implemented and will be assessed after the first years' experience. This analysis is in progress.	A very limited assessment has occurred. There will be follow up with the operators to determine the reasons for handle decline and possible mitigation.
2017 Strategies	Operational Activities	
	Continue to monitor the OTB/Simulcast split model. Current contract expires end of 2017.	
Key Strategies	Operational Activities	2016 Outcomes
Improvement in customer experience and satisfaction.	<p>Ensure Alberta product shown at all OTBs.</p> <p>Measure customer feedback by providing an opportunity for customers to comment on their experience.</p> <p>Increase number of product offerings in Alberta OTB's if appropriate.</p> <p>Dedicated maintenance/service personnel.</p> <p>Periodic site visits by HRA personnel.</p>	This continued to be an issue at certain OTB outlets. We will continue to work with our operating partners to eliminate this issue in 2017.

2017 Strategies	Operational Activities	
	Continue to monitor customer satisfaction at Alberta OTB sites. Continue to analyze opportunities for additional product at our sites.	
Key Strategies	Operational Activities	2016 Outcomes
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.	Utilize a standard process and a template to be used for the review of current racetrack licenses.	Initial success in this area is encouraging.
2017 Strategies	Operational Activities	
Ensure that all tracks provide their individual Business Plans and Budgets as consistently as possible given the variety of Track operations.	Continue to work towards a standardized template.	
Key Strategies	Operational Activities	2016 Outcomes
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.	
2017 Strategies	Operational Activities	
Continue to investigate new product availability.	Reports from participants at Gaming Conferences.	
Key Strategies	Operational Activities	2016 Outcomes
Race Track License Rules	The Race Track License Rules will be updated in 2016. This will not occur given the urgency of moving forward on an "A" Track in the Edmonton market area.	
2017 Strategies	Operational Activities	
Race Track License Rules	Update the Rules for Licensing Race Tracks when the License process for the new "A" Track is completed.	

BREED IMPROVEMENT PROGRAM

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

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

BACKGROUND / EXPECTED RESULTS

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

Success within this sector takes time. Breeders require a five-year horizon from the time of arranging for breeding until the racehorse has the opportunity to reach its full potential on the racetrack. The opening of the ‘A’ racing facility, Century Downs in the Calgary market area has provided stability and support of these goals.

ACTION PLAN 2017 – 2019: BREED IMPROVEMENT

- Continue to work with Alberta Agriculture and Rural Development, the Horse Industry Association of Alberta, Olds College, the Western College of Veterinary Medicine 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.
- Continue to monitor and evaluate the effectiveness of 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 and other equine related activities.

Thoroughbreds (2016 forward): Breed Improvement 2017

NOTE: All 2016 strategies will continue and be evaluated appropriately. Breed Improvement programs are evaluated and implemented on an annual basis.

<i>Key Strategies</i>	<i>Operational Activities</i>	<i>2016 Outcomes</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.	To be reported on in 2017.
<i>Key Strategies</i>	<i>Operational Activities</i>	<i>2016 Outcomes</i>
Encourage ownership of Alberta bred horses.	Supply purse supplements to successful competing Alberta breds.	To be reported on in 2017.
<i>Key Strategies</i>	<i>Operational Activities</i>	<i>2016 Outcomes</i>
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.	To be reported on in 2017.
<i>Key Strategies</i>	<i>Operational Activities</i>	<i>2016 Outcomes</i>
Highlight Alberta Breeding to improve the quality and value of the Alberta bred Thoroughbred.	Evaluate a program element added in 2013 that rewarded Alberta breds that compete at high levels elsewhere in North America. Support the Alberta Fall Classic, which is a day of stakes races that showcase the Alberta bred racehorse to the rest of the country.	To be reported on in 2017.
<i>Key Strategies</i>	<i>Operational Activities</i>	<i>2016 Outcomes</i>
Encourage purchase of Alberta bred yearlings at the Select Alberta Sale.	Support the Yearling Sales Stakes.	To be reported on in 2017.
<i>Key Strategies</i>	<i>Operational Activities</i>	<i>2016 Outcomes</i>
Support successful Alberta stallions.	Continue the performance based stallion bonuses.	To be reported on in 2017.

Standardbreds (2016 forward): Breed Improvement 2017

Key Strategies	Operational Activities	2016 Outcomes
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.	To be reported on in 2017.
Key Strategies	Operational Activities	2016 Outcomes
Support superior quality mares.	Maintain the Mare Bonus Program for foals sired by Alberta stallions.	To be reported on in 2017.
Key Strategies	Operational Activities	2016 Outcomes
Review effectiveness of existing programs.	Analyze the data on purse supplementation to ensure goals are being achieved.	To be reported on in 2017.
Key Strategies	Operational Activities	2016 Outcomes
Encourage purchase of Alberta bred or sired Standardbreds at the Annual Yearling Sale.	The Annual Yearling Sale has attracted out of Province buyer's. Have proven they can compete anywhere in North America.	To be reported on in 2017.

Quarter Horses (2016 forward): Breed Improvement 2017

Key Strategies	Operational Activities	2016 Outcomes
Encourage the breeding of quality American Quarter Horse racing stock in Alberta.	Supply breeders' bonuses to successful competing Alberta breds.	To be reported on in 2017.
Key Strategies	Operational Activities	2016 Outcomes
Prove Stallions standing in Alberta.	Continue the performance based stallion bonuses and the Sires Stakes Program for foals sired by Alberta Stallions.	To be reported on in 2017.
Key Strategies	Operational Activities	2016 Outcomes
Encourage growth in new ownership and investment in racing and breeding stock of Alberta bred horses.	Ensure a balance of racing opportunities between overnight races and stakes racing programs for Alberta breds at both the A and B racetracks.	To be reported on in 2017.

Key Strategies	Operational Activities	2016 Outcomes
Encourage purchase of yearlings at the Annual Quarter Horse sale.	Support the Canada Quarter Horse Cup Races.	To be reported on in 2017.

Community Circuit (2015 forward): Breed Improvement

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

Annual Breed Improvement Yearling Sale Statistics

Yearling Sale	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target	2019 Target
Thoroughbreds	8,560	8,342	11,117	11,370	8,253	11,000	11,200	11,500
Standardbreds	4,807	10,027	11,970	7,974	10,941	11,000	11,200	11,500
Quarterhorse	3,205	3,636	2,366	4,685	3,388	4,000	4,200	4,500

REGULATORY

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

BACKGROUND / EXPECTED RESULTS

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

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

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

ACTION PLAN 2017 – 2019: REGULATORY

Key Strategies	Operational Activities	2016 Outcomes
Continue to be a full participant in the discussions with CPMA and other provincial regulators regarding updates or plans for drug testing.	<p>Continue vigilant drug testing of humans and horses participating in racing at Alberta tracks. Discussions initiated to update the withdrawal times for the drugs in our "Schedule of Drugs" Book resulted in Clenbuterol withdrawal time changing from 72 hours to 7 days.</p> <p>HRA, CPMA and ASHA have developed a protocol for Cobalt testing which is being used in Alberta and is anticipated to be added to the CPMA schedule of drugs in 2016.</p>	"Schedule of Drugs" book updated and now called "Elimination Guidelines 2016". Thoroughbreds not satisfied with Clenbuterol withdrawal times. EIPH Certification Program (Lasix) started in Harness.
2017 Strategies	Operational Activities	2017 Outcomes
Continue to be a full participant in the discussion with CPMA and other provincial regulators regarding updates or plans for drug testing.	<p>Continue testing for cobalt. CPMA is expecting cobalt to be included in the "Elimination Guidelines 2016" booklet by April, 2017. Introduction of the EIPH Certification Program (Lasix) in 2016 has had a positive response and will continue in 2017.</p> <p>Continue with Protocols for race clubs which started in 2016 which was very popular and we hope to see them in 2017.</p>	Clenbuterol: HRA Board of Directors approved a 14-day withdrawal for flat racing in Alberta.
Key Strategies	Operational Activities	2016 Outcomes
The revised Rules Governing Horse Racing in Alberta is now in use. They are continually reviewed and updated as required.	<p>Continue to upgrade rules as needed for the betterment and fairness of horse racing.</p> <p>An example is the introduction of the Whipping Rule in Harness Racing. Drivers are required to keep a hand in each hand hold until the finish of the race. Another rule</p>	Whipping rules not supported by horsemen; changed to reflect what they considered more effective, which included change to penalties. Retention barn introduction for harness. Revamp rules for EIPH Certification Program now

	change was the rule of 45-day workout for Quarter horse at an "A" track.	in effect for both Standardbreds and thoroughbreds at the "A" tracks. Rule change CPMA rules on the retest from 45 to 21 days.
2017 Strategies	Operational Activities	
Rules governing Horse Racing are continually reviewed and updated as required.	Continue to work with industry on changes.	
Key Strategies	Operational Activities	2016 Outcomes
	Review of penalty guidelines for positive tests has been completed and the appropriate changes have been well accepted.	Status quo.
2017 Strategies	Operational Activities	
Continue to use the penalty Guidelines.	Anticipate no change.	
Key Strategies	Operational Activities	2016 Outcomes
New Members for the Appeal Tribunal	When the new Chair and member of the Appeal Tribunal are in place, meet with the Tribunal to determine an efficient timeline to hear appeals.	New Tribunal in place fall of 2016 and hearings to address the backlog of appeals underway. There were nine appeals heard in 2016 by the new Appeal Tribunal.
2017 Strategies	Operational Activities	
	Continue to work in close communication with Appeal Tribunal to improve efficiency in hearing appeals.	

HUMAN RESOURCE DEVELOPMENT

"Facilitate the education, training, and well-being of individuals involved in Alberta's horse racing industry." It is Horse Racing Alberta's mandate to improve the quality of life for those who live and work in the backstretch. We are unique in that the majority of workers live on site.

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. The Horse Racing Alberta Backstretch Foundation was created to improve the quality of life for the many personnel who work and sometimes live at the track. It is apparent that Backstretch services and delivery of those services need to be modernized to meet the needs of the current work force. HRA has accepted the Industries advice regarding the Learning Centre and the Learning Centre will close March 15, 2017. The Backstretch Manager's position has been eliminated and conversations with Horsemen's Associations and Tracks will be held over the next six months to determine future direction for support of Backstretch personal at all Alberta race tracks. In the interim, calls, referrals and support will be provided through the HRA main office. This will ensure that addiction counselling and benevolence to those in need continues.

HRA is fortunate to have a group of volunteers who assist in creating a sense of community by organizing events such as BBQ's, Baseball tournaments, dinner and movie nights.

HRA in partnership with Olds College, offers two programs to recruit and train Canadians to work in the horse racing industry. The Groom School Program and Exercise Rider Program are both fifteen-week certificate programs which have been accredited by Alberta Learning.

