



Horse Racing Alberta

Business Plan

2022 - 2024

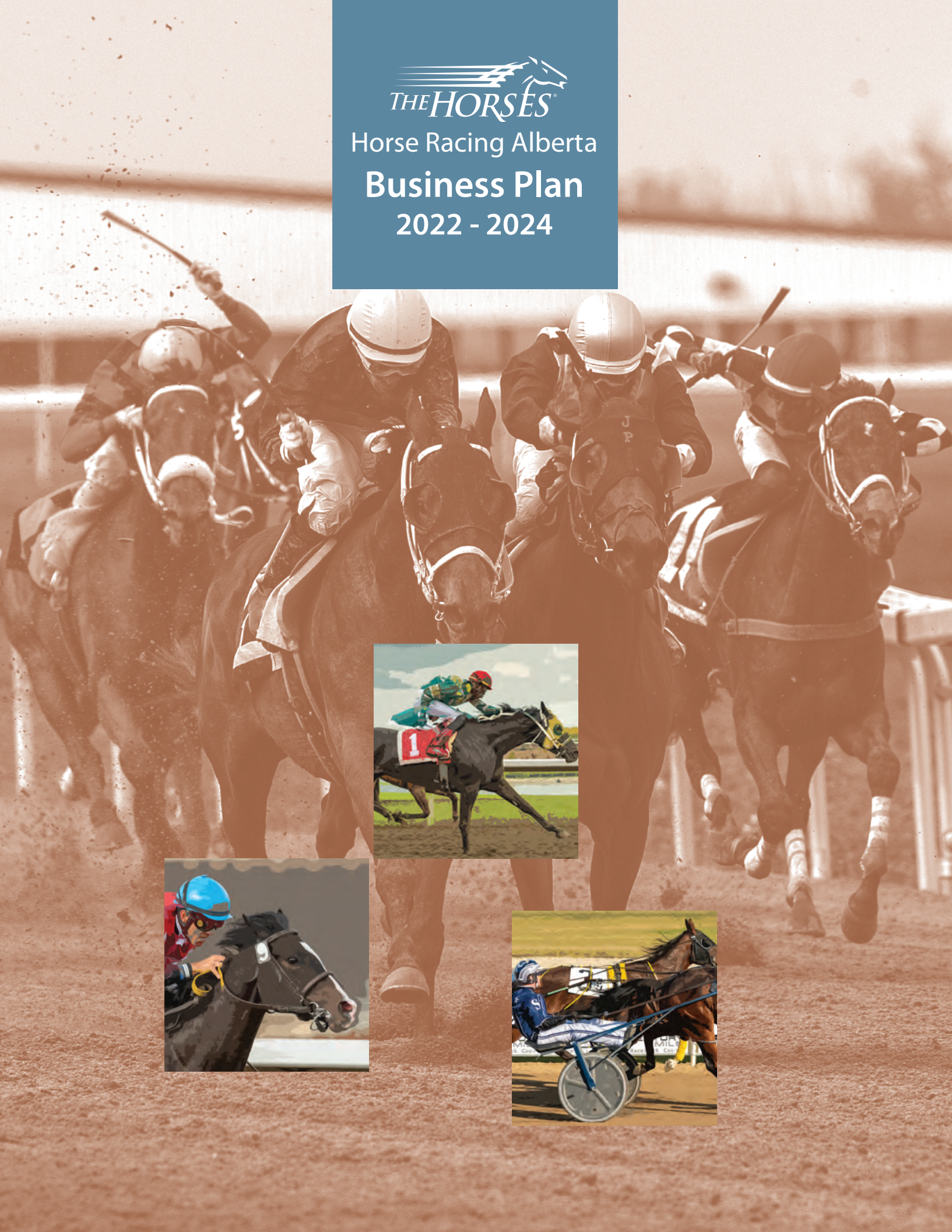


Table of Contents

Message from the Chair of the Board and the Chief Executive Officer	3
--	----------

Horse Racing Alberta	4
-----------------------------	----------

Our Vision, Mission and Values	5
---------------------------------------	----------

Our Strategy	6
---------------------	----------

Our Strategy Map	7
-------------------------	----------

Summary of Performance Measures	12
--	-----------

Our Operations	14
-----------------------	-----------

Our Risks and Assumptions	16
----------------------------------	-----------

2022-2024 Business Plan Budget and Projections	18
---	-----------

Message from the Chair of the Board and the Chief Executive Officer

On behalf of the Horse Racing Alberta (HRA) Board of Directors and Management Team, we are pleased to present the 2022-2024 HRA Business Plan. Through this plan, we identify our strategic objectives, priorities and performance targets for this timeframe.

