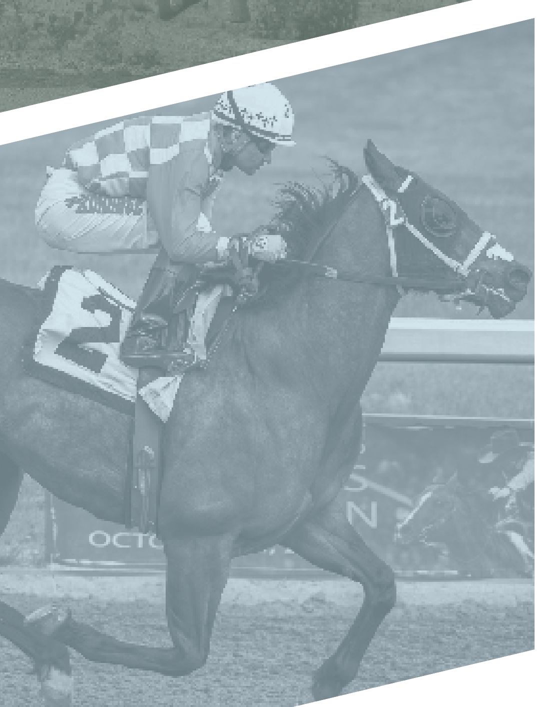
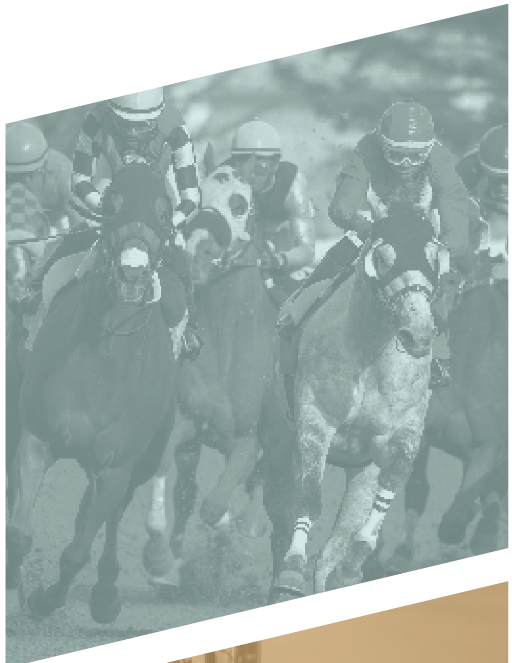
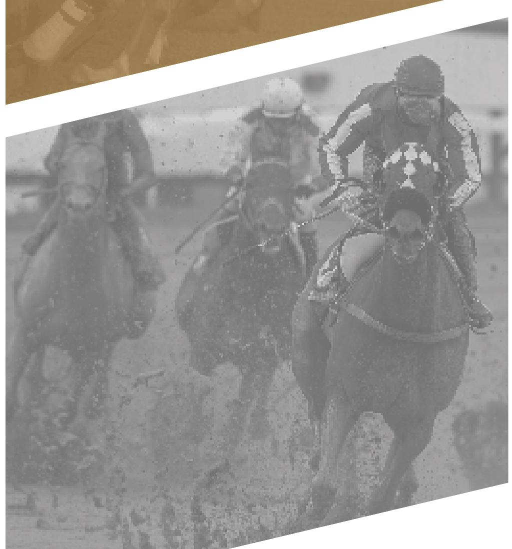
HORSE RACING ALBERTA
ANNUAL REPORT 2025






THE HORSES®
HORSE RACING ALBERTA

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2025 BOARD OF DIRECTORS

Diana McQueen – Board Chair

Darrell Bauder – Vice Board Chair/Canadian Thoroughbred Horse Society Representative

Bret Litke – Alberta Standardbred Association Horsemen Representative

Nancy Retzlaff – Alberta Standardbred Association Breeders Representative

Mike Vanin – Horsemen's Benevolent and Protective Association Representative

Ed Akerstrom – Other Breeds Representative

Dale Zukowski – Other Breeds Representative (Non-Voting)

Allen Goodsell – "A" Circuit Representative

Geoff Smith – "A" Circuit Representative to September 2025

Ken Maheden – "A" Circuit Representative as of September 26, 2025

Kurt Belich – "B" Circuit Representative

Doug Horner – Public Member

Kris Fleckenstein – Public Member

Phillip Stuffco – Public Member

Brittany Davis – Public Member

Jennifer Mosende – Government Representative- Service Alberta and Red Tape Reduction to October 19, 2025

Anne Clayton – Government Representative- Service Alberta and Red Tape Reduction as of October 20, 2025

Kent Verlik – Chief Executive Officer, Non-Voting

2025 HRA COMMITTEE CHAIRS

Doug Horner – Governance and Compensation Committee

Kris Fleckenstein – Audit and Finance Committee

Brittany Davis – Strategic Growth and Breed Improvement Committee

Phillip Stuffco – Regulatory and Licensing Committee

VISION

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

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.