ACTION PLAN 2017 – 2019 (PROGRAMS): HUMAN RESOURCES

Key Strategies	Operational Activities	2016 Outcomes
Operate on site Learning Centre. Provide safe learning environment.	The Learning Centre continues to provide services to the people that work and live in the backstretch. We offer five computer stations with free Wi Fi access and other services such as GED upgrading to all HRA licensees. We also provide assistance setting up e-mail accounts and basic computer skills.	Facilitated the immigration process for Jockeys for Rocky Mountain Turf Club and also coordinated with Assiniboia Downs in Winnipeg and Marquis Downs in Saskatoon. Continue to provide immigration information to interested parties. Assisted people with email, resumes, faxing documents, assisted backstretch personnel

		with locating accommodations.
2017 Strategies	Operational Activities	
<p>The Learning Centre will close March 15, 2017. An evaluation of current needs will occur over the next 6 months to determine services required and methodology of delivery.</p> <p>In 2017 Horse Racing Alberta will assist with programs to improve the racetrack experience for industry stakeholders and racing fans through education, networking, and positive initiatives.</p> <p>With current Backstretch personnel we will collaborate with Marketing and Communications to improve customer experiences for both industry insiders (owners, trainers, riders, drivers and backstretch personnel) and casual fans who might become industry insiders. We will build on our strength to engage backstretch workers and share the backstretch with racing fans. A priority is promotion of horse racing through targeted events and initiatives which will educate the casual racing fan about horses, industry insiders and the racing lifestyle. We will also provide expertise to our industry insiders to support their goals of attracting and retaining employees and fans to the racing life.</p> <p>Promote the racing industry to attract and engage casual fans.</p>	<ol style="list-style-type: none"> 1. Provide education to horse industry fans through equine related Trade Shows and invitations to participate in Day at the Races events. 2. Provide education and interaction to potential new urban fans through specific new partnerships with tracks and service clubs through information sessions and invitations to participate in Day at the Races events. 3. Support Signature charitable events at all four racetracks will attract and engage fans and media to promote the racetrack community. 4. Utilize Social Media platforms to provide information about horses and horsemen. 	

Key Strategies	Operational Activities	2016 Outcomes
<p>Research and develop training programs to address the severe shortage of qualified personnel.</p> <p>Promote our Groom School and Exercise Rider/Jockey School to attract students from other countries.</p> <p>Number of students Graduated from Exercise Rider School 2014-2015 was 9</p> <p>Develop a Barn Manager/Assistant Trainer Program.</p> <p>Continue to work with marginally employables by offering entry level employment and demonstrating that this can be a stepping stone to other employment opportunities within and outside the industry.</p> <p>We are aggressively marketing the groom school as workers are desperately needed in this area</p> <p>Continue to liaise with our First Nations communities to offer opportunities in the equine industry such as grooms and trainers.</p>	<p>The Exercise Rider program continues to be a major success story. We are currently developing a surface at Olds college which will allow our students to gain experience galloping horses outside. The other major advantage is that it will allow us to offer the program from start to finish at one location which will help with recruitment.</p> <p>Horse Racing Alberta currently offers seven scholarships. Three to the public at large and four to students that want to access Equine programs. We received nine requests for scholarships this year and because of the quality of applicants, we have approved them all.</p> <p>HH Sheikh Mansoor has created a series of races all over the world specifically for amateur and professional women jockeys and apprentice jockeys of racing academies. Apprentice jockeys are invited to showcase their riding skills and network with trainers, owners, and racing officials from around the world.</p> <p>Sheikh Mansoor provided the financial support for the birth of the International Federation of Horse Racing Academies (IFHRA). HRA's Theresa Sealy sits on the IFHRA Academic Committee.</p>	<p>The Exercise Rider program provided 6 qualified workers into the industry. They were employed at Racetracks, Farms, and in all the racing breed sectors. The new surface at Olds College allowed our students to learn in a safe environment with gradual progression.</p> <p>We had 9 graduates of our 2016 Racetrack programs.</p> <p>Number of students Graduated from Groom school 2016 was 3.</p> <p>Horse Racing Alberta is now recognized on an international level as we have the only accredited exercise rider/Jockey school in Canada. As a result, three of our Olds College graduates were invited to participate in International races in 2016 representing Canada. Brandon Duchaine rode in Poland as an Apprentice. Janine Smith rode in Sweden and Corinne Andros rode in Morocco professional Lady riders.</p>
2017 Strategies	Operational Activities	
Promote the racing industry to attract new industry insiders.	1. Provide education and hands-on learning events for youth who are leaning	

	<p>towards an equine career through Taster Days, 4-H Day at the Races and Pony Club Day at the Races.</p> <ol style="list-style-type: none"> 2. Continue to work with Olds College for Exercise Rider and Jockey Program on alternating years. 3. Continue to work with Olds College for Groom School Program. 4. Provide education to Alberta horse industry stakeholders through equine related Trade Shows. 	
Key Strategies	Operational Activities	2016 Outcomes
Offer on-site counseling services to all backstretch personnel.	<p>Continue to provide on-site counseling to those suffering from addiction and substance abuse.</p> <p>Continue to offer onsite counselling services to those that struggle with substance abuse. Since coming on board in 2004, the number of positive drug tests have fallen significantly.</p> <p>Referral services to all programs available through Alberta Health Services are also provided, along with information and education.</p> <p>In 2015, six requests were received to officiate at memorial services from the families of longtime horsemen and women in the backstretch.</p>	<p>As a result of having an onsite counselor, positive drug tests have been reduced to almost zero.</p> <p>The onsite counselor has established a number of personal relationships and provided counseling on an informal and formal basis.</p>

2017 Strategies	Operational Activities	
<p>Research and develop training programs to address the severe shortage of qualified personnel.</p> <p>Promote our Groom School and Exercise Rider/Jockey School to attract students from other countries.</p> <p>Continue to work with marginally employables by offering entry level employment and demonstrating that this can be a stepping stone to other employment opportunities within and outside the industry.</p> <p>We are aggressively marketing the groom school as workers are desperately needed in this area.</p> <p>Continue to liaise with our First Nations communities to offer opportunities in the equine industry such as grooms and trainers.</p>	<p>The Exercise Rider program will be postponed this year but will be offered again in 2018.</p> <p>Continue to promote program created in 2016 aimed specifically for amateur and professional women jockeys and apprentice jockeys of racing academies around the world. Apprentice jockeys are invited to showcase their riding skills and network with trainers, owners, and racing officials from around the world.</p>	
<p>Provide referral counseling services to all backstretch personnel.</p>	<p>Provide on-site referrals for counselling to those suffering from addiction and substance abuse. Since coming on board in 2004, the number of positive drug tests have fallen significantly.</p> <p>Referral services to all programs available through Alberta Health Services are also provided, along with information and education.</p>	
Key Strategies	Operational Activities	2016 Outcomes
<p>Temporary Foreign Worker Program</p>	<p>There have been major changes in the Foreign Worker Program which makes it very difficult to bring in foreign workers. We continue to</p>	<p>Facilitated the immigration process for Jockeys for Rocky Mountain Turf Club and also coordinated with Assiniboia Downs in</p>

	<p>facilitate the application process for those employers who want to apply for foreign workers. There has also been a change to the process which applies to jockey's, again we facilitate the applications for Northlands and Rocky Mountain Turf Club. At the end of the season, we receive requests usually from jockeys to apply for a visitor's permit which allows them to extend their stay in the country for three months.</p>	<p>Winnipeg and Marquis Downs in Saskatoon. Successfully completed work permit applications for 12 Jockeys for Rocky Mountain Turf Club. Obtained LMIA approvals for trainers, breeding farms and training facility. Will continue to assist farms and breeding facilities with immigration applications. Continue to provide immigration information to interested parties.</p>
2017 Strategies	Operational Activities	2017 Outcome
Temporary Foreign Worker Program	<p>The HBPA is now responsible for the foreign worker program in regards to providing jockeys and backstretch workers to trainers at Northlands Park.</p> <p>There has also been a change to the process which applies to jockey's, again we facilitate the applications for Rocky Mountain Turf Club. At the end of the season, we receive requests usually from jockeys to apply for a visitor's permit which allows them to extend their stay in the country for three months.</p>	<p>This responsibility will revert to the Employer of the Jockey's.</p>
Key Strategies	Operational Activities	2016 Outcomes
HRA Backstretch Foundation/Not For Profit Society – established June 2012.	<p>The Foundation organizes a number of social events in the backstretch such as BBQs, Spaghetti dinners and movie nights. The HBPA will sponsor a thanksgiving dinner. These events create a sense of community and are always well attended.</p>	<p>Provided Pancake breakfast at Northlands Park, BBQ at Century Downs, 2 BBQ's at Rocky Mountain Turf Club and a BBQ at Evergreen Park. Provided benevolence to 18 racetrack personnel. (grooms, exercise riders and Jockeys).</p>

2017 Strategies	Operational Activities	
HRA Backstretch Foundation/Not For Profit Society – established June 2012.	The Foundation will consult with tracks as to participation in social events in the backstretch. These events create a sense of community and are always well attended.	

ANIMAL WELFARE

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

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

BACKGROUND / EXPECTED RESULTS

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

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

ACTION PLAN 2017 – 2019: ANIMAL WELFARE

Key Strategies	Operational Activities	2016 Outcomes
Pursue opportunities to work with others to undertake joint education and research.	Continue the research grant to the Western School of Veterinary Medicine, based on specific research proposals. Enter into partnerships with the University of Alberta and the University of Calgary as appropriate.	Research grants to Western College of Veterinary Medicine are continued. Meetings were held with equine researchers at University of Calgary who are conducting important research with the equine athlete. Connected the researchers with additional horse breeding farms.

2017 Strategies	Operational Activities	
Pursue opportunities to work with others to undertake joint equine health research and education.	<p>Continue the research grant support to the Western School of Veterinary Medicine, based on specific proposals related to health of race horses.</p> <p>Continue to build the relationship with the University of Calgary Veterinary School researchers in equine health.</p>	
Key Strategies	Operational Activities	2016 Outcomes
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>	
2017 Strategies	Operational Activities	
Identify and address animal welfare concerns.	<p>Advise industry of any emerging disease threat.</p> <p>Ensure all industry partners have the protocols that are in place and follow them appropriately.</p> <p>Continue to work with racetrack management to assist them with design and upkeep of their facilities to ensure the health and safety of horses at their facilities. (This will be a part of the procedures for licensing of the new "A" track in the Edmonton market area).</p>	

	Ensure that the multi-location plan for investigating the death of any horse that dies at an Alberta Race Track is clear and followed.	
Key Strategies	Operational Activities	2016 Outcomes
Monitor data provided by the racetrack veterinarians.		
2017 Strategies	Operational Activities	
Monitor data provided by the racetrack veterinarians.	Continued	
Key Strategies	Operational Activities	2016 Outcomes
Improve horsemanship and animal welfare through education.	<p>Review with Licensed Racetracks, the fire safety protocols for all licensees.</p> <p>Continue to work with CPMA and other Regulatory bodies towards better education to ensure proper testing in order to minimize potential drug abuse in racehorses.</p> <p>Work with other agencies to provide a seminar for horsemen related to animal upkeep and welfare (i.e., farrier, medication, and vaccination programs).</p>	<p>Fire Safety workshops on site are in development.</p> <p>Continued</p> <p>Worked with Alberta Agriculture and HBPA to facilitate the microchip program for thoroughbred horses at Northlands Park and at the Olds College Exercise Rider and Groom School program.</p>
2017 Strategies	Operational Activities	
Improve horsemanship and animal welfare through education.	<p>Review with Licensed Racetracks, the fire safety protocols for all Licensees.</p> <p>Continue to work with CPMA and other regulatory bodies toward better education to ensure proper testing in order</p>	

	<p>to minimize potential drug abuse in racehorses.</p> <p>Work with other agencies to provide educational opportunities for horsemen related to animal upkeep and welfare (i.e., farrier, medication and vaccination programs).</p>	
Key Strategies	Operational Activities	2016 Outcomes
Ensure racetrack safety.	<p>Work towards ensuring there is an equine emergency care facility at each racetrack.</p> <p>Investigate ways to reduce catastrophic injuries through education and increasing race surface standards at all tracks. Continue to enforce HRA's rules, policies, and procedures designed to maximize the safety of racehorses during training and competitions.</p>	<p>In place.</p> <p>Ongoing</p> <p>Ongoing</p>
2017 Strategies	Operational Activities	
Ensure Racetrack safety	<p>Continue to ensure there is an equine emergency facility or appropriate protocols for emergency equine emergency care at each racetrack.</p> <p>Continue to investigate and implement protocols 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 competition and training.</p>	

PURSES

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

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

BACKGROUND / EXPECTED RESULTS

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

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

The following is the HRA contributions to Purses (including actuals and projections) on the class 'A' track and community circuit from 2012 to the end of this Business Plan period:

Year	HRA Purse Grant	*Breed Improvement Program Breed Support	Total Purses
2012	\$10,663,936	\$3,368,750	\$14,032,686
2013	\$10,717,127	\$3,349,876	\$14,067,003
2014	\$9,013,583	\$3,246,410	\$12,259,993
2015	\$13,700,000	\$3,687,000	\$17,387,000
2016	\$13,357,452	\$3,450,156	\$16,807,608
2017	\$12,318,147	\$3,450,443	\$15,768,590
2018	\$12,318,147	\$3,450,443	\$15,768,590
2019	\$12,318,147	\$3,450,443	\$15,768,590

*Estimated money available from Breed Improvement Program.