The provincial Covid-19 lockdown continued to impact racing early in the year. The lockdown tested our industry at every level, but horsemen and stakeholders showed their strength and resiliency. We fought back hard to not only survive the effects of the pandemic but, in some cases, thrive and flourish.

The 7,000 men and women who work in our Alberta Horse Racing and Breeding industry are looking at a bright future for racing. Operational stability and financial sustainability have made the goal of increasing purses and incentive programs a reality.

Owners, breeders, trainers and other racing participants are encouraged by this success. Our strategy and plan will further propel our industry forward and position us for responsible growth in the future.

We remain committed to co-creating a renewed values-based culture with our stakeholders by actively modelling, communicating and upholding our values. Working together, we will ensure the health and safety of the equine athletes, racing participants and racing officials within our industry.

We are modernizing our regulatory environment to make it more measured, open and transparent for all stakeholders. We are incorporating innovative leading practices which will increase our ability to effectively implement rule changes. Adopting these

new processes will increase two-way communications between stakeholders, allowing them to provide much needed input to progressive new rules. We are raising the bar to provide clarity, accountability and transparency to our licensees.

We are improving our facilities through annual Backstretch/Racetrack Surface and OH&S inspections. HRA has a social responsibility and duty of care to protect the health and safety of our equine athletes and racing participants. Striving towards continuous improvement in the backstretch and racetrack surfaces will enhance our racing environment.

We remain committed to the stability and growth of racing by creating long-term racing agreements with horsemen's organizations and racetrack operators. This stability will provide confidence and optimism for racing participants.

Improving our purse allocation and breeder incentive programs is essential to attract new owners and breeders to Alberta. Strategic incentive programs have been created which will bolster horse quality and population going forward. We will strive to grow the racehorse population, increase field sizes, attract more fans and drive handle to preserve the sustainability of our industry.

This joint message from the HRA Chair of the Board and Chief Executive Officer represents our commitment to this plan and achievement of its strategic objectives.



Diana McQueen
Chair,
HRA Board of Directors



Kent Verlik
HRA Chief Executive
Officer

Horse Racing Alberta (HRA) was formed as a not-for-profit corporation with representatives from all segments of the industry to act as an independent organization that is open, transparent and accountable to Albertans. It was established with the Alberta Government's proclamation of the Horse Racing Alberta Act (the Act) in 2002 to lead a racing industry renewal and to manage self-regulation.

Our Mandate

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

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

Our Structure

As defined in the Act, the Board of HRA consists of eight Directors representing the various breed organizations and racetracks, three Directors representing the public, and two government-appointed ex-officio (non-voting) members.

The Board is responsible for the governance of HRA and for providing direction to management to ensure the strategies and operational activities outlined in this Business Plan and the Act are achieved.

The Board is also responsible for taking a comprehensive and balanced approach to industry issues while acting in the best interests of the horse racing industry.

Board Committees are responsible for monitoring and evaluating program performance and providing recommendations to the Board to improve their effectiveness.

Horse Racing Alberta Board

HRA Board Committees

- Audit & Finance
- Governance & Compensation
- Regulatory & Licensing
- Strategic Growth & Breed Improvement

HRA Chief Executive Officer

HRA Management Team

- Director, Corporate Services
- Director, Marketing & Communications
- Director, Regulatory & Supervisor of Racing
- Manager, Backstretch Development

Our Vision, Mission and Values

Vision

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

Mission

Horse Racing Alberta will lead and enable a healthy, vibrant and progressive racing industry to function in the province of Alberta with high integrity and self-regulated responsibility.

Values

Our set of **five core values** guide our actions and provide the moral compass necessary for us to achieve our vision and mission.

Integrity

We set and abide by the rules, can be trusted to do the right thing, and follow through on our words with action.



Collaboration

We work with our stakeholders and partners knowing that together we are stronger and can do great things.



Respect

We value the unique contributions of individuals, ensure their voices are heard and welcome diversity.



