

# Horse Racing Alberta 2020 Annual Report





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## MANDATE

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.
3. To safeguard the interests of the general public in horse racing.

## 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.



## 2020 Board of Directors

Gill Hermanns	Chairman
Bob Cramers	Canadian Thoroughbred Horse Society Representative
Blair Corbeil	Alberta Standardbred Association Horsemen Representative
John Hind	Alberta Standardbred Association Breeders Representative
Norm Castiglione	Horsemen's Benevolent and Protective Association Representative (to February 19)
Allen Goodsell	Horsemen's Benevolent and Protective Association Representative (from February 19)
Martin West	Other Breeds representative (to July 28)
Paul Ryneveld	"A" Circuit Representative
Geoff Smith	"A" Circuit Representative
Dan Gorman	"B" Circuit Representative
Erika Bottcher	Public Member
Alan Martin	Public Member (to July 16)
Phillip Stuffco	Public Member (as of June 24)
Mara Coote-Freeman	Public Member (to February 18)
Brittany Davis	Public Member (as of June 24)
Donna Babchishin	Ex-Officio Treasury Board and Finance Non-Voting (to November 30)
Elizabeth Macve	Ex-Officio Treasury Board and Finance Non-Voting (as of November 30)
Rick Frederickson	Ex-Officio Agriculture Non-Voting (to February 18)
Michelle Follensbee	Ex-Officio Agriculture Non-Voting (as of July 15)
Kent Verlik, CEO	Non-Voting

## 2020 HRA Committee Chairs

Erika Bottcher	Governance and Compensation Committee
Alan Martin	Audit and Finance Committee (to July 16)
John Hind	Audit and Finance Committee (as of August 13)
Mara Coote-Freeman	Strategic and Sustainable Development Committee (to February 18)
Brittany Davis	Strategic and Sustainable Development Committee (as of June 24)
Martin West	Regulatory and Licensing Committee (to July 28)
Phillip Stuffco	Regulatory and Licensing Committee (as of November 17)



# Message from the Board Chair and the CEO

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In 2020, a global pandemic, unheard of to its extent in more than a century, gripped the globe, our country, and our province. So many people affected in so many ways, with the worst being the number of lives lost. All of us at Horse Racing Alberta acknowledge what people have had to go through for so many months now. Yet, despite our industry being temporarily shut down in March, reopened in June with in-person attendance restrictions, and shut down again in December, the people who are so passionate about horse racing in Alberta faced the fear, anxiety, and angst head-on, leading to remarkable results and unimaginable outcomes.

Alberta horsemen and horsewomen, racetrack and casino operators, Horse Racing Alberta (HRA) management and employees, HRA Board and Committee members, and all other stakeholders fought back hard to not only survive the effects of the pandemic on our industry but, in some cases, thrive and flourish.

We collaborated fiercely to strategically implement the changes required to operate during a pandemic. We all agreed to think about horse racing differently in such a trying time and pushed back against the adversity as a collective.

We improved our business model, leveraged gaps in the racing schedule, changed racing times to maximize online revenues, and implemented other strategies leading to a record daily handle at each of our racetracks. This collective effort also wiped out the HRA financial deficit of \$2.3 million while creating a surplus of over \$500,000. We all did this with a race season of only 141 days instead of a typical 218-day race calendar. Together, we overcame!

This entrepreneurial spirit and commitment to focusing on common ground instead of differences demonstrates that we can overcome all future obstacles and barriers by being united and working together. If we can face a global pandemic head-on, accept the directive to go dark for a period only to reopen with only 25% of in-person attendance allowed and then be shut down again, and create results like a record daily handle at each of our racetracks, we must be able to face almost anything that gets in our way.

All of us at HRA want to thank all of our dedicated stakeholders who contributed to this effort.

We also thank the Government of Alberta. Many of you contributed to a proposed plan in the spring of 2020 that would get us racing again safely during the pandemic. The Government accepted our proposal and supported us to get racing again. This was instrumental to providing the foundation for us all to find a “new way” last year and produce the outcomes we did, together.

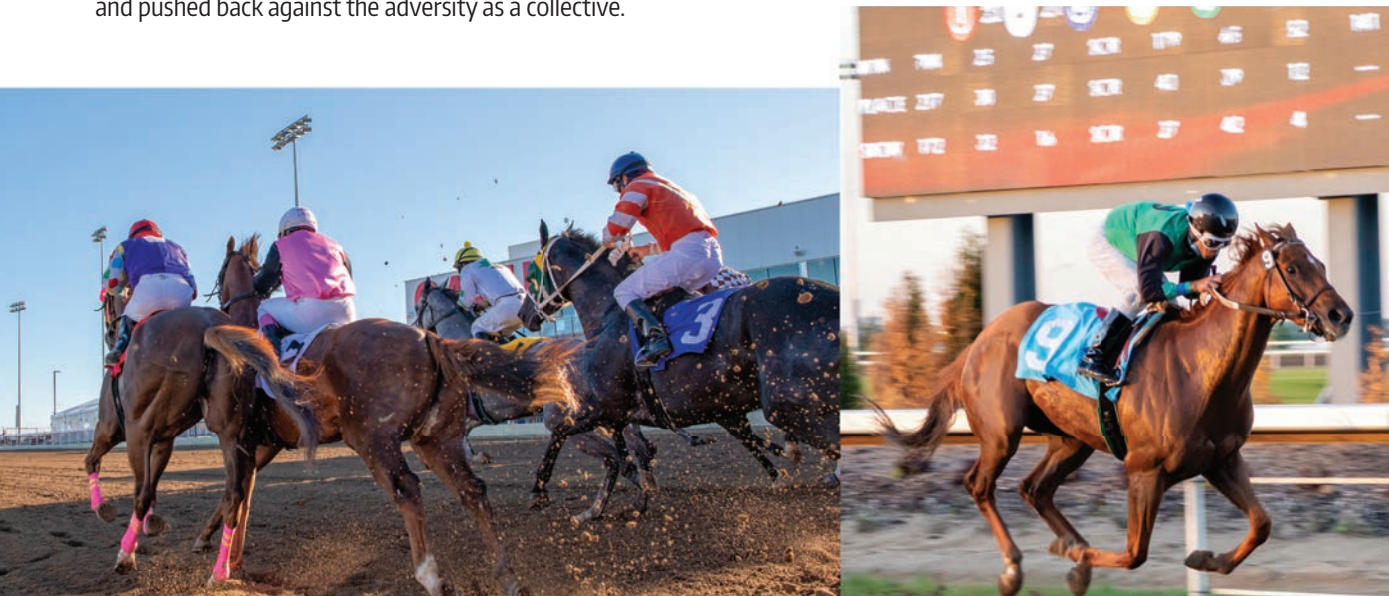
Our fortunes have changed. We have turned a corner. We are co-creating a new culture for how we do horse racing in Alberta. The future looks very bright. We ask you respectfully to help us “keep it going” as the pandemic’s effects linger. Let’s hold tight to how we came together over the last couple of years and continue to forge a new and better way for horse racing in Alberta.



