

AGENDA

KANSAS RACING AND GAMING COMMISSION
10:00 am, Friday, April 9, 2010

AUDITORIUM A
Dwight D. Eisenhower State Office Building
700 SW Harrison, Suite 450
Topeka, Kansas

A. CALL TO ORDER

B. APPROVAL OF THE AGENDA

C. APPROVAL OF MINUTES

1. [Minutes of March 12, 2010](#)

D. CONSENT AGENDA

Items listed on the consent agenda are a variety of different contracts and items which are routine in nature. If requested by a Commissioner, an item on the consent agenda may be removed from the Consent Agenda and placed under Commission Items for further discussion and consideration.

1. Electronic Gaming Machines and Electronic Lottery Facility Games
 - a. [Staff Memo](#)
 - b. [EGM Approvals](#)

E. KANSAS LOTTERY COMMISSION REPORT

F. LOTTERY GAMING FACILITY REPORTS/ITEMS

1. Boot Hill Casino and Resort
 - a. [March 2010 Gaming Revenue Report](#)
2. Hollywood Casino at Kansas Speedway

G. COMMISSION ITEMS

1. Semi-annual activity report of inspections and investigations of bingo operations

Commission Action: Discussion

Staff Presentation: Patrick Martin, Assistant Attorney General
Patsy Congrove, Department of Revenue

- a. [ABC Activity Report](#)

2. KHA Reimbursement from Kansas Bred Program

Commission Action Commission review and discussion

Staff Presentation: Charles LaBoy, Deputy Director for Audit and Electronic Security

Staff Recommendation: Staff recommends approval

- a. [Staff Memo](#)
- b. [KHA Letter](#)
- c. [Kansas Bred Registry Income and Cash Flow](#)

3. Boot Hill Casino and Resort Internal Control Amendments & Related Financial Information
Commission Action: Discussion, consideration and possible action
Staff Presentation: Charles LaBoy, Deputy Director for Audit and Electronic Security
Staff Recommendation: Staff recommendations listed
 - a. [Staff Memo](#)
4. KRGC Compliance Audit of Anthony Downs for 2009
Commission Action: Discussion, consideration and possible action
Staff Presentation: Charles LaBoy, Deputy Director for Audit and Electronic Security
Staff Recommendation: No recommendation
 - a. [Staff Memo](#)
5. Annual audited financial statements of Wichita Greyhound Charities, Inc. for the year ended December 31, 2009
Commission Action: Discussion, consideration and possible action
Staff Presentation: David Schultz, KRGC Chief Audit Officer
Staff Recommendation: Staff recommends approval
 - a. [Staff Memo](#)
 - b. [Wichita Greyhound Charities 2009 Audited Financial Statement](#)
 - c. [Wichita Greyhound Charities 2009 Required Communication Letter](#)
6. Annual audited consolidated financial statements of Wichita Greyhound Park, Inc. and subsidiary for the year ended December 31, 2009
Commission Action: Discussion, consideration and possible action
Staff Presentation: David Schultz, KRGC Chief Audit Officer
Staff Recommendation: Staff recommends approval
 - a. [Staff Memo](#)
 - b. [Wichita Greyhound Park 2009 Audited Financial Statement](#)
 - c. [Wichita Greyhound Park 2009 Required Communication Letter](#)
7. Extension request on the annual audited financial statements of The Racing Association of Kansas East for the year ended December 31, 2009.
Commission Action: Discussion, consideration and possible action
Staff Presentation: Charles LaBoy, Deputy Director for Audit and Electronic Security
Staff Recommendation: No recommendation
 - a. [Staff Memo](#)
 - b. [2009 Audit Extension Request](#)
8. Extension request on the annual audited financial statements of Kansas Racing, LLC for the year ended December 31, 2009
Commission Action: Discussion, consideration and possible action
Staff Presentation: Charles LaBoy, Deputy Director for Audit and Electronic Security
Staff Recommendation: No recommendation
 - a. [Staff Memo](#)
 - b. [2009 Audit Extension Request](#)

9. Presentation of Annual Report for the year 2009

Commission Action: *Discussion, consideration and possible action*

Staff Presentation: Stephen Martino, Executive Director

Staff Recommendation: Staff Recommends approval

a. [Staff Memo](#)

b. [2009 Annual Report](#)

H. PUBLIC COMMENTS

I. STAFF REPORTS

1. Executive Director

2. Director of Communications/Responsible Gambling

3. Deputy Director of Administration

a. [Commission Calendar](#)

J. EXECUTIVE SESSIONS

1. Attorney-client communication

2. Background reports

K. OTHER BUSINESS/FURTHER COMMISSION ACTION

1. Discussion, consideration and possible action on licenses

a. Level I Gaming Licenses

i. Fleming, Larry

ii. Gardiner, Robert

b. Level II Gaming Licenses

i. Bennett, Kimberly M.

ii. Brock, Kendra

iii. Cardenas, Jesus

iv. Dome, Toni L.

v. Eichman, Kevin D.

vi. Kerns, Scott W.

vii. Lang, Jaime D.

viii. Medina, Arianne E.

ix. Myers, Susan K.

x. O'Brien, Erin

xi. Paul, Michelet

xii. Roberts, Dawn R.

xiii. Roberts, Tyler J.

xiv. Sauer, Allen D.

xv. Smith, Marilyn A.

xvi. Tapia, Juan M.

- xvii. Weber, Garrett D.
- c. Level III Gaming Licenses
 - i. Bustillos, Kristal R.
 - ii. Conde, Stephanie
 - iii. Garcia, Diaz C.
 - iv. Klassen, Elizabeth
 - v. Law (Molinar), Jennie D.
 - vi. Ochoa, Thalia J.

L. ADJOURNMENT

KANSAS RACING AND GAMING COMMISSION

MINUTES – MARCH 12, 2010

CALL TO ORDER:
(A.)

Chair Sader called the March 12, 2010, meeting to order at 10:04 am at 700 SW Harrison, Auditorium A, Suite 450, Topeka, Kansas. Commissioners Sader, Falstad, and Schwan were present at the meeting. Commissioner McKechnie participated by phone. Commissioner Braun was absent. Others present included Executive Director Stephen Martino; Assistant Attorney General Patrick Martin; Deputy Director of Audit/Electronic Security Charles LaBoy; Deputy Director of Security Don Brownlee; Deputy Director of Administration Don Cawby; Director of Communications/Responsible Gaming Mike Deines; Recording Secretary Linda Pendarvis and other staff.

MOTION, APPROVE
AGENDA:
(B.)

Commissioner Falstad (Schwan) moved to approve the agenda as presented. Motion passed unanimously.

(Note: Representatives of the Hollywood Casino [F.1.b.] will speak prior to representatives of the Boot Hill Casino and Resort [F.1.a.], which represents a change in order but no change in the agenda contents.)

MOTION, APPROVE
FEBRUARY 12, 2010,
MEETING MINUTES:
(C.)

Commissioner Falstad (McKechnie) moved to approve the minutes of the February 12, 2010, commission meeting as submitted. Motion passed unanimously.

MOTION, APPROVE
CONSENT AGENDA:
(D.)

Commissioner Schwan (Falstad) moved to approve the consent agenda with updates as indicated by Mr. LaBoy to include approval of the 23 listed electronic gaming machine hardware components and electronic lottery facility games and the revocation of the two listed electronic gaming machine software components that will be replaced within 90 days:

1. Electronic Gaming Machines and Electronic Lottery Facility Games (spreadsheet of machines and games attached)

Motion passed unanimously.

KANSAS LOTTERY
COMMISSION REPORT:
(E.)

The commission heard Keith Kocher, director of gaming facilities for the Kansas Lottery, report on the current status of casinos:

- The Lottery has been working the past week with The Boot Hill Casino and Resort on getting their bar-top video poker machines in.
- The format for posting revenue for The Boot Hill Casino has changed on the Lottery's website. It is now a monthly amount with cumulative totals.
- Through the end of February 2010, Boot Hill Casino has

realized \$2.63 million in net revenues, which is exactly \$40 million per year and in line with projections.

- South Central zone: The Kansas Lottery Gaming Facility Review Board met two weeks ago to consider the amended contract for the Chisholm Creek Casino and Resort applicant. The board is awaiting information from its consultants and will be scheduling another meeting.
- Northeast zone: The Hollywood Casino and Lottery officials have met, and plans are moving forward.
- Southeast zone: One potential applicant continues to call, but it is unknown whether a proposal will be in hand by April 16. If no applications are filed, it is anticipated that an additional extension will be granted.

LOTTERY GAMING
FACILITY
REPORTS/ITEMS:
(F.1.b.)

The commission heard a report from Jeff Boerger, president of Kansas Speedway, a partner in the Hollywood Casino at Kansas Speedway:

- Mr. Boerger introduced Carl Yaeger with the design group Berger Devine Yaeger, the lead architect on the project. Mr. Yaeger distributed a site plan and floor plan of the casino. The design team consists of Marnell Architects, Las Vegas, which will be in charge of the exterior construction; Genesis, Los Angeles, will be handling the interior architecture and design; and Berger Devine Yaeger, Overland Park, KS, is the architect of record on the project. Turner Construction will serve as the construction manager.
- Mr. Boerger also introduced Marty Naumann, V.P. of Operations at the Hollywood Casino at Kansas Speedway, and Latoria Chinn, who is in charge of compliance pertaining to minority and women owned business for the project.
- The ceremonial groundbreaking for the Hollywood Casino is planned for Friday, April 30, at 11 am. That is a race weekend at Kansas Speedway. Further information will be forthcoming.

LOTTERY GAMING
FACILITY
REPORTS/ITEMS:
(F.1.a.)

The commission heard a report from Clark Stewart, president of Butler National Service Corp. d/b/a Boot Hill Casino and Resort:

- Boot Hill Casino and Resort is currently on target with the original planned gaming revenue.
- Fifteen video poker games are currently in the bar and have been popular with patrons. Twenty more are expected to be online within the next 30 days or so.

DISCUSSION, BOOT HILL
CASINO AND RESORT
INTERNAL CONTROL
WAIVERS/AMENDMENTS:
(G.1.)

The commission heard Mr. LaBoy present two waivers/amendments (BH60 and BH61) submitted by the Boot Hill Casino and Resort relating to its internal control plan. Staff submitted two waivers (KRG1 and KRG2) dealing with shipping notices for electronic

gaming devices and table games. The December 2009 and January 2010 financial statements were also presented. Due to the confidential nature of the information, he recommended that it be discussed in executive session.

MOTION, APPROVE
STAFF SUBMITTED
WAIVERS:
(G.1.)

