

1999-2000 Annual Report  
to the Membership

**ntra**







# making strides

**1999-2000 Annual Report  
to the Membership**

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**“The NTRA and the Thoroughbred racing industry have reasons to be encouraged at the beginning of the new millennium.”**



# commissioner's message

**T**he NTRA and the Thoroughbred racing industry have reasons to be encouraged at the beginning of the new millennium.

**We reversed downward trends in consumer awareness, made significant progress in national marketing, became more active in the important legislative arena and stand poised to benefit from unprecedented investment in our industry from outside sources.**

Consumer research and bottom-line operating results combined to tell us that over a multi-year period, our game had gradually lost visibility to most of the public. But by working together, the industry has been able to

stop the negative trend and gain

ground in the area of public awareness.

Using industry funding, we have been able to double the number of broadcast hours for racing and also substantially increase and improve cable TV coverage. Thanks to racetracks supplementing their membership dues with additional media dollars, we now have a co-op advertising campaign of

approximately \$30 million per year, which also builds public interest and promotes a unified brand for our sport, directly and indirectly benefiting NTRA members.

We've learned a lot more about our current and prospective customers.

We've conducted more than 46,000 individual research surveys and dozens of focus groups.

We now know, for example, that 3 million "core" fans produce most of our handle, but that there are some 31 million "light" and "lapsed" fans, prime targets for our marketing efforts.

We've created a program for customer service training for racetrack and OTB employees. Nearly 10,000 employees have gone through the program to date.



Millions have been exposed to horseracing through inserts in *Sports Illustrated* and *USA TODAY*. This year, the "NTRA Experience"—a mobile, interactive attraction—will generate an estimated 30 million consumer impressions in major racing markets across the country, bringing the track experience to potential fans in a non-traditional approach.

We have more than doubled the American Horse Council's lobbying and legislative budgets in Washington while working vigorously on the Kyl/Goodlatte bill and other initiatives that will ensure racing's ability to prosper in the coming years.

In other areas, a task force on Racing Integrity and Drug Testing has been separately funded and launched, with "super tests" at participating tracks already underway.

So, after a little more than two years for the NTRA, there is progress and reason for optimism—but, the truth is, additional priorities must be set and much more work must be done if the industry is going to realize the substantive business growth that is possible.

The good news is that, thanks to the commitment and support of many diverse elements of our industry, the building blocks are in place.

We must continue the TV and advertising programs, since they obviously are working, and, as we are doing this year, add nationally coordinated consumer promotions and direct marketing to the overall marketing and advertising mix.

We must as an industry do a much better job using technology and the Internet to convert consumer interest into new customers and new revenue.

We must be much better financed and more active in Washington, D.C. and at the state level in order to protect our current interstate wagering system from serious legislative harm. Much of our progress could be stymied if we are not focused and proactive on these issues.

We must be a catalyst for encouraging the kind of capital investment necessary to upgrade the industry's overall technology infrastructure and to fund a first-class, Internet-based direct marketing program.

We must be open and responsive to the input of our members and more aggressive in our efforts to communicate with you. We must create consensus on programs and policies that will provide the greatest economic benefit to all the stakeholders in the NTRA.

For horseracing's future to be very bright—bigger purses, more profitable facilities, stronger sales and better breeding economics—we must do all these things and we need your continued support to make them happen.

**Note:** We are indebted to retiring directors Doug Donn and R.D. Hubbard for their service to the NTRA during their terms and for their service to the industry over their distinguished careers. Their leadership, dedication and wisdom were much appreciated and will be missed.

Sincerely,

Tim Smith  
Commissioner & CEO





# 1999

## the year in review

**R**acing's leading economic indicators—wagering, purses and Thoroughbred sales—showed strong increases in 1999. The trend toward industry consolidation and increased investment from outside racing continued. On track, records were set and champions honored.

### Pari-mutuel Handle

North American wagering was a record \$14.408 billion—up \$60.3 million or 4.4% over the previous record of \$13.805 billion in 1998. Wagering has increased annually for the past six years.

Wagering on the 10-race program from the Breeders' Cup Championship at Gulfstream Park set a single-day record of \$100,336,230 and represented a 10% increase from the previous high of \$91,338,477, reached in 1998. Wagering on the eight Breeders' Cup Championship races rose 16% to a record \$96,485,255.

### Purses

North American purses surpassed the \$1 billion mark for the first time in 1999.

In the U.S., purses reached a record \$962.9 million—up 6.5% over 1998's mark, \$904 million—and have increased annually to record highs for six consecutive years.

Wagering on the 10-race program from the Breeders' Cup Championship at Gulfstream Park set a single-day record of \$100,336,230

In 1999, a record 19 North American races carried a minimum \$1 million purse. In 2000, the Santa Anita Derby joined the list of \$1 million+ races in 2000 and the Arlington Million became a \$2 million race.

### Thoroughbred Sales

A record 85 horses brought bids of \$1 million or more at auction. Gross sales increased for the seventh straight year, totaling nearly \$1 billion for weanlings, yearlings, two-year-olds and broodmares.

Gross sales of yearlings, the leading indicator for the bloodstock market, increased 24.3% over 1998 to \$440,078,922 and accounted for more than 40% of all Thoroughbred sales.

### Industry Investment

Churchill Downs Inc. acquired Hollywood Park and Calder Racecourse for a total of \$226 million in 1999. Churchill Downs now owns Calder, Ellis Park, Hollywood, Hoosier Park and Kentucky Downs race-tracks, in addition to other racing-related holdings. In November, the Churchill Downs Board of Directors approved a 2000 Capital Plan of \$12.7 million for expenditures at the Company's racing operations.

MI Entertainment Corp., headed by industrialist Frank Stronach, acquired five racing properties in 1999, Santa Anita Park, Gulfstream Park, Remington Park, Thistledown and Golden Gate Fields, for more than \$273 million. Early in 2000, MI Entertainment added a sixth track, Great Lakes Downs, to its holdings.

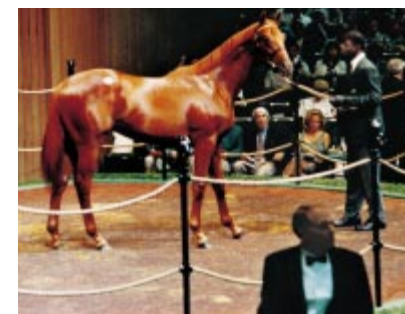
A \$9.2 billion merger of Gemstar and TV Guide Inc., parent company of TVG, an interactive wagering company and an NTRA Marketing Partner, will put TVG in the vanguard of cable portal development and interactive TV programming guides aimed at mass consumer audiences. To date, TV Guide's investment in TVG—and racing—is more than \$100 million.

### Milestones

Jockey Laffit Pincay Jr. rode into the record books with his December 10 victory aboard Irish Nip at Hollywood Park. The race made Pincay the world's winningest jockey, with 8,834 wins, and propelled him past Bill Shoemaker, whose mark of 8,833 had stood since 1990.

Triple Crown winner Secretariat was named 35th on the list of the top 100 athletes of the 20th century, compiled by ESPN for its *SportsCentury* retrospective. The U.S. Postal Service unveiled a commemorative Secretariat stamp in October.

Robert and Beverly Lewis' Charismatic won the first two legs of the Triple Crown before injuring himself in a valiant effort in the Belmont Stakes, earning Eclipse Awards as Horse of the Year and Champion Three-Year-Old Colt in the process. Jockey Chris Antley's touching reaction to Charismatic's injury was one of our sport's most poignant moments of 1999. Recovered from his injuries, Charismatic now stands at Lane's End Farm.



# financial highlights

Priorities in 2000 include additional development of core marketing and television programs, continued growth of co-op advertising program, initiation of national consumer promotions and reduction of accumulated operating deficit.

