

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

BOARD OF DIRECTORS MEETING

March 24, 2022

10:00 a.m.

AGENDA

1. Call to Order
2. Roll Call
3. Pledge of Allegiance
4. Approval of Previous Minutes
5. Communications
6. Batavia Downs Operations Committee Report
7. Personnel Committee Report
8. Finance Committee Report
9. Advertising & Promotions Committee Report
10. Legislative Committee Report
11. Insurance Committee Report
12. Audit Committee Report
13. Branch Operations Committee Report
14. New Business
15. Adjournment

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

BATAVIA DOWNS OPERATIONS COMMITTEE

Wednesday – March 23, 2022
1:00 P.M.

Edward Morgan, Chairman
Richard Siebert, Vice-Chairman
Richard Bianchi, Ex-Officio

Ken Lauderdale, Member
Elliott Winter, Member
Thomas Wamp, Member
Mark Burr, Member

AGENDA

- | | |
|--|-------------------------------|
| 1. Gaming Floor Update | S. Schiano |
| 2. Hotel Update | H. Wojtaszek |
| 3. Warehouse Update | H. Wojtaszek |
| 4. Park Road Update | H. Wojtaszek |
| 5. Resolution #22-2022
Mercy Flight Inc. | S. Kiedrowski
H. Wojtaszek |
| 6. Resolution #23-2022
Great Lakes Environmental & Safety Consultants, Inc. | H. Wojtaszek |
| 7. Resolution #24-2022
2022 Summer Concert Series Performers | H. Wojtaszek |
| 8. Resolution #25-2022
Days Inn/Grooms Quarters | S. Kiedrowski
H. Wojtaszek |
| 9. Resolution #31-2022
B & G Food Service Equipment
Cooler/Freezer | M. Glor |
| 10. Resolution #32-2022
TK Elevator Corporation | H. Wojtaszek |

RESOLUTION #22-2022

WHEREAS, Western Regional Off-Track Betting Corporation ("Western") is required to maintain emergency medical services on a standby basis at its Batavia Downs Racetrack location during live meets; and

WHEREAS, the Mercy Flight Inc. d/b/a Mercy EMS ("Mercy") has in the past provided an ambulance and trained medical personnel to provide emergency medical services; and

WHEREAS, Western wishes to engage Mercy for a term commencing on July 1, 2022 and terminating on December 31, 2024; and

WHEREAS, Mercy proposes to provide Advanced Life Support (ALS) at the rate of \$165.00 per hour for 2022, \$175.00 per hour for 2023 and \$185.00 per hour for 2024; and

WHEREAS, Mercy proposes to provide Advanced Emergency Medical Technician (AEMT) at the rate of \$150.00 per hour for 2022, \$160.00 per hour for 2023 and \$170.00 per hour for 2024; and

WHEREAS, Western would agree to pay Mercy for the proposed services at the above applicable rates, not to exceed \$41,580.00 in 2022, not to exceed \$44,100.00 in 2023 and not to exceed \$46,620.00 in 2024; and

WHEREAS, Mercy will continue to provide the required services as delineated in the existing agreement between the parties; now therefore

BE IT RESOLVED, that the Board of Directors of Western hereby agree to enter into an emergency medical services agreement with Mercy along the terms and conditions as set forth above for a period from July 1, 2012 through December 31, 2024; and further be it

RESOLVED, that an officer of Western is authorized to execute documentation in furtherance of this Resolution.

Respectfully submitted,

Edward Morgan, Chairman
Batavia Downs Operations Committee

Dated: March 24, 2022
Batavia, New York

RESOLUTION - #23-2022

WHEREAS, it is the corporate responsibility of the Western Regional Off-Track Betting Corporation ("Western") to operate its various locations including its Batavia Downs Gaming location in a safe and efficient manner, while providing the best experience available to our patrons and employees; and

WHEREAS, Great Lakes Environmental & Safety Consultants, Inc ("Great Lakes") have provided a proposal to Western to provide continual workplace safety compliance assistance for an additional one (1) year period for an amount not to exceed \$18,000.00; and

WHEREAS, staff recommends that the Board of Western accept the proposal of Great Lakes of \$18,000.00 for an additional one (1) year period; and now therefore

BE IT RESOLVED, that Western's Board of Directors accepts the proposal of Great Lakes to provide continual workplace safety compliance for an additional one (1) year period in an amount not to exceed \$18,000.00; and

BE IT FURTHER RESOLVED, that an officer of Western is hereby authorized to execute an agreement that reflects the Board's actions.

Respectfully submitted,

Edward Morgan, Chairman
Batavia Downs Operations Committee

Dated: March 24, 2022
Batavia, New York

RESOLUTION #24-2022

WHEREAS, as part of its ongoing patron attraction and retention program, Western Regional Off-Track Betting Corporation ("Western") wishes to contract with a number of nationally known performers to provide entertainment at its 2022 Summer Concert Series at its Batavia Downs location; and

WHEREAS, Western will contract with such performers for a total cost for the 2022 Summer Concert Series in an amount not to exceed \$350,000.00; and

WHEREAS, Staff requests authorization to enter into a series of separate agreements with the various nationally known performers who will provide the entertainment at the 2022 Summer Concert Series at its Batavia Downs; and therefore

BE IT RESOLVED, that the Board of Directors of Western hereby approves that Western enter into a series of agreements with various nationally known performers to provide entertainment at Western's 2022 Summer Concert Series in an amount not to exceed \$350,000.00; and further

RESOLVED, that the Board of Directors of Western hereby authorizes an officer of Western to execute all such agreements with the various performers in furtherance of this resolution.

Respectfully submitted,

Edward Morgan, Chairman
Batavia Downs Operations Committee

Dated: March 24, 2022
Batavia, New York

RESOLUTION #25-2022

WHEREAS, Western Regional Off-Track Betting Corporation ("Western") will conduct a live racing season commencing July 20, 2022 and concluding December 17, 2022; and

WHEREAS, Western has requested proposals from ten (10) local hotels to provide housing for grooms employed by owners or trainers of harness horses participating in races at Batavia Downs; and

WHEREAS, Western has an agreement with the Western New York Harness Horsemen's Association ("WNYHHA") for this racing season which requires that Western provide living accommodations for up to 9 grooms employed by owners or trainers of harness horses' participating in activities at Batavia Downs during this 2022 live racing calendar year; and

WHEREAS, the Days Inn of Batavia ("Days Inn") with offices at 200 Oak Street, Batavia, New York, has proposed a lease agreement for up to four units at its facility that would accommodate the maximum 9 grooms required under the agreement with the Horsemen; and

WHEREAS, the proposal by Days Inn would require Western as the tenant to pay rent at a daily room rate per room \$55.50 for a single room \$51.00 for two (2) rooms \$50.10 for three (3) rooms and \$48.30 for four (4) rooms, which if the maximum of four (4) rooms were rented each night would amount to \$10,819.20 to be paid on a monthly basis; now therefore

BE IT RESOLVED, that the Board of Directors of the Western Regional Off-Track Betting Corporation approve the proposed agreement with Days Inn of Batavia for the subject accommodations at an amount not to exceed \$10,819.20.

Respectively submitted.

Edward Morgan, Chairman
Batavia Downs Operations Committee

March 24, 2022
Batavia, New York

RESOLUTION - #31-2022

WHEREAS, it is the corporate responsibility of the Western Regional Off-Track Betting Corporation ("Western") to operate its Batavia Downs location in the most efficient manner possible, while providing a comfortable experience to our patrons; and

WHEREAS, Western requires that a cooler/freezer combo to be installed near Rush 34 at the Batavia Downs location: and

WHEREAS, Western has sent out an RFP requesting pricing for a cooler/freezer combo as per specifications provided and B&G Food Service Equipment ("B&G") was the lowest responsible bidder to purchase those items as set forth in the attached schedule to this resolution for the total amount of \$ 63,275.00; and

WHEREAS, Staff recommends that the Board approves the purchase of the cooler/freezer combo from B&G as set forth herein; now therefore

BE IT RESOLVED, that the Western's Board of Directors hereby approves the purchase of a cooler/freezer combo from B&G in an amount not to exceed \$ 63,275.00; and

BE IT FURTHER RESOLVED, that an officer of Western is hereby authorized to execute an agreement that reflects the Board's actions.

Respectfully submitted,

Edward Morgan, Chairman
Batavia Downs Operations Committee

Dated: March 24, 2022
Batavia, New York

RESOLUTION #32-2022

WHEREAS, it is the corporate responsibility of the Western Regional Off-Track Betting Corporation ("Western") to operate its Batavia Downs location in the most efficient manner possible, while providing a comfortable experience to our patrons; and

WHEREAS, staff requested that the Board approves the replacement of six (6) packings on the Dual 3 Stage Jacks on the Hotel elevator; and

WHEREAS, as part of the service agreement with TK Elevator Corporation ("TK") has provided Western with a proposal for the replacement of the packing for the total amount of \$16583.98; and

WHEREAS, the Board wishes to enter into an agreement with TK for such replacement as set forth above; now, therefore

BE IT RESOLVED, that the Western's Board of Directors hereby approves the proposal from TK for the replacement of six (6) packings on the Dual 3 Stage Jacks on the Hotel elevator in the amount not to exceed \$16,583.98; and

BE IT FURTHER RESOLVED, that an officer of Western is hereby authorized to execute an agreement that reflects the Board's actions.

Respectfully submitted,

Edward Morgan, Chairman
Batavia Downs Operations Committee

Dated: March 24, 2022
Batavia, New York

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

PERSONNEL COMMITTEE MEETING

Wednesday, March 23, 2022

2:00 p.m.

Elliott Winter, Chairperson
Thomas P. Wamp, Vice-Chairperson
Richard D. Bianchi, Ex-Officio
Edward F. Morgan, Ex-Officio

Dennis Bassett, Member
Susan May, member
Richard L. Ricci, Member

AGENDA

1. Approval of General Manager of Live Racing/Race Secretary

-W. White

-S. Kiedrowski

2. Executive Session

2a. Executive session for the discussion of the medical, financial, credit or employment history of a particular person or corporation or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Finance Committee Meeting
March 23, 2022
Batavia, New York

Ken Lauderdale, Chairman
Paul Lattimore, Vice Chairman
Richard Bianchi, Ex-Officio

Mark Bombardo, Member
Michael Horton, Member
Edward Morgan, Member/Ex-Officio
Thomas Wamp, Member
Elliott Winter, Member

AGENDA

1. PNJ Computers
 - Resolution #30-2022

- J. Leach
2. Chief Financial Officer Report & BDG Financials
 - February 2022

- J. Leach
3. NYGA Weekly Numbers

- J. Leach
- H. Wojtaszek

RESOLUTION - #30-2022

WHEREAS, it is the corporate responsibility of the Western Regional Off-Track Betting Corporation ("Western") to operate its Batavia Downs location in the most efficient manner possible; and
under

WHEREAS, Western requires 20 new desktop computers for its Batavia Downs location; and

WHEREAS, Western has received a quote under NYS OGS Contract from PNJ Technology Partners ("PNJ"), as per specifications attached to provide Western 20 new HP ProDesk 405 computers for the total amount not to exceed \$18,360.00; and

WHEREAS, Staff recommends that the Board approves the purchase of 20 new computers from PNJ as set forth herein; now therefore

BE IT RESOLVED, that the Western's Board of Directors hereby approves the purchase of 20 new desktop computers as set forth in the specifications attached from PNJ in an amount not to exceed \$18,360.00; and

BE IT FURTHER RESOLVED, that an officer of Western is hereby authorized to execute an agreement that reflects the Board's actions.

Respectfully submitted,

Paul Lattimore, Jr., Vice-Chairman
Finance Committee

Dated: March 24, 2022
Batavia, New York

Operational Results - February 2022

	February 2022	February 2021	February Plan
Total Handle	\$4,282,990	\$4,906,942	\$4,965,000
\$ Variance		(623,952)	(682,010)
% Variance		-13%	-14%
VGM Net Win	\$5,835,167	\$3,428,187	\$4,609,020
\$ Variance		2,406,979	1,226,147
% Variance		70%	27%
Revenue net of Statutories	\$ 3,482,450	\$ 2,226,161	\$ 2,905,653
Operating Expenses	2,792,930	2,275,618	2,559,506
Earnings and Surcharge	689,520	(49,457)	346,147
Surcharge	56,135	66,250	65,718
Operational Earnings (Losses)	\$ 633,385	\$ (115,707)	\$ 280,429
\$ Variance		749,092	352,956
% Variance		647%	126%

Earnings are computed and distributed on a quarterly basis

Segment Performance:

	February 2022	February 2021	February Plan
BRANCH Earnings from Operations	\$ 99,305	\$ 74,098	\$ 189,088
Less: G&A Allocation	206,165	202,741	203,720
<u>Earnings (Losses) net of G&A Allocation</u>	<u>\$ (106,860)</u>	<u>\$ (128,643)</u>	<u>\$ (14,632)</u>
\$ Variance		21,783	(92,228)
% Variance		17%	-630%
BATAVIA DOWNS Earnings from Operations	\$ 1,036,921	\$ 304,686	\$ 588,218
Less: G&A Allocation	296,676	291,750	293,157
<u>Earnings net of G&A Allocation</u>	<u>\$ 740,245</u>	<u>\$ 12,936</u>	<u>\$ 295,061</u>
\$ Variance		727,309	445,184
% Variance		5622%	151%
GENERAL AND ADMINISTRATIVE expense	\$ 502,841	\$ 494,491	\$ 496,877
\$ Variance		8,350	5,964
% Variance		2%	1%

Net Cash Distributions to Municipalities:

	February 2022	February 2021	February Plan
SURCHARGE	\$ 56,135	\$ 66,250	\$ 65,718
\$ Variance		(10,115)	(9,583)
% Variance		-15%	-15%

Year to Date Surcharge and Net Revenue

	February 2022	February 2021	February Plan
SURCHARGE	\$ 105,553	\$ 135,593	\$ 130,826
\$ Variance		(30,040)	(25,273)
% Variance		-22%	-19%
NET EARNINGS AVAILABLE FOR DISTRIBUTION	\$ 981,495	\$ -	\$ 580,020
\$ Variance		981,495	401,475
% Variance		100%	69%
TOTAL	\$ 1,087,048	\$ 135,593	\$ 710,846

SUMMARY - WESTERN REGIONAL OTB CORPORATION - ALL LOCATIONS/DEPARTMENTS: ROUNDED

	2022 February	2021 February	2022 February Plan	2022 Year To Date	2021 Year To Date	2022 Operating Plan YTD
HANDLE (includes Live)	\$4,283,000	\$4,907,000	\$4,965,000	\$8,305,000	\$10,096,000	\$9,885,000
\$ Variance		(624,000)	(682,000)		(1,781,000)	(1,580,000)
% Variance		-13%	-14%		-18%	-16%
VGM Net Win	\$5,835,000	\$3,428,000	\$4,609,000	\$11,155,000	\$7,230,000	\$9,529,000
\$ Variance		2,407,000	1,228,000		3,925,000	1,826,000
% Variance		70%	27%		54%	17%
Revenue and Expense:						
Operating Revenue	6,898,000	4,548,000	5,788,000	13,189,000	9,596,000	11,912,000
\$ Variance		2,350,000	1,110,000		3,593,000	1,277,000
% Variance		52%	19%		37%	11%
Less: Statutory Expenses	3,416,000	2,322,000	2,882,000	6,558,000	4,861,000	5,910,000
\$ Variance		1,094,000	534,000		1,697,000	648,000
% Variance		47%	19%		35%	11%
Revenue before Operating Expenses	3,482,000	2,226,000	2,906,000	6,631,000	4,735,000	6,002,000
\$ Variance		1,256,000	576,000		1,898,000	629,000
% Variance		56%	20%		40%	10%
Less: Operating Expenses	2,793,000	2,276,000	2,560,000	5,544,000	4,633,000	5,275,000
\$ Variance		517,000	233,000		911,000	269,000
% Variance		23%	8%		20%	5%
Retained Surcharge/Net earnings	690,000	(49,000)	346,000	1,087,000	102,000	727,000
\$ Variance		739,000	344,000		985,000	380,000
% Variance		1508%	99%		966%	50%
Retained Surcharge	56,000	66,000	66,000	106,000	136,000	131,000
\$ Variance		(10,000)	(10,000)		(30,000)	(25,000)
% Variance		-15%	-15%		-22%	-19%
Net Earnings(Losses) from Operations	633,000	(116,000)	280,000	981,000	(34,000)	596,000
\$ Variance		749,000	353,000		1,015,000	385,000
% Variance		646%	126%		2985%	65%
			Operational Earnings	Earnings allocated to CAF	Distributable Earnings	
1st Qtr. Operational Earnings			\$981,000	\$0	\$0	\$580,000
\$ Variance						981,000
% Variance						100%
						401,000
						69%

OTB BRANCHES:	Month:			Year to Date:		2022 Operating Plan YTD
	2022 February	2021 February	2022 February Plan	2022 Year To Date	2021 Year To Date	
HANDLE	\$4,158,000	\$4,885,000	\$4,845,000	\$8,075,000	\$10,064,000	\$9,645,000
\$ Variance		(727,000)	(687,000)		(1,889,000)	(1,570,000)
% Variance		-15%	-14%		-20%	-16%
Revenue and Expense:						
Operating Revenue (pg. 4)	1,208,000	1,388,000	1,399,000	2,339,000	2,958,000	2,769,000
Less: Statutory Expenses (pg. 4)	525,000	624,000	597,000	1,028,000	1,282,000	1,190,000
Revenue before Operating Expenses:	683,000	764,000	802,000	1,311,000	1,676,000	1,579,000
Less: Operating Expenses (pg.5, 5A)	528,000	624,000	547,000	1,079,000	1,231,000	1,111,000
Net Earnings (Loss):	155,000	140,000	255,000	232,000	445,000	468,000
Retained Surcharge:	56,000	66,000	66,000	106,000	136,000	131,000
Net Earnings (Loss) From Operations	99,000	74,000	189,000	126,000	309,000	337,000
Less: General and Admin. Allocation	206,000	203,000	204,000	406,000	397,000	408,000
Earnings (Losses) Net of G&A Alloc.	(107,000)	(129,000)	(15,000)	(279,000)	(88,000)	(71,000)
\$ Variance		22,000	(92,000)		(191,000)	(208,000)
% Variance		17%	-613%		-217%	-293%

BATAVIA DOWNS GAMING:	2022			2021		2022 Operating Plan YTD
	February	February	February Plan	Year To Date	Year To Date	
HANDLE- ITW	\$125,000	\$22,000	\$120,000	\$230,000	\$32,000	\$240,000
\$ Variance		103,000	5,000		198,000	(10,000)
% Variance		468%	4%		219%	-4%
VGM Net Win	\$5,835,000	\$3,428,000	\$4,609,000	\$11,155,000	\$7,230,000	\$9,529,000
\$ Variance		2,407,000	1,226,000		3,925,000	1,628,000
% Variance		70%	27%		54%	17%

Revenue and Expense:						
Operating Revenue (pg. 6)	5,690,000	3,160,000	4,388,000	10,850,000	6,638,000	9,143,000
Less: Statutory Expenses (pg. 6)	2,891,000	1,698,000	2,284,000	5,530,000	3,579,000	4,720,000
Revenue before Operating Expenses	2,799,000	1,462,000	2,104,000	5,320,000	3,059,000	4,423,000
Less: Operating Expenses (pg. 7,7A-7C)	1,762,000	1,157,000	1,516,000	3,476,000	2,434,000	3,168,000
Net Earnings (Loss) From Operations	1,037,000	305,000	588,000	1,844,000	625,000	1,255,000
Less: General and Admin. Allocation	297,000	292,000	293,000	584,000	571,000	588,000
Earnings (Losses) Net of G&A Alloc.	740,000	13,000	295,000	1,261,000	54,000	668,000
\$ Variance		727,000	445,000		1,207,000	593,000
% Variance		5592%	151%		2235%	89%

GENERAL & ADMINISTRATIVE:	2022			2021		2022 Operating Plan YTD
	February	February	February Plan	Year To Date	Year To Date	
Operating Expenses * (pg. 8,8A)	503,000	494,000	497,000	989,000	968,000	996,000
\$ Variance		9,000	6,000		21,000	(7,000)
% Variance		2%	1%		2%	-1%

* General and Administrative expenses are allocated 41% to Branches, and 59% to Batavia Downs Gaming as of January 2021

Western Regional Off-Track Betting Corporation
(A Public Benefit Corporation)
Branch Operating Revenue
For the Two Months Ended February

	<u>YTD</u> <u>2022</u>	<u>YTD</u> <u>2021</u>	<u>YTD 2022</u> <u>Plan</u>
Commissions earned -	\$ 1,714,000	\$ 2,116,000	\$ 2,047,000
Lottery	19,000	10,000	16,000
Vending	1,000	1,000	1,000
Surcharge	125,000	162,000	167,000
Revenue Derived from Surcharge	86,000	109,000	95,000
CAF revenues	57,000	40,000	39,000
Uncashed pari-mutuel tickets	80,000	80,000	80,000
Breakage	26,000	33,000	32,000
Program sales (net of cost)	14,000	19,000	17,000
Concessions	6,000	6,000	6,000
ATM transaction fees	9,000	9,000	11,000
ADW Revenue	201,000	264,000	258,000
Gain on sale of Branch assets	-	93,000	-
Miscellaneous	1,000	16,000	-
TOTAL	\$ 2,339,000	\$ 2,958,000	\$2,769,000
\$ Variance		(619,000)	(430,000)
% Variance		-21%	-16%

Branch Statutory Expenses
For the Two Months Ended February

	<u>YTD</u> <u>2022</u>	<u>YTD</u> <u>2021</u>	<u>YTD 2022</u> <u>Plan</u>
Track Compensation	\$ 761,000	\$ 964,000	\$ 863,000
Breeding and Development Funds	58,000	73,000	70,000
Allocation to NYS - Tax	60,000	77,000	82,000
Allocation to NYS - Breakage	1,000	1,000	1,000
Surcharge Allocations to Counties with Tracks	20,000	27,000	36,000
Uncashed Pari-mutuel tickets	80,000	80,000	80,000
Racing Board Regulatory Fee	48,000	60,000	58,000
TOTAL	\$1,028,000	\$1,282,000	\$1,190,000
\$ Variance		(254,000)	(162,000)
% Variance		-20%	-14%

Western Regional Off-Track Betting Corporation
(A Public Benefit Corporation)
Branch Expenses
For the Two Months Ended February

	<u>2022</u> <u>YTD</u>	<u>2021</u> <u>YTD</u>	<u>\$</u> <u>Variance</u>	<u>%</u> <u>Variance</u>	<u>2022</u> <u>Plan</u>	<u>\$</u> <u>Variance</u>	<u>%</u> <u>Variance</u>	
Salaries	\$ 292,000	\$ 313,000	(\$21,000)	-7%	\$ 293,000	(\$1,000)	0%	1
Payroll taxes & employee benefits	148,000	187,000	(39,000)	-21%	156,000	(8,000)	-5%	2
Rent/Property Taxes	11,000	12,000	(1,000)	-8%	12,000	(1,000)	-8%	
Utilities	41,000	44,000	(3,000)	-7%	42,000	(1,000)	-2%	
Maintenance and cleaning	98,000	123,000	(25,000)	-20%	101,000	(3,000)	-3%	
Computer & Telephone Data Line charges	141,000	136,000	5,000	4%	139,000	2,000	1%	
Telephone	6,000	6,000	0	0%	6,000	0	0%	
Totalizer charges	10,000	13,000	(3,000)	-23%	13,000	(3,000)	-23%	
Branch supplies and equipment	6,000	5,000	1,000	20%	6,000	0	0%	
Branch security services	4,000	3,000	1,000	33%	4,000	0	0%	
Travel and reimbursement	-	-	0	0%	-	0	0%	
Racing forms and petty cash	46,000	43,000	3,000	7%	46,000	0	0%	
Uncancellable tickets	-	-	0	0%	-	0	0%	
Insurance	26,000	34,000	(8,000)	-24%	26,000	0	0%	
Depreciation and amortization	53,000	54,000	(1,000)	-2%	56,000	(3,000)	-5%	
Simulcast equipment/Uplink charges	32,000	66,000	(34,000)	-52%	32,000	0	0%	
Simulcast commissions	8,000	11,000	(3,000)	-27%	10,000	(2,000)	-20%	
Miscellaneous	-	-	0	0%	-	0	0%	
Batavia Bets & Enh. Branch Advertising/Promo.	77,000	88,000	(11,000)	-13%	77,000	0	0%	
Internet Fee	62,000	72,000	(10,000)	-14%	70,000	(8,000)	-11%	
EZBet Operator Commissions	18,000	21,000	(3,000)	-14%	22,000	(4,000)	-18%	
TOTAL	\$1,079,000	\$1,231,000	(\$152,000)	-12%	\$1,111,000	(\$32,000)	-3%	

OTB Branch & EZ Bet Variance Analysis Detail

1. Salaries \$1k under plan YTD:

Multiple branches have a small negative variance to plan leading to \$1k lower to plan YTD

2. Payroll Taxes and Employee Benefits \$8k under plan YTD:

- A) Health insurance expense at Clinton St branch lower to plan due to change in staffing.
- B) Actual workers comp. claims lower than planned YTD.