Commissioner Falstad (Schwan) moved to approve waivers KRGC1 [K.A.R. 112-107-5(a)] and KRGC2 [K.A.R. 112-108-55(a)]. Motion passed unanimously.

MOTION, EXECUTIVE
SESSION:
(G.1.)

Commissioner Schwan (Falstad) moved that the commission recess into executive session for a period of 15 minutes, from 10:55 to 11:10 am, for the purpose of receiving confidential data to protect the financial affairs, security, and other trade secrets of the certified manager. Included in the executive session were the commission, Mr. Martino, Mr. Martin, Mr. LaBoy, and other KRGC staff. Motion passed unanimously.

RECONVENE:

The commission meeting reconvened at 11:10 am with all members present as previously noted.

MOTION, APPROVAL OF
BOOT HILL CASINO AND
RESORT INTERNAL
CONTROL WAIVERS/
AMENDMENTS:
(G.1.)

Commissioner Falstad (Schwan) moved to approve the requests to the Boot Hill Casino internal control plan as follows:

- Approve waiver amendment application BH61
- Deny waiver amendment application BH60

Motion passed unanimously.

DISCUSSION, LOTTERY
TABLE GAME – THREE
CARD POKER:
(G.2)

The commission heard Mr. LaBoy discuss the suggested rules for Three Card Poker in accordance with K.A.R. 112-108-4(a)'s requirement that the commission approve any table game rules before their use at a lottery gaming facility. The rules are a standard set from Shuffle Master and have been formatted and approved as temporary regulations by the Kansas Lottery Commission. In addition, they have been analyzed by KRGC's independent testing laboratory.

MOTION, APPROVAL OF
LOTTERY TABLE GAME –
THREE CARD POKER:
(G.2)

Commissioner Falstad (Schwan) moved to approve the Three Card Poker rules as stated in K.A.R. 111-305. Motion passed unanimously.

DISCUSSION,
COMPLIANCE AUDIT OF
ANTHONY DOWNS FOR
2009:
(G.3.)

The commission heard David Schultz, Chief Audit Officer, discuss the Anthony Downs 2009 compliance audit conducted on January 21, 2010, and the financial report included therein. Staff does not believe requirements were met for Order No. One that states that any profits from the horse meet should be used to pay down the debt or refund entry fees on a pro rata basis. Since Anthony Downs had a profit of over \$51,000 on the horse meet, staff believes that amount is

payable to the horsemen. Staff at Anthony Downs was given a week to comment on the situation. No comment has been received to date.

MOTION, TABLE UNTIL
APRIL 9, 2010, MEETING:
(G.3.)

Commissioner Falstad (Schwan) moved to table approval of the Anthony Downs compliance audit until the April 9, 2010, meeting pending further communication with Anthony Downs. Motion passed unanimously.

PRESENTATION OF
ANNUAL REPORTS FOR
2007 AND 2008:
(G.4.)

The commission heard Mr. Martino discuss the KRGC Annual Reports for the years 2007 and 2008. It is anticipated that the 2009 Annual Report will appear on the April 9 commission agenda. Future annual reports will be posted on the KRGC website rather than distributed in paper form.

MOTION, APPROVAL OF
ANNUAL REPORTS FOR
2007 AND 2008:
(G.4.)

Commissioner Schwan (Falstad) moved to approve the 2007 and 2008 Annual Reports as submitted. Motion passed unanimously.

DISCUSSION, SEMI-
ANNUAL ACTIVITY
REPORT OF BINGO
OPERATIONS:
(G.5.)

The commission heard Mr. Martino present the semi-annual activity report of inspections and investigations of bingo operations submitted by the director of Alcoholic Beverage Control, for the last six months of calendar year 2009. The commission expressed dissatisfaction with the substance of the report and questioned whether it is necessary that the report come before the commission. The executive director will express to the Department of Revenue that the commission desires to either be released from the obligation to receive the report or to receive a report with more substantive information than it customarily contains.

MOTION,
ACKNOWLEDGE RECEIPT
OF SEMI-ANNUAL
ACTIVITY REPORT OF
BINGO OPERATIONS:
(G.5.)

Commissioner Schwan (Falstad) moved to acknowledge receipt of the semi-annual activity report of bingo operations. Motion passed unanimously.

DISCUSSION, TRAVEL TO
NORTH AMERICAN
GAMING REGULATORS
ASSOCIATION
CONFERENCE:
(G.6.)

The commission heard Mr. Martino discuss travel to the North American Gaming Regulators Association Conference. This year's NAGRA meeting is in Vancouver, Canada. Mr. Martin and Mr. Brownlee have expressed a willingness to attend on behalf of KRGC. Commission approval is required for any travel outside the United States.

MOTION, APPROVAL OF
TRAVEL TO NORTH
AMERICAN GAMING
REGULATORS
ASSOCIATION
CONFERENCE:
(G.6.)

Commissioner Falstad (Braun) moved to approve the request for Mr. Martin and Mr. Brownlee to attend the NAGRA conference in Vancouver, Canada. Motion passed unanimously.

CALL FOR PUBLIC
COMMENTS:
(H.)

Chair Sader called for public comments. There were none.

STAFF REPORT,
MARTINO:
(I.1.)

The commission heard a staff report from Mr. Martino:

- The Kansas Lottery Gaming Facility Review Board met by phone on March 3 to consider the amended Chisholm Creek Casino and Resort contract in Sumner county. The review board has requested some consultant work and are likely to meet in person in early April to consider the amended contract.
- The budget process is substantively finished for this year. Both the House and the Senate adopted the governor's recommendation on the KRGC budget.
- Staff next week will attend the GLI Regulators Roundtable.

STAFF REPORT, DEINES:
(I.2.)

The commission heard a staff report from Mr. Deines:

- On March 10, the Kansas Responsible Gambling Alliance held a press conference to unveil new resources for problem gamblers in the State of Kansas – a new website and a public service announcement that will be airing on radio and television stations across the state. All of the air time has been donated by the stations, and the Association of Gaming Equipment Manufacturers donated \$10,000 to pay for the production costs.
- Five individuals have now registered for the voluntary exclusion program.
- During the month of February 2010, the Problem Gambling Helpline received 29 appropriate calls. Most people who utilize the number have received information about it at the casino.
- During February 2010, the website *ksgamblinghelp.com* received 261 visitors, 219 of which were unique visitors. Since the press conference on March 10, traffic on the site has tripled.

STAFF REPORT, CAWBY:
(I.3.)

The commission heard a staff report from Mr. Cawby:

- All upcoming commission dates through the end of the calendar year are on the calendar.

MOTION, EXECUTIVE
SESSION:
(J.1.)

Commissioner Schwan (Falstad) moved that the commission take a 5-minute break followed by an executive session for 30 minutes from noon until 12:30 pm for the purpose of attorney-client communication. Those included in the executive session were the commission, Mr. Martino, Mr. Martin, and Mr. LaBoy. No action is to be taken in executive session, and the subjects discussed are to be

limited as previously described. A full record of this motion is to be maintained as a part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. Motion passed unanimously.

McKECHNIE EXITS
TELECONFERENCE

Commissioner McKechnie exited the teleconference at 11:55 am.

RECONVENE:

The commission meeting reconvened at 12:30 pm with all members present as previously noted.

MOTION, EXECUTIVE
SESSION:
(J.2.)

Commissioner Falstad (Schwan) moved that the commission adjourn into executive session for 45 minutes, from 12:35 until 1:20 pm, for the purpose of discussing 33 confidential background investigations performed by KRGK agents on various applicants. Those included in the executive session were the commission, Mr. Martino, Mr. Martin, Mr. Brownlee, and security staff. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as a part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. Motion passed unanimously.

RECONVENE:

The commission meeting reconvened at 1:22 pm with all members present as previously noted.

MOTION, EXTEND
EXECUTIVE SESSION:
(J.2.)

Commissioner Schwan (Falstad) moved to extend the previous executive session until 1:30 pm. Those included in the executive session were the commission, Mr. Martino, Mr. Martin, Mr. Brownlee, and security staff. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as a part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. Motion passed unanimously.

RECONVENE:

The commission meeting reconvened at 1:30 pm with all members present as previously noted.

MOTION, APPROVE
LICENSES:
(K.2.)

Commissioner Schwan (Falstad) moved to approve the following licenses:

- a. Level II Gaming Licenses
 - i. Deborah Behee
 - ii. Essie Cheatham
 - iii. James Donato

- iv. Guadalupe Galindo
- v. Craig Gates
- vi. Dung Lai
- vii. Sterling McPhaul
- viii. Kelcie Miller
- ix. Jeffrey Myers
- x. Gregory Nicholson
- xi. Brandon Olive
- xii. Christina Richardson
- xiii. Gina Richardson
- xiv. Jean Scali
- xv. Melissa Schulte
- xvi. Eric Randle
- xvii. Jean Saint Louis
- xviii. Bonnie Simmons
- xix. Julie Southard
- xx. Jennifer Tindall
- xxi. Samantha Torrez
- b. Level III Gaming Licenses
 - i. Brittainy Kaiser
 - ii. Shakari Pendleton
 - iii. Jacquelyn Soltero
 - iv. Craig Stewart
 - v. Guadalupe Zuniga

Motion passed unanimously.

MOTION, DENY
LICENSES:
(J.2.)

Commissioner Falstad (Schwan) moved to deny the following licenses:

- a. Level II Gaming Licenses
 - i. Brandy Clinton
 - ii. Brenda Davis
 - iii. Arturo Espinoza
 - iv. David Ferrante
 - v. Gilbert Ponce
 - vi. Scott Smith
- b. Level III Gaming License
 - i. Claudia Castelli

Motion passed unanimously.

ADJOURN: Commissioner Schwan (Falstad) moved to adjourn at 1:35 pm.
Motion passed unanimously.

SUBMITTED BY:

William Falstad
Secretary

APPROVED BY:

Carol H. Sader
Chair

DRAFT

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: April 9, 2010

AGENDA ITEM: **Approval of Electronic Gaming Machines and Electronic Lottery Facility Games**

PRESENTER: Charles LaBoy, Deputy Director for Audit and Electronic Security

ISSUE SUMMARY: Listed in the consent agenda are 45 electronic gaming machine hardware components and electronic Lottery facility games that have been tested by Gaming Laboratories International and determined to be in accordance with our technical specifications as outlined in K.A.R. 112-110-1 (a). K.S.A. 74-8750 requires KRGC approval of all electronic gaming machines and lottery facility games.

Also included are 7 electronic gaming machine software components that staff is recommending revocation. These items have not been installed on any electronic gaming devices in our jurisdiction and therefore do not require a replacement deadline.

COMMISSION ACTION REQUIRED/REQUESTED: Commission review, discussion and approval.

