MARYLAND STATE FAIR AND
AGRICULTURAL SOCIETY, INCORPORATED

AUDITED FINANCIAL STATEMENTS

OCTOBER 31, 2010
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INDEPENDENT AUDITOR’S REPORT

Board of Directors
Maryland State Fair and Agricultural Society, Incorporated
Timonium, Maryland

We have audited the accompanying statements of financial position of the Maryland State Fair and Agricultural Society, Inc. (a nonprofit organization) as of October 31, 2010 and 2009, and the related statements of activities and changes in net assets, changes in shareholders’ equity, and cash flows for the years then ended. These financial statements are the responsibility of the Organization’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 of America. Those standards require that we plan and perform the audit 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 the Maryland State Fair and Agricultural Society, Inc. as of October 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

December 8, 2010
MARYLAND STATE FAIR AND AGRICULTURAL SOCIETY, INCORPORATED

Statements of Financial Position
October 31, 2010 and 2009

<table>
<thead>
<tr>
<th>Assets</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,478,958</td>
<td>$1,295,479</td>
</tr>
<tr>
<td>Investments - at fair market value</td>
<td>4,188,665</td>
<td>3,796,361</td>
</tr>
<tr>
<td>Investments - scholarship fund - at fair market value</td>
<td>598,437</td>
<td>524,015</td>
</tr>
<tr>
<td>Accounts receivable - net of allowance of $50,000</td>
<td>253,871</td>
<td>282,637</td>
</tr>
<tr>
<td>Prepaid expenses and other receivables</td>
<td>120,320</td>
<td>121,327</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>6,640,251</td>
<td>6,019,819</td>
</tr>
</tbody>
</table>

| Property and Equipment - At Cost:          |                |                |
| Land                                       | 2,171,245      | 2,171,245      |
| Buildings and land improvements            | 19,381,788     | 19,230,800     |
| Furniture, fixtures and equipment          | 1,517,613      | 1,599,008      |
|                                              | 23,070,646     | 23,001,053     |
| Less allowance for depreciation            | 17,839,480     | 17,592,602     |
| Net Property and Equipment                 | 5,231,166      | 5,408,451      |

| Other Assets:                              |                |                |
| Split-interest trust                        | 156,304        | 144,877        |
| Note receivable from split-interest trust   | 18,500         | 18,500         |
|                                              | 174,804        | 163,377        |

| Total Assets                                | $12,046,221    | $11,591,647    |

The accompanying notes are an integral part of these financial statements.
## Liabilities and Shareholders' Equity

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$123,570</td>
<td>$40,705</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>65,319</td>
<td>60,238</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>52,750</td>
<td>47,014</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>241,639</td>
<td>147,957</td>
</tr>
</tbody>
</table>

| **Shareholders' Equity:** | | |
| Capital stock, par value $5 per share - authorized | | |
| 2,200 shares; 1,559 outstanding | 7,630 | 7,630 |
| Net assets - unrestricted | 11,796,952 | 11,436,060 |

| **Total Shareholders' Equity** | 11,804,582 | 11,443,690 |

| **Total Liabilities and Shareholders' Equity** | $12,046,221 | $11,591,647 |
MARYLAND STATE FAIR AND AGRICULTURAL SOCIETY, INCORPORATED

Statements of Activities and Changes in Net Assets
For the Years Ended October 31, 2010 and 2009

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutuel play</td>
<td>$9,410,633</td>
<td>$10,511,745</td>
</tr>
<tr>
<td>Returned to public</td>
<td>7,433,109</td>
<td>8,303,316</td>
</tr>
<tr>
<td><strong>Less direct expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakes and purses</td>
<td>639,233</td>
<td>678,600</td>
</tr>
<tr>
<td>Common pool wagering fees</td>
<td>530,200</td>
<td>655,770</td>
</tr>
<tr>
<td>Maryland Race Track Employees' Pension Fund</td>
<td>19,751</td>
<td>22,352</td>
</tr>
<tr>
<td><strong>Total Less Direct Expenses</strong></td>
<td>1,189,184</td>
<td>1,356,722</td>
</tr>
<tr>
<td><strong>Other racing revenue:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admissions</td>
<td>13,451</td>
<td>11,124</td>
</tr>
<tr>
<td>Program sales</td>
<td>18,373</td>
<td>28,751</td>
</tr>
<tr>
<td>Parking sales</td>
<td>19,476</td>
<td>18,347</td>
</tr>
<tr>
<td>Commissions</td>
<td>50,004</td>
<td>56,010</td>
</tr>
<tr>
<td><strong>Total Other Racing Revenue</strong></td>
<td>101,304</td>
<td>114,232</td>
</tr>
<tr>
<td><strong>Net revenue from racing</strong></td>
<td>889,644</td>
<td>965,939</td>
</tr>
<tr>
<td><strong>Revenue from fair</strong></td>
<td>5,182,010</td>
<td>4,418,474</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>6,071,654</td>
<td>5,384,413</td>
</tr>
</tbody>
</table>