Western Regional Off-Track Betting Corporation
(A Public Benefit Corporation)
Batavia Downs Operating Revenue
For the Two Months Ended February

	YTD <u>2022</u>	YTD <u>2021</u>	YTD 2022 <u>Plan</u>
Commissions earned - Racetracks	\$ 49,000	\$ 6,000	\$ 36,000
VGM Revenue (net of adv. allowance and Cap Fund)	9,593,000	6,218,000	8,195,000
WROTB Revenue	11,000	19,000	16,000
Hotel at Batavia Downs Room Revenue	288,000	-	277,000
Stall Rental	10,000	8,000	8,000
Lottery	11,000	7,000	6,000
Uncashed pari-mutuel tickets	10,000	10,000	10,000
Breakage	1,000	-	1,000
ATM transaction fees	147,000	84,000	87,000
Program sales	1,000	-	1,000
Lucky Treasures Gift Shop Revenue	2,000	3,000	6,000
Food and Beverage sales net	647,000	253,000	441,000
ADW Revenue	69,000	27,000	55,000
Miscellaneous	11,000	3,000	4,000
TOTAL	\$ 10,850,000	\$6,538,000	\$9,143,000
\$ Variance		4,212,000	1,707,000
% Variance		63%	19%

Batavia Downs Statutory Expenses
For the Two Months Ended February

	YTD <u>2022</u>	YTD <u>2021</u>	YTD 2022 <u>Plan</u>
Track Compensation	\$ 6,000	\$ 1,000	\$ 2,000
Breeding and Development Funds	15,000	6,000	7,000
Allocation to NYS - Tax	2,000	-	1,000
Allocation to NYS - Lottery	5,466,000	3,543,000	4,669,000
Uncashed Pari-mutuel tickets	10,000	10,000	10,000
Racing Board Regulatory Fee	1,000	-	-
Genesee County	1,000	-	-
Horse Drug Testing Fee	15,000	8,000	15,000
Batavia School Tax	14,000	11,000	16,000
TOTAL	\$ 5,530,000	\$3,579,000	\$4,720,000
\$ Variance		1,951,000	810,000
% Variance		55%	17%

Western Regional Off-Track Betting Corporation
(A Public Benefit Corporation)
Batavia Downs Gaming Expenses--Excluding Marketing
For the Two Months Ended February

	2022 YTD	2021 YTD	\$ Variance	% Variance	2022 Plan	\$ Variance	% Variance	
Salaries	\$ 1,179,000	\$ 807,000	\$ 372,000	46%	\$ 1,133,000	\$ 46,000	4%	1
Payroll taxes & employee benefits	485,000	383,000	102,000	27%	445,000	40,000	9%	2
Real Estate Taxes and Rent	13,000	2,000	11,000	550%	16,000	(3,000)	-19%	
Telephone	7,000	4,000	3,000	75%	7,000	-	0%	
Telephone data lines	2,000	-	2,000	0%	1,000	1,000	100%	
Utilities	131,000	103,000	28,000	27%	111,000	20,000	18%	3
Maintenance - General	75,000	65,000	10,000	15%	72,000	3,000	4%	
Small Equipment/Equipment Rental	5,000	3,000	2,000	67%	8,000	(3,000)	-38%	
Uniform expense	1,000	2,000	(1,000)	-50%	1,000	-	0%	
Computer Charges	17,000	3,000	14,000	467%	19,000	(2,000)	-11%	
Totalsator charges	-	-	-	0%	-	-	0%	
Contractual track commissions	9,000	2,000	7,000	350%	11,000	(2,000)	-18%	
Simulcast equipment/uplink charges	1,000	-	1,000	0%	1,000	-	0%	
Missed Pools/Minus Pools	-	-	-	0%	-	-	0%	
Racing forms and petty cash	2,000	1,000	1,000	100%	1,000	1,000	100%	
Racing Related Expenses	(2,000)	-	(2,000)	0%	-	(2,000)	0%	
Purse Expense, WNYHHA and Breeders	1,150,000	738,000	412,000	56%	980,000	170,000	17%	4
Equine Fund	9,000	6,000	3,000	50%	7,000	2,000	29%	
Racing and Lottery Dues/Licenses	1,000	-	1,000	0%	2,000	(1,000)	-50%	
Security/Alarm Services	19,000	19,000	-	0%	20,000	(1,000)	-5%	
Advertising/Promotional	7,000	-	7,000	0%	8,000	(1,000)	-13%	
Travel & Reimbursements	-	-	-	0%	-	-	0%	
Supplies & Related	3,000	2,000	1,000	50%	6,000	(3,000)	-50%	
Restaurant Supply Expenses	7,000	2,000	5,000	250%	5,000	2,000	40%	
Depreciation & Amortization*	159,000	172,000	(13,000)	-8%	157,000	2,000	1%	
Insurance	97,000	87,000	10,000	11%	96,000	1,000	1%	
Professional Services	23,000	4,000	19,000	475%	23,000	-	0%	
Interest Expense	-	-	-	100%	-	-	0%	
Postage	-	-	-	0%	-	-	0%	
Dues and Fees	1,000	2,000	(1,000)	-50%	2,000	(1,000)	-50%	
Bank Fees and Charges	21,000	13,000	8,000	62%	20,000	1,000	5%	
Credit Card Fees	24,000	6,000	18,000	300%	13,000	11,000	85%	5
Other Expense	28,000	3,000	25,000	833%	23,000	5,000	22%	
Total Non-MARR Expenses	3,474,000	2,429,000	1,045,000	43%	3,188,000	286,000	9%	
MARR Expenses (Pg. 7C)	\$8,000	\$5,000	\$3,000	60%	(\$14,000)	\$22,000	157%	
Hotel Expenses Reimbursed by Marketing***	(\$6,000)	\$0	(6,000)	0%	(\$6,000)	0	0%	
TOTAL	3,476,000	2,434,000	1,042,000	43%	3,168,000	308,000	10%	

*** Depreciation and Amortization:**

The 4% Capital Awards Fund provides for purchases of assets at Batavia Downs Gaming. The depreciation on these assets, as well as the off-setting revenues of \$170,000 for the month and \$340,000 year to date have been removed from this report, as there is no effect on the bottom line.

*** Interest Expense:**

The 4% Capital Awards Fund also provides for payment of interest on loans used to finance construction at Batavia Downs Gaming. This interest expense, as well as the off-setting revenues of \$84,000 for the month and \$167,000 year to date have been removed from this report, as there is no effect on the bottom line.

*****Hotel Expenses Reimbursed by Marketing**

The following Hotel expenses are covered by Marketing:

For the month: \$1K for Advertising and \$2K for Travel Agency Commissions

YTD: \$2K for Advertising and \$4K for Travel Agency Commissions

February 2022 YTD Variance explanations for Gaming/Live Racing:

1. Salaries \$46K over plan YTD:

Food & Beverage wage expense is higher due to an increase in sales volume. Sales are \$291K over plan YTD.

2. Payroll Tax & Benefits \$40K over plan YTD:

a) Employees hired for F&B and Gaming after plan finalized.

b) FICA costs higher due to increased wage expenses.

3. Utilities \$20K over plan YTD:

Increased attendance has led to higher water and sewer costs.

4. Purse Expense, WNYHHA and Breeders \$170K over plan YTD:

Purse Expense related to Net Win. Net Win is \$1.6M over plan YTD.

5. Credit Card fees \$11K over plan YTD:

Credit card sales higher than planned due to increased food and beverage sales volume.

Western Regional Off-Track Betting Corporation
(A Public Benefit Corporation)
Batavia Downs Marketing Expenses
For the Two Months Ended February

	<u>2022</u> <u>YTD</u>	<u>2021</u> <u>YTD</u>	<u>\$</u> <u>Variance</u>	<u>%</u> <u>Variance</u>	<u>2022</u> <u>Plan</u>	<u>\$</u> <u>Variance</u>	<u>%</u> <u>Variance</u>	
Salaries	\$ 187,000	\$ 151,000	\$36,000	24%	\$ 167,000	20,000	12%	1
Payroll taxes & employee benefits	70,000	58,000	12,000	21%	58,000	12,000	21%	2
Telephone	1,000	1,000	0	0%	1,000	-	0%	
Maintenance - General	3,000	3,000	0	0%	3,000	-	0%	
Small Equipment/Equipment Rental	1,000	28,000	(27,000)	-98%	48,000	(47,000)	-98%	3
Computer Charges	6,000	7,000	(1,000)	-14%	9,000	(3,000)	-33%	
Advertising/Promotional	888,000	345,000	543,000	157%	539,000	349,000	65%	4
Marketing Requested Reimbursement	(1,180,000)	(598,000)	(582,000)	97%	(843,000)	(337,000)	40%	5
Travel & Reimbursements	1,000	-	1,000	0%	-	1,000	0%	
Supplies & Related	4,000	2,000	2,000	100%	1,000	3,000	300%	
Professional Services	24,000	7,000	17,000	243%	3,000	21,000	700%	6
Postage	-	-	0	0%	-	-	0%	
Dues and Fees	1,000	-	1,000	0%	-	1,000	0%	
Other Expense	2,000	1,000	1,000	100%	-	2,000	0%	
TOTAL	\$ 8,000	\$5,000	\$3,000	60%	(\$14,000)	\$22,000	157%	

February 2022 YTD Variance explanations for Marketing:

1. Salaries \$20K over plan YTD:

- a) Pay increase for part-time employees approved after plan finalized.
- b) Sales Manager commission more than planned.

2. Payroll Taxes and Benefits \$12K over plan YTD:

Three employees have changed their health insurance status, leading to higher health care costs.

3. Small Equipment/Equipment Rental \$47K under plan YTD:

- a) IGT contract has been renegotiated at lower rate than planned.

4. Advertising/Promotional Expense \$349K over plan YTD:

Marketing used a more aggressive marketing strategy in January and February to increase customer traffic.

5. Marketing Reimbursement \$337K more than plan YTD:

Marketing used a more aggressive marketing strategy in January and February to increase customer traffic.

6. Professional Services \$21K over plan YTD:

Outside advertising consultant commission is based on total advertising costs. Advertising costs \$349K over plan YTD.

Western Regional Off-Track Betting Corporation
(A Public Benefit Corporation)
General and Administrative Expenses
For the Two Months Ended February

	<u>2022</u> <u>YTD</u>	<u>2021</u> <u>YTD</u>	<u>\$</u> <u>Variance</u>	<u>%</u> <u>Variance</u>	<u>2022</u> <u>Plan</u>	<u>\$</u> <u>Variance</u>	<u>%</u> <u>Variance</u>	
Salaries	\$ 400,000	\$ 388,000	\$12,000	3%	\$ 400,000	\$0	0%	
Payroll taxes & employee benefits	340,000	373,000	(33,000)	-9%	352,000	(12,000)	-3%	1
Telephone	4,000	4,000	0	0%	4,000	0	0%	
Utilities	1,000	1,000	0	0%	1,000	0	0%	
Advertising/Promotional	13,000	15,000	(2,000)	-13%	12,000	1,000	8%	
Travel & Reimbursements	6,000	5,000	1,000	20%	7,000	(1,000)	-14%	
Professional/ Consulting/ Audit fees	86,000	49,000	37,000	76%	75,000	11,000	15%	2
Office supplies	6,000	6,000	0	0%	6,000	0	0%	
Equipment rental/Small equipment/Computer S	15,000	11,000	4,000	36%	16,000	(1,000)	-6%	
Maintenance	12,000	8,000	4,000	50%	12,000	0	0%	
Copier/microfilm expense	3,000	3,000	0	0%	3,000	0	0%	
Insurance	36,000	32,000	4,000	13%	36,000	0	0%	
Depreciation	34,000	34,000	0	0%	35,000	(1,000)	-3%	
Interest expense	5,000	6,000	(1,000)	-17%	5,000	0	0%	
Rental expense	1,000	1,000	0	0%	1,000	0	0%	
Bank Fees	16,000	12,000	4,000	33%	16,000	0	0%	
Union Representation	1,000	1,000	0	0%	1,000	0	0%	
Closed Branch Expense	(1,000)	9,000	(10,000)	-111%	2,000	(3,000)	-150%	
Postage	3,000	2,000	1,000	50%	3,000	0	0%	
Dues and Fees	4,000	3,000	1,000	33%	4,000	0	0%	
Other expense	3,000	4,000	(1,000)	-25%	4,000	(1,000)	-25%	
Fixed pools/minus pools	1,000	1,000	0	0%	1,000	0	0%	
TOTAL	\$988,000	\$968,000	\$21,000	2%	\$996,000	(\$7,000)	-1%	

Corporate General and Administrative Analysis Detail

1. Payroll Taxes and Employee Benefits \$12k under plan YTD:

- A) Health insurance expense at Buffalo DO and Audit department lower to plan due to change in staffing.
- B) Retiree health insurance expense lower to due to change in benefit coverage.

2. Professional/Consulting/Audit Fees \$11k over plan YTD:

- A) Network security audit conducted in 2021 not invoiced to Corporation until 2022.
- B) Legal Expense is higher than planned
- C) Corporation contracted with outside CPA firm to review potential IRS credits available to the Corporation

WLB OTB

Suffolk Regional OTB Corp.						NET HANDLE COMPARISON
						BY REGION
						February 2022
Month to Date						
	NASSAU	SUFFOLK	CATSKILL	WESTERN	CAPITAL	TOTAL
	OTB	OTB	OTB	OTB	OTB	
2022	\$ 8,891,633	\$ 4,381,351	\$ 654,856	\$ 4,157,970	\$ 8,229,182	\$ 26,314,992
2021	\$ 9,714,357	\$ 4,552,458	\$ 511,359	\$ 4,884,623	\$ 9,564,752	\$ 29,227,548
2020	12,003,066	5,691,761	3,908,453	5,151,666	9,588,094	36,343,039
2019	10,727,989	6,171,205	3,920,714	4,853,813	10,288,049	35,961,769
2018	11,620,906	5,834,115	4,410,414	4,972,408	10,010,794	36,848,637
2022 vs 2021	(822,724)	(171,107)	143,498	(726,653)	(1,335,570)	(2,912,556)
2021 vs 2020	(2,288,710)	(1,139,303)	(3,397,094)	(267,042)	(23,342)	(7,115,491)
2020 vs 2019	1,275,078	(479,444)	(12,261)	297,853	(699,955)	381,270
2019 vs 2018	(892,918)	337,090	(489,700)	(118,595)	277,255	(886,868)
2018 vs 2017	(200,889)	(268,749)	(597,465)	(522,846)	(572,465)	(2,162,415)
2022 vs 2021	-8.5%	-3.8%	28.1%	-14.9%	-14.0%	-10.0%
2021 vs 2020	-19.1%	-20.0%	-86.9%	-5.2%	-0.2%	-19.6%
2020 vs 2019	11.9%	-7.8%	-0.3%	6.1%	-6.8%	1.1%
2019 vs 2018	-7.7%	5.8%	-11.1%	-2.4%	2.8%	-2.4%
2018 vs 2017	-1.7%	-4.4%	-11.9%	-9.5%	-5.4%	-5.5%
YTD						
	NASSAU	SUFFOLK	CATSKILL	WESTERN	CAPITAL	TOTAL
	OTB	OTB	OTB	OTB	OTB	
2022	\$ 18,264,079	\$ 8,280,965	\$ 1,274,504	\$ 8,075,490	\$ 17,194,084	53,089,121
2021	\$ 21,085,293	\$ 10,128,327	\$ 981,760	\$ 10,063,883	\$ 20,772,315	63,031,578
2020	23,952,459	11,176,669	7,505,312	9,902,208	18,919,653	71,456,301
2019	21,498,044	12,334,012	7,964,130	9,524,632	19,798,096	71,118,914
2018	22,797,739	11,680,832	8,751,401	9,715,383	19,618,821	72,564,176
2022 vs 2021	(2,821,214)	(1,847,362)	292,744	(1,988,393)	(3,578,231)	(9,942,456)
2021 vs 2020	(2,867,166)	(1,048,342)	(6,523,553)	161,675	1,852,662	(8,424,723)
2020 vs 2019	2,454,415	(1,157,343)	(458,818)	377,576	(878,443)	337,387
2019 vs 2018	(1,299,695)	653,180	(787,271)	(190,751)	179,275	(1,445,263)
2018 vs 2017	(1,073,607)	(727,067)	(1,041,755)	(1,296,655)	(1,889,188)	(6,028,272)
2022 vs 2021	-13.4%	-18.2%	29.8%	-19.8%	-17.2%	-15.8%
2021 vs 2020	-12.0%	-9.4%	-86.9%	1.6%	9.8%	-11.8%
2020 vs 2019	11.4%	-9.4%	-5.8%	4.0%	-4.4%	0.5%
2019 vs 2018	-5.7%	5.6%	-9.0%	-2.0%	0.9%	-2.0%
2018 vs 2017	-4.5%	-5.9%	-10.6%	-11.8%	-8.8%	-7.7%

WhotB



2022	NASSAU OTB	SUFFOLK OTB	CATSKILL OTB	WESTERN OTB	CAPITAL OTB	TOTAL OTB	TOTAL YTD
Jan	297,912		20,649	11,599	262,068	592,228	592,228
Feb	254,728		22,752	21,889	225,543	524,911	524,911
Mar						-	-
Apr						-	-
May						-	-
Jun						-	-
Jul						-	-
Aug						-	-
Sep						-	-
Oct						-	-
Nov						-	-
Dec						-	-
2021	NASSAU OTB	SUFFOLK OTB	CATSKILL OTB	WESTERN OTB	CAPITAL OTB	TOTAL OTB	TOTAL YTD
Jan	339,742		16,059	17,713	206,479	579,992	579,992
Feb	271,285		19,982	23,840	80,917	396,023	396,023
Mar	415,039		24,959	49,548	364,907	854,452	854,452
Apr	498,543		28,675	23,480	418,389	969,087	969,087
May	585,188		27,526	17,207	959,659	1,589,580	1,589,580
Jun	458,099		32,196	31,021	514,284	1,035,600	1,035,600
Jul	537,006	1,934	37,293	18,534	710,847	1,305,614	1,305,614
Aug	574,446		34,107	262,838	1,126,667	1,998,058	1,998,058
Sep	406,554		24,302	201,282	580,665	1,212,803	1,212,803
Oct	401,607		30,205	206,593	416,711	1,055,117	1,055,117
Nov	453,274	118,543	40,951	259,794	845,671	1,718,233	1,718,233
Dec	290,105		25,381	136,686	93,037	545,210	545,210

WROTB Corporation
 Batavia Downs Gaming - Marketing Fund Status 2022

3/17/2022

Month		Net Win	10% Marketing Revenues Earned	Marketing Expenditures	Month (Over)/Under Expended	YTD (Over)/Under Expended	Estimated YTD (Over)/Under Expended
January	Plan	\$ 4,920,330	\$ 492,033	\$ 495,000	\$ (2,967)		
	Actual	\$ 5,319,843	\$ 531,984	\$ 573,975	\$ (41,990)		
February	Plan	\$ 4,609,020	\$ 460,902	\$ 500,000	\$ (39,098)		
	Actual	\$ 5,835,167	\$ 583,517	\$ 611,547	\$ (28,030)	\$ (70,021)	
March	Plan	\$ 5,417,401	\$ 541,740	\$ 560,000	\$ (18,260)		
	Actual						
	Estimated	\$ 6,019,000	\$ 601,900	\$ 625,000	\$ (23,100)		\$ (93,121)

**Batavia Downs Gaming
Comparison of Daily Statistics
For the Month Ended February**

	February 2022	February 2021	February 2019
Credits Played	84,270,000	48,862,000	61,659,000
Net Win	5,835,000	3,428,000	4,734,000
Net Hold %	6.92%	7.02%	7.68%
Win Per Terminal	237.39	265.22	202.04
Education Contribution/ Gaming Comm. Admin fee	2,859,000	1,680,000	2,594,000
Purse/WNYHHH/Breeders	584,000	343,000	473,000
Track Share (Vendor Fee)	2,159,000	1,268,000	1,477,000
Marketing Allowance	584,000	343,000	473,000
4% Capital Awards	233,000	137,000	189,000
Attendance	58,000	49,000	52,000
Win/Cap	99.83	69.54	91.21
% of Carded Play	53.18%	52.44%	50.34%

