

# Horse Racing Alberta

2013  
Annual  
Report









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## Vision

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

## Mandate

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

## Mission

To be a government 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 Chairman and the CEO

The Board of HRA continues to move forward with the goal of creating the confidence, stability and environment needed to sustain and grow the industry.

In August we hosted our industry stakeholders and partners in an effort to receive and gather continuous feedback from various industry board representatives.

While the industry weathered another economic decline in 2013, there are high hopes that the turning point in Alberta's horseracing fortunes has been reached.

In 2013, the United Horsemen of Alberta (UHA) secured approval from the Alberta Gaming and Liquor Commission for a racetrack entertainment centre at Balzac near Calgary. Rocky View County is expected to approve the development plan and permit, enabling construction to start. This means horse racing could begin there in late 2014.

The horse racing industry has struggled to stabilize since the loss of horse racing at Stampede Park in Calgary six years ago. The return of an 'A' track in the Calgary area will see a significant boost in revenue across the board in key areas like handle and slot revenue.

Operationally, HRA's \$970,000 deficit in 2013 was its third worse year ever despite taking strong measures to reduce overhead and administrative costs. The deficit was attributable to a significant reduction in handle and a 6.7% decline in slot revenue. Wagering on tracks was negatively affected by adverse weather.

In an effort to boost Off Track Betting (OTB) in central Alberta, HRA awarded Alberta Downs in Lacombe a 50 km home market for OTBs. Other horse racing revenues in Alberta with similar arrangements are Northlands Park, Rocky Mountain Turf Club and Century Downs.

Concurrent to this was the formation of a working committee to study and recommend a new or revised model for OTB/Simulcast in Alberta. All relevant input including interviews with operators is being provided to the committee. It is expected a recommendation will be made for the Board's consideration by the summer of 2014.



In 2013, Service Canada's change to the classification of grooms and exercise riders from skilled to unskilled workers threatens a major source of labour for racetracks. Foreign workers with these skills have become an important part of bridging the gap between existing labour shortages and bringing more people into the industry. To overcome the barrier, HRA is working with Olds College to develop a skilled worker certification exam for grooms and exercise riders from other countries.

A major accomplishment in 2013 was the rewrite and release of the new "Rules Governing Horse Racing in Alberta" rulebook. The new Rule Book has been updated in a new user friendly format.

Licensing continued to serve industry participants across the province. A special thank you to the HPBA and CTHS offices in Calgary for their assistance.

Horses and people are key to the success of our industry. The year 2013 had many great racing moments; Alberta driver/trainer Kelly Hoerdts winning the 2013 O'Brien Award for Horsemanship; Travis Cullen, one of the promising young trainers and drivers winning the O'Brien in the Future Star Category; Olds College exercise rider graduates Amie Pooli and Sheena Ryan named finalists for a Sovereign Award in the Outstanding Apprentice Jockey Category; and Amie's representation of Canada in an international horse racing competition in Abu Dhabi. Edmonton based Broadway Empire's and Commander's appearances in the Breeders Cup, Alberta owned National Debt and Sunshine Beach's amazing year and the outstanding Alberta bred Poutn With Speed's performance in Lethbridge are just some that come to mind.

The Board of Horse Racing Alberta thank two departing Board Members for their outstanding and tireless commitment to our industry. Dr. David Chalack served the Board for six (6) years chairing the Governance Committee; and Howie Dixon represented the industry for three (3) years and chaired the Regulatory & Licensing Committee.

Despite the challenges we've faced, the future of the horse racing and breeding industry has all the right signals for success. A united industry working together will achieve this.

**Rick LeLacheur**  
Chairman, HRA Board of Directors

**Shirley McClellan**  
HRA Chief Executive Officer



# Governance

HRA is governed by a Board Chair, eight Directors representing various racetracks and breed organizations, three public-at-large Directors and two government appointed non-voting members.

Directors provide a multifaceted and balanced approach to industry issues. They are responsible for ensuring decisions are made with the knowledge and awareness of industry benefits and impacts.

Annual industry dialogue sessions, research and analysis, realistic expectations and assumptions, and its mandated responsibilities under the Horse Racing Alberta Act help guide the business plan approved by the Board each year.

The terms of two long standing Board members, Dr. David Chalack and Howie Dixon, ended in 2013. Dr. Chalack is a widely respected veterinarian whose involvement with Horse Racing Alberta has had significant influence. Dr. Chalack’s term ended on August 31, 2013. He is currently chair of the Alberta Livestock and Meat Agency.

Howard Dixon’s perspective as a racehorse owner and representative of the quarter horse industry and other breeds has been very valuable to HRA. His work as chair of the Regulatory and Licensing Committee has been particularly important in ensuring HRA is transparent and unbiased in its approach to managing racing in the province. Mr. Dixon’s term ended on December 31, 2013.

## 2013 Board of Directors

(as at December 31, 2013)

Rick Lelacheur	Chairman
Bob Giffin	Horsemen’s Benevolent and Protective Association representative
Norm Kennedy	Alberta Standardbred Horse Association representative (Horsemen)
Jim Rhodes	Alberta Standardbred Horse Association representative (Breeders)
Brian Alexander	Canadian Thoroughbred Horse Society representative
Howard Dixon	Other Breeds representative
David Chalack	“A” circuit representative (to August 31, 2013)
Chris Roberts	“A” circuit representative
Max Gibb	“B” circuit representative
Dale Leschiutta	Public representative
John Brennan	Public representative
Peter Bidlock	Public representative
Gill Hermanns	Treasury Board and Finance representative (non-voting)
Jamie Curran	Alberta Agriculture and Rural Development representative (non-voting)

## 2013 HRA Committee Chairs

David Chalack (to August 31, 2013)	Governance and Compensation Committee
Brian Alexander (September to December 31, 2013)	Governance and Compensation Committee
Bob Giffin	Breed Improvement Committee
John Brennan	Audit and Finance Committee
Dale Leschiutta	Strategic and Sustainable Development Committee
Howard Dixon	Regulatory and Licensing Committee



## Operations

A decline in slot revenue and the cancellation of six race days conspired to reduce overall revenues in 2013 by \$1.5M. Operational adjustments and good fiscal management kept the deficit below \$1M.

After stabilizing in 2012, slot revenue declined 6.7% in 2013. The handle has declined steadily in recent years, and dropped a further \$5.1M in 2013. In the past four years, the overall handle has shrunk by \$13.4M.

Cost reductions came primarily at the expense of racetrack grants and marketing. HRA slightly increased its 2013 investment to core industry supports like purse grants, the breed improvement program and backstretch human resource development.