STAFF RECOMMENDATIONS: Staff recommends approval of the 45 listed electronic gaming machine hardware components and electronic Lottery facility games and revocation of the 7 listed electronic gaming machine software components.

Approved Software

3.31.2010

Manufacturer	File Number	ID Number	Version	Game Name
SHUFFLE MASTER	PA-73-SHU-02-02	HARDWARE	DECKMATE SHUFFLER	DECK MATE
SHUFFLE MASTER	PA-73-SHU-02-02	HARDWARE	DECKMATE SHUFFLER	BLACKJACK
SHUFFLE MASTER	MO-122-SHU-07-01	DECK MATE	V1.11	SOFTWARE DECK MATE
WMS	MO-73-WMS-10-09	SSSG-000-1650	1650/H13.12	OPERATING SYSTEM
WESTERN MONEY	MO-72-WEM-10-01	FLS-US20-371012	371012	N/A
IGT	MO-22-IGT-10-41	M6048F 2.15 198 2.03	2.15/2.03	N/A
ARISTOCRAT	PA-22-ARI-08-03	MACHINE	N/A	N/A
ARISTOCRAT	MO-22-ARI-08-160	HARDWARE	P/N 07-41439	N/A
ARISTOCRAT	PA-22-ARI-08-03	HARDWARE	P/N 01-70046	N/A
ARISTOCRAT	PA-22-ARI-08-03	HARDWARE	P/N 07-41490	N/A
ARISTOCRAT	PA-22-ARI-08-03	HARDWARE	P/N 07-10262	N/A
ARISTOCRAT	PA-22-ARI-08-03	HARDWARE	P/N 07-41438	N/A
ARISTOCRAT	PA-22-ARI-08-03	HARDWARE	P/N 07-10269	N/A
ARISTOCRAT	MO-22-ARI-09-05	1.00-60421	RFX GEN7	5 KOI
ARISTOCRAT	MO-22-ARI-09-11	1.00-60445	RFX GEN7	5 DRAGONS DYNASTY
ARISTOCRAT	MO-22-ARI-09-55	HARDWARE	01-70049	N/A
ARISTOCRAT	MO-22-ARI-09-55	HARDWARE	07-41466	N/A
ARISTOCRAT	MO-22-ARI-09-59	HARDWARE	04-15086 A	N/A
ARISTOCRAT	MO-22-ARI-09-72	HARDWARE	579849	N/A
ARISTOCRAT	MO-73-ARI-09-28	1.01-60601	RFX GEN7	Skin Deep Cherries
ARISTOCRAT	MO-22-ARI-09-76	1.02-60388	RFX GEN7	Big Ride
ARISTOCRAT	MO-73-ARI-09-44	1.02-60375	GEN7	Jungle Joe Searching High and Low Beat the Bandits
ARISTOCRAT	MO-73-ARI-09-53	1.00-60602	RFX GEN7	Same Way Sevens
ARISTOCRAT	MO-73-ARI-09-58	1.02-60600	RFX GEN7	Hillbillions
ARISTOCRAT	MO-73-ARI-09-68	1.00-60603	RFX GEN7	Pow-tastic Sevens
ARISTOCRAT	MO-22-ARI-09-94	1.01-60700	GEN7	Fortune Princess Beat the Bandits
ARISTOCRAT	MO-73-ARI-09-83	1.00-60677	GEN7	King Cobra
ARISTOCRAT	MO-22-ARI-10-03	Linux Operating System	3.03.0	N/A
ARISTOCRAT	MO-22-ARI-10-06	SET CHIP	7.00.22	N/A
ARISTOCRAT	MO-22-ARI-10-11	2.57.0-1.56.0	GEN7	N/A
ARISTOCRAT	MO-73-ARI-10-12	1.00-60605	RFX GEN7	Oaks Day Kentucky Derby
ARISTOCRAT	MO-73-ARI-10-13	1.00-60606	RFX GEN7	Run for the Roses Kentucky Derby
ARISTOCRAT	MO-73-ARI-10-14	HARDWARE	593058	Kentucky Derby
ARISTOCRAT	MO-73-ARI-10-14	HARDWARE	590180	Kentucky Derby
ARISTOCRAT	MO-22-ARI-10-12	Firmware	VF1.1.0a	N/A
ARISTOCRAT	MO-22-ARI-10-12	Operation System	VOS5.12600.0-1	N/A

ARISTOCRAT	MO-22-ARI-10-12	Graphic Sequence	VGS1.1.0b	N/A
ARISTOCRAT	MO-22-ARI-10-12	Vertex	1.1.0.3	N/A
WMS	MO-73-WMS-10-10	DB09-000-1000	1000/H13-10	Tiger's Realm
WESTERN MONEY	Y-166-WEM-10-01	PXC.exe	4.0.11.0	N/A
WESTERN MONEY	SY-166-WEM-10-01	CXC.exe	12.0.12.0	N/A
IGT	MO-22-IGT-10-44	DIAGNOSTIC-014-04	57509390	AVP
KONAMI GAMING INC.	MO-22-KON-09-18	HARDWARE	995106	N/A
KONAMI GAMING INC.	MO-22-KON-09-18	HARDWARE	995107	N/A
KONAMI GAMING INC.	MO-22-KON-10-01	HARDWARE	K-0424(A)	N/A

Revoked Software				
KONAMI GAMING INC.	MO-07-KON-08-75	PROV101G12	GAME PROGRAM	PIRATE ROSE
KONAMI GAMING INC.	MO-07-KON-08-75	PROV101G12	GAME PROGRAM	PIRATE ROSE
KONAMI GAMING INC.	MO-07-KON-08-75	PROV101G12-CF	SOUND/GRAPHICS	PIRATE ROSE
KONAMI GAMING INC.	MO-07-KON-09-74	PROV102G12	GAME PROGRAM	Pirate's Rose
KONAMI GAMING INC.	MO-07-KON-09-74	PROV102G12	GAME PROGRAM	Pirate's Rose
KONAMI GAMING INC.	MO-07-KON-09-74	PROV102G12-CF	SOUND/GRAPHICS	Pirate's Rose
WMS	MO-22-WMS-09-62	SB09-000-1020C2	1020/H9.22	Tiger's Realm

Lottery Gaming Facility Revenue*
Boot Hill Casino and Resort

	March 2010	YTD 2010	Fiscal YTD 2010
Electronic gaming machines	2,727,479.24	8,124,864.25	9,830,960.51
Table games	<u>523,045.00</u>	<u>1,371,882.00</u>	<u>1,655,778.50</u>
Total Lottery Gaming Facility Revenue	<u><u>3,250,524.24</u></u>	<u><u>9,496,746.25</u></u>	<u><u>11,486,739.01</u></u>
State Share 22%	715,115.33	2,089,284.18	2,527,082.58
Local Share 3%	97,515.73	284,902.39	344,602.17
Problem Gambling Share 2%	65,010.48	189,934.93	229,734.78
Casino Share 73%	2,372,882.70	6,932,624.76	8,385,319.48

*as reported by the Kansas Lottery's central computer system

REPORT TO RACING AND GAMING COMMISSION
07/01/09 to 12/31/09
Charitable Gaming

K.S.A. 79-4715 – reports to racing and gaming commission. The director of alcoholic beverage control of the department of revenue shall submit to the Kansas racing and gaming commission semiannual activity reports concerning inspections and investigations of bingo operations in this state.

Inspections;

There were 71 inspections by compliance agents during this time period.

Educational	7
Routine	52
Follow-up	1
Complaints	3
Other	8

The inspections resulted in 2 warnings and 12 fines.

There were five educational workshops conducted throughout the state.

Investigations:

K.S.A. 79-4706 (b). Be member or the spouse of a member of the licensed organization conducting the bingo game or be a member or spouse of a parent or auxiliary unit or society of the licensed organization.

Received complaint bingo workers were not members of the organizations they were serving.

K.S.A. 79-4706 (e). Be a volunteer and not be paid or compensated in any way for their participation in conducting the bingo games.

Received compliant bingo workers were recruited by the parlor and compensated.

No violations were found.

K.S.A. 79-4712a. No person or entity shall sell or distribute any bingo faces, bingo cards or instant bingo tickets to any licensee unless such entity has been issued a distributor certificate by the administrator.

Distributor was selling to an organization that did not have current bingo license.

K.S.A. 79-4703 (f) Each registration certificate, or renewal thereof, issued under the provisions of subsection (e) shall expire at midnight on June 30 following its date of issuance.

Organization was playing without a current bingo license.

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: April 9, 2010

AGENDA ITEM: **KHA Reimbursement from Kansas Bred Program**

PRESENTER: Charles LaBoy, Deputy Director of Audit and Electronic Security

ISSUE SUMMARY: The Kansas Horsemen's Association (KHA) is requesting approval and reimbursement of expenses incurred for the operation of the Kansas Bred Program for April 2009 totaling \$2,230.71 and May 2009 totaling \$2,205.06. The expenses presented for reimbursement are consistent with expenses incurred by the KHA in the past.

The Commission is authorized by K.S.A. 74-8830 to "contract with and designate an official registering agency to implement the registration of horses." Funds shall be withdrawn from the Kansas Bred Program account only for maintaining and administering the program and only with the prior approval of the Commission or the Commission's executive director.

COMMISSION ACTION REQUIRED/REQUESTED: Commission discussion, consideration and possible action on the request for reimbursement.

STAFF RECOMMENDATIONS: Staff recommends reimbursement of the April 2009 and May 2009 expenses subject to availability of funds.

MARCH 1, 2010

NEYSA THOMAS
KANSAS RACING COMMISSION
700 SW HARRISON
TOPEKA, KANSAS 66603

DEAR MS. THOMAS.

THE KANSAS HORSEMEN'S ASSOCIATION WOULD LIKE TO REQUEST THAT THE EXPENSES FOR THE MONTH OF APRIL AND MAY BE PUT BEFORE THE COMMISSION FOR APPROVAL OF REIMBURSEMENT. THE APRIL 2009 EXPENSES ARE \$2230.71 AND MAY 2009 EXPENSES ARE \$2205.06. THE AMOUNT REIMBURSED WILL BE SUBJECT TO THE AVAILABILITY OF FUNDS.