Batavia Downs
 Operating Statement of Revenue and Expenses
 For the Month Ended February

	February 2022	February 2021	February 2022 Plan
VLT Drop Win/Unit/Day	5,835,000 237.39	3,428,000 265.22	4,609,000 187.27
Live Handle ITW Handle	0 125,000	0 22,000	0 120,000
Total Handle	<u>125,000</u>	<u>22,000</u>	<u>120,000</u>
Revenue	<u>2,799,000</u>	<u>1,462,000</u>	<u>2,104,000</u>
Purse/WNYHHA/Breeders	601,000	348,000	472,000
Payroll & Related	961,000	669,000	857,000
Other Operating Expenses	121,000	54,000	105,000
G&A Allocated	<u>297,000</u>	<u>292,000</u>	<u>293,000</u>
Total Operating Expenses	<u>1,980,000</u>	<u>1,363,000</u>	<u>1,727,000</u>
Total Net Revenue	819,000	99,000	377,000
Depreciation	79,000	86,000	82,000
Total Non-Operating Expenses	<u>79,000</u>	<u>86,000</u>	<u>82,000</u>
Net Operating Profit/(loss)	<u>740,000</u>	<u>13,000</u>	<u>295,000</u>

**Batavia Downs Gaming
Food and Beverage Operations-All Units
For the Two Months Ended February**

	February Actual	February Plan	February YTD Actual	February YTD Plan	
Food Sales	232,747	161,490	525,641	358,982	53%
Beer/Liquor/Wine Sales	131,483	82,974	331,702	230,570	34%
Discounts	(5,459)	(4,125)	(10,218)	(9,083)	(1%)
Beverage Sales*	18,309	10,848	27,732	20,245	3%
Comps- Beverage*	40,845	30,000	69,683	60,000	9%
Service CHG Revenue PR	4,905	2,000	11,079	8,000	1%
Cigarette Sales	4,973	1,024	9,473	5,524	1%
Total Sales	537,806	284,211	965,091	674,238	100%
*Combined Drink total Sales	59,158	40,848	97,415	80,245	
Cost of Sales:					
Food Costs	118,857	62,043	204,867	141,080	39%
Beer / Liquor Costs	42,154	20,607	77,563	56,486	24%
Beverage Costs**	17,014	14,364	27,002	28,281	140%
Cigarette Costs	4,221	819	8,004	4,419	80%
Total Cost of Sales	182,246	97,833	317,435	230,266	34%
Food Waste	495	2,489	976	2,717	0.4%
Net Sales	355,065	183,889	646,680	441,255	65%
Net Sales	355,065	183,889	646,680	441,255	100%
Payroll	161,115	122,485	318,807	273,342	62%
Payroll Taxes & Employee Benefits	75,775	59,065	147,716	119,159	27%
Total Payroll/Related	236,890	181,550	466,523	392,501	89%
Equipment/Supplies	7,491	4,950	11,760	10,216	2%
Uniforms & Linens	4,938	2,500	7,762	5,000	1%
Trash Removal	648	708	1,295	1,416	0%
Telephone	78	113	327	175	0%
Credit Card Fees	6,854	3,229	13,777	6,737	2%
Licenses	537	124	1,088	141	0%
Miscellaneous/Other	1,413	292	2,266	584	0%
Total Other Operating Expense	21,959	11,916	38,275	24,269	5%
Total Expenses	258,848	193,466	504,799	416,770	94%
Operating Profit / (Loss)	96,217	(9,577)	141,881	24,485	6%
*Combined total Sales	537,806				100.00%
**Combined Total COS	182,246				33.89%
Waste	495				0.09%
Net F&B Sales	355,065				66.02%

Batavia Downs Gaming
Food and Beverage Operations
For the Two Months Ended February

	Fortune's Actual		34 Rush Actual		Homestretch Actual		Events Actual		Clubhouse		February 2022		February 2022		February 2022 Plan		
Food Sales	125,244		121,149	87%	23,277	37%	22,804	90%	273	60%	292,747	292,747	54%	161,490	57%		
Beer / Liquor Sales	16,357		16,569	11%	662	49%	3,501	3%	394	9%	181,483	181,483	34%	82,974	29%		
Beverage Sales	2,830		5,965	2%	2,616	2%	6,854	10%	43	19%	18,308	18,308	3%	10,848	4%		
Sales Discounts	(1,199)		(3,460)	(1%)	(800)	(1%)		(3%)			(5,459)	(5,459)	(1%)	(4,125)	(1%)		
Cigarette Sales			4,873	2%		2%					4,973	4,973	1%	1,024	0%		
Service CHG Revenue PR							4,905			13%	4,905	4,905	1%	2,000	1%		
Comp-Beverages			40,849			12%		100%	710	100%	40,849	40,849	8%	30,000	11%		
Total Sales	143,232		330,045	100%	25,755	100%	38,064	100%	710	100%	537,806	537,806	100%	284,211	100%		
Cost of Sales:																	
Food Costs	49,987		48,644	40%	9,708	40%	10,406	42%	112	46%	118,857	118,857	41%	62,043	38%		
Beer / Liquor Costs	4,040		37,090	25%	160	23%	771	24%	92	22%	42,153	42,153	23%	20,607	25%		
Beverage Costs	810		13,395	29%	749	29%	2,048	29%	12	30%	17,014	17,014	28%	14,364	35%		
Cigarette Costs			4,221	85%		85%		41%		35%	4,221	4,221	85%	819	80%		
Total Cost of Sales	54,837		103,350	38%	10,617	31%	13,225	41%	217	35%	182,245	182,245	34%	97,833	34%		
Food Waste																	
Net Sales	88,395		226,695	62%	15,138	69%	24,839	59%	493	65%	355,561	355,561	66%	183,889	65%		
Net Sales	88,395		226,695	100%	15,138	100%	24,839	100%	493	100%	355,561	355,561	100%	183,889	100%		
Operating Expenses:																	
Wages	49,324		55,656	56%	12,467	25%	26,937	82%		108%	144,384	144,384	45%	122,485	67%		
Payroll taxes and benefits	24,658		27,850	28%	6,576	12%	9,937	43%		40%	69,021	69,021	21%	59,085	32%		
Total Payroll/Related	73,982		83,506	84%	19,043	37%	36,874	126%		148%	213,405	213,405	67%	181,550	59%		
Other Operating Expenses:																	
Equipment/Supplies																	
Uniforms and Linen																	
Trash Removal																	
Telephone																	
Credit Card fees																	
Licenses																	
Miscellaneous/other			166			0%					166	166					
Professional Services																	
Total Operating Expenses	73,982		83,872	84%	19,043	37%	36,874	126%	493	148%	213,571	213,571	73%	193,466	105%		
Operating Profit/(Loss)	14,414		143,022	16%	(3,905)	63%	(12,035)	(25%)		(48%)	141,990	141,990	27%	(9,577)	(5%)		

Batavia Downs Gaming
Hotel Operations
For the Two Months Ended February

	February Actual	February Plan	February YTD Actual	February YTD Plan	
Room Revenue	149,000	137,000	288,000	277,000	100%
Misc Revenue		1,000		1,000	0%
Total Revenue	149,000	137,000	288,000	278,000	100%
Total Revenue	149,000	137,000	288,000	278,000	100%
Payroll	63,000	58,000	130,000	122,000	44%
Payroll Taxes & Employee Benefits	9,000	9,000	20,000	18,000	6%
Total Payroll/Related	72,000	66,000	149,000	140,000	50%
Real Estate Taxes and Rent	3,000	4,000	5,000	7,000	3%
Telephone	2,000	2,000	3,000	3,000	1%
Utilities	13,000	6,000	19,000	14,000	7%
Maintenance - General	2,000	2,000	5,000	5,000	2%
Small Equipment/Equipment Rental	-	1,000	1,000	1,000	0%
Computer Charges	4,000	6,000	9,000	12,000	3%
Advertising/Promotional***	3,000	3,000	6,000	6,000	4%
Marketing Requested Reimbursement***	(3,000)	(3,000)	(6,000)	(6,000)	2%
Supplies & Related	7,000	5,000	10,000	10,000	-2%
Food Cost	10,000	6,000	15,000	12,000	4%
Insurance	4,000	3,000	4,000	5,000	4%
Professional Services	8,000	8,000	17,000	17,000	2%
Credit Card Fees	5,000	3,000	10,000	7,000	6%
Other Operating Expense	57,000	46,000	97,000	95,000	3%
Total Operating Expense	130,000	113,000	247,000	235,000	34%
Operating Profit/Loss	19,000	25,000	42,000	44,000	86%
					15%

***Advertising and Promotional costs covered by Marketing

NYGA State Wide VGM #'S

Facility	Net Win				2019 2/8-2/16	2022-2021		2022-2019	
	2022 2/5-2/12	2021 2/7-2/13	2021 2/7-2/13	2021 2/7-2/13		\$ Variance	% Variance	\$ Variance	% Variance
Statewide (Total)	43,055,672	29,170,888	29,170,888	42,257,906	13,884,783	48%	797,766	2%	
Resorts World- Aqueeduct	12,195,381	8,616,399	8,616,399	14,401,575	3,578,982	42%	(2,206,194)	-15%	
Nassau OTB	5,652,554	3,885,905	3,885,905	4,003,705	1,766,649	45%	1,648,849	41%	
Empire City- Yonkers	12,040,183	7,868,435	7,868,435	11,582,573	4,171,748	53%	457,610	4%	
Jake's 58	4,877,783	3,402,707	3,402,707	4,530,870	1,475,076	43%	346,913	8%	
Saratoga	2,737,793	1,727,391	1,727,391	2,417,396	1,010,402	58%	320,397	13%	
Finger Lakes	2,210,966	1,590,478	1,590,478	1,935,798	620,488	39%	275,168	14%	
Hamburg	1,353,825	867,396	867,396	1,251,404	486,429	56%	102,421	8%	
Vernon Downs	525,957	394,035	394,035	500,428	131,922	33%	25,529	5%	
Batavia Downs	1,461,230	818,142	818,142	1,147,724	643,088	79%	313,506	27%	
Monticello	0	0	0	486,433	0	0%	(486,433)	-100%	

NYGA State Wide VGM #'S

Facility	Net Win				2019 2/15-2/23	2022-2021		2022-2019	
	2022 2/13-2/19	2021 2/14-2/20	2021 2/14-2/20	2021 2/14-2/20		\$ Variance	% Variance	\$ Variance	% Variance
Statewide (Total)	40,177,176	32,416,716	32,416,716	42,914,024	7,760,460	24%	(2,736,847)	-6%	
Resorts World- Aqueeduct	11,696,417	9,592,910	9,592,910	13,823,110	2,103,507	22%	(2,126,693)	-15%	
Nassau OTB	4,923,883	4,171,897	4,171,897	3,425,606	751,986	18%	1,498,277	44%	
Empire City- Yonkers	11,780,672	9,000,545	9,000,545	12,618,985	2,780,127	31%	(838,313)	-7%	
Jake's 58	4,511,700	3,485,188	3,485,188	4,761,636	1,026,512	29%	(249,936)	-5%	
Saratoga	2,155,809	1,933,515	1,933,515	2,550,336	222,294	11%	(394,527)	-15%	
Finger Lakes	1,918,101	1,684,383	1,684,383	2,087,326	233,718	14%	(169,225)	-8%	
Hamburg	1,332,819	883,619	883,619	1,396,876	449,200	51%	(64,057)	-5%	
Vernon Downs	496,479	380,731	380,731	602,167	115,748	30%	(105,688)	-18%	
Batavia Downs	1,361,297	1,283,929	1,283,929	1,267,344	77,368	6%	93,953	7%	
Monticello	0	0	0	380,638	0	0%	(380,638)	-100%	

NYGA State Wide VGM #'S

Facility	Net Win				2019		2022-2021		2022-2019	
	2022 2/20-2/26	2021 2/21-2/27	2/24-3/2	2019 2/24-3/2	\$ Variance	% Variance	\$ Variance	% Variance	\$ Variance	% Variance
Statewide (Total)	46,431,986	34,275,355	43,117,286	43,117,286	12,156,631	35%	3,314,700	8%	3,314,700	8%
Resorts World- Aqueduct	13,174,166	9,987,537	14,415,016	14,415,016	3,186,629	32%	(1,240,850)	-9%	(1,240,850)	-9%
Nassau OTB	5,177,224	3,680,306	3,230,344	3,230,344	1,496,918	41%	1,946,880	60%	1,946,880	60%
Empire City-Yonkers	13,662,165	10,111,071	12,960,183	12,960,183	3,551,094	35%	701,982	5%	701,982	5%
Jake's 58	5,270,855	3,869,256	4,543,835	4,543,835	1,401,599	36%	727,020	16%	727,020	16%
Saratoga	2,808,799	2,120,992	2,433,510	2,433,510	687,807	32%	375,289	15%	375,289	15%
Finger Lakes	2,469,644	1,947,941	2,102,067	2,102,067	521,703	27%	367,577	17%	367,577	17%
Hamburg	1,596,374	1,079,633	1,199,095	1,199,095	516,741	48%	397,279	33%	397,279	33%
Vernon Downs	580,563	411,245	541,346	541,346	169,318	41%	39,217	7%	39,217	7%
Batavia Downs	1,692,195	1,067,375	1,297,842	1,297,842	624,820	59%	394,353	30%	394,353	30%
Monticello	0	0	394,048	394,048	0	0%	(394,048)	-100%	(394,048)	-100%

del Lago Resort and Casino

Total Gross Gaming Revenue (GGR) Fiscal Year 2022

Week-Ending	Slots/ETG's				Table Games				Poker Tables			Sports Wagering			Total GGR
	Credits Played	Promotional Slot Gaming Credits	Slot/ETG GGR	Avg Daily Slots & ETGs	Wim/Unit per Day	Avg Daily Tables	Table Game Drop	Promotional Table Gaming Credits	Table Game GGR	Avg Daily Poker Tables	Poker Table GGR	Sports Wagering Handle	Sports Wagering GGR		
02/06/22	\$25,289,105	\$346,726	\$1,900,685	1,702	\$160	66	\$2,381,104	\$0	\$602,776	14	\$46,082	\$299,610	(70,803)	\$2,478,741	
02/13/22	\$28,711,227	\$378,110	\$2,250,637	1,702	\$189	66	\$2,857,959	\$0	\$392,945	14	\$50,881	\$809,089	337,896	\$3,032,355	
02/20/22	\$29,530,342	\$362,639	\$2,282,691	1,702	\$192	66	\$3,161,755	\$0	\$747,216	14	\$47,740	\$351,879	(448,607)	\$2,629,041	
02/27/22	\$31,853,338	\$414,693	\$2,286,371	1,702	\$192	66	\$2,980,691	\$0	\$306,593	14	\$48,441	\$287,441	(35,045)	\$2,606,366	

Note:

- 1) The minimum number of table games in each facility license is verified by combining the total Average Daily Tables & Average Daily Poker Tables on a weekly basis. Fluctuations may occur.
- 2) Sports wagering gross gaming revenue is reported on a cash basis in New York State. Wagers on future events are taxed as current revenue and payouts for winning wagers are recognized in the period redeemed.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

ADVERTISING AND PROMOTIONS COMMITTEE AGENDA

Wednesday, March 23, 2022

3:00 P.M.

Susan May, Chairperson
Ken Lauderdale, Vice-Chair
Richard Bianchi, Ex-Officio
Ed Morgan, Ex-Officio

Paul Lattimore Jr. Member
Michelle Parmer-Garner, Member
Richard Ricci, Member
Francis Warthling, Member
Michael Horton, Member

AGENDA

1. Gaming/Branch Marketing Update R. Hasenauer
2. Resolution #27-2022
United States Postal Service R. Hasenauer
3. Resolution #28-2022
Mark It Smart - Promotional Items R. Hasenauer

RESOLUTION #27-2022

WHEREAS, as part of its ongoing patron attraction and retention program, Western Regional Off-Track Betting Corporation ("Western") sends out various mailers through the United States Postal Service to its patrons and potential patrons to promote the Batavia Downs Gaming facility; and

WHEREAS, staff estimates that in 2022 Western will use approximately \$250,000.00 under Permit 919; and

WHEREAS, staff recommends to the Board that Western that it approves the expenditure with the United States Postal Service in an amount not to exceed \$250,000.00; now therefore

BE IT RESOLVED, that the Board of Directors of Western hereby approves the expenditure for postage relating to the mailing of various marketing mailers and postcards with the United States Postal Service for 2022 in the amount not to exceed \$250,000.00; and further

RESOLVED, that the Board of Directors of Western hereby authorizes an officer of Western to enter into an agreement in furtherance of this resolution.

Respectfully submitted,

Susan May, Chairperson
Advertising & Promotions Committee

Dated: March 24, 2022
Batavia, New York

RESOLUTION #28-2022

WHEREAS, as part of its ongoing patron attraction and retention program, Western Regional Off-Track Betting Corporation ("Western") purchases various promotional items that are given away to patrons of Batavia Gaming; and

WHEREAS, has sent out an RFP requesting pricing for various items including Thanksgiving items, soup and sandwich items, various linens and pots and pans and Mark-It-Smart Inc. ("Smart") was the lowest responsible bidder to purchase those items as set forth in the attached schedule to this resolution.

WHEREAS, Staff requests that the Board approve the above referenced purchase of the various items set forth above from Smart to be given away to various patrons of Batavia Gaming in an amount not to exceed each of the specific amounts set forth in the attached schedule, and in the total amount of \$243,712.25; and therefore

BE IT RESOLVED, that the Board of Directors of Western hereby acknowledges and approves that Western enter into a series of purchase agreements with Smart for the purchase of various items including Thanksgiving items, soup and sandwich items, various linens and pots and pans to be given away to various patrons of Batavia Gaming in the total amount of \$243,712.25; and further

RESOLVED, that the Board of Directors of Western hereby authorizes an officer of Western to execute any such agreements in furtherance of this resolution.

Respectfully submitted,

Susan May, Chairperson
Advertising & Promotions Committee

Dated: March 24, 2022
Batavia, New York

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

LEGISLATIVE COMMITTEE

Wednesday – March 23, 2022

3:30 p.m.

Mark Bombardo, Chairman
Richard Siebert, Vice Chairman
Paul Lattimore, Jr., Member
Phil Barnes, Member
Francis Warthling, Member

Richard Bianchi, Ex-Officio
Edward Morgan, Ex-Officio

AGENDA

- | | |
|---|--------------|
| 1. Sports Betting Kiosk Update | H. Wojtaszek |
| 2. Fixed Odds Horseracing Update | H. Wojtaszek |
| 3. Legalization of Online Gaming Update | H. Wojtaszek |

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

INSURANCE COMMITTEE
Wednesday March 23, 2022
3:45p.m.

Susan May, Chairperson
Dennis Bassett, Vice-Chair
Richard Ricci, Member
Mark Burr, Member

Richard Bianchi, Ex-Officio
Edward Morgan, Ex-Officio

AGENDA

1. Resolution #26-2022
Guardian Insurance

M. Glor

RESOLUTION #26-2022

WHEREAS, the Western Regional Off-Track Betting Corporation ("Western") has received a recommendation from Western's insurance broker who has performed a New York State Disability marketing analysis in respect to Western's disability coverage for 2022; and

WHEREAS, it is being recommended to the Board of Directors of Western to accept a proposal from Guardian Insurance to provide New York State Disability coverage for Western for 2022 at the annual cost not to exceed \$40,000.00; and therefore, be it

RESOLVED, that the Board of Directors of Western hereby accepts the proposal from Guardian Insurance to provide New York State disability coverage to Western for 2022 for the amount not to exceed \$40,000.00; and further

RESOLVED, that an officer of Western is directed to execute such documents as to further this Resolution.

Respectfully Submitted,

Susan May, Chairperson
Insurance Committee

Dated: March 24, 2022
Batavia, New York

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

AUDIT COMMITTEE MEETING

Thursday - March 24, 2022 9:00am

Dennis Bassett, Chairman
Michael Horton, Vice-Chair
Richard Siebert, Member
Michelle Parmer-Garner, Member
Mark Burr, Member

Richard Bianchi, Ex-Officio
Edward Morgan, Ex-Officio

AGENDA

1. Review 2021 Audited Financial Statements - Bonadio & Co.



Western Regional Off-Track Betting
Corporation

Report to the Audit Committee

March 24, 2022

THE BONADIO GROUP
CPAs, Consultants & More

MEETING AGENDA

Western Regional Off-Track Betting Corporation

- | | | |
|----|---|-------|
| 1. | Executive Summary | 1 |
| | The Auditor's Communication with Those Charged with Governance | 2 - 4 |
| | Current Accounting and Auditing Developments | 5 |
| 2. | Draft Western Regional Off-Track Betting Corporation Financial Statements | |

EXECUTIVE SUMMARY

We have performed our audit of the Corporation's financial statements in accordance with our audit plan communicated to the Audit Committee on December 2, 2021. The results of our audit procedures and our required communications at the conclusion of the audit are included in this package. The key outcomes from the audit are as follows:

Audit Opinion	We will issue an unmodified opinion on the Corporation's financial statements.
Internal Control	We did not identify any material weaknesses in internal control in connection with our audit.
Accounting Policies and Estimates	The accounting policies and estimates used by the Corporation are appropriate, and estimates are consistent with the prior year.