ACTION PLAN 2017 – 2019: PURSE

Key Strategies	Operational Activities	2016 Outcomes
A strategy for purse distribution that includes the Calgary Track operational for the full racing season in 2016 including all breeds.	Manage race dates with regards to available facilities, revenues, horsemen's negotiation, attractive racing product and increasing horse fields.	Two meetings with industry to develop protocols regarding purse allocation
2017 Strategies	Operational Activities	
Consult with Industry partners to establish a clear, fair and transparent methodology for purse allocation.	Meet with small industry group to finalize the work on purse allocation. Target June 2017 for final recommendation(s).	
Key Strategies	Operational Activities	2016 Outcomes
Communicate the rationale for purse grants and race date allocation.	Incorporate into HRA new "corporate" website and strategic Communications Plan.	Discussions with industry continued.
2017 Strategies	Operational Activities	
Finalize and communicate the rationale for Purse allocation and Race Dates.	Continue dialogue with industry.	

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.
- 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 live broadcast of the Canadian Derby, which generate attendance and viewership, 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 opening and successful operation of Century Downs in the second quarter of 2015 has provided renewed confidence in the Industry.

An industry Stakeholder session 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 the Calgary Track.

Subsequent to the announcement of Northlands Park exiting racing, an industry session was held to discuss the Edmonton market area as well as the new funding agreement with the Alberta government.

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. Xpressbet launched in the last quarter of 2015 to offer another wagering option.

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

We continue to monitor yearling sale results for all breeds however, are cautious in the weighting of the results as uncertainty in a number of areas, such as race venue, has resulted in significant fluctuations, year to year, breed to breed.

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

	2014 Actual ¹	2015 Actual ¹	2016 Budget ²	2016 Forecast ²	2017 Budget ³	2018 Projections ⁴	2019 Projections ⁵
Edmonton NLP - Alberta Live & Simulcast	\$9,625,483	\$9,262,109	\$8,335,898	\$7,687,379	\$8,772,960	\$9,036,149	\$9,487,956
Edmonton NLP - Foreign Simulcast	<u>\$74,640,260</u>	<u>\$74,557,195</u>	<u>\$67,101,476</u>	<u>\$65,503,780</u>	<u>\$66,118,640</u>	<u>\$68,102,199</u>	<u>\$71,507,309</u>
	<u>\$84,265,742</u>	<u>\$83,819,304</u>	<u>\$75,437,374</u>	<u>\$73,191,159</u>	<u>\$74,891,600</u>	<u>\$77,138,348</u>	<u>\$80,995,265</u>
Calgary Century Downs - Alberta Live & Simulcast		\$1,887,887	\$2,700,457	\$1,974,705	\$2,777,640	\$2,916,522	\$3,062,348
Calgary Century Downs - Foreign Simulcast		<u>\$2,560,278</u>	<u>\$6,195,873</u>	<u>\$5,695,668</u>	<u>\$6,954,360</u>	<u>\$7,302,078</u>	<u>\$7,667,182</u>
		<u>\$4,448,165</u>	<u>\$8,896,330</u>	<u>\$7,670,373</u>	<u>\$9,732,000</u>	<u>\$10,218,600</u>	<u>\$10,729,530</u>
North HOT - Alberta Live & Simulcast	\$496,987	\$382,069	\$343,862	\$290,410	\$321,028	\$330,659	\$347,192
North HOT - Foreign Simulcast	<u>\$13,173,884</u>	<u>\$11,200,241</u>	<u>\$10,080,217</u>	<u>\$8,751,231</u>	<u>\$8,640,092</u>	<u>\$8,899,295</u>	<u>\$9,344,259</u>
	<u>\$13,670,871</u>	<u>\$11,582,310</u>	<u>\$10,424,079</u>	<u>\$9,041,641</u>	<u>\$8,961,120</u>	<u>\$9,229,954</u>	<u>\$9,691,451</u>
South HOT - Alberta Live & Simulcast	\$1,274,486	\$1,132,449	\$1,189,071	\$866,935	\$1,073,644	\$1,127,326	\$1,183,693
South HOT - Foreign Simulcast	<u>\$31,584,179</u>	<u>\$29,105,392</u>	<u>\$30,560,662</u>	<u>\$26,655,337</u>	<u>\$28,510,856</u>	<u>\$29,936,399</u>	<u>\$31,433,219</u>
	<u>\$32,858,665</u>	<u>\$30,237,841</u>	<u>\$31,749,733</u>	<u>\$27,522,272</u>	<u>\$29,584,500</u>	<u>\$31,063,725</u>	<u>\$32,616,912</u>
Community Track Racing - Alberta Live & Simulcast	\$1,787,770	\$1,060,039	\$1,060,039	\$940,323	\$1,008,435	\$1,058,856	\$1,111,799
Community Track Racing - Foreign Simulcast	<u>\$4,503,740</u>	<u>\$3,132,265</u>	<u>\$3,132,265</u>	<u>\$2,529,595</u>	<u>\$2,673,016</u>	<u>\$2,806,666</u>	<u>\$2,947,000</u>
	<u>\$6,291,510</u>	<u>\$4,192,304</u>	<u>\$4,192,304</u>	<u>\$3,469,918</u>	<u>\$3,681,451</u>	<u>\$3,865,522</u>	<u>\$4,058,799</u>
Handle All Tracks Racing - Alberta Live & Simulcast	\$13,184,726	\$13,724,553	\$13,629,327	\$11,759,752	\$13,953,707	\$14,469,512	\$15,192,988
Handle All Tracks Racing - Foreign Simulcast	<u>\$123,902,063</u>	<u>\$120,555,371</u>	<u>\$117,070,493</u>	<u>\$109,135,611</u>	<u>\$112,896,963</u>	<u>\$117,046,637</u>	<u>\$122,898,968</u>
Total Handle All Tracks Racing	<u>\$137,086,788</u> ¹	<u>\$134,279,924</u> ¹	<u>\$130,699,820</u> ²	<u>\$120,895,363</u> ²	<u>\$126,850,670</u> ³	<u>\$131,516,148</u> ⁴	<u>\$138,091,956</u> ⁵
"A" Track HRA Purse Grant - overnights and stakes							
Thoroughbred - HRA Purse Grant	\$3,780,941	\$5,274,500	\$5,197,500	\$5,055,103	\$4,690,872	\$4,690,872	\$4,690,872
Standardbred - HRA Purse Grant	\$1,365,873	\$5,274,500	\$5,197,500	\$5,197,500	\$4,690,872	\$4,690,872	\$4,690,872
Purse Grant-AQHRA Stakes Races at Edmonton	<u>\$107,176</u>	<u>\$139,740</u>	<u>\$137,700</u>	<u>\$137,550</u>	<u>\$137,700</u>	<u>\$137,700</u>	<u>\$137,700</u>
Total "A" Track HRA Purse Grants	<u>\$5,253,990</u>	<u>\$10,688,740</u>	<u>\$10,532,700</u>	<u>\$10,390,153</u>	<u>\$9,519,444</u>	<u>\$9,519,444</u>	<u>\$9,519,444</u>
Purse Grant Lethbridge - Runners	\$1,126,540	\$1,405,255	\$1,416,211	\$1,480,967	\$1,382,492	\$1,382,492	\$1,382,492
Purse Grant Grande Prairie - Runners	\$559,287	\$836,461	\$842,983	\$778,227	\$775,544	\$775,544	\$775,544
Purse Grant Lacombe - Standardbred	\$2,048,766						
Purse Grant Alameda Track - Standardbred		\$736,086	\$674,386	\$674,386	\$606,948	\$606,948	\$606,948
Purse Grant Millarville - Runners	<u>\$25,000</u>	<u>\$33,458</u>	<u>\$33,719</u>	<u>\$33,719</u>	<u>\$33,719</u>	<u>\$33,719</u>	<u>\$33,719</u>
Total Community HRA Purse Grants	<u>\$3,759,593</u>	<u>\$3,011,260</u>	<u>\$2,967,300</u>	<u>\$2,967,299</u>	<u>\$2,798,703</u>	<u>\$2,798,703</u>	<u>\$2,798,703</u>
Total HRA Purse Grants	<u>\$9,013,583</u> ¹	<u>\$13,700,000</u> ¹	<u>\$13,500,000</u>	<u>\$13,357,452</u> ²	<u>\$12,318,147</u> ³	<u>\$12,318,147</u> ⁴	<u>\$12,318,147</u> ⁵
Scheduled Race Days Thoroughbred at "A" tracks	73	75	73	69	68	70	100
Scheduled Race Days Standardbred at "A" tracks	33	106	91	89	87	87	100
Scheduled Race Days Community Tracks	118	90	88	83	83	83	83
Total Scheduled Race Days	<u>224</u>	<u>271</u>	<u>252</u>	<u>241</u>	<u>238</u>	<u>240</u>	<u>283</u>

1 2014-2015 Actuals are based on HRA's audited financial statements in all instances in this document.

Purse allocations were revised to 38.5% for both Thoroughbred and Standardbred on "A" tracks, 1.02% for Quarterhorse on "A" track and 21.98% for all breeds racing at "B" tracks (pro-rated).

2 2016 Budget as approved by HRA Board. Handle was expected to decrease by approximately 3%; at December 31 was 7.5% below budget due to downturn in economy and uncertainty surrounding closure of Edmonton track. Purse Grants decreased by 1.5% in budget and a further 1% realized December 31.

3 Handle is projected to recover and increase by 5% in 2017 based on industry projections while slot revenue to decrease by 8% due to HRA's decreased share from new government agreement. Purse Grants to decrease by 9%. Regulatory and Administration to decrease by 10% and Backstretch by 63%. All other expenditures to remain fairly flat.

4 Handle is projected to increase by 4% in 2018 with opening of new Edmonton area racetrack and Purse Grants to remain constant.

5 Handle is projected to increase by 5% in 2019 and slot revenue by 14% with new racetrack being operational for full year.