SINCERELY,



GARRY STWALLEY
VICE PRESIDENT

KANSAS BRED REGISTRY PROGRAM
Profit & Loss by Class
April 2009

05/27/09

	KS BRED REGISTRY PROGRAM		KS HORSEMEN'S ASSOCIATION		Total unclassified		TOTAL	
	Apr '09	Jan - Apr '09	Apr '09	Jan - Apr '09	Apr '09	Jan - Apr '09	Apr '09	Jan - Apr '09
Income								
KS Domiciled Mare Regist.	0.00	450.00	0.00	0.00	0.00	0.00	0.00	450.00
KS Domic Mare Reg. TB								
Total KS Domiciled Mare Regist.	0.00	450.00	0.00	0.00	0.00	0.00	0.00	450.00
Mare Certifications								
Mare Certifications - QH	0.00	35.00	0.00	0.00	0.00	0.00	0.00	35.00
Mare Certifications - TB	0.00	525.00	0.00	0.00	0.00	0.00	0.00	525.00
Total Mare Certifications	0.00	560.00	0.00	0.00	0.00	0.00	0.00	560.00
Weaning Registrations								
Weanling Reg. - QH	0.00	100.00	0.00	0.00	0.00	0.00	0.00	100.00
Total Weanling Registrations	0.00	100.00	0.00	0.00	0.00	0.00	0.00	100.00
Total Income	0.00	1,110.00	0.00	0.00	0.00	0.00	0.00	1,110.00
Expense								
Service Fee	0.00	0.00	0.00	13.43	0.00	0.00	0.00	13.43
Telephone	0.00	0.00	30.00	118.85	0.00	0.00	30.00	118.85
Analysis Service Charge	1.85	12.59	12.43	38.52	0.00	0.00	14.28	51.11
FICA Expense/Med. Care	0.00	0.00	28.72	114.88	0.00	0.00	28.72	114.88
FICA Expense/SS	0.00	0.00	122.80	491.20	0.00	0.00	122.80	491.20
FUTA Tax Expense	0.00	0.00	56.00	56.00	0.00	0.00	56.00	56.00
Office Supplies	0.00	0.00	0.00	18.15	0.00	0.00	0.00	18.15
Salary Expense	0.00	0.00	1,980.76	7,923.04	0.00	0.00	1,980.76	7,923.04
Uncategorized Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Expense	1.85	12.59	2,230.71	8,774.07	0.00	0.00	2,232.56	8,786.66
Net Income	-1.85	1,097.41	-2,230.71	-8,774.07	0.00	0.00	-2,232.56	-7,676.66

06/10/09

P. 7

785-836-7971

Joyce Billings

(2) 10 09 12:51P

KANSAS BRED REGISTRY PROGRAM Profit & Loss by Class May 2009

	KS BRED REGISTRY PROGRAM		KS HORSEMEN'S ASSOCIATION		TOTAL	
	May '09	Jan - May '09	May '09	Jan - May '09	May '09	Jan - May '09
Income						
KS Domiciled Mare Regist.						
KS Domic Mare Reg. TB	250.00	700.00	0.00	0.00	250.00	700.00
Total KS Domiciled Mare Regist.	250.00	700.00	0.00	0.00	250.00	700.00
Mare Certifications						
Mare Certifications - QH	0.00	35.00	0.00	0.00	0.00	35.00
Mare Certifications - TB	245.00	770.00	0.00	0.00	245.00	770.00
Total Mare Certifications	245.00	805.00	0.00	0.00	245.00	805.00
Two Yr Old and Up Registrations						
Two Yr Old & Up Reg - QH	500.00	500.00	0.00	0.00	500.00	500.00
Two Yr Old & Up Reg. - TB	1,000.00	1,000.00	0.00	0.00	1,000.00	1,000.00
Total Two Yr Old and Up Registrations	1,500.00	1,500.00	0.00	0.00	1,500.00	1,500.00
Weanling Registrations						
Weanling Reg. - QH	50.00	150.00	0.00	0.00	50.00	150.00
Total Weanling Registrations	50.00	150.00	0.00	0.00	50.00	150.00
Total Income	2,045.00	3,155.00	0.00	0.00	2,045.00	3,155.00
Expense						
Service Fee	0.00	0.00	0.00	13.43	0.00	13.43
Telephone	0.00	0.00	60.00	178.85	0.00	178.85
Analysis Service Charge	0.00	12.59	12.78	51.30	0.00	63.89
FICA Expense/Med. Care	0.00	0.00	28.72	143.60	0.00	143.60
FICA Expense/SS	0.00	0.00	122.80	514.00	0.00	614.00
FUTA Tax Expense	0.00	0.00	0.00	56.00	0.00	56.00
Office Supplies	0.00	0.00	1,980.76	18.15	0.00	18.15
Salary Expense	0.00	0.00	0.00	9,903.80	1,980.76	9,903.80
Uncategorized Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Total Expense	0.00	12.59	2,205.06	10,979.13	2,205.06	10,991.72
Net Income	2,045.00	3,142.41	-2,205.06	-10,979.13	-160.06	-7,836.72

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: April 9, 2010

AGENDA ITEM: **Boot Hill Casino and Resort Internal Control Amendments and Related Financial Information.**

PRESENTER: Charles LaBoy, Deputy Director for Audit and Electronic Security

ISSUE SUMMARY: Boot Hill Casino and Resort has submitted their February 2010 Financial Statements and the following amendments to their internal control plan. Due to the confidential nature of this information staff will discuss these items during the executive session.

Waiver/Amendment #	Regulation/IC Reference	Staff Recommendation
BH62	700.070	Approval
BH63	700.070	Approval
BH64	140.070 & 160.060	TBD

COMMISSION ACTION REQUIRED/REQUESTED: Commission review, discussion and action.

STAFF RECOMMENDATIONS: Staff recommendations listed above.

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: April 9, 2010

AGENDA ITEM: KRGC Compliance Audit of Anthony Downs for 2009

PRESENTER: Charles LaBoy, Director of Audit and Electronic Security

ISSUE SUMMARY: At the March 12, 2010 Commission meeting the Anthony Downs 2009 compliance audit was presented by staff for approval. The results of the audit noted there was \$51,061 of profit that staff believed should be reclassified as a liability per the 2009 Commission order granting the parimutuel license to the Anthony Fair Association. The Commission requested feedback from the licensee on this matter as there were no representatives from the licensee in attendance at the meeting. As of the filing of the current agenda packet a written response has not been submitted but staff has discussed this issue with representatives of the Anthony Fair Association who have indicated they are working on a response.

COMMISSION ACTION REQUIRED/REQUESTED: Commission discussion, consideration and possible action on Anthony Down's 2009 financial report.

STAFF RECOMMENDATIONS: No recommendation.

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: April 9, 2010

AGENDA ITEM: **Annual Audited Financial Statements of Wichita Greyhound Charities, Inc. for the year ended December 31, 2009.**

PRESENTER: David Schultz, KRGC Chief Audit Officer

ISSUE SUMMARY: Wichita Greyhound Charities has submitted copies of their 2009 audited financial statements to the Commission for our review.

COMMISSION ACTION REQUIRED/REQUESTED: Commission review and approval of the audited financial statements as submitted.

STAFF RECOMMENDATIONS: Staff recommends approval.

WICHITA GREYHOUND CHARITIES, INC.

FINANCIAL STATEMENTS

**YEARS ENDED
DECEMBER 31, 2009
AND 2008**

WICHITA GREYHOUND CHARITIES, INC.
DECEMBER 31, 2009 AND 2008

CONTENTS

	Page
Independent auditors' report	1
Financial statements	
Balance sheets	2
Statements of operations and deficit	3
Statements of cash flows	4
Notes to financial statements	5 - 6

P B T K

**PIERCY BOWLER
TAYLOR & KERN**

Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT

Board of Directors
Wichita Greyhound Charities, Inc.
Wichita, Kansas

We have audited the accompanying balance sheets of Wichita Greyhound Charities, Inc. (Charities) as of December 31, 2009 and 2008, and the related statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of Charities' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charities as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming Charities will continue as a going concern. As discussed in Note 5b, Wichita Greyhound Park, Inc. which managed and operated the facility from which Charities has historically derived all of its revenues, has suspended operations indefinitely effective October 6, 2007. In addition, Charities has a working capital deficiency of approximately \$14,000 and an operating deficit of approximately \$14,000. These matters and current economic conditions and related uncertainties also discussed in Note 5b raise substantial doubt as to Charities ability to continue as a going concern. Management's plans regarding these matters are also discussed in Note 5b. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Despite the foregoing, we have neither determined nor opined as to whether Charities is solvent or insolvent for bankruptcy or other purposes since such would be a legal determination that may be made only by a court.



March 26, 2010

20th
ANNIVERSARY
2010

WICHITA GREYHOUND CHARITIES, INC.
BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets		
Cash	\$ 32,296	\$ 33,585
Due from Wichita Greyhound Park, Inc.	<u>21,678</u>	<u> </u>
	53,974	33,585
Property and equipment, net of accumulated depreciation and amortization	<u> </u>	<u>161</u>
	<u>\$ 53,974</u>	<u>\$ 33,746</u>
LIABILITIES AND DEFICIT		
Current liabilities		
Due to Wichita Greyhound Park, Inc.		\$ 50,932
Customer deposits	\$ <u>68,061</u>	<u>68,061</u>
	68,061	118,993
Deficit	<u>(14,087)</u>	<u>(85,247)</u>
	<u>\$ 53,974</u>	<u>\$ 33,746</u>

**WICHITA GREYHOUND CHARITIES, INC.
 STATEMENTS OF OPERATIONS AND DEFICIT
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Reimbursed costs and expenses	\$ 71,360	
General and administrative expenses	<u>(200)</u>	\$ <u>(175)</u>
Net income (loss)	<u>\$ 71,160</u>	<u>\$ (175)</u>
Deficit, beginning of year	\$ (85,247)	\$ (85,072)
Net income (loss)	<u>71,160</u>	<u>(175)</u>
Deficit, end of year	<u>\$ (14,087)</u>	<u>\$ (85,247)</u>

**WICHITA GREYHOUND CHARITIES, INC.
 STATEMENTS OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Operating activities		
Net cash used in operating activities and net decrease in cash	\$ (1,289)	\$ (251)
Cash, beginning of year	<u>33,585</u>	<u>33,836</u>
Cash, end of year	<u>\$ 32,296</u>	<u>\$ 33,585</u>
Reconciliation of net loss to net cash used in operating activities		
Net income (loss)	\$ 71,160	\$ (175)
Depreciation	161	185
Increase in operating (assets) liabilities		
Accounts receivable		24,996
Accounts payable and accrued expenses		(54,673)
Due (from) to Wichita Greyhound Park, Inc.	<u>(72,610)</u>	<u>29,416</u>
Net cash used in operating activities	<u>\$ (1,289)</u>	<u>\$ (251)</u>

**WICHITA GREYHOUND CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

1. Nature of operations and background information:

Business activities. Wichita Greyhound Charities, Inc. (Charities), is licensed by the State of Kansas Racing and Gaming Commission (KRGCC) to conduct greyhound races, on which parimutuel wagering is permitted, including the operation and conduct of simulcast racing. However, Wichita Greyhound Park, Inc. (WGP), which managed and operated the facility from which Charities has historically derived all of its revenues, has suspended operations indefinitely on October 6, 2007 (Note 5b).