**Erika Bottcher**  
Acting Chair, HRA Board  
of Directors



**Kent Verlik**  
HRA Chief  
Executive Officer





## Organizational Strategy

The HRA organizational strategy is represented as a single-page strategy map. The Board's four Strategic Thrusts listed at the top of the map form the basis of the strategy. Strategic objectives within each thrust are identified at the intersection of each Perspective. The four Perspectives on the left side of the map provide a "balanced scorecard" model for performance measurement of each strategic objective to be reported in future annual reports.

HRA will pursue these strategic thrusts that build toward the achievement of our vision. The strategic thrusts establish the overall direction for future business decisions and resource allocation to effect the necessary changes to the organization and its operations.

## HRA Strategic Thrusts



### Values-Based Culture

We will co-create a renewed values-based culture with our stakeholders.



### Technology Driven Resilience

We will improve our business intelligence capabilities, provide online access to licensing services and industry training, openly and transparently share more information with stakeholders, and make faster and better decisions.



### Organizational Alignment and Effectiveness

We will work with stakeholders to modernize our regulatory environment, improve the provincial coordination of major activities and services, and streamline operations.



### Responsible Growth

We will responsibly generate and grow revenue to stabilize and enhance the horse racing and breeding industry for the benefit of all Albertans.

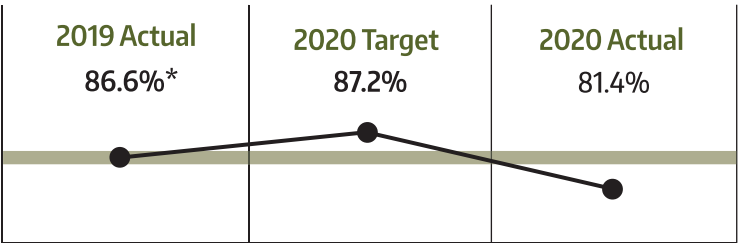




## Summary of Performance Measures

### Organizational Alignment & Effectiveness

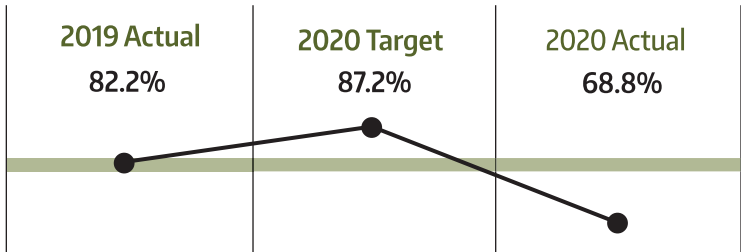
#### Racing Event Compliance



\* % Races w/o Rulings

### Value-Based Culture

#### Stakeholder Engagement Index



#### Total Provincial Marketing Expense



\* Dollar totals are in '000s

### Technology Driven Resilience

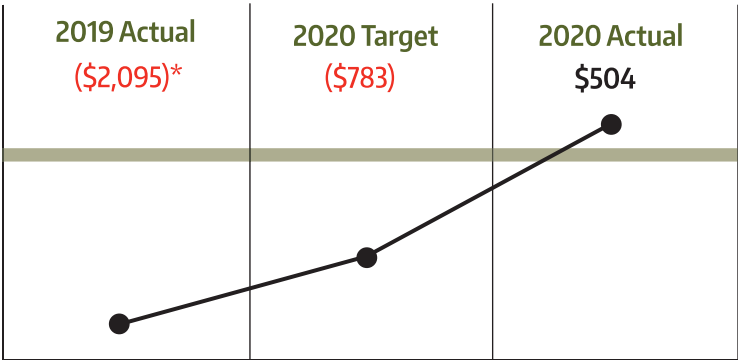
Measure	Target 2019	Actual 2019	Target 2020	Target 2021	Target 2022
HRA Resiliency Index	Establish Baseline	Establish Baseline	*Establish Baseline	5% over Baseline	8% over Baseline

\* Baseline delayed due to COVID-19 restrictions.



## Responsible Growth

### HRA Cumulative Surplus (Deficit)



\* Dollar totals are in '000s

### Total Purse Grants



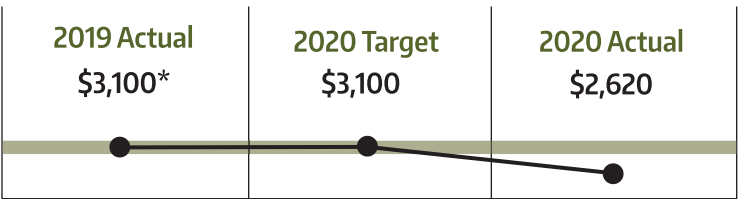
\* Dollar totals are in '000s

### Total Pari-Mutuel Handle



\* Dollar totals are in '000s

### Total Breed Improvement Investment



\* Dollar totals are in '000s



## Summary of Performance Measures (continued)

Performance Metrics	Actual 2019	Target 2020	Actual 2020
Stakeholder Engagement Index	82.2%	87.2%	68.8%
Racing Event Compliance	86.6%	87.2%	81.4%
Total Provincial Marketing Expense	\$786*	\$395	\$413
HRA Resiliency Index	In Development	In Development	**In Development
HRA Cumulative Surplus (Deficit)	(\$2,095)	(\$783)	\$503
Total Pari-Mutuel Handle	\$99,762	\$105,990	\$86,279
Total Purse Grants	\$10,518	\$10,381	\$6,577
Total Breed Improvement Investment	\$3,100	\$3,100	\$2,620

\* Dollar totals are in '000s

\*\* Baseline unable to be established due to COVID-19 restrictions.



