

BIENNIAL REPORT

Reviewing operations from
8/1/2018 through 7/31/2020



THOROUGHBRED IDEA FOUNDATION BOARD OF DIRECTORS (as at 7/31/2020)

Donna Barton Brothers
Craig Bernick
Catherine Donovan
Marshall Gramm

Lesley Ann May Howard
Corey Johnsen
Michael Levy
Justin Nicholson

Paul Matties, Jr.
Tom Reynolds
Gary Stevens
Jack Wolf

TIF EXECUTIVE DIRECTOR
Patrick Cummings

LETTER FROM FOUNDER & BOARD CHAIRMAN

The Thoroughbred Idea Foundation - TIF - was founded in 2018 to bring forth, research and communicate ideas that will position our industry for a brighter future.

We believe that a revitalized industry can create more owners, more horseplayers and more fans to secure a more sustainable future for racing. TIF advocates for improvements in areas which will yield increased participation – ideas that will improve pricing, transparency, technology and access to better information.

Ultimately, better understanding of these issues will lead to commonality between racing's optional participants and funding sources, which are horseplayers and horse owners. In a more cohesive industry, a focus on the customer, with improvement in those issues as a primary goal, would be widely discussed in boardrooms. In our experience, that has not been the case.

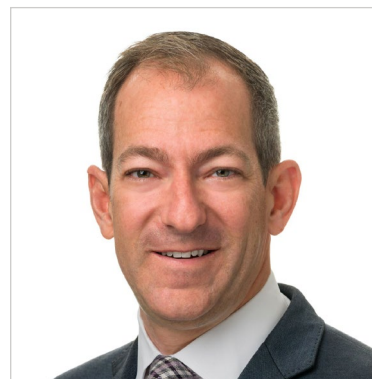
Improvements in those areas will produce increased revenue, not only for purses but for the critical benevolence concerns within our industry, such as aftercare, backstretch programs, jockey health, and equine research.

Of course, there are huge challenges: declining handle, a shrinking fan and horse ownership base and an industry too reliant on racetracks to market the sport.

The legalization of sports wagering further amplifies racing's pricing, data, technology and transparency deficiencies. Most racetracks are diversified gambling and technology corporations and may not have the sustainability of racing at top of mind. These entities have carved-out increasing profits from stagnant wagering customers who have shifted from a diverse base of recreational players to a concentrated core of algorithm-driven professionals.

What follows is the TIF 2020 biennial report, covering our first two years of operations, which will shift to annual reporting hereafter. We believe a report is necessary to be transparent with the activities we have undertaken and with our spending to accomplish that – primarily funded to date by the contributions of our directors. We have been incredibly pleased with the direction of the TIF since its launch in August 2018, and early returns suggest the industry is paying increasing attention to our advocacy efforts.

We hope you see this as more than a report. It is both an invitation and a challenge to join us in returning racing to its proper role as a major player on the American sports scene.



CRAIG BERNICK
FOUNDER & BOARD CHAIRMAN

LETTER FROM TIF EXECUTIVE DIRECTOR



PATRICK CUMMINGS
EXECUTIVE DIRECTOR

Leading the Thoroughbred Idea Foundation through its first two years of operations has been an incredibly rewarding experience.

There is a tremendous sense of hope that comes with researching, discussing and presenting information on topics that have remained unchanged for a long time in racing, and we routinely hear that hope in the voices and notes of those TIF engages, or engage with TIF.

With no real history of any similar organization in the sport, we endeavor to improve the sport for its voluntary financial participants – horseplayers and horse owners, believing that if those two groups have improved experiences in racing, the trickle down will benefit all stakeholder groups. Our success has been, undoubtedly, gradual, but our impact is growing.

The fundamentals of how racing competes – in the more than two decades of our sport in the internet era and a much more competitive gaming and personal entertainment space – need to change. This underlies

all our work. We want that because it will yield a better sport and a better industry for the tens of thousands of devoted, passionate stakeholders who have dedicated their lives to the care and competition of Thoroughbreds - in Kentucky and across North America.

