

HORSE RACING ALBERTA ANNUAL REPORT 2024



THE HORSES
HORSE RACING ALBERTA

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Chris

2024 BOARD OF DIRECTORS

Diana McQueen	Board Chair
Darrell Bauder	Vice Board Chair/Canadian Thoroughbred Horse Society Representative
Don McDougall	Alberta Standardbred Association Horsemen Representative to April 29, 2024
Bret Litke	Alberta Standardbred Association Horsemen Representative as of May 25, 2024
Nancy Retzlaff	Alberta Standardbred Association Breeders Representative as of May 1, 2024
Mike Vanin	Horsemen's Benevolent and Protective Association Representative
Ed Akerstrom	Other Breeds Representative as of September 13, 2024
Dale Zukowski	Other Breeds Representative (Non-Voting)
Allen Goodsell	"A" Circuit Representative
Geoff Smith	"A" Circuit Representative
Max Gibb	"B" Circuit Representative to October 31, 2024
Kurt Belich	"B" Circuit Representative as of November 1, 2024
Doug Horner	Public Member
Kris Fleckenstein	Public Member
Phillip Stuffco	Public Member
Brittany Davis	Public Member
Jennifer Mosende	Government Representative- Service Alberta and Red Tape Reduction
Kent Verlik	Chief Executive Officer, Non-Voting

2024 HRA COMMITTEE CHAIRS

Doug Horner	Governance and Compensation Committee
Kris Fleckenstein	Audit and Finance Committee
Brittany Davis	Strategic Growth and Breed Improvement Committee
Phillip Stuffco	Regulatory and Licensing Committee

VISION

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

MANDATE

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

MISSION

To be a governing body whose role is to promote and facilitate the growth, integrity and economic contribution of the Alberta horse racing and breeding industry.

This shall be done by providing quality entertainment, employment, economic and value-added agricultural opportunities within a unified, viable, progressive, accountable and self-regulated industry environment.

CORE BUSINESS

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

MESSAGE FROM THE BOARD CHAIR AND CHIEF EXECUTIVE OFFICER

With a legacy rooted in tradition and a vision for the future, Horse Racing Alberta (HRA) remains committed to upholding excellence and integrity. In 2024, HRA continued to execute strategies for the future as we strive to grow the racehorse population, increase field sizes, and drive handle to ensure the sustainability of the Alberta horse racing industry. The \$312 million in economic impact of the breeding, raising and racing of horses is a vital contributor to the overall diversity of the Alberta economy.

A key focus this past year was working with the Government of Alberta to address concerns surrounding the proposed relocation of the Camrose Casino. Protecting the financial foundation of horse racing remains a priority as we navigate these discussions and advocate for industry sustainability. Additionally, HRA has engaged with the Alberta Gaming, Liquor and Cannabis Commission (AGLC) and Play Alberta to explore innovative wagering avenues that could expand gaming opportunities and further support the growth of industry-driven revenue.

The safety and welfare of our equine athletes and racing participants remain paramount. HRA conducted “A” track racetrack inspections via industry leaders, Racing Surfaces Testing Laboratory (RSTL), ensuring our racing surfaces meet the highest standards. Additionally, we committed \$185,000 to Racehorse Injury Prevention Research conducted by Dr. Thilo Pfau and his team at the University of Calgary’s Faculty of Veterinary Medicine, further reinforcing our dedication to equine health and safety. This year also saw the introduction of a new Equine Infectious Anemia (EIA) Policy, establishing clear guidelines and procedures to safeguard Alberta’s equine population.

In June, purse allocations further increased by \$400,000 to \$14.9 million, reinforcing Alberta’s position as the most attractive purse program west of Ontario. The Breed Improvement Program (BIP) saw an increase of \$120,000 from \$4.2 million to \$4.32 million, incentivizing owners and breeders to expand their foal crops. The Racehorse Procurement Incentive Program (RPIP) continues to boost the racehorse population, while providing more starts and larger fields.

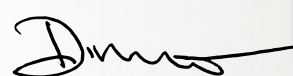
Modernization of the Regulatory process continues with the launch of HRA Online Licensing for racing participants, providing a more efficient and accessible system. The HRA Regulatory Team hosted the 2024 Racing Officials Accreditation (ROAP) Program, attracting participants from across North America for an intensive, week-long course aimed at elevating the standards of race officiating through accreditation.

Focused on the growth and stability of the industry, the HRA Board held a Strategic Planning Session in September, setting a course for long-term success. A newly created partnership with the CAREERS program brought forward the Agriculture Internship Program, which provides valuable, hands-on opportunities for youth to gain experience in racing through paid internships at racetracks and farms.