## Appeal Tribunal – Appeal/Hearings by Year

Year	Thoroughbred Appeals	Thoroughbred Hearings	Standardbred Appeals	Standardbred Hearings	“B” Circuit Appeals	“B” Circuit Hearings	Total	Cost
2020	0	8	2	2	0	0	12	\$190,902
2019 <sup>3</sup>	8		3		0		11	\$140,861
2018	4		4		8		16	\$202,811
2017 <sup>2</sup>	1		7		4		12	\$215,097
2016	1		5		3		9	\$52,452
2015	0		0		0		0	\$7,491
2014	4		1		3		8	\$37,682
2013	0		1		4		5	\$37,118
2012	1		4		2		7	\$58,518
2011 <sup>1</sup>	1		1		1		3	\$30,550
2010	0		3		2		5	\$16,690
2009	0		3		4		7	\$22,405
2008	0		2		6		8	\$9,619
2007	1		3		0		4	\$4,384

<sup>1</sup>AGLC assumed administrative support in June 2011

<sup>2</sup>HRA assumed administrative support January 2017

<sup>3</sup>No quorum due to a lack of a Chairperson 2019

## Number of Rulings by Category in 2020

	Thoroughbred	Standardbred	Community
Administration	25	13	11
Conduct	8	6	4
Interference/Racing Violations	17	18	6
Urging	29	34	4
Human Drug and Alcohol	1	2	1
Horse Drug	2	8	0
<b>Totals</b>	<b>82</b>	<b>81</b>	<b>26</b>



## Animal Drug Testing

January 1, 2020 – December 31, 2020

Racetracks by Category	Blood		Urine		TCO2		Out of Competition Tests	Days Raced
	Tests	Positives	Tests	Positives	Tests	Positives		
Thoroughbred								
Century Mile	165	0	573	2*	396	0	22	41
Century Downs <sup>1</sup>	0	0	0	0	0	0	0	0
Standardbred								
Century Mile	53	0	149	1	125	0	36	10
Century Downs	175	0	481	5	163	0	12	43
Community								
Track On 2	38	0	80	2	0	0	0	12
Rocky Mountain Turf Club	36	0	110	0	0	0	0	15
Evergreen Park	33	0	106	0	0	0	0	14
Totals	500	0	1,499	10	684	0	70	135 <sup>2</sup>

<sup>1</sup> There was no Thoroughbred Racing at Century Downs in 2020.

<sup>2</sup> Final day of racing cancelled at Century Mile.

\* One Thoroughbred. One Quarter Horse.

Information provided by Bureau Veritas and Racing Forensics.

## Human Drug Screening Tests and Drug Testing

January 1, 2020 – December 31, 2020

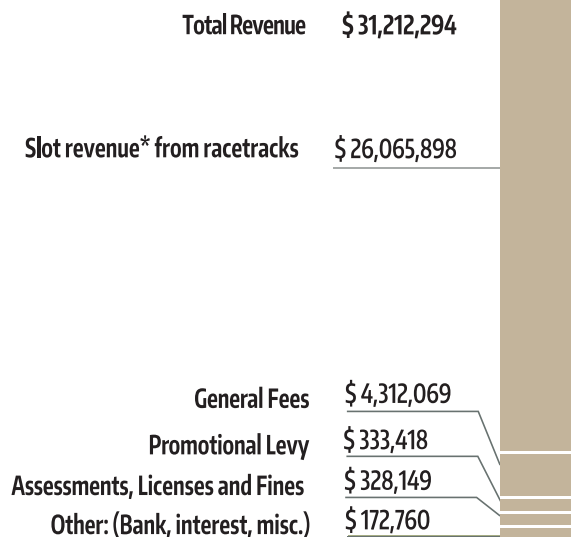
Racetrack	Total DRAGER Screening Tests Administered*	Total Testing and Confirmation Tests Administered	Total Positive Drug Tests
Century Mile Racetrack and Casino	9	1	1
Century Downs Racetrack and Casino	19	2	2
Rocky Mountain Turf Club *	0	0	0
Grande Prairie*	0	0	0
Track On 2*	0	0	0
Millarville*	0	0	0
<b>Totals</b>	<b>28</b>	<b>3</b>	<b>3</b>

\* Human Drug Screening Tests and Drug Testing in 2020 were suspended at the "B" Tracks due to safety concerns around the COVID-19 pandemic.



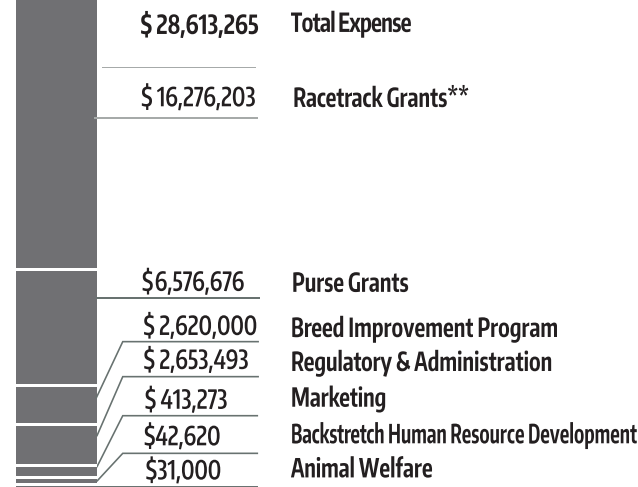


## Where the Money Came From: 2020



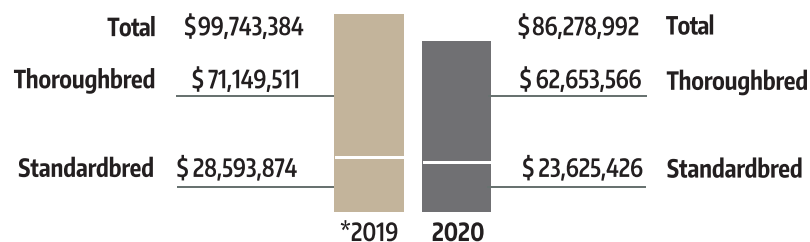
\* Represents 40% (Jan-Mar) and 50% (Apr-Dec) of total slot revenue. The net win also includes 15% to the licensee, 40% (Jan-Mar) and 45% (Apr-Dec) to the Government of Alberta.

## Where the Money Went: 2020



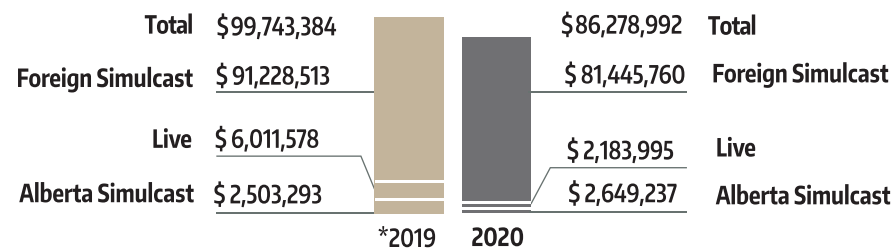
\*\* Racetrack grants are comprised of a percentage of Racing Entertainment Centres revenue generated by each track.