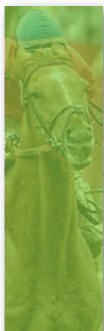

Future revenues are expected to improve as a result of opening a new racetrack at Century Downs. HRA's business plan projects the handle to rise in future years enabling reinvestment in all program areas, including racetrack funding and purse grants.

A new or revised model for Off Track Betting that will encourage more customer interest and access is also seen as a future revenue booster. HRA hopes to have a model approved before 2015.



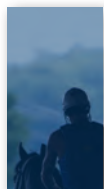
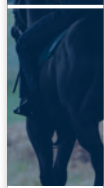
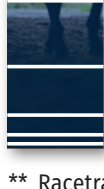


## Where the Money Came From: 2013

	<b>\$ 29,077,960</b>	<b>TOTAL REVENUE</b>
	<b>\$ 21,332,480</b>	Slot revenue* from racetracks
	<b>\$ 6,919,133</b>	General fees
	<b>\$ 525,908</b>	Promotional levy
	<b>\$ 240,907</b>	Assessments, licenses & fines
	<b>\$ 59,532</b>	Other (Bank interest, misc.)

\* Represents 51.66% of total slot revenue.

## Where the Money Went: 2013

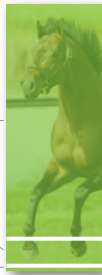
	<b>\$30,022,998</b>	<b>TOTAL EXPENSE</b>
	<b>\$ 10,877,970</b>	Racetrack Grants**
	<b>\$ 10,717,127</b>	Purse Grants
	<b>\$ 3,972,766</b>	Breed Improvement Program
	<b>\$ 3,061,023</b>	Regulatory & Administration
	<b>\$ 1,091,353</b>	Marketing
	<b>\$ 306,884</b>	Backstretch Human Resource Development
	<b>\$ 21,000</b>	Animal Welfare

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

## Handle (by breed)

<b>TOTAL</b>	<b>\$ 138,382,649</b>		<b>\$ 143,476,224</b>	<b>TOTAL</b>
Thoroughbred	<b>\$ 102,980,109</b>		<b>\$ 104,757,676</b>	Thoroughbred
Standardbred	<b>\$ 35,402,540</b>		<b>\$ 38,718,548</b>	Standardbred
		<b>2013</b>		<b>2012</b>

## Handle (by type)

<b>TOTAL</b>	<b>\$ 138,382,649</b>		<b>\$ 143,476,224</b>	<b>TOTAL</b>
Foreign Simulcast	<b>\$ 125,048,385</b>		<b>\$ 128,551,806</b>	Foreign Simulcast
Live	<b>\$ 10,618,503</b>		<b>\$ 12,100,465</b>	Live
Alberta Simulcast	<b>\$ 2,715,761</b>		<b>\$ 2,823,953</b>	Alberta Simulcast
		<b>2013</b>		<b>2012</b>



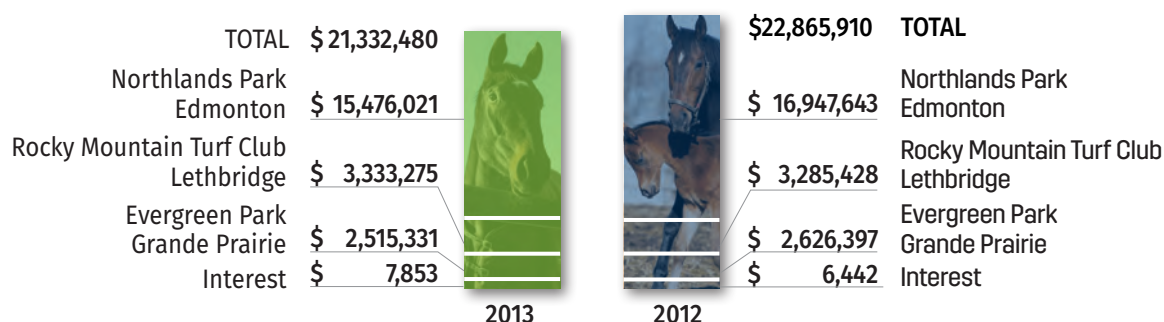
Canadian Derby winner  
Broadway Empire.

### Slot Revenue: From Racing Entertainment Centres



Under a 2002 Government of Alberta agreement called the Racing Industry Renewal Initiative, HRA receives 51.66% of all slot revenue. In 2013, this amounted to \$21.33M. The Alberta Lottery Fund took in \$13.75M (33.33%) while Racing Entertainment Centre operators retained 15% or \$6.19M.

### Slot Revenue: HRA's Portion





# Regulatory and Appeals

The Regulatory and Licensing Committee published an updated Rules of Racing Handbook that took effect May 1, 2013. The 142-page handbook, which is available in hardcopy and on-line, was revamped to make it easier to read and simpler to use.

The quasi-judicial, impartial and objective Appeals Tribunal exists to hear appeals of decisions made by a track judge or steward. Its authority is entrenched in the Horse Racing Alberta Act and its members are appointed by the Provincial Treasurer and Minister of Finance. 2013 Appeals Tribunal members were Dr. Maggie Fulford (Chair), Gordon Graydon and Kelly Budge.

Judges and stewards made 241 rulings in 2013, down slightly by 4% from the year before. This reflects the reduced number of race days (down 5%) from 2012. Six of 255 planned race days were cancelled. Total average rulings per day remained the same as 2012.

## Summary of 2013 Rulings

	Rulings	Race Day	Average Per Day
Thoroughbred Stewards	92	80	1.15
Standardbred Judges	85	97	.88
Community Circuit Judges and Stewards	64	71	.90
TOTAL	241	248	.97

## Summary of Appeals Heard in 2013

Thoroughbred			
Date	Ruling #	Issue	Decision
May 25	13	Suspension- 3 days riding	Appeal denied
Standardbred			
September 8	59	Suspension – 30 days and a fine	Appeal denied
November 2	n/a	Interference	Appeal denied
Community Circuit			
June 2	8	Suspension – 6 months and fine	Appeal denied
August 4	37	Fine	Appeal denied
	38	Fine	Appeal denied
August 26	44	Disqualification; Suspension – 2 days riding	Appeal withdrawn

# Horse Racing Returns to Calgary

After a long six year drought, horses will be racing again on an 'A' track in southern Alberta.