MESSAGE FROM THE **BOARD CHAIR AND CHIEF EXECUTIVE OFFICER**

Horse Racing Alberta (HRA) embraces both the rich traditions of our sport and the opportunities ahead, remaining dedicated to excellence and integrity. In 2025, HRA executed strategies to support the long-term sustainability of Alberta's horse racing industry, focusing on growing the racehorse population, strengthening field sizes, and driving wagering activity.

Horse Racing Alberta continues to collaborate with the Alberta Gaming, Liquor and Cannabis Commission (AGLC) and Play Alberta to explore innovative wagering avenues that could expand gaming opportunities and further support the growth of industry-driven revenue. Ensuring a stable and competitive funding model remains essential to the future of our sport.

The safety and welfare of our equine athletes remain paramount. In 2025, HRA conducted racetrack inspections through Equine Risk Management Group and Associates LLC to ensure our racing surfaces meet the highest industry standards. Further reinforcing our dedication to equine health and safety, we continued to fund our 3-year investment into Racehorse Injury Prevention Research at the University of Calgary's Faculty of Veterinary Medicine. These investments reflect our ongoing commitment to evidence-based practices that protect both our horses and the racing participants who care for them.

Purse allocations and breed improvement funding remain central to supporting owners, trainers and breeders in Alberta. In 2025, total purses reached $16.1M, reinforcing Alberta's position as one of the most competitive racing jurisdictions in Western Canada. The Breed Improvement Program (BIP) totalled $5.1M, incentivizing owners and breeders to expand their foal crops and invest in Alberta-bred horses. The Racehorse Procurement Incentive Program (RPIP) continues to play an important role in attracting new horses to the province, contributing to healthier field sizes and increased wagering opportunities.

Modernization of regulatory processes continued with enhancements to HRA Online Licensing and ongoing workflow improvements designed to increase efficiency and improve service delivery to participants. HRA remains focused on leveraging technology and data to strengthen operations, support informed decision-making, and provide greater transparency across the industry.

Dedicated to fostering industry growth and stability, the HRA Board of Directors and Management Team continued strategic discussions with racing and breed associations to support long-term planning around purse structures, breed development, and racing locations. Collaboration remains critical to ensuring clarity, confidence, and sustainability for all stakeholders.

Industry yearling sales once again demonstrated strength in 2025. The Alberta Standardbred Horse Association (ASHA) reported $1.1M gross sales. "Forbearance" shattered the previous ASHA sale record with a remarkable final bid of $137K, setting a new benchmark for Alberta-sired Standardbreds. This record-breaking sale reflects increasing confidence in local breeding programs and continued investment from Alberta-based owners and trainers. The Canadian Thoroughbred Horse Society (Alberta Division) reported $1.0M, representing a 47% increase over the 2024 gross of $699K. The Alberta Quarter Horse Racing Association reported $49K. These results reflect continued confidence in Alberta's breeding programs and the resilience of our industry.

Further exploration continued in 2025 to enhance the HRA Backstretch Health Benefits program, ensuring it better addresses the needs of the individuals who work tirelessly behind the scenes. Supporting the well-being of our industry remains a priority for HRA.

On behalf of the HRA Board of Directors, Management Team, Staff, and our stakeholders, thank you for your ongoing commitment to preserving and strengthening horse racing in Alberta. We look forward to building on this momentum in 2026.

Diana McQueen	Kent Verlik
Chair, HRA Board of Directors	HRA Chief Executive Officer

ORGANIZATIONAL STRATEGY & **PERFORMANCE METRICS**

HRA STRATEGIC THRUSTS

VALUES BASED CULTURE

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

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.

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.

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 STRATEGY

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.

SUMMARY OF
PERFORMANCE METRICS

VALUES-BASED CULTURE

Stakeholder Engagement Index

2024 Actual	2025 Forecast	2025 Actual
81.1%	74.6%	74.6%

*The 2025 Stakeholder Engagement index is the combined average of the HRA Stakeholder Engagement Survey (73.9%), HRA Board Survey (82.6%), and HRA Employee Engagement Survey (67.3%) results.