Statement of Operations
Financial Data

	2014 Actual ¹	2015 Actual ¹	2016 Budget ²	2016 Forecast ²	2017 Budget ³	2018 Projections ⁴	2019 Projections ⁵
Revenue							
General Fee	\$6,854,339	\$6,713,996	\$6,534,991	\$6,044,479	\$6,342,534	\$6,575,807	\$6,904,598
Promotional Levy	\$522,267	\$503,193	\$499,927	\$457,954	\$485,204	\$503,049	\$528,202
Assessments / Licenses / Fines / Other	\$273,076	\$307,721	\$297,325	\$406,086	\$305,955	\$296,325	\$293,325
Gaming Agreement-Current Year ⁶	\$21,183,007	\$34,442,755	\$35,945,630	\$35,339,531	\$32,917,197	\$34,297,011	\$39,204,959
Deferred Revenue Recognition/Interest	\$3,363	\$4,731	\$6,000	\$4,680	\$5,000	\$5,200	\$5,400
Total Revenue	\$28,836,052	\$41,972,395	\$43,283,872	\$42,252,730	\$40,055,888	\$41,677,393	\$46,936,484
Expenses							
HRA Purse Grant	\$9,013,583	\$13,700,000	\$13,500,000	\$13,357,452	\$12,318,147	\$12,318,147	\$12,318,147
Edmonton - HRA Racetrack Funding Northlands	\$7,438,273	\$8,058,832	\$7,261,637	\$6,877,569	\$7,429,557	\$3,684,078	
Edmonton - Standardbred Stabling/Operations ⁷	\$310,570						
Edmonton - HRA Racetrack Funding Century						\$6,149,086	\$13,209,446
Calgary - HRA Racetrack Funding		\$7,715,144	\$9,811,656	\$10,404,442	\$10,616,481	\$10,714,329	\$10,812,176
Lethbridge - HRA Racetrack Funding	\$1,206,779	\$1,647,429	\$1,671,745	\$1,567,112	\$1,602,211	\$1,618,088	\$1,633,966
Grande Prairie - HRA Racetrack Funding	\$968,543	\$873,727	\$876,140	\$499,634	\$519,521	\$524,537	\$530,270
Millarville - HRA Racetrack Funding	\$20,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Lacombe - HRA Racetrack Funding ⁸	\$1,227,946						
Total Racetrack Funding ⁹	\$11,172,111	\$18,325,131	\$19,651,177	\$19,378,756	\$20,197,767	\$22,720,118	\$26,215,858
Discretionary Project Grants ¹⁰		\$1,379,285	\$500,000	\$500,000	\$500,000		
Thoroughbred Breeding Support	\$2,170,720	\$2,386,070	\$2,219,600	\$2,219,600	\$2,219,600	\$2,219,600	\$2,219,600
Standardbred Breeding Support	\$1,182,542	\$1,435,340	\$1,335,200	\$1,334,913	\$1,335,200	\$1,335,200	\$1,335,200
Community Breeding Support	\$445,200	\$478,590	\$445,200	\$445,200	\$445,200	\$445,200	\$445,200
Total Breeding Support ¹¹	\$3,798,462	\$4,300,000	\$4,000,000	\$3,999,713	\$4,000,000	\$4,000,000	\$4,000,000
Backstretch - Human Resource Development	\$334,215	\$371,949	\$355,000	\$273,356	\$101,750	\$85,000	\$85,000
Broadcasting	\$178,568	\$344,081		\$6,099			
Marketing at Racetracks							
HRA Internal Marketing	\$111,682	\$189,902	\$200,000	\$215,876	\$220,000		
Digital/Target Marketing		\$510,720					
Social Media			\$90,000	\$69,554	\$70,000		
Communication, Public and Media Relations	\$8,523	\$23,553	\$30,000	\$11,852	\$15,000		
Technology Improvements/Website	\$19,640	\$38,061	\$80,000	\$41,137	\$45,000		
Backstretch Social Programs	\$24,410						
Public Service Announcements	\$366,000	\$473,178					
Industry Special Projects			\$100,000	\$47,752	\$45,000		
Total Marketing and Promotion ¹²	\$708,822	\$1,579,494	\$500,000	\$392,270	\$395,000	\$400,000	\$400,000
Regulatory / Administration ¹³	\$2,981,857	\$3,057,120	\$3,083,356	\$3,265,233	\$2,953,334	\$2,887,434	\$2,974,057
Contingency ¹⁴			\$400,000				
Total Expenses	\$28,009,049	\$42,712,979	\$41,989,533	\$41,166,781	\$40,465,999	\$42,410,699	\$45,993,063
Net Operating Result	827,003	(740,584)	1,294,340	1,085,949	(410,111)	(733,307)	943,421
Cumulative Surplus (Deficit), beginning of year	(322,349)	504,653	(235,931)	(235,931)	850,018	439,908	(293,399)
Accumulated Surplus, end of year ¹⁵	504,653	(235,931)	1,058,409	850,018	439,908	(293,399)	650,022

⁶ Slot revenue increased by 3% in 2016 from 2015 due to Century Downs being operational for the full year in 2016. However this was offset by HRA's share decreased 1.66% as a result of the new agreement with Government effective April 1, 2016. Further decreases of 5% will be realized in years 2017 and 2018. The projections for 2018 include a split meet at Northlands Park and the transition to Century Mile mid year.

⁷ In 2014 additional support provided to ASHA for a share of the stabling and operational costs at Northlands Park during the Standardbred Meet.

⁸ Racetrack Funding provided to Alberta Downs in 2013 and 2014. "B" track Standardbred racing was held at both "A" tracks in 2015.

⁹ Racetrack Funding for Northlands Park increased to 28.75%, Rocky Mountain Turf Club to 25% and Evergreen Park to 17.25% (sliding scale based on slot performance) in 2015. Significant increase in 2015 is result of Century Downs opening in April 2015. Racetrack Funding is a function of slot performance at each track.

¹⁰ Discretionary Project Grants are introduced in 2015 to provide funding to racetracks for building upgrades. \$1.4 Million was set aside for the "A" Tracks in 2015 and \$500,000 in 2016. Upgrades to the Community Tracks will commence in 2017 and a total of \$500,000 has been budgeted.

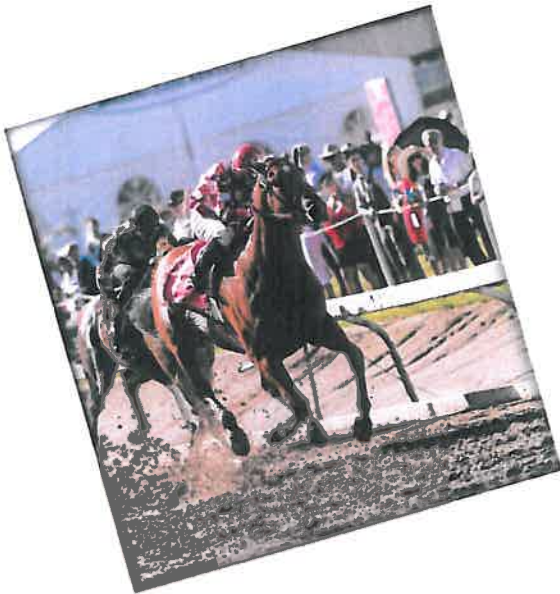
¹¹ The Breed Improvement Program was reduced by 13% in 2016 and expected to remain constant for the next three years.

¹² Significant reductions were made to the Marketing Program in 2016 to meet revenue shortfalls and expected to remain constant for the next three years.

¹³ Increased expenditures in 2016 as application process for new racetrack commenced. A decrease of 10% projected for 2017 with a further reduction of 2% in 2018.

¹⁴ Contingency of \$400,000 was budgeted for 2016 to meet unexpected revenue shortfalls and/or increases to expenses. Discontinued for next three years.

¹⁵ HRA's fiscal year-end is December 31. A Cumulative Surplus of \$1 million was budgeted in 2016 to ensure sufficient funds to meet uncertainties in 2017 regarding the changeover to new racetrack in the Edmonton area.



2017 - 2019 BUSINESS PLAN FINANCIALS



APPROVED FEBRUARY 16, 2017

HORSE RACING ALBERTA Financial Projections 2017 to 2019

Handle:

	2014 Actual ¹	2015 Actual ¹	2016 Budget ²	2016 Forecast ²	2017 Budget ³	2018 Projections ⁴	2019 Projections ⁵
Edmonton NLP/Alternate - Alberta Live & Simulcast	\$9,625,483	9,262,109	\$8,335,898	\$7,687,379	\$8,772,960	\$9,036,149	\$9,487,956
Edmonton NLP/Alternate - Foreign Simulcast	\$74,640,260	74,557,195	\$67,101,476	\$65,503,780	\$66,118,640	\$68,102,199	\$71,507,309
	\$84,265,742	83,819,305	\$75,437,374	\$73,191,159	\$74,891,600	\$77,138,348	\$80,995,265
Calgary Century Downs - Alberta Live & Simulcast		1,887,887	\$2,700,457	\$1,974,705	\$2,777,640	\$2,916,522	\$3,062,348
Calgary Century Downs - Foreign Simulcast		2,560,278	\$6,195,873	\$5,695,668	\$6,954,360	\$7,302,078	\$7,667,182
		4,448,165	\$8,896,330	\$7,670,373	\$9,732,000	\$10,218,600	\$10,729,530
North HOT - Alberta Live & Simulcast	\$496,987	382,069	\$343,862	\$290,410	\$321,028	\$330,659	\$347,192
North HOT - Foreign Simulcast	\$13,173,884	11,200,241	\$10,080,217	\$8,751,231	\$8,640,092	\$8,899,295	\$9,344,259
	\$13,670,871	11,582,310	\$10,424,079	\$9,041,641	\$8,961,120	\$9,229,954	\$9,691,451
South HOT - Alberta Live & Simulcast	\$1,274,486	1,132,449	\$1,189,071	\$866,935	\$1,073,644	\$1,127,326	\$1,183,693
South HOT - Foreign Simulcast	\$31,584,179	29,105,392	\$30,560,662	\$26,655,337	\$28,510,856	\$29,936,399	\$31,433,219
	\$32,858,665	30,237,841	\$31,749,733	\$27,522,272	\$29,584,500	\$31,063,725	\$32,616,911
Community Track Racing -Alta Live & Simulcast	\$1,787,770	1,060,039	\$1,060,039	\$940,323	\$1,008,435	\$1,058,856	\$1,111,799
Community Track Racing -Foreign Simulcast	\$4,503,740	3,132,265	\$3,132,265	\$2,529,595	\$2,673,016	\$2,806,666	\$2,947,000
	\$6,291,510	4,192,304	\$4,192,304	\$3,469,918	\$3,681,450	\$3,865,523	\$4,058,799
Handle All Tracks Racing - Alberta Live & Simulcast	\$13,184,726	13,724,553	\$13,629,328	\$11,759,752	\$13,953,707	\$14,469,512	\$15,192,988
Handle All Tracks Racing- Foreign Simulcast	\$123,902,063	120,555,371	\$117,070,492	\$109,135,611	\$112,896,964	\$117,046,636	\$122,898,988
Total Handle All Tracks Racing	\$137,086,788	134,279,924	\$130,699,820	\$120,895,363	\$126,850,670	\$131,516,148	\$138,091,956
		-2.05%	-2.67%	-7.50%	4.93%	3.69%	5.00%
Purse Grant:							
"A" Track HRA Purse Grant - overnights and stakes							
Thoroughbred - HRA Purse Grant	\$3,780,941	\$5,274,500	\$5,197,500	\$5,055,103	\$4,690,872	\$4,690,872	\$4,690,872
Standardbred - HRA Purse Grant	\$1,365,873	\$5,274,500	\$5,197,500	\$5,197,500	\$4,690,872	\$4,690,872	\$4,690,872
AQHRA Stakes Races	\$107,176	\$139,740	\$137,700	\$137,550	\$137,700	\$137,700	\$137,700
Total "A" Track HRA Purse Grant	\$5,253,990	\$10,688,740	\$10,532,700	\$10,390,153	\$9,519,444	\$9,519,444	\$9,519,444
Community - HRA Purse Grant							
Lethbridge - Runners	\$1,126,540	\$1,405,255	\$1,416,211	\$1,480,967	\$1,382,492	\$1,382,492	\$1,382,492
Grande Prairie - Runners	\$559,287	\$836,461	\$842,983	\$778,227	\$775,544	\$775,544	\$775,544
Lacombe/Century Track - Standardbred	\$2,048,766	\$736,086	\$674,386	\$674,386	\$606,948	\$606,948	\$606,948
Millarville - Runners	\$25,000	\$33,458	\$33,719	\$33,719	\$33,719	\$33,719	\$33,719
Total Community - HRA Purse Grants	\$3,759,593	\$3,011,260	\$2,967,300	\$2,967,299	\$2,798,703	\$2,798,703	\$2,798,703
Total - HRA Purse Grant	\$9,013,583	\$13,700,000	\$13,500,000	\$13,357,452	\$12,318,147	\$12,318,147	\$12,318,147
		51.99%	-1.46%	-1.06%	-8.75%	0.00%	0.00%
Scheduled Race Days:							
Thoroughbred at 'A' tracks	73	75	73	69	68	70	100
Standardbred at 'A' tracks	33	106	91	89	87	87	100
Community Tracks	118	90	88	83	83	83	83
Total Scheduled Race Days	224	271	252	241	238	240	283

