HORSE RACING ALBERTA
ANNUAL REPORT 2023

THE HORSES
HORSE RACING ALBERTA

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2023 BOARD OF DIRECTORS

Diana McQueen	Board Chair
Darrell Bauder	Vice Chair/Canadian Thoroughbred Horse Society Representative
Don McDougall	Alberta Standardbred Association Horsemen Representative
John Hind	Alberta Standardbred Association Breeders Representative
Brian Bygrave	Horsemen's Benevolent and Protective Association Representative to April 30, 2023
Mike Vanin	Horsemen's Benevolent and Protective Association Representative as of as of May 1, 2023
Dale Zukowski	Other Breeds Representative
Allen Goodsell	"A" Circuit Representative
Geoff Smith	"A" Circuit Representative
Dan Gorman	"B" Circuit Representative to August 18, 2023
Max Gibb	"B" Circuit Representative as of August 19, 2023
Erika Bottcher	Public Member to May 26, 2023
Doug Horner	Public Member as of May 26, 2023
Kris Fleckenstein	Public Member as of May 26, 2023
Phillip Stuffco	Public Member
Brittany Davis	Public Member
Nicole Marshall	Government Representative- Service Alberta and Red Tape Reduction
Kent Verlik	Chief Executive Officer, Non-Voting

2023 HRA COMMITTEE CHAIRS

Darrell Bauder	Governance and Compensation Committee
John Hind	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 THE CEO**

In the dynamic world of horse racing, where tradition meets innovation, Horse Racing Alberta's (HRA) commitment to excellence and integrity has been unwavering. In 2023, HRA continued to execute strategies for the future as we strive to grow the racehorse population, increase field sizes, attract more fans, and drive handle to preserve the sustainability of the Alberta horseracing industry.

The year started with the conclusion of the Alberta Horse Racing Governance Review which resulted in positive changes to the Horse Racing Alberta Act enacted by the Provincial Government. Changes included the introduction of Rule 273 g Non-Appealable Rule Violations, disallowing interference calls made by the Stewards or Judges to be appealed; the establishment of Appeal Panels for the Horse Racing Appeal Tribunal (HRAT); requiring competency matrices to be used by HRA and HRAT for the recruitment of new members; and the addition of a fourth Public Member to be appointed to the Board of Directors.

The safety and welfare of our equine athletes remain at the forefront with the development of an Equine Health & Safety Program and an "A" Track Safety & Improvement Subcommittee. These working groups include important stakeholders collecting and reviewing data related to the safety of our racehorses. By working together, we will continue to ensure the health and safety of racing participants, both equine and human alike.

Purse allocations continued to rise in the year, including an additional $350,000 as slot revenues exceeded expectations, offering more financial incentives to horsemen racing in Alberta. West of Ontario, Alberta remains the most attractive purse program in Canada for those in the business of horse racing. The Racehorse Procurement Incentive Program (RPIP) increased the racehorse population, and the Breed Improvement Program (BIP) remains a strong incentive to owners & breeders in the province to increase their foal crops.

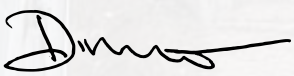
Industry yearling sales proved to be very successful in 2023. The Alberta Standardbred Horse Association Yearling sale was record breaking. Over 50 yearlings sold for a staggering $1.2 million, which was up 17% over last year. The Canadian Thoroughbred Horse Society sale held at Westerner Park saw 69 yearlings sell for just over $600,000 with the average price increasing by 27% over the previous year. At the Alberta Quarter Horse Racing Association sale, the average sale price nearly doubled with an average sale price of $13,735 up from $7,620 in 2022. There is an excitement level in purchasing yearlings that has not be seen in many years.

Through the development of the HRA Backstretch Worker Health Benefits program, we continue to demonstrate our commitment to the well-being of the men & women employed by the industry but also aim to bolster the recruitment and retention of vital racing participants.

Alongside stakeholders, this year the HRA Board was able to solidify a 3-year race day calendar and a signed memorandum of understanding to provide more stability in the industry with viable racing opportunities for our stakeholders in all regions of the province.

