

# Off to the Races

people and stories of the track



## HORSE RACING ALBERTA

2004 ANNUAL REPORT



**VISION:**

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

**MISSION:**

To be a governing body whose role is to promote and facilitate the growth, integrity and economic contribution of the Alberta horse racing and breeding industries. This shall be done by providing quality entertainment, employment and value-added agricultural opportunities within a unified, viable, progressive, accountable and self-regulated industry environment.

**CORE BUSINESS:**

The core business of HRA is Horse Racing, Race Horse Breeding and the Regulation of Horse Racing in Alberta with the overarching goal being: To stabilize, enhance and ensure the growth and integrity of the Alberta horse racing and breeding industry.



## Table Of Contents

<b>Board of Directors</b>	<b>2</b>
<b>Message From the Chairman &amp; CEO</b>	<b>3</b>
<b>Message From the President &amp; COO</b>	<b>6</b>
<b>The Impact of Horse Racing in Alberta</b>	<b>8</b>
<b>Keeping the Industry on Track</b>	<b>10</b>
<b>Horse Racing Alberta Organizational Chart</b>	<b>11</b>
<b>People and Stories of the Track</b>	<b>13</b>
A Look Back	14
Goal 1	18
Goal 2	22
Goal 3	28
Goal 4	32
Goal 5	38
Goal 6	42
Goal 7	46
Goal 8	50
<b>Winning Off The Track</b>	<b>52</b>
<b>Performance Measures</b>	<b>56</b>
<b>Appeal Tribunal Rulings</b>	<b>60</b>
<b>Conclusion</b>	<b>63</b>
<b>Audited Financial Statements</b>	<b>65</b>
Auditors' Report to the Members	66
Statement of Financial Position	67
Statement of Operations	68
Statement of Changes in Net Assets	69
Statement of Cash Flows	70
Notes to Financial Statements	71
Schedule A - Racetrack Grants	75
Schedule B - Marketing and Promotion	75
Schedule C - Regulatory and Administration	75
<b>Photo Credits</b>	<b>76</b>

## Board Of Directors

Horse Racing Alberta receives its direction from a board of 14 directors selected by industry stakeholders. This board has an independent chair, three public directors, and two government-appointed ex-officio (non voting) members.

Working together with various related industry sectors, the board sets the vision and strategic direction for the industry. The Board of Directors ensures industry-wide compliance with the Horse Racing Alberta Act, oversees the management and regulation of the industry and develops multi-year business plans for the corporation. The board also ensures that superior performance is rewarded throughout the industry.

**Dr. David C. Reid**, Chairman & CEO

**Hon. Don Getty**, Vice Chairman (Public)

**Mr. Neil Malloch** (Alberta Standardbred Horse Association – Breeder)

**Mr. Ernie Caron** (Alberta Standardbred Horse Association)

**Mr. Michael Secker** (Canadian Thoroughbred Horse Society)

**Mr. Brian Bygrave** (Horsemen's Benevolent and Protective Association)

**Mr. John MacLeod** (Other breeds)

**Mr. Jerry Bouma** ('A' Track – Northlands Park)

**Mr. George Brookman** ('A' Track – Calgary Exhibition & Stampede)

**Mr. Max Gibb** ('B' Tracks – Rocky Mountain Turf Club)

**Dr. Pat Brennan** (Public)

**Mr. Gary Belecki**, Q.C. (Public)

**Ms. Ann Hammond** (Minister of Gaming representative – Ex-officio)

**Mr. Gibson Hanna** (Minister of Alberta Agriculture,  
Food & Rural Development representative – Ex-officio)

## Message From The Chairman & CEO

Dr. David C. Reid

Two thousand and four (2004) was a year of well deserved successes. Our Board of Directors, provincial government, the horsemen's associations, and racetracks should all feel pride and share in the excitement of these accomplishments that are integral to our industry's future growth.

Horse Racing Alberta's partners continue to grow and include the Alberta Standardbred Horse Association (ASHA, breeders and horsemen), the Canadian Thoroughbred Horse Society (CTHS, thoroughbred breeders), and the Horsemen's Benevolent and Protective Association (HBPA, thoroughbred horsemen). There are also several community based horsemen's groups including the Alberta Quarter Horse Racing Association (AQHRA), Association for the Racing Paints and Appaloosa's and the fledging Alberta Community Thoroughbred Racing Association (ACTRA), showing the diversity of our industry. In addition, there are the racetracks of both the major circuit (A tracks) and the community, all of which have significantly contributed to the resurgence of our industry. The Government of Alberta completes our partnerships, through our primary ministry, gaming, and through our strong links to agriculture. Indeed, I wish to thank our previous Ministers for their incredible support and guidance, the Honourable Ron Stevens (Gaming) and the Honourable Shirley McClellan (Agriculture, Food and Rural Development). HRA looks forward to working with our new Minister of Gaming, the Honourable Gordon Graydon and expanding our agricultural activities in association with the Honourable Doug Horner, Minister of AFRD.

HRA takes its leadership role seriously. As the industry's governing body we strive to keep abreast of all of the major issues, provincially, nationally and internationally. Particularly we attempt to take into account the input of all our partners as we seek to unfold our mandate and act as the industry's unified voice. To do this we need to continue to engender confidence amongst our partners, government and the betting public, by creating stability, sustainable growth, accountability and integrity. Unity among the stakeholders is the foundation of HRA's efforts. The way the industry has continued to hold together and embrace the vision outlined in the Working Committee Report<sup>1</sup> is remarkable, and to be truly commended. Our industry worked as a team to create this document, and its philosophies are an integral part of the long term success of Alberta horse racing.

The horse racing industry is key to Alberta's agriculture community. According to research conducted in 2003, the Alberta horse racing sector had an annual provincial economic impact in excess of \$294 million<sup>2</sup>. In fact, the majority of the total economic benefit of horse racing accrues within the local communities where horses are raised and trained, which in many instances, is rural Alberta. The horse racing industry is a major financial contributor to the provincial economy.

Horse Racing Alberta's 2004 performance measures, that are outlined in our Business Plan and presented annually to government, were very aggressive, given the challenges of the mare reproductive loss syndrome, drought and industry wide trends. Nevertheless, I am pleased to report on success in most of the areas under our control. Most important to me was the results of the industry survey which overwhelmingly illustrated support for our direction and leadership. No where is this better illustrated than the enormous re-investment in the industry by our owners and breeders.

Our biggest accomplishment this year was announcing, in October, that the United Horsemen of Alberta (UHA) joint venture partnership was granted a long-term racetrack license in the Calgary market area. This announcement was a culmination of many months of hard work and negotiation from a number of people including the Racetrack Licensing Committee, UHA and our Board of Directors. Securing a long-term racing agreement in the southern part of Alberta will guarantee the long-term stability and growth of our provincial racing circuit.

The branding campaign "The Horses – There's A Horse for Everyone" continues to receive accolades. As we head into the third and final year of this campaign, it's gratifying to know that we are on the right track. Our marketing efforts have won significant provincial and national recognition, including the 2004 Travel Alberta Alto Marketing Excellence Award, a gold award from the North American Television Broadcast Design Association, and the 2004 Canadian Agriculture Marketing Association Award (overall Campaign Consumer Direct and Best of Show Consumer Direct).

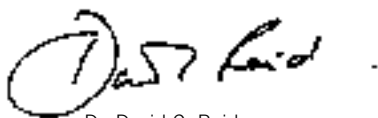
I would also like to congratulate Northlands Park on celebrating the 75<sup>th</sup> running of the Canadian Derby in 2004. This prestigious race epitomizes the caliber of equine athletes that are attracted to Alberta's tracks and to the generous purse support that our industry receives. Good racing is based on good horses as well as excellent facilities. I offer the breeders, from our various industry segments, congratulations in the way they have whole-heartedly endorsed the concept of improving the quality of livestock in order to increase sales revenues. There has been significant purchase of mares, stallions and farm properties. They have also enhanced the bonus system for Alberta-sired and Alberta-foaled horses. These key initiatives support the philosophical foundation of HRA.

As the annual report's theme suggests, it's the people involved in horse racing that are the essence of the industry. Horse Racing Alberta will continue to emphasize and introduce more life quality enhancement programs. In 2004, HRA dedicated significant resources to the development and implementation of programs that will benefit and enrich the quality of life in the backstretch. These programs include a daycare subsidy program as well as an addiction and substance abuse program, focusing on education, safety and prevention. We are also exploring other opportunities for computer literacy, and educational upgrades. We are committed to pursuing avenues for educating and developing life skill competencies for individuals working in the backstretch as well as to work with educational institutions to produce programs, such as the Certified Grooms Training program that will ensure an adequate source of trained personnel to work with our horses into the future.

Two of HRA's key employees celebrated their 30<sup>th</sup> anniversary with the successive governing bodies – Conrad (Dude) Dick is the Manager, Racing, Supervision and Security and Dr. Peter Martin is the official veterinarian. Such a long-term commitment to an industry reflects the values and loyalty seen in many of our key personnel. Many of Horse Racing Alberta's Board of Directors have similarly demonstrated their dedication to this industry over many years.

This all being said, however, the cornerstone of our progress is the provision of an adequate and competitive purse structure, the breed development program, and improving infrastructure to ensure the sustainability and growth of the industry in the face of increasing competition. We remain committed to offering a substantial breeders supplement, guaranteed and sustainable funds for purses, as well as sufficient and available resources for improving racetrack infrastructure in 2005.

In conclusion, 2004 showed every indication that our efforts to revitalize our industry, and generate increasing confidence and growth, is on the right track. We know we have a long way to go. I congratulate the horsemen, industry partners, racetracks and government for remaining committed to our long term goals, as well as offering thanks to our fans, new and old, who have attended the races this year. As an industry, we have much to look forward to in the way of excitement and progress in 2005.



Dr. David C. Reid  
Chairman & CEO  
Horse Racing Alberta



## Message From The President & COO

Mr. Andy Bryant

The horse breeding and racing industry has deep roots in Alberta. The Industry spans the agricultural, entertainment, tourism and gaming sectors, with the most visible focus of the industry – **the race horse** – having strong ties to rural Alberta.

It is known that Alberta has 35% of all the horses in Canada. Horse racing utilizes 2.3% of this horse population, but arguably is the single largest source of economic benefits from horses in the province. While the impact of the industry is felt across Alberta, including both rural and urban communities, the connection between the horse racing industry and rural Alberta is often overlooked. It is in these rural areas where horses are bred, maintained, trained, and where an extensive array of equine related support services are located. The impacts of horse racing are distributed across the province and not limited to the larger cities. This relationship and importance of the horse racing industry to rural Alberta needs to be emphasized.

The horse racing industry in Alberta is an important contributor to the provincial economy, with live racing being the foundation of the industry. While the industry has faced significant challenges, HRA and all industry stakeholders have risen to the task and developed a clear plan that benefits the province at large and embraces and grows our role within, and contribution to, the provincial economy.

The racing and breeding sector generates over \$294 million annually in economic benefits to the province. It provides 2,150 FTEs and supports over 7,300 Albertans in total. A

total of \$111 million of the economic impact is related to direct annual expenditures, with an additional \$184 million being indirect and induced annual benefits. This represents a \$131 million or 80% increase from 1999.

Truly the nature and distribution of economic impacts associated with the industry are considerable and diverse. The industry makes a significant economic contribution and investment in the provincial economy. More importantly, the industry has the potential to make greater contributions and investment as it moves forward.

HRA and the Alberta horse racing industry aggressively pursued the goals and initiatives articulated in this Annual Report. This diligence rewarded the industry in 2004 with demonstrable successes and achievements throughout all facets of the industry.

Some of the successes and achievements from 2004 are:

- The granting of a long term racetrack license for the Calgary market area to the United Horsemen of Alberta Joint Venture Partnership (commencing January 1, 2007). This completed the racetrack license request for proposal process initiated in 2003.
- The agreement to terms for a long term racetrack license with Edmonton Northlands following the agreement to a flowing five year racing business and capital plan.
- The completion of an economic impact study (2003) of the horse racing and breeding industry in Alberta.

### ECONOMIC IMPACT OF THE HORSE RACING INDUSTRY 2003<sup>2</sup>

Gross	Track Operations	Racing Operations	Breeding Operations	Total
<b>Edmonton Total</b>	<b>\$ 88,160,022</b>	<b>\$ 44,117,731</b>	<b>\$ 27,902,597</b>	<b>\$ 160,180,350</b>
<b>Calgary Total</b>	<b>52,238,778</b>	<b>26,371,644</b>	<b>16,556,768</b>	<b>95,167,190</b>
<b>Lethbridge Total</b>	<b>4,785,720</b>	<b>15,154,353</b>	<b>12,467,055</b>	<b>32,407,128</b>
<b>Grande Prairie Total</b>	<b>1,672,494</b>	<b>2,963,324</b>	<b>2,344,901</b>	<b>6,980,719</b>
<b>Provincial Total</b>	<b>\$ 146,857,014</b>	<b>\$ 88,607,052</b>	<b>\$ 59,271,320</b>	<b>\$ 294,735,386</b>



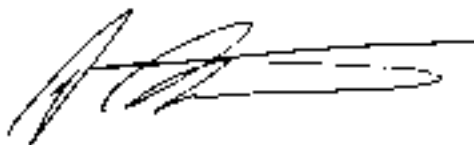
- The review by KPMG of our 2003 performance measures. This independent review found no significant issues related to the process of collecting and reporting performance information.
- The increase of grants for purses to \$19.4 million, a \$2.5 million increase from 2003.
- The increase of the grant allocation for breeding initiatives to \$7.4 million, a \$1.4 million budgeted increase from 2003.
- The implementation of a daycare support program for eligible backstretch workers.
- The continued development of a working relationship with AADAC for the treatment of substance abuse within the industry.
- The implementation of a computer literacy pilot program.
- The hosting of the following seminars: Fire Safety and Prevention; Rules of Racing; Media Training for backstretch, trainers, drivers and jockeys; and Harness Kids Camp in partnership with ASHA and Stampede Park.
- A 11% increase in overall attendance.
- The production of seven live television shows with a 56% increase in our average viewership.
- The ongoing diligence in making the industry aware of any emerging equine disease threats and on the advising on methods of prevention or treatment.
- The review and revision of penalty guidelines for positive tests on racehorses and expanding them to clarify second and third offences and increased penalties accordingly.
- The coordination with Ontario and British Columbia in initiating regular (bi-annual) meetings between all Canadian horse racing Regulatory Bodies.
- The continuation of our partnership with Olds College with the Certified Groom Training program.

- The provision of greater support to the Community horse associations to establish additional race and breeding programs at the Community racetracks.
- The granting of over \$14 million in direct capital and operational funding to racetracks in the province.
- A \$5 million increase in overall provincial handle from 2003, which outperformed the declining national handle by over 4%.