The Auditor's Communication With Those Charged With Governance

Matter to be Communicated	Independent Auditor's Response
Auditor's Responsibility	Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles.
Qualitative Aspects of Accounting Practices	<p>Accounting Policies</p> <p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Western Regional Off-Track Betting Corporation (the Corporation) are described in Note 2 to the financial statements.</p> <p>New Accounting Pronouncements</p> <p>No other new accounting pronouncements were adopted during 2021 and the application of existing policies was not changed.</p> <p>Accounting Transactions</p> <p>We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p> <p>Accounting Estimates</p> <p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.</p>

The Auditor's Communication With Those Charged With Governance

Matter to be Communicated	Independent Auditor's Response
<p>Qualitative Aspects of Accounting Practices</p>	<p>The most sensitive estimates affecting the Corporation's financial statements are as follows:</p> <ul style="list-style-type: none"> • The Corporation has a postretirement healthcare benefit plan that provides health insurance benefits to retired employees. The cost associated with this plan is determined based on certain actuarial assumptions pertaining to interest rates and employee demographics, both of which are subject to change. • Estimates related to the net pension liability and the deferred inflows and outflows of resources and the related net pension expense are based on actuarial assumptions utilized by an actuary applied to the pension plan's census information. <p>We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.</p> <p>Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.</p> <p>The Corporation's financial statement disclosures are neutral, consistent, and clear.</p>
<p>Difficulties Encountered in Performing the Audit</p>	<p>We did not encounter any difficulties in dealing with management in performing and completing our audit.</p>
<p>Corrected and Uncorrected Misstatements</p>	<p>Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.</p> <p>There were no known or likely misstatements identified during our audit.</p>
<p>Disagreements with Management</p>	<p>For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.</p> <p>We are pleased to report that no such disagreements arose during the course of our audit.</p>
<p>Management Representations</p>	<p>We will request certain representations from management that will be included in the management representation letter.</p>

The Auditor's Communication With Those Charged With Governance

Matter to be Communicated	Independent Auditor's Response
Management Consultations with Other Independent Accountants	<p>In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion." If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.</p> <p>To our knowledge, there were no such consultations with other accountants.</p>
Other Audit Findings or Issues	<p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to our retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
Other Matters	<p>We applied certain limited procedures to the management's discussion and analysis, the schedule of proportionate share of net pension liability, the schedule of contributions - pension plans, and the schedule of changes in other postemployment liability, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p> <p>We were engaged to report on the additional supplementary information included on Schedules IV through VIII, which accompany the financial statements, but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>
Restriction on Use	<p>This information is intended solely for the use of the Audit Committee, Board of Directors, management, and others within Western Regional Off-Track Betting Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.</p>

CURRENT ACCOUNTING AND AUDITING DEVELOPMENTS

1. **GASB Statement No. 87: Leases**

- **Statement of net position impact:**
 - Lessees will record an offsetting asset and liability
 - Lessors will record an offsetting asset and deferred inflow
- The Corporation needs to identify all holders of contracts/agreements with the understanding that some may not currently be classified as leases.
- Potential impact on future negotiations of lease terms.

Effective for the Corporation's year ending December 31, 2022.

**WESTERN REGIONAL OFF-TRACK BETTING
CORPORATION**

**Financial Statements as of
December 31, 2021 and 2020
Together with Independent
Auditor's Report**

Draft - Subject to Change

Bonadio & Co., LLP
Certified Public Accountants

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

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INDEPENDENT AUDITOR'S REPORT

March 24, 2022

To the Members of
Western Regional Off-Track Betting Corporation

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Western Regional Off-Track Betting Corporation (a New York public benefit corporation) (the Corporation) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation, as of December 31, 2021 and 2020, and the respective changes in financial position, and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Corporation 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 opinions.

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 Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and *Government 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 Corporation'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 Corporation'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 audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in total OPEB and related ratios, the schedule of proportionate share of net pension asset (liability), and the schedule of contributions - pension plans be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying operating expenses, statement of section 516 revenues and expenditure, summary of revenue and expenses by branch, capital acquisition fund - statement of net position, capital acquisition fund - statement of revenue and expenditures and change in net position, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2022 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Corporation's internal control over financial reporting and compliance.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Management's Discussion and Analysis (Unaudited)

As of and For the Years Ended December 31, 2021 and 2020

Our discussion and analysis of Western Regional Off-Track Betting Corporation's (the Corporation's) financial performance provides an overview of the Corporation's financial activities for the years ended December 31, 2021 and 2020. Please read it in conjunction with the independent auditor's report and the Corporation's financial statements.

Financial Highlights

The Corporation generated a net handle of \$68,366,397 in 2021, which represents an increase of \$11,715,269, or 20.7%, from the net handle of \$56,651,128 generated in 2020.

Video gaming operations had total credits played of \$913,409,150 and credits won by patrons of \$847,008,725 in 2021, resulting in a net win of \$66,400,425. Credits played represented a \$543,601,925, or 147% increase over the credits played of \$369,807,225 in 2020, while net win represented a \$39,789,229, or 149.52% increase as compared to the net win of \$26,611,196 in 2020.

The Corporation acquired the Hotel at Batavia Downs in April of 2021, and during 8 months of OTB ownership generated \$1,308,428 in room revenue.

The Corporation generated revenue that provided for the following distributions, including certain statutory payments, in 2021; participating municipalities received \$5,793,184; counties with racetracks, including Buffalo Raceway, received \$239,695; New York State received \$34,082,527; the racing industry (including direct commission payments to racing entities as payment for allowing WROTB patrons to wager on their races, the Agriculture and New York State Horse Breeding Development Fund and the New York State Thoroughbred Breeding and Development Fund, simulcast commission fees to select in-state racing entities, and statutory payments due to the Batavia Downs Purse Fund to help support live racing purses) received \$13,108,942; and Genesee County and Batavia School District pursuant to arrangements with those entities in lieu of paying property and school taxes received \$89,232.

In total, these distributions totaled \$53,313,580 during 2021 and were 124% higher than 2020 distributions. These distributions increased year over year in 2021 due to impacted operations related to the COVID-19 global pandemic in 2020, as well as, the positive impact the purchase of the hotel had with the increased volume of patrons on the gaming floor and in the food venues. Participating municipalities earned surcharge revenue of \$886,904 that is paid on a monthly basis and received earnings distributions of \$4,906,280 that is paid on a quarterly basis.

The Corporation's total operating expenses increased \$11,789,109 to \$44,577,864, excluding the effect of post-employment health benefits expense and the expense related to the Corporation's participation in the New York State and Local Employees Retirement System (ERS). This increase is related to impacted operations related to the COVID-19 global pandemic in 2020. While operations were impacted, the Corporation worked with vendors to delay contractual payments and cut all non-essential operating expenses, including marketing campaigns, planned professional service agreements, travel expenses and branch cleaning contracts.

Total operating expenses, including postemployment health benefits expense and the effect of participating in the ERS were \$44,401,453 in 2021 as compared to \$35,641,517 in 2020.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Management's Discussion and Analysis (Unaudited)

As of and For the Years Ended December 31, 2021 and 2020

Before accounting for the sale of assets, Branch Operations generated operational earnings of \$531,831 in 2021 as compared to a loss of \$4,144,690 in 2020. After recognition of the sale of assets, Branch Operations generated earnings of \$1,156,499 in 2021. The Batavia Downs facility generated earnings of \$7,539,615 as compared to losses of \$5,719,232 in 2020. Corporate earnings, including sale of assets, totaled \$8,717,779 as compared to losses of \$9,643,404 in 2020. For the year ended December 31, 2021, the Corporation reported revenue available for distribution to participating municipalities of \$6,452,983 as compared to \$727,740 in 2020.

Basic Financial Statements

This annual report consists of a series of financial statements that have been audited by independent auditors. The Corporation's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, as set forth by the Governmental Accounting Standards Board (GASB). As such, the Corporation is required to use the accrual method of accounting, which recognizes revenue when earned and all expenses are recorded when they are incurred, regardless of when they will be paid. The comparative statements of net position are as of December 31, 2021 and 2020 and show the Corporation's assets, deferred outflows of resources, liabilities, deferred inflow of resources, and undistributed net revenue. These statements indicate the resources available and the related obligations the Corporation must meet. The Corporation is a New York State public benefit corporation and, as such, all income derived from operations is distributed to state and local governments.

The statements of net revenue available for distribution, otherwise known as the income statements, show activities for the years ended December 31, 2021 and 2020. Revenues are classified by source. Expenses are classified into the following categories: statutory payments, operating expenses, and other expenses. The difference between revenues and expenses, including non-operating revenue, special items, and the allocation to the capital acquisition fund is the net revenue available for distribution to the participating municipalities.

The statements of changes in undistributed net revenue for the years ended December 31, 2021 and 2020 include reconciliations of the beginning and ending of the year undistributed net revenue for each participating municipality. These reconciling items include the net revenue (loss) allocated to each municipality, as well as the payments made by the Corporation to each municipality.

The statements of cash flows for the years ended December 31, 2021 and 2020 disclose the nature of the Corporation's cash receipts and disbursements. These receipts and disbursements are separated into three activities: operating, capital and related financing, and investing activities. The cash flow statements separately report cash received from racing and gaming commissions, cash received from other sources, cash paid out to suppliers and employees (salaries), and statutory payments. These statements also show cash paid for the purchase of fixed assets, payments made on debt, and the distribution of net revenue to participating municipalities. The result is a reconciliation of cash held at the beginning of the year to cash held at the end of the year.

The notes to the financial statements disclose the Corporation's significant accounting policies and provide detail of the major assets and liabilities such as property and equipment, debt, and the Corporation's postretirement benefits. The New York State and Local Employees' Retirement System (ERS) is described, as well as the Corporation's related funding policy and total costs. Also disclosed are future commitments of the Corporation, such as leases and major contracts. The notes include a definition of revenue and detail the allocation of revenue to the racing industry, participating municipalities, and New York State.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Management's Discussion and Analysis (Unaudited)

As of and For the Years Ended December 31, 2021 and 2020

Condensed Financial Information (000s omitted)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statements of Net Position -			
Current assets	\$ 13,676	\$ 9,568	\$ 10,073
Property and equipment, net	<u>44,323</u>	<u>39,180</u>	<u>41,927</u>
Total assets	<u>57,999</u>	<u>48,748</u>	<u>52,000</u>
Deferred outflows of resources	<u>14,522</u>	<u>14,055</u>	<u>6,949</u>
Current liabilities	(12,678)	(18,020)	(11,635)
Long-term liabilities	<u>(57,458)</u>	<u>(61,033)</u>	<u>(51,176)</u>
Total liabilities	<u>(70,136)</u>	<u>(79,053)</u>	<u>(62,811)</u>
Deferred inflows of resources	<u>(26,309)</u>	<u>(12,659)</u>	<u>(15,086)</u>
Undistributed net revenue	<u>(23,924)</u>	<u>(28,909)</u>	<u>(18,948)</u>
Statements of Net Revenue Available for Distribution -			
Total revenue and other income	94,607	46,322	86,015
Total operating expenses	<u>(44,401)</u>	<u>(35,642)</u>	<u>(43,462)</u>
Income before statutory payments	50,206	10,680	42,553
Statutory payments:			
Racing industry	(5,578)	(5,088)	(6,704)
New York State	(34,680)	(14,367)	(32,345)
Other local governments	<u>(329)</u>	<u>(258)</u>	<u>(345)</u>
Net revenue available from operations	<u>\$ 9,619</u>	<u>\$ (9,033)</u>	<u>\$ 3,159</u>

Overall Financial Position and Results of Operations

The Corporation's net handle in 2021 was \$68,366,397, an increase of \$11,715,269, or 20.7%, from handle of \$56,651,128 generated in 2020. The Video gaming segment realized a net win of \$66,400,425, an increase of 39,789,229, or 149.52%, from 2020. The Corporation had earnings from operations of \$8,071,446 in 2021, as compared to losses of \$9,863,922 in 2020 and earnings of \$2,374,985 in 2019. Noncash revenue associated with the Corporation's postemployment health insurance benefits and participation in the ERS was \$176,411 in 2021, as compared to expense of \$2,852,762 in 2020. This decrease in expense was due primarily to changes in the underlying assumptions related to GASB 68.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Management's Discussion and Analysis (Unaudited)

As of and For the Years Ended December 31, 2021 and 2020

New York State law requires off-track betting corporations to distribute operating earnings to their participating municipalities on a quarterly basis. In accordance with these laws, the Corporation made quarterly distributions of \$4,906,280 in 2021, as compared to 2020 when it did not make any quarterly distributions to municipalities. In 2019, the Corporation distributed \$2,618,934 in the second, third and fourth quarters.

Branch Operations –

The Corporation's branch net handle was \$65,979,915 in 2021, which represented a \$9,932,407, or 17.7%, increase from 2020 handle of \$56,047,508. The Corporation's 2020 branch handle represented a \$9,924,543, or 15.0% decrease from 2019 handle of \$65,972,051. Total net revenue from branch operations after statutory payments was \$10,410,406 in 2021, an increase of \$1,516,667, or 17.05%, from 2020. The Corporation's pari-mutuel wagering continued to shift to Batavia Bets, the Corporation's internet pari-mutuel wagering platform, in 2021 with \$18,910,343 in handle, an increase of \$1,276,863, or 7.34%, over 2020 handle of \$17,633,480, and \$6,074,352 or 47.32% over 2019 handle. The Corporation has implemented a new rewards program to entice patrons to wager with Batavia Bets instead of wagering on other ADW platforms. This increase from 2019 is related directly to the new rewards wagering program.

In 2021, branch expenses totaled \$7,311,674, which represented a decrease of \$648,638, or 8.1%, as compared to 2020. Branch handle increased by \$9,932,407 in 2021 as compared to 2020, resulting in increased revenues of \$2,759,879. This increase in handle and in total revenue from 2020 relates to operational challenges related to the COVID-19 global pandemic during 2020. The Corporation was able to decrease operational expenses during this time by closing un-profitable brick and mortar locations and consolidating handle to locations that are more profitable. Branches generated \$3,386,188 of net revenue from operations before general and administrative expenses, sale of assets, postemployment health benefits, and ERS pension expense in 2021, as compared to \$370,906 in 2020.

At the end of 2021, the Corporation owned 10, and leased 1 full-service brick and mortar branch location, contracted with 25 Ez-Bet Operator locations, and offered two account wagering options: Dial-a-Bet, where patrons can phone in wagers to live operators, and Batavia Bets, an internet wagering platform. At the end of 2020, the Corporation owned 10, and leased 1 full-service brick and mortar branch location and contracted with 27 Ez-Bet Operator locations. At the end of 2019, the Corporation owned 14, and leased 3 full-service brick and mortar branch locations and contracted with 27 Ez-Bet Operator locations. The Corporation will continue to assess the profitability of these branch locations and react in the best interest of the Corporation.

As in past years, the Corporation continued its efforts in working with New York State lobbyist groups and the New York State government to facilitate change in the current legislative environment.

Batavia Downs Gaming Facility –

Batavia Downs Gaming generated credits played of \$913,409,150, which was an increase of \$543,601,925, as compared to 2020 credits played of \$369,807,225. After accounting for credits won of \$847,008,725, net win in 2021 was \$66,400,425, an increase of \$39,789,229, or 149.52%, as compared to 2020 net win of \$26,611,196. Revenue generated from operations, net of the marketing and capital funds was \$72,131,646, an increase of \$41,933,946 or 139% from 2020 revenue of \$30,197,700. The Corporation is required to pay 49% of its VGM net win to the New York State Gaming Commission, resulting in \$32,536,208 in payments during 2021, an increase of \$19,496,722, or 149.50%, above 2020 payments of \$13,039,486.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Management's Discussion and Analysis (Unaudited)

As of and For the Years Ended December 31, 2021 and 2020

The subsidized free play allowance program, which allows the Corporation to set aside up to 15% of the net win to be used for free play by patrons, provided the Corporation with \$9,076,700 in 2021 as compared to \$3,994,437 in 2020.

Live Racing and inter-track wagering (ITW) at Batavia Downs in 2021 generated an additional \$2,386,482 in handle for the Corporation, which represented an increase of \$1,782,862, or 295.54%, from the handle of \$603,620 generated in 2020. 2020 handle represented a decrease of \$2,913,198, or 82.84% from handle of \$3,516,818 generated in 2019. Revenues generated, net of statutory payments were \$872,330 as compared to \$576,593 in 2020. The loss from racing and ITW in 2021 was \$784,522 as compared to the loss in 2020 of \$781,296 and \$856,656 in 2019.

Total statutory payments made in support of state and local governments and breeders funds from video gaming, live racing, and inter-track wagering totaled \$32,432,401 in 2021, an increase of \$19,629,940 or 153.32% from payments made of \$12,802,461 in 2020.

Payments to Western New York Harness Horsemen's Association (WNYHHA) and Horsemen Purses related to all Batavia Downs activity totaled \$6,245,427 in 2021, an increase of \$3,442,306 or 122.8% from payments made of \$2,803,121 in 2020.

The Corporation acquired the Hotel at Batavia Downs in April of 2021, and during 8 months of ownership, the hotel generated \$1,308,428 in room revenue. The hotel also contributed \$243,231 in bottom line earnings to the Corporation.

The combined racing/video gaming and hotel operating expenses of Batavia Downs were \$30,127,931 in 2021 as compared to \$18,650,013 in 2020 before post-employment health benefits, the costs of participating in ERS, and general and administrative expenses. The increase in expenses of \$11,477,918, or 61.54%, in 2021 is related to the cost saving measures undertaken in 2020 during the COVID-19 global pandemic.

Corporate General and Administrative Expenses -

In 2021, the Corporation's general and administrative expenses were \$7,138,259, which were \$959,829, or 15.55%, higher than 2020 expenses of \$6,178,430. The increase is directly related to the cost saving measures undertaken in 2020 during the COVID-19 global pandemic.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Management's Discussion and Analysis (Unaudited)

As of and For the Years Ended December 31, 2021 and 2020

In 2021, the Corporation allocated 59% or \$4,211,573 of its general and administrative expenses to the Batavia Downs business segment, and 41%, or \$2,926,687 to the branch operations business segment. In 2020, the Corporation allocated 50% or \$3,089,215 of its general and administrative expenses to both Batavia Downs and to Branch operations.

Inclusive of all expenses, and the sale of assets, branch operations gained \$886,904 in surcharge, and \$29,938 of earnings for a total of \$916,842 of net revenue available for distribution to participating municipalities in 2021, while Batavia Downs Gaming gained \$5,536,141 of net revenue available for distribution to participating municipalities. In total, the Corporation had net revenue available for distribution to participating municipalities of \$6,452,983 for 2021. This was an increase of \$8,881,943 over 2020 results of \$722,740.

In 2020, inclusive of all expenses, and the sale of assets, branch operations gained \$722,740 in surcharge, \$4,144,690 of losses for a total of \$722,740 of net revenue available for distribution to participating municipalities, while Batavia Downs Gaming lost \$5,719,232 of net revenue available for distribution to participating municipalities. In total, the Corporation had net revenue available for distribution to participating municipalities of \$722,740 in 2020.

The Corporation recognized an additional \$332,396 in non-cash expense related to the other postemployment benefits provided to its retirees. This was \$407,301 less than 2020 expense of \$739,697 and \$198,695 less than 2019 expense of \$531,091. This is due to changes in the discount rate, and other actuarial assumptions.

In 2021, the net effect of implementing the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date related to the Corporation's participation in the ERS resulted in additional employee benefits revenue of \$508,807. In 2020, this adjustment resulted in additional employee benefits expense of \$2,113,065.

Capital Asset Activity

In 2021 and 2020, the Corporation expended approximately \$8,616,000 and \$820,000, respectively, on capital assets. In 2021, the Corporation purchased the Hotel at Batavia Downs, as well as, began construction on a warehouse at the Batavia Downs Facility, as well as, miscellaneous maintenance costs at Batavia Downs and owned OTB Branch facilities. In 2020, capital purchases centered around general maintenance of assets, as well as purchase: maintaining patron and employee safety in the wake of the COVID-19 global pandemic.

The Corporation expects to complete the warehouse project during the 1st quarter of 2022 and will be working with the Town of Batavia to complete improvements along the outside of the Batavia Downs facility on Park Road. These improvements include, new tree-lined sidewalks, better lighting and a raised walkway for patrons to enter the facility from the Batavia Downs parking lot.

Long-Term Debt Activity

In August 2021, the Corporation issued a tax-exempt bond in the amount of \$26,400,000 which was purchased by institutional investors. The proceeds from the issuance of this bond were used to finance the purchase of the Hotel at Batavia Downs, finance the construction of a warehouse needed for Food & Beverage storage needs, and refinance of all the Corporation's outstanding bond/term loan debt. Under the terms of this tax-exempt bond, the Corporation is required to make semi-annual payments commencing December 2021 and terminating December 2041.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Management's Discussion and Analysis (Unaudited)

As of and For the Years Ended December 31, 2021 and 2020

At December 31, 2021, the Corporation had outstanding debt related to the 2021 Bond proceeds of \$26,105,000.

Once the Corporation closed on the sale of the 2021 Bonds, it did not have any outstanding long-term indebtedness that is senior to, or on parity with, the 2021 Bonds. The following is a description of long-term indebtedness outstanding related to 2020, which was repaid using a portion of the proceeds from the sale of the 2021 Bonds.

In September 2013, the Corporation issued a tax-exempt bond (Series 2013A Bond) in the amount of \$4,485,046, the proceeds of which were used to satisfy the outstanding liability of previously issued bonds (Series 2010). Also, in September 2013, the Corporation issued a second tax-exempt bond (Series 2013B Bond) in the amount of \$3,500,000. The proceeds from the issuance of the Series 2013B Bond were used to finance the upgrading and improvement of various areas within the Corporation's off-track betting and gaming facilities at Batavia Downs.

In June 2018 the Corporation paid off the Series 2013A Bond, months ahead of its scheduled maturity. The Corporation made principal payments on these bonds of \$101,604 and \$249,820 during 2020 and 2019, respectively. The outstanding balances on these bonds payable at December 31, 2020 and 2019 were \$1,276,888 and \$1,378,492, respectively.

In October 2013, the Corporation entered into a \$17,400,000 tax-exempt delayed draw term loan and a \$2,000,000 taxable delayed draw term loan. Amounts drawn under the terms of these term loans were used to pay the costs associated with the renovation of Batavia Downs. Principal payments on these borrowings commenced in July 2015.

The Corporation made principal payments of \$764,840 and \$817,063 during 2020 and 2019, respectively. The outstanding balances on these loans payable at December 31, 2020 and 2019 were \$14,930,571 and \$15,695,412, respectively.

In June 2019, the Corporation entered into a \$2,200,000 tax-exempt term loan with the Bank of Castile. These funds were used to pay the costs associated with renovating Batavia Downs 34 Rush and Fortune's restaurant, as well as renovating and updated Park Place.

The Corporation made principal payments of \$313,556 and \$344,304 during 2020 and 2019, respectively. The outstanding balance as of December 31, 2020 and 2019 were \$1,542,141 and \$1,855,696, respectively.

