



Horse Racing Alberta **ANNUAL REPORT 2021**



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VISION

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

MANDATE

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

MISSION

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

CORE BUSINESS

To stabilize, enhance and ensure the growth and integrity of the Alberta horse racing and breeding industry.

2021 Board of Directors

Diana McQueen	Board Chair (as of April 16)
Erika Bottcher	Acting Board Chair (to April 15)
Darrell Bauder	Canadian Thoroughbred Horse Society Representative (as of January 28))
Don McDougall	Alberta Standardbred Association Horsemen Representative (as of April 30)
John Hind	Alberta Standardbred Association Breeders Representative
Allen Goodsell	Horsemen's Benevolent and Protective Association Representative
Dale Zukowski	Other Breeds Representative (as of March 25)
Paul Ryneveld	"A" Circuit Representative
Geoff Smith	"A" Circuit Representative
Dan Gorman	"B" Circuit Representative
Erika Bottcher	Public Member/Vice Chair
Phillip Stuffco	Public Member
Brittany Davis	Public Member
Ashley Robertson	Ex-Officio Treasury Board and Finance Non-Voting (as of March 25)
Michelle Follensbee	Ex-Officio Agriculture Non-Voting
Kent Verlik	Chief Executive Officer, Non-Voting

2021 HRA Committee Chairs

Erika Bottcher	Governance and Compensation Committee
John Hind	Audit and Finance Committee
Brittany Davis	Strategic Growth and Breed Improvement Committee
Phillip Stuffco	Regulatory and Licensing Committee



Message from the Board Chair and the CEO



In 2021, the Alberta horse racing industry continued to feel the many impacts of the COVID-19 global pandemic, including the restrictions and lockdowns to help keep as many people and horses safe. These restrictions and lockdowns tested our industry at every level. Still, Alberta horsemen, horsewomen, casino operators, Horse Racing Alberta (HRA) management and employees, HRA Board and Committee members, and all other stakeholders once again came together to fight back. Instead of waiting to see what would happen, we all did our level best to plan, shift and pivot when we needed to, and bring the people and the horses back onto the track whenever it was safe to do so.

The days we were able to race then became more special than usual as we had all felt the effects of the delays, lockdowns, and restrictions. You could feel the electric atmosphere on our race days as they gave us the chance to celebrate our equine athletes and showcase the talented racehorses we have in Alberta. We also had the opportunity to celebrate our owners and the hardworking members of the backstretch, who hung in there despite the obstacles.

As we move forward with our industry, improving purse allocation and breeder incentive programs is essential to attract new owners and breeders to Alberta. We created strategic incentive programs to bolster horse quality and improve numbers as we advance. We will strive to grow the racehorse population, increase field sizes, attract more fans, and drive handle to preserve the sustainability of the Alberta horseracing industry.

Another main focus in 2021 and beyond is to continue to improve our facilities through annual Backstretch/Racetrack Surface and Occupational Health and Safety inspections. We have a social responsibility and duty of care to protect the health and safety of our equine athletes and racing participants. Striving towards continuous improvement in the backstretch and racetrack surfaces will enhance our racing environment. We completed facility inspections at Century Downs Racetrack and Casino, Century Mile Racetrack and Casino, Evergreen Park, Rocky Mountain Turf Club, and Track on 2. Thank you to all of the racetrack staff, horsemen, and horsewomen for participating in the inspections and helping enhance our racing environments.

We also continued to modernize our regulatory environment to make it more measured, consistent, and accountable. We are raising the bar to provide clarity, accountability, and regular communications for our licensees and stakeholders. An updated version of The Rules Governing Horse Racing in Alberta was posted on December 31, 2021, and includes all directives and rule changes made since May 1, 2013. The newest version stands as the “sole source of truth” for Alberta horse racing rules. We also worked hard to incorporate a new process to implement rule changes more openly and transparently as this latest version will be updated on an ongoing basis.

Our industry also participated in the Government of Alberta’s Horse Racing Alberta Governance Review project in 2021. The Government enlisted third parties to conduct stakeholder engagement processes, review best practices from other jurisdictions, assess current policies and regulations, and propose a governance model to create an arms-length and independent Alberta horse racing industry association and appeals process. We look forward to collaborating more on this project in 2022 to find the best path forward for Alberta horse racing.

On behalf of the Horse Racing Alberta (HRA) Board of Directors, our Management Team, and the entire Horse Racing Alberta team, thank you all for your dedication, hard work, and passion for the sport of horse racing in Alberta.

A handwritten signature in black ink, appearing to read 'D. McQueen'.

Diana McQueen
Chair, HRA Board of Directors

A handwritten signature in black ink, appearing to read 'Kent Verlik'.

Kent Verlik
HRA Chief Executive Officer

Organizational Strategy and Performance Metrics

Organizational Strategy

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

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

HRA Strategic Thrusts



Values Based Culture

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



Organizational Alignment and Effectiveness

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



Technology Driven Resilience

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



Responsible Growth

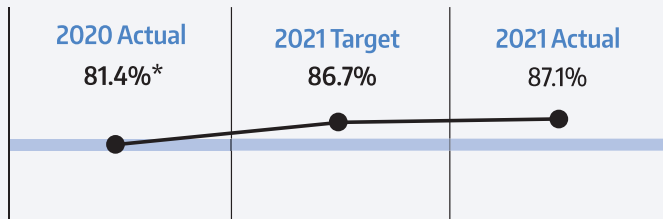
We will responsibly generate and grow revenue to stabilize and enhance the horse racing and breeding industry for the benefit of all Albertans.

Organizational Strategy and Performance Metrics

Summary of Performance Metrics

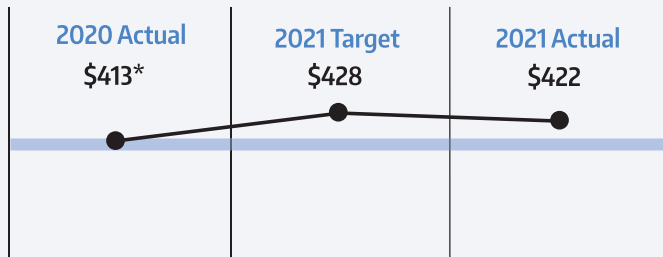
Organizational Alignment & Effectiveness

Racing Event Compliance



* % Races w/o Rulings

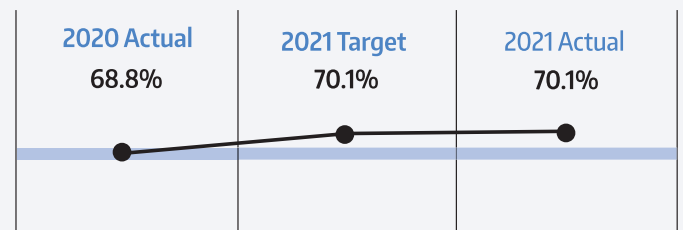
Total Provincial Marketing Expense



* Dollar totals are in '000s

Value-Based Culture

Stakeholder Engagement Index



Technology Driven Resilience

Measure	Actual 2020	Target 2021	Target 2022	Target 2023
HRA Resiliency Index	N/A*	Establish Baseline	5% over Baseline	8% over Baseline