Horse Racing Alberta's overarching goal is **"To stabilize, enhance and ensure the growth and integrity of the Alberta horse racing and breeding industry."** Looking back to 2001, many were not prepared to invest in the industry because of future uncertainties. In 2002 they said show us the future and we did with the development of a strategic industry plan and the establishment of HRA. In 2003 HRA and the industry proved the strategic plan worked and will be sustainable. This being done, 2004 was the first year of real re-investment in the industry due to the confidence that the industry now has in its plan and the knowledge that HRA will successfully implement it.

The Horse Racing Industry, through Horse Racing Alberta, has embraced the challenges put to it and has thrived. Through the efforts of the industry, HRA's Board and staff and the continued support of the government, Horse Racing Alberta is confident that the prosperity and continued growth of the horse racing and breeding industry in this province is assured.

I would like to thank all of those who made 2004 the vibrant and successful year it was and wish everyone good racing luck for 2005.



Mr. Andy Bryant  
President & COO  
Horse Racing Alberta



Joe O'Brien, Owner/Trainer/Driver



Cathy Torfason, Pari-Mutuel Employee

## The Impact of Horse Racing in Alberta

Horse Racing has a long and storied past in Alberta. Our industry touches every corner of our province and ties small towns, rural communities and larger cities to our rich agricultural history. The people in the industry continue to create new stories and be a vibrant part of Alberta's economy.

### A STABLE FOUNDATION

It should not surprise anyone that rural Alberta is where horses are most often bred, maintained and trained. For this reason, it's also not surprising that over 50 per cent of the financial benefit of horse racing and racing infrastructure should be found in rural Alberta as well – totaling \$148 million in direct, indirect and induced spending<sup>2</sup>.

### BREEDING NEW BUSINESS

In Alberta, there are over 500 breeding and training operations involved in the development of thoroughbred, standardbred and quarterhorse breeds. These operations invest over \$21 million in direct assets annually and are responsible for over \$227 million in primary production assets.

Combine the above with the estimated \$188 million in assets associated with racing facilities and the horse racing sector is responsible for over \$416 million in physical assets dedicated to the industry<sup>2</sup>.

### ALLOCATION OF ECONOMIC BENEFITS BETWEEN RURAL AND URBAN COMMUNITIES<sup>2</sup>

Impact Type	Rural Alberta	Urban Alberta
Direct	61,744,623	48,952,338
Indirect and Induced	86,133,749	97,904,676
<b>Total</b>	<b>147,878,372</b>	<b>146,857,014</b>

### PHYSICAL ASSETS ASSOCIATED WITH HORSE BREEDING, RAISING AND RACING ACTIVITIES<sup>2</sup>

Category	Physical Assets
Equipment	\$ 17,281,433
Structures	44,111,470
Land	102,733,874
Horses	63,331,655
	<b>\$ 227,458,432</b>
Race Track Facilities	188,500,000
<b>Total</b>	<b>\$ 415,958,432</b>

### BRINGING THE BENEFITS HOME

As an economic sector, horse racing and breeding generates over \$294 million annually in economic benefits throughout the province. Overall, this represents a \$131 million (or an 80 per cent increase) from 1999<sup>3</sup>.



Don Monkman Jr., Owner/Trainer/Driver



Leanne Painter, Jockey

## DIRECT, INDIRECT AND INDUCED, AND TOTAL ECONOMIC IMPACTS BY GEOGRAPHIC LOCATION AND CATEGORY 2003<sup>2</sup>

Impact Type	Physical Racing Infrastructure and Related Activities	Racing Activities	Breeding and Raising Activities	Total
<b>Direct</b>				
Edmonton	29,386,674	18,420,765	11,650,354	59,457,792
Calgary	17,412,926	11,011,125	6,913,056	35,337,106
Lethbridge	1,595,240	6,327,496	5,205,451	13,128,187
Grande Prairie	557,498	1,237,296	979,082	2,773,876
<b>Total</b>	<b>48,952,338</b>	<b>36,996,682</b>	<b>24,747,942</b>	<b>110,696,961</b>
<b>Indirect and Induced</b>				
Edmonton	58,773,348	25,696,967	16,252,243	100,722,558
Calgary	34,825,852	15,360,519	9,643,713	59,830,084
Lethbridge	3,190,480	8,826,857	7,261,604	19,278,941
Grande Prairie	1,114,996	1,726,028	1,365,819	4,206,843
<b>Total</b>	<b>97,904,676</b>	<b>51,610,371</b>	<b>34,523,379</b>	<b>184,038,425</b>
<b>Total Economic Impact</b>				
Edmonton	88,160,022	44,117,731	27,902,597	160,180,350
Calgary	52,238,778	26,371,644	16,556,768	95,167,190
Lethbridge	4,785,720	15,154,353	12,467,055	32,407,128
Grande Prairie	1,672,494	2,963,324	2,344,901	6,980,719
<b>Total</b>	<b>146,857,014</b>	<b>88,607,052</b>	<b>59,271,320</b>	<b>294,735,386</b>



Robert Shepherd, Owner/Trainer/Driver



Gerry Hudon, Owner/Trainer/Driver

## Keeping The Industry On Track

### GOVERNANCE AND ORGANIZATIONAL CHART

Horse Racing Alberta is a private, not-for-profit corporation, that represents all segments of the industry. It is accountable to the people of Alberta. Under the Horse Racing Act, the corporation is mandated to govern, direct, control, regulate, manage, market and promote horse racing in all its forms.

Horse Racing Alberta fulfills this mandate by working together with all provincial tracks, horse racing and breeding organizations, educational institutions as well as both federal and provincial governments.

The corporation is committed to the safety and welfare of racehorses, racing participants and racing officials, and takes great measures to safeguard the interests of the public.

With the foundation of a sound mandate, and clear and dynamic direction from its board of directors, Horse Racing Alberta ensures that the corporation continues to operate in a fiscally responsible manner and remains accountable to the industry and government.



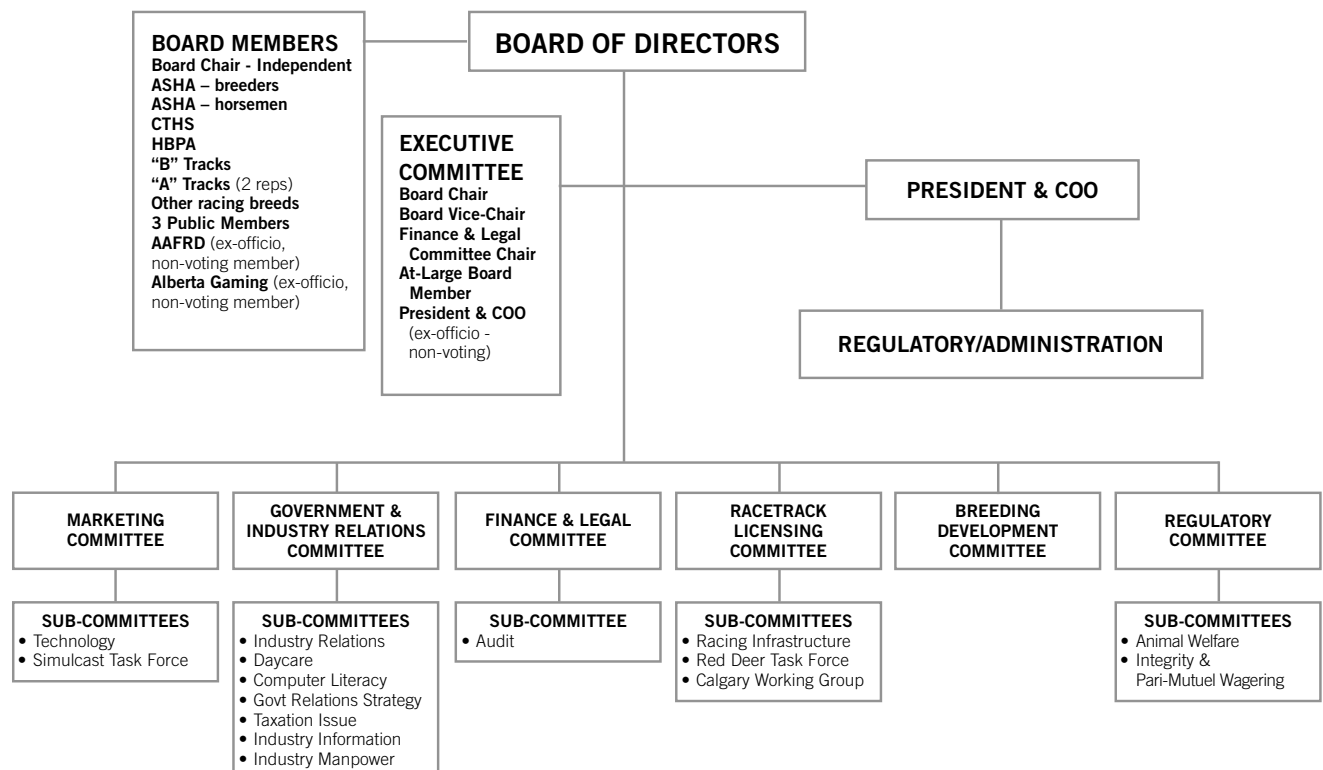


Windy Turton, Starter in Edmonton



Janice Sather, Quarterhorse Owner

## Horse Racing Alberta Organizational Chart



- Horse Racing Alberta committees are chaired by Board members and are made up of energetic individuals from throughout our industry.
- The Horse Racing Alberta Act created an independent Appeal Tribunal. Members of the tribunal are selected by government.
- The Horse Racing Alberta Board of Directors empower task forces to act upon single issues.





# They're off and racing

04

## People and Stories of the Track

The racetrack truly is an extraordinary place — where dreams are made, friendships are forged and lifelong love affairs with equine-inspired exhilaration play out on a daily basis. With a long, rich history the racetrack continues to be the setting for endless personal stories.

In Alberta, horse racing is a vibrant industry that employs thousands of Albertans. It entertains more and more people every year. Horse Racing Alberta is committed to ensuring the industry continues to grow in stability, confidence, accountability and unity.



## A Look Back

Horse Racing Alberta is an independent body created to act with integrity in the best overall interest of the Alberta racing and breeding industry. Horse Racing Alberta is an advocate, champion and single voice for the industry. It strives to always consider the public interest, the needs of racing fans and animal welfare as a basis for decision-making.

In 2004, Horse Racing Alberta pursued eight key strategies to achieve the following goals outlined in the 2004 Business Plan.

### GOAL 1

Actively market and promote horse racing in Alberta.

### GOAL 2

Act as a single voice for the Alberta racing industry, keeping both industry and government informed of developments, while championing issues important to the attainment of HRA's mission and goal.

### GOAL 3

To promote the development of high quality race tracks and off track betting facilities for horses, fans, owners and racing personnel.

### GOAL 4

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

### GOAL 5

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

### GOAL 6

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

### GOAL 7

Promote and encourage continuous improvement in the industry's animal welfare practices.

### GOAL 8

Increase purses, based on revenues available, to stimulate the overall activity and investment in the industry.







G1





# Tim Schneider

G1

## New Racing Fan

Tim Schneider is one of a growing number of new fans to the sport of live racing in Alberta.

"I love racing and the excitement of a race full of different horses and trying to figure out who's going to win," he says. "It's a challenge because you're always watching to see if you're actually picking good horses. And, then there's the possibility that at the end of it all you might win some money. It really makes it more personal."

Although new to the sport, Tim wasn't intimidated by the masses of data presented in the Racing Form. "I just went to the library and read every book I could find on racing and betting," he says. "I've just learned more and more along the way."

Tim's new found love of racing is indicative of how more and more fans are catching on to the entertainment provided at tracks across Alberta. "I bring my friends to the races now and we sure have a good time. Where else can you go out and have a lot of fun without spending a lot of money?"

**Tim Schneider**

“The directors have taken [the] mission statement seriously, and have issued promotional materials emphasizing Horse Racing as Entertainment that are revolutionary for a racing commission.”

Stanley F. Bergstein, Executive Vice President, Harness Tracks of America Inc.

G1

## Actively market and promote horse racing in Alberta

### ANOTHER SUCCESSFUL RUN

In 2004, Horse Racing Alberta continued to promote horse racing with its successful branding campaign, “The Horses – There’s a Horse for Everyone.”

### ADVERTISING AND PROMOTION AWARDS

The corporation won the 2004 Travel Alberta Tourism Award (Alto) for Marketing Excellence for its multi-media campaign. At the 2004 Canadian Agri-Marketing Association’s Awards, Horse Racing Alberta won three categories including Total Campaign Consumer Direct, Sales Support Materials Consumer Direct, and Best of Show Consumer Direct. The corporation was also given a second-place award of merit for its 2003 annual report.

At the annual Ad Rodeo hosted by Calgary’s advertising community, Horse Racing Alberta was given top honours in two categories – radio series and radio single – and was awarded four second-place distinctions.

### BROADCASTING SUCCESS

When it comes to putting the product on the small screen, Horse Racing Alberta is continuing to build a tradition of excellence. In 2004, the corporation was awarded a Gold Award in Small Market (broadcast shows with 2 million

viewers or less) from the North American Television Broadcast Design Association and was a 2004 Sovereign Award finalist in the outstanding film/video/broadcast category for its 75<sup>th</sup> Canadian Derby television show.

### NEW FANS

Aside from winning recognition within the horse racing and marketing industries, indications are that the campaign is winning over new fans as well. In year two of this three year marketing and branding provincial-wide strategy, the brand “The Horses” continues to perform well in the marketplace with a brand awareness increase of 14 per cent compared to 2003. According to Ipsos-ASI research conducted in September 2004, the number of people 18 years and up in Alberta who said they are aware of horse racing increased by 7 per cent over last year, totaling 94%.

With this increased level of recognition, attendance at the racing facilities also increased by 11 per cent in 2004.

### THAT’S SHOW BIZ

Over the past year, Horse Racing Alberta invested \$3.4 million into marketing initiatives, including more than \$1 million in direct grants to race-tracks across the province for live racing and special events. The number of televised





Awards



Crowd at the 75<sup>th</sup> Canadian Derby

events increased from four to seven: Prairie Gold; Alberta Derby; Western Canada Pacing Derby; Ky Alta; The 75<sup>th</sup> Canadian Derby (aired in Alberta, BC and Saskatchewan); the Nat Christie Memorial and the Alberta Fall Classic.

"The Horses" broadcasts on the Canadian Television Network increased its viewing audience by 56 per cent over the previous year. As well, Horse Racing Alberta was once again selected by the Jockey Club of Canada as a 2004 Sovereign Award Finalist for Outstanding Film/Video/Broadcast for its television broadcast of the 75<sup>th</sup> anniversary of the Canadian Derby.

