

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**Uniform Quarterly Report's Exhibits 2, 3 & 9**  
**Financial Analysis**

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>Average</u>
<b>Exhibit 3 Analysis</b>							
<b><u>Out-of-State Thoroughbred Payments as a Percentage of Out-of-State Handle</u></b>							
2008	2.7%	2.6%	2.6%	2.5%	2.6%	2.7%	2.6%
2007	2.4%	2.3%	2.3%	2.2%	2.3%	2.4%	2.3%
2006	2.4%	2.3%	2.3%	2.2%	2.3%	2.4%	2.3%
2005	2.4%	2.4%	2.2%	2.3%	2.3%	2.4%	2.3%
2004	2.4%	2.3%	2.2%	2.2%	2.3%	2.3%	2.3%
<b><u>Total Simulcast Import Payments as a Percentage of Total Handle</u></b>							
2008	10.4%	10.6%	10.7%	11.0%	10.2%	10.4%	10.7%
2007	10.4%	10.1%	9.9%	10.8%	10.0%	10.4%	10.5%
2006	10.3%	10.9%	9.9%	10.9%	10.1%	10.3%	10.6%
2005	9.9%	10.1%	10.0%	10.7%	10.1%	10.3%	10.4%
2004	10.2%	10.1%	10.0%	10.7%	10.1%	10.4%	10.4%
<b><u>Operating Revenue as a Percentage to Handle</u></b>							
2008	11.9%	12.8%	11.2%	11.8%	12.2%	15.7%	12.1%
2007	11.8%	13.1%	12.0%	11.4%	12.3%	14.2%	11.9%
2006	11.9%	12.7%	12.0%	11.1%	13.3%	13.7%	11.8%
2005	11.9%	13.4%	11.9%	11.3%	13.1%	12.6%	11.9%
2004	12.1%	12.9%	11.6%	11.0%	12.7%	11.8%	11.6%
<b><u>Branch Expense as a Percentage of Handle</u></b>							
2008	7.6%	7.9%	7.1%	9.9%	8.2%	10.9%	9.0%
2007	7.3%	7.6%	6.6%	9.0%	7.7%	10.7%	8.3%
2006	7.1%	7.2%	6.5%	8.4%	8.5%	10.6%	8.1%
2005	7.1%	7.2%	6.3%	8.4%	8.1%	10.5%	8.0%
2004	7.7%	7.5%	6.5%	8.4%	8.0%	10.3%	8.1%
<b><u>Corporate Expense as a Percentage of Handle</u></b>							
2008	3.7%	2.3%	4.1%	10.4%	5.1%	3.6%	7.2%
2007	3.7%	2.0%	3.9%	5.7%	4.8%	3.4%	4.7%
2006	3.6%	1.8%	3.8%	14.3%	4.9%	3.1%	9.1%
2005	3.4%	1.7%	3.6%	3.5%	4.8%	3.0%	3.4%
2004	3.5%	1.9%	2.8%	3.7%	4.6%	2.9%	3.4%

Source: Analysis of Quarterly Reports Filed by the OTBs with the NYS Racing Board Pursuant to Section 524 of the Racing Law.

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<b><u>Total Expense as a Percentage of Handle</u></b>							
2008	11.4%	10.1%	11.2%	20.3%	13.3%	14.5%	16.2%
2007	11.0%	9.6%	10.4%	14.7%	12.6%	14.0%	13.1%
2006	10.6%	9.0%	10.2%	22.8%	13.4%	13.6%	17.2%
2005	10.6%	9.0%	9.9%	11.8%	12.8%	13.5%	11.4%
2004	11.2%	9.4%	9.3%	12.1%	12.7%	13.2%	11.5%
<b><u>Section 516 Net Revenue as a Percentage of Handle</u></b>							
2008	0.5%	2.6%	0.1%	-8.5%	-1.1%	1.1%	-4.1%
2007	0.8%	3.5%	1.6%	-3.3%	-0.2%	0.1%	-1.2%
2006	1.3%	3.7%	1.8%	-11.6%	0.0%	0.1%	-5.4%
2005	1.3%	4.5%	2.0%	-0.5%	0.2%	-0.9%	0.4%
2004	0.9%	3.6%	2.3%	-1.0%	0.1%	-1.4%	0.1%
<b>Exhibit 9 Analysis</b>							
<b><u>Advertising as a Percentage of Handle</u></b>							
2008	0.03%	0.14%	0.17%	0.09%	0.03%	0.15%	0.10%
2007	0.02%	0.14%	0.15%	0.14%	0.05%	0.10%	0.12%
2006	0.02%	0.15%	0.11%	0.10%	0.04%	0.10%	0.09%
2005	0.01%	0.32%	0.14%	0.16%	0.03%	0.10%	0.14%
2004	-0.01%	0.32%	0.17%	0.20%	0.01%	0.09%	0.15%
<b><u>Fringe Benefits as a Percentage of Handle</u></b>							
2008	1.15%	0.00%	1.84%	9.08%	2.66%	2.88%	5.49%
2007	1.26%	0.00%	1.85%	4.56%	2.59%	2.91%	3.22%
2006	1.24%	0.00%	1.82%	2.19%	2.73%	2.85%	1.98%
2005	1.21%	0.00%	1.90%	2.11%	2.60%	2.69%	1.92%
2004	1.50%	0.00%	1.52%	2.10%	2.75%	2.69%	1.92%

Source: Analysis of Quarterly Reports Filed by the OTBs with the NYS Racing Board Pursuant to Section 524 of the Racing Law.

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<b><u>Professional Fees as a Percentage of Handle</u></b>							
2008	0.26%	0.31%	0.29%	0.07%	0.11%	0.12%	0.15%
2007	0.00%	0.24%	0.28%	0.06%	0.13%	0.12%	0.11%
2006	0.00%	0.23%	0.26%	0.05%	0.13%	0.12%	0.10%
2005	0.00%	0.18%	0.18%	0.03%	0.12%	0.13%	0.08%
2004	0.00%	0.17%	0.17%	0.05%	0.13%	0.08%	0.08%
<b><u>Salaries &amp; Wages as a Percentage of Handle</u></b>							
2008	4.6%	4.6%	5.0%	6.8%	6.7%	7.1%	6.2%
2007	4.9%	4.3%	4.8%	6.4%	6.3%	6.7%	5.8%
2006	4.8%	4.2%	4.5%	16.9%	6.7%	6.6%	11.3%
2005	4.7%	4.1%	4.3%	6.1%	6.6%	6.5%	5.6%
2004	5.0%	4.4%	4.1%	6.4%	6.4%	6.7%	5.8%
<b><u>Tote Expense as a Percentage of Handle</u></b>							
2008	0.7%	0.5%	1.2%	0.3%	0.8%	0.1%	0.5%
2007	0.7%	0.5%	1.1%	0.3%	0.7%	0.1%	0.5%
2006	0.6%	0.5%	1.0%	0.3%	0.7%	0.1%	0.5%
2005	0.6%	0.5%	1.0%	0.3%	0.7%	0.1%	0.5%
2004	0.6%	0.5%	1.0%	0.3%	0.6%	0.1%	0.4%

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<b>Exhibit 2 Analysis</b>							
<b><u>Current Ratio (Current Assets divided by Current Liabilities)</u></b>							
2008	1.07	3.55	1.13	0.25	0.54	0.68	0.61
2007	1.07	3.87	1.47	0.42	0.70	0.70	0.75
2006	1.03	3.97	1.53	0.55	0.94	0.72	0.88
2005	1.03	5.55	1.41	0.67	1.02	0.65	1.03
2004	1.11	5.02	0.56	0.87	1.00	0.18	0.94
<b><u>Cash Ratio (Cash &amp; Investments divided by Current Liabilities)</u></b>							
2008	0.95	3.49	1.07	0.23	0.38	0.56	0.56
2007	0.93	3.81	1.38	0.40	0.51	0.44	0.68
2006	0.88	3.90	1.36	0.51	0.74	0.45	0.78
2005	0.83	5.47	1.29	0.63	0.88	0.27	0.91
2004	0.88	4.96	0.34	0.80	0.68	0.09	0.81
<b><u>Debt Ratio (Total Assets divided by Total Liabilities)</u></b>							
2008	1.58	4.27	1.23	0.07	1.50	2.14	0.45
2007	1.63	4.65	1.33	0.14	1.69	2.25	0.59
2006	1.66	4.41	1.31	0.21	1.78	2.18	0.69
2005	1.69	6.21	1.26	0.65	1.70	2.10	1.37
2004	1.74	5.78	1.45	0.80	1.77	2.75	2.67
<b><u>Debt to Equity Ratio (Total Liabilities divided by Total Equity/ Undistributed Benefits)</u></b>							
2008	1.71	0.31	4.41	(1.07)	2.00	0.87	(1.81)
2007	1.59	0.27	3.03	(1.16)	1.46	0.79	(2.43)
2006	1.52	0.29	3.19	(1.26)	1.28	0.85	(3.21)
2005	1.44	0.19	3.84	(2.87)	1.42	0.91	2.67
2004	0.63	-	1.16	(1.07)	0.57	0.01	0.51

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<b><u>Total number of wagering locations (branches/teletheaters)*</u></b>							<b><u>Total</u></b>
2008	80	25	21	68	25	45	264

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>Average</u>
<b><u>Total Number of employees*</u></b>							<b><u>Total</u></b>
Full Time 2008	159	48	142	745	124	232	1,450
Part Time 2008	154	193	158	380	217	351	1,453
Total 2008	313	241	300	1,125	341	583	2,903

\* - Information taken from the 2009 simulcast applications.

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**

**Uniform Quarterly Report's Exhibits 2, 3 & 9**

**2008**

(Unaudited)

<b>Exhibit 3 - Income Statement</b>	<b>Capital</b>	<b>Catskill</b>	<b>Nassau</b>	<b>New York City</b>	<b>Suffolk</b>	<b>Western</b>	<b>All Regions</b>	<b>Average</b>
Net Handle on:								
In State Thoroughbred Tracks	\$ 74,162,174	33,986,994	103,111,940	290,237,032	66,022,800	39,909,495	607,430,435	202,476,812
Out of State Thoroughbred Tracks	90,134,736	58,954,820	141,992,436	519,478,971	84,302,475	56,453,035	951,316,473	317,105,491
In State Harness Tracks	10,826,781	11,030,237	11,546,026	45,887,289	8,955,868	14,087,215	102,333,416	34,111,139
Out of State Harness Tracks	15,420,783	17,897,485	25,307,285	84,615,068	19,309,801	23,535,938	186,086,360	62,028,787
Total Net Handle	<b>190,544,474</b>	<b>121,869,536</b>	<b>281,957,687</b>	<b>940,218,360</b>	<b>178,590,944</b>	<b>133,985,683</b>	<b>1,847,166,684</b>	<b>615,722,228</b>
Less:								
Returned to Bettors	144,863,810	91,465,174	216,194,853	708,809,481	136,340,933	99,558,160	1,397,232,411	465,744,137
Surcharge	6,536,746	4,760,896	8,033,269	36,645,101	5,211,934	5,775,574	66,963,520	22,321,173
		-	-	-	-	-	-	-
OTB Take Out and Breakage	<b>39,143,918</b>	<b>25,643,466</b>	<b>57,729,565</b>	<b>194,763,778</b>	<b>37,038,077</b>	<b>28,651,949</b>	<b>382,970,753</b>	<b>127,656,918</b>
Less Payments to:								
NY State (Pari-Mutuel Tax & Breakage)	1,479,800	1,078,269	2,321,156	6,787,151	1,433,507	1,213,790	14,313,673	4,771,224
NY State Regulatory Fee	952,722	609,348	1,409,788	4,701,092	892,955	669,928	9,235,833	3,078,611
NY State (Uncashed Tickets)	801,830	476,988	868,599	2,779,180	668,513	600,000	6,195,110	2,065,037
Breeders' Fund - Thoroughbred	939,188	454,446	1,221,356	4,725,882	879,695	554,245	8,774,812	2,924,937
Breeders' Fund - Harness	425,260	366,836	621,602	2,132,408	447,585	456,205	4,449,896	1,483,299
In State Thoroughbred Tracks	8,443,542	5,596,829	15,206,930	54,501,563	9,308,750	5,703,428	98,761,042	32,920,347
Out of State Thoroughbred Tracks	2,446,460	1,550,730	3,644,730	12,957,961	2,214,987	1,508,807	24,323,675	8,107,892
In State Harness Tracks	4,015,758	2,373,587	4,517,791	13,043,524	1,938,300	2,804,869	28,693,829	9,564,610
Out of State Harness Tracks	317,156	361,450	488,428	1,777,067	390,113	470,713	3,804,927	1,268,309
		-	-	-	-	-	-	-
Total Payments	<b>19,821,716</b>	<b>12,868,483</b>	<b>30,300,380</b>	<b>103,405,828</b>	<b>18,174,405</b>	<b>13,981,985</b>	<b>198,552,797</b>	<b>66,184,266</b>
		-	-	-	-	-	-	-
Net Racing Revenue	<b>19,322,202</b>	<b>12,774,983</b>	<b>27,429,185</b>	<b>91,357,950</b>	<b>18,863,672</b>	<b>14,669,964</b>	<b>184,417,956</b>	<b>61,472,652</b>
Other Revenue:								
Admission Income	57,541	83,860	126,869	345,185	76,488	1,723	691,666	230,555
Lottery Income	398,897	190,001	43,446	-	134,183	376,847	1,143,374	381,125
Concession Income	242,124	26,881	109,490	75,302	70,428	22,625	546,850	182,283
Derived from Section 532	1,659,609	1,344,943	2,069,059	15,630,892	1,320,903	1,570,576	23,595,982	7,865,327
Interest Income	106,719	465,051	231,215	474,154	56,288	32,610	1,366,037	455,346
Other Income	76,748	205,357	799,909	527,621	667,679	3,737,488	6,014,802	2,004,934
Uncashed Tickets	801,830	476,988	868,599	2,779,180	668,513	600,000	6,195,110	2,065,037
		-	-	-	-	-	-	-
Total Operating Revenue	<b>22,665,670</b>	<b>15,568,064</b>	<b>31,677,772</b>	<b>111,190,284</b>	<b>21,858,154</b>	<b>21,011,833</b>	<b>223,971,777</b>	<b>74,657,259</b>
Operating Expenses:								
Branch Expenses	14,559,257	9,568,136	20,046,633	93,053,746	14,573,930	14,594,902	166,396,604	55,465,535
Corporate Expenses	7,114,392	2,779,836	11,485,040	97,939,253	9,168,436	4,889,831	133,376,788	44,458,929
		-	-	-	-	-	-	-
Total Operating Expenses - Including Depreciation	<b>21,673,649</b>	<b>12,347,972</b>	<b>31,531,673</b>	<b>190,992,999</b>	<b>23,742,366</b>	<b>19,484,733</b>	<b>299,773,392</b>	<b>99,924,464</b>
		-	-	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>992,021</b>	<b>3,220,092</b>	<b>146,099</b>	<b>(79,802,715)</b>	<b>(1,884,212)</b>	<b>1,527,100</b>	<b>(75,801,615)</b>	<b>(25,267,205)</b>

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Continued from previous page								
Section 516 Net Revenues from Operations	992,021	3,220,092	146,099	(79,802,715)	(1,884,212)	1,527,100	(75,801,615)	(25,267,205)
Less:								
Section 509-a Contributions to Capital Acquisition Fund	(294,050)	304,725	-	-	-	-	10,675	3,558
		-	-	-	-	-	-	-
Section 516 Net Revenue for Distribution (Loss)	697,971	3,524,817	146,099	(79,802,715)	(1,884,212)	1,527,100	(75,790,940)	(25,263,647)
Surcharge:								
Section 532 Revenues to Participating Localities	2,881,011	2,169,941	3,963,739	8,422,826	2,272,275	2,503,838	22,213,630	7,404,543
Section 532 Revenues to Other Localities	1,195,082	649,468	1,024,544	2,356,787	951,372	933,202	7,110,455	2,370,152
		-	-	-	-	-	-	-
Total Surcharge to all Localities	4,076,093	2,819,409	4,988,283	10,779,613	3,223,647	3,437,040	29,324,085	9,774,695
Capital Acquisition Funds:								
Section 509-a Contribution from Net Revenues	294,050	(304,725)	-	-	-	-	(10,675)	(3,558)
Supplemental 1% Section 532	801,044	596,544	975,927	10,234,596	667,384	767,958	14,043,453	4,681,151
Other Fund Revenues net of Expenses	(1,180,727)	-	(702,208)	-	(620,665)	(1,006,279)	(3,509,879)	(1,169,960)
		-	-	-	-	-	-	-
Total Capital Acquisition Funds	(85,633)	291,819	273,719	10,234,596	46,719	(238,321)	10,522,899	3,507,633
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	\$ 4,688,431	6,636,045	5,408,101	(58,788,506)	1,386,154	4,725,819	(35,943,956)	(11,981,319)

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<b>Exhibit 9 - Expenses</b>								-
<b>Branch Operating Expenses</b>								-
Admissions Tax	\$ 272,502	3,225	4,888	16,978	3,494	110,017	411,104	137,035
Advertising	87,546	173,962	53,133	-	49,921	5,498	370,060	123,353
Amortization & Depreciation	140,032	98,778	20,432	-	144,526	358,118	761,886	253,962
Cable TV	32,554	16,453	47,211	-	15,714	-	111,932	37,311
Courier Service	126,559	-	109,333	-	-	-	235,892	78,631
Directors Fees and Reimbursements	-	-	-	-	-	-	-	-
Fringe Benefits	1,493,906	-	1,976,291	19,035,267	1,768,469	2,233,299	26,507,232	8,835,744
Insurance	294,379	992,573	113,387	1,463,666	116,724	188,707	3,169,436	1,056,479
Interest Expense	-	-	194,526	-	237,829	-	432,355	144,118
Maintenance & Repairs	887,246	340,264	180,650	375,835	221,018	984,977	2,989,990	996,663
Marketing & Promotions	164,520	-	-	-	404,016	-	568,536	189,512
Office Expense	80,576	37,331	110,241	174,617	98,147	-	500,912	166,971
Other Expenses & Services	467,444	57,066	943,885	224,201	45,394	1,129,483	2,867,473	955,824
Professional Fees	-	207,818	-	-	1,900	-	209,718	69,906
Racing Information	217,647	195,248	-	-	635,879	404,065	1,452,839	484,280
Rent	1,477,756	1,738,974	1,765,680	17,400,046	1,612,051	318,982	24,313,489	8,104,496
Rental of Equipment	3,170	13,618	496,979	10,055	360,453	-	884,275	294,758
Salaries and Wages	5,956,681	4,010,019	9,226,634	45,062,742	6,709,174	7,450,640	78,415,890	26,138,630
Security/Armored Carrier Expense	69,808	41,863	533,429	1,095,686	38,840	38,699	1,818,325	606,108
Simulcast Fees	480,147	410,392	203,968	1,940,308	138,754	-	3,173,569	1,057,856
Telephone & Data Lines	210,085	110,029	61,170	1,851,068	97,042	428,719	2,758,113	919,371
Totalizator Expense	1,288,606	620,151	3,433,567	2,596,764	1,386,528	114,168	9,439,784	3,146,595
Travel & Reimbursement	21,826	100,801	-	8,631	6	7,182	138,446	46,149
Utilities	786,267	399,572	571,231	1,797,879	488,050	822,348	4,865,347	1,621,782
<b>Total Branch Expenses</b>	<b>14,559,257</b>	<b>9,568,136</b>	<b>20,046,635</b>	<b>93,053,743</b>	<b>14,573,929</b>	<b>14,594,902</b>	<b>166,396,602</b>	<b>55,465,534</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**

**Uniform Quarterly Report's Exhibits 2, 3 & 9**

**2008**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Corporate Operating Expenses</b>								
Admissions Tax	\$ -	-	-	-	-	-	-	-
Advertising	(29,493)	-	419,707	830,264	-	190,861	1,411,339	470,446
Amortization & Depreciation	46,531	159,625	480,968	191,634	75,276	93,338	1,047,372	349,124
Cable TV	2,018,124	1,462	2,546	-	1,122	-	2,023,254	674,418
Courier Service	5	-	-	-	-	-	5	2
Directors Fees and Reimbursements	57,800	-	4,000	-	9,067	102,385	173,252	57,751
Fringe Benefits	699,482	-	3,204,274	66,361,767	2,974,643	1,619,064	74,859,230	24,953,077
Insurance	179,475	402,126	169,880	594,417	120,449	62,045	1,528,392	509,464
Interest Expense	-	-	-	-	-	52,015	52,015	17,338
Maintenance & Repairs	206,161	3,195	42,856	1,100,687	81,410	128,551	1,562,860	520,953
Marketing & Promotions	36,376	-	60,719	1,868,539	1,205	-	1,966,839	655,613
Office Expense	80,160	8,944	247,564	573,986	44,701	-	955,355	318,452
Other Expenses & Services	30,138	20,575	184,897	369,949	155,450	195,262	956,271	318,757
Professional Fees	504,054	170,033	810,404	655,303	193,476	157,803	2,491,073	830,358
Racing Information	21,816	-	-	-	1,685	-	23,501	7,834
Rent	21,454	319,261	249,303	4,952,081	47,429	1,440	5,590,968	1,863,656
Rental of Equipment	46,469	11,707	949	(40,861)	20,290	213,430	251,984	83,995
Salaries and Wages - President & Vice Presidents*	453,967	221,595	475,232	1,115,433	314,500	227,000	2,807,727	935,909
Salaries and Wages - Other Officers & Managers*	639,960	106,000	1,652,867	4,248,951	803,866	305,705	7,757,349	2,585,783
Salaries and Wages - Other	1,709,904	1,243,751	2,858,482	13,749,567	4,121,327	1,488,946	25,171,977	8,390,659
Security/Armored Carrier Expense	4,030	3,522	25,385	27,346	3,770	-	64,053	21,351
Simulcast Fees	3,700	-	731	231,604	-	-	236,035	78,678
Telephone & Data Lines	93,818	31,191	339,262	448,634	26,622	28,326	967,853	322,618
Totalizator Expense	330	-	-	-	-	-	330	110
Travel & Reimbursement	139,910	17,788	133,619	72,429	76,144	11,729	451,619	150,540
Utilities	150,221	59,062	121,395	587,524	96,004	11,932	1,026,138	342,046
<b>Total Corporate Expenses</b>	<b>7,114,392</b>	<b>2,779,836</b>	<b>11,485,040</b>	<b>97,939,254</b>	<b>9,168,436</b>	<b>4,889,832</b>	<b>133,376,790</b>	<b>44,458,930</b>

\* Source: The OTBs 2009 Simulcast Application Filed with the NYS Racing & Wagering Board.

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**

**Uniform Quarterly Report's Exhibits 2, 3 & 9**

**2008**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Combined Expenses</b>								
Admissions Tax	272,502	3,225	4,888	16,978	3,494	110,017	411,104	137,035
Advertising	58,053	173,962	472,840	830,264	49,921	196,359	1,781,399	593,800
Amortization & Depreciation	186,563	258,403	501,400	191,634	219,802	451,456	1,809,258	603,086
Cable TV	2,050,678	17,915	49,757	-	16,836	-	2,135,186	711,729
Courier Service	126,564	-	109,333	-	-	-	235,897	78,632
Directors Fees and Reimbursements	57,800	-	4,000	-	9,067	102,385	173,252	57,751
Fringe Benefits	2,193,388	-	5,180,565	85,397,034	4,743,112	3,852,363	101,366,462	33,788,821
Insurance	473,854	1,394,699	283,267	2,058,083	237,173	250,752	4,697,828	1,565,943
Interest Expense	-	-	194,526	-	237,829	52,015	484,370	161,457
Maintenance & Repairs	1,093,407	343,459	223,506	1,476,522	302,428	1,113,528	4,552,850	1,517,617
Marketing & Promotions	200,896	-	60,719	1,868,539	405,221	-	2,535,375	845,125
Office Expense	160,736	46,275	357,805	748,603	142,848	-	1,456,267	485,422
Other Expenses & Services	497,582	77,641	1,128,782	594,150	200,844	1,324,745	3,823,744	1,274,581
Professional Fees	504,054	377,851	810,404	655,303	195,376	157,803	2,700,791	900,264
Racing Information	239,463	195,248	-	-	637,564	404,065	1,476,340	492,113
Rent	1,499,210	2,058,236	2,014,983	22,352,127	1,659,480	320,422	29,904,458	9,968,153
Rental of Equipment	49,639	25,325	497,928	(30,806)	380,743	213,430	1,136,259	378,753
Salaries and Wages	8,760,512	5,581,365	14,213,215	64,176,693	11,948,867	9,472,291	114,152,943	38,050,981
Security/Armored Carrier Expense	73,838	45,384	558,814	1,123,032	42,610	38,699	1,882,377	627,459
Simulcast Fees	483,847	410,392	204,699	2,171,912	138,754	-	3,409,604	1,136,535
Telephone & Data Lines	303,903	141,219	400,432	2,299,702	123,664	457,045	3,725,965	1,241,988
Totalizator Expense	1,288,936	620,151	3,433,567	2,596,764	1,386,528	114,168	9,440,114	3,146,705
Travel & Reimbursement	161,736	118,589	133,619	81,060	76,150	18,911	590,065	196,688
Utilities	936,488	458,634	692,626	2,385,403	584,054	834,280	5,891,485	1,963,828
<b>TOTAL EXPENSES</b>	<b>21,673,649</b>	<b>12,347,972</b>	<b>31,531,675</b>	<b>190,992,997</b>	<b>23,742,365</b>	<b>19,484,734</b>	<b>299,773,392</b>	<b>99,924,464</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**

**Uniform Quarterly Report's Exhibits 2, 3 & 9**

**2008**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>BALANCE SHEET (EXHIBIT 2)</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	\$ 8,019,000	17,704,248	3,160,339	8,618,063	3,527,336	5,748,814	46,777,800	15,592,600
Investments	-	17,326	9,532,804	7,764,438	-	-	17,314,568	5,771,523
Accounts Receivable	253,236	199,148	243,309	1,334,903	596,992	1,177,420	3,805,008	1,268,336
Prepaid Expenses and Other Assets	768,919	130,675	558,722	(190,973)	960,792	-	2,228,135	742,712
<b>Total Current Assets</b>	<b>9,041,155</b>	<b>18,051,397</b>	<b>13,495,174</b>	<b>17,526,431</b>	<b>5,085,120</b>	<b>6,926,234</b>	<b>70,125,511</b>	<b>23,375,170</b>
<b>Fixed Assets</b>								
Land	3,069,827	240,000	432,050	-	2,058,342	7,406,815	13,207,034	4,402,345
Buildings	10,388,481	3,404,000	406,950	-	10,876,368	42,133,642	67,209,441	22,403,147
Furniture & Fixtures	7,598,436	435,712	-	718,093	535,993	8,030,283	17,318,517	5,772,839
Automobile Equipment	269,409	247,194	343,124	1,234,222	441,271	585,433	3,120,653	1,040,218
Machinery & Equipment	-	1,763,802	273,239	28,523,316	2,283,188	-	32,843,545	10,947,848
Leasehold Improvements (Nassau - Other)	2,725,657	1,201,387	22,530,487	41,438,481	3,266,131	418,974	71,581,117	23,860,372
Total Fixed Assets	24,051,810	7,292,095	23,985,850	71,914,112	19,461,293	58,575,147	205,280,307	68,426,769
Less: Accumulated Depreciation	13,207,832	3,658,053	1,255,287	71,219,073	5,618,184	26,915,990	121,874,419	40,624,806
<b>Net Fixed Assets</b>	<b>10,843,978</b>	<b>3,634,042</b>	<b>22,730,563</b>	<b>695,039</b>	<b>13,843,109</b>	<b>31,659,157</b>	<b>83,405,888</b>	<b>27,801,963</b>
<b>Total Assets</b>	<b>19,885,133</b>	<b>21,685,439</b>	<b>36,225,737</b>	<b>18,221,470</b>	<b>18,928,229</b>	<b>38,585,391</b>	<b>153,531,399</b>	<b>51,177,133</b>
<b>Current Liabilities</b>								
Accounts Payable	5,961,283	3,695,161	7,554,475	48,392,397	5,545,515	6,789,768	77,938,599	25,979,533
Due to New York State	61,334	529,157	56,237	3,036,931	59,514	731,663	4,474,836	1,491,612
Due Breeders Fund	82,018	47,096	128,584	2,003,788	82,445	145,921	2,489,852	829,951
Due to Local Governments	50,341	-	73,469	608,207	-	39,627	771,644	257,215
Accrued Payroll, Fringe Benefits and Payroll Taxes	494,817	464,701	2,386,634	13,335,574	2,027,958	971,878	19,681,562	6,560,521
Due to NYS Retirement System - Current Portion	-	-	-	-	-	719,328	719,328	239,776
Telephone Betting Accounts	591,923	183,596	588,167	1,714,707	298,282	126,237	3,502,912	1,167,637
Notes and Mortgage Payable - Current Portion	100,000	-	52,381	-	396,326	504,276	1,052,983	350,994
Capital Lease Obligations - Current Portion	96,894	-	-	49,649	-	-	146,543	48,848
Uncashed Vouchers	99,864	-	100,505	303,158	187,870	103,148	794,545	264,848
Uncashed Winning Tickets	887,807	162,101	959,466	440,804	741,266	66,090	3,257,534	1,085,845
<b>Total Current Liabilities</b>	<b>8,426,281</b>	<b>5,081,812</b>	<b>11,899,918</b>	<b>69,885,215</b>	<b>9,339,176</b>	<b>10,197,936</b>	<b>114,830,338</b>	<b>38,276,779</b>
<b>Long Term Liabilities</b>								
Due to NYS Retirement System	-	-	-	-	-	437,125	437,125	145,708
Capital Lease Obligation	88,520	-	-	-	-	-	88,520	29,507
Other - OPEB, etc	45,913	-	-	196,435,628	-	146,663	196,628,204	65,542,735
Notes and Mortgages Payable	4,000,000	-	17,633,953	-	3,276,717	7,214,657	32,125,327	10,708,442
<b>Total Long Term Liabilities</b>	<b>4,134,433</b>	<b>-</b>	<b>17,633,953</b>	<b>196,435,628</b>	<b>3,276,717</b>	<b>7,798,445</b>	<b>229,279,176</b>	<b>76,426,392</b>
<b>Total Liabilities</b>	<b>12,560,714</b>	<b>5,081,812</b>	<b>29,533,871</b>	<b>266,320,843</b>	<b>12,615,893</b>	<b>17,996,381</b>	<b>344,109,514</b>	<b>114,703,171</b>