Management agreement. Charities operated under a management agreement with WGP, a KRGCC licensed facility and manager, to maintain, improve, repair, manage, and operate Wichita Greyhound Park (the Facility), in which WGP holds long-term leasehold rights as a greyhound race track, including simulcast racing. Charities retained 1% of the daily wagers ("handle") on live races and up to 7% on simulcast races and pays the balance as winning parimutuel tickets, purses, taxes, breakage, and a fee to WGP. The fees to WGP are, therefore, in substance, a combination of both management fees and contingent rent for use of the facility, but they cannot practicably be separated. By virtue of the management agreement, WGP is a related party. However, WGP, which managed and operated the Facility from which Charities has historically derived all of its revenues, suspended operations indefinitely on October 6, 2007. At this time, there are no plans to resume the racing operations without legislative and voter approval of re-opening the Facility with the addition of gaming devices.

Under the terms of its management agreement, Charities was reimbursed by Park for salaries and related expenses of the race and parimutuel operations, plus \$100,000 per year (pro rated for periods of operation) for administrative expenses and wages to employ an executive director and staff, and up to a maximum of \$10,000 annually for the cost of any annual audit. Park also provides accounting services for Charities at no charge.

The management agreement continues concurrently with the terms of the respective licenses granted by KRGCC to Charities and WGP, and both have agreed to seek renewals of their respective licenses. However, under certain circumstances, the management agreement may be terminated by either party with a 30- or 45-day notice depending on the circumstance.

Economic conditions and related risks and uncertainties and concentrations. The United States is experiencing a widespread and severe recession accompanied by, among other things, highly curtailed consumer spending for casino gaming and other recreational activity and, among other effects, instability in the commercial and investment banking systems resulting in reduced credit availability, and is engaged in war, all of which are likely to have far reaching effects on economic activity in the country for an indeterminate period. Because Charities is currently licensed to operate exclusively in the Wichita, Kansas area, its future operations, if any, could be affected by adverse economic conditions in the area and nationwide in areas where the inbound simulcast tracks are located (Note 5b). The continuing effects and probable duration of these conditions and related uncertainties on Charities' future operations, if any, cannot be predicted at this time but may be substantial.

2. Summary of significant accounting policies:

Basis of accounting and presentation. Charities has not elected to adopt the option available under Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 825, "Financial Instruments," to measure any of its eligible financial instruments or other items. Accordingly, Charities continues to measure all of its assets and liabilities on the historical cost basis of accounting.

Although organized under state law as a nonprofit corporation, for financial reporting purposes, Charities does not qualify as a not-for-profit organization as defined by the FASB and, therefore, presents its financial statements in a format appropriate for a business enterprise.

Subsequent events. Management of Charities has evaluated subsequent events for possible accounting recognition or disclosure through March 26, 2010, which is the date the financial statements were available to be issued.

Use of estimates. Timely preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect reported amounts, which estimates may require revision in future periods.

Property and equipment. Property and equipment (Note 4) is stated at cost. Depreciation is computed using the straight-line and declining balance methods over the estimated useful lives of the assets.

WICHITA GREYHOUND CHARITIES, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED DECEMBER 31, 2009 AND 2008

Revenues, costs and expenses. All costs and expenses reimbursed by Park are shown gross pursuant to FASB's ASC Topic 605, "Revenue Recognition."

Legal defense costs. Charities does not accrue for estimated future legal and related defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather records such as period costs when the related services are rendered.

Income taxes. Although organized as a nonprofit corporation under state law, with no invested capital, Charities was denied exemption from federal income tax by the Internal Revenue Service (IRS). Accordingly, it is technically subject to both federal and state income taxes. Although it has accumulated net operating loss carryforwards of approximately \$8,000 that expire through 2024, as a result of the state law requiring distributions to qualified charitable organizations (Note 5a), it is unlikely that Charities will ever have taxable income in material amounts. Accordingly, a 100% allowance has effectively been provided for the unrealized tax benefit of the accumulated net operating losses.

Provisions of FASB ASC Topic 740, "Income Taxes," that relate to uncertain tax positions taken in previously filed federal income tax returns that remain subject to examination by the Internal Revenue Service (presently consisting of those for tax years 2006, 2007 and 2008) became applicable to Charities, effective January 1, 2009. However, since there are no uncertain tax provisions that might affect Charities' financial statements, these provisions have no effect on Charities' financial statements.

3. Due (to) from Wichita Greyhound Park, Inc.:

Amounts due (to) from WGP and its wholly-owned subsidiary, as of the balance sheet dates presented, are summarized as follows:

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ (50,932)	\$ (21,516)
Reimbursed costs and expenses*	71,360	
Cash receipts		(29,416)
Cash payments	<u>1,250</u>	
	<u>\$ 21,678</u>	<u>\$ (50,932)</u>

*2009 reimbursement of prior years' unallocated bank fees based on 2009 decision of the respective management of Charities and WGP.

4. Property and equipment, less accumulated depreciation:

As of the balance sheet dates presented, property and equipment consists of the following:

	<u>2009</u>	<u>2008</u>
Equipment, furniture, and fixtures	\$ 8,930	\$ 8,930
Less accumulated depreciation and amortization	<u>(8,930)</u>	<u>(8,769)</u>
	<u>\$</u>	<u>\$ 161</u>

5. Commitments and contingencies:

a. Licensing conditions. Charities is required under state statute and the terms of its KRGC license to distribute all of its net earnings, as defined, if any, to qualified organizations domiciled in Kansas that use the money for charitable purposes within the state. In addition, no more than 25% of the annual amounts distributed in any year may be distributed to any one such organization.

Charities is also required to remit unpaid winnings for the year to KRGC within 61 days of the earlier of year end or suspension of operations.

b. Going concern uncertainty and managements' plans. The accompanying financial statements contemplate continuation of Charities as a going concern. However, on October 6, 2007, WGP which managed and operated the facility from which Charities has historically derived all of its revenues, suspended operations indefinitely. At this time there are no plans to resume racing operations at the facility without legislative and voter approval of re-opening the facility with the addition of gaming devices.

The continued management and operation of the facility by WGP and of Charities, as going concerns will be dependent upon the outcome of the foregoing uncertainties, the continuing financial support of WGP's sole stockholder, and the success of management's plans as described below. Management of both Charities and WGP plan, for the foreseeable future, to continue to support legislative and voter approval to operate gaming devices at the Facility, which has proven to generate additional revenues at similar facilities in locations that allow gaming devices. Unless expanded gaming is approved by the Kansas legislature and requisite others, the sole stockholder of WGP will likely discontinue financial support, and its management will likely discontinue operations permanently.

WICHITA GREYHOUND CHARITIES, INC.

**REQUIRED
COMMUNICATIONS
LETTER**

**TO THE
BOARD OF DIRECTORS**

DECEMBER 31, 2009

WICHITA GREYHOUND CHARITIES, INC.
REQUIRED COMMUNICATIONS LETTER

CONTENTS

	PAGE
Transmittal letter	1
Significant audit adjustments	2
Difficulties encountered in performing the audit	2
Matters involving internal controls	2
Other governance matters	3

P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

Board of Directors
Wichita Greyhound Charities, Inc.
P.O. Box 17087
Wichita, Kansas 67217

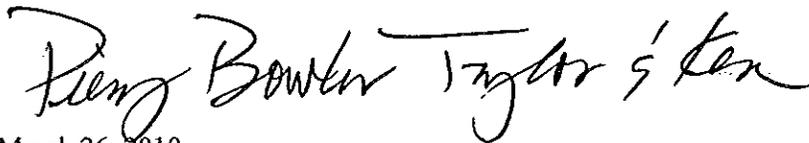
RE: Required Communications

Ladies and gentlemen:

As part of our engagement to audit the financial statements of Wichita Greyhound Charities, Inc. (the Company) as of December 31, 2009 and for the year then ended, we are required under applicable auditing standards to communicate certain matters to those charged with governance responsibilities for the Company for the purpose of assisting them in meeting their responsibilities with regard to the financial reporting process. This report contains those required communications.

The matters reported herein were considered in forming our opinion on the Company's financial statements contained in our report dated March 26, 2010, and these matters do not change that report.

This communication is intended solely for the confidential information and use of those charged with governance and management responsibilities for the Company and others identified below, either receiving a copy or being approved to receive a copy from management. It is not intended to be and should not be used by anyone other than these specified parties.



March 26, 2010

Copies provided to:
Michelle Beneke, Controller
Phillip Ruffin Jr., Director of Operations

20th
ANNIVERSARY
2010

SIGNIFICANT AUDIT ADJUSTMENTS

Our audit resulted in no significant adjustments to the financial statements.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

Management cooperated fully, and no significant difficulties were encountered in completing the December 31, 2009, audit.

MATTERS INVOLVING INTERNAL CONTROL

We planned and performed our audit of the financial statements of the Company as of December 31, 2009 and for the year then ended, in accordance with auditing standards generally accepted in the United States.

Accordingly, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements.

Such procedures were not performed for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

The principal objectives of effective internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that all transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States. The concept of reasonable assurance requires that management, in fulfilling its responsibility, make estimates and judgments to assess the expected benefit and related costs of control procedures. Because of inherent limitations in any internal control, errors or fraudulent acts, particularly when involving forgery and collusion, may occur and not be detected. In addition, there is a risk that procedures may become inadequate in future periods because of changes in conditions and the degree of compliance with the procedures may deteriorate.

Definitions

A *deficiency* in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness yet important enough to merit attention by those with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected on a timely basis. Our consideration of internal control would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

Findings

Our procedures did not identify any internal control deficiencies that we consider to be a material weakness.

OTHER GOVERNANCE MATTERS

Auditors' responsibility under auditing standards generally accepted in the United States. As stated in the first paragraph of our report on the Company's financial statements, our responsibility as independent auditors, under auditing standards generally accepted in the United States, is to express an opinion, based on our audit, on the financial statements, which are the responsibility of the Company's management. Our responsibilities, as contrasted with management's, are spelled out more fully in our letter of engagement.

Despite any limited assistance we may have provided to management in its preparation, our responsibility for information accompanying the financial statements is limited to (1) reading such information to ascertain that it is materially consistent with information presented in the Company's audited financial statements (2) considering whether any statements contained therein may appear to be materially misstated, and (3) assuring the satisfactory resolution of our concerns, if any. In this instance, we performed the required procedures, and any changes requested by us in this process were satisfactorily made and all questions satisfactorily resolved.

