

# 2023

Florida Thoroughbred Breeder and Stallion  
Awards Program

Financial Statements and  
Independent Auditor's Report

As of and for the Years Ended  
December 31, 2023 and 2022

**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS

**FLORIDA THOROUGHBRED BREEDER AND  
STALLION AWARDS PROGRAM**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Florida Thoroughbred Breeders' Association, Inc.  
d/b/a Florida Thoroughbred Breeders' and Owners' Association  
Ocala, Florida

### Opinion

We have audited the accompanying financial statements of the Florida Thoroughbred Breeder and Stallion Awards Program (the Program), a separate restricted fund established by the Florida Thoroughbred Breeders' Association, Inc. d/b/a Florida Thoroughbred Breeders' and Owners' Association (the Association) pursuant to Sections 550.26165 and 550.2625(3), Florida Statutes, which comprise the statements of financial position as of December 31, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program as of December 31, 2023 and 2022, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Program and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Board of Directors  
Florida Thoroughbred Breeders' Association, Inc.  
d/b/a Florida Thoroughbred Breeders' and Owners' Association  
Ocala, Florida

## INDEPENDENT AUDITOR'S REPORT

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



May 24, 2024  
Ocala, Florida

**FLORIDA THOROUGHBRED BREEDER AND STALLION AWARDS PROGRAM**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

**ASSETS**

	<b>2023</b>	<b>2022</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,258,535	\$ 2,085,912
Accounts receivable, race tracks	787,452	747,432
Accounts and interest receivable, other	778	-
<b>Total Assets</b>	<b>2,046,765</b>	<b>2,833,344</b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>		
Breeder awards payable	771,296	656,362
Stallion awards payable	174,750	137,250
Florida Thoroughbred Breeders' Association administration fees payable	78,745	74,743
<b>Total Current Liabilities</b>	<b>1,024,791</b>	<b>868,355</b>
<b>Total Liabilities</b>	<b>1,024,791</b>	<b>868,355</b>
<b>Net Assets</b>		
Without donor restrictions	1,021,974	1,964,989
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,046,765</b>	<b>\$ 2,833,344</b>

The accompanying notes are an integral part of these financial statements.

**FLORIDA THOROUGHBRED BREEDER AND STALLION AWARDS PROGRAM**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Revenue from race tracks	\$ 7,025,970	\$ 7,201,134
Revenue from cardrooms	52,718	41,617
Interest and other income	4,768	-
<b>Total Revenue</b>	<b>7,083,456</b>	<b>7,242,751</b>
<b>Expenses</b>		
Program services	7,318,602	7,100,356
Support services	707,869	724,275
<b>Total Expenses</b>	<b>8,026,471</b>	<b>7,824,631</b>
<b>Change in Net Assets Without Donor Restrictions</b>	(943,015)	(581,880)
<b>Net Assets Without Donor Restrictions, Beginning of Year</b>	<b>1,964,989</b>	<b>2,546,869</b>
<b>Net Assets Without Donor Restrictions, End of Year</b>	<b>\$ 1,021,974</b>	<b>\$ 1,964,989</b>

The accompanying notes are an integral part of these financial statements.

**FLORIDA THOROUGHBRED BREEDER AND STALLION AWARDS PROGRAM**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023			2022		
	Program Activities	Supporting Activities		Program Activities	Supporting Activities	
	Promotional Fund	Management and General		Total Expenses	Promotional Fund	
<b>Expenses</b>						
Breeder awards	\$ 4,933,722	\$ -	\$ 4,933,722	\$ 4,936,556	\$ -	\$ 4,936,556
Stallion awards	433,500	-	433,500	318,000	-	318,000
Stakes program	1,401,380	-	1,401,380	1,495,800	-	1,495,800
Purse supplements	550,000	-	550,000	350,000	-	350,000
Administrative fee	-	707,869	707,869	-	724,275	724,275
<b>Total Expenses</b>	<u>\$ 7,318,602</u>	<u>\$ 707,869</u>	<u>\$ 8,026,471</u>	<u>\$ 7,100,356</u>	<u>\$ 724,275</u>	<u>\$ 7,824,631</u>

The accompanying notes are an integral part of these financial statements.