## Handle (by breed)



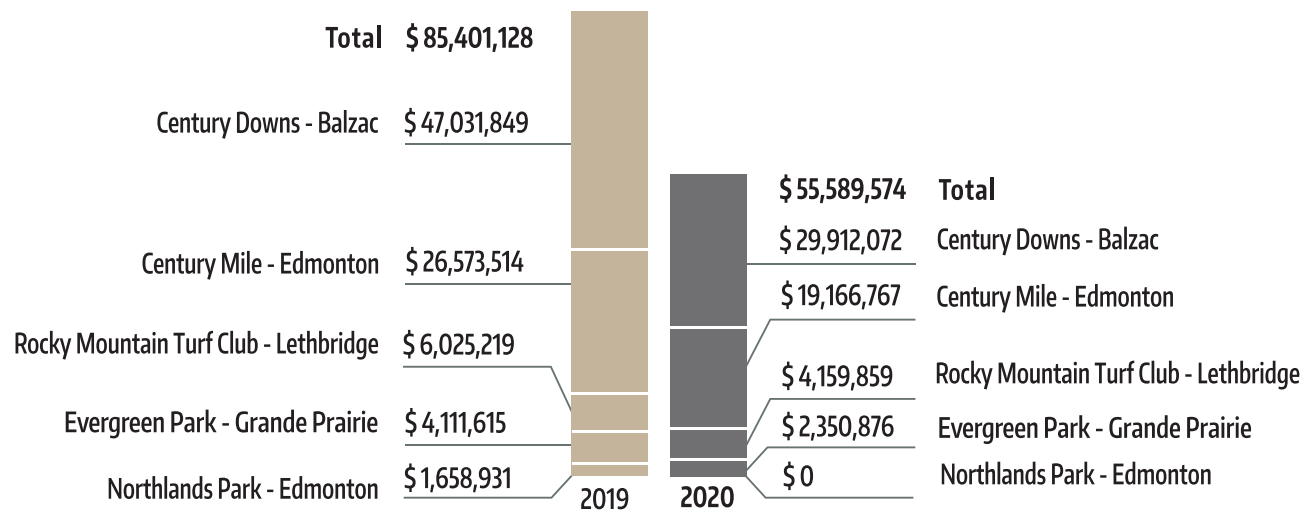
\*2019 numbers have been adjusted from the 2019 Annual Report.

## Handle (by type)

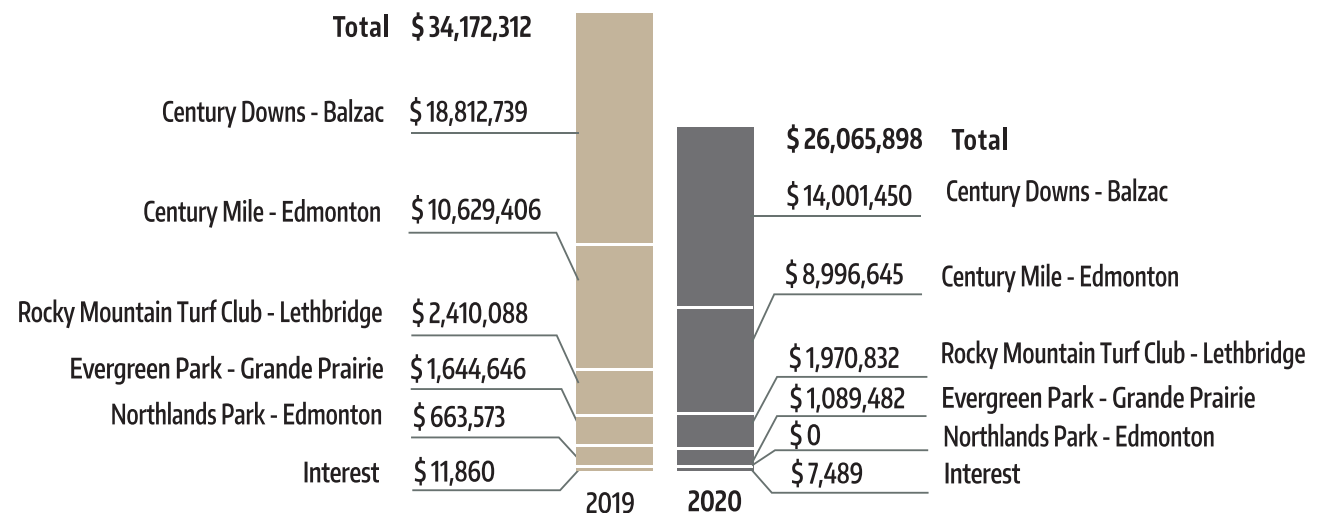


\*2019 numbers have been adjusted from the 2019 Annual Report.

## Slot Revenue: From Racing Entertainment Centres



## Slot Revenue: HRA's Portion





# Free Thought retires after record winning streak.

This story was originally written by Curtis Stock and published in October 2020. It has been modified for this report.

**It was incredible.** And somehow incredibly overlooked. Race after race after race, Alberta-owned, trained, and based Quarter Horse Free Thought kept winning and winning and winning until he put together a streak of 18 straight wins in a row. “We knew it was special but until recently we didn’t realize just how special it was,” said trainer William Leech.

Then Leech’s daughter, Haley Moreno, started to look into just how remarkable it really was. “It was about a year ago last fall (2019) well after Free Thought won his 16th race in a row back on August 31 at Calgary’s Century Downs that Haley was telling me it had to be close to a record. I said ... don’t be so silly.”



Free Thought winning another race at Evergreen Park in Grande Prairie.



Haley, however, was right. Not only were the 16 wins by Free Thought, owned by Charles 'Chuck' Stojan, a record it was a world record for Quarter Horse Racing easily eclipsing the mark set by Snowbound Superstar of 15 consecutive wins in 2009. "I was trying to tell my father this for a long time, but he thought I was crazy," Haley told CTV Edmonton last fall.

"It was something I never dreamt about," said Leech. We all knew he was doing really well but for it to be a world record ... no, we never thought that," said Leech. "I mean he had won 16 races in a row and set the world record months before Haley, who is married to Free Thought's jockey, Ricky Moreno, started to look into it. That's how much attention we were paying to it."

Free Thought then won again in September 2019 at Calgary's Century Downs for his 17th straight victory and then - after a layoff of 11 months - collected his 18th in a row in Grande Prairie on August 15, 2020. "We all knew he could get beat at any time," said Stojan. "Especially in Quarter Horse racing because the distances are so short. If you get off to a bad start or get bumped leaving the starting gate, there's a good chance you're not going to win. "Or they could just have an off day."



Jockey Ricky Moreno aboard Free Thought.

Because of the COVID-19 pandemic, Free Thought only got to make two starts in 2020. "We had him ready to run the first part of May but then COVID came along, and it didn't look like we'd have any racing at all," said Leech, 59, who has been training quarter horses since he was 19 - the first 10 years as a hobby while he worked a cow ranch north of Brooks.