#### KEY PARTNERSHIPS

In 2004, partnerships continued to play a key role in the promotion of horse racing. HRA's work with Alberta Tourism and the travel industry has been an important initiative. The corporation also partnered with Standardbred Canada and the Alberta Standardbred Horse Association to offer media training to horsemen. Also in partnership with the Alberta Standardbred Horse Association and Stampede Park, Horse Racing Alberta held a five-day Harness Youth Camp for children ages 10 to 14. Once again, the movie industry continued to prove itself to be a strong strategic liaison. By partnering with Walt Disney Pictures and the Odysseum,

the IMAX movie "Young Black Stallion" was enjoyed by thousands of people over a five month period.

Horse Racing Alberta also sent two teams of three people to the Daily Racing Form/National Thoroughbred Horse Association Handicapping Challenge in Las Vegas. Qualifying tournaments were hosted at Stampede Park and Northlands Park.

#### THE FRONT LINE

Like any business, the most important marketing happens when a customer comes face-to-face with the product. With this in mind, Horse Racing Alberta conducted customer service training for all employees at Northlands Park and Stampede Park.







# Mitch Klimove

G2

Thoroughbred Owner

In 1947, Mitch Klimove was a full-time student at the University of Alberta. But every spare hour he could find was spent at the racetrack.

Sitting in the grandstand at Northlands Park with a winning daily double ticket worth \$680, Mitch took the step from a fan of horse racing, to a racehorse owner. “I overheard the guy in front of me say he was going to sell his horse if it didn’t win,” Mitch recalls. The horse didn’t win, and Mitch bought him for his \$680 winnings. “He wrote me out a bill of sale on the spot.”

The horse was called Three Gees, and Mitch won another race or two with him before losing him for \$1,000 in a claim. Mitch went on to partner with Bory Margolis in Elmbrook Stables, one of the four most successful racing operations in the province in the ‘60s and ‘70s.

A veteran fan and owner, Mitch believes the key to growing the horse racing industry in Alberta is to bring more owners into the business. “People take more of an interest in the racetrack when they have horses racing,” Mitch suggests. “They’ll take an interest and they’ll keep coming back.”

**Mitch Klimove**

# Horse Racing Alberta continues to have the confidence of the entire industry.

G2

**Act as a single voice for the Alberta racing industry, keeping both industry and government informed of developments, while championing issues important to the attainment of HRA's missions and goals.**

## **LISTENING UP**

In 2004, the corporation expanded communications to industry and government groups through direct presentations, targeted issue communications, news bulletins, surveys and Horse Racing Alberta's overall branding and awareness campaigns.

With the purpose of measuring overall satisfaction of the performance of the corporation, a telephone survey of all Horse Racing Alberta licensees was conducted by Research Innovations Inc. When asked, 84.1 per cent of these key industry individuals strongly and somewhat agreed that Horse Racing Alberta helps stabilize, enhance and ensure the growth and integrity of the Alberta horse racing and breeding industry – an increase of 3.1 per cent over the last year.

The results of the survey indicate an extremely positive result with respect to the corporation's overall progress within the industry and the area of stewardship.

## **DOLLARS AND HORSE CENTS**

Horse Racing Alberta continues to work with industry stakeholders, government and the public to ensure the continued success and vitality of the industry, and its positive contribution to the agriculture sector and provincial economy.

In 2004, all revenues were up, including the overall handle, which increased by 3.2%. This is significant especially when compared to the national average, which decreased by 1.3%

Slots at racetracks (Edmonton, Calgary, Lethbridge and Grande Prairie) generated \$68 million last year. Horse Racing Alberta received \$38.6 million from the lottery fund, providing yet another indicator that the Racing Industry Renewal Initiative is working for all Albertans.





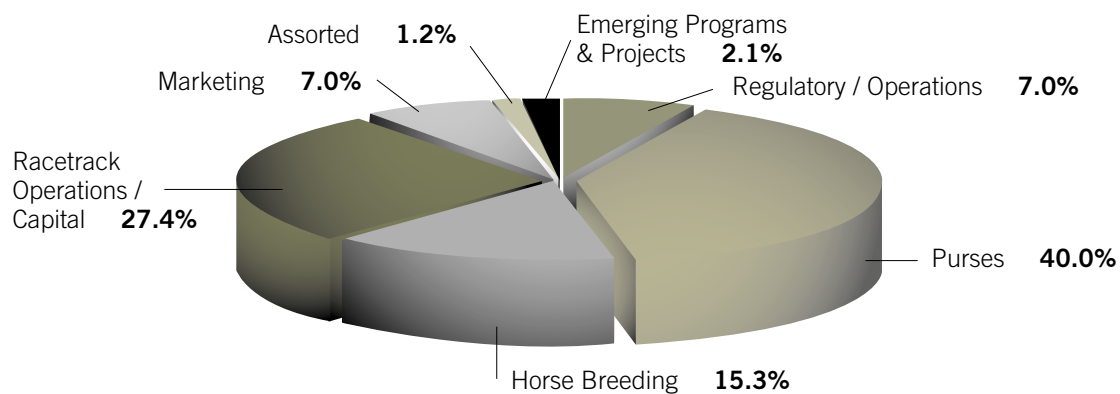
The Bruster, winner of the Nat Christie Memorial Stake, August 29, 2004



Bill Ceminehuk, Teller

## WHERE THE MONEY GOES

### 2004 HRA EXPENDITURES



2004 BUDGET — \$48 MILLION

## 2004 PARI-MUTUEL WAGERING BY ASSOCIATION THOROUGHBRED

Association	Alberta Live	Alberta Simulcast	Foreign Simulcast	Total Thoroughbred
<b>Edmonton</b>				
Northlands Park	\$ 9,070,455	\$ 2,204,009	\$ 23,408,157	\$ 34,682,621
Edmonton OTB	1,889,534	1,067,325	13,717,254	16,674,113
North ATN	0	1,955,318	5,763,023	7,718,341
<b>Edmonton Total</b>	<b>10,959,989</b>	<b>5,226,652</b>	<b>42,888,434</b>	<b>59,075,075</b>
<b>Calgary</b>				
Stampede Park	4,460,281	1,872,329	10,748,034	17,080,644
Calgary OTB	711,447	1,634,855	12,913,068	15,259,370
South ATN	0	1,408,468	3,363,931	4,772,399
<b>Calgary Total</b>	<b>5,171,728</b>	<b>4,915,652</b>	<b>27,025,033</b>	<b>37,112,413</b>
<b>Lethbridge Total</b>	<b>520,209</b>	<b>373,981</b>	<b>1,192,580</b>	<b>2,086,770</b>
<b>Grande Prairie Total</b>	<b>230,908</b>	<b>152,497</b>	<b>131,668</b>	<b>515,073</b>
<b>Millarville Total</b>	<b>70,778</b>	<b>0</b>	<b>0</b>	<b>70,778</b>
<b>Total</b>	<b>\$ 16,953,612</b>	<b>\$ 10,668,782</b>	<b>\$ 71,237,715</b>	<b>\$ 98,860,109</b>

## 2004 PARI-MUTUEL WAGERING BY ASSOCIATION STANDARD BRED

Association	Alberta Live	Alberta Simulcast	Foreign Simulcast	Total Standardbred
<b>Edmonton</b>				
Northlands Park	\$ 5,789,429	\$ 1,759,755	\$ 7,820,623	\$ 15,369,807
Edmonton OTB	1,320,435	1,005,915	9,258,792	11,585,142
North ATN	0	1,975,862	5,908,180	7,884,042
<b>Edmonton Total</b>	<b>7,109,864</b>	<b>4,741,532</b>	<b>22,987,595</b>	<b>34,838,991</b>
<b>Calgary</b>				
Stampede Park	3,011,144	1,634,286	5,229,525	9,874,955
Calgary OTB	532,466	912,467	7,339,296	8,784,229
South ATN	0	931,930	2,785,143	3,717,073
<b>Calgary Total</b>	<b>3,543,610</b>	<b>3,478,683</b>	<b>15,353,964</b>	<b>22,376,257</b>
<b>Lethbridge Total</b>	<b>0</b>	<b>168,820</b>	<b>336,052</b>	<b>504,872</b>
<b>Grande Prairie Total</b>	<b>41,213</b>	<b>37,023</b>	<b>67,374</b>	<b>145,610</b>
<b>Millarville Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>\$ 10,694,687</b>	<b>\$ 8,426,058</b>	<b>\$ 38,744,985</b>	<b>\$ 57,865,730</b>

## 2004 PARI-MUTUEL WAGERING BY ASSOCIATION STANDARD BRED & THOROUGHBRED RUNNERS TOTALS

Association	Alberta Live	Alberta Simulcast	Foreign Simulcast	Total
<b>Edmonton</b>				
Northlands Park	\$ 14,859,884	\$ 3,963,764	\$ 31,228,780	\$ 50,052,428
Edmonton OTB	3,209,969	2,073,240	22,976,046	28,259,255
North ATN	0	3,931,180	11,671,203	15,602,383
<b>Edmonton Total</b>	<b>18,069,853</b>	<b>9,968,184</b>	<b>65,876,029</b>	<b>93,914,066</b>
<b>Calgary</b>				
Stampede Park	7,471,425	3,506,615	15,977,559	26,955,599
Calgary OTB	1,243,913	2,547,322	20,252,364	24,043,599
South ATN	0	2,340,398	6,149,074	8,489,472
<b>Calgary Total</b>	<b>8,715,338</b>	<b>8,394,335</b>	<b>42,378,997</b>	<b>59,488,670</b>
<b>Lethbridge Total</b>	<b>520,209</b>	<b>542,801</b>	<b>1,528,632</b>	<b>2,591,642</b>
<b>Grande Prairie Total</b>	<b>272,121</b>	<b>189,520</b>	<b>199,042</b>	<b>660,683</b>
<b>Millarville Total</b>	<b>70,778</b>	<b>0</b>	<b>0</b>	<b>70,778</b>
<b>Total</b>	<b>\$ 27,648,299</b>	<b>\$ 19,094,840</b>	<b>\$ 109,982,700</b>	<b>\$ 156,725,839</b>

### Notes

- Alberta Live is on-track betting.
- Edmonton OTB is Off Track Betting locations in the Edmonton urban region which receive their electronic signals from Northlands Park.
- Calgary OTB is Off Track Betting locations in the Calgary region which receive their electronic signals from Stampede Park.
- Alberta Simulcast is betting on electronically sent signals originating in Alberta.
- Foreign Simulcast is betting on electronically sent signals originating outside of Alberta.
- North ATN is Alberta Teletheatre Network locations in northern Alberta which receive their electronic signals from Northlands Park.
- South ATN is Alberta Teletheatre Network locations in southern Alberta which receive their electronic signals from Stampede Park.
- Lethbridge, Grande Prairie and Millarville provide fields of mixed runner horses (Quarterhorse, Arabians, etc., as well as Thoroughbreds).







# Jamie Gray

G3

**Standardbred Trainer and Driver**

It has been a good solid year of racing for harness conditioner and driver, Jamie Gray. Picking up the Alberta racing stock of a prominent BC businessman, Jamie has made the most of his opportunities. He replaced non-winners with better horses and it paid off with 30 wins in Edmonton and 48 wins in Calgary.

"Positive changes in the industry during the first years of Horse Racing Alberta have given me the confidence to invest in a farm," says Jamie. "I like the look of the future."

Jamie believes live horse racing is on a rebound and likes the mix of interests and abilities in the new ownership group for the proposed racetrack in Calgary. "We need live racing in Calgary during the height of the summer," Jamie says. "A new track will give us that. But the bigger surface will change the way horses are driven." With wider turns and longer straight-aways Jamie maintains it will be harder for races to jam up. "It changes the driver's strategy and I believe it makes for better racing," he says.

And it seems Jamie is all for that. Along with a new track in Calgary, he would like to see 10 months of racing a year and a secondary circuit to help with the development of horses, "and to help place horses that can't keep up on the bigger circuit."

**Jamie Gray**

# “HRA continues to position racing for the future by investing in industry infrastructure.”

Dr. Pat Brennan, Chairman HRA Racetrack Licensing Committee

G3

To promote the development of high quality race tracks and off track betting facilities for horses, fans, owners and racing personnel.

## SOUTHERN HOSPITALITY

After an extensive racetrack licensing review process that began in October of 2003, the United Horsemen of Alberta (UHA) joint venture partnership was granted a long-term racetrack license in Calgary effective January 1, 2007.

By awarding this license, Horse Racing Alberta has helped to address the need for an established “A circuit” track in the southern part of the province that embraces the vision put forward by the Working Committee in 2002. Stampede Park continues to hold its racing license in the Calgary market until the end of 2005. With the construction of a new, state-of-the-art, 80-million-dollar complex scheduled for completion by January 2007, it's hoped that Stampede Park will be able to continue in 2006 and assist through a year of transition.

## CAPITAL RACING

HRA reached an agreement with Northlands Park on their five-year racing and capital plan. Following formal acceptance by the Northlands Park Board of their plan, Horse Racing Alberta has granted a five-year race-track license and has commenced with Northlands Park the implementation of the goals and strategies. In the future, Northlands Park's five-year license will be rolled over on an annual basis upon approval by Horse Racing Alberta of a five-year racing and capital plan.

## IN THE COMMUNITY

For the first time in many years, 2004 provided the community circuit runners with a seamless racing season. Rocky Mountain Turf Club in Lethbridge offered 52 days of racing for Alberta's community Thoroughbred, Quarter-horse, Arabian, Appaloosa and Paint horses. Evergreen Park in Grande Prairie proudly hosted a combined meet of community circuit runners and ASHA standardbreds on their twin tracks. Millarville, as always, had a successful Canada Day weekend of racing. This rescheduling insured our industry was able to provide a consistent, successful racing season on our three community tracks.

To accommodate the larger number of horses shipping to and staying at Grande Prairie, HRA provided capital grants for six new barns and assisted in other track improvements including an improved racing surface for our equine athletes. Overall the community circuit in 2004 offered 16 more race days.

## OFF TRACK WAGERING SITES

### CALGARY MARKET AREA SITES (OTBS):

Schanks Athletic Club – Crowfoot Crossing  
Schanks Athletic Club – Macleod Trail  
K.C.'s Pub – The Quality Inn Airport

### EDMONTON MARKET AREA SITES (OTBS):

Billy Budd's  
Dover Hotel  
Route 66 Café and Bar  
Schanks Athletic Club  
Franklin's Inn (Sherwood Park)  
Grove Motor Inn (Spruce Grove)

### ALBERTA TELETHEATRE NETWORK (ATNS):

Black Diamond	Black Diamond Hotel
Blackfalds	Blackfalds Motor Inn
Blairmore	Cosmopolitan Hotel
Bonnyville	Neighbourhood Inn
Brooks	Newell Hotel
Calmar	Skip's Sports Bar
Camrose	Player's Club
Canmore	Hooligan's Night Club
Coaldale	Ventura Hotel & Liquor Store
Edson	Moose Creek Hotel
Forestburg	Forestburg Hotel
Fort McMurray	Cedars Steak House
Fort Saskatchewan	Branches Lounge
Grande Prairie	Champs Sports Bar
Hanna	Canada Grey Motor Inn
Lac La Biche	The La Biche Inn
Lethbridge	Backstreet Pub & Pizza
Lloydminster	Wayside Inn
Medicine Hat	Medicine Hat Lodge
Morinville	D.J.'s Bar & Grill
Okotoks	Okotoks Inn
Peace River	Travellers Motor Hotel
Red Deer	The Post Time Lounge
Red Deer	Jackpot Casino
Redwater	Kicks Cantina
Rocky Mountain House	Mountview Hotel
Slave Lake	The Sawridge Hotel
Stettler	Royal Hotel
Strathmore	Strathmore Hotel
Sundre	Sundre Motor Inn
Taber	Royal Hotel
Veteran	Veteran Hotel
Wainwright	The Park Hotel
Wetaskiwin	The Corral Dining Lounge
Whitecourt	The Ritz Café & Motor Inn

## LOCATIONS OF ATNS AND OTBS IN 2004











# David Kapchinsky

G4

Thoroughbred Breeder

Dave Kapchinsky bought his first racehorse in 1962 and hasn't looked back since. "Lynx Lady was her name and I won with her, made her a brood mare and raced her offspring," says Dave.

