



# NTRA ANNUAL REPORT

## | 2013-2014

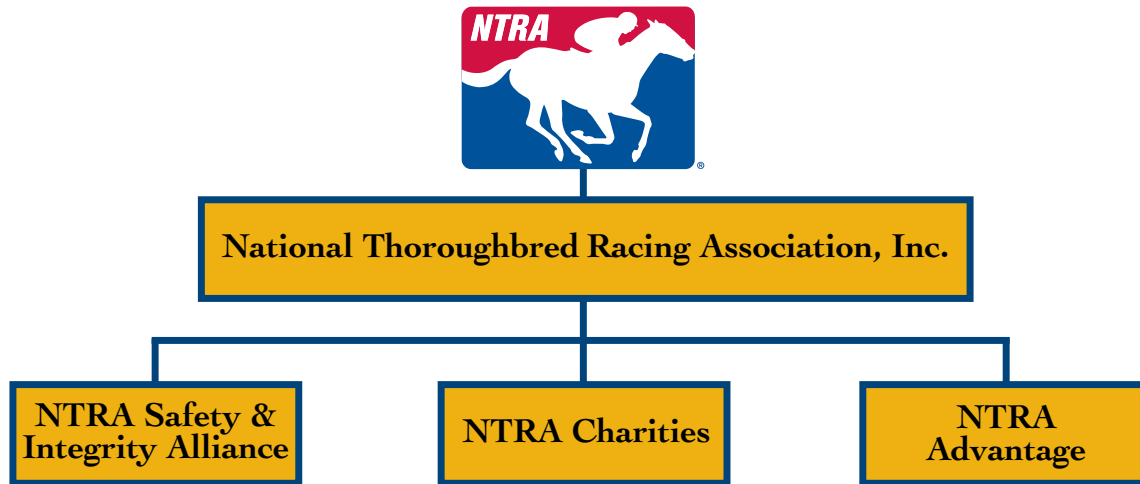


2013 Horse of the Year Wise Dan

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## ORGANIZATION STRUCTURE



Launched in 1998, the National Thoroughbred Racing Association (NTRA) is a not-for-profit, membership-based trade association for the Thoroughbred racing and breeding industry. NTRA membership is broadly defined and consists of leading Thoroughbred racetracks, owners, breeders, trainers, horseplayers, veterinarians, jockeys, wagering service providers, and affiliated horse racing associations. The NTRA is charged with increasing the popularity of horse racing and improving the economic conditions for industry participants.

The NTRA is served by a Board of Directors that is comprised of representatives from member racetracks and horsemen, including owners and breeders. The NTRA operates three subsidiaries:

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

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

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

Promotes and supports charities in or related to the Thoroughbred industry.

### **NTRA Advantage**

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

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## MESSAGE from the NTRA PRESIDENT and CEO



July 2014

Despite a cold and difficult winter in many parts of the country, 2013 concluded with handle and purses remaining virtually unchanged from the previous year. Other key economic indicators

such as yearling prices trended in a positive direction as the industry continued its steady emergence from a world-wide economic recession. The year also proved to be a positive one for the NTRA, which realized positive net revenue of \$667,000 during the most recently concluded fiscal year.

The 2013 calendar year was dominated by safety and integrity initiatives as the industry focused on the implementation of national uniform medication reforms relating to medication, penalties, Lasix administration and laboratory accreditation. Led by the mid-Atlantic region, substantial progress was made in a number of states across the U.S. though much work remains before these reforms are widely implemented.

The NTRA Safety and Integrity Alliance continued to play a key role in implementing uniform safety and integrity standards at many of the nation's leading racetracks. Through an industry-created code of standards, the Alliance brings about change in a variety of areas including injury reporting and prevention, aftercare for retired horses, a safer racing environment for all participants including jockeys, uniform medication and testing, and wagering integrity. A total of 21 racetracks,

including most of the largest racetracks in North America, were accredited at the conclusion of 2013.

Federal legislative advocacy continued to be a high priority of the NTRA in 2013 as well. Against the backdrop of a highly polarized environment in Washington, D.C., the NTRA continued to address issues that have a direct and material impact on Thoroughbred industry participants. Current areas of focus include changes to federal tax reporting and withholding requirements to benefit horseplayers, comprehensive immigration reform for farms and horsemen and monitoring of internet gaming legislation to protect and defend the industry's growing online wagering activities.