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**2008**

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	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Undistributed Benefits To Localities</b>								
<b>As of January 1:</b>								
Net Earnings and Regular Surcharge	2,399,447	5,598,327	702,626	(177,392,495)	(417,901)	(9,196,478)	(178,306,474)	(59,435,491)
Surcharge to Counties Conducting Racing	-	38,828	-	52,006	56,512	1,968	149,314	49,771
Capital Acquisition Fund	5,525,484	11,191,741	8,351,584	-	8,541,025	29,750,724	63,360,558	21,120,186
<b>Total</b>	<b>7,924,931</b>	<b>16,828,896</b>	<b>9,054,210</b>	<b>(177,340,489)</b>	<b>8,179,636</b>	<b>20,556,214</b>	<b>(114,796,602)</b>	<b>(38,265,534)</b>
<b>Year To Date</b>								
Net Earnings and Regular Surcharge	3,565,826	5,694,756	4,109,838	(71,379,889)	388,064	3,882,058	(53,739,347)	(17,913,116)
Surcharge Counties Conducting Racing	13,159	1,054,313	-	2,356,788	951,372	226,387	4,602,019	1,534,006
Capital Acquisition Fund Contributions	(85,633)	291,820	273,719	10,234,597	46,718	(238,322)	10,522,899	3,507,633
<b>Total Year To Date</b>	<b>3,493,352</b>	<b>7,040,889</b>	<b>4,383,557</b>	<b>(58,788,504)</b>	<b>1,386,154</b>	<b>3,870,123</b>	<b>(38,614,429)</b>	<b>(12,871,476)</b>
<b>Available For Distribution</b>								
Net Earnings and Regular Surcharge	5,965,273	11,293,083	4,812,464	(248,772,384)	(29,837)	(5,314,420)	(232,045,821)	(77,348,607)
Surcharge to Counties Conducting Racing	13,159	1,093,141	-	2,408,794	1,007,884	228,355	4,751,333	1,583,778
Capital Acquisition Fund	5,439,851	11,483,561	8,625,303	10,234,597	8,587,744	29,512,402	73,883,458	24,627,819
<b>Total Available</b>	<b>11,418,283</b>	<b>23,869,785</b>	<b>13,437,767</b>	<b>(236,128,993)</b>	<b>9,565,791</b>	<b>24,426,337</b>	<b>(153,411,030)</b>	<b>(51,137,010)</b>
<b>Distributed To Localities</b>								
Net Earnings and Regular Surcharge	4,080,705	6,205,006	6,745,901	9,612,497	2,299,051	3,613,644	32,556,804	10,852,268
Surcharge to Counties Conducting Racing	13,159	1,061,151	-	2,357,883	954,404	223,682	4,610,279	1,536,760
<b>Total Distributed</b>	<b>4,093,864</b>	<b>7,266,157</b>	<b>6,745,901</b>	<b>11,970,380</b>	<b>3,253,455</b>	<b>3,837,326</b>	<b>37,167,083</b>	<b>12,389,028</b>
<b>Undistributed Benefits</b>								
Net Earnings and Regular Surcharge	1,884,568	5,088,077	(1,933,437)	(258,384,882)	(2,328,888)	(8,928,064)	(264,602,626)	(88,200,875)
Surcharge to Counties Conducting Racing	-	31,990	-	50,911	53,480	4,673	141,054	47,018
Capital Acquisition Fund	5,439,851	11,483,561	8,625,303	10,234,597	8,587,744	29,512,402	73,883,458	24,627,819
<b>Total Undistributed Benefits</b>	<b>7,324,419</b>	<b>16,603,628</b>	<b>6,691,866</b>	<b>(248,099,374)</b>	<b>6,312,336</b>	<b>20,589,011</b>	<b>(190,578,114)</b>	<b>(63,526,038)</b>
<b>Total Liabilities and Undistributed Benefits to Own Localities</b>								
	<b>19,885,133</b>	<b>21,685,440</b>	<b>36,225,737</b>	<b>18,221,469</b>	<b>18,928,229</b>	<b>38,585,392</b>	<b>153,531,400</b>	<b>51,177,133</b>

NOTE: Governmental Accounting Standards Board # 45 (GASB) requires governmental entities to record the cost of providing other post employment benefits (OPEB) to employees in the year they are earned. This pronouncement became effective for all entities for the 2008 reporting year. The OTBs have not uniformly applied GASB 45 therefore the following summary is provided to identify how these costs are reflected in the above reported figures

OTBs that included GASB 45 amounts in corporate expenses under fringe benefits.	48,022	58,705,000		
OTBs that report the GASB 45 amounts but <b>DO NOT REPORT THEM AS EXPENSES AFFECTING SECTION 516 DISTRIBUTIONS</b> (These amounts are not reflected in the figures reported above.)		1,130,000	2,973,308	954,317
OTB that has no OPEB amounts to report.	<b>XX</b>			

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**

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<b>Exhibit 3 - Income Statement</b>								
Net Handle on:								
In State Thoroughbred Tracks	77,831,065	35,532,013	108,215,233	314,745,579	68,111,177	41,240,391	645,675,458	107,612,576
Out of State Thoroughbred Tracks	95,231,423	65,397,572	146,467,678	572,609,452	91,561,746	60,038,837	1,031,306,708	171,884,451
In State Harness Tracks	12,643,552	12,896,997	13,189,651	54,549,460	9,845,196	15,253,144	118,378,000	19,729,667
Out of State Harness Tracks	16,133,482	17,981,252	25,650,935	88,293,413	18,640,602	22,902,670	189,602,354	31,600,392
Total Net Handle	<b>201,839,522</b>	<b>131,807,834</b>	<b>293,523,497</b>	<b>1,030,197,904</b>	<b>188,158,721</b>	<b>139,435,042</b>	<b>1,984,962,520</b>	<b>330,827,087</b>
Less:								
Returned to Bettors	153,383,708	98,823,334	224,857,899	785,313,845	143,850,589	103,631,039	1,509,860,414	251,643,402
Surcharge	7,248,883	5,131,305	8,609,467	32,460,058	5,441,814	6,050,691	64,942,218	10,823,703
	-	-	-	-	-	-	-	-
OTB Take Out and Breakage	<b>41,206,931</b>	<b>27,853,195</b>	<b>60,056,131</b>	<b>212,424,001</b>	<b>38,866,318</b>	<b>29,753,312</b>	<b>410,159,888</b>	<b>68,359,981</b>
Less Payments to:								
NY State (Pari-Mutuel Tax & Breakage)	1,495,973	951,283	1,902,405	7,063,493	1,457,619	1,251,172	14,121,945	2,353,658
NY State Regulatory Fee	1,009,198	659,039	1,467,617	5,150,990	940,794	697,175	9,924,813	1,654,136
NY State (Uncashed Tickets)	814,640	468,531	850,287	3,485,619	585,550	650,000	6,854,627	1,142,438
Breeders' Fund - Thoroughbred	1,052,926	682,029	1,734,146	5,506,834	975,617	615,789	10,567,341	1,761,224
Breeders' Fund - Harness	454,493	392,658	654,474	2,353,976	456,005	459,875	4,771,481	795,247
In State Thoroughbred Tracks	8,924,938	6,089,691	15,797,024	58,718,029	9,868,847	6,092,655	105,491,184	17,581,864
Out of State Thoroughbred Tracks	2,313,214	1,534,321	3,330,991	12,713,987	2,065,026	1,436,086	23,393,625	3,898,938
In State Harness Tracks	4,278,661	2,195,884	2,835,476	14,070,108	2,032,024	2,815,804	28,227,957	4,704,660
Out of State Harness Tracks	335,929	368,167	498,784	1,816,128	377,741	457,337	3,854,086	642,348
City of Albany	304,435	-	-	-	-	-	304,435	50,739
City of Niagara	-	-	-	-	-	42,566	42,566	7,094
	-	-	-	-	-	-	-	-
Total Payments	<b>20,984,407</b>	<b>13,341,603</b>	<b>29,071,204</b>	<b>110,879,164</b>	<b>18,759,223</b>	<b>14,518,459</b>	<b>207,554,060</b>	<b>34,592,343</b>
	-	-	-	-	-	-	-	-
Net Racing Revenue	<b>20,222,524</b>	<b>14,511,592</b>	<b>30,984,927</b>	<b>101,544,837</b>	<b>20,107,095</b>	<b>15,234,853</b>	<b>202,605,828</b>	<b>33,767,638</b>
Other Revenue:								
Admission Income	62,017	93,320	142,455	374,420	96,940	2,185	771,337	128,556
Lottery Income	416,869	210,619	53,995	-	125,792	391,092	1,198,367	199,728
Concession Income	237,323	28,825	112,423	44,167	53,629	23,130	499,497	83,250
Derived from Section 532	1,783,913	1,448,250	2,232,040	9,578,056	1,404,818	1,643,369	18,090,446	3,015,074
Interest Income	125,919	222,437	472,819	1,502,591	153,796	60,164	2,537,726	422,954
Other Income	115,904	281,541	399,518	762,901	709,740	1,733,181	4,002,785	667,131
Uncashed Tickets	814,640	468,531	850,287	3,485,619	585,550	650,000	6,854,627	1,142,438
	-	-	-	-	-	-	-	-
Total Operating Revenue	<b>23,779,109</b>	<b>17,265,115</b>	<b>35,248,464</b>	<b>117,292,591</b>	<b>23,237,360</b>	<b>19,737,974</b>	<b>236,560,613</b>	<b>39,426,769</b>
Operating Expenses:								
Branch Expenses	14,709,522	9,970,853	19,245,668	92,375,701	14,564,647	14,869,309	165,735,700	27,622,617
Corporate Expenses	7,481,298	2,692,283	11,426,668	58,784,370	9,110,263	4,711,511	94,206,393	15,701,066
	-	-	-	-	-	-	-	-
Total Operating Expenses - Including Depreciation	<b>22,190,820</b>	<b>12,663,136</b>	<b>30,672,336</b>	<b>151,160,071</b>	<b>23,674,910</b>	<b>19,580,820</b>	<b>259,942,093</b>	<b>43,323,682</b>
	-	-	-	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>1,588,289</b>	<b>4,601,979</b>	<b>4,576,128</b>	<b>(33,867,480)</b>	<b>(437,550)</b>	<b>157,154</b>	<b>(23,381,480)</b>	<b>(3,896,913)</b>

Continued on next page

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**

**Uniform Quarterly Report's Exhibits 2, 3 & 9**

**2007**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Continued from previous page								
Section 516 Net Revenues from Operations	<b>1,588,289</b>	<b>4,601,979</b>	<b>4,576,128</b>	<b>(33,867,480)</b>	<b>(437,550)</b>	<b>157,154</b>	<b>(23,381,480)</b>	<b>(3,896,913)</b>
Less:								
Section 509-a Contributions to Capital Acquisition Fund	(309,600)	1,873,021	-	-	(39,851)	-	1,523,570	253,928
	-	-	-	-	-	-	-	-
Section 516 Net Revenue for Distribution (Loss)	<b>1,278,689</b>	<b>6,475,000</b>	<b>4,576,128</b>	<b>(33,867,480)</b>	<b>(477,401)</b>	<b>157,154</b>	<b>(21,857,910)</b>	<b>(3,642,985)</b>
Surcharge:								
Section 532 Revenues to Participating Localities	3,237,997	2,354,926	4,202,579	16,448,602	2,373,980	2,627,105	31,245,189	5,207,532
Section 532 Revenues to Other Localities	1,333,080	683,745	1,126,278	2,614,391	969,163	971,766	7,698,423	1,283,071
	-	-	-	-	-	-	-	-
Total Surcharge to all Localities	<b>4,571,077</b>	<b>3,038,671</b>	<b>5,328,857</b>	<b>19,062,993</b>	<b>3,343,143</b>	<b>3,598,871</b>	<b>38,943,612</b>	<b>6,490,602</b>
Capital Acquisition Funds:								
Section 509-a Contribution from Net Revenues	309,600	(1,873,021)	-	-	39,851	-	(1,523,570)	(253,928)
Supplemental 1% Section 532	893,893	644,384	1,048,570	3,819,009	693,853	808,451	7,908,160	1,318,027
Other Fund Revenues net of Expenses	(1,328,145)	655,998	(956,685)	-	(480,986)	(1,035,280)	(3,145,098)	(524,183)
	-	-	-	-	-	-	-	-
Total Capital Acquisition Funds	<b>(124,652)</b>	<b>(572,639)</b>	<b>91,885</b>	<b>3,819,009</b>	<b>252,718</b>	<b>(226,829)</b>	<b>3,239,492</b>	<b>539,915</b>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<b>5,725,114</b>	<b>8,941,032</b>	<b>9,996,870</b>	<b>(10,985,478)</b>	<b>3,118,460</b>	<b>3,529,196</b>	<b>20,325,194</b>	<b>3,387,532</b>

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(Unaudited)

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<b>EXPENSE DETAIL (From Exhibit 9)</b>								
<b>Branch Operating Expenses</b>								
Admissions Tax	2,481	3,520	5,544	18,620	3,643	68,530	102,338	17,056
Advertising	74,761	188,338	148,390	-	91,021	3,250	505,760	84,293
Amortization & Depreciation	141,027	216,239	28,396	-	148,045	391,368	925,075	154,179
Cable TV	32,639	15,644	44,896	-	14,534	-	107,713	17,952
Courier Service	117,673	-	112,517	-	-	-	230,190	38,365
Directors Fees and Reimbursements	-	-	-	-	-	-	-	-
Fringe Benefits	1,627,802	-	1,944,925	18,181,171	1,856,691	2,481,497	26,092,086	4,348,681
Insurance	317,789	1,033,800	127,794	1,935,506	173,593	234,842	3,823,324	637,221
Interest Expense	194	-	-	-	261,188	-	261,382	43,564
Maintenance & Repairs	898,547	400,222	169,181	607,623	258,021	1,095,716	3,429,310	571,552
Marketing & Promotions	161,419	-	5	-	384,601	-	546,025	91,004
Office Expense	80,884	19,021	113,791	221,129	64,020	-	498,845	83,141
Other Expenses & Services	454,431	68,736	852,788	413,705	72,824	1,042,307	2,904,791	484,132
Professional Fees	-	176,785	-	-	18,535	-	195,320	32,553
Racing Information	219,064	206,338	-	-	742,192	376,334	1,543,928	257,321
Rent	1,455,125	1,787,293	1,570,965	15,091,182	1,256,241	304,233	21,465,039	3,577,507
Rental of Equipment	3,968	13,884	657,947	10,214	334,347	-	1,020,360	170,060
Salaries and Wages	6,202,055	4,161,699	9,009,209	46,691,400	6,724,186	7,538,009	80,326,558	13,387,760
Security/Armored Carrier Expense	65,387	41,883	490,846	1,058,558	40,469	37,439	1,734,582	289,097
Simulcast Fees	474,484	408,741	182,561	2,023,432	141,257	-	3,230,475	538,413
Telephone & Data Lines	293,803	106,588	85,980	1,772,246	210,337	355,277	2,824,231	470,705
Totalizer Expense	1,298,891	648,571	3,144,863	2,611,958	1,312,891	122,606	9,139,780	1,523,297
Travel & Reimbursement	11,063	83,242	-	9,060	6	5,637	109,008	18,168
Utilities	776,035	390,308	555,070	1,729,895	474,845	810,019	4,736,172	789,362
<b>Total Branch Expenses</b>	<b>14,709,522</b>	<b>9,970,852</b>	<b>19,245,668</b>	<b>92,375,699</b>	<b>14,583,487</b>	<b>14,867,064</b>	<b>165,752,292</b>	<b>27,625,382</b>

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	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Corporate Operating Expenses</b>								
Admissions Tax	-	-	-	-	-	-	-	-
Advertising	(30,887)	-	302,258	1,446,619	-	141,417	1,859,407	309,901
Amortization & Depreciation	61,431	141,290	466,339	136,257	89,353	72,479	967,149	161,192
Cable TV	7,354	800	2,278	-	992	-	11,424	1,904
Courier Service	12	-	-	-	-	-	12	2
Directors Fees and Reimbursements	58,600	-	4,000	2,250	10,279	48,906	124,035	20,673
Fringe Benefits	922,714	-	3,484,589	28,783,172	3,011,304	1,580,015	37,781,794	6,296,966
Insurance	207,051	423,590	171,797	767,954	130,632	97,410	1,798,434	299,739
Interest Expense	-	-	-	-	-	59,006	59,006	9,834
Maintenance & Repairs	254,337	3,142	24,192	1,061,358	64,683	123,430	1,531,142	255,190
Marketing & Promotions	44,949	-	55,878	143,695	639	-	245,161	40,860
Office Expense	237,779	7,378	193,382	709,476	35,607	-	1,183,622	197,270
Other Expenses & Services	594,201	21,427	109,937	240,302	118,256	508,352	1,592,475	265,413
Professional Fees	-	144,642	831,515	621,868	222,396	163,873	1,984,294	330,716
Racing Information	28,430	-	-	-	1,685	-	30,115	5,019
Rent	29,728	276,664	254,057	4,114,827	51,917	36,368	4,763,561	793,927
Rental of Equipment	994,213	14,326	971	204,899	34,169	-	1,248,578	208,096
Salaries and Wages	3,592,571	1,524,765	4,955,860	18,783,314	5,139,122	1,790,059	35,785,691	5,964,282
Security/Armored Carrier Expense	6,335	3,196	25,682	31,291	2,128	-	68,632	11,439
Simulcast Fees	58,323	-	4,250	165,989	-	-	228,562	38,094
Telephone & Data Lines	140,885	66,813	311,142	675,931	30,871	29,764	1,255,406	209,234
Totalizator Expense	13,800	-	-	-	-	-	13,800	2,300
Travel & Reimbursement	128,686	14,690	104,919	105,092	69,969	28,738	452,094	75,349
Utilities	130,786	49,560	123,621	790,075	95,379	31,694	1,221,115	203,519
<b>Total Corporate Expenses</b>	<b>7,481,298</b>	<b>2,692,283</b>	<b>11,426,667</b>	<b>58,784,369</b>	<b>9,109,381</b>	<b>4,711,511</b>	<b>94,205,509</b>	<b>15,700,918</b>

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	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Combined Expenses</b>								
Admissions Tax	2,481	3,520	5,544	18,620	3,643	68,530	102,338	17,056
Advertising	43,874	188,338	450,648	1,446,619	91,021	144,667	2,365,167	394,195
Amortization & Depreciation	202,458	357,529	494,735	136,257	237,398	463,847	1,892,224	315,371
Cable TV	39,993	16,444	47,174	-	15,526	-	119,137	19,856
Courier Service	117,685	-	112,517	-	-	-	230,202	38,367
Directors Fees and Reimbursements	58,600	-	4,000	2,250	10,279	48,906	124,035	20,673
Fringe Benefits	2,550,516	-	5,429,514	46,964,343	4,867,995	4,061,512	63,873,880	10,645,647
Insurance	524,840	1,457,390	299,591	2,703,460	304,225	332,252	5,621,758	936,960
Interest Expense	194	-	-	-	261,188	59,006	320,388	53,398
Maintenance & Repairs	1,152,884	403,364	193,373	1,668,981	322,704	1,219,146	4,960,452	826,742
Marketing & Promotions	206,368	-	55,883	143,695	385,240	-	791,186	131,864
Office Expense	318,663	26,399	307,173	930,605	99,627	-	1,682,467	280,411
Other Expenses & Services	1,048,632	90,163	962,725	654,007	191,080	1,550,659	4,497,266	749,544
Professional Fees	-	321,427	831,515	621,868	240,931	163,873	2,179,614	363,269
Racing Information	247,494	206,338	-	-	743,877	376,334	1,574,043	262,341
Rent	1,484,853	2,063,957	1,825,022	19,206,009	1,308,158	340,601	26,228,600	4,371,433
Rental of Equipment	998,181	28,210	658,918	215,113	368,516	-	2,268,938	378,156
Salaries and Wages	9,794,626	5,686,464	13,965,069	65,474,714	11,863,308	9,328,068	116,112,249	19,352,042
Security/Armored Carrier Expense	71,722	45,079	516,528	1,089,849	42,597	37,439	1,803,214	300,536
Simulcast Fees	532,807	408,741	186,811	2,189,421	141,257	-	3,459,037	576,506
Telephone & Data Lines	434,688	173,401	397,122	2,448,177	241,208	385,041	4,079,637	679,940
Totalizer Expense	1,312,691	648,571	3,144,863	2,611,958	1,312,891	122,606	9,153,580	1,525,597
Travel & Reimbursement	139,749	97,932	104,919	114,152	69,975	34,375	561,102	93,517
Utilities	906,821	439,868	678,691	2,519,970	570,224	841,713	5,957,287	992,881
<b>TOTAL EXPENSES</b>	<b>22,190,820</b>	<b>12,663,135</b>	<b>30,672,335</b>	<b>151,160,068</b>	<b>23,692,868</b>	<b>19,578,575</b>	<b>259,957,801</b>	<b>43,326,300</b>

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<b>BALANCE SHEET (EXHIBIT 2)</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	7,762,910	17,539,993	4,079,193	9,797,982	4,245,729	3,630,102	47,055,909	7,842,652
Investments	-	17,326	7,347,392	16,500,000	-	-	23,864,718	3,977,453
Accounts Receivable	309,848	169,405	162,233	603,598	541,321	2,155,320	3,941,725	656,954
Prepaid Expenses and Other Assets	836,339	127,649	580,803	577,579	953,312	-	3,075,682	512,614
<b>Total Current Assets</b>	<b>8,909,097</b>	<b>17,854,373</b>	<b>12,169,621</b>	<b>27,479,159</b>	<b>5,740,362</b>	<b>5,785,422</b>	<b>77,938,034</b>	<b>12,989,672</b>
<b>Fixed Assets</b>								
Land	3,069,827	240,000	432,050	-	2,058,342	7,269,127	13,069,346	2,178,224
Buildings	10,301,214	3,308,499	406,950	-	10,832,229	40,568,348	65,417,240	10,902,873
Furniture & Fixtures	8,780,512	435,712	-	715,172	525,076	7,229,806	17,686,278	2,947,713
Automobile Equipment	373,263	226,492	306,807	1,233,868	400,338	572,088	3,112,856	518,809
Machinery & Equipment	-	1,591,213	203,188	27,602,683	2,211,186	-	31,608,270	5,268,045
Leasehold Improvements	2,857,924	1,185,454	24,027,059	30,467,308	3,247,138	420,029	62,204,912	10,367,485
Total Fixed Assets	25,382,740	6,987,370	25,376,054	60,019,031	19,274,309	56,059,398	193,098,902	32,183,150
Less: Accumulated Depreciation	13,719,969	3,399,650	1,047,305	59,752,650	4,911,947	24,692,822	107,524,343	17,920,724
<b>Net Fixed Assets</b>	<b>11,662,771</b>	<b>3,587,720</b>	<b>24,328,749</b>	<b>266,381</b>	<b>14,362,362</b>	<b>31,366,576</b>	<b>85,574,559</b>	<b>14,262,427</b>
<b>Total Assets</b>	<b>20,571,868</b>	<b>21,442,093</b>	<b>36,498,370</b>	<b>27,745,540</b>	<b>20,102,724</b>	<b>37,151,998</b>	<b>163,512,593</b>	<b>27,252,099</b>
<b>Current Liabilities</b>								
Accounts Payable	5,741,644	3,231,788	3,633,813	46,851,640	4,484,251	5,308,171	69,251,307	11,541,885
Due to New York State	77,186	528,352	58,494	3,429,276	210,945	248,058	4,552,311	758,719
Due Breeders Fund	100,566	69,543	378,527	1,741,979	11,634	102,105	2,404,354	400,726
Due to Local Governments	61,067	-	89,967	557,170	-	47,863	756,067	126,011
Accrued Payroll, Fringe Benefits and Payroll Taxes	462,865	473,351	2,434,275	11,086,447	2,006,856	878,100	17,341,894	2,890,316
Due to NYS Retirement System - Current Portion	-	-	-	-	-	780,857	780,857	130,143
Telephone Betting Accounts	650,590	199,336	553,679	1,768,133	329,275	131,108	3,632,121	605,354
Notes and Mortgage Payable - Current Portion	100,000	-	49,240	-	367,214	475,571	992,025	165,338
Capital Lease Obligations - Current Portion	110,614	-	-	-	-	-	110,614	18,436
Uncashed Vouchers	121,427	-	128,586	278,247	165,611	84,754	778,625	129,771
Uncashed Winning Tickets	912,176	110,828	976,243	449,174	673,987	204,242	3,326,650	554,442
<b>Total Current Liabilities</b>	<b>8,338,135</b>	<b>4,613,198</b>	<b>8,302,824</b>	<b>66,162,066</b>	<b>8,249,773</b>	<b>8,260,829</b>	<b>103,926,825</b>	<b>17,321,138</b>
<b>Long Term Liabilities</b>								
Due to NYS Retirement System	-	-	-	-	-	496,438	496,438	82,740
Capital Lease Obligation	185,415	-	-	-	-	-	185,415	30,903
OTHER	-	-	-	138,923,964	-	-	138,923,964	23,153,994
Notes and Mortgages Payable	4,100,000	-	19,141,335	-	3,673,314	7,718,933	34,633,582	5,772,264
<b>Total Long Term Liabilities</b>	<b>4,285,415</b>	<b>-</b>	<b>19,141,335</b>	<b>138,923,964</b>	<b>3,673,314</b>	<b>8,215,371</b>	<b>174,239,399</b>	<b>29,039,900</b>
<b>Total Liabilities</b>	<b>12,623,550</b>	<b>4,613,198</b>	<b>27,444,159</b>	<b>205,086,030</b>	<b>11,923,087</b>	<b>16,476,200</b>	<b>278,166,224</b>	<b>46,361,037</b>

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**2007**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Undistributed Benefits To Localities</b>								
<b>As of January 1:</b>								
Net Earnings and Regular Surcharge	2,558,480	4,259,001	925,170	(143,341,078)	401,000	(9,030,086)	(144,227,513)	(24,037,919)
Surcharge to Counties Conducting Racing	-	45,112	-	52,964	72,747	-	170,823	28,471
Capital Acquisition Fund	5,742,036	11,764,380	8,259,698	-	8,288,310	29,977,554	64,031,978	10,671,996
<b>Total</b>	<b>8,300,516</b>	<b>16,068,493</b>	<b>9,184,868</b>	<b>(143,288,114)</b>	<b>8,762,057</b>	<b>20,947,468</b>	<b>(80,024,712)</b>	<b>(13,337,452)</b>
<b>Year To Date</b>								
Net Earnings and Regular Surcharge	4,805,494	8,829,926	8,696,298	(17,419,248)	1,878,621	2,784,259	9,575,350	1,595,892
Surcharge Counties Conducting Racing	15,641	1,288,910	-	2,614,391	969,163	208,176	5,096,281	849,380
Capital Acquisition Fund Contributions	(124,651)	(572,639)	91,886	-	252,715	(226,830)	(579,519)	(96,587)
<b>Total Year To Date</b>	<b>4,696,484</b>	<b>9,546,197</b>	<b>8,788,184</b>	<b>(14,804,857)</b>	<b>3,100,499</b>	<b>2,765,605</b>	<b>14,092,112</b>	<b>2,348,685</b>
<b>Available For Distribution</b>								
Net Earnings and Regular Surcharge	7,363,974	13,088,927	9,621,468	(160,760,326)	2,279,620	(6,245,827)	(134,652,164)	(22,442,027)
Surcharge to Counties Conducting Racing	15,641	1,334,022	-	2,667,355	1,041,910	208,176	5,267,104	877,851
Capital Acquisition Fund	5,617,386	11,191,741	8,351,584	-	8,541,025	29,750,724	63,452,460	10,575,410
<b>Total Available</b>	<b>12,997,001</b>	<b>25,614,690</b>	<b>17,973,052</b>	<b>(158,092,971)</b>	<b>11,862,555</b>	<b>23,713,073</b>	<b>(65,932,600)</b>	<b>(10,988,767)</b>
<b>Distributed To Localities</b>								
Net Earnings and Regular Surcharge	5,033,030	7,490,600	8,918,841	16,632,171	2,697,521	2,949,074	43,721,237	7,286,873
Surcharge to Counties Conducting Racing	15,641	1,295,194	-	2,615,348	985,398	207,787	5,119,368	853,228
<b>Total Distributed</b>	<b>5,048,671</b>	<b>8,785,794</b>	<b>8,918,841</b>	<b>19,247,519</b>	<b>3,682,919</b>	<b>3,156,861</b>	<b>48,840,605</b>	<b>8,140,101</b>
<b>Undistributed Benefits</b>								
Net Earnings and Regular Surcharge	2,128,350	5,598,327	702,627	(177,392,497)	(417,901)	(9,194,901)	(178,575,995)	(29,762,666)
Surcharge to Counties Conducting Racing	202,582	38,828	-	52,007	56,512	415,963	765,892	127,649
Capital Acquisition Fund	5,617,386	11,191,741	8,351,584	-	8,541,025	29,750,724	63,452,460	10,575,410
<b>Total Undistributed Benefits</b>	<b>7,948,318</b>	<b>16,828,896</b>	<b>9,054,211</b>	<b>(177,340,490)</b>	<b>8,179,636</b>	<b>20,971,786</b>	<b>(114,357,643)</b>	<b>(19,059,607)</b>
<b>Total Liabilities and Undistributed Benefits to Own Localities</b>								
	<b>20,571,868</b>	<b>21,442,094</b>	<b>36,498,370</b>	<b>27,745,540</b>	<b>20,102,723</b>	<b>37,447,986</b>	<b>163,808,581</b>	<b>27,301,430</b>