A decade later, Dave invested in Paddockhurst Stables and, in 1980, purchased Son of Briartic who went on to win the Queen's Plate in 1982. That same year, Son of Briartic won the Sovereign Award as champion 3 year-old colt in Canada and Dave won the Outstanding Owner Sovereign. In 1986, Dave also won the Thoroughbred Owners and Breeders Association Award for outstanding contribution to the thoroughbred industry. Son of Briartic stood stud in Alberta and sired many Alberta thoroughbred champions.

Dave sees the potential of Alberta programs to encourage owners to buy mares in foal to Ontario, Kentucky, New York and California stallions, bring them back to Alberta to foal out, and then breed the mares to Alberta stallions. "That's a good program and it will help to improve the quality of the Alberta breeding industry in the future," he notes.

Even though he's passed the reins of Paddockhurst to the next generation and sold off most of his breeding stock, Dave continues to remain involved in the industry. He confesses, "I'll always have a horse or two, and I still love to go to the races.

"As long as I'm able, that's what I'll be doing."

**David Kapchinsky**

# “The success of Alberta-breds reflects the confidence and reinvestment in better quality breeding stock.”

Neil Malloch, Co-chairman HRA Breeding Development Committee

## G4

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

In any sport excitement is created when top athletes compete. Similarly, on the track, the quality of a race is directly related to the quality of horses entering – which is also dependent on the quality of horses bred. Simply put, the breeding sector is the foundation of the racing industry. This means if Horse Racing Alberta is to achieve its goal of positioning Alberta horse racing on par with the best in Canada, considerable attention must be given to breeding.

#### **BREEDING CONFIDENCE**

Horse Racing Alberta continued to provide significant financial resources to breeding initiatives in 2004. The Corporation's Breed Improvement Committee created programs to keep breeders in the industry, encourage the purchase and racing of Alberta-breds and improve the quality of our mares and stallions. Grants for breeding initiatives were increased in 2004 by \$1.4 million, to over \$7.4 million.

#### **ACROSS THE BOARD**

In 2004, the decline in the racehorse breeding industry in Alberta was reversed. Every breeding program saw improvement. This has been largely attributed to two main factors – the awarding of a long-term racetrack license in the Calgary area for construction of a new facility, and the breed improvement funds made available through increased bonuses and other new innovative programs.

#### **NEW INITIATIVES**

This past year saw the introduction of the Mare Incentive Purchase program for thoroughbreds – a program that encourages investment into better quality of broodmares and foals. As well, the Mare Acquisition program, begun in 2003, continued to enhance the quality of Alberta standardbred stock in 2004. Standardbred owners bonuses were expanded to include all Alberta-sired horses earning money in non-stakes races.

An eight-minute DVD was created to communicate the importance of the horse breeding industry in Alberta. The DVD is currently being used at conferences, presentations and seminars.

Horse Racing Alberta also continued to work with the community horse associations to establish race and breeding programs at the community racetracks, including initiatives that increased the number and quality of races on the community circuit.



Stretching Out



A Special Bond

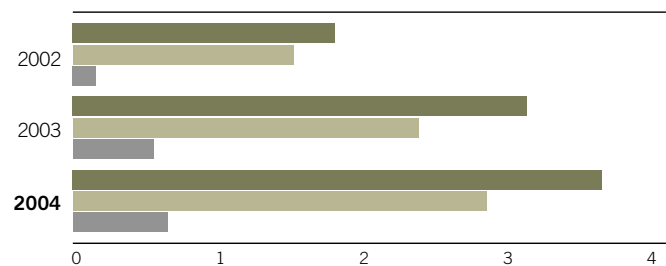
### RISING VALUES

Prices for horses continued to rise over the past year. The average sale price at the annual standardbred yearling sale was \$11,158 – 52.9 per cent higher than the average price reported in 2003. The average sales price at the annual thoroughbred yearling sale was also up. At \$8,400, the average thoroughbred yearling closing price showed an increase of 4 per cent over last year.

### A CLASS ALL HIS OWN

The power of good breeding was made clear in 2004. For two weeks in May, Northlands Park had to do something it hasn't done in over 30 years – ban wagering on a horse. Dudes Leaving Town, the son of the legendary Alberta-bred stallion As Promised, was such an overwhelming favourite he caused Northlands Park to withhold all betting opportunities.

### ALLOCATION TO BREED IMPROVEMENT PROGRAM MILLIONS OF DOLLARS

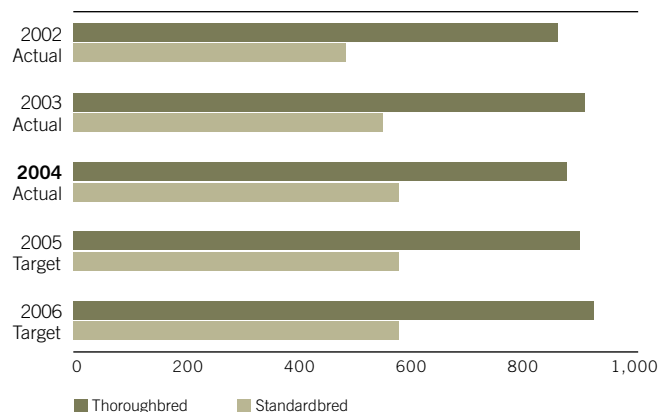


\*Community circuit includes Evergreen Park, Rocky Mountain Turf Club and Millarville.

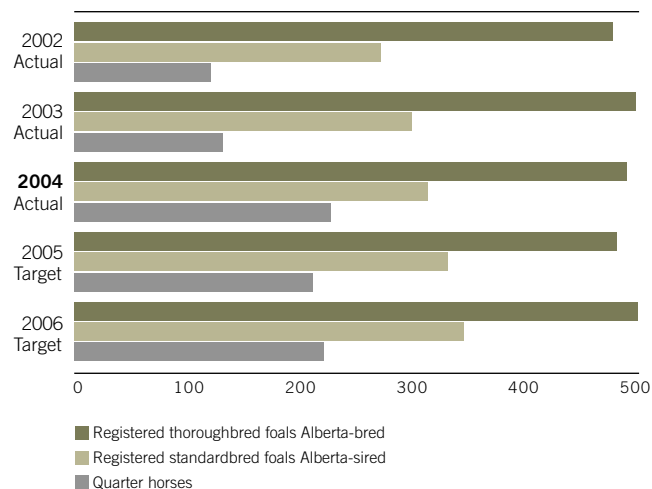
■ Thoroughbred  
■ Standardbred  
■ Community\*

**BREEDING SECTOR**

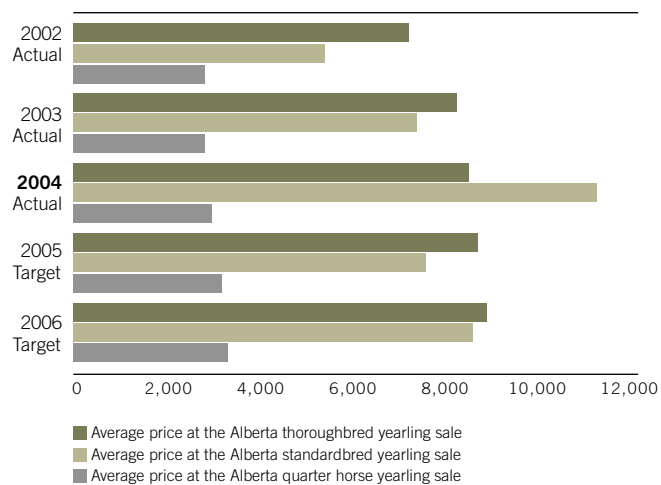
NUMBER OF MARES BRED IN ALBERTA

**BREEDING SECTOR**

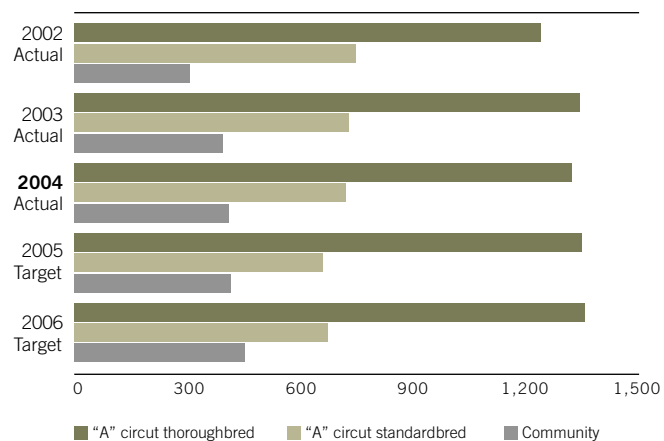
ALBERTA FOAL PRODUCTION

**BREEDING SECTOR**

ALBERTA YEARLING PRICES

**RACING ENTERTAINMENT**

NUMBER OF LICENSED RACEHORSE OWNERS



## BREEDING SECTOR

### REPRESENTATION OF ALBERTA BRED/SIRED HORSES AT ALBERTA RACE TRACKS

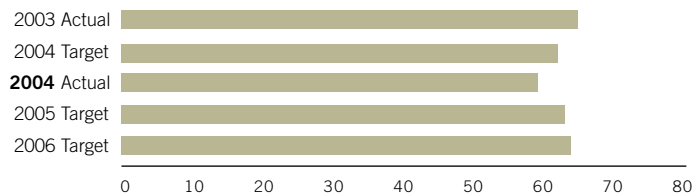
#### THOROUGHBREDS



#### STANDARD BREDS



#### QUARTERHORSES



■ % of purses at Alberta "A" tracks earned by Alberta-breds/sired runners  
 ■ % of starters of at least one race at an Alberta track that were Alberta-breds/sired/foaled







# Conrad “Dude” Dick

G5

Racing and Security Manager

After 40 years in the racing industry, Conrad “Dude” Dick has seen it all in his job as manager of racing supervision for Horse Racing Alberta. Training staff for both the “A” and “B” circuits, Conrad keeps up to date on changes to rules and regulations. “I’ve also spent a lot of time rewriting the rules of racing for Alberta.” In fact, he’s helped rewrite the rules a couple times over the last decade.

“Racing horses is no different from racing humans,” Conrad maintains. “There are more and more performance enhancements out there.” With Alberta’s fines comparatively severe to other jurisdictions, he has observed that people tend to play by the rules in Alberta. “We haven’t had a positive test in thoroughbred racing in, I think, six or seven years,” he says.

Dude is also pleased with the introduction of the appeals tribunal, which allows horsemen to challenge rulings by judges and stewards. “It’s taken some time to fine tune the process, but we’re pleased with where we are at. We get calls from other jurisdictions about what we are doing and how it works, so that’s good too.”

**Conrad “Dude” Dick**

“HRA is working with other jurisdictions in Canada and North America to identify and find solutions for regulatory issues. We will insure both the public and owners have confidence that there is a level playing field in Alberta.”

Brian Bygrave, Chairman HRA Regulatory Committee

G5

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

#### **RACING REVIEWS**

In 2004, Horse Racing Alberta continued to review and improve the rules of racing. Among many issues, the regulatory review covered penalty guidelines for positive tests on racehorses and expanded them to clarify second and third offences and increased penalties accordingly. Human drug testing guidelines were also reviewed with a stronger emphasis being placed on rehabilitation, counseling and education.

#### **REWRITING THE RULEBOOK**

As a result of the Rules of Racing Review, 21 rules were amended and Horse Racing Alberta made sure to publish and circulate a revised rule document to all licensees. To further ensure everyone remained up to speed with the changes, the corporation conducted education seminars for horsemen and the public on the amendments.

These changes will help to ensure that Alberta horse racing continues to operate with its continued high level of integrity and accountability to the public. As a result, the Alberta testing guidelines exceed the testing requirements directed by the Federal Government (Canadian Pari-Mutuel Agency).

#### **SETTING NEW STANDARDS OF SPORTSMANSHIP**

In 2004, Alberta was represented on the International Model Rules Committee through the North American Pari-Mutuel Regulators Association (NAPRA), of which HRA Board member Gary Belecki serves as the international president. As well, Horse Racing Alberta worked closely with Ontario and BC in the development of bi-annual meetings between all Canadian horse racing regulatory bodies to discuss and review matters pertaining to horse racing, including: wagering, integrity, and criminal code regulations at a national level. Regulatory staff also attended two national conferences, including the annual National Judges and Stewards Conference and the Symposium on Racing.