"Then we had him ready to run in Grande Prairie in July, but they didn't get enough horses to fill that race. That went on until August; he never started this year (2020) until August 15," said Leech.

## A big record for Big Ed comes to an end.

But 'Big Ed', which is the name everyone calls Free Thought around the barns or at home on the farm, refused to lose until September 2020. He finished third that day to Gone To Be Bright, a Gonetothebrightside ownership syndicate horse, also trained by Leech, at Edmonton's Century Mile. It was the first time 'Big Ed' ran over that surface.

"I think he just finally had a bad day," Leech said of the tall, powerfully built horse. "He didn't break like he usually does and around the turn, he was slipping and sliding. I don't think he got ahold of the track that day."

So, a winning streak that started way back on June 10, 2017, finally came to an end on September 4, 2020. "It took them almost three and a half years to beat him; it took them a long time to figure out how to beat him," said Stojan. "Three and a half years...that's pretty remarkable."

Free Thought won just about every one of those 18 wins in a row wire-to-wire which is common in Quarter Horse racing. But last September, Free Thought didn't break on top. For that matter, he broke fourth in a field of five and that was just too much to overcome.

It turns out that was Free Thought's last race. "We were hoping to let Free Thought have one more race at Century Mile so that he could redeem himself but that didn't fill either. It's a good time to quit with him," said Leech.



Trainer William Leech, Haley Moreno, and jockey Ricky Moreno with Free Thought.

## A legend makes others famous.

"He's made himself famous and, in a way, he's made everybody around him a little famous," said Stojan. "He built up quite a fan base in Alberta." A world record will do that. "Speedhorse magazine did a story on him. CTV did a story. Jeff Robillard of Horse Racing Alberta did a video on him and now this," said Stojan, who claimed Free Thought for \$16,000 at the end of his two-year-old season at Los Alamitos, California.

"I was a little worried about claiming him because he had already made nine starts as a two-year-old which is a lot. I thought with that many starts as a two-year-old he's going to fall apart. But he came into the paddock dancing - he's a big, proud bugger - so I told William, let's claim him," said Stojan, who ran three horses in The Challenge Cup - a version of thoroughbred racing's Breeders' Cup - in Albuquerque, New Mexico last October.

Unfortunately, Free Thought wasn't eligible. "We thought Free Thought was special when we got him. As a two- and three-year-old he only ran in races that were 300-350 yards long," Stojan said of races that were just straight down the stretch. But as a four-year-old, he acted like he wanted to run farther. And when we entered him in those longer races going around a turn that's when he really started to shine."



"He figured out how to run around the turns," agreed Stojan. "A lot of horses will go around the turns, but they won't run around the turns."

The other thing that changed Free Thought into a superstar was removing his blinkers. "At first he would get out there and wait for other horses to come at him. So, I took the blinkers off him and then he was able to see other horses coming up on him and he'd grab another gear. Fully 17 of Free Thought's 18 wins in a row were without blinkers."

"He's been really consistent," said Leech, who lives in Stirling, Alberta, a town of about 1,000 residents just south of Lethbridge. "Forty-five times out of 51 starts he's finished in the top three. That's pretty amazing all by itself. He's always been a real nice horse to handle," continued Leech.

"He's such a professional in the paddock and the starting gate. He would often flick one ear every time another horse came into the gate. It was like he was counting them. In the mornings he likes to be the first one out of the barn. And when he goes to the track to train, he likes to stop and look around for, heck, five or 10 minutes. He really enjoys that. He's just a really neat horse. It's been an honour to train him."



Haley Moreno hugs her buddy Free Thought.

## Free Thought at home enjoying a new life.

"We've retired him. He's nine years old and he doesn't have anything to prove anyway. We've taken him home to my son Jerry's farm in Sexsmith," Stojan said of the town of 2,400 people a little north of Grande Prairie.

"He's retiring 100 percent sound. He's been quite a remarkable horse. We've had a lot of fun with him. But he won't be doing nothing and just sit in the pasture. That wouldn't be fair to him. We're still going to do stuff with him. The plan is to make him into a team roping horse."

Free Thought will be able to live out his retirement in a "fancy" paddock in Sexsmith. "He'll have a good life there," said Leech. "We've noticed that he slowed up a bit from last year (2019) and we didn't want to hurt him."

"He's given a lot of people a long ride and a lot of fun. Especially Haley. She's always been the main groom for Big Ed and his No. 1 fan," said Leech.

"Haley has a love affair with Big Ed," agreed Stojan. "She cuddles around him and he cuddles around her. They just get along so well."

Leech said: "He's happy and we're happy. But we're sure going to miss him around the barns. It'll be a little lonely without him."



Industry accomplishments in 2020, despite the COVID-19 global pandemic, continued to contribute to the growing optimism about the future of the horse racing industry in Alberta.

## Awards and Milestones

- **Kelly Hoerd** won the O'Brien Horsemanship award, one of 17 categories that honour Canada's best in harness racing.



Infographic courtesy of Standardbred Canada.

- Alberta-bred quarter horse sensation **Zoomn On Bye** won the 400-yard \$45,000 Gopher State Derby in July setting a new track record at Canterbury Park in Shakopee, Minnesota. He then added to his winning streak by capturing the \$48,000 Canterbury Park Derby.
- Alberta-based jockey **Shannon Beauregard** celebrated her 900th career win in the irons.
- **Real Grace** won the prestigious **Canadian Derby** as an 18 – 1 longshot for trainer Shelley Brown
- Edmonton-born-and-raised **Gerry Isbister** ran his equine star **Attachment Rate** in the **2020 Kentucky Derby** at Churchill Downs, Kentucky. (The race winner was Authentic.)
- Alberta jockeys **Mauricio Malvaez** and **Edgar Zenteno** were named finalists in the Outstanding

Apprentice Jockey category for the National Thoroughbred Sovereign Awards. Congratulations to jockey **Mauricio Malvaez** on being named Outstanding Apprentice jockey in Canada for 2020.



- **Major Custard** won 15 of 16 races in 2020 and was one of two finalists for the 2020 O'Brien Award for the top three-year-old pacer in Canada. He won the Ralph Klein Memorial Stake and the Western Canada Pacing Derby.
- The **Alberta Derby** at Evergreen Park was won by Alberta-bred **Triple Power** with jockey **Trevor Simpson** aboard. Triple Power is trained by **Carson Frey**.
- **Horse Racing Alberta** was named one of two finalists in the Standardbred Canada Media Excellence Awards for Broadcasting. This nomination was then followed by a nomination as one of three finalists in the National Thoroughbred Sovereign Media Awards in the Broadcast Category.
- In late 2020, **Mr. Gill Hermanns** resigned as Chair of the Board of Horse Racing Alberta (HRA). Gill's involvement in Alberta horse racing started in 1997 when he was with the Alberta Gaming and Liquor Commission (AGLC). In 2009 he was appointed as the Minister's Representative on the HRA Board. Gill retired from the AGLC in March 2017 and shortly after that was appointed to the HRA Board as a Public Member. In May 2018, Gill was named Chair of the HRA Board.

