NTRA ANNUAL REPORT to the MEMBERSHIP | 2007-2008

TABLE of CONTENTS

MESSAGE from the NTRA PRESIDENT and CEO

After 10 years, the NTRA's mission to improve the economics of horse racing and increase the sport's popularity remains unchanged.

What is vastly different between the NTRA of 1998 and NTRA of 2008 is the association's choice of strategic tools to achieve its mission.

At the outset, our marketing focused almost exclusively on national television as the best means of expanding the reach and popularity of horseracing. While an ongoing national television presence will remain an important member benefit and a key component of the NTRA's strategic mission to market and grow the popularity of the sport, television is no longer enough to match the competition.

Technology and consumer tastes are now converging to make the Internet the preferred information source for a growing audience of sports fans. And nearly a decade of national consumer research has taught us that horseplayers have some great ideas about how to expand the reach of horse racing. Following the example of other successful industries, the NTRA is using customer engagement as a primary source of innovation and new ways to approach fan development. As we enter our second decade, we have formally enlisted our fans in the process through the introduction of a Web 2.0 social networking strategy and a new Horseplayers' Coalition.

In its start-up phase, the NTRA relied heavily on the American Horse Council (AHC), a trade association representing more than 166 breeds of horse, to represent the racing industry's interests on Capitol Hill. Today, the NTRA continues to participate in AHC programs but has launched its own federal lobbying program focusing on issues that are largely unique to breeding, pari-mutuel racing and wagering, and has created what is now the largest gaming political action committee.

In even less time – just six years – the NTRA has taken a nascent group purchasing program and built an outstanding member benefit program by partnering with highly respected sponsors such as John Deere, UPS, Toshiba, Office Depot, Sherwin-Williams and others. In the process, we have dramatically expanded benefits and savings to members while providing new sources of revenue to the NTRA. With expanded participation from other leading equine trade associations such as the AQHA, a strategic re-branding using "NTRA Advantage" in 2007 and a renewed emphasis on high-quality products and services, sales have multiplied seven-fold since the program's inception.

While not part of our 1998 strategy, helping to insure the integrity of horseracing has emerged as an important component of our plan in 2008. Six years ago, the NTRA took the lead on integrity matters that relate to wagering security in the wake of an attempted Pick-6 wagering fraud. Since then, we have taken the lead in other integrity matters such as equine drug testing, medication and equine sales. Where integrity is concerned, there is no single, identifiable goal to be met. Ensuring the integrity of our sport and of pari-mutuel wagering is a never-ending process and we remain committed to working proactively with industry stakeholders on issues of common concern.

Just a few months ago, Congress invited the NTRA to join the likes of the National Football League (NFL), National Basketball Association (NBA), Major League Baseball (MLB), United States Olympic Committee (USOC) and National Collegiate Athletic Association (NCAA) to speak for the entire horse industry on the issue of steroids and drugs in horse racing. The hearing was the latest example that the NTRA's many years of hard work have distinguished the organization as an important leader and communicator for the industry. In attending recent industry gatherings, it also has become abundantly clear that virtually all segments of the industry are looking to the NTRA for leadership in a number of critical areas.

We have come this far and grown this strong thanks to your support. Your contributions to the NTRA over the past decade – in the form of membership dues, a purchase made through NTRA Advantage or participation in the NTRA's various voluntary check-off programs – have helped us build, sustain and grow many important programs. As this 2007/2008 Annual Report shows, the association is well positioned to continue to serve the industry and to meet the challenges that pari-mutuel racing will face in the years ahead.

As always, we welcome your comments and suggestions. Your support is vital – and valued – as we enter our second decade of representing the Thoroughbred industry and fulfilling the mission that you have given us.

Sincerely,

Alexander M. Waldrop

President and CEO

BOARD of DIRECTORS

The 15-member NTRA Board of Directors consists of the NTRA CEO and seven representatives each for racetracks and for horsemen, owners and breeders.

Track director seats include representatives from three independent tracks corresponding to the Eastern, Midwestern and Western regions and four major track companies: Churchill Downs Incorporated, Keeneland Association, Magna Entertainment Corporation and the New York Racing Association.

Horsemen director seats include representatives from The Jockey Club, National Horsemen's Benevolent and Protective Association, Thoroughbred Horsemen's Association, Thoroughbred Owners and Breeders Association and Thoroughbred Owners of California. Breeders' Cup Limited has two horsemen director seats.