Industry yearling sales once again demonstrated strength in 2024. The Alberta Standardbred Horse Association (ASHA) reported record-breaking numbers, with 61 yearlings selling for a total of \$1,387,700 (excluding buybacks), marking a 15.5% increase in gross sales over last year. The Canadian Thoroughbred Horse Society (Alberta Division) held a successful sale at Westerner Park in Red Deer, with 79 quality yearlings showcased. This year saw significant increases in gross sales, with \$700,000 spent on 56 yearlings—up 15% from the \$607,800 spent on 43 yearlings in 2023. The Alberta Quarter Horse Racing Association sale saw 16 yearlings sold with an average sale price of \$10,126.

Further exploration is planned for enhancements to the Backstretch Worker Health Benefits program to better address the daily needs of racing participants. Supporting the well-being of those who work tirelessly in the industry remains a priority, and we continue to evaluate ways to improve benefits and accessibility for backstretch workers.

On behalf of the HRA Board of Directors, Management Team, Staff, and our Stakeholders, thank you for your dedication to keeping horse racing strong and viable in Alberta. We look forward to a successful 2025 as we continue to build on these achievements and strengthen the future of the industry.



Diana McQueen
Chair, HRA Board of Directors



Kent Verlik
HRA Chief Executive Officer

ORGANIZATIONAL STRATEGY & PERFORMANCE METRICS

HRA STRATEGIC THRUSTS



VALUES BASED CULTURE

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



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.

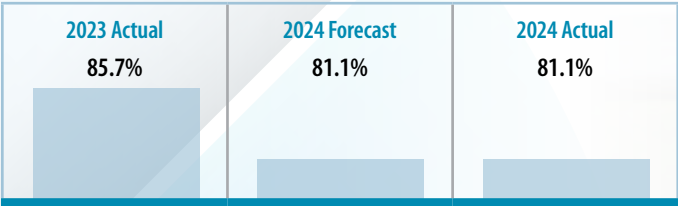
ORGANIZATIONAL STRATEGY

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

SUMMARY OF PERFORMANCE METRICS

VALUES-BASED CULTURE

Stakeholder Engagement Index



*The 2024 Stakeholder Engagement Index is the combined average of the HRA Stakeholder Engagement Survey (74.9%), HRA Board Survey (92.4%) and HRA Employee Engagement Survey (76.1%).

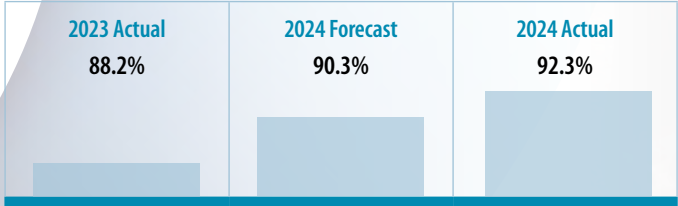
Total Provincial Marketing Expense



* Dollars totals in '000s

RESPONSIBLE GROWTH

Program Efficiency Ratio



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

ORGANIZATIONAL ALIGNMENT AND EFFECTIVENESS

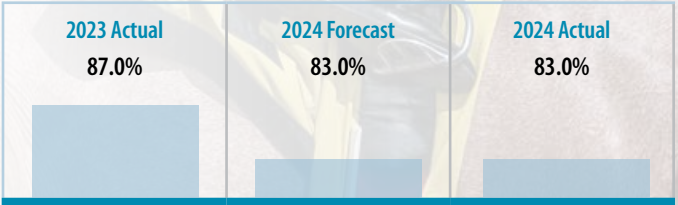
Racing Event Compliance



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

TECHNOLOGY DRIVEN RESILIENCE

HRA Resiliency Index



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

Total Pari-mutuel Handle



* Dollars totals in '000s.

SUMMARY OF PERFORMANCE METRICS

Total Purse Grants



* Dollars totals in '000s

Total Breed Improvement Investment



* Dollars totals in '000s

PERFORMANCE METRICS

	2023 Actual	2024 Forecast	2024 Actual
Stakeholder Engagement Index	85.7%	81.1%	81.1%
Racing Event Compliance	89.0%	86.7%	86.4%
Total Provincial Marketing Expense	\$601	\$700	\$737
HRA Resiliency Index	87.0%	83.0%	83.0%
Program Efficiency Ratio	88.2%	90.3%	92.3%
Total Pari-Mutuel Handle	\$88,099	\$84,485	\$83,684
Total Purse Grants	\$13,850	\$14,900	\$14,957
Total Breed Improvement Investment *	\$3,900	\$4,320	\$5,050

Dollars totals in '000s

REGULATORY AND APPEALS

NUMBER OF RULINGS BY CATEGORY IN 2024

	Thoroughbred	Standardbred	Quarter Horse	Community	Grand Total
Administration	47	28	4	33	112
Conduct	15	15	0	7	37
Human Positives	2	5	0	1	8
Horse Positives	0	2	0	1	3
Interference/Racing Violations	17	33	0	7	57
Urging	93	18	34	10	155
Totals	174	101	38	59	372

*Ten positive test results stemmed from environmental contamination.

