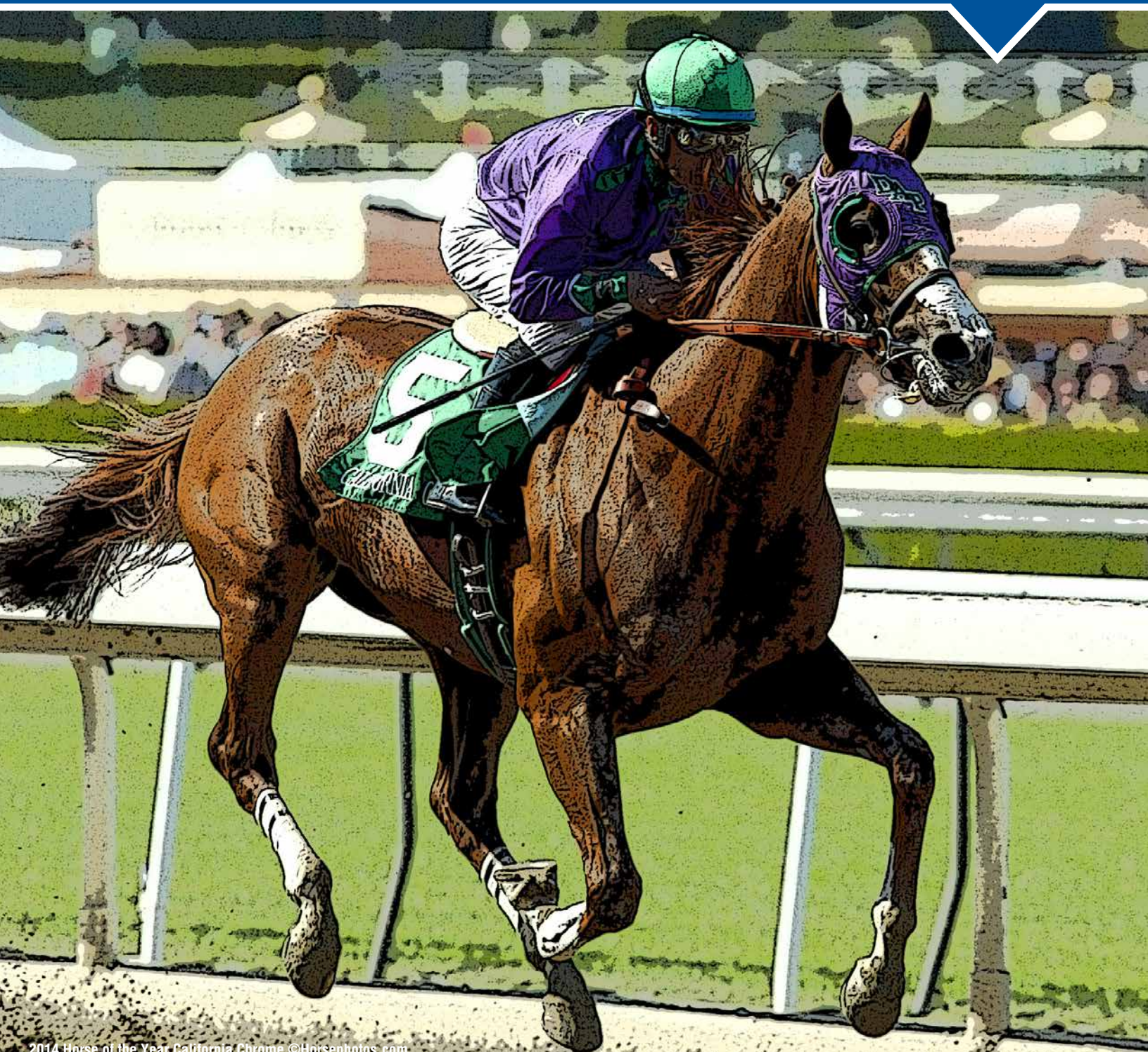


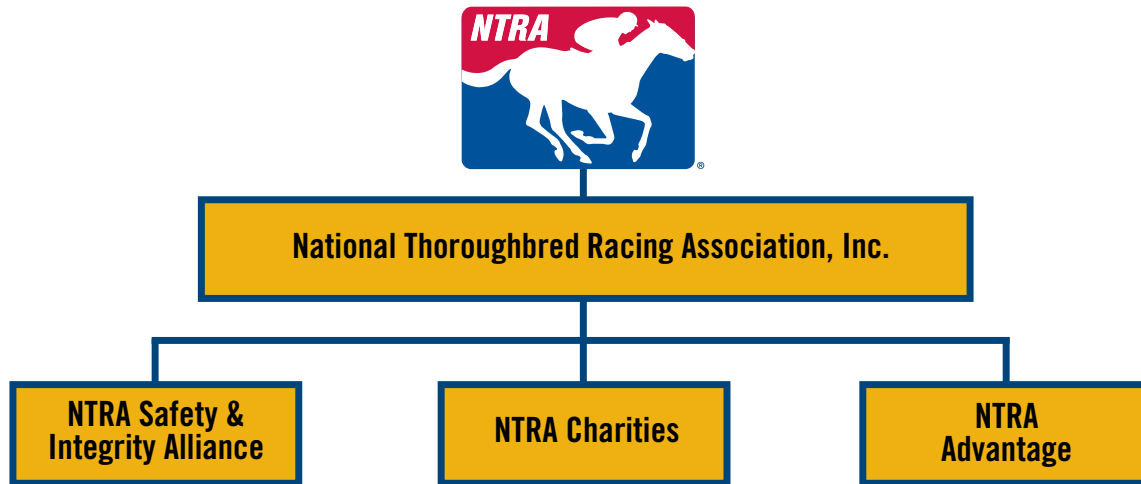
# NTRA ANNUAL REPORT 2014-2015





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## ORGANIZATION STRUCTURE



Launched in 1998, the NTRA is a broad-based coalition of more than 100 horse racing interests and thousands of individual stakeholders consisting of horseplayers, racetrack operators, owners, breeders, trainers and affiliated horse racing associations, charged with increasing the popularity, welfare and integrity of Thoroughbred racing through consensus-based leadership, legislative advocacy, safety and integrity initiatives, fan engagement and corporate partner development.

The NTRA owns and manages the NTRA Safety and Integrity Alliance; NTRA.com; the NTRA Top Thoroughbred and NTRA Top 3-Year-Old weekly media polls; the Eclipse Awards; the National Handicapping Championship; NTRA Advantage, a corporate partner sales and sponsorship program; and Horse PAC, a federal political action committee. The NTRA has offices in Lexington, Ky., and New York.

The NTRA is served by a Board of Directors that represents horseplayers, racetracks, owners, breeders and horsemen.

The NTRA operates three subsidiaries:

### **NTRA Safety and Integrity Alliance**

Establishes standards and practices to promote safety and integrity in horse racing and promotes their implementation.

### **NTRA Charities, Inc.**

Is a non-profit 501(c)(3) public charity whose mission is to promote and support charities in or related to the Thoroughbred industry.

### **NTRA Advantage**

Delivers cost reductions and efficiencies to NTRA members and affiliated organizations through group purchasing.