TRACK REPRESENTATIVES

Independent Seats

Robert Elliston
Turfway Park
Midwestern Region

Robert Green
Philadelphia Park/Greenwood Racing
Eastern Region

F. Jack Liebau, Sr.
Bay Meadows/Hollywood Park
Western Region

Racetrack Company Seats

Robert Evans
Churchill Downs Incorporated

Charles Hayward
New York Racing Association

Jim McAlpine
Magna Entertainment Corporation

Nick Nicholson
Keeneland Association

OWNER/BREEDER/HORSEMEN REPRESENTATIVES

Robert Clay
Breeders' Cup Limited

Alan Foreman
Thoroughbred Horsemen's Association

William Heiligbrodt
Thoroughbred Owners and Breeders Association

G. Watts Humphrey, Jr.
Breeders' Cup Limited

Alan Marzelli
The Jockey Club

Marsha Naify
Thoroughbred Owners of California

Joseph Santanna
Horsemen's Benevolent & Protective Association

NTRA CORPORATE OFFICERS

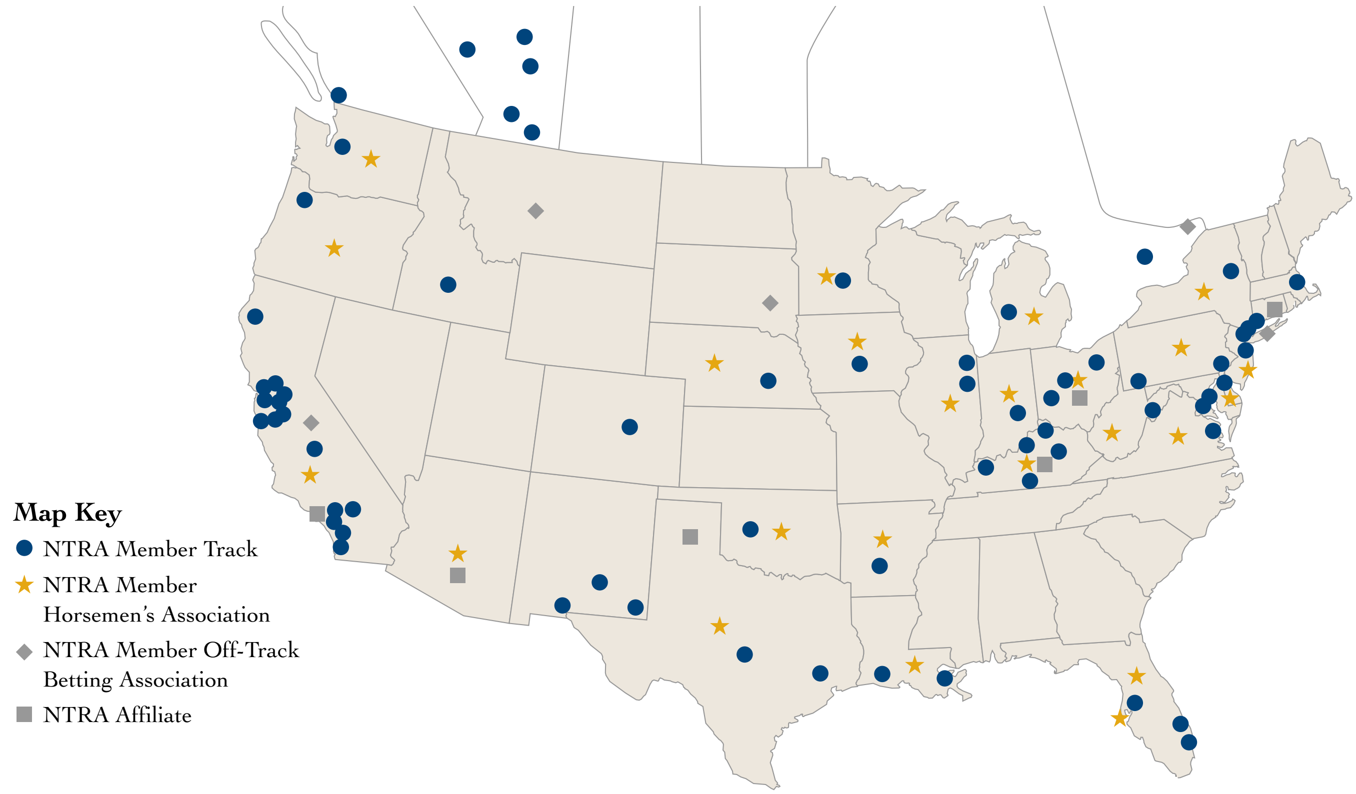
Robert N. Elliston
Executive Chairman

Alexander M. Waldrop
President & CEO

Robert Watt
Secretary

Vicki Baumgardner
Treasurer

MEMBER ORGANIZATIONS and AFFILIATES



Founding Members

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

Special Member

Television Games Network

Horsemen's Associations

Kentucky Thoroughbred Association
National HBPA, Inc.
- Arizona HBPA
- Arkansas HBPA
- Charles Town HBPA
- Florida HBPA
- Indiana HBPA
- Iowa HBPA
- Kentucky HBPA
- Louisiana HBPA
- Michigan HBPA
- Minnesota HBPA
- Nebraska HBPA
- Ohio HBPA
- Oklahoma HBPA
- Oregon HBPA
- Pennsylvania HBPA
- Tampa Bay HBPA
- Texas Horsemen's Partnership LLP
- Virginia HBPA
- Washington HBPA

National THA
- Delaware THA
- Illinois THA
- Maryland THA
- New Jersey THA
- New York THA

Pacific Quarter Horse Racing Association
Thoroughbred Owners of California

Off-Track Betting Organizations

Connecticut OTB
Montana Simulcast Partners
Royal River Racing

Affiliates

American Quarter Horse Association
Equine Canada
American Association of Equine Practitioners
American Farriers Association
Harness Tracks of America
National Steeplechase Association
United States Equestrian Federation
United States Polo Association
United States Trotting Association

Racetracks

ARKANSAS
Oaklawn Park

CALIFORNIA
Bay Meadows
California Authority of Racing Fairs
Del Mar
Fairplex Park
Golden Gate Fields
Hollywood Park
Oak Tree Racing Association
Santa Anita Park

CANADA
Evergreen Park
Hastings Racecourse
Millarville
Northlands Park
Rocky Mountain Turf Club
Stampede Park
Woodbine Entertainment Group