Total Provincial Marketing Expense

2024 Actual	2025 Forecast	2025 Actual
$737	$900	$900

* Dollars totals in '000s

ORGANIZATIONAL ALIGNMENT AND EFFECTIVENESS

Racing Event Compliance

2024 Actual	2025 Forecast	2025 Actual
86.4%	91.4%	91.1%

*Racing Event Compliance is the percentage of races ran without a rule violation

TECHNOLOGY DRIVEN RESILIENCE

HRA Resiliency Index

2024 Actual	2025 Forecast	2025 Actual
83.0%	72.8%	72.8%

*The HRA Resiliency Index measures perceived performance across 16 elements in four categories (Leadership, People, Process and Product)

RESPONSIBLE GROWTH

Program Efficiency Ratio

2024 Actual	2025 Forecast	2025 Actual
92.3%	92.7%	91.8%

*The Program Efficiency Ratio measure the percentage of total expenses directly related to program activities. Program Efficiency Ratio = (Program Expenses/Total Expenses).

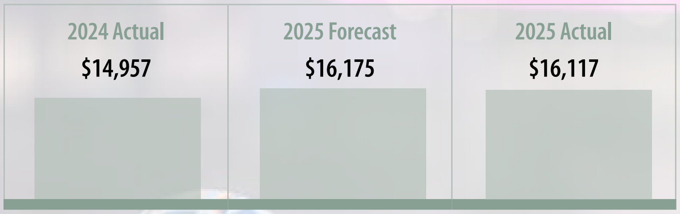
Total Pari-mutuel Handle

2024 Actual	2025 Forecast	2025 Actual
$83,684	$88,235	$88,111

* Dollars totals in '000s.

SUMMARY OF PERFORMANCE METRICS

Total Purse Grants



* Dollars totals in '000s

Total Breed Improvement Program

* Dollars totals in '000s

PERFORMANCE METRICS

Dollars totals in '000s.

	2024 Actual	2025 Forecast	2025 Actual
Stakeholder Engagement Index	81.1%	74.6%	74.6%
Racing Event Compliance	86.4%	91.4%	91.1%
Total Provincial Marketing Expense	$737	$900	$900
HRA Resiliency Index	83.0%	72.8%	72.8%
Program Efficiency Ratio *	92.3%	92.7%	91.8%
Total Pari-Mutuel Handle	$83,684	$88,235	$88,111
Total Purse Grants	$14,957	$16,175	$16,117
Total Breed Improvement Investment	$4,320	$5,100	$5,099

*The Program Efficiency Ratio measures the percentage of total expenses directly related to program activities.

REGULATORY AND **APPEALS**

NUMBER OF RULINGS BY CATEGORY IN 2025

	Thoroughbred	Standardbred	Quarter Horse	Community	Grand Total
Administration	43	48	11	19	121
Conduct	25	22	1	3	51
Human Positives	5	11	0	2	18
Horse Positives	0	0	0	0	0
Interference/Racing Violations	15	32	3	12	62
Urging	43	23	15	9	90
Totals	**131**	**136**	**30**	**45**	**342**

APPEAL TRIBUNAL – APPEALS/HEARINGS BY YEAR

	Thoroughbred / Quarter Horse		Standardbred		B Circuit		Total		
Year	Appeals	Hearings	Appeals	Hearings	Appeals	Hearings	Appeals	Hearings	Cost
2025	1	0	3	0	3	2	7	2	**$95,579**
2024	1	1	4	2	0	0	5	3	**$69,128**
2023	1	1	1	1	0	0	2	2	**$52,972**
2022	1	0	2	0	0	0	3	0	**$54,354**
2021	0	1	0	1	0	0	0	2	**$94,720**
2020	0	8	2	2	0	0	2	10	**$190,902**
2019	8		3		0		11	-	**$140,861**
2018	4		4		8		16	-	**$202,811**
2017	1		7		4		12	-	**$215,097**
2016	1		5		3		9	-	**$52,452**
2015	0		0		0		0	-	**$7,491**

EQUINE DRUG TESTING

January 1, 2025 – December 31, 2025

	Blood		Urine		TCO2		Out-of-Competition		Erythropoietin (EPO)		Hair Analysis	Days Raced
Racetracks by Category	Tests	Positives	Tests	Positives	Tests	Positives	Tests	Positives	Tests	Positives		
Thoroughbred / Quarter Horse												
Century Mile	114	0	563	0	415	0	4	0	4	0	6	42
Century Downs	62	0	119	0	45	0	0	0	0	0	0	14
Standardbred												
Century Mile	87	0	521	0	346	0	0	0	0	0	0	34
Century Downs	167	0	436	0	208	0	30	0	30	0	0	46
Community												
The Track On 2	37	0	124	0	43	0	12	0	12	0	0	15
Rocky Mountain Turf Club	60	0	202	0	0	0	0	0	0	0	0	30
Evergreen Park	34	0	106	0	0	0	0	0	0	0	0	15
Millarville	6	0	0	0	0	0	0	0	6	0	0	1
Totals	567	0	2071	0	1057	0	46	0	52	0	6	197

Information provided by Merieux NutriSciences and Racing Forensics.
Out-of-Competition and Erythropoietin tests are blood samples.