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## MESSAGE FROM THE NTRA PRESIDENT AND CEO



July 2015

In 2014, the Thoroughbred breeding and racing industry continued to recover from the negative impacts brought about by a world-wide economic recession. The year also was marked by significant change within the NTRA. With

guidance from our board of directors, the NTRA updated its strategic plan and adopted a new governance structure that dramatically broadened the number of industry organizations and stakeholders represented on our board. The changes were prompted by a growing recognition that NTRA programs and initiatives are supported by hundreds of industry organizations and thousands of individuals, including horseplayers.

Of particular note is the fact that Judy Wagner, winner of the 2001 National Handicapping Championship (NHC) and an Eclipse Award as Horseplayer of the Year, became the first ever horseplayers' representative elected to the NTRA Board of Directors and perhaps the first horseplayer representative elected to a national horse racing organization. Providing horseplayers with a voice on the NTRA Board makes perfect sense because pari-mutuel wagering fuels every aspect of our sport. It also sends a clear message that the NTRA board recognizes and appreciates the important role horseplayers and fans play in supporting NTRA programs such as legislative advocacy in Washington, DC, NTRA Advantage sales, the NTRA's Safety and Integrity Alliance and, of course, the NHC. Indeed, the horseplayer has always played a central role and been a key focus of many NTRA initiatives. In 2014, we elevated that focus to the status of a board seat.

Nowhere was that more evident than with the *Daily Racing Form*/NTRA National Handicapping Championship, which reached record heights in 2014. Strong participation in NHC qualifiers throughout 2014 led to a record field of 606 entrants at the January 2015 NHC and record prize money of \$2,363,000, including \$800,000 to the winner, John O'Neil. In addition to the record participation and prize money, January's NHC also featured a number of firsts, including Future Bet wagering on the participants and a celebrity-media Charity Challenge that raised money for important charitable causes.

Horseplayers also played a prominent role in shaping the NTRA's agenda in Washington, DC, where in June 2014 a bipartisan group of 17 members of Congress sent a letter to the Department of Treasury requesting clarification to regulations regarding the way pari-mutuel winnings are calculated for tax purposes. The clarification is expected to generate hundreds of millions of dollars in additional pari-mutuel handle annually to the benefit of horseplayers, track operators, owners and trainers, as well as state and federal government. Nearly 8,000 individuals signed a petition at Change.org to kick off the effort, which continued in 2015.

In addition to horseplayers, two specific programs support the NTRA's efforts in Washington. The Legislative Action Campaign (LAC) sustains the NTRA's governmental relations and lobbying efforts. Horse PAC, the NTRA's bipartisan political action committee, also was busy during the 2014 election cycle. Horse PAC-supported candidates won all 39 of their House contests and three of four Senate races for an impressive 97.6% success rate. The PAC disbursed \$452,500 in the last Congress. Horse PAC has supported more than 250 candidates and 75 Leadership PACs and is the horse racing industry's largest federal PAC.

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Safety and integrity issues continued to be a core area of focus by the industry and NTRA in 2014. Through its Safety and Integrity Alliance, which accredits racetracks that implement a code of safety and integrity standards, and largely due to its broad-based, consensus led organizational structure, the NTRA played a critical role in the continued state-by-state adoption of the National Uniform Medication Program covering medications, penalties and equine drug testing. Significant progress was made throughout 2014 in the area of national uniformity, but much more remains to be done as the industry continuously strives to raise the bar in areas relating to safety and integrity.

NTRA Communications continued to provide valuable services to the mainstream and trade industry media throughout 2014. Ongoing programs overseen by NTRA Communications include the NTRA Top Thoroughbred and Top Three-Year-Old Polls and weekly national teleconferences featuring key horse racing personalities and participants. The NTRA continues to serve as the media's primary information resource for all matters pertaining to Thoroughbred racing.

Finally, NTRA Advantage continued to deliver substantial cost savings and efficiencies to the horse racing industry. In December, the Advantage program surpassed the \$700 million mark in sales of goods and services since the inception of the group purchasing arm in 2002. As a result, total savings to the horse industry from NTRA Advantage climbed to more than \$120 million by the end of the year. NTRA Advantage offers substantial cost savings—through local dealers—on products and services relevant to their business. Among the nationally known participating vendors are John Deere, Nationwide Insurance, Valvoline, UPS, Sherwin-Williams, Office Depot-OfficeMax and SimplexGrinnell, among others.

The NTRA is different from virtually every other national organization in horse racing. It is a coalition of more than 100 horse racing interests and thousands of individual stakeholders consisting of horseplayers, racetrack operators, owners, breeders, trainers and affiliated horse racing associations, charged with increasing the popularity, welfare and integrity of Thoroughbred racing through consensus-based leadership, legislative advocacy, safety and integrity initiatives, fan engagement and corporate partner development. The participation in our programs and initiatives by individuals and organizations is critical to their on-going success.

Please take a few moments to review our Annual Report and, as always, thank you for your support of the NTRA.

Sincerely,



Alexander M. Waldrop  
President and CEO

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## 2014 BOARD OF DIRECTORS

In 2014, the NTRA Board of Directors consisted of the NTRA CEO and representatives for racetracks and for horsemen, owners, breeders and horseplayers.

**Reynolds Bell, Jr.**

Thoroughbred Owners and Breeders Association

**Robert N. Clay**

The Jockey Club

**Craig Dado**

Del Mar Thoroughbred Club

**Dennis Drazin**

Monmouth Park

**Alan Foreman**

Thoroughbred Horsemen's Association

**Craig Fravel**

Breeders' Cup Limited

**Chris Kay**

New York Racing Association

**Joe Morris**

Thoroughbred Owners of California

**Mike Rogers**

The Stronach Group

**Bill Thomason**

Keeneland Association

**Judy Wagner**

Horseplayers Representative

**Scott Wells**

Thoroughbred Racing Associations

EX OFFICIO – **Alexander M. Waldrop**, President and CEO

### CURRENT CORPORATE OFFICERS

**Alexander M. Waldrop**

President and CEO

**Robert Watt**

Secretary

**Amber Florence**

Treasurer

**Keith Chamblin**

Chief Operating Officer

**Jeff Burch**

Senior Vice President, NTRA Advantage

**Steve Koch**

Executive Director, Safety & Integrity Alliance

# 2014 PARTICIPATING ORGANIZATIONS

A – Advantage participant  
S – Safety & Integrity Alliance  
\$ – National Handicapping Championship  
★ – Legislative Action Campaign

## Founding Members

Breeders' Cup Limited  
Keeneland Association  
Oak Tree Racing Association  
The Jockey Club  
Thoroughbred Owners  
and Breeders Association

## Participating Organizations

### ARIZONA

Turf Paradise A

### ARKANSAS

Oaklawn Park A

### CALIFORNIA

Barretts Sales Company ★  
Barretts at Fairplex A S  
California Fairs A \$  
California Thoroughbred Breeders  
Association ★ A  
Del Mar Thoroughbred Club A S \$  
Golden Gate Fields A S  
Los Alamitos S \$  
Oak Tree Racing Association  
Santa Anita Park A S \$  
Surfside Race Place \$  
Television Games Network \$  
Thoroughbred Owners of  
California A S \$  
Twinspires.com \$