COLORADO
Arapahoe Park

DELAWARE
Delaware Park

FLORIDA
Calder Race Course
Gulfstream Park
Tampa Bay Downs

IDAHO
Les Bois Park

ILLINOIS
Arlington Park

INDIANA
Hoosier Park

IOWA
Prairie Meadows

KENTUCKY
Churchill Downs
Ellis Park
Keeneland
Kentucky Downs
Turfway Park

LOUISIANA
Fair Grounds
Harrah's, Louisiana Downs

MARYLAND
Laurel
Ocean Downs
Pimlico

MASSACHUSETTS
Suffolk Downs

MICHIGAN
Great Lakes Downs

MINNESOTA
Canterbury Park

NEBRASKA
Horsemen's Park

NEW JERSEY
Meadowlands
Monmouth Park

NEW MEXICO
Ruidoso Downs
Sunland Park
Zia Park

NEW YORK
Aqueduct
Belmont Park
Saratoga

OHIO
Beulah Park
Thistledown

OKLAHOMA
Remington Park

OREGON
Portland Meadows

PENNSYLVANIA
The Meadows
Philadelphia Park

PUERTO RICO
Hipodromo Camarero

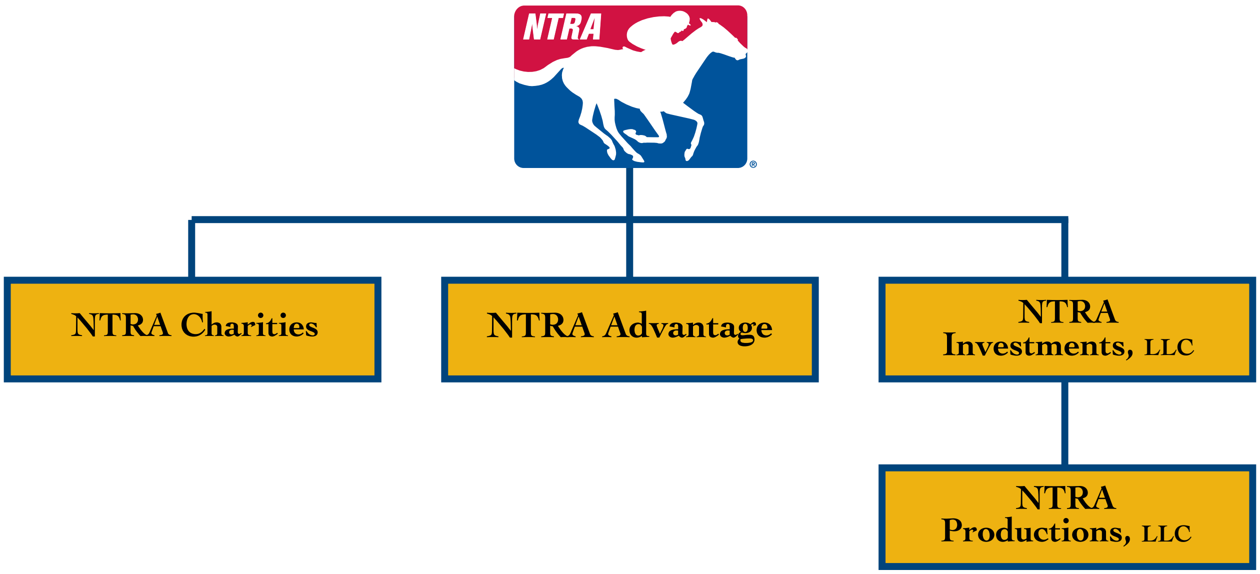
TEXAS
Lone Star Park
Sam Houston Race Park

VIRGINIA
Colonial Downs

WASHINGTON
Emerald Downs

WEST VIRGINIA
Mountaineer Park

WYOMING
Wyoming Downs



NTRA Charities, Inc.
Builds awareness of Thoroughbred racing's civic and community activities through Public Service Announcements and local programs.

NTRA Advantage, LLC
Delivers cost reductions and efficiencies to NTRA members and associated member organizations through group purchasing.

NTRA Investments, LLC
Makes strategic acquisitions to benefit NTRA members.

NTRA Productions, LLC
Produces horse racing programming, maintains the world's largest archive of racing footage and holds all NTRA programming contracts.

NTRA's for-profit subsidiary, NTRA Advantage, facilitates sales of products and services from leading suppliers and manufacturers direct to one million NTRA members and members of NTRA-affiliated organizations.

Affiliates include all major racing and performance horse associations such as American Quarter Horse Association, Equine Canada, Harness Tracks of America, National Steeplechase Association, United States Equestrian Federation, United States Polo Association and United States Trotting Association.

NTRA Advantage product categories include tractors and other farm equipment, paint, overnight shipping, office supplies, travel and consumer electronics.

Sales of marketing partner products have grown annually for six consecutive years, topping $116 million in 2007, and are projected to reach $125 million in 2008.

NTRA Advantage participants have realized savings of $17 million in 2007 and nearly $85 million since the program's inception in 2002.

John Deere vehicles grating the main track at Keeneland Racecourse.

NTRA ADVANTAGE PARTNERS

NTRA CHARITIES

NTRA's non-profit, 501 (c)(3) publicly supported charity, NTRA Charities, builds awareness of charitable programs in the racing industry through public service announcements and other media.

NTRA Charities' national partner is Ronald McDonald House Charities, Inc. (RMHC®), whose mission is to create, find and support programs that directly improve the health and well being of children. NTRA-produced RMHC public service announcements air nationally on the TVG network and during NTRA racing telecasts on ESPN.

NTRA Charities also supports projects to ensure the health and safety of racing's human and equine athletes. All facets of the racing industry – including racetracks, horsemen, jockeys, owners, breeders and racing fans – contribute to NTRA Charities' special projects.

The NTRA Charities – Permanently Disabled Jockeys Fund accepts and disburses contributions to support nearly 60 disabled riders.

The NTRA Charities – Barbaro Memorial Fund supports research to cure laminitis. In consultation with the Grayson-Jockey Club Research Foundation, the Barbaro Memorial Fund in 2007 supported laminitis research projects and programs at the University of Georgia, University of Pennsylvania and Louisiana State University. Through a marketing partnership with Pfizer, support for the Barbaro Fund continues in 2008.

NTRA CHARITIES

RONALD MCDONALD HOUSE CHARITIES

© Horsephotos.com/NTRA

The passing of Kentucky Derby winner Barbaro, who succumbed to laminitis in 2007, inspired hundreds of contributions to the NTRA Charities - Barbaro Memorial Fund to cure laminitis.

BARBARO
MEMORIAL FUND
NTRA CHARITIES

Through a combination of legislative advocacy and contributions from its political action committee, Horse PAC, NTRA proactively seeks legislation to address issues that impact the pari-mutuel racing and wagering industries.

The NTRA's lobbying efforts center on tax matters affecting horse owners, breeders, players and racetracks, and on safeguarding the industry's ability to continue to conduct online pari-mutuel wagering on horse racing as authorized by the Interstate Horseracing Act.

The association also supports American Horse Council programs to address matters that affect the horse industry as a whole, including immigration, unwanted horses and agricultural issues.

In 2007, the NTRA secured inclusion of the Equine Equity Act (EEA) – Federal legislation to address tax matters relating to racehorses – in the Senate-passed version of the Farm Bill. The Farm Bill, including the EEA provision, became law in early 2008. The association also has formed a Horseplayers' Coalition, which focuses on legislative and regulatory solutions to tax and business issues that impact pari-mutuel racetracks and their customers and provides grass roots support for the NTRA's lobbying efforts on Capitol Hill.

Alex Waldrop testifies on Capitol Hill on February 27, 2008.

INDUSTRY PROGRAMS

The NTRA participates in a range of collaborative programs to address issues of national importance to the horse racing industry, including equine drug testing, animal welfare, wagering technology and sales integrity.