HUMAN DRUG AND ALCOHOL SCREENING TESTS AND DRUG TESTING

January 1, 2025 – December 31, 2025

Racetrack	Total DRAGER Screening Tests Administered	Total Testing and Confirmation Tests Administered	Total Positive Drug Tests	Breathalyzer tests performed	Breathalyzer tests over limit
Century Mile Racetrack and Casino	232	15	17	3117	2
Century Downs Racetrack and Casino	65	4	5	1838	1
Rocky Mountain Turf Club	29	0	0	479	1
Evergreen Park	36	0	1	299	0
The Track On 2	1	0	0	364	1
Millarville	0	0	0	23	0
Totals	363	19	23	6,120	5

OPERATIONS

WHERE THE MONEY CAME FROM

	2025	2024	Change
Slot Revenue*	47,298	47,087	211 (0.4%) ▲
Handle - General Fee	4,404	4,160	245 (5.9%) ▲
Handle - Promotional Levy	329	347	-18 (-5.2%) ▼
Assessments, Licenses and Fines	144	117	27 (23.3%) ▲
All Other	54	84	-30(-35.6%) ▼
TOTAL REVENUE	**52,229**	**51,794**	**435 (0.8%)** ▲

WHERE THE MONEY WENT

	2025	2024	Change
Racetrack Grants**	26,619	26,653	-34 (-0.1%) ▼
Purse Grants	16,117	14,957	1,160 (7.8%) ▲
Breed Improvement	5,099	4,320	779 (18.0%) ▲
Regulatory and Admin	4,439	4,071	368 (9.0%) ▲
Marketing	900	737	163 (22.2%) ▲
Procurement and Ship-In Incentives	495	731	-236(-32.3%) ▼
Backstretch HR Development	176	152	25 (16.2%) ▲
Use of Strategic Investment Fund	83	-	$83 (–) ▲
Animal Welfare	49	38	11 (28.8%) ▲
TOTAL EXPENSES	**53,976**	**51,658**	**2,318 (4.5%)** ▲

* Slot revenue represents 50% of total slot revenue earned at Racing Entertainment Centres (RECs). The remaining 50% is split between the Government of Alberta (33%) and the REC operators (17%).

** Racetrack grants are comprised of a percentage of slot revenue earned at each REC.

† Dollar totals in '000s

OPERATIONS

HANDLE (BY TYPE)

	2025	2024	Change
Foreign Simulcast	82,322	77,571	4,751 (6.1%) ▲
Live	3,899	4,080	-181 (-4.4%) ▼
Alberta Simulcast	1,890	2,033	-143 (-7.0%) ▼
TOTAL HANDLE SHARED WITH HRA	**88,111**	**83,684**	**4,428 (5.3%)** ▲
Export* **	33,509	32,068	1,441 (4.5%) ▲
TOTAL HANDLE	**121,620**	**115,751**	**5,869 (5.1%)** ▲

*** Export Handle is shared between Racetrack Operators and Racing Associations. HRA receives no revenue from Export Handle.

HANDLE (BY BREED)

	2025	2024	Change
Thoroughbred / Quarterhorse	92,249	85,841	6,408 (7.5%) ▲
Standardbred	29,371	29,910	-539 (-1.8%) ▼
TOTAL HANDLE	**121,620**	**115,751**	**5,869 (5.1%)** ▲

SLOT REVENUE: FROM RACING ENTERTAINMENT CENTRES

	2025		2024		Variance	
	Total Earned	HRA Share	Total Earned	HRA Share	Total Earned	HRA Share
Century Downs	44,055	22,027	43,269	21,635	786 (1.8%) ▲	393 (1.8%) ▲
Century Mile	37,131	18,566	37,159	18,579	-28 (-0.1%) ▼	-14 (-0.1%) ▼
Rocky Mountain Turf Club	6,863	3,432	7,047	3,524	-184 (-2.6%) ▼	-92 (-2.6%) ▼
Evergreen Park	4,364	2,182	4,629	2,314	-265 (-5.7%) ▼	-132 (-5.7%) ▼
The Track On 2	2,037	1,019	1,801	900	236 (13.1%) ▲	118 (13.1%) ▲
Total REC Revenue Generated	**94,451**	**47,225**	**93,905**	**46,952**	**546 (0.6%)** ▲	**273 (0.6%)** ▲
HRA Interest Earned	N/A	73	N/A	135	N/A	-62(-46.2%) ▼
TOTAL SLOT REVENUE	**94,451**	**47,298**	**93,905**	**47,087**	**546 (0.6%)** ▲	**211 (0.4%)** ▲