APPEAL TRIBUNAL – APPEALS/HEARINGS BY YEAR

Year	Thoroughbred / Quarter Horse		Standardbred		B Circuit		Total	Cost
	Appeals	Hearings	Appeals	Hearings	Appeals	Hearings		
2024	1	1	4	2	0	0	5	\$69,128
2023	1	1	1	1	0	0	4	\$52,972
2022	1	0	2	0	0	0	3	\$54,354
2021	0	1	0	1	0	0	2	\$94,720
2020	0	8	2	2	0	0	12	\$190,902
2019	8		3		0		11	\$140,861
2018	4		4		8		16	\$202,811
2017	1		7		4		12	\$215,097
2016	1		5		3		9	\$52,452
2015	0		0		0		0	\$7,491
2014	4		1		3		8	\$37,682
2013	0		1		4		5	\$37,118
2012	1		4		2		7	\$58,518

REGULATORY AND APPEALS

EQUINE DRUG TESTING₂

January 1, 2024 – December 31, 2024

	Blood		Urine		TCO2		Out-of-Competition		Erythropoietin (EPO)		Days Raced
Racetracks by Category	Tests	Positives	Tests	Positives	Tests	Positives	Tests	Positives	Tests	Positives	
Thoroughbred / Quarter Horse											
Century Mile	139	0	493	0	360	0	26	0	26	0	42
Century Downs	35	0	124	0	26	0	33	0	33	0	14
Standardbred											
Century Mile	80	0	406	0	314	0	41	0	41	0	35
Century Downs	140	0	362	1	197	0	32	0	32	0	46
Community											
The Track On 2	47	0	126	1	43	0	25	0	25	0	16
Rocky Mountain Turf Club	43	0	216	0	0	0	0	0	0	0	32
Evergreen Park	33	0	83	0	0	0	0	0	0	0	14
Millarville	0	0	0	0	0	0	0	0	0	0	1
Totals	517	0	1810	2	940	0	157	0	157	0	200

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

HUMAN DRUG AND ALCOHOL SCREENING TESTS AND DRUG TESTING

January 1, 2024 – December 31, 2024

Racetrack	Total DRAGER Screening Tests Administered	Total Testing and Confirmation Tests Administered	Total Positive Drug Tests	Breathalyzer tests performed	Breathalyzer tests over limit
Century Mile Racetrack and Casino	178	4	4	3087	1
Century Downs Racetrack and Casino	81	4	4	1951	1
Rocky Mountain Turf Club	35	0	0	894	0
Evergreen Park	26	2	2	203	0
The Track On 2	2	0	0	406	0
Millarville	0	0	0	21	0
Totals	322	10	10	6,562	2

OPERATIONS

Where the Money Came From: 2024

Total Revenue	\$51,794,337
Slot revenue* from racetracks	\$47,087,478
General Fees	\$4,159,669
Promotional Levy	\$346,668
Assessments, Licences and Fines	\$116,951
Other: (Bank, interest, misc.)	\$83,571

Where the Money Went: 2024

Total Expense	\$51,658,102
Racetrack Grants**	\$26,652,667
Purse Grants	\$14,957,216
Breed Improvement Program	\$5,050,674
Regulatory & Administration	\$4,071,202
Marketing	\$736,789
Backstretch Human Resource Development	\$151,832
Animal Welfare	\$37,722

* Represents 50% of total slot revenue. The net proceeds also includes 17% commission to the Racing Entertainment Centre operators and 33% to the Government of Alberta.
 ** Racetrack grants are comprised of a percentage of Racing Entertainment Centres revenue generated by each track.