**FLORIDA THOROUGHBRED BREEDER AND STALLION AWARDS PROGRAM**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
<b>Cash Receipts</b>		
Receipts from race tracks	\$ 6,997,050	\$ 7,213,852
Receipts from cardrooms	41,617	31,640
Interest and other income received	3,991	-
<b>Total Cash Receipts</b>	<b>7,042,658</b>	<b>7,245,492</b>
<b>Cash Disbursements</b>		
Breeder awards paid	(4,818,788)	(4,934,002)
Stallion awards paid	(396,000)	(242,250)
Florida-bred and Florida sire stakes program paid	(1,401,380)	(1,495,800)
Purse supplements paid	(550,000)	(350,000)
Administrative fee paid	(703,867)	(724,549)
<b>Total Cash Disbursements</b>	<b>(7,870,035)</b>	<b>(7,746,601)</b>
<b>Net Cash Provided by (Used) in By Operating Activities</b>	<b>(827,377)</b>	<b>(501,109)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>2,085,912</b>	<b>2,587,021</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,258,535</b>	<b>\$ 2,085,912</b>

The accompanying notes are an integral part of these financial statements.



**FLORIDA THOROUGHBRED BREEDER AND STALLION AWARDS PROGRAM  
NOTES TO FINANCIAL STATEMENTS**

**Note 1 - Summary of Significant Accounting Policies**

**Organization and Administration**

In accordance with Chapter 550, Florida Statutes, the Florida Thoroughbred Breeder and Stallion Awards Program (the Program) is administered by the Florida Thoroughbred Breeders' Association, Inc. d/b/a Florida Thoroughbred Breeders' and Owners' Association (the Association), pursuant to an annual awards plan approved by the Florida Gaming Control Commission (Adopted Plan). Pursuant to Florida Statutes, the purpose of the Program is to encourage the agricultural activity of breeding and training thoroughbred racehorses in Florida, with Program revenues primarily funding: (a) awards to breeders of Florida-bred horses that are successful in Florida thoroughbred races; (b) awards to the owners of stallions siring winning Florida-bred horses in Florida stakes races; and (c) special racing awards, which take the form of purses and/or purse supplements earned by the owners of horses competing in races that are part of the Florida-bred stakes program.

Under Chapter 550, Florida Statutes, all the thoroughbred racetracks within the State of Florida send directly to the Association 0.955% of the total handle on live wagering, inter-track wagering, and simulcast wagering for use as breeder, stallion, and special racing awards. The Association also receives, for this purpose, 3.475% of the gross revenue derived from a Florida thoroughbred racetracks' sale of its racing signal to out-of-state markets.

Under Section 849.086, Florida Statutes, some thoroughbred racetracks also generate revenues from their operation of cardrooms. By statute, the Association receives, for use as awards, 3% of the net proceeds derived from their cardroom operations.

The Florida-bred stakes program is administered in accordance with the annual Adopted Plan and Florida Statutes, subject to agreements with each participating thoroughbred racetrack. Pursuant to Section 550.26165(1), Florida Statutes, the Association uses at least 17% of the awards revenue generated under Chapter 550, Florida Statutes, as special racing awards in the Florida-bred stakes program, pending a written agreement establishing the rate, procedure, and eligibility requirements entered into by the Association, the track, and the local horsemen's association.

The breeder awards are based on a set percentage of the gross purse. The "announced gross purse" means the gross purse available in the race for the applicable place of finish, as stated in the condition book, minus any Florida Owners' Awards included therein (pursuant to Section 550.2625(6)(d), Florida Statutes).

The following table is comprised from information in the 2023 and 2022 Adopted Plans and Florida Statutes:

	<b>Breeder Awards 2023</b>
	<b>Races ran from January 1, 2023 - December 31, 2023</b>
<b>Overall</b>	15% of gross purse
<b>1st Place</b>	10% of gross purse (with each award limited to no more than \$10,500)
<b>2nd Place</b>	3% of gross purse (with each award limited to no more than \$3,000)
<b>3rd Place</b>	2% of gross purse (with each award limited to no more than \$1,500)