| **Expenses:**        |              |              |
| Racing               | 1,944,955    | 1,980,059    |
| Fair                 | 3,765,548    | 3,271,501    |
| General and administrative | 820,556     | 797,471      |
| **Total Expenses**   | 6,531,059    | 6,049,031    |

| **Excess of expenses over fair and net racing revenue** | (459,405) | (664,618) |

| **Other income (expense):** |              |              |
| Loss on sale of assets     | (21,910)     | 0            |
| Investment income          | 207,881      | 196,004      |
| Unrealized gain on investments | 259,747      | 626,448      |
| Other income               | 4,152        | 37,370       |
| Grant income               | 359,000      | 500,000      |
| Change in split-interest trust | 11,427       | 19,176       |
| **Total Other Income (Expense)** | 820,297      | 1,378,998    |

| **Change in Net Assets**   | 360,892      | 714,380      |
| **Net Assets - Beginning of Year** | 11,436,060   | 10,721,680   |
| **Net Assets - End of Year** | $11,796,952  | $11,436,060  |

The accompanying notes are an integral part of these financial statements.
MARYLAND STATE FAIR AND AGRICULTURAL SOCIETY, INCORPORATED

Statements of Changes in Shareholders' Equity

<table>
<thead>
<tr>
<th></th>
<th>Number of Shares Outstanding</th>
<th>Capital Stock</th>
<th>Net Assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances at October 31, 2008</td>
<td>1,561</td>
<td>$7,640</td>
<td>$10,721,680</td>
<td>$10,729,320</td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>-</td>
<td>-</td>
<td>714,380</td>
<td>714,380</td>
</tr>
<tr>
<td>Retired two shares of capital stock</td>
<td>(2)</td>
<td>(10)</td>
<td>-</td>
<td>(10)</td>
</tr>
<tr>
<td>Balances at October 31, 2009</td>
<td>1,559</td>
<td>$7,630</td>
<td>$11,436,060</td>
<td>$11,443,690</td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>-</td>
<td>-</td>
<td>360,892</td>
<td>360,892</td>
</tr>
<tr>
<td>Balances at October 31, 2010</td>
<td>1,559</td>
<td>$7,630</td>
<td>$11,796,952</td>
<td>$11,804,582</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
MARYLAND STATE FAIR AND AGRICULTURAL SOCIETY, INCORPORATED

Statements of Cash Flows
For the Years Ended October 31, 2010 and 2009

<table>
<thead>
<tr>
<th>Net Cash Flows From Operating Activities:</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Net Assets</td>
<td>$ 360,892</td>
<td>$ 714,380</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>358,301</td>
<td>428,216</td>
</tr>
<tr>
<td>Loss on sale of assets</td>
<td>21,910</td>
<td>0</td>
</tr>
<tr>
<td>Change in split-interest trust</td>
<td>(11,427)</td>
<td>(19,176)</td>
</tr>
<tr>
<td>(Increase) Decrease in operating assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>28,766</td>
<td>109,949</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>1,008</td>
<td>(4,001)</td>
</tr>
<tr>
<td>Increase (Decrease) in operating liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>87,946</td>
<td>(54,198)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>5,736</td>
<td>(6,231)</td>
</tr>
<tr>
<td>Net Cash Provided by Operating Activities</td>
<td>853,132</td>
<td>1,168,939</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Cash Flows Provided by (Used in) Investing Activities:</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of property and equipment</td>
<td>(211,927)</td>
<td>(805,453)</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(804,193)</td>
<td>(1,949,950)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>337,467</td>
<td>1,037,873</td>
</tr>
<tr>
<td>Proceeds from sale of property and equipment</td>
<td>9,000</td>
<td>0</td>
</tr>
<tr>
<td>Net Cash Used in Investing Activities</td>
<td>(669,653)</td>
<td>(1,717,530)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Cash Used in Financing Activity - Retirement Of Capital Stock</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>(10)</td>
</tr>
</tbody>
</table>

| Net Increase (Decrease) In Cash and Cash Equivalents           | 183,479   | (548,601) |
| Cash and Cash Equivalents - Beginning of Year                  | 1,295,479 | 1,844,080 |
| Cash and Cash Equivalents - End of Year                        | $ 1,478,958 | $ 1,295,479 |