Handle (by Breed)[†]

Total	\$115,751,461	2024	\$119,249,450	Total	2023
Thoroughbred/Quarter Horse	85,841,373		\$89,233,911	Thoroughbred/Quarter Horse	
Standardbred	\$29,910,088		\$30,015,539	Standardbred	

[†] Includes Export Handle

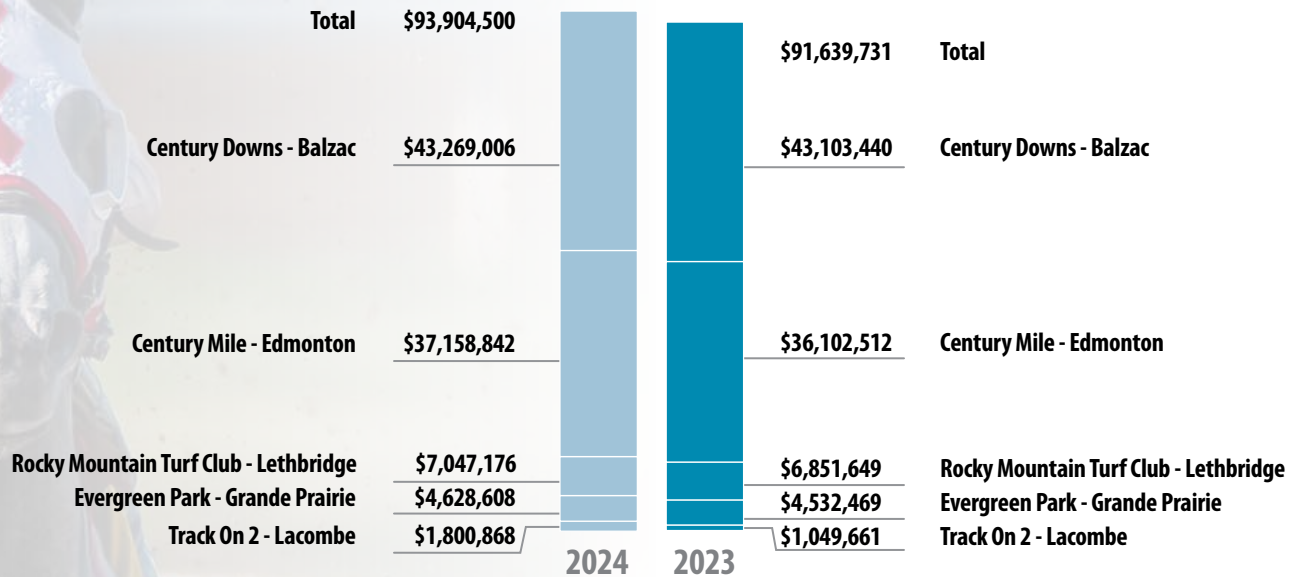
Handle (by Type)

Total	\$115,751,461	2024	\$119,249,450	Total	2023
Foreign Simulcast	\$77,570,660		\$81,815,072	Foreign Simulcast	
Export Handle^{††}	\$32,067,918		\$31,131,890	Export Handle^{††}	
Live	\$4,079,789		\$4,300,693	Live	
Alberta Simulcast	\$2,033,094		\$2,001,795	Alberta Simulcast	

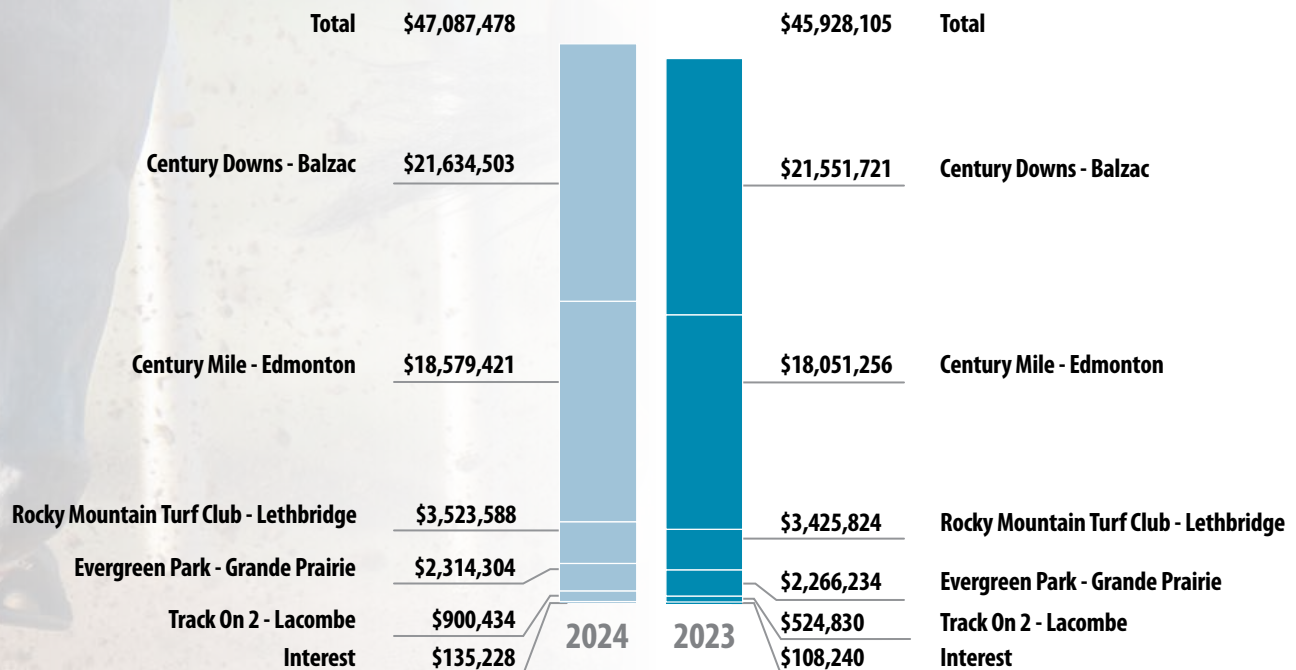
^{††} Export Handle is shared between Racetrack Operators and Racing Associations. HRA receives no revenue from Export Handle.