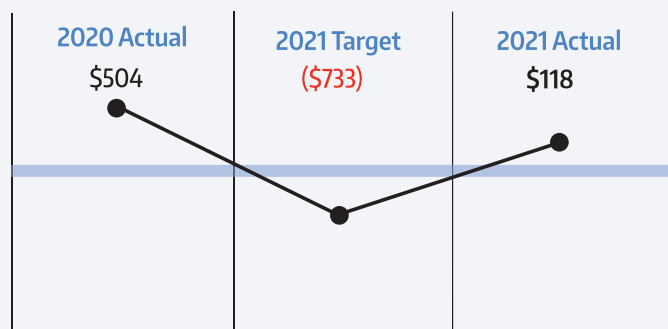
*HRA Organizational Resiliency Index under development. The index measures perceived performance across 16 elements in four categories (Leadership, People, Process and Product).

Organizational Strategy and Performance Metrics

Summary of Performance Metrics

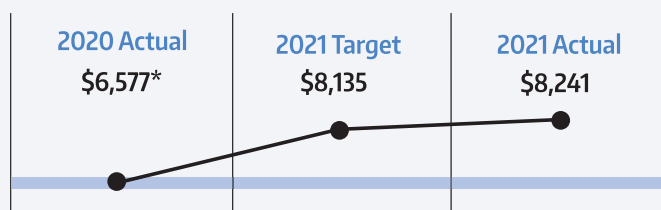
Responsible Growth

HRA Cumulative Surplus (Deficit)



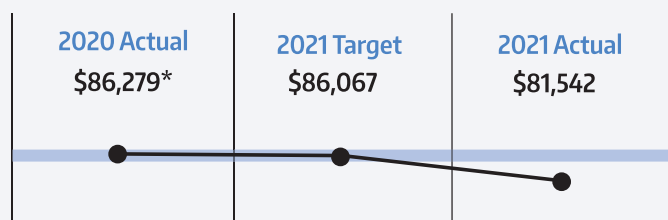
* Dollar totals are in '000s

Total Purse Grants



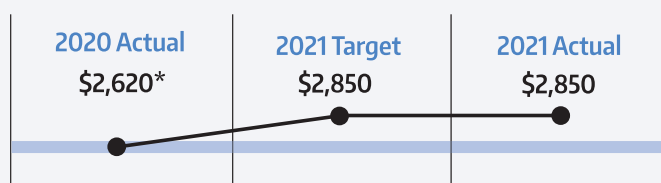
* Dollar totals are in '000s

Total Pari-Mutuel Handle



* Dollar totals are in '000s

Total Breed Improvement Investment



* Dollar totals are in '000s

Performance Metrics	Actual 2020	Target 2021	Actual 2021
Stakeholder Engagement Index	68.8%	70.1%	70.1%
Racing Event Compliance	81.4%	86.7%	87.1%
Total Provincial Marketing Expense	\$413*	\$428	\$422
HRA Resiliency Index	In Development	In Development	In Development
HRA Cumulative Surplus (Deficit)	\$504	(\$733)	\$118
Total Pari-Mutuel Handle	\$86,279	\$86,067	\$81,542
Total Purse Grants	\$6,577	\$8,135	\$8,241
Total Breed Improvement Investment	\$2,620	\$2,850	\$2,850

* Dollar totals are in '000s

Regulatory and Appeals

Appeal Tribunal – Appeal/Hearings by Year

Year	Thoroughbred Appeals	Thoroughbred Hearings	Standardbred Appeals	Standardbred Hearings	“B” Circuit Appeals	“B” Circuit Hearings	Total	Cost
2021	0	1	0	1	0	0	2	\$94,720
2020	0	8	2	2	0	0	12	\$190,902
2019 ¹	8		3		0		11	\$140,861
2018	4		4		8		16	\$202,811
2017 ²	1		7		4		12	\$215,097
2016	1		5		3		9	\$52,452
2015	0		0		0		0	\$7,491
2014	4		1		3		8	\$37,682
2013	0		1		4		5	\$37,118
2012	1		4		2		7	\$58,518
2011 ³	1		1		1		3	\$30,550
2010	0		3		2		5	\$16,690
2009	0		3		4		7	\$22,405
2008	0		2		6		8	\$9,619
2007	1		3		0		4	\$4,384

¹ No quorum due to a lack of a Board Chair 2019

² HRA assumed administrative support January 2017

³ AGLC assumed administrative support June 2011

Number of Rulings by Category in 2021

	Thoroughbred	Standardbred	Quarter Horse	Community	Grand Total
Administration	26	10	4	17	57
Conduct	2	2	0	4	8
Human Postives	1	1	1	2	5
Horse Positives	2	2	0	0	4
Interference/Racing Violations	20	27	0	11	58
Urging	3	23	9	4	39
Totals	54	65	14	38	171

Regulatory and Appeals

Equine Drug Testing ²

January 1, 2021 – December 31, 2021

Racetracks by Category	Blood		Urine		TCO2		Out-of-Competition ³		Erythropoietin (EPO) ³		Days Raced
	Tests	Positives	Tests	Positives	Tests	Positives	Tests	Positives	Tests	Positives	
Thoroughbred/Quarterhorse											
Century Mile	193	2	632	0	408	0	4	0	55	0	47
Century Downs ¹	0	0	0	0	0	0	0	0	0	0	0
Standardbred											
Century Mile	13	0	53	0	23	0	0	0	0	0	4
Century Downs	149	0	538	2	385	0	0	0	32	0	45
Community											
The Track On 2	69	0	72	0	24	0	0	0	24	0	15
Rocky Mountain Turf Club	73	0	190	0	0	0	0	0	0	0	26
Evergreen Park	34	0	141	0	0	0	0	0	0	0	16
Totals	531	2	1,626	2	840	0	4	0	111	0	153

¹ There was no Thoroughbred Racing at Century Downs in 2020 and 2021.

² Information provided by Bureau Veritas and Racing Forensics.

³ Out-of-Competition and Erythropoietin tests are blood samples.