Implementing the Strategic Risk Management Plan further enhances the organization's proactive ability to mitigate and manage potential risks. Fifteen (15) race days were lost to conditions related to wildfires in 2023. This loss of 6% of our race days resulted in 4% reduction of handle revenue. To allow for industry-wide processes when facing these possible weather challenges in the future, a Hazardous Weather Protocol and Raceday Cancellation Policy were drafted.

On behalf of the HRA Board of Directors, Management Team and Staff, and our Stakeholders, thank you for helping to make the sport of horse racing strong and viable as we look forward to a successful 2024.



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

The HRA organizational strategy is represented as a single-page strategy map. The Board's four strategic thrusts form the basis of the strategy. Strategic objectives within each thrust are identified at the intersection of each Perspective.

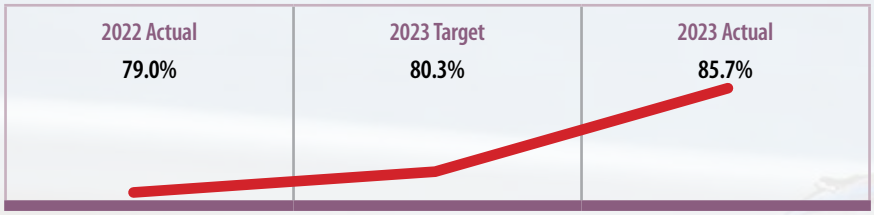
The four Perspectives provide a "balanced scorecard" model for performance measurement of each strategic objective to be reported in future annual reports.

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

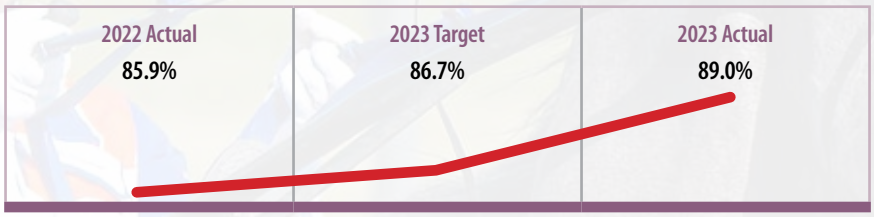
Stakeholder Engagement Index



*The 2023 Stakeholder Engagement index is the combined average of the HRA Stakeholder Engagement Survey (74.4%), HRA Board Survey (96.4%) and HRA Employee Engagement Survey (86.5%) Results.

ORGANIZATIONAL ALIGNMENT AND EFFECTIVENESS

Racing Event Compliance



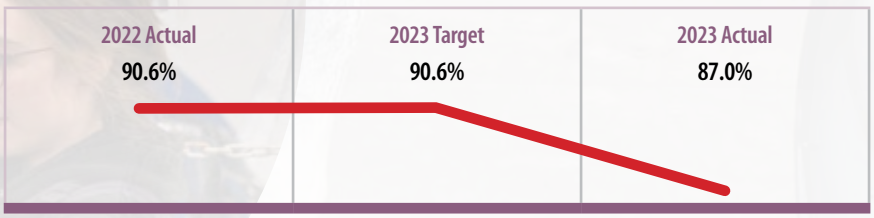
*Racing Event Compliance is the percentage of races ran without a rule violation

Total Provincial Marketing Expense

* Dollars totals in '000s

TECHNOLOGY DRIVEN RESILIENCE

HRA Resiliency Index



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

SUMMARY OF PERFORMANCE METRICS

RESPONSIBLE GROWTH

HRA Cumulative Surplus (Deficit)

* Dollars totals in '000s

Total Pari-mutuel Handle

* Dollars totals in '000s. Excludes Export Handle.

Total Purse Grants

* Dollars totals in '000s

Total Breed Improvement Investment

* Dollars totals in '000s

PERFORMANCE METRICS

	Actual 2022	Target 2023	Actual 2023
Stakeholder Engagement Index	79.0%	80.3%	85.7%
Racing Event Compliance	85.9%	86.7%	89.0%
Total Provincial Marketing Expense	$520	$600	$600
HRA Resiliency Index	90.6%	90.6%	87.0%
HRA Cumulative Surplus	$3,762	$5,593	$5,956
Total Pari-Mutuel Handle	$91,746	$88,814	$88,099
Total Purse Grants	$12,500	$13,500	$13,850
Total Breed Improvement Investment *	$3,734	$4,400	$4,439

Dollars totals in '000s

* Includes RPIP Program funding

REGULATORY AND **APPEALS**

NUMBER OF RULINGS BY CATEGORY IN 2023

	Thoroughbred	Standardbred	Quarter Horse	Community	Grand Total
Administration	39	41	7	23	110
Conduct	25	8	0	1	34
Human Positives	3	4	0	4	11
Horse Positives	1	11*	0	0	12
Interference/Racing Violations	28	38	3	9	78
Urging	10	15	9	6	40
Totals	**106**	**117**	**19**	**43**	**285**

*Ten positive test results stemmed from environmental contamination.