The figures represent budgeted projections for the calendar year 2000 and actual results for the nine-month period from April 1, 1999-December 31, 1999.

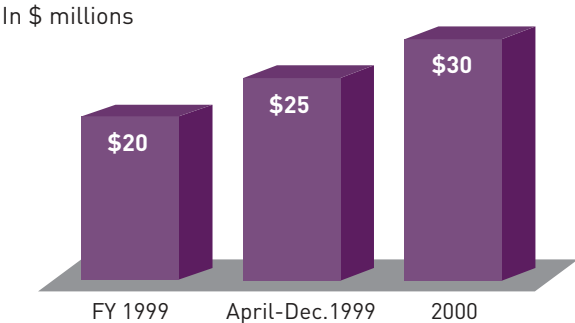
The NTRA adopted calendar year reporting in 2000 for National Thoroughbred Racing Association Inc., which does not include NTRA Investments, LLC.

Consolidated Financial Statements for National Thoroughbred Racing Association, Inc. and Subsidiaries, which contain information on NTRA Investments, are attached as an appendix of this report (page 23).

Revenues	2000	April-Dec. 1999
Membership Dues	\$ 8,477,500	\$ 5,290,499
Handle-Based Fees	14,413,550	10,393,249
Program Revenues	7,792,050	3,012,560
Interest Income	20,000	21,836
Total Revenues	30,703,100	18,718,144

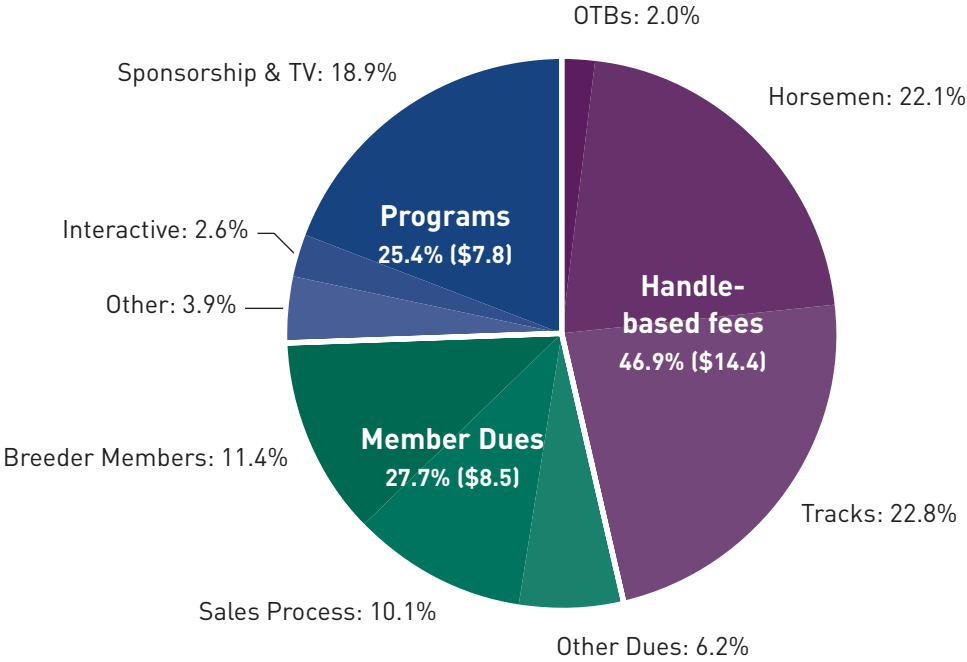
Expenses	2000	April-Dec. 1999
Advertising and Marketing	12,599,500	8,353,782
Program Expenses	9,881,366	6,583,747
General and Administrative	5,196,273	5,376,184
Depreciation and Amortization	260,000	46,525
Interest Expense	550,000	186,884
Total Expenses	28,487,139	20,547,122
Net Income (Loss)	2,215,961	(1,828,978)

### National & Co-Op Advertising Spending

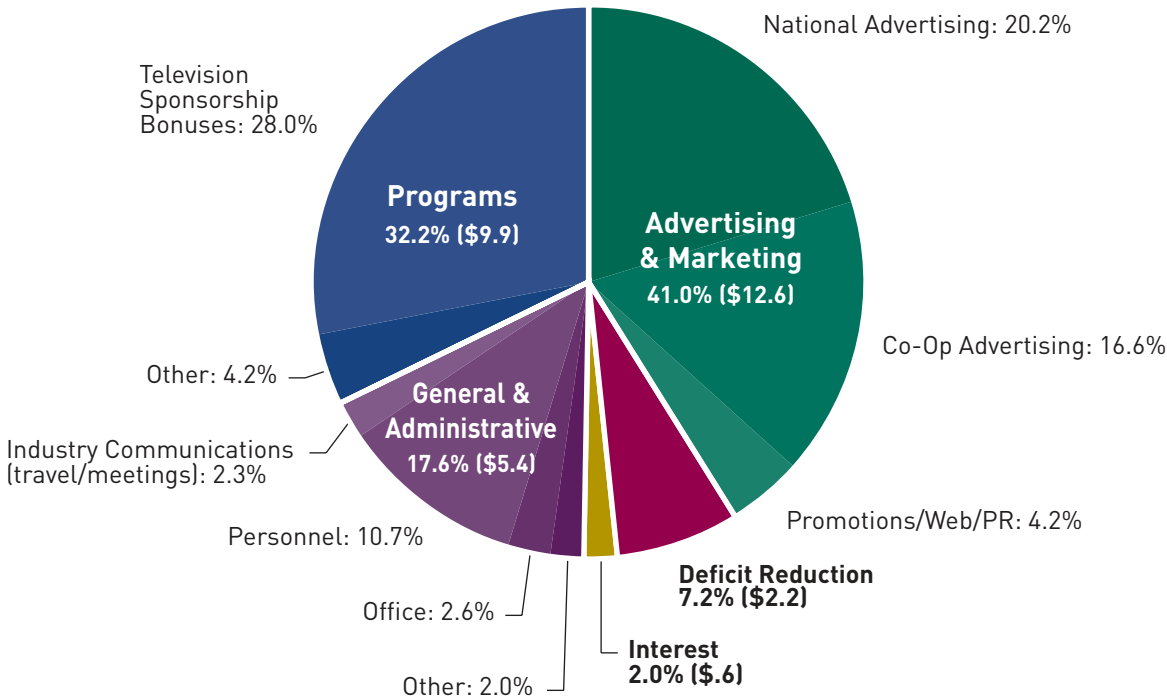


In addition to dues contributions, member tracks and OTBs add to the effective size of the NTRA's advertising campaign through the co-op program.

2000 NTRA Budget  
Revenues  
\$30.7 Million



2000 NTRA Budget  
Expenses  
\$30.7 Million





# 1999/2000 directors

**T**he NTRA is governed by a Board of Directors composed of the NTRA Commissioner & CEO, five racetrack representatives and five horsemen's representatives who serve staggered, three-year terms.

## Racetrack Representatives



### Bill Bork

The President and COO of Penn National Gaming, Inc., Mr. Bork began a three-year term in 1998.



### Bryan G. Krantz

Successor to retiring Director Douglas Donn, Mr. Krantz began a three-year term in 2000. He is President and General Manager of Fair Grounds.



### Thomas H. Meeker

The President and CEO of Churchill Downs Inc., and Chairman and Director of Hoosier Park, Mr. Meeker was re-elected to a three-year term in 1999 when his initial one-year term was complete.



### Terence Meyocks

Successor to retired Director Kenneth Noe Jr., Mr. Meyocks began a three-year term in 1999. He is President and COO of the New York Racing Association.



### Lonny T. Powell

Mr. Powell is MI Entertainment's Vice President of Racing Operations and President and CEO of Santa Anita Park. In 2000, he began a one-year term, the balance of the three-year term of retiring Director R.D. Hubbard.