Two programs support the NTRA's work on Capitol Hill. The Legislative Action Campaign (LAC) sustains the NTRA's governmental relations and lobbying efforts. NTRA's Political Action Committee, Horse PAC, supports specific federal candidates for re-election. Sellers and buyers at public auction, sales companies, owners, farms and horseplayers contribute to the LAC. Horse PAC contributions come from individual NTRA members. For updated information on the NTRA's legislative work, visit [www.SupportHorseRacing.org](http://www.SupportHorseRacing.org).

The NTRA-owned and produced *Daily Racing Form*/NTRA National Handicapping Championship (NHC), Presented by Racetrack Television Network, Sovereign Stable and Treasure Island Las Vegas, is the richest and most prestigious handicapping championship in the world. The January 2014 NHC winner, Jose Arias of Bell Garden, Calif., led virtually every step of the way and collected \$750,000 and an Eclipse Award as the

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Handicapper of the Year. Thanks to a number of changes, this year's NHC was arguably the most exciting in the 16-year history of the event. Held at the Treasure Island, this year's NHC featured a number of firsts. There was a new three-day format, a cut to the "Final 50" participants and a "Final Table" of 10 players with staging similar to that found at televised poker events. There also was record participation and a record purse of more than \$1.8 million. We believe we achieved our goal of creating excitement and drawing more attention to horseplayers and the NHC. The NHC is the culmination of a year-long series of NTRA-sanctioned local tournaments conducted by racetracks, off-track betting facilities and handicapping websites, each of which sends its top qualifiers to the NHC Final in Las Vegas.

The NTRA also owns and produces the Eclipse Awards, which annually recognizes Thoroughbred racing's human and equine champions as well as achievements in media coverage of our sport. The 42nd Eclipse Awards, Presented by Daily Racing Form, Breeders' Cup and The Stronach Group, was held at Gulfstream Park Racing and Casino in Hallandale Beach, Fla. The Awards ceremony capped a weeklong series of charitable events celebrating achievements at the highest level of our sport.

In collaboration with The Jockey Club (TJC), New York City-based NTRA Communications has expanded its efforts to attract coverage from mainstream media and digital platforms while continuing to service the industry media. NTRA.com focuses on existing NTRA initiatives while a new site developed by TJC, [www.AmericasBestRacing.net](http://www.AmericasBestRacing.net), focuses on social media and fan engagement platforms under the banner America's Best Racing.

Purchases by members and affiliates through the NTRA Advantage group purchasing program surpassed \$50 million in 2013 and savings to members of \$11 million were nearly 10 times larger than total dues paid by all members for the year. Advantage not only provides valuable savings to members but also generates support for Advantage partners and revenue for the NTRA to support important programs and initiatives. Advantage partners include John Deere, Sherwin Williams, OfficeMax, Valvoline and UPS, among others.

Lastly, we are delighted to report strong revenue of \$667,000 during our most recently concluded fiscal year. This marks the second year in a row NTRA has realized an operating surplus. The NTRA's audited financials accompany this report, and we welcome any comments or questions regarding the audit.

With more than 100 organizations currently participating in our programs, the NTRA remains a unique national body that touches virtually every component of the horse industry. Despite the diversity of these interests, we all benefit from a healthy and vibrant Thoroughbred industry.

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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## 2013 BOARD of DIRECTORS

In 2013, the NTRA Board of Directors consisted of the NTRA CEO and representatives for racetracks and for horsemen, owners and breeders.

Track director seats included regional representatives and two major track companies: Keeneland Association and the New York Racing Association.

Horsemen director seats included representatives from The Jockey Club, Thoroughbred Horsemen's Association, Thoroughbred Owners and Breeders Association, Thoroughbred Owners of California and Breeders' Cup Limited.

### TRACK REPRESENTATIVES

**Craig Dado**

Del Mar Thoroughbred Club  
Western Region

**William Thomason**

Keeneland Association

**Dennis Drazin**

Monmouth Park  
Eastern Region

**Chris Kay**

New York Racing Association

### EX OFFICIO

**Alexander M. Waldrop**

President and CEO

### OWNER/BREEDER/HORSEMEN REPRESENTATIVES

**Craig Fravel**

Breeders' Cup Limited

**Robert Clay**

The Jockey Club

**Alan Foreman**

Thoroughbred Horsemen's Association

**Reynolds Bell**

Thoroughbred Owners and Breeders Association

**Pablo Suarez**

Thoroughbred Owners of California

### CORPORATE OFFICERS

**Alexander M. Waldrop**

President and CEO

**Robert Watt**

Secretary

**Amber Florence**

Treasurer

**Keith Chamblin**

SVP, Membership & Marketing

**Bryan Pettigrew**

SVP, NTRA Advantage

**Stephen Panus**

VP, Communications

**Mike Ziegler**

Executive Director, Safety & Integrity Alliance



# 2013 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 \$  
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 \$