2017-2019 BUSINESS PLAN FINANCIALS CONFIDENTIAL - Approved February 16, 2017

HORSE RACING ALBERTA Financial Projections 2017 to 2019

	2014 Actual ¹	2015 Actual ¹	2016 Budget ²	2016 Forecast ²	2017 Budget ³	2018 Projections ⁴	2019 Projections ⁵
Revenue:							
General Fee ⁶	\$6,854,339	\$6,713,996	\$6,534,991	\$6,044,479	\$6,342,534	\$6,575,807	\$6,904,598
Promotional Levy ⁶	\$522,267	\$503,193	\$499,927	\$457,954	\$485,204	\$503,049	\$528,202
Assessments, Licenses & Fines	\$220,958	\$261,492	\$265,325	\$259,178	\$270,955	\$265,325	\$265,325
Other	\$52,118	\$46,229	\$32,000	\$146,908	\$35,000	\$31,000	\$28,000
Slots - Current Year (Page 5) ⁷	21,183,007	34,442,755	35,945,630	35,339,531	32,917,197	34,297,011	39,204,959
Interest on Deferred Contributions	\$3,363	\$4,731	\$6,000	\$4,680	\$5,000	\$5,200	\$5,400
Gaming Agreement Sub-total	\$21,186,370	34,447,486	\$35,951,630	\$35,344,211	\$32,922,197	\$34,302,211	\$39,210,359
Total Revenue	\$28,836,052	\$41,972,395	\$43,283,872	\$42,252,730	\$40,055,888	\$41,677,393	\$46,936,484
Expenses:							
Racetrack Funding Grant (Page 6) ⁸	\$11,172,111	\$19,704,416	\$20,151,177	\$19,878,756	\$20,697,767	\$22,720,118	\$26,215,858
HRA Purse Grant (Page 7) ⁹	\$9,013,583	\$13,700,000	\$13,500,000	\$13,357,452	\$12,318,147	\$12,318,147	\$12,318,147
Breed Improvement Program (Page 8) ¹⁰	\$3,798,462	\$4,300,000	\$4,000,000	\$3,999,713	\$4,000,000	\$4,000,000	\$4,000,000
Regulatory / Administration (Page 9) ¹¹	\$ 2,996,156	\$ 3,057,120	\$ 3,083,356	\$ 3,265,233	\$ 2,953,334	\$ 2,887,434	\$ 2,974,057
HRA Marketing and Promotion (Page 10) ¹²	\$708,822	\$1,579,494	\$500,000	\$392,270	\$395,000	\$400,000	\$400,000
Backstretch - Human Resource Development	\$334,215	\$371,949	\$355,000	\$273,356	\$101,750	\$85,000	\$85,000
Contingency ¹³			\$400,000				
Total Expenses	\$28,023,348	\$42,712,979	\$41,989,533	\$41,166,781	\$40,465,999	\$42,410,700	\$45,993,063
Annual Surplus / (Deficit) from Programs	\$812,703	(\$740,584)	\$1,294,339	\$1,085,949	(\$410,111)	(\$733,307)	\$943,421
Add: Cumulative Surplus from Previous Year Change in Net Assets	(\$322,349) \$14,299	\$504,653	(\$235,931)	(\$235,931)	\$850,018	\$439,908	(\$293,399)
Cumulative Surplus Unrestricted / (Deficit)¹⁴	\$504,653	(\$235,931)	\$1,058,409	\$850,018	\$439,908	(\$293,399)	\$650,022

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HORSE RACING ALBERTA

Assumptions to Financial Projections 2017 to 2019

1. 2014 -2015 Actuals are based on HRA's audited financial statements in all instances in this document.
A new Discretionary Project Grant was introduced in 2015 to provide for capital and building improvements for both A and B tracks.
2. 2016 Budget as approved by the HRA Board. Handle was budgeted to decrease by approximately 3% from 2015 and Slot Revenue was budgeted to increase by 7% due to Century Downs being operational for full year, HRA's share of the slot revenue generated increased slightly as a result of the decrease from 51.66% to 50% effective April 1. Purse allocations were pro-rated and based on approved racing schedules at the tracks. A \$1.3 Million surplus was forecast for year end to help offset the further reduction of HRA's share to 45% in April 2017 however due to decreased revenue generation from both Handle and Slots during 2016 this was reduced to \$1 million resulting in cumulative surplus of approximately \$850,000 at year end.
3. 2017 Projections show a 5% increase in handle based on industry projections. An 8% decrease in HRA's share of slot revenue is budgeted for 2017 due mainly to the decrease from 50% to 45% in April. Slot play at Northlands and Grande Prairie to remain constant while Century Downs and Rocky Mountain Turf Club to increase by 1% from 2016. Purses budgeted to decrease by 9%; the Learning Centre in Backstretch will be closed in 2017. Significant reductions made to Regulatory budget. All other expenditures to remain flat.
4. 2018 Projections show a 4% increase in handle and includes the transition in Edmonton from Northlands Park to the new track Century Mile. The 17% increase in slot play is offset by a further decrease in HRA's share of slot revenue to 40% April 1 resulting in a 4% increase in 2018. Regulatory and Administration to decrease 2%. All other expenditures will remain flat over the next two years with the exception of Racetrack Funding which remains a function of slot revenue generated at each racetrack.
5. 2019 Projections show a 5% increase in handle and is based on a new racetrack being fully operational in the Edmonton area for the full year. Slot revenue is projected to increase by 17% resulting in a further 14% increase when Century Mile is operational for a full year. With the exception of Racetrack Funding all expenditures to remain flat.
6. 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.
7. See Slot Revenue Projections on Page 5.
8. Racetrack Funding comprise of general revenues made available by agreement and Discretionary Project Grants. See Racetrack Funding Projections on Page 6.
9. See HRA Purse Projections on Page 7.
10. See Breed Improvement Program Projections on Page 8.
11. See Regulatory/Administration Projections on Page 9.
12. See Marketing and Promotion Projections on Page 10.
13. Contingency of \$400,000 budgeted for 2016 to meet unexpected revenue shortfalls and/or increases to expenses. Not used in 2016 and not budgeted for years 2017-2019.
14. Cumulative Surplus from HRA programs and operations is carried over from year to year. HRA's fiscal year-end is December 31. In 2016 a Cumulative Surplus of \$1 million was budgeted to meet uncertainties in 2017 regarding changeover to new racetrack in Edmonton area. Adjustments have been necessary in the 2017 budget and 2018 Projections to meet the changeover to a new racetrack mid 2018.

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HORSE RACING ALBERTA Financial Projections 2017 to 2019

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 2017 budget includes both Thoroughbred and Standardbred racing at Century Downs Racetrack for a full year in 2017. 2017 budget reflects HRA's share of Slot Revenue reduced to 45% April 1 and includes a final reduction of 5% in 2018. Should there be any significant changes to this the Business Plan will have to be reviewed and amended accordingly.
3. Uncertainty regarding timing of transition to new "A" racetrack facility in the Edmonton area currently projected to be July 1, 2018.
- 4.. 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.
5. Failure of the Alberta horse racing industry to work together for the benefit of the industry as a whole.
6. Failure of HRA to be recognized as the single voice for the racing industry.
7. Underperformance of slot machines and/or overall provincial handle.
8. 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.
9. Competitive practices of other gaming and entertainment industries in Alberta.
10. 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.
11. Other breeding risk factors include:
 - disease
 - economic conditions (e.g. further drought)
 - insufficient quantity of proven stallions
 - Mare reproductive loss syndrome
12. 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.

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HORSE RACING ALBERTA

Slot Revenue Projections 2017 to 2019

SLOT REVENUE

	2014 Actual	2015 Actual	2016 Budget	2016 Forecast	2017 Budget	2018 Projections	2019 Projections
Calgary - Century Downs		26,835,282	34,127,500	36,189,362	36,926,890	38,764,726	40,704,664
Edmonton - Northlands		28,030,722	25,257,869	23,921,981	23,966,313	12,469,959	
Edmonton - Century Mile						21,388,125	45,945,900
Total "A" Tracks	28,886,496	54,866,004	59,385,369	60,111,343	60,893,203	72,622,810	86,650,564
Community							
Lethbridge - RMTC	6,583,630	6,589,714	6,686,980	6,268,446	6,408,842	6,726,397	7,061,274
Grande Prairie - Evergreen Park	5,534,534	5,216,281	5,230,688	3,748,190	3,897,383	4,090,908	4,300,560
Total Community Tracks	12,118,164	11,805,995	11,917,668	10,016,636	10,306,225	10,817,305	11,361,834
Total Slot Revenue	41,004,660	66,671,999	71,303,037	70,127,979	71,199,428	83,440,115	98,012,398
		62.60%	6.95%	-1.65%	-0.15%	17.19%	17.46%

HRA share:

51.66% reducing to 40.00% April 2016 to 2018

Total HRA share

	2014 Actual	2015 Actual	2016 Budget	2016 Forecast	2017 Budget	2018 Projections	2019 Projections
	21,183,007	34,442,755	35,945,630	35,339,531	32,917,197	34,297,011	39,204,959
	21,183,007	34,442,755	35,945,630	35,339,531	32,917,197	34,297,011	39,204,959

HRA SLOT REVENUE BY VENUE

Calgary - Century Downs		13,863,107	17,204,991	18,231,918	17,073,614	15,985,125	16,281,866
Edmonton - Northlands	-	14,480,671	12,732,603	12,058,901	11,078,643	5,296,269	
Edmonton - Century Mile						8,555,250	18,378,360
Lethbridge - RMTC	3,401,103	3,404,246	3,371,165	3,158,813	2,963,209	2,773,715	2,824,509
Grande Prairie - Evergreen park	2,859,140	2,694,731	2,636,872	1,889,899	1,801,732	1,686,652	1,720,224
	21,183,007	34,442,755	35,945,630	35,339,531	32,917,197	34,297,011	39,204,959
		62.60%	4.36%	-1.69%	-8.43%	4.19%	14.31%