## SUMMARY OF RULINGS AND TESTS

<b>RULINGS</b>	<b>2004</b>	<b>2003</b>
Thoroughbred Steward Rulings	121	93
Live Race Days	118	113
Rulings per Race Days	.97	.82
Standardbred Judges Rulings	175	128
Live Race Days	150	141
Rulings per Race Days	.86	.90
Mixed Meet		
Judges/Stewards Rulings	44	24
Live Race Days	82	59
Rulings per Race Days	.54	.40

### MEDICATION TESTING

<b>THOROUGHBRED</b>	<b>2004</b>	<b>2003</b>
Number of Tests	2076	1960
Number of Positives	0	0
Percentage Occurrence	0	0

<b>STANDARDTBRED</b>	<b>2004</b>	<b>2003</b>
Number of Tests	3137	2978
Number of Positives	2	1
Percentage Occurrence	.06	.03

<b>MIXED MEETS</b>	<b>2004</b>	<b>2003</b>
Number of Tests	947	694
Number of Positives	0	0
Percentage Occurrence	0	0

### CO2 TESTING

<b>THOROUGHBRED</b>	<b>2004</b>	<b>2003</b>
Number of Tests	1165	861
Number of Positives	0	0
Percentage Occurrence	0	0

<b>STANDARDTBRED</b>	<b>2004</b>	<b>2003</b>
Number of Tests	1399	1477
Number of Positives	1	0
Percentage Occurrence	.07	0

<b>MIXED MEETS</b>	<b>2004</b>	<b>2003</b>
Number of Tests	53	44
Number of Positives	0	0
Number of Occurrence	0	0

### EPO TESTING

<b>THOROUGHBRED</b>	<b>2004</b>
Number of Tests	420
Number of Positives	0
Percentage Occurrence	0

<b>STANDARDTBRED</b>	<b>2004</b>
Number of Tests	528
Number of Positives	0
Percentage Occurrence	0

<b>MIXED MEETS</b>	<b>2004</b>
Number of Tests	27
Number of Positives	0
Percentage Occurrence	0

### SUMMARY OF CLAIMS/INQUIRIES

<b>STANDARDTBRED</b>	<b>2004</b>
Total number of horses claimed	352
Value	\$ 4,503,800
Claim Voided	46
Judges inquiries	36
Order of finish changes from inquiries	10
Drivers objections	40
Order of finish changes from claims	19

### SUMMARY OF CLAIMS/INQUIRIES

<b>THOROUGHBRED</b>	<b>2004</b>
Total number of horses claimed	262
Value	\$ 3,715,000
Claim Voided	13
Steward inquiries	26
Order of finish changes from inquiries	7
Starting gate refunds	3
Claims of foul	51
Order of finish changes from claims	11

G6





# Lianne Knechtel

G6

**Thoroughbred Trainer  
Certified Groom Training Program Architect**

Lianne Knechtel is another 'racetracker' who has done just about everything in the sport over the years. She has ridden the bush circuits in western Canada and in the United States for a couple of seasons, run the camera on the "B" circuit, managed a tack store and worked for the quarterhorse racing association. "I've done charting, I've been a steward, I've done everything," Lianne admits. For the last 13 years, however, she's been a trainer, and she's had some good horses during that time.

Besides her work at the racetrack, Lianne has made a major contribution to improving the welfare of others in the backstretch by developing a groom school, run in partnership with the racetracks, Olds College, and Horse Racing Alberta. "That program has turned out about two dozen backstretch workers in its first two years. And I think we're full again for 2005," she says.

Lianne is a leading advocate of computer literacy courses for backstretch workers and she is also pleased the first daycare support program for backstretch workers is now in place. "We need these kinds of programs to recruit and keep good backstretch help," she says. "Fortunately, our programs are starting to address these issues."

**Lianne Knechtel**

The horse racing industry must be more proactive in addressing human resource issues to both improve the conditions for its employees and increase the available pool of personnel.

G6

**Facilitate the education, training and well being of individuals involved in Alberta's racing industry.**

The quality of entertainment on Alberta's racetracks is directly related to the passion and dedication of the people who work in every sector of the industry. One of the most important resources of the industry, the people who work at the track require and deserve constant support from Horse Racing Alberta. The industry has some unique needs and the hours of work differ from those in most other sectors. As a result, 'racing industry' solutions will meet human resource needs and improve the quality of life for racing industry employees.

In 2004, Horse Racing Alberta hired a full-time employee to take-on backstretch improvement programs including daycare, computer literacy, addictions counseling and chaplain related duties. As a result, a subsidized daycare program is available to backstretch workers and a computer literacy pilot program has been developed and implemented at Northlands Park.

#### **BUILDING RELATIONSHIPS FOR THE FUTURE**

Horse Racing Alberta continued to work closely with horsemen's associations to improve support for backstretch personnel. Through a new working relationship with The Alberta Alcohol and Drug Abuse Commission (AADAC), a dedicated counselor has been assigned for the horse-racing industry. The corporation also continued to support the Certified Grooms Training Program offered at Olds College through a partnership with Olds College and horsemen's associations in Alberta.

The Administrative Manager position for the Horse Industry Association of Alberta also received ongoing support in an effort to continue the strong relationship between the Corporation, Alberta Agriculture Food and Rural Development, and the Alberta horse industry.

Media relations training seminars hosted by Horse Racing Alberta, Alberta Standardbred Horse Association (ASHA) and Standardbred Canada were offered to the members of ASHA.

#### **PERSONNEL SHORTAGE**

In 2004, Horse Racing Alberta identified a jockey shortage and actively pursued the importing of jockeys to Alberta. As a result, the size of Alberta's jockey population increased slightly to meet the immediate need, and ensured continued diligence in the recruitment of jockeys.

#### **DAYCARE**

The Daycare Subsidy Program was implemented by Horse Racing Alberta to assist backstretch employees in the horse racing industry with their childcare needs. There were 24 successful applications from the Standardbred and Thoroughbred industries.

#### **FOSTERING THE FUTURE**

Horse Racing Alberta continues to support the development and growth of the industry in Alberta by providing 15 scholarships for young people. In 2004, backstretch and equine studies scholarships continued while yet another new scholarship program was introduced.

Since 1996, the Backstretch Scholarship fund has helped support the educational efforts of children of licensed backstretch workers at Alberta racetracks with an award of \$2,000 towards education at an Alberta university or college.

In similar fashion, the Horse Racing Alberta Certified Groom Training Scholarship was developed to help offset the costs of attending and graduating from the Horse Racing Alberta endorsed training program.





Certified Grooms Training Program, Olds College



Controlled Meeting, winner of the Ky Alta on July 24, 2004

Ten **Horse Racing Alberta Backstretch Scholarships** valued at \$2,000 each were awarded to the following students who met or exceeded the outlined criteria and are an Alberta licensed horseman or an immediate family member of one.

NAME	EDUCATIONAL FACILITY ATTENDING, PROGRAM
Jesse James Depew	University of Alberta, Science
Tyler John Mauthe	University of Calgary, Computer Science
Jenna Jean Sather	Mount Royal College, Theatre Arts
Christina Louise Senft	Mount Royal College, General Studies
David Andrew Sharp	University of Alberta, Commerce
Jennifer Lynn Sifert	SAIT, Business Administration
Aleisha Ann Smith	University of Alberta, Kinesiology
Krista Lianne Watt	Lethbridge Community College, Specials Needs Teacher/Assistant
Candace Nicole Weder	Grant MacEwan College, Business Administration
Marty Shane Wig	Mount Royal College, Arts & Science

The **Horse Racing Alberta Equine Studies Scholarship** was created in 2003 as part of an ongoing strategy by Horse Racing Alberta to help young Albertans become involved in the Alberta horse racing industry. The three successful applicants were awarded a \$2,000 scholarship and will attend the Equine Studies program offered at Olds and Fairview College:

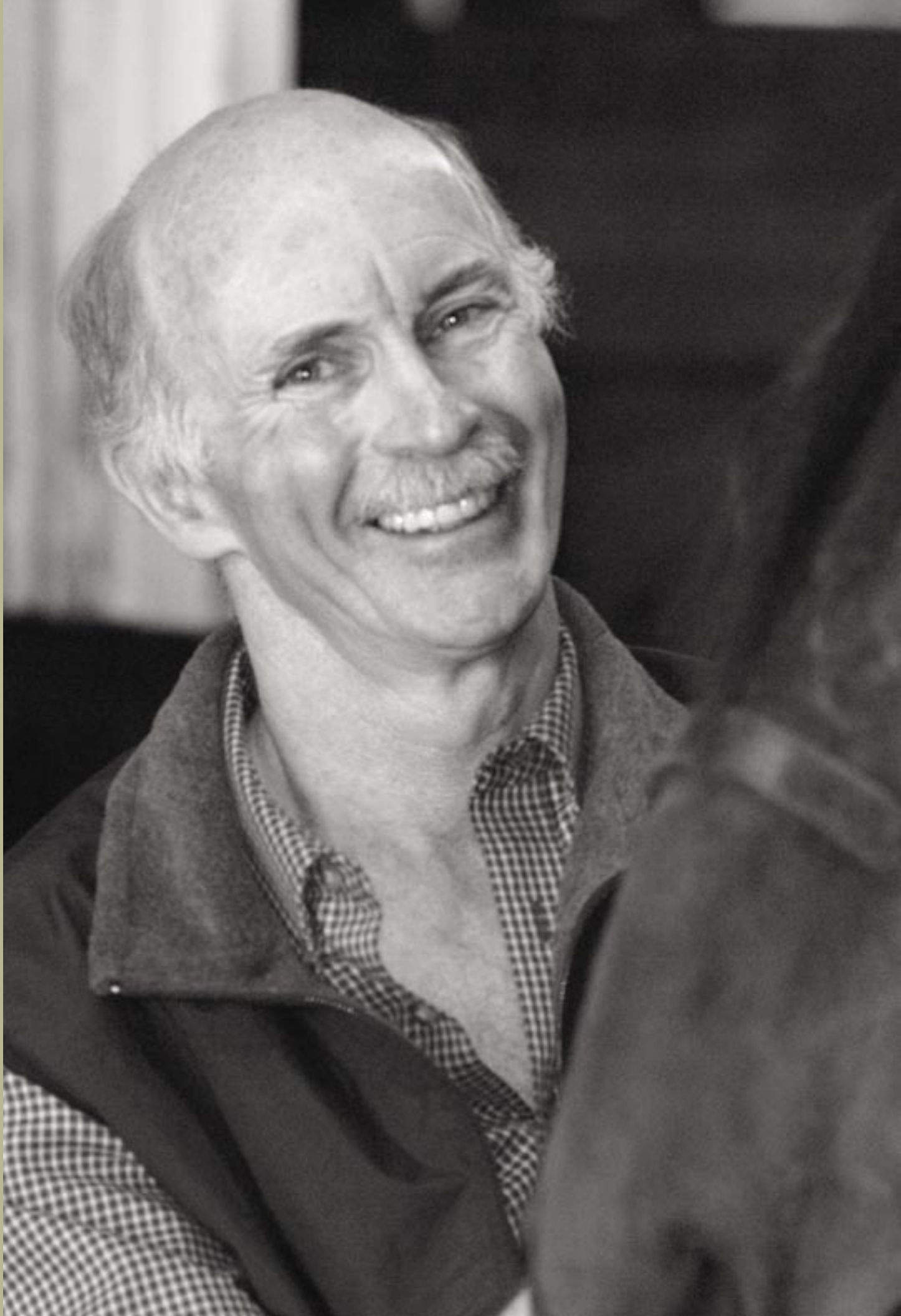
NAME	EDUCATIONAL FACILITY
Kaitlyn L. Barnes	Fairview College
Krystin Pamela Helgren	Olds College
Jennifer Anne Kunz	Olds College

Finally, the **Horse Racing Alberta Certified Groom Training Scholarship** was created. Two \$700 scholarships were awarded.

NAME	EDUCATIONAL FACILITY
Elizabeth Mackenzie	Olds College
Christal E. Wastle	Olds College



G7



# Dr. Greg Andrews

G7

Veterinarian

No horse can run, let alone win, without the care and expertise of a farrier and veterinarian. For three decades, Dr. Greg Andrews has been part of the Alberta racing scene. When a horse is hobbling, or ailing, his phone is ringing with calls from trainers across the province.

The relationship between trainers and vets is a balance between respect and interference. “I think we have a lot of input with respect to the horse’s legs and feet and what needs to be done to protect them,” he says. “But we don’t interfere in the actual training of a horse unless we’re asked for an opinion. We are advisors, not decision makers. The trainer has to balance our input with a number of other opinions and schedules, and that’s his job.”

Dr. Andrews hopes the next five years will bring improvements in diagnosis. “MRIs and bone scans are going to get better and that’s going to help us give better answers to trainers and owners,” Greg says. “But, as a vet, I will continue to speak for the horse.”

**Dr. Greg Andrews**

“The horse can’t speak for itself. That’s why we’re careful to provide the best veterinary care possible to ensure no health issue goes unnoticed or unresolved.”

Dr. Peter Martin, HRA Official Veterinarian

G7

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

#### **HEALTHY AS A ...**

Without question, the welfare of the equine athlete involved in this amazing and demanding sport will always remain a top priority. Industry professionals as well as race fans need to feel secure in the fact that all horses involved in racing are raised and handled in a humane manner. With this in mind, Horse Racing Alberta continued to work with industry organizations, animal welfare agencies, racetrack facilities and government agencies to identify and address possible areas of concern.

#### **NOW MAKING HORSECALLS**

While Horse Racing Alberta veterinarians continued to examine horses prior to and after each race, a vet-on-call program was also implemented to ensure access to veterinary care whenever needed.

#### **ANIMAL WELFARE**

Horse Racing Alberta’s Animal Welfare Sub-Committee, established in 2003 to address animal welfare issues and concerns, continued to make the industry aware of emerging disease threats, and advise on methods of prevention and treatment.

#### **EMERGENCY CARE**

Part of the Animal Welfare Committee’s “Ongoing Priorities and Actions” plan was to work with Alberta “A” tracks to ensure there are designated veterinary care facilities. Space has been made available at Stampede Park to be used by veterinarians to treat horses in a secure area. Northlands Park, in the process of building a new paddock area, has agreed to include space for an Equine Emergency Care Facility.

Horse Racing Alberta veterinarian Dr. Peter Martin has been quite instrumental in the planning process while dealing with practising veterinarians and liaising with Northlands Park building personnel. The facility is to be ready in June of 2005.

#### **RETIREMENT PLAN**

Horse Racing Alberta gives funding to Performance Standardbred, a group that looks after the placement of retired horses once their racing days are over. Performance Standardbred has been quite successful in finding new owners for retired standardbreds over the last fifteen years. This volunteer group also creates awareness of the standardbred horse and its many uses by managing a booth each year at Spruce Meadows.

Parks Canada, the Calgary and Vancouver City Police are just some of the organizations looking to use Performance Standardbred horses.



Poutin Lori, winner of the Canada Quarter Horse Cup Futurity, September 26, 2004



Fly Esteem, winner of the Alberta Derby on June 19, 2004

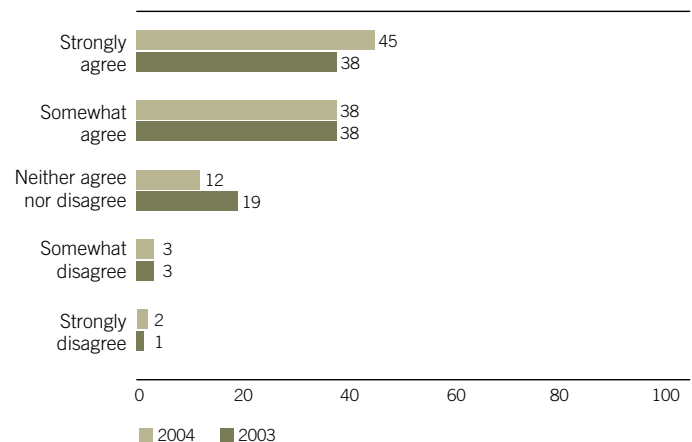
### FIRE SAFETY PROGRAM / SEMINARS

Horse Racing Alberta's Animal Welfare Committee sponsored a Fire Safety Seminar at Stampede Park on October 14, 2004. Course instruction included use of a fire extinguisher, safety practices for the use and storage of combustibles, recognizing potential fire hazards and dealing with them, fire smart practices and administering first aid to injured animals.

