



HORSE RACING ALBERTA
2016 Annual Report



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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 Chair and CEO

Significant actions in 2016 signify a healthy future for Alberta horse racing. The viability of the sport was given a major injection in March with the signing of a new 10-year funding agreement with the Government of Alberta.

While the MOU changes the revenue flow to HRA by 1 2/3% in the first year and reduces by 5% in each of 2017 and 2018, it does provide long-term security and confidence to breeders and security for 7,000+ Albertans directly and indirectly invested or employed in the industry.

In February, 2016, Northlands announced that they were exiting racing as a part of their footprint on their property. Horse Racing Alberta proceeded with a process which included a call for an Expression of Interest to own, build and operate an "A" Horse Race Facility in the Edmonton market area. Seven proposals were received and all proceeded to a Request for Proposal.

An external Selection Committee was struck to receive and evaluate the four (4) RFP's submitted and provide a recommendation to the Board of Directors. Upon careful consideration of the recommendations of the Selection Committee, their recommendation of Century Casinos Inc. was accepted. In October, sod was turned on a new \$50M Century Mile Racetrack and Casino near the Edmonton International Airport. Substantially larger than its sister facility Century Downs in Balzac, the unique to western Canada one mile track is expected to attract more variety, interest and volume to race cards, helping to stimulate industry growth and investment.

An agreement was signed with Northlands Park to host racing until June 30th, 2018. This ensures a smooth horse racing transition from Northlands Park to Century Mile with a goal of opening the new facility on July 1st, 2018.

Standardbred and thoroughbred racing clubs, supported by HRA, were launched in 2016. The club concept – giving a number of fans the experience of horse ownership at a fraction of the cost – proved its worth, attracting nearly 200 members in the first year and generating considerable interest among fans, media and within the industry.

Replacements for two of three Appeal Tribunal members who retired in 2014 were appointed by the Government of Alberta. The addition in July of Andrea Fugeman-Millar and Jill Mason enabled the Tribunal to begin hearing appeal cases again after an 18-month absence.

Blair Corbeil and Paul Ryneveld joined the Board in 2016, replacing Jim Rhodes and Erwin Haitzmann. We thank Jim and Erwin for their contributions, and all those who invest their time and energy in making horse racing in Alberta a vibrant, healthy industry.

Rick LeLacheur
Chair, HRA Board of Directors

Shirley McClellan
HRA Chief Executive Officer

Governance

Horse Racing Alberta is a not-for-profit corporation governed by individuals who represent various racetracks and breed organizations, the general public and two provincial government departments (these positions are non-voting members).

There were two changes to the Board of Directors in 2016. Century Downs Racing Manager Paul Ryneveld replaced Erwin Haitzmann as the “A” circuit representative while Blair Corbeil, President of the Alberta Standardbred Horse Association, replaced Jim Rhodes as the Alberta Standardbred Horse Association breeders’ representative. In addition to being a Board member for four years, Jim had chaired the Regulatory and Licensing Committee since 2014. The chair position remained vacant for the rest of the year.



2016 Board of Directors

Rick LeLacheur	Chairman
Jim Rhodes/ Blair Corbeil	Alberta Standardbred Horse Association representative (Horsemen)
Bill Andrew	Alberta Standardbred Horse Association representative (Breeders)
Brian Alexander	Canadian Thoroughbred Horse Society representative
Norm Castiglione	Horsemen's Benevolent and Protective Association of Alberta representative
Martin West	Other Breeds representative
Erwin Haitzmann/ Paul Ryneveld	“A” Circuit representative
Tim Reid	“A” Circuit representative
Max Gibb	“B” Circuit representative
Dale Leschiutta	Public representative
John Brennan	Public representative
Gill Hermanns	Alberta Gaming and Liquor Control representative (non-voting)
Jamie Curran	Alberta Agriculture and Rural Development representative (non-voting)
Shirley McClellan	Chief Executive Officer (non-voting)

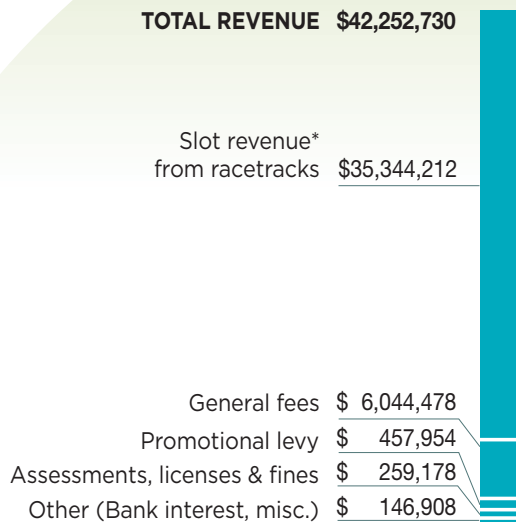


2016 HRA Committee Chairs

Brian Alexander	Governance and Compensation Committee
Bill Andrew	Breed Improvement Committee
John Brennan	Audit and Finance Committee
Dale Leschiutta	Strategic and Sustainable Development Committee
Jim Rhodes/Vacant	Regulatory and Licensing Committee

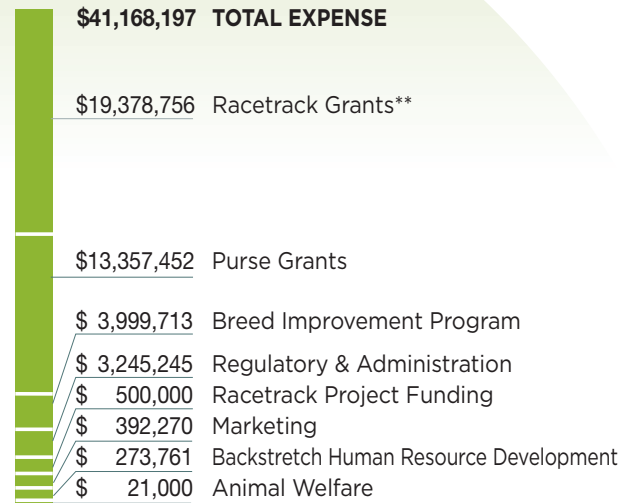
Operations

Where the Money Came From: 2016



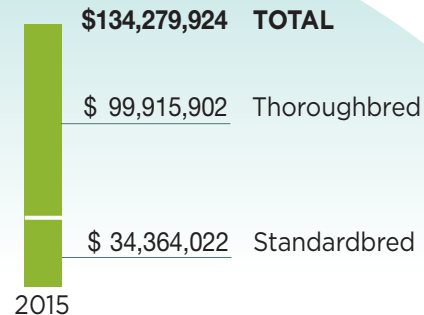
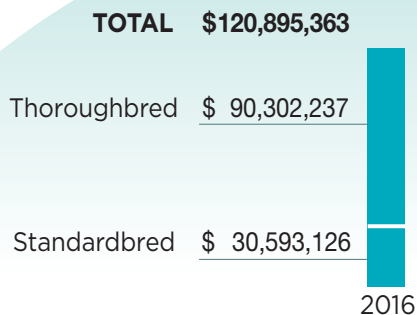
* Represents 51.66% (Jan.-March) and 50% (April-Dec.) of total slot revenue.