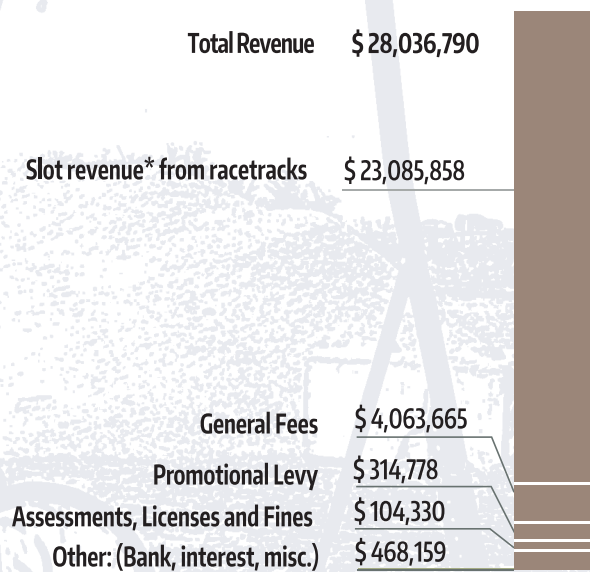
Human Drug Screening Tests and Drug Testing

January 1, 2021 – December 31, 2021

Racetrack	Total DRAGER Screening Tests Administered	Total Testing and Confirmation Tests Administered	Total Positive Drug Tests
Century Mile Racetrack and Casino	17	1	1
Century Downs Racetrack and Casino	19	1	1
Rocky Mountain Turf Club	18	0	0
Evergreen Park	14	1	1
The Track On 2	0	0	0
Millarville	0	0	0
Totals	68	3	3

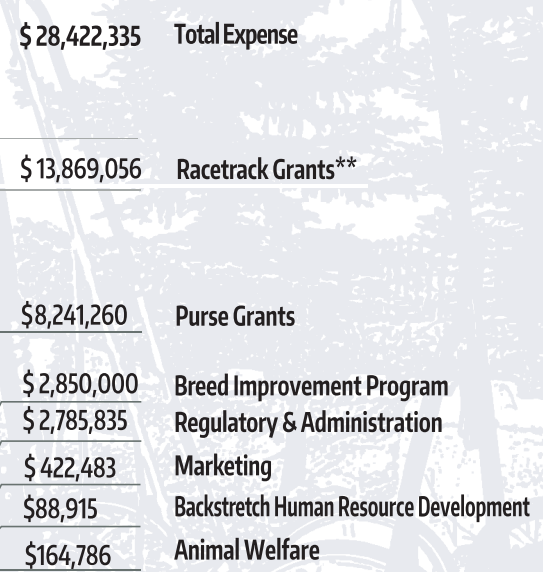
Operations

Where the Money Came From: 2021



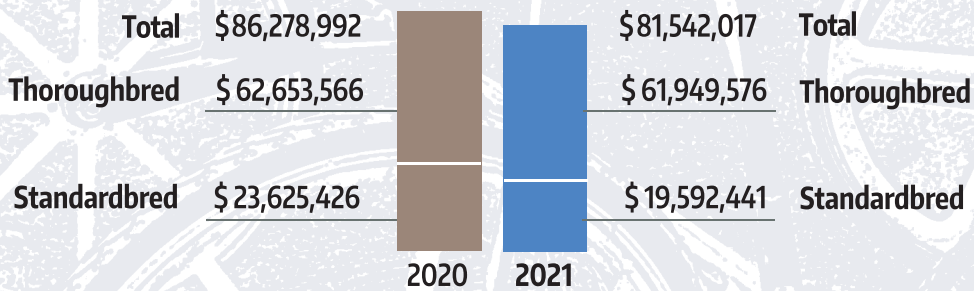
* Represents 50% of total slot revenue. The net win also includes 15% and 35% to the Government of Alberta.

Where the Money Went: 2021

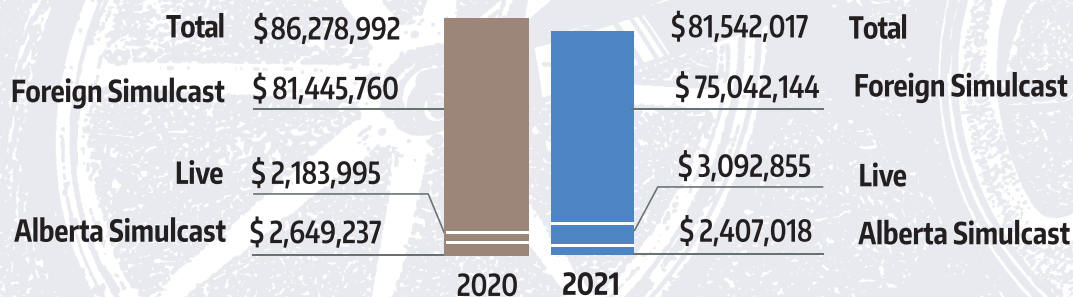


** Racetrack grants are comprised of a percentage of Racing Entertainment Centres revenue generated by each track.

Handle (by breed)

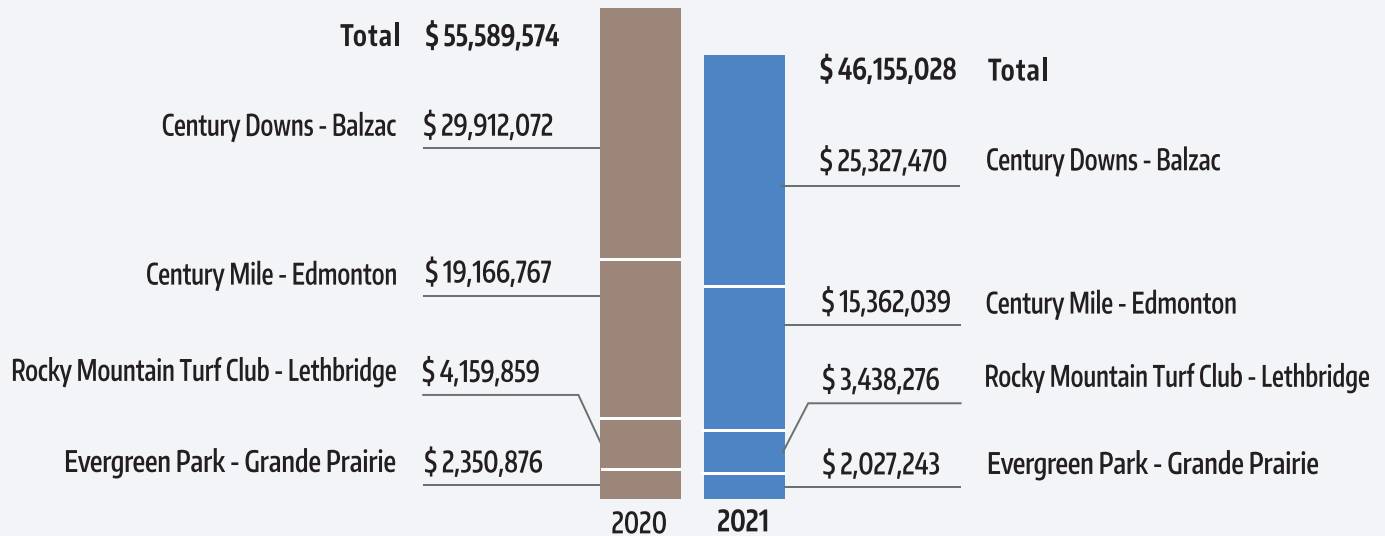


Handle (by type)