Excellence

We take pride in our work and set ambitious goals. We are passionate about our people, purpose and performance.



Accountability

We take ownership of our obligations and hold ourselves responsible for meeting our commitments.

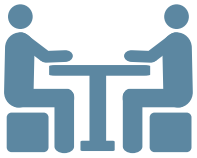


Organizational Strategy

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



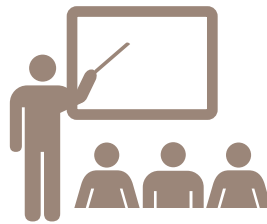
Values Based Culture

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



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.



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.

Our Strategy Map

Strategic Thrusts			
Values Based Culture	Operational Alignment and Effectiveness	Technology Driven Resilience	Responsible Growth
Balanced Scorecard Perspective			
Capability Investments			
Actively model and act in accordance with our values.	Rationalize licensing and funding agreements to provide greater clarity, focus and alignment with objectives.	Acquire modern Business Intelligence (BI) capabilities to analyze performance, identify emerging trends and evaluate program effectiveness.	Increase the race horse population and attract new owners through effective regulation, increased purses and policy incentives.
Internal Processes			
Effectively communicate and uphold our values.	Modernize existing rules, policies and processes, programs and incorporate innovative leading practices.	Provide online access to licensing services and industry training, refine processes and improve program performance.	Continue to optimize race day scheduling, post times and field sizes to drive handle and slot revenue.
Customers & Stakeholders			
Co-create a renewed values based culture with stakeholders.	Collaborate with stakeholders to provincially coordinate major activities and common services.	Share information with stakeholders to enable informed, fact-based decision making.	Enhance horse racing's entertainment value to attract more fans and corporate sponsorship
Sustainability			
Work collectively to strengthen the health and viability of our industry.	Leverage economies of scale to reduce operating costs and create synergies.	Anticipate, respond and adapt to build organizational resiliency.	Preserve the long-term sustainability of Horse Racing Alberta
2022 - 2024 Business Priorities			
Consult with stakeholders and co-create a new values-based culture in the Alberta horse racing industry.	Review and modernize Regulatory functions and processes.	Implement online processing of HRA licence applications and renewals.	Enter into a five-year Purse Allocation Agreement with all Racing Breed Associations.
Implement a Public Relations initiative to raise awareness about the economic impact of horse breeding, raising and racing in Alberta.	Conduct annual backstretch, racetrack surface and Occupational Health & Safety inspections.	Implement a business intelligence tool to improve analytical capabilities.	Evaluate and improve the Breed Improvement Program.
Implement a Strategic Communications Plan to inform and educate stakeholders to support the cultural renewal.	Attain National Thoroughbred Racing Association (NTRA) Safety and Integrity accreditation.	Integrate and migrate data to servers to improve data integrity and quality.	Implement a strategic Race-horse Purchase Incentive Program.
	Pilot an Out-of-Competition Testing Program.	Provide stakeholders with self-serve access to open data and analytical tools.	Explore new racing opportunities, entertainment offerings, wagering products, revenue streams and corporate sponsorship.
	Develop online certification and training programs for racing participants.		Use social media to responsibly attract a younger demographic and enhance our racing product.
Performance Metrics			
Stakeholder Engagement Index	Racing events conducted in compliance with rules and regulation	HRA Resiliency Index	HRA Cumulative Surplus (Deficit)
	Total Provincial Marketing Expenditure		Total Pari-Mutuel Handle
			Total Purse Grants
			Total Breed Improvement Funding

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

HRA acts as the single voice of our industry. However, at times not all of our stakeholders are on the same page. The public and government expects our people, organization and stakeholders to work together in the best interests of the Alberta horse racing industry.

We must create the culture our organization needs to successfully execute our strategy and achieve our goals. By asking ourselves some tough questions, we can discover what needs to change to help us succeed. Taking this action will help unite us and make us stronger together.

Objectives

- Actively model and act in accordance with our values.
- Effectively communicate and uphold our values.
- Co-create a renewed values-based culture with stakeholders.
- Work collectively to strengthen the health and viability of our industry.

Business Priorities

- Consult with stakeholders and co-create a renewed values-driven culture in the Alberta horse racing industry.
- Implement a Public Relations initiative to raise awareness about the economic impact of horse breeding, raising and racing in Alberta.
- Implement a Strategic Communication Plan to inform and educate stakeholders to support the cultural renewal.