The United Horsemen of Alberta (UHA), developers of a \$24M racetrack and Racing Entertainment Centre in Balzac, located just north of Calgary, received approval from the Alberta Gaming and Liquor Commission in 2013. In addition to live betting, the approval includes 550 slot machines and off-track betting.

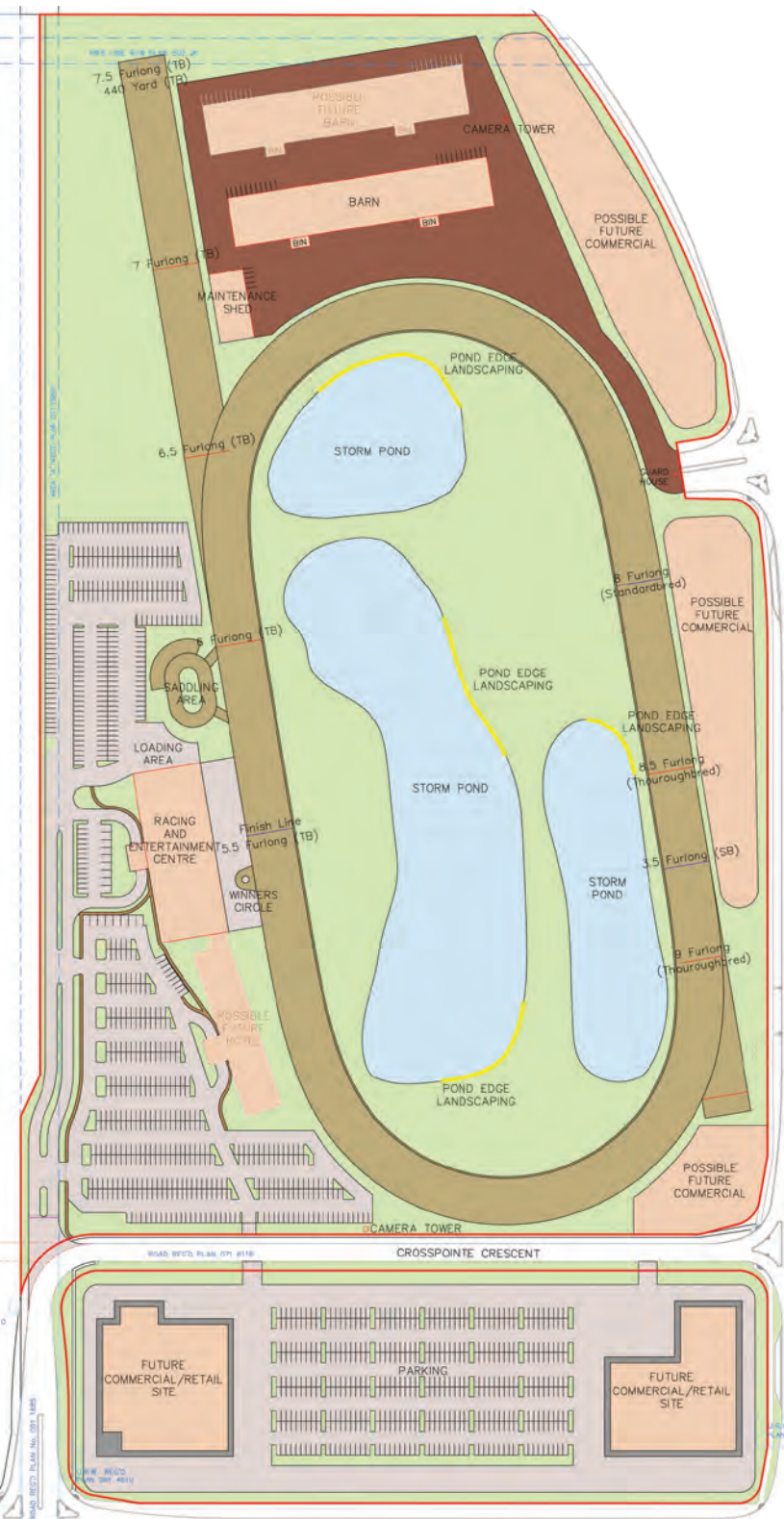
UHA had announced in late 2012 that they have received \$13M in financial support from Century Casinos. Approval of a Master Site Development Plan and development permit by Rocky View County is anticipated in 2014.

The 55 acre site will be developed in phases, beginning with a 5.5 furlong racetrack seating 900 spectators, barns to hold horses during race hours, and parking for 700 vehicles.

The 30,000 square foot Racing Entertainment Centre will have a casino with slot machines, a restaurant and lounge, and a 100-seat off-tracking betting area.

The goal is to be racing before the end of 2014. Standardbred racing will be first, followed by thoroughbred racing in 2016 when more barns are added. Future plans also call for a hotel, commercial space and additional parking.

The reappearance of a track in Calgary is pivotal to industry recovery. The end of horse racing at Stampede Park in 2008 and closure of the slots there in 2009 struck a major financial blow to the industry. It limited growth options and left only one 'A' track in the province.



Site plan of Century Downs, the new racetrack to be built just north of Calgary.



## Award Winner Kelly Hoerdtd had a Humble Start

*Kelly Hoerdtd won the 2013 O'Brien Award for horsemanship. The following story, written by Curtis Stock, appeared in the Edmonton Journal February 18, 2014. It has been edited for length.*

No, the dog never ate Kelly Hoerdtd's homework but there was a time when his horses ate his bed.

For an explanation, you have to go back to 1984, when the Beaumont harness horseman, who was just named Canada's horseperson of the year, ventured out on his own to find his fame and fortune.

"I was 18-years-old," said Hoerdtd, now 47. "I had taken five cheap claimers to Regina, Saskatchewan. By the time I paid for the shipping of the horses, I was broke. I was planning on those horses to get me some money so I could get a hotel or something."

Instead, fate conspired against him. The rain came down sideways and cancelled the races. With nowhere to stay, Hoerdtd said, "I got three bales of hay and put them crosswise to make a bed in the barn, which fortunately was heated and indoors."

But the horses had to eat so the three bales of hay quickly became two bales of hay. Unfortunately the rain kept coming and the horses weren't any less hunger. "My bed disintegrated as I fed the horses," said Hoerdtd.

"I slept in my car," he said of a 1979 Camaro. "It was the way a lot of young horsemen lived while trying to get into the business. You would do anything to keep going," said Hoerdtd, who worked with horses with his dad, Fred, and older brother Glen – the latter a former trainer/driver – from the time he was six years old.