We will continue to apply pressure where needed through our publications, our public and private advocacy and our relentless pursuit to serve the improved interests of those who choose to financially participate in the life and competition of Thoroughbreds.

We welcome your input, your ideas and your assistance to further this mission as much as possible. Please contact me through RacingThinkTank.com to share more.

Yours in racing,

Pat

TIF REPORTS - TIMELINE



SEPTEMBER 2018

“PENNY BREAKAGE”

Bettors are price sensitive. In this inaugural paper, the TIF raised awareness on the importance of proper pricing by suggesting the North American industry consider revising the antiquated practice of rounding tote dividends and keeping the odd change on nearly all wagers.



NOVEMBER 2018

“CHANGING THE RULES”

The rules used to adjudicate interference in North American racing yield inconsistent outcomes, both overall and between jurisdictions, and are woefully outdated. In this paper, the TIF advocated for a switch to the international Category 1 rules philosophy, increasing measures of transparency necessary to evolve the sport.

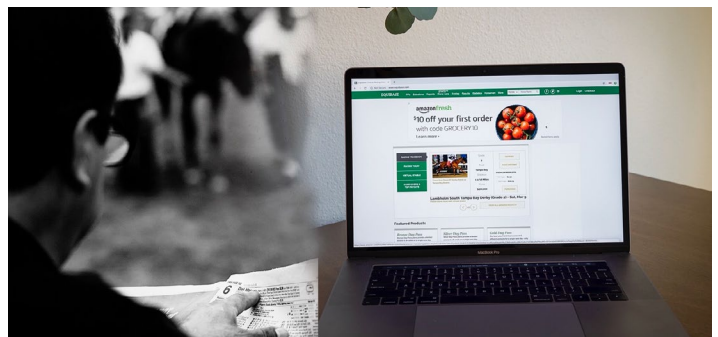


Photo: South Point Casino

FEBRUARY 2019

“HORSE RACING AND ‘LEGAL’ SPORTS BETTING”

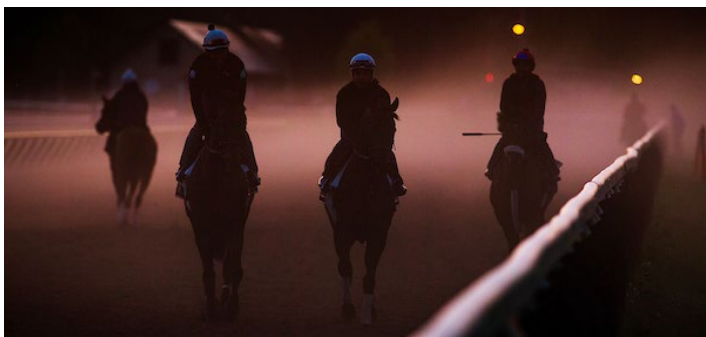
As legal sports betting spreads across America, the TIF suggests racing must find ways to meet this expansion through the development of modern wagering products, including fixed odds and exchange wagering, for Thoroughbred horse racing to compete in the present.



MARCH 2019

“EMBRACING A FUTURE WITH FREE RACING DATA”

Data is everything when it comes to engaging bettors regardless of the sport. The TIF posits that North American tracks and Equibase should treat data collection and offerings as a marketing expense, proactively providing free past performances to the public and free raw data feeds for private, non-commercial registered users.



APRIL 2019

TIF SPECIAL: “A RACING INDUSTRY COMPROMISE”

Five industry leaders offered their approach in their area of expertise in the hopes stakeholders could see a path towards progress via compromise. Contributors included: Marshall Gramm (Wagering and Innovation), Rick Hammerle (Race Planning and Administration), Maggi Moss (Integrity and Welfare), John Sikura (Communications and Marketing), Brad Weisbord (Owners’ Services and Recruitment).



AUGUST 2019

“SEEKING TRANSPARENCY”

In the aftermath of the controversial 2019 Kentucky Derby disqualification, this paper evolved the recommendations from “Changing the Rules,” suggesting North American racing must demand greater transparency via improved stewards’ reporting.