### DELAWARE

Delaware Park A  
Delaware Thoroughbred Horsemen's  
Association A S

### FLORIDA

Calder A S  
Florida Thoroughbred Breeders  
and Owners Association A ★  
Gulfstream Park A S \$  
Ocala Breeders' Sales Company ★  
Tampa Bay Downs A \$

### ILLINOIS

Arlington Park A \$  
Balmoral Park A  
Fairmount Park A  
Hawthorne Race Course A \$  
Illinois Thoroughbred Horsemen's  
Association S  
Illinois Thoroughbred Owners  
and Breeders Association A

### INDIANA

Hoosier Park A  
Indiana Grand Race Course A S

### IOWA

Prairie Meadows A \$

### KENTUCKY

Churchill Downs A S  
Ellis Park A  
Fasig-Tipton Sales Company ★  
Keeneland A S \$ ★  
Kentucky Downs A S  
Kentucky Thoroughbred Owners  
and Breeders Association A  
National HBPA S  
The Jockeys' Guild S  
Turfway Park A S

### LOUISIANA

Breeders Sales Company of Louisiana ★  
Delta Downs A  
Evangeline Downs A  
Fair Grounds A S \$  
Harrah's Louisiana Downs A

### MARYLAND

Laurel Park A S \$  
Maryland Thoroughbred  
Breeders Association A  
Maryland Thoroughbred  
Horsemen's Association A S  
Pimlico A S \$

### MASSACHUSETTS

Suffolk Downs A S

### MINNESOTA

Canterbury Park A S \$  
Running Aces A

### NEBRASKA

Fonner Park A

### NEVADA

Treasure Island \$  
Wynn \$

### NEW JERSEY

Atlantic City Race Course A  
Monmouth Park A S \$  
New Jersey Thoroughbred Horsemen's  
Association A S

### NEW MEXICO

Ruidoso Downs A  
Sunland Park A S  
Zia Park A

### NEW YORK

Aqueduct A S \$  
Belmont Park A S \$  
Capitol OTB \$  
Daily Racing Form \$  
Finger Lakes A S  
New York Thoroughbred  
Breeders Association ★ A  
New York Thoroughbred  
Horsemen's Association A S  
Saratoga Race Course A S \$  
ThoroFan S  
Yonkers Raceway A

### OHIO

Beulah Park \$  
Northfield Park A  
Raceway Park A  
Scioto Downs A  
Thistledown A

### OKLAHOMA

Remington Park A  
Will Rogers Downs A  
Oklahoma Thoroughbred  
Association A

### OREGON

Portland Meadows A

### PENNSYLVANIA

Harrah's Philadelphia A  
Parx Racing A  
Hollywood at Penn National A  
Pennsylvania Thoroughbred  
Horsemen's Association A  
Pocono Downs A  
Presque Isle Downs A \$  
Xpressbet \$

### SOUTH DAKOTA

South Dakota OTB \$

### TEXAS

Lone Star Park A \$  
Retama Park A  
Sam Houston Race Park A  
Texas Horsemen's Partnership A ★

### WASHINGTON

Emerald Downs A \$  
Washington Thoroughbred  
Breeders and Owners ★

### WEST VIRGINIA

Charles Town A  
Mountaineer A \$

### CANADA

Hastings Park A  
Rocky Mountain Turf Club \$  
Woodbine Entertainment Group A S \$

## Other NTRA Members

National Handicapping  
Championship Tour  
NTRA Horse PAC  
NTRA Legislative Action Campaign

## NTRA Advantage Affiliates

American Horse Council  
American Paint Horse Association  
American Quarter Horse Association  
Appaloosa Horse Club  
Equine Canada  
Farriers & Hoofcare Resource Centers  
Harness Tracks of America  
National Steeplechase Association  
United States Equestrian Federation  
United States Polo Association  
United States Trotting Association

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## FY 2016 FINANCIAL OVERVIEW

The NTRA's primary areas of focus are:

### Marketing

- Reaches new and existing fans, horseplayers and industry stakeholders by utilizing a combination of media platforms to promote horse racing.

### Legislative

- Lobbies for federal legislation on behalf of the Thoroughbred industry and supports congressional educational programs through government relations.

### Safety & Integrity Alliance

- Establishes and secures implementation of safety and integrity standards and practices at the racetrack level through the Alliance Code of Standards and accreditation process.

### NTRA Advantage

- Develops national partnerships with corporations on behalf of the horse industry. Delivers cost savings on products and services to NTRA members and affiliated members.

### Highlights of FY 2016 budgeted net income and expenses by program area

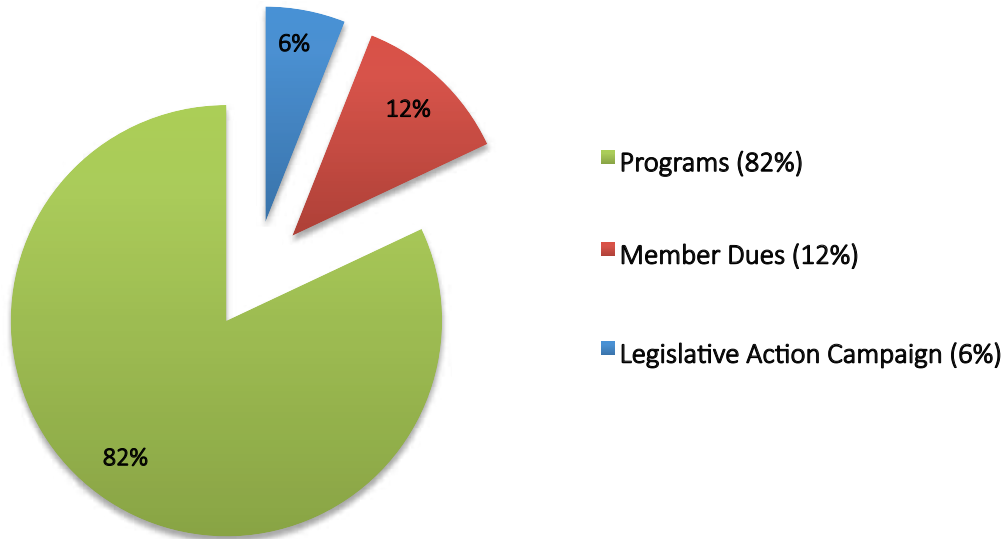
<b>Revenues:</b>	Programs	\$7,380,402
	Member Dues	1,124,266
	Legislative Action Campaign	<u>550,000</u>
	Total revenues	<u><u>\$9,054,668</u></u>
<b>Expenses:</b>	Marketing and Promotions	\$4,252,635
	Advantage	2,365,453
	Legislative	754,241
	Communications	277,738
	Safety & Integrity Alliance	404,896
	General and Administrative	<u>999,705</u>
	Total expenses	<u><u>\$9,054,668</u></u>