Performance Measures

Measure	Actual 2020	Forecast 2021	Target 2022	Target 2023	Target 2024
Stakeholder Engagement Index	68.8%	70.1%	72.7%	75.4%	76.3%

* 2020 Actuals and 2021 Forecast is based on Employee Engagement and Quality of Work indices. Stakeholder Engagement Index development delayed due to Covid-19 pandemic.

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

Working effectively together, we overcame many difficult challenges during the pandemic. Now is the time to raise the bar by bringing innovation to our regulatory environment and streamlining operations. Ensuring clarity across our licensing and funding agreements with industry will ensure we're all on the same page going forward.

Objectives

- Rationalize licensing and funding agreements to provide greater clarity, focus and alignment with objectives.
- Modernize existing rules, programs and policies and incorporate innovative leading practices.
- Collaborate with stakeholders to provincially coordinate major activities and common services.
- Leverage economies of scale to reduce operating costs and create synergies.

Business Priorities

- Review and modernize Regulatory functions and processes.
- Conduct annual backstretch, racetrack surface and Occupational Health & Safety inspections.
- Attain National Thoroughbred Racing Association (NTRA) Safety and Integrity accreditation.
- Pilot an Out-of-Competition Testing Program.
- Develop online certification and training programs for racing participants.

Performance Measures

Measure	Actual 2020	Forecast 2021	Target 2022	Target 2023	Target 2024
Racing Compliance**	81.4%	86.7%	87.2%	87.7%	87.8%
Total Provincial Marketing Expense*	\$413	\$428	\$500	\$600	\$700

* Dollar totals are in '000s

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

We will improve our business intelligence capabilities, openly and transparently share more information with stakeholders, and make faster and better decisions.

In today's world, information is power. Data integrity and having the ability to mine data to learn and find answers to difficult questions is essential. Sharing this information with stakeholders can result in better and quicker decision making.

Objectives

- Acquire modern Business Intelligence (BI) capabilities to analyze performance, identify emerging trends and evaluate program effectiveness.
- Provide online access to licensing services and industry training, refine processes and improve performance.
- Share information with stakeholders to enable informed, fact-based decision making.
- Anticipate, respond and adapt to build organizational resiliency.

Business Priorities

- Implement online processing of HRA licence applications and renewals.
- Implement a business intelligence tool to improve analytical capabilities.
- Integrate and migrate data to servers to improve data integrity and quality.
- Provide stakeholders with self-serve access to open data and analytical tools.

Performance Measures

Measure	Actual 2020	Forecast 2021	Target 2022	Target 2023	Target 2024
HRA Resiliency Index	NA	Establish Baseline	5% over Baseline	8% over Baseline	10% over Baseline

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

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

Alberta's horse racing industry is crucial to the economic diversity of our province. In 2019, the overall economic impact of breeding, raising and racing horses was \$312 million.

Objectives

- Increase the race horse population and attract new owners through effective regulation, increased purses and policy incentives
- Continue to optimize race day scheduling, post times and field sizes to drive handle and slot revenue.
- Enhance horse racing's entertainment value to attract more fans and corporate sponsorship.
- Preserve the long-term sustainability of Horse Racing Alberta.

Business Priorities

- Enter into a five-year Purse Allocation Agreement with all Racing Breed Associations.
- Evaluate and improve the Breed Improvement Program.
- Implement a strategic Racehorse Purchase Incentive Program.
- Explore new racing opportunities, entertainment offerings, wagering products, revenue streams and corporate sponsorship.
- Use social media to responsibly attract a younger demographic and enhance our racing product.