The accompanying notes are an integral part of these financial statements.
1. Nature of Business and Summary of Significant Accounting Policies

Organization and Description of Business

The Maryland State Fair and Agricultural Society, Incorporated (the Society) is engaged in conducting the state fair and horse racing with accompanying pari-mutuel wagering in Baltimore County, Maryland. Under the Business Regulation Article, Title 11, Section 11-524 of the Maryland Annotated Code, the Society has been issued a license to hold a race meeting for up to 10 days in a calendar year.

The Society is a non-profit organization, and its program income is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not a private foundation. All income and profits are used exclusively to meet the necessary expense of maintenance, operations, and improvements to the Society’s properties, and for the betterment of agriculture and horticulture in the State of Maryland. The Society’s bylaws provide that no income shall inure to the benefit of any shareholder, and that no dividend or distribution shall be declared or paid on the capital stock of the Society.

This summary of significant accounting policies of the Society is presented to assist the reader in understanding the Society's financial statements. The financial statements and notes are representations of the Society's management, which is responsible for their integrity and objectivity. The accounting policies mentioned are in conformity, in all material respects, with generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

The books and records of the Society are maintained, and the financial statements are prepared, using the accrual basis of accounting. Revenues are generally recognized as earned, and expenses are recognized as the related obligations are incurred.

Financial statement presentation follows the recommendations of the FASB ASC 958-210, Accounting for Not-For-Profit Entities (formerly SFAS 117). Under FASB ASC 958-210, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Society’s net assets are not subject to donor-imposed restrictions, therefore all net assets are accounted for as unrestricted.

Use of Estimates

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

Cash Equivalents and Investments

The Society defines cash equivalents as highly liquid securities purchased with a maturity of three months or less. Cash equivalents, which consist primarily of bank certificates of deposit, are recorded at cost, which approximates market. Investments are defined as those investment securities purchased with a maturity of greater than three months. Investments which consist of certificates of deposit are recorded at cost, which approximates market. Cash equivalents held in excess of federally insured limits total approximately $1,229,000 at October 31, 2010.
1. Nature of Business and Summary of Significant Accounting Policies (continued)

Accounts Receivable

The Society utilizes the allowance method of accounting for doubtful accounts. Management reviews the accounts periodically and has provided a $50,000 allowance for accounts which may be uncollectible.

Credit Risk

The Society extends credit to entities that lease the Society's facilities.

Property and Equipment

Property and equipment is recorded at cost. Depreciation expense is computed using the straight-line method over the estimated useful life of the related assets ranging from three to forty years.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense totaled $174,908 and $161,747 for the years ended October 31, 2010 and 2009, respectively.

Grant Income

The Society receives a grant from the State of Maryland annually for the promotion and enhancement of the State Fair, contingent upon the State Fair remaining at its present location.

Racing Days and Intertack Wagering

The statements of activities and changes in net assets for each year presented reflect the results of live racing conducted by the Society during the respective year’s State Fair. During 1995, the Maryland State Legislature authorized the Society to participate in the intertrack and off-track wagering network. Accordingly, the statements of activities and changes in net assets for the years ended October 31, 2010 and 2009 also reflect the results of intertrack simulcast wagering conducted during the 2010 and 2009 State Fair. Pursuant to the agreement between the Society and the Maryland Jockey Club of Baltimore City, Inc. (the MJC) dated August 2, 2010, the MJC, in its capacity, shall assess the Society a management fee for administering the pari-mutuel wagering activity equal to 20% in 2010 and 2009 of the net revenue generated from intertrack wagering and satellite simulcasting, net of certain reimbursed expenses. For the years ended October 31, 2010 and 2009, the Society was assessed a management fee of $201,843 and $213,294 respectively.

Deferred Revenue

Deferred revenue represents revenue collected in advance for rental revenue.
2. Investments

The estimated fair value of investments in securities is determined based on published market quotations. These investments were in money market accounts, common stocks and corporate debt securities.