Where the Money Went: 2016

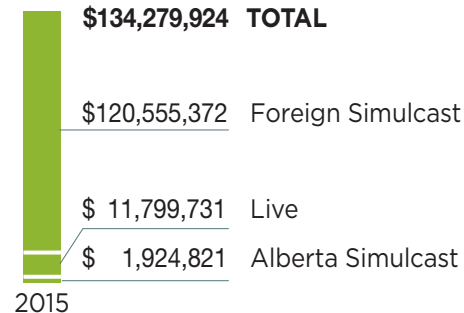
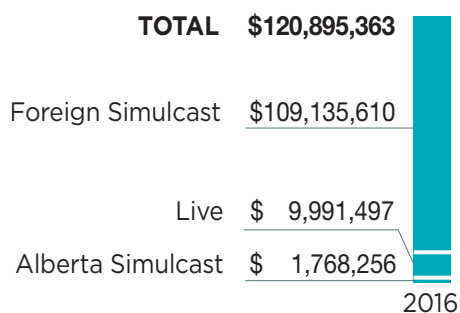


** Racetrack grants are comprised of a percentage of Racing Entertainment Centres revenue, pari-mutuel handle and additional industry support.

Handle (BY BREED)

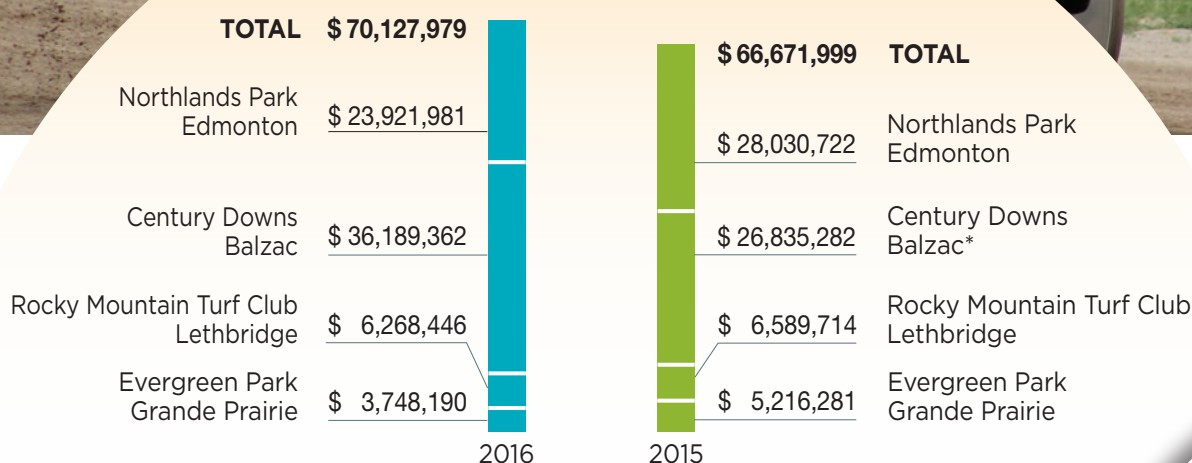


Handle (BY TYPE)





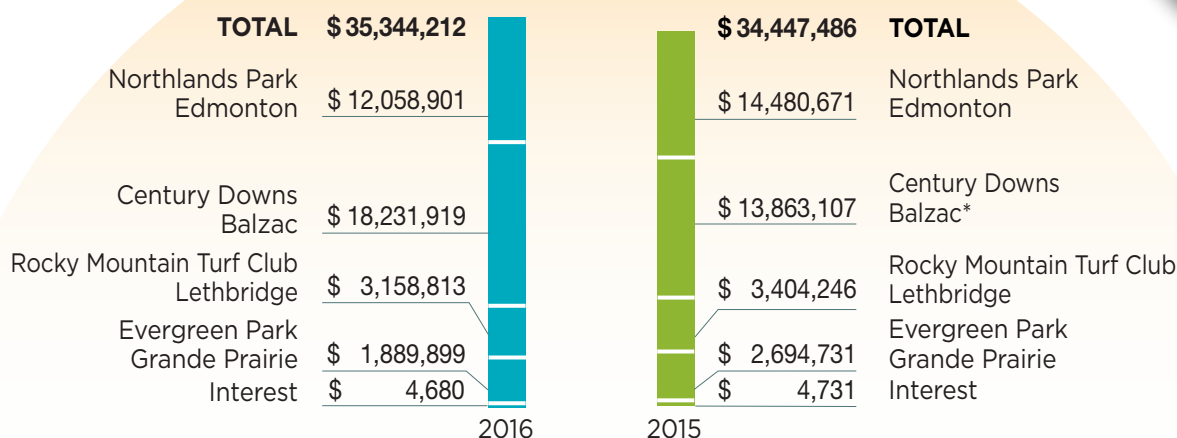
Slot Revenue: From Racing Entertainment Centres



Under the new Government of Alberta agreement, HRA received 51.66% of all slot revenue from January to March, then 50% from April to December. In 2016, this amounted to \$35.34M. The Alberta Lottery Fund took in 33.33% Jan.-March and 35% April-Dec. while Racing Entertainment Centre operators retained 15%.



Slot Revenue: HRA's Portion



* Nine months of operation

Regulatory and Appeals

The quasi-judicial, impartial and objective Appeals Tribunal exists to hear appeals of decisions made by a track judge or steward.

Its authority is entrenched in the *Horse Racing Alberta Act* and its members are appointed by Alberta's Minister of Treasury Board and Finance.

In July, new Appeals Tribunal members Andrea Fugeman-Millar (as Chair) and Jill Mason were appointed to replace Dr. Maggie Fulford and Kelly Budge, who retired in 2014. They joined Gordon Graydon, the sole existing member of the Tribunal, and began to tackle a backlog of more than 18 months of appeals.

The new appointees are lawyers with considerable experience in quasi-judicial administration. Ms. Fugeman-Millar is a federal government public prosecutor in Calgary while Ms. Mason is Director of Alberta's Surface Rights Board and Land Compensation Board, located in Edmonton.

There were 241 racing days in 2016. Average rulings per day were up 50% from 2015. However, of the 341 rulings there were only 13 appeals.