In considering the matters reported herein, you should be cognizant of your responsibility for oversight of the financial reporting process and management's responsibilities for establishing and maintaining an effective internal control subject to regulatory and ownership approval, and for the financial statements.

Significant accounting policies. The significant accounting policies employed by the Company are disclosed in the notes to the financial statements and are essentially as prescribed, recommended or permitted under applicable authoritative literature for, or commonly used by, other entities in your industry. The accounting policies have been consistently applied and are not controversial

Significant estimates. The financial statements do not contain any significant management estimates.

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: April 9, 2010

AGENDA ITEM: **Annual Audited Consolidated Financial Statements of Wichita Greyhound Park, Inc. and Subsidiary for the year ended December 31, 2009.**

PRESENTER: David Schultz, KRGC Chief Audit Officer

ISSUE SUMMARY: Wichita Greyhound Park, Inc. has submitted copies of their 2009 audited consolidated financial statements to the Commission for our review.

COMMISSION ACTION REQUIRED/REQUESTED: Commission review and approval of the audited financial statements as submitted.

STAFF RECOMMENDATIONS: Staff recommends approval.

P B T K

**PIERCY BOWLER
TAYLOR & KERN**

Certified Public Accountants
Business Advisors

WICHITA GREYHOUND PARK, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

**YEARS ENDED
DECEMBER 31, 2009
AND 2008**

20th
ANNIVERSARY
2010

**WICHITA GREYHOUND PARK, INC. AND SUBSIDIARY
DECEMBER 31, 2009 AND 2008**

CONTENTS

	Page
Independent auditors' report	1
Consolidated financial statements	
Balance sheets	2
Statements of operations and deficit	3
Statements of cash flows	4
Notes to consolidated financial statements	5 - 7
Supplemental consolidating schedules:	
Balance sheets	8 - 9
Statements of operations and retained earnings (deficit)	10 - 11

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**PIERCY BOWLER
TAYLOR & KERN**

Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT

Board of Directors
Wichita Greyhound Park, Inc.
Wichita, Kansas

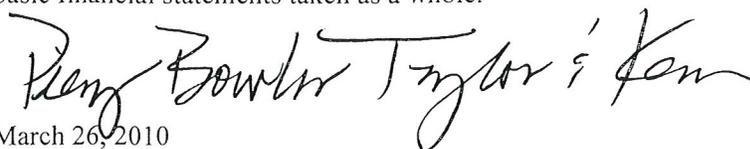
We have audited the accompanying consolidated balance sheets of Wichita Greyhound Park, Inc. and Subsidiary (the Company) as of December 31, 2009 and 2008, and the related statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2009 and 2008, and the consolidated results of its activities and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. However, the Company has been highly dependent upon financial support from its sole stockholder; it has a working capital deficiency of approximately \$590,000, a history of substantial losses resulting in an operating deficit of approximately \$19.4 million, and as discussed in Note 7c, has suspended operations indefinitely effective October 6, 2007. These matters and current economic conditions and related uncertainties also discussed in Note 7c raise substantial doubt as to the Company's ability to continue as a going concern. Management's plans regarding these matters are also discussed in Note 7c. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Despite the foregoing, we have neither determined nor opined as to whether the Company is solvent or insolvent for bankruptcy or other purposes since such would be a legal determination that may be made only by a court.

Our audits were conducted for the purpose of forming an opinion of the basic 2009 and 2008 financial statements taken as a whole. The accompanying supplemental consolidating schedules are presented for the purposes of additional analysis, are not a required part of the basic financial statements and, in our opinion, are fairly stated in all material respects to the basic financial statements taken as a whole.



March 26, 2010

20th
ANNIVERSARY
2010

**WICHITA GREYHOUND PARK, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets		
Cash	\$ 11,218	\$ 67,442
Due from Wichita Greyhound Charities, Inc.		50,932
Prepaid expenses	<u>2,585</u>	<u>3,353</u>
	13,803	121,727
Property and equipment, net of accumulated depreciation and amortization	<u>14,854,042</u>	<u>14,839,790</u>
	<u>\$ 14,867,845</u>	<u>\$ 14,961,517</u>
LIABILITIES AND STOCKHOLDER'S EQUITY DEFICIENCY		
Current liabilities		
Current portion of long-term debt	\$ 425,004	\$ 6,410,397
Accounts payable	5,932	18,977
Accrued expenses	148,598	153,649
Due to Wichita Greyhound Charities, Inc.	<u>21,678</u>	<u> </u>
	601,212	6,583,023
Long-term debt, net of current portion	<u>33,691,148</u>	<u>26,855,303</u>
	<u>34,292,360</u>	<u>33,438,326</u>
Stockholder's equity deficiency		
Common stock, \$1 par, 500,000 shares authorized, 250,000 shares issued and outstanding	250,000	250,000
Deficit	<u>(19,674,515)</u>	<u>(18,726,809)</u>
	<u>(19,424,515)</u>	<u>(18,476,809)</u>
	<u>\$ 14,867,845</u>	<u>\$ 14,961,517</u>

See notes to consolidated financial statements.

WICHITA GREYHOUND PARK, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Operating costs and expenses		
Cost and expense reimbursements	\$ 71,360	
Land lease	81,667	\$ 80,500
Other selling, general, and administrative	494,520	763,354
Depreciation and amortization	<u>214,454</u>	<u>221,656</u>
	<u>862,001</u>	<u>1,065,510</u>
Loss from operations	(862,001)	(1,065,510)
Other income (expense)		
Interest expense	(85,726)	(255,263)
Other, net	<u>21</u>	<u>(76)</u>
Net loss	\$ <u>(947,706)</u>	\$ <u>(1,320,849)</u>
Deficit, beginning of year	\$ (18,726,809)	\$ (17,405,960)
Net loss	<u>(947,706)</u>	<u>(1,320,849)</u>
Deficit, end of year	\$ <u>(19,674,515)</u>	\$ <u>(18,726,809)</u>

**WICHITA GREYHOUND PARK, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Operating activities		
Net cash used in operating activities	\$ <u>(677,970)</u>	\$ <u>(3,577,390)</u>
Investing activities		
Purchase of property and equipment	(228,706)	(3,371,522)
Proceeds from sale of property and equipment	<u> </u>	<u>240,174</u>
Net cash used in investing activities	<u>(228,706)</u>	<u>(3,131,348)</u>
Financing activities		
Proceeds from borrowings	1,310,873	7,042,761
Repayment of borrowings	<u>(460,421)</u>	<u>(389,587)</u>
Net cash provided by financing activities	<u>850,452</u>	<u>6,653,174</u>
Net decrease in cash	(56,224)	(55,564)
Cash, beginning of year	<u>67,442</u>	<u>123,006</u>
Cash, end of year	<u>\$ 11,218</u>	<u>\$ 67,442</u>

WICHITA GREYHOUND PARK, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

1. Nature of operations and background information:

Business activities. Wichita Greyhound Park, Inc. (WGP), a wholly-owned subsidiary of Ruffin Holdings, Inc. (RHI), and its wholly-owned subsidiary, WGP Concessions, Inc. (collectively, the Company), are licensed by the State of Kansas Racing and Gaming Commission (KRGC) to operate racetrack facilities with parimutuel wagering. However, the only two racetrack facilities of the Company in the State of Kansas are Wichita Greyhound Park (Park), which suspended operations indefinitely on October 6, 2007 (Note 7d), and Camptown Greyhound Park (Camptown), which is currently idle and has been for several years. The Company is also licensed by KRGC to operate food and beverage activities at Park.

WGP management agreements. WGP has a management agreement with Wichita Greyhound Charities, Inc., a Kansas not-for-profit corporation (Charities). By virtue of the management agreement, Charities is a related party. It is also licensed by the KRGC to conduct greyhound races at Park, on which parimutuel wagering is permitted, including the operation and conduct of simulcast racing. The fees from Charities are, in substance, a combination of both management fees and contingent rent for use of the facility, but they cannot be separated.

Under terms of the management agreement, WGP reimbursed Charities for salaries and related expenses of the race and mutuel operations plus \$100,000 per year (pro rated for periods of operation) for administrative expenses and wages to employ an executive director and staff, and up to a maximum of \$10,000 annually for the cost of any annual audit. WGP also provides accounting services for Charities at no charge.

The management agreement continues concurrently with the terms of the respective licenses granted by the KRGC to WGP and Charities, both have agreed to seek renewals of their respective licenses. However, under certain circumstances, the management agreement may be terminated by either party with a 30- or 45- day notice depending on the circumstance.

WGP has a management agreement with The Racing Association of Kansas Southeast, a Kansas not-for-profit corporation (TSE), an organization licensee formerly licensed by the State of Kansas to conduct greyhound races at Camptown, on which parimutuel wagering is permitted, including the operation and conduct and of simulcast racing. The terms of the agreement are similar to the Charities agreement described above, but will not be effective until the Company and TSE are fully licensed and begin operations at the renovated Camptown facility.

Economic conditions and related risks and uncertainties and concentrations. The United States is experiencing a widespread and severe recession accompanied by, among other things, highly curtailed consumer spending for casino gaming and other recreational activity and, among other effects, instability in the commercial and investment banking systems resulting in reduced credit availability, and is engaged in war, all of which are likely to have far reaching effects on economic activity in the country for an indeterminate period. Because the Company is currently licensed to operate exclusively in Kansas, its future operations, if any, could be affected by adverse economic conditions in the area and nationwide in areas where the inbound simulcast tracks are located (Note 7c). The continuing effects and probable duration of these conditions and related uncertainties on Charities' future operations and the Company's sole stockholder's continuing financial support (Note 7c), if any, cannot be predicted at this time but may be substantial.

2. Summary of significant accounting policies:

Basis of accounting and presentation. The Company has not elected to adopt the option available under Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 825, "Financial Instruments," to measure any of its eligible financial instruments or other items. Accordingly, the Company continues to measure all of its assets and liabilities on the historical cost basis of accounting.

The consolidated financial statements include the accounts of WGP and its subsidiary. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Subsequent events. Management of the Company has evaluated subsequent events for possible accounting recognition or disclosure through March 26, 2010, which is the date the financial statements were available to be issued.

Use of estimates. Timely preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts, which estimates may require revision in future periods.

Property and equipment. Property and equipment (Note 3) is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which for leasehold improvements is limited to the term of the lease, including renewal option periods so long as management intends to exercise them.