NOTE: Governmental Accounting Standards Board # 45 (GASB) requires governmental entities to record the cost of providing other post employment benefits (OPEB) to employees in the year they are earned. This pronouncement became effective for some entities for the 2007 reporting year. The OTBs have not uniformly applied GASB 45 therefore the following summary is provided to identify how these costs are reflected in the above reported figures

OTBs that included GASB 45 amounts in corporate expenses under fringe benefits.	21,428,000
OTBs that report the GASB 45 amounts but <b>DO NOT REPORT THEM AS EXPENSES AFFECTING SECTION 516 DISTRIBUTIONS</b> (These amounts are not reflected in the figures reported above.)	43,828,000
OTB that has no OPEB amounts to report for this year.	<b>XX</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2006**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Net Handle on:								
In State Thoroughbred Tracks	\$ 80,245,436	\$ 38,877,337	\$ 114,318,097	\$ 332,669,816	\$ 72,374,593	\$ 41,357,878	\$ 679,843,157	\$ 113,307,193
Out of State Thoroughbred Tracks	98,321,347	71,641,040	152,076,148	578,839,019	95,411,835	59,233,409	1,055,522,798	175,920,466
In State Harness Tracks	10,597,162	9,226,449	8,057,603	30,260,589	5,206,507	12,944,369	76,292,679	12,715,447
Out of State Harness Tracks	20,758,842	23,287,922	33,223,103	119,214,702	22,184,867	26,692,985	245,362,421	40,893,737
Total Net Handle	<b>209,922,787</b>	<b>143,032,748</b>	<b>307,674,951</b>	<b>1,060,984,126</b>	<b>195,177,802</b>	<b>140,228,641</b>	<b>2,057,021,055</b>	<b>342,836,843</b>
Less:								
Returned to Bettors	159,495,714	107,230,208	235,751,928	808,862,187	149,072,417	104,009,482	1,564,421,936	260,736,989
Surcharge	7,582,116	5,576,646	8,887,927	33,926,458	5,813,549	6,137,177	67,923,873	11,320,646
OTB Take Out and Breakage	<b>42,844,957</b>	<b>30,225,894</b>	<b>63,035,096</b>	<b>218,195,481</b>	<b>40,291,836</b>	<b>30,081,982</b>	<b>424,675,246</b>	<b>70,779,208</b>
Less Payments to:								
NY State (Pari-Mutuel Tax & Breakage)	1,423,365	1,052,724	2,087,029	6,932,912	1,433,530	1,239,935	14,169,495	2,361,583
NY State Regulatory Fee	1,049,635	715,164	1,538,375	5,304,921	968,135	701,143	10,277,373	1,712,896
NY State (Uncashed Tickets)	767,200	523,263	822,906	2,897,298	645,487	650,000	6,306,154	1,051,026
Breeders' Fund - Thoroughbred	1,190,210	726,331	1,736,677	6,121,070	1,100,118	640,743	11,515,149	1,919,192
Breeders' Fund - Harness	491,587	413,527	690,441	2,465,198	454,754	468,931	4,984,438	830,740
In State Thoroughbred Tracks	9,223,023	6,681,178	16,545,560	60,838,834	10,421,031	6,084,114	109,793,740	18,298,957
Out of State Thoroughbred Tracks	2,350,790	1,676,998	3,478,613	12,871,292	2,205,550	1,423,497	24,006,740	4,001,123
In State Harness Tracks	4,398,482	3,358,765	2,926,089	15,641,986	1,978,119	2,730,643	31,034,084	5,172,347
Out of State Harness Tracks	435,016	481,406	711,018	2,468,374	447,516	521,867	5,065,197	844,200
City of Albany	325,134	-	-	-	-	-	325,134	54,189
City of Niagara	-	-	-	-	-	48,439	48,439	8,073
Total Payments	<b>21,654,442</b>	<b>15,629,356</b>	<b>30,536,708</b>	<b>115,541,885</b>	<b>19,654,240</b>	<b>14,509,312</b>	<b>217,525,943</b>	<b>36,254,324</b>
Net Racing Revenue	<b>21,190,515</b>	<b>14,596,538</b>	<b>32,498,388</b>	<b>102,653,596</b>	<b>20,637,596</b>	<b>15,572,670</b>	<b>207,149,303</b>	<b>34,524,884</b>
Other Revenue:								
Admission Income	73,360	93,055	154,171	387,160	96,316	1,847	805,909	134,318
Lottery Income	441,473	248,902	48,947	-	99,304	403,219	1,241,845	206,974
Concession Income	232,931	29,527	113,945	41,528	54,064	22,821	494,816	82,469
Derived from Section 532	1,916,043	1,652,645	2,240,880	10,159,804	1,557,487	1,723,730	19,250,589	3,208,432
Interest Income	124,193	818,870	509,783	1,360,606	161,139	67,351	3,041,942	506,990
Other Income	237,638	162,040	501,416	435,888	2,801,400	808,153	4,946,535	824,423
Uncashed Tickets	767,200	523,263	822,906	2,897,298	645,487	650,000	6,306,154	1,051,026
Total Operating Revenue	<b>24,983,353</b>	<b>18,124,840</b>	<b>36,890,436</b>	<b>117,935,880</b>	<b>26,052,793</b>	<b>19,249,791</b>	<b>243,237,093</b>	<b>40,539,516</b>
Operating Expenses:								
Branch Expenses	14,805,227	10,238,241	19,860,149	89,541,288	16,501,299	14,796,707	165,742,911	27,623,819
Corporate Expenses	7,476,672	2,641,018	11,626,414	151,960,013	9,611,101	4,333,263	187,648,481	31,274,747
Total Operating Expenses - Including Depreciation	<b>22,281,899</b>	<b>12,879,259</b>	<b>31,486,563</b>	<b>241,501,301</b>	<b>26,112,400</b>	<b>19,129,970</b>	<b>353,391,392</b>	<b>58,898,565</b>
Section 516 Net Revenues from Operations	<b>2,701,454</b>	<b>5,245,581</b>	<b>5,403,873</b>	<b>(123,565,421)</b>	<b>(59,607)</b>	<b>119,821</b>	<b>(110,154,299)</b>	<b>(18,359,050)</b>

Continued on next page

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2006**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Continued from previous page								
Section 516 Net Revenues from Operations	2,701,454	5,245,581	5,403,873	(123,565,421)	(59,607)	119,821	(110,154,299)	(18,359,050)
Less:								
Section 509-a Contributions to Capital Acquisition Fund	(412,800)	309,610	-	-	(413,035)	-	(516,225)	(86,038)
Section 516 Net Revenue for Distribution (Loss)	<u>2,288,654</u>	<u>5,555,191</u>	<u>5,403,873</u>	<u>(123,565,421)</u>	<u>(472,642)</u>	<u>119,821</u>	<u>(110,670,524)</u>	<u>(18,445,087)</u>
Surcharge:								
Section 532 Revenues to Participating Localities	3,401,894	2,569,464	4,465,830	17,425,134	2,538,126	2,679,516	33,079,964	5,513,327
Section 532 Revenues to Other Localities	1,336,623	651,225	1,104,455	2,385,119	980,639	910,004	7,368,065	1,228,011
Total Surcharge to all Localities	<u>4,738,517</u>	<u>3,220,689</u>	<u>5,570,285</u>	<u>19,810,253</u>	<u>3,518,765</u>	<u>3,589,520</u>	<u>40,448,029</u>	<u>6,741,338</u>
Capital Acquisition Funds:								
Section 509-a Contribution from Net Revenues	412,800	(309,610)			413,035	-	516,225	86,038
Supplemental 1% Section 532	927,556	703,312	1,076,762	3,956,401	737,297	823,927	8,225,255	1,370,876
Other Fund Revenues net of Expenses	(1,407,176)	-	(470,769)		130,935	(1,031,977)	(2,778,987)	(463,165)
Total Capital Acquisition Funds	<u>(66,820)</u>	<u>393,702</u>	<u>605,993</u>	<u>3,956,401</u>	<u>1,281,267</u>	<u>(208,050)</u>	<u>5,962,493</u>	<u>993,749</u>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<u>\$ 6,960,351</u>	<u>\$ 9,169,582</u>	<u>\$ 11,580,151</u>	<u>\$ (99,798,767)</u>	<u>\$ 4,327,390</u>	<u>\$ 3,501,291</u>	<u>\$ (64,260,002)</u>	<u>\$ (10,710,000)</u>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2006**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>								
<b>Branch Operating Expenses</b>								
Admissions Tax	-	-	5,975	-	3,605	68,532	78,112	13,019
Advertising	69,983	220,841	150,797	-	75,260	2,031	518,912	86,485
Amortization & Depreciation	138,525	244,745	33,742	-	450,303	1,072,306	1,939,621	323,270
Cable TV	30,777	14,068	41,138	-	15,606	-	101,589	16,932
Courier Service	118,365	-	116,896	-	-	-	235,261	39,210
Directors Fees and Reimbursements	-	-	-	-	-	-	-	-
Fringe Benefits	1,590,125	-	1,890,906	16,345,727	2,259,713	2,452,076	24,538,547	4,089,758
Insurance	385,731	1,007,961	133,557	3,135,189	286,340	303,874	5,252,652	875,442
Interest Expense	2,597	-	796,376	-	281,099	-	1,080,072	180,012
Maintenance & Repairs	796,439	376,501	217,195	644,675	238,731	891,666	3,165,207	527,535
Marketing & Promotions	258,907	-	160	-	318,768	-	577,835	96,306
Office Expense	106,758	19,431	109,835	230,758	110,120	-	576,902	96,150
Other Expenses & Services	538,010	68,115	874,397	401,668	30,594	1,078,452	2,991,236	498,539
Professional Fees	-	180,901	23,123	-	1,072	-	205,096	34,183
Racing Information	201,835	185,545	-	-	691,797	347,138	1,426,315	237,719
Rent	1,436,510	1,753,731	1,639,958	14,255,429	1,272,424	308,194	20,666,246	3,444,374
Rental of Equipment	9,123	17,762	653,101	1,642	402,876	-	1,084,504	180,751
Salaries and Wages	6,280,146	4,459,124	8,645,200	45,999,875	7,837,419	7,544,611	80,766,375	13,461,063
Security/Armored Carrier Expense	66,206	44,999	476,979	1,013,579	30,101	55,436	1,687,300	281,217
Simulcast Fees	442,431	393,832	171,017	1,942,502	137,750	-	3,087,532	514,589
Telephone & Data Lines	307,168	119,479	132,324	1,275,073	195,674	329,103	2,358,821	393,137
Totalizator Expense	1,309,047	692,659	3,180,489	2,684,174	1,357,084	103,907	9,327,360	1,554,560
Travel & Reimbursement	12,661	83,835	-	6,266	-	3,912	106,674	17,779
Utilities	703,883	354,711	566,982	1,604,733	504,963	763,186	4,498,458	749,743
<b>Total Branch Expenses</b>	<b>14,805,227</b>	<b>10,238,240</b>	<b>19,860,147</b>	<b>89,541,290</b>	<b>16,501,299</b>	<b>15,324,424</b>	<b>166,270,627</b>	<b>27,711,771</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2006**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Corporate Operating Expenses *</b>								
Admissions Tax	-	-	-	-	-	-	-	-
Advertising	(38,149)	-	181,510	1,019,818	-	134,144	1,297,323	216,221
Amortization & Depreciation	47,620	116,398	440,851	457,675	169,484	214,687	1,446,715	241,119
Cable TV	19,730	-	1,596	-	874	-	22,200	3,700
Courier Service	199	-	-	-	-	-	199	33
Directors Fees and Reimbursements	57,900	-	4,000	2,250	30,217	93,597	187,964	31,327
Fringe Benefits	1,006,404	-	3,696,223	6,865,806	3,077,197	1,549,850	16,195,480	2,699,247
Insurance	243,953	406,321	188,527	1,387,781	192,942	89,370	2,508,894	418,149
Interest Expense	544	-	-	-	1,517	124,048	126,109	21,018
Maintenance & Repairs	222,448	3,120	41,963	1,081,320	79,486	141,595	1,569,932	261,655
Marketing & Promotions	52,581	-	70,504	188,339	2,537	-	313,961	52,327
Office Expense	205,075	8,784	209,908	516,848	41,889	-	982,504	163,751
Other Expenses & Services	484,989	33,514	158,624	205,628	181,815	453,825	1,518,395	253,066
Professional Fees	-	148,010	791,863	534,381	247,397	166,740	1,888,391	314,732
Racing Information	33,492	-	-	-	1,685	-	35,177	5,863
Rent	31,421	228,531	264,302	4,747,127	52,851	107,940	5,432,172	905,362
Rental of Equipment	894,019	12,866	5,373	52,092	33,768	-	998,118	166,353
Salaries and Wages	3,756,548	1,583,497	5,057,661	133,289,074	5,324,866	1,675,642	150,687,288	25,114,548
Security/Armored Carrier Expense	7,937	3,003	24,483	24,514	5,145	-	65,082	10,847
Simulcast Fees	52,692	-	-	104,079	-	-	156,771	26,129
Telephone & Data Lines	140,608	48,019	285,971	450,199	30,896	33,177	988,870	164,812
Totalizator Expense	13,715	-	(8,105)	-	-	-	5,610	935
Travel & Reimbursement	119,869	14,794	99,936	109,219	15,107	13,447	372,372	62,062
Utilities	123,077	34,161	111,224	923,860	121,427	62,913	1,376,662	229,444
<b>Total Corporate Expenses</b>	<b>7,476,672</b>	<b>2,641,018</b>	<b>11,626,414</b>	<b>151,960,010</b>	<b>9,611,100</b>	<b>4,860,975</b>	<b>188,176,189</b>	<b>31,362,698</b>

\* Capital OTB includes Cable TV expenses.

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2006**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Combined Expenses</b>								
Admissions Tax	-	-	5,975	-	3,605	68,532	78,112	13,019
Advertising	31,834	220,841	332,307	1,019,818	75,260	136,175	1,816,235	302,706
Amortization & Depreciation	186,145	361,143	474,593	457,675	619,787	1,286,993	3,386,336	564,389
Cable TV	50,507	14,068	42,734	-	16,480	-	123,789	20,632
Courier Service	118,564	-	116,896	-	-	-	235,460	39,243
Directors Fees and Reimbursements	57,900	-	4,000	2,250	30,217	93,597	187,964	31,327
Fringe Benefits	2,596,529	-	5,587,129	23,211,533	5,336,910	4,001,926	40,734,027	6,789,005
Insurance	629,684	1,414,282	322,084	4,522,970	479,282	393,244	7,761,546	1,293,591
Interest Expense	3,141	-	796,376	-	282,616	124,048	1,206,181	201,030
Maintenance & Repairs	1,018,887	379,621	259,158	1,725,995	318,217	1,033,261	4,735,139	789,190
Marketing & Promotions	311,488	-	70,664	188,339	321,305	-	891,796	148,633
Office Expense	311,833	28,215	319,743	747,606	152,009	-	1,559,406	259,901
Other Expenses & Services	1,022,999	101,629	1,033,021	607,296	212,409	1,532,277	4,509,631	751,605
Professional Fees	-	328,911	814,986	534,381	248,469	166,740	2,093,487	348,915
Racing Information	235,327	185,545	-	-	693,482	347,138	1,461,492	243,582
Rent	1,467,931	1,982,262	1,904,260	19,002,556	1,325,275	416,134	26,098,418	4,349,736
Rental of Equipment	903,142	30,628	658,474	53,734	436,644	-	2,082,622	347,104
Salaries and Wages	10,036,694	6,042,621	13,702,861	179,288,949	13,162,285	9,220,253	231,453,663	38,575,611
Security/Armored Carrier Expense	74,143	48,002	501,462	1,038,093	35,246	55,436	1,752,382	292,064
Simulcast Fees	495,123	393,832	171,017	2,046,581	137,750	-	3,244,303	540,717
Telephone & Data Lines	447,776	167,498	418,295	1,725,272	226,570	362,280	3,347,691	557,949
Totalizator Expense	1,322,762	692,659	3,172,384	2,684,174	1,357,084	103,907	9,332,970	1,555,495
Travel & Reimbursement	132,530	98,629	99,936	115,485	15,107	17,359	479,046	79,841
Utilities	826,960	388,872	678,206	2,528,593	626,390	826,099	5,875,120	979,187
<b>TOTAL EXPENSES</b>	<b>22,281,899</b>	<b>12,879,258</b>	<b>31,486,561</b>	<b>241,501,300</b>	<b>26,112,399</b>	<b>20,185,399</b>	<b>354,446,816</b>	<b>59,074,469</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2006**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>BALANCE SHEET (EXHIBIT 2)</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	7,131,842	18,318,099	1,976,008	4,938,194	5,569,779	4,044,233	41,978,155	6,996,359
Investments	-	17,326	9,717,603	27,000,000	-	-	36,734,929	6,122,488
Accounts Receivable	338,759	108,820	549,158	736,128	691,724	1,816,490	4,241,079	706,847
Prepaid Expenses and Other Assets	917,670	203,327	941,083	1,349,506	826,103	679,810	4,917,499	819,583
<b>Total Current Assets</b>	<b>8,388,271</b>	<b>18,647,572</b>	<b>13,183,852</b>	<b>34,023,828</b>	<b>7,087,606</b>	<b>6,540,533</b>	<b>87,871,662</b>	<b>14,645,277</b>
<b>Fixed Assets</b>								
Land	3,069,827	240,000	432,050	-	2,058,342	7,240,310	13,040,529	2,173,422
Buildings	10,329,289	1,520,644	406,950	-	11,203,251	39,472,612	62,932,746	10,488,791
Furniture & Fixtures	10,588,169	425,213	-	431,436	424,639	4,267,526	16,136,983	2,689,497
Automobile Equipment	357,939	243,552	311,856	1,059,260	300,411	533,520	2,806,538	467,756
Machinery & Equipment	-	1,533,721	198,803	26,282,423	3,307,646	2,862,823	34,185,416	5,697,569
Leasehold Improvements	2,787,905	1,169,030	24,760,229	38,723,702	4,109,935	777,768	72,328,569	12,054,762
Total Fixed Assets	27,133,129	5,132,160	26,109,888	66,496,821	21,404,224	55,154,559	201,430,781	33,571,797
Less: Accumulated Depreciation	14,613,073	3,059,932	848,040	63,022,908	8,662,032	23,030,425	113,236,410	18,872,735
<b>Net Fixed Assets</b>	<b>12,520,056</b>	<b>2,072,228</b>	<b>25,261,848</b>	<b>3,473,913</b>	<b>12,742,192</b>	<b>32,124,134</b>	<b>88,194,371</b>	<b>14,699,062</b>
<b>Total Assets</b>	<b>20,908,327</b>	<b>20,719,800</b>	<b>38,445,700</b>	<b>37,497,741</b>	<b>19,829,798</b>	<b>38,664,667</b>	<b>176,066,033</b>	<b>29,344,339</b>
<b>Current Liabilities</b>								
Accounts Payable	5,177,916	3,154,400	2,547,901	44,350,969	3,569,096	6,068,001	64,868,283	10,811,381
Due to New York State	80,253	613,534	72,256	3,199,797	86,310	58,570	4,110,720	685,120
Due Breeders Fund	127,185	77,888	203,648	2,078,563	127,881	183,963	2,799,128	466,521
Due to Local Governments	83,266	45,112	115,791	-	72,747	52,761	369,677	61,613
Accrued Payroll, Fringe Benefits and Payroll Taxes	467,907	459,332	2,799,614	5,092,686	1,918,665	816,101	11,554,305	1,925,718
Due to NYS Retirement System - Current Portion	-	-	-	4,752,000	154,119	1,037,844	5,943,963	990,661
Telephone Betting Accounts	655,874	205,287	1,609,384	1,799,198	373,069	121,073	4,763,885	793,981
Notes and Mortgage Payable - Current Portion	262,661	-	46,287	-	313,600	448,500	1,071,048	178,508
Capital Lease Obligations - Current Portion	163,308	-	-	-	-	-	163,308	27,218
Uncashed Vouchers	118,508	-	227,255	263,331	174,127	115,003	898,224	149,704
Uncashed Winning Tickets	992,760	140,866	993,121	780,283	775,198	124,440	3,806,668	634,445
<b>Total Current Liabilities</b>	<b>8,129,638</b>	<b>4,696,419</b>	<b>8,615,257</b>	<b>62,316,827</b>	<b>7,564,812</b>	<b>9,026,256</b>	<b>100,349,209</b>	<b>16,724,868</b>
<b>Long Term Liabilities</b>								
Due to NYS Retirement System	-	-	-	110,773,000	-	496,438	111,269,438	18,544,906
Capital Lease Obligation	278,173	-	-	-	-	-	278,173	46,362
Other	-	-	-	7,071,325	-	-	7,071,325	1,178,554
Notes and Mortgages Payable	4,200,000	-	20,645,575	-	3,575,678	8,194,504	36,615,757	6,102,626
<b>Total Long Term Liabilities</b>	<b>4,478,173</b>	<b>-</b>	<b>20,645,575</b>	<b>117,844,325</b>	<b>3,575,678</b>	<b>8,690,942</b>	<b>155,234,693</b>	<b>25,872,449</b>
<b>Total Liabilities</b>	<b>12,607,811</b>	<b>4,696,419</b>	<b>29,260,832</b>	<b>180,161,152</b>	<b>11,140,490</b>	<b>17,717,198</b>	<b>255,583,902</b>	<b>42,597,317</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2006**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Undistributed Benefits To Localities</b>								
<b>As of January 1:</b>								
Net Earnings and Regular Surcharge	2,643,886	5,390,998	475,111	(141,592,330)	412,987	(9,150,576)	(141,819,924)	(23,636,654)
Surcharge to Counties Conducting Racing	-	-	-	462,712	-	-	462,712	77,119
Capital Acquisition Fund	5,808,855	11,370,678	7,653,706	-	8,059,424	30,185,604	63,078,267	10,513,045
<b>Total</b>	<b>8,452,741</b>	<b>16,761,676</b>	<b>8,128,817</b>	<b>(141,129,618)</b>	<b>8,472,411</b>	<b>21,035,028</b>	<b>(78,278,945)</b>	<b>(13,046,491)</b>
<b>Year To Date</b>								
Net Earnings and Regular Surcharge	6,008,861	8,124,655	9,869,703	(265,704)	2,478,519	2,799,337	29,015,371	4,835,895
Surcharge Counties Conducting Racing	6,822	-	-	363,903	-	197,912	568,637	94,773
Capital Acquisition Fund Contributions	(66,820)	393,702	605,992	-	868,232	(208,050)	1,593,056	265,509
<b>Total Year To Date</b>	<b>5,948,863</b>	<b>8,518,357</b>	<b>10,475,695</b>	<b>98,199</b>	<b>3,346,751</b>	<b>2,789,199</b>	<b>31,177,064</b>	<b>5,196,177</b>
<b>Available For Distribution</b>								
Net Earnings and Regular Surcharge	8,652,747	13,515,653	10,344,814	(141,858,034)	2,478,471	(6,351,239)	(113,217,588)	(18,869,598)
Surcharge to Counties Conducting Racing	6,822	-	-	826,616	-	197,912	1,031,350	171,892
Capital Acquisition Fund	5,742,036	11,764,380	8,259,698	-	9,340,692	29,977,554	65,084,360	10,847,393
<b>Total Available</b>	<b>14,401,605</b>	<b>25,280,033</b>	<b>18,604,512</b>	<b>(141,031,418)</b>	<b>11,819,163</b>	<b>23,824,227</b>	<b>(47,101,878)</b>	<b>(7,850,313)</b>
<b>Distributed To Localities</b>								
Net Earnings and Regular Surcharge	6,094,265	9,256,653	9,419,644	1,483,044	3,129,853	2,678,225	32,061,684	5,343,614
Surcharge to Counties Conducting Racing	6,822	-	-	148,949	-	198,534	354,305	59,051
<b>Total Distributed</b>	<b>6,101,087</b>	<b>9,256,653</b>	<b>9,419,644</b>	<b>1,631,993</b>	<b>3,129,853</b>	<b>2,876,759</b>	<b>32,415,989</b>	<b>5,402,665</b>
<b>Undistributed Benefits</b>								
Net Earnings and Regular Surcharge	2,558,480	4,258,999	925,170	(143,341,078)	401,000	(9,031,665)	(144,229,094)	(24,038,182)
Surcharge to Counties Conducting Racing	-	-	-	677,667	-	1,579	679,246	113,208
Capital Acquisition Fund	5,742,036	11,764,380	8,259,698	-	8,288,310	29,977,554	64,031,978	10,671,996
<b>Total Undistributed Benefits</b>	<b>8,300,516</b>	<b>16,023,381</b>	<b>9,184,868</b>	<b>(142,663,411)</b>	<b>8,689,310</b>	<b>20,947,468</b>	<b>(79,517,870)</b>	<b>(13,252,978)</b>
<b>Total Liabilities and Undistributed Benefits to Own Localities</b>								
	<b>20,908,327</b>	<b>20,719,800</b>	<b>38,445,700</b>	<b>37,497,741</b>	<b>19,829,800</b>	<b>38,664,666</b>	<b>176,066,032</b>	<b>29,344,339</b>

NOTE: Governmental Accounting Standards Board # 45 (GASB) requires governmental entities to record the cost of providing other post employment benefits (OPEB) to employees in the year they are earned. This pronouncement became effective for some entities for the 2006 reporting year. The OTBs have not uniformly applied GASB 45 therefore the following summary is provided to identify how these costs are reflected in the above reported figures

OTBs that included GASB 45 amounts in corporate expenses under fringe benefits.	115,525,000
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OTB that has no OPEB amounts to report for this year.	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>
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**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2005**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Net Handle on:								
In State Thoroughbred Tracks	\$ 81,498,026	\$ 41,364,026	\$ 118,777,561	\$ 340,003,080	\$ 74,739,277	\$ 44,243,373	\$ 700,625,343	\$ 116,770,891
Out of State Thoroughbred Tracks	97,262,347	71,326,890	150,275,752	550,506,561	94,300,450	60,803,204	1,024,475,204	170,745,867
In State Harness Tracks	10,163,223	9,193,081	8,259,865	30,973,836	5,878,091	12,385,270	76,853,366	12,808,894
Out of State Harness Tracks	24,137,408	24,638,646	33,801,171	124,941,025	24,129,091	27,970,807	259,618,148	43,269,691
Total Net Handle	<b>213,061,004</b>	<b>146,522,643</b>	<b>311,114,349</b>	<b>1,046,424,502</b>	<b>199,046,909</b>	<b>145,402,654</b>	<b>2,061,572,061</b>	<b>343,595,344</b>
Less:								
Returned to Bettors	161,780,612	109,778,640	238,494,587	798,253,666	152,243,277	107,871,069	1,568,421,851	261,403,642
Surcharge	7,775,738	5,780,496	8,978,025	33,680,453	5,828,961	6,372,986	68,416,659	11,402,777
OTB Take Out and Breakage	<b>43,504,654</b>	<b>30,963,507</b>	<b>63,641,737</b>	<b>214,490,383</b>	<b>40,974,671</b>	<b>31,158,599</b>	<b>424,733,551</b>	<b>70,788,925</b>
Less Payments to:								
NY State (Pari-Mutuel Tax & Breakage)	1,746,990	1,254,359	2,526,046	8,082,287	1,721,517	1,377,463	16,708,662	2,784,777
NY State Regulatory Fee	943,309	639,435	1,372,224	4,620,753	876,308	639,149	9,091,178	1,515,196
NY State (Uncashed Tickets)	751,200	540,000	796,625	2,871,658	596,399	610,000	6,165,882	1,027,647
Breeders' Fund - Thoroughbred	1,224,943	650,624	1,582,005	5,316,700	996,466	606,306	10,377,044	1,729,507
Breeders' Fund - Harness	359,656	431,258	706,827	2,527,320	494,677	483,633	5,003,371	833,895
In State Thoroughbred Tracks	9,241,379	6,905,404	16,778,050	59,517,281	10,560,315	6,480,397	109,482,826	18,247,138
Out of State Thoroughbred Tracks	2,321,382	1,678,749	3,356,568	12,414,619	2,203,157	1,488,926	23,463,401	3,910,567
In State Harness Tracks	3,636,777	2,255,113	3,154,083	14,392,291	2,125,203	2,652,059	28,215,526	4,702,588
Out of State Harness Tracks	530,929	509,170	769,550	2,617,722	492,145	563,820	5,483,336	913,889
City of Albany	349,972	-	-	-	-	-	349,972	58,329
City of Niagara	-	-	-	-	-	55,576	55,576	9,263
Total Payments	<b>21,106,537</b>	<b>14,864,112</b>	<b>31,041,978</b>	<b>112,360,631</b>	<b>20,066,187</b>	<b>14,957,329</b>	<b>214,396,774</b>	<b>35,732,796</b>
Net Racing Revenue	<b>22,398,117</b>	<b>16,099,395</b>	<b>32,599,759</b>	<b>102,129,752</b>	<b>20,908,484</b>	<b>16,201,270</b>	<b>210,336,777</b>	<b>35,056,130</b>
Other Revenue:								
Admission Income	85,606	91,760	149,293	411,855	98,008	3,409	839,931	139,989
Lottery Income	466,989	275,008	53,223	22,884	87,355	396,306	1,301,765	216,961
Concession Income	184,730	30,727	105,104	70,401	53,200	20,897	465,059	77,510
Derived from Section 532	1,993,259	1,715,725	2,111,830	10,019,482	1,563,189	1,787,603	19,191,088	3,198,515
Interest Income	95,479	486,711	281,699	734,080	47,510	15,748	1,661,227	276,871
Other Income	(604,353)	464,161	941,846	1,738,392	2,622,704	(770,787)	4,391,963	731,994
Uncashed Tickets	751,200	540,000	796,625	2,871,658	596,398	610,000	6,165,881	1,027,647
Total Operating Revenue	<b>25,371,027</b>	<b>19,703,487</b>	<b>37,039,379</b>	<b>117,998,504</b>	<b>25,976,848</b>	<b>18,264,446</b>	<b>244,353,691</b>	<b>40,725,615</b>
Operating Expenses:								
Branch Expenses	15,227,102	10,603,717	19,736,852	87,392,602	16,049,092	15,229,552	164,238,917	27,373,153
Corporate Expenses	7,323,526	2,547,900	11,119,823	36,120,921	9,484,769	4,411,936	71,008,875	11,834,813
Total Operating Expenses - Including Depreciation	<b>22,550,628</b>	<b>13,151,617</b>	<b>30,856,675</b>	<b>123,513,523</b>	<b>25,533,861</b>	<b>19,641,488</b>	<b>235,247,792</b>	<b>39,207,965</b>
Section 516 Net Revenues from Operations	<b>2,820,399</b>	<b>6,551,870</b>	<b>6,182,704</b>	<b>(5,515,019)</b>	<b>442,987</b>	<b>(1,377,042)</b>	<b>9,105,899</b>	<b>1,517,650</b>