Summary of 2016 Rulings

	Rulings	Race Days	Average Per Day
Thoroughbred Stewards	92	69	1.33
Standardbred Judges	165	107	1.54
Community Circuit Judges and Stewards	84	65	1.29
TOTAL	341	241	1.41

Summary of Appeals Heard in 2016

Thoroughbred

Date	Ruling	Issue	Decision
October 14	None	Interference	Pending

Standardbred

Date	Ruling	Issue	Decision
October 7	None	Horse disqualification	Pending
October 7 (separate case)	None	Horse disqualification	Pending
October 14	Interference	Interference	Pending
October 14	None	Interference	Pending
November 18	None	Eligibility to race	Pending

Community Circuit

Date	Ruling	Issue	Decision
October 7	None	Claim of foul	Pending
October 8	None	Horse disqualification	Pending
November 18	Positive drug test	Eligibility to race	Pending

Alberta's First Two Racing Clubs a Big Hit with Members

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By Julie Brewster

*Curtis Landry freely admits he has a horse problem.
And he wants to share it with you.*

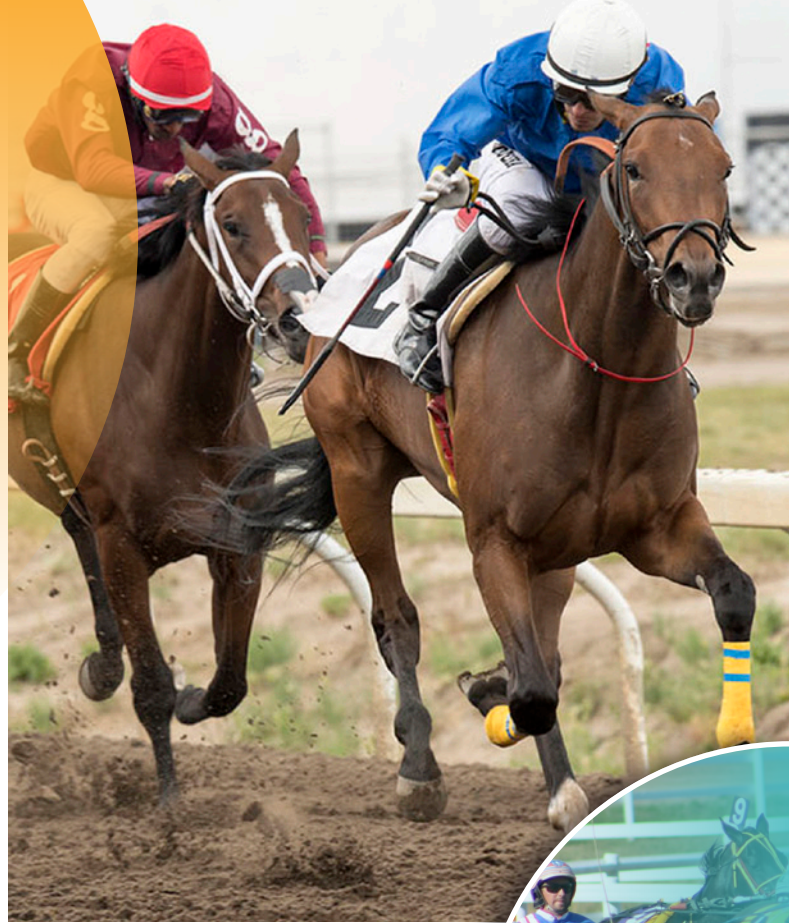
In 2016 the first racing clubs made their appearance in Alberta. Members joined the clubs from all over the province, some with no expectation of ever meeting "their" horse. In other cases, the novelty of owning a horse turned into something much bigger.

"I originally bought in casually as I thought it would be an interesting conversation piece (owning a stake in a horse)," related Century Downs Racing Club member Benjamin Livingstone. "But over a month in and I have been out to the track every week Rap has raced (even ducking out of work last week to watch her win) and have been really drawn into the sport!"

A racing club provides an opportunity for members to become owners of race horses for very little investment. They have become a popular way for racetracks to engage fans, and membership gives the fans opportunities to learn more about racing without the inherent financial risk of owning their own horses. Club participants pay a modest membership fee but have no other expenses during the season.

The Century Downs Racing Club was created by Century Downs Racetrack and Casino, and was not only the first racing club in Alberta, but the very first standardbred racing club in Canada. They worked with ASHA to purchase two horses and hire a trainer. The 87 members each purchased a \$250.00 membership, received a HRA Owners License, had access to barn tours to meet their horses, enjoyed special events and activities, and celebrated a win within the first month of racing! The club had six starts, with one win and two second place finishes.

The Alberta Thoroughbred Race Club was created by HBPA (Alberta) Owner-Director Curtis Landry, who owned the three club horses, hired two trainers and managed the club. Like the Standardbred Racing Club, participants purchased a \$250.00 membership, received an HRA Owners License, had access to paddock parades, barn tours, and meet and greets with the trainers and staff. They were also invited to join Curtis at the races when his other horses were entered. The 112 members enjoyed 14 starts with three wins, three seconds and two thirds.



In both clubs, a club manager handles all communication with the trainer and makes decisions for the club. To keep members informed, Century Downs Racing Club has a website while the Alberta Thoroughbred Race Club has a Facebook page and email.

The racing clubs were made possible by support from HRA. A special \$10 Owners License, issued by HRA, gives members the same access to the barns and backstretch as other licenses. Racing clubs have enormous potential to introduce casual fans to the sport, immerse them in the backstretch, educate them about how to manage a racing stable and provide lots of excitement, camaraderie and fun for a fraction of the total cost of horse ownership. The end goal is to educate fans about the horses and convert them into lifelong fans and owners.

The two racing clubs in Alberta have both been very successful in achieving their goal of introducing fans to the world of horse racing. Five Alberta Thoroughbred Race Club members enjoyed their experience so much that they attended the Canadian Thoroughbred Horse Society Yearling Sale with Curtis and purchased their own race horse for the 2017 season! HRA looks forward to seeing racing clubs grow in 2017.