**FLORIDA THOROUGHBRED BREEDER AND STALLION AWARDS PROGRAM  
NOTES TO FINANCIAL STATEMENTS**

<b>Breeder Awards 2022</b>	
<b>Races ran from January 1, 2022 - December 31, 2022</b>	
<b>Overall</b>	15% of gross purse
<b>1st Place</b>	10% of gross purse (with each award limited to no more than \$10,500)
<b>2nd Place</b>	3% of gross purse (with each award limited to no more than \$3,000)
<b>3rd Place</b>	2% of gross purse (with each award limited to no more than \$1,500)

Stallion awards are based on a set percentage of the announced gross purse and are paid to owners of Association-registered stallions whose Association-registered Florida-bred offspring finish first in listed black-type stakes races at a Florida thoroughbred race track. The stallion must be registered with the Association in the year of conception of the winning horse and each year thereafter, including the year in which the race occurred.

The following table is comprised from information in the 2023 and 2022 Adopted Plans and Florida Statutes:

<b>Stallion Awards 2023</b>	
<b>Races ran from January 1, 2023 - December 31, 2023</b>	
<b>Stallion Award</b>	15% of gross purse to 1st place winner (with each award limited to no more than \$15,000)
<b>Stallion Awards 2022</b>	
<b>Races ran from January 1, 2022 - December 31, 2022</b>	
<b>Stallion Award</b>	15% of gross purse to 1st place winner (with each award limited to no more than \$15,000)

All breeder, stallion, and Florida-bred stakes program awards are paid only to breeders or owners of registered Florida-bred thoroughbred horses, with the limited exception that thoroughbreds foaled outside of Florida, but sired by Association-registered Florida stallions, may be made eligible to compete for reduced special racing awards/purse supplements in some stakes races.

Florida Statutes allow the Association to retain up to 10% of the gross receipts for administration of the Program and for general promotion of the industry. The Program withholds these amounts at the time of receipt from the tracks and transfers payment to the Association.

**Basis of Accounting**

The financial statements of the Program have been prepared on the accrual basis.

The Program's net assets and its revenues, gains, and expenses are classified with donor restrictions or without donor restrictions, based on the existence or absence of donor-imposed restrictions.

**FLORIDA THOROUGHBRED BREEDER AND STALLION AWARDS PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS**

Without donor restrictions are not restricted by donors, or the donor-imposed restrictions have expired.

With donor restrictions contain donor-imposed restrictions that permit the Program to use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of the Program, while some donor-imposed restrictions neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Program. The Program has no donor restricted net assets at December 31, 2023 and 2022, respectively.

**Revenues**

As specified in Florida Statutes, the annual awards plan, relevant track agreements, and revenues earned by the Program are used for the payment of breeder, stallion, and special racing awards, and for the authorized administration/promotion fee.

**Revenue Recognition**

Pursuant to the Florida Statutes, the Program recognized revenues on a monthly basis when earned from the race tracks for live wagering, inter-track wagering, simulcast wagering, sale of racing signal, and cardrooms as the cumulative effect of the monthly wagering on events has occurred. The transactions are accounted for as a non-conditional, non-reciprocal transaction within the scope of the Financial Accounting Standards Board's Accounting Standards Update Topic 958, *Not-for-Profit Entities*.

**Income Taxes**

The Program is administered by the Association, which has been granted tax-exempt status under the Internal Revenue Code Section 501(c)(5). No provision is made in these statements for income taxes.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of a demand deposit account. For the purpose of the statements of cash flows, cash and cash equivalents consist of this demand deposit account. All highly liquid investments purchased with a maturity of three months or less would be considered cash equivalents, if applicable.

**Accounts Receivable**

Receivables are recorded by management for revenue to be received from the various race tracks. An allowance for uncollectible receivables has not been recorded, as all amounts are deemed collectible.

**Use of Estimates in the Preparation of Financial Statements**

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

**Fair Value of Financial Instruments**

Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments (none of which are held for trading purposes), approximate the carrying value of such amounts. Financial instruments include cash, short-term investments, short-term debt, long-term debt, and accounts receivable.

**FLORIDA THOROUGHBRED BREEDER AND STALLION AWARDS PROGRAM  
NOTES TO FINANCIAL STATEMENTS**

**Functional Expenses**

The cost of providing administration services to the Program are shown on a functional basis in the statements of activities. All program, management, and general expenses are shown as a direct cost in the statements of functional expenses and there are no allocations.