### 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  
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 2015 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 2015 budgeted net income and expenses by program area

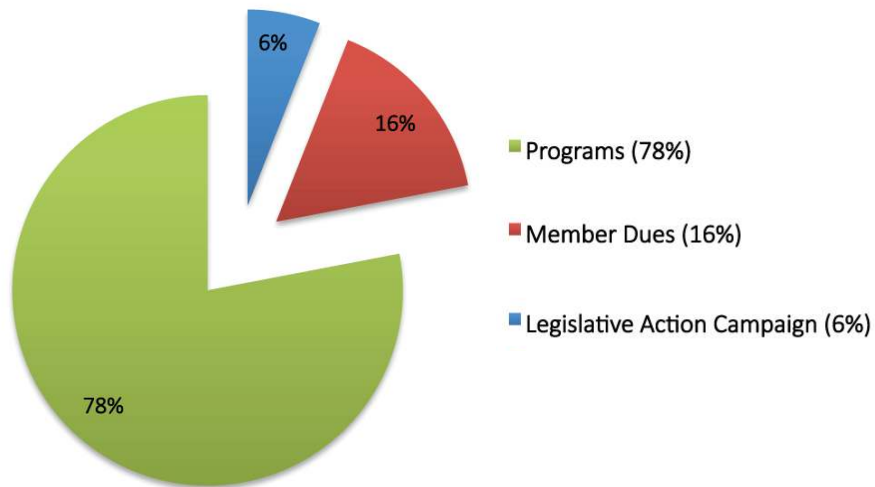
<b>Revenues:</b>	Programs	\$6,287,489
	Member Dues	1,321,406
	Legislative Action Campaign	<u>474,450</u>
	Total revenues	<u><u>\$8,083,345</u></u>
<b>Expenses:</b>	Marketing and Promotions	\$3,028,663
	Advantage	2,124,055
	Legislative	711,428
	Communications	550,620
	Safety & Integrity Alliance	309,986
	General and Administrative	<u>1,358,593</u>
	Total expenses	<u><u>\$8,083,345</u></u>



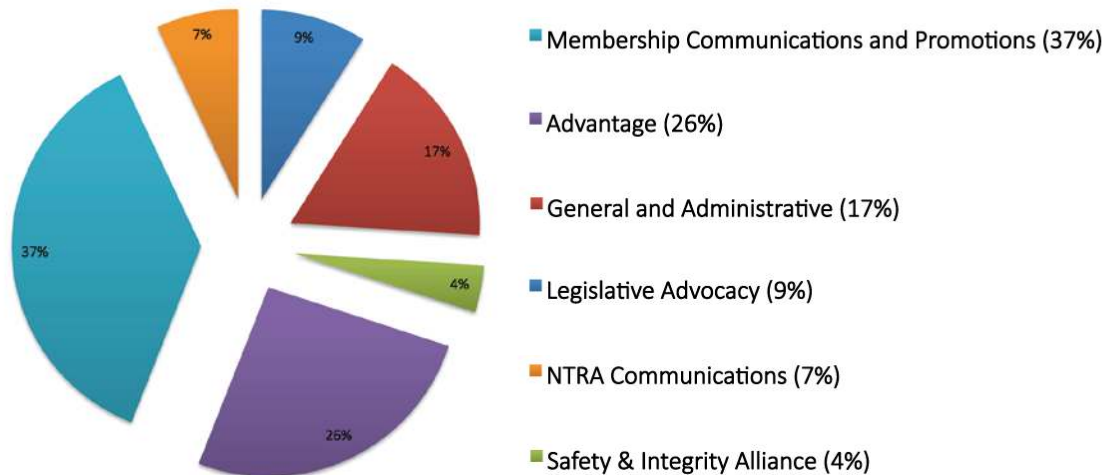
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## FY 2015 FINANCIAL OVERVIEW

### Sources of Funds - \$8.1 Million



### Uses of Funds - \$8.1 Million



# NTRA SAFETY and INTEGRITY ALLIANCE



## Accredited Racetracks

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

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## 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 700 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 2013.