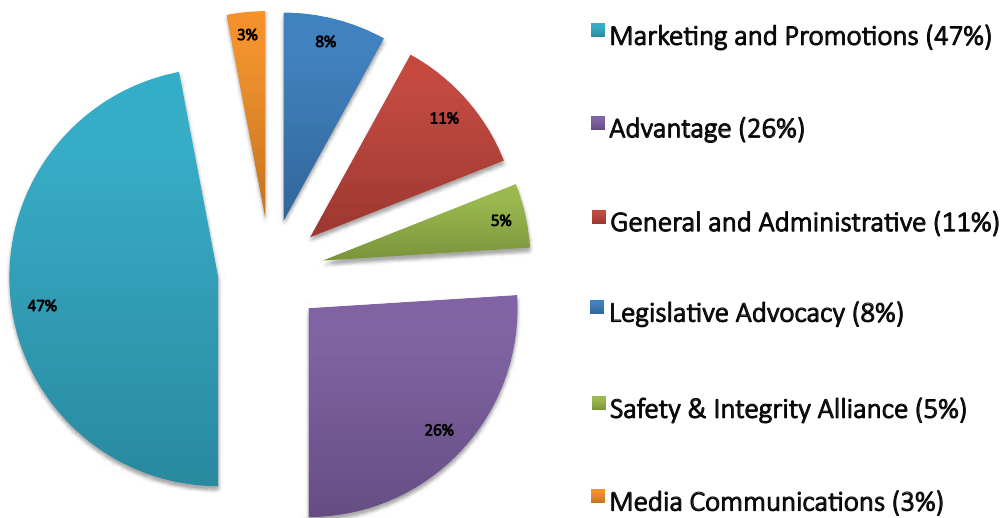
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## FY 2016 FINANCIAL OVERVIEW

### Sources of Funds - \$9.1 Million



### Uses of Funds - \$9.1 Million



## NTRA SAFETY & INTEGRITY ALLIANCE

Formed in October 2008, the NTRA Safety and Integrity Alliance is a standing organization whose purpose is to establish standards and practices to promote safety and integrity in horseracing and to secure their implementation. Alliance certification standards cover six broad areas: injury reporting and prevention; creating a safer racing environment; aftercare and transition of retired racehorses; uniform medication, testing and penalties; safety research; and wagering security.



### Accredited Racetracks

Aqueduct Racetrack	Finger Lakes Casino	Monmouth Park
Belmont Park	and Racetrack	Pimlico Race Course
Calder Casino and Race Course	Golden Gate Fields	Santa Anita Park
Canterbury Park	Gulfstream Park	Saratoga Race Course
Churchill Downs	Indiana Grand	Suffolk Downs
Del Mar Thoroughbred Club	Keeneland	Sunland Park
Fair Grounds Race Course & Slots	Kentucky Downs	Turfway Park
Fairplex Park	Laurel Park	Woodbine
	Los Alamitos	

### Partners

**SimplexGrinnell**  
BE SAFE.

  
**LOCKTON**

**HAGYARD**  
Pharmacy

## LEGISLATIVE

The NTRA, the only national organization solely representing Thoroughbred racing and breeding interests in Washington, D.C., engages in federal legislative advocacy to address issues that have a direct and material effect on Thoroughbred industry participants and their business activities, whether those activities relate to racing, breeding or pari-mutuel wagering.

Along with other horse industry stakeholder groups in and outside of racing, the NTRA also supports Congressional education programs on matters like agriculture and immigration which affect all breeds and equine disciplines.

The NTRA's government relations team has secured passage of legislation to legalize online pari-mutuel wagering under the Interstate Horseracing Act and a recently expired Farm Bill provision authorizing accelerated depreciation for young racehorses. Current legislative targets include renewal of the accelerated depreciation provision, horseplayer tax equity, and issues related to online gaming.

Two programs support the NTRA's work on Capitol Hill. The Legislative Action Campaign (LAC) sustains the NTRA's government relations and lobbying. NTRA's political action committee, Horse PAC, supports specific candidates for re-election. Sellers and buyers at public auction, sales companies, farms and horseplayers contribute to LAC. Horse PAC contributions come from individual NTRA members.

The most popular fundraising program in LAC is the ¼% Check-off. This program is tied to Thoroughbred auction sales throughout the United States and allows buyers and sellers to contribute ¼ of one percent of a horse's sale price (\$2.50 for every \$1,000).

Owners and breeders also support LAC through the new NTRA Foal program, a bi-annual direct mail solicitation for contributions related to the number of foals they will register from the current crop.

### Who Participated in the ¼ % Check-off Program Last Year?

More than 750 industry members from around the globe contributed to the ¼% Check-off Program when buying and selling at over 30 sales hosted by our partners in 2014.

#### 41 states

Large, medium and boutique-sized operations from coast to coast and border to border contributed.

#### 13 countries

Residents of the United States, Canada, Japan, Ireland, Australia, Qatar, etc participated.

#### 6 sale companies

The NTRA gathers support from buyers and sellers at sales nationwide.



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## ECLIPSE AWARDS

“Together we saw some amazing performances over the decades, performances that allowed me to honestly elocute words that horse races routinely generate. Words like courageous, determined, sublime, otherworldly, magnificent. Thousands of words that were only an attempt to describe the indescribable Thoroughbred. What other game, what other pursuit, provides a prism for such passions? If nothing else, horseracing is an obsession fueled by dreams.”

— Tom Durkin

NTRA honors Thoroughbred racing’s Champions at the annual Eclipse Awards, presented by *Daily Racing Form*, the Breeders’ Cup and The Stronach Group. The awards are voted on and presented by more than 250 representatives of the NTRA, *Daily Racing Form*, and National Turf Writers and Broadcasters (NTWAB).

Eclipse Awards recognize equine and human athletic performance in 18 categories. Additional 2014 honorees included Tom Durkin, recipient of the Eclipse Award of Merit; Old Friends Farm, recipient of a Special Eclipse Award; and 2014 Handicapper of the Year, Jose Arias.

Media Eclipse Awards are presented in the categories of photography, audio and multi-media Internet, news/commentary writing, feature/

enterprise writing, local television, national television (feature), and national television (live racing programming) to recognize members of the media for outstanding coverage of Thoroughbred racing.

HRTV and Racetrack Television Network broadcast the 44th annual event from the Sport of Kings Theatre at Gulfstream Park Racing & Casino in Hallandale Beach, Fla.

The Eclipse Awards will return to Gulfstream Park in 2016. The black-tie gala highlights a full weekend of events benefitting the Gulfstream Park Thoroughbred Aftercare Program and the Permanently Disabled Jockeys Fund.



Special Eclipse Award: Old Friends Farm (Michael Blawie with Kentucky Derby winner Silver Charm and stallion manager Sally Hatfield)



Eclipse Award of Merit: Tom Durkin



## 2014 CHAMPIONS



Two-Year-Old Male: American Pharoah



Two-Year-Old Filly: Take Charge Brandi



Horse of the Year, Three-Year-Old Male:  
California Chrome



Three-Year-Old Filly: Untapable



Male Turf Horse, Older Male: Main Sequence (5)



Older Female: Close Hatches (4)



Male Sprinter: Work All Week (5)



Female Sprinter: Judy the Beauty (5)



Female Turf Horse: Dayatthespa (5)



Steeplechase Horse: Demonstrative (7)



Owner, Breeder:  
Kenneth and Sarah Ramsey



Trainer: Todd Pletcher



Jockey: Javier Castellano



Apprentice Jockey:  
Drayden Van Dyke



Horseplayer of the Year:  
John O'Neil

## NATIONAL HANDICAPPING CHAMPIONSHIP

John O'Neil, 74, of Huntington Station, N.Y., topped a field of 606 entries to win the \$800,000 first-place prize and an Eclipse Award as Horseplayer of the Year at the 16th annual *Daily Racing Form*/NTRA National Handicapping Championship (NHC) presented by Racetrack Television Network, Sovereign Stable and Treasure Island Las Vegas.