**Note 2 - Accounts Receivable, Race Tracks**

Accounts receivable, race tracks consist of the following:

	<u>2023</u>	<u>2022</u>
Tampa Bay Downs	\$ 252,320	\$ 222,847
Gulfstream Park	535,132	524,585
<b>Total</b>	<u>\$ 787,452</u>	<u>\$ 747,432</u>

The above receivables were fully collected subsequent to year-end; therefore, no allowance for doubtful accounts is recorded.

**Note 3 - Breeder Awards Payable**

The December 31, 2023 and 2022, payables consist of breeder awards earned as of December 2023 and 2022, and payable to breeders of record.

**Note 4 - Concentration of Credit Risk**

The Program maintains cash balances at one financial institution. The checking account balance at year-end exceeded the Federal Deposit Insurance Corporation insurance limit of \$250,000. The Association maintains its cash with a high-quality financial institution, which the Association believes limits these risks.

**Note 5 - Purse Supplements (Special Racing Awards)**

In accordance with the 2023 and 2022 Adopted Plan, Florida Statutes, and track agreements, Program funds were used to supplement purses for appropriately registered horses in certain races. Additionally, Program funds were used to supplement purses for appropriately registered horses in the races that comprise the Florida Sire Stakes. Purse supplements of \$550,000 and \$350,000 were paid for races run in 2023 and 2022, respectively, as follows:

	<u>2023</u>	<u>2022</u>
Gulfstream Park - Florida-Bred Incentive Fund	\$ 450,000	\$ 250,000
Gulfstream Park - Florida Sire Stakes	100,000	100,000
<b>Total</b>	<u>\$ 550,000</u>	<u>\$ 350,000</u>

**Note 6 - Liquidity and Available Resources**

The following reflects the Program's financial assets as of the balance sheets' date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheets' date. There are no contractual or donor-imposed restrictions or board designations. The financial asset and amount available for general expenditures within one year are \$2,833,344 and \$2,046,765 for the years ended December 31, 2022 and 2023, respectively.

**FLORIDA THOROUGHBRED BREEDER AND STALLION AWARDS PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 7 - Contingency Liabilities**

As referenced in Notes 1 and 5, the annual awards plan allows for the payment of purse supplements in races that are part of the Florida-bred stakes program. The Association annually negotiates an agreement with each Florida thoroughbred track and its local horsemen's association regarding the races and purse supplements to be included in the Florida-bred stakes program. Due to the race restrictions and the uncertainties surrounding how the relevant horses will perform in those races, a liability is not recorded until the race is completed. As of December 31, 2023, the Program was contingently liable for an estimated \$1,960,000 to be paid out in certain races held during the 2024 calendar year.

**Note 8 - Related-Party Transactions**

Breeder and stallion awards earned by members of the Board of Directors (the Board) of the Association, or entities in which they have an ownership interest, totaled \$559,470 and \$723,635 during the years ended December 31, 2023 and 2022, respectively.

Included in awards payable are amounts owed to members of the Board of the Association, or entities in which they have an ownership interest, totaling \$116,440 and \$73,452 at December 31, 2023 and 2022, respectively.

Florida Statutes allow the Association to retain up to 10% of the gross receipts for administration of the awards program and for general promotion of the industry; the amount included in expense was \$707,869 and \$724,275 for the years ended December 31, 2023 and 2022, respectively. The Program owed the Association \$78,745 and \$74,743 at December 31, 2023 and 2022, respectively, for the administration/promotion fee.

**Note 9 - Subsequent Events**

Beginning with races run on January 1, 2024, breeder and stallion awards increased to 20% of the announced gross purses, as provided in the 2024 Awards Plan approved by the Florida Gaming Control Commission. As expressly recognized therein, the 2024 Awards Plan is premised upon the Association funding half of the 2024 breeder and stallion awards using funds received from the Florida Department of Agriculture and Consumer Services pursuant to Section 571.265(3)(a), Florida Statutes.

The Program has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date the financial statements were available to be issued on May 24, 2024.

# PURVIS GRAY

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