Investments as of October 31, 2010 are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Fair Market Value</th>
<th>Unrealized Gain/(Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>$ 431,730</td>
<td>$ 433,822</td>
<td>$ 2,092</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>3,932,563</td>
<td>4,171,045</td>
<td>238,482</td>
</tr>
<tr>
<td>Money market accounts</td>
<td>182,235</td>
<td>182,235</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 4,546,528</td>
<td>$ 4,787,102</td>
<td>$ 240,574</td>
</tr>
</tbody>
</table>

Investments as of October 31, 2009 are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Fair Market Value</th>
<th>Unrealized Gain/(Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>$ 417,888</td>
<td>$ 385,155</td>
<td>$(32,733)</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>3,558,427</td>
<td>3,571,987</td>
<td>13,560</td>
</tr>
<tr>
<td>Money market accounts</td>
<td>363,234</td>
<td>363,234</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 4,339,549</td>
<td>$ 4,320,376</td>
<td>$(19,173)</td>
</tr>
</tbody>
</table>

3. Income Taxes

In November of 2008, the Society adopted the provisions of FASB ASC 740, Accounting for Income Tax Effects (formerly FIN 48). FASB ASC 740 requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The implementation of FASB ASC 740 had no impact on the Society's statement of financial position or statement of activities. The Society does not believe its financial statements include (or reflect) any uncertain tax positions.

4. Employee Benefit Plans

The Society has a defined contribution plan that covers substantially all eligible employees. The assets of the defined contribution plan are held by a commercial life insurance company in a group annuity contract. Participants direct their accounts among investment options and are allowed to contribute between 1% and 6% of their compensation to the Plan. Employer contributions are based on specific percentages of compensation, which are determined by the individual employee's years of service. Total employer contributions in 2010 and 2009 were $86,345 and $91,612, respectively.
4. **Employee Benefit Plans (continued)**

The Society is required by Maryland law to contribute a specified percentage of mutuel play to the Maryland Race Track Employee's Pension Fund (the Fund) on behalf of its employees. The Fund, a defined benefit plan, was established by the Society and certain other Maryland racing industry employers.

Contributions to the Fund of $19,751 and $22,352 for the years ended October 31, 2010 and 2009, respectively, are reflected in the statements of activities and changes in net assets. Information regarding the Fund's assets and liabilities representing the Society's participation is not separately available.

5. **Leases and Commitments**

The Society's leases are primarily for equipment used in the operation of the racetrack, and the rental expense is mainly contingent upon such items as the total mutuel handle and the number of days in the meet. All leases are short-term and are renewable at the Society's option. Rent expense amounted to approximately $108,375 in 2010 and $106,985 in 2009.

In 2010, the Society entered into two operating leases for equipment. The future minimum lease payments due over the next five years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 31, 2011</td>
<td>$26,460</td>
</tr>
<tr>
<td>2012</td>
<td>26,460</td>
</tr>
<tr>
<td>2013</td>
<td>26,460</td>
</tr>
<tr>
<td>2014</td>
<td>15,851</td>
</tr>
<tr>
<td>2015</td>
<td>10,296</td>
</tr>
</tbody>
</table>

The Society has an agreement with Deggeller Attractions, Inc. to provide the Midway attractions for a fixed fee of $500,000. The agreement expires December 21, 2014.

6. **Related Party Transactions**

The Society, in the ordinary course of business, has engaged in transactions with persons and organizations that are either members of its board of directors, shareholders, or employees. The approximate amount of these transactions was $35,158 and $44,700 for the years ended October 31, 2010 and 2009, respectively, and primarily represent expenses for professional fees and maintenance.

7. **Split-Interest Trust**

The Society's deferred gift agreement consists of split-interest irrevocable charitable remainder annuity trust for which the Society is the remainder beneficiary. Under the AICPA Audit and Accounting Guide for Not-For-Profit Organizations, contribution revenues are recognized at the date the trust is established net of the liabilities for the present value of the estimated future payments to be made to the donor. The liabilities are adjusted during the term of the trust for changes in the value of the assets and other changes in the estimate of future benefits. The liability for the present value of the deferred gift is based upon actuarial estimates and assumptions regarding the duration of the agreement and the rate to discount the liability, which was 7.6%. Circumstances affecting these assumptions can change the estimate of this liability in future periods.
7. **Split-Interest Trust (continued)**

A summary of the net receivable and revenue in the accompanying statements of financial position and statements of activities and changes in net assets as of October 31, 2010 and 2009:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in split-interest trust, at fair value</td>
<td>$163,227</td>
<td>$152,014</td>
</tr>
<tr>
<td>Funds held in trust, at fair value</td>
<td>11,577</td>
<td>16,011</td>
</tr>
<tr>
<td>Liabilities under split-interest trust</td>
<td>-</td>
<td>(4,648)</td>
</tr>
<tr>
<td>Note payable to Society</td>
<td>(18,500)</td>
<td>(18,500)</td>
</tr>
<tr>
<td>Split-interest trust</td>
<td>$156,304</td>
<td>$144,877</td>
</tr>
<tr>
<td>Change in income from split-interest trust</td>
<td>$11,427</td>
<td>$19,176</td>
</tr>
</tbody>
</table>