The NTRA supports the Racing Medication and Testing Consortium, which provides scientific support for racing's equine drug testing program and, with the Association of Racing Commissioners International, promotes a national medication policy.

As a member of the American Horse Council, NTRA participates in several committees relating to horse health and safety, including the Unwanted Horse Coalition, whose mission is to reduce the number of unwanted horses in the United States.

NTRA has taken a lead role in the Wagering Transmission Protocol project to improve the technological infrastructure of the pari-mutuel wagering system.

In collaboration with the Thoroughbred Owners and Breeders Association (TOBA), the NTRA also helped produce new business guidelines governing sales of Thoroughbred horses at auction under the Sales Integrity Task Force.

NTRA and TOBA produced new guidelines for bloodstock agents and sellers at public auction, which take effect in 2008 at Keeneland and Fasig-Tipton. These two companies - the country's largest and oldest auctioneers, respectively - sold more than $1 billion worth of horses in 2007.

NTRA's national marketing and promotions focus on racing's core fan, the horseplayer, as well as target fans. The association and its member organizations support a yearlong series of handicapping tournaments that highlight the skills of horseplayers and culminate in the annual $1 million *Daily Racing Form*/NTRA National Handicapping Championship (NHC).

A newly created National Handicapping Championship Tour identifies and rewards the best tournament players and links the qualifying tournaments to each and the NHC.

The Tour features a leader board, added prize money and a $2 million bonus. A "Rookies Tour" also is planned. Participants automatically are enrolled in the NTRA Horseplayers' Coalition.

NTRA fosters an online community of current and emerging fans through the use of blogging, Web postings and interactive communications. The association's Web 2.0 social networking strategy focuses on direct communications with consumers regarding a wide variety of issues that face the pari-mutuel racing industry.

NTRA member organizations can join the Web 2.0 initiative through a co-op program that offers e-mail optimization, online social programs and event marketing.

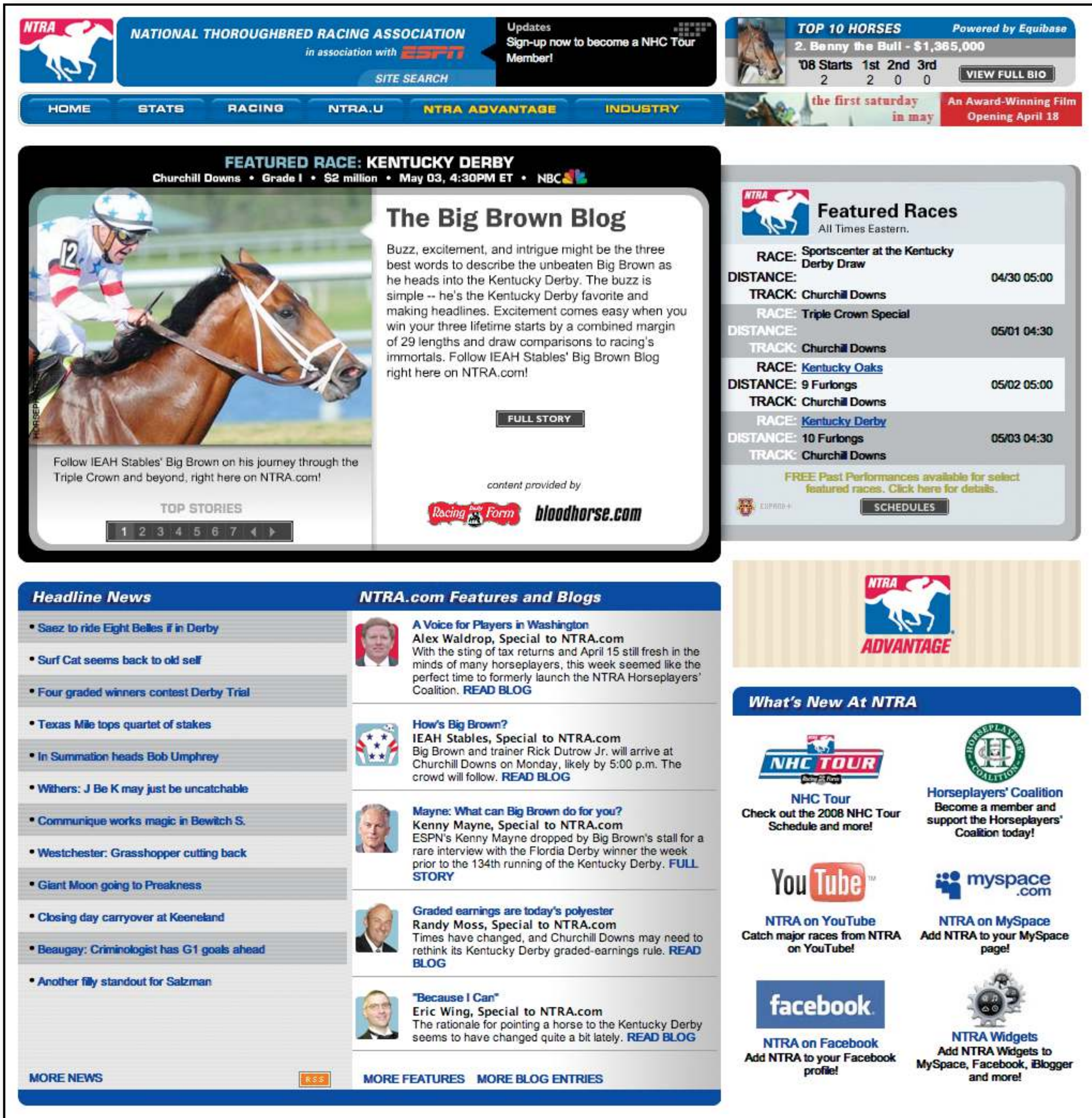
© Horsephotos.com/NTRA

Keith Chamblin, Jason McCormick, Richard & Sally Goodall and Steve Crist with the winner's check at the
2008 Daily Racing Form*/NTRA National Handicapping Championship at Red Rock Resort & Casino, Las Vegas, NV January 26, 2008.*

Reflecting the growing trend toward wireless and interactive media, NTRA has brought renewed focus and enhancements to its Web site. NTRA.com is now a leading supplier of racing information and race replays, offering a global audience the opportunity to share the racing experience online at any time. In 2007, NTRA.com page views increased 12 percent, to more than 17 million, with the number of site visitors increasing by 69 percent.