WICHITA GREYHOUND PARK, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED DECEMBER 31, 2009 AND 2008

In accordance with FASB ASC Topic 360, "Property, Plant, and Equipment," depreciation at the currently idle facilities continues even though operations have ceased, at least temporarily. The Company performs a review of long-lived assets annually or whenever there might be in impairment "triggering" event. No impairments of property and equipment were identified as a result of these impairment reviews.

Legal defense costs. The Company does not accrue for estimated future legal and related defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather records such as period costs when the related services are rendered.

Income taxes. WGP and its subsidiary, with the consent of RHI, have elected under the Internal Revenue Code to be taxed as qualified "S Corporation" subsidiaries of RHI. Accordingly, no provision or liability for federal income tax or benefit has been included in the accompanying financial statements.

Provisions of FASB ASC Topic 740, "Income Taxes," that relate to uncertain tax positions taken in previously filed federal income tax returns that remain subject to examination by the Internal Revenue Service (presently consisting of those for tax years 2006, 2007 and 2008) became applicable to the Company, effective January 1, 2009. However, since there are no conditions or uncertainties that would present any risk of retroactive loss of its pass-through status, these provisions have had no material effect on the Company's financial statements.

3. Property and equipment, less accumulated depreciation and amortization:

As of the balance sheet dates presented, property and equipment consists of the following:

	<u>2009</u>	<u>2008</u>
Construction in progress	\$ 452,750	\$ 452,750
Land	2,148,338	2,148,338
Land improvements	2,949,415	2,721,267
Building and building improvements	2,189,305	2,189,365
Leasehold improvements	161,149	161,149
Personal property under capital leases	<u>10,592,301</u>	<u>10,592,301</u>
	18,493,258	18,265,170
Less accumulated depreciation and amortization	<u>(3,639,216)</u>	<u>(3,425,380)</u>
	<u>\$ 14,854,042</u>	<u>\$ 14,839,790</u>

4. Due (to) from Wichita Greyhound Charities, Inc.:

Amounts due (to) from Charities, as of the balance sheet dates presented, are summarized as follows:

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 50,932	\$ 21,516
Reimbursed costs and expenses	(71,360)	
Cash payments		29,416
Cash receipts	<u>(1,250)</u>	
Balance, end of year	<u>\$ (21,678)</u>	<u>\$ 50,932</u>

5. Long-term debt:

Long-term debt consists of the following:

	<u>2009</u>	<u>2008</u>
Bank note payable at LIBOR (0.231% at December 31, 2009) plus 1% collateralized by Park property and equipment, historically payable in monthly principal installments aggregating to \$425,004 annually, plus interest, with the remaining balance due in total on November 29, 2011	\$ 5,949,976	\$ 6,410,397
Due to stockholder (Note 6)	<u>28,166,176</u>	<u>26,855,303</u>
	34,116,152	33,265,700
Less current portion	<u>(425,004)</u>	<u>(6,410,397)</u>
	<u>\$ 33,691,148</u>	<u>\$ 26,855,303</u>

The bank note payable is associated with a credit agreement entered into between the bank and the sole stockholder of RHI, under which the Company's sole stockholder and two commonly-owned affiliates not included in these financial statements have borrowings outstanding, all of which are guaranteed by each other. As a result, as of December 31, 2009, the Company is contingently liable as guarantor for the obligations of others approximating \$8.5 million.

As of the latest balance sheet date presented, maturities of long-term debt are as follows:

2010	\$ 425,004
2011	<u>33,691,148</u>
	<u>\$ 34,116,152</u>

6. Due to stockholder:

Due to stockholder consists of the balance of non-interest bearing amounts advanced to the Company without collateral and without definite due date. The stockholder has agreed, however, not to demand repayment during the

WICHITA GREYHOUND PARK, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED DECEMBER 31, 2009 AND 2008

next year (Note 7c). Changes in this obligation for the periods presented are as follows:

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 26,855,303	\$ 19,812,542
Proceeds from new advances	<u>1,310,873</u>	<u>7,042,761</u>
	<u>\$ 28,166,176</u>	<u>\$ 26,855,303</u>

7. Commitments and contingencies:

a. Lease commitments. The Company has an operating lease commitment with Sedgwick County, Kansas, for the land on which the Park racing facility is situated. The land lease contains several automatic renewal options of five years each and is presently in the first of which, ending September 2014. Future minimum lease payments for operating leases with remaining noncancellable terms in excess of one year is as follows:

2010	\$ 84,000
2011	84,000
2012	84,000
2013	84,000
2014	85,167

Rent expense for all operating leases was approximately \$81,667 and \$80,500 during the periods presented.

b. Profit-sharing plan. The Company participates in a defined contribution plan qualified under IRS regulations sponsored by an affiliated company owned by its stockholder. Participation in the plan is available to all eligible Company employees. Contributions to the plan are made annually at the discretion of management but were suspended on April 1, 2009. For the operating periods presented, contributions were not material.

c. Going concern uncertainty and management's plans. The accompanying financial statements contemplate continuation of the Company as a going concern. However, in 2007, subsequent to approval by the Kansas legislature and requisite others, the Company began renovations at its Camptown facility to re-open the idle racetrack facility with gaming devices, but the respective regulatory bodies have been unable to reach a mutually satisfactory agreement for the operation of gaming devices. Accordingly, the Company suspended renovations indefinitely in January 2008, pending a mutually satisfactory agreement for the operation of gaming devices. In addition, on October 6, 2007, the Company suspended its Park operations indefinitely. At this time there are no plans to resume Park racing operations without legislative

and voter approval of re-opening the facility with the addition of gaming devices. The continued management and operation of the Company as a going concern will be dependent upon the outcome of the foregoing uncertainties and the success of management's plans as described below.

Management plans, for the foreseeable future, to continue to fully support efforts to obtain legislative approval to operate gaming devices at Park and to reach a mutually satisfactory agreement for the operations of gaming devices at Camptown, which activity has proven at similar facilities in locations to be capable of generating substantial additional revenues. If expanded gaming activity is not approved by the Kansas legislature and requisite others, and if a mutually satisfactory agreement for the operation of gaming devices is not reached, the Company's sole stockholder will likely discontinue financial support, and management will likely discontinue operations at Park and/or Camptown permanently.

8. Supplemental cash flow information:

	<u>2009</u>	<u>2008</u>
Reconciliation of net loss to net cash used in operating activities:		
Net loss	\$ (947,706)	\$ (1,320,849)
Depreciation and amortization	214,454	221,384
Increase in operating assets (liabilities)		
Accounts receivable		4,746
Due from Wichita Greyhound Charities, Inc.	50,932	(29,416)
Prepaid expenses	768	102,786
Deposits		2,000
Accounts payable	(13,045)	(2,422,974)
Accrued expenses	(5,051)	(135,067)
Due to Wichita Greyhound Charities, Inc.	<u>21,678</u>	<u> </u>
Net cash used in operating activities	<u>\$ (677,970)</u>	<u>\$ (3,577,390)</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ 88,665</u>	<u>\$ 272,564</u>

WICHITA GREYHOUND PARK, INC. AND SUBSIDIARY
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2009

	Wichita Greyhound Park, Inc.		WGP		Consolidated	
	Wichita Greyhound Park Division	Camptown Greyhound Park Division	Concessions, Inc.	Eliminations	Totals	
ASSETS						
Current assets						
Cash	\$ 8,271	\$ 2,947	\$ 487,659	\$ (487,659)	\$	\$ 11,218
Due from affiliates	84		2,501			2,585
Prepaid expenses	8,355	2,947	490,160	(487,659)		13,803
Property and equipment, net of accumulated depreciation and amortization	2,139,979	12,714,063				14,854,042
Deposits	10,325			(10,325)		
	<u>\$ 2,158,659</u>	<u>\$ 12,717,010</u>	<u>\$ 490,160</u>	<u>\$ (497,984)</u>	<u>\$</u>	<u>\$ 14,867,845</u>
LIABILITIES AND OWNERS' EQUITY DEFICIENCY						
Current liabilities						
Current portion of long-term debt	\$ 425,004				\$	\$ 425,004
Accounts payable	5,507	425				5,932
Accrued expenses	97,927	50,671				148,598
Due to Wichita Greyhound Charities, Inc.	21,678					21,678
Due to affiliates	464,589	23,070		\$ (487,659)		
	1,014,705	74,166		(487,659)		601,212
Long-term debt, net of current portion	17,376,901	16,314,247				33,691,148
	<u>18,391,606</u>	<u>16,388,413</u>		<u>(487,659)</u>		<u>34,292,360</u>
Stockholder's equity (deficiency)						
Common stock	250,000		\$ 1,000	(1,000)		250,000
Additional paid-in capital	(16,482,947)	(3,671,403)	9,325	(9,325)		(19,674,515)
Deficit	(16,232,947)	(3,671,403)	479,835	(10,325)		(19,424,515)
	∞		490,160	(10,325)		(19,424,515)
	<u>\$ 2,158,659</u>	<u>\$ 12,717,010</u>	<u>\$ 490,160</u>	<u>\$ (497,984)</u>	<u>\$</u>	<u>\$ 14,867,845</u>

WICHITA GREYHOUND PARK, INC. AND SUBSIDIARY
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2008

	Wichita Greyhound Park, Inc.			Eliminations	Consolidated Totals
	Wichita Greyhound Park Division	Camptown Greyhound Park Division	WGP Concessions, Inc.		
ASSETS					
Current assets					
Cash	\$ 46,024	\$ 21,413			\$ 67,442
Due from Wichita Greyhound Charities, Inc.	50,932				50,932
Due from affiliates		\$ 487,659		\$ (487,659)	
Prepaid expenses	84	768	2,501		3,353
	97,040	22,186	490,160	(487,659)	121,727
Property and equipment, net of accumulated depreciation and amortization	2,050,315	12,789,475			14,839,790
Deposits	10,325			(10,325)	
	\$ 2,157,680	\$ 12,811,661	\$ 490,160	\$ (497,984)	\$ 14,961,517
LIABILITIES AND OWNERS' EQUITY DEFICIENCY					
Current liabilities					
Current portion of long-term debt	\$ 6,410,397				\$ 6,410,397
Accounts payable	18,731	246			18,977
Accrued expenses	93,152	60,497			153,649
Due to affiliates	462,589	25,070		\$ (487,659)	
	6,984,869	85,813		(487,659)	6,583,023
Long-term debt, net of current portion	10,633,194	16,222,109			26,855,303
	17,618,063	16,307,922		(487,659)	33,438,326
Stockholder's equity (deficiency)					
Common stock	250,000		\$ 1,000	(1,000)	250,000
Additional paid-in capital			9,325	(9,325)	
Retained deficit	(15,710,383)	(3,496,261)	479,835		(18,726,809)
	(15,460,383)	(3,496,261)	490,160	(10,325)	(18,476,809)
	\$ 2,157,680	\$ 12,811,661	\$ 490,160	\$ (497,984)	\$ 14,961,517