8. **Net Assets Internally Designated by the Board**

The Maryland State Fair Board of Directors has designated a portion of the Society's investments to be used specifically for scholarship awards. Investments at October 31, 2010 and 2009 with fair values of $598,437 and $524,015, respectively, have been set aside by the board to be used for future scholarship awards. This designation can be amended or removed by the Board of Directors at any time.

9. **Reclassifications**

Some items in the 2009 financial statements have been reclassified to conform to the 2010 presentation.

10. **Fair Value Measurement**

The Society has only partially applied the application of *FASB ASC 820-10, Fair Value Measurements* (formerly SFAS No. 157), as allowed. Under *FASB ASC 820-10*, management disclosed the "fair value" of each significant category of asset or liability, as well as the method by which management determined the "fair value" of each category of asset or liability. "Fair value" is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." Management may use any of the following three "inputs" to determine their valuation approach for determining the fair value of its assets and liabilities.

1. Quoted market prices for identical assets and liabilities in active markets.
2. Observable prices for similar assets or liabilities in markets that are not active.
3. Unobservable inputs based upon management's assumptions, which are not corroborated by observable market data.
10. Fair Value Measurement (continued)

Management's estimates of fair value at October 31, 2010, for significant classes of assets and liabilities are as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Financial Statement Value</th>
<th>Fair Value</th>
<th>Input Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>$ 4,188,665</td>
<td>$ 4,188,665</td>
<td>1 and 2</td>
</tr>
<tr>
<td>Investments - Scholarship fund</td>
<td>598,437</td>
<td>598,437</td>
<td>1 and 2</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>253,871</td>
<td>253,871</td>
<td>2 and 3</td>
</tr>
</tbody>
</table>

Management's estimates of fair value at October 31, 2009, for significant classes of assets and liabilities are as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Financial Statement Value</th>
<th>Fair Value</th>
<th>Input Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>$ 3,796,361</td>
<td>$ 3,796,361</td>
<td>1 and 2</td>
</tr>
<tr>
<td>Investments - Scholarship fund</td>
<td>524,015</td>
<td>524,015</td>
<td>1 and 2</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>282,637</td>
<td>282,637</td>
<td>2 and 3</td>
</tr>
</tbody>
</table>

11. Subsequent Events

Management has reviewed and evaluated material subsequent events from the balance sheet date of October 31, 2010 through the financial statements issue date of December 8, 2010. All appropriate subsequent event disclosures have been made to the financial statements.
SUPPLEMENTAL FINANCIAL INFORMATION
Report of Independent Auditors on Other Supplemental Information

Board of Directors
Maryland State Fair and Agricultural Society, Incorporated
Timonium, Maryland

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the List of Stockholders, on which we express no opinion, has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Title 11, Section 314 of Annotated Code of Maryland requires certain information to be disclosed with regard to the ownership of racetracks in Maryland. The aforementioned section specifies that:

The Commission shall require each licensee to keep records that show the beneficial ownership of the stock of the licensee, whether or not the beneficial ownership is registered or stated on the stock. The Commission shall require a licensee at least once each calendar year to get by written request an affidavit from each owner of record of the licensee. If a licensee learns that a person, other than a record owner of stock in a licensee, has a beneficial ownership interest in stock of the licensee, the licensee promptly shall request in writing that the person submit an affidavit within sixty days to the licensee. Notwithstanding the affidavit requirements of this section, the Commission may excuse the reporting of beneficial ownership that is less than two percent of the licensee. Annual submissions and prompt reports of changes are required to the Commission.

We have requested the licensee to furnish us with a list of the beneficial owners of all certificates of stock as required by Title 11, Section 314. We have also requested the licensee to identify on such lists those beneficial owners having 2% or more of the beneficial ownership of the licensee. This data has been included in the "Other Supplemental Information" section of this report for the Society in compliance with the law. We have not independently tested this list of beneficial owners as part of the auditing procedures followed in our audit of the financial statements of the Society and, accordingly, we express no opinion thereon.

December 8, 2010

[Signature]

P.A.