APPEAL TRIBUNAL – APPEALS/HEARINGS BY YEAR

	Thoroughbred / Quarter Horse		Standardbred		B Circuit			
Year	Appeals	Hearings	Appeals	Hearings	Appeals	Hearings	Total	Cost
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**

EQUINE DRUG TESTING [2]

January 1, 2023 – December 31, 2023

	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	116	0	484	1	358	0	9	0	60	0	36
Century Downs	40	0	136	0	33	0	12	0	0	0	14
Standardbred											
Century Mile	136	0	625	9	376	0	2	0	12	0	35
Century Downs	173	0	429	0	145	0	21	0	0	0	38
Community											
The Track On 2	69	0	125	1	36	0	0	0	0	0	15
Rocky Mountain Turf Club	67	0	223	0	7	0	1	0	0	0	29
Evergreen Park	34	0	101	0	0	0	0	0	0	0	13
Millarville	0	0	0	0	0	0	5	0	0	0	1
Totals	635	0	2123	11	955	0	50	0	72	0	181

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, 2023 – December 31, 2023

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	84	94	6	2778	0
Century Downs Racetrack and Casino	45	47	3	1414	0
Rocky Mountain Turf Club	30	30	1	431	0
Evergreen Park	16	16	1	190	2
The Track On 2	8	8	1	281	1
Millarville	0	0	0	24	0
Totals	183	195	12	5118	3

OPERATIONS

Where the Money Came From: 2023

Total Revenue	$50,826,086
Slot revenue* from racetracks	$45,928,105
General Fees	$4,404,936
Promotional Levy	$332,371
Assessments, Licences and Fines	$114,687
Other: (Bank, interest, misc.)	$45,987

Where the Money Went: 2023

$48,631,768	Total Expense
$25,841,459	Racetrack Grants**
$13,850,000	Purse Grants
$4,438,542	Breed Improvement Program
$3,779,655	Regulatory & Administration
$600,602	Marketing
$114,447	Backstretch Human Resourse Development
$7,063	Animal Welfare

* 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	$119,230,620	$124,619,218	Total
Thoroughbred/Quarter Horse	89,227,697	$95,338,620	Thoroughbred/Quarter Horse
Standardbred	$30,002,923	$29,280,598	Standardbred
	2023	2022	

† Includes Export Handle

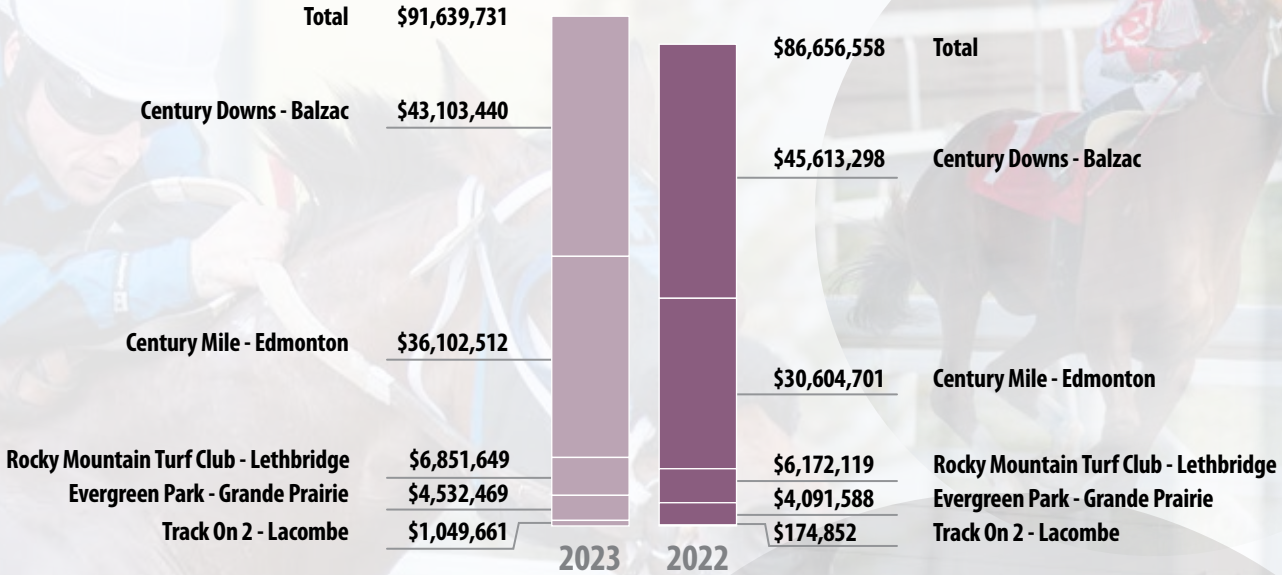
Handle (by Type)