The seminar was attended by 49 people. Thirty-eight participants completed the testing and received fire safety certificates. More courses are planned for 2005 and 2006. Proof of attending a Fire Safety Course will be a requirement for anyone re-applying to work on the backstretch commencing with the 2007 licensing year.

Horse Racing Alberta also conducted other seminars on animal welfare issues in 2004, including Respiratory Conditions that Affect Racing Performance; and Ethical Conundrums and Contradictions in the Equine World.

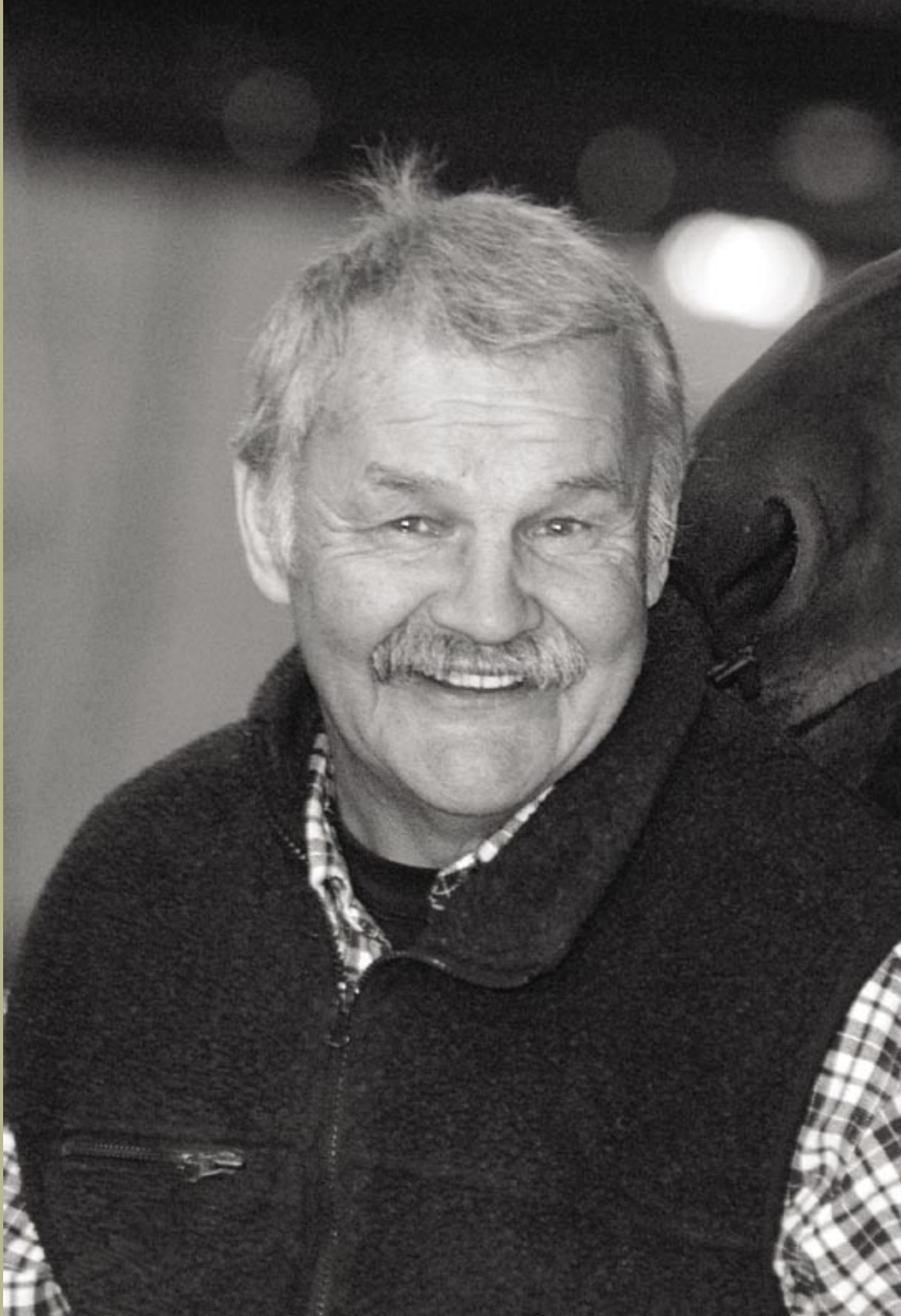
### TO WHAT EXTENT DO YOU AGREE OR DISAGREE THAT, IN ALBERTA'S HORSE RACING AND BREEDING INDUSTRY, ANIMALS ARE RAISED AND HANDLED IN A HUMANE MANNER?



Research Innovation Inc.'s "Horse Racing Alberta Results of 2004 and 2003 Industry and Public Surveys" report 2004 and 2003



G8





# Spud McCormac

G8

Standardbred Trainer

There was no more heart-warming story in Alberta racing in 2004 than that of a trainer named Joe “Spud” McCormac and how a horse bought for a mere \$500 became the Nat Christie champion.

With youngster Robert Shepherd at the controls, The Bruster finished second in the first elimination and qualified for the final. An hour later, Shepherd took him back out. Watching the race from the backstretch, Spud lost sight of his horse after it left the backstretch and turned for home. “I knew he looked good going by, although he was about ten lengths off the lead, and I could hear the roar of the crowd. He was four wide going past the three-quarter pole. In the stretch, I could hear the crowd yelling ‘Bruster! Bruster! Bruster!’ But I didn’t know we’d won until somebody ran over to tell me,” says Spud.

Looking back, Spud admits that he can’t help feel but pretty lucky. “I look at the winner’s circle photo... and all those people smiling,” he says.

**Joe “Spud” McCormac**

# “The key to industry growth is sustainable purse increases.”

Dr. David C. Reid, HRA Chairman & CEO

G8

**Increase purses, based on revenues available, to stimulate the overall activity and investment in the industry.**

Purse structure forms the basis for all aspects of the participation and investment in live horse racing in Alberta. Purses ultimately determine the activity and quality of the horses and horse racing being provided at all Alberta horse racing venues, which then directly determines the revenues being generated by all industry participants.

The purse structure in Alberta must be maintained and increased to ease the current financial pressure on the industry. It must provide an ongoing commitment to the fiscal viability of those participating in horse racing, and allow industry participants to plan for the long-term. The result of increased purses should be:

- a more vibrant horse breeding and racing industry in Alberta
- a higher quality of racing for racing fans (improved quality of horses; larger and more competitive fields) and an increased handle

- an increased number of race horses and racehorse owners in Alberta (stop owners from leaving the industry, encourage new owners, prevent the erosion of the average number of starters, stop owners from sending horses to other jurisdictions, attract horses from other jurisdictions)
- attaining the Working Committee target for optimal race days by facility in 2007
- a greater possibility of race horse owners and breeders making a positive return on their investment
- a positive environment to foster continued investment in racehorse ownership in Alberta
- attract appropriate numbers and sufficiently skilled jockeys and drivers



Organ Grinder, winner of the 75<sup>th</sup> Canadian Derby, August 28, 2004



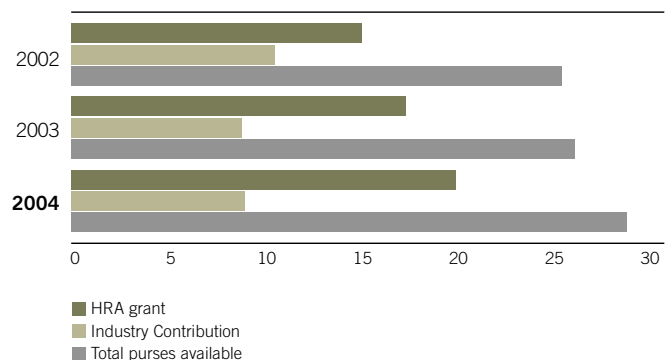
Lil Dude Starrbuck, winner of the Western Canada Pacing Derby on June 20, 2004

Horse Racing Alberta has taken a managed growth approach to this strategy. As a result, the past three years have seen a significant increase in participation and investment in the industry. With the knowledge that there will be sustained and constant growth, a confidence has been established within the racing and breeding sectors. Industry renewal is clearly occurring and HRA will remain diligent in ensuring that the economic and growth framework now in place remains sustainable and constant.

In 2004, HRA purse grants across the province were increased to \$19.4 million, an increase of 15 per cent. "A circuit" thoroughbred purses grew by 12 per cent and standardbred purses grew by 14 per cent. Community purse grants increased by 34 per cent.

### BETTER PURSES, BETTER RACING

MILLIONS OF DOLLARS





Keith Clark accepts the 2004 O'Brien Award of Horsemanship



Red Smith (& Don Danard) from the 2004 Hall of Fame Induction Ceremony

## Winning Off The Track

Along with a solid performance on and off the track, Horse Racing Alberta received much recognition in 2004 for its marketing materials.

- **2004 Travel Alberta Alto Marketing Excellence Award**
- **2004 Canadian Agriculture Marketing Association Award** for:
  - Best Total Campaign Consumer Direct
  - Best of Show Consumer Direct
  - Award of Merit for 2003 Annual Report
- **Gold Award** in small market from the North American Television Broadcast Design Association for the television show opener.
- **2004 Calgary Ad Rodeo**
  - First Place Anvil Radio single
  - First Place Anvil Radio series
  - Four, second place distinctions
- Finalist for a **2004 Sovereign Award** in the outstanding film/video/broadcast category for the 75<sup>th</sup> Canadian Derby television show.





**2004 Canadian Agriculture Marketing Association Award**  
 Best Total Campaign Consumer Direct  
 Best of Show Consumer Direct



**2004 Canadian Agriculture Marketing Association Award**  
 Award of Merit for 2003 Annual Report



PM





# Red Smith

PM

**Thoroughbred Trainer  
Member, Canadian Racing Hall of Fame**

There are few who are surprised Red Smith was inducted into the Canadian Horse Racing Hall of Fame in 2004. As a trainer who pays attention to detail, he could most easily be described as a horseman's horseman.

Red has been responsible for such recognized winners as Fancy As, Sea Reason and Ky Alta. Fancy As went on a 12-race winning streak and was undefeated in Alberta with earnings of \$650,000.

Over his 46 years in the business, Red's talents have paid off in more than 2,200 wins – more than any other trainer in the province. But it's not always the horse that's doing the winning. Red is a Sovereign Award winner as Canada's leading trainer, a title he achieved in 1977 while training for Bory Margolus's Elmbrook Stables – the leading money-maker in Alberta at the time. Red has also won sixteen seasonal training titles with the most recent in 2004.

"Good owners are the key," he says. "I've been fortunate to work with a lot of them over the years that have hung in there with me. For the most part they've left the decisions on where to run horses in my hands. And I've had a lot of good horses thanks to them."

**Red Smith**

“Horse Racing Alberta is committed to making a difference. We know it’s important to have a vision for the future, and set performance measures to evaluate how well we’re meeting our objectives.”

Mr. Andy Bryant, President & COO

## PM

### Performance Measures

#### PERFORMANCE MEASURES

Horse Racing Alberta recognizes the importance of monitoring performance. Specific performance measures have been selected to reflect the expected rejuvenation of the breeding and racing entertainment sectors as a result of the proposed initiatives. These measures, along with their related benchmarks and targets include:

#### BREEDING SECTOR

- Number of Registered Mares bred in Alberta
- Alberta Foal Production
- Alberta Foal Prices
- Representation of Alberta bred/Sired horses at Alberta Race Tracks

#### RACING ENTERTAINMENT

- Number of Live Race Days
- Racetrack Attendance
- Pari-mutuel Handle
- Number of Licensed Racehorse Owners
- Average Number of Starters Per Race

#### OTHER MEASURES

- Industry Satisfaction Survey
- Regulatory Licensee Survey
- Animal Welfare Survey

The industry, in establishing these goals and targets, wanted to be aggressive in determining measures that will continue to push the industry forward by attempting to meet and exceed these stated expectations. All performance measures are reviewed by the Board annually, as to what was done right and what needs to be done to improve the future.

Understanding why certain measures were achieved, or missed, is often more indicative and important than the targets themselves.



Battle to the Wire



Quincy Welch, Jockey

## 2004 - 2006 PERFORMANCE MEASURES

### BREEDING

Measure	2001 Actual	2002 Actual	2003 Actual	2004 Target	2004 Actual	2005 Target	2006 Target
<b>Number of Mares Bred in Alberta</b>							
Thoroughbred	800	862	910	875	880	900	925
Standardbred	488	480	547	550	576	575	575
Total	1,288	1,342	1,457	1,425	1,456	1,475	1,500
<b>Alberta Foal Production</b>							
Registered Thoroughbred Foals – Alberta-bred	480	478	498	450	490	480	500
Registered Standardbred Foals – Alberta-sired	299	272	298	315	315	330	345
Quarter Horses	115	120	130	200	226	210	220
<b>Alberta Yearling Prices</b>							
Average Price at the Alberta Thoroughbred Yearling Sale	\$8,200	\$ 7,126	\$ 8,112	\$ 8,400	\$ 8,401	\$ 8,600	\$ 8,800
Average Price at the Alberta Standardbred Yearling Sale	\$4,834	\$ 5,319	\$ 7,294	\$ 6,500	\$ 11,157	\$ 6,800	\$ 7,000
Average Price at the Alberta Quarter Horse Racing Yearling Sale	New Measure	\$ 2,745	\$ 2,744	\$ 3,000	\$ 2,887	\$ 3,100	\$ 3,200
<b>Representation of Alberta Bred/Sired Horses at Alberta Race Tracks</b>							
<b>Thoroughbreds</b>							
% of Purses at Alberta A Tracks Earned by Alberta-breds	New Measure	n/a	65%	68%	59%	70%	72%
% of Starters of at Least One Race at an Alberta A Track that were Alberta-breds	New Measure	n/a	61%	62%	58%	64%	65%
<b>Standardbreds</b>							
% of Purses at Alberta A Tracks Earned by Alberta-sired Runners	New Measure	n/a	62%	61%	58%	62%	63%
% of Starters of at Least One Race at an Alberta A Track that were Alberta-sired	New Measure	n/a	59%	62%	56%	63%	64%
<b>Quarterhorse</b>							
% of Starters of at Least One Race that were Alberta-foaled	New Measure	n/a	65%	62%	59%	63%	64%

n/a - data not available

## 2004 - 2006 PERFORMANCE MEASURES

### RACING ENTERTAINMENT

Measure	2001 Actual	2002 Actual	2003 Actual	2004 Target	2004 Actual	2005 Target	2006 Target
<b>Number of Scheduled Live Race Days</b>							
"A" Circuit							
Thoroughbred	110	110	117	119	119	117	120
Standardbred	125	126	132	135	135	135	140
Community	73	69	80	90	90	76-91	126
Total	308	305	329	344	344	328-343	386
<b>Racetrack Attendance</b>							
	n/a	n/a					
Northlands			1,060,614	1,073,936	1,164,887	1,127,633	1,184,014
Calgary			BMTBE	BMTBE	184,040	n/a	n/a
Lethbridge			57,380	60,249	66,363	63,261	66,425
Grande Prairie			17,304	18,169	29,293	19,078	20,032
Millarville			5,000	5,000	6,000	5,000	5,000
Total			1,140,298	1,157,354	1,450,583	1,214,972	1,275,471
<b>Pari-mutuel Handle</b>							
Alberta Racing Handle	\$ 52,074,145	\$ 50,781,787	\$ 48,740,510	\$ 50,417,100	\$ 46,853,212	\$ 51,776,000	\$ 54,091,300
Total Handle	\$147,051,410	\$152,927,729	\$151,751,913	\$156,372,000	\$156,725,839	\$160,349,200	\$166,395,200
<b>Number of Licensed Racehorse Owners</b>							
"A" Circuit							
Thoroughbred	1361	1369	1349	1310	1322	1350	1360
Standardbred	737	753	729	650	721	660	670
Community	371	307	390	400	404	410	450
Total	2469	2429	2468	2360	2447	2420	2480
<b>Average # of Starters Per Race</b>							
"A" Circuit							
Thoroughbred	7.36	7.81	7.62	8.00	7.81	8.00	8.00
Standardbred	7.89	8.19	8.18	8.10	8.35	8.10	8.10
Community	6.92	6.99	7.26	7.30	7.14	7.30	7.30
Provincial Average	7.52	7.83	7.79	7.90	7.91	7.90	7.90