Continued on next page

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2005**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Continued from previous page								
Section 516 Net Revenues from Operations	2,820,399	6,551,870	6,182,704	(5,515,019)	442,987	(1,377,042)	9,105,899	1,517,650
Less:								
Section 509-a Contributions to Capital Acquisition Fund	(412,800)	198,518	-	-	(116,488)	-	(330,770)	(55,128)
Section 516 Net Revenue for Distribution (Loss)	<u>2,407,599</u>	<u>6,750,388</u>	<u>6,182,704</u>	<u>(5,515,019)</u>	<u>326,499</u>	<u>(1,377,042)</u>	<u>8,775,129</u>	<u>1,462,522</u>
Surcharge:								
Section 532 Revenues to Participating Localities	3,475,972	2,649,028	4,692,191	17,284,741	2,545,873	2,787,377	33,435,182	5,572,530
Section 532 Revenues to Other Localities	1,358,562	692,069	1,083,166	2,468,742	982,683	945,741	7,530,963	1,255,161
Total Surcharge to all Localities	<u>4,834,534</u>	<u>3,341,097</u>	<u>5,775,357</u>	<u>19,753,483</u>	<u>3,528,556</u>	<u>3,733,118</u>	<u>40,966,145</u>	<u>6,827,691</u>
Capital Acquisition Funds:								
Section 509-a Contribution from Net Revenues	412,800	(198,518)	-	-	116,488	-	330,770	55,128
Supplemental 1% Section 532	947,945	723,674	1,090,838	3,907,488	737,216	852,265	8,259,426	1,376,571
Other Fund Revenues net of Expenses	(1,257,598)	-	(1,905,233)	-	(326,410)	(862,329)	(4,351,570)	(725,262)
Total Capital Acquisition Funds	<u>103,147</u>	<u>525,156</u>	<u>(814,395)</u>	<u>3,907,488</u>	<u>527,294</u>	<u>(10,064)</u>	<u>4,238,626</u>	<u>706,438</u>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<u>\$ 7,345,280</u>	<u>\$ 10,616,641</u>	<u>\$ 11,143,666</u>	<u>\$ 18,145,952</u>	<u>\$ 4,382,349</u>	<u>\$ 2,346,012</u>	<u>\$ 53,979,900</u>	<u>\$ 8,996,650</u>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2005**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>								
<b>Branch Operating Expenses</b>								
Admissions Tax	-	-	5,822	-	3,876	216,416	226,114	37,686
Advertising	67,444	475,938	263,716	-	55,236	641	862,975	143,829
Amortization & Depreciation	146,347	336,543	54,289	-	453,459	1,081,826	2,072,464	345,411
Cable TV	29,083	14,015	34,275	-	16,182	-	93,555	15,593
Courier Service	111,194	-	116,273	-	-	-	227,467	37,911
Directors Fees and Reimbursements	-	-	-	-	-	-	-	-
Fringe Benefits	1,632,960	-	1,824,584	15,231,527	2,210,318	2,441,877	23,341,266	3,890,211
Insurance	434,162	1,007,916	145,811	1,756,723	337,753	345,895	4,028,260	671,377
Interest Expense	7,693	-	585,617	-	301,260	-	894,570	149,095
Maintenance & Repairs	902,303	309,856	267,860	472,723	190,030	846,600	2,989,372	498,229
Marketing & Promotions	236,145	-	-	-	234,871	-	471,016	78,503
Office Expense	98,623	15,884	191,248	225,847	89,874	-	621,476	103,579
Other Expenses & Services	579,209	78,777	904,738	279,316	62,229	1,074,900	2,979,169	496,528
Professional Fees	-	141,685	140,359	-	45	-	282,089	47,015
Racing Information	206,712	195,886	-	-	667,593	318,119	1,388,310	231,385
Rent	1,466,631	1,638,010	1,556,120	14,066,340	1,140,570	412,659	20,280,330	3,380,055
Rental of Equipment	10,971	20,483	644,797	5,121	380,334	-	1,061,706	176,951
Salaries and Wages	6,446,249	4,554,502	8,636,748	46,202,078	7,657,055	7,512,978	81,009,610	13,501,602
Security/Armored Carrier Expense	82,604	45,021	291,755	1,071,588	23,936	135,481	1,650,385	275,064
Simulcast Fees	457,215	396,792	182,070.0	2,034,334	142,375	-	3,212,786	535,464
Telephone & Data Lines	260,833	108,367	153,775	1,777,675	237,001	342,080	2,879,731	479,955
Totalizator Expense	1,313,999	791,289	3,158,210	2,727,514	1,349,370	141,184	9,481,566	1,580,261
Travel & Reimbursement	11,850	75,881	-	5,733	1,199	5,298	99,961	16,660
Utilities	724,875	396,872	578,786	1,536,087	456,718	789,168	4,482,506	747,084
<b>Total Branch Expenses</b>	<b>15,227,102</b>	<b>10,603,717</b>	<b>19,736,853</b>	<b>87,392,606</b>	<b>16,011,284</b>	<b>15,665,122</b>	<b>164,636,684</b>	<b>27,439,447</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2005**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Corporate Operating Expenses *</b>								
Admissions Tax	-	-	-	-	-	-	-	-
Advertising	(41,888)	-	157,145	1,704,239	289	142,397	1,962,182	327,030
Amortization & Depreciation	60,660	83,348	345,870	462,624	145,044	249,463	1,347,009	224,502
Cable TV	6,487	-	996	-	3,195	-	10,678	1,780
Courier Service	4,115	-	-	-	-	-	4,115	686
Directors Fees and Reimbursements	54,605	-	4,500	3,250	9,100	90,677	162,132	27,022
Fringe Benefits	943,359	-	4,092,960	6,862,862	2,969,881	1,463,555	16,332,617	2,722,103
Insurance	256,002	372,671	197,527	651,871	190,705	96,674	1,765,450	294,242
Interest Expense	2,822	-	-	1,919	-	97,919	102,660	17,110
Maintenance & Repairs	197,102	78,091	30,408	996,365	88,991	114,547	1,505,504	250,917
Marketing & Promotions	46,034	-	66,139	317,614	81	12,546	442,414	73,736
Office Expense	197,337	9,865	152,030	726,982	29,407	-	1,115,621	185,937
Other Expenses & Services	609,543	31,490	211,301	405,673	177,607	327,788	1,763,402	293,900
Professional Fees	-	115,924	434,668	365,097	244,838	184,675	1,345,202	224,200
Racing Information	32,508	-	-	-	441	-	32,949	5,492
Rent	111,376	206,471	259,335	4,597,524	3,698	97,700	5,276,104	879,351
Rental of Equipment	836,932	17,615	5,958	43,824	30,405	-	934,734	155,789
Salaries and Wages	3,525,027	1,521,142	4,740,604	17,586,689	5,410,976	1,868,972	34,653,410	5,775,568
Security/Armored Carrier Expense	8,468	2,699	22,048	66,497	2,715	-	102,427	17,071
Simulcast Fees	54,700	-	-	95,020	-	-	149,720	24,953
Telephone & Data Lines	151,621	58,551	235,845	399,853	36,839	31,852	914,561	152,427
Totalizator Expense	3,609	-	-	-	-	-	3,609	602
Travel & Reimbursement	132,553	13,391	115,052	89,963	20,175	11,086	382,220	63,703
Utilities	130,554	36,644	47,439	743,052	120,385	57,654	1,135,728	189,288
<b>Total Corporate Expenses</b>	<b>7,323,526</b>	<b>2,547,902</b>	<b>11,119,825</b>	<b>36,120,918</b>	<b>9,484,772</b>	<b>4,847,505</b>	<b>71,444,448</b>	<b>11,907,408</b>

\* Capital OTB includes Cable TV expenses.

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2005**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Combined Expenses</b>								
Admissions Tax	-	-	5,822	-	3,876	216,416	226,114	37,686
Advertising	25,556	475,938	420,861	1,704,239	55,525	143,038	2,825,157	470,860
Amortization & Depreciation	207,007	419,890	400,159	462,624	598,503	1,331,289	3,419,472	569,912
Cable TV	35,570	14,015	35,271	-	19,377	-	104,233	17,372
Courier Service	115,309	-	116,273	-	-	-	231,582	38,597
Directors Fees and Reimbursements	54,605	-	4,500	3,250	9,100	90,677	162,132	27,022
Fringe Benefits	2,576,319	-	5,917,544	22,094,389	5,180,199	3,905,432	39,673,883	6,612,314
Insurance	690,164	1,380,587	343,338	2,408,594	528,458	442,569	5,793,710	965,618
Interest Expense	10,515	-	585,617	1,919	301,260	97,919	997,230	166,205
Maintenance & Repairs	1,099,405	387,947	298,268	1,469,088	279,021	961,147	4,494,876	749,146
Marketing & Promotions	282,179	-	66,139	317,614	234,952	12,546	913,430	152,238
Office Expense	295,960	25,749	343,278	952,829	119,281	-	1,737,097	289,516
Other Expenses & Services	1,188,752	110,266	1,116,039	684,989	239,836	1,402,688	4,742,570	790,428
Professional Fees	-	257,609	575,027	365,097	244,883	184,675	1,627,291	271,215
Racing Information	239,220	195,886	-	-	668,034	318,119	1,421,259	236,877
Rent	1,578,007	1,844,481	1,815,455	18,663,864	1,144,268	510,359	25,556,434	4,259,406
Rental of Equipment	847,903	38,098	650,755	48,945	410,739	-	1,996,440	332,740
Salaries and Wages	9,971,276	6,075,644	13,377,352	63,788,767	13,068,031	9,381,950	115,663,020	19,277,170
Security/Armored Carrier Expense	91,072	47,720	313,803	1,138,085	26,651	135,481	1,752,812	292,135
Simulcast Fees	511,915	396,792	182,070	2,129,354	142,375	-	3,362,506	560,418
Telephone & Data Lines	412,454	166,917	389,620	2,177,528	273,840	373,932	3,794,291	632,382
Totalizator Expense	1,317,608	791,289	3,158,210	2,727,514	1,349,370	141,184	9,485,175	1,580,863
Travel & Reimbursement	144,403	89,272	115,052	95,696	21,374	16,384	482,181	80,364
Utilities	855,429	433,516	626,225	2,279,139	577,103	846,822	5,618,234	936,372
<b>TOTAL EXPENSES</b>	<b>22,550,628</b>	<b>13,151,616</b>	<b>30,856,678</b>	<b>123,513,524</b>	<b>25,496,056</b>	<b>20,512,627</b>	<b>236,081,129</b>	<b>39,346,855</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2005**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>BALANCE SHEET (EXHIBIT 2)</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	\$ 6,060,782	\$ 17,604,467	\$ 8,923,967	\$ 5,789,597	\$ 5,988,270	\$ 2,725,694	47,092,777	7,848,796
Investments	-	17,326	2,813,463	19,000,000	1,000,000	-	22,830,789	3,805,132
Accounts Receivable	443,709	34,984	626,221	760,288	763,915	2,774,524	5,403,641	900,607
Prepaid Expenses and Other Assets	1,015,811	213,591	418,561	1,035,813	364,488	928,233	3,976,497	662,750
<b>Total Current Assets</b>	<b>7,520,302</b>	<b>17,870,368</b>	<b>12,782,212</b>	<b>26,585,698</b>	<b>8,116,673</b>	<b>6,428,451</b>	<b>79,303,704</b>	<b>13,217,284</b>
<b>Fixed Assets</b>								
Land	3,069,827	240,000	432,050	-	2,146,875	7,214,847	13,103,599	2,183,933
Buildings	10,132,704	1,352,434	479,550	-	10,802,573	39,389,234	62,156,495	10,359,416
Furniture & Fixtures	10,356,553	425,213	-	417,946	425,679	3,137,444	14,762,835	2,460,473
Automobile Equipment	339,233	311,416	279,829	976,240	513,375	529,970	2,950,063	491,677
Machinery & Equipment	-	1,450,613	179,881	25,288,086	3,301,463	3,719,649	33,939,692	5,656,615
Leasehold Improvements	2,710,901	1,139,577	25,948,458	38,029,507	3,905,194	1,430,212	73,163,849	12,193,975
Total Fixed Assets	26,609,218	4,919,253	27,319,768	64,711,779	21,095,159	55,421,356	200,076,533	33,346,089
Less: Accumulated Depreciation	13,491,122	2,805,102	745,725	60,954,103	8,710,427	21,690,801	108,397,280	18,066,213
<b>Net Fixed Assets</b>	<b>13,118,096</b>	<b>2,114,151</b>	<b>26,574,043</b>	<b>3,757,676</b>	<b>12,384,732</b>	<b>33,730,555</b>	<b>91,679,253</b>	<b>15,279,876</b>
<b>Total Assets</b>	<b>\$ 20,638,398</b>	<b>\$ 19,984,519</b>	<b>\$ 39,356,255</b>	<b>\$ 30,343,374</b>	<b>\$ 20,501,405</b>	<b>40,159,006</b>	<b>170,982,957</b>	<b>28,497,160</b>
<b>Current Liabilities</b>								
Accounts Payable	\$ 4,285,587	\$ 1,548,727	\$ 2,660,381	\$ 28,094,218	\$ 2,661,178	\$ 5,125,215	44,375,306	7,395,884
Due to New York State	98,486	107,363	89,153	3,841,122	103,372	671,569	4,911,065	818,511
Due Breeders Fund	111,919	71,729	177,696	609,960	117,552	1,089,942	2,178,798	363,133
Due to Local Governments	75,756	43,199	219,356	-	67,883	47,760	453,954	75,659
Accrued Payroll, Fringe Benefits and Payroll Taxes	409,377	497,545	3,678,496	4,653,586	1,883,540	827,128	11,949,672	1,991,612
Due to NYS Retirement System - Current Portion	-	-	-	-	1,560,091	840,503	2,400,594	400,099
Telephone Betting Accounts	588,063	236,727	1,110,083	1,723,426	396,643	130,153	4,185,095	697,516
Notes and Mortgage Payable - Current Portion	435,319	-	43,512	-	292,315	1,068,432	1,839,578	306,596
Capital Lease Obligations - Current Portion	157,443	-	-	-	-	-	157,443	26,241
Uncashed Vouchers	144,018	-	122,387	258,220	163,674	71,856	760,155	126,693
Uncashed Winning Tickets	975,548	713,895	979,512	417,359	738,923	90,011	3,915,248	652,541
<b>Total Current Liabilities</b>	<b>7,281,516</b>	<b>3,219,185</b>	<b>9,080,576</b>	<b>39,597,891</b>	<b>7,985,171</b>	<b>9,962,569</b>	<b>77,126,908</b>	<b>12,854,485</b>
<b>Long Term Liabilities</b>								
Due to NYS Retirement System	-	-	-	-	154,119	497,193	651,312	108,552
Capital Lease Obligation	441,480	-	-	-	-	-	441,480	73,580
Other	-	-	-	6,981,412	-	-	6,981,412	1,163,569
Notes and Mortgages Payable	4,462,661	-	22,146,862	-	3,889,703	8,664,215	39,163,441	6,527,240
<b>Total Long Term Liabilities</b>	<b>4,904,141</b>	<b>-</b>	<b>22,146,862</b>	<b>6,981,412</b>	<b>4,043,822</b>	<b>9,161,408</b>	<b>47,237,645</b>	<b>7,872,941</b>
<b>Total Liabilities</b>	<b>\$ 12,185,657</b>	<b>\$ 3,219,185</b>	<b>\$ 31,227,438</b>	<b>\$ 46,579,303</b>	<b>\$ 12,028,993</b>	<b>\$ 19,123,977</b>	<b>124,364,553</b>	<b>20,727,426</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2005**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Undistributed Benefits To Localities</b>								
<b>As of January 1:</b>								
Net Earnings and Regular Surcharge	\$ 2,882,836	\$ 5,259,185	\$ 2,231,534	\$ (16,325,474)	\$ 187,276	\$ (7,619,358)	(13,384,001)	(2,230,667)
Surcharge to Counties Conducting Racing	-	-	-	466,652	-	-	466,652	77,775
Capital Acquisition Fund	5,705,707	10,855,042	8,468,099	-	7,715,352	30,195,669	62,939,869	10,489,978
<b>Total</b>	<b>8,588,543</b>	<b>16,114,227</b>	<b>10,699,633</b>	<b>(15,858,822)</b>	<b>7,902,628</b>	<b>22,576,311</b>	<b>50,022,520</b>	<b>8,337,087</b>
<b>Year To Date</b>								
Net Earnings and Regular Surcharge	6,233,546	9,278,798	10,874,893	639,887	2,662,452	1,410,335	31,099,911	5,183,319
Surcharge Counties Conducting Racing	-	120,616	-	336,949	-	211,986	669,551	111,592
Capital Acquisition Fund Contributions	103,147	525,156	(814,393)	-	737,216	(10,065)	541,061	90,177
<b>Total Year To Date</b>	<b>6,336,693</b>	<b>9,924,570</b>	<b>10,060,500</b>	<b>976,836</b>	<b>3,399,668</b>	<b>1,612,256</b>	<b>32,310,523</b>	<b>5,385,087</b>
<b>Available For Distribution</b>								
Net Earnings and Regular Surcharge	9,116,382	14,537,983	13,106,427	(15,685,587)	2,733,240	(6,209,023)	17,599,422	2,933,237
Surcharge to Counties Conducting Racing	-	120,616	-	803,601	-	211,986	1,136,203	189,367
Capital Acquisition Fund	5,808,855	11,380,198	7,653,706	-	8,569,056	30,185,604	63,597,419	10,599,570
<b>Total Available</b>	<b>14,925,237</b>	<b>26,038,797</b>	<b>20,760,133</b>	<b>(14,881,986)</b>	<b>11,302,296</b>	<b>24,188,567</b>	<b>82,333,044</b>	<b>13,722,174</b>
<b>Distributed To Localities</b>								
Net Earnings and Regular Surcharge	6,472,493	9,166,213	12,631,316	1,231,554	2,829,885	2,943,754	35,275,215	5,879,203
Surcharge to Counties Conducting Racing	-	107,252	-	122,389	-	209,785	439,426	73,238
<b>Total Distributed</b>	<b>6,472,493</b>	<b>9,273,465</b>	<b>12,631,316</b>	<b>1,353,943</b>	<b>2,829,885</b>	<b>3,153,539</b>	<b>35,714,641</b>	<b>5,952,440</b>
<b>Undistributed Benefits</b>								
Net Earnings and Regular Surcharge	2,643,886	5,371,770	475,111	(16,917,141)	412,987	(9,152,777)	(17,166,164)	(2,861,027)
Surcharge to Counties Conducting Racing	-	13,364	-	681,212	-	2,201	696,777	116,130
Capital Acquisition Fund	5,808,855	11,380,198	7,653,706	-	8,059,424	30,185,604	63,087,787	10,514,631
<b>Total Undistributed Benefits</b>	<b>8,452,741</b>	<b>16,765,332</b>	<b>8,128,817</b>	<b>(16,235,929)</b>	<b>8,472,411</b>	<b>21,035,028</b>	<b>46,618,400</b>	<b>7,769,733</b>
<b>Total Liabilities and Undistributed Benefits to Own Localities</b>								
<b>\$ 20,638,398</b>	<b>\$ 19,984,517</b>	<b>\$ 39,356,255</b>	<b>\$ 30,343,374</b>	<b>\$ 20,501,404</b>	<b>\$ 40,159,005</b>	<b>170,982,953</b>	<b>28,497,159</b>	

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2004**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Net Handle on:								
In State Thoroughbred Tracks	84,110,402	41,119,505	116,511,010	343,030,302	78,762,001	47,336,000	710,869,220	118,478,203
Out of State Thoroughbred Tracks	96,279,402	70,025,217	140,026,121	548,224,513	96,792,065	64,482,280	1,015,829,598	169,304,933
In State Harness Tracks	10,873,443	9,468,494	10,119,354	41,319,969	7,572,034	11,764,927	91,118,221	15,186,370
Out of State Harness Tracks	20,972,256	22,506,474	32,699,049	103,513,288	22,166,764	25,958,365	227,816,196	37,969,366
Total Net Handle	<b>212,235,503</b>	<b>143,119,690</b>	<b>299,355,534</b>	<b>1,036,088,072</b>	<b>205,292,864</b>	<b>149,541,572</b>	<b>2,045,633,235</b>	<b>340,938,873</b>
Less:								
Returned to Bettors	161,258,837	107,270,433	229,406,706	791,273,743	157,243,766	111,157,018	1,557,610,503	259,601,751
Surcharge	7,767,564	5,721,739	9,127,188	33,598,344	5,917,320	6,518,408	68,650,563	11,441,761
	-	-	-	-	-	-	-	-
OTB Take Out and Breakage	<b>43,209,102</b>	<b>30,127,518</b>	<b>60,821,640</b>	<b>211,215,985</b>	<b>42,131,778</b>	<b>31,866,146</b>	<b>419,372,169</b>	<b>69,895,362</b>
Less Payments to:								
NY State (Pari-Mutuel Tax & Breakage)	1,650,587	1,219,508	2,444,880	8,057,295	1,783,159	1,410,394	16,565,823	2,760,971
NY State Regulatory Fee	827,718	558,167	1,167,528	4,040,743	800,642	583,212	7,978,010	1,329,668
NY State (Uncashed Tickets)	840,000	485,663	823,318	3,199,463	596,078	615,000	6,559,522	1,093,254
Breeders' Fund - Thoroughbred	1,073,882	647,151	1,533,984	5,338,445	1,039,727	651,615	10,284,804	1,714,134
Breeders' Fund - Harness	494,767	417,190	722,486	2,490,583	498,694	467,184	5,090,904	848,484
In State Thoroughbred Tracks	9,393,289	6,849,070	16,162,052	61,262,235	11,123,167	6,930,660	111,720,473	18,620,079
Out of State Thoroughbred Tracks	2,270,882	1,631,833	3,024,129	12,295,593	2,219,125	1,474,048	22,915,610	3,819,268
In State Harness Tracks	4,302,042	2,136,581	3,041,951	12,437,929	2,207,817	2,714,487	26,840,807	4,473,468
Out of State Harness Tracks	419,675	486,267	892,878	2,230,952	474,489	591,202	5,095,463	849,244
City of Albany	338,391	-	-	-	-	-	338,391	56,399
City of Niagara	-	-	-	-	-	63,567	63,567	10,595
	-	-	-	-	-	-	-	-
Total Payments	<b>21,611,233</b>	<b>14,431,430</b>	<b>29,813,206</b>	<b>111,353,238</b>	<b>20,742,898</b>	<b>15,501,369</b>	<b>213,453,374</b>	<b>35,575,562</b>
	-	-	-	-	-	-	-	-
Net Racing Revenue	<b>21,597,869</b>	<b>15,696,088</b>	<b>31,008,434</b>	<b>99,862,747</b>	<b>21,388,880</b>	<b>16,364,777</b>	<b>205,918,795</b>	<b>34,319,799</b>
Other Revenue:								
Admission Income	83,182	101,905	152,738	416,075	133,752	2,780	890,432	148,405
Lottery Income	485,239	288,675	51,518	15,691	78,739	417,291	1,337,153	222,859
Concession Income	216,021	32,203	109,513	111,198	69,169	21,294	559,398	93,233
Derived from Section 532	1,941,736	1,663,288	2,057,471	9,830,823	1,488,345	1,804,455	18,786,118	3,131,020
Interest Income	35,536	45,224	34,848	263,309	28,446	10,620	417,983	69,664
Other Income	441,375	217,561	615,167	625,414	2,355,261	(1,644,491)	2,610,287	435,048
Uncashed Tickets	840,000	485,663	823,318	3,199,463	596,078	615,000	6,559,522	1,093,254
	-	-	-	-	-	-	-	-
Total Operating Revenue	<b>25,640,958</b>	<b>18,530,607</b>	<b>34,853,007</b>	<b>114,324,720</b>	<b>26,138,670</b>	<b>17,591,726</b>	<b>237,079,688</b>	<b>39,513,281</b>
Operating Expenses:								
Branch Expenses	16,321,873	10,757,484	19,327,094	86,966,833	16,502,834	15,405,770	165,281,888	27,546,981
Corporate Expenses	7,456,524	2,649,040	8,524,420	37,983,010	9,498,812	4,349,576	70,461,382	11,743,564
	-	-	-	-	-	-	-	-
Total Operating Expenses - Including Depreciation	<b>23,778,397</b>	<b>13,406,524</b>	<b>27,851,514</b>	<b>124,949,843</b>	<b>26,001,646</b>	<b>19,755,346</b>	<b>235,743,270</b>	<b>39,290,545</b>
	-	-	-	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>1,862,561</b>	<b>5,124,083</b>	<b>7,001,493</b>	<b>(10,625,123)</b>	<b>137,024</b>	<b>(2,163,620)</b>	<b>1,336,418</b>	<b>222,736</b>

Continued on next page

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2004**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
Continued from previous page								
Section 516 Net Revenues from Operations	<b>1,862,561</b>	<b>5,124,083</b>	<b>7,001,493</b>	<b>(10,625,123)</b>	<b>137,024</b>	<b>(2,163,620)</b>	<b>1,336,418</b>	<b>222,736</b>
Less:								
Section 509-a Contributions to Capital Acquisition Fund	(412,800)	1,905,564	-	-	-	-	1,492,764	248,794
	-	-	-	-	-	-	-	-
Section 516 Net Revenue for Distribution (Loss)	<b>1,449,761</b>	<b>7,029,647</b>	<b>7,001,493</b>	<b>(10,625,123)</b>	<b>137,024</b>	<b>(2,163,620)</b>	<b>2,829,182</b>	<b>471,530</b>
Surcharge:								
Section 532 Revenues to Participating Localities	3,463,597	2,503,693	4,747,670	17,347,136	2,625,565	2,833,497	33,521,158	5,586,860
Section 532 Revenues to Other Localities	1,420,731	840,405	1,198,186	2,553,128	1,071,458	1,026,753	8,110,661	1,351,777
	-	-	-	-	-	-	-	-
Total Surcharge to all Localities	<b>4,884,328</b>	<b>3,344,098</b>	<b>5,945,856</b>	<b>19,900,264</b>	<b>3,697,023</b>	<b>3,860,250</b>	<b>41,631,819</b>	<b>6,938,637</b>
Capital Acquisition Funds:								
Section 509-a Contribution from Net Revenues	412,800	(1,905,564)	-	-	-	-	(1,492,764)	(248,794)
Supplemental 1% Section 532	941,500	714,353	1,123,861	3,867,257	731,952	853,703	8,232,626	1,372,104
Other Fund Revenues net of Expenses	(1,084,881)	138,068	(1,733,719)	-	-	(1,199,018)	(3,879,550)	(646,592)
	-	-	-	-	-	-	-	-
Total Capital Acquisition Funds	<b>269,419</b>	<b>(1,053,143)</b>	<b>(609,858)</b>	<b>3,867,257</b>	<b>731,952</b>	<b>(345,315)</b>	<b>2,860,312</b>	<b>476,719</b>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<b>6,603,508</b>	<b>9,320,602</b>	<b>12,337,491</b>	<b>13,142,398</b>	<b>4,565,999</b>	<b>1,351,315</b>	<b>47,321,313</b>	<b>7,886,886</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2004**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>								
<b>Branch Operating Expenses</b>								
Admissions Tax	-	-	9,296	-	5,073	-	14,369	2,395
Advertising	43,498	454,518	233,176	-	12,888	1,254	745,334	124,222
Amortization & Depreciation	163,476	363,015	20,340	-	476,111	1,114,231	2,137,173	356,196
Cable TV	27,490	15,738	28,935	-	17,428	-	89,591	14,932
Courier Service	87,905	-	120,186	-	-	-	208,091	34,682
Directors Fees and Reimbursements	-	-	-	-	-	-	-	-
Fringe Benefits	2,079,163	-	1,597,724	14,838,201	2,823,548	2,591,225	23,929,861	3,988,310
Insurance	473,923	1,016,028	137,310	1,897,273	338,927	323,469	4,186,930	697,822
Interest Expense	13,676	-	239,021	-	319,843	-	572,540	95,423
Maintenance & Repairs	866,315	364,663	252,391	452,119	231,640	947,197	3,114,325	519,054
Marketing & Promotions	240,481	-	-	-	283,694	-	524,175	87,363
Office Expense	121,836	45,955	146,872	180,516	27,522	-	522,701	87,117
Other Expenses & Services	623,129	64,536	885,148	414,308	31,992	961,842	2,980,955	496,826
Professional Fees	-	130,564	65,250	-	2,400	-	198,214	33,036
Racing Information	218,422	242,725	-	-	739,602	348,399	1,549,148	258,191
Rent	1,482,219	1,655,750	1,811,996	13,578,596	1,115,330	457,958	20,101,849	3,350,308
Rental of Equipment	189,212	13,008	650,233	3,080	355,839	-	1,211,372	201,895
Salaries and Wages	6,964,563	4,686,354	8,879,889	47,375,307	7,587,056	7,830,132	83,323,301	13,887,217
Security/Armoured Carrier Expense	79,480	43,661	429,211	1,074,662	31,024	149,879	1,807,917	301,320
Simulcast Fees	408,653	382,738	188,002	1,925,835	141,450	-	3,046,678	507,780
Telephone & Data Lines	236,942	119,579	123,148	1,176,793	223,255	339,114	2,218,831	369,805
Totalizator Expense	1,361,897	713,913	3,006,817	2,643,112	1,327,565	143,444	9,196,748	1,532,791
Travel & Reimbursement	6,533	70,096	-	150	500	5,050	82,329	13,722
Utilities	633,060	374,612	502,150	1,406,881	410,147	793,929	4,120,779	686,797
<b>Total Branch Expenses</b>	<b>16,321,873</b>	<b>10,757,453</b>	<b>19,327,095</b>	<b>86,966,833</b>	<b>16,502,834</b>	<b>16,007,123</b>	<b>165,883,211</b>	<b>27,647,202</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS  
STATEMENT OF REVENUES NET OF EXPENSES**