For television audiences, NTRA offers springtime racing on ESPN, including traditional Triple Crown prep races such as the Florida Derby and Arkansas Derby. NTRA marketing partner TVG offers continuous racing coverage throughout the year on DISH Network, DIRECTV and select cable systems.

NTRA member organizations and founding member Breeders' Cup Limited offer horse racing's signature events, the Triple Crown and Breeders' Cup World Championships, on major networks.



www.NTRA.com home page

A FINAL WORD

NTRA has and will continue to use its convening authority to address many of horse racing's most complex and controversial issues. Only by taking on integrity matters, like medication or industry challenges like the health and safety of our athletes, can we build and retain our customers' confidence and patronage.

Similarly, federal legislation and the NTRA's in-house sales program aimed at improving the economics of racing and breeding are key to making our industry more competitive.

Ensuring our industry's future drives everything we do.

We thank you for entrusting us with this responsibility and welcome every opportunity to bring together our industry's stakeholders in united efforts to promote the storied sport of horse racing.

Curlin stormed to victory in the 2007 Breeders' Cup Classic — Powered by Dodge to clinch Horse of the Year honors at the Eclipse Awards, presented by NTRA, Daily Racing Form *and the National Turf Writers Association.*

National Thoroughbred Racing Association, Inc. and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS and OTHER FINANCIAL INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

TABLE of CONTENTS

Report of Independent Auditors

To the Board of Directors
National Thoroughbred Racing Association

We have audited the accompanying consolidated statements of financial position of the National Thoroughbred Racing Association, Inc. and Subsidiaries (the Association) as of December 31, 2007 and 2006, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Association's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the National Thoroughbred Racing Association, Inc. and Subsidiaries at December 31, 2007 and 2006, and the consolidated results of their activities, their change in net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were 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 audits of the consolidating financial statements and, in our opinion, is fairly stated in all material respects in relation to the cosolidated financial statements take as a whole.

March 14, 2008

Ernst + Young LLP

National Thoroughbred Racing Association, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS of FINANCIAL POSITION

AS OF DECEMBER 31, 2007 AND 2006 [WITH CONSOLIDATING DETAILS IN 2007]

	NTRA, INC.	NTRA INVESTMENTS, LLC	INTERCOMPANY ELIMINATIONS	2007 CONSOLIDATED	2006 CONSOLIDATED
ASSETS					
Cash and cash equivalents	$14,250,722	$ 439,402		$ 14,690,124	$ 12,372,592
Funds held for others	4,280,832			4,280,832	4,358,964
Accounts receivable, net	3,927,790	510,613	$ (6,396)	4,432,007	7,950,403
Receivable from Breeders' Cup Limited	38,842			38,842	-
Prepaid expenses	156,684	22,425		179,109	238,581
Other assets	74,157			74,157	470,305
Property and equipment, net	282,397			282,397	574,181
Investment in subsidiaries	1,000,000		(1,000,000)	-	-
Due (to) from subsidiaries	(296,323)	296,323		-	-
Intangible assets, net		3,260,186		3,260,186	6,472,168
Total assets	$ 23,715,101	$ 4,528,949	$ (1,006,396)	$ 27,237,654	$ 32,437,194
LIABILITIES AND NET ASSETS					
Accounts payable and accrued liabilities	$3,655,727	$ 17,000	$ (6,396)	$ 3,666,331	$ 6,561,500
Funds held for others	4,280,832			4,280,832	4,358,964
Payable to Breeders' Cup Limited				-	2,321,566
Deferred revenue	1,179,022	209,174		1,388,196	375,177
Current portion of long-term debt		1,661,890		1,661,890	2,000,000
Long-term debt		4,060,312		4,060,312	5,560,312
Other long-term liabilities	74,157			74,157	452,530
Total liabilities	9,189,738	5,948,376	(6,396)	15,131,718	21,630,049
Minority interest		25,000	(25,000)		
Net assets					
Preferred membership interest		1,000,000	(1,000,000)		
Undesignated net assets	14,525,363	(2,444,427)	25,000	12,105,936	10,807,145
Total net assets (deficit)	14,525,363	(1,444,427)	(975,000)	12,105,936	10,807,145
Total liabilities and net assets	$ 23,715,101	$ 4,528,949	$(1,006,396)	$ 27,237,654	$ 32,437,194

See accompanying notes.

CONSOLIDATED STATEMENTS of ACTIVITIES and CHANGES in NET ASSETS

AS OF DECEMBER 31, 2007 AND 2006 [WITH CONSOLIDATING DETAILS IN 2007]

	NTRA, INC.	NTRA INVESTMENTS, LLC	INTERCOMPANY ELIMINATIONS	2007 CONSOLIDATED	2006 CONSOLIDATED
OPERATING REVENUES					
Revenues from Breeders' Cup Limited	$ -			$ -	$ 41,386,159
Membership dues	9,789,627			9,789,627	10,330,544
Television, sponsorship, purchasing and promotions	10,827,945	$ 7,523,421	$ (3,012,101)	15,339,265	21,800,571
Contributions	1,545,416			1,545,416	492,550
Other revenues	158,766			158,766	133,209
Total operating revenues	22,321,754	7,523,421	(3,012,101)	26,833,074	74,143,033
OPERATING EXPENSES					
Television	3,142,708	7,523,421	(3,011,652)	7,654,477	13,314,859
Sponsorship and purchasing	4,606,716		(449)	4,606,267	8,280,729
Advertising, marketing and promotions	2,734,568			2,734,568	10,286,493
Purses and awards				-	27,940,390
Legislative and regulatory programs	971,031			971,031	1,391,352
Office of Racing Integrity	125,040			125,040	28,531
Contributions	1,509,750			1,509,750	573,103
General and administrative	4,918,902	988		4,919,890	6,402,371
Depreciation and amortization	314,626	3,211,982		3,526,608	3,583,960
Total operating expenses	18,323,341	10,736,391	(3,012,101)	26,047,631	71,801,788
Excess of operating revenues over operating expenses	3,998,413	(3,212,970)		785,443	2,341,245
NON-OPERATING INCOME (EXPENSE)					
Interest income (expense)	508,488			508,488	348,937
Other income	4,860			4,860	945,259
Total non-operating income (expense)	513,348	-	-	513,348	1,294,196
Excess of revenues over (under) expenses	4,511,761	(3,212,970)	-	1,298,791	3,635,441

Continued next page.