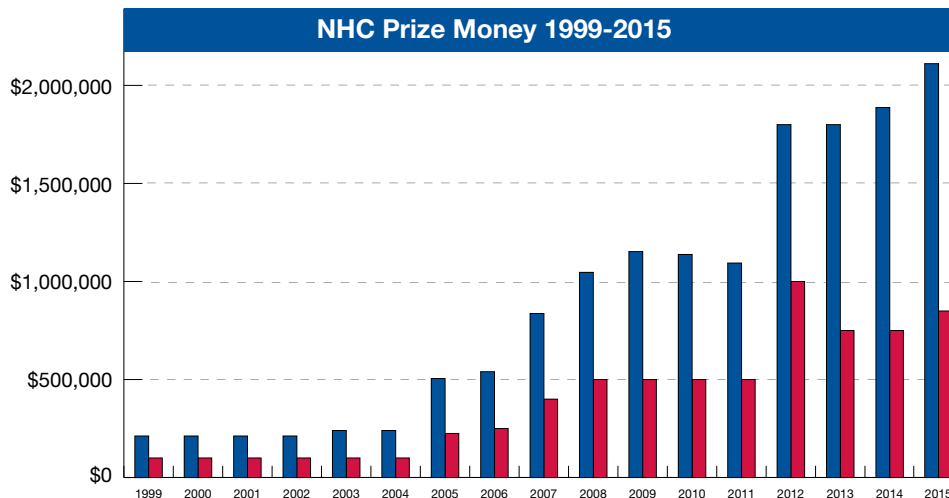
NHC 16 offered record overall prize money of \$2.363 million. Including \$200,000 paid out to top finishers in the year-long NHC Tour, a \$100 Treasure Island casino chip given to each of the more than 500 individual entrants, travel and other awards, NHC cash and prizes totaled a record \$2,681,000.

NHC 16 also featured a number of firsts. In the first-ever NHC Future Wager offered by Treasure Island, O'Neil paid off at 5/2 as a member of the Field. NHC 16 also offered a Celebrity-Media Charity Challenge won by NBC Sports commentator Bob Neumeier.

Entering its 17th year, the *Daily Racing Form*/NTRA National Handicapping Championship, presented by Racetrack Television Network and Treasure Island Las Vegas, is the richest and most important handicapping tournament in the world. There are no "buy-in" entries at the NHC; it is the culmination of a year-long series of NTRA-sanctioned local tournaments conducted by racetracks, casino race books, off-track betting facilities and horse racing and handicapping websites, each of which sends its top qualifiers to the national finals.



2015 NHC winner  
John O'Neil





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## NTRA COMMUNICATIONS

In 2014, NTRA Communications issued more than 100 press releases, hosted 17 national media teleconferences and provided onsite media and publicity support at nearly 20 major stakes races leading up to and including the Triple Crown and the Breeders' Cup World Championships. NTRA Communications also reissued several hundred more releases on behalf of industry partners to its comprehensive list of more than 1,200 media and industry contacts.

A renewed emphasis was placed on raising awareness of key NTRA properties and initiatives, especially those that generate significant public interest like the Eclipse Awards and National Handicapping Championship.

NTRA Communications has broadened its support of all NTRA program units. For the first time, NTRA Communications moved its base of operations to NTRA headquarters in Lexington, Ky., increasing opportunities for regular and long-term interdepartmental collaboration.

The NTRA Top 3-Year-Old and Top Thoroughbred Polls featured expanded participation in 2014 and were published weekly by the Associated

Press and major newspapers, including USA Today. The national media teleconferences, featuring many of the sport's top personalities, resulted in hundreds of news stories in major print outlets and enhanced coverage on national radio and television networks.

NTRA Communications also continued in its longtime roll as the media's first point of contact and primary information resource for all matters pertaining to Thoroughbred racing.

The NTRA Communications team also implemented a public and media relations strategy designed to highlight and profile an array of diverse storylines emerging in 2013.

National teleconferences were held in advance of the Triple Crown and Breeders' Cup, featuring many of the sport's top personalities.



2014 dual Classic winner California Chrome

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## NTRA COMMUNICATIONS

### 2014 FINAL NTRA TOP THOROUGHBRED POLL

Ranking of the Top Thoroughbred on a 10-9-8-7-6-5-4-3-1 basis with first place votes in parentheses, 2014 record and total points. A-S: Age-Sex, Sex: C-colt, G-gelding, H-horse, F-filly, M-mare, R-ridgling.

	Name	A-S	2014 Record	Pts.
1	Main Sequence (20)	5-G	4-4-0-0	418
2	Bayern (13)	3-C	10-6-1-1	385
3	California Chrome (5)	3-C	8-5-0-1	331
4	Untapable (4)	3-F	7-6-0-0	327
5	Shared Belief (1)	3-G	5-4-0-0	295
6	Wise Dan (5)	7-G	4-4-0-0	283
7	Goldencents	4-C	5-2-3-0	172
8	Tonalist	3-C	8-4-2-1	103
9	Palace Malice	4-C	5-4-0-0	59
10	Work All Week	5-G	6-5-1-0	39

Other horses receiving votes:

Dayatthespa (33), Judy The Beauty (31), Toast Of New York (30), Beholder (29), Close Hatches (23), Texas Red (18), Lady Eli (11), American Pharoah (9), Don't Tell Sophia (9), Tapiture (7), Game On Dude (6), Karakontie (5), Bobby's Kitten (4), Moreno (4), Will Take Charge (4), Stopchargingmaria (3), Candy Boy (2)



## NTRA ADVANTAGE

NTRA Advantage facilitates the sale of products and services to more than one million eligible horse industry participants at prices well below market rate. Since its inception in 2002, NTRA Advantage has generated more than \$725 million in sales for its nationally branded corporate partners.

### NTRA Advantage partners include:

**John Deere** – worldwide supplier of agricultural, construction and turf equipment.

**Sherwin-Williams** – global leader in the manufacture, development, distribution, and sale of coatings and related products to professional, industrial, commercial, and retail customers.

**Red Brand** – caring for the safety and security of your horses begins with reliable fencing.

**Nationwide** – providing a full range of insurance products, including auto, homeowners, power sports, pet and specialty insurance.

**Valvoline Instant Oil** – there's only one engine oil good enough for the horse industry.

**OfficeDepot/OfficeMax** – leading provider of office supplies, office furniture and office technology.

**UPS** – a global leader in logistics including the shipment of packages and freight.

NTRA Advantage covers the United States and Canada with a team of six sales representatives who attend some 100 equine events throughout the year with and for the partners listed above. NTRA Advantage has saved industry members over \$120 million. Purchases by NTRA members through the Advantage program average \$50 million annually.