## NTRA Commissioner & CEO



### Tim Smith

Former Deputy Commissioner and Chief Operating Officer of the PGA TOUR, Mr. Smith also helped reorganize worldwide men's tennis to form the ATP Tour and was responsible for the original marketing plan of the 1996 Olympic Games. He was named NTRA Commissioner in April 1998.

## NTRA Senior Management

### Gregory C. Avioli

Deputy Commissioner & COO

### Reed Farley

Senior Vice President, Industry Development & Technology

### Keith Chamblin

Vice President, Industry Relations & Marketing

### Chip Tuttle

Vice President, Communications

### Bryan Pettigrew

Special Assistant to the Commissioner

### Jim Gallagher

Executive Director, Racing Integrity & Drug Testing Task Force



## Horsemen's Representatives



### Robert Clay

The owner of Three Chimneys Farm, Mr. Clay began a two-year term in 1998 and was re-elected to a three-year term in 2000.



### Alan Foreman

Chairman of the Board and CEO of the Thoroughbred Horsemen's Association, Mr. Foreman began a two-year term in 1998 and was re-elected to a three-year term in 2000.



### Robert Lewis

Successor to retired Director Ed Friendly, Mr. Lewis is a leading Thoroughbred owner and the chairman of Thoroughbred Owners of California. He began a three-year term in 1999.



### Ogden Mills Phipps

A well-known owner who has been the Chairman of The Jockey Club since 1983, Mr. Phipps began a three-year term in 1998.



### Bill Walmsley

Past-President of the National Horsemen's Benevolent and Protective Association (HBPA) and current President of the Arkansas HBPA, Mr. Walmsley began a three-year term in 1998.

# advertising & marketing

**T**he NTRA's national ad campaign for 2000 uses popular music and the concept of turning the camera on the fan experience. By highlighting the emotional connection of the fan to the action on the track—through wagering—the commercials re-create the unique participatory experience of our game.



## The NTRA Marketing Summit

The NTRA has, for the second year, held a two-day Marketing Summit for industry members. The Summit features educational workshops and "hands-on" programs that participants can implement in their local markets. The 2000 Summit attracted more than 200 attendees from 46 NTRA member tracks and other industry organizations.

## Customer Service Training

Nearly 10,000 employees at 12 NTRA member tracks have participated in NTRA Customer Service Employee Training Program, which is specifically tailored for the racing and pari-mutuel industries.

## Licensing and Merchandise

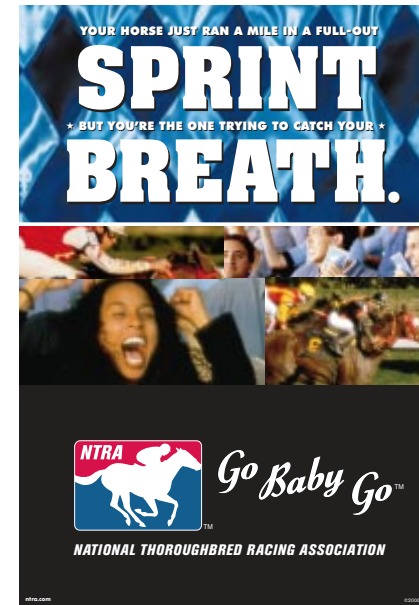
WhatsHotNow.com, a leading e-commerce service provider, has partnered with the NTRA to design, host and maintain the NTRA's official online store. Two-thirds of member tracks have signed on to participate in the merchandise consignment program with WHN.

NTRA Properties' list of licensed, co-branded products now includes images from leading Thoroughbreds, jockeys, breeding farms, owners, the Breeders' Cup, member racetracks and NTRA's own trademarks.

## Advertising

Projected to reach \$30 million in 2000, the NTRA's co-op advertising program rewards participating members for spending additional media dollars on NTRA-created and/or-branded advertising in their local markets. Nearly 100% of member racetracks participate in the program in some form, helping to promote a national, recognizable brand for Thoroughbred racing. In addition, in 1999 the NTRA developed and produced co-op advertising to promote the Breeders' Cup Championship day and the Ultra Pick-6.

New for 2000, NTRA Creative Services, a division of the NTRA's advertising department, develops branded, customized advertising for member tracks to use in their local markets.



The ads were developed by the NTRA's New York City-based advertising agency of Merkley Newman Harty.

## Research

An integral component of the NTRA's marketing efforts is consumer research. Commissioned by the NTRA, the ESPN Chilton Sports Poll has conducted 46,000 interviews since March of 1998 to establish national tracking of consumer attitudes toward racing. Through this research, the NTRA has been able to learn more about our customer base and identify audiences to target with various marketing strategies.





# consumer promotions

**F**or 2000, the NTRA has offered its members new "turnkey" promotions that can be implemented in local markets using NTRA-created materials and at a minimal cost to member racetracks. The promotions help drive attendance at major events and expand the NTRA's fan education programs.

## The NTRA Racing Experience

This 60-foot, interactive, mobile exhibit began crisscrossing the country in May 2000, bringing the track experience to the fans and potential fans. Sponsored by

Breeders' Cup, TVG and the AQHA, the touring attraction features "how-

to" race calling, wagering simulation games, replica trophies from major races and other fan education and participation areas.

## NTRA Fan Guides

Complimentary educational brochures commemorating major events and featuring information for novice racegoers will be distributed at participating member tracks throughout 2000. Circulation is expected to top 1.8 million.

## \$1 Million Mystery Mutuel Voucher

The NTRA-sponsored \$1 Million Mystery Mutuel Voucher, planned for August 2000, will be racing's first nationally coordinated direct-mail campaign. Fans will receive voucher coupons, redeemable at participating member tracks and OTB sites, one of which will be worth \$1 million.

## The NTRA Breeders' Cup Challenge

This international online promotion starts in the weeks leading up to the 2000 Breeders' Cup Championship day. With prizes totaling in the multi-millions, the promotion is geared to Internet usage leading up to the November 4 Championship event.



## The Down the Stretch Sweepstakes

This customized promotion challenges fans to pick the winners of six designated races over a period of two days to win a potential \$1 million prize. Fifteen NTRA member tracks signed up for the promotion in the first quarter of 2000 alone.

## \$200,000 NTRA/Daily Racing Form National Handicapping Championship

With 45,000 participants from 40 member tracks and OTBs, the inaugural event was an instant hit, honoring racing's "core" fans—the serious bettors. This year's winner also earned a trip to the Eclipse Awards

ceremony where he was recognized with a special award presented by DRF Editor and Publisher Steven Crist.

## NTRA All-Star Jockey Championship at Lone Star Park

Scheduled for June 23, 2000, this event raises money for the non-profit Jockeys' Guild and Disabled Jockeys Fund. Televised on ESPN2, the Championship features 12 of the sport's leading riders.



A young fan tries the Final Furlong game, part of the NTRA Racing Experience, an interactive mobile marketing exhibit visiting markets across the U.S. in 2000.

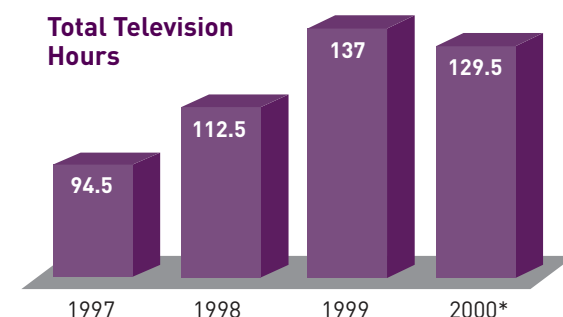




# television

**T**hrough the combined efforts of the NTRA, its members and its strategic ally, Breeders' Cup, Thoroughbred racing has made significant progress in expanding its network and cable television coverage.

From 1997 to 2000, total broadcast and cable hours of racing on television have increased by 37%.