## 2004 - 2006 PERFORMANCE MEASURES

### OTHER

Measure	2001 Actual	2002 Actual	2003 Actual	2004 Target	2004 Actual	2005 Target	2006 Target
<b>Industry Relations</b>	n/a	n/a					
Confidence in the Industry that HRA helps stabilize, enhance and ensure the growth and integrity of the Alberta horse racing and breeding industry.			81% 10.8%	<b>80%</b> <b>9%</b>	<b>84.1%</b> <b>7.6%</b>	80% 9%	80% 8%
Strongly & Somewhat Agree Somewhat and Strongly Disagree							
The Industries perception of HRA as leaders in promoting and facilitating the growth, integrity and economic contribution of the Alberta horse racing and breeding industry.			77.2% 13%	<b>80%</b> <b>12%</b>	<b>81.5%</b> <b>8.1%</b>	80% 11%	80% 10%
Strongly & Somewhat Agree Somewhat and Strongly Disagree							
The Public's satisfaction with the conduct of Alberta's racing and breeding industry.			45.5% 4%	<b>50%</b> <b>4%</b>	<b>55%</b> <b>5.3%</b>	55% 4%	60% 4%
Strongly & Somewhat Satisfied Somewhat and Strongly Dissatisfied							
<b>Regulatory</b>	n/a	n/a					
Satisfaction of Alberta licensees that Alberta's rules are appropriate rules for governing and regulating Alberta's horse racing industry.			87.5% 6.7%	<b>80%</b> <b>7%</b>	<b>86%</b> <b>7.7%</b>	80% 7%	80% 7%
Strongly & Somewhat Agree Somewhat and Strongly Disagree							
Satisfaction of Alberta licensees that Horse Racing Alberta applies and adjudicates on the rules of racing in a fair and timely manner.			80.6% 10.3%	<b>80%</b> <b>9%</b>	<b>79.6%</b> <b>10.5%</b>	80% 8%	80% 7%
Strongly & Somewhat Agree Somewhat and Strongly Disagree							
<b>Human Resources and Development</b>	n/a	n/a					
The extent to which the industry agrees there is sufficient education and training programs available for backstretch personnel.			31.3% 41.1%	<b>40%</b> <b>35%</b>	<b>44.7%</b> <b>38.7%</b>	45% 30%	50% 25%
Strongly & Somewhat Agree Somewhat and Strongly Disagree							
The extent to which the industry agrees there is a sufficient number of qualified employees in Alberta horse racing industry.			42.9% 38.1%	<b>48%</b> <b>33%</b>	<b>43.8%</b> <b>44.5%</b>	53% 30%	58% 25%
Strongly & Somewhat Agree Somewhat and Strongly Disagree							
<b>Animal Welfare</b>	n/a	n/a					
Industry perception that HRA promotes and encourages continuous improvement in the industries animal health, safety and welfare practices.			79.3% 9.9%	<b>80%</b> <b>9%</b>	<b>83.1%</b> <b>6.8%</b>	80% 8%	80% 7%
Strongly & Somewhat Agree Somewhat and Strongly Disagree							
Albertans perception that in Alberta's horse racing and breeding industry animals are raised and handled in a humane manner.			76.6% 4%	<b>78%</b> <b>5%</b>	<b>82.7%</b> <b>5.5%</b>	79% 5%	80% 5%
Strongly & Somewhat Agree Somewhat and Strongly Disagree							

# The Appeal Tribunal gives the industry an independent means of reviewing decisions on racing rules.

## Appeal Tribunal Rulings

Established by the Horse Racing Alberta Act, the Appeal Tribunal hears appeals launched by racing participants who are appealing decisions made by Judges and Stewards. The Appeal Tribunal operates at arms length from Horse Racing Alberta, who employs the Judges and Stewards. This disconnect eliminates the perception of bias on the Tribunal. The Tribunal has the power to subpoena witnesses and to otherwise conduct its affairs as it would in a court of law. A former Tribunal chairman, Gary Belecki QC, stated “it was my job to make sure that the process was fair for all participants.” He went on to add that the purpose of the Tribunal was “to ensure that the rules, as they are written, are properly enforced.”

There are always winners and losers at appeals, but the evidence is overwhelming that regardless of the outcome, the participants who have come before the Tribunal believe they are getting due process and a fair hearing.

Members of the Tribunal are appointed by the Minister of Gaming with one member being designated as the Chair of the Appeal Tribunal. Current Tribunal members are Mr. James Butlin QC (Chair), Mr. William Elzinga and Mr. Morris Taylor.



Bird's Eye View

## APPEALS HEARD

### OWNER/TRAINER – THOROUGHBRED

Thoroughbred Ruling No. 23, Whoop-Up Downs, October 25, 2003

Issue: Fined \$250 for withdrawing registration papers.

Appeal Heard: March 19, 2004

Written Judgment: April 20, 2004

Decision: Appeal dismissed. Fine of \$250 upheld.

### OWNER/TRAINER/A.A./EXERCISE PERSON/FEEDMAN – THOROUGHBRED

Thoroughbred Ruling No. 20, Stampede Park, April 18, 2004

Issue: Fined \$400 for refusing the administration of furosemide – Rule 35 2 (b)(d)

Appeal Heard: May 27, 2004

Written Judgment: June 8, 2004

Decision: Appeal dismissed in part. The Stewards Ruling No. 20 that the appellant was in violation of Rule 35 2(b)(d) is sustained. The penalty imposed of \$400 is reduced to \$200 payable within 14 days.

### OWNER/GROOM – STANDARD BRED

Harness Ruling No. 54, Northlands Park, May 21, 2004

Issue: Rule 187 (a) and Rule 188 (1) (xxx)

Appeal Heard: August 10, 2004

Written Judgment: August 10, 2004

Decision: Appeal is granted and violation of Rule 188 (1) (xxx) is set aside. The fine of \$250 and the appeal fee of \$100 are remitted to the appellant.

### TRAINER – QUARTER HORSE

6<sup>th</sup> Race, Evergreen Park, Grande Prairie, August 1, 2004

Issue: Disqualification of the horse "The Canadian Prince"

Appeal Heard: August 24, 2004

Written Judgment: August 24, 2004

Decision: Appeal dismissed and the decision upheld.

### OWNER – THOROUGHBRED

Thoroughbred Race No. 2, Stampede Park, June 6, 2004

Issue: Decision of Board of Stewards regarding trainer claim of foul.

Appeal Heard: August 10, 2004

Written Judgment: September 17, 2004

Decision: Appeal dismissed and decision upheld.

### JOCKEY – THOROUGHBRED

Thoroughbred Ruling No. 103, Northlands Park, September 19, 2004

Issue: Rule 143, Rule 171(a), Rule 177, Rule 195 (2)(a)

Appeal Heard: Not heard due to abandonment

Written Judgment: October 20, 2004

Decision: Appeal abandoned.







## Conclusion

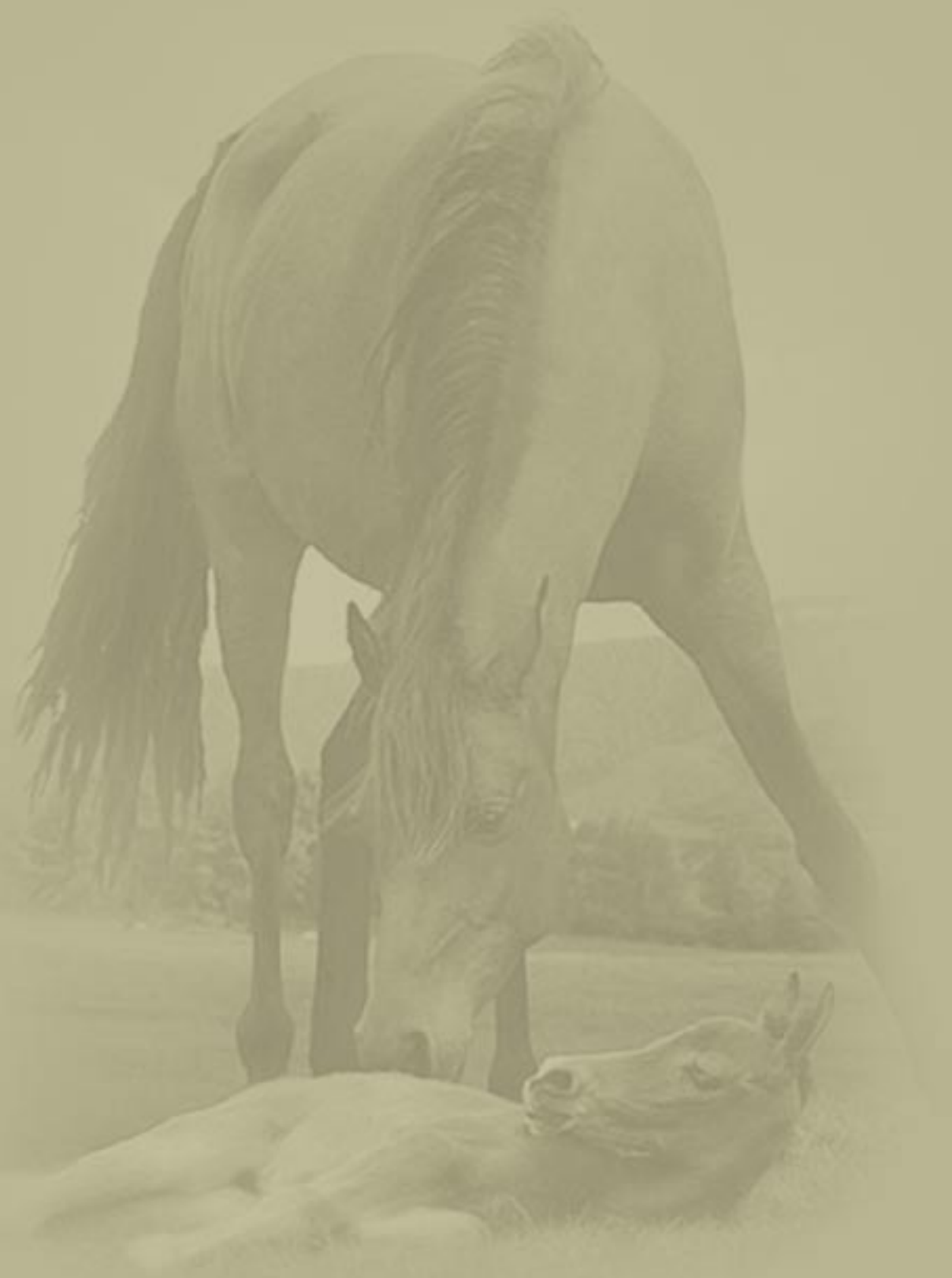
Horse Racing Alberta focuses on strategic goals which provide the framework for the continued development of industry confidence, stability and accountability. Success in these three areas ensures that growth and unity within the industry will continue as planned. This progress shall further enhance the position of the Alberta horse racing industry within the agricultural sector and the provincial economy.

When measuring the success of the industry, it must be done within the context of how far it has come over the past year.

Horse Racing Alberta's professional goals continue to reflect relative expectations in a complex industry. Many key decisions made and initiatives implemented may take three to five years to come to fruition. Horse Racing Alberta has addressed immediate and pressing issues, while also implementing sound strategic actions that allow all segments of the industry to be revitalized.

Horse Racing Alberta will continue to lead by example and cooperation, and communication will allow the industry's collective efforts to materialize through growth, long-term stability and excellence.





Financial Statements of

## **HORSE RACING ALBERTA**

Year ended December 31, 2004



**KPMG LLP**  
**Chartered Accountants**  
10125 - 102 Street NW  
Edmonton AB T5J 3V8  
Canada

Telephone (780) 429-7300  
Fax (780) 429-7379  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT TO THE MEMBERS

We have audited the statement of financial position of Horse Racing Alberta (the "Corporation") as at December 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Edmonton, Canada  
March 22, 2005

# HORSE RACING ALBERTA

## Statement of Financial Position

December 31, 2004, with comparative figures for 2003

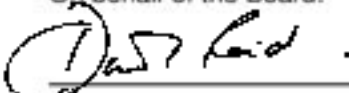
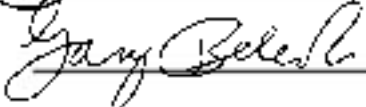
	2004	2003
<b>Assets</b>		
Current assets:		
Cash	\$ 3,602,837	\$ 8,194,112
Accounts receivable	1,188,181	1,187,715
Contributions receivable from Alberta Gaming	8,693,826	8,169,634
Prepaid expenses	59,951	47,227
Advances receivable (note 3)	-	2,006,440
	13,544,795	19,605,128
Capital assets (note 4)	135,425	100,297
	<u>\$ 13,680,220</u>	<u>\$ 19,705,425</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 932,007	\$ 1,137,144
Racetrack grants payable	2,157,926	2,060,996
Deferred contributions from Alberta Gaming (note 5)	836,051	14,966,136
	3,925,984	18,164,276
Net assets:		
Investment in capital assets	135,425	100,297
Unrestricted	9,618,811	1,440,852
	9,754,236	1,541,149
Commitments (note 7)		
Contingency (note 8)		
	<u>\$ 13,680,220</u>	<u>\$ 19,705,425</u>

See accompanying notes to financial statements.