#### 42 states

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

#### 10 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

**“In my opinion, D. Wayne Lukas is the  
Babe Ruth of Thoroughbred racing.”**

*– Hall of Fame basketball coach Bob Knight*

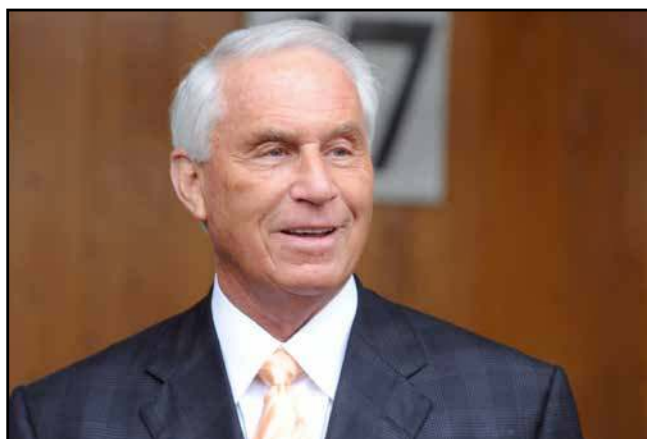
NTRA honors Thoroughbred racing's Champions at the annual Eclipse Awards, presented by *Daily Racing Form*, the Breeders' Cup and The Stronach Group. The awards are voted on and presented by more than 250 representatives of the NTRA, *Daily Racing Form*, and National Turf Writers and Broadcasters (NTWAB).

Eclipse Awards recognize equine and human athletic performance in 18 categories. Additional 2013 honorees included D. Wayne Lukas, recipient of the Eclipse of Award of Merit, the Thoroughbred Aftercare Alliance, recipient of a Special Eclipse Award, and 2013 handicapper of the year, Jim Benes.

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 43rd annual event from the Sport of Kings Theatre at Gulfstream Park Racing in Hallandale Beach, FL. The Eclipse Awards will return to Gulfstream Park in 2015 and 2016. The Eclipse Awards climax a week long series of events benefitting the Grayson-Jockey Club Research Foundation, the Gulfstream Park Thoroughbred Aftercare Alliance and the Permanently Disabled Jockeys Fund.



2013 Eclipse Award of Merit recipient  
D. Wayne Lukas



Elaine and Morton Fink, owners of  
2013 Horse of the Year Wise Dan



# CHAMPIONS of 2013



Horse of the Year, Older Male & Male Turf Horse: Wise Dan



Two-Year-Old Filly: She's a Tiger



Two-Year-Old Male: Shared Belief



Older Female: Royal Delta



Three-Year-Old Filly: Beholder



Three-Year-Old Male: Will Take Charge



Male Sprinter: Points Offthebench



Steeplechase Horse: Divine Fortune



Female Sprinter: Groupie Doll



Female Turf Horse: Dank (GB)



Outstanding Owner/Breeder: Ken and Sarah Ramsey



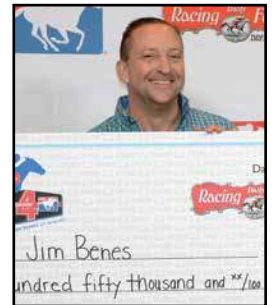
Outstanding Trainer: Todd Pletcher



Outstanding Jockey: Javier Castellano



Outstanding Apprentice Jockey: Victor Carrasco



Handicapper of the Year: Jim Benes

# NATIONAL HANDICAPPING CHAMPIONSHIP

Jose Arias, a 36-year-old environmental safety engineer from Bell Gardens in Los Angeles, Calif., topped a field of 500 to win the \$750,000 first-place prize and an Eclipse Award as Handicapper of the Year at the 15th annual *Daily Racing Form*/NTRA National Handicapping Championship (NHC) presented by Racetrack Television Network, Sovereign Stable and Treasure Island Las Vegas.

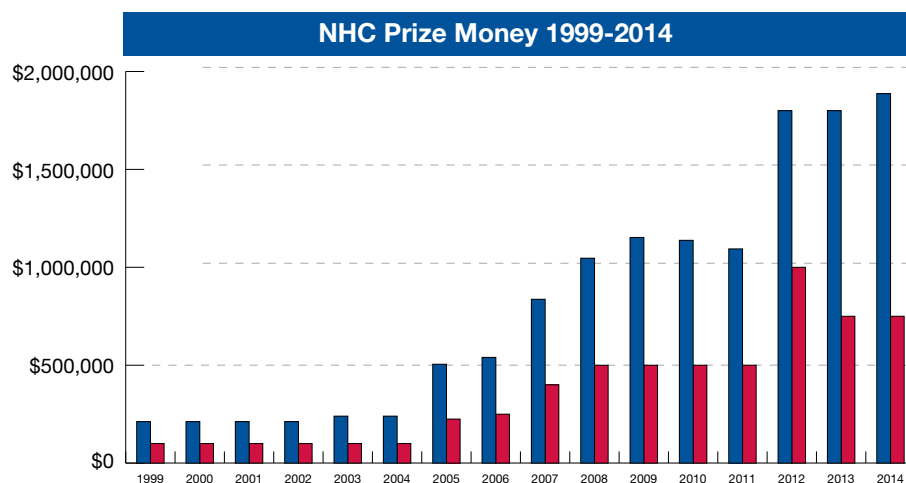
The 2014 NHC featured a number of firsts, including a three-day format, a Final 50 and a Final Table of 10.