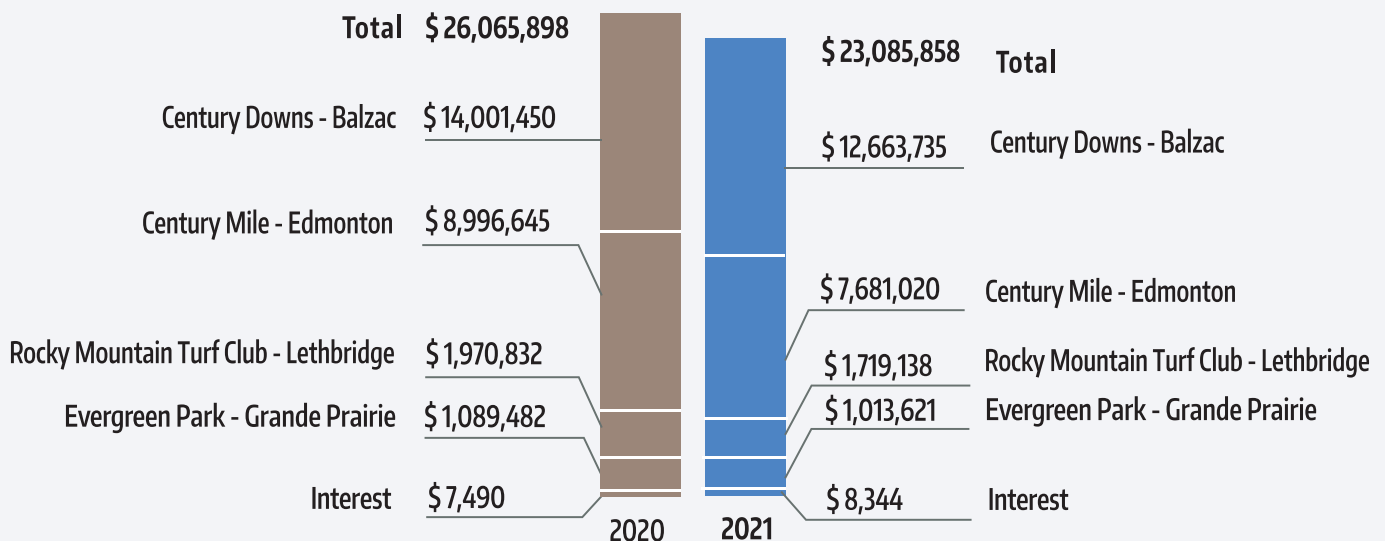


Operations

Slot Revenue: From Racing Entertainment Centres



Slot Revenue: HRA's Portion



Horse Racing Alberta 2021 Recap

Horse Breeding

Average Yearling Sale Prices

	2021	2020	2019
Thoroughbred	\$ 10,962	\$ 8,394	\$ 6,736
Standardbred	\$ 12,251	\$ 7,992	\$ 10,334
Quarter Horse	\$ 7,016	\$ 5,462	\$ 6,500

Breed Improvement Program Investments*

	2021	2020	2019
Thoroughbred	\$1,581,465	\$1,454,838	\$1,720,190
Standardbred	\$951,330	\$874,556	\$1,034,780
Quarter Horse	\$317,205	\$290,606	\$345,030
Total	\$2,850,000	\$2,620,000	\$3,100,000

* Includes Association and breeding support (purses).

Alberta Purses

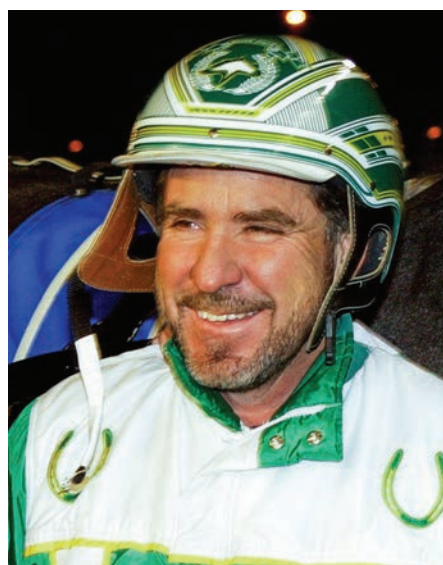
	HRA Grant		Breed Improvement Program		Total Purses	
	2021	2020	2021	2020	2021	2020
Thoroughbred	\$3,307,950	\$2,664,354	\$1,245,465	\$1,202,538	\$4,553,415	\$3,866,892
Standardbred	\$3,232,206	\$2,658,958	\$800,000	\$733,660	\$4,032,206	\$3,392,618
Community Circuit	\$1,701,104	\$1,253,364	\$281,205	\$266,100	\$1,982,309	\$1,519,464
Totals	\$8,241,260	\$6,576,676	\$2,326,670	\$2,202,298	\$10,567,930	\$8,778,974

Awards and Milestones

- Horse Racing Alberta (HRA) was named one of two finalists in the Canadian Standardbred Industry National Media Excellence awards in the Broadcasting category. HRA Marketing Director Jeff Robillard was named a finalist in the writing category for the Tyler Redwood story.
- HRA was named one of three finalists in the National Thoroughbred Sovereign Awards in the Outstanding Broadcast category for the 25th Anniversary Alberta Breeders Fall Classic feature.
- Tyler Redwood story receives an honourable mention for writing from the United States Trotting Association.

Standardbred

- Canadian Horse Racing Hall of Fame member Keith Clark retires. HRA video feature on Keith is added to his Hall of Fame biography.
- Kelly Hoerdts celebrates milestone win 2,500.
- Brandon Campbell celebrates milestone win 2,000.
- Trainer-driver Brandon Campbell wins Western Canada Pacing Derby behind *Sunshine Boy*.



Keith Clark.

Horse Racing Alberta 2021 Recap

Thoroughbred

- Alberta Breeders Fall Classic celebrates its 25th Anniversary.
- Adam Isfeld's *Uncharacteristic*, trained by Robert VanOverschoot, wins the 92nd Canadian Derby with Alexander Marti onboard.
- Edmonton Oiler's Ryan Nugent-Hopkins and William Decoursey's *Infinite Patience* wins Northlands Distaff.
- Former popular Alberta trainer Robertino Diodoro finishes seventh with *Keepmeinmind* in the 2021 Kentucky Derby.
- Chestnut gelding by *Value Plus* from *Holiday Maker* is the top-selling yearling at Canadian Thoroughbred Horse Society Thoroughbred Sale.



