

HOW IT WORKS

The Club was founded to make direct participation in the thrilling sport of thoroughbred racing possible for all the viewers of Jay C. Nehf YouTube channel. To do this, two tasks must be accomplished: the purchase of a competitive horse and elimination of on-going bills for the cost of campaigning the horse.

The California Thoroughbred Racing Club has developed a business model to address these challenges. The funds needed to do this will be provided by the accumulated Club membership fees. Raising sufficient funds to purchase and maintain the horse in advance of the purchase allows the Club to proceed without any further fees or charges. Members will pay a one time membership fee of **\$128.00**. There will be 2,000 memberships sold. Memberships are non-refundable and non-transferable. In order to assure sufficient funds for the purchase and the campaign expenses before buying the horse, all memberships must be sold by October 1, 2020. If not, money paid for memberships will be refunded minus a handling fee of 10%.

The plan entails purchasing a yearling at the Fasig Tipton California Fall sale. We will purchase a yearling that is registered as California bred. By doing so the Club can spend significantly less money than would be needed to purchase a Kentucky bred horse. A good Cal-bred racing prospect will race for the same purses as unrestricted races plus they are eligible for cash bonuses as a California bred. It is estimated that a yearling of sufficient quality to achieve success will cost \$75,000.00 to \$85,000.00. Sales tax applies to the purchase of horses and the current rate is 10.25%.

Campaigning a race horse is very expensive. However, by pooling our resources (membership fees), it can be achieved. In doing so, we must limit the length of the campaign in order to fix the total cost of the campaign. It costs approximately \$50,000.00 per year to campaign a race horse. This does not include the highly variable veterinarian expenses. A separate allocation has been designated from the membership fund to cover veterinary expenses. The Club is committed to supporting and campaigning the horse from the time of the purchase through the horse's 3 year old racing season, 26 months. The Club's main goal is to race in the \$200,000.00 California Cup Derby a race restricted to 3 year old California bred colts (male) or the \$200,000.00 California Cup Oaks for fillies (female). All maintenance, training, veterinarian costs and insurance are provided for the horse through it's 3 year old campaign.

At the end of the 3 year old campaign the status of the horse will be resolved by the sale of the horse to the highest bidder or by retirement from racing. We

will use a certified Thoroughbred adoption agency, whichever is in the best interest of both the Club and protection of the horse's well being as determined by trainer Jay C. Nehf on or before December 1, 2020.

Should the horse become sick, injured or otherwise unable to continue racing trainer Jay C. Nehf reserves the right to retire the horse and disburse any unused funds to the members.

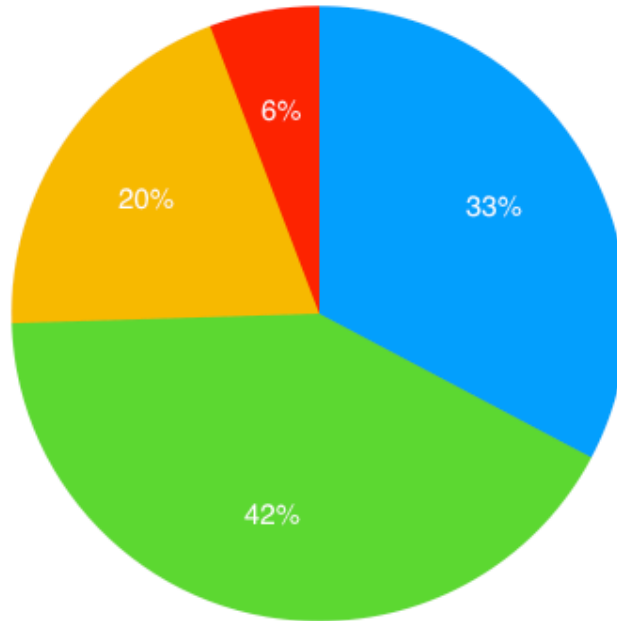
On the business side, in order to contain costs of operating the Club, the business of the Club will be managed by California Thoroughbred Club, LLC. The California Thoroughbred Club, LLC will be managed by Jay C. Nehf and shall receive as compensation for management of the Club the sum \$1,200.00 per month. Mr. Nehf has put together a group of professionals which include an attorney, a banker, and bookkeeper who have agreed to work for the management for a percentage of the horse's winnings as opposed to billing the Club for services rendered. This is a substantial cost benefit to the Club. The percentage shall be 20% of the net earning of the horse but does not include California Owners Awards. The management shall receive 20% of the net sale of the horse at the conclusion of the horse's 3 year old campaign.

The Club shall receive 80% of the net earnings and 100% of California Owners Awards earned by the horse. After each race the race track deducts automatically 10% for jockey fees, 10% for trainer fees and other fees such as Lasix administration. The remaining amount is the net earnings. The Club will also receive 80% of the net sale of the horse after the horse's 3 year old campaign. Memberships' earnings will be paid on December 7, 2021 and December 7, 2022 or after the sale of the horse.

Purchasing membership in the Club should be regarded as highly speculative and should be considered entertainment. Jay C. Nehf and the Club's management do not guarantee the success or performance of the horse or the Club. The Club will purchase Mortality Insurance on the horse but any insurance claim paid is based on the value of the horse.

Allocation of Membership Fund

● purchase price ● training ● management ● Vet Fund



Allocation of Purse Earnings

● club earnings ● admin/mgmt