**2004**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Corporate Operating Expenses</b>								
Admissions Tax	-	-	-	-	-	-	-	-
Advertising	(55,553)	-	265,369	2,036,934	-	131,128	2,377,878	396,313
Amortization & Depreciation	89,129	98,313	65,448	470,909	176,413	232,734	1,132,946	188,824
Cable TV	2,771	-	1,102	-	4,851	-	8,724	1,454
Courier Service	194	-	(19)	-	-	-	175	29
Directors Fees and Reimbursements	50,350	-	4,500	4,250	10,450	91,249	160,799	26,800
Fringe Benefits	1,101,236	-	2,939,658	6,950,332	2,822,218	1,438,123	15,251,567	2,541,928
Insurance	287,897	361,322	185,443	798,170	182,516	97,693	1,913,041	318,840
Interest Expense	6,029	-	20,181	11,213	-	6,757	44,180	7,363
Maintenance & Repairs	217,208	62,546	22,529	1,356,375	114,297	100,531	1,873,486	312,248
Marketing & Promotions	17,362	-	36,903	236,155	-	28,461	318,881	53,147
Office Expense	191,603	10,270	147,736	893,538	39,597	(17,196)	1,265,548	210,925
Other Expenses & Services	567,918	26,494	259,191	312,879	220,845	331,981	1,719,308	286,551
Professional Fees	-	106,825	450,416	549,452	260,381	126,104	1,493,178	248,863
Racing Information	34,134	-	-	-	-	-	34,134	5,689
Rent	35,837	208,184	232,635	4,474,903	4,206	96,553	5,052,318	842,053
Rental of Equipment	791,443	22,287	14,283	144,209	4,085	-	976,307	162,718
Salaries and Wages	3,615,972	1,634,250	3,447,663	18,634,817	5,497,599	2,195,889	35,026,190	5,837,698
Security/Armoured Carrier Expense	8,352	2,592	26,110	58,877	2,460	-	98,391	16,399
Simulcast Fees	52,477	-	-	109,248	-	-	161,725	26,954
Telephone & Data Lines	175,350	66,634	247,854	250,912	35,393	31,513	807,656	134,609
Totalizator Expense	-	-	1,207	-	-	-	1,207	201
Travel & Reimbursement	139,163	12,370	91,915	94,726	26,938	11,277	376,389	62,732
Utilities	127,652	36,953	64,300	595,110	96,563	48,132	968,710	161,452
<b>Total Corporate Expenses</b>	<b>7,456,524</b>	<b>2,649,040</b>	<b>8,524,424</b>	<b>37,983,009</b>	<b>9,498,812</b>	<b>4,950,929</b>	<b>71,062,738</b>	<b>11,843,790</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2004**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Combined Expenses</b>								
Admissions Tax	-	-	9,296	-	5,073	-	14,369	2,395
Advertising	(12,055)	454,518	498,545	2,036,934	12,888	132,382	3,123,212	520,535
Amortization & Depreciation	252,605	461,328	85,788	470,909	652,524	1,346,965	3,270,119	545,020
Cable TV	30,261	15,738	30,037	-	22,279	-	98,315	16,386
Courier Service	88,099	-	120,167	-	-	-	208,266	34,711
Directors Fees and Reimbursements	50,350	-	4,500	4,250	10,450	91,249	160,799	26,800
Fringe Benefits	3,180,399	-	4,537,382	21,788,533	5,645,766	4,029,348	39,181,428	6,530,238
Insurance	761,820	1,377,350	322,753	2,695,443	521,443	421,162	6,099,971	1,016,662
Interest Expense	19,705	-	259,202	11,213	319,843	6,757	616,720	102,787
Maintenance & Repairs	1,083,523	427,209	274,920	1,808,494	345,937	1,047,728	4,987,811	831,302
Marketing & Promotions	257,843	-	36,903	236,155	283,694	28,461	843,056	140,509
Office Expense	313,439	56,225	294,608	1,074,054	67,119	(17,196)	1,788,249	298,042
Other Expenses & Services	1,191,047	91,030	1,144,339	727,187	252,837	1,293,823	4,700,263	783,377
Professional Fees	-	237,389	515,666	549,452	262,781	126,104	1,691,392	281,899
Racing Information	252,556	242,725	-	-	739,602	348,399	1,583,282	263,880
Rent	1,518,056	1,863,934	2,044,631	18,053,499	1,119,536	554,511	25,154,167	4,192,361
Rental of Equipment	980,655	35,295	664,516	147,289	359,924	-	2,187,679	364,613
Salaries and Wages	10,580,535	6,320,604	12,327,552	66,010,124	13,084,655	10,026,021	118,349,491	19,724,915
Security/Armoured Carrier Expense	87,832	46,253	455,321	1,133,539	33,484	149,879	1,906,308	317,718
Simulcast Fees	461,130	382,738	188,002	2,035,083	141,450	-	3,208,403	534,734
Telephone & Data Lines	412,292	186,213	371,002	1,427,705	258,648	370,627	3,026,487	504,415
Totalizator Expense	1,361,897	713,913	3,008,024	2,643,112	1,327,565	143,444	9,197,955	1,532,993
Travel & Reimbursement	145,696	82,466	91,915	94,876	27,438	16,327	458,718	76,453
Utilities	760,712	411,565	566,450	2,001,991	506,710	842,061	5,089,489	848,248
<b>TOTAL EXPENSES</b>	<b>23,778,397</b>	<b>13,406,493</b>	<b>27,851,519</b>	<b>124,949,842</b>	<b>26,001,646</b>	<b>20,958,052</b>	<b>236,945,949</b>	<b>39,490,992</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2004**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>BALANCE SHEET (EXHIBIT 2)</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	5,391,833	16,717,518	(123,819)	4,991,620	3,981,596	1,200,537	32,159,285	5,359,881
Investments	-	17,326	3,193,031	17,796,607	-	-	21,006,964	3,501,161
Accounts Receivable	313,773	52,663	951,934	849,767	1,132,078	586,404	3,886,619	647,770
Prepaid Expenses and Other Assets	1,105,909	162,330	1,040,237	1,177,779	697,893	454,456	4,638,604	773,101
<b>Total Current Assets</b>	<b>6,811,515</b>	<b>16,949,837</b>	<b>5,061,383</b>	<b>24,815,773</b>	<b>5,811,567</b>	<b>2,241,397</b>	<b>61,691,472</b>	<b>10,281,912</b>
<b>Fixed Assets</b>								
Land	3,069,827	240,000	432,050	-	2,146,875	7,098,749	12,987,501	2,164,584
Buildings	9,970,335	1,485,583	479,550	-	10,584,271	37,462,532	59,982,271	9,997,045
Furniture & Fixtures	9,785,046	425,213	-	385,470	430,980	2,932,434	13,959,143	2,326,524
Automobile Equipment	295,483	297,197	292,113	864,284	537,216	582,595	2,868,888	478,148
Machinery & Equipment	-	1,441,465	3,690	24,313,440	3,075,442	3,313,913	32,147,950	5,357,992
Leasehold Improvements	2,770,953	1,081,276	25,754,553	37,050,948	3,775,213	1,430,212	71,863,155	11,977,193
Total Fixed Assets	25,891,644	4,970,734	26,961,956	62,614,142	20,549,997	52,820,435	193,808,908	32,301,485
Less: Accumulated Depreciation	12,534,684	2,432,781	622,881	58,520,517	8,165,566	19,607,129	-	-
<b>Net Fixed Assets</b>	<b>13,356,960</b>	<b>2,537,953</b>	<b>26,339,075</b>	<b>4,093,625</b>	<b>12,384,431</b>	<b>33,213,306</b>	<b>193,808,908</b>	<b>32,301,485</b>
<b>Total Assets</b>	<b>20,168,475</b>	<b>19,487,790</b>	<b>31,400,458</b>	<b>28,909,398</b>	<b>18,195,998</b>	<b>35,454,703</b>	<b>255,500,380</b>	<b>42,583,397</b>
<b>Current Liabilities</b>								
Accounts Payable	3,199,522	1,698,200	3,128,488	17,217,758	1,955,521	2,148,661	29,348,150	4,891,358
Due to New York State	81,668	583,383	75,421	3,406,198	59,020	64,982	4,270,672	711,779
Due Breeders Fund	108,557	66,855	172,970	574,959	-	1,118,798	2,042,139	340,357
Due to Local Governments	77,261	59,591	109,593	-	92,081	57,957	396,483	66,081
Accrued Payroll, Fringe Benefits and Payroll Taxes	347,973	514,561	2,200,109	4,736,062	1,871,789	844,408	10,514,902	1,752,484
Due to NYS Retirement System - Current Portion	100,383	-	-	-	390,206	1,057,386	1,547,975	257,996
Telephone Betting Accounts	601,134	264,385	2,242,176	1,825,320	324,066	115,468	5,372,549	895,425
Notes and Mortgage Payable - Current Portion	447,417	-	40,902	-	272,545	7,200,000	7,960,864	1,326,811
Capital Lease Obligations - Current Portion	72,383	-	-	-	-	-	72,383	12,064
Uncashed Vouchers	203,847	-	105,629	268,356	175,451	56,568	809,851	134,975
Uncashed Winning Tickets	911,008	186,586	998,851	350,292	673,819	86,729	3,207,285	534,548
<b>Total Current Liabilities</b>	<b>6,151,153</b>	<b>3,373,561</b>	<b>9,074,139</b>	<b>28,378,945</b>	<b>5,814,498</b>	<b>12,750,957</b>	<b>65,543,253</b>	<b>10,923,876</b>
<b>Long Term Liabilities</b>								
Due to NYS Retirement System	-	-	-	-	296,821	127,434	424,255	70,709
Capital Lease Obligation	530,790	-	-	515,979	-	-	1,046,769	174,462
Other	-	-	-	7,148,114	-	-	7,148,114	1,191,352
Notes and Mortgages Payable	4,897,980	-	12,567,524	-	4,182,051	-	21,647,555	3,607,926
<b>Total Long Term Liabilities</b>	<b>5,428,770</b>	<b>-</b>	<b>12,567,524</b>	<b>7,664,093</b>	<b>4,478,872</b>	<b>127,434</b>	<b>30,266,693</b>	<b>5,044,449</b>
<b>Total Liabilities</b>	<b>11,579,923</b>	<b>3,373,561</b>	<b>21,641,663</b>	<b>36,043,038</b>	<b>10,293,370</b>	<b>12,878,391</b>	<b>95,809,946</b>	<b>15,968,324</b>

**NEW YORK STATE REGIONAL OFF-TRACK BETTING CORPORATIONS**  
**STATEMENT OF REVENUES NET OF EXPENSES**

**2004**

(Unaudited)

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>New York City</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>	<u>Average</u>
<b>Undistributed Benefits To Localities</b>								
<b>As of January 1:</b>								
Net Earnings and Regular Surcharge	2,784,988	3,609,418	2,709,624	(12,807,977)	482,251	7,386,658	4,164,962	694,160
Surcharge to Counties Conducting Racing	-	-	-	543,297	-	-	543,297	90,550
Capital Acquisition Fund	5,436,288	11,895,983	9,251,505	4,847,940	7,697,283	17,713,174	56,842,173	9,473,696
<b>Total</b>	<b>8,221,276</b>	<b>15,505,401</b>	<b>11,961,129</b>	<b>(7,416,740)</b>	<b>8,179,534</b>	<b>25,099,832</b>	<b>61,550,432</b>	<b>10,258,405</b>
<b>Year To Date</b>								
Net Earnings and Regular Surcharge	5,241,083	9,554,849	11,749,162	(143,498)	2,762,589	652,681	29,816,866	4,969,478
Surcharge Counties Conducting Racing	10,671	-	-	352,231	-	219,553	582,455	97,076
Capital Acquisition Fund Contributions	269,417	(1,040,941)	(609,855)	285,878	731,952	(345,315)	(708,864)	(118,144)
<b>Total Year To Date</b>	<b>5,521,171</b>	<b>8,513,908</b>	<b>11,139,307</b>	<b>494,611</b>	<b>3,494,541</b>	<b>526,919</b>	<b>29,690,457</b>	<b>4,948,410</b>
<b>Available For Distribution</b>								
Net Earnings and Regular Surcharge	8,026,071	13,164,267	14,458,786	(12,951,475)	3,244,840	8,039,339	33,981,828	5,663,638
Surcharge to Counties Conducting Racing	10,671	-	-	895,528	-	219,553	1,125,752	187,625
Capital Acquisition Fund	5,705,707	10,855,042	8,641,650	5,133,818	8,429,235	17,367,859	56,133,311	9,355,552
<b>Total Available</b>	<b>13,742,449</b>	<b>24,019,309</b>	<b>23,100,436</b>	<b>(6,922,129)</b>	<b>11,674,075</b>	<b>25,626,751</b>	<b>91,240,891</b>	<b>15,206,815</b>
<b>Distributed To Localities</b>								
Net Earnings and Regular Surcharge	5,143,227	7,905,083	12,227,252	5,439	3,771,447	2,830,887	31,883,335	5,313,889
Surcharge to Counties Conducting Racing	10,671	-	-	206,072	-	219,553	436,296	72,716
<b>Total Distributed</b>	<b>5,153,898</b>	<b>7,905,083</b>	<b>12,227,252</b>	<b>211,511</b>	<b>3,771,447</b>	<b>3,050,440</b>	<b>32,319,631</b>	<b>5,386,605</b>
<b>Undistributed Benefits</b>								
Net Earnings and Regular Surcharge	2,660,637	5,259,185	2,231,534	(12,951,475)	187,276	(7,619,358)	(10,232,201)	(1,705,367)
Surcharge to Counties Conducting Racing	222,208	-	-	689,456	-	-	911,664	151,944
Capital Acquisition Fund	5,705,707	10,855,042	8,641,650	5,128,379	7,715,352	30,195,669	68,241,799	11,373,633
<b>Total Undistributed Benefits</b>	<b>8,588,552</b>	<b>16,114,227</b>	<b>10,873,184</b>	<b>(7,133,640)</b>	<b>7,902,628</b>	<b>22,576,311</b>	<b>58,921,262</b>	<b>9,820,210</b>
<b>Total Liabilities and Undistributed Benefits to Own Localities</b>								
	<b>20,168,475</b>	<b>19,487,788</b>	<b>32,514,847</b>	<b>28,909,398</b>	<b>18,195,998</b>	<b>35,454,702</b>	<b>154,731,208</b>	<b>25,788,535</b>

Note: NYC Undistributed benefit beginning balance is from previous month. Amounts added and distributed are monthly.

**Capital District Regional Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Exhibit 3 - Income Statement</b>					
Net Handle on:					
In State Thoroughbred Tracks	\$ 84,110,402	\$ 81,498,026	\$ 80,245,436	\$ 77,831,065	\$ 74,162,174
Out of State Thoroughbred Tracks	96,279,402	97,262,347	98,321,347	95,231,423	90,134,736
In State Harness Tracks	10,873,443	10,163,223	10,597,162	12,643,552	10,826,781
Out of State Harness Tracks	20,972,256	24,137,408	20,758,842	16,133,482	15,420,783
Total Net Handle	<b>212,235,503</b>	<b>213,061,004</b>	<b>209,922,787</b>	<b>201,839,522</b>	<b>190,544,474</b>
Less:					
Returned to Bettors	161,258,837	161,780,612	159,495,714	153,383,708	144,863,810
Surcharge	7,767,564	7,775,738	7,582,116	7,248,883	6,536,746
OTB Take Out and Breakage	<b>43,209,102</b>	<b>43,504,654</b>	<b>42,844,957</b>	<b>41,206,931</b>	<b>39,143,918</b>
	0.00%	0.00%	0.00%	0.00%	0.00%
Less Payments to:					
NY State (Pari-Mutuel Tax & Breakage)	1,650,587	1,746,990	1,423,365	1,495,973	1,479,800
NY State Regulatory Fee	827,718	943,309	1,049,635	1,009,198	952,722
NY State (Uncashed Tickets)	840,000	751,200	767,200	814,640	801,830
Breeders' Fund - Thoroughbred	1,073,882	1,224,943	1,190,210	1,052,926	939,188
Breeders' Fund - Harness	494,767	359,656	491,587	454,493	425,260
In State Thoroughbred Tracks	9,393,289	9,241,379	9,223,023	8,924,938	8,443,542
Out of State Thoroughbred Tracks	2,270,882	2,321,382	2,350,790	2,313,214	2,446,460
In State Harness Tracks	4,302,042	3,636,777	4,398,482	4,278,661	4,015,758
Out of State Harness Tracks	419,675	530,929	435,016	335,929	317,156
City of Albany	338,391	349,972	325,134	304,435	-
City of Niagara	-	-	-	-	-
Total Payments	<b>21,611,233</b>	<b>21,106,537</b>	<b>21,654,442</b>	<b>20,984,407</b>	<b>19,821,716</b>
Net Racing Revenue	<b>21,597,869</b>	<b>22,398,117</b>	<b>21,190,515</b>	<b>20,222,524</b>	<b>19,322,202</b>
Other Revenue:					
Admission Income	83,182	85,606	73,360	62,017	57,541
Lottery Income	485,239	466,989	441,473	416,869	398,897
Concession Income	216,021	184,730	232,931	237,323	242,124
Derived from Section 532	1,941,736	1,993,259	1,916,043	1,783,913	1,659,609
Interest Income	35,536	95,479	124,193	125,919	106,719
Other Income	441,375	(604,353)	237,638	115,904	76,748
Uncashed Tickets	840,000	751,200	767,200	814,640	801,830
Total Operating Revenue	<b>25,640,958</b>	<b>25,371,027</b>	<b>24,983,353</b>	<b>23,779,109</b>	<b>22,665,670</b>
Operating Expenses:					
Branch Expenses	16,321,873	15,227,102	14,805,227	14,709,522	14,559,257
Corporate Expenses	7,456,524	7,323,526	7,476,672	7,481,298	7,114,392
Total Operating Expenses - Including Depreciation	<b>23,778,397</b>	<b>22,550,628</b>	<b>22,281,899</b>	<b>22,190,820</b>	<b>21,673,649</b>
Section 516 Net Revenues from Operations	<b>1,862,561</b>	<b>2,820,399</b>	<b>2,701,454</b>	<b>1,588,289</b>	<b>992,021</b>
Section 516 Net Revenues from Operations	<b>1,862,561</b>	<b>2,820,399</b>	<b>2,701,454</b>	<b>1,588,289</b>	<b>992,021</b>
Less:					
Section 509-a Contributions to Capital Acquisition Fund	(412,800)	(412,800)	(412,800)	(309,600)	(294,050)
Section 516 Net Revenue for Distribution (Loss)	<b>1,449,761</b>	<b>2,407,599</b>	<b>2,288,654</b>	<b>1,278,689</b>	<b>697,971</b>
Surcharge:					
Section 532 Revenues to Participating Localities	3,463,597	3,475,972	3,401,894	3,237,997	2,881,011
Section 532 Revenues to Other Localities	1,420,731	1,358,562	1,336,623	1,333,080	1,195,082
Total Surcharge to all Localities	<b>4,884,328</b>	<b>4,834,534</b>	<b>4,738,517</b>	<b>4,571,077</b>	<b>4,076,093</b>
Capital Acquisition Funds:					
Section 509-a Contribution from Net Revenues	412,800	412,800	412,800	309,600	294,050
Supplemental 1% Section 532	941,500	947,945	927,556	893,893	801,044
Other Fund Revenues net of Expenses	(1,084,881)	(1,257,598)	(1,407,176)	(1,328,145)	(1,180,727)
Total Capital Acquisition Funds	<b>269,419</b>	<b>103,147</b>	<b>(66,820)</b>	<b>(124,652)</b>	<b>(85,633)</b>
<b>TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS</b>	<b>\$ 6,603,508</b>	<b>\$ 7,345,280</b>	<b>\$ 6,960,351</b>	<b>\$ 5,725,114</b>	<b>\$ 4,688,431</b>

## Capital District Regional Off-Track Betting Corporation

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>					
<b>Branch Operating Expenses</b>					
Admissions Tax	-	-	-	2,481.0	272,502.0
Advertising	43,498	67,444	69,983	74,761	87,546
Amortization & Depreciation	163,476	146,347	138,525	141,027	140,032
Cable TV	27,490	29,083	30,777	32,639	32,554
Courier Service	87,905	111,194	118,365	117,673	126,559
Directors Fees and Reimbursements	-	-	-	-	-
Fringe Benefits	2,079,163	1,632,960	1,590,125	1,627,802	1,493,906
Insurance	473,923	434,162	385,731	317,789	294,379
Interest Expense	13,676	7,693	2,597	194	0
Maintenance & Repairs	866,315	902,303	796,439	898,547	887,246
Marketing & Promotions	240,481	236,145	258,907	161,419	164,520
Office Expense	121,836	98,623	106,758	80,884	80,576
Other Expenses & Services	623,129	579,209	538,010	454,431	467,444
Professional Fees	-	-	-	-	-
Racing Information	218,422	206,712	201,835	219,064	217,647
Rent	1,482,219	1,466,631	1,436,510	1,455,125	1,477,756
Rental of Equipment	189,212	10,971	9,123	3,968	3,170
Salaries and Wages	6,964,563	6,446,249	6,280,146	6,202,055	5,956,681
Security/Armored Carrier Expense	79,480	82,604	66,206	65,387	69,808
Simulcast Fees	408,653	457,215	442,431	474,484	480,147
Telephone & Data Lines	236,942	260,833	307,168	293,803	210,085
Totalizator Expense	1,361,897	1,313,999	1,309,047	1,298,891	1,288,606
Travel & Reimbursement	6,533	11,850	12,661	11,063	21,826
Utilities	633,060	724,875	703,883	776,035	786,267
<b>Total Branch Expenses</b>	<b>16,321,873</b>	<b>15,227,102</b>	<b>14,805,227</b>	<b>14,709,522</b>	<b>14,559,257</b>
<b>Corporate Operating Expenses</b>					
Admissions Tax	-	-	-	-	-
Advertising	(55,553)	(41,888)	(38,149)	(30,887)	(29,493)
Amortization & Depreciation	89,129	60,660	47,620	61,431	46,531
Cable TV	2,771	6,487	19,730	7,354	2,018,124
Courier Service	194	4,115	199	12	5
Directors Fees and Reimbursements	50,350	54,605	57,900	58,600	57,800
Fringe Benefits	1,101,236	943,359	1,006,404	922,714	699,482
Insurance	287,897	256,002	243,953	207,051	179,475
Interest Expense	6,029	2,822	544	0	0
Maintenance & Repairs	217,208	197,102	222,448	254,337	206,161
Marketing & Promotions	17,362	46,034	52,581	44,949	36,376
Office Expense	191,603	197,337	205,075	237,779	80,160
Other Expenses & Services	567,918	609,543	484,989	594,201	30,138
Professional Fees	-	-	-	-	504,054
Racing Information	34,134	32,508	33,492	28,430	21,816
Rent	35,837	111,376	31,421	29,728	21,454
Rental of Equipment	791,443	836,932	894,019	994,213	46,469
Salaries and Wages	3,615,972	3,525,027	3,756,548	3,592,571	1,709,904
Security/Armored Carrier Expense	8,352	8,468	7,937	6,335	4,030
Simulcast Fees	52,477	54,700	52,692	58,323	3,700
Telephone & Data Lines	175,350	151,621	140,608	140,885	93,818
Totalizator Expense	0	3,609	13,715	13,800	330
Travel & Reimbursement	139,163	132,553	119,869	128,686	139,910
Utilities	127,652	130,554	123,077	130,786	150,221
<b>Total Corporate Expenses</b>	<b>7,456,524</b>	<b>7,323,526</b>	<b>7,476,672</b>	<b>7,481,298</b>	<b>7,114,392</b>
<b>Combined Expenses</b>					
Admissions Tax	-	-	-	2,481	272,502
Advertising	(12,055)	25,556	31,834	43,874	58,053
Amortization & Depreciation	252,605	207,007	186,145	202,458	186,563
Cable TV	30,261	35,570	50,507	39,993	2,050,678
Courier Service	88,099	115,309	118,564	117,685	126,564
Directors Fees and Reimbursements	50,350	54,605	57,900	58,600	57,800
Fringe Benefits	3,180,399	2,576,319	2,596,529	2,550,516	2,193,388
Insurance	761,820	690,164	629,684	524,840	473,854
Interest Expense	19,705	10,515	3,141	194	-
Maintenance & Repairs	1,083,523	1,099,405	1,018,887	1,152,884	1,093,407
Marketing & Promotions	257,843	282,179	311,488	206,368	200,896
Office Expense	313,439	295,960	311,833	318,663	160,736
Other Expenses & Services	1,191,047	1,188,752	1,022,999	1,048,632	497,582
Professional Fees	-	-	-	-	504,054
Racing Information	252,556	239,220	235,327	247,494	239,463
Rent	1,518,056	1,578,007	1,467,931	1,484,853	1,499,210
Rental of Equipment	980,655	847,903	903,142	998,181	49,639
Salaries and Wages	10,580,535	9,971,276	10,036,694	9,794,626	8,760,512
Security/Armored Carrier Expense	87,832	91,072	74,143	71,722	73,838
Simulcast Fees	461,130	511,915	495,123	532,807	483,847
Telephone & Data Lines	412,292	412,454	447,776	434,688	303,903
Totalizator Expense	1,361,897	1,317,608	1,322,762	1,312,691	1,288,936
Travel & Reimbursement	145,696	144,403	132,530	139,749	161,736
Utilities	760,712	855,429	826,960	906,821	936,488
<b>TOTAL EXPENSES</b>	<b>23,778,397</b>	<b>22,550,628</b>	<b>22,281,899</b>	<b>22,190,820</b>	<b>21,673,649</b>

Source: Quarterly Reports Filed with the NYS Racing Wagering Board Pursuant to Section 524 of the Racing Law.