1321 Generals Highway, Suite 303, Crownsville, Maryland 21032
Baltimore 410.823.4040 Crownsville 410.923.0060 Fax 410.923.0066
MARYLAND STATE FAIR AND AGRICULTURAL SOCIETY, INCORPORATED

Statements of Revenue from Fair
For the Years Ended October 31, 2010 and 2009

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admissions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General</td>
<td>$883,056</td>
<td>$866,966</td>
</tr>
<tr>
<td>Concerts</td>
<td>715,914</td>
<td>0</td>
</tr>
<tr>
<td>Contributions by State or County Fair Boards</td>
<td>77,625</td>
<td>103,500</td>
</tr>
<tr>
<td>Entry fees</td>
<td>16,005</td>
<td>15,984</td>
</tr>
<tr>
<td>Shows and rides</td>
<td>1,122,154</td>
<td>1,081,180</td>
</tr>
<tr>
<td></td>
<td>2,814,754</td>
<td>2,067,630</td>
</tr>
<tr>
<td>Parking</td>
<td>29,424</td>
<td>33,683</td>
</tr>
<tr>
<td>Rental of exhibition space</td>
<td>81,200</td>
<td>78,539</td>
</tr>
<tr>
<td>Other fair income</td>
<td>950,170</td>
<td>966,944</td>
</tr>
<tr>
<td>Other rental income</td>
<td>1,306,462</td>
<td>1,271,678</td>
</tr>
<tr>
<td>Total Revenue from Fair</td>
<td>$5,182,010</td>
<td>$4,418,474</td>
</tr>
</tbody>
</table>
MARYLAND STATE FAIR AND AGRICULTURAL SOCIETY, INCORPORATED

Statements of Racing Expenses
For the Years Ended October 31, 2010 and 2009

<table>
<thead>
<tr>
<th>Item</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$451,030</td>
<td>$460,431</td>
</tr>
<tr>
<td>Light, heat, power, and water</td>
<td>222,447</td>
<td>232,090</td>
</tr>
<tr>
<td>Race meet expenses - MJC</td>
<td>188,213</td>
<td>210,235</td>
</tr>
<tr>
<td>Management fee - MJC</td>
<td>201,843</td>
<td>213,294</td>
</tr>
<tr>
<td>Insurance - general</td>
<td>96,550</td>
<td>115,473</td>
</tr>
<tr>
<td>Depreciation</td>
<td>90,408</td>
<td>94,816</td>
</tr>
<tr>
<td>Advertising and publicity</td>
<td>86,313</td>
<td>79,691</td>
</tr>
<tr>
<td>Miscellaneous racing expenses</td>
<td>76,833</td>
<td>71,679</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>76,048</td>
<td>65,206</td>
</tr>
<tr>
<td>Cleaning - track</td>
<td>53,254</td>
<td>52,034</td>
</tr>
<tr>
<td>Automobile, truck, and tractor expense</td>
<td>64,337</td>
<td>45,646</td>
</tr>
<tr>
<td>Stationary, printing, and postage</td>
<td>28,568</td>
<td>37,908</td>
</tr>
<tr>
<td>Other equipment rental</td>
<td>24,257</td>
<td>23,604</td>
</tr>
<tr>
<td>Camera patrol</td>
<td>22,763</td>
<td>21,870</td>
</tr>
<tr>
<td>Transportation of horses</td>
<td>21,000</td>
<td>21,000</td>
</tr>
<tr>
<td>Saliva test and mobile lab</td>
<td>23,343</td>
<td>20,223</td>
</tr>
<tr>
<td>Pension expense</td>
<td>12,957</td>
<td>16,924</td>
</tr>
<tr>
<td>Ambulance and medical services</td>
<td>20,093</td>
<td>16,344</td>
</tr>
<tr>
<td>Dues and assessments for protective services</td>
<td>1,600</td>
<td>4,577</td>
</tr>
<tr>
<td>Teletimer or visumatic timer</td>
<td>2,600</td>
<td>2,600</td>
</tr>
<tr>
<td>Starting gate</td>
<td>2,100</td>
<td>2,100</td>
</tr>
<tr>
<td>Pari-mutuel expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td>27,800</td>
<td>27,800</td>
</tr>
<tr>
<td>Maintenance and repairs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and building equipment</td>
<td>5,607</td>
<td>2,155</td>
</tr>
<tr>
<td>Electrical system</td>
<td>14,766</td>
<td>6,041</td>
</tr>
<tr>
<td>Roads, walks, and parking lots, etc.</td>
<td>10,424</td>
<td>11,045</td>
</tr>
<tr>
<td>Sewers, drains, and sanitary facilities</td>
<td>8,310</td>
<td>4,460</td>
</tr>
<tr>
<td>Track</td>
<td>64,060</td>
<td>57,929</td>
</tr>
<tr>
<td>Other</td>
<td>47,431</td>
<td>62,884</td>
</tr>
<tr>
<td><strong>Total Racing Expenses</strong></td>
<td><strong>$1,944,955</strong></td>
<td><strong>$1,980,059</strong></td>
</tr>
</tbody>
</table>
MARYLAND STATE FAIR AND AGRICULTURAL SOCIETY, INCORPORATED