On behalf of the Board:

Chairman of the Board

Chairman of the Audit Committee

# HORSE RACING ALBERTA

## Statement of Operations

Year ended December 31, 2004, with comparative figures for 2003

	2004 Budget (Unaudited)	2004	2003
Revenue:			
General fees	\$ 7,818,600	\$ 7,820,025	\$ 7,583,854
Racing Industry Renewal Initiative revenues (note 5)	37,249,240	49,347,968	32,730,296
Other racing revenues	958,100	1,010,385	876,506
Interest and other revenues	83,000	112,956	137,757
	46,108,940	58,291,334	41,328,413
Expenses:			
Purse Support Grants:			
Thoroughbred	8,087,400	8,087,400	7,192,128
Standardbred	7,761,700	7,951,673	7,211,677
Community	3,419,000	3,371,596	2,524,200
	19,268,100	19,410,669	16,928,005
Breeding Development Program:			
Thoroughbred	3,802,000	3,612,868	3,177,307
Standardbred	2,868,300	2,828,135	2,365,391
Community	753,000	662,007	544,164
	7,423,300	7,103,010	6,086,862
	26,691,400	26,513,679	23,014,867
Racetrack grants (Schedule A)	15,205,640	16,712,299	12,341,084
Marketing and promotion (Schedule B)	3,350,000	3,295,259	2,612,111
Animal welfare	100,000	50,705	41,802
Human resource development	500,000	189,909	161,082
Emerging programs and projects	1,000,000	-	607,300
Regulatory and administration (Schedule C)	3,396,400	3,316,396	2,638,557
	50,243,440	50,078,247	41,416,803
Excess revenue (expenses)	\$ (4,134,500)	\$ 8,213,087	\$ (88,390)

See accompanying notes to financial statements.



# HORSE RACING ALBERTA

## Statement of Changes in Net Assets

Year ended December 31, 2004, with comparative figures for 2003

	2004			2003
	Investment in capital assets	Unrestricted	Total	Total
Balance, beginning of year	\$ 100,297	\$ 1,440,852	\$ 1,541,149	\$ 1,629,539
Excess revenue (expenses)	(23,773)	8,236,860	8,213,087	(88,390)
Acquisition of capital assets	58,901	(58,901)	-	-
Balance, end of year	\$ 135,425	\$ 9,618,811	\$ 9,754,236	\$ 1,541,149

See accompanying notes to financial statements.

# HORSE RACING ALBERTA

## Statement of Cash Flows

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003
Cash flows from operating activities:		
Cash received:		
Racing operations	\$ 8,829,944	\$ 8,216,159
Racing Industry Renewal Initiative program	34,693,691	40,155,945
Other interest received	29,239	185,707
Other receipts	83,717	95,161
Cash paid:		
Purse support	(19,410,669)	(16,928,005)
Breeding development	(7,292,002)	(5,588,183)
Racetrack grants	(16,615,369)	(15,204,803)
Marketing and promotion	(3,295,259)	(2,540,456)
Other operating expenses	(240,614)	(810,183)
Administrative expenses	(3,321,492)	(2,473,526)
Net cash provided by (used for) operating activities	(6,538,814)	5,107,816
Cash flows from investing activities:		
Repayment of advances from industry partners	2,006,440	3,549,982
Advances to industry partners	-	(3,650,000)
Purchase of capital assets	(58,901)	(80,353)
Net cash provided by (used for) investing activities	1,947,539	(180,371)
Increase (decrease) in cash	(4,591,275)	4,927,445
Cash, beginning of year	8,194,112	3,266,667
Cash, end of year	\$ 3,602,837	\$ 8,194,112

See accompanying notes to financial statements.

# HORSE RACING ALBERTA

## Notes to Financial Statements

Year ended December 31, 2004

---

### 1. Authority and purpose of the Corporation:

Horse Racing Alberta (the "Corporation") 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 Corporation is a non-profit organization as defined in Section 149(1)(l) of the Income Tax Act and is exempt from income taxes. The Corporation 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.

### 2. Significant accounting policies:

#### (a) Capital assets:

Capital assets are recorded at cost. Capital assets are amortized on the straight-line basis over their estimated useful lives as follows:

Asset	Rate
Office equipment and furniture	10 Years
Computer hardware and software	3 Years

Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or their estimated useful lives.

#### (b) Revenue recognition:

The Corporation follows the deferral method of accounting. Unrestricted contributions are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions and interest earned thereon are recognized as revenue in the year in which the related expenses are incurred.

Assessments, fines, levies and interest on unrestricted funds are recognized as revenue when earned and collection is reasonably assured.

# HORSE RACING ALBERTA

Notes to Financial Statements (continued)

Year ended December 31, 2004

## 2. Significant accounting policies (continued):

### (c) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 3. Advances receivable:

	2004	2003
Northlands Park, non-interest bearing, unsecured, maturing December 31, 2004	\$ -	\$ 2,006,440

## 4. Capital assets:

			2004		2003
	Cost	Accumulated amortization	Net book value		Net book value
Office equipment and furniture	\$ 105,670	\$ 41,700	\$ 63,970	\$	72,257
Computer hardware and software	206,183	147,242	58,941		12,249
Leasehold improvements	16,384	3,870	12,514		15,791
	\$ 328,237	\$ 192,812	\$ 135,425	\$	100,297

# HORSE RACING ALBERTA

Notes to Financial Statements (continued)

Year ended December 31, 2004

## 5. Deferred contributions from Alberta Gaming:

Deferred contributions represent unspent resources received and receivable from Alberta Gaming which are externally restricted. Changes in the deferred contributions balance are as follows:

	2004	2003
Balance, beginning of year	\$ 14,966,136	\$ 12,636,440
Contributions during the year	35,076,149	34,916,880
Interest received on deferred contributions	141,734	143,112
Amount recognized as revenue in the year	(49,347,968)	(32,730,296)
Balance, end of year	\$ 836,051	\$ 14,966,136

## 6. Compensation:

	Positions	Compensation	Benefits	2004	2003
Chairman	1.0	\$ 141,758	\$ -	\$ 141,758	\$ 98,630
Board of Directors	10.0	103,600	3,268	106,868	110,469
President and Chief Operating Officer	1.0	170,000	20,531	190,531	177,498
Managers:					
Racetrack and administration	4.0	252,062	29,638	281,700	233,162
Non-management staff:					
Racetrack	18.0	593,269	82,764	676,033	569,686
Administration	7.0	152,646	29,041	181,687	179,313
	25.0	745,915	111,805	857,720	748,999
	41.0	\$ 1,413,335	\$ 165,242	\$ 1,578,577	\$ 1,368,758



# HORSE RACING ALBERTA

Notes to Financial Statements (continued)

Year ended December 31, 2004

---

## 7. Commitments:

The Corporation rents office premises in Edmonton, expiring March 2008 and in Calgary, expiring December 2007. The Corporation also has office equipment under operating leases through to 2008. Annual payments are as follows:

---

2005	\$	126,120
2006		68,107
2007		64,374
2008		15,533
		<hr/>
		\$ 274,134

---

The Corporation is also responsible for its proportionate share of property taxes and building operating costs for the leased premises.

## 8. Contingency:

The Corporation is one of several defendants in a lawsuit alleging a breach of agreement for the building and operations of a new racetrack, interference with the economic interests of the Plaintiff, and wrongfully revoking the racing license.

Management is of the opinion that this claim is without merit, and accordingly, no provision has been recorded in the financial statements. The litigation is in its preliminary stages and the outcome is not currently determinable.

## 9. Fair value of financial assets and financial liabilities:

The fair value of the Corporation's cash, accounts receivable, contributions receivable from Alberta Gaming, advances receivable, accounts payable and accrued liabilities and racetrack grants payable approximate their carrying amounts.

## 10. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

# HORSE RACING ALBERTA

## Schedule A - Racetrack Grants

Year ended December 31, 2004, with comparative figures for 2003

	Budget (unaudited)	2004	2003
Northlands Park	\$ 7,642,820	\$ 8,285,398	\$ 7,298,710
Calgary Exhibition and Stampede	3,595,253	4,313,268	3,653,509
Alberta racetrack capital fund grant	2,006,440	2,006,440	-
Rocky Mountain Turf Club	1,379,519	1,421,507	1,278,019
Grande Prairie Regional Agricultural and Exhibition Society	581,608	685,686	110,846
	\$ 15,205,640	\$ 16,712,299	\$ 12,341,084

## Schedule B - Marketing and Promotion

Year ended December 31, 2004, with comparative figures for 2003

	Budget (unaudited)	2004	2003
Branding	\$ 1,070,000	\$ 1,357,014	\$ 897,214
Marketing grants to racetracks	950,000	836,051	827,886
Live race broadcasting	600,000	571,597	290,315
Internal marketing, public and media relations, technology, consumer research	730,000	530,597	596,696
	\$ 3,350,000	\$ 3,295,259	\$ 2,612,111

## Schedule C - Regulatory and Administration

Year ended December 31, 2004, with comparative figures for 2003

	Budget (unaudited)	2004	2003
Compensation (note 6)	\$ 1,642,000	\$ 1,578,577	\$ 1,368,758
Legal, consulting and audit fees	390,000	480,283	251,444
Travel	220,000	244,793	220,397
Contractors	210,000	212,800	201,648
Office and administration	199,000	207,212	160,362
Racetrack licencing expense	120,000	176,236	93,684
Office rent and operating costs	115,000	113,552	104,496
Committee expenses	274,400	77,267	26,773
Insurance	56,000	50,755	41,833
Telephone	52,000	50,562	53,302
Other	40,000	47,556	19,898
Amortization	18,000	23,773	16,813
Toxicology	15,000	22,615	19,099
Memberships	15,000	15,641	22,909
Meetings and seminars	10,000	9,577	18,040
Appeal tribunal	20,000	5,197	19,101
	\$ 3,396,400	\$ 3,316,396	\$ 2,638,557

## PHOTO CREDIT PAGE

### FRONT COVER

I Photo taken by Dale MacMillan at the 75<sup>th</sup> Canadian Derby, August 28, 2004.

### INSIDE COVER

I Photo taken by Dave Landry. ©

### PAGE 5

I Horsephotos.com ©

### PAGE 8/9

I Joe O'Brien. Photo taken by Craig Dollick.  
I Cathy Torfason. Photo taken by Craig Dollick  
I Don Monkman Jr. Photo taken by Craig Dollick  
I Leanne Painter. Photo taken by Dale MacMillan

### PAGE 10/11

I Robert Shepherd. Photo taken by Craig Dollick  
I Gerry Hudon. Photo taken by Craig Dollick  
I Windy Turton. Photo taken by Dale MacMillan  
I Janice Sather. Photo taken by Dale MacMillan

### PAGE 12/13

I 75<sup>th</sup> Canadian Derby, August 28, 2004.  
Photo taken by Dale MacMillan.

### PAGE 14/15

I Photo courtesy of Ryan Haynes, Coady Photo Ltd.

### PAGE 16/17

I Tim Schneider. Photo taken by Dale MacMillan.

### PAGE 19

I Awards. Photo taken by Dale MacMillan.  
I Crowd at the 75<sup>th</sup> Canadian Derby. Photo taken by Dale MacMillan.

### PAGE 20/21

I Mitch Klimove. Photo taken by Dale MacMillan.

### PAGE 23

I The Bruster, winner of the Nat Christie Memorial Stake, August 29, 2004. Photo taken by Kevin Tunney, Coady Photo Ltd.  
I Bill Ceminehuk. Photo taken by Dale MacMillan.

### PAGE 26/27

I Jamie Gray. Photo taken by Craig Dollick.

### PAGE 30/31

I David Kapchinsky. Photo taken by Dale MacMillan.

### PAGE 33

I Photo taken by Dave Landry. ©  
I Jennie Reid. Photo taken by Kaye Reid.

### PAGE 35

I Silks. Photo taken by Kevin Tunney, Coady Photo Ltd.

### PAGE 36/37

I Conrad "Dude" Dick. Photo taken by Dale MacMillan.

### PAGE 40/41

I Lianne Knechtel. Photo taken by Dale MacMillan.

### PAGE 43

I Photo taken by Olds College  
I Controlled Meeting, winner of the Ky Alta on July 24, 2004.  
Photo taken by Ryan Haynes, Coady Photo Ltd.

### PAGE 44/45

I Dr. Greg Andrews. Photo taken by Craig Dollick.

### PAGE 47

I Poutin Lori, winner of the Canada Quarter Horse Cup Futurity, September 26, 2004. Photo taken by Coady Photo.  
I Fly Esteem, winner of the Alberta Derby on June 19, 2004.  
Photo taken by Kevin Tunney, Coady Photo Ltd.

### PAGE 48/49

I Joe "Spud" McCormac. Photo taken by Craig Dollick.

### PAGE 51

I Organ Grinder, winner of the 75<sup>th</sup> Canadian Derby, August 28, 2004. Photo taken by Ryan Haynes, Coady Photo Ltd.  
I Lil Dude Starrbuck, winner of the Western Canada Pacing Derby on June 20, 2004. Photo taken by Ryan Haynes, Coady Photo Ltd.

### PAGE 52

I Keith Clark. Photo taken by Todd Hobley Photography.  
I Red Smith (& Don Danard) from the 2004 Hall of Fame Induction Ceremony. Photo from Canadian Horse Racing Hall of Fame.

### PAGE 54/55

I Red Smith. Photo taken by Dale MacMillan.

### PAGE 57

I Photo taken by Dale MacMillan on August 28, 2004.  
I Quincy Welch. Photo taken by Dale MacMillan.

### PAGE 61

I 75<sup>th</sup> Canadian Derby. Photo taken by Dale MacMillan.

### PAGE 62/63

I Photo taken by Dale MacMillan on August 28, 2004.

### PAGE 64

I Horsephotos.com ©

### FOOTNOTES

- <sup>1</sup> "Alberta Horse Racing Industry Review Prepared by: Alberta Horse Racing Industry Review Working Committee," June 29, 2001
- <sup>2</sup> "The Economic Impacts of Horse Racing and Breeding in Alberta," Serecon Management Consulting Inc., Edmonton, AB, 2004
- <sup>3</sup> "The Economic Impacts of Horse Racing Industry in Alberta Prepared for Alberta Racing Corporation," Nichols Applied Management, 1999

© All photos in this document are copyright of their respective owners and may not be used without permission.



**Horse Racing Alberta  
Corporate Office**

720, 9707 – 110 St.  
Edmonton, AB T5K 2L9

Ph: 780-415-5432  
Fax: 780-488-5105  
Toll free: 1-888-553-7223

**[www.thehorses.com](http://www.thehorses.com)**

**Calgary Office**

602 Sloane Square  
5920 – 1 A St. SW  
Calgary, AB

(mailing address)  
Box 5684  
Postal Station A  
Calgary, AB T2H 1Y1

Ph: 403-543-8951  
Fax: 403-543-8950