Future of Alberta Horse Racing Bright with Addition of Century Mile

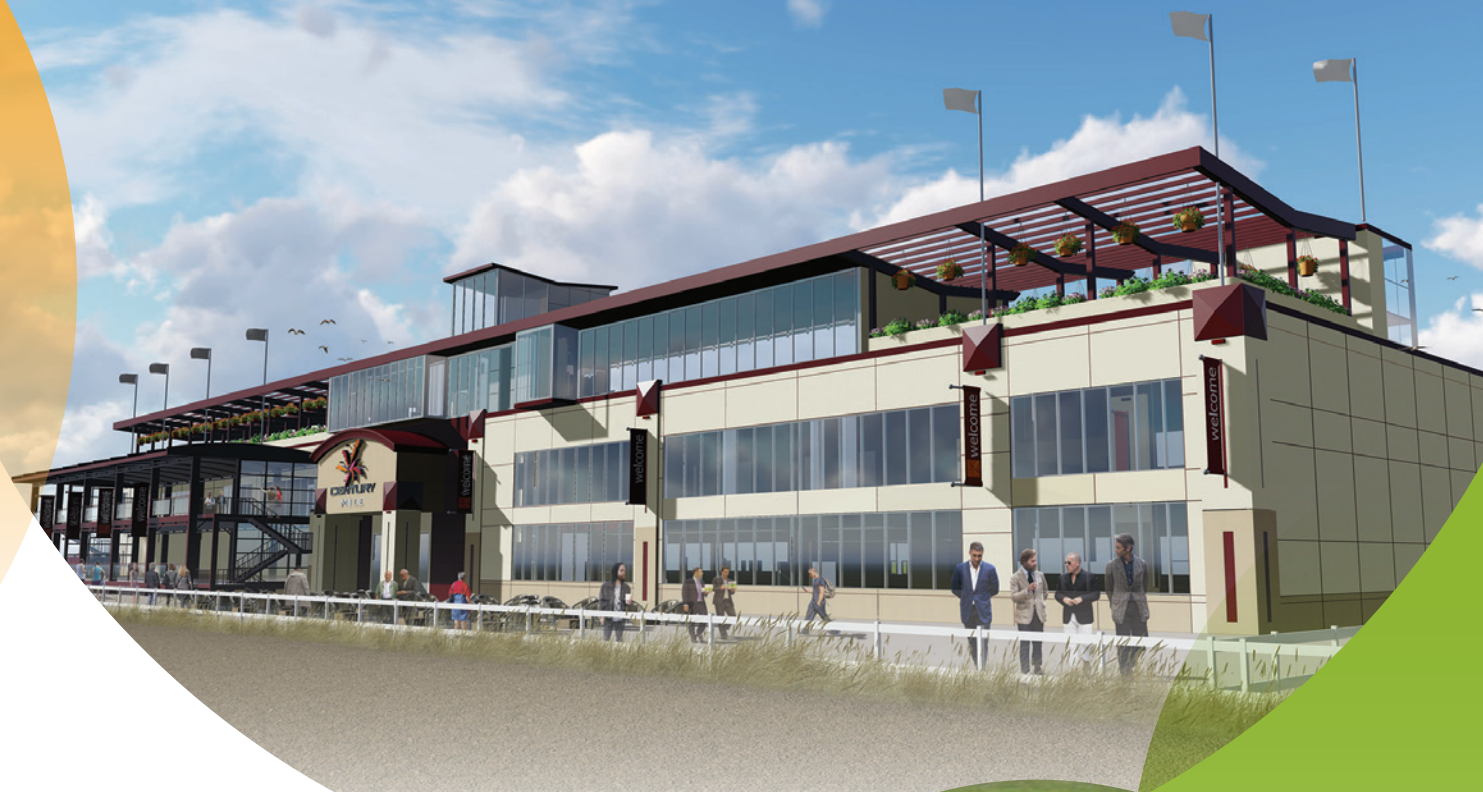
The future of horse racing in Alberta got a lot brighter in 2016 with the announcement that a new racetrack and casino would be built near the Edmonton International Airport, to replace the loss of the horse racing facility at Edmonton Northlands.

Century Casinos Inc.'s official sod-turning ceremony in early October unveiled a \$50M facility in Leduc County that will be substantially larger than its Alberta sister, the Century Downs Racetrack and Casino in Balzac. Called Century Mile Racetrack and Casino, the 48,000 square foot main facility will be situated on 103 acres nestled between the airport, Red Tail Landing golf course and a 428,000 square foot outlet mall scheduled to open in late 2017.

In addition to having the only mile long racetrack in western Canada, the development will feature a modern backstretch with an RV park, and barns to house 800 horses and satisfy testing and veterinarian needs. Inside, the grandstand and casino with 550+ slot machines will be similar to Century Downs but with more floor space, an expandable casino area, enlarged second level viewing and better access for minors.

"We made the investment in Edmonton because we are bullish on the future of horse racing in Alberta," explained Century Casinos' Paul Ryneveld. He acknowledged the industry suffered for many years following the closure of Calgary's Stampede Park in 2006 but now can look forward to a renaissance.

He believes the opening of Century Mile in July, 2018, along with HRA's new agreement with the Government of Alberta, provides a great opportunity "to stabilize and advance horse racing" in the province.



He pointed out that good management and targeted marketing have rejuvenated horse racing in other jurisdictions like Toronto and Maryland after years of decline. He's convinced it will happen in Alberta too.

"We've proven at Century Downs that people are attracted to horse racing if you offer the proper experience. Millennials in particular see it as a fun night out." One piece of evidence: Century Downs' handle was up 20% in 2016 despite a sluggish economy.

Ryneveld says the lessons learned at Century Downs are being applied to Century Mile. In addition to economies of scale and operational advantages in hiring, scheduling, marketing and signal sales, he is very confident having no gaming competition in the area and being minutes from a golf course, shopping mall and major airport will encourage tourists and residents alike to check out horse racing.

"The future of horse racing in Alberta is quite bright but we now need to show growth." He says this growth will come as increased slot and handle revenue translates into bigger purses. The one mile track will also encourage owners from Vancouver, Winnipeg and other places to bring their horses to race in Edmonton, adding variety, interest and more volume to race cards.



A new agreement signed in late 2016 between Northlands and HRA will see horse racing continue at Northlands Park until the end of June, 2018. This will provide for a seamless transition of the racing schedule to Century Mile, expected to open on Canada Day, 2018.

Industry and Government Relations

Horse Racing Alberta had a very successful year negotiating agreements that provide stability and direction for the industry. The most significant was a renewed 10-year funding agreement with the Government of Alberta.



The agreement provides HRA and industry with the means to successfully manage and develop the future of Alberta horse racing and breeding. The length of the agreement was essential to stimulating the local breeding industry. In recent years, horsemen have been reluctant to breed and train horses in Alberta without a tangible indication from government that the horse racing industry was to remain an important part of Alberta's cultural, sporting and economic future.

Under the agreement, which took effect April 1, flow through funding from the Alberta Lottery Fund to HRA drops from 51.67 per cent of net revenue from Racing Entertainment Centres slot machines to 50 per cent in year one, 45 per cent in year two and 40 per cent in year three (2018-2019). It will remain at 40 per cent for the last seven years of the agreement.