On April 30th 2020, the Corporation was approved for a Paycheck Protection Loan (PPP) through the Small Business Association (SBA) in the amount of \$3,151,700 to help combat the short term cash flow emergency presented by the COVID-19 pandemic. This loan helped to keep staff on payroll for the duration of its covered period and allowed for the Corporation to continue employee benefits for all employees throughout the entire pandemic. The Corporation sought, and obtained, full forgiveness from the SBA as the proceeds were used in accordance within the guidelines of the PPP.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Management's Discussion and Analysis (Unaudited)

As of and For the Years Ended December 31, 2021 and 2020

Budget Analysis

In 2021, Batavia Downs' gaming operations had credits played of \$913,409,150, and credits won of \$847,008,725, resulting in net win revenue of \$66,400,425. This was \$9,660,425, or 17.03%, above the 2021 operating plan, and 149.52% higher than 2020 actual net win. The Batavia Downs Gaming operation has seen great success in 2021 as COVID-19 restrictions have been lifted and patrons felt more comfortable in the Batavia Downs Facility. The purchase of the Hotel at Batavia Downs has also helped operations as now the Corporation can streamline hotel operations with gaming operations and provide benefits to patrons that maximize their experience on property.

Batavia Downs Gaming net win revenue in 2020 was 56.36%, or \$34,388,804, below operating plan projections, and 57.07% higher than 2019 actual net win.

The Hotel at Batavia Downs room revenue for the months May-December was \$1,308,428. This was \$346,395 or 36.01% over planned room revenue of \$962,033. The Hotel also contributed \$243,231 in bottom line earnings to the Corporation, which is \$157,542 or 54.39% over planned bottom line earnings. The loosening of COVID-19 restrictions as well as being able to provide hotel rooms included with Batavia Downs promotions has seen a greater demand for hotel rooms than had been planned for.

The Corporation's OTB pari-mutuel handle for 2021 was \$65,979,915 as compared to planned handle of \$59,050,000, a positive variance of \$6,929,915 or 11.74%. The Corporation closed 6 unprofitable brick and mortar locations in the 3rd and 4th quarters of 2020, and the pari-mutuel management team was able to transfer a significantly greater percentage of handle from these closed locations to OTB's current locations than was planned for. The 2021 operating plan anticipated a branch operating loss of \$1.3 million before postemployment insurance benefits and ERS pension expense. Pari-Mutuel operations produced earnings of \$1.1 million before these items, a \$2.4M positive variance. Contributing to this positive variance were an increased Market Origin Credit due to an increase in online wagering, and the greater percentage of handle retained after closing the six unprofitable locations mentioned above. The Corporation will continue in its efforts to streamline branch operations, modify hours of operations, close unprofitable branches, and increase the number of Ez-Bet sites.

OTB pari-mutuel handle in 2020 was \$56,047,508, as compared to planned handle of \$64,598,500, resulting in a negative variance of 13.24%. The 2020 operating plan anticipated a branch operating loss of \$3.4 million before postemployment insurance benefits and ERS pension expense. The actual loss for 2020 was \$2.6 million a positive variance of \$800,000.

With respect to Batavia Downs racing and inter-track wagering, combined net handle for live racing and inter-track wagering in 2021 was \$2,386,482, which was lower than projected net handle of \$3,150,000 by \$763,518 or 24.24%. Inter-Track Wagering was not permitted to fully operate until May 31st, 2021, leading to the negative variance to plan.

The combined 2020 handle was \$603,620, which was lower than 2020 projected handle of \$3,336,000 by \$2,732,380 or 81.91%.

Total general and administrative expenses in 2021 were \$7,138,259 as compared to planned expenses of \$6,604,507, a variance of \$533,752, or 8.08%. The Corporation experienced higher costs associated with professional services than had been planned for.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Management's Discussion and Analysis (Unaudited)

As of and For the Years Ended December 31, 2021 and 2020

Overall, the 2021 operating plan projected earnings from operations before the effect of actuarial adjustments to reflect the costs associated with the Corporation's postemployment benefits and participation in ERS, to be \$1,396,291, as compared to actual earnings of \$8,541,368. After recognition of these actuarially determined expenses, the Corporation experienced earnings from operations in 2021 of \$8,717,779 as compared to planned losses of \$26,004.

Summary

2021 has been a very successful year for Western Regional Off-Track Betting Corporation. 2021 Earnings Distributions to member municipalities were the highest in the Corporation's history since inception, while Batavia Downs Gaming net win set a record, and OTB pari-mutuel handle reached a mark not hit since 2018, even as the Corporation consolidates wagering locations. Acquiring the Hotel at Batavia Downs has allowed the Corporation to fully integrate the hotel into its gaming operations and create more opportunities to maximize the patron experience while on site at the facility. The Food & Beverage and Events departments continue to generate positive feedback from patrons and provide great service to the many conventions, weddings, trade shows and other events that utilize the Corporation's many event spaces.

The Marketing department is continuing to enhance the patron experience and increase patron loyalty to the Batavia Downs facility. This involves the review of the Players Club Tier platform to ensure patrons are receiving the applicable rewards based on their associated level of play, the review of marketing channels and digital marketing opportunities, and how the patron is welcomed to the facility. The Corporation continues to engage with patrons and seek their feedback, to provide a positive and fun filled entertainment experience while at Batavia Downs.

Looking forward to 2022, The Corporation is excited to partner with the Town of Batavia in a project that will overhaul the entirety of Park Road on the outside of the Batavia Downs facility, providing better lighting, tree-lined sidewalks, and a safer raised walkway that will allow patrons to cross park road from the parking lot.

In branch operations, Batavia Bets, the Corporation's internet wagering platform, and Ez-bet locations will continue to be important facets of the Corporation, as both offer cost effective ways to expand the racing and wagering side of the Corporation's business operations. During August of 2020, WROTB adjusted the rewards system related to wagering at Batavia Bets, with the goal of driving more business to the online platform.

The Corporation will continue its ongoing efforts to improve operations and reduce costs while enhancing revenues, profitability, and distributions to New York State and local governments. As part of this effort, the Corporation's management will continue to seek legislative changes that will reduce the statutory obligations imposed on the Corporation's operations. Any reduction in these obligations, as required by New York State, will significantly improve the financial performance of the Corporation.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Management's Discussion and Analysis (Unaudited)

As of and For the Years Ended December 31, 2021 and 2020

The Corporation's economic growth continues to improve the economic environment of local governments, New York State government, and the racing industry. In 2021, the Corporation provided \$4,906,280 in surcharge and earnings distributions to municipalities; \$89,232 to local governments; \$239,695 to counties that host racetracks; \$34,082,527 to New York State in the form of Gaming Commission payments, tax, and regulatory payments, and \$13,108,942 to the racing industry, for a total of \$53,313,580 in distributions that support state and local governments, as well as the racing industry. Similar distributions in 2020 totaled \$23,842,431. In addition, the Corporation provides jobs to approximately 410 people in Western New York, and harness racing opportunities from late July through early December.

Contacting the Corporation's Management

This financial report is designed to provide the taxpayers, customers, investors, and creditors with a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Corporation's Chief Financial Officer, Ms. Jacquelyne Leach, at 8315 Park Road, Batavia, New York.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Statements of Net Position
December 31, 2021 and 2020

	2021	2020		2021	2020
ASSETS			LIABILITIES		
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash -			Accounts payable	2,294,525	3,557,052
Operating cash	\$ 5,242,555	\$ 3,799,349	Accrued expenses and other current liabilities	5,128,419	2,405,646
Restricted cash	4,372,367	2,663,008	Accrued payroll, benefits, and payroll taxes	1,826,729	1,534,805
			Track compensation payable	1,026,939	2,900,878
Total cash	9,614,922	6,462,357	Outstanding pari-mutuel tickets	353,144	298,894
Receivables, net	1,618,408	1,830,754	Undistributed net revenue payable to New York State	825,839	971,323
Prepaid expenses, inventory, and other current assets	2,442,619	1,275,000	Undistributed surcharge and surcharge breakage payable to various local governments	12,523	11,681
			Current portion of long-term debt	1,210,000	1,829,238
			Paycheck Protection Program obligation	-	3,151,700
			Due to New York State retirement system	198,856	1,358,774
Total current assets	13,675,949	9,568,111	Total current liabilities	12,876,974	18,019,991
CAPITAL ASSETS:			LONG-TERM DEBT, net of current portion	24,895,000	15,920,362
Land	3,916,462	3,414,321	DUE TO NEW YORK STATE RETIREMENT SYSTEM - net of current portion	-	430,566
Land improvements	3,752,894	3,545,373	TOTAL OTHER POSTEMPLOYMENT BENEFITS	32,321,799	33,022,275
Buildings and improvements	69,099,257	62,038,575	INTEREST RATE SWAP LIABILITY	-	690,488
Leasehold improvements	312,141	312,141	NET PENSION LIABILITY	42,612	10,969,578
Office furniture and equipment	16,124,070	14,611,925			
Transportation equipment	886,570	917,455	Total liabilities	70,136,385	79,053,260
Property held for sale	432,754	1,247,831			
			DEFERRED INFLOWS OF RESOURCES		
Total capital assets	94,524,148	86,147,222	Batavia Downs Gaming Capital Fund	8,354,657	7,312,187
Less: Accumulated depreciation and amortization	(50,200,924)	(46,967,611)	Other postemployment benefits	5,387,610	5,037,163
Capital assets, net	44,323,224	39,179,611	Pensions	12,567,148	309,549
Total assets	57,999,173	48,747,722	Total deferred inflows of resources	26,309,415	12,658,899
DEFERRED OUTFLOWS OF RESOURCES			UNDISTRIBUTED NET REVENUE		
Deferred amount on interest rate swap	-	690,488	Net investment in capital assets	18,218,224	21,430,011
Other postemployment benefits	4,850,503	5,532,928	Restricted	4,424,992	2,718,463
Pensions	9,671,030	7,831,590	Unrestricted	(46,568,310)	(53,057,905)
Total deferred outflows of resources	14,521,533	14,055,006	Total undistributed net revenue	\$ (23,925,094)	\$ (28,909,431)

The accompanying notes are an integral part of these statements.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

**Statements of Net Revenue Available for Distribution
For the Year Ended December 31, 2021**

	Corporate and Branch <u>Operations</u>	Batavia Downs Gaming	<u>Eliminations</u>	<u>Total</u>
RACING AND GAMING REVENUE:				
Net handle	\$ 65,979,915	\$ 2,386,482	\$ -	\$ 68,366,397
Credits played	-	913,409,150	-	913,409,150
Less:				
Amounts returned to bettors	(50,114,471)	(1,896,547)	-	(52,011,018)
Credits won	-	(847,008,725)	-	(847,008,725)
Surcharge	(2,039,984)	-	-	(2,039,984)
	<u>13,825,460</u>	<u>66,890,360</u>	<u>-</u>	<u>80,715,820</u>
Less: Marketing allowance and capital awards	-	(9,296,060)	-	(9,296,060)
Total racing and gaming revenue	<u>13,825,460</u>	<u>57,594,300</u>	<u>-</u>	<u>71,419,760</u>
OTHER REVENUE	<u>4,738,972</u>	<u>14,977,660</u>	<u>(440,314)</u>	<u>19,276,318</u>
Total revenue	<u>18,564,432</u>	<u>72,571,960</u>	<u>(440,314)</u>	<u>90,696,078</u>
STATUTORY PAYMENTS	<u>(8,154,026)</u>	<u>(32,872,715)</u>	<u>440,314</u>	<u>(40,586,427)</u>
Net revenue from racing and gaming operations	<u>10,410,406</u>	<u>39,699,245</u>	<u>-</u>	<u>50,109,651</u>
OPERATING EXPENSES BEFORE NON-CASH PAYROLL ITEMS	<u>(10,238,360)</u>	<u>(34,339,504)</u>	<u>-</u>	<u>(44,577,864)</u>
OTHER POSTEMPLOYMENT HEALTH BENEFITS	<u>(136,282)</u>	<u>(196,114)</u>	<u>-</u>	<u>(332,396)</u>
NYS PENSION RELATED	<u>208,611</u>	<u>300,196</u>	<u>-</u>	<u>508,807</u>
Total operating expenses	<u>(10,166,031)</u>	<u>(34,235,422)</u>	<u>-</u>	<u>(44,401,453)</u>
Net revenue (loss) before non-operating items, special items, and allocation to Capital Acquisition Fund	<u>244,375</u>	<u>5,463,823</u>	<u>-</u>	<u>5,708,198</u>
NON-OPERATING REVENUE	<u>62,332</u>	<u>50,653</u>	<u>-</u>	<u>112,985</u>
Net revenue (loss) before special items and allocation to capital acquisition fund	<u>306,707</u>	<u>5,514,476</u>	<u>-</u>	<u>5,821,183</u>
SPECIAL ITEMS:				
PPP forgiveness	1,126,561	2,025,139	-	3,151,700
Gain (loss) on sale and disposal of assets	624,668	21,665	-	646,333
Net revenue (loss) after special item	<u>2,057,936</u>	<u>7,561,280</u>	<u>-</u>	<u>9,619,216</u>
ALLOCATION TO CAPITAL ACQUISITION FUND	<u>(14,533)</u>	<u>-</u>	<u>-</u>	<u>(14,533)</u>
Net revenue available for distribution to participating municipalities	<u>\$ 2,043,403</u>	<u>\$ 7,561,280</u>	<u>\$ -</u>	<u>\$ 9,604,683</u>
COMPOSITION OF NET REVENUE AVAILABLE FOR DISTRIBUTION TO PARTICIPATING MUNICIPALITIES:				
Net revenue available for distribution to participating municipalities	<u>\$ 2,043,403</u>	<u>\$ 7,561,280</u>	<u>\$ -</u>	<u>\$ 9,604,683</u>
Less:				
Surcharge revenue available for distribution	1,126,599	-	-	1,126,599
Reduced by: Surcharge to counties with racetracks	(239,695)	-	-	(239,695)
Retained surcharge revenue	<u>886,904</u>	<u>-</u>	<u>-</u>	<u>886,904</u>
Less:				
Gain (loss) on sale and disposal of capital assets	624,668	21,665	-	646,333
Gain (loss) from operations	<u>\$ 531,831</u>	<u>\$ 7,539,615</u>	<u>\$ -</u>	<u>\$ 8,071,446</u>

The accompanying notes are an integral part of these statements.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

**Statements of Net Revenue Available for Distribution
For the Year Ended December 31, 2020**

	Corporate and Branch Operations	Batavia Downs Gaming	Eliminations	Total
RACING AND GAMING REVENUE:				
Net handle	\$ 56,047,508	\$ 603,620	\$ -	\$ 56,651,128
Credits played	-	369,807,225	-	369,807,225
Less:				
Amounts returned to bettors	(42,622,917)	(475,352)	-	(43,098,269)
Credits won	-	(343,196,029)	-	(343,196,029)
Surcharge	(1,665,179)	-	-	(1,665,179)
	11,759,412	26,739,464	-	38,498,876
Less: Marketing allowance and capital awards	-	(3,725,568)	-	(3,725,568)
Total racing and gaming revenue	11,759,412	23,013,896	-	34,773,308
OTHER REVENUE	4,045,141	7,698,012	(514,208)	11,228,945
Total revenue	15,804,553	30,711,908	(514,208)	46,002,253
STATUTORY PAYMENTS	(6,910,814)	(13,316,669)	514,208	(19,713,275)
Net revenue from racing and gaming operations	8,893,739	17,395,239	-	26,288,978
OPERATING EXPENSES BEFORE NON-CASH PAYROLL ITEMS	(11,049,527)	(21,739,228)	-	(32,788,755)
OTHER POSTEMPLOYMENT HEALTH BENEFITS	(369,849)	(369,848)	-	(739,697)
NYS PENSION RELATED	(1,056,532)	(1,056,533)	-	(2,113,065)
Total operating expenses	(12,475,908)	(23,165,609)	-	(35,641,517)
Net revenue (loss) before non-operating items, special items, and allocation to Capital Acquisition Fund	(3,582,169)	(5,770,370)	-	(9,352,539)
NON-OPERATING REVENUE	48,398	51,138	-	99,536
Net revenue (loss) before special items	(3,533,771)	(5,719,232)	-	(9,253,003)
SPECIAL ITEMS:				
Gain (loss) on sale and disposal of assets	220,518	-	-	220,518
Net revenue (loss) before special items and allocation to capital acquisition fund	(3,313,253)	(5,719,232)	-	(9,032,485)
ALLOCATION TO CAPITAL ACQUISITION FUND	111,821	-	-	111,821
Net revenue available for distribution to participating municipalities	\$ (3,201,432)	\$ (5,719,232)	\$ -	\$ (8,920,664)
COMPOSITION OF NET REVENUE AVAILABLE FOR DISTRIBUTION TO PARTICIPATING MUNICIPALITIES:				
Net revenue available for distribution to participating municipalities	\$ (3,201,432)	\$ (5,719,232)	\$ -	\$ (8,920,664)
Less:				
Surcharge revenue available for distribution	909,782	-	-	909,782
Reduced by: Surcharge to counties with racetracks	(187,042)	-	-	(187,042)
Retained surcharge revenue	722,740	-	-	722,740
Less:				
Gain (loss) on sale and disposal of capital assets	220,518	-	-	220,518
Gain (loss) from operations	\$ (4,144,690)	\$ (5,719,232)	\$ -	\$ (9,863,922)

The accompanying notes are an integral part of these statements.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

**Statements of Changes in Undistributed Net Revenue
For the Years Ended December 31, 2021 and 2020**

	Balance <u>January 1</u>	<u>Net Revenue</u>	<u>Payments</u>	Balance <u>December 31</u>
For the Year Ended December 31, 2021:				
Cattaraugus County	\$ (572,266)	\$ 253,161	\$ 117,309	\$ (436,414)
Cayuga County	(825,731)	282,281	135,049	(678,499)
Chautauqua County	(1,014,006)	445,826	210,458	(778,638)
Erie County -				
City of Buffalo	(2,585,860)	908,139	437,772	(2,115,493)
Erie County	(7,730,457)	2,285,543	1,102,054	(6,546,968)
Genesee County	(365,717)	203,825	96,749	(258,641)
Livingston County	(657,790)	219,243	103,791	(542,338)
Monroe County -				
City of Rochester	(2,156,857)	763,225	374,039	(1,767,671)
Monroe County	(6,383,152)	1,934,319	948,124	(5,396,957)
Niagara County	(2,229,606)	791,850	384,888	(1,822,644)
Orleans County	(329,561)	139,187	65,019	(255,393)
Oswego County	(1,633,347)	456,407	221,333	(1,398,273)
Schuyler County	(102,822)	57,737	26,710	(71,795)
Seneca County	(302,835)	120,304	57,137	(239,668)
Steuben County	(775,596)	319,554	149,604	(605,646)
Wayne County	(834,789)	299,381	139,286	(674,694)
Wyoming County	(409,039)	139,234	65,557	(335,362)
	<u>\$ (28,909,431)</u>	<u>\$ 9,619,216</u>	<u>\$ 4,634,879</u>	<u>\$ (23,925,094)</u>
	Balance <u>January 1</u>	<u>Net Revenue</u>	<u>Payments</u>	Balance <u>December 31</u>
For the Year Ended December 31, 2020:				
Cattaraugus County	\$ (326,471)	\$ (220,468)	\$ 25,327	\$ (572,266)
Cayuga County	(553,616)	(245,932)	26,183	(825,731)
Chautauqua County	(576,786)	(392,782)	44,438	(1,014,006)
Erie County -				
City of Buffalo	(1,635,657)	(861,307)	88,896	(2,585,860)
Erie County	(5,343,115)	(2,163,557)	223,785	(7,730,457)
Genesee County	(159,656)	(184,715)	21,346	(365,717)
Livingston County	(441,393)	(195,632)	20,765	(657,790)
Monroe County -				
City of Rochester	(1,340,686)	(744,518)	71,653	(2,156,857)
Monroe County	(4,316,835)	(1,884,695)	181,622	(6,383,152)
Niagara County	(1,404,607)	(750,352)	74,647	(2,229,606)
Orleans County	(193,234)	(122,223)	14,104	(329,561)
Oswego County	(1,166,713)	(422,266)	44,368	(1,633,347)
Schuyler County	(47,368)	(49,588)	5,866	(102,822)
Seneca County	(187,004)	(104,351)	11,480	(302,835)
Steuben County	(458,442)	(286,813)	30,341	(775,596)
Wayne County	(527,910)	(276,607)	30,272	(834,789)
Wyoming County	(268,954)	(126,679)	13,406	(409,039)
	<u>\$ (18,948,447)</u>	<u>\$ (9,032,485)</u>	<u>\$ 928,499</u>	<u>\$ (28,909,431)</u>

The accompanying notes are an integral part of these statements.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Revenues -		
Racing and gaming commissions	\$ 70,464,487	\$ 35,553,720
Surcharge revenue	2,039,984	1,665,179
Uncashed pari-mutuel tickets	540,000	540,000
Interest receipts	445	2,467
Other	17,851,344	8,021,109
	<u>90,896,260</u>	<u>45,782,475</u>
 Statutory payments -		
Track compensation	(7,451,226)	(3,548,157)
Breeding and development funds	(537,686)	(496,845)
Allocations to New York State	(33,782,995)	(13,123,711)
Uncashed pari-mutuel tickets	(540,000)	(540,000)
Allocations to local governments	(238,853)	(189,296)
	<u>(42,550,760)</u>	<u>(17,898,009)</u>
 Payments to suppliers	(18,223,034)	(13,607,518)
Payments to employees	(19,700,151)	(14,881,615)
	<u>(37,923,185)</u>	<u>(28,489,133)</u>
 Total statutory payments and operating expenditures	<u>(80,473,945)</u>	<u>(46,387,142)</u>
 Net cash flow from operating activities	<u>10,422,315</u>	<u>(604,667)</u>
 CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets, including allocation to capital acquisition fund	(8,616,068)	(820,035)
Net proceeds from the sale of capital assets	777,497	657,025
Distribution of net revenue to participating municipalities	(4,634,879)	(928,499)
Payments on notes payable	(18,044,600)	(1,180,000)
Proceeds from (forgiveness of) PPP loan	(3,151,700)	3,151,700
Proceeds from issuance of debt	26,400,000	-
	<u>(7,269,750)</u>	<u>880,191</u>
 Net cash flow from capital and related financing activities	<u>(7,269,750)</u>	<u>880,191</u>
 CHANGE IN CASH	3,152,565	275,524
 CASH - beginning of year	<u>6,462,357</u>	<u>6,186,833</u>
 CASH - end of year	<u>\$ 9,614,922</u>	<u>\$ 6,462,357</u>

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Net revenue	\$ 9,619,216	\$ (9,032,485)
Adjustments to reconcile net revenue to net cash flow from operating activities:		
Depreciation and amortization	3,341,293	3,131,261
Gain on disposal of capital assets	(646,333)	(220,518)
Deferred amounts on pension	10,418,159	(6,041,906)
Changes in:		
Receivables	212,346	243,588
Prepaid expenses, inventory, and other current assets	(1,167,619)	536,824
Accounts payable	(1,262,527)	(52,424)
Accrued expenses and other current liabilities	2,722,773	(277,739)
Accrued payroll, benefits, and payroll taxes	291,924	301,772
Track compensation payable	(1,873,939)	999,847
Outstanding pari-mutuel tickets, net	54,250	(82,682)
Undistributed net revenue payable to New York State	(145,486)	900,355
Undistributed surcharge and surcharge breakage payable to various local governments	842	(2,254)
Due to Batavia Downs gaming capital fund	1,042,470	(1,099,726)
Due to New York State Employees' Retirement System	(1,590,484)	1,196,752
Other postemployment benefits	332,396	739,697
Net pension liability	(10,926,966)	8,154,971
	<u>\$ 10,422,315</u>	<u>\$ (604,667)</u>

The accompanying notes are an integral part of these statements.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements

December 31, 2021

1. THE CORPORATION

Branch Operations

On May 16, 1973, Chapter 440 of the Laws of the State of New York (the Law) was amended to allow the formation of regional off-track betting corporations to operate a system of off-track pari-mutuel betting under the supervision of the New York State Gaming Commission (the Gaming Commission), formerly the New York State Racing and Wagering Board (NYSRWB).