The NHC finals paid out to the top 50 finishers from a record purse of \$1,590,000. An additional \$247,000 was paid out to top finishers in the year-long NHC Tour.

In its 15th year, the *Daily Racing Form*/NTRA National Handicapping Championship is the most important tournament of the year for horseplayers. 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 racebooks, off-track betting facilities and horse racing and handicapping websites, each of which sends its top qualifiers to the national finals. Treasure Island will once again host the event in January 2015.



Jose Arias, winner of the 2014 NHC, qualified at Surfside Race Place in Del Mar, Calif.



★ ★ ★ ★ ★ *Daily Racing Form* ★ ★ ★ ★ ★  
**NATIONAL HANDICAPPING CHAMPIONSHIP**  
 ★ ★ ★ ★ ★ *NTRA* ★ ★ ★ ★ ★  
 Racetrack Television Network  
 Treasure Island • Sovereign Stable  
 January 24-26, 2014

■ Grand Prize  
 ■ Total Prize



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## NTRA COMMUNICATIONS

NTRA Communications continued to collaborate with The Jockey Club on new fan engagement in 2013, with much of the focus on digital platforms that are part of The Jockey Club's America's Best Racing (ABR) initiative.

ABR is a multimedia, fan development and awareness-building platform designed to increase the profile and visibility of America's best Thoroughbred racing events, with a primary focus on the sport's lifestyle and competition.

The AmericasBestRacing.net website realized substantial traffic increases throughout 2013-14.

On the social media front, ABR's Facebook and Twitter following grew significantly, while Pinterest and Instagram pages also helped boost interest and fan engagement around the sport's biggest races.

NTRA Communications and America's Best Racing also collaborated to promote and support The Jockey Club Tour on FOX.



2014 Triple Crown contender California Chrome



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## NTRA COMMUNICATIONS

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.

The NTRA Top 3-Year-Old and Top Thoroughbred Polls featured expanded participation in 2013 and were

published weekly by the Associated Press and major newspapers, including *USA Today*.

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

### 2013 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, 2013 record and total points. A-S: Age-Sex, Sex: C-colt, G-gelding, H-horse, F-filly, M-mare, R-ridgling.

	Name	A-S	2013 Record	Pts.
1	Wise Dan (53)	6-G	7-6-1-0	548
2	Mucho Macho Man (2)	5-H	5-2-0-2	473
3	Beholder (0)	3-F	7-5-2-0	369
4	Will Take Charge (1)	3-C	10-4-2-0	365
5	Game On Dude (0)	6-G	6-5-0-0	279
6	Princess Of Sylmar (0)	3-F	8-6-1-0	177
7	Groupie Doll (0)	5-M	4-2-0-2	131
8	Dank (0)	4-F	5-4-0-1	116
9	Royal Delta (0)	5-M	7-3-2-0	102
10	Mizdirection (0)	5-M	5-4-0-0	91

Other horses receiving votes:

Goldencents (68), Fort Larned (51), Graydar (40), Orb (40), Point Of Entry (39), Secret Circle (38), Palace Malice (30), Declaration Of War (26), Ron The Greek (19), Sahara Sky (11), Cross Traffic (10), Oxbow (8), Magician (7), Outstrip (6), Close Hatches (4), New Year's Day (4), The Fugue (4), Big Blue Kitten (3), Chriselliam (3), She's A Tiger (3), Za Approval (3), Departing (2), Flat Out (2), Itsmyluckyday (2), Points Offthebench (2), Dreaming Of Julia (1), Havana (1), Indy Point (1), Up With The Birds (1)

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## NTRA CHARITIES

Formed in 1999 as a subsidiary of the National Thoroughbred Racing Association (NTRA), NTRA Charities is a non-profit 501(c)(3) public charity whose mission is to promote and support charities in or related to the Thoroughbred industry.

Through its Barbaro Fund, NTRA Charities supports scientific conferences and research projects to promote racehorse health and safety. The fund is the primary fundraising arm for research under the NTRA Safety and Integrity Alliance.