\*Prior to announcement of complete Fall 2000 schedules.

## NTRA Champions on FOX

In 2000, the NTRA Champions on FOX entered its second season with an improved bonus structure (two opportunities to win at least \$1 million), additional races and a highlight show for Champions races televised on FOX Sports Net.

## NTRA Racing to the Breeders' Cup

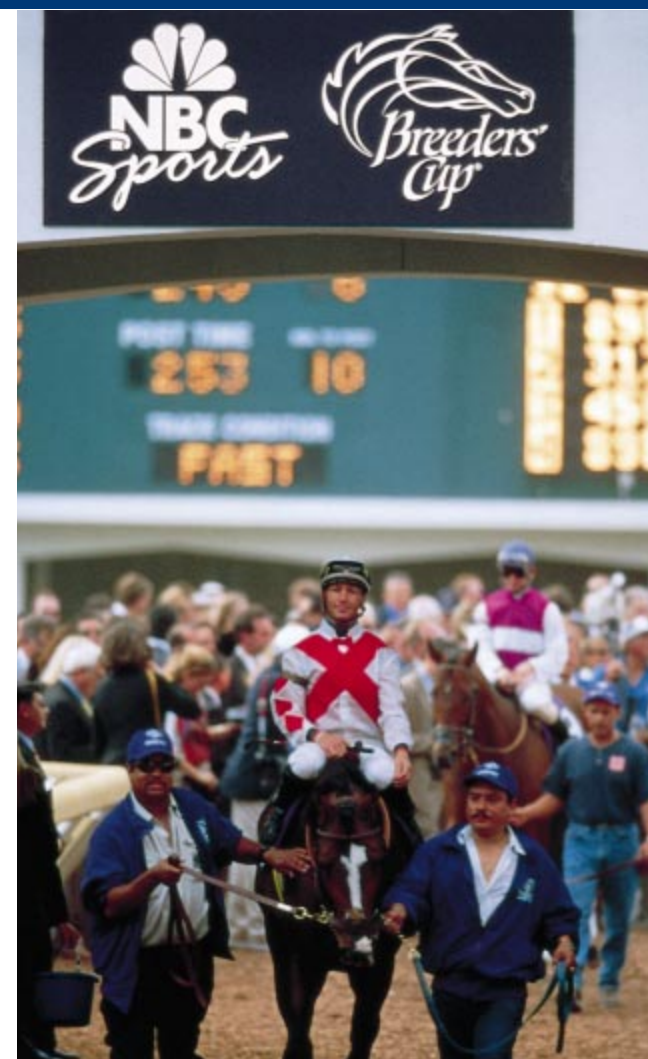
NTRA Racing to the Breeders' Cup 2000 will feature 16 hours of programming from at least seven different racetracks over a three-month period, on ESPN and ESPN2, including five new races from Saratoga, Arlington and Louisiana Downs.

## NBC's Road to the Breeders' Cup

NBC's Road to the Breeders' Cup debuted in fall 1999 with four new one-hour shows, capped by a 90-minute Breeders' Cup Preview. The Road to the Breeders' Cup telecasts will appear on NBC again in 2000, topped by the 4 1/2-hour Breeders' Cup telecast on NBC, seen in more than 60 countries.

## NTRA Productions

In the summer of 1999, NTRA purchased the horseracing business of Winner Communications to create NTRA Productions. The NTRA now has the industry's most comprehensive video archive of Thoroughbred racing and is positioned to structure the content of horseracing programming on multiple networks. This acquisition includes rights for annual programming on the ESPN family of networks for five years and allows NTRA to include TV benefits in its national sponsorship packages.



## Thoroughbred Classics on ESPN Classic

In 1999, ESPN Classic aired 8 shows highlighting some of our sport's marquee events. That figure expands to 17 for 2000. The shows air at least four times on ESPN Classic prior to the contemporary running of the featured race.





# sponsorship

**T**he NTRA has obtained sponsorships and media support for Thoroughbred racing from prominent national companies, including National Car Rental, AT&T, RCA, John Deere and Korbel.



Depending on their level of participation, corporate sponsors receive a combination of benefits including TV, radio, print and Internet media, recognition in NTRA-paid advertising, title or presenting sponsorships of NTRA special events and promotions and on-site presence, including signage, program page inserts and "NTRA Moment" sponsorships.

## NTRA Marketing Partners



NTRA Official Sponsors



## NTRA Productions Media Partners

Anheuser-Busch  
Las Vegas Convention & Visitor's Bureau  
Long John Silver's  
VISA  
Williams Communications

## NTRA Official Suppliers

Boise Cascade Office Products  
Equibase Company  
Hallway Feeds  
IKON Office Solutions  
International Game Technology  
The Jockey Club Information Systems  
John Deere  
KBC International  
Korbel Champagne Cellars  
RCA  
Thoroughbred Times  
Weinstein Jones & Associates



## National Media Partners

Arm & Hammer Combe Inc.  
GetSmart.com  
Nortel Networks  
Sempra Energy





# industry programs

**I**n the last year, the NTRA has embarked on several important programs to enhance business conditions in the Thoroughbred industry, raise public awareness of the sport of racing and better serve its members.

## Racing Integrity and Drug Testing Task Force

The NTRA Racing Integrity and Drug Testing Task Force seeks to ensure the integrity of our sport and public confidence through improving drug testing processes in part by evaluating current testing methodologies and standards. Having established protocols for "super

tests" to be performed at leading universities this summer, the Task Force in 2000 will promote "best practices" in equine drug testing, build a database of results and coordinate additional research. These efforts are funded via separate contributions.



## Technology

IBM Global Services has studied the Thoroughbred industry since April 1999, and projects that racing has the potential for dramatic growth through an industry-wide technology upgrade and additional attention to Internet marketing. IBM has expressed interest in financing these initiatives with investment that could exceed \$100 million. More complete recommendations based on IBM's research will be presented to NTRA members in the summer of 2000.

## Legislative

After more than doubling its lobbying and legislative budgets, the NTRA has worked closely with the American Horse Council on behalf of the Thoroughbred racing and pari-mutuel industries. In 1999 and the spring of 2000, the NTRA, AHC and many other industry representatives worked for passage of the Kyl/Goodlatte Bill (the Internet Gambling Prohibition Act). As passed in the Senate and the House Judiciary Committee (awaiting action by the full House in June of 2000), the bill would allow racing to extend current telephone-based account wagering to computer-based subscription services where legal under state law.



Continued work on the passage of this legislation by the House is a priority for this year along with state legislation enabling account wagering and ensuring the continuation of current simulcasting policies under the Interstate Horseracing Act.

In the summer of 2000, the NTRA will launch a Task Force on Regulation to increase awareness and assist member organizations with common regulatory issues.

## Group Purchasing

NTRA members can access group purchasing benefits through EquiSource to save on widely used products and services. EquiSource has developed contracts with major suppliers including Boise Cascade Office Products, IKON Office Solutions, RCA and John Deere—with Deere tractor sales topping \$6 million in nine months. Since the program began, EquiSource has saved NTRA members over \$3 million.

## Eclipse Awards

For a second year, the NTRA hosted the Eclipse Awards, racing's year-end honors for outstanding achievement by horses and their human connections. With *Daily Racing Form* and the National Turf Writers Association, the NTRA—with ESPN Sports Center's Kenny Mayne as host—presented a gala evening for the 1999 honorees at the Beverly Hilton in Beverly Hills, California. Award-winning composer Burt Bacharach bestowed a Special Eclipse Award on his friend Laffit Pincay Jr., the world's winningest jockey.

## Responsible Wagering Initiative

After laying the groundwork for the initiative in 1999, NTRA launched the AWARE program in 2000, in conjunction with TVG. AWARE—Always Wager Responsibly—was created to assist TVG and NTRA member racing associations in addressing problem gambling among employees and patrons. AWARE training programs are underway and a special toll-free number will be established for individuals seeking confidential help.