Total	$119,230,620	$124,619,218	Total
Foreign Simulcast	$81,815,072	$84,968,715	Foreign Simulcast
Export Handle††	$31,131,890	$32,872,638	Export Handle††
Live	$4,300,693	$4,454,007	Live
Alberta Simulcast	$1,982,965	$2,323,858	Alberta Simulcast
	2023	2022	

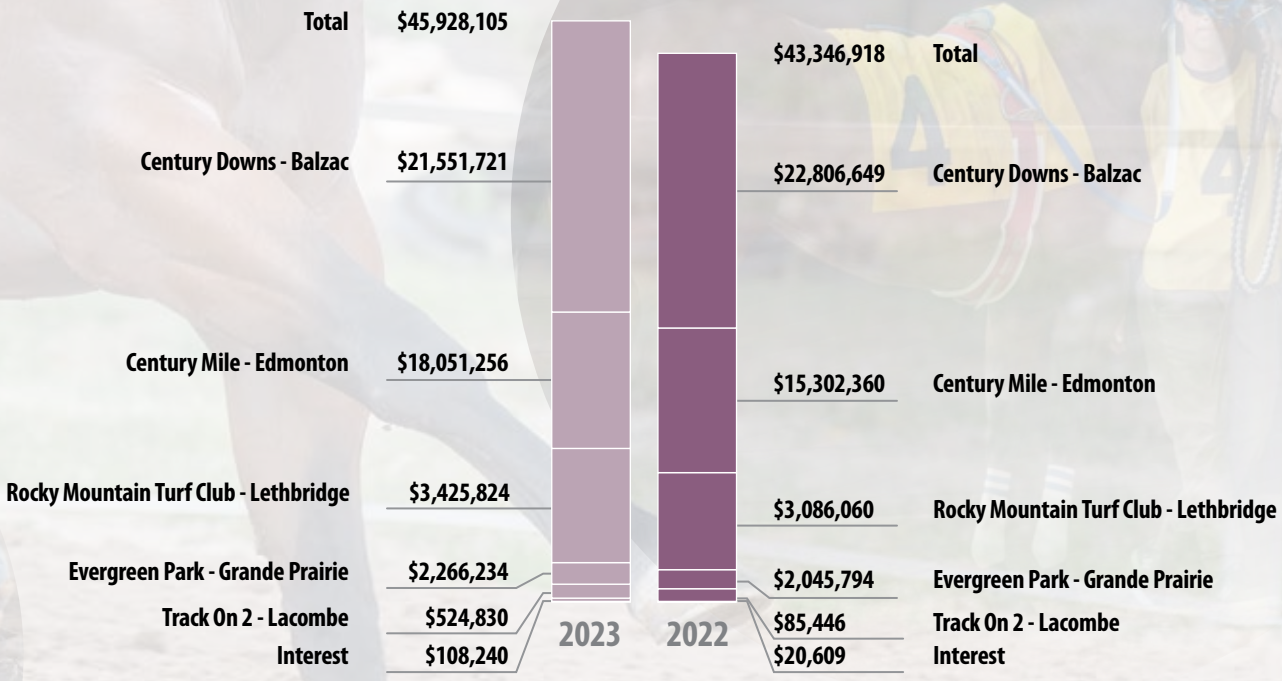
†† Export Handle is shared between Racetrack Operators and Racing Associations. HRA receives no revenue from Export Handle.