Uncharacteristic leads the way in the 92nd Canadian Derby.

Industry

- Horse Racing Alberta enters into a strategic partnership with Equine Guelph, offering the industry horse-related courses and continuing education for general horse management and care of the equine athlete.
- The Racetrack Safety Committee worked closely with Backstretch Management to continue to improve the safety of equine athletes and racing participants.
- The industry hosts Extra Mile Owner Appreciation events at tracks during major race days and special industry events.

Quarterhorse

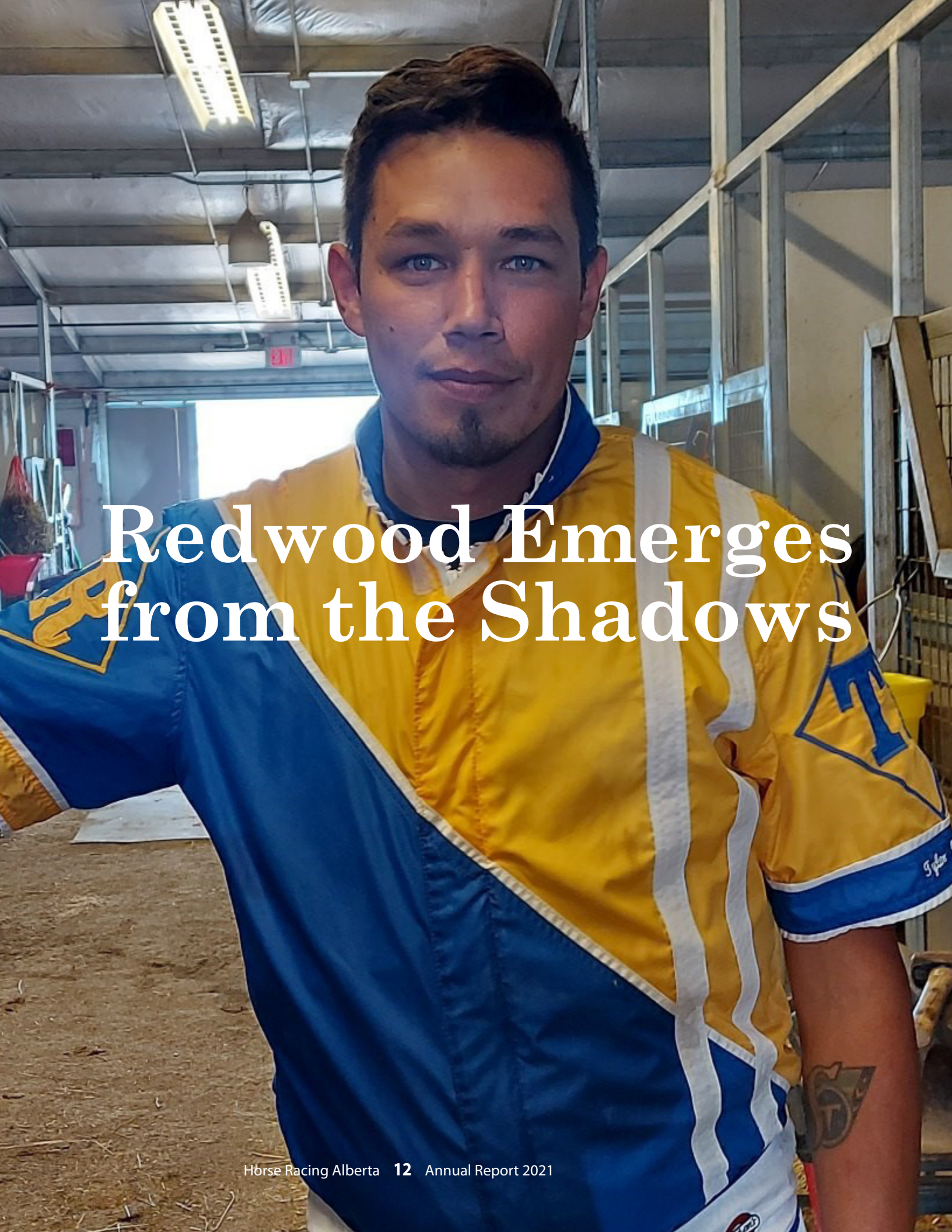
- *Destello De Luna*, trained by William Leetch, was named 2021 Canadian Champion Quarter Horse by the Alberta Quarter Horse Association (AQHA).
- Also trained by William Leech, *Hortons Real Deal* wins the Alberta Bred Derby.
- *Hot Corona* is the top-selling yearling at the AQHA sale.



2021 Canadian Champion Quarter Horse *Destello De Luna* and "family."

Olds College Education Program

- 2021 Olds College Professional Racetrack Programs blend experience with online learning, in-class, and in the arena at the Olds College campus with internships, work experience, and final exams at Century Mile Racetrack and Casino.
- Six professional grooms and seven exercise riders graduate from the program with an informal graduation ceremony at Century Mile.
- Graduate Brady Betlamini begins riding in amateur Jump races in the United States.
- Graduate Janine Smith attends the Breeders Cup as a work rider for *Hidden Connection*, who ran in the \$2-million Netjets Juvenile Fillies.
- Graduate Ashlee Sluggett completes a successful training program in California and New York.



Redwood Emerges from the Shadows

“Dad, why are you always in the garage? I never get to see you as it is. I want to spend more time with you!”

11-year-old Parker Redwood

This was the question Tyler Redwood’s daughter asked him after the standardbred horseman returned from the dimly lit family garage on a cold and dark winter’s night in January 2020. And although Tyler’s senses were dulled after another stint of smoking cannabis in isolation, Parker’s question saved Tyler Redwood’s life.

“I broke down. You don’t understand — to see my daughter’s broken face really hurt. I had a problem. I needed to be there for my family, and I went for help the very next day,” shares Tyler.

How Tyler Redwood ended up in that garage and his daughter subsequently confronting him is a story of perseverance, hope, passion, and love for people and horses.

Tyler’s early story

Tyler was born and raised in Saskatchewan. He is Saulteaux and grew up on the Cowessess First Nation, one of many Nations inhabited by Indigenous people in Saskatchewan and beyond for thousands of years. Tyler has always been proud of his ancestry, immersing himself in the deep roots of the culture, values, and beliefs. One of those values is strength, including adaptation equalling survival.

But despite Tyler’s connection to his Indigenous roots, he is quick to point out that not all people shared the same affinity: “With all the racism I experienced as an Indigenous person, I simply hated who I was. I hated the daily stigmatism – I hated the very skin that I lived in.”

Finding a home at the track and winning

On a search to belong and find his own home, Tyler started at the track by grooming and jogging horses in the early 1990s. He spent his spare time around horses as a regular at Queensbury Downs in Regina. Standardbred trainer Robert Baxter gave Tyler one of his initial breaks handing Tyler the reins to take his first training mile drive in Moose Jaw behind *Catch A Star*. Tyler was hooked – and before you knew it, he had his driver’s license tucked safely in his worn-out leather wallet.