A separate agreement signed in November between HRA and Northlands solidified the transition plan for moving the "A" track in Edmonton. Northlands had announced that it was closing Northlands Park after the 2016 racing season

but negotiations with HRA led to a decision that will see it remain open for horse racing until June 30, 2018. With the Century Mile facility in Leduc County scheduled to open July 1, 2018, the Northlands agreement ensures there will be no interruption in horse racing in the Edmonton market for participants and fans.

Industry meetings held in 2016 focused on discussion and ideas that would help increase the handle, grow the industry and attract more fans. Standardbred and thoroughbred racing clubs launched during the year illustrated how industry can engage fans in horse racing at a more intimate level. The success of the racing clubs is motivating industry to consider introducing other marketing and engagement programs that will give old and new fans the type of horse racing experience they desire.

Alberta purses declined approximately three per cent in 2016. This triggered a reduction in purse grants and breed improvement program support by a combined \$573,000.



Alberta Purses

	HRA Grant		Breed Improvement Program*		Total Purses	
	2016	2015	2016	2015	2016	2015
Thoroughbred	5,192,653	5,414,240	1,964,600	2,076,305	7,157,253	7,490,545
Standardbred	5,197,501	5,274,500	1,104,913	1,195,340	6,302,414	6,469,840
Community Circuit	2,967,299	3,011,260	380,643	409,410	3,347,942	3,420,670
Totals	\$13,357,453	\$13,700,000	\$3,450,156	\$3,681,055	\$16,807,609	\$17,381,055

* Estimated money available from the 2016 Breed Improvement Program. Total program investment was \$4M.

Marketing

Increased competition and industry changes resulted in a severe 75% reduction in HRA's marketing budget.

To maximize resources, HRA expanded the industry's aggressive social media campaign begun in 2015. A combination of promotions, testimonials, racing stories, videos and highlighting of big race days and events proved very successful. HRA channels on Facebook, Twitter, Instagram, Snapchat and Periscope shared positive stories about Alberta horses, facilities, and the men and women who work daily in the industry. This broad social media presence allowed HRA to provide real time messaging and instant stakeholder feedback and communications.

HRA's website continued to deliver to racing fans and stakeholders racing information, regulatory activities, board and committee information, key industry documentation, horse and people profiles and regional racing reports. The website recorded an 11% increase in site visits in 2016. *thehorses.com* has proven to be a key communications tool for industry stakeholders, customers and the public.

Human Resource Development and Welfare

HRA continues to invest in backstretch programs to improve supports and quality of life for grooms, exercise riders, jockeys and others.

The Learning Center located on the backstretch at Northlands Park had 1,196 visits in 2016, down slightly from 2015. The Learning Center offers help with a myriad of needs like faxing, photocopying, internet access, assistance in computer literacy, General Equivalency Diploma tutoring and many other services.

Major changes in 2014 to Canada's foreign worker program continues to severely handicap HRA's ability to help trainers and owners recruit and retain much needed backstretch workers from other countries. At home, HRA's sponsorship of the Exercise Rider, Jockey and Groom School at

In an effort to increase the handle, HRA partnered with industry stakeholders in 2016 to successfully introduce Strategic Pick Four and Pick Five wagering incentives. HRA also produced eight video features in support of the Fall Classic and the Brad Gunn feature races to raise the profile of the races and encourage attendance and handle. The Brad Gunn video was named one of two finalists in the Broadcasting Category of the 2016 National Standardbred Canada Media Excellence Awards.

Although budget cuts limited exposure, the Public Service Announcement campaign continued to educate Albertans in understanding the contributions and economic impact that the horse racing and breeding industry contributes across the province.

As always, the industry participated in and sponsored various events with traditional and non-traditional partners. Sponsorships included Canadian Finals Rodeo, Caritas Hospital, Whitemud Equine Learning Centre and the International Children's Festival, to name a few.

Olds College continues to be very successful in adding quality people to the industry. Six people graduating from the Exercise Rider program and three from the Groom program in 2016. 2010 graduate Aimee Auger was nominated in the Sovereign Awards Leading Apprentice Jockey category.

In addition to HRA program support, the HRA Backstretch Foundation provides a variety of services to those in need to improve backstretch quality of life. These include benevolence to the sick and injured, counselling to those who suffer from substance abuse, memorial services to those who have lost a loved one, and social events to build a sense of community.



Animal Welfare

Testing of horses is an important part of protecting animals and ensuring competition is on a level playing field.

The number of negative results continues to improve year over year. Only three positives tests occurred in 2016, compared to seven in 2015 and 20 in 2014.

Breed quality and industry uncertainty regarding access to an “A” track in Edmonton in 2017 and 2018 had a negative impact on yearling sale prices for thoroughbreds and quarter horses. Average sales were down 28% for both breeds. In contrast, standardbred yearling sales jumped by 27% to reach nearly \$11,000 per average sale.

A 10 per cent drop in handle from 2015 resulted in a corresponding reduction in breed improvement program investments. The 2016 investment was \$4.0M, seven per cent less than in 2015.



ANIMAL TESTING 2016

	Medication		TCO2		Cobalt		Out-of-Competition	
	Tests	Positives	Tests	Positives	Tests	Positives	Tests	Positives
Thoroughbred	1,103	2	453	0	0	0	4	0
Standardbred	1,590	0	177	0	361	0	0	0
Community Circuit	708	1	89	0	0	0	3	0
Total	3,401	3	719	0	361	0	7	0

BREEDING

Average Yearling Sale Prices

	2016	2015	2014
Thoroughbred	\$ 8,253	\$11,370	\$11,117
Standardbred	\$10,941	\$ 7,974	\$11,970
Quarter Horse	\$ 3,388	\$ 4,685	\$ 2,366

Breed Improvement Program Investments*

	2016	2015	2014
Thoroughbred	\$2,219,600	\$2,386,070	\$2,170,720
Standardbred	\$1,334,913	\$1,435,340	\$1,182,542
Quarter Horse	\$ 445,200	\$ 478,590	\$ 445,200
Total	\$3,999,713	\$4,300,000	\$3,798,462

* Includes Association and breeding support (purses).

2016 Award Winners

Canadian Thoroughbred Horse Society Alberta Awards

Award Category	Winner	Owner
Champion Claimer	Caro's Song	Bar None Ranches Ltd.
Champion Sprinter	Killin Me Smalls	Deltin Stable, Ed Welsh
Champion Two-Year-Old Filly	Ruffenuff	Curtis Landry, Red Diamond Stable
Champion Two-Year-Old Colt	Norm's Big Bucks	Riversedge Racing Stables Ltd.
Champion Three-Year-Old Filly	Onestaratime	C. Landry, D. Landry, Red Diamond Stable
Champion Three-Year-Old Colt	Ready Intaglio	Eurico Martens
Champion Older Mare	Hero's Amor	Elevated Bloodstock, Raxo Cho
Champion Older Horse	Killin Me Smalls	Deltin Stable, Ed Welsh
Horse of the Year	Ready Intaglio	Eurico Martens
Leading Jockey	Rico Walcott	Special Appreciation Award: Lloyd and Mary Wilson Trophy <i>(In memory of Gordon Wilson's parents and recognition of exemplary services to the Thoroughbred industry)</i> Last given in 2012 to Dr. Peter Martin, this year it was presented to Curtis Stock.
Leading Breeder	Highfield Stock Farm	
Leading Trainer	Greg Tracy	
Champion Alberta-Bred	Onestaratime	
Horse Person of the Year	Don Danard	
Leading Owners	Riversedge Racing Stables Ltd.	