The Alberta horse racing and breeding industry thanks Mr. Hermanns for his dedication, passion, and longtime service to our industry.

## Racetracks

- Alberta's racetracks endured an unprecedented year in 2020 due to the COVID-19 global pandemic. The race season was 141 days compared to a typical 218-day season.
- Despite being shut down for several months of the year starting in March 2020, Century Mile and Casino, Century Downs and Casino, and Evergreen Park brought in record handles.
- Racetrack operators, the HRA, and the various groups associated with Alberta horse racing collaborated to rethink horse racing with only 25% in-person attendance allowed at the racetracks when they did re-open.
- Race times were altered to maximize online betting in specific international jurisdictions leading to record online handles.
- The dramatic increase in online betting led to increased purses and breed improvement revenue.

## Tajma Hall Moves On

Tajma Hall, one of the greatest and most beloved Alberta standardbred horses, passed away at the age of 22 years. Tajma Hall won over 60 races, set the Northlands Park Track record for standardbreds at age 10, and made over \$760,000.





## Olds College

Four students in total graduated from the Olds College Horse Racing Alberta Professional Racetrack Groom Course and the Olds College Exercise Rider and Jockey Training Program (a partnership of Olds College, Horseman's Benevolent Protective Association of Alberta, and Horse Racing Alberta).



(Left to right) Graduates Pamela Morgan, Riley Noble, Felicity McDougall, and Madison Hegland.

## Horse Breeding

### Average Yearling Sale Prices

	2020	2019	2018
Thoroughbred	\$ 8,394	\$ 6,736	\$ 9,658
Standardbred	\$7,992	\$10,334	\$10,940
Quarter Horse	\$ 5,462	\$ 6,500	\$ 3,818

### Breed Improvement Program Investments\*

	2020	2019	2018
Thoroughbred	\$1,454,838	\$1,720,190	\$1,720,190
Standardbred	\$874,556	\$1,034,780	\$1,034,780
Quarter Horse	\$290,606	\$345,030	\$345,030
<b>Total</b>	<b>\$2,620,000</b>	<b>\$3,100,000</b>	<b>\$3,100,000</b>

\* Includes Association and breeding support (purses).

## Alberta Purses

	HRA Grant		Breed Improvement Program		Total Purses	
	2020	2019	2020	2019	2020	2019
Thoroughbred	\$2,664,354	\$4,419,726	\$1,202,538	\$1,490,190	\$3,866,892	\$5,909,916
Standardbred	\$2,658,958	\$3,786,533	\$733,660	\$865,000	\$3,392,618	\$4,651,533
Community Circuit	\$1,253,364	\$2,311,888	\$266,100	\$284,030	\$1,519,464	\$2,595,918
<b>Totals</b>	<b>\$6,576,676</b>	<b>\$10,518,147</b>	<b>\$2,202,298</b>	<b>\$2,639,220</b>	<b>\$8,778,974</b>	<b>\$13,157,367</b>

## In Memoriam: Mara Coote-Freeman

In the spring of 2020, Horse Racing Alberta lost a great friend and a strong supporter. Mara Coote-Freeman was a keen horsewoman committed to the industry in Alberta.

She was an integral part of the Olds College Racetrack Programs guiding many graduates through the Exercise Rider program as an instructor and mentor. Mara's commitment to the students lasted beyond their time at Olds College. She attended graduations and award ceremonies and was part of the development of the International Federation of Horse Racing Academies (IFHRA). Through her role with IFHRA, she cheered on graduates at horse races in the United Arab Emirates (Abu Dhabi), Italy, and Spain. The Olds College Mara Coote-Freeman Memorial Award is a lasting legacy

for the future of the horse industry. A bursary of \$1000 is made annually to a student in each of the two Olds College Racetrack Programs.

Mara was appointed to the Horse Racing Alberta Board in 2018 as a Public Member and was Chair of the Strategic Growth and Sustainable Development Committee. Mara was devoted to her role always demonstrating incredible passion and strength. She was full of ideas and energy and wanted the best for all people and horses in our sport. Mara was an advocate for lifelong learning, safety, and horse welfare. She was also a fountain of marketing suggestions and was committed to the formation of the industry Marketing Committee.

We will miss Mara's strength, her deep chuckle, her wit, and her creativity. We will also miss her commitment to racing in Alberta.



The background of the entire page is a grayscale photograph of a horse race. In the foreground, several horses and jockeys are in motion, leaning forward. One horse on the right has a checkered saddle cloth. In the middle ground, more horses and jockeys are visible, some pulling sulky carts. The background shows a blurred racetrack and some trees in the distance.

**Year Ended December 31, 2020**

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## Independent Auditors' Report

### INDEPENDENT AUDITORS' REPORT

To the Directors of Horse Racing Alberta

#### **Opinion**

We have audited the financial statements of Horse Racing Alberta (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets (deficiency) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

## Independent Auditors' Report

### ***Other Information***

Management is responsible for the other information. The other information comprises:

- Information, other than the financial statements and the auditors' report thereon, included in the Entity's Annual Report

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Information, other than the financial statements and the auditors' report thereon, included in the Entity's Annual Report as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



## Independent Auditors' Report

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

Edmonton, Canada

April 16, 2021

# HORSE RACING ALBERTA

## Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash	\$ 6,749,658	\$ 112,614
Accounts receivable (note 2)	346,631	374,780
Receivable from the Province of Alberta (note 3)	835,851	3,051,924
Prepaid expenses	263,968	148,840
Current portion of loans receivable (note 4)	42,508	75,000
	8,238,616	3,763,158
Capital assets (note 5)	195,164	222,318
	<b>\$ 8,433,780</b>	<b>\$ 3,985,476</b>

## Liabilities and Net Assets (Deficiency)

Current liabilities:		
Account payable and accrued liabilities	\$ 655,575	\$ 682,001
Racetrack grants payable	674,405	4,998,704
Current portion of advances payable (note 6)	3,099,996	100,000
	4,429,976	5,780,705
Advances payable (note 6)	3,500,004	300,000
Net assets (deficiency):		
Invested in capital assets	195,164	222,318
Unrestricted	308,636	(2,317,547)
	503,800	(2,095,229)
	<b>\$ 8,433,780</b>	<b>\$ 3,985,476</b>

Commitments (note 9)  
Contingent liabilities (note 10)  
Impact of COVID-19 (note 12)

See accompanying notes to financial statements.