Tyler won his first race in just his third-lifetime drive behind *Way Out of Bounds*. Many people in the racing community believed a promising career had begun. It appeared Tyler really had found a home where he belonged and felt accepted. Things seemed to be falling into place for Tyler — or were they?

Losing to addiction

On September 24, 2012, Tyler’s addiction to alcohol and drugs began to take a toll. His voice begins to quiver as he explains: “It was like one in the morning — I jumped on my ATV and started to rip around — I was looking for a fix. I whipped around a corner and slammed head-on into the biggest yellow tractor I have ever seen. I woke up in the hospital, jaw broken in two places, with 13 screws and two steel plates.”

To help deal with the pain, Tyler quickly turned to cannabis as a coping mechanism. He went about his business as usual, with no one realizing the daily demons he was facing.

Despite his addiction, his love for horses, training, and catch driving stayed constant in his life for the next six years. Unfortunately, the addictions knocked Tyler ‘off stride’ — losing substantial ground in day-to-day life that he just couldn’t make up. These setbacks pushed him to search for a stronger fix, often returning to prescription drugs

and cocaine. Many people in the racing community believed that Tyler's career was finished for good — no one believed in him. He was forced to leave the horse racing industry for the next two years.

The days became longer and harder for Tyler. The mental illness and instability haunted him. He found himself in a very dark place with little hope. "I was sober for six years. I didn't want to live or feel the way I did — the drugs helped me not feel anything."

Time was not on Tyler's side. "I was struggling with mental illness, and I tried to commit suicide three times. I'm not proud of that, but there is a reason why I am here today."

“Dad, why are you always in the garage? I never get to see you as it is. I want to spend more time with you.”

With his daughter's words replaying in his mind, repeating like a bad song that gets stuck in your head, Tyler knew he had to change. His first step was to ask for help and begin to battle his addictions head-on.

Months later, and after an incredible fight, Tyler was clean. "I returned (to Cowessess First Nation) and talked to the band elders. Our culture and beliefs are beautiful and are a big part of who I am today," explains Tyler.

Reaping the rewards with new girl *Star Flight*

With a new lease on life and donning his familiar driver colours of blue, yellow and white, Tyler returned to Century Downs. Always smiling and working hard with the horses, the racetrack was his second home. And the gifts and rewards started to come beginning with an incredible bond that no one saw coming.

In July of 2020, *Super Star Stables*, managed by Kurt Belich and Taylor Reed, leased a horse named *Star Flight* to Tyler and partner Logan Archibald. The horse was racing terribly, and the ownership group had lost hope that *Star Flight* would ever be a solid racehorse.

Picture this — a horse that everyone had given up on paired with a horseman that many had also given up on. "*Star Flight* and I were meant to be. I truly believe we were put together for a reason. She was broken - I was broken. We were put together to fix each other, to help each other, to heal each other," Tyler boasts. *Star Flight* was instantly referred to as 'his girl' from the day they first met.

Tyler and 'his girl' found instant success. In 2020, *Star Flight* and Tyler posted seven wins in just over 20 starts. And if that wasn't enough to draw attention, Tyler had a surprising third place catch drive in the Western Canada Pacing Derby with *Fully Covered* — a feat that really made people sit up and take notice.

And such it is eventually with all racehorses, *Star Flight's* days pulling a bike have now ended. She is officially retired but is still 'his girl.' All involved hope *Star Flight's* offspring will bring the same gifts to others in the roads ahead.



Jeff Robillard, HRA Marketing Director and author of the original Tyler Redwood story, *Starflight*, and Tyler.



Tyler with *Starflight* and Jeff (supporters in the background).

“This all happened for a reason. Mental health problems are an illness, but you can overcome it. Ask for help like I did, don’t be embarrassed. I am here to help. I want people to learn from my story. At the racetrack, people come up to me wanting to talk, looking for help — I will always be there for anyone who needs help — always. People don’t fake depression or mental illness; they fake that they are okay.”

Tyler Redwood

The new and improved Tyler

Driving success continued to follow Tyler in 2021, including his incredible three-for-three record in the bike with *Miss iTunes* for owners Dave Lamont and Donna Wyse.

By the summer of 2021, Tyler had won over 400 races and earned over \$1.6 million in purses. On any Alberta race card, his familiar driver colours can be seen at Century Downs, Track On 2, or Century Mile

He currently has a modest stable of four horses and shoes 60 to 70 horses a month, putting in very long days.

Away from the track, Tyler is the father of three children: daughter Parker, 11-years-old and 10-year-old twin brothers Tayvin and Keltin. He has separated from their mother, but the two remain good friends. When he speaks of his kids, you can’t help but notice the smile lighting up his face. Tyler states emphatically: “My kids saved me, and quite simply, I wouldn’t be here right now if it wasn’t for them.”

Tyler Redwood has been free from alcohol since 2019 and other drugs since early 2021. He understands that his recovery continues to be one day at a time and is thankful to everyone who supported him and continues to support him in his recovery.

Horse Racing Alberta 2021 Financial Statements

Year Ended December 31, 2021

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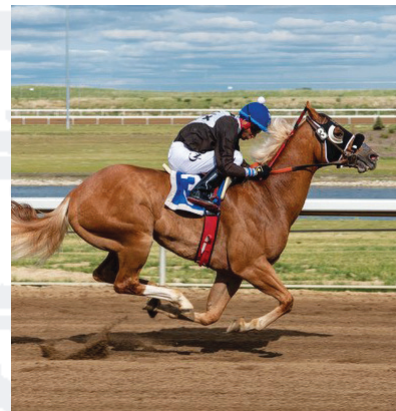
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Fax (780) 429-7379

INDEPENDENT AUDITORS' REPORT

To the Directors of Horse Racing Alberta

Opinion

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

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations..

Basis for Opinion

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

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

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

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

Other Information

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

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



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

We also:

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

Chartered Professional Accountants

Edmonton, Canada

May 13, 2022

HORSE RACING ALBERTA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets		
Cash	\$ 3,863,587	\$ 6,749,658
Accounts receivable (note 2)	436,581	346,631
Receivable from the Province of Alberta (note 3)	2,333,886	835,851
Prepaid expenses	88,662	263,968
Current portion of loans receivable (note 4)	5,000	42,508
	6,727,716	8,238,616
Capital assets (note 5)	168,010	195,164
	\$ 6,895,726	\$ 8,433,780

Liabilities and Net Assets (Deficiency)

Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 671,693	\$ 655,575
Current portion of advances payable	3,733,333	3,099,996
Racetrack grants payable	1,439,112	674,405
	5,844,138	4,429,976
Advances payable (note 6)	933,333	3,500,004
Net assets (deficiency):		
Invested in capital assets	168,010	195,164
Unrestricted	(49,755)	308,636
	118,255	503,800
	\$ 6,895,726	\$ 8,433,780

See accompanying notes to financial statements.