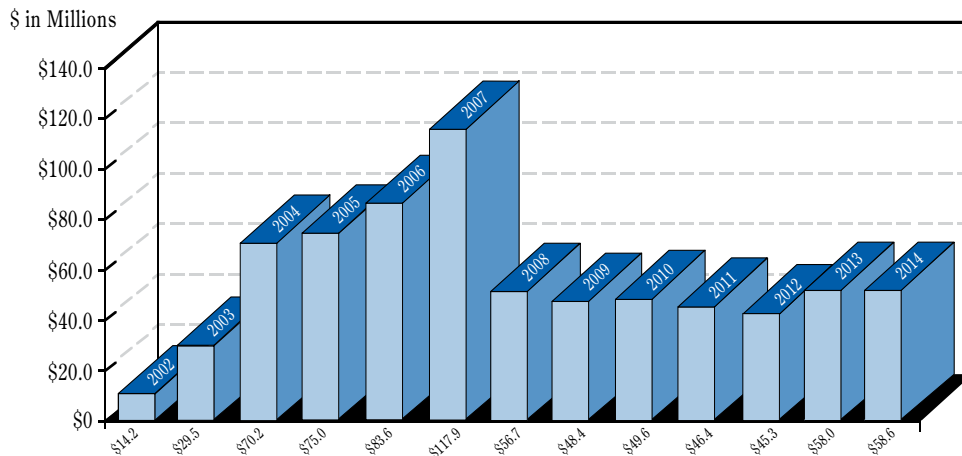
### NTRA Advantage Affiliates:

NTRA Advantage manages or operates eight membership benefits programs for equine associations in the U.S. and Canada, including the American Horse Council, American Paint Horse Association, American Quarter Horse Association, Equine Canada, Harness Tracks of America, U.S. Equestrian Federation, U.S. Polo Association and U.S. Trotting Association



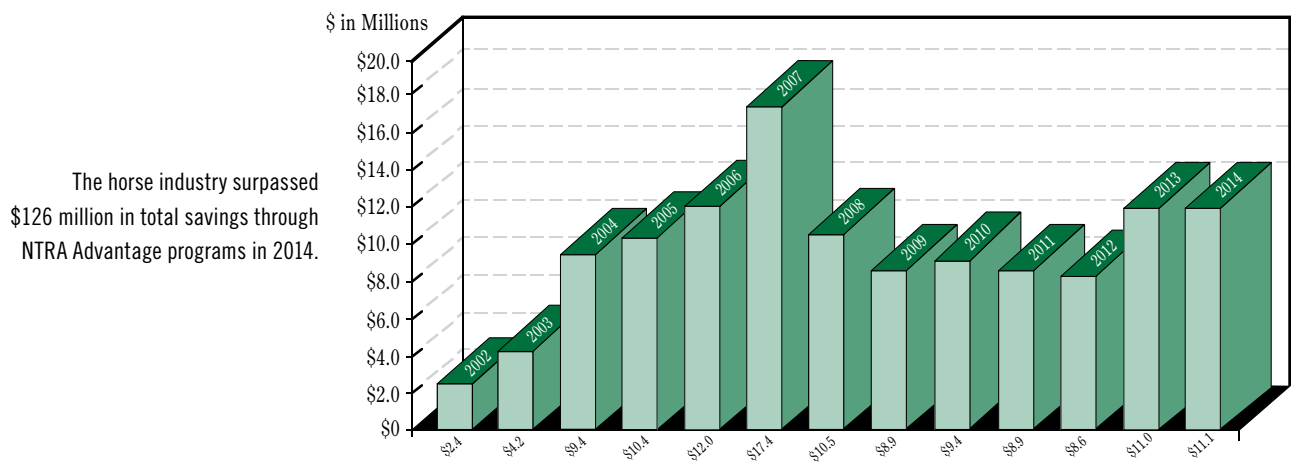
## NTRA ADVANTAGE

### Sales



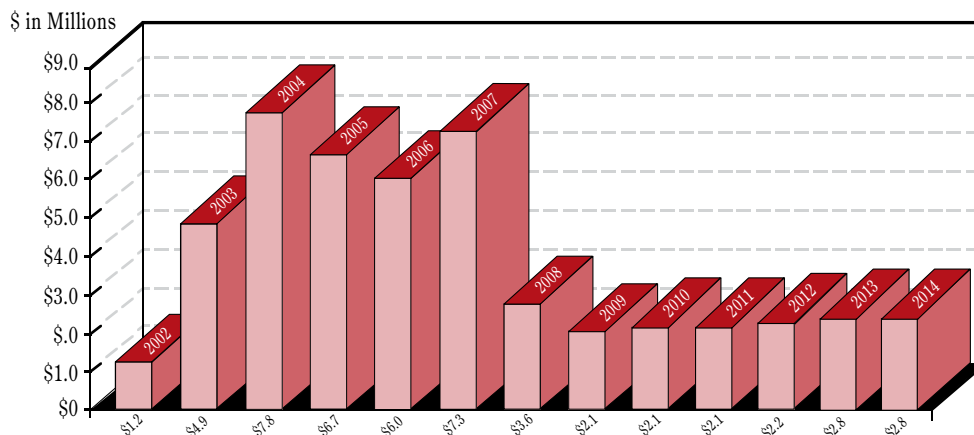
NTRA Advantage sales since 2002 have exceeded \$753 million.

### Savings to Members



The horse industry surpassed \$126 million in total savings through NTRA Advantage programs in 2014.

### Revenue to NTRA



NTRA Advantage has contributed more than \$48 million toward NTRA membership programs and services.

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## A FINAL WORD

The strength of the NTRA lies in its diverse membership representing all facets of the horse racing industry, including thousands of individuals.

Time and again – whether it be through programs like legislative advocacy in Washington, D.C., purchasing discounts achieved through NTRA Advantage, reforms enacted by the Safety & Integrity Alliance, or unparalleled growth of the *Daily Racing Form*/NTRA National

Handicapping Championship – we have proven that there is much we can achieve when the industry works together in a cohesive, consensus-driven manner.

The NTRA is charged with increasing the popularity, welfare and integrity of Thoroughbred racing. With your help and continued support, we will continue to pursue those goals in 2015 and beyond.



**CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal years ended January 31, 2015 and January 31, 2014

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## **REPORT of INDEPENDENT AUDITORS**

To the Board of Directors  
National Thoroughbred Racing Association, Inc.

We have audited the accompanying consolidated financial statements of National Thoroughbred Racing Association, Inc. and Subsidiaries (the "Association") which comprise the consolidated statements of financial position as of January 31, 2015 and 2014, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility' is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Association's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Association as of January 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

April 16, 2015  
Louisville, Kentucky

*STROTSMAN AND COMPANY*

## CONSOLIDATED STATEMENTS of FINANCIAL POSITION

As of January 31, 2015 and January 31, 2014

	JANUARY 31 2015	JANUARY 31 2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,547,773	\$ 749,077
Investments, at fair value	1,587,890	1,497,464
Accounts receivable, net	1,092,439	1,873,436
Prepaid expenses	214,857	161,531
Other assets	94,292	73,214
Property and equipment, net	14,968	14,382
Total assets	<u>\$ 4,552,219</u>	<u>\$ 4,369,104</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued liabilities	\$ 1,565,363	\$ 1,355,901
Deferred revenue	258,020	495,785
Other long-term liabilities	89,842	68,764
Total liabilities	<u>1,913,225</u>	<u>1,920,450</u>
Net assets		
Unrestricted net assets	<u>2,638,994</u>	<u>2,448,654</u>
Total liabilities and net assets	<u>\$ 4,552,219</u>	<u>\$ 4,369,104</u>

See accompanying notes.