**Capital District Regional Off-Track Betting Corporation**

(Unaudited)

**2004                      2005                      2006                      2007                      2008**

**BALANCE SHEET (EXHIBIT 2)**

**Current Assets**

Cash and Cash Equivalents	\$	5,391,833	\$	6,060,782	\$	7,131,842	\$	7,762,910	\$	8,019,000
Investments		-		-		-		-		-
Accounts Receivable		313,773		443,709		338,759		309,848		253,236
Prepaid Expenses and Other Assets		1,105,909		1,015,811		917,670		836,339		768,919
<b>Total Current Assets</b>		<b>6,811,515</b>		<b>7,520,302</b>		<b>8,388,271</b>		<b>8,909,097</b>		<b>9,041,155</b>

**Fixed Assets**

Land		3,069,827		3,069,827		3,069,827		3,069,827		3,069,827
Buildings		9,970,335		10,132,704		10,329,289		10,301,214		10,388,481
Furniture & Fixtures		9,785,046		10,356,553		10,588,169		8,780,512		7,598,436
Automobile Equipment		295,483		339,233		357,939		373,263		269,409
Machinery & Equipment		-		-		-		-		-
Leasehold Improvements		2,770,953		2,710,901		2,787,905		2,857,924		2,725,657
Total Fixed Assets		25,891,644		26,609,218		27,133,129		25,382,740		24,051,810
Less: Accumulated Depreciation		12,534,684		13,491,122		14,613,073		13,719,969		13,207,832
<b>Net Fixed Assets</b>		<b>13,356,960</b>		<b>13,118,096</b>		<b>12,520,056</b>		<b>11,662,771</b>		<b>10,843,978</b>

		0		0		0		0		0
<b>Total Assets</b>	\$	<b>20,168,475</b>	\$	<b>20,638,398</b>	\$	<b>20,908,327</b>	\$	<b>20,571,868</b>	\$	<b>19,885,133</b>

**Current Liabilities**

Accounts Payable	\$	3,199,522	\$	4,285,587	\$	5,177,916	\$	5,741,644	\$	5,961,283
Due to New York State		81,668		98,486		80,253		77,186		61,334
Due Breeders Fund		108,557		111,919		127,185		100,566		82,018
Due to Local Governments*		77,261		75,756		83,266		61,067		50,341
Accrued Payroll, Fringe Benefits and Payroll Taxes		347,973		409,377		467,907		462,865		494,817
Due to NYS Retirement System - Current Portion		100,383.0		-		-		-		-
Telephone Betting Accounts		601,134		588,063		655,874		650,590		591,923
Notes and Mortgage Payable - Current Portion		447,417		435,319		262,661		100,000		100,000
Capital Lease Obligations - Current Portion		72,383		157,443		163,308		110,614		96,894
Uncashed Vouchers		203,847		144,018		118,508		121,427		99,864
Uncashed Winning Tickets		911,008		975,548		992,760		912,176		887,807
<b>Total Current Liabilities</b>		<b>6,151,153</b>		<b>7,281,516</b>		<b>8,129,638</b>		<b>8,338,135</b>		<b>8,426,281</b>

**Long Term Liabilities**

Due to NYS Retirement System		-		-		-		-		-
Capital Lease Obligation		530,790		441,480		278,173		185,415		88,520
Other		-		-		-		-		45,913.0
Notes and Mortgages Payable		4,897,980		4,462,661		4,200,000		4,100,000		4,000,000
<b>Total Long Term Liabilities</b>		<b>5,428,770</b>		<b>4,904,141</b>		<b>4,478,173</b>		<b>4,285,415</b>		<b>4,134,433</b>
		0		0		0		0		0
<b>Total Liabilities</b>	\$	<b>11,579,923</b>	\$	<b>12,185,657</b>	\$	<b>12,607,811</b>	\$	<b>12,623,550</b>	\$	<b>12,560,714</b>

**Undistributed Benefits To Localities**

**As of January 1:**

Net Earnings and Regular Surcharge	\$	2,784,988	\$	2,882,836	\$	2,643,886	\$	2,558,480	\$	2,399,447
Surcharge to Counties Conducting Racing		-		-		-		-		-
Capital Acquisition Fund		5,436,288		5,705,707		5,808,855		5,742,036		5,525,484
<b>Total</b>		<b>8,221,276</b>		<b>8,588,543</b>		<b>8,452,741</b>		<b>8,300,516</b>		<b>7,924,931</b>

**Year To Date**

Net Earnings and Regular Surcharge		5,241,083		6,233,546		6,008,861		4,805,494		3,565,826
Surcharge Counties Conducting Racing		10,671.0		-		6,822.0		15,641.0		13,159.0
Capital Acquisition Fund Contributions		269,417		103,147		(66,820)		(124,651)		(85,633)
<b>Total Year To Date</b>		<b>5,521,171</b>		<b>6,336,693</b>		<b>5,948,863</b>		<b>4,696,484</b>		<b>3,493,352</b>

**Available For Distribution**

Net Earnings and Regular Surcharge		8,026,071		9,116,382		8,652,747		7,363,974		5,965,273
Surcharge to Counties Conducting Racing		10,671.0		-		6,822.0		15,641.0		13,159.0
Capital Acquisition Fund		5,705,707		5,808,855		5,742,036		5,617,386		5,439,851
<b>Total Available</b>		<b>13,742,449</b>		<b>14,925,237</b>		<b>14,401,605</b>		<b>12,997,001</b>		<b>11,418,283</b>

**Distributed To Localities**

Net Earnings and Regular Surcharge		5,143,227		6,472,493		6,094,265		5,033,030		4,080,705
Surcharge to Counties Conducting Racing		10,671.0		-		6,822.0		15,641.0		13,159.0
<b>Total Distributed</b>		<b>5,153,898</b>		<b>6,472,493</b>		<b>6,101,087</b>		<b>5,048,671</b>		<b>4,093,864</b>

**Undistributed Benefits**

Net Earnings and Regular Surcharge		2,660,637		2,643,886		2,558,480		2,128,350		1,884,568
Surcharge to Counties Conducting Racing		222,208.0		-		-		202,582.0		-
Capital Acquisition Fund		5,705,707		5,808,855		5,742,036		5,617,386		5,439,851
<b>Total Undistributed Benefits</b>		<b>8,588,552</b>		<b>8,452,741</b>		<b>8,300,516</b>		<b>7,948,318</b>		<b>7,324,419</b>

**Total Liabilities and Undistributed Benefits to Own Localities**

	\$	<b>20,168,475</b>	\$	<b>20,638,398</b>	\$	<b>20,908,327</b>	\$	<b>20,571,868</b>	\$	<b>19,885,133</b>
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**Catskill Regional Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Exhibit 3 - Income Statement</b>					
Net Handle on:					
In State Thoroughbred Tracks	\$ 41,119,505	\$ 41,364,026	\$ 38,877,337	\$ 35,532,013	\$ 33,986,994
Out of State Thoroughbred Tracks	70,025,217	71,326,890	71,641,040	65,397,572	58,954,820
In State Harness Tracks	9,468,494	9,193,081	9,226,449	12,896,997	11,030,237
Out of State Harness Tracks	22,506,474	24,638,646	23,287,922	17,981,252	17,897,485
Total Net Handle	<u>143,119,690</u>	<u>146,522,643</u>	<u>143,032,748</u>	<u>131,807,834</u>	<u>121,869,536</u>
Less:					
Returned to Bettors	107,270,433	109,778,640	107,230,208	98,823,334	91,465,174
Surcharge	5,721,739	5,780,496	5,576,646	5,131,305	4,760,896
OTB Take Out and Breakage	<u>30,127,518</u>	<u>30,963,507</u>	<u>30,225,894</u>	<u>27,853,195</u>	<u>25,643,466</u>
Less Payments to:					
NY State (Pari-Mutuel Tax & Breakage)	1,219,508	1,254,359	1,052,724	951,283	1,078,269
NY State Regulatory Fee	558,167	639,435	715,164	659,039	609,348
NY State (Uncashed Tickets)	485,663	540,000	523,263	468,531	476,988
Breeders' Fund - Thoroughbred	647,151	650,624	726,331	682,029	454,446
Breeders' Fund - Harness	417,190	431,258	413,527	392,658	366,836
In State Thoroughbred Tracks	6,849,070	6,905,404	6,681,178	6,089,691	5,596,829
Out of State Thoroughbred Tracks	1,631,833	1,678,749	1,676,998	1,534,321	1,550,730
In State Harness Tracks	2,136,581	2,255,113	3,358,765	2,195,884	2,373,587
Out of State Harness Tracks	486,267	509,170	481,406	368,167	361,450
City of Albany	-	-	-	-	-
City of Niagara	-	-	-	-	-
Total Payments	<u>14,431,430</u>	<u>14,864,112</u>	<u>15,629,356</u>	<u>13,341,603</u>	<u>12,868,483</u>
Net Racing Revenue	<u>15,696,088</u>	<u>16,099,395</u>	<u>14,596,538</u>	<u>14,511,592</u>	<u>12,774,983</u>
Other Revenue:					
Admission Income	101,905	91,760	93,055	93,320	83,860
Lottery Income	288,675	275,008	248,902	210,619	190,001
Concession Income	32,203	30,727	29,527	28,825	26,881
Derived from Section 532	1,663,288	1,715,725	1,652,645	1,448,250	1,344,943
Interest Income	45,224	486,711	818,870	222,437	465,051
Other Income	217,561	464,161	162,040	281,541	205,357
Uncashed Tickets	485,663	540,000	523,263	468,531	476,988
Total Operating Revenue	<u>18,530,607</u>	<u>19,703,487</u>	<u>18,124,840</u>	<u>17,265,115</u>	<u>15,568,064</u>
Operating Expenses:					
Branch Expenses	10,757,484	10,603,717	10,238,241	9,970,853	9,568,136
Corporate Expenses	2,649,040	2,547,900	2,641,018	2,692,283	2,779,836
Total Operating Expenses - Including Depreciation	<u>13,406,524</u>	<u>13,151,617</u>	<u>12,879,259</u>	<u>12,663,136</u>	<u>12,347,972</u>
Section 516 Net Revenues from Operations	<u>5,124,083</u>	<u>6,551,870</u>	<u>5,245,581</u>	<u>4,601,979</u>	<u>3,220,092</u>
Section 516 Net Revenues from Operations	<u>5,124,083</u>	<u>6,551,870</u>	<u>5,245,581</u>	<u>4,601,979</u>	<u>3,220,092</u>
Less:					
Section 509-a Contributions to Capital Acquisition Fund	1,905,564	198,518	309,610	1,873,021	304,725
Section 516 Net Revenue for Distribution (Loss)	<u>7,029,647</u>	<u>6,750,388</u>	<u>5,555,191</u>	<u>6,475,000</u>	<u>3,524,817</u>
Surcharge:					
Section 532 Revenues to Participating Localities	2,503,693	2,649,028	2,569,464	2,354,926	2,169,941
Section 532 Revenues to Other Localities	840,405	692,069	651,225	683,745	649,468
Total Surcharge to all Localities	<u>3,344,098</u>	<u>3,341,097</u>	<u>3,220,689</u>	<u>3,038,671</u>	<u>2,819,409</u>
Capital Acquisition Funds:					
Section 509-a Contribution from Net Revenues	(1,905,564)	(198,518)	(309,610)	(1,873,021)	(304,725)
Supplemental 1% Section 532	714,353	723,674	703,312	644,384	596,544
Other Fund Revenues net of Expenses	138,068	-	-	655,998	-
Total Capital Acquisition Funds	<u>(1,053,143)</u>	<u>525,156</u>	<u>393,702</u>	<u>(572,639)</u>	<u>291,819</u>
<b>TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS</b>	<u>\$ 9,320,602</u>	<u>\$ 10,616,641</u>	<u>\$ 9,169,582</u>	<u>\$ 8,941,032</u>	<u>\$ 6,636,045</u>

**Catskill Regional Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>					
<b>Branch Operating Expenses</b>					
Admissions Tax	-	-	-	3,520.0	3,225.4
Advertising	454,518	475,938	220,841	188,338	173,962
Amortization & Depreciation	363,015	336,543	244,745	216,239	98,778
Cable TV	15,738	14,015	14,068	15,644	16,453
Courier Service	0	0	0	0	0
Directors Fees and Reimbursements	-	-	-	-	-
Fringe Benefits	0	0	0	0	0
Insurance	1,016,028	1,007,916	1,007,961	1,033,800	992,573
Interest Expense	0	0	0	0	0
Maintenance & Repairs	364,663	309,856	376,501	400,222	340,264
Marketing & Promotions	0	0	0	0	0
Office Expense	45,955	15,884	19,431	19,021	37,331
Other Expenses & Services	64,536	78,777	68,115	68,736	57,066
Professional Fees	130,564.0	141,685.0	180,901.0	176,785.0	207,818.2
Racing Information	242,725	195,886	185,545	206,338	195,248
Rent	1,655,750	1,638,010	1,753,731	1,787,293	1,738,974
Rental of Equipment	13,008	20,483	17,762	13,884	13,618
Salaries and Wages	4,686,354	4,554,502	4,459,124	4,161,699	4,010,019
Security/Armored Carrier Expense	43,661	45,021	44,999	41,883	41,863
Simulcast Fees	382,738	396,792	393,832	408,741	410,392
Telephone & Data Lines	119,579	108,367	119,479	106,588	110,029
Totalizator Expense	713,913	791,289	692,659	648,571	620,151
Travel & Reimbursement	70,096	75,881	83,835	83,242	100,801
Utilities	374,612	396,872	354,711	390,308	399,572
<b>Total Branch Expenses</b>	<b>10,757,453</b>	<b>10,603,717</b>	<b>10,238,240</b>	<b>9,970,852</b>	<b>9,568,136</b>
<b>Corporate Operating Expenses</b>					
Admissions Tax	-	-	-	-	-
Advertising	0	0	0	0	0
Amortization & Depreciation	98,313	83,348	116,398	141,290	159,625
Cable TV	0	0	0	800	1,462
Courier Service	0	0	0	0	0
Directors Fees and Reimbursements	0	0	0	0	0
Fringe Benefits	0	0	0	0	0
Insurance	361,322	372,671	406,321	423,590	402,126
Interest Expense	0	0	0	0	0
Maintenance & Repairs	62,546	78,091	3,120	3,142	3,195
Marketing & Promotions	0	0	0	0	0
Office Expense	10,270	9,865	8,784	7,378	8,944
Other Expenses & Services	26,494	31,490	33,514	21,427	20,575
Professional Fees	106,825.00	115,924.00	148,010.00	144,642.00	170,033.06
Racing Information	0	0	0	0	0
Rent	208,184	206,471	228,531	276,664	319,261
Rental of Equipment	22,287	17,615	12,866	14,326	11,707
Salaries and Wages	1,634,250	1,521,142	1,583,497	1,524,765	1,243,751
Security/Armored Carrier Expense	2,592	2,699	3,003	3,196	3,522
Simulcast Fees	0	0	0	0	0
Telephone & Data Lines	66,634	58,551	48,019	66,813	31,191
Totalizator Expense	0	0	0	0	0
Travel & Reimbursement	12,370	13,391	14,794	14,690	17,788
Utilities	36,953	36,644	34,161	49,560	59,062
<b>Total Corporate Expenses</b>	<b>2,649,040</b>	<b>2,547,902</b>	<b>2,641,018</b>	<b>2,692,283</b>	<b>2,779,836</b>
<b>Combined Expenses</b>					
Admissions Tax	-	-	-	3,520	3,225
Advertising	454,518	475,938	220,841	188,338	173,962
Amortization & Depreciation	461,328	419,890	361,143	357,529	258,403
Cable TV	15,738	14,015	14,068	16,444	17,915
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	-	-	-	-	-
Fringe Benefits	-	-	-	-	-
Insurance	1,377,350	1,380,587	1,414,282	1,457,390	1,394,699
Interest Expense	-	-	-	-	-
Maintenance & Repairs	427,209	387,947	379,621	403,364	343,459
Marketing & Promotions	-	-	-	-	-
Office Expense	56,225	25,749	28,215	26,399	46,275
Other Expenses & Services	91,030	110,266	101,629	90,163	77,641
Professional Fees	237,389	257,609	328,911	321,427	377,851
Racing Information	242,725	195,886	185,545	206,338	195,248
Rent	1,863,934	1,844,481	1,982,262	2,063,957	2,058,236
Rental of Equipment	35,295	38,098	30,628	28,210	25,325
Salaries and Wages	6,320,604	6,075,644	6,042,621	5,686,464	5,581,365
Security/Armored Carrier Expense	46,253	47,720	48,002	45,079	45,384
Simulcast Fees	382,738	396,792	393,832	408,741	410,392
Telephone & Data Lines	186,213	166,917	167,498	173,401	141,219
Totalizator Expense	713,913	791,289	692,659	648,571	620,151
Travel & Reimbursement	82,466	89,272	98,629	97,932	118,589
Utilities	411,565	433,516	388,872	439,868	458,634
<b>TOTAL EXPENSES</b>	<b>13,406,493</b>	<b>13,151,616</b>	<b>12,879,258</b>	<b>12,663,135</b>	<b>12,347,972</b>

Source: Quarterly Reports Filed with the New York State Racing Wagering Board Pursuant to Section 524 of the Racing Law.

**Catskill Regional Off-Track Betting Corporation**

(Unaudited)

2004                      2005                      2006                      2007                      2008

**BALANCE SHEET (EXHIBIT 2)**

**Current Assets**

Cash and Cash Equivalents	\$ 16,717,518	\$ 17,604,467	\$ 18,318,099	\$ 17,539,993	\$ 17,704,248
Investments	17,326.0	17,326.0	17,326.0	17,326.0	17,326.0
Accounts Receivable	52,663	34,984	108,820	169,405	199,148
Prepaid Expenses and Other Assets	162,330	213,591	203,327	127,649	130,675
<b>Total Current Assets</b>	<b>16,949,837</b>	<b>17,870,368</b>	<b>18,647,572</b>	<b>17,854,373</b>	<b>18,051,397</b>

**Fixed Assets**

Land	240,000	240,000	240,000	240,000	240,000
Buildings	1,485,583	1,352,434	1,520,644	3,308,499	3,404,000
Furniture & Fixtures	425,213	425,213	425,213	435,712	435,712
Automobile Equipment	297,197	311,416	243,552	226,492	247,194
Machinery & Equipment	1,441,465.0	1,450,613.0	1,533,721.0	1,591,213.0	1,763,802.0
Leasehold Improvements	1,081,276	1,139,577	1,169,030	1,185,454	1,201,387
Total Fixed Assets	4,970,734	4,919,253	5,132,160	6,987,370	7,292,095
Less: Accumulated Depreciation	2,432,781	2,805,102	3,059,932	3,399,650	3,658,053
<b>Net Fixed Assets</b>	<b>2,537,953</b>	<b>2,114,151</b>	<b>2,072,228</b>	<b>3,587,720</b>	<b>3,634,042</b>

**Total Assets**

<b>\$ 19,487,790</b>	<b>\$ 19,984,519</b>	<b>\$ 20,719,800</b>	<b>\$ 21,442,093</b>	<b>\$ 21,685,439</b>
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**Current Liabilities**

Accounts Payable	\$ 1,698,200	\$ 1,548,727	\$ 3,154,400	\$ 3,231,788	\$ 3,695,161
Due to New York State	583,383	107,363	613,534	528,352	529,157
Due Breeders Fund	66,855	71,729	77,888	69,543	47,096
Due to Local Governments*	59,591	43,199	45,112	-	-
Accrued Payroll, Fringe Benefits and Payroll Taxes	514,561	497,545	459,332	473,351	464,701
Due to NYS Retirement System - Current Portion	-	-	-	-	-
Telephone Betting Accounts	264,385	236,727	205,287	199,336	183,596
Notes and Mortgage Payable - Current Portion	-	-	-	-	-
Capital Lease Obligations - Current Portion	-	-	-	-	-
Uncashed Vouchers	-	-	-	-	-
Uncashed Winning Tickets	186,586	713,895	140,866	110,828	162,101
<b>Total Current Liabilities</b>	<b>3,373,561</b>	<b>3,219,185</b>	<b>4,696,419</b>	<b>4,613,198</b>	<b>5,081,812</b>

**Long Term Liabilities**

Due to NYS Retirement System	-	-	-	-	-
Capital Lease Obligation	-	-	-	-	-
Other	-	-	-	-	-
Notes and Mortgages Payable	-	-	-	-	-
<b>Total Long Term Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Total Liabilities**

<b>\$ 3,373,561</b>	<b>\$ 3,219,185</b>	<b>\$ 4,696,419</b>	<b>\$ 4,613,198</b>	<b>\$ 5,081,812</b>
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**Undistributed Benefits To Localities**

**As of January 1:**

Net Earnings and Regular Surcharge	\$ 3,609,418	\$ 5,259,185	\$ 5,390,998	\$ 4,259,001	\$ 5,598,327
Surcharge to Counties Conducting Racing	-	-	-	45,112.00	38,828.00
Capital Acquisition Fund	11,895,983	10,855,042	11,370,678	11,764,380	11,191,741
<b>Total</b>	<b>15,505,401</b>	<b>16,114,227</b>	<b>16,761,676</b>	<b>16,068,493</b>	<b>16,828,896</b>

**Year To Date**

Net Earnings and Regular Surcharge	9,554,849	9,278,798	8,124,655	8,829,926	5,694,756
Surcharge Counties Conducting Racing	-	120,616.0	-	1,288,910.0	1,054,313.0
Capital Acquisition Fund Contributions	(1,040,941)	525,156	393,702	(572,639)	291,820
<b>Total Year To Date</b>	<b>8,513,908</b>	<b>9,924,570</b>	<b>8,518,357</b>	<b>9,546,197</b>	<b>7,040,889</b>

**Available For Distribution**

Net Earnings and Regular Surcharge	13,164,267	14,537,983	13,515,653	13,088,927	11,293,083
Surcharge to Counties Conducting Racing	-	120,616.0	-	1,334,022.0	1,093,141.0
Capital Acquisition Fund	10,855,042	11,380,198	11,764,380	11,191,741	11,483,561
<b>Total Available</b>	<b>24,019,309</b>	<b>26,038,797</b>	<b>25,280,033</b>	<b>25,614,690</b>	<b>23,869,785</b>

**Distributed To Localities**

Net Earnings and Regular Surcharge	7,905,083	9,166,213	9,256,653	7,490,600	6,205,006
Surcharge to Counties Conducting Racing	-	107,252.0	-	1,295,194.0	1,061,151.0
<b>Total Distributed</b>	<b>7,905,083</b>	<b>9,273,465</b>	<b>9,256,653</b>	<b>8,785,794</b>	<b>7,266,157</b>

**Undistributed Benefits**

Net Earnings and Regular Surcharge	5,259,185	5,371,770	4,258,999	5,598,327	5,088,077
Surcharge to Counties Conducting Racing	-	13,364.0	-	38,828.0	31,990.0
Capital Acquisition Fund	10,855,042	11,380,198	11,764,380	11,191,741	11,483,561
<b>Total Undistributed Benefits</b>	<b>16,114,227</b>	<b>16,765,332</b>	<b>16,023,381</b>	<b>16,828,896</b>	<b>16,603,628</b>

**Total Liabilities and Undistributed Benefits to Own Localities**

<b>\$ 19,487,788</b>	<b>\$ 19,984,517</b>	<b>\$ 20,719,800</b>	<b>\$ 21,442,094</b>	<b>\$ 21,685,440</b>
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**Nassau Regional Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Exhibit 3 - Income Statement</b>					
Net Handle on:					
In State Thoroughbred Tracks	\$ 116,511,010	\$ 118,777,561	\$ 114,318,097	\$ 108,215,233	\$ 103,111,940
Out of State Thoroughbred Tracks	140,026,121	150,275,752	152,076,148	146,467,678	141,992,436
In State Harness Tracks	10,119,354	8,259,865	8,057,603	13,189,651	11,546,026
Out of State Harness Tracks	32,699,049	33,801,171	33,223,103	25,650,935	25,307,285
Total Net Handle	<b>299,355,534</b>	<b>311,114,349</b>	<b>307,674,951</b>	<b>293,523,497</b>	<b>281,957,687</b>
Less:					
Returned to Bettors	229,406,706	238,494,587	235,751,928	224,857,899	216,194,853
Surcharge	9,127,188	8,978,025	8,887,927	8,609,467	8,033,269
OTB Take Out and Breakage	<b>60,821,640</b>	<b>63,641,737</b>	<b>63,035,096</b>	<b>60,056,131</b>	<b>57,729,565</b>
Less Payments to:					
NY State (Pari-Mutuel Tax & Breakage)	2,444,880	2,526,046	2,087,029	1,902,405	2,321,156
NY State Regulatory Fee	1,167,528	1,372,224	1,538,375	1,467,617	1,409,788
NY State (Uncashed Tickets)	823,318	796,625	822,906	850,287	868,599
Breeders' Fund - Thoroughbred	1,533,984	1,582,005	1,736,677	1,734,146	1,221,356
Breeders' Fund - Harness	722,486	706,827	690,441	654,474	621,602
In State Thoroughbred Tracks	16,162,052	16,778,050	16,545,560	15,797,024	15,206,930
Out of State Thoroughbred Tracks	3,024,129	3,356,568	3,478,613	3,330,991	3,644,730
In State Harness Tracks	3,041,951	3,154,083	2,926,089	2,835,476	4,517,791
Out of State Harness Tracks	892,878	769,550	711,018	498,784	488,428
City of Albany	-	-	-	-	-
City of Niagara	-	-	-	-	-
Total Payments	<b>29,813,206</b>	<b>31,041,978</b>	<b>30,536,708</b>	<b>29,071,204</b>	<b>30,300,380</b>
Net Racing Revenue	<b>31,008,434</b>	<b>32,599,759</b>	<b>32,498,388</b>	<b>30,984,927</b>	<b>27,429,185</b>
Other Revenue:					
Admission Income	152,738	149,293	154,171	142,455	126,869
Lottery Income	51,518	53,223	48,947	53,995	43,446
Concession Income	109,513	105,104	113,945	112,423	109,490
Derived from Section 532	2,057,471	2,111,830	2,240,880	2,232,040	2,069,059
Interest Income	34,848	281,699	509,783	472,819	231,215
Other Income	615,167	941,846	501,416	399,518	799,909
Uncashed Tickets	823,318	796,625	822,906	850,287	868,599
Total Operating Revenue	<b>34,853,007</b>	<b>37,039,379</b>	<b>36,890,436</b>	<b>35,248,464</b>	<b>31,677,772</b>
Operating Expenses:					
Branch Expenses	19,327,094	19,736,852	19,860,149	19,245,668	20,046,633
Corporate Expenses	8,524,420	11,119,823	11,626,414	11,426,668	11,485,040
Total Operating Expenses - Including Depreciation	<b>27,851,514</b>	<b>30,856,675</b>	<b>31,486,563</b>	<b>30,672,336</b>	<b>31,531,673</b>
Section 516 Net Revenues from Operations	<b>7,001,493</b>	<b>6,182,704</b>	<b>5,403,873</b>	<b>4,576,128</b>	<b>146,099</b>
Section 516 Net Revenues from Operations	<b>7,001,493</b>	<b>6,182,704</b>	<b>5,403,873</b>	<b>4,576,128</b>	<b>146,099</b>
Less:					
Section 509-a Contributions to Capital Acquisition Fund					
Section 516 Net Revenue for Distribution (Loss)	<b>7,001,493</b>	<b>6,182,704</b>	<b>5,403,873</b>	<b>4,576,128</b>	<b>146,099</b>
Surcharge:					
Section 532 Revenues to Participating Localities	4,747,670	4,692,191	4,465,830	4,202,579	3,963,739
Section 532 Revenues to Other Localities	1,198,186	1,083,166	1,104,455	1,126,278	1,024,544
Total Surcharge to all Localities	<b>5,945,856</b>	<b>5,775,357</b>	<b>5,570,285</b>	<b>5,328,857</b>	<b>4,988,283</b>
Capital Acquisition Funds:					
Section 509-a Contribution from Net Revenues	-	-	-	-	-
Supplemental 1% Section 532	1,123,861	1,090,838	1,076,762	1,048,570	975,927
Other Fund Revenues net of Expenses	(1,733,719)	(1,905,233)	(470,769)	(956,685)	(702,208)
Total Capital Acquisition Funds	<b>(609,858)</b>	<b>(814,395)</b>	<b>605,993</b>	<b>91,885</b>	<b>273,719</b>
<b>TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS</b>	<b>\$ 12,337,491</b>	<b>\$ 11,143,666</b>	<b>\$ 11,580,151</b>	<b>\$ 9,996,870</b>	<b>\$ 5,408,101</b>

**Nassau Regional Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>					
<b>Branch Operating Expenses</b>					
Admissions Tax	9,296	5,822	5,975	5,544	4,888
Advertising	233,176	263,716	150,797	148,390	53,133
Amortization & Depreciation	20,340	54,289	33,742	28,396	20,432
Cable TV	28,935	34,275	41,138	44,896	47,211
Courier Service	120,186	116,273	116,896	112,517	109,333
Directors Fees and Reimbursements	-	-	-	-	-
Fringe Benefits	1,597,724	1,824,584	1,890,906	1,944,925	1,976,291
Insurance	137,310	145,811	133,557	127,794	113,387
Interest Expense	239,021	585,617	796,376	0	194,526
Maintenance & Repairs	252,391	267,860	217,195	169,181	180,650
Marketing & Promotions	0	0	160	5	0
Office Expense	146,872	191,248	109,835	113,791	110,241
Other Expenses & Services	885,148	904,738	874,397	852,788	943,885
Professional Fees	65,250.0	140,359.0	23,123.0	-	-
Racing Information	0	0	0	0	0
Rent	1,811,996	1,556,120	1,639,958	1,570,965	1,765,680
Rental of Equipment	650,233	644,797	653,101	657,947	496,979
Salaries and Wages	8,879,889	8,636,748	8,645,200	9,009,209	9,226,634
Security/Armored Carrier Expense	429,211	291,755	476,979	490,846	533,429
Simulcast Fees	188,002	182,070	171,017	182,561	203,968
Telephone & Data Lines	123,148	153,775	132,324	85,980	61,170
Totalizator Expense	3,006,817	3,158,210	3,180,489	3,144,863	3,433,567
Travel & Reimbursement	0	0	0	0	0
Utilities	502,150	578,786	566,982	555,070	571,231
<b>Total Branch Expenses</b>	<b>19,327,095</b>	<b>19,736,853</b>	<b>19,860,147</b>	<b>19,245,668</b>	<b>20,046,635</b>
<b>Corporate Operating Expenses</b>					
Admissions Tax	-	-	-	-	-
Advertising	265,369	157,145	181,510	302,258	419,707
Amortization & Depreciation	65,448	345,870	440,851	466,339	480,968
Cable TV	1,102	996	1,596	2,278	2,546
Courier Service	(19)	0	0	0	0
Directors Fees and Reimbursements	4,500	4,500	4,000	4,000	4,000
Fringe Benefits	2,939,658	4,092,960	3,696,223	3,484,589	3,204,274
Insurance	185,443	197,527	188,527	171,797	169,880
Interest Expense	20,181	0	0	0	0
Maintenance & Repairs	22,529	30,408	41,963	24,192	42,856
Marketing & Promotions	36,903	66,139	70,504	55,878	60,719
Office Expense	147,736	152,030	209,908	193,382	247,564
Other Expenses & Services	259,191	211,301	158,624	109,937	184,897
Professional Fees	450,416.00	434,668.00	791,863.00	831,515.00	810,404.00
Racing Information	0	0	0	0	0
Rent	232,635	259,335	264,302	254,057	249,303
Rental of Equipment	14,283	5,958	5,373	971	949
Salaries and Wages	3,447,663	4,740,604	5,057,661	4,955,860	2,858,482
Security/Armored Carrier Expense	26,110	22,048	24,483	25,682	25,385
Simulcast Fees	0	0	0	4,250	731
Telephone & Data Lines	247,854	235,845	285,971	311,142	339,262
Totalizator Expense	1,207	0	(8,105)	0	0
Travel & Reimbursement	91,915	115,052	99,936	104,919	133,619
Utilities	64,300	47,439	111,224	123,621	121,395
<b>Total Corporate Expenses</b>	<b>8,524,424</b>	<b>11,119,825</b>	<b>11,626,414</b>	<b>11,426,667</b>	<b>11,485,040</b>
<b>Combined Expenses</b>					
Admissions Tax	9,296	5,822	5,975	5,544	4,888
Advertising	498,545	420,861	332,307	450,648	472,840
Amortization & Depreciation	85,788	400,159	474,593	494,735	501,400
Cable TV	30,037	35,271	42,734	47,174	49,757
Courier Service	120,167	116,273	116,896	112,517	109,333
Directors Fees and Reimbursements	4,500	4,500	4,000	4,000	4,000
Fringe Benefits	4,537,382	5,917,544	5,587,129	5,429,514	5,180,565
Insurance	322,753	343,338	322,084	299,591	283,267
Interest Expense	259,202	585,617	796,376	-	194,526
Maintenance & Repairs	274,920	298,268	259,158	193,373	223,506
Marketing & Promotions	36,903	66,139	70,664	55,883	60,719
Office Expense	294,608	343,278	319,743	307,173	357,805
Other Expenses & Services	1,144,339	1,116,039	1,033,021	962,725	1,128,782
Professional Fees	515,666	575,027	814,986	831,515	810,404
Racing Information	-	-	-	-	-
Rent	2,044,631	1,815,455	1,904,260	1,825,022	2,014,983
Rental of Equipment	664,516	650,755	658,474	658,918	497,928
Salaries and Wages	12,327,552	13,377,352	13,702,861	13,965,069	14,213,215
Security/Armored Carrier Expense	455,321	313,803	501,462	516,528	558,814
Simulcast Fees	188,002	182,070	171,017	186,811	204,699
Telephone & Data Lines	371,002	389,620	418,295	397,122	400,432
Totalizator Expense	3,008,024	3,158,210	3,172,384	3,144,863	3,433,567
Travel & Reimbursement	91,915	115,052	99,936	104,919	133,619
Utilities	566,450	626,225	678,206	678,691	692,626
<b>TOTAL EXPENSES</b>	<b>27,851,519</b>	<b>30,856,678</b>	<b>31,486,561</b>	<b>30,672,335</b>	<b>31,531,675</b>

Source: Quarterly Reports Filed with the New York State Racing Wagering Board Pursuant to Section 524 of the Racing Law.