Number of Slot Machines

Calgary		550	550	550	550	550	550
Edmonton - Northlands	563	563	563	547	547	547	
Edmonton - Century Mile						550	550
Lethbridge	111	111	111	111	111	111	111
Grande Prairie	99	99	99	99	99	99	99
Total Slot Machines	773	1,323	1,323	1,307	1,307	1,307 to 1,310	1,310

Average Hourly Return per Machine

Calgary		10.47	10.00	10.60	10.85	10.95	11.05
Edmonton - Northlands	8.31	8.07	7.25	7.07	7.10	7.10	
Edmonton - Century Mile						12.50	13.50
Lethbridge	11.41	11.41	11.55	10.82	11.10	11.21	11.32
Grande Prairie	10.30	9.70	9.70	6.95	7.25	7.32	7.40

Average Daily Return per Machine

Calgary		177.99	170.00	180.14	184.45	186.15	187.85
Edmonton - Northlands	141.34	137.19	123.25	120.13	120.70	120.70	
Edmonton - Century Mile						212.50	229.50
Lethbridge	162.94	163.05	165.05	154.65	158.62	160.19	161.76
Grande Prairie	154.43	145.50	145.50	104.31	108.75	109.80	111.00

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HORSE RACING ALBERTA Racetrack Funding 2017 to 2019

Handle by Track	2014 Actual	2015 Actual	2016 Budget	2016 Forecast	2017 Budget	2018 Projections	2019 Projections
Edmonton - Northlands Park/Century Mile North HOT	\$84,265,742	\$83,819,305	\$75,437,374	\$73,191,159	\$74,891,600	\$77,138,348	\$80,995,265
Calgary - Century Downs	\$13,670,871	\$11,582,310	\$10,424,079	\$9,041,641	\$8,961,120	\$9,229,954	\$9,691,451
South HOT		\$4,448,165	\$8,896,330	\$7,670,373	\$9,732,000	\$10,218,600	\$10,729,530
Lethbridge	\$32,858,665	\$30,237,841	\$31,749,733	\$27,522,272	\$29,584,500	\$31,063,725	\$32,616,911
Grande Prairie	\$4,459,608	\$3,901,429	\$3,901,429	\$3,241,518	\$3,450,766	\$3,623,304	\$3,804,470
Lacombe	\$193,204	\$222,112	\$222,112	\$147,608	\$149,084	\$156,538	\$164,365
Millarville	\$94,615	\$68,763	\$68,763	\$80,792	\$81,600	\$85,680	\$89,964
	<u>\$137,086,788</u>	<u>\$134,279,924</u>	<u>\$130,699,820</u>	<u>\$120,895,363</u>	<u>\$126,850,670</u>	<u>\$131,516,148</u>	<u>\$138,091,956</u>
		-2.05%	-2.67%	-7.50%	4.93%	3.68%	5.00%
Discretionary Project Grants available to Racetracks							
Edmonton	\$0	\$379,285					
Calgary	\$0	\$1,000,000	\$500,000	\$500,000			
Lethbridge	\$0	\$0	\$0	\$0			
Grande Prairie	\$0	\$0	\$0	\$0			
Millarville	\$0	\$0	\$0	\$0			
	<u>\$0</u>	<u>\$1,379,285</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>		
Discretionary Project Grants available to Racetracks							
Available to Racetracks from HRA Agreements							
Edmonton - Northlands	\$7,438,273	\$8,058,832	\$7,261,637	\$6,877,569	\$7,429,557	\$3,684,078	
Edmonton - Standardbred Stabling	\$310,570						
Edmonton - Century Mile							
Calgary - Century Downs	\$0	\$7,715,144	\$9,811,656	\$10,404,442	\$10,616,481	\$6,149,086	\$13,209,446
Lethbridge	\$1,206,779	\$1,647,429	\$1,671,745	\$1,567,112	\$1,602,211	\$10,714,329	\$10,812,176
Grande Prairie	\$968,543	\$873,727	\$876,140	\$499,634	\$519,521	\$1,618,088	\$1,633,966
Lacombe	\$1,227,946					\$524,537	\$530,270
Millarville	\$20,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
	<u>\$11,172,111</u>	<u>\$18,325,131</u>	<u>\$19,651,177</u>	<u>\$19,378,756</u>	<u>\$20,197,767</u>	<u>\$22,720,118</u>	<u>\$26,215,858</u>
	<u>\$11,172,111</u>	<u>\$19,704,416</u>	<u>\$20,151,177</u>	<u>\$19,878,756</u>	<u>\$20,697,767</u>	<u>\$22,720,118</u>	<u>\$26,215,858</u>
		76.37%	2.27%	-1.35%	2.71%	9.77%	15.39%
Total Racetrack Funding							

- 1 In 2014 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 each year. Pari-mutuel (Discretionary) and Capital Grants were discontinued for all tracks.
- 2 In 2015 both Northlands Park and Century Downs received 28.75%, Lethbridge received 25%, Grande Prairie received 16.75% and Millarville received \$30,000 for its one day meet. Funds were made available for Discretionary Project Grants in 2015 for building upgrades for both "A" tracks.
- 3 For 2016 while operating grants remain at same percentage an increase was projected for Century Downs due to a full year of operation and a decline in slot performance at Northlands Park. Lethbridge and Grande Prairie to remain at 2015 level. Discretionary Project Grant for Century Downs only.
- 4 In 2017 Century Downs, Lethbridge and Grande Prairie remain at current level. Northlands Park increases to 31% for 2017 and 2018 (partial year) to ensure racing continues while new track is built. Discretionary Project Grants made available to Lethbridge and Grande Prairie tracks for capital upgrades.
- 5 In 2018 Northlands Park operational for first six months with new Century Mile track operational for last six months. Slot revenue projected to increase by 5% overall.
- 6 New Century Mile racetrack and casino projected to increase to \$13.50 per hour during its first full year of operations. All other racing facilities projected to increase by 5%. All grants are based on track requirements, slot performance and funds available.

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HORSE RACING ALBERTA Purse Projections 2017 to 2019

	2014 Actual	2015 Actual	2016 Budget	2016 Forecast	2017 Budget	2018 Projections	2019 Projections
HRA Purse Grant ¹	\$9,013,583	² \$13,700,000 51.99%	³ \$13,500,000 -1.46%	³ \$13,357,452 -1.06%	⁴ \$12,318,147 -8.75%	⁴ \$12,318,147 0.00%	⁵ \$12,318,147 0.00%
Race Days							
Edmonton Thoroughbred	73	75	73	69	54	30	50
Calgary Thoroughbred					14	40	50
Thoroughbred Sub-Total	73	75	73	69	68	70	100
Edmonton Standardbred	33	22	10	10	28	25	41
Calgary Standardbred		84	82	81	59	62	41
Lacombe Standardbred	54						
Standardbred Sub-Total	87	106	92	91	87	87	82
Lethbridge	41	42	42	41	41	41	41
Grande Prairie	22	25	25	23	23	23	23
Community Standardbred		22	20	16	18	18	18
Millarville	1	1	1	1	1	1	1
Community Sub-Total	64	90	88	81	83	83	83
Total Race Days	224	271	253	241	238	240	265
"A" Track Projected Purses							
Thoroughbred							
Total Thoroughbred Purses	\$3,780,941	\$5,274,500	\$5,197,500	\$5,055,103	\$4,690,872	\$4,690,872	\$4,690,872
AQHRA Stakes Races							
Total AQHRA Stakes Races	\$107,176	\$139,740	\$137,700	\$137,550	\$137,700	\$137,700	\$137,700
Standardbred							
Total Standardbred Purses	\$1,365,873	\$5,274,500	\$5,197,500	\$5,197,500	\$4,690,872	\$4,690,872	\$4,690,872
Total "A" Track - HRA Purse Grant	\$5,253,990	\$10,688,740	\$10,532,700	\$10,390,153	\$9,519,444	\$9,519,444	\$9,519,444
Community Track Projected Purses							
Lethbridge Runners	\$1,126,540	\$1,405,255	\$1,416,211	\$1,480,967	\$1,382,492	\$1,382,492	\$1,382,492
Grande Prairie Runners	\$559,287	\$836,461	\$842,983	\$778,227	\$775,544	\$775,544	\$775,544
Lacombe/Century Downs Track Standardbred	\$2,048,766	\$736,086	\$674,386	\$674,386	\$606,948	\$606,948	\$606,948
Millarville Runners	\$25,000	\$33,458	\$33,719	\$33,719	\$33,719	\$33,719	\$33,719
Total Community - HRA Purse Grant	\$3,759,593	\$3,011,260	\$2,967,300	\$2,967,299	\$2,798,703	\$2,798,703	\$2,798,703
Total HRA Purse Grant	\$9,013,583	\$13,700,000	\$13,500,000	\$13,357,452	\$12,318,147	\$12,318,147	\$12,318,147

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

² 2014-2015 Actuals as per Audited Financial Statements.

³ 2016 Budget includes 73 "A" days of thoroughbred and 14 days of standardbred (10 "A" and 4 "B") at Northlands Park; 97 days of standardbred racing (82 "A" and 16 "B") at Century Downs; and 68 days of community racing. Purses were decreased overall by approximately 1.5% in 2016 budget and forecast of approximately 1% under budget.

⁴ Budget for 2017 decreases race days at tracks (from 253 budgeted in 2016 to 238 for 2017) plus further reduction of \$250,000 per breed. Community tracks remain prorated based on reduction in race days.

⁵ 2018-2019 to remain constant.

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HORSE RACING ALBERTA Breed Improvement Program 2017 to 2019

	2014 Actual	2015 Actual	2016 Budget	2016 Forecast	2017 Budget	2018 Projections	2019 Projections
Breeding Support							
TB	\$1,863,520	\$2,061,070	\$1,964,600	\$1,964,600	\$1,964,600	\$1,964,600	\$1,964,600
SB	\$997,542	\$1,215,340	\$1,105,200	\$1,104,913	\$1,105,200	\$1,105,200	\$1,105,200
Total	\$2,861,062	\$3,276,410	\$3,069,800	\$3,069,513	\$3,069,800	\$3,069,800	\$3,069,800
Association & Related Support							
TB	\$307,200	\$325,000	\$255,000	\$255,000	\$255,000	\$255,000	\$255,000
SB	\$185,000	\$220,000	\$230,000	\$230,000	\$230,000	\$230,000	\$230,000
Total	\$492,200	\$545,000	\$485,000	\$485,000	\$485,000	\$485,000	\$485,000
Total "A" BIP	\$3,353,262	\$3,821,410	\$3,554,800	\$3,554,513	\$3,554,800	\$3,554,800	\$3,554,800
Community Breeding Support							
Community Association & Related Support							
Total Community BIP	\$383,310	\$410,590	\$380,643	\$380,643	\$380,643	\$380,643	\$380,643
	\$61,890	\$68,000	\$64,557	\$64,557	\$64,557	\$64,557	\$64,557
	\$445,200	\$478,590	\$445,200	\$445,200	\$445,200	\$445,200	\$445,200
Total BIP Expenses	\$3,798,462	\$4,300,000	\$4,000,000	\$3,999,713	\$4,000,000	\$4,000,000	\$4,000,000
		13.20%	-6.98%	-0.01%	0.00%	0.00%	0.00%

¹ Budget remains constant 2016 through 2019.