On behalf of the Board:

Original signed

Diana McQueen _____ Chair of the Board

Original signed

John Hind _____ Chair of the Audit and Finance Committee

HORSE RACING ALBERTA

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenues		
Racing Industry Renewal Initiative revenues (note 3)	\$ 23,085,858	\$ 26,065,898
General fees	4,378,443	4,645,487
Other revenues (note 7)	465,808	172,706
Other racing revenues	104,330	328,149
Interest	2,351	54
	<u>28,036,790</u>	<u>31,212,294</u>
Expenditures		
Purse Support Grants		
Thoroughbred	3,307,950	2,664,354
Standardbred	3,232,206	2,658,958
Community	1,701,104	1,253,364
	<u>8,241,260</u>	<u>6,576,676</u>
Breed Improvement Program		
Thoroughbred	1,581,465	1,454,838
Standardbred	951,330	874,556
Community	317,205	290,606
	<u>2,850,000</u>	<u>2,620,000</u>
Racetrack funding, Schedule 1	13,869,056	16,276,203
Regulatory and administration, Schedule 2	2,785,835	2,653,493
Marketing and promotion	422,483	413,273
Animal welfare	164,786	31,000
Backstretch human resource development	88,915	42,620
	<u>17,331,075</u>	<u>19,416,589</u>
	<u>28,422,335</u>	<u>28,613,265</u>
(Deficiency) excess of revenues over expenditures	\$ (385,545)	\$ 2,599,029

See accompanying notes to financial statements.

HORSE RACING ALBERTA

Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

	Invested in capital assets	Unrestricted	Total 2021
Balance, beginning of year	\$ 195,164	\$ 308,636	\$ 503,800
Deficiency of revenues over expenditures	(27,154)	(358,391)	(385,545)
Balance, end of year	\$ 168,010	\$ (49,755)	\$ 118,255

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

See accompanying notes to financial statements.

HORSE RACING ALBERTA

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash flow from operating activities:		
Cash received:		
Racing Industry Renewal Initiative	\$ 19,890,661	\$ 27,581,971
General fees	4,288,493	4,673,636
Province of Alberta Advance	-	7,000,000
Other racing revenues	168,159	328,149
Interest and other revenues	468,159	172,760
Cash paid:		
Purse support grants	(8,241,259)	(6,576,676)
Breed improvement program	(2,857,822)	(2,620,292)
Racetrack funding	(13,421,327)	(20,700,502)
Marketing and promotion	(422,484)	(418,041)
Regulatory and administration	(2,542,458)	(2,762,833)
Other operating expenses	(253,700)	(73,620)
	(2,923,578)	6,604,552
Investing:		
Repayment of loan receivable	37,507	32,492
(Decrease) increase in cash	(2,886,071)	6,637,044
Cash, beginning of year	6,749,658	112,614
Cash, end of year	\$ 3,863,587	\$ 6,749,658

See accompanying notes to financial statements.

HORSE RACING ALBERTA

Notes to Financial Statements

Year ended December 31, 2021

Nature of operations:

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

1. Significant accounting policies:

(a) Basis of presentation:

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

(b) Capital assets:

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

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

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

(c) Revenue recognition:

The Entity follows the deferral method of accounting for contributions.

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

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

HORSE RACING ALBERTA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(c) Revenue recognition (continued):

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

Revenue from fees is recognized when the services are provided.

(d) Financial instruments:

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

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

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

(e) Use of estimates:

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

HORSE RACING ALBERTA

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Accounts receivable:

	2021	2020
Trade receivables	\$ 432,287	\$ 279,769
GST receivable	4,294	1,070
Canada Emergency Wage Subsidy	-	57,854
Canada Emergency Rent Subsidy	-	7,938
	\$ 436,581	\$ 346,631

3. Receivable from the Province of Alberta:

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

4. Loans receivable:

In March 2006, the Entity issued a loan to the Grande Prairie Regional Agricultural & Exhibition Society for \$1,000,000 at 0% interest with varying repayments based on Evergreen Park slot revenue performance. At December 31, 2021, the loan receivable balance outstanding is \$5,000 (2020 - \$42,508).

5. Capital assets:

		2021	2020
	Cost	Accumulated amortization	Net book value
Office equipment and furniture	\$ 209,814	\$ 205,453	\$ 4,361
Licensing management system	227,395	73,904	153,491
Computer hardware and software	77,251	77,251	-
Leasehold improvements	32,649	22,491	10,158
	\$ 547,109	\$ 379,099	\$ 168,010

Amortization for the year was \$27,154 (2020 - \$27,154).

HORSE RACING ALBERTA

Notes to Financial Statements (continued)

Year ended December 31, 2021

6. Advances payable:

a) Marketing Initiative Advance

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

	2021	2020
Advance payable, beginning of the year	\$ 300,000	\$ 400,000
Repayments of advance in the year	(300,000)	(100,000)
Total advances payable	-	300,000
Less: current portion of advances payable	-	(300,000)
	\$ -	\$ -

b) Province of Alberta Advance

The Entity entered into an agreement with the Government of Alberta (GOA) during fiscal 2020, where the GOA made a one-time \$7,000,000 lump sum payment to the Entity on account of future anticipated total net proceeds from Racing Industry Renewal Initiative revenues. The GOA will reduce the monthly funding installment payment payable to the Entity, for the period between January 2022 and March 2023, by \$311,111 per month (2021 - \$233,333 per month).

	2021	2020
Advance payable, beginning of the year	\$ 6,300,000	\$ -
Advance received in the year	-	7,000,000
Repayments of advance through funding reductions	(1,633,334)	(700,000)
Total advance payable	4,666,666	6,300,000
Less: current portion of GOA advance payable	(3,733,333)	(2,799,996)
	\$ 933,333	\$ 3,500,004

HORSE RACING ALBERTA

Notes to Financial Statements (continued)

Year ended December 31, 2021

7. Compensation:

	Positions (4)	Base salary (1)	Other cash benefit (2)	Other non-cash benefits (3)	Total 2021	Total 2020
Chair	1	\$ 41,082	\$ -	\$ 3,111	\$ 44,193	\$ 64,263
CEO	1	182,170	3,335	27,064	212,569	209,558
DCS / Director	1	129,990	10,435	23,146	163,571	156,053
Board of Directors	13	-	21,547	998	22,546	33,370
Managers:						
Racetrack and administration	2	285,614	12,959	37,556	336,129	283,934
Non-managers:						
Racetrack	15	590,966	5,473	111,381	707,821	613,941
Administration	3	220,143	1,488	51,827	273,459	211,502
	36	\$ 1,449,965	\$ 55,237	\$ 255,083	\$ 1,760,288	\$ 1,572,621
	Positions	Base salary (1)	Other cash benefit (2)	Other non-cash benefits (3)	Total 2021	Total 2020
Appeals Tribunal, Chair	1	\$ 9,142	\$ -	\$ 202	\$ 9,344	\$ 14,516
Appeals Tribunal, Members	1	17,646	-	640	18,286	17,603
	2	\$ 26,788	\$ -	\$ 842	\$ 27,630	\$ 32,119

(1) Base salary includes pensionable base pay.