CONSOLIDATED STATEMENTS of ACTIVITIES and CHANGES in NET ASSETS

As of December 31, 2007 and 2006 [with consolidating details in 2007]

Continued from previous page.

	NTRA, INC.	NTRA INVESTMENTS, LLC	INTERCOMPANY ELIMINATIONS	2007 CONSOLIDATED	2006 CONSOLIDATED
OTHER CHANGES					
Transfer of net assets	(1,272,705)	1,272,705			
Change in undesignated net assets (deficit)	3,239,056	(1,940,265)	-	1,298,791	3,635,441
Undesignated net assets at beginning of year, including preferred membership interest	11,286,307	495,838	(975,000)	10,807,145	7,171,704
Total net assets (deficit) at end of year	$ 14,525,363	$ (1,144,427)	$ (975,000)	$ 12,105,936	$ 10,807,145

CONSOLIDATED STATEMENTS of CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 1,298,791	$ 3,635,441
Adjustments to reconcile excess of revenues over (under)		
expenses to net cash provided by operating activities:		
Loss on disposal of assets	-	34,962
Depreciation and amortization	3,526,608	3,583,960
Changes in operating assets and liabilities:		
Decrease in accounts receivable, net	3,518,396	377,148
(Increase) decrease in receivable from Breeders' Cup Limited	(38,842)	1,369,484
Decrease in prepaid expenses	59,472	5,681
Decrease in other assets	396,148	69,201
(Decrease) increase in accounts payable and accrued liabilities	(2,895,169)	540,119
(Decrease) increase in payable to Breeders' Cup Limited	(2,321,566)	2,321,566
Increase (decrease) in deferred revenue	1,013,019	(70,074)
(Decrease) increase in other long-term liabilities	(378,373)	(126,878)
Net cash provided by operating activities	4,178,484	11,740,610
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(22,842)	(71,880)
Net cash used in investing activities	(22,842)	(71,880)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term debt	(1,838,110)	(6,439,688)
Net cash used in financing activities	(1,838,110)	(6,439,688)
Net increase in cash and cash equivalents	2,317,532	5,229,042
Cash and cash equivalents at beginning of year	12,372,592	7,143,550
Cash and cash equivalents at end of year	$ 14,690,124	$ 12,372,592
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	$ -	$ 280,097

See accompanying notes.

NOTES to CONSOLIDATED STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

I.] NATURE of BUSINESS and ORGANIZATION

The National Thoroughbred Racing Association, Inc. (the "NTRA" or "NTRA, Inc."), is a not-for-profit membership organization incorporated in December 1997. The purpose of the NTRA is to strengthen the Thoroughbred racing industry by increasing public awareness, creating a centralized national structure, implementing comprehensive marketing strategies and enhancing the industry's economic condition by achieving significant revenue increases and cost reductions for its membership. 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") and NTRA Purchasing (previously EquiSource, LLC). NTRA Charities is a not-for-profit, tax-exempt charitable organization whose purpose is to broaden the Thoroughbred industry's scope of community outreach through a national affiliation with Ronald McDonald House Charities and to promote and support existing charities in, and related to, the Thoroughbred industry. NTRA Purchasing, 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 ("NTRA Investments"), as reported on the consolidated statements of financial position and the consolidated statements of activities and changes in net assets, is a for-profit, limited liability company of which NTRA has a 75 percent ownership interest. The remaining 25 percent interest is owned collectively by The Jockey Club, Inc., Breeders' Cup Properties, LLC (an affiliate of the NTRA), Keeneland Association and Oak Tree Charitable Foundation (collectively the "Minority Partners"). NTRA Investments includes a wholly owned subsidiary, NTRA Productions, LLC ("NTRA Productions"). NTRA Productions offers television production services and controls the world's largest archive of horse racing video as well as numerous programming contracts. Collectively, these consolidated entities are referred to as the "Association" within these consolidated financial statements.

MEMBERSHIP and MANAGEMENT SERVICES AGREEMENT with BREEDERS' CUP LIMITED

In October 2000, the NTRA entered into an agreement (the "Agreement") with Breeders' Cup Limited ("BCL") under which, effective January 1, 2001 and for the ten-year period ending December 31, 2010, the NTRA performed certain Membership and Management Services, defined as the performance of normal day-to-day business operations of BCL. In exchange for such services, BCL provided NTRA with a Membership and Management Services Fee. This fee was equal to all BCL operating revenues, excluding investment income, dividends and interest income; license fee income paid by NTRA; net income from Breeders' Cup Properties; less general and administrative expenses and other expenses necessary to operate Breeders' Cup Limited.

In connection with this Agreement and the required services, BCL provided a non-transferable, non-exclusive, royalty-free license for NTRA to utilize various intellectual property, including copyrights, patents, trademarks, logos, customer information and other information. BCL retained full ownership of its property and the rights associated with it.

On December 1, 2005, BCL and NTRA amended the Agreement whereby termination by BCL may occur annually after December 31, 2005 by giving written notice to NTRA no later than September 30 of each year to be effective December 31 of the subject year. On August 25, 2006, BCL provided written notice to NTRA for termination of this Agreement effective December 31, 2006. This termination has resulted in a reduction of revenues and expenses in 2007 due to the elimination of the Membership and Management Services fee (recorded in revenues from Breeders' Cup Limited) and various expenses related to the operations of Breeders' Cup.

In April 2007, NTRA and BCL agreed in principle to the terms of an Affiliation Agreement in which the two companies will continue to share various resources such as personnel, office space and administrative expenses for the two years beginning January 1, 2007 and ending December 31, 2008. The agreement also sets forth the methods for fulfilling sponsorship contracts under which both companies are contractually obligated. BCL paid membership dues to NTRA in an amount of $800,000 in 2007. Membership dues for 2008 shall be subject to further definition of the future structure and membership of NTRA.