ANNUAL REPORT
2025 RECAP

STANDARDBRED

Forbearance sets new ASHA sales record of $137,000
Credit: ASHA

The 2025 Alberta Standardbred Horse Association (ASHA) Yearling Sale highlighted the continued strength and momentum of Alberta's Standardbred breeding industry. Strong attendance and active bidding—both in-person and online—drove competitive pricing and resulted in a new record-setting top seller. The average yearling sale price reached $22,000. Forbearance set a new ASHA sales record with a final bid of $137,000, surpassing the previous benchmark for Alberta-sired Standardbreds. Bred by Gigi Van Ostrand and purchased by Alberta owners Brandon Campbell, George Rogers, and Raymond Henry, this milestone reflects growing confidence in local breeding programs and sustained investment from Alberta owners and trainers.

Alberta Standardbred Horse of the Year - Custard Dolce
Credit: Coady Photo/Ryan Haynes

Alberta's 2025 Standardbred Horse of the Year, Custard Dolce, showcased the strength of the province's breeding program as an Alberta-sired filly competing and excelling at the highest level. Trained by Jamie Gray, who co-owns the filly alongside Derek Wisldon, Jackson Wittup, and Max Gibb, Custard Dolce earned nearly $250,000 in 2025 and was also recognized nationally as a finalist for Three-Year-Old Filly of the Year at the O'Brien Awards. Custard Dolce delivered a dominant season, capturing both the Gord and Illa Rumpel Memorial and the Century Casino Filly Pace, solidifying her status as champion of Alberta's premier open stake races for three-year-old fillies.

THOROUGHBRED

Take Charge Tom, with jockey Rasheed Hughes in the 2025 Canadian Derby - Credit: Coady Photo/Ryan Haynes

- Tom Rycroft captured his 500th career win
- Robertino Diodoro becomes winningest Canadian Derby trainer recording his 5th Derby win.
- Gonzalo Anderson captures his first leading trainer title at both Century Mile and Century Downs.
- Rasheed Hughes captured his 100th Canadian win.
- Horse Racing Alberta video feature on the career of Robertino Diodoro is named a finalist in the outstanding broadcast category, Jockey Club of Canada Sovereign Awards.

AQHRA

- Flash Me A Corona impressed with 7 wins a second, and 2 thirds in 10 starts. He also won the AQHRA Grand Champion designation, the Champion 3-year-old and champion AB bred 3 -Year- old titles.
- Miss Fancy Nancy recorded 4 impressive wins all in major stake races. She was also named Reserved Aged Champion, Champion Aged Mare, and Reserve AB Bred Champion.
- Fight Club, owned by Jerry Stojan and trained by the popular William Leech recorded three impressive stake wins . The 7 year old grey fan favorite, won the AQHRA Champion aged Horse and the Champion Distance horse in 2025.

ACTRA

- Community track RPIP Applications increase by 40%.
- The River Grey Alberta Bred by Robert McClintok and trained by Garry Marks posted another dominant year with 11 starts, 6 wins and five second place finishes.
- OKI recorded four major wins including the AB Bred 3-Year-Old Stakes and the B Cup # year Old Fillies Stakes.
- Of the 360 horses at the community track, 111 were Alberta Breds which represents the highest number recorded over the last 10 years.

INDUSTRY

Ashleigh & Ed Hensley (right) receive the Media Excellence Award from Sandra Snyder - Credit: New Image Media

- HRA/Shine Light Entertainment win the *USTA North American Broadcast Award* and the *O'Brien Media Excellence Award - Outstanding Film, Video or Broadcast* for The Crackers Hot Shot Standardbred Racing Video.
- HRA proudly partnered with industry stakeholders to support strategic promotions and special event days. Through the HRA Marketing Grant program, $300,000 was invested in initiatives led by industry partners, helping to drive attendance and handle.

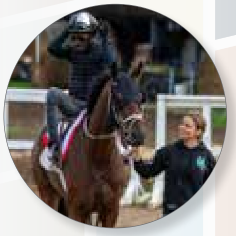
IN MEMORIAM - GEOFF SMITH

Geoffrey Donald Cumming Smith — Century Casino's SVP of Operations, Canada and member of Horse Racing Alberta's Board of Directors — passed suddenly on September 13 at age 54. Geoff was a respected leader in his field and a dedicated partner in building Alberta's gaming and entertainment industry.

HRA BACKSTRETCH FOUNDATION

The HRA Backstretch Foundation continued to provide meaningful support to Alberta's backstretch community in 2025, focusing on the health and well-being of backstretch workers and social events for industry participants. Throughout the year, the Foundation delivered 24 financial donations to backstretch workers facing illness or injury, offering critical assistance during times of need. In addition to direct support, the Foundation fostered community engagement by hosting four horsemen's social events across Alberta's racetracks, strengthening relationships and morale within the industry.