"I went to work with my brother and then with Ed Tracy for two years," he said of the legendary Alberta horseman. Then Hoerdtd went to Saskatchewan. "To get your driver's license in Alberta, you had to work as a trainer for two years. In Saskatchewan, it was just one year. That's why I went there."

When the Regina meet ended, he went to Winnipeg. "I had pretty much blown all the money I made in Regina, so I was broke again."

But Hoerdtd refused to let go of his dream and, in 1986, came back to Alberta. He has never looked back. "It just snowballed," he said of getting horses like Nealies Smartie and Ray's Promise. Hoerdtd bought Nealies Smartie for \$15,000 and ended up making \$350,000. He bought Ray's Promise for \$7,000, made \$100,000, sold him for \$20,000 and then bought him back to win another \$100,000.

There were pacers like Idle Promises, who won \$300,000 in 2005; Blue Star Majesty, who set an Alberta single season earnings record of \$275,000 in 2006; Trust the Artist, who won the Western Canada Pacing Derby in 2007 and retired with earnings of \$600,000; and River Lass, who was named horse of the year in 2010.

This past year he also campaigned horses like National Debt, who was named Alberta's top two-year-old for 2013 and Premium Attaction, who was voted the top three-year-old.

*Alberta trainer and driver Kelly Hoerdtd.*



## Olds College Alum Participates in International Racing Competition

*Reprinted with permission from  
Olds College Horizons magazine*

The HH Sheikhha Fatima bint Mubarak Europe Association of Racing Schools (EARS) Apprentice Jockey Race in Abu Dhabi, the capital of the United Arab Emirates, is a 1,600 metre Arabian horserace held on turf track with riders from around the world.

For the first time, a Canadian rider participated in the race. This rider, given the opportunity of a lifetime, was Olds College alum and amateur jockey Amie Pooli.

Pooli is a graduate of the Olds College Exercise Rider & Jockey Program.

Participants in the race must have attended a recognized jockey training program, and must compete as an apprentice. The first festival was held in 2009 to highlight, promote and encourage the breeding and buying of thoroughbred Arabian horses to a global audience.

A draw is held to determine the pairings of horses to riders. "The point of the race," according to Stephane Heiler, who worked with EARS to bring Canada into this race, "is not so much the win but the experience of the festival, and to ride the Arabian purebred. Amie represented Canada and the College in the most professional manner and was a big part of our being invited back."

To be invited to partake in this international race is an honour in itself. "It was awesome

to get the chance to see how the racing industry is conducted there, compared to here in North America," Pooli says. "They do some things a little differently; for example they run the horses in the opposite direction compared to Canada."

Pooli now works at Turf Paradise Race Course in Phoenix, Arizona where she exercises and works as well as rides the horses. The opportunity to ride in Abu Dhabi came up very quickly, however Pooli, who came in seventh place in a field of 15 riders from 13 different nations, has no regrets.

"It was a lot of fun and I would recommend anyone to go if they have the opportunity."

The Jockey Club of Canada nominated Pooli and fellow Olds College exercise rider graduate Sheena Ryan for a 2013 Sovereign Award in the Outstanding Apprentice Jockey category.

*Amie Poole's story is a positive reflection of the Exercise Rider & Jockey Program, which is sponsored by Horse Racing Alberta and nurtured by Backstretch Manager and Chaplain Jim Haggan.*



*Amie Poole (front row kneeling, third from left in purple silks) posed with her fellow jockeys and dignitaries at the racetrack in Abu Dhabi.*





## Marketing

Budget constraints forced the industry to continue to make tough decisions on where to allocate limited marketing dollars in 2013.

Under the direction of the Strategic and Sustainable Development Committee, marketing was delivered with three specific goals in mind; to make Alberta racing a priority, to continue to raise the profile, awareness and contributions of the industry in Alberta, and to bridge the gap to the new Calgary area racing facility.

The HRA website continued to deliver to fans and industry stakeholders racing information, regulatory activities, board and committee information, key industry documents, regional racing reports and other industry documentation including easy to use, on-line license application forms, business plans and annual reports.

The Canadian Derby was broadcast live on CTV Alberta on a day that featured heavy rain and witnessed Broadway Empire win the prestigious race by over five lengths. The show received a large audience across Alberta and was named a finalist for the 11th year in a row in the Jockey Club of Canada's Sovereign Award Category for Broadcast of the Year in Canadian thoroughbred racing. Horse Racing Alberta has won the award five times. The show did capture a Rosie Award from the Alberta Film and Television Awards for Best Live Sports Event Production.

A Public Service Announcement campaign continued to educate Albertans in understanding the contributions and economic impact that the horse racing and breeding industry contributes across the province. The PSAs were refreshed with new visuals and updated economic impact numbers in 2013 to better reflect the current contributions to the province.

HRA also worked closely with all industry Alberta facilities and stakeholders by partnering in promotions and special events that maintained the current core customer while targeting potential new customers.

To maintain a corporate profile and create goodwill in the community, HRA participated in and sponsored various initiatives through the year. HRA was proud to sponsor the ladies barrel racing at the Canadian Finals Rodeo and at the Innisfail Rodeo. We sponsored performers' visits to the Alberta Children's Hospital and sent schools to the Tim Horton's International Children's Festival. We worked closely on several events with the Whitemud Equine Learning Centre in Edmonton and partnered with the Zebra Foundation, Caritas Hospital and others across the province.

# Industry and Government Relations

The industry was buoyed by the news that the United Horseman of Alberta (UHA) received approval from the Alberta Gaming and Liquor Commission for their Century Downs horse racing track and Racing Entertainment Centre at Balzac near Calgary.

HRA’s 2014-2016 business plan anticipates Century Downs will be in operation before the end of 2014. This will increase revenue streams and enable more HRA investment in the industry.

For example, there has been a downward trend in purses since the closure of Stampede Park. However, purses are expected to rebound with the addition of a new racetrack, with more money available for HRA grants and breed improvement support.

In an effort to increase off-track betting, Alberta Downs was awarded in 2013 a 50-kilometre home market for Tele-theatres and other Off Track Betting (OTB) sites. Similar arrangements exist with Northlands Park, Rocky Mountain Turf Club and the new Century Downs. HRA has formed a working committee to study the issue and recommend a model going forward that is fair and equitable to all.

Meetings with stakeholders reiterated the importance of opening the Balzac track for industry stability and growth. They also wanted more certainty regarding race dates, transparency, improved communications and quality growth of the Breed Improvement Program.

In 2014, a database of industry data and facts will be developed for use by the racing industry and government. It is hoped details about the amount of activity, jobs, investment and benefits that horse racing generates in Alberta will deliver a positive, accurate message about the industry and increase support.