# Support





# organizational structure

**T**he NTRA is a tax-exempt membership organization including racetracks, owners, breeders, trainers, jockeys, pari-mutuel operators, sales companies, horsemen's groups, racing fans, veterinarians, individuals, and other industry-related groups.

## NTRA Subsidiaries

### NTRA Investments, LLC

Created for strategic acquisitions to benefit NTRA members, using funds borrowed from the NTRA Founding Members.

### NTRA Productions, LLC

A subsidiary of NTRA Investments formed in July 1999 through the purchase of the horseracing business of Winnercomm (formerly Winner Communications), including the industry's most comprehensive video archives, programming contracts and production services.

### NTRA Services, LLC

A subsidiary of NTRA Investments, created to facilitate account wagering in cooperation with TVG, which currently offers account wagering and 24-hour televised racing. By the end of 2000, TVG's distribution is expected to approach 10 million households. TVG is poised to benefit from the merger between its parent company, TV Guide, and Gemstar, which together have broad access to interactive cable and satellite portals and e-commerce services.

### NTRA Properties, Inc.

Formed to license and merchandise racing industry-branded images and logos, with licensing agreements from prominent jockeys, owners, farms and racing venues. Merchandise is distributed at racing venues and via the Internet at [ntra.com](http://ntra.com) and its e-commerce partner in this area, [whatshotnow.com](http://whatshotnow.com).

### NTRA Charities, Inc.

Industry-related charities that affiliate with NTRA Charities, a nonprofit 501 (c) (3) organization, benefit from NTRA-produced public service announcements that run during NTRA television time and from an NTRA-branded VISA card.



## Founding Members

The NTRA's Founding Members are Breeders' Cup Ltd., The Jockey Club, Keeneland Association, the National Thoroughbred Association (now part of the Thoroughbred Owners and Breeders Association) and Oak Tree Racing Association, each of which contributed \$1 million to the NTRA's planning and startup.

## Strategic Alliance

NTRA formed a strategic alliance with Founding Member Breeders' Cup Ltd. in December 1999 and the two organizations worked toward an operational merger in the spring of 2000. The proposed merger would combine all business, marketing and administrative functions and transfer certain Breeders' Cup property rights and other assets to the NTRA, Inc. for joint pursuit and management. Progress on this proposal will be communicated to NTRA members throughout 2000.

## Special Affiliate

The American Quarter Horse Association, the world's largest breed registry with more than 318,000 members and 4 million registered Quarter Horses in the U.S. and 25 foreign countries, is in its second year as an NTRA Special Affiliate.

## Thoroughbred Industry Council

To ensure a broad range of input on policy issues, the NTRA's Commissioner and senior management meet periodically with the Thoroughbred Industry Council, which includes representatives of:

- American Association of Equine Practitioners
- American Horse Council
- American Quarter Horse Association
- Association of Racing Commissioners International
- Breeders' Cup Ltd.
- California Thoroughbred Breeders Association
- Florida Thoroughbred Breeders' and Owners' Association
- The Jockey Club
- Jockeys' Guild
- Keeneland Association
- Kentucky Thoroughbred Association /Kentucky Thoroughbred Owners and Breeders
- National Horsemen's Benevolent and Protective Association
- Nevada Pari-mutuel Association
- North American Pari-mutuel Regulators Association
- Oak Tree Racing Association
- Society of International Thoroughbred Auctioneers
- Southern California Horse Racing Industry Fan Committee
- Thoroughbred Horsemen's Association
- Thoroughbred Owners and Breeders Association
- Thoroughbred Owners of California
- Thoroughbred Racing Associations of North America
- Triple Crown Productions
- United Thoroughbred Trainers of America
- University of Arizona Race Track Industry Program
- University of Louisville Equine Industry Program

## Founding Members





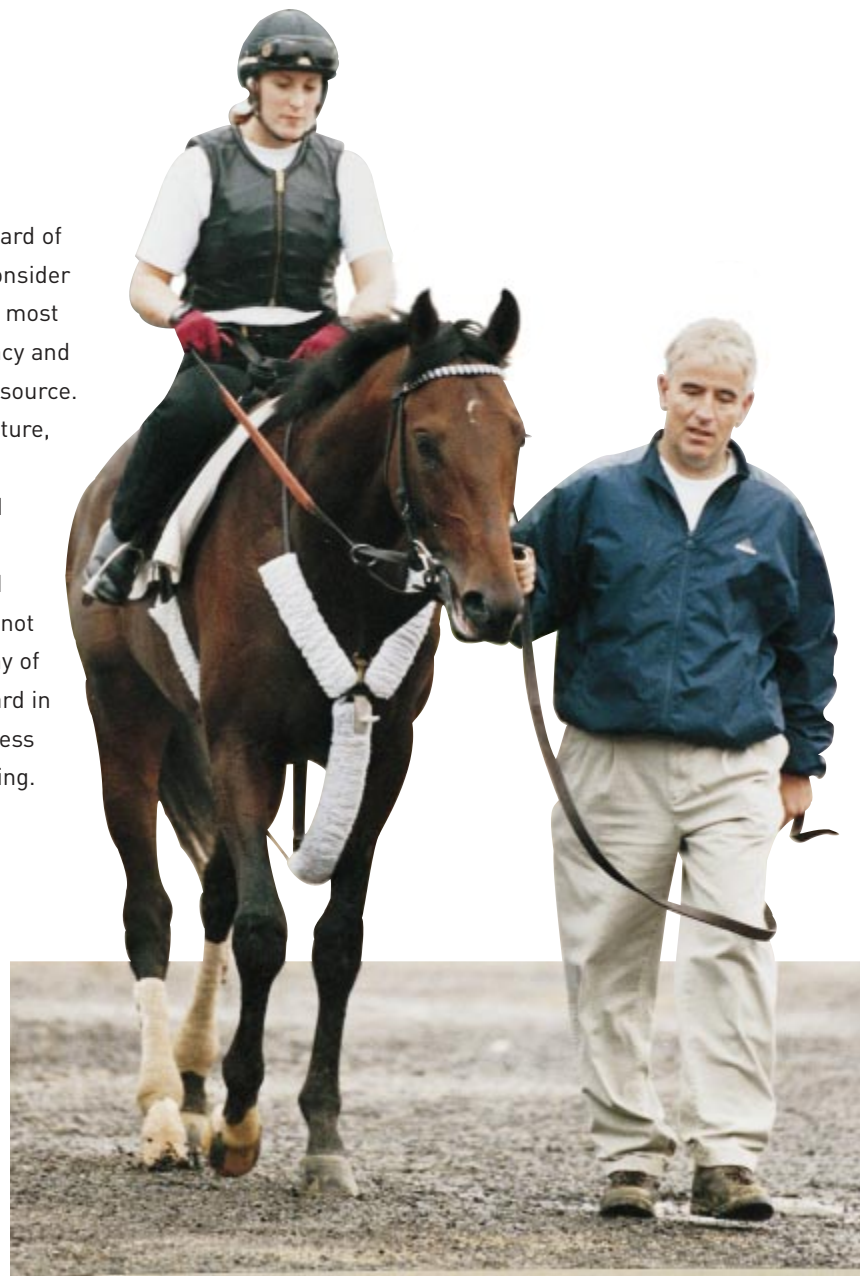
# A final word: your organization

**T**he NTRA is a membership organization formed for the purposes of increasing awareness of Thoroughbred racing and improving the economic conditions of all industry stakeholders. Simply stated, the NTRA's main job is to help our members' businesses, both currently and in the future.