Statements of Fair Expenses
For the Years Ended October 31, 2010 and 2009

<table>
<thead>
<tr>
<th>Item</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Show and rides</td>
<td>$500,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>267,893</td>
<td>333,400</td>
</tr>
<tr>
<td>Water, light and heat</td>
<td>222,447</td>
<td>232,089</td>
</tr>
<tr>
<td>Concerts</td>
<td>734,343</td>
<td>174,556</td>
</tr>
<tr>
<td>Insurance</td>
<td>95,867</td>
<td>114,554</td>
</tr>
<tr>
<td>Miscellaneous fair expenses</td>
<td>97,640</td>
<td>96,605</td>
</tr>
<tr>
<td>Advertising and publicity</td>
<td>88,595</td>
<td>82,056</td>
</tr>
<tr>
<td>Open classes</td>
<td>74,437</td>
<td>70,186</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>76,947</td>
<td>62,511</td>
</tr>
<tr>
<td>4-H expenses</td>
<td>53,917</td>
<td>53,573</td>
</tr>
<tr>
<td>Automobile, truck and tractor expense</td>
<td>65,179</td>
<td>49,847</td>
</tr>
<tr>
<td>Tools and supplies</td>
<td>46,265</td>
<td>49,383</td>
</tr>
<tr>
<td>Midway attractions</td>
<td>49,100</td>
<td>48,750</td>
</tr>
<tr>
<td>Rental of equipment, exhibition tents</td>
<td>50,242</td>
<td>47,476</td>
</tr>
<tr>
<td>Ribbons, trophies, etc.</td>
<td>28,730</td>
<td>31,924</td>
</tr>
<tr>
<td>Pension expense</td>
<td>12,956</td>
<td>16,924</td>
</tr>
<tr>
<td>Meals, entertainment and travel</td>
<td>13,094</td>
<td>16,565</td>
</tr>
<tr>
<td>Scholarships</td>
<td>18,575</td>
<td>15,114</td>
</tr>
<tr>
<td>Office supplies</td>
<td>1,217</td>
<td>1,817</td>
</tr>
<tr>
<td>Salaries and wages:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages - admission</td>
<td>49,347</td>
<td>45,500</td>
</tr>
<tr>
<td>Salaries - security</td>
<td>325,630</td>
<td>301,697</td>
</tr>
<tr>
<td>Other fair employees</td>
<td>343,294</td>
<td>365,610</td>
</tr>
<tr>
<td>Electrician - on site</td>
<td>2,585</td>
<td>10,334</td>
</tr>
<tr>
<td>Premiums:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4-H club</td>
<td>76,777</td>
<td>77,470</td>
</tr>
<tr>
<td>Dairy cattle</td>
<td>58,260</td>
<td>55,220</td>
</tr>
<tr>
<td>Beef cattle</td>
<td>27,378</td>
<td>28,595</td>
</tr>
<tr>
<td>Sheep</td>
<td>22,102</td>
<td>23,794</td>
</tr>
<tr>
<td>Home arts</td>
<td>19,438</td>
<td>19,478</td>
</tr>
<tr>
<td>Goats</td>
<td>19,871</td>
<td>17,656</td>
</tr>
<tr>
<td>Horse and horse pulling</td>
<td>11,801</td>
<td>14,899</td>
</tr>
<tr>
<td>Farm and garden (horticultural)</td>
<td>11,480</td>
<td>11,555</td>
</tr>
<tr>
<td>Swine</td>
<td>10,986</td>
<td>9,272</td>
</tr>
<tr>
<td>Christmas trees</td>
<td>1,110</td>
<td>1,353</td>
</tr>
</tbody>
</table>