On behalf of the Board:

<i>Original signed</i> Erika Bottcher	Acting Chair of the Board
<i>Original signed</i> John Hind	Chair of the Audit and Finance Committee



# HORSE RACING ALBERTA

## Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
<b>Revenues</b>		
Racing Industry Renewal Initiative revenues (note 3)	\$ 26,065,898	\$ 34,172,312
General fees	4,645,487	5,370,106
Other racing revenues	328,149	229,386
Interest and other (note 11)	172,760	966
	<u>31,212,294</u>	<u>39,772,770</u>
<b>Expenditures</b>		
Purse Support Grants		
Thoroughbred	2,664,354	4,419,726
Standardbred	2,658,958	3,786,533
Community	1,253,364	2,311,888
	<u>6,576,676</u>	<u>10,518,147</u>
Breed Improvement Program		
Thoroughbred	1,454,838	1,720,190
Standardbred	874,556	1,034,780
Community	290,606	345,030
	<u>2,620,000</u>	<u>3,100,000</u>
Racetrack funding, Schedule 1	16,276,203	23,245,526
Regulatory and administration, Schedule 2	2,653,493	3,370,069
Marketing and promotion	413,273	786,335
Backstretch human resource development (note 8)	42,620	140,695
Animal welfare	31,000	1,000
	<u>19,416,589</u>	<u>27,543,625</u>
	<u>28,613,265</u>	<u>41,161,772</u>
Excess (deficiency) of revenue over expenditures	\$ 2,599,029	\$ (1,389,002)

See accompanying notes to financial statements.

**HORSE RACING ALBERTA**

## Statement of Changes in Net Assets (Deficiency)

Year ended December 31, 2020, with comparative information for 2019

	Invested in capital assets	Unrestricted	Total 2020
Balance, beginning of year	\$ 222,318	\$ (2,317,547)	\$ (2,095,229)
Excess (deficiency) of revenues over expenditures	(27,154)	2,626,183	2,599,029
Investment of capital assets	-	-	-
<b>Balance, end of year</b>	<b>\$ 195,164</b>	<b>\$ 308,636</b>	<b>\$ 503,800</b>

	Invested in capital assets	Unrestricted	Total 2019
Balance, beginning of year	\$ 231,533	\$ (937,760)	\$ (706,227)
Deficiency of revenues over expenditures	(26,337)	(1,362,665)	(1,389,002)
Investment of capital assets	17,122	(17,122)	-
<b>Balance, end of year</b>	<b>\$ 222,318</b>	<b>\$ (2,317,547)</b>	<b>\$ (2,095,229)</b>

See accompanying notes to financial statements.

## Horse Racing Alberta 2020 Financial Statements



# HORSE RACING ALBERTA

## Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash flow from operating activities:		
Cash received:		
General fees	\$ 4,673,636	\$ 5,245,846
Racing Industry Renewal Initiative	27,581,971	33,660,643
Province of Alberta Advance	7,000,000	-
Other racing revenue	328,149	229,386
Interest and other	172,760	966
Cash paid:		
Purse support grants	(6,576,676)	(10,518,147)
Breed improvement program	(2,620,292)	(3,100,000)
Racetrack funding	(20,700,502)	(21,769,775)
Marketing and promotion	(418,041)	(386,335)
Regulatory and administration	(2,762,833)	(3,494,500)
Other operating expenses	(73,620)	(141,695)
	6,604,552	(273,611)
Investing:		
Repayment of loan receivable	32,492	50,000
Purchase of capital assets	-	(17,122)
	32,492	32,878
Increase (decrease) in cash	6,637,044	(240,733)
Cash, beginning of year	112,614	353,347
Cash, end of year	\$ 6,749,658	\$ 112,614

See accompanying notes to financial statements.

## Horse Racing Alberta 2020 Financial Statements

# HORSE RACING ALBERTA

Notes to Financial Statements

Year ended December 31, 2020

## Horse Racing Alberta 2020 Financial Statements

### Nature of operations:

Horse Racing Alberta (the "Entity") was created as a Provincial Corporation on June 25, 2002 by the Horse Racing Alberta Act, Chapter H-11.3, Revised Statutes of Alberta, 2000. The Entity is a non-profit organization as defined in Section 149(1)(l) of the Income Tax Act and is exempt from income taxes. The Entity is responsible for the regulation of the horse racing industry in the Province in any or all of its forms, and for the facilitation of long-term racing industry renewal.

### 1. Significant accounting policies:

#### (a) Basis of presentation:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### (b) Capital assets:

Capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Entity's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life
Office equipment and furniture	3 - 10 years
Licensing management system	10 years
Computer hardware and software	3 years
Leasehold improvements	Term of lease

#### (c) Revenue recognition:

The Entity follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.



# HORSE RACING ALBERTA

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 1. Significant accounting policies (continued):

### (c) Revenue recognition (continued):

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from fees is recognized when the services are provided.

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and investments in equities quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Entity determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Entity expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

# HORSE RACING ALBERTA

Notes to Financial Statements (continued)

Year ended December 31, 2020

## Horse Racing Alberta 2020 Financial Statements

### 2. Accounts receivable:

	2020	2019
Trade receivables	\$ 279,769	\$ 368,954
GST receivable	1,070	5,826
Canada Emergency Wage Subsidy	57,854	-
Canada Emergency Rent Subsidy	7,938	-
	<u>\$ 346,631</u>	<u>\$ 374,780</u>

### 3. Receivable from the Province of Alberta:

The Entity has a funding agreement with the Province of Alberta, as represented by the Minister of Finance, to further enhance the horse racing and breeding industry in Alberta. This agreement expires March 31, 2026.

### 4. Loans receivable:

In March 2006, the Entity issued a loan to the Grande Prairie Regional Agricultural & Exhibition Society for \$1,000,000 at 0% interest with varying repayments based on Evergreen Park slot revenue performance. At December 31, 2020, the loan receivable balance outstanding is \$42,508 (2019 - \$75,000).

### 5. Capital assets:

		2020	2019
	Cost	Accumulated amortization	Net book value
Office equipment and furniture	\$ 209,814	\$ 202,498	\$ 7,316
Licensing management system	227,395	51,164	176,231
Computer hardware and software	77,251	77,251	-
Leasehold improvements	32,648	21,031	11,617
	<u>\$ 547,108</u>	<u>\$ 351,944</u>	<u>\$ 195,164</u>
			<u>\$ 222,318</u>

Amortization for the year was \$27,154 (2019 - \$26,337).