The NTRA is a flow-through organization. Money received from members in the form of annual dues, fees and contributions, and from sponsorship and marketing partnerships, is reinvested to benefit the membership in one of two ways:

- First, in growing the awareness and popularity of horseracing through advertising, marketing, promotions, television and publicity.
- Second, in improving the business conditions for industry participants through strategic investments, legislative advocacy and shared economies such as improving the industry's technological capabilities.

The NTRA and its Board of Directors properly consider our members as our most important constituency and our most valuable resource. As we plan for the future, we will continue to solicit your input and welcome your questions, comments and concerns. Please do not hesitate to call on any of us as we move forward in developing the business of Thoroughbred racing.



## financials

National Thoroughbred Racing Association, Inc. and Subsidiaries

### Consolidated Financial Statements

Nine month period ended December 31, 1999  
and Year ended March 31, 1999

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Report of Independent Auditors

The Board of Directors  
National Thoroughbred Racing Association, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of National Thoroughbred Racing Association, Inc. as of December 31, 1999 and March 31, 1999, and the related consolidated statements of operations and accumulated deficit and cash flows for the nine month period ended December 31, 1999 and the year ended March 31, 1999. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of National Thoroughbred Racing Association, Inc. at December 31, 1999 and March 31, 1999, and the consolidated results of its operations and its cash flows for the nine month period ended December 31, 1999 and the year ended March 31, 1999, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating details appearing in the consolidated financial statements are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Ernst & Young LLP

April 11, 2000

Consolidated Balance Sheets with Consolidating Details

	NTRA, Inc.	NTRA Investments, LLC	Intercompany Eliminations	Dec. 31, 1999	Mar. 31, 1999
<b>Assets</b>					
Current assets:					
Cash	\$ 1,667	\$ 1,033,538	\$ –	\$ 1,035,205	\$ 213,338
Marketable securities	456,801	–	–	456,801	470,718
Accounts receivable, net	3,533,959	784,309	(351,311)	3,966,957	2,794,648
Prepaid expenses & other current assets	478,448	124,636	–	603,084	1,286,149
Total current assets	4,470,875	1,942,483	(351,311)	6,062,047	4,764,853
Other assets	25,464	12,171,255	–	12,196,719	77,564
Property and equipment, net	301,898	–	–	301,898	94,456
Total assets	\$4,798,237	\$14,113,738	\$(351,311)	\$18,560,664	\$4,936,873
<b>Liabilities and accumulated deficit</b>					
Total current liabilities:					
Accounts payable	\$2,131,851	\$84,950	\$(351,311)	\$ 1,865,490	\$3,292,950
Accrued liabilities	3,467,212	206,568	–	3,673,780	1,743,231
Deferred revenue	803,685	–	–	803,685	187,500
Total current liabilities	6,402,748	291,518	(351,311)	6,342,955	5,223,681
Deferred purchase consideration	–	5,500,000	–	5,500,000	–
Long term debt	3,216,345	8,500,000	–	11,716,345	2,705,070
Total liabilities	9,619,093	14,291,518	(351,311)	23,559,300	7,928,751
Minority interest	–	25,000	(25,000)	–	–
Accumulated deficit	(4,820,856)	(202,780)	25,000	(4,998,636)	(2,991,878)
Total liabilities and accumulated deficit	\$4,798,237	\$14,113,738	\$(351,311)	\$18,560,664	\$4,936,873

See accompanying notes.



National Thoroughbred Racing Association, Inc. and Subsidiaries

Consolidated Statements of Operations and Accumulated Deficit with Consolidating Details

	NTRA, Inc.	NTRA Investments, LLC	Intercompany Eliminations	Nine Month Period Ended Dec. 31, 1999	Year Ended Mar. 31, 1999
<b>Revenue</b>					
Handle-based fees:					
Racetracks	\$ 5,360,044	\$ –	\$ –	\$ 5,360,044	\$ 5,116,394
Horsemen’s organizations	4,645,381	–	–	4,645,381	4,417,997
OTBs	387,824	–	–	387,824	466,236
Total handle-based fees	10,393,249	–	–	10,393,249	10,000,627
Other:					
Program revenues	3,012,560	4,474,616	(1,522,750)	5,964,426	1,908,634
Breeders, sellers and buyers	4,332,555	–	–	4,332,555	5,518,179
Other	957,944	42,000	–	999,944	1,498,693
Total other:	8,303,059	4,516,616	(1,522,750)	11,296,925	8,925,506
Founding members	–	–	–	–	5,000,000
Total revenue	18,696,308	4,516,616	(1,522,750)	21,690,174	23,926,133
Operating expenses:					
Advertising and marketing	8,353,782	–	–	8,353,782	14,726,119
Program expenses	6,583,747	2,198,239	(1,442,750)	7,339,236	4,611,198
Management fee	–	982,500	–	982,500	–
Depreciation and amortization	46,525	730,249	–	776,774	11,569
General and administrative	5,376,184	431,099	(80,000)	5,727,283	5,112,439
Total operating expenses:	20,360,238	4,342,087	(1,522,750)	23,179,575	24,461,325
Operating income (loss)	(1,663,930)	174,529	–	(1,489,401)	(535,192)
Minority interest	–	–	25,000	25,000	–
Interest income	21,836	11,211	–	33,047	16,473
Interest expense	(186,884)	(388,520)	–	(575,404)	(127,933)
Net loss	(1,828,978)	(202,780)	25,000	(2,006,758)	(646,652)
Accumulated deficit at beginning of year	(2,991,878)	–	–	(2,991,878)	(2,345,226)
Accumulated deficit at end of year	\$(4,820,856)	\$ (202,780)	\$ 25,000	\$(4,998,636)	\$(2,991,878)

See accompanying notes.

National Thoroughbred Racing Association, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Nine Month Period Ended Dec. 31, 1999	Year Ended Mar. 31, 1999
<b>Cash flows from operating activities</b>		
Net loss	\$ (2,006,758)	\$ (646,652)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	776,774	11,569
Minority interest	(25,000)	–
Changes in current assets and current liabilities:		
Increase in accounts receivable	(1,172,308)	(2,462,148)
Decrease (increase) in prepaid and other assets	799,380	(1,270,859)
(Decrease) increase in accounts payable	(1,427,460)	2,631,990
Increase in accrued liabilities	1,930,549	1,701,999
Increase (decrease) in deferred revenue	119,989	(2,812,500)
Net cash used in operating activities	(1,004,834)	(2,846,601)
<b>Cash flows from investing activities</b>		
Investment in assets of Winner Communications	(6,945,607)	–
Capital expenditures	(253,967)	(96,504)
Other	(10,000)	(43,500)
Net cash used in investing activities	(7,209,574)	(140,004)
<b>Cash flows from financing activities</b>		
Issuance of notes payable	8,500,000	–
Borrowings under credit facility	16,827,692	19,136,230
Payments under credit facility	(16,316,417)	(16,431,160)
Minority interest contribution	25,000	–
Net cash provided by financing activities	9,036,275	2,705,070
Net increase (decrease) in cash and cash equivalents	821,867	(281,535)
Cash and cash equivalents at beginning of year	213,338	494,873
Cash and cash equivalents at end of year	\$ 1,035,205	\$ 213,338
<b>Supplemental disclosures</b>		
Cash paid for interest	\$ 503,774	\$ 103,922

See accompanying notes.



Notes to Consolidated Financial Statements

1. Nature of Business and Organization

The National Thoroughbred Racing Association, Inc. and its wholly owned subsidiary, NTRA Charities, Inc., (collectively, the "NTRA" or "NTRA Inc."), is a not-for-profit membership organization that was incorporated in December 1997. The purpose of the NTRA and its subsidiaries, as further described below, (collectively, the "Association") is to strengthen the Thoroughbred racing industry by increasing public awareness, creating a centralized national structure, implementing comprehensive marketing strategies and achieving significant revenue increases, consolidated purchasing of goods and services and cost reductions through various industry programs and targeted areas, including television production and growth of account wagering.