WICHITA GREYHOUND PARK, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)
YEAR ENDED DECEMBER 31, 2009

	Wichita Greyhound Park, Inc.			WGP Concessions, Inc.	Consolidated Totals
	Wichita Greyhound Park Division	Camptown Greyhound Park Division			
Other operating costs and expenses					
Cost and expense reimbursements	\$ 71,360				\$ 71,360
Land lease cost	81,667				81,667
Other selling, general and administrative	394,790	\$ 99,730			494,520
Depreciation and amortization	139,042	75,412			214,454
	<u>686,859</u>	<u>175,142</u>			<u>862,001</u>
Income (loss) from operations	(686,859)	(175,142)			(862,001)
Other income (expense)					
Interest expense	(85,726)				(85,726)
Other, net	21				21
Net income (loss)	(772,564)	(175,142)			(947,706)
Retained earnings (deficit), beginning of year	(15,710,383)	(3,496,261)	\$ 479,835		(18,726,809)
Retained earnings (deficit), end of year	<u>\$ (16,482,947)</u>	<u>\$ (3,671,403)</u>	<u>\$ 479,835</u>		<u>\$ (19,674,515)</u>

WICHITA GREYHOUND PARK, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)
YEAR ENDED DECEMBER 31, 2008

	Wichita Greyhound Park, Inc.				Consolidated Totals
	Wichita Greyhound Park Division	Camptown Greyhound Park Division	WGP Concessions, Inc.	WGP Concessions, Inc.	
Other operating costs and expenses					
Land lease cost	\$ 80,500				\$ 80,500
Other selling, general and administrative	342,985	\$ 420,006	\$ 363		763,354
Depreciation and amortization	147,168	74,488			221,656
	<u>570,653</u>	<u>494,494</u>	<u>363</u>		<u>1,065,510</u>
Income (loss) from operations	(570,653)	(494,494)	(363)		(1,065,510)
Other income (expense)					
Interest expense	(255,158)	(96)	(9)		(255,263)
Other, net	(76)				(76)
Net income (loss)	(825,887)	(494,590)	(372)		(1,320,849)
Retained earnings (deficit), beginning of year	(14,884,496)	(3,001,671)	480,207		(17,405,960)
Retained earnings (deficit), end of year	<u>\$ (15,710,383)</u>	<u>\$ (3,496,261)</u>	<u>\$ 479,835</u>		<u>\$ (18,726,809)</u>

WICHITA GREYHOUND PARK, INC. AND SUBSIDIARY

**REQUIRED
COMMUNICATIONS
LETTER**

**TO THE
BOARD OF DIRECTORS**

DECEMBER 31, 2009

WICHITA GREYHOUND PARK, INC. AND SUBSIDIARY
REQUIRED COMMUNICATIONS LETTER

CONTENTS

	PAGE
Transmittal letter	1
Significant audit adjustments	2
Difficulties encountered in performing the audit	2
Matters involving internal controls	2
Other governance matters	3

P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

Board of Directors
Wichita Greyhound Park, Inc. and Subsidiary
P.O. Box 17087
Wichita, Kansas 67217

RE: Required Communications

Ladies and gentlemen:

As part of our engagement to audit the consolidated financial statements of Wichita Greyhound Park, Inc. and Subsidiary (the Company) as of December 31, 2009 and for the year then ended, we are required under applicable auditing standards to communicate certain matters to those charged with governance responsibilities for the Company for the purpose of assisting them in meeting their responsibilities with regard to the financial reporting process. This report contains those required communications.

The matters reported herein were considered in forming our opinion on the Company's consolidated financial statements contained in our report dated March 26, 2010, and these matters do not change that report.

This communication is intended solely for the confidential information and use of those charged with governance and management responsibilities for the Company and others identified below, either receiving a copy or being approved to receive a copy from management. It is not intended to be and should not be used by anyone other than these specified parties.



March 26, 2010

Copies provided to:
Michelle Beneke, Controller
Phillip Ruffin Jr., Director of Operations

20th
ANNIVERSARY
2010

SIGNIFICANT AUDIT ADJUSTMENTS

Our audit resulted in no significant adjustments to the consolidated financial statements.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

Management cooperated fully, and no significant difficulties were encountered in completing the December 31, 2009, audit.

MATTERS INVOLVING INTERNAL CONTROL

We planned and performed our audit of the consolidated financial statements of the Company as of December 31, 2009 and for the year then ended, in accordance with auditing standards generally accepted in the United States.

Accordingly, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements.

Such procedures were not performed for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

The principal objectives of effective internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that all transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States. The concept of reasonable assurance requires that management, in fulfilling its responsibility, make estimates and judgments to assess the expected benefit and related costs of control procedures. Because of inherent limitations in any internal control, errors or fraudulent acts, particularly when involving forgery and collusion, may occur and not be detected. In addition, there is a risk that procedures may become inadequate in future periods because of changes in conditions and the degree of compliance with the procedures may deteriorate.

Definitions

A *deficiency* in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness yet important enough to merit attention by those with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's consolidated financial statements will not be prevented or detected on a timely basis. Our consideration of internal control would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

Findings

Our procedures did not identify any internal control deficiencies that we consider to be a material weakness.

OTHER GOVERNANCE MATTERS

Auditors' responsibility under auditing standards generally accepted in the United States. As stated in the first paragraph of our report on the Company's consolidated financial statements, our responsibility as independent auditors, under auditing standards generally accepted in the United States, is to express an opinion, based on our audit, on the consolidated financial statements, which are the responsibility of the Company's management. Our responsibilities, as contrasted with management's, are spelled out more fully in our letter of engagement.

Despite any limited assistance we may have provided to management in its preparation, our responsibility for information accompanying the consolidated financial statements is limited to (1) reading such information to ascertain that it is materially consistent with information presented in the Company's audited consolidated financial statements (2) considering whether any statements contained therein may appear to be materially misstated, and (3) assuring the satisfactory resolution of our concerns, if any. In this instance, we performed the required procedures, and any changes requested by us in this process were satisfactorily made and all questions satisfactorily resolved.

In considering the matters reported herein, you should be cognizant of your responsibility for oversight of the financial reporting process and management's responsibilities for establishing and maintaining an effective internal control subject to regulatory and ownership approval, and for the consolidated financial statements.

Significant accounting policies. The significant accounting policies employed by the Company are disclosed in the notes to the consolidated financial statements and are essentially as prescribed, recommended or permitted under applicable authoritative literature for, or commonly used by, other entities in your industry. The accounting policies have been consistently applied and are not controversial

Significant estimates. The consolidated financial statements do not contain any significant management estimates except with regard to depreciation or amortization, useful lives and impairment considerations relative to property and equipment.

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: April 9, 2010

AGENDA ITEM: **Extension request on the annual audited financial statements of The Racing Association of Kansas East for the year ended December 31, 2009.**

PRESENTER: Charles LaBoy, Director of Audit and Electronic Security

ISSUE SUMMARY: Kansas Racing, LLC has requested a 60 day extension for the submission of their 2009 audited financial statements.

K.A.R. 112-3-15 states that the annual financial audit is due on or before 90 days after the license's fiscal year end.

COMMISSION ACTION REQUIRED/REQUESTED: Commission review and consideration of the extension request.

STAFF RECOMMENDATIONS: No recommendation.

Charles LaBoy

From: David Schultz
Sent: Thursday, April 01, 2010 12:41 PM
To: Charles LaBoy
Subject: FW: 2009 Audits

Here is Nancy's reply. What should we do on the extension request?

From: Nancy Wheatley [mailto:nwheatley@gracestjo.com]
Sent: Thursday, April 01, 2010 12:42 PM
To: David Schultz
Subject: RE: 2009 Audits

Dave,

I was just talking to Bruce this morning about needing to email you to request an extension of time for the audits.

We have not yet gotten the audits completed. When I was hoping we could modify the reporting requirement and was emailing you and Charles about that at the beginning of the year, I put off getting us on our regular audit schedule until I could determine exactly what we'd need to do. Unfortunately, their audit schedules filled up and I've been busy with a bunch of other things as well. Anyway, I will get with them to get the process moving ASAP and will keep you posted on progress. We'd like to request a 60-day extension of time to get everything completed and the audit reports filed. Let me know if I need to submit a formal request letter or anything.

Thanks,

Nancy E. Wheatley
Director of Finance
W.M. Grace Companies
St. Joseph, MO
Phone: 816/233-8285
Fax: 816/233-8240

From: David Schultz [mailto:David.Schultz@krgc.ks.gov]
Sent: Thursday, April 01, 2010 10:22 AM
To: Nancy Wheatley
Subject: 2009 Audits

I was wondering what is the status of the 2009 audits of TRAK E and WDS?

Please note my new e-mail address.

David J. Schultz, CPA
Chief Audit Officer
Kansas Racing and Gaming Commission
700 SW Harrison #500
Topeka, Ks 66603
Phone: 785-296-8353 Fax: 785-296-0900
E-mail: david.schultz@krgc.ks.gov

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: April 9, 2010

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PRESENTER: Charles LaBoy, Director of Audit and Electronic Security

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STAFF RECOMMENDATIONS: No recommendation.

Charles LaBoy

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Thanks,

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Director of Finance
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Please note my new e-mail address.

David J. Schultz, CPA
Chief Audit Officer
Kansas Racing and Gaming Commission
700 SW Harrison #500
Topeka, Ks 66603
Phone: 785-296-8353 Fax: 785-296-0900
E-mail: david.schultz@krgc.ks.gov

Kansas Racing and Gaming Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: April 9, 2010

AGENDA ITEM: **Presentation of Annual Report for the year 2009**

PRESENTER: Stephen Martino, Executive Director

ISSUE SUMMARY: Commission staff has developed the Annual Report for the calendar year 2009.

COMMISSION ACTION REQUIRED/REQUESTED: Commission review and approval.

STAFF RECOMMENDATIONS: Staff recommends approval.

April 2010 - March 2011

Kansas Racing and Gaming Commission Planner

Apr 2010						
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11	12	13	14	15	16	17
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APRIL

9 Commission Meeting (rescheduled from April 16)

MAY

14 Commission Meeting

JUNE

3 Commission Meeting (rescheduled from June 11)

JULY

16 Commission Meeting

AUGUST

13 Commission Meeting

SEPTEMBER

10 Commission Meeting (rescheduled from September 17)

OCTOBER

13 Commission Meeting

NOVEMBER

12 Commission Meeting

DECEMBER

17 Commission Meeting

Oct 2010						
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