Performance Measures

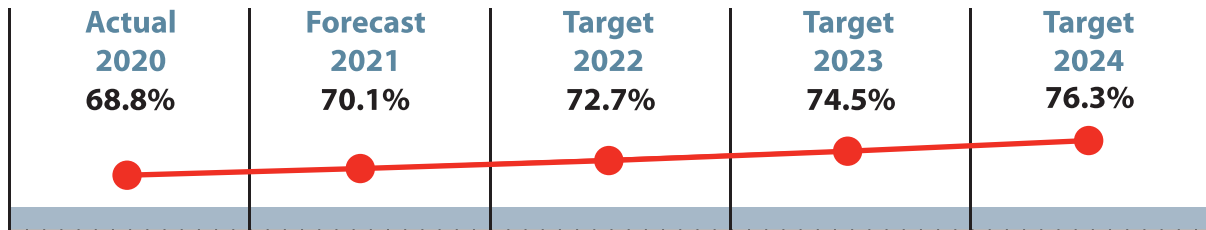
Measure	Actual 2020	Forecast 2021	Target 2022	Target 2023	Target 2024
HRA Cumulative Surplus (Deficit)	\$309	(\$733)	\$1,650	\$2,507	\$2,632
Total Pari-Mutuel Handle	\$86,278	\$86,067	\$110,982	\$112,092	\$113,213
Total Purse Grants	\$6,577	\$8,135	\$12,500	\$13,500	\$14,000
Total Breed Improvement Investment	\$2,620	\$2,850	\$3,400	\$4,000	\$4,200

* Dollar totals are in '000s

Summary of Performance Measures

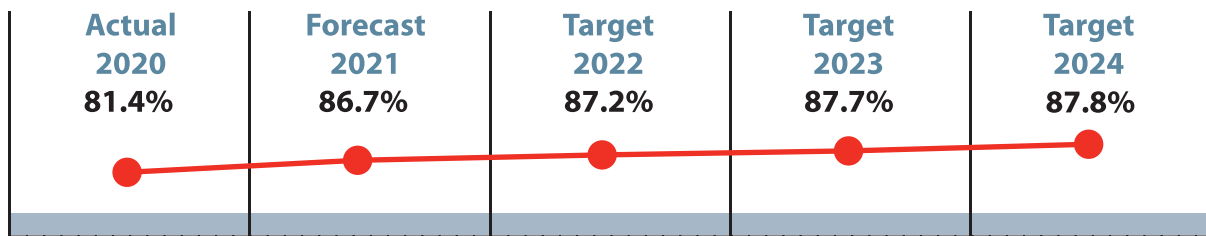
Values-Based Culture

Stakeholder Engagement Index

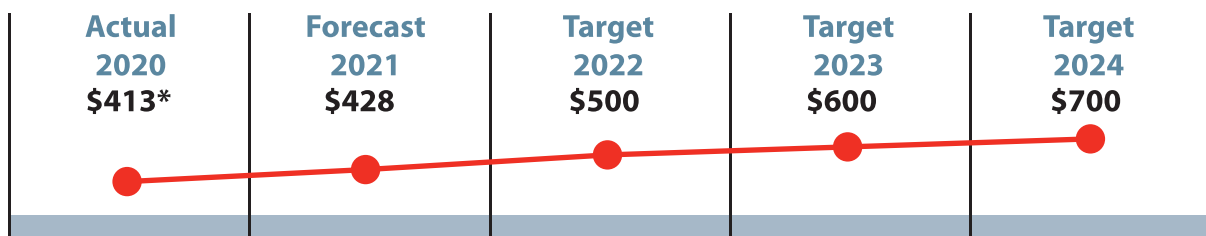


Organizational Alignment and Effectiveness

Racing Event Compliance



Total Provincial Marketing Expense



*Dollar totals are in '000s

Technology Driven Resilience

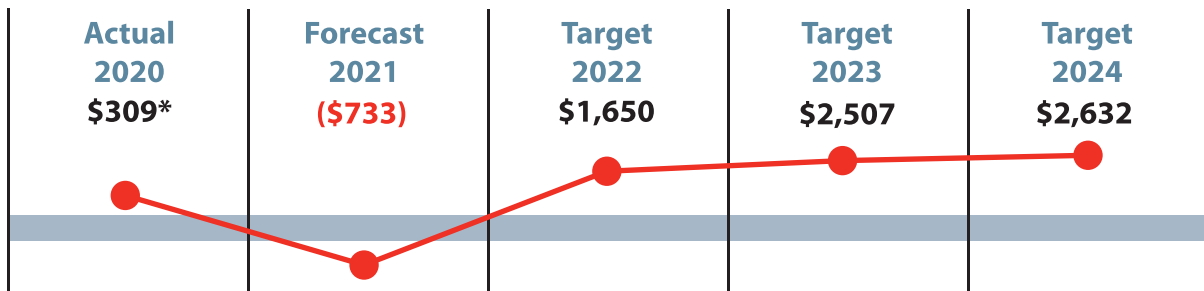
Measure	Actual 2020	Forecast 2021	Target 2022	Target 2023	Target 2024
HRA Resiliency Index	NA	Establish Baseline	5% over Baseline	8% over Baseline	10% over Baseline