The Foundation also held a highly successful Canadian Derby Golf Tournament, raising funds and awareness to sustain its programs. Together, these efforts contributed to a stronger, more connected backstretch community and reinforced the Foundation's commitment to those who support Alberta's racing industry every day.



BREED IMPROVEMENT PROGRAM

	2025	2024	2023
Thoroughbred	2,829	2,397	2,224
Standardbred	1,702	1,442	1,302
Quarter Horse	568	481	375
TOTAL BREED IMPROVEMENT PROGRAM	**5,099**	**4,320**	**3,900**

PROCUREMENT AND SHIP-IN INCENTIVES

	2025	2024	2023
Thoroughbred	242	355	282
Standardbred	125	252	93
Quarter Horse	128	124	164
TOTAL PROCUREMENT AND SHIP-IN INCENTIVES	**495**	**731**	**539**

PURSE GRANTS

	2025	2024	2023
Thoroughbred	6,874	6,360	5,831
Standardbred	6,240	5,796	5,360
Quarter Horse	3,003	2,801	2,659
TOTAL PURSE GRANTS	**16,117**	**14,957**	**13,850**

2025 YEARLING SALE TOTALS

	Average	Median	Total	Horses
Thoroughbred	14,036	10,000	1,024,600	73
Standardbred	22,061	13,000	1,125,100	51
Quarter Horse	8,200	7,500	49,200	6

AVERAGE YEARLING SALE PRICES

	2025	2024	2023
Thoroughbred	12,482	12,482	14,173
Standardbred	22,749	22,749	23,493
Quarter Horse	8,200	10,126	13,735

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INDEPENDENT AUDITOR'S REPORT

RSM

To the Board of 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, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our 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 ethical 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.

OTHER MATTER

The financial statements of the Entity for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on May 23, 2025.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information, other than the financial statements and the auditor's report thereon, included in the Entity's 2025 Annual Report.

Our opinion on the financial statements does not cover the other information and we do 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 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 report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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.

AUDITOR'S 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 auditor's 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 these 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.

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 auditor's 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 auditor's 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.

We 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.

RSM Canada LLP

Chartered Professional Accountants
May 26, 2026
Calgary, Alberta

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STATEMENT OF FINANCIAL POSITION

December 31, 2025, with comparative information for 2024

		2025		2024
ASSETS				
Current assets:				
Cash	$	3,218,297	$	3,856,176
Accounts receivable (note 2)		192,577		1,150,597
Receivable from the Province of Alberta (note 3)		3,639,964		3,870,356
Prepaid expenses		34,935		58,828
Loans receivable (note 4)		94,742		91,945
		7,180,515		9,027,902
Loans receivable (note 4)		123,724		218,466
Capital assets (note 5)		75,243		100,897
	$	7,379,482	$	9,347,265
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued liabilities	$	989,599	$	1,077,705
Racetrack funding payable		2,044,587		2,177,223
		3,034,186		3,254,928
Net assets:				
Invested in capital assets		75,243		100,897
Strategic investment fund - internally restricted		417,403		500,000
Unrestricted net assets		3,852,650		5,491,440
		4,345,296		6,092,337
Commitments and contingencies (note 7)				
	$	7,379,482	$	9,347,265

See accompanying notes to financial statements.

On behalf of the Board:

Diana McQueen (original signed)

Board Chair

Kris Fleckenstein (original signed)

Chair of the Audit and Finance Committee

STATEMENT OF OPERATIONS

December 31, 2025, with comparative information for 2024

	2025	2024
Revenues		
Racing Industry Renewal Initiative revenues (note 3)	$ 47,298,163	$ 47,087,478
General fees	4,733,108	4,506,337
Other racing revenues	144,241	116,951
Interest	44,278	81,907
Other revenues	9,520	1,664
Total Revenues	52,229,310	51,794,337
Expenditures		
Purse Support Grants		
Thoroughbred	6,874,270	6,359,916
Standardbred	6,240,000	5,796,100
Community	3,003,057	2,801,200
	16,117,327	14,957,216
Breed Improvement Program		
Thoroughbred	2,828,862	2,397,167
Standardbred	1,702,380	1,442,016
Community	567,630	480,816
	5,098,872	4,319,999
Incentive Programs		
Thoroughbred	241,750	354,813
Standardbred	125,043	251,662
Other racing breeds	128,100	124,200
	494,893	730,675
Racetrack funding (Schedule 1)	26,618,657	26,652,667
Regulatory and administration (Schedule 2)	4,438,917	4,071,202
Marketing and promotion	900,046	736,789
Backstretch human resource development	176,445	151,832
Animal welfare	48,597	37,722
	32,182,662	31,650,212
Total Expenditures before Strategic Investment Fund	53,893,754	51,658,102
Use of the Strategic Investment Fund	82,597	-
Total Expenditures	53,976,351	51,658,102
(Deficiency) Excess of revenues over expenses	$ (1,747,041)	$ 136,235

See accompanying notes to the financial statements.