The Breed Improvement Committee to recommend individual allocations within their budget total.

2017-2019 BUSINESS PLAN FINANCIALS

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HORSE RACING ALBERTA

Regulatory / Administration 2017 to 2019

	2014 Actual	2015 Actual	2016 Budget	2016 Forecast	2017 Budget	2018 Projections	2019 Projections
Staff Salaries & Benefits	\$ 1,840,269	\$ 1,956,660	\$ 1,946,950	\$ 1,953,926	\$ 1,915,637	\$ 1,818,606	\$ 1,873,164
Operational Costs ¹	\$ 1,018,277	\$ 972,663	\$ 988,341	\$ 1,151,701	\$ 922,497	\$ 950,172	\$ 978,677
Board and Committee Costs	\$ 137,610	\$ 127,797	\$ 148,065	\$ 159,606	\$ 115,200	\$ 118,656	\$ 122,216
Total Administration Costs	<u>\$ 2,996,156</u>	<u>\$ 3,057,120</u>	<u>\$ 3,083,356</u>	<u>\$ 3,265,233</u>	<u>\$ 2,953,334</u>	<u>\$ 2,887,434</u>	<u>\$ 2,974,057</u>
			0.86%	5.90%	-9.55%	-2.23%	3.00%

¹ In 2016 HRA had 28 full-time, part-time, seasonal and contracted positions. Of these positions 20 are regulatory (related to race officiating and supervision). Includes changes in net assets. A decrease of approximately 10% is budgeted for 2017.
Board and Committee costs for 2017:

Board Honorariums & Chair	80,000
Board Travel & Expenses	10,000
Committee Expenses	5,000
Industry & Government Relations Committee	4,200
Racetrack Licensing Committee	0
Regulatory Committee	0
Animal Welfare Committee	16,000
	<u>115,200</u>

² 2018 projections include a further 2% decrease; in 2019 a 3% increase is projected.

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HORSE RACING ALBERTA
Marketing and Promotion 2017-2019

	2014 Actual	2015 Actual	2016 Budget	2016 Forecast	2017 Budget	2018 Projections	2019 Projections
Broadcasting	\$178,568	\$344,081		\$6,099			
Marketing Grants to Racetracks							
Edmonton							
Calgary							
Lethbridge							
Grande Prairie							
Millarville							
Total:	\$0	\$0	\$0	\$0			
HRA Internal Marketing	\$111,682	\$189,902	\$200,000	\$215,876	\$220,000		
Social Media	\$0	\$0	\$90,000	\$69,554	\$70,000		
Digital/Target Marketing	\$0	\$510,720					
Communication, Public and Media Relations	\$8,523	\$23,553	\$30,000	\$11,852	\$15,000		
Technology Improvements/Website	\$19,640	\$38,061	\$80,000	\$41,137	\$45,000		
Backstretch Social Programs	\$24,410	\$0					
Public Service Announcements	\$366,000	\$473,178					
Industry Special Projects	\$0	\$0	\$100,000	\$47,752	\$45,000		
Total HRA Marketing & Promotion Programs	\$708,822	\$1,579,494	\$500,000	\$392,270	\$395,000	\$400,000	\$400,000
		122.83%	-68.34%	-21.55%	0.70%	1.27%	0.00%

- 1 2016 Budget was reduced by 68% from 2015. Broadcasting, Digital/Target Marketing and Public Service Announcements have been cancelled.
Focus to continue on Social Media/Technology Improvements and Internal Marketing in 2017.
- 2 Budget to remain at 2016 level for 2017 and remain at \$400,000 level through 2019. The program budgets are allocated annually.

2017 BUDGET

HORSE RACING ALBERTA



Approved by HRA Board

2/16/2017

Horse Racing Alberta
Budget - Summary
For Year ended December 31, 2017

	2015 Actual (\$)	2016 Budget (\$)	2016 Forecast (\$)	2017 Budget (\$)
Gross Handle (see Schedule 1)	\$134,279,924	\$130,699,820 -2.67%	\$120,895,363 -7.50%	\$126,850,670 4.93%
Revenue				
General Fee	\$6,713,996	\$6,534,991	\$6,044,478	\$6,342,534
Promotional Levy	\$503,193	\$499,927	\$457,954	\$485,204
Assessments, Licenses & Fines (see Schedule 2)	\$261,492	\$265,325	\$259,178	\$270,955
Other (see Schedule 2)	\$46,228	\$32,000	\$146,908	\$35,000
Lottery Fund:				
Slot Revenue (see Schedule 1)	\$34,442,755	\$35,945,630	\$35,339,531	\$32,917,197
Interest	\$4,731	\$6,000	\$4,680	\$5,000
Lottery Fund Total	\$34,447,486	\$35,951,630	\$35,344,211	\$32,922,197
Total Revenue	\$41,972,395	\$43,283,872 3.12%	\$42,252,730 -2.38%	\$40,055,888 -5.20%
Programs				
Purses (see Schedule 3)	\$13,700,000	\$13,500,000	\$13,357,452	\$12,318,147
Racetrack Funding (see Schedule 4)	\$19,704,416	\$20,151,177	\$19,878,756	\$20,697,767
Marketing & Promotion (see Schedule 5)	\$1,579,494	\$500,000	\$392,270	\$395,000
Breed Improvement Program (see Schedule 6)	\$4,300,000	\$4,000,000	\$3,999,713	\$4,000,000
Backstretch - Human Resource Dev.(see Schedule 7)	\$371,949	\$355,000	\$273,356	\$101,750
Animal Welfare (see Schedule 7)	\$21,000	\$25,000	\$21,000	\$16,000
Regulatory / Admin. (see Schedule 8)	\$3,036,120	\$3,058,356	\$3,244,233	\$2,937,334
Contingency	\$0	\$400,000	\$0	\$0
Total Program Expenditures	\$42,712,979	\$41,989,533 -1.69%	\$41,166,781 -1.96%	\$40,465,998 -1.70%
Annual Surplus / (Deficit)	(\$740,584)	\$1,294,339	\$1,085,948	(\$410,111)
Add: Cumulative Surplus from Previous Year	\$493,179	(\$235,931)	(\$235,931)	\$850,018
Change in Net Assets	\$11,474			
Cumulative Surplus/ (Deficit)	(\$235,931)	\$1,058,409	\$850,018	\$439,908

Horse Racing Alberta
Budget - Handle/Slot Revenue
For Year Ended December 31, 2017

	2015 Actual	2016 Budget	2016 Forecast	2017 Budget
HANDLE				
"A" Tracks				
Edmonton - Northlands Park	\$83,819,305	\$75,437,374	\$73,191,159	\$74,891,600
North HOT	\$11,582,310	\$10,424,079	\$9,041,641	\$8,961,120
Calgary - Century Downs	\$4,448,165	\$8,896,330	\$7,670,373	\$9,732,000
South HOT	\$30,237,841	\$31,749,733	\$27,522,272	\$29,584,500
Total "A" Tracks	\$130,087,620	\$126,507,516	\$117,425,445	\$123,169,220
Community				
Lethbridge	\$3,901,429	\$3,901,429	\$3,241,518	\$3,450,766
Grande Prairie	\$222,112	\$222,112	\$147,608	\$149,084
Millarville	\$68,763	\$68,763	\$80,792	\$81,600
Total Community	\$4,192,304	\$4,192,304	\$3,469,918	\$3,681,450
Total Handle	\$134,279,924	\$130,699,820	\$120,895,363	\$126,850,670
		-2.67%	-7.50%	4.93%
SLOT REVENUE				
"A" TRACKS				
Calgary	\$26,835,282	\$34,127,500	\$36,189,362	\$36,926,890
HRA Share (51.66%>50% Apr'16 >45% Apr'17)	\$13,863,107	\$17,204,991	\$18,231,918	\$17,073,614
Edmonton	\$28,030,722	\$25,257,869	\$23,921,981	\$23,966,313
HRA Share (51.66%>50% Apr'16 >45% Apr'17)	\$14,480,671	\$12,732,603	\$12,058,901	\$11,078,643
Total HRA Share "A" Tracks	\$28,343,778	\$29,937,594	\$30,290,819	\$28,152,257
COMMUNITY				
Lethbridge	\$6,589,714	\$6,686,980	\$6,268,446	\$6,408,842
HRA Share (51.66%>50% Apr'16 >45% Apr'17)	\$3,404,246	\$3,371,165	\$3,158,813	\$2,963,209
Grande Prairie	\$5,216,281	\$5,230,688	\$3,748,190	\$3,897,383
HRA Share (51.66%>50% Apr'16 >45% Apr'17)	\$2,694,731	\$2,636,872	\$1,889,899	\$1,801,732
Total HRA Share Community	\$6,098,977	\$6,008,037	\$5,048,712	\$4,764,941
Total HRA Share for Province	\$34,442,755	\$35,945,630	\$35,339,531	\$32,917,197
		4.36%	-1.69%	-6.85%

Average Hourly Return per Machine

Edmonton (625 machines > 563 machines - Aug 2013)
Calgary (550 machines - Apr 2015)
Lethbridge (111 machines)
Grande Prairie (99 machines)

Average Daily Return per Machine

Edmonton
Calgary
Lethbridge
Grande Prairie

8.07	7.25	7.07	7.10
10.47	10.00	10.60	10.85
11.41	11.55	10.82	11.10
9.70	9.70	6.95	7.25
137.19	123.25	120.13	120.70
177.99	170.00	180.14	184.45
163.05	165.05	154.65	158.62
145.50	145.50	104.31	108.75

**Horse Racing Alberta
Budget - Revenue Detail
For Year Ended December 31, 2017**

	2015 Actual (\$)	2016 Budget (\$)	2016 Forecast (\$)	2017 Budget (\$)
Assessment, Licenses and Fines				
Assessments	\$125,075	\$128,325	\$122,145	\$133,955
Licenses	\$90,152	\$95,000	\$93,042	\$95,000
Fines	\$46,265	\$42,000	\$43,991	\$42,000
Total Assessments, Licenses & Fines	\$261,492	\$265,325	\$259,178	\$270,955
Other Revenue				
Interest	\$25,641	\$20,000	\$18,052	\$20,000
Miscellaneous	\$20,587	\$12,000	\$128,856	\$15,000
Total Other Revenue	\$46,228	\$32,000	\$146,908	\$35,000

2017 APPROVED BUDGET - CONFIDENTIAL

Schedule 3

Horse Racing Alberta

Budget - Purses and Race Days

For Year Ended December 31, 2017

Purses

"A" Track Projected Purses

Thoroughbred - HRA Purse Grant

Total Thoroughbred Purses

AQHRA Stakes Races at Edm.- HRA Purse Grant

Total AQHRA Stakes Races at Edmonton

Standardbred - HRA Purse Grant

Total Standardbred Purses

Total "A" Track - HRA Purse Grant

Community Track Projected Purses

Lethbridge (Runners) -HRA Purse Grant

Grande Prairie (Runners) - HRA Purse Grant

Alternate Track (Standardbred) - HRA Purse Grant

Millarville (Runners) - HRA Purse Grant

Total Community - HRA Purse Grant

Total HRA Purse Grant

2015 Actual	2016 Budget	2016 Forecast	2017 Budget
(\$)	(\$)	(\$)	(\$)
\$5,274,500	\$5,197,500	\$5,055,103	\$4,690,872
\$5,274,500	\$5,197,500	\$5,055,103	\$4,690,872
\$139,740	\$137,700	\$137,550	\$137,700
\$139,740	\$137,700	\$137,550	\$137,700
\$5,274,500	\$5,197,500	\$5,197,500	\$4,690,872
\$5,274,500	\$5,197,500	\$5,197,500	\$4,690,872
\$10,688,740	\$10,532,700	\$10,390,153	\$9,519,444
\$1,405,255	\$1,416,211	\$1,480,967	\$1,382,492
\$836,461	\$842,983	\$778,227	\$775,544
\$736,086	\$674,386	\$674,386	\$606,948
\$33,458	\$33,719	\$33,719	\$33,719
\$3,011,260	\$2,967,300	\$2,967,300	\$2,798,703
\$13,700,000	\$13,500,000	\$13,357,452	\$12,318,147