On September 19, 1973, the Western Regional Off-Track Betting Corporation (the Corporation) was established as a New York public benefit corporation to operate a system of off-track betting in a thirteen-county region of Western New York. In 1978, the Law was amended permitting Cayuga and Oswego Counties to join the Corporation.

Batavia Downs Gaming Facility

In 1998, the Corporation acquired the assets of Genesee/Monroe Racing Association, Inc., which operated the Batavia Downs Gaming Facility (Batavia Downs) in Batavia, New York. Batavia Downs conducts live harness racing under a license granted by the Gaming Commission. This license is subject to the Gaming Commission's approval and is renewable on an annual basis. In addition to harness racing, Batavia Downs simulcasts races to and from other racetrack facilities (inter-track wagering (ITW)) under a license granted by the Gaming Commission and agreements with the facilities to and from which races are simulcast.

Video Gaming Machines (VGMs)

As the result of New York State (NYS) legislation enacted in October 2001, NYS racing entities were granted the ability to conduct video gaming (VGM) operations from the New York State Division of the Lottery (the Lottery), which became part of the Gaming Commission. The Corporation, as the owner of Batavia Downs, was granted a license to conduct VGM operations in February 2005. The Corporation began its video gaming operations in May 2005.

Hotel at Batavia Downs

On April 30, 2021, the Corporation acquired the adjacent and connected 84-room boutique luxury hotel, The Hotel at Batavia Downs. The hotel features 40 double queen rooms, 40 king rooms and four suites, which overlook the Batavia Downs Racetrack.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation's financial statements are prepared in accordance with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB).

Net Position

Generally accepted accounting principles require the classification of net position (undistributed net revenue) into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements

December 31, 2021

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of investment in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted net position - This component of net position is a result of external constraints placed on its use imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The Corporation has adopted a practice of generally utilizing restricted funds, when available, prior to unrestricted funds.

Racing Operations' Revenue

Revenue related to the Corporation's racing operations consists of the following components:

- Net Handle - Net handle represents all amounts wagered, less amounts returned to bettors due to either race cancellations or horses scratched in races in which they had been entered.
- Racing Revenue - The Corporation's gross earnings on in-state racing are generally 18% of the total amount of applicable regular wagers handled. The Corporation retains 20% of applicable multiple wagers on races run at in-state tracks. A multiple wager is "a single bet or wager on two horses, evidenced by a single ticket and representing an interest in a single betting pool." The Corporation generally retains 25% of applicable exotic and super exotic wagers handled. An exotic wager is defined as "a single bet or wager on three or more horses, evidenced by a single ticket and representing an interest in a single pool." A super exotic wager is defined as "a single bet or wager on six or more horses, evidenced by a single ticket and representing an interest in a single pool." The Corporation retains varying percentages of out-of-state wagers, depending on the type of wager and the location of the racetrack.
- Surcharge Revenue - NYS law imposes a surcharge of 5% on winnings of individuals who have placed wagers at the Corporation's branches and EZ bet locations.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements

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The revenue received from the state-imposed surcharge is distributed as follows:

Track	Corporation's Share	Distribution of Remainder
Regional Tracks:		
Batavia Downs	50% ¹	50% to Genesee County
Buffalo Raceway	50% ¹	50% to Buffalo Trotting Association
Finger Lakes Race	50% ²	50% to Ontario County ⁽³⁾
Vernon Downs	50%	50% to Oneida County
Out-of-Region Tracks:		
Aqueduct Race Track	50%	50% to New York City
Belmont Park	50%	37.5% to Nassau County 12.5% to New York City
Saratoga Race Course	50%	50% to Saratoga County
Saratoga Raceway	50%	50% to Saratoga County
Monticello Raceway	50%	50% to Sullivan County
Yonkers Raceway	50%	50% to City of Yonkers
Out-of-State Tracks	100%	Not applicable

(1) Effective September 1, 2002, Section 532 of the Racing Pari-Mutuel Wagering and Breeding Law was amended to provide that the applicable surcharge is payable to a harness track located in either Genesee or Erie Counties through August 31, 2007.

In September 2007, Section 532 was further amended to provide that the applicable surcharge is payable to a harness track in Erie County through August 31, 2022. At the same time, Section 532 was amended to provide that 50% of the applicable surcharge is payable to Genesee County.

(2) Plus 90% of Finger Lakes surcharge outside the thoroughbred special betting district.

(3) Less 90% of Finger Lakes surcharge outside the thoroughbred special betting district.

Uncashed pari-mutuel tickets represent outstanding winning tickets.

Lottery income is derived from a 6% commission earned on the sale of NYS Lottery tickets.

Video Gaming Machine Revenue

The Corporation's video gaming machine revenue represents a percentage of the VGM drop, which represents the net monies remaining in the video gaming terminals. The drop is VGM money played, less monies won by customers.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements

December 31, 2021

Payments to the Western New York Harness Horsemen's Association, Inc. (WNYHHA) purse fund and the Office of Racing Promotion and Development, formerly The Agriculture and NYS Horse Fund Breeding and Development Fund, are calculated at 7.75% and 1.25%, respectively, of the Corporation's monthly VGM drop. These payments are distributed from the percentage retained by the Corporation.

NYS legislation also provides for a percentage of the VGM drop to be segregated into a marketing fund. These funds can be expended on advertising and marketing promotions to enhance the Corporation's video gaming facility.

Effective April 12, 2019, NYS legislation was enacted that allowed the Corporation to retain 37% of the total VGM drop. The Corporation is also allowed to retain an additional 14% of the VGM drop in its marketing and capital funds. The allocation of the total amount between marketing and capital is at the discretion of the Corporation.

Statutory Payments

The Corporation's statutory payments consist of the following:

- Track compensation - Compensation is paid to in-state tracks based on statutory rates dependent on the type of wager and other contractual agreements. Compensation is paid to out-of-state tracks based on specific contractual agreements.
- Allocations to NYS - Allocations to NYS consist of the following:
 - NYS wagering tax - Pari-mutuel taxes are imposed on the amount wagered at rates determined by the type of wager, type of race, and location.
 - Unclaimed pari-mutuel tickets - The Pari-Mutuel Revenue Law provides that 95% of the sum of unclaimed winning pari-mutuel tickets resulting from wagers placed by December 31 of a given year be paid to the State Tax Commission by March 15 of the succeeding year. The remaining 5% of such unclaimed winning tickets must be paid to that same commission by April 10 of the succeeding year.
 - NYS Gaming Commission regulatory fee - The Corporation is required to pay 0.60% of monthly handle as a regulatory fee that is assessed on all state racing and wagering facilities.
 - Breakage - Breakage represents revenues earned by the Corporation derived by the downward rounding of winning payouts. The Corporation pays 20% of the breakage derived from wagers on harness races and 50% of the breakage derived from wagers on all other races as a statutory payment to the NYS Office of Racing Promotion and Development. The Corporation retains the balance of the total breakage.
 - NYS Gaming Commission - The Corporation is required to pay 49% of the daily net video gaming machine win to the Commission for total VGM drop.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements

December 31, 2021

- Breeding and development funds - From the total retained commission, the Corporation pays an amount equal to 0.5% of daily pools derived from wagers on thoroughbred races, and 1.0% of daily pools derived from wagers on harness races to the NYS Office of Racing Promotion and Development.

Distribution of Net Revenue Remaining to the Corporation

Racing Operations -

After payment of the Corporation's operating costs, the remaining net revenue is divided quarterly among the participating counties in accordance with the following provisions:

1. 50% of the revenues are distributed among the participating counties on the basis of the proportion of the pari-mutuel wagering accepted by the Corporation during the previous calendar quarter that originated in the Corporation's branch offices located in each participating county to total off-track pari-mutuel wagering accepted by the Corporation.
2. 50% of the revenues are distributed among the participating counties on the basis of population, defined as the total population in each participating county shown by the latest preceding decennial federal census completed and published as a final population count by the United States Bureau of the Census preceding the commencement of the calendar year in which the distribution is to be made.
3. A participating county containing a city electing to participate in the Corporation shall distribute revenues received to such city according to the proportion of such city's population to the county's population.

Batavia Downs' Operations -

After payment of the Corporation's operating costs, net revenues from pari-mutuel wagering and video gaming operations are distributed among the participating counties on the basis of population, defined as the total population in each participating county shown by the latest preceding decennial federal census completed and published as a final population count by the United States Bureau of the Census preceding the commencement of the calendar year in which the distribution is to be made.

Operating Activities

The Corporation presents as operating revenue, all revenue associated with on-going racing and gaming activities. This includes net racing handle, video gaming, surcharge, capital awards and food and beverage sales.

Cash

The Corporation's cash consists of cash on hand and bank demand deposit accounts.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements

December 31, 2021

Restricted Cash

Under NYS law, the Corporation receives certain pari-mutuel commissions from both on and off-track betting. The Corporation is required to use these funds for harness racing capital improvements at Batavia Downs.

In accordance with NYS law, restricted cash also includes cash maintained in the Capital Acquisition Fund and the Batavia Downs Gaming Capital Awards Fund. These funds are to be used for financing the acquisition, construction, or equipping of the Corporation's offices, facilities, or premises.

In accordance with the Corporation's self-insured workers' compensation administrative agreement, the Corporation must maintain sufficient funds in a claims account to enable payment of claims and loss adjustment expenses.

The Corporation also maintains the following restricted cash accounts: advance deposit wagering accounts for individuals who elect to make wagers through internet/telephonic means; employee health and insurance related personal care accounts; funds held in conjunction with the Western New York Harness Horsemen's Association for purse distribution associated with live harness racing at Batavia Downs; and funds held for marketing/advertising expenses associated with the video gaming operations at Batavia Downs.

The Corporation also has restricted cash for the funds held in trust with US Bank associated with the 2021 Bond Refinance.

Inventories

Inventories consist of food, beverages, other restaurant supplies and inventories related to a small store located at Batavia Downs. These inventories are valued at cost.

Capital Assets

Capital assets are recorded at cost or fair value at the date of donation. The Corporation capitalizes additions greater than \$500 that have a useful life in excess of one year. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets that range from 2 to 25 years. Leasehold improvements are amortized at the shorter of their estimated useful life or remaining lease term. Impairment losses are recognized when the carrying value of an asset exceeds its fair value. The Corporation regularly assesses all of its long-lived assets for impairment.

Postemployment Benefits

The Corporation provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of agreements between the Corporation and its employee groups. Substantially all of these employees may become eligible for these benefits, if they reach normal retirement age while working for the Corporation. The Corporation pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements

December 31, 2021

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and will be recognized as an expense in that period. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will be recognized as revenue in that period.

Advertising

The Corporation expenses advertising costs as they are incurred. Advertising expense not reimbursed through the Corporation's marketing funds was approximately \$1,270,000 and \$540,000 during the years ended December 31, 2021 and 2020, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Tax Status

As a New York public benefit corporation, the Corporation is exempt from federal and state income taxes, as well as state and local property and sales taxes, with the exception of sales tax associated with the sale of gift shop items, food and beverage at Batavia Downs.

3. OTHER REVENUE

Other revenue consisted of the following during the year ended December 31, 2021:

	Corporate and Branch Operations	Batavia Downs Gaming	Eliminations	Total
Surcharge revenue	\$ 2,039,984	\$ -	\$ -	\$ 2,039,984
WROTB revenue	-	440,314	(440,314)	-
Uncashed pari-mutuel tickets	480,000	60,000	-	540,000
Food and beverage service, net of cost of goods sold	-	3,336,679	-	3,336,679
Hotel at Batavia Downs room revenue	-	1,308,428	-	1,308,428
Capital awards revenue	-	1,802,619	-	1,802,619
Capital awards revenue - interest	-	1,368,175	-	1,368,175
Lottery income	104,139	65,157	-	169,296
Market origins credit	1,665,597	169,589	-	1,835,186
Other	449,252	6,426,699	-	6,875,951
	<u>\$ 4,738,972</u>	<u>\$ 14,977,660</u>	<u>\$ (440,314)</u>	<u>\$ 19,276,318</u>

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements
December 31, 2021

Other revenue consisted of the following during the year ended December 31, 2020:

	Corporate and Branch Operations	Batavia Downs Gaming	Eliminations	Total
Surcharge revenue	\$ 1,665,179	\$ -	\$ -	\$ 1,665,179
WROTB revenue	-	514,208	(514,208)	-
Uncashed pari-mutuel tickets	480,000	60,000	-	540,000
Food and beverage service, net of cost of goods sold	-	1,200,179	-	1,200,179
Capital awards revenue	-	1,383,483	-	1,383,483
Capital awards revenue - interest	-	780,691	-	780,691
Lottery income	37,646	16,318	-	53,964
Market origins credit	1,491,720	396,795	-	1,888,515
Other	370,596	3,346,338	-	3,716,934
	<u>\$ 4,045,141</u>	<u>\$ 7,698,012</u>	<u>\$ (514,208)</u>	<u>\$ 11,228,945</u>

4. STATUTORY PAYMENTS

Statutory payments consisted of the following for the year ended December 31, 2021:

	Corporate and Branch Operations	Batavia Downs Gaming	Eliminations	Total
Track compensation	\$ 5,994,815	\$ 22,785	\$ (440,314)	\$ 5,577,286
Allocations to New York State -				
NYS Gaming Commission	-	32,536,208	-	32,536,208
NYS wagering tax	551,292	21,064	-	572,356
Gaming Commission regulatory fee	395,880	14,319	-	410,199
Breakage	7,189	4,455	-	11,644
Uncashed pari-mutuel tickets	480,000	60,000	-	540,000
Breeding and development funds	485,155	52,531	-	537,686
Allocations to local governments	239,695	89,232	-	328,927
Other	-	72,121	-	72,121
	<u>\$ 8,154,026</u>	<u>\$ 32,872,715</u>	<u>\$ (440,314)</u>	<u>\$ 40,586,427</u>

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements
December 31, 2021

Statutory payments consisted of the following for the year ended December 31, 2020:

	Corporate and		Eliminations	Total
	Branch Operations	Batavia Downs Gaming		
Track compensation	\$ 5,054,654	\$ 7,558	\$ (514,208)	\$ 4,548,004
Allocations to New York State -				
NYS Gaming Commission	-	13,039,487	-	13,039,487
NYS wagering tax	433,183	6,526	-	439,709
Gaming Commission regulatory fee	336,285	3,622	-	339,907
Breakage	6,745	959	-	7,704
Uncashed pari-mutuel tickets	480,000	60,000	-	540,000
Breeding and development funds	412,905	83,939	-	496,844
Allocations to local governments	187,042	71,227	-	258,269
Other	-	43,351	-	43,351
	<u>\$ 6,910,814</u>	<u>\$ 13,316,669</u>	<u>\$ (514,208)</u>	<u>\$ 19,713,275</u>

5. CASH AND INVESTMENTS

NYS law governs the Corporation's investment policies. In addition, the Corporation has adopted its own written investment policy. The Corporation shall maintain a list of financial institutions and dealers, approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the local government conducts business must be credit worthy. Permissible investments include certificates of deposit, obligations of the United States Treasury and its agencies, repurchase agreements, and obligations of NYS or its localities. The Corporation's CFO is authorized to use demand accounts and certificates of deposit.

Collateral, which is held by a third-party agent or the pledging financial institution's trust department, is required for demand deposits and investments not covered by federal deposit insurance. The market value of the collateral is required at all times to equal or exceed the principal amount. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of NYS and its municipalities and school districts. At December 31, 2021 and 2020, all of the Corporation's cash deposits were either collateralized or FDIC insured.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements

December 31, 2021

At December 31, 2021, the Corporation's deposits, excluding cash on hand, and the related collateralization or insured balances were as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash	\$ 6,748,253	\$ 5,446,332
Collateralized with securities held by the pledging financial institution's trust department or agent in the Corporation's name	6,300,526	
Covered by FDIC insurance	<u>928,117</u>	
	<u>\$ 7,228,643</u>	

At December 31, 2021, the amount of cash on hand was \$4,168,590.

At December 31, 2020, the Corporation's deposits, excluding cash on hand, and the related collateralization or insured balances were as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash	\$ 6,004,675	\$ 4,156,530
Collateralized with securities held by the pledging financial institution's trust department or agent in the Corporation's name	6,512,606	
Covered by FDIC insurance	<u>848,821</u>	
	<u>\$ 7,361,427</u>	

At December 31, 2020, the amount of cash on hand was \$2,305,827.

Letter of Credit

The Corporation has a letter of credit agreement with the Bank of Castile, under which the Bank has agreed to provide the Corporation a line of credit in the amount of \$900,000 associated with the Corporation's self-funded workers compensation program. As of December 31, 2021, there are no draws against the letter of credit.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements

December 31, 2021

U.S. Bank Agreement

Per the Indenture signed between Western Regional Off-Track Betting Corporation and U.S. Bank, the following is a detailed listing of funds held in trust with US Bank associated with the 2021 Bond Refinance.

Account Name	Total Cash Plus Equivalents
WROTB 2021 INTEREST ACCOUNT	\$ 83,727
WROTB 2021 PRINCIPAL AC	100,001
WROTB 2021 DEBT SRV RSV AC	2,209,213
WROTB 2021 DSR EARNINGS AC	28
WROTB 2021 CAPITAL AWARDS DEPOSIT FD	14,822
WROTB 2021 ELIGIBLE CAPITAL AWARD FD	191,462
WROTB 2021 ONE MONTH DEBT SRV RSV FD	184,103
WROTB 2021 PROJECT FD	<u>1,007,896</u>
Total	<u>\$ 3,791,252</u>

6. CAPITAL ACQUISITION FUND

The Corporation maintains a Capital Acquisition Fund (the Fund) in accordance with the Law for the purpose of financing the acquisition, construction, or equipping of the Corporation's offices, facilities, or premises. Effective July 1990, the Law mandated the imposition of a 1% supplemental surcharge on wagering pools of multiple, exotic, and super exotic wagers to be allocated to the Fund.

Contributions to the Fund from the Corporation's pari-mutuel wagering pools are subject to the following limitations:

- Contributions may not exceed 1% of the total pari-mutuel wagering pools for the quarter in which the contribution is made.
- Contributions may not exceed 50% of quarterly net revenue payable to participating municipalities, exclusive of surcharge revenues.
- The balance of the Fund resulting from contributions of net wagering pools shall not exceed the lesser of 1% total pari-mutuel wagering pools for the previous twelve months or the undepreciated value of the Corporation's offices, facilities, and premises.

Amounts in excess of the above limitations may be subject to reclassification to net revenues payable to participating municipalities. At December 31, 2021 and 2020, the Corporation retained and designated \$127,429 and \$408,325, respectively, for capital acquisitions.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements December 31, 2021

7. CAPITAL AWARDS FUND

Effective April 2019, NYS legislation was enacted that provided the Corporation the ability to retain an additional 14% of the VGM drop for eligible marketing and capital expenditures. The allocation of the total amount between marketing and capital is at the discretion of the Corporation.

The unexpended balance of the Capital Awards Fund is recorded as deferred inflows of resources on the accompanying statements of net position until funds are utilized. The unexpended fund balance totaled \$8,354,657 and \$7,312,187 at December 31, 2021 and 2020, respectively. Capital Awards Revenue dollars available for expenditures at December 31, 2021 amounted to \$191,462. Due to the mandated closure of the Batavia Downs gaming floor, there were no Capital Awards Revenue dollars available for expenditures at December 31, 2020.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements
December 31, 2021

8. CAPITAL ASSETS

Capital asset activity was as follows for the year ended December 31, 2021:

	Balance 12/31/2020	Additions	Retirements/ Transfers	Balance 12/31/2021
Land	\$ 3,414,321	\$ 502,141	\$ -	\$ 3,916,462
Property held for sale	1,247,831	-	(815,077)	432,754
Total non-depreciable assets	4,662,152	502,141	(815,077)	4,349,216
Land improvements	3,545,373	207,521	-	3,752,894
Buildings and improvements	62,038,575	7,070,859	(10,177)	69,099,257
Leasehold improvements	312,141	-	-	312,141
Office furniture and equipment	14,671,825	1,473,983	(21,738)	16,124,070
Transportation equipment	917,156	21,363	(51,949)	886,570
Total depreciable assets	81,485,070	8,773,726	(83,864)	90,174,932
Total, at cost	86,147,222	9,275,867	(898,941)	94,524,148
Less: Accumulated depreciation and amortization for:				
Land improvements	(1,936,862)	(184,366)	-	(2,121,228)
Buildings and improvements	(31,147,867)	(2,335,044)	4,505	(33,478,406)
Leasehold improvements	(306,186)	-	-	(306,186)
Office furniture and equipment	(12,782,415)	(728,204)	21,740	(13,488,879)
Transportation equipment	(794,281)	(63,894)	51,950	(806,225)
Total accumulated depreciation and amortization	(46,967,611)	(3,311,508)	78,195	(50,200,924)
	\$ 39,179,611	\$ 5,964,359	\$ (820,746)	\$ 44,323,224

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements
December 31, 2021

Capital asset activity was as follows for the year ended December 31, 2020:

	Balance 12/31/2019	Additions	Retirements/ Transfers	Balance 12/31/2020
Land	\$ 4,267,449	\$ -	\$ (853,128)	\$ 3,414,321
Property held for sale	438,897	1,247,831	(438,897)	1,247,831
Total non-depreciable assets	4,706,346	1,247,831	(1,292,025)	4,662,152
Land improvements	3,576,473	27,821	(58,921)	3,545,373
Buildings and improvements	64,951,123	510,442	(3,422,990)	62,038,575
Leasehold improvements	325,239	-	(13,098)	312,141
Office furniture and equipment	14,585,854	208,965	(122,994)	14,671,825
Transportation equipment	844,344	72,812	-	917,156
Total depreciable assets	84,283,033	820,040	(3,618,003)	81,485,070
Total, at cost	88,989,379	2,067,871	(4,910,028)	86,147,222
Less: Accumulated depreciation and amortization for:				
Land improvements	(1,793,951)	(192,014)	49,105	(1,936,862)
Buildings and improvements	(31,891,119)	(2,291,678)	3,034,929	(31,147,867)
Leasehold improvements	(318,506)	(777)	13,096	(306,186)
Office furniture and equipment	(12,337,370)	(566,608)	121,565	(12,782,415)
Transportation equipment	(721,093)	(73,188)	-	(794,281)
Total accumulated depreciation and amortization	(47,062,039)	(3,124,265)	3,218,695	(46,967,611)
	\$ 41,927,340	\$ (1,056,394)	\$ (1,691,333)	\$ 39,179,611

At December 31, 2021, the McKinley branch was held for sale at a fair value of \$432,754.