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

Summary of Performance Measures

Responsible Growth

HRA Cumulative Surplus (Deficit)



*Dollar totals are in '000s

Total Pari-Mutuel Handle



*Dollar totals are in '000s

Total Pursue Grants



*Dollar totals are in '000s

Total Breed Improvement Investment



*Dollar totals are in '000s

HRA is a governing body that also promotes and facilitates 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.

The Alberta horse racing industry reflects three equal parts: breeding, racing and infrastructure. It is also a green industry. Our goal is to stabilize, enhance and ensure the growth and integrity of horse breeding, raising and racing in Alberta.

Stakeholder, Government and Public Relations

HRA is the single voice for the Alberta racing industry, keeping stakeholders, government and the public informed of developments, and championing issues important to achieving our vision.

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

Marketing

HRA works in partnership with industry to actively market and promote Alberta horse racing.

The live horse racing and breeding industry in Alberta is as old as the province itself. For decades, the racing industry enjoyed much success and growth as the only legal form of gambling. In the 1990's, the industry began to face many challenges, including increased competition and other changes. In 2021, marketing costs were again reduced due to financial constraints as a result of the Covid-19 pandemic. Paid media buys were curtailed and marketing efforts re-focused on social media, promoting our signature racing events, and highlighting our industry's rising stars - owners, trainers, jockeys/drivers and our equine athletes.

Racetrack Licensing

HRA promotes the development of high-quality, off-track betting facilities and racetracks for horses, fans, owners, and racing personnel.

High quality racing facilities are essential for the industry to reach its potential. The industry has endorsed the evolution of racetracks into exciting multi-entertainment destinations.

Breed Improvement Program

HRA facilitates growth in the breeding industry and the quality of racehorses bred in Alberta.

The growth of the industry is largely dependent upon Alberta's ability to market the horses sired by Alberta stallions, or the mares that deliver foals in Alberta. HRA's Breed Improvement Program is directed at enabling the production of high-quality, Alberta-bred horses. Success within this sector takes time. Breeders require a five-year horizon from the time of arranging for breeding until the racehorse can reach its full potential on the racetrack. The opening of the Century Downs 'A' racing facility in the Calgary market area has provided stability and helps to support these goals. Regardless of where Alberta breeds race in Alberta, they are supported through the Breed Improvement Program. Bonuses are paid based on total purse monies earned by Alberta bred racehorses at race tracks in Alberta.

Regulatory

HRA aims to enhance and foster integrity and ethical conduct as a foundation for all aspects of the horse racing industry in Alberta.

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

Establishing a transparent process to review potential rule changes that engages industry stakeholders, racing fans and the general public is underway. A new matrix for imposing specified financial penalties and suspensions for rule violations is also in development with key stakeholders. Earlier ship-in times and out-of-competition testing of horses at farms and training facilities is being stepped up to discourage the use of prohibited drugs and other medication.

Human Resource Development

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

HRA has been proactive in addressing human resource issues by improving conditions for its employees and increasing the available pool of qualified personnel. The industry has some unique needs and the hours of work differ from those in most other sectors. In partnership with horsemen's organizations, racing industry solutions will address human resource needs and improve the quality of life for its employees. The HRA Backstretch Foundation was created to improve the quality of life for the many personnel who work and sometimes live at the track. We offer addiction referral and benevolence to those in need.

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

Animal Welfare

HRA promotes and encourages continuous improvement in the industry's animal welfare practices.

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

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

In 2021, HRA introduced mandatory retirement ages for racehorses of all breeds. The health, safety and welfare of our equine athletes does not end at the finish line, and retirement and aftercare are critical to the success of the racing industry. Aftercare is the safe placement of racehorses after their careers on the track are completed. Some horses might retire to the breeding shed or broodmare bands, while others are retrained for second careers. Aftercare programs that interface with racing are essential for the sport to continue to succeed. We have a responsibility to work together to support racehorse retirement and retraining programs.