OPERATIONS

Slot Revenue: From Racing Entertainment Centres



Slot Revenue: HRA's Portion



ANNUAL REPORT 2024 RECAP



Ed Tracey winner's circle photo
Credit: CHRHF

STANDARD BRED

- Popular Alberta horsemen Ed Tracey inducted into Canadian Horse Racing Hall of Fame
- Horse Racing Alberta received the prestigious United States Harness Writers Association Sam McKee Broadcasting Award for the Horse Racing Alberta video "Women in Standardbred Racing," the video was also name one of two finalists for Standardbred Canada's Media Excellence Awards
- Kelly Hoerdts surpasses 20 million in career driving and records his 3,000th win.
- Mike Hennessy records 10 million in career driving wins



Outlawguns N Roses captured the Century Casino Filly Pace with Dave Kelly driving - Credit: Coady Photo/Ryan Haynes

- August 16 saw 109-1 longshot Nicotime lights up the board paying \$221.60 to win on a \$2 bet
- Grey Horizon, Outlawguns N Roses, Custer Dolce, and Custers Stand all recorded Super Finals Wins
- 2024 Horse Of The Year—Outlawguns N Roses
- Sadly, at the end of the year we lost a true Alberta legend Keith Clark



August Rain at the wire of the 2024 Canadian Derby - Credit: Coady Photo/Ryan Haynes

THOROUGHBRED

- Trainer Barb Heads and owner Peter Redokop win back to back Canadian Derby with August Rain
- Infinite Patience wins 4th Distaff and retires to breeding shed
- Alberta Bred champion, Big Hug wins multiple stakes runs stateside and gets nominated for sovereign award
- Big Hug named Albertas Horse of the Year.
- Other winners in 2024 were No More Lies, Varatti, Silkstone, Classy City and Wedge Pond
- Women In Thoroughbred Racing Video received the prestigious Jockey Club of Canada Sovereign Broadcasting Award



Mark Krembil presenting Sovereign Broadcasting Award to Dawn Lupul - Credit: Michael Burns

AQHRA

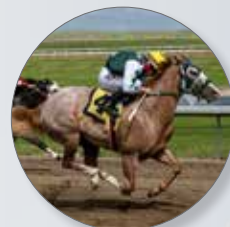
- Jessaprimadonna, owned by Cindy Fehr. Started 6 times in Alberta, winning five – four of which were Stakes races – and was AQHRA Grand Champion Running Horse and Champion Aged horse at year end.
- Sizzles Boss, owned by new AQHRA Membership group. Cinch Up Syndicate who purchased him from our 2023 Yearling sale. Started 6 times, winning 4, 2 of which were Stakes races. At year end was



Jessaprimadonna winning the \$40,000 Wayne Brasher Memorial Stakes at Turf Paradise - Credit: AQHA

AQHRA Champion 2 yr old and Champion Alberta Bred 2 yr old colt/gelding.

- Pretty Sweet Jess, owned by Jerry Stojan started 4 times in Alberta, won 4, three of which were Stakes. Went to Albuquerque and finished 3rd in the Derby Championship Challenge race. Won AQHRA Reserve Champion 3yr old at year end.
- Double Cruise, 7 yr old, owned by Tom Kenway started 6 times, winning 4, three of which were Stakes races. At year end won Champion Alberta Bred aged stallion/gelding, Reserve Champion Alberta Bred Horse, and Reserve Champion Aged horse.