OPERATIONS

Slot Revenue: From Racing Entertainment Centres



Slot Revenue: HRA's Portion



ANNUAL REPORT
2023 RECAP

STANDARDBRED

- Alberta sensation Shark Week caught the eye of racing fans across Canada recording 20 wins, the most wins on Canadian soil in 2023. He broke the track record at Century Downs not once but twice, then on June 3, 2023, he recorded the fastest mile ever in Western Canada stopping the clock in 1:49.2. When racing shifted to Century Mile in the Fall, Shark Week then broke the track record on three occasions.

- Century Downs and ASHA hosted a very successful day celebrating women involved in standardbred horse racing which included three distinguished guests, Natasha Day, Casey Coleman and Heather Vitale.

- Many families lined up to cheer on Santa as he took on the Grinch in a match race to save Christmas at Century Mile. The tarmac was full of families as they cheered Santa on in victory over the Grinch.
- The Alberta Standardbred Yearling Sale average price was up over 35% over the previous year.

THOROUGHBRED

- Red McKenzie wins Special Sovereign award while Jennifer Buck wins Sovereign award for inaugural Outstanding Off-Track Worker

- Rod Cone records win 1000 while Craig Smith records 500th win

- Abeliefinthislivin wins prestigious Canadian Derby for trainer Barbara Heads
- Infinite Patience records her third Distaff win for owner Ryan Nugent Hopkins

- C Cup Classic race supporting childhood cancer is won by Ashley Gilkyson

- The 2023 thoroughbred meet at Century Downs Racetrack and Casino witnessed Olds College Racetrack program graduate Gonzalo Anderson capturing the leading trainer title with 11 wins in 38 starts.

AQHRA

- The AQHRA sale nearly doubled in average sale price over the previous year with horses selling for an average $13,735 up from $7,610 in 2022.
- Alberta breeder Glenn Willis had a banner year with his homebreds winning the Alberta Bred Futurity (for 2 yr olds) and the Derby (3 yr olds).

- Jockey J.B. Botello and trainer William Leech proved unbeatable in both the Canada Cup Quarter Horse Futurity (3 yr olds) and the Derby (3 yr olds).

ACTRA

- Northern Missile won the prestigious Grande Prairie Oaks.
- Trainer Travis Robson recorded 5 wins and 4 seconds with standout Bourbon Bandit.
- New female indigenous trainer Shainell Birdrattler and her protege horse Abraa Jabraa caught the attention of many with her successful season.

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, 2023.
- The Backstretch Foundation held community events for backstretch employees at Evergreen Park, Century Mile, Century Downs and RMTC.

OLDS COLLEGE PROGRAM

- The 2023 Racetrack Programs started in January for four weeks of online training to prepare students for their journey in horse racing.
- Phase two of the program begins when students, instructors and equine instructors converge on the Olds College campus for five weeks of intensive, hands-on learning.

- The Shirley McClellan arena is host to the Racetrack Programs, and both the horses and students love the experience in the arena.
- Corrine Andros came full circle from her time as an Exercise Rider student to professional jockey and was back in the arena as the Riding Instructor.

- The third phase of the program took the students to Century Mile Racetrack and Casino to begin their training on the track and in racing barns.
- Graduates of the program receive a thorough knowledge base in the care and management of a racing stable, tack and equipment, anatomy and conformation, health and first aid of the horse, equine nutrition, professional development and race day procedures for harness and flat racing. The six students enrolled in this year's intake have all secured employment in racetrack jobs.

BREED IMPROVEMENT INVESTMENTS*

	2023	2022	2021
Thoroughbred	$2,505,297	$2,013,360	$1,581,465
Standardbred	$1,394,550	$1,261,095	$951,330
Quarter Horse	$538,695	$459,220	$317,205
Total:	$4,438,542	$3,733,675	$2,850,000

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

AVERAGE YEARLING SALE PRICES

	2023	2022	2021
Thoroughbred	$14,173	$11,090	$10,962
Standardbred	$23,493	$18,048	$12,251
Quarter Horse	$13,735	$7,610	$7,016