**Nassau Regional Off-Track Betting Corporation**

(Unaudited)

**2004                      2005                      2006                      2007                      2008**

**BALANCE SHEET (EXHIBIT 2)**

**Current Assets**

Cash and Cash Equivalents	\$ (123,819)	\$ 8,923,967	\$ 1,976,008	\$ 4,079,193	\$ 3,160,339
Investments	3,193,031.0	2,813,463.0	9,717,603.0	7,347,392.0	9,532,804.0
Accounts Receivable	951,934	626,221	549,158	162,233	243,309
Prepaid Expenses and Other Assets	1,040,237	418,561	941,083	580,803	558,722
<b>Total Current Assets</b>	<b>5,061,383</b>	<b>12,782,212</b>	<b>13,183,852</b>	<b>12,169,621</b>	<b>13,495,174</b>

**Fixed Assets**

Land	432,050	432,050	432,050	432,050	432,050
Buildings	479,550	479,550	406,950	406,950	406,950
Furniture & Fixtures	-	-	-	-	-
Automobile Equipment	292,113	279,829	311,856	306,807	343,124
Machinery & Equipment	3,690.0	179,881.0	198,803.0	203,188.0	273,239.0
Leasehold Improvements	25,754,553	25,948,458	24,760,229	24,027,059	22,530,487
Total Fixed Assets	26,961,956	27,319,768	26,109,888	25,376,054	23,985,850
Less: Accumulated Depreciation	622,881	745,725	848,040	1,047,305	1,255,287
<b>Net Fixed Assets</b>	<b>26,339,075</b>	<b>26,574,043</b>	<b>25,261,848</b>	<b>24,328,749</b>	<b>22,730,563</b>

**Total Assets**

	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 31,400,458</b>	<b>\$ 39,356,255</b>	<b>\$ 38,445,700</b>	<b>\$ 36,498,370</b>	<b>\$ 36,225,737</b>

**Current Liabilities**

Accounts Payable	\$ 3,128,488	\$ 2,660,381	\$ 2,547,901	\$ 3,633,813	\$ 7,554,475
Due to New York State	75,421	89,153	72,256	58,494	56,237
Due Breeders Fund	172,970	177,696	203,648	378,527	128,584
Due to Local Governments*	109,593	219,356	115,791	89,967	73,469
Accrued Payroll, Fringe Benefits and Payroll Taxes	2,200,109	3,678,496	2,799,614	2,434,275	2,386,634
Due to NYS Retirement System - Current Portion	-	-	-	-	-
Telephone Betting Accounts	2,242,176	1,110,083	1,609,384	553,679	588,167
Notes and Mortgage Payable - Current Portion	40,902	43,512	46,287	49,240	52,381
Capital Lease Obligations - Current Portion	-	-	-	-	-
Uncashed Vouchers	105,629	122,387	227,255	128,586	100,505
Uncashed Winning Tickets	998,851	979,512	993,121	976,243	959,466
<b>Total Current Liabilities</b>	<b>9,074,139</b>	<b>9,080,576</b>	<b>8,615,257</b>	<b>8,302,824</b>	<b>11,899,918</b>

**Long Term Liabilities**

Due to NYS Retirement System	-	-	-	-	-
Capital Lease Obligation	-	-	-	-	-
OTHER	-	-	-	-	-
Notes and Mortgages Payable	12,567,524	22,146,862	20,645,575	19,141,335	17,633,953
<b>Total Long Term Liabilities</b>	<b>12,567,524</b>	<b>22,146,862</b>	<b>20,645,575</b>	<b>19,141,335</b>	<b>17,633,953</b>

**Total Liabilities**

<b>Total Liabilities</b>	<b>\$ 21,641,663</b>	<b>\$ 31,227,438</b>	<b>\$ 29,260,832</b>	<b>\$ 27,444,159</b>	<b>\$ 29,533,871</b>
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**Undistributed Benefits To Localities**

**As of January 1:**

Net Earnings and Regular Surcharge	\$ 2,709,624	\$ 2,231,534	\$ 475,111	\$ 925,170	\$ 702,626
Surcharge to Counties Conducting Racing	-	-	-	-	-
Capital Acquisition Fund	9,251,505	8,468,099	7,653,706	8,259,698	8,351,584
<b>Total</b>	<b>11,961,129</b>	<b>10,699,633</b>	<b>8,128,817</b>	<b>9,184,868</b>	<b>9,054,210</b>

**Year To Date**

Net Earnings and Regular Surcharge	11,749,162	10,874,893	9,869,703	8,696,298	4,109,838
Surcharge Counties Conducting Racing	-	-	-	-	-
Capital Acquisition Fund Contributions	(609,855)	(814,393)	605,992	91,886	273,719
<b>Total Year To Date</b>	<b>11,139,307</b>	<b>10,060,500</b>	<b>10,475,695</b>	<b>8,788,184</b>	<b>4,383,557</b>

**Available For Distribution**

Net Earnings and Regular Surcharge	14,458,786	13,106,427	10,344,814	9,621,468	4,812,464
Surcharge to Counties Conducting Racing	-	-	-	-	-
Capital Acquisition Fund	8,641,650	7,653,706	8,259,698	8,351,584	8,625,303
<b>Total Available</b>	<b>23,100,436</b>	<b>20,760,133</b>	<b>18,604,512</b>	<b>17,973,052</b>	<b>13,437,767</b>

**Distributed To Localities**

Net Earnings and Regular Surcharge	12,227,252	12,631,316	9,419,644	8,918,841	6,745,901
Surcharge to Counties Conducting Racing	-	-	-	-	-
<b>Total Distributed</b>	<b>12,227,252</b>	<b>12,631,316</b>	<b>9,419,644</b>	<b>8,918,841</b>	<b>6,745,901</b>

**Undistributed Benefits**

Net Earnings and Regular Surcharge	2,231,534	475,111	925,170	702,627	(1,933,437)
Surcharge to Counties Conducting Racing	-	-	-	-	-
Capital Acquisition Fund	8,641,650	7,653,706	8,259,698	8,351,584	8,625,303
<b>Total Undistributed Benefits</b>	<b>10,873,184</b>	<b>8,128,817</b>	<b>9,184,868</b>	<b>9,054,211</b>	<b>6,691,866</b>

**Total Liabilities and Undistributed Benefits to Own Localities**

<b>Total Liabilities and Undistributed Benefits to Own Localities</b>	<b>\$ 32,514,847</b>	<b>\$ 39,356,255</b>	<b>\$ 38,445,700</b>	<b>\$ 36,498,370</b>	<b>\$ 36,225,737</b>
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**New York City Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Exhibit 3 - Income Statement</b>					
Net Handle on:					
In State Thoroughbred Tracks	343,030,302	340,003,080	332,669,816	314,745,579	290,237,032
Out of State Thoroughbred Tracks	548,224,513	550,506,561	578,839,019	572,609,452	519,478,971
In State Harness Tracks	41,319,969	30,973,836	30,260,589	54,549,460	45,887,289
Out of State Harness Tracks	103,513,288	124,941,025	119,214,702	88,293,413	84,615,068
Total Net Handle	<b>1,036,088,072</b>	<b>1,046,424,502</b>	<b>1,060,984,126</b>	<b>1,030,197,904</b>	<b>940,218,360</b>
Less:					
Returned to Bettors	791,273,743	798,253,666	808,862,187	785,313,845	708,809,481
Surcharge	33,598,344	33,680,453	33,926,458	32,460,058	36,645,101
	-	-	-	-	-
OTB Take Out and Breakage	<b>211,215,985</b>	<b>214,490,383</b>	<b>218,195,481</b>	<b>212,424,001</b>	<b>194,763,778</b>
Less Payments to:					
NY State (Pari-Mutuel Tax & Breakage)	8,057,295	8,082,287	6,932,912	7,063,493	6,787,151
NY State Regulatory Fee	4,040,743	4,620,753	5,304,921	5,150,990	4,701,092
NY State (Uncashed Tickets)	3,199,463	2,871,658	2,897,298	3,485,619	2,779,180
Breeders' Fund - Thoroughbred	5,338,445	5,316,700	6,121,070	5,506,834	4,725,882
Breeders' Fund - Harness	2,490,583	2,527,320	2,465,198	2,353,976	2,132,408
In State Thoroughbred Tracks	61,262,235	59,517,281	60,838,834	58,718,029	54,501,563
Out of State Thoroughbred Tracks	12,295,593	12,414,619	12,871,292	12,713,987	12,957,961
In State Harness Tracks	12,437,929	14,392,291	15,641,986	14,070,108	13,043,524
Out of State Harness Tracks	2,230,952	2,617,722	2,468,374	1,816,128	1,777,067
City of Albany	-	-	-	-	-
City of Niagara	-	-	-	-	-
	-	-	-	-	-
Total Payments	<b>111,353,238</b>	<b>112,360,631</b>	<b>115,541,885</b>	<b>110,879,164</b>	<b>103,405,828</b>
	-	-	-	-	-
Net Racing Revenue	<b>99,862,747</b>	<b>102,129,752</b>	<b>102,653,596</b>	<b>101,544,837</b>	<b>91,357,950</b>
Other Revenue:					
Admission Income	416,075	411,855	387,160	374,420	345,185
Lottery Income	15,691	22,884	-	-	-
Concession Income	111,198	70,401	41,528	44,167	75,302
Derived from Section 532	9,830,823	10,019,482	10,159,804	9,578,056	15,630,892
Interest Income	263,309	734,080	1,360,606	1,502,591	474,154
Other Income	625,414	1,738,392	435,888	762,901	527,621
Uncashed Tickets	3,199,463	2,871,658	2,897,298	3,485,619	2,779,180
	-	-	-	-	-
Total Operating Revenue	<b>114,324,720</b>	<b>117,998,504</b>	<b>117,935,880</b>	<b>117,292,591</b>	<b>111,190,284</b>
Operating Expenses:					
Branch Expenses	86,966,833	87,392,602	89,541,288	92,375,701	93,053,746
Corporate Expenses	37,983,010	36,120,921	151,960,013	58,784,370	97,939,253
	-	-	-	-	-
Total Operating Expenses - Including Depreciation	<b>124,949,843</b>	<b>123,513,523</b>	<b>241,501,301</b>	<b>151,160,071</b>	<b>190,992,999</b>
	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>(10,625,123)</b>	<b>(5,515,019)</b>	<b>(123,565,421)</b>	<b>(33,867,480)</b>	<b>(79,802,715)</b>
	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>(10,625,123)</b>	<b>(5,515,019)</b>	<b>(123,565,421)</b>	<b>(33,867,480)</b>	<b>(79,802,715)</b>
Less:					
Section 509-a Contributions to Capital Acquisition Fund	-	-	-	-	-
Section 516 Net Revenue for Distribution (Loss)	<b>(10,625,123)</b>	<b>(5,515,019)</b>	<b>(123,565,421)</b>	<b>(33,867,480)</b>	<b>(79,802,715)</b>
Surcharge:					
Section 532 Revenues to Participating Localities	17,347,136	17,284,741	17,425,134	16,448,602	8,422,826
Section 532 Revenues to Other Localities	2,553,128	2,468,742	2,385,119	2,614,391	2,356,787
	-	-	-	-	-
Total Surcharge to all Localities	<b>19,900,264</b>	<b>19,753,483</b>	<b>19,810,253</b>	<b>19,062,993</b>	<b>10,779,613</b>
Capital Acquisition Funds:					
Section 509-a Contribution from Net Revenues	-	-	-	-	-
Supplemental 1% Section 532	3,867,257	3,907,488	3,956,401	3,819,009	10,234,596
Other Fund Revenues net of Expenses	-	-	-	-	-
	-	-	-	-	-
Total Capital Acquisition Funds	<b>3,867,257</b>	<b>3,907,488</b>	<b>3,956,401</b>	<b>3,819,009</b>	<b>10,234,596</b>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<b>13,142,398</b>	<b>18,145,952</b>	<b>(99,798,767)</b>	<b>(10,985,478)</b>	<b>(58,788,506)</b>

**New York City Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>					
<b>Branch Operating Expenses</b>					
Admissions Tax	-	-	-	18,620	16,978
Advertising	-	-	-	-	-
Amortization & Depreciation	-	-	-	-	-
Cable TV	-	-	-	-	-
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	-	-	-	-	-
Fringe Benefits	14,838,201	15,231,527	16,345,727	18,181,171	19,035,267
Insurance	1,897,273	1,756,723	3,135,189	1,935,506	1,463,666
Interest Expense	-	-	-	-	-
Maintenance & Repairs	452,119	472,723	644,675	607,623	375,835
Marketing & Promotions	-	-	-	-	-
Office Expense	180,516	225,847	230,758	221,129	174,617
Other Expenses & Services	414,308	279,316	401,668	413,705	224,201
Professional Fees	-	-	-	-	-
Racing Information	-	-	-	-	-
Rent	13,578,596	14,066,340	14,255,429	15,091,182	17,400,046
Rental of Equipment	3,080	5,121	1,642	10,214	10,055
Salaries and Wages	47,375,307	46,202,078	45,999,875	46,691,400	45,062,742
Security/Armored Carrier Expense	1,074,662	1,071,588	1,013,579	1,058,558	1,095,686
Simulcast Fees	1,925,835	2,034,334	1,942,502	2,023,432	1,940,308
Telephone & Data Lines	1,176,793	1,777,675	1,275,073	1,772,246	1,851,068
Totalizator Expense	2,643,112	2,727,514	2,684,174	2,611,958	2,596,764
Travel & Reimbursement	150	5,733	6,266	9,060	8,631
Utilities	1,406,881	1,536,087	1,604,733	1,729,895	1,797,879
<b>Total Branch Expenses</b>	<b>86,966,833</b>	<b>87,392,606</b>	<b>89,541,290</b>	<b>92,375,699</b>	<b>93,053,743</b>
<b>Corporate Operating Expenses</b>					
Admissions Tax	-	-	-	-	-
Advertising	2,036,934	1,704,239	1,019,818	1,446,619	830,264
Amortization & Depreciation	470,909	462,624	457,675	136,257	191,634
Cable TV	-	-	-	-	-
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	4,250	3,250	2,250	2,250	-
Fringe Benefits	6,950,332	6,862,862	6,865,806	28,783,172	66,361,767
Insurance	798,170	651,871	1,387,781	767,954	594,417
Interest Expense	11,213	1,919	-	-	-
Maintenance & Repairs	1,356,375	996,365	1,081,320	1,061,358	1,100,687
Marketing & Promotions	236,155	317,614	188,339	143,695	1,868,539
Office Expense	893,538	726,982	516,848	709,476	573,986
Other Expenses & Services	312,879	405,673	205,628	240,302	369,949
Professional Fees	549,452	365,097	534,381	621,868	655,303
Racing Information	-	-	-	-	-
Rent	4,474,903	4,597,524	4,747,127	4,114,827	4,952,081
Rental of Equipment	144,209	43,824	52,092	204,899	(40,861)
Salaries and Wages	18,634,817	17,586,689	133,289,074	18,783,314	13,749,567
Security/Armored Carrier Expense	58,877	66,497	24,514	31,291	27,346
Simulcast Fees	109,248	95,020	104,079	165,989	231,604
Telephone & Data Lines	250,912	399,853	450,199	675,931	448,634
Totalizator Expense	-	-	-	-	-
Travel & Reimbursement	94,726	89,963	109,219	105,092	72,429
Utilities	595,110	743,052	923,860	790,075	587,524
<b>Total Corporate Expenses</b>	<b>37,983,009</b>	<b>36,120,918</b>	<b>151,960,010</b>	<b>58,784,369</b>	<b>97,939,254</b>
<b>Combined Expenses</b>					
Admissions Tax	-	-	-	18,620	16,978
Advertising	2,036,934	1,704,239	1,019,818	1,446,619	830,264
Amortization & Depreciation	470,909	462,624	457,675	136,257	191,634
Cable TV	-	-	-	-	-
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	4,250	3,250	2,250	2,250	-
Fringe Benefits	21,788,533	22,094,389	23,211,533	46,964,343	85,397,034
Insurance	2,695,443	2,408,594	4,522,970	2,703,460	2,058,083
Interest Expense	11,213	1,919	-	-	-
Maintenance & Repairs	1,808,494	1,469,088	1,725,995	1,668,981	1,476,522
Marketing & Promotions	236,155	317,614	188,339	143,695	1,868,539
Office Expense	1,074,054	952,829	747,606	930,605	748,603
Other Expenses & Services	727,187	684,989	607,296	654,007	594,150
Professional Fees	549,452	365,097	534,381	621,868	655,303
Racing Information	-	-	-	-	-
Rent	18,053,499	18,663,864	19,002,556	19,206,009	22,352,127
Rental of Equipment	147,289	48,945	53,734	215,113	(30,806)
Salaries and Wages	66,010,124	63,788,767	179,288,949	65,474,714	64,176,693
Security/Armored Carrier Expense	1,133,539	1,138,085	1,038,093	1,089,849	1,123,032
Simulcast Fees	2,035,083	2,129,354	2,046,581	2,189,421	2,171,912
Telephone & Data Lines	1,427,705	2,177,528	1,725,272	2,448,177	2,299,702
Totalizator Expense	2,643,112	2,727,514	2,684,174	2,611,958	2,596,764
Travel & Reimbursement	94,876	95,696	115,485	114,152	81,060
Utilities	2,001,991	2,279,139	2,528,593	2,519,970	2,385,403
<b>TOTAL EXPENSES</b>	<b>124,949,842</b>	<b>123,513,524</b>	<b>241,501,300</b>	<b>151,160,068</b>	<b>190,992,997</b>

Source: Quarterly Reports Filed with the New York State Racing and Wagering Board Pursuant to Section 524 of the Racing Law.

**New York City Off-Track Betting Corporation**

(Unaudited)

**2004**                      **2005**                      **2006**                      **2007**                      **2008**

**BALANCE SHEET (EXHIBIT 2)**

**Current Assets**

Cash and Cash Equivalents	4,991,620	5,789,597	4,938,194	9,797,982	8,618,063
Investments	17,796,607	19,000,000	27,000,000	16,500,000	7,764,438
Accounts Receivable	849,767	760,288	736,128	603,598	1,334,903
Prepaid Expenses and Other Assets	1,177,779	1,035,813	1,349,506	577,579	(190,973)
<b>Total Current Assets</b>	<b>24,815,773</b>	<b>26,585,698</b>	<b>34,023,828</b>	<b>27,479,159</b>	<b>17,526,431</b>

**Fixed Assets**

Land	-	-	-	-	-
Buildings	-	-	-	-	-
Furniture & Fixtures	385,470	417,946	431,436	715,172	718,093
Automobile Equipment	864,284	976,240	1,059,260	1,233,868	1,234,222
Machinery & Equipment	24,313,440	25,288,086	26,282,423	27,602,683	28,523,316
Leasehold Improvements	37,050,948	38,029,507	38,723,702	30,467,308	41,438,481
Total Fixed Assets	62,614,142	64,711,779	66,496,821	60,019,031	71,914,112
Less: Accumulated Depreciation	58,520,517	60,954,103	63,022,908	59,752,650	71,219,073
<b>Net Fixed Assets</b>	<b>4,093,625</b>	<b>3,757,676</b>	<b>3,473,913</b>	<b>266,381</b>	<b>695,039</b>

**Total Assets**

<b>28,909,398</b>	<b>30,343,374</b>	<b>37,497,741</b>	<b>27,745,540</b>	<b>18,221,470</b>
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**Current Liabilities**

Accounts Payable	17,217,758	28,094,218	44,350,969	46,851,640	48,392,397
Due to New York State	3,406,198	3,841,122	3,199,797	3,429,276	3,036,931
Due Breeders Fund	574,959	609,960	2,078,563	1,741,979	2,003,788
Due to Local Governments*	-	-	-	557,170	608,207
Accrued Payroll, Fringe Benefits and Payroll Taxes	4,736,062	4,653,586	5,092,686	11,086,447	13,335,574
Due to NYS Retirement System - Current Portion	-	-	4,752,000	-	-
Telephone Betting Accounts	1,825,320	1,723,426	1,799,198	1,768,133	1,714,707
Notes and Mortgage Payable - Current Portion	-	-	-	-	-
Capital Lease Obligations - Current Portion	-	-	-	-	49,649
Uncashed Vouchers	268,356	258,220	263,331	278,247	303,158
Uncashed Winning Tickets	350,292	417,359	780,283	449,174	440,804
<b>Total Current Liabilities</b>	<b>28,378,945</b>	<b>39,597,891</b>	<b>62,316,827</b>	<b>66,162,066</b>	<b>69,885,215</b>

**Long Term Liabilities**

Due to NYS Retirement System	-	-	110,773,000	-	-
Capital Lease Obligation	515,979	-	-	-	-
Other	7,148,114	6,981,412	7,071,325	138,923,964	196,435,628
Notes and Mortgages Payable	-	-	-	-	-
<b>Total Long Term Liabilities</b>	<b>7,664,093</b>	<b>6,981,412</b>	<b>117,844,325</b>	<b>138,923,964</b>	<b>196,435,628</b>

**Total Liabilities**

<b>36,043,038</b>	<b>46,579,303</b>	<b>180,161,152</b>	<b>205,086,030</b>	<b>266,320,843</b>
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**Undistributed Benefits To Localities**

**As of January 1:**

Net Earnings and Regular Surcharge	(12,807,977)	(16,325,474)	(141,592,330)	(143,341,078)	(177,392,495)
Surcharge to Counties Conducting Racing	543,297	466,652	462,712	52,964	52,006
Capital Acquisition Fund	4,847,940	-	-	-	-
<b>Total</b>	<b>(7,416,740)</b>	<b>(15,858,822)</b>	<b>(141,129,618)</b>	<b>(143,288,114)</b>	<b>(177,340,489)</b>

**Year To Date**

Net Earnings and Regular Surcharge	(143,498)	639,887	(265,704)	(17,419,248)	(71,379,889)
Surcharge Counties Conducting Racing	352,231	336,949	363,903	2,614,391	2,356,788
Capital Acquisition Fund Contributions	285,878	-	-	-	10,234,597
<b>Total Year To Date</b>	<b>494,611</b>	<b>976,836</b>	<b>98,199</b>	<b>(14,804,857)</b>	<b>(58,788,504)</b>

**Available For Distribution**

Net Earnings and Regular Surcharge	(12,951,475)	(15,685,587)	(141,858,034)	(160,760,326)	(248,772,384)
Surcharge to Counties Conducting Racing	895,528	803,601	826,616	2,667,355	2,408,794
Capital Acquisition Fund	5,133,818	-	-	-	10,234,597
<b>Total Available</b>	<b>(6,922,129)</b>	<b>(14,881,986)</b>	<b>(141,031,418)</b>	<b>(158,092,971)</b>	<b>(236,128,993)</b>

**Distributed To Localities**

Net Earnings and Regular Surcharge	5,439	1,231,554	1,483,044	16,632,171	9,612,497
Surcharge to Counties Conducting Racing	206,072	122,389	148,949	2,615,348	2,357,883
<b>Total Distributed</b>	<b>211,511</b>	<b>1,353,943</b>	<b>1,631,993</b>	<b>19,247,519</b>	<b>11,970,380</b>

**Undistributed Benefits**

Net Earnings and Regular Surcharge	(12,951,475)	(16,917,141)	(143,341,078)	(177,392,497)	(258,384,882)
Surcharge to Counties Conducting Racing	689,456	681,212	677,667	52,007	50,911
Capital Acquisition Fund	5,128,379	-	-	-	10,234,597
<b>Total Undistributed Benefits</b>	<b>(7,133,640)</b>	<b>(16,235,929)</b>	<b>(142,663,411)</b>	<b>(177,340,490)</b>	<b>(248,099,374)</b>

**Total Liabilities and Undistributed Benefits to Own Localities**

<b>28,909,398</b>	<b>30,343,374</b>	<b>37,497,741</b>	<b>27,745,540</b>	<b>18,221,469</b>
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**Suffolk Regional Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Exhibit 3 - Income Statement</b>					
Net Handle on:					
In State Thoroughbred Tracks	78,762,001	74,739,277	72,374,593	68,111,177	66,022,800
Out of State Thoroughbred Tracks	96,792,065	94,300,450	95,411,835	91,561,746	84,302,475
In State Harness Tracks	7,572,034	5,878,091	5,206,507	9,845,196	8,955,868
Out of State Harness Tracks	22,166,764	24,129,091	22,184,867	18,640,602	19,309,801
Total Net Handle	<b>205,292,864</b>	<b>199,046,909</b>	<b>195,177,802</b>	<b>188,158,721</b>	<b>178,590,944</b>
Less:					
Returned to Bettors	157,243,766	152,243,277	149,072,417	143,850,589	136,340,933
Surcharge	5,917,320	5,828,961	5,813,549	5,441,814	5,211,934
OTB Take Out and Breakage	<b>42,131,778</b>	<b>40,974,671</b>	<b>40,291,836</b>	<b>38,866,318</b>	<b>37,038,077</b>
Less Payments to:					
NY State (Pari-Mutuel Tax & Breakage)	1,783,159	1,721,517	1,433,530	1,457,619	1,433,507
NY State Regulatory Fee	800,642	876,308	968,135	940,794	892,955
NY State (Uncashed Tickets)	596,078	596,399	645,487	585,550	668,513
Breeders' Fund - Thoroughbred	1,039,727	996,466	1,100,118	975,617	879,695
Breeders' Fund - Harness	498,694	494,677	454,754	456,005	447,585
In State Thoroughbred Tracks	11,123,167	10,560,315	10,421,031	9,868,847	9,308,750
Out of State Thoroughbred Tracks	2,219,125	2,203,157	2,205,550	2,065,026	2,214,987
In State Harness Tracks	2,207,817	2,125,203	1,978,119	2,032,024	1,938,300
Out of State Harness Tracks	474,489	492,145	447,516	377,741	390,113
City of Albany	-	-	-	-	-
City of Niagara	-	-	-	-	-
Total Payments	<b>20,742,898</b>	<b>20,066,187</b>	<b>19,654,240</b>	<b>18,759,223</b>	<b>18,174,405</b>
Net Racing Revenue	<b>21,388,880</b>	<b>20,908,484</b>	<b>20,637,596</b>	<b>20,107,095</b>	<b>18,863,672</b>
Other Revenue:					
Admission Income	133,752	98,008	96,316	96,940	76,488
Lottery Income	78,739	87,355	99,304	125,792	134,183
Concession Income	69,169	53,200	54,064	53,629	70,428
Derived from Section 532	1,488,345	1,563,189	1,557,487	1,404,818	1,320,903
Interest Income	28,446	47,510	161,139	153,796	56,288
Other Income	2,355,261	2,622,704	2,801,400	709,740	667,679
Uncashed Tickets	596,078	596,398	645,487	585,550	668,513
Total Operating Revenue	<b>26,138,670</b>	<b>25,976,848</b>	<b>26,052,793</b>	<b>23,237,360</b>	<b>21,858,154</b>
Operating Expenses:					
Branch Expenses	16,502,834	16,049,092	16,501,299	14,564,647	14,573,930
Corporate Expenses	9,498,812	9,484,769	9,611,101	9,110,263	9,168,436
Total Operating Expenses - Including Depreciation	<b>26,001,646</b>	<b>25,533,861</b>	<b>26,112,400</b>	<b>23,674,910</b>	<b>23,742,366</b>
Section 516 Net Revenues from Operations	<b>137,024</b>	<b>442,987</b>	<b>(59,607)</b>	<b>(437,550)</b>	<b>(1,884,212)</b>
Section 516 Net Revenues from Operations	<b>137,024</b>	<b>442,987</b>	<b>(59,607)</b>	<b>(437,550)</b>	<b>(1,884,212)</b>
Less:					
Section 509-a Contributions to Capital Acquisition Fund	-	(116,488)	(413,035)	(39,851)	-
Section 516 Net Revenue for Distribution (Loss)	<b>137,024</b>	<b>326,499</b>	<b>(472,642)</b>	<b>(477,401)</b>	<b>(1,884,212)</b>
Surcharge:					
Section 532 Revenues to Participating Localities	2,625,565	2,545,873	2,538,126	2,373,980	2,272,275
Section 532 Revenues to Other Localities	1,071,458	982,683	980,639	969,163	951,372
Total Surcharge to all Localities	<b>3,697,023</b>	<b>3,528,556</b>	<b>3,518,765</b>	<b>3,343,143</b>	<b>3,223,647</b>
Capital Acquisition Funds:					
Section 509-a Contribution from Net Revenues	-	116,488	413,035	39,851	-
Supplemental 1% Section 532	731,952	737,216	737,297	693,853	667,384
Other Fund Revenues net of Expenses	-	(326,410)	130,935	(480,986)	(620,665)
Total Capital Acquisition Funds	<b>731,952</b>	<b>527,294</b>	<b>1,281,267</b>	<b>252,718</b>	<b>46,719</b>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<b>4,565,999</b>	<b>4,382,349</b>	<b>4,327,390</b>	<b>3,118,460</b>	<b>1,386,154</b>