## Alberta Purses

	HRA Grant		Breed Improvement Program*		Total Purses (provided by HRA)	
	2013	2012	2013	2012	2013	2012
Thoroughbred	\$4,769,317	\$4,769,318	\$1,959,000	\$1,959,000	\$6,728,317	\$6,728,318
Standardbred	3,386,333	3,453,000	1,032,776	1,040,000	4,419,109	4,493,000
Community Circuit	2,561,477	2,441,618	369,750	369,750	2,931,227	2,811,368
Totals	\$10,717,127	\$10,663,936	\$3,361,526	\$3,368,750	\$14,078,653	\$14,032,686

\* Estimated money available from the 2013 Breed Improvement Program. Total program investment was \$3,972,766.





## Human Resource Development and Welfare

The backstretch program at Northlands Park is an important education, health and development resource for grooms, exercise riders, jockeys and others.

HRA allocated more funding in 2013 to ensure those who needed help could get it. This funding, plus the HRA Backstretch Foundation, also allowed for social programming such as a Christmas party, sports tournaments and races, dances and various other events that increased the quality of life in the backstretch.

Nearly 2,000 visits were made in 2013 to the Learning Centre where backstretch employees can get assistance with language and computer literacy, government program applications, preparing for General Equivalency Diploma exams, and other needs. In addition to the Learning Centre, counseling, spiritual and benevolent support

is offered to the hundreds of part-time and full-time backstretch workers.

The foreign worker program continues to be a success, filling shortages caused by an aging workforce and people leaving the industry. Acting as a third party representative for trainers and owners, HRA applied to Service Canada for 135 foreign workers, receiving approval to bring 105 grooms and 15 exercise riders to Alberta for the racing season.

New Service Canada rules were introduced in 2013 that reclassify grooms and exercise riders as unskilled workers. This may jeopardize HRA's foreign worker assistance program, which has been running since 2005. HRA is working with Olds College to develop a qualification exam that would certify people as skilled. The College graduated 18 people from its accredited Exercise Rider & Jockey School and Groom School in 2013.



## Animal Welfare

Regular testing of horses prior to or immediately after a race is part of the standards HRA employs to ensuring horse racing is a level playing field and horse health is protected. Fewer race days resulted in fewer tests being conducted in 2013 when compared to 2012.

Of the 4,641 medication and TC02 tests done, only 0.37 % tested positive. Six of these tests discovered Ractopamine in the blood stream, a food additive that increases protein synthesis and results in increased muscle fibre.

Breed improvement continues to be a focus for HRA. In addition to total purse money won by Alberta-bred horses, yearly sales are a good indication of breed quality and value. The standardbred average sales price more than doubled (up 208%) from 2013, the quarter horse average sale price was up 13% and the thoroughbred average sale price was down slightly by 2%.

### Animal Testing - 2013

	Medication		TC02	
	Tests	Positives	Tests	Positives
Thoroughbred	1,288	4	571	1
Standardbred	1,762	6	193	0
Community Circuit	722	6	105	0
Total	3,772	16	869	1

## Breeding

### Average Yearling Sale Prices

	2013	2012	2011
Thoroughbred	\$8,342	\$8,560	\$8,469
Standardbred	\$10,027	\$4,807	\$6,242
Quarter Horse	\$3,636	\$3,205	\$4,040

### Breed Improvement Program Investments

	2013	2012	2011
Thoroughbred	\$2,273,990	\$2,271,739	\$2,253,628
Standardbred	\$1,258,776	\$1,247,052	\$1,266,000
Quarter Horse	\$440,000	\$440,000	\$439,999
Total	\$3,972,766	\$3,958,791	\$3,959,627



# 2013 Award Winners

## O'Brien Awards



### Horsemanship

Beaumont's Kelly Hoerd (left) won the O'Brien Award of Horsemanship in Canada. He trained 82 winners for \$623,000 in purses and drove another 66 to earn \$490,000 in winnings.



### Future Star

Travis Cullen (centre) won the 2013 O'Brien Award in the Future Star category. The 21-year-old was Alberta Downs's 2013 trainer and driver title winner, with 64 training victories and 86 driving wins.

## Alberta Standardbred Association

Award Category	Winner	Owner
Two-Year-Old Filly	Shark Festival	Keith Clark/Harvey & Ann Jaeger
Two-Year-Old Alberta Sired Filly	Nighttraintovegas	Dick Schneider/David Halmosi
Two-Year-Old Colt/Gelding	National Debt	Blair & Erna Corbeil/Kelly Hoerd
Two-Year-Old Alberta Sired Colt/Gelding	Comes Home First	JJJ Stables
Three-Year-Old Filly	Contesta Hanover	Keith Clark/Robert Jones
Three-Year-Old Alberta Sired Filly	Crackers Hot Shot	Rod Starkewski
Three-Year-Old Colt/Gelding	Beren Hanover	Keith Clark/Robert Jones
Three-Year-Old Alberta Sired Colt/Gelding	Premium Attraction	Kelly Hoerd/Blair Corbeil
Aged Horse	Smooth Criminal	Willie Wychopen/Walter Moroz
Aged Mare	Credit Card Junkie	Keith Clark/Doris McDougall/Verne Rea
Claimer of the Year (Fillies/Mares)	Fancy Camelot	T. Cullen/K. Hannah/J. Hannah/D. Taylor
Claimer of the Year (Colts/Geldings)	DA Terror	Trevor Williams/Travis Cullen
Groom of the Year	Christine Scott	
Trainer of the Year	Travis Cullen/Kelly Hoerd	
Trainer of the Year under 200 Starts	Gerald McGinn	
Driver of the Year	Travis Cullen	
Driver of the Year under 200 Starts	Jean Francois Gagne	
Horse of the Year	Crackers Hot Shot	
Horseperson of the Year	Travis Cullen	
Owner of the Year	Rod Starkewski	
Breeder of the Year	Meridian Farms-Bill Andrew	

## Canadian Thoroughbred Horse Society - Alberta Awards

Category	Winner
Champion Claimer	King of the Rockies
Champion Sprinter	Ready Racer
Champion Two Year Old Filly	Habida
Champion Two Year Old Colt	Legend Fortynine
Champion Three Year Old Filly	Tell Me Lies
Champion Three Year Old Colt	Broadway Empire
Champion Older Mare	Saturday Night Ride
Champion Older Horse	Commander
Horse of the Year	Broadway Empire
Leading Jockey	Rico Walcott
Leading Breeder	Highfieldstock Farms Ltd.
Leading Trainer	Dale Saunders
Champion Alberta-Bred	For Cash
Horse Person of the Year	R. A. (Red) McKenzie
Leading Owner	Riversedge Racing Stables Ltd.