Alberta Standardbred Association

Award Category	Winner	Owner
Two-Year-Old Alberta Sired Filly	Outlaw Fireball	J.F. Gagne, Peter Van Seggelen, Carl Warnaar, Tapron Holdings
Two-Year-Old Filly	Outlaw Fireball	J.F. Gagne, Peter Van Seggelen, Carl Warnaar, Tapron Holdings
Two-Year-Old Alberta Sired Colt/Gelding	Senga Nitro	Ken Gunn
Two-Year-Old Colt/Gelding	Da Magician	Serge Masse
Three-Year-Old Alberta Sired Filly	Monstrous	Warren Fuller
Three-Year-Old Filly	Monstrous	Warren Fuller
Three-Year-Old Alberta Sired Colt/Gelding	Outlaw Turn N Burn	8113564 Canada Ltd.
Three-Year-Old Colt/Gelding	Blue Star Jet	Lorne Duffield, Rod Hennessy
Champion Aged Mare	Tajmeallover	J.F. Gagne, Peter Van Seggelen, Carl Warnaar, Tapron Holdings
Champion Aged Horse	Audreys Dream	Ashleigh and Ed Hensley
Claimer Fillies/Mares	Runway Model	Jason Hannah, Keith Hannah, Travis Cullen
Claimer Colts/Geldings	Justabitcrazy	Ryan Grundy
Fastest Girl	Tajmeallover	J.F. Gagne, Peter Van Seggelen, Carl Warnaar, Tapron Holdings
Fastest Boy	Sterling Cooper	Jeffrey Elchuk
Horse of the Year	Tajmeallover	J.F. Gagne, Peter Van Seggelen, Carl Warnaar, Tapron Holdings
Rising Star	Chris Lancaster	
Groom of the Year	Brinsley Brooking-Lutz	
Trainer under 200 Starts	Brandon Campbell	
Trainer of the Year	Travis Cullen	
Driver of the Year under 200 Starts	Serge Masse	
Driver of the Year	Travis Cullen	
Horseperson of the Year	Travis Cullen	
Owner of the Year	Lorne Duffield	
	Rod Hennessy	
Breeder of the Year	Outlaw Stable	
Breeders Award of Recognition	Dr. Jim Rhodes	
Ron McCleod Award	Chelsea Chase	

Sovereign Awards

Cody Gregory won a 2016 Sovereign
Award for Outstanding Photograph



Alberta Community Thoroughbred Racing Association

Category	Winner	Owner
Alberta Bred Two-Year-Old Filly	Ma's Miracle Run	Rocky Mountain Turf Club Stable
Alberta Bred Two-Year-Old Male	Mosquito Creek	Lesley & Lionel Joseph
Alberta Bred Three-Year-Old Filly	Slewfoot	RLS Racing
Alberta Bred Three-Year-Old Male	Big Buddy	Carol Brown
Alberta Bred Older Female	Tithing	Les Webb
Alberta Bred Older Male	He's Italian	Rocky Mountain Turf Club Stable
Alberta Bred Aged Female	Sizzano	Tom Dixon & Ed Akerstrom
Alberta Bred Aged Male	Again And Gone	Dale & Brenda Johnson
Alberta Bred Claiming Female	Love Is Elusive	Darcy & Don Hawkes
Alberta Bred Claiming Male	Why Not Live	Bruce Fenton
Alberta Bred Champion Female	Ma's Miracle Run	Rocky Mountain Turf Club Stable
Alberta Bred Champion Male	He's Italian	Rocky Mountain Turf Club Stable
Alberta Bred Champion Breeder	Max Gibb	
ACTRA Claiming Female	Majestic Lass	Pete & Erna Dubois
ACTRA Claiming Male	Just Zoom Will Do	Harold Burbank
ACTRA Sprint Female	Officer's Charm	Gordon Howg
ACTRA Sprint Male	Sneakin Cat	Eric Turner
ACTRA Distance Horse	Staffins Vision	Nolan Little Bear
ACTRA Three-Year-Old Filly	Georgi Girl's Kiss	Rocky Mountain Turf Club Stable
ACTRA Three-Year-Old Male	Big Buddy	Carol Brown
ACTRA Older Female	Ann's Seven	Cecil West
ACTRA Older Male	General Gabe	Noran Calf Robe
ACTRA High Point Female	Officer's Charm	Gordon Howg
ACTRA High Point Male	Sneakin Cat	Eric Turner
Champion Horse of the Year	General Day	Lyle Magnuson
RMTCL Lethbridge Spring Meet Trainer/Jockey	Lyle Magnuson/Jose Rocha	
RMTCL Lethbridge Fall Meet Trainer/Jockey	Lyle Magnuson/Jose Rocha	
Evergreen Park Grande Prairie Trainer/Jockey	Lyle Magnuson/Larris Allen	
Most Supportive Trainer	Lyle Magnuson	
Trainer of the Year	Lyle Magnuson	
Jockey of the Year	Jose Rocha	
	Larris Allen	
Pony Person of the Year	Sylvia Speaks	
Horse Person of the Year	Eric Turner	

Alberta Quarter Horse Racing Association

Category	Horse/Person	Owner
Champion Two-Year-Old	Poutn on the Wagon	Pete Schoeler
Reserve Champion	Ivory Lady League	Kevin Oberholtzer/Paige Oberholtzer
Champion Three-Year-Old	Toughie	Charles Stojan
Reserve Champion	Seperate Jess	Dale Zukowski
Champion Aged	Tiny Flying Corona	Charles Stojan
Reserve Champion	Cruisinfourabruisin	Barry Sather/Janice Sather
Grand Champion Running Horse	Poutn on the Wagon	Pete Schoeler
Champion Alberta Bred Two Year Old - Gelding	Poutn on the Wagon	Pete Schoeler
Champion Alberta Bred Two Year Old - Filly	Ivory Lady League	Kevin Oberholtzer/Paige Oberholtzer
Champion Alberta Bred Three Year Old - Gelding	Er Café	Donalda Cochrane
Champion Alberta Bred Three Year Old - Filly	Fly Bye 109	Buckey Stockwell
Champion Alberta Bred Aged - Gelding	Cruisinfourabruisin	Barry Sather/Janice Sather
Champion Alberta Bred Aged - Mare	Bugs Lil Magic	Ralph Danard/Shawn Jeffrey
Champion Alberta Bred	Poutn on the Wagon	Pete Schoeler
Reserve Champion	Ivory Lady League	Kevin Oberholtzer/Paige Oberholtzer
Champion Sire	First Timber	Wesley Oulton
Champion Distance Horse	Free Thought	Charles Stojan
Champion Claiming Horse	Northforkzoom	Glenn Wills
Champion Trainer	William Leech	
Champion Percentage Trainer	William Leech	
Champion Jockey	Ricardo Moreno	
Champion Owner	Charles Stojan	
Champion Breeder	Ralph Danard	