December 31, 2025, with comparative information for 2024

		Invested in capital assets		Internally Restricted		Unrestricted		Total 2025
Balance, beginning of year	$	100,897	$	500,000	$	5,491,440	$	6,092,337
Transfer for Strategic Investment Fund expenditures		-		(82,597)		82,597		-
Deficiency of revenues over expenditures		(25,654)		-		(1,721,387)		(1,747,041)
Balance, end of year	$	75,243	$	417,403	$	3,852,650	$	4,345,296

		Invested in capital assets		Internally Restricted		Unrestricted		Total 2024
Balance, beginning of year	$	124,848	$	-	$	5,831,254	$	5,956,102
Transfer to Strategic Investment Fund		-		500,000		(500,000)		-
Excess (deficiency) of revenues over expenditures		(23,951)		-		160,186		136,235
Balance, end of year	$	100,897	$	500,000	$	5,491,440	$	6,092,337

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

December 31, 2025, with comparative information for 2024

	2025	2024
Operating activities:		
Cash received:		
Racing Industry Renewal Initiative	$ 47,528,554	$ 47,323,796
General fees	5,691,128	3,901,450
Other racing revenues	144,241	116,950
Interest and other revenues	53,798	83,571
Cash paid:		
Purse support grants	(16,117,327)	(14,957,216)
Breed improvement program	(5,175,536)	(3,518,984)
Incentive programs	(494,893)	(730,675)
Racetrack funding	(26,751,293)	(26,711,259)
Marketing and promotion	(900,046)	(736,789)
Regulatory and administration	(4,399,069)	(4,546,417)
Strategic Investment Fund	(82,597)	-
Other operating expenses	(225,042)	(189,554)
	(728,082)	34,874
Investing:		
Loan repayments	91,945	97,556
Loan advanced	-	(332,970)
Purchase of capital assets	(1,742)	(3,482)
	90,203	(238,896)
Decrease in cash	(637,879)	(204,023)
Cash, beginning of year	3,856,176	4,060,199
Cash, end of year	$ 3,218,297	$ 3,856,176

See accompanying notes to the financial statements.

December 31, 2025

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 nonprofit 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 of Alberta in any or all of its forms, and for the facilitation of long-term racing industry renewal.

During the prior year, the Entity established a restricted Strategic Investment Fund to support initiatives aimed at ensuring the long-term health and viability of Horse Racing in Alberta.

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, less accumulated amortization. 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. A write down shall not be reversed.

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

Asset	Useful life
Office equipment and furniture	3 - 5 years
Licensing management system	10 years
Leasehold improvements	10 years

(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.

December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(c) Revenue recognition (continued):

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.

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.

Race industry renewal initiative revenues are received from the Province of Alberta and proceeds are determined pursuant to the related funding agreement. Under the agreements, the Entity is entitled to a certain profit percentage of gaming revenue. General fees are received from gaming operators and are a percentage of total bets made.

(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.

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, liabilities and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates included within these financial statements are allowances for doubtful accounts and the useful lives of capital assets and related amortization methods and periods. Actual results could differ from those estimates.

December 31, 2025

2. ACCOUNTS RECEIVABLE:

		2025		2024
Accounts receivable	$	182,610	$	1,129,136
GST receivable		9,967		21,461
	$	192,577	$	1,150,597

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, 2031. The receivable is unsecured and non-interest bearing.

4. LOANS RECEIVABLE:

During the prior year, the Entity advanced further loan to The Track on 2 Inc. for $332,970 which bears interest at 3% and will be repaid in 43 monthly payments of $8,333 commencing October 2024 and ending in April 2028. The Entity has agreed with The Track on 2 Inc. that they will waive repayment of $75,278 from this loan receivable after 33 consecutive monthly repayments. This forgiveness is not reflected in the carrying balance below. During the prior year, the 2022 loan was repaid and an additional amount of $75,003 was forgiven. The loss on forgiveness is presented under Lacombe within racetrack funding (Schedule 1).