ALBERTA PURSES

	HRA Grant		Breed Improvement*		Total Purses	
	2023	2022	2023	2022	2023	2022
Thoroughbred	$5,830,850	$5,237,500	$1,718,110	$1,485,660	$7,548,960	$6,723,160
Standardbred	$5,359,950	$4,812,500	$1,081,820	$924,920	$6,441,770	$5,737,420
Community	$2,659,200	$2,450,020	$355,420	$319,420	$3,014,620	$2,769,440
Total:	$13,850,000	$12,500,020	$3,155,350	$2,730,000	$17,005,350	$15,230,020

*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, 2023
- the statement of earnings 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, 2023, 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:

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

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

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

We obtained the Information, other than the financial statements and the auditor's report thereon, included in the Entity's 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.

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.

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.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada

April 26, 2024

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, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets		
Cash	$ 4,060,199	$ 3,558,005
Accounts receivable (note 2)	545,710	554,232
Receivable from the Province of Alberta (note 3)	4,106,674	2,905,965
Prepaid expenses	64,842	70,032
Loans receivable (note 4)	100,000	75,000
	8,877,425	7,163,234
Loans receivable (note 4)	50,000	125,000
Capital assets (note 5)	124,848	141,296
	$ 9,052,273	$ 7,429,530
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	$ 785,353	$ 923,525
Advances payable (note 6)	-	933,333
Racetrack grants payable	2,310,818	1,810,888
	3,096,171	3,667,746
Net assets:		
Invested in capital assets	124,848	141,296
Unrestricted net assets	5,831,254	3,620,488
	5,956,102	3,761,784
Commitments and contingencies (note 8)		
	$ 9,052,273	$ 7,429,530

See accompanying notes to financial statements.

On behalf of the Board:

Diana McQueen (original signed)
Board Chair

John Hind (original signed)
Chair of the Audit and Finance Committee

STATEMENT OF OPERATIONS

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenues		
Racing Industry Renewal Initiative revenues (note 3)	$ 45,928,105	$ 43,346,918
General fees	4,737,307	4,934,032
Other racing revenues	114,687	134,941
Interest	24,299	36,633
Other revenues	21,688	538
	50,826,086	48,453,062
Expenditures		
Purse Support Grants		
Thoroughbred	5,830,850	5,237,500
Standardbred	5,359,950	4,812,500
Community	2,659,200	2,450,020
	13,850,000	12,500,020
Breed Improvement Program		
Thoroughbred	2,505,297	2,013,360
Standardbred	1,394,550	1,261,095
Community	538,695	459,220
	4,438,542	3,733,675
Racetrack funding (Schedule 1)	25,841,459	24,729,357
Regulatory and administration (Schedule 2)	3,779,655	3,242,486
Marketing and promotion	600,602	520,527
Backstretch human resource development	114,447	78,777
Animal welfare	7,063	4,691
	30,343,226	28,575,838
	48,631,768	44,809,533
Excess of revenues over expenditures	$ 2,194,318	$ 3,643,529

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2023, with comparative information for 2022

	Invested in capital assets	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

	Invested in capital assets	Unrestricted	Total 2022
Balance, beginning of year	$ 168,010	$ (49,755)	$ 118,255
Excess (deficiency) of revenues over expenditures	(26,714)	3,670,243	3,643,529
Balance, end of year	$ 141,296	$ 3,620,488	$ 3,761,784

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash flow from operating activities:		
Cash received:		
Racing Industry Renewal Initiative	$ 44,727,396	$ 42,851,720
General fees	4,745,829	4,816,381
Other racing revenues	114,687	58,060
Interest and other revenues	45,987	37,171
Cash paid:		
Purse support grants	(13,850,000)	(12,500,020)
Breed improvement program	(4,536,750)	(3,661,467)
Racetrack funding	(25,341,529)	(24,357,581)
Marketing and promotion	(600,602)	(520,527)
Regulatory and administration	(3,786,504)	(3,017,518)
Other operating expenses	(121,510)	(83,468)
	1,397,004	3,622,751
Investing:		
Loan receivable	50,000	(195,000)
Purchase of capital assets	(11,477)	-
Repayment of advances	(933,333)	(3,733,333)
	(894,810)	(3,928,333)
Increase (decrease) in cash	502,194	(305,582)
Cash, beginning of year	3,558,005	3,863,587
Cash, end of year	$ 4,060,199	$ 3,558,005

See accompanying notes to financial statements.