Pretty Sweet Jess winning Century Mile Regional Adequan Derby Challenge - Credit: Coady Photo/Ryan Haynes

ACTRA

- Alberta-bred Papichulo won 3 Alberta Races - two Open Stakes and 3 year old and up Colts and Geldings - Trainer Shawn McConaghie/ Owner Edgar Romero
- Alberta-bred She's A Sniper won the Alberta-bred 2 year old Stakes Race on her first start - Trainer Travis Robson/Owner Winsome Acres
- Many new trainers get their start on the Community Track - in the past five years we have had 12 new young trainers begin their career in the horse racing industry. Many are the next generation from horse racing families and some have apprenticed with other experienced trainers. Some of our trainers have written the A Track Trainer's Exam and passed.
- Community Tracks recorded over 1,800 carded entries and continue to support, promote and increase horse population in the Alberta Horse Racing Industry.

INDUSTRY

- The development of the Western Canada Triple Crown was an exciting time for Western Canada racing.
- Evergreen Park in Grande Prairie, Alberta had a record handle of \$198,321 wagered on a nine-race card on Sunday July 23rd, 2024.
- The Backstretch Foundation held community events for backstretch employees at Evergreen Park, Century Mile, Century Downs and RMTC.

OLDS COLLEGE PROGRAM

The 2024 Racetrack Programs kicked off in January, providing 15 weeks of immersive, hands-on training to prepare students for careers in horse racing.

- The Shirley McClellan Arena served as the hub for training, offering an exceptional environment for both students and horses.
- Kirsty Luft returned as the Exercise Rider instructor, guiding students in galloping techniques both in the arena and on the track.
- The second phase of the program transitioned students to Century Mile Racetrack and Casino, where they gained real-world experience training on the track and working in racing barns.
- Graduates of the program developed expertise in key areas, including stable management, tack and equipment, equine anatomy and conformation, health and first aid, nutrition, professional development, and race day procedures for both harness and flat racing.
- The four successful graduates excelled during their time at both Century Mile Racetrack and Casino and Century Downs Racetrack and Casino, demonstrating outstanding skills, professionalism, and dedication to the sport.

The program continues to produce knowledgeable and highly skilled professionals who are well-equipped to contribute to the horse racing industry.

CAREERS: THE NEXT GENERATION – BUILDING A FUTURE IN HORSE RACING

Horse Racing Alberta and *CAREERS: The Next Generation* successfully partnered in 2024 to introduce high school students to the thoroughbred racing industry through hands-on internships at Century Mile Racetrack. This initiative aimed to promote Olds College Racetrack Programs, address labor shortages, and build a skilled workforce for the future.

The *CAREERS Summer Intern Pilot* provided students with real-world experience in thoroughbred racing.

- Job Showcase: 30 students and parents attended an informational event at Century Mile.
- Groom Interviews: Seven applicants interviewed with trainers.
- Job Offers: Five students received offers based on trainer requests.

As a testament to the program's impact, intern Abigail Ryckman was named the CAREERS CHAMPION Agricultural Success Story for 2024. Alongside Thoroughbred trainer Craig Smith, Abigail represented the industry with excellence, highlighting the diverse career opportunities in horse racing. Inspired by her experience, she plans to enroll in the Olds College Racetrack Program to pursue a long-term career in the sport.

Horse Racing Alberta remains committed to fostering partnerships that strengthen Alberta's agriculture sector and ensure the long-term sustainability of the horse racing industry.

BREED IMPROVEMENT INVESTMENTS*

	2024	2023	2022
Thoroughbred	\$2,751,981	\$2,505,297	\$2,013,360
Standardbred	\$1,693,677	\$1,394,550	\$1,261,095
Quarter Horse	\$605,016	\$538,695	\$459,220
Total:	5,050,674	\$4,438,542	\$3,733,675

*Includes Association Support, Breeding Support (purses) and RPIP funding

AVERAGE YEARLING SALE PRICES

	2024	2023	2022
Thoroughbred	\$12,482	\$14,173	\$11,090
Standardbred	\$22,749	\$23,493	\$18,048
Quarter Horse	\$10,126	\$13,735	\$7,610

ALBERTA PURSES

	HRA Grant		Breed Improvement*		Total Purses	
	2024	2023	2024	2023	2024	2023
Thoroughbred	\$6,359,916	\$5,830,850	\$1,931,168	\$1,718,110	\$8,291,084	\$7,548,960
Standardbred	\$5,796,100	\$5,359,950	\$1,212,016	\$1,081,820	\$7,008,116	\$6,441,770
Community	\$2,801,200	\$2,659,200	\$395,816	\$355,420	\$3,197,016	\$3,014,620
Total:	\$14,957,216	\$13,850,000	\$3,539,000	\$3,155,350	\$18,496,216	\$17,005,350

*Excludes Association Support and RPIP funding

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INDEPENDENT AUDITOR'S 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, 2024
- 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, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

Other Information

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

- the information, other than the financial statements and the auditor's report thereon, included in the Entity's 2024 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 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, and remain alert for indications that the other information appears to be materially misstated.