HORSE RACING ALBERTA
Financial Statements

YEAR ENDED DECEMBER 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Members of Horse Racing Alberta

We have audited the accompanying financial statements of Horse Racing Alberta, which comprise the statement of financial position as at December 31, 2016, the statements of operations, changes in net assets (deficiency) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Horse Racing Alberta as at December 31, 2016, 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.

Chartered Accountants
April 25, 2017
Edmonton, Canada



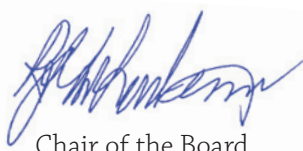
Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 1,277,752	\$ 41,369
Accounts receivable (note 2)	839,070	563,812
Receivable from the Province of Alberta (note 3)	2,499,036	2,714,908
Prepaid expenses	64,875	125,125
Current portion of loans receivable (note 4)	59,537	130,316
	4,740,270	3,575,530
Loans receivable (note 4)	133,745	115,741
Capital assets (note 5)	6,891	9,456
	\$4,880,906	\$3,700,727
Liabilities and Net Assets (Deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 931,923	\$ 904,916
Racetrack grants payable	3,100,381	3,031,742
	4,032,304	3,936,658
Net assets (deficiency)		
Invested in capital assets	6,891	9,456
Unrestricted	841,711	(245,387)
	848,602	(235,931)
Commitments (note 9)		
	\$4,880,906	\$ 3,700,727

See accompanying notes to financial statements.

On behalf of the Board:



Chair of the Board



Interim Chair of the
Audit and Finance Committee



Statement of Operations

Year ended December 31, 2016, with comparative information for 2015

	2016 Budget	2016 Actual	2015 Actual
Revenues			
General fees	\$ 7,034,917	\$ 6,502,432	\$ 7,217,189
Racing Industry Renewal Initiative revenues (note 3)	35,951,630	35,344,212	34,447,486
Other racing revenues	265,325	259,178	261,492
Interest	20,000	18,052	25,641
Other revenues	12,000	128,856	20,587
	43,283,872	42,252,730	41,972,395
Expenditures			
Purse Support Grants			
Thoroughbred	5,335,200	5,192,653	5,414,240
Standardbred	5,197,500	5,197,500	5,274,500
Community	2,967,300	2,967,300	3,011,260
	13,500,000	13,357,453	13,700,000
Breed Improvement Program			
Thoroughbred	2,219,600	2,219,600	2,386,070
Standardbred	1,335,200	1,334,913	1,435,340
Community	445,200	445,200	478,590
	4,000,000	3,999,713	4,300,000
Racetrack funding, Schedule 1	20,151,177	19,878,756	19,704,416
Marketing and promotion, Schedule 2	500,000	392,270	1,579,494
Regulatory and administration, Schedule 3	3,058,356	3,245,245	3,036,120
Backstretch human resource development	355,000	273,761	371,949
Emergent projects and programs	400,000	-	-
Animal welfare	25,000	21,000	21,000
	24,489,533	23,811,032	24,712,979
	41,989,533	41,168,198	42,712,979
Excess (deficiency) of revenues over expenditures	\$ 1,294,339	\$ 1,084,532	\$ (740,584)

See accompanying notes to financial statements.



Statement of Changes in Net Assets (Deficiency)

Year ended December 31, 2016, with comparative information for 2015

	Invested in capital assets	Unrestricted	Total 2016
Balance, beginning of year	\$ 9,456	\$ (245,387)	\$ (235,931)
Excess (deficiency) of revenues over expenditures	(4,541)	1,089,074	1,084,533
Investment of capital assets	1,976	(1,976)	-
● Balance, end of year	\$ 6,891	\$ 841,711	\$ 848,602

	Invested in capital assets	Unrestricted	Total 2015
Balance, beginning of year	\$11,474	\$ 493,179	\$ 504,653
Deficiency of revenues over expenditures	(4,130)	(736,454)	(740,584)
Investment of capital assets	2,112	(2,112)	-
● Balance, end of year	\$ 9,456	\$(245,387)	\$ (235,931)

See accompanying notes to financial statements.



Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash flow from operating activities:		
Cash received:		
General fees	\$ 6,227,174	\$ 7,406,878
Racing Industry Renewal Initiative	35,560,084	33,357,438
Other racing renewal	259,178	261,492
Interest and other revenue	128,887	20,587
Cash paid:		
Purse support grants	(13,357,452)	(13,700,000)
Breed improvement program	(3,999,713)	(4,300,000)
Racetrack funding	(19,810,118)	(18,416,862)
Marketing and promotion	(392,270)	(1,579,494)
Regulatory and administration	(3,153,445)	(2,896,428)
Other operating expenses	(273,966)	(386,344)
	1,188,359	(232,733)
Investing:		
Purchase of capital assets	(1,976)	(2,112)
Repayment of loan receivable	50,000	100,000
	48,024	97,888
Increase (decrease) in cash	1,236,383	(134,845)
Cash, beginning of year	41,369	176,214
Cash, end of year	\$ 1,277,752	\$ 41,369

See accompanying notes to financial statements.



Notes to Financial Statements

Year ended December 31, 2016

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)(I) 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
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.

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.



Notes to Financial Statements (continued)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(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 disclosure of contingent assets and liabilities 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.

2. Accounts receivable:

	2016	2015
Trade receivables	\$ 832,940	\$ 554,493
GST receivable	6,130	9,318
	\$ 839,070	\$ 563,812



Notes to Financial Statements (continued)

Year ended December 31, 2016

3. Receivable from the Province of Alberta:

Flow-through amounts represent resources received and receivable from the Province of Alberta which are subject to external restrictions as follows:

	2016	2015
Deferred revenue, beginning of the year	\$ -	\$ -
Flow-through amounts from the Province of Alberta during the year	35,339,532	34,442,755
Interest received on deferred revenue	4,680	4,731
Amount recognized as Racing Industry Renewal Initiative revenues in the year	(35,344,212)	(34,447,486)
Deferred revenue, end of period	\$ -	\$ -

The Entity has an agreement with the Province of Alberta, as represented by the Minister of Finance, to assist in long-term industry renewal with monies derived from the flow-through portion of net revenue from electronic gaming terminals at licensed horse racing tracks. This agreement expires March 31, 2026.