NTRA Charities coordinates with the Grayson-Jockey Club Research Foundation to identify and fund research

projects. Through its Research Advisory Committee, the Grayson Foundation communicates with memberships of the American Association of Equine Practitioners, American College of Veterinary Surgeons, American College of Veterinary Internal Medicine, the British Equine Veterinary Association and the deans of nearly 100 research institutions to encourage project proposals. The Barbaro Fund has contributed more than \$450,000 to educational seminars and to laminitis research projects recommended by the committee.



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## 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 \$694 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.

**Valvoline** – leading, worldwide producer and distributor of premium-branded automotive, commercial and industrial lubricants; operates and franchises quick lubes.

**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 \$113 million. Purchases by NTRA members through the Advantage program average \$50 million annually.

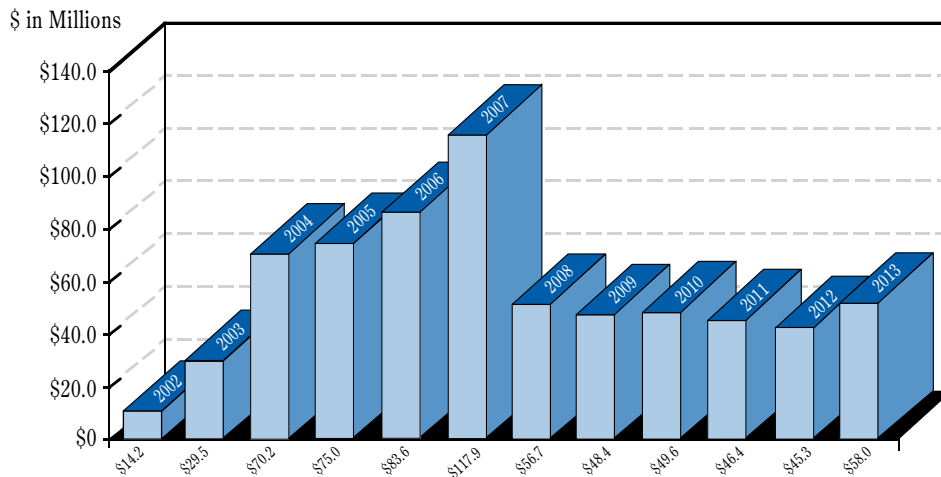
NTRA Advantage Affiliates:

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

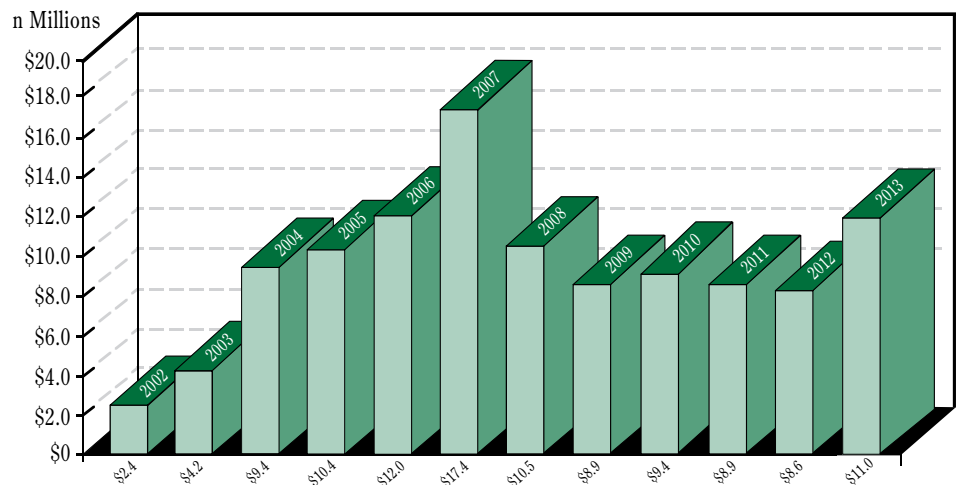
## Sales



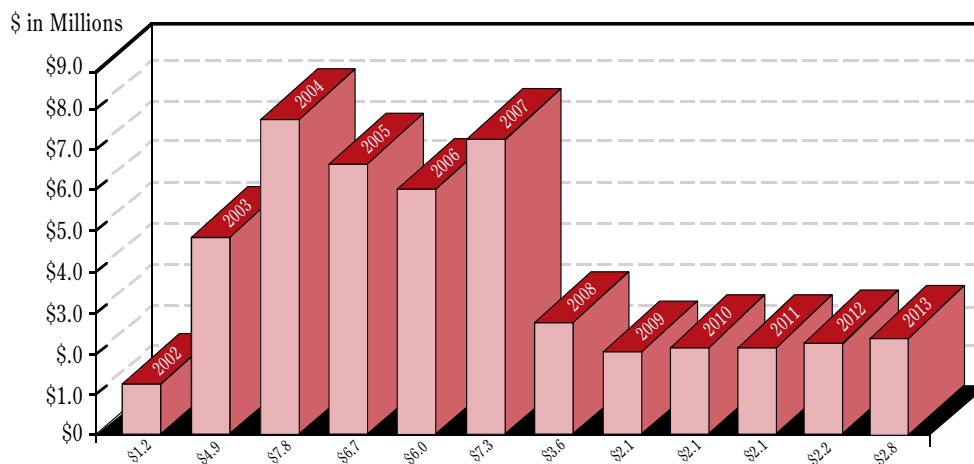
NTRA Advantage sales since 2002 have exceeded \$694 million.