We obtained the other information, other than the financial statements and the auditor's report thereon, included in the Entity's 2024 Annual Report as at the date of this auditor's 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 auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

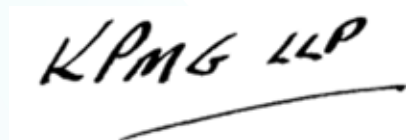
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 23, 2025

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.

STATEMENT OF FINANCIAL POSITION

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 3,856,176	\$ 4,060,199
Accounts receivable (note 2)	1,150,597	545,710
Receivable from the Province of Alberta (note 3)	3,870,356	4,106,674
Prepaid expenses	58,828	64,842
Loans receivable (note 4)	91,945	100,000
	9,027,902	8,877,425
Loans receivable (note 4)	218,466	50,000
Capital assets (note 5)	100,897	124,848
	\$ 9,347,265	\$ 9,052,273

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,077,705	\$ 785,353
Racetrack funding payable	2,177,223	2,310,818
	3,254,928	3,096,171
Net assets:		
Invested in capital assets	100,897	124,848
Strategic Investment Fund - Restricted	500,000	-
Unrestricted net assets	5,491,440	5,831,254
	6,092,337	5,956,102
Commitments and contingencies (note 7)		
	\$ 9,347,265	\$ 9,052,273

See accompanying notes to financial statements.

On behalf of the Board:

Diana McQueen (original signed)

Board Chair

Kris Fleckenstein (original signed)

Chair of the Audit and Finance Committee

STATEMENT OF OPERATIONS

December 31, 2024, with comparative information for 2023

	2024	2023
Revenues		
Racing Industry Renewal Initiative revenues (note 3)	\$ 47,087,478	\$ 45,928,105
General fees	4,506,337	4,737,307
Other racing revenues	116,951	114,687
Interest	81,907	24,299
Other revenues	1,664	21,688
	51,794,337	50,826,086
Expenditures		
Purse Support Grants		
Thoroughbred	6,359,916	5,830,850
Standardbred	5,796,100	5,359,950
Community	2,801,200	2,659,200
	14,957,216	13,850,000
Breed Improvement Program		
Thoroughbred	2,751,980	2,505,297
Standardbred	1,693,678	1,394,550
Community	605,016	538,695
	5,050,674	4,438,542
Racetrack funding (Schedule 1)	26,652,667	25,841,459
Regulatory and administration (Schedule 2)	4,071,202	3,779,655
Marketing and promotion	736,789	600,602
Backstretch human resource development	151,832	114,447
Animal welfare	37,722	7,063
	31,650,212	30,343,226
	51,658,102	48,631,768
Excess of revenues over expenses	\$ 136,235	\$ 2,194,318

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN NET ASSETS

December 31, 2024, with comparative information for 2023

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

	Invested in capital assets	Restricted	Unrestricted	Total 2023
Balance, beginning of year	\$ 141,296	\$ -	\$ 3,620,488	\$ 3,761,784
Excess (deficiency) of revenues over expenditures	(16,448)	-	2,210,766	2,194,318
Balance, end of year	\$ 124,848	\$ -	\$ 5,831,254	\$ 5,956,102

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

December 31, 2024, with comparative information for 2023

	2024	2023
Cash flow from operating activities:		
Cash received:		
Racing Industry Renewal Initiative	\$ 47,323,796	\$ 44,727,396
General fees	3,901,450	4,745,829
Other racing revenues	116,950	114,687
Interest and other revenues	83,571	45,987
Cash paid:		
Purse support grants	(14,957,216)	(13,850,000)
Breed improvement program	(5,050,674)	(4,536,750)
Racetrack funding	(26,711,259)	(25,341,529)
Marketing and promotion	(736,789)	(600,602)
Regulatory and administration	(3,745,400)	(3,786,504)
Other operating expenses	(189,554)	(121,510)
	34,874	1,397,004
Investing:		
Loan repayments	97,556	50,000
Loan advanced	(332,970)	-
Purchase of capital assets	(3,483)	(11,477)
Repayment of advances	-	(933,333)
	(238,897)	(894,810)
(Decrease) / increase in cash	(204,023)	502,194
Cash, beginning of year	4,060,199	3,558,005
Cash, end of year	\$ 3,856,176	\$ 4,060,199

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

Nature of operations:

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

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

1. Significant accounting policies:

(a) Basis of presentation:

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

(b) Capital assets:

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

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

1. Significant accounting policies (continued):

(c) Revenue recognition (continued):

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

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

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

(d) Financial instruments:

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

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

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

(e) Use of estimates:

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

2. Accounts receivable:

	2024	2023
Accounts receivable	\$ 1,129,136	\$ 538,862
GST receivable	21,461	6,848
	\$ 1,150,597	\$ 545,710

3. Receivable from the Province of Alberta:

The Entity has a funding agreement with the Province of Alberta, as represented by the Minister of Finance, to further enhance the horse racing and breeding industry in Alberta. This agreement expires March 31, 2031. The receivable is unsecured and non-interest bearing.