Year ended December 31, 2023

Nature of operations:

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

1. Significant accounting policies:

(a) Basis of presentation:

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

(b) Capital assets:

Capital assets are recorded at cost, 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.

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.

Year ended December 31, 2023

1. Significant accounting policies (continued):

(c) Revenue recognition (continued):

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

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, 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.

Year ended December 31, 2023

1. Significant accounting policies (continued):

(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.

2. Accounts receivable:

	2023	2022
Trade receivables	$ 538,862	$ 549,889
GST receivable	6,848	4,343
	$ 545,710	$ 554,232

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:

The Entity issued a loan to The Track on 2 Inc. for $200,000. The loan is non-interest bearing and will be repaid in 24 monthly payments of $8,333, commencing April 1, 2023.

Year ended December 31, 2023

5. Capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Office equipment and furniture	$ 221,291	$ 211,780	$ 9,511	$ 1,845
Licensing management system	227,395	119,383	108,012	130,752
Computer hardware and software	77,251	77,251	-	-
Leasehold improvements	32,649	25,324	7,325	8,699
	$ 558,586	$ 433,738	$ 124,848	$ 141,296

Amortization of $27,924 (2022 - $26,714) is included in regulatory and administration expenses for the year.

6. Advances payable:

The Entity entered into an agreement with the Government of Alberta (GOA) during fiscal 2020, where the GOA made a one-time $7,000,000 lump sum payment to the Entity on account of future anticipated total net proceeds from Racing Industry Renewal Initiative revenues. The advances payable were paid in full during the year.

	2023	2022
Advance payable, beginning of the year	$ -	$ 4,666,666
Repayments of advance through funding reductions	-	(3,733,333)
Total advance payable	-	933,333
Less: current portion of GOA advance payable	-	(933,333)
	$ -	$ -

Year ended December 31, 2023

7. Compensation:

	Positions	Base salary (1)	Other cash benefits (2)	Other non-cash benefits (3)	Total 2023	Total 2022
Chair	1	$ 60,000	$ -	$ 4,832	$ 64,832	$ 64,671
CEO	1	205,088	-	35,107	240,195	214,310
DCS / Director	1	146,358	-	22,135	168,493	161,209
Board of Directors	14	-	50,517	2,888	53,405	33,540
Managers:						
Racetrack and administration	4	392,140	-	63,052	455,192	434,195
Non-managers:						
Racetrack	27	881,683	117,934	174,558	1,174,175	749,422
Administration	4	212,014	-	52,248	264,262	267,472
	52	$ 1,897,283	$ 168,451	$ 354,820	$ 2,420,554	$ 1,924,819

	Positions	Base salary (1)	Other cash benefits (2)	Other non-cash benefits (3)	Total 2023	Total 2022
Appeals Tribunal, Chair	1	$ 4,200	$ -	$ 328	$ 4,528	$ 1,791
Appeals Tribunal, Members	2	5,890	-	134	6,024	-
	3	$ 10,090	$ -	$ 462	$ 10,552	$ 1,791

(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.

Year ended December 31, 2023

8. 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 2023.

Annual payments are as follows:

2024	$	276,064
2025		162,925
2026		41,124
	$	480,113

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.

9. 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 and loan receivable. The Entity has 54% (2022 - 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 loans receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

SCHEDULE 1 - RACETRACK FUNDING

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Century Downs	$ 12,392,239	$ 13,113,823
Century Mile	10,391,425	8,798,851
Rocky Mountain Turf Club	1,712,912	1,543,030
Grande Prairie Regional Agricultural Society	1,042,468	941,065
Millarville	40,000	30,000
Lacombe	262,415	302,588
	$ 25,841,459	$ 24,729,357

SCHEDULE 2 - REGULATORY AND ADMINISTRATION

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Compensation (note 7)	$ 2,420,554	$ 1,924,819
Office and administration	563,865	415,182
Contractors	222,250	388,635
Office rent and operating costs	159,045	148,243
Travel	176,453	141,181
Legal, consulting and audit fees	135,218	130,180
Appeal tribunal	52,972	54,354
Regulatory	49,298	39,892
	$ 3,779,655	$ 3,242,486

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