## Savings to Members

The horse industry surpassed \$113 million in total savings through NTRA Advantage programs in 2013.



## 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 a 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's mission and goals remain the same as they were in 1998—to strengthen the popularity of the sport and improve the economics for industry participants. With your help and continued support, we will continue to pursue those goals in 2014 and beyond.



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National Thoroughbred Racing Association, Inc. and Subsidiaries

# CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JANUARY 31, 2014  
AND JANUARY 31, 2013

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National Thoroughbred Racing Association, Inc. and Subsidiaries

## 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, 2014 and 2013, 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 the 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 of 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, 2014 and 2013, 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.

Louisville, Kentucky  
April 7, 2014

*STROTSMAN AND COMPANY*



**CONSOLIDATED STATEMENTS of FINANCIAL POSITION**

AS OF JANUARY 31, 2014 AND JANUARY 31, 2013

	JANUARY 31 2014	JANUARY 31 2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 749,077	\$ 506,960
Investments, at fair value	1,497,464	1,483,632
Accounts receivable, net	1,873,436	1,258,353
Prepaid expenses	161,531	164,679
Other assets	73,214	54,588
Property and equipment, net	14,382	34,040
Total assets	<u>\$ 4,369,104</u>	<u>\$ 3,502,252</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued liabilities	\$ 1,355,901	\$ 1,177,772
Deferred revenue	495,785	493,165
Other long-term liabilities	68,764	50,138
Total liabilities	<u>1,920,450</u>	<u>1,721,075</u>
Net assets		
Unrestricted net assets	<u>2,448,654</u>	<u>1,781,177</u>
Total liabilities and net assets	<u>\$ 4,369,104</u>	<u>\$ 3,502,252</u>

See accompanying notes.

National Thoroughbred Racing Association, Inc. and Subsidiaries

## CONSOLIDATED STATEMENTS of ACTIVITIES and CHANGES in NET ASSETS

FOR THE FISCAL YEARS ENDED JANUARY 31, 2014  
AND JANUARY 31, 2013

	JANUARY 31 2014	JANUARY 31 2013
<b>OPERATING REVENUES</b>		
Marketing and promotions	\$ 3,616,631	\$ 3,265,019
Membership dues	1,921,852	1,991,966
Advantage	2,751,055	2,166,103
Legislative Action Campaign	552,724	597,794
Safety and Integrity Alliance	195,500	110,833
Contributions	5,912	307,627
Other revenues	24,454	18,324
Total operating revenues	9,068,128	8,457,666
<b>OPERATING EXPENSES</b>		
Program expenses		
Marketing and promotions	\$ 3,248,804	\$ 3,055,194
Advantage	2,094,564	1,917,844
Legislative and regulatory programs	689,299	703,096
Safety and Integrity Alliance	361,068	271,557
Media communications	568,914	614,801
Contributions	900	322,235
Supportive services		
General and administrative	1,423,470	1,608,772
Depreciation	18,828	67,022
Total operating expenses	8,405,847	8,560,522
Excess of operating revenues over (under) operating expenses	662,281	(102,856)
<b>NON-OPERATING INCOME</b>		
Interest income	20,449	72,707
Other (expense) income	(15,253)	97,000
Total non-operating income	5,196	169,707
Revenues over expenses	667,477	66,851
Undesignated net assets at beginning of year	1,781,177	1,714,326
Total net assets at end of year	\$ 2,448,654	\$ 1,781,177

See accompanying notes.