4. Loans receivable:

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

	2024	2023
Opening Balances	\$ 150,000	\$ 200,000
Loan forgiven (note 4a)	(75,003)	-
Loan advances during the year	332,970	-
Repayments during the year	(97,556)	(50,000)
Ending Balance	310,411	150,000
Less: Current Portion	(91,945)	(100,000)
Loan Receivable	\$ 218,466	\$ 50,000

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

5. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment and furniture	\$ 224,773	\$ 215,101	\$ 9,672	\$ 9,511
Licensing management system	227,395	142,122	85,273	108,012
Leasehold improvements	32,649	26,697	5,952	7,325
	\$ 484,817	\$ 383,920	\$ 100,897	\$ 124,848

Amortization of \$27,434 (2023 - \$27,924) is included in office and administration expenses for the year (Schedule 2).

6. Compensation:

	Position	Base salary (1)	Other cash benefits (2)	Other non-cash benefits (3)	Total 2024	Total 2023
Chair	1	\$ 60,000	\$ -	\$ 4,912	\$ 64,912	\$ 64,832
CEO	1	198,847	-	39,053	237,900	240,195
DCS / Director	1	152,882	-	23,732	176,615	168,493
Board of Directors	14	-	69,092	4,396	73,487	53,405
Managers:						
Racetrack and administration	4	376,861	-	81,517	458,378	455,192
Non-managers:						
Racetrack	28	905,820	-	256,527	1,162,347	1,174,175
Administration	4	264,655	-	68,605	333,260	264,262
	53	\$ 1,959,065	\$ 69,092	\$ 478,742	\$ 2,506,900	\$ 2,420,554

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

6. Compensation (continued):

Position		Base salary (1)	Other cash benefits (2)	Other non-cash benefits (3)	Total 2024	Total 2023
Appeal Tribunal, Chair	1	\$ 6,783	\$ -	\$ 535	\$ 7,318	\$ 4,528
Appeal Tribunal, Members	3	9,127	-	632	9,759	6,024
	4	\$ 15,910	\$ -	\$ 1,167	\$ 17,077	\$ 10,552

- (1) Base salary includes pensionable base pay.
- (2) Other cash benefits include bonuses, vacation payments, honoraria, overtime and lump sum payments including severance and payment in lieu of RRSP contributions.
- (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, vacation accrual, car allowances and RRSP contributions.

7. Commitments and contingencies:

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 2026.

Annual payments are as follows:

2025	\$	162,925
2026		41,124
	\$	204,049

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

8. 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 2023.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Entity is exposed to credit risk with respect to the accounts receivable, receivable from the Province of Alberta and loans receivable. The Entity has 76% (2023 - 54%) of its accounts receivable outstanding with one counterparty operating in the gaming and horse racing industry. The Entity assesses, on a continuous basis, accounts receivable, receivable from the Province of Alberta and loans receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. As at December 31, 2024, the Entity has not recorded an allowance for doubtful accounts (2023 - \$nil) as management believes all balances are collectable in full.

SCHEDULE 1 - RACETRACK FUNDING

December 31, 2024, with comparative information for 2023

	2024	2023
Century Downs	\$ 12,439,839	\$ 12,392,239
Century Mile	10,810,235	10,391,425
Rocky Mountain Turf Club	1,761,794	1,712,912
Grande Prairie Regional Agricultural Society	1,064,580	1,042,468
Lacombe	525,220	262,415
Millarville	51,000	40,000
	\$ 26,652,667	\$ 25,841,459

SCHEDULE 2 - REGULATORY AND ADMINISTRATION

December 31, 2024, with comparative information for 2023

	2024	2023
Compensation (note 6)	\$ 2,506,900	\$ 2,420,554
Office and administration	649,779	563,865
Contractors	215,857	222,250
Travel	201,671	176,453
Legal, consulting and audit fees	193,726	135,218
Office rent and operating costs	170,381	159,045
Appeal tribunal	69,128	52,972
Regulatory	63,760	49,298
	\$ 4,071,202	\$ 3,779,655



**THE HORSES**
HORSE RACING ALBERTA