**CONSOLIDATED STATEMENTS of ACTIVITIES and CHANGES in NET ASSETS**

For the fiscal years ended January 31, 2015 and January 31, 2014

	JANUARY 31 2015	JANUARY 31 2014
<b>OPERATING REVENUES</b>		
Marketing and promotions	\$ 4,555,829	\$ 3,616,631
Membership dues	1,274,161	1,921,852
Advantage	2,920,031	2,751,055
Legislative Action Campaign	590,192	552,724
Safety and Integrity Alliance	226,667	195,500
Contributions	5,664	5,912
Other revenues	6,063	24,454
Total operating revenues	9,578,607	9,068,128
<b>OPERATING EXPENSES</b>		
Program expenses		
Marketing and promotions	\$ 4,035,875	\$ 3,248,804
Advantage	2,406,433	2,094,564
Legislative and regulatory programs	692,593	689,299
Safety and Integrity Alliance	519,686	568,914
Media communications	377,362	361,068
Contributions	4,800	900
Supportive services		
General and administrative	1,442,516	1,423,470
Depreciation	6,114	18,828
Total operating expenses	9,485,379	8,405,847
Excess of operating revenues over operating expenses	93,228	662,281
<b>NON-OPERATING INCOME</b>		
Interest income	97,112	20,449
Other expense	0	(15,253)
Total non-operating income	97,112	5,196
Revenues over expenses	190,340	667,477
Undesignated net assets at beginning of year	2,448,654	1,781,177
Total net assets at end of year	\$ 2,638,994	\$ 2,448,654

*See accompanying notes.*

**CONSOLIDATED STATEMENTS of CASH FLOW**

For the fiscal years ended January 31, 2015 and January 31, 2014

	JANUARY 31 2015	JANUARY 31 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 190,340	\$ 667,477
Adjustments to reconcile revenues over expenses to net cash provided by operating activities:		
Unrealized and realized (gains) losses on investments	(20,435)	38,100
Loss on disposal of fixed assets		15,257
Depreciation and amortization	6,114	18,828
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable, net	780,997	(615,083)
(Increase) decrease in prepaid expenses	(53,326)	3,148
(Increase) in other assets	(21,078)	(18,626)
Increase in accounts payable and accrued liabilities	209,462	178,129
(Decrease) increase in deferred revenue	(237,765)	2,620
Increase in other long-term liabilities	21,078	18,626
Net cash provided by operating activities	<u>875,387</u>	<u>308,476</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	846,726	704,187
Purchases of investments	(916,717)	(756,119)
Purchases of property and equipment	(6,700)	(14,427)
Net cash (used in) investing activities	<u>(76,691)</u>	<u>(66,359)</u>
Net increase in cash and cash equivalents	798,696	242,117
Cash and cash equivalents at beginning of year	<u>749,077</u>	<u>506,960</u>
Cash and cash equivalents at end of year	<u>\$ 1,547,773</u>	<u>\$ 749,077</u>

*See accompanying notes.*



## NATIONAL THOROUGHBRED RACING ASSOCIATION, INC. and SUBSIDIARIES

For the fiscal years ended January 31, 2015 and January 31, 2014

### A] NATURE of BUSINESS and ORGANIZATION

The National Thoroughbred Racing Association, Inc. (the “NTRA” or the “Association”), is a not-for-profit, broad-based coalition of horseplayers, racetrack operators, owners, breeders, trainers and affiliated associations incorporated in December 1997. The mission of the NTRA is to increase the welfare, integrity and popularity of Thoroughbred racing through consensus-based leadership, safety and integrity initiatives, legislative advocacy, corporate partner development and fan engagement.

NTRA, Inc., as reported on the consolidated statements of financial position and the consolidated statements of activities and changes in net assets, includes NTRA, Inc. and its wholly owned subsidiaries, NTRA Charities, Inc. (“NTRA Charities”) EquiSource, LLC (dba, NTRA Advantage, previously dba NTRA Purchasing) and NTRA Investments, LLC (“NTRA Investments”).

NTRA Charities is a not-for-profit, tax-exempt charitable organization whose purpose is to promote and support charities in or related to the Thoroughbred industry. Funds raised by NTRA Charities must be used for these purposes. Unspent net assets of NTRA Charities at January 31, 2015 and 2014 were approximately \$119,000 in both years.

NTRA Advantage, created in January 2002, is a for-profit, limited liability company whose purpose is to deliver cost savings and value-added services to NTRA members through contracts with major national suppliers.

NTRA Investments LLC is a for-profit limited liability company that is the 100 percent owner of NTRA Productions LLC, an entity created in 1999 to enter into a television contract with Winnercomm, Inc. This contract was terminated in April 2009 and neither of these entities have had any significant activity since then.

Collectively, these consolidated entities are referred to as the “Association” within these consolidated financial statements.

### B] SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

#### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the NTRA and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

#### OPERATING REVENUES AND EXPENSES

Transactions that are considered by management to be ongoing and central to the strategic purpose of the Association are reported as operating revenues and operating expenses. Other peripheral transactions are reported as non-operating income (expense) on the consolidated statements of activities and changes in net assets.

#### RISKS AND UNCERTAINTIES

A significant portion of the Association’s revenue is dependent on the overall economy of the Thoroughbred industry. The consolidated financial statements and accompanying notes have been prepared in conformity with accounting principles generally accepted in the United States, which require management to make estimates and assumptions that affect the amounts reported. Actual results could vary from these estimates.

#### REVENUE RECOGNITION

The Association derives a significant portion of its revenue from membership dues and NTRA Advantage fees.

Racetrack and horsemen’s association dues are recognized in the year to which the membership relates. Contributions from public auction sales companies, and horse sellers and buyers participating in designated public auctions, are recognized in the year during which the sale is conducted. Other membership dues are recognized as revenue when earned according to contract terms.

Promotion, sponsorship and NTRA Advantage revenues are earned based upon the satisfaction of contractual terms. All cash received in the years ended January 31, 2015 and January 31, 2014 related to events occurring in fiscal years 2016 and 2015, respectively, is recorded in deferred revenue on the consolidated statements of financial position.

All unrestricted, unconditional charitable contributions are recorded as revenue when received. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Restricted contributions received and expended for their restricted purpose within the same fiscal year are reported as unrestricted contributions.

## NATIONAL THOROUGHBRED RACING ASSOCIATION, INC. and SUBSIDIARIES

For the fiscal years ended January 31, 2015 and January 31, 2014

### CASH AND CASH EQUIVALENTS

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

### INVESTMENTS

Investments in debt securities are reported at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the consolidated statements of activities and changes in net assets.

### ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of an allowance for doubtful accounts of approximately \$75,000 and \$78,000 as of January 31, 2015 and January 31, 2014, respectively. Changes in the allowance are included in general and administrative expenses on the consolidated statements of activities and change in net assets. For the year ended January 31, 2015, there was no bad debt expense. Bad debt expense was \$28,900 for the year ended January 31, 2014.

### PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost, if purchased, or fair market value at the date of gift if donated. The Association capitalizes asset purchases exceeding \$2,000 with a useful life greater than one year. Property and equipment are stated at cost less accumulated depreciation. Property and equipment are depreciated using the straight-line method over their estimated useful lives, which range from two to seven years. Leasehold improvements are stated at cost and amortized using the straight-line method over the lease term. Depreciation expense is approximately \$6,000 and \$19,000 for the years ended January 31, 2015 and 2014, respectively.

### ACCOUNTING FOR UNCERTAIN TAX PROVISIONS

The NTRA is exempt from federal income tax under section 501 (c) (6) of the Internal Revenue Code. However, certain activities of NTRA are subject to tax as unrelated business income. There were no proxy taxes due for the years ended January 31, 2015 and 2014.

Additionally, for-profit subsidiaries of NTRA are subject to tax on taxable income, if any. NTRA has generated net tax operating loss carry forwards of nearly \$17 million (expiring from 2022 through 2030), available to offset future taxable income, if any. This results in a deferred tax asset which is fully offset by an allowance since management cannot predict when, if ever, such an asset would be realized.

The Association's open audit periods are 2012 through 2014. In evaluating the Association's tax status and potential liabilities, interpretations and tax strategies are considered. The Association believes its estimates are appropriate based on current facts and circumstances.

Generally accepted accounting principles prescribe a comprehensive model for how an organization should measure, recognize, present and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. There is no impact on the Association's consolidated financial statements as a result of the application of these accounting principles.

### USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

### SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 16, 2015, the date the consolidated financial statements were available to be issued.

**NATIONAL THOROUGHBRED RACING ASSOCIATION, INC. and SUBSIDIARIES**

For the fiscal years ended January 31, 2015 and January 31, 2014

**C] INVESTMENTS**

Investments are reported at fair value in the accompanying consolidated statements of financial position.

	Fair Value	Quoted Prices in Active Markets (Level I)
<b>January 31, 2015</b>		
Cash & Cash Equivalents	\$ 7,399	\$ 7,399
Mutual Funds - Equities	618,436	618,436
Corporate Bonds	962,055	962,055
	<u>\$ 1,587,890</u>	<u>\$ 1,587,890</u>
<b>January 31, 2014</b>		
Cash & Cash Equivalents	\$ 101,345	\$ 101,345
Corporate Bonds	1,396,119	1,396,119
	<u>\$ 1,497,464</u>	<u>\$ 1,497,464</u>

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs and other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Association uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Association measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

*Level 1 Fair Value Measurements*—The fair value of cash equivalents, mutual funds and corporate bonds is based on quoted net asset values of the bonds held by the Association at year-end.

**D] DEBT**

NTRA has a line of credit with a bank for amounts available up to \$250,000. Outstanding borrowings bear the prime rate of interest not to decrease below a fixed minimum rate of 4.25%, and expires November 21, 2016. This agreement requires a balance of \$750,000

in unrestricted net assets be maintained. As of January 31, 2015 and 2014, NTRA was in compliance with this requirement and had no outstanding borrowings.

**E] COMMITMENTS and CONTINGENCIES**

Rent expense, which includes rent for office space, storage and various equipment in Lexington, Kentucky amounted to approximately \$86,000 and \$103,000 for the years ended January 31, 2015 and 2014 respectively.

Approximate future minimum lease payments under existing non-cancellable operating lease agreements as of January 31, 2015 are as follows:

2016	\$ 73,900
2017	11,900
Total	<u>\$ 85,800</u>

**F] RETIREMENT PLANS**

The National Thoroughbred Racing Association 401(k) Safe Harbor Retirement Plan ("Retirement Plan") covers all full-time employees over the age of 21 upon three months of service. Benefits vest immediately as is customary for all safe harbor plans. The NTRA may contribute a discretionary amount of a covered employee's salary. No discretionary amount was paid for the years ended January 31, 2015 and 2014. Additionally, NTRA's required contribution amounted to three percent of each employee's salary. The Association's contribution expense was \$73,996 and \$66,906 for the years ended January 31, 2015 and 2014, respectively.

The National Thoroughbred Racing Association Deferred Compensation Plan follows in form the Retirement Plan and covers full-time eligible employees whose annual compensation exceeds the 401 (k) ERISA salary limits. It exists in accordance with Section 457 of the Internal Revenue Code. Under this plan, employee benefits vest at the earlier date of retirement age or the completion of ten years of service (as defined in the plan document). The Association's contribution expense approximated \$3,941 and \$1,800 for the years ended January 31, 2015 and 2014, respectively.

**NATIONAL THOROUGHBRED RACING ASSOCIATION, INC. and SUBSIDIARIES**

For the fiscal years ended January 31, 2015 and January 31, 2014

**G] CONCENTRATION of CREDIT RISK**

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The Association's cash and investment accounts used in operations are maintained at a financial institution. The cash and cash equivalents are secured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 as of January 31, 2015. The bank balance of the Association exceeded its FDIC insurance by approximately \$1,000,000 and \$492,000 as of January 31, 2015 and January 31, 2014, respectively. The Association also has cash equivalent and investment accounts covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000. At January 31, 2015 and 2014, the Association had cash equivalents and investments in excess of the SIPC coverage of approximately \$1,000,000.

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## INDUSTRY PROGRAMS

The NTRA participates in a wide range of industry programs and initiatives. The association is a stake-holder in the following industry organizations and initiatives:



The American Horse Council, which serves to promote and protect all horse breeds, disciplines and interests by communicating with Congress, federal agencies, the media and the horse industry as a whole;



The Association of Racing Commissioners International (RCI) is the international association of the government sanctioned entities responsible for the honesty and integrity of horse and greyhound racing as well as all associated pari-mutuel wagering;



The Racing Medication and Testing Consortium, whose mission is to develop, promote and coordinate, at the national level, policies, research and educational programs that seek to ensure the fairness and integrity of racing and the health and welfare of racehorses and participants, and to protect the interests of the racing public;



The Racing Officials Accreditation Program, which strives to enhance integrity in the pari-mutuel racing industry by accrediting and providing continuing education for stewards, judges and racing officials;



The Thoroughbred Aftercare Alliance, which serves as both the accrediting body for aftercare facilities that care for Thoroughbreds following the conclusion of their racing careers and a fundraising body to support these approved facilities;



The NTRA, Keeneland and The Jockey Club represent the Thoroughbred interests in the TimeToRide initiatives being coordinated by the American Horse Council. TimeToRide is designed to connect American families to horse opportunities in their local area, while encouraging participation, ownership and support of the horse industry; and



The Unwanted Horse Coalition, whose goal is to reduce the number of unwanted horses and to improve their welfare.

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# NTRA MISSION STATEMENT

To increase the popularity, welfare and integrity of Thoroughbred racing through consensus-based leadership, legislative advocacy, safety and integrity initiatives, fan engagement and corporate partner development.



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