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

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

Compensation of \$nil (2020 - \$nil) is included in Backstretch human resource development expenditures.

Included in other revenues is \$350,499 (2020 - \$163,634) received by the Entity under the Canada Emergency Wage Subsidy Program.

HORSE RACING ALBERTA

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Commitments:

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

Annual payments are as follows:

2022	\$	235,190
2023		156,333
2024		159,971
2025		162,925
2026		41,124
	\$	755,543

9. Contingent liabilities:

Potential claims are pending against the Entity. It is the opinion of management that final determination of these proceedings will not materially affect the financial position or the results of the Entity.

10. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Entity will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Entity manages its liquidity risk by monitoring its operating requirements. The Entity prepares a budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2020.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Entity is exposed to credit risk with respect to the accounts receivable and loan receivable. The Entity has 68% (2017 - 78%) of its trade accounts receivable outstanding with one counterparty operating in the gaming and horse racing industry. The Entity assesses, on a continuous basis, accounts receivable and loan receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

HORSE RACING ALBERTA

Schedule 1 - Racetrack Funding

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Century Downs	\$ 7,469,390	\$ 8,706,421
Century Mile	4,779,364	5,715,746
Rocky Mountain Turf Club	944,024	1,071,315
Grande Prairie Regional Agricultural Society	402,528	344,721
Millarville	30,000	-
Lacombe	243,750	438,000
	\$ 13,869,056	\$ 16,276,203

HORSE RACING ALBERTA

Schedule 2 - Regulatory and Administration

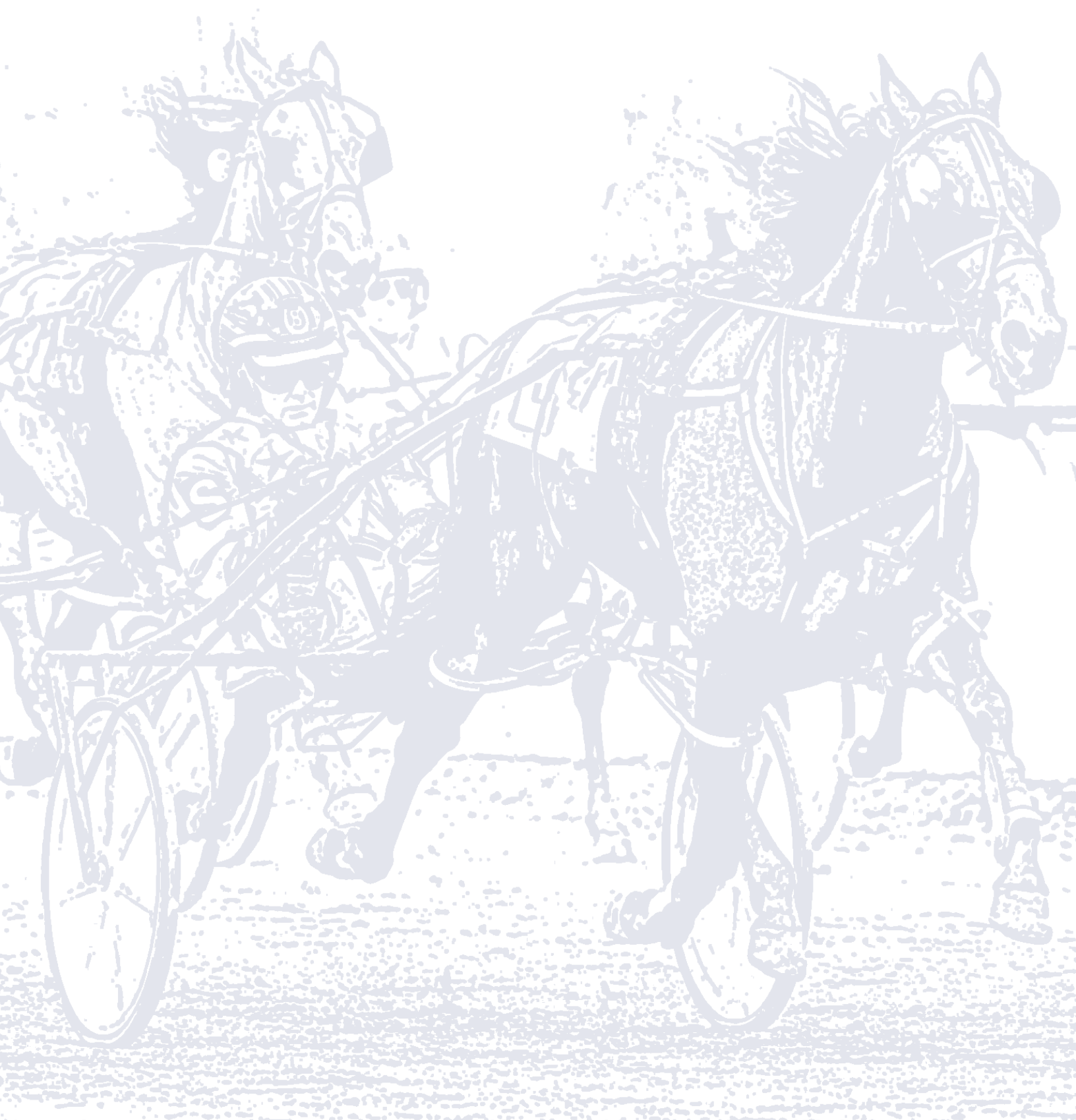
Year ended December 31, 2021, with comparative information for 2020

	2021 Actual	2020 Actual
Compensation (note 7)	\$ 1,760,288	\$ 1,572,621
Office and administration	303,894	345,842
Contractors	236,649	159,028
Regulatory	24,631	37,586
Legal, consulting and audit fees	123,067	113,672
Office rent and operating costs	139,543	139,231
Travel	103,043	94,611
Appeal tribunal	94,720	190,902
	\$ 2,785,835	\$ 2,653,493

Included in other revenues is \$44,959 (2020 - \$7,938) received by the Entity under the Canada Emergency Rent Subsidy Program.

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Horse Racing Alberta thanks
Ryan Haynes for his photography in this report.
Email Ryan at haynesr045@gmail.com to see more of his photos.





Horse Racing Alberta

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