At December 31, 2020, the McKinley, Delaware, Jefferson, and Hornell branches were held for sale at a fair value of \$432,754, \$502,390, \$243,276 and \$69,411, respectively.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements
December 31, 2021

9. LONG-TERM DEBT

Direct Placement Debt - Bonds Payable

In September 2013, the Corporation issued tax-exempt bonds (Series 2013B Bond) in the amount of \$3,500,000 that was purchased by a bank. The proceeds from the issuance of the Series 2013B Bond were used to finance the upgrading and improvement of various areas within the Corporation's off-track betting and gaming facilities at Batavia Downs. Under the original terms of the Series 2013B Bond, the Corporation was required to make monthly payments of \$25,977, including interest at 4.03%, from October 2013 through September 2028. These bonds were repaid through a refinancing in the current year.

In August 2021, the Corporation issued a tax-exempt bond (Series 2021) in the amount of \$26,400,000. The proceeds from the issuance of the Series 2021 Bond were used to refund all the Corporation's outstanding 2013 Bonds, purchase and acquire the Hotel, reimbursing expenses incurred by the Corporation in connection with the Warehouse project, the funding of a Debt Service Reserve Fund as security for the Bonds, and the payment of certain costs associated with the issuance of the Bonds. The Bond has a maturity date of December 1, 2041.

The following is a summary of the activity related to the Corporation's bonds payable for the year ended December 31, 2021:

	Balance 12/31/2020	Additions	Payments	Balance 12/31/2021	Due Within One Year
Series 2013B Bond	\$ 1,276,887	\$ -	\$ (1,276,887)	\$ -	\$ -
Series 2021 Bond		26,400,000	(295,000)	26,105,000	1,210,000
	<u>\$ 1,276,887</u>	<u>\$ 26,400,000</u>	<u>\$ (1,571,887)</u>	<u>\$ 26,105,000</u>	<u>\$ 1,210,000</u>

The following is a summary of the activity related to the Corporation's bonds payable for the year ended December 31, 2020:

	Balance 12/31/2019	Additions	Payments	Balance 12/31/2020	One Year
Series 2013B Bond	\$ 1,378,492	\$ -	\$ (101,605)	\$ 1,276,887	\$ 301,335
	<u>\$ 1,378,492</u>	<u>\$ -</u>	<u>\$ (101,605)</u>	<u>\$ 1,276,887</u>	<u>\$ 301,335</u>

In 2021 and 2020, the Corporation made interest payments of approximately \$370,000 and \$54,000, respectively, related to the bonds payable.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements

December 31, 2021

Scheduled Principal and Interest Payments

Scheduled principal and interest payments on the Corporation's bond payable are as follows for the years ending December 31:

	Principal	Interest	Total
2022	\$ 1,210,000	\$ 995,550	\$ 2,205,550
2023	1,250,000	958,950	2,208,950
2024	1,285,000	921,150	2,206,150
2025	1,320,000	882,375	2,202,375
2026	1,360,000	842,475	2,202,475
2027-2031	7,650,000	3,376,209	11,026,209
2032-2036	8,835,000	1,670,006	10,505,006
2037-2041	3,195,000	373,829	3,568,829
	<u>\$ 26,105,000</u>	<u>\$ 10,020,544</u>	<u>\$ 36,125,544</u>

Direct Placement Debt - Term Loans

In October 2013, the Corporation entered into a \$17,400,000 tax-exempt delayed draw term loan and a \$2,000,000 taxable delayed draw term loan with a bank. Amounts drawn under the terms of these loans were used to pay the costs associated with renovations at Batavia Downs. All amounts outstanding under the terms of these agreements are collateralized by the Batavia Downs gaming facility and certain branches. This term loan was repaid through a refinancing in the current year.

Amounts borrowed were payable to the bank over a 10-year term with a 20-year amortization. Under the terms of the agreement, the Corporation made payments of interest only on the unpaid principal balance of the loans throughout the construction period. Principal payments commenced on July 1, 2015. Interest on amounts borrowed were at the Corporation's option, at a rate based on the London Interbank Offered Rate (LIBOR) plus 3% or the bank's base rate (the highest of the prime interest rate or the federal funds effective rate plus .50% or a daily rate equal to one-month LIBOR plus 1.0%) plus 2%. Interest on borrowings on the tax-exempt delayed draw term loan were at 65% of the rate on the taxable delayed draw term loan.

At December 31, 2020, the Corporation was required to make monthly principal payments on the tax-exempt term loan and the taxable term loan of \$7,034 and \$58,037, respectively, increasing annually at a rate of approximately 3% on July 1, plus interest at a floating rate. Borrowings on the tax-exempt term loan and the taxable term loan were subject to interest rates of 3.59% and 5.52%, respectively, at December 31, 2020.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements

December 31, 2021

The following is a summary of the activity related to the Corporation's term loans payable for the year ended December 31, 2021:

	Balance 12/31/2020	Additions	Payments	Balance 12/31/2021	One Year
Tax-exempt term loan	\$ 1,520,519	\$ -	\$ (1,520,519)	\$ -	\$ -
Taxable term loan	13,410,053	-	(13,410,053)	-	-
	<u>\$ 14,930,572</u>	<u>\$ -</u>	<u>\$ (14,930,572)</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a summary of the activity related to the Corporation's term loans payable for the year ended December 31, 2020:

	Balance 12/31/2019	Additions	Payments	Balance 12/31/2020	One Year
Tax-exempt term loan	\$ 1,603,519	\$ -	\$ (83,000)	\$ 1,520,519	\$ 85,784
Taxable term loan	14,091,893	-	(681,840)	13,410,053	710,820
	<u>\$ 15,695,412</u>	<u>\$ -</u>	<u>\$ (764,840)</u>	<u>\$ 14,930,572</u>	<u>\$ 796,604</u>

In 2021 and 2020, the Corporation made interest payments of approximately \$963,000 and \$646,000, respectively, related to the term loans.

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Covenants

Under the terms of its bond agreements, the Corporation was required to maintain compliance with certain covenants. The Corporation was not in compliance with these covenants as June 30, 2020 and through December 31, 2020. As of April 29, 2021, the Corporation has received a forbearance agreement from its lenders waiving the event of default through December 31, 2021. These covenants were terminated when the respective bonds were paid off during 2021. The 2021 bond refinance includes debt covenants, which will be effective after Quarter Ending March 31, 2022.

Direct Placement Debt – Commercial Mortgage Loan

In May 2019, the Corporation entered into a \$2,200,000 commercial mortgage loan with a bank. Amounts drawn under the terms of this loan were used to pay the costs associated with capital improvements at Batavia Downs. All amounts outstanding under the terms of these agreements were collateralized by certain branches of the Corporation.

The Corporation was required to make monthly principal payments on the commercial mortgage loan in the amount of \$65,701, including interest at the three-year FHLB rate plus 2.15%, with a floor of 3.00%. Borrowings on the commercial mortgage loan were subject to interest at a rate of 4.66% at December 31, 2020. This loan was repaid during 2021.

The following is a summary of the activity related to the Corporation's bonds payable for the year ended December 31, 2021:

	<u>12/31/2020</u>	<u>Additions</u>	<u>Payments</u>	<u>12/31/2021</u>	<u>One Year</u>
Commercial Mortgage	<u>\$ 1,542,141</u>	<u>\$ -</u>	<u>\$ (1,542,141)</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a summary of the activity related to the Corporation's bonds payable for the year ended December 31, 2020:

	<u>12/31/2019</u>	<u>Additions</u>	<u>Payments</u>	<u>12/31/2020</u>	<u>One Year</u>
Commercial Mortgage	<u>\$ 1,855,696</u>	<u>\$ -</u>	<u>\$ (313,555)</u>	<u>\$ 1,542,141</u>	<u>\$ 716,130</u>

In 2021 and 2020, the Corporation made interest payments of approximately \$35,000 and \$81,000, respectively, related to the mortgage loan.

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10. PAYCHECK PROTECTION PROGRAM ARRANGEMENT

Direct Borrowing

In April 2020, the Corporation entered into an arrangement with a bank under the auspices of the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief & Economic Security Act (CARES Act) through which the Corporation received \$3,151,700. This arrangement is evidenced by a loan agreement that includes provisions whereby the loan balance can be fully or partially forgiven based on the Corporation's use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements to the Bank in accordance with the requirements of the PPP Program.

As authorized by Section 1106 of the CARES Act, the U.S. Small Business Administration remitted the full amount of forgiveness on the PPP loan of \$3,151,700. This remittance has paid the loan in full as of June 28, 2021.

11. INTEREST RATE SWAP AGREEMENT

Objectives

The Corporation entered into an interest rate swap agreement with a bank in order to mitigate the risk of the variable interest rate on the \$17,400,000 term loan for the period October 15, 2013 through October 1, 2023. The ultimate objective of the interest rate swap contract was to obtain a fixed interest payment on this loan at 4.005%. This rate was intended to be a lower interest rate than the Corporation could have obtained by issuing fixed-rate debt. The swap was terminated in 2021 in connection with the refinancing of the Corporation's debt.

Hedge Effectiveness

The Corporation used the consistent critical terms method to evaluate the hedge effectiveness of the interest rate swap agreement. This method evaluated effectiveness by qualitative consideration of the hedgeable item (variable-rate debt) and the hedging derivative instrument (interest rate swap). Under the consistent critical terms method, if the critical terms of the hedgeable item and the hedging derivative instrument are the same, or similar, the changes in cash flows of the hedging derivative instrument will offset substantially the changes in cash flows of the hedgeable item. The Corporation considered the interest rate swap contract to be effective due to the fact that the changes in cash flow from the interest rate swap substantially offset the changes in price of the variable-rate debt and there was no cash transaction at the inception of the contract.

Terms

The terms of the interest rate swap agreement were as follows:

Notional Amount -	\$ 17,400,000
Counter-Party Credit Rating -	A2 as noted by Moody's
Effective Date -	October 15, 2013
Maturity Date -	October 1, 2023
Terms -	Payments were to be made the first day of every month beginning November 1, 2013 through October 2, 2023, subject to adjustment in accordance with the modified following business day convention

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The change in the fair value of the interest rate swap was (\$185,650) for the year ended December 31, 2020. The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2020 classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

Description	Classification	Fair Value at 12/31/20			
		Amount	Classification	Classification	Amount
Pay-fixed interest rate swap	Deferred outflows	\$ 690,488	Long-term liability	Deferred outflows	\$ 690,488

The fair value of the interest rate swap was estimated using a proprietary pricing service, which considers the assumptions used to estimate fair value to be proprietary information and declines to make such information available.

Credit Risk

At December 31, 2020 the Corporation was not exposed to credit risk because the interest rate swap had a negative fair value. There was no credit risk at December 31, 2021 as the swap was no longer in place.

Interest Rate Risk

The Corporation was exposed to interest rate risk on its interest rate swap. On its pay-fixed, receive-variable interest rate swap, as LIBOR decreased, the Corporation's net payment increased.

Basis Risk

At December 31, 2020 the Corporation was not exposed to basis risk because the variable payment received from the counterparty was determined on the same basis used to calculate the floating rate for the associated notes. At December 31, 2021, there was no basis risk as the swap was no longer in place.

Termination Risk

Either the Corporation or its counterparty could have terminated the hedging derivative instrument, if the other party failed to perform under the terms of the contract. Termination would have resulted in the Corporation being required to make a termination payment. No such payment was required.

Rollover Risk

The Corporation was exposed to rollover risk on the interest rate swap because the interest rate swap contract was scheduled to terminate prior to the maturity of the hedged debt. There is no rollover risk at December 31, 2021 as the swap was no longer in place.

Hedging Derivative Instrument Payments and Hedged Debt

At December 31, 2020 the Corporation's estimated aggregate debt service requirements of the Corporation's variable-rate debt and net receipts/payments on the associated hedging derivative instrument (interest rate swap) was not estimable due to the uncertainties of the total debt principal and the amount hedged.

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12. RETIREMENT PLANS

New York State and Local Employees' Retirement System (ERS)

ERS is a cost-sharing, multiple-employer defined benefit retirement system. ERS provides retirement benefits, as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net position and record changes in plan net position allocated to ERS. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employee elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that the pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the sole trustee and administrative head of ERS. The Comptroller adopts and amends rules and regulations for the administration and transaction of the business of ERS and for the custody and control of its funds. ERS provides publicly available financial reports that include financial statements and required supplementary information. The ERS report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Under the authority of the NYSRSSL, the Comptroller certifies annually the actuarially determined rates expressed as proportions of payroll of members, which are used to compute the contributions required to be made by employers to the pension accumulation fund. The employee contribution rates are based on ERS membership dates as follows:

	<u>Membership Date</u>	<u>Employee Contribution</u>
Tier 1	Prior to 7/1/73	None
Tier 2	7/1/73 - 7/26/76	None
Tier 3	7/27/76 - 8/31/83	3% of salary for the first 10 years of service
Tier 4	9/1/83 - 12/31/09	3% of salary for the first 10 years of service
Tier 5	1/1/10 - 3/31/12	3% of salary
Tier 6	4/1/12 and after	From 3% to 6% of salary

The Corporation is required to contribute at an actuarially determined rate. Pension costs are required to be funded on February 1 for the pension plan year ending the following March 31. The Corporation's required contributions were as follows for the plan year ending March 31, 2021 and the two preceding plan years:

2021	\$	1,595,670
2020	\$	1,546,240
2019	\$	1,583,393

The Corporation made its required contribution for March 31, 2022 in December of 2021 and its required contribution for March 31, 2021 in February of 2021.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

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Pension Liabilities, Pension Expense, and Deferred Outflows/inflows of Resources Related to Pensions

At December 31, 2021 and 2020, the Corporation recognized a net pension liability of \$42,612 and \$10,969,578, respectively, for its proportionate share of the ERS net pension liability. The Corporation's proportionate share of the net pension liability was consistent with the manner in which contributions to the pension plan are determined. The ERS net pension liability was measured as of March 31, 2021 and 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

At December 31, 2021 and 2020, the Corporation's proportionate share of ERS was 0.0427939% and 0.0414250% respectively.

For the years ended December 31, 2021 and 2020, the Corporation recognized pension expense of \$979,119 and \$3,686,585 related to ERS.

The Corporation reported deferred outflows and inflows of resources related to ERS from the following sources at December 31:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience of economic and demographic assumptions	\$ 520,403	\$ -	\$ 645,604	\$ -
Changes in assumptions	7,834,897	(147,768)	220,875	(190,722)
Net difference between projected and actual earnings on pension plan investments	-	(12,240,558)	5,623,539	-
Changes in proportion and differences between the Corporation's contributions and proportionate share of contributions	209,076	(178,822)	127,175	(118,827)
Contributions subsequent to the measurement date	1,106,654	-	1,214,397	-
	<u>\$ 9,671,030</u>	<u>\$ (12,567,148)</u>	<u>\$ 7,831,590</u>	<u>\$ (309,549)</u>

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Amounts reported as deferred outflows and inflows of resources related to ERS will be recognized as pension expense as follows during the years ending December 31:

2022	\$ (719,317)
2023	(258,509)
2024	(664,924)
2025	<u>(2,360,022)</u>
	<u>\$ (4,002,772)</u>

The Corporation recognized \$1,106,654 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2021, which will be recognized as a reduction to the net pension liability in the year ended December 31, 2022. The Corporation recognized \$1,214,397 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2020, which was recognized as a reduction to the net pension liability in the year ended December 31, 2021.

Actuarial Assumptions

The total ERS pension liability at March 31, 2021 and 2020 was determined using an actuarial valuation as of April 1, 2020 and 2019, with update procedures used to roll forward the total pension liability to March 31, 2021 and 2020, respectively. The actuarial valuations used the following actuarial assumptions:

	2021	2020
Interest rate	6.8%	7.0%
Salary scale increases	4.4%	4.2%
Decrement tables	April 1, 2015 - March 31, 2020 ERS experience	April 1, 2010 - March 31, 2015 ERS experience
Mortality improvement	Society of Actuaries Scale MP- 2020	Society of Actuaries Scale MP- 2018
Inflation rate	2.7%	2.5%

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income, as well as historical investment data and plan performance.

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The target allocation and best estimates of arithmetic real rates of return for each major asset class as of March 31, 2021 are summarized below:

Asset Type	Target Allocations	Long-Term Expected Real Rate of Return
Domestic equity	32.00%	4.05%
International equity	15.00%	6.30%
Private equity	10.00%	6.75%
Real estate	9.00%	4.95%
Opportunistic /ARS portfolio	3.00%	4.50%
Credit	4.00%	3.63%
Real assets	3.00%	5.95%
Fixed Income	23.00%	0.00%
Cash	<u>1.00%</u>	0.50%
	<u>100.00%</u>	

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of March 31, 2020 are summarized below:

Asset Type	Target Allocations	Long-Term Expected Real Rate
Domestic equity	36.00%	4.05%
International equity	14.00%	6.15%
Private equity	10.00%	6.75%
Real estate	10.00%	4.95%
Absolute return strategies	2.00%	3.25%
Opportunistic portfolio	3.00%	4.65%
Real assets	3.00%	5.95%
Bonds and mortgages	17.00%	0.75%
Cash	1.00%	0.00%
Inflation-indexed bonds	<u>4.00%</u>	0.50%
	<u>100.00%</u>	

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Discount Rate

The discount rates used to calculate the total pension liabilities was 5.9% at December 31, 2021 and 6.8% at December 31, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and the contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Corporation's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9%, as well as what the Corporation's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the applicable rate:

	2021		
	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Proportionate share of net pension Liability (asset)	<u>\$ 11,827,329</u>	<u>\$ 42,612</u>	<u>\$ (10,825,656)</u>
	2020		
	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Proportionate share of net pension asset (liability)	<u>\$ 20,132,272</u>	<u>\$ 10,969,578</u>	<u>\$ 2,530,697</u>

The ERS issues a publicly available financial report that includes financial statements and supplementary information and provides detailed information about the pension plan's fiduciary net position at: <http://www.osc.state.ny.us/retirement>.

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Amortization of Contributions

Chapter 57 of the Laws of 2010 of the State of New York allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For SFY 2010-11, the amount in excess of the graded rate of 9.5% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to 1% depending on the gap between the increase or decrease in the System's average rate and the graded rate.
- For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will be first used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

In accordance with these provisions, the Corporation elected to amortize \$820,338 and \$707,411 of the amount due on February 1, 2014 and 2013, respectively, related to the Plan years ending March 31, 2014 and 2013, respectively, over a 10-year period. Amounts amortized over these periods bear interest at 3.76% and 3.00% for the contributions that were due in 2014 and 2013, respectively.

These laws require participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program.

Scheduled payments to the System related to the Corporation's amortized portion of its required contributions are as follows for the years ending December 31:

	Contribution Year 2013	Contribution Year 2014	Total
2022	\$ 9,845	\$ 189,011	\$ 198,856
Less: Amount representing interest	<u>(20)</u>	<u>(480)</u>	<u>(500)</u>
	<u>\$ 9,825</u>	<u>\$ 188,531</u>	<u>\$ 198,356</u>

The Corporation has paid off the remaining \$198,356 amortized portion of its required contributions as of January 6, 2022.

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Activity - Due to New York State Retirement System

A summary of the activity related to the amount due to New York State retirement system was as follows for the year ended December 31, 2021:

	Balance 12/31/2020	Additions	Payments	Balance 12/31/2021	Due Within One Year
Due to NYS retirement system	\$ 1,789,340	\$ -	\$ 1,590,484	\$ 198,856	\$ 198,856

A summary of the activity related to the amount due to New York State retirement system was as follows for the year ended December 31, 2020:

	Balance 12/31/2019	Additions	Payments	Balance 12/31/2020	Due Within One Year
Due to NYS retirement system	\$ 592,589	\$ 1,196,751	\$ -	\$ 1,789,340	\$ 1,358,774

Section 457 Deferred Compensation Plan

Employees of the Corporation may elect to participate in the New York State Public Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan is available to all employees and permits the employee to defer a portion of his or her salary until future years, usually after retirement. The value of the plan is not required to be reported in the accompanying financial statements. The Corporation does not contribute to the plan.

WNYHHA Retirement Plan

The Corporation has an agreement with the WNYHHA whereby the Corporation contributes \$25,000 to the WNYHHA's retirement plan, in addition to an additional \$25,000 that is retained from the racing purses. These contributions were made in both 2021 and 2020. The Corporation does not maintain the WNYHHA retirement plan assets.

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13. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Corporation provides certain health insurance benefits to retired employees. The Corporation administers the Western Regional Off-Track Betting Corporation Postretirement Health Care Benefits Plan (the Plan) as a single-employer defined benefit other postemployment benefit plan (OPEB).

In 1995, the Corporation's Board of Directors approved the Plan, which was revised in 2000, to provide eligible retiring employees and members of the Board of Directors (collectively, the participants) with medical and health insurance plan coverage under either of two options - Option I or Option II. Eligible participants must meet age, retirement, and years of service and option selection criteria under each option.

Eligibility

Individuals eligible to participate under Option I must have a minimum service of five full-time years. Under this option, participants are eligible to receive fully paid health insurance for a period of one year for every two years of service, if retirement occurs at age 55 with ten years of service. Participants with less than ten years of service will be required to contribute 5% of the premium for each year pre-dating the ten years.

Individuals eligible to participate under Option II must meet a minimum age requirement of 55 years and have ten consecutive, full-time years of service. Under this option, participants are eligible to receive fully paid health insurance until their death, if their years of service and age total 70. Participants electing Option II, who have not, in combination, reached an age of 70 are required to contribute 5% towards the premium for each year pre-dating the combination of 70.