Purse Allocation

HRA strives to manage and maximize purses, based on revenues available, to stimulate the overall activity and investment in the industry.

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

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

Business Plan Risks

The following risks may impede HRA in delivering on its business plan objectives:

- Impacts as a result of the Covid-19 pandemic may continue until a vaccine is available for mass distribution. These include but are not limited to difficulty bringing in enough foreign jockeys; further lockdowns affecting handle and slot revenues; and the inability to attract younger fans due to spectator-less racing.
- Underperformance of slot machines and/or overall provincial handle.
- Downturn in the provincial economy or in a provincial economic sector that has a direct influence on the horse racing and breeding industries in Alberta.
- Failure of Alberta horse racing stakeholders to work together for their mutual benefit.
- Changes to government's current gaming policy that impact racing.
- Failure to achieve annual breeding and purse strategy targets could call into question the ability of HRA to provide a stable fiscal environment for the industry.
- The success of breeding programs is, in part, predicated on the desire of owners to race in Alberta. As such, the success of other strategies that relate to improving the quality of racing in Alberta (e.g., increased purses, increased breed improvement funding, etc.) are also critical to the further development of the breeding industry.
- Animal activists influencing public opinion, thereby impacting the horse racing industry.
- Other breeding risk factors include disease and environmental factors (e.g., drought, crop failure), may result in an insufficient quantity of proven stallions, and mare reproductive loss syndrome.
- Competitive practices of other gaming and entertainment industries in Alberta.
- Failure of HRA to be recognized as the single voice of the racing industry to the Public and Government.
- Competitive practices of other racing jurisdictions to attract Alberta mares, stallions and owners. This could negatively impact Alberta's horse population and industry's ability to be competitive and attract new owners and racing participants to the province.

Based on the information available – and barring natural factors (e.g., drought, disease) or a shift in government support for the racing renewal initiative – all of the above-noted risk factors are being mitigated by our planned business priorities and therefore should not have any material effect on our projected financial results.

Business Plan Assumptions

Assumptions to Financial Projections 2022 to 2024:

- 2020 Actuals are based on HRA's audited financial statements in all instances in this document.
- The Covid-19 pandemic affected all aspects of the operations of HRA in 2021 resulting in significant variances to budget on most line items for 2021.
- 2021 Forecast is based on actuals to August 31. Handle was budgeted to remain at the original 2020 budget level however, handle is trending to be about \$1.1M below target as racing activities were suspended for 5.5 months. On a positive note, handle was higher than anticipated once racing activities commenced. Slot revenue was budgeted at 81% of 2019 actuals however, the forecast is below budget by \$1.6M reflecting the fact that the Racing Centres (RECs) were closed for 5.5 months. Like handle, slot revenues were higher than anticipated once the RECs reopened. Racetrack funding is expected to be \$ 8.5M below budget as this is based directly on reduced slot revenues. Purses and Breed Improvement were budgeted at \$16.1M but are forecasted to reach \$10.9M due to the reduction in race days resulting from track closures. Purse allocations were prorated and based on approved racing schedules at the tracks. Other operational expenses will be about \$ 200K over budget due to additional funds being allocated to animal welfare to support the horsemen while racing operations were suspended.
- There will be an operating loss in 2021 of about \$2.5M. This was anticipated as racing activities commenced prior to the REC's being opened. The advance received from the Provincial government allowed for racing activities to commence without slot revenue. This was the intended purpose of the government advance. There will be an operating profit of about \$3M in 2022 that should offset the operating loss in 2021.
- 2022 Budget sets handle revenue with a 1% increase over the original 2020 budget. Performance metrics for field sizes and what constitutes a race day developed in 2020 should allow us to reach projected handle amounts. Slot revenue is budgeted at 92.5% of the 2020 original budget.
- Since the REC's reopened they have been able to meet or exceed management's monthly revenue projections. Coupled with the increase in HRA's share of slot revenues the budget for slot revenue has been set at \$37.7M. Purses and breed improvement have been increased by 16% over the original 2020 budget. A new line item, Horse Population Incentive Program has been included with a budget of \$ 500K. Marketing has been reduced by \$100K compared to the original 2020 budget. All other expenditures to remain flat except for Racetrack Funding, which is a percentage of slot revenue generated at each racetrack.
- 2023 projections reflect a 1% increase in handle over the 2022 projections with continued use of performance metrics to generate increased handle. Similarly, a project 1% increase in slot play should result in a \$1M increase in HRA's slot revenue. Purses and Breed Improvement to increase by \$1.6M with the new Horse Population Incentive Program to remain flat. Marketing to increase by \$100K to continue in promoting the racing industry. Other operational expenses have been included with a 3% inflation factor built in.
- 2024 projections show a 1% increase in both handle and slot revenue. Purses and Breed Improvement are projected to increase by \$1.3M. Marketing to increase a further \$ 100K. Other operating expenses reflect a 3% inflationary factor.
- General Fee is 5% of Handle. Promotional Levy is 0.6% of "feature" handle (any wager other than win-place-show), which is estimated at 63.75% of the total.