		2025		2024
Opening Balances	$	310,411	$	150,000
Loan forgiven		-		(75,003)
Loan advances during the year		-		332,970
Repayments during the year		(91,945)		(97,556)
Ending Balance		218,466		310,411
Less: Current Portion		(94,742)		(91,945)
Loan Receivable	$	123,724	$	218,466

December 31, 2025

5. CAPITAL ASSETS:

				2025	2024
	Cost	Accumulated amortization		Net book value	Net book value
Office equipment and furniture	$ 32,192	$ 24,061		$ 8,131	$ 9,672
Licensing management system	227,395	164,861		62,534	85,273
Leasehold improvements	13,735	9,157		4,578	5,952
	$ 273,322	$ 198,079		$ 75,243	$ 100,897

During the year, the Entity derecognized $213,237 (2024 - $nil) of fully depreciated capital assets with no impact on operations. Amortization of $27,395 (2023 - $27,434) is included in office and administration expenses for the year (Schedule 2).

6. COMPENSATION:

	Position (1)	Base salary (2)	Other cash benefits (3)	Other non-cash benefits (4)	Total 2025	Total 2024
Chair	1.0	$ 60,000	$ -	$ 4,739	$ 64,739	$ 64,912
Board of Directors	14.0	-	59,174	4,063	63,237	73,487
	15.0	60,000	59,174	8,802	127,976	138,399
CEO	1.0	207,925	-	39,436	247,361	237,900
DCS / Director(s)	1.2	178,495	-	26,948	205,443	176,615
Managers:						
Racetrack and administration	4.0	450,661	-	55,581	506,242	458,378
Non-managers:						
Racetrack	16.2	1,010,093	9,664	158,330	1,178,087	1,162,348
Administration	4.0	275,728	1,750	69,587	347,065	333,260
	26.4	2,122,902	11,414	349,882	2,484,198	2,368,501
	41.4	$2,182,902	$ 70,588	$ 358,684	$2,612,174	$2,506,900

December 31, 2025

6. COMPENSATION (CONTINUED):

	Position (1)	Base salary (2)	Other cash benefits (3)	Other non-cash benefits (4)	Total 2025	Total 2024
Appeal Tribunal, Chair	1	$ 18,340	$ -	$ 1,320	$ 19,660	$ 7,318
Appeal Tribunal, Members	5	12,489	-	386	12,875	9,759
	6	$ 30,829	$ -	$ 1,706	$ 32,535	$ 17,077

(1) Position represents headcount for Board positions and full-time equivalent (FTE) positions for employees.

(2) Base salary includes pensionable base pay.

(3) Other cash benefits include bonuses, vacation payments, honoraria, overtime and lump sum payments including severance and payment in lieu of RRSP contributions.

(4) 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 & dismemberment, weekly indemnity and long-term disability insurances, CPP and EI contributions, WCB, vacation accrual, car allowances and RRSP contributions.

7. COMMITMENTS AND CONTINGENCIES:

The Entity rents office premises in Edmonton, expiring March 31, 2031. 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 2031 Annual payments are as follows:

2026	$ 56,254
2027	96,329
2028	96,329
2029	86,564
2030	85,020
Thereafter	21,255
	$ 441,751

In the normal course of operations. The Entity is party to various claims and legal proceedings. When the resolution of the claims and legal proceedings cannot be determined with certainty, they are not recorded in the financial position or results of operations of the Entity. The financial impact is recognized in the year in which the action is resolved or can be reasonably determined. Management does not believe the pending matters will have a material impact on the Entity and, where appropriate, provisions for possible losses have been made in these financial statements.

8. FINANCIAL RISKS AND CONCENTRATION OF RISK:

The Entity is exposed to the following risk, which have not changed from the prior year:

(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.

(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, receivable from the Province of Alberta and loans receivable. The Entity has 95% (2024 - 76%) of its accounts receivable outstanding with one counterparty operating in the gaming and horse racing industry. The Entity assesses, on a continuous basis, accounts receivable, receivable from the Province of Alberta and loans receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. As at December 31, 2025, the Entity has not recorded an allowance for doubtful accounts (2024 - $nil) as management believes all balances are collectable in full.

SCHEDULE 1 - RACETRACK FUNDING

December 31, 2025, with comparative information for 2024

	2025	2024
Century Downs	$ 12,665,771	$ 12,439,839
Century Mile	10,674,034	10,810,235
Rocky Mountain Turf Club	1,715,786	1,761,794
Grande Prairie Regional Agricultural Society	1,003,737	1,064,580
Lacombe	509,329	525,220
Millarville	50,000	51,000
	$ 26,618,657	$ 26,652,667

SCHEDULE 2 - REGULATORY AND ADMINISTRATION

December 31, 2025, with comparative information for 2024

	2025	2024
Compensation (note 6)	$ 2,579,639	$ 2,506,900
Office and administration	768,736	649,779
Contractors	322,100	215,857
Travel	226,529	201,671
Regulatory	176,677	63,760
Office rent and operating costs	168,348	170,381
Legal, consulting and audit fees	101,309	193,726
Appeal tribunal	95,579	69,128
	$ 4,438,917	$ 4,071,202

THE HORSES®

HORSE RACING ALBERTA