Funding Policy

The obligations of the Plan are established by action of the Corporation pursuant to applicable employment and collective bargaining agreements and can be amended. The required premium contribution rates of the retirees are dependent on the Option in which they participate.

The Corporation currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Corporation. No assets are accumulated in a trust that meets the criteria of GASB 75, paragraph 4.

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Employees Covered by Benefit Terms

The following employees were covered by the benefit terms at December 31:

	<u>2021</u>	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefits	48	48
Active employees entitled to, but not yet receiving benefits	95	95
	<u>143</u>	<u>143</u>

Total OPEB Liability

The Corporation recognized an OPEB liability of \$32,321,799 and \$33,022,275 at December 31, 2021 and 2020, respectively. The OPEB liability was measured as of December 31, 2021 and 2020, respectively, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.25%
Rate of compensation increase	2.50%
Healthcare cost trend rate	7.00% for pre-65 and 4.50% for assumed post-65 Medicare Advantage, both decreasing to 3.78% in 2075
Discount rate	1.84%
Cost method	Entry Age Normal

The discount rate is based on an analysis of returns on the Fidelity General Obligation 20-Year AA Municipal Bond Index.

Mortality rates are based on the sex-distinct headcount-weighted PubG-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, and then adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a fully generational basis.

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.25%
Rate of compensation increase	2.50%
Healthcare cost trend rate	7.00% for pre-65 and 4.50% for assumed post-65 Medicare Advantage, both decreasing to 3.78% in 2075
Discount rate	2.00%
Cost method	Entry Age Normal

The discount rate is based on an analysis of returns on the Fidelity General Obligation 20-Year AA Municipal Bond Index.

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Mortality rates are based on the sex-distinct headcount-weighted PubG-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, and then adjusted for mortality improvements with Scale MP-2019 mortality improvement scale on a fully generational basis.

Change in the Total OPEB Liability

The change in the total OPEB liability was as follows for the years ended December 31:

	2021	2020
Total OPEB obligation - beginning of year	\$ 33,022,275	\$ 30,076,129
Changes for the year -		
Service cost	847,566	724,306
Interest	668,798	804,951
Difference between expected and actual experience	(2,744,506)	(1,133,411)
Changes in assumptions or other inputs	1,387,508	3,342,390
Benefit payments	(859,842)	(792,090)
Total OPEB obligation - end of year	<u>\$ 32,321,799</u>	<u>\$ 33,022,275</u>

Changes in the Total OPEB Liability

Changes in assumptions or other inputs reflect a change in the discount rate from 2.00% to 1.84%. The changes resulted in a decreased liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Corporation at December 31, 2021, as well as what the Corporation's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (0.84%)	Current Discount Rate (1.84%)	1% Increase (2.84%)
Total OPEB liability	<u>\$ 38,105,059</u>	<u>\$ 32,321,799</u>	<u>\$ 27,708,043</u>

The following presents the total OPEB liability of the Corporation at December 31, 2020, as well as what the Corporation's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (1.00%)	Current Trend Rate (2.00%)	1% Increase (3.00%)
Total OPEB liability	<u>\$ 39,065,110</u>	<u>\$ 33,022,275</u>	<u>\$ 28,217,080</u>

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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Corporation at December 31, 2021, as well as what the Corporation's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	<u>\$ 27,293,614</u>	<u>\$ 32,321,799</u>	<u>\$ 38,794,519</u>

The following presents the total OPEB liability of the Corporation at December 31, 2020, as well as what the Corporation's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	<u>\$ 27,815,452</u>	<u>\$ 33,022,275</u>	<u>\$ 39,736,876</u>

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the Corporation recognized OPEB expense of \$1,192,238. At December 31, 2021, the Corporation reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ (4,489,182)
Changes in assumptions	4,850,503	(898,428)
Total	<u>\$ 4,850,503</u>	<u>\$ (5,387,610)</u>

For the year ended December 31, 2020, the Corporation recognized OPEB expense of \$1,531,787. At December 31, 2020, the Corporation reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ (3,497,635)
Changes in assumptions	5,532,928	(1,539,528)
Total	<u>\$ 5,532,928</u>	<u>\$ (5,037,163)</u>

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Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as a component of OPEB expense as follows during the years ending December 31:

2022	\$ (324,126)
2023	73,729
2024	(246,262)
2025	(56,349)
2026	6,986
Thereafter	<u>8,915</u>
	<u>\$ (\$37,107)</u>

14. COMMITMENTS AND CONTINGENCIES

Tote Services

The Corporation has an agreement with its tote vendor, United Tote, to provide services and computer equipment for its branch, ITW operations, and live racing through March 2023. In 2021 and 2020, the agreement required the Corporation to pay an amount equal to 0.5% of handle for branch, ITW, and live racing, or an annual minimum of \$621,000, including the \$50,000 marketing package. Computer rental expense in 2021 and 2020 was approximately \$650,000 and \$532,000, respectively.

Under the terms of this agreement, the annual minimum payment, including the \$50,000 marketing package increases to \$635,000 in 2022.

In January 2013, the Corporation entered into a new lease agreement with United Tote for additional communication equipment. Effective July of 2017, the terms of this lease were amended to require annual payments of through March 2023.

The Corporation has an agreement with another tote vendor, Amtote, to merge the Corporation's off-track betting pools with on-track betting pools at four tracks located within NYS and various out-of-state tracks utilized by the Corporation. The expense under the terms of this agreement was approximately \$56,000 and \$49,000 in 2021 and 2020, respectively.

The Corporation also has an agreement with a third tote vendor, Global Tote US, LLC, to merge the Corporation's off-track betting pools with on-track betting pools at tracks located within NYS and various out-of-state tracks utilized by the Corporation. This agreement is cancelable by either party, with thirty-day advance notice, at the end of any calendar year. Payments are 0.163% of handle at those tracks and were approximately \$25,000 and \$19,000 in 2021 and 2020, respectively.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Notes to Financial Statements December 31, 2021

Other

The Corporation has entered into agreements with certain NYS and out-of-state racetracks to receive live telecasts of their races at the Corporation's branches. The satellite uplink services agreements provide for fees of \$287,783 annually, for the time period May 1, 2021 through April 30, 2026. Total costs for satellite uplink services were \$246,457 and \$250,000 in 2021 and 2020 respectively. Communications network fees for 2021 were negotiated at \$42,486 and will continue to decrease going forward. Total costs for communications network fees were \$42,486 in 2021 and \$106,477 in 2020.

The Corporation has entered into agreements with certain service providers to receive custodial services. Expense recognized under the terms of these agreements was approximately \$165,000 and \$177,000 in 2021 and 2020, respectively.

15. SELF-INSURANCE

Risk Retention

The Corporation is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injured employees; and natural disasters. The Corporation has elected to be self-insured for workers' compensation claims. Claim expenses and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

At December 31, 2021 and 2020, the amount of these liabilities were \$404,434 and \$53,000, respectively. The liability is the Corporation's best estimate based on available information provided by the third-party administrators.

Changes in the Corporation's claims liability amount in fiscal year 2020 and 2021 were:

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Year End
2020		55,738	(2,738)	53,000
2021	53,000	1,035,438	(684,004)	404,434

16. COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID - 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. While the complete impact of this situation on the Corporation and its future results and financial position is not presently determinable, it is clear that revenues and cash flows will be significantly impacted in the near-term.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

March 24, 2022

To the Board of Directors of
Western Regional Off-Track Betting Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Western Regional Off-Track Betting Corporation (the Corporation), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 24, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatement on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Draft- Subject to Change

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Schedule I

**Schedule of Proportionate Share of Net Pension Asset (Liability) - (Unaudited)
For the Year Ended December 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN							
Proportion of the net pension asset (liability)	0.0427939%	0.0414250%	0.0397246%	0.0404181%	0.0397718%	0.0432185%	0.0455423%
Proportionate share of the net pension asset (liability)	\$ (47,612)	\$ (10,969,578)	\$ (2,814,607)	\$ (1,304,470)	\$ (3,737,047)	\$ (6,936,698)	\$ (1,538,530)
Covered-employee payroll	\$ 11,321,187	\$ 10,109,869	\$ 11,630,082	\$ 11,256,802	\$ 10,965,789	\$ 10,783,509	\$ 10,845,954
Proportionate share of the net pension asset (liability) as a percentage of its	-0.38%	-108.50%	-24.20%	-11.59%	-34.08%	-64.33%	-14.19%
Plan fiduciary net position as a percentage of the total pension asset (liability)	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Schedule II

**Schedule of Contributions - Pension Plans - (Unaudited)
For the Year Ended December 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN							
Actuarially determined contribution	\$ 1,595,670	\$ 1,546,240	\$ 1,583,393	\$ 1,777,090	\$ 1,857,335	\$ 2,158,662	\$ 2,617,154
Contributions in relation to the actuarial determined contribution	<u>1,595,670</u>	<u>1,546,240</u>	<u>1,583,393</u>	<u>1,777,090</u>	<u>1,857,335</u>	<u>2,158,662</u>	<u>2,617,154</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 11,321,187	\$ 10,109,869	\$ 11,630,082	\$ 11,256,802	\$ 10,965,789	\$ 10,783,509	\$ 10,845,954
Contributions as a percentage of covered-employee payroll	14.09%	15.29%	13.61%	15.79%	16.94%	20.02%	24.13%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Schedule III

**Schedule of Changes in Total OPEB Liability and Related Ratios - (Unaudited)
For the Year Ended December 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:				
Service cost	\$ 847,566	\$ 724,306	\$ 730,485	\$ 847,002
Interest	668,798	804,951	1,068,423	1,032,684
Differences between expected and actual experience	(2,744,506)	(1,133,411)	(4,290,841)	-
Changes in assumptions and other inputs	1,387,508	3,342,390	4,866,095	(3,462,828)
Benefit payments	(859,842)	(792,090)	(732,027)	(669,529)
Net change in total OPEB liability	(700,476)	2,946,146	1,642,135	(2,252,671)
Total OPEB liability - beginning of year	<u>33,022,275</u>	<u>30,076,129</u>	<u>28,433,994</u>	<u>30,686,665</u>
Total OPEB liability - ending of year	<u>\$ 32,321,799</u>	<u>\$ 33,022,275</u>	<u>\$ 30,076,129</u>	<u>\$ 28,433,994</u>
Covered-employee payroll	<u>\$ 4,980,463</u>	<u>\$ 5,646,493</u>	<u>\$ 7,335,302</u>	<u>\$ 6,927,045</u>
Total OPEB liability as a percentage of covered employee payroll	648.97%	584.83%	410.02%	410.48%
Notes to Schedule:				
Discount rate:	1.84%	2.00%	2.75%	3.71%

Plan assets: No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

Changes in assumptions: Change in discount rate from 2.00% to 1.84%
Change in mortality improvement scale from MP-2020 to MP-2021.

Note: The Schedule is intended to show information for 10 years. Additional years will be displayed as information becomes available.

Operating Expenses

For the Year Ended December 31, 2021

(With Comparative Totals for 2020)

	Branch		General and		2021	2020
	Operations	Batavia Downs	Administrative			
Salaries	\$ 2,011,471	\$ 7,920,471	\$ 2,295,515	\$ 12,227,457	\$ 10,679,745	
Payroll taxes and employee benefits	1,002,046	3,051,087	2,121,001	6,174,134	5,700,394	
Depreciation and amortization	320,845	2,813,773	206,675	3,341,293	3,131,261	
Utilities	251,365	655,538	3,782	910,685	839,521	
Maintenance, repairs and cleaning	509,253	626,735	65,210	1,201,198	986,718	
Insurance	176,946	568,456	202,222	947,624	830,059	
Real estate rent and property taxes	69,728	77,185	-	146,913	147,007	
Simulcast commissions	103,976	-	-	103,976	83,073	
Computer charges	616,209	141,416	69,022	826,647	650,939	
Racing forms	271,683	14,334	-	286,017	262,286	
Contractual services - racing and horse	-	230,851	-	230,851	182,482	
Racing and gaming dues and licenses	-	39,492	-	39,492	31,717	
Purses	-	7,133,430	-	7,133,430	3,190,825	
Simulcast equipment and charges	302,935	69,408	1,000	373,343	424,968	
Telephone data lines	207,914	10,355	1,385	219,654	261,104	
Supplies	41,222	31,547	52,833	125,602	102,646	
Advertising	647,304	3,828,482	161,963	4,637,749	2,221,465	
Professional fees	-	519,438	1,529,647	2,049,085	858,573	
Security	22,231	119,407	462	142,100	128,021	
Totalisator charges	77,968	2,425	-	80,393	67,349	
Contractual track commissions	-	69,024	-	69,024	21,728	
Interest	-	1,427,738	29,489	1,457,227	810,117	
Telephone	37,509	42,046	25,882	105,437	88,356	
Travel	1,544	8,676	39,909	50,129	29,398	
Equipment rental	1,188	212,585	7,186	220,959	156,148	
Internet fee	472,759	-	-	472,759	440,837	
EZ bet operator commissions	149,793	-	-	149,793	104,206	
Other	15,785	514,032	325,076	854,893	357,814	
	<u>\$ 7,311,674</u>	<u>\$ 30,127,931</u>	<u>\$ 7,138,259</u>	<u>\$ 44,577,864</u>	<u>\$ 32,788,755</u>	

Statement of Section 516 Revenues and Expenditures
For the Year Ended December 31, 2021

Pari-mutuel revenue:	
Statutory take-out	\$ 13,825,460
Breakage	220,898
Missed/minus pools	(14,919)
Derived from Sections 532.3.b.(iv) and 532.7	<u>647,210</u>
Total pari-mutuel revenue	<u>14,578,649</u>
Statutory and simulcast payments:	
New York State (pari-mutuel tax and breakage)	558,481
New York State Racing and Wagering Board regulatory fee	395,880
NYS thoroughbred development and breeding fund	277,858
Agriculture and NYS breeding and development breeders' fund - Harness	207,297
In-state thoroughbred tracks	2,568,584
Out-of-state thoroughbred tracks	1,672,198
In-state harness tracks	1,221,192
Out-of-state harness tracks	288,601
Special events	<u>244,241</u>
Total statutory and simulcast payments	<u>7,434,332</u>
Net pari-mutuel revenue	<u>7,244,317</u>
Other revenue:	
Lottery income	104,139
Concession income	39,289
Interest income	445
Enterprise fund - net revenue	9,643,631
Other income	<u>5,959,480</u>
Net revenue from operations	<u>22,991,301</u>
Operating expenses:	
Branch expenses	7,311,674
General and administrative expenses	<u>6,961,848</u>
Total operating expenses	<u>14,273,522</u>
Section 516 net income from operations	8,717,779
Less: Section 509-a(ii) contributions to capital acquisition fund	<u>659,799</u>
Section 516 net revenue for distribution	<u>\$ 8,057,980</u>

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Schedule VI

**Summary of Revenue and Expenses by Branch
For the Year Ended December 31, 2021**

Branch/County	Net Handle	Branch Revenue	Branch Expenses	Branch Profit (Loss)
CATTARAUGUS				
No Branches	\$ -	\$ -	\$ -	\$ -
CAYUGA				
Auburn	1,457,301	191,977	305,731	(113,754)
Rainbow Lanes EZ Bet	10,177	1,299	1,614	(315)
CHATAUQUA				
Jamestown	1,143,272	132,028	206,543	(74,515)
Matt's News EZ Bet	231,514	26,391	12,841	13,550
ERIE/BUFFALO				
Dial-A-Bet	2,183,485	230,147	281,065	(50,918)
SUBURBS				
Clinton Street	4,701,651	541,796	592,355	(50,559)
Wehrle	8,806,260	1,064,987	1,073,133	(8,146)
French Road	-	-	(188)	188
Pages EZ Bet	72,221	8,060	4,747	3,313
GENESEE				
No Branches	-	-	-	-
LIVINGSTON				
Fanatics EZ Bet	77,748	8,765	4,953	3,812
Wadsworth EZ Bet	82,899	8,979	5,150	3,829
Livingston Lanes EZ Bet	405,028	70,107	26,894	43,213
MONROE/ROCH				
West Ridge	2,688,902	309,414	380,252	(70,838)
Lyell/Broad	3,819,644	426,227	531,205	(104,978)
Doctor's inn EZ Bet	612,981	66,507	33,151	33,356

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

Schedule VI

Summary of Revenue and Expenses by Branch
For the Year Ended December 31, 2021

Branch/County	Net Handle	Branch Revenue	Branch Expenses	Branch Profit (Loss)
SUBURBS				
Marway	4,025,958	465,545	533,799	(68,254)
Empire	2,766,085	320,961	428,911	(107,950)
Tucci's (Matella's) EZ Bet	449,315	48,664	24,993	23,671
TC Hooligans EZ Bet	239,112	26,250	14,334	11,916
Village Rock Café EZ Bet	878,626	94,782	47,856	46,926
M's 4300 Bar & Grill EZ Bet	267,677	29,233	15,122	14,111
Kim's Woodshed EZ Bet	218,072	24,846	11,882	12,964
Robbie's Bar and Grill EZ Bet	791,092	86,841	41,480	45,361
Hunts Pub EZ Bet	44,756	3,188	2,706	482
NIAGARA				
River Road	2,318,273	275,562	327,582	(52,020)
Military Road	2,328,583	295,611	400,328	(104,717)
Scruples Ez Bet	9,788	1,068	2,785	(1,717)
Jimmy's EZ Bet	248,104	27,581	13,871	13,710
Players Lounge EZ Bet	138,393	15,397	8,787	6,610
Attitudes EZ Bet	465,675	52,019	25,390	26,629
Tin Pan Alley EZ Bet	57,736	6,520	4,315	2,205
ORLEANS				
No Branches	-	-	-	-
OSWEGO				
Phoenix	4,062,188	488,560	725,359	(236,799)
Lighthouse Lanes EZ Bet	178,388	20,196	9,891	10,305
SCHUYLER				
No Branches	-	-	-	-
SENECA				
Dewey's 3rd Ward Tavern EZ Bet	211,082	23,300	11,845	11,455
Mojo's Tavern EZ Bet	284,719	30,958	15,500	15,458
STEUBEN				
Hornell	-	-	3,848	(3,848)
Wooden Nickel EZ Bet	326,055	35,358	17,408	17,950
Oaks EZ Bet	223,083	24,405	11,893	12,512
Station 26 Restaurant EZ Bet	15,373	1,902	1,153	749

Summary of Revenue and Expenses by Branch
For the Year Ended December 31, 2021

Branch/County	Net Handle	Branch Revenue	Branch Expenses	Branch Profit (Loss)
WAYNE				
Newark	-	-	6,104	(6,104)
WYOMING				
Arcade Hotel EZ Bet	-	-	352	(352)
Bengo Express Mart EZ Bet	189,319	20,600	10,560	10,040
Letchworth Pines EZ Bet	39,035	4,414	3,711	703
INTERNET WAGERING	18,910,345	1,841,591	1,130,463	711,128
Missed/minus pool	-	(14,919)	-	(14,919)
Miscellaneous (income) expense unallocated to branches	-	1,207,789	-	1,207,789
Capital Acquisition Fund adjustment	-	(14,533)	-	(14,533)
ADW Revenue	-	1,665,597	-	1,665,597
Paycheck Protection Program Reimbursement	-	3,151,700	-	3,151,700
	\$ 65,979,915	\$ 13,347,670	\$ 7,311,674	\$ 6,035,996

Capital Acquisition Fund - Statement of Net Position
December 31, 2021**ASSETS****CURRENT ASSETS:**

Cash	\$ 127,429
Due from operating account	
December voluntary contribution	126,927
December supplemental surcharge	16,136
Other	<u>5,811,445</u>
Total current assets	<u>6,081,937</u>

PROPERTY AND EQUIPMENT:

Land	1,477,396
Leasehold improvements	89,335
Office furniture and equipment	3,653,553
Buildings	12,596,518
Held for sale	340,215
Land improvements	<u>1,845,006</u>
Property and equipment	20,002,023
Less: Accumulated depreciation	<u>(12,501,143)</u>
Total property and equipment, net	<u>7,500,880</u>
Total assets	13,582,817

LIABILITIES**NET POSITION**\$ 13,582,817

Capital Acquisition Fund - Statement of Revenue and Expenditures and Change in Net Position
For the Year Ended December 31, 2021

REVENUE:	
Contribution [509a] (Voluntary Contribution)	\$ 659,799
Contribution [532] (Statutory 1%)	266,176
Interest income	<u>116</u>
Total revenue	<u>926,091</u>
EXPENSES:	
Depreciation and amortization	<u>251,760</u>
Total expenses	<u>251,760</u>
Net revenue (loss)	674,331
NET POSITION - beginning of year	<u>12,908,486</u>
NET POSITION - end of year	<u>\$ 13,582,817</u>

WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

BRANCH OPERATIONS COMMITTEE MEETING

**Thursday, March 24, 2022
9:30 A.M.**

Michelle Parmer-Garner, Chairperson
Francis Warthling, Vice-Chairperson
Richard D. Bianchi, Ex-Officio
Edward F. Morgan, Ex-Officio

Mark Bombardo, Member

AGENDA

- 1) Branch Update
- Dina Pane
- 2) E-Z Bet Update
- Dina Pane
- 3) Batavia Bets Update
- Dina Pane
- 4) Webster Lease Renewal
 - Resolution #29-2022
- Mark Gabriele
- 5) Executive Session

RESOLUTION #29-2022

WHEREAS, it is the responsibility of the Western Regional Off-Track Betting Corporation ("Western") to maintain a presence in Monroe County; and

WHEREAS, the Board of Directors of the Western Regional Off-Track Betting Corporation and its officers and staff recommend that the branch facility in Webster, New York continue operating; and

WHEREAS, the lease for the Webster branch located at 1764 Empire Boulevard, Webster, New York is set to expire on April 30, 2022; and

WHEREAS, Western has negotiated an extension to the lease for an additional one (1) year period from May 1, 2022 to April 30, 2023 at an annual rent of \$49,316.40; and, therefore be it

RESOLVED, that the Board of Directors of the Western Regional Off-Track Betting Corporation hereby authorize the President to enter into a Lease Extension for the Empire Boulevard location for a one (1) year period from May 1, 2022 through April 30, 2023 at the annual rent of \$49,316.40; and

BE IT FURTHER, RESOLVED, that Board of Directors of this Corporation hereby directs the President to facilitate this lease extension by taking such actions as are required.

Respectfully submitted,

Edward Morgan, Member
Branch Operations Committee

Dated: March 24, 2022
 Batavia, New York