The Association continued to enhance its programs during 1999 to further improve the national brand for Thoroughbred racing, including a focus on national and cooperative advertising campaigns and increased hours of national television coverage of the sport. In addition, the Association proceeded with consumer promotions, customer research initiatives and a national group purchasing program for the industry. The Association is emphasizing strengthened legislative capabilities for the Thoroughbred industry on a federal and state level.

Effective July 1, 1999, NTRA formed three new entities, NTRA Investments, LLC ("NTRA Investments"), NTRA Productions, LLC ("NTRA Productions") and NTRA Services, LLC ("NTRA Services"). NTRA Investments was formed, pursuant to an operating agreement, whereby NTRA was granted a 75% ownership interest and the remaining 25% interest was owned collectively by The Jockey Club, Inc., Breeders' Cup Properties, Inc., Keeneland Association and Oak Tree Charitable Foundation (the "Minority Partners"). The Minority Partners initially contributed \$25,000 to NTRA Investments and loaned NTRA Investments \$8.5 million in order to finance NTRA Productions' purchase of certain assets of Winner Communications, Inc. ("Winner"), as described below. Both NTRA Productions and NTRA Services are wholly owned subsidiaries of NTRA Investments.

As of July 1, 1999, NTRA Productions purchased certain assets of Winner, including Winner's right, title and interest in: (a) long term contracts with ESPN to produce Thoroughbred and Quarter Horse racing and program-

ming; (b) archival footage of Thoroughbred and Quarter Horse racing included in Winner's racing video library; and (c) all intellectual property rights relating to the programming (collectively, the "Acquired Assets"). The programs currently produced by NTRA Productions for ESPN include the "Racing to the Kentucky Derby" and "Racing to the Breeders' Cup" series, "Racehorse Digest," a weekly television magazine, "2Day at the Races," a high-lights show, "Thoroughbred Classics" and "America's Horse," a television magazine for Quarter Horse racing.

The total contracted purchase price for the Acquired Assets is \$27.5 million, subject to adjustment as described below, payable over a five-year period without interest. The Association paid approximately \$6.8 million at the date of acquisition, representing the initial installment of \$8.5 million required under the Purchase Agreement, reduced by certain adjustments, as defined in the Purchase Agreement, of approximately \$1.3 million, and further adjusted for deferred revenue and prepaid expenses totaling approximately \$400,000 as of June 30, 1999. The remaining payments are \$5.5 million, paid on April 1, 2000, and three additional payments of \$4.5 million each, payable April 2001, April 2002 and April 2003.

In conjunction with the purchase, NTRA Productions and Winner entered into a Services Agreement (the "Services Agreement"), whereby Winner will continue to provide all of the production and programming services related to the television series previously mentioned. Winner will also be responsible for generating advertising and sponsorship revenue in connection with the programming. During the term of the Services Agreement, which extends through December 31, 2003, Winner guarantees minimum net income, as defined, of \$13 million in the aggregate (subject to adjustment of approximately \$1.3 million). The annual amounts payable to Winner in 2000 through 2003, as stated above, are contingent upon such guarantees. If the minimum annual net income is not met in a given year, the payment for that year is reduced on a dollar for dollar basis by the net income shortfall. If the minimum annual net income is exceeded in a given year, NTRA Productions will pay Winner 25% of the excess. For the period ended December 31, 1999, the minimum guarantee was met by Winner, and no significant additional payments by either NTRA Productions or Winner were required.

Notes to Consolidated Financial Statements

Under the Services Agreement, NTRA Productions paid a management fee of \$982,500 to Winner for the period covering July 1, 1999 to December 31, 1999 for production and programming services and will continue to pay management fees as follows:

Year ended December 31, 2000	\$2,023,950
Year ended December 31, 2001	\$2,084,669
Year ended December 31, 2002	\$2,147,209
Year ended December 31, 2003	\$2,211,625

The management fee covers all of Winner's selling, general, and administrative expenses related to the Acquired Assets, as well as in-house production expenses for the related programming.

The purchase price for this acquisition has been preliminarily allocated to the Acquired Assets and is subject to change. Operating results for the acquisition are included herein from its acquisition date.

Certain March 31, 1999 amounts have been reclassified to conform to the December 31, 1999 presentation.

Membership

NTRA's membership consists of several key groups within the Thoroughbred racing community:

Handle-based Fees

Racetrack Members

Management estimates that member tracks account for approximately 95% of pari-mutuel handle in the United States as of December 31, 1999. Each member racetrack pays its annual membership dues based on a proportionate share of the pari-mutuel handle and purses awarded at all member racetracks. Racetrack members are eligible to participate in the NTRA's programs.

Horsemen's Organizations

Management estimates that the NTRA's membership includes approximately 84% of the Thoroughbred horsemen's associations in the United States as of December 31, 1999. Each member pays its annual membership dues based on a proportionate share of the pari-mutuel handle and purses awarded at all member racetracks in its state. Thoroughbred horsemen's associations are eligible to participate in the NTRA's programs.

Off-Track Betting Companies

Off-track betting companies (OTBs) and casino race books pay annual membership dues based on a proportionate share of the pari-mutuel handle at their facilities or other methods as agreed upon. Annual memberships entitle them to participate in the NTRA's programs.

Members' Dues

Founding Members

The NTRA's five Founding Members are the National Thoroughbred Association, Inc., The Keeneland Association, Inc., Oak Tree Racing Association, Inc., The Jockey Club, Inc. and Breeders' Cup Ltd. Each paid \$1,000,000 in founding members dues, which was recognized in the year ended March 31, 1999 based on when the Founding Members' agreements with the NTRA were finalized.

The Founding Members funded the initial operations of the NTRA with payments of \$2,750,000 in the period from inception (December 5, 1997) to March 31, 1998 and \$1,850,000 in the year ended March 31, 1999. Funds collected by the NTRA during the nine month period ended December 31, 1999 included \$400,000 that was included in accounts receivable as of March 31, 1999.

Memberships for Founding Members are of indefinite length and Founding Members are entitled to the use of the Association's marks, periodic briefings from the Association's management, acknowledgment as a Founding Member, and participation in Association programs and functions.

Breeders

Breeders, breeding farms and syndicates may become members of the Association by paying annual membership fees equal to the value of a stallion season for each stallion they designate. During the nine month period ended December 31, 1999, individual stallion farms paid the membership dues on their own behalf. During the year ended March 31, 1999, Breeders' Cup, Ltd. funded \$3,500,000 to the Association in stallion membership fees on behalf of its constituents.

(continued)

Notes to Consolidated Financial Statements

Public Auction Sales Companies

Public auction sales companies are also members of the NTRA and pay annual membership dues based on one-tenth of one percent (0.1%) of net sales proceeds generated from their public auction sales each year. Buyers and consignors/sellers at public auction sales also may become members by paying one-tenth of one percent (0.1%) of the net purchase price.

Other Members

The Association has multiple additional membership categories within the Thoroughbred racing industry, including individual racing fans, veterinarians, attorneys and professional associations. In addition, the Association has entered into a Special Affiliate Agreement with the American Quarter Horse Association ("AQHA") whereby the AQHA and its members contribute to and participate in the programs of the NTRA.

2. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements and accompanying notes have been prepared in conformity with generally accepted accounting principles, which requires management to make estimates and assumptions that affect the amounts reported. Actual results could vary from these estimates. All material intercompany items and transactions have been eliminated.

The Association has changed its year end to December 31 from March 31, resulting in a nine month fiscal period ended December 31, 1999.

Cash and Cash Equivalents

The Association considers all investments purchased with an original maturity date of three months or less to be cash equivalents.