Cumulative Surplus/(deficit) from HRA programs and operations is carried over from year to year. HRA's fiscal year-end is December 31. The accumulated deficit from prior years is expected to be eliminated in 2022. Future years will see HRA focused on creating a contingency fund to meet uncertainties as HRA moves forward.

2022-2024 Business Plan Budget and Projections

The following table presents a summary of the Horse Racing Alberta budget for 2021 as well as projections for fiscal years 2022, 2023 and 2024.

HORSE RACING ALBERTA Financial Projections 2022 to 2024

	2020 Actual	2021 Forecast	2022 Budget	2023 Forecast	2024 Forecast
Revenue:					
General Fee	\$4,312,069	\$4,291,141	\$5,566,419	\$5,622,083	\$5,678,304
Promotional Levy	\$333,418	\$356,472	\$426,610	\$430,876	\$435,185
Assessments, Licenses & Fines	\$328,149	\$119,760	\$138,500	\$140,000	\$145,000
Other	165,270	\$415,838	\$10,000	\$10,000	\$10,000
Slots - Current Year	26,065,898	20,697,624	37,709,098	39,913,000	41,769,000
Interest on Deferred Contributions	7,490	\$10,000	\$12,000	\$12,000	\$12,000
Gaming Agreement Sub-total	\$26,073,388	20,707,624	\$37,721,098	\$39,925,000	\$41,781,000
Total Revenue	\$31,212,294	\$25,890,835	\$43,862,627	\$46,127,959	\$48,049,489
Expenses:					
Racetrack Funding Grant	\$16,276,203	\$12,381,005	\$21,113,324	\$22,347,289	\$23,386,463
HRA Purse Grant	\$6,576,676	\$8,135,232	\$12,500,000	\$13,500,000	\$14,500,000
Breed Improvement Program	\$2,620,000	\$2,850,000	\$3,400,000	\$4,000,000	\$4,300,000
Horse Population Incentive Program	\$0	\$0	\$500,000	\$500,000	\$500,000
Regulatory / Administration	\$2,653,493	\$2,918,711	\$3,300,000	\$3,320,000	\$3,434,500
HRA Marketing and Promotion	\$413,273	\$340,643	\$500,000	\$600,000	\$700,000
Backstretch - Human Resource Development	\$73,620	\$307,239	\$166,000	\$200,000	\$250,000
Total Expenses	\$28,613,265	\$26,932,830	\$41,479,324	\$44,467,289	\$47,070,963
Annual Surplus / (Deficit) from Programs	\$2,599,029	(\$1,041,995)	\$2,383,303	\$1,660,671	\$978,526
Add:					
Cumulative Surplus from Previous Year	(\$2,317,547)	\$308,636	(\$733,359)	\$1,649,944	\$3,310,615
Change in Net Assets	\$27,154	\$0	\$0	\$0	\$0
Cumulative Surplus Unrestricted / (Deficit)	\$308,636	(\$733,359)	\$1,649,944	\$3,310,615	\$4,289,140



Contact Horse Racing Alberta

Additional digital copies of this publication or the annual report for Horse Racing Alberta are available on our website at thehorsesab.com.

Follow and connect with Horse Racing Alberta:



@theHorsesab



www.facebook.com/thehorsesab

Toll Free: +1 (888) 553-7223

Mailing Address:

Suite 720, 9707 - 110 Street NW

Edmonton, AB T5K 2L9

Tel: +1 (780) 415-5432

Email: reception@thehorsesab.com

**Photos courtesy of Coady Photo Service*