**Suffolk Regional Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>					
<b>Branch Operating Expenses</b>					
Admissions Tax	5,073	3,876	3,605	3,643	3,494
Advertising	12,888	55,236	75,260	91,021	49,921
Amortization & Depreciation	476,111	453,459	450,303	148,045	144,526
Cable TV	17,428	16,182	15,606	14,534	15,714
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	-	-	-	-	-
Fringe Benefits	2,823,548	2,210,318	2,259,713	1,856,691	1,768,469
Insurance	338,927	337,753	286,340	173,593	116,724
Interest Expense	319,843	301,260	281,099	261,188	237,829
Maintenance & Repairs	231,640	190,030	238,731	258,021	221,018
Marketing & Promotions	283,694	234,871	318,768	384,601	404,016
Office Expense	27,522	89,874	110,120	64,020	98,147
Other Expenses & Services	31,992	62,229	30,594	72,824	45,394
Professional Fees	2,400	45	1,072	18,535	1,900
Racing Information	739,602	667,593	691,797	742,192	635,879
Rent	1,115,330	1,140,570	1,272,424	1,256,241	1,612,051
Rental of Equipment	355,839	380,334	402,876	334,347	360,453
Salaries and Wages	7,587,056	7,657,055	7,837,419	6,724,186	6,709,174
Security/Armored Carrier Expense	31,024	23,936	30,101	40,469	38,840
Simulcast Fees	141,450	142,375	137,750	141,257	138,754
Telephone & Data Lines	223,255	237,001	195,674	210,337	97,042
Totalizer Expense	1,327,565	1,349,370	1,357,084	1,312,891	1,386,528
Travel & Reimbursement	500	1,199	-	6	6
Utilities	410,147	456,718	504,963	474,845	488,050
<b>Total Branch Expenses</b>	<b>16,502,834</b>	<b>16,011,284</b>	<b>16,501,299</b>	<b>14,583,487</b>	<b>14,573,929</b>
<b>Corporate Operating Expenses</b>					
Admissions Tax	-	-	-	-	-
Advertising	-	289	-	-	-
Amortization & Depreciation	176,413	145,044	169,484	89,353	75,276
Cable TV	4,851	3,195	874	992	1,122
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	10,450	9,100	30,217	10,279	9,067
Fringe Benefits	2,822,218	2,969,881	3,077,197	3,011,304	2,974,643
Insurance	182,516	190,705	192,942	130,632	120,449
Interest Expense	-	-	1,517	-	-
Maintenance & Repairs	114,297	88,991	79,486	64,683	81,410
Marketing & Promotions	-	81	2,537	639	1,205
Office Expense	39,597	29,407	41,889	35,607	44,701
Other Expenses & Services	220,845	177,607	181,815	118,256	155,450
Professional Fees	260,381	244,838	247,397	222,396	193,476
Racing Information	-	441	1,685	1,685	1,685
Rent	4,206	3,698	52,851	51,917	47,429
Rental of Equipment	4,085	30,405	33,768	34,169	20,290
Salaries and Wages	5,497,599	5,410,976	5,324,866	5,139,122	4,121,327
Security/Armored Carrier Expense	2,460	2,715	5,145	2,128	3,770
Simulcast Fees	-	-	-	-	-
Telephone & Data Lines	35,393	36,839	30,896	30,871	26,622
Totalizer Expense	-	-	-	-	-
Travel & Reimbursement	26,938	20,175	15,107	69,969	76,144
Utilities	96,563	120,385	121,427	95,379	96,004
<b>Total Corporate Expenses</b>	<b>9,498,812</b>	<b>9,484,772</b>	<b>9,611,100</b>	<b>9,109,381</b>	<b>9,168,436</b>
<b>Combined Expenses</b>					
Admissions Tax	5,073	3,876	3,605	3,643	3,494
Advertising	12,888	55,525	75,260	91,021	49,921
Amortization & Depreciation	652,524	598,503	619,787	237,398	219,802
Cable TV	22,279	19,377	16,480	15,526	16,836
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	10,450	9,100	30,217	10,279	9,067
Fringe Benefits	5,645,766	5,180,199	5,336,910	4,867,995	4,743,112
Insurance	521,443	528,458	479,282	304,225	237,173
Interest Expense	319,843	301,260	282,616	261,188	237,829
Maintenance & Repairs	345,937	279,021	318,217	322,704	302,428
Marketing & Promotions	283,694	234,952	321,305	385,240	405,221
Office Expense	67,119	119,281	152,009	99,627	142,848
Other Expenses & Services	252,837	239,836	212,409	191,080	200,844
Professional Fees	262,781	244,883	248,469	240,931	195,376
Racing Information	739,602	668,034	693,482	743,877	637,564
Rent	1,119,536	1,144,268	1,325,275	1,308,158	1,659,480
Rental of Equipment	359,924	410,739	436,644	368,516	380,743
Salaries and Wages	13,084,655	13,068,031	13,162,285	11,863,308	11,948,867
Security/Armored Carrier Expense	33,484	26,651	35,246	42,597	42,610
Simulcast Fees	141,450	142,375	137,750	141,257	138,754
Telephone & Data Lines	258,648	273,840	226,570	241,208	123,664
Totalizer Expense	1,327,565	1,349,370	1,357,084	1,312,891	1,386,528
Travel & Reimbursement	27,438	21,374	15,107	69,975	76,150
Utilities	506,710	577,103	626,390	570,224	584,054
<b>TOTAL EXPENSES</b>	<b>26,001,646</b>	<b>25,496,056</b>	<b>26,112,399</b>	<b>23,692,868</b>	<b>23,742,365</b>

Source: Quarterly Reports Filed with the New York State Racing Board Pursuant to Section 524 of the Racing Law.

**Suffolk Regional Off-Track Betting Corporation**

(Unaudited)

**2004                      2005                      2006                      2007                      2008**

**BALANCE SHEET (EXHIBIT 2)**

**Current Assets**

Cash and Cash Equivalents	3,981,596	5,988,270	5,569,779	4,245,729	3,527,336
Investments	-	1,000,000	-	-	-
Accounts Receivable	1,132,078	763,915	691,724	541,321	596,992
Prepaid Expenses and Other Assets	697,893	364,488	826,103	953,312	960,792
<b>Total Current Assets</b>	<b>5,811,567</b>	<b>8,116,673</b>	<b>7,087,606</b>	<b>5,740,362</b>	<b>5,085,120</b>

**Fixed Assets**

Land	2,146,875	2,146,875	2,058,342	2,058,342	2,058,342
Buildings	10,584,271	10,802,573	11,203,251	10,832,229	10,876,368
Furniture & Fixtures	430,980	425,679	424,639	525,076	535,993
Automobile Equipment	537,216	513,375	300,411	400,338	441,271
Machinery & Equipment	3,075,442	3,301,463	3,307,646	2,211,186	2,283,188
Leasehold Improvements	3,775,213	3,905,194	4,109,935	3,247,138	3,266,131
Total Fixed Assets	20,549,997	21,095,159	21,404,224	19,274,309	19,461,293
Less: Accumulated Depreciation	8,165,566	8,710,427	8,662,032	4,911,947	5,618,184
<b>Net Fixed Assets</b>	<b>12,384,431</b>	<b>12,384,732</b>	<b>12,742,192</b>	<b>14,362,362</b>	<b>13,843,109</b>

**Total Assets**

<b>18,195,998</b>	<b>20,501,405</b>	<b>19,829,798</b>	<b>20,102,724</b>	<b>18,928,229</b>
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**Current Liabilities**

Accounts Payable	1,955,521	2,661,178	3,569,096	4,484,251	5,545,515
Due to New York State	59,020	103,372	86,310	210,945	59,514
Due Breeders Fund	-	117,552	127,881	11,634	82,445
Due to Local Governments*	92,081	67,883	72,747	-	-
Accrued Payroll, Fringe Benefits and Payroll Taxes	1,871,789	1,883,540	1,918,665	2,006,856	2,027,958
Due to NYS Retirement System - Current Portion	390,206	1,560,091	154,119	-	-
Telephone Betting Accounts	324,066	396,643	373,069	329,275	298,282
Notes and Mortgage Payable - Current Portion	272,545	292,315	313,600	367,214	396,326
Capital Lease Obligations - Current Portion	-	-	-	-	-
Uncashed Vouchers	175,451	163,674	174,127	165,611	187,870
Uncashed Winning Tickets	673,819	738,923	775,198	673,987	741,266
<b>Total Current Liabilities</b>	<b>5,814,498</b>	<b>7,985,171</b>	<b>7,564,812</b>	<b>8,249,773</b>	<b>9,339,176</b>

**Long Term Liabilities**

Due to NYS Retirement System	296,821	154,119	-	-	-
Capital Lease Obligation	-	-	-	-	-
Other	-	-	-	-	-
Notes and Mortgages Payable	4,182,051	3,889,703	3,575,678	3,673,314	3,276,717
<b>Total Long Term Liabilities</b>	<b>4,478,872</b>	<b>4,043,822</b>	<b>3,575,678</b>	<b>3,673,314</b>	<b>3,276,717</b>

**Total Liabilities**

<b>10,293,370</b>	<b>12,028,993</b>	<b>11,140,490</b>	<b>11,923,087</b>	<b>12,615,893</b>
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**Undistributed Benefits To Localities**

**As of January 1:**

Net Earnings and Regular Surcharge	482,251	187,276	412,987	401,000	(417,901)
Surcharge to Counties Conducting Racing	-	-	-	72,747	56,512
Capital Acquisition Fund	7,697,283	7,715,352	8,059,424	8,288,310	8,541,025
<b>Total</b>	<b>8,179,534</b>	<b>7,902,628</b>	<b>8,472,411</b>	<b>8,762,057</b>	<b>8,179,636</b>

**Year To Date**

Net Earnings and Regular Surcharge	2,762,589	2,662,452	2,478,519	1,878,621	388,064
Surcharge Counties Conducting Racing	-	-	-	969,163	951,372
Capital Acquisition Fund Contributions	731,952	737,216	868,232	252,715	46,718
<b>Total Year To Date</b>	<b>3,494,541</b>	<b>3,399,668</b>	<b>3,346,751</b>	<b>3,100,499</b>	<b>1,386,154</b>

**Available For Distribution**

Net Earnings and Regular Surcharge	3,244,840	2,733,240	2,478,471	2,279,620	(29,837)
Surcharge to Counties Conducting Racing	-	-	-	1,041,910	1,007,884
Capital Acquisition Fund	8,429,235	8,569,056	9,340,692	8,541,025	8,587,744
<b>Total Available</b>	<b>11,674,075</b>	<b>11,302,296</b>	<b>11,819,163</b>	<b>11,862,555</b>	<b>9,565,791</b>

**Distributed To Localities**

Net Earnings and Regular Surcharge	3,771,447	2,829,885	3,129,853	2,697,521	2,299,051
Surcharge to Counties Conducting Racing	-	-	-	985,398	954,404
<b>Total Distributed</b>	<b>3,771,447</b>	<b>2,829,885</b>	<b>3,129,853</b>	<b>3,682,919</b>	<b>3,253,455</b>

**Undistributed Benefits**

Net Earnings and Regular Surcharge	187,276	412,987	401,000	(417,901)	(2,328,888)
Surcharge to Counties Conducting Racing	-	-	-	56,512	53,480
Capital Acquisition Fund	7,715,352	8,059,424	8,288,310	8,541,025	8,587,744
<b>Total Undistributed Benefits</b>	<b>7,902,628</b>	<b>8,472,411</b>	<b>8,689,310</b>	<b>8,179,636</b>	<b>6,312,336</b>

**Total Liabilities and Undistributed Benefits to Own Localities**

<b>18,195,998</b>	<b>20,501,404</b>	<b>19,829,800</b>	<b>20,102,723</b>	<b>18,928,229</b>
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**Western Regional Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Exhibit 3 - Income Statement</b>					
Net Handle on:					
In State Thoroughbred Tracks	47,336,000	44,243,373	41,357,878	41,240,391	39,909,495
Out of State Thoroughbred Tracks	64,482,280	60,803,204	59,233,409	60,038,837	56,453,035
In State Harness Tracks	11,764,927	12,385,270	12,944,369	15,253,144	14,087,215
Out of State Harness Tracks	25,958,365	27,970,807	26,692,985	22,902,670	23,535,938
Total Net Handle	<b>149,541,572</b>	<b>145,402,654</b>	<b>140,228,641</b>	<b>139,435,042</b>	<b>133,985,683</b>
Less:					
Returned to Bettors	111,157,018	107,871,069	104,009,482	103,631,039	99,558,160
Surcharge	6,518,408	6,372,986	6,137,177	6,050,691	5,775,574
	-	-	-	-	-
OTB Take Out and Breakage	<b>31,866,146</b>	<b>31,158,599</b>	<b>30,081,982</b>	<b>29,753,312</b>	<b>28,651,949</b>
Less Payments to:					
NY State (Pari-Mutuel Tax & Breakage)	1,410,394	1,377,463	1,239,935	1,251,172	1,213,790
NY State Regulatory Fee	583,212	639,149	701,143	697,175	669,928
NY State (Uncashed Tickets)	615,000	610,000	650,000	650,000	600,000
Breeders' Fund - Thoroughbred	651,615	606,306	640,743	615,789	554,245
Breeders' Fund - Harness	467,184	483,633	468,931	459,875	456,205
In State Thoroughbred Tracks	6,930,660	6,480,397	6,084,114	6,092,655	5,703,428
Out of State Thoroughbred Tracks	1,474,048	1,488,926	1,423,497	1,436,086	1,508,807
In State Harness Tracks	2,714,487	2,652,059	2,730,643	2,815,804	2,804,869
Out of State Harness Tracks	591,202	563,820	521,867	457,337	470,713
City of Albany	-	-	-	-	-
City of Niagara	63,567	55,576	48,439	42,566	-
	-	-	-	-	-
Total Payments	<b>15,501,369</b>	<b>14,957,329</b>	<b>14,509,312</b>	<b>14,518,459</b>	<b>13,981,985</b>
	-	-	-	-	-
Net Racing Revenue	<b>16,364,777</b>	<b>16,201,270</b>	<b>15,572,670</b>	<b>15,234,853</b>	<b>14,669,964</b>
Other Revenue:					
Admission Income	2,780	3,409	1,847	2,185	1,723
Lottery Income	417,291	396,306	403,219	391,092	376,847
Concession Income	21,294	20,897	22,821	23,130	22,625
Derived from Section 532	1,804,455	1,787,603	1,723,730	1,643,369	1,570,576
Interest Income	10,620	15,748	67,351	60,164	32,610
Other Income	(1,644,491)	(770,787)	808,153	1,733,181	3,737,488
Uncashed Tickets	615,000	610,000	650,000	650,000	600,000
	-	-	-	-	-
Total Operating Revenue	<b>17,591,726</b>	<b>18,264,446</b>	<b>19,249,791</b>	<b>19,737,974</b>	<b>21,011,833</b>
Operating Expenses:					
Branch Expenses	15,405,770	15,229,552	14,796,707	14,869,309	14,594,902
Corporate Expenses	4,349,576	4,411,936	4,333,263	4,711,511	4,889,831
	-	-	-	-	-
Total Operating Expenses - Including Depreciation	<b>19,755,346</b>	<b>19,641,488</b>	<b>19,129,970</b>	<b>19,580,820</b>	<b>19,484,733</b>
	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>(2,163,620)</b>	<b>(1,377,042)</b>	<b>119,821</b>	<b>157,154</b>	<b>1,527,100</b>
	-	-	-	-	-
Section 516 Net Revenues from Operations	<b>(2,163,620)</b>	<b>(1,377,042)</b>	<b>119,821</b>	<b>157,154</b>	<b>1,527,100</b>
Less:					
Section 509-a Contributions to Capital Acquisition Fund	-	-	-	-	-
Section 516 Net Revenue for Distribution (Loss)	<b>(2,163,620)</b>	<b>(1,377,042)</b>	<b>119,821</b>	<b>157,154</b>	<b>1,527,100</b>
Surcharge:					
Section 532 Revenues to Participating Localities	2,833,497	2,787,377	2,679,516	2,627,105	2,503,838
Section 532 Revenues to Other Localities	1,026,753	945,741	910,004	971,766	933,202
	-	-	-	-	-
Total Surcharge to all Localities	<b>3,860,250</b>	<b>3,733,118</b>	<b>3,589,520</b>	<b>3,598,871</b>	<b>3,437,040</b>
Capital Acquisition Funds:					
Section 509-a Contribution from Net Revenues	-	-	-	-	-
Supplemental 1% Section 532	853,703	852,265	823,927	808,451	767,958
Other Fund Revenues net of Expenses	(1,199,018)	(862,329)	(1,031,977)	(1,035,280)	(1,006,279)
	-	-	-	-	-
Total Capital Acquisition Funds	<b>(345,315)</b>	<b>(10,064)</b>	<b>(208,050)</b>	<b>(226,829)</b>	<b>(238,321)</b>
TOTAL 516 NET REVENUE (LOSS), SURCHARGE AND CAPITAL ACQUISITIONS FUNDS	<b>1,351,315</b>	<b>2,346,012</b>	<b>3,501,291</b>	<b>3,529,196</b>	<b>4,725,819</b>

**Western Regional Off-Track Betting Corporation**

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>EXPENSE DETAIL (From Exhibit 9)</b>					
<b>Branch Operating Expenses</b>					
Admissions Tax	-	216,416	68,532	68,530	110,017
Advertising	1,254	641	2,031	3,250	5,498
Amortization & Depreciation	1,114,231	1,081,826	1,072,306	391,368	358,118
Cable TV	-	-	-	-	-
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	-	-	-	-	-
Fringe Benefits	2,591,225	2,441,877	2,452,076	2,481,497	2,233,299
Insurance	323,469	345,895	303,874	234,842	188,707
Interest Expense	-	-	-	-	-
Maintenance & Repairs	947,197	846,600	891,666	1,095,716	984,977
Marketing & Promotions	-	-	-	-	-
Office Expense	-	-	-	-	-
Other Expenses & Services	961,842	1,074,900	1,078,452	1,042,307	1,129,483
Professional Fees	-	-	-	-	-
Racing Information	348,399	318,119	347,138	376,334	404,065
Rent	457,958	412,659	308,194	304,233	318,982
Rental of Equipment	-	-	-	-	-
Salaries and Wages	7,830,132	7,512,978	7,544,611	7,538,009	7,450,640
Security/Armored Carrier Expense	149,879	135,481	55,436	37,439	38,699
Simulcast Fees	-	-	-	-	-
Telephone & Data Lines	339,114	342,080	329,103	355,277	428,719
Totalizator Expense	143,444	141,184	103,907	122,606	114,168
Travel & Reimbursement	5,050	5,298	3,912	5,637	7,182
Utilities	793,929	789,168	763,186	810,019	822,348
<b>Total Branch Expenses</b>	<b>16,007,123</b>	<b>15,665,122</b>	<b>15,324,424</b>	<b>14,867,064</b>	<b>14,594,902</b>
<b>Corporate Operating Expenses</b>					
Admissions Tax	-	-	-	-	-
Advertising	131,128	142,397	134,144	141,417	190,861
Amortization & Depreciation	232,734	249,463	214,687	72,479	93,338
Cable TV	-	-	-	-	-
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	91,249	90,677	93,597	48,906	102,385
Fringe Benefits	1,438,123	1,463,555	1,549,850	1,580,015	1,619,064
Insurance	97,693	96,674	89,370	97,410	62,045
Interest Expense	6,757	97,919	124,048	59,006	52,015
Maintenance & Repairs	100,531	114,547	141,595	123,430	128,551
Marketing & Promotions	28,461	12,546	-	-	-
Office Expense	(17,196)	-	-	-	-
Other Expenses & Services	331,981	327,788	453,825	508,352	195,262
Professional Fees	126,104	184,675	166,740	163,873	157,803
Racing Information	-	-	-	-	-
Rent	96,553	97,700	107,940	36,368	1,440
Rental of Equipment	-	-	-	-	213,430
Salaries and Wages	2,195,889	1,868,972	1,675,642	1,790,059	1,488,946
Security/Armored Carrier Expense	-	-	-	-	-
Simulcast Fees	-	-	-	-	-
Telephone & Data Lines	31,513	31,852	33,177	29,764	28,326
Totalizator Expense	-	-	-	-	-
Travel & Reimbursement	11,277	11,086	13,447	28,738	11,729
Utilities	48,132	57,654	62,913	31,694	11,932
<b>Total Corporate Expenses</b>	<b>4,950,929</b>	<b>4,847,505</b>	<b>4,860,975</b>	<b>4,711,511</b>	<b>4,889,832</b>
<b>Combined Expenses</b>					
Admissions Tax	-	216,416	68,532	68,530	110,017
Advertising	132,382	143,038	136,175	144,667	196,359
Amortization & Depreciation	1,346,965	1,331,289	1,286,993	463,847	451,456
Cable TV	-	-	-	-	-
Courier Service	-	-	-	-	-
Directors Fees and Reimbursements	91,249	90,677	93,597	48,906	102,385
Fringe Benefits	4,029,348	3,905,432	4,001,926	4,061,512	3,852,363
Insurance	421,162	442,569	393,244	332,252	250,752
Interest Expense	6,757	97,919	124,048	59,006	52,015
Maintenance & Repairs	1,047,728	961,147	1,033,261	1,219,146	1,113,528
Marketing & Promotions	28,461	12,546	-	-	-
Office Expense	(17,196)	-	-	-	-
Other Expenses & Services	1,293,823	1,402,688	1,532,277	1,550,659	1,324,745
Professional Fees	126,104	184,675	166,740	163,873	157,803
Racing Information	348,399	318,119	347,138	376,334	404,065
Rent	554,511	510,359	416,134	340,601	320,422
Rental of Equipment	-	-	-	-	213,430
Salaries and Wages	10,026,021	9,381,950	9,220,253	9,328,068	9,472,291
Security/Armored Carrier Expense	149,879	135,481	55,436	37,439	38,699
Simulcast Fees	-	-	-	-	-
Telephone & Data Lines	370,627	373,932	362,280	385,041	457,045
Totalizator Expense	143,444	141,184	103,907	122,606	114,168
Travel & Reimbursement	16,327	16,384	17,359	34,375	18,911
Utilities	842,061	846,822	826,099	841,713	834,280
<b>TOTAL EXPENSES</b>	<b>20,958,052</b>	<b>20,512,627</b>	<b>20,185,399</b>	<b>19,578,575</b>	<b>19,484,734</b>

Source: Quarterly Reports Filed With the New York State Racing Wagering Board Pursuant to Section 524 of the Racing Law.

**Western Regional Off-Track Betting Corporation**

(Unaudited)

**2004                      2005                      2006                      2007                      2008**

**BALANCE SHEET (EXHIBIT 2)**

**Current Assets**

Cash and Cash Equivalents	1,200,537	2,725,694	4,044,233	3,630,102	5,748,814
Investments	-	-	-	-	-
Accounts Receivable	586,404	2,774,524	1,816,490	2,155,320	1,177,420
Prepaid Expenses and Other Assets	454,456	928,233	679,810	-	-
<b>Total Current Assets</b>	<b>2,241,397</b>	<b>6,428,451</b>	<b>6,540,533</b>	<b>5,785,422</b>	<b>6,926,234</b>

**Fixed Assets**

Land	7,098,749	7,214,847	7,240,310	7,269,127	7,406,815
Buildings	37,462,532	39,389,234	39,472,612	40,568,348	42,133,642
Furniture & Fixtures	2,932,434	3,137,444	4,267,526	7,229,806	8,030,283
Automobile Equipment	582,595	529,970	533,520	572,088	585,433
Machinery & Equipment	3,313,913	3,719,649	2,862,823	-	-
Leasehold Improvements	1,430,212	1,430,212	777,768	420,029	418,974
Total Fixed Assets	52,820,435	55,421,356	55,154,559	56,059,398	58,575,147
Less: Accumulated Depreciation	19,607,129	21,690,801	23,030,425	24,692,822	26,915,990
<b>Net Fixed Assets</b>	<b>33,213,306</b>	<b>33,730,555</b>	<b>32,124,134</b>	<b>31,366,576</b>	<b>31,659,157</b>
<b>Total Assets</b>	<b>35,454,703</b>	<b>40,159,006</b>	<b>38,664,667</b>	<b>37,151,998</b>	<b>38,585,391</b>

**Current Liabilities**

Accounts Payable	2,148,661	5,125,215	6,068,001	5,308,171	6,789,768
Due to New York State	64,982	671,569	58,570	248,058	731,663
Due Breeders Fund	1,118,798	1,089,942	183,963	102,105	145,921
Due to Local Governments*	57,957	47,760	52,761	47,863	39,627
Accrued Payroll, Fringe Benefits and Payroll Taxes	844,408	827,128	816,101	878,100	971,878
Due to NYS Retirement System - Current Portion	1,057,386	840,503	1,037,844	780,857	719,328
Telephone Betting Accounts	115,468	130,153	121,073	131,108	126,237
Notes and Mortgage Payable - Current Portion	7,200,000	1,068,432	448,500	475,571	504,276
Capital Lease Obligations - Current Portion	-	-	-	-	-
Uncashed Vouchers	56,568	71,856	115,003	84,754	103,148
Uncashed Winning Tickets	86,729	90,011	124,440	204,242	66,090
<b>Total Current Liabilities</b>	<b>12,750,957</b>	<b>9,962,569</b>	<b>9,026,256</b>	<b>8,260,829</b>	<b>10,197,936</b>

**Long Term Liabilities**

Due to NYS Retirement System	127,434	497,193	496,438	496,438	437,125
Capital Lease Obligation	-	-	-	-	-
OTHER	-	-	-	-	146,663
Notes and Mortgages Payable	-	8,664,215	8,194,504	7,718,933	7,214,657
<b>Total Long Term Liabilities</b>	<b>127,434</b>	<b>9,161,408</b>	<b>8,690,942</b>	<b>8,215,371</b>	<b>7,798,445</b>
<b>Total Liabilities</b>	<b>12,878,391</b>	<b>19,123,977</b>	<b>17,717,198</b>	<b>16,476,200</b>	<b>17,996,381</b>

**Undistributed Benefits To Localities**

**As of January 1:**

Net Earnings and Regular Surcharge	7,386,658	(7,619,358)	(9,150,576)	(9,030,086)	(9,196,478)
Surcharge to Counties Conducting Racing	-	-	-	-	1,968
Capital Acquisition Fund	17,713,174	30,195,669	30,185,604	29,977,554	29,750,724
<b>Total</b>	<b>25,099,832</b>	<b>22,576,311</b>	<b>21,035,028</b>	<b>20,947,468</b>	<b>20,556,214</b>

**Year To Date**

Net Earnings and Regular Surcharge	652,681	1,410,335	2,799,337	2,784,259	3,882,058
Surcharge Counties Conducting Racing	219,553	211,986	197,912	208,176	226,387
Capital Acquisition Fund Contributions	(345,315)	(10,065)	(208,050)	(226,830)	(238,322)
<b>Total Year To Date</b>	<b>526,919</b>	<b>1,612,256</b>	<b>2,789,199</b>	<b>2,765,605</b>	<b>3,870,123</b>

**Available For Distribution**

Net Earnings and Regular Surcharge	8,039,339	(6,209,023)	(6,351,239)	(6,245,827)	(5,314,420)
Surcharge to Counties Conducting Racing	219,553	211,986	197,912	208,176	228,355
Capital Acquisition Fund	17,367,859	30,185,604	29,977,554	29,750,724	29,512,402
<b>Total Available</b>	<b>25,626,751</b>	<b>24,188,567</b>	<b>23,824,227</b>	<b>23,713,073</b>	<b>24,426,337</b>

**Distributed To Localities**

Net Earnings and Regular Surcharge	2,830,887	2,943,754	2,678,225	2,949,074	3,613,644
Surcharge to Counties Conducting Racing	219,553	209,785	198,534	207,787	223,682
<b>Total Distributed</b>	<b>3,050,440</b>	<b>3,153,539</b>	<b>2,876,759</b>	<b>3,156,861</b>	<b>3,837,326</b>

**Undistributed Benefits**

Net Earnings and Regular Surcharge	(7,619,358)	(9,152,777)	(9,031,665)	(9,194,901)	(8,928,064)
Surcharge to Counties Conducting Racing	-	2,201	1,579	415,963	4,673
Capital Acquisition Fund	30,195,669	30,185,604	29,977,554	29,750,724	29,512,402
<b>Total Undistributed Benefits</b>	<b>22,576,311</b>	<b>21,035,028</b>	<b>20,947,468</b>	<b>20,971,786</b>	<b>20,589,011</b>

**Total Liabilities and Undistributed Benefits to Own Localities**

	35,454,702	40,159,005	38,664,666	37,447,986	38,585,392
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