# HORSE RACING ALBERTA

Notes to Financial Statements (continued)

Year ended December 31, 2020

## Horse Racing Alberta 2020 Financial Statements

### 6. Advances payable:

#### a) Marketing Initiative Advance

To fund a new marketing initiative, an interest free advance of \$400,000 was provided to the Entity in 2019 by Century Downs Racetrack and Casino and Century Mile Racetrack and Casino. The Entity is required to repay the advance in full by December 31, 2021.

	2020	2019
Advance payable, beginning of the year	\$ 400,000	\$ -
Advance received in the year	-	400,000
Repayments of advance in the year	(100,000)	-
Total advances payable	\$ 300,000	\$ 400,000
Less: current portion of advances payable	(300,000)	(100,000)
	\$ -	\$ 300,000

#### b) Province of Alberta Advance

The Entity entered into an agreement with the Province of Alberta (the "Province") during the year, where the Province made a one-time \$7,000,000 lump sum advance to the Entity on account of future anticipated total net proceeds from Racing Industry Renewal Initiative revenues. The Province will reduce the monthly funding installment payment payable to the Entity, for the period between October 2020 and March 2023, by \$233,333 per month.

	2020	2019
Advance payable, beginning of the year	\$ -	\$ -
Advance received in the year	7,000,000	-
Repayment of advance through funding reductions	(700,000)	-
Total advances payable	\$ 6,300,000	\$ -
Less: current portion of advances payable	(2,799,996)	-
	\$ 3,500,004	\$ -



# HORSE RACING ALBERTA

Notes to Financial Statements (continued)

Year ended December 31, 2020

## Horse Racing Alberta 2020 Financial Statements

### 7. Compensation:

	Positions	Base salary (1)	Other cash benefit (2)	Other non-cash benefits (3)	Total 2020	Total 2019
Chair	1	\$ 60,000	\$ -	\$ 4,263	\$ 64,263	\$ 64,113
CEO	1	180,334	3,335	25,889	209,558	197,337
DCS / Director	1	137,949	-	18,104	156,053	440,276
Board of Directors	13	-	32,899	471	33,370	41,733
Managers:						
Racetrack and administration	2	241,028	9,959	32,947	283,934	278,369
Non-managers:						
Racetrack	15	494,888	17,117	101,936	613,941	711,075
Administration	3	167,942	3,113	40,447	211,502	169,914
	36	\$ 1,282,141	\$ 66,423	\$ 224,057	\$ 1,572,621	\$ 1,902,817
	Positions	Base salary (1)	Other cash benefit (2)	Other non-cash benefits (3)	Total 2020	Total 2019
Appeals Tribunal, Chair	1	\$ 14,202	\$ -	\$ 314	\$ 14,516	\$ -
Appeals Tribunal, Members	2	17,490	-	113	17,603	13,642
	3	\$ 31,692	\$ -	\$ 427	\$ 32,119	\$ 13,642

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include bonuses, vacation payments, honoraria, overtime and lump sum payments including severance.

(3) Other non-cash benefits include the Entity's share of all employee benefits and contributions made on behalf of the employees including health and dental, life, accidental death and dismemberment, weekly indemnity and long term disability insurances, CPP and EI contributions, WCB, car allowances and RRSP contributions.

Compensation of \$nil (2019 - \$31,560) is included in Backstretch human resource development expenditures.

# HORSE RACING ALBERTA

Notes to Financial Statements (continued)

Year ended December 31, 2020

## Horse Racing Alberta 2020 Financial Statements

### 8. Commitments:

The Entity rents office premises in Edmonton, expiring March 31, 2026. The Entity is responsible for its proportionate share of property taxes and building operating costs for the leased premises. The Entity also has office equipment under operating leases through to 2022.

Annual payments are as follows:

2021	\$	178,902
2022		152,004
2023		156,333
2024		159,970
2025		162,924
Thereafter		41,125
	\$	851,258

### 9. Contingent liabilities:

A potential claim is pending against the Entity. It is the opinion of management that final determination of these proceedings will not materially affect the financial position or the results of the Entity.

### 10. Financial risks and concentration of risk:

#### (a) Liquidity risk:

Liquidity risk is the risk that the Entity will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Entity manages its liquidity risk by monitoring its operating requirements. The Entity prepares a budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2019.

#### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Entity is exposed to credit risk with respect to the accounts receivable and loan receivable. The Entity has 47% (2019 - 61%) of its trade accounts receivable outstanding with one counterparty operating in the gaming and horse racing industry. The Entity assesses, on a continuous basis, accounts receivable and loan receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

## HORSE RACING ALBERTA

Notes to Financial Statements (continued)

Year ended December 31, 2020

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### 11. Impact of COVID-19:

On March 11, 2020, the World Health Organization declared the global outbreak of the Corona Virus, COVID-19, a pandemic. On March 17, 2020, the Province closed the Racing Entertainment Centres, eliminating the Entity's main revenue sources. As a result, the Entity was forced to temporarily suspend horse racing in Alberta. The Entity applied for and received funding of \$163,634 and \$7,938 from the Canada Emergency Wage Subsidy and the Canada Emergency Rent Subsidy Program, respectively.

The Entity continues to monitor and assess the impact that COVID-19 will have on its operating activities and financial results. The emergency measures continue to negatively impact many businesses and will adversely impact operations in the future, with the ultimate duration and impact being unknown.



## HORSE RACING ALBERTA

### Schedule 1 - Racetrack Funding

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Century Downs	\$ 8,706,421	\$ 13,521,657
Century Mile	5,715,746	7,639,885
Rocky Mountain Turf Club	1,071,315	1,506,305
Grande Prairie Regional Agricultural Society	344,721	547,679
Lacombe	438,000	-
Millarville	-	30,000
	<b>\$ 16,276,203</b>	<b>\$ 23,245,526</b>

## Horse Racing Alberta 2020 Financial Statements

## HORSE RACING ALBERTA

Schedule 2 - Regulatory and Administration

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Compensation (note 8)	\$ 1,572,621	\$ 1,902,817
Office and administration	345,842	308,333
Appeal Tribunal (note 8)	190,902	140,861
Contractors	159,028	322,713
Office rent and operating costs	139,231	131,368
Legal, consulting and audit fees	113,672	181,632
Travel	94,611	119,864
Regulatory	37,586	262,481
	<b>\$ 2,653,493</b>	<b>\$ 3,370,069</b>

Horse Racing Alberta thanks  
**Ryan Haynes**, and **Don Moon** from Evergreen  
Park, for their photography in this report.  
Email Ryan at [haynesr045@gmail.com](mailto:haynesr045@gmail.com) to see  
more of his photos.