# 2013 Award Winners

## Alberta Community Thoroughbred Racing Association

Category	Winner
3 Year Old Alberta Bred Filly	Lost My Aura
3 Year Old Alberta Bred Male	He's Italian
Alberta Bred Older Female	Mistress Bell
Alberta Bred Older Male	Nomanisanisland
Alberta Bred Aged Mare	Mistress Bell
Alberta Bred Claiming Female	Sizzano
Alberta Bred Aged Male	Nomanisanisland
Alberta Bred Claiming Male	Wisewood Bobbie
Alberta Bred Champion Male	He's Italian
Alberta Bred Champion Female	Mistress Bell
Alberta Breeder	Max Gibb
ACTRA Claiming Female	Ann's Seven
ACTRA Claiming Male	At The Bada Bing
ACTRA Sprint Female	Ann's Seven
ACTRA Sprint Male	Dubla Gold
ACTRA Older Female	Lot A Smoke
ACTRA Older Male	At The Bada Bing
ACTRA Distance Horse	Pipestone Flyer
High Point Female	Anne's Seven
High Point Male	Bubla Gold
RMTC Spring Meet Leading Trainer	Rick Wiest
RMTC Fall Meet Leading Trainer	Lyle Magnuson
Grande Prairie Leading Trainer	Lyle Magnuson
Most Supportive Trainer	Lyle Magnuson
Trainer of the Year	Lyle Magnuson
Jockey of the Year	Larris Allen
ACTRA Champion	Mistress Bell
ACTRA Special Award	Ivan and Shirley Clark

## Alberta Quarter Horse Racing Association

Category	Horse	Owner/Person
Champion Two Year Old (TIE)	Cr Strawflyin Bux	Shane Ray & Brian Weatherill
	Remington Memories	Blair Anton
Reserve Champion	Keepin Good Karma	Barry & Janice Sather
Champion Three Year Old	Poutn With Speed	Pete Schoeler
Reserve Champion	Im Hott Ur Nott	Ralph Danard
Champion Aged	Legacys A Streakin	Ed Borgstrom
Reserve Champion	Northforkzoom	Glenn Wills & Tom Copithorne
Grand Champion Running Horse (TIE)	Cr Strawflyin Bux	Shane Ray & Brian Weatherill
	Remington Memories	Blair Anton
Champion Alberta Bred Two Year Old - Colt/Gelding (TIE)	Cr Strawflyin Bux	Shane Ray & Brian Weatherill
	Remington Memories	Blair Anton
Champion Alberta Bred Two Year Old - Filly	Zoomin Her Way	Shady Lane Stables
Champion Alberta Bred Three Year Old - Colt/Gelding	Poutn With Speed	Pete Schoeler
Champion Alberta Bred Three Year Old - Filly	Kool Shazoom	Shaun Jeffrey
Champion Alberta Bred Aged - Colt/Gelding	Northforkzoom	Glenn Wills & Tom Copithorne
Champion Alberta Bred Aged - Filly/Mare	Tres Seis Smooches	Angelle Carter
Champion Alberta Bred (TIE)	Cr Strawflyin Bux	Shane Ray & Brian Weatherill
	Remington Memories	Blair Anton
	Poutn With Speed	Pete Scholer
Reserve Champion		
Champion Trainer		William Leech
Champion Percentage Trainer		Laurie Ferguson
Champion Jockey		Ramiro Castillo
Champion Sire	Its All About Speed	Shady Lane Stables
Champion Owner		Barry & Janice Sather
Champion Breeder		Barry & Janice Sather
Champion Distance Horse	Asbigastexas	Deann Davies
Champion Claiming Horse	Cr Rajun Cajun	Barry & Janice Sather



## Horse Racing Alberta Financial Statements

Year ended December 31, 2013





**KPMG LLP**  
**Chartered Accountants**  
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Canada

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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Horse Racing Alberta

We have audited the accompanying financial statements of Horse Racing Alberta, which comprise the statement of financial position as at December 31, 2013, the statements of operations, changes in net assets (deficiency) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of Horse Racing Alberta as at December 31, 2013, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Chartered Accountants**  
**April 29, 2013**  
**Edmonton, Canada**

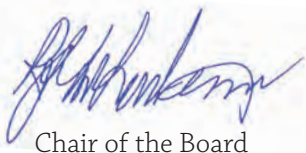
## Statement of Financial Position

December 31, 2013, with comparative information for 2012

	December 31, 2013	December 31, 2012
<b>Assets</b>		
Current assets:		
Cash	\$ 561,479	\$ 1,582,248
Accounts receivable (note 2)	1,536,964	674,505
Receivable from the Province of Alberta (note 3)	1,450,656	1,823,427
Prepaid expenses	53,614	48,610
Current portion of loans receivable (note 4)	114,665	110,254
	<b>3,717,378</b>	<b>4,239,044</b>
Loans receivable (note 4)	327,027	386,565
Capital assets (note 5)	14,299	19,702
	<b>\$ 4,058,704</b>	<b>\$ 4,645,311</b>
<b>Liabilities and Net Assets (Deficiency)</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 1,013,300	\$ 957,867
Racetrack grants payable	3,353,454	3,025,331
	4,366,754	3,983,198
Net assets (deficiency)		
Invested in capital assets	14,299	19,702
Unrestricted	(322,349)	642,411
	(308,050)	662,113
Commitments (note 10)		
	<b>\$ 4,058,704</b>	<b>\$ 4,645,311</b>

See accompanying notes to financial statements.