The receivable from the Province of Alberta at December 31, 2016 is \$2,499,036 (2015 - \$2,714,908).

4. Loans receivable:

	2016	2015
Grande Prairie Regional Agricultural & Exhibition Society, non-interest bearing and unsecured	\$ 193,282	\$ 246,057
Less current portion	(59,537)	(130,316)
	\$ 133,745	\$ 115,741

When issued in March 2006, the loan was \$1,000,000 at 0% interest. The fair value of the loan on that date was \$656,838 based on a rate of 8% interest discounting the future contractual cash flow repayments. The loan is measured at amortized cost.

In 2011, the Entity approved amendments to the loan agreement regarding repayments based on a sliding scale contingent on Evergreen Park slot revenue performance. As a result, principal repayments of the loan could vary from year to year, ranging from \$50,000 to a maximum of \$150,000. Any yearly payment received less than the expected \$150,000 is an adverse change in the expected timing of future cash flows indicating that the fair value of the loan is impaired.



Notes to Financial Statements (continued)

Year ended December 31, 2016

4. Loans receivable (continued):

In 2016, the sliding scale contingency resulted in a reduction of the payment received to \$50,000 from \$150,000 and the \$100,000 was added to repayments in 2018 resulting in an impairment of \$20,795 (2015 - \$6,605).

Interest revenue includes \$18,020 (2015 - \$25,641) related to the amortization of the fair value discount.

	Total receivable	Unamortized discount and valuation allowance	Principal due
2017	75,000	15,463	59,537
2018	75,000	10,700	64,300
2019	75,000	5,555	69,445
	\$225,000	\$31,718	\$193,282

5. Capital assets:

			2016	2015
December 31, 2016	Cost	Accumulated amortization	Net book value	Net book value
Office equipment and furniture	\$ 196,299	\$ 189,922	\$ 6,377	\$ 8,857
Computer hardware and software	77,251	77,251	-	-
Leasehold improvements	18,914	18,400	513	599
	\$292,464	\$285,573	\$6,891	\$9,456

Amortization for the year was \$4,541 (2015 - \$4,130).

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$0 (2015 - \$21,800), which includes amounts payable for payroll related taxes.



Notes to Financial Statements (continued)

Year ended December 31, 2016

7. Compensation:

	Positions	Base salary (1)	Other cash benefits (2)	Other non-cash benefits (3)	Total 2016	Total 2015
Chair	1	\$ 60,000	\$ 3,650	\$ 6,882	\$ 70,532	\$ 74,790
CEO	1	210,000	30,648	11,699	252,348	250,454
CFO	1	175,307	11,462	27,007	213,776	196,108
Board of Directors	12	-	45,750	-	45,750	22,602
Managers:						
Racetrack and administration	3	316,718	4,658	55,993	377,369	374,998
Non-managers:						
Racetrack	13	571,676	3,617	88,661	663,954	645,668
Administration	4	114,210	1,070	27,401	142,681	74,982
	35	\$1,447,910	\$100,856	\$217,642	\$1,766,410	\$1,639,602

(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 & dismemberment, weekly indemnity and long term disability insurances, CPP and EI contributions, WCB, car allowances and RRSP contributions.

Compensation of \$48,300 (2015 - \$53,300) is included in Backstretch human resource development expenditures.



Notes to Financial Statements (continued)

Year ended December 31, 2016

8. Trust funds:

The Entity collects and disburses trust funds related to the simulcast handle in the Calgary market area on behalf of Alberta Standardbred Horse Association (ASHA). As the trust funds are not owned by the Association, they have been excluded from these financial statements.

At December 31, 2016 the Entity held \$912 (2015 - \$0) of cash in trust for ASHA. The funds are disbursed at the sole discretion of ASHA.

9. Commitments:

The Entity rents office premises in Edmonton, expiring March 31, 2018. The Entity is responsible for its proportionate share of property taxes and building operating costs for the leased premises. The Entity also has automotive and office equipment under operating leases through to 2021 as well as a contract with Teleview Racing Patrol of Canada through to March 2017.

Annual payments are as follows:	
2017	\$ 469,530
2018	126,560
2019	84,210
2020	75,580
2021	29,782
	\$785,662

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 2015.

(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 57% (2015 - 55%) 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.



Schedule 1 – Racetrack Funding

Year ended December 31, 2016, with comparative information for 2015

	2016 Budget	2016 Actual	2015 Actual
Century Downs:			
Racetrack funding	\$ 9,811,656	\$ 10,404,441	\$ 7,715,144
Discretionary project funding	500,000	500,000	1,000,000
Northlands Park:			
Racetrack funding	7,261,637	6,877,569	8,058,832
Discretionary project funding	-	-	379,285
Rocky Mountain Turf Club	1,671,745	1,567,112	1,647,428
Grande Prairie Regional Agricultural Society	876,140	499,634	873,727
Millarville	30,000	30,000	30,000
	\$20,151,177	\$19,878,756	\$19,704,416

Schedule 2 – Marketing and Promotion

Year ended December 31, 2016, with comparative information for 2015

	2016 Budget	2016 Actual	2015 Actual
Internal marketing, public and media relations	500,000	386,171	724,693
Live race broadcasting		6,099	344,081
Direct marketing and promotion	-	-	510,720
	\$500,000	\$ 392,270	\$1,579,494



Schedule 3 – Regulatory and Administration

Year ended December 31, 2016, with comparative information for 2015

	2016 Budget	2016 Actual	2015 Actual
Compensation (note 7)	\$ 1,682,950	\$ 1,766,410	\$ 1,639,602
Contractors	366,000	297,716	407,616
Legal, consulting and audit fees	134,423	248,505	131,075
Photo finish and video patrol	255,079	247,123	250,077
Office rent and operating costs	155,384	159,827	152,337
Travel	145,534	156,039	142,679
Office and administration	166,613	151,375	163,344
Appeal tribunal	6,744	52,452	6,612
Other	44,893	35,446	37,409
Telephone	33,994	28,184	33,328
Insurance	27,575	27,610	27,035
Loan impairment (note 4)	-	20,795	6,605
Toxicology	9,090	20,017	8,912
Memberships	18,760	19,143	18,393
Meetings and seminars	5,604	5,869	5,494
Amortization	4,212	4,541	4,130
Committee expenses	1,501	4,193	1,472
	\$ 3,058,356	\$ 3,245,245	\$ 3,036,120

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