National Thoroughbred Racing Association, Inc. and Subsidiaries

## CONSOLIDATED STATEMENTS of CASH FLOWS

FOR THE FISCAL YEARS ENDED JANUARY 31, 2014  
AND JANUARY 31, 2013

	JANUARY 31 2014	JANUARY 31 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 667,477	\$ 66,851
Adjustments to reconcile revenues over expenses to net cash provided by operating activities:		
Unrealized and realized gains on investments	38,100	(23,151)
Loss on disposal of fixed assets	15,257	
Depreciation and amortization	18,828	67,022
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable, net	(615,083)	5,839
Decrease in prepaid expenses	3,148	111,621
(Increase) in other assets	(18,626)	(5,594)
Increase (decrease) in accounts payable and accrued liabilities	178,129	(102,941)
Increase in deferred revenue	2,620	81,749
Increase in other long-term liabilities	18,626	10,186
Net cash provided by operating activities	<u>308,476</u>	<u>211,582</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	704,187	1,762,360
Purchases of investments	(756,119)	(1,810,999)
Purchases of property and equipment	(14,427)	(2,640)
Net cash (used in) investing activities	<u>(66,359)</u>	<u>(51,279)</u>
Net increase in cash and cash equivalents	242,117	160,303
Cash and cash equivalents at beginning of year	506,960	346,657
Cash and cash equivalents at end of year	<u>\$ 749,077</u>	<u>\$ 506,960</u>

See accompanying notes.

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

FOR THE FISCAL YEARS ENDED JANUARY 31, 2014  
AND JANUARY 31, 2013

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**A] NATURE of BUSINESS and ORGANIZATION**

The National Thoroughbred Racing Association, Inc. (the “NTRA” or the “Association”), 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, enhancing the industry’s economic condition, establishing and securing implementation of standards and practices to promote safety and integrity in horse racing, and 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”) 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, 2014 and 2013 were approximately \$119,000 and \$114,000, respectively.

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.

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**B] SUMMARY of SIGNIFICANT ACCOUNTING POLICIES**

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**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.

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**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.

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**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.

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**RECLASSIFICATIONS**

Certain reclassifications have been made to the January 31, 2013 consolidated statements of activities and changes in net assets to conform to the January 31, 2014 presentation. There was no effect on the revenues over expenses resulting from these reclassifications.

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**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

## NATIONAL THOROUGHBRED RACING ASSOCIATION, INC. AND SUBSIDIARIES

FOR THE FISCAL YEARS ENDED JANUARY 31, 2014  
AND JANUARY 31, 2013

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 year ended January 31, 2014 and January 31, 2013 related to events occurring in fiscal years 2015 and 2014, 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 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 \$78,000 and \$52,000 as of January 31, 2014 and January 31, 2013, respectively. Changes in the allowance included in general and administrative expenses on the consolidated statements of activities and change in net assets. Bad debt expense is approximately \$28,900 and \$5,600 for the years ended January 31, 2014 and 2013 respectively.

### 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 \$19,000 and \$67,000 for the years ended January 31, 2014 and 2013, 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, 2014 and 2013. 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 2011 through 2013. 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

## NATIONAL THOROUGHBRED RACING ASSOCIATION, INC. AND SUBSIDIARIES

FOR THE FISCAL YEARS ENDED JANUARY 31, 2014  
AND JANUARY 31, 2013

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 7, 2014, the date the consolidated financial statements were available to be issued.

## C] INVESTMENTS

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

Markets	Quoted Prices in Active	
	Fair Value	(Level I)
<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>
<b>January 31, 2013</b>		
Cash & Cash Equivalents	\$ 48,126	\$ 48,126
Corporate Bonds	1,435,506	1,435,506
	<u>\$ 1,483,632</u>	<u>\$ 1,483,632</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 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, 2014. This agreement requires a balance of \$750,000 in unrestricted net assets be maintained. As of January 31, 2014 and 2013, 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 \$96,000 and \$27,000 for the years ended January 31, 2014 and 2013 respectively.

Approximate future minimum lease payments under existing non-cancellable operating lease agreements as of January 31, 2014 are as follows:

2015	\$ 76,700
2016	73,900
2017	11,900
Total	<u>\$ 162,500</u>

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

FOR THE FISCAL YEARS ENDED JANUARY 31, 2014  
AND JANUARY 31, 2013

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**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, 2014 and 2013. Additionally, NTRA’s required contribution amounted to three percent of each employee’s salary. The Association’s contribution expense approximated \$66,906 and \$61,922 for the years ended January 31, 2014 and 2013, 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 \$1,800 and \$1,000 for the years ended January 31, 2014 and 2013, respectively.

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**G] CONCENTRATION of  
CREDIT RISK**

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, 2014. The bank balance of the Association exceeded its FDIC insurance by approximately \$492,000 and \$130,000 as of January 31, 2014 and January 31, 2013, 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, 2014 and 2013, 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 stakeholder 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.

# NTRA MISSION STATEMENT

**To increase the popularity of Thoroughbred horse racing  
and to improve the economic conditions for industry stakeholders.**



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