On behalf of the Board:



Chair of the Board



Chair of the Audit and Finance Committee



## Statement of Operations

Year ended December 31, 2013, with comparative information for 2012

	2013 Budget (Unaudited)	2013 Actual	2012 Actual
<b>Revenues</b>			
General fees	\$ 7,956,867	\$ 7,445,041	\$ 7,718,259
Racing Industry Renewal Initiative revenues (note 3)	23,177,403	21,332,480	22,865,910
Other racing revenues	246,045	240,907	229,970
Interest	50,000	45,012	45,203
Other revenues	-	14,520	6,303
	31,430,315	29,077,960	30,865,645
<b>Expenditures</b>			
Purse Support Grants			
Thoroughbred	4,769,317	4,769,317	4,769,318
Standardbred	3,386,772	3,386,333	3,453,000
Community	2,561,447	2,561,477	2,441,618
	10,717,566	10,717,127	10,663,936
Breed Improvement Program			
Thoroughbred	2,294,000	2,273,990	2,271,739
Standardbred	1,266,000	1,258,776	1,247,052
Community	440,000	440,000	440,000
	4,000,000	3,972,766	3,958,791
Racetrack grants, Schedule 1	11,802,478	10,877,970	11,642,174
Marketing and Promotion, Schedule 2	1,350,000	1,091,353	1,116,830
Regulatory and Administration, Schedule 3	3,046,289	3,061,023	3,319,073
Human resource development	316,912	306,884	301,911
Emerging projects and programs	150,000	-	-
Animal welfare	26,000	21,000	21,000
	16,691,679	15,358,230	16,400,988
	31,409,245	30,048,123	31,023,715
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 21,070</b>	<b>\$ (970,163)</b>	<b>\$ (158,070)</b>

See accompanying notes to financial statements.

# Statement of Changes in Net Assets (Deficiency)

Year ended December 31, 2013, with comparative information for 2012

	Invested in capital assets	Unrestricted	Total 2013
Balance, beginning of year	\$ 19,702	\$ 642,411	\$ 662,113
Deficiency of revenues over expenditures	(7,728)	(962,435)	(970,163)
Investment of capital assets	2,325	(2,325)	-
<b>Balance, end of year</b>	<b>\$14,299</b>	<b>\$ (322,349)</b>	<b>\$(308,050)</b>

	Invested in capital assets	Unrestricted	Total 2012
Balance, beginning of year	\$ 30,549	\$ 789,634	\$ 820,183
Deficiency of revenues over expenditures	(12,647)	(145,423)	(158,070)
Investment of capital assets	1,800	(1,800)	-
<b>Balance, end of year</b>	<b>\$19,702</b>	<b>\$ 642,411</b>	<b>\$ 662,113</b>

See accompanying notes to financial statements.



## Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash flow from operating activities:		
Cash received:		
General fees	\$ 6,582,582	\$ 8,068,544
Racing Industry Renewal Initiative	21,705,251	22,900,870
Other racing renewal	240,907	229,970
Interest and other revenue	14,520	6,315
Cash paid:		
Purse support grants	(10,717,127)	(10,663,936)
Breed improvement program	(3,972,766)	(3,958,791)
Racetrack grants	(10,549,848)	(10,994,108)
Marketing and promotion	(1,091,353)	(1,116,830)
Regulatory and administration	(2,977,726)	(2,833,209)
Other operating expenses	(327,884)	(322,911)
	(1,093,444)	1,315,914
Investing:		
Purchase of capital assets	(2,325)	(1,800)
Repayment of loan receivable	75,000	100,000
	72,675	98,200
(Decrease) increase in cash	(1,020,769)	1,414,114
Cash, beginning of year	1,582,248	168,134
<b>Cash, end of year</b>	<b>\$ 561,479</b>	<b>\$ 1,582,248</b>

*See accompanying notes to financial statements.*

# Notes to Financial Statements

Year ended December 31, 2013

## Nature of operations:

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

### 1. Significant accounting policies:

*(a) Basis of presentation:*

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

*(b) Capital asset:*

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

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

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

*(c) Revenue recognition:*

The Entity follows the deferral method of accounting for contributions.

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

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

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

Revenue from fees are recognized when the services are provided or the goods are sold.



## Notes to Financial Statements (continued)

Year ended December 31, 2013

### 1. Significant accounting policies (continued):

#### (d) Financial instruments:

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

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

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

#### (e) Use of estimates:

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

### 2. Accounts receivable:

	2013	2012
Trade receivables	\$ 1,497,207	\$ 629,608
GST receivable	39,757	45,897
	1,536,964	675,505
Less allowance for doubtful accounts	-	(1,000)
	<b>\$ 1,536,964</b>	<b>\$ 674,505</b>

## Notes to Financial Statements (continued)

Year ended December 31, 2013

### 3. Receivable from the Province of Alberta:

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

	2013	2012
Deferred revenue, beginning of the year	\$ -	\$ -
Flow through amounts from the Province of Alberta during the year	21,324,627	22,859,468
Interest received on deferred revenue	7,853	6,442
Amount recognized as Racing Industry Renewal Initiative revenues in the year	(21,332,480)	(22,865,910)
<b>Deferred revenue, end of period</b>	<b>\$ -</b>	<b>\$ -</b>

The Entity has an agreement with the Province of Alberta, as represented by the Minister of Finance, to assist in long-term industry renewal with monies derived from the flow-through portion of net revenue from electronic gaming terminals at licensed horse racing tracks. This agreement expires March 31, 2016.

The receivable from the Province of Alberta at December 31, 2013 is \$1,450,656 (2012 - \$1,823,427).

### 4. Loans receivable:

	2013	2012
Grande Prairie Regional Agricultural & Exhibition Society, non interest bearing and unsecured	\$ 441,692	\$ 496,819
Less current portion	(114,665)	(110,254)
	<b>\$ 327,027</b>	<b>\$ 386,565</b>

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

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

## Notes to Financial Statements (continued)

Year ended December 31, 2013

### 4. Loans receivable (continued):

In 2013, the sliding scale contingency resulted in a reduction of the payment received to \$75,000 (2012 - \$100,000) from \$150,000 and the \$75,000 (2012 - \$100,000) was added to repayments in 2017 (2012 - 2016) resulting in an impairment of \$25,127 (2012 - \$13,249).

Interest revenue includes \$45,012 (2012 - \$45,190) related to the amortization of the fair value discount.

	<b>Total receivable</b>	<b>Unamortized discount and valuation allowance</b>	<b>Principal due</b>
2014	\$ 150,000	\$ 35,335	\$ 114,665
2015	150,000	26,162	123,838
2016	150,000	16,255	133,745
2017	75,000	5,556	69,444
	<b>\$525,000</b>	<b>\$ 83,308</b>	<b>\$441,692</b>

### 5. Capital assets:

<b>December 31, 2013</b>	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
Office equipment and furniture	\$ 191,302	\$ 178,260	\$ 13,042
Computer hardware and software	77,251	76,779	472
Leasehold improvements	18,914	18,129	785
	<b>\$287,467</b>	<b>\$273,168</b>	<b>\$14,299</b>

<b>December 31, 2012</b>	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
Office equipment and furniture	\$ 188,977	\$ 172,666	\$ 16,311
Computer hardware and software	77,251	75,938	1,313
Leasehold improvements	18,914	16,836	2,078
	<b>\$285,142</b>	<b>\$265,440</b>	<b>\$19,702</b>

Amortization for the year was \$7,728 (2012 - \$12,647).