JANUARY 2020

“AMERICAN RACING’S SUSTAINABLE FUTURE”

This paper identified three systemic issues across racing in North America and offered three solutions designed to create a more sustainable future for the sport. Among the recommendations, the TIF suggested reorganizing the industry’s self-created groups, purchasing or leasing racing operations from gaming corporations and pursuing market expansion in friendly locales.



Photo: Curacao Tourism Board

JULY 2020

TIF SPECIAL: “RACING NOT ONLY FOR (THE) ELITE”

The growth of high-volume betting participation in racing’s wagering pools is disadvantaging all other wagering customers in different ways. The TIF estimates high-volume play has risen 114% in the last 16 years while all others are down 63%, both adjusted for inflation. This special report recommended horsemen gain greater awareness of the wagering inputs which impacts purses levels, particularly as casino-related subsidies are likely to decline in the future.

ONGOING

The TIF publishes a series of updates and blogs on a periodic basis, as industry conditions warrant. The #FreeDataFriday series is among these, and will publish 52 volumes by its completion in September 2020.



ENGAGEMENTS

TIF has engaged followers and the public in a variety of ways beyond its publications.

Through organized “Prop Contests” over the last two years, the TIF hoped to raise greater awareness of the need for racing to evolve its wagering products to the public through simpler, sports betting propositions. This evolution into fixed odds is meant to help the sport compete better as legal sports betting evolves around it.

Across the 2019 and 2020 runnings of the Belmont Stakes and eight weeks of the summer of 2019 and 2020, TIF hosted 18 contests with more than 2,000 entries submitted. The Lavin Family Foundation made generous contributions of more than \$52,000 to racing-related 501 (c)(3) charities on behalf of the contest winners. The charities included: Old Friends, the Permanently Disabled Jockeys’ Fund, the University of Kentucky’s Sports Medicine Research Institute – Jockey Equestrian Initiative, the Virginia Tech Helmet Lab (Equestrian Helmet Project Fund), the Backside Learning Center at Churchill Downs, the Belmont Child Care Association and the Edwin J Gregson Foundation.

More than 60,000 pageviews have been recorded through July 31, 2020 at the TIF website, RacingThinkTank.com, since the site was launched in November 2018.

TIF maintains a presence on social media through Twitter. Tweets from the TIF account @RacingIdeas have generated more than 2 million impressions and nearly 70,000 engagements for a total engagement rate of roughly 3.3 percent.

TIF Executive Director Patrick Cummings represents the organization at major racing events and conferences, both within North America and abroad. He has been an invited speaker at events including the University of Arizona’s Global Symposium on Racing and the Saratoga Institute on Equine, Racing and Gaming Law. He was also an invited to join the International Stewards’ Conference, an event which occurred in conjunction with the Asian Racing Conference in Cape Town, South Africa in February 2020. Cummings routinely appears across various industry and external media discussing the Thoroughbred racing industry and the work of TIF.

FINANCIALS

TIF welcomes contributions from concerned industry parties to help the organization continue its work.

The Thoroughbred Idea Foundation has been recognized by the Internal Revenue Service as a nonprofit organization under section 501(c)(6) of the Internal Revenue Code. Nonprofit organizations organized under section 501(c)(6) are exempt from Federal income tax, but contributions to them are not deductible as charitable contributions for tax purposes. However, under certain circumstances, contributions or dues paid to Thoroughbred Idea Foundation may be deductible as trade or business expenses. Please consult with a tax professional before deducting any amounts paid to Thoroughbred Idea Foundation.

CONTRIBUTORS

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Lesley May Howard	Jack Wolf

TIF BIENNIAL SPENDING (8/1/2018 - 7/31/2020)

Personnel (salaries, contractors, etc.):	\$263,238
General (travel, conferences, office, etc.):	\$62,398
Total Operating Expenses:	\$325,636

Charitable Contributions 2019:	\$26,750
Charitable Contributions 2020:	\$26,000*

*Expected as of 7/31/2020

Contributions made by Lavin Family Foundation in support of TIF initiatives



QUESTIONS OR COMMENTS

Please email ThoroughbredIdeaFoundation@gmail.com for more information about TIF.



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