Revenue Recognition

The Association's primary sources of revenue are contractual member dues and handle-based fees. Handle-based revenues are based upon specific calculations and recognized as invoiced, generally on a quarterly basis. Breeders dues, pledged at the beginning of the calendar year breeding season, are recognized ratably throughout the year. Revenues from public auction sales companies,

sellers and buyers are recognized at the conclusion of each sale. Other membership dues are recognized as revenue when earned according to contract terms. Program revenues are earned based upon the satisfaction of specific terms of contractual sponsorship and advertising agreements and are reported net of agency commission. When the Association receives contributions from other organizations and individuals with whom there is no set membership agreement, revenue is recognized when the amount is received.

Cooperative Advertising Program

Racetracks and OTBs are eligible to participate in the Association's cooperative advertising program. Under this program, members are entitled to be reimbursed a portion of dues paid to the NTRA for costs incurred by the member to run NTRA-produced television and print advertising in their local markets. Included in accrued liabilities at December 31, 1999 and March 31, 1999 are \$2,879,000 and \$975,000, respectively, relating to the program.

Amortization of Acquired Assets

Acquired Assets, relating to the Winner acquisition, are being amortized on a straight-line basis over a preliminary useful life of five years, resulting in amortization expense of \$730,249 during the nine month period ended December 31, 1999.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives as follows:

Computer equipment	3 years
Other equipment	5 years
Furniture and fixtures	7 years

Depreciation expense charged to operations relating to property and equipment was \$46,525 and \$11,569 during the nine month period ended December 31, 1999 and the year ended March 31, 1999, respectively.

Notes to Consolidated Financial Statements

Advertising and Other Assets

The Association expenses print advertising costs as incurred and media advertising costs the first time the advertising takes place. Advertising expense was approximately \$6,980,167 for the nine month period ended December 31, 1999 and \$12,760,000 for the year ended March 31, 1999. As of March 31, 1999, the NTRA had included in other assets approximately \$1,034,000 relating to amounts paid for production costs in advance of advertising being aired. As of December 31, 1999, there were no prepaid production costs. Inventories are recorded at cost.

3. Property and Equipment

Property and equipment consists of the following:

	Dec. 31, 1999	Mar. 31, 1999
Furniture and fixtures	\$ 205,042	\$ 80,314
Other equipment	54,338	21,602
Computer equipment	102,516	6,013
	361,896	107,929
Less: accumulated depreciation	(59,998)	(13,473)
	\$ 301,898	\$ 94,456

4. Letters of Credit

NTRA acquired letters of credit from a financial institution, which are collateralized by marketable securities consisting of United States Treasury Notes, to secure leases. As of December 31, 1999, these treasury notes mature in May 2000, June 2000 and July 2000. The investments have been recorded at face value plus any unamortized premium as marketable securities in the consolidated balance sheet. Upon maturity, the funds will be reinvested for the remaining term of the related agreements.

5. Long Term Debt

On April 1, 1998, the NTRA entered into a line of credit agreement (the "Credit Facility") with Fifth Third Bank of Kentucky, Inc. (the "Bank") that had an original maturity date of September 30, 1999, although the Bank extended the Credit Facility until May 1, 2000 under substantially the same terms. Under the terms of the agreement, the NTRA may borrow up to \$4,000,000 for working capital purposes, incurring interest at a rate of Prime Rate minus 1%. As of December 31, 1999 and March 31, 1999, the NTRA had outstanding borrowings of \$3,216,345 and \$2,705,070, respectively. The line is secured by all uncollected dues

pursuant to written membership agreements by and between the NTRA and its members. The outstanding balance has been classified as non-current due to the fact that, effective May 1, 2000, the Association has committed to a new line of credit agreement with PNC Bank, N.A., expected to mature on April 30, 2001. Under the terms of this new agreement, the Association will be able to borrow up to \$7,450,000 for working capital purposes, incurring interest at a rate of Prime Rate minus 1%.

As discussed in Note 1, in order to fund the purchase of the Acquired Assets and the establishment of NTRA Productions, NTRA Investments entered into a term loan agreement (the "Loan") on July 7, 1999 with the Minority Partners. The maximum loan amount to be extended is \$16,000,000, bearing interest at a rate of Prime Rate plus 1% and maturing on July 7, 2004. As of December 31, 1999, NTRA Investments had outstanding borrowings of \$8,500,000. The Loan is secured by the assets of NTRA Investments, including NTRA Productions and NTRA Services.

Principal maturities of long-term debt over the next five years, as of December 31, 1999, are as follows:

2000	\$ -
2001	3,216,000
2002	-
2003	-
2004	8,500,000
Total	\$11,716,000

On April 1, 2000, the Association borrowed an additional \$5,500,000 from NTRA Investments' Minority Partners, under substantially the same terms as described above, in order to fund the second installment payment to Winner. As of December 31, 1999, this balance was recorded as deferred purchase consideration on the consolidated balance sheet. The amount is considered to be non-current as the subsequent payment was financed by increasing the Loan.

6. Income Taxes

The NTRA is exempt from federal income tax under section 501 (c)(6) of the Internal Revenue Code. Certain activities of NTRA Investments are subject to tax as unrelated business income. For the period ended December 31, 1999, these activities resulted in a net operating loss for tax purposes.

(continued)



Notes to Consolidated Financial Statements

7. Commitments and Contingencies

Total rent expense amounted to approximately \$296,000 and \$418,000 for the nine month period ended December 31, 1999 and the year ended March 31, 1999, respectively.

Future minimum lease payments under existing lease agreements as of December 31, 1999 are as follows:

2000	\$408,000
2001	379,000
2002	380,000
2003	317,000
2004	39,000
Thereafter	10,000
Total	\$1,533,000

8. Related Parties

The Association continues to conduct numerous transactions with a variety of industry organizations beyond the scope of membership. The Association has formed alliances with leading industry news and information organizations, including *The Blood-Horse* and *Daily Racing Form* (Official Sponsors of the Association) and Equibase Company, The Jockey Club Information Systems and *Thoroughbred Times* (Official Suppliers of the Association). These partnerships provide the Association with promotional and advertising vehicles and enable the Association to provide timely information and statistics (via the Internet and other media) to both new and existing fans, as well as non-industry publications wishing to cover Thoroughbred racing.

The Association has established a group purchasing program through its affiliation with EquiSource of Louisville, Kentucky.

The National Thoroughbred Association ("NTA"), one of the NTRA Founding Members, no longer exists independently but has become a part of the Thoroughbred Owners and Breeders Association.

Effective January 1, 1999, the operations and staff of Thoroughbred Racing Communications ("TRC"), an entity that provided communications services to the Thoroughbred racing industry, became part of the Association communications department. The Association recognized revenue of \$187,500 and \$62,500, respectively, during the nine month period ended December 31, 1999 and the year ended March 31, 1999 as funding for TRC from The Jockey Club.

9. Barter Transactions

The Association has agreements with three Thoroughbred racing industry publications which provide the NTRA various advertising and marketing benefits. The value of these benefits are recorded at fair market value when the benefits are received. The revenue for barter transactions is recorded at the fair market value of the advertising to be received when the related agreement becomes effective. Advertising expense is recorded each time an advertisement is run. For the nine month period ended December 31, 1999 and the year ended March 31, 1999, the Association recognized revenue and related expense from these members of approximately \$817,000 and \$340,000, respectively.

10. Benefit Plan

During 1999, the NTRA adopted a defined contribution 401(k) plan for all eligible employees. For 1999, the Association elected to match 50% of the first 6% contributed by each participating employee. The amount of the cost recognized as expense was approximately \$35,000 and \$17,000 in the nine month period ended December 31, 1999 and the year ended March 31, 1999, respectively.

11. Year 2000 (Unaudited)

During 1999, the Association upgraded its information technology systems and software to be ready for the Year 2000. Subsequent to December 31, 1999, the Association is not aware of any significant or adverse effects of Year 2000 problems on its information technology systems.

## **Kentucky**

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