### 6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$21,428 (2012 - \$25,010), which includes amounts payable for GST and payroll related taxes.



## Notes to Financial Statements (continued)

Year ended December 31, 2013

### 7. Compensation:

#### Year ended December 31, 2013

	Positions	Base salary (1)	Other cash benefit (2)	Other non-cash benefits (3)	Total Dec. 31, 2012
Chair	1	\$ 60,000	\$ 10,650	\$ 5,309	\$ 75,959
CEO	1	210,000	-	19,419	229,419
CFO	1	160,431	9,774	14,975	185,180
Board of Directors	12	-	58,200	300	58,500
Managers:					
Racetrack and administration	3	297,392	15,504	28,679	341,575
Non managers:					
Racetrack	12	528,234	26,831	62,214	617,278
Administration	4	75,653	-	25,147	100,800
	<b>34</b>	<b>\$1,331,710</b>	<b>\$120,959</b>	<b>\$156,043</b>	<b>\$1,608,711</b>

(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.

#### Year ended December 31, 2012

	Positions	Base salary (1)	Other cash benefit (2)	Other non-cash benefits (3)	Total 2013
Chair	1	\$ 60,000	\$ 9,650	\$ 3,483	\$ 73,133
CEO	1	210,000	-	21,403	231,403
CFO	1	155,758	9,410	17,915	183,083
Board of Directors	13	-	38,600	367	38,967
Managers:					
Racetrack and administration	3	266,128	73,413	31,344	370,885
Non managers:					
Racetrack	16	628,287	80,783	83,538	792,608
Administration	3	81,934	-	20,301	102,235
	<b>38</b>	<b>\$1,402,107</b>	<b>\$211,856</b>	<b>\$178,351</b>	<b>\$1,792,314</b>

## Notes to Financial Statements (continued)

Year ended December 31, 2013

### 7. Compensation (continued):

- (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.

### 8. Licensing:

A ten year provisional license was issued to United Horseman of Alberta Inc. for the Calgary area which expires on December 31, 2016.

On December 3, 2013, Century Casinos Inc. signed agreements with United Horsemen of Alberta Inc. to proceed with the Century Downs Racetrack and Casino development, a horse racetrack and casino, which will be located in Balzac, Alberta. The Entity has granted the racing license for the project and the Alberta Gaming and Liquor Commission has also approved the project for development. With the development permit in place, construction is expected to be completed by the end of 2014.

A one year conditional race track license was granted to Alberta Downs Horse Racing for the Lacombe area effective March 1, 2011 and in November, 2011 a further six month extension was granted. On March 22, 2012, a ten year license was issued, which expires on March 31, 2022.

### 9. Trust funds:

The Entity collects and disburses trust funds related to the simulcast handle in the Calgary market area on behalf of Alberta Standardbred Horse Association (ASHA).

At December 31, 2013 the Entity held \$50,916 (2012 - \$55,817) of cash in trust for ASHA under a one year agreement effective January 1, 2010 between Rocky Mountain Turf Club (RMTC), ASHA and the Entity. The funds are disbursed at the sole discretion of ASHA. The agreement was renewed in 2012 and 2013 and can be renewed for 2014 on the same terms.

### 10. Commitments:

The Entity rents office premises in Edmonton, expiring March 31, 2018. The Entity is responsible for its proportionate share of property taxes and building operating costs for the leased premises. The Entity also has automotive and office equipment under operating leases through to 2014 as well as a contract with Televue Racing Patrol of Canada through to March 2016.

#### Annual payments are as follows:

2014	\$ 457,829
2015	458,428
2016	195,333
2017	158,072
2018	39,677

**\$1,309,339**

## Notes to Financial Statements (continued)

Year ended December 31, 2013

### 11. 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 2012.

(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 78% (2012 - 67%) of its trade accounts receivable outstanding with one counterparty operating in the gaming and horse racing industry. The Entity assesses, on a continuous basis, accounts receivable and loan receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

## Schedule 1 – Racetrack Grants

Year ended December 31, 2013, with comparative information for 2012

	2013 Budget (Unaudited)	2013 Actual	2012 Actual
Northlands Park	\$ 8,583,810	\$ 7,714,044	\$ 8,447,577
Rocky Mountain Turf Club	1,148,501	1,182,712	1,165,736
Lacombe	1,170,000	1,170,000	1,170,000
Grande Prairie Regional Agricultural Society	880,167	791,214	838,861
Millarville	20,000	20,000	20,000
	<b>\$11,802,478</b>	<b>\$10,877,970</b>	<b>\$11,642,174</b>



## Schedule 2 – Marketing and Promotion

Year ended December 31, 2013, with comparative information for 2012

	<b>2013 Budget (Unaudited)</b>	<b>2013 Actual</b>	<b>2012 Actual</b>
Direct marketing and promotion	\$ 500,000	\$ 488,550	\$ 498,963
Internal marketing, public and media relations	720,000	455,488	455,621
Live race broadcasting	130,000	147,315	162,246
	<b>\$1,350,000</b>	<b>\$1,091,353</b>	<b>\$1,116,830</b>

## Schedule 3 – Regulatory and Administration

Year ended December 31, 2013, with comparative information for 2012

	<b>2013 Budget (Unaudited)</b>	<b>2013 Actual</b>	<b>2012 Actual</b>
Compensation (note 7)	\$ 1,591,749	\$ 1,608,711	\$ 1,792,314
Contractors	374,000	353,077	315,671
Photo finish and video patrol	230,000	233,668	235,678
Travel	190,000	211,281	196,634
Legal, consulting and audit fees	126,500	167,573	221,593
Office rent and operating costs	140,000	152,466	201,068
Office and administration	123,500	121,050	122,712
Appeal tribunal	50,000	36,618	57,818
Telephone	38,000	36,574	43,621
Other	40,000	35,380	38,668
Insurance	29,000	29,754	30,542
Loan impairment (note 4)	-	25,127	13,249
Memberships	18,540	19,707	19,506
Toxicology	60,000	8,849	6,469
Amortization	13,000	7,728	12,647
Committee expenses	12,000	6,905	6,256
Meetings and seminars	10,000	6,555	4,627
	<b>\$3,046,289</b>	<b>\$3,061,023</b>	<b>\$3,319,073</b>



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