II.] 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

In 2006, the Association derived a significant portion of its revenue from the Membership and Management Services Fee provided by BCL. Other primary sources of revenue in both 2007 and 2006 are membership dues along with fees associated with television, sponsorship, purchasing and promotions.

Racetrack members and horsemen's association dues are recognized in the year to which the membership relates. Dues 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.

Television, sponsorship, purchasing and promotion revenues are earned based upon the satisfaction of contractual terms. All cash received in 2007 and 2006 related to events occurring in 2008 and 2007, 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.

CASH and CASH EQUIVALENTS

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

FUNDS HELD for OTHERS

Funds held for others represent cash held on behalf of other organizations that may be paid to those organizations in the near term. The amounts of

$4,280,832 and $4,358,964 as of December 31, 2007 and 2006, respectively, are recorded as both current assets and current liabilities in the consolidated statements of financial position.

ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of an allowance for doubtful accounts of approximately $507,000 and $1,058,000 as of December 31, 2007 and 2006, respectively. Changes in the allowance are reflected against membership dues on the consolidated statements of activities and changes in net assets. For 2007, 65 percent of gross accounts receivable is outstanding from two members. These receivables were collected in full in 2008. No other concentrations of credit risk existed at December 31, 2007 or 2006.

ADVERTISING and PREPAID EXPENSES

The Association expenses print advertising costs as incurred and media advertising costs the first time the advertising takes place. As of December 31, 2007 and 2006, the Association had included approximately $12,000 and $23,000 in prepaid expenses on the consolidated statements of financial position relating to amounts paid for production costs in advance of media advertising being aired.

INTANGIBLE ASSETS

The Association accounts for finite-lived intangible assets at the lower of the amortized cost or estimated realizable value. Amortization is provided using the straight-line method over the useful life of the assets. As part of an ongoing review of the valuation and amortization of the intangible assets of the Association, management assesses the carrying value of its intangible assets if facts and circumstances suggest that there may be impairment. If this review indicates that the intangible assets may not be recoverable, the Association would perform a non-discounted cash flow analysis of the operating results pertaining to such intangible assets. If the estimated undiscounted cash flows were less than the asset carrying value, the value of the intangible assets would be reduced to their estimated realizable value, which would be estimated by discounting the previously estimated cash flows. There is no impairment recorded against intangible assets in 2007 and 2006.

PROPERTY and EQUIPMENT

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 $315,000 and $365,000 in 2007 and 2006, respectively.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

In July 2006, the FASB issued Financial Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109. (FIN 48). This interpretation requires that realization of an uncertain income tax position must be "more likely than not" (i.e. greater than 50% likelihood of receiving a benefit) before it can be recognized in the financial statements. Further, this interpretation prescribes the benefit to be recorded in the financial statements as the amount most likely to be realized assuming a review by tax authorities having all relevant information and applying current conventions. FIN 48 also clarifies the financial statement classification of tax-related penalties and interest and sets forth new disclosures regarding unrecognized tax benefits. This interpretation is effective for fiscal years beginning after December 15, 2007 for non-public entities. The Association is currently evaluating the impact that the adoption of this interpretation will have. There was no effect on the consolidated financial statements as a result of the adoption. Accordingly, the impact of adopting this new interpretation is unknown at the present time.

In September 2006, the FASB issued FASB Statement No. 157, Fair Value Measurements (Statement

157), which establishes a framework for measuring fair value in accounting principles generally accepted in the United States, and expands disclosures about fair value measurements.

Statement 157 applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, Statement 157 does not require any new fair value measurements. Statement 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Association is currently evaluating the potential impact that the adoption of this statement will have on its financial position and results of operations. Accordingly, the impact of adopting this new standard is unknown at the present time.

In February 2007, the FASB issued Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, Including an Amendment of FASB Statement No. 115, (Statement 159), which, among other things, permits items at fair value. Statement 159 is effective for fiscal years beginning after November 15, 2007. The Association is currently evaluating the potential impact that the adoption of this statement will have on its financial position and results of operations. Accordingly, the impact of adopting this new standard is unknown at the present time.

III.] PROPERTY and EQUIPMENT

Property and equipment consist of the following as of December 31:

	2007	2006
Computer equipment	$ 1,051,044	$ 1,037,594
Furniture and fixtures	151,493	151,493
Leasehold improvements	119,205	119,205
Other equipment	206,932	197,540
	1,528,674	1,505,832
Less: accumulated depreciation and amortization	(1,246,277)	(931,651)
	$ 282,397	$ 574,181

IV.] INTANGIBLE ASSETS

Finite-lived intangible assets consist primarily of the purchased assets of Winner Communications, Inc., now called, and henceforth referred to as Winnercomm, Inc. ("Winnercomm"), including broadcast rights, a racing video library and intellectual property rights.

The total contracted purchase price for the assets of Winnercomm was $27,500,000, subject to adjustments as defined in the Purchase Agreement. Payments were made each year from the date of acquisition in 1999 to 2004, in accordance with the Purchase Agreement. Final payment of $3,000,000 was made in 2004.

These intangible assets are amortized using the straight-line method over the remaining estimated useful life, which currently expires on December 31, 2008 at the conclusion of the Services Agreement between NTRA Productions and Winnercomm (the "Services Agreement"). Under this agreement, Winnercomm provides production and programming services for NTRA Productions' horse racing programming and is responsible for generating advertising and sponsorship revenue in connection with the programming.

Under the Services Agreement, NTRA Productions paid management fees of approximately $2,114,000 and $2,024,000 for the years ended December 31, 2007 and 2006, respectively. For the period January 1, 2007 through December 31, 2008, the management fee is calculated as the excess of operating revenues over operating expenses for NTRA Productions. It is expected that this will be approximately $1,400,000 in 2008.

The Association's finite-lived intangible assets consist of the following as of December 31:

	2007	2006
Broadcast rights and film archives	$ 26,230,316	$ 26,230,316
Less: accumulated amortization	(22,970,130)	(19,758,148)
	$ 3,260,186	$ 6,472,168

Amortization expense is approximately $3,212,000 for the years ended December 31, 2007 and 2006, respectively.