-1.46%

-7.78%

Race Days

Northlands Park - Thoroughbred

Northlands Park - Standardbred

Century Downs - Thoroughbred

Century Downs - Standardbred

Total "A" Track Race Days

Rocky Mountain Turf Club - Thoroughbred

Evergreen Park - Standardbred

Community (Alternate Track) - Standardbred

Millarville - Thoroughbred

Total Community Race Days

Total Race Days

2015 Actual	2016 Budget	2016 Forecast	2017 Budget
75	73	69	54
22	10	10	28
84	81	81	14
181	164	160	59
42	42	41	155
25	25	23	41
22	20	16	23
1	1	1	18
90	88	81	1
271	252	241	83
			238

-1.06%

1 Race dates and number of race days have yet to be determined.

**Horse Racing Alberta
Budget - Racetrack Funding
For Year Ended December 31, 2017**

	2015 Actual (\$)	2016 Budget (\$)	2016 Forecast (\$)	2017 Budget (\$)
Handle by Track				
Edmonton - Northlands Park	\$83,819,305	\$75,437,374	\$73,191,159	\$74,891,600
North HOT	\$11,582,310	\$10,424,079	\$9,041,641	\$8,961,120
Calgary - Century Downs	\$4,448,165	\$8,896,330	\$7,670,373	\$9,732,000
South HOT	\$30,237,841	\$31,749,733	\$27,522,272	\$29,584,500
Lethbridge	\$3,901,429	\$3,901,429	\$3,241,518	\$3,450,766
Grande Prairie	\$222,112	\$222,112	\$147,608	\$149,084
Millarville	\$68,763	\$68,763	\$80,792	\$81,600
Total Handle	\$134,279,924	\$130,699,820	\$120,895,363	\$126,850,670
HRA Operating to Racetracks				
Edmonton	\$8,058,833	\$7,261,637	\$6,877,570	\$7,429,557
Calgary	\$7,715,144	\$9,811,656	\$10,404,442	\$10,616,481
Lethbridge	\$1,647,429	\$1,671,745	\$1,567,112	\$1,602,211
Grande Prairie	\$873,727	\$876,140	\$499,634	\$519,521
Millarville	\$30,000	\$30,000	\$30,000	\$30,000
Total HRA Racetrack Funding	\$18,325,131	\$19,651,177	\$19,378,756	\$20,197,767
HRA Discretionary Project Grant for Racetrack Funding				
	\$1,379,285	\$500,000	\$500,000	\$500,000
Total Racetrack Funding	\$19,704,416	\$20,151,177	\$19,878,756	\$20,697,767

4.12%

-1.35%

2.27%

1 Maximum distribution of \$250,000 mid July; final amount to be determined if funds available

**Horse Racing Alberta
Budget - Marketing and Promotion
For Year Ended December 31, 2017**

	2015 Actual (\$)	2016 Budget (\$)	2016 Forecast (\$)	2017 Budget (\$)
Broadcasting	\$344,081		\$6,100	
Marketing Grants (Co-op)				
Northlands Park				
Century Downs				
Lethbridge				
Grande Prairie				
Millarville				
Total:	\$0	\$0		
HRA Internal Marketing & Sponsorship	\$189,902	\$200,000	\$215,876	\$220,000
Social Media		\$90,000	\$69,554	\$70,000
Digital/Target Marketing	\$510,720			
Public and Media Relations	\$23,553	\$30,000	\$11,852	\$15,000
Technology Improvements/Website	\$38,061	\$80,000	\$41,137	\$45,000
Backstretch Social Programs				
Public Service Announcements	\$473,178			
Industry Special Projects		\$100,000	\$47,752	\$45,000
TOTAL MARKETING & PROMOTION	\$1,579,494	\$500,000	\$392,270	\$395,000
		-68.34%	-21.55%	0.70%

1 The Sustainable Business Committee recommends final allocations.

Horse Racing Alberta
Budget - Breed Improvement Programs
For Year Ended December 31, 2017

	2015 Actual (\$)	2016 Budget (\$)	2016 Forecast (\$)	2017 Budget (\$)
Breeding Support				
Thoroughbred	\$2,061,070	\$1,964,600	\$1,964,600 ¹	\$1,964,600 ¹
Standardbred	\$1,215,340	\$1,105,200	\$1,104,913	\$1,105,200 ²
Total Breeding Support	\$3,276,410	\$3,069,800	\$3,069,513	\$3,069,800
Association Support				
Thoroughbred	\$325,000	\$255,000	\$255,000	\$255,000 ¹
Standardbred	\$220,000	\$230,000	\$230,000	\$230,000 ²
Total Association Support	\$545,000	\$485,000	\$485,000	\$485,000
Total Major Breeding Support	\$3,821,410	\$3,554,800	\$3,554,513	\$3,554,800
Community (Other Breeds) Support				
Breeding Support	\$410,590	\$385,643	\$385,643	\$385,643 ³
Association Support	\$68,000	\$59,557	\$59,557	\$59,557 ³
Total Community Support	\$478,590	\$445,200	\$445,200	\$445,200
Total Breeding Support	\$4,300,000	\$4,000,000	\$3,999,713	\$4,000,000
		-6.98%	-0.01%	0.01%

- 1 The Thoroughbred BIP Committee recommends final program allocations within their budget total for year.
- 2 The Standardbred BIP Committee recommends final program allocations within their budget total for year.
- 3 The Other Breeds BIP Committee recommends final program allocations within their budget total for year.

Horse Racing Alberta

Budget - Backstretch Human Resource Development and Animal Welfare
For Year Ended December 31, 2017

Backstretch Human Resource Development

Scholarships

AQHRA Coordinator

Grooms Training Program

Exercise Rider Training Program

Other Initiatives *

Total Backstretch HR Development

2015 Actual (\$)
\$18,000
\$73,495
\$148,070
\$132,384
\$371,949

2016 Budget (\$)
\$14,000
\$75,000
\$149,000
\$117,000
\$355,000

-4.56%

2016 Forecast (\$)
\$12,000
\$30,013
\$153,944
\$77,399
\$273,356

-23.00%

2017 Budget (\$)
\$13,000
\$82,750
\$0
\$6,000
\$101,750

-62.78%

* 2016/2017 "Other Initiatives" Includes:

- Computer/Learning Centre/Education
- Chaplaincy
- HRA Development Programs, Misc
- Satellite costs
- Trade Booths/Miscellaneous

2016

\$33,147
\$10,000
\$17,584
\$15,775
\$893

2017

\$6,000
\$0
\$0
\$0
\$0

\$77,399

\$6,000

Animal Welfare

Grant-Western School of Veterinary Medicine

Performance Standardbreds

Other Initiatives *

Total Animal Welfare

2015 Actual (\$)
\$20,000
\$1,000
\$0
\$21,000

2016 Budget (\$)
\$20,000
\$1,000
\$4,000
\$25,000

19.05%

2016 Forecast (\$)
\$20,000
\$1,000
\$0
\$21,000

-16.00%

2017 Budget (\$)
\$15,000
\$1,000
\$0
\$16,000

-23.81%

2017 APPROVED BUDGET - CONFIDENTIAL

Schedule 8

Horse Racing Alberta
Budget - Regulatory / Administration
For Year Ended December 31, 2017

Salaries and Benefits

Salaries
Contractors
Benefits

Total Salaries and Benefits

Operating Expenses

Travel - Regulatory & Administration

Travel - Board

Toxicology - Human

Toxicology - Equine

Photo Finish & Video Patrol

Appeal Tribunal

Postage & Courier

Advertising

Rent & Parking

Legal

Consulting

Audit

Telephone

Office Supplies

Office Equipment

Systems

Printing

Memberships & Subscriptions

Insurance

Meetings, Seminars & Conferences

Committee Expenses

Industry & Government Relations Committee

Racetrack Licensing Committee

Regulatory Committee

Amortization

Other

Total Operating Expenses

Total Administration Expenses

	2015 Actual (\$)	2016 Budget (\$)	2016 Forecast (\$)	2017 Budget (\$)
Salaries	\$1,514,225	\$1,553,813	\$1,612,534	\$1,577,274
Contractors	\$407,616	\$366,000	\$297,717	\$280,363
Benefits	\$125,376	\$129,137	\$153,875	\$138,000
Total Salaries and Benefits	\$2,047,218	\$2,048,950	\$2,064,126	\$1,995,637
Operating Expenses				
Travel - Regulatory & Administration	\$131,935	\$134,574	\$137,284	\$87,500
Travel - Board	\$10,745	\$10,960	\$18,624	\$10,000
Toxicology - Human	\$4,553	\$4,644	\$5,714	\$5,600
Toxicology - Equine	\$4,359	\$4,446	\$14,303	\$18,000
Photo Finish & Video Patrol	\$250,077	\$255,079	\$247,123	\$215,000
Appeal Tribunal	\$6,612	\$6,744	\$52,452	\$10,000
Postage & Courier	\$2,820	\$2,876	\$3,387	\$3,525
Advertising	\$0	\$0	\$0	\$0
Rent & Parking	\$152,337	\$155,384	\$159,827	\$163,440
Legal	\$26,774	\$27,578	\$101,996	\$45,000
Consulting	\$45,772	\$47,145	\$87,315	\$40,000
Audit	\$58,529	\$59,700	\$59,194	\$59,700
Telephone	\$33,328	\$33,994	\$28,184	\$21,890
Office Supplies	\$12,452	\$12,701	\$13,685	\$12,900
Office Equipment	\$7,928	\$8,086	\$8,850	\$8,900
Systems	\$132,271	\$134,917	\$123,092	\$125,000
Printing	\$7,873	\$8,030	\$2,612	\$2,300
Memberships & Subscriptions	\$18,393	\$18,760	\$19,312	\$21,200
Insurance	\$27,035	\$27,575	\$27,610	\$28,440
Meetings, Seminars & Conferences	\$5,494	\$5,604	\$5,869	\$4,850
Committee Expenses	\$0	\$0	\$387	\$1,000
Industry & Government Relations Committee	\$1,472	\$1,501	\$3,526	\$2,950
Racetrack Licensing Committee	\$0	\$0	\$0	\$2,500
Regulatory Committee	\$0	\$0	\$0	\$0
Amortization	\$4,130	\$4,212	\$4,541	\$4,570
Other	\$44,015	\$44,896	\$55,220	\$47,432
Total Operating Expenses	\$988,902	\$1,009,406	\$1,180,107	\$941,697
Total Administration Expenses	\$3,036,120	\$3,058,356	\$3,244,233	\$2,937,334
		0.73%	6.08%	-9.46%