V.] LONG-TERM DEBT

NTRA has a revolving line of credit with a bank for an amount up to $2,000,000 with interest of 0.25 percent below the prime rate payable monthly and a maturity date of June 30, 2008. As of December 31, 2007 and 2006, the NTRA had no outstanding borrowings under the line of credit, with the exception of a letter of credit for approximately $62,000 used to secure the lease of office space in New York. Interest expense on the line of credit was not significant in 2007 and 2006.

The NTRA holds letters of credit from financial institutions to secure its leases of office space in Lexington, Kentucky and New York, New York. The letter of credit used to secure office space in New York, in an amount of $62,000, is deducted from the available balance on the line of credit as discussed above. The letter of credit used to secure office space in Lexington is for an amount of approximately $555,000.

To fund the purchase of the assets of Winnercomm and the establishment of NTRA Productions, NTRA Investments entered into a term loan agreement (the "Loan") on July 7, 1999 with the Minority Partners (see "Nature of Business and Organization"). The loan has a balance of $5,722,202 and $7,560,312 as of December 31, 2007 and 2006, respectively. This includes $1,788,188 and $2,362,598 as of December 31, 2007 and 2006, respectively, loaned by an NTRA affiliate (see "Related Parties"). Effective January 1, 2004 the interest rate was fixed at four percent until maturity on September 30, 2006. On June 30, 2006 the terms of the loan were revised such that no interest will be charged through maturity; the term is extended to February 29, 2012; and payments are expected to be approximately $1,500,000 in 2008, $1,250,000 from 2009 through 2011, and $470,000 in 2012. These expected future payments are derived from half the revenue received by NTRA from ODS Technologies, L.P. ("TVG"). This revenue received by NTRA from TVG is assigned to the Minority Partners, who have a first priority security interest until such time as the loan balance is fully settled. The loan is non-recourse to NTRA; therefore, with the exception of providing to the Minority Partners half the revenue received from TVG, NTRA is not responsible for any additional payments to the Minority Partners. The wagering activities of TVG could be affected by the recent establishment of a competitive organization, TrackNet Media, a joint venture of Churchill Downs, Inc. and Magna Entertainment Corp., and the termination of multi-year contracts between TVG and various racetracks providing Thoroughbred racing television content.

No interest was paid on the loan in 2007. Interest expense on the Loan (including amounts due to an NTRA affiliate) was approximately $280,000 in 2006. The assets of NTRA Investments, including NTRA Productions, secure the Loan.

VI.] INCOME TAXES

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. Additionally, for-profit subsidiaries of NTRA are subject to tax on taxable income, if any. The tax effect of these activities does not materially impact the consolidated financial statements.

VII.] COMMITMENTS and CONTINGENCIES

Rent expense, which includes rent for office space, storage and various equipment in Lexington, Kentucky and New York, New York, amounted to approximately $387,000 and $902,000 for the years ended December 31, 2007 and 2006, respectively.

Future minimum lease payments under existing lease agreements as of December 31, 2007 are as follows:

2008	200,336
2009	120,431
2010	18,125
2011	–
Total	$ 338,892

VIII.] RELATED PARTIES

The Association continues to conduct numerous transactions with a variety of industry organizations beyond the scope of the membership. The Association has formed alliances with leading industry news and information organizations, including The Blood-Horse, Inc. and Daily Racing Form, LLC (Official Sponsors of the Association), Equibase Company (Official Supplier of Racing Information and Statistics to the Association) and The Jockey Club Information Systems, Inc. (Official Supplier of Breeding and Sales Information for the Thoroughbred industry to 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.

Prior to 2007, certain transactions were conducted from time to time between the Association and BCL. The Membership and Management Services Fee provided by BCL to NTRA totaled approximately $41,000,000 in 2006. The Agreement between the Association and BCL has been revised (see "Membership and Management Services Agreement with Breeders' Cup Limited"). No membership and management fee was provided by BCL in 2007. As of December 31, 2007 and 2006, long-term debt includes $1,788,000 and $2,363,000, respectively, loaned by Breeders' Cup Properties, Inc., a wholly owned subsidiary of BCL, to NTRA Investments. Interest expense for 2007 and 2006 includes approximately $0 and $87,500, respectively, related to this indebtedness. There is no related interest payable in 2007 or 2006.

IX.] BARTER TRANSACTIONS

The Association has agreements with certain national and industry sponsors that provide mutual non-cash benefits to both parties under barter transactions. The benefits received by the Association from sponsors are recorded as revenue at the fair market value when received. The use of these benefits is recorded as expense at the time of use. For the years ended December 31, 2007 and 2006, the Association recognized revenue and related advertising expense from these sponsors of approximately $113,000 and $231,000, respectively.

X.] RETIREMENT PLANS

The National Thoroughbred Racing Association 401(k) Retirement Plan ("Retirement Plan") covers all full-time employees over the age of 21 upon three months of service. Benefits vest over a period of two to five years. The NTRA contributes an amount equal to four percent of a covered employee's salary. In addition, NTRA matches amounts contributed by covered employees. Matching contributions amount to 100 percent of the first three percent of employee contributions. The Retirement Plan's contribution expense approximated $156,265 and $357,000 for the years ended December 31, 2007 and 2006, 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 Deferred Compensation Plan's contribution expense approximated $5,250 and $16,000 for the years ended December 31, 2007 and 2006, respectively.

XI.] OFFICERS' COMPENSATION

The NTRA Corporate Officers consist of the Commissioner, Secretary and Treasurer in 2005. During 2006, both the Treasurer and the Commissioner retired; an interim CEO assumed the duties of Commissioner. During 2007 a President and CEO, and a Treasurer were hired.

The annual compensation of the NTRA Corporate Officers, as defined above, includes a base salary, annual incentive compensation and long term incentive compensation. Additionally, the officers are included in the NTRA's employee fringe benefits programs. The aggregate annual compensation of the Corporate Officers included in operating expenses on the statements of activities and changes in net assets for the years ended December 31, 2007 and 2006 is $510,000 and $1,751,233, respectively. Compensation that has been expensed but not paid due to uncompleted years of employment by each of the respective officers, is reported as other current liabilities on the statements of financial position, as well as in the aggregate compensation reported above.

NTRA agreed to fund a portion of a separation agreement with the retired Commissioner. This amount of $100,000 is included in general and administrative expenses and accounts payable and accrued liabilities in 2007 and 2006.