Subtotal - Balance Carried Forward         | $3,477,503 | $2,979,763 |
<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Carried Forward</td>
<td>$3,477,503</td>
<td>$2,979,763</td>
</tr>
<tr>
<td>Miss Maryland Agriculture</td>
<td>10,266</td>
<td>12,500</td>
</tr>
<tr>
<td>Maintenance and repairs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midway cleaning</td>
<td>53,254</td>
<td>52,034</td>
</tr>
<tr>
<td>Cow palace</td>
<td>51,444</td>
<td>49,451</td>
</tr>
<tr>
<td>Grandstand</td>
<td>32,049</td>
<td>34,399</td>
</tr>
<tr>
<td>Sewers, drains and sanitary facilities</td>
<td>8,258</td>
<td>13,573</td>
</tr>
<tr>
<td>Exhibition hall</td>
<td>8,089</td>
<td>10,418</td>
</tr>
<tr>
<td>Electrical system</td>
<td>7,164</td>
<td>8,788</td>
</tr>
<tr>
<td>4-H Building</td>
<td>14,339</td>
<td>6,950</td>
</tr>
<tr>
<td>Horse and pony building</td>
<td>4,288</td>
<td>4,091</td>
</tr>
<tr>
<td>Swine barn</td>
<td>1,600</td>
<td>3,311</td>
</tr>
<tr>
<td>Farm and garden building</td>
<td>9,456</td>
<td>1,558</td>
</tr>
<tr>
<td>Stables</td>
<td>1,094</td>
<td>840</td>
</tr>
<tr>
<td>Vista room</td>
<td>3,601</td>
<td>520</td>
</tr>
<tr>
<td>Other</td>
<td>83,143</td>
<td>93,305</td>
</tr>
<tr>
<td><strong>Total Fair Expenses</strong></td>
<td><strong>$3,765,548</strong></td>
<td><strong>$3,271,501</strong></td>
</tr>
</tbody>
</table>
### Statements of General and Administrative Expenses

For the Years Ended October 31, 2010 and 2009

<table>
<thead>
<tr>
<th>Item</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officers' salaries</td>
<td>$260,249</td>
<td>$246,950</td>
</tr>
<tr>
<td>Office salaries</td>
<td>176,533</td>
<td>169,039</td>
</tr>
<tr>
<td>Employee benefits - insurance</td>
<td>68,359</td>
<td>67,232</td>
</tr>
<tr>
<td>Pension expense</td>
<td>60,432</td>
<td>57,764</td>
</tr>
<tr>
<td>Professional fees - accounting</td>
<td>62,885</td>
<td>56,814</td>
</tr>
<tr>
<td>Telephone</td>
<td>31,472</td>
<td>35,524</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>28,689</td>
<td>28,207</td>
</tr>
<tr>
<td>Meals, entertainment and travel</td>
<td>25,389</td>
<td>26,183</td>
</tr>
<tr>
<td>Lobbying fees</td>
<td>27,500</td>
<td>20,083</td>
</tr>
<tr>
<td>Professional fees - legal</td>
<td>10,759</td>
<td>17,589</td>
</tr>
<tr>
<td>Office supplies</td>
<td>14,053</td>
<td>16,499</td>
</tr>
<tr>
<td>Contributions</td>
<td>14,620</td>
<td>12,220</td>
</tr>
<tr>
<td>Automobile lease</td>
<td>6,075</td>
<td>8,100</td>
</tr>
<tr>
<td>Repairs - administration building</td>
<td>2,253</td>
<td>4,829</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>315</td>
<td>1,872</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>30,973</td>
<td>28,566</td>
</tr>
</tbody>
</table>

**Total General and Administrative Expenses**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$820,556</td>
<td>$797,471</td>
</tr>
<tr>
<td>Shareholders with less than 2% beneficial ownership</td>
<td>694</td>
<td>1,462</td>
</tr>
<tr>
<td>Shareholders with greater than 2% beneficial ownership:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schluderberg Foundation</td>
<td>1</td>
<td>34</td>
</tr>
<tr>
<td>Raymond C. Heinz, Jr.</td>
<td>1</td>
<td>32</td>
</tr>
<tr>
<td>Eli C. Warheim</td>
<td>1</td>
<td>31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>697</strong></td>
<td><strong>1,559</strong></td>
</tr>
</tbody>
</table>
## Schedule of Miscellaneous Data

For the Year Ended October 31, 2010

<table>
<thead>
<tr>
<th>Professional Fees - Legal:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Marlow &amp; Wyatt</td>
<td>$10,759</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Professional Fees - Accounting:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Denise Deforge, CPA</td>
<td>$37,225</td>
</tr>
<tr>
<td>Gegorek &amp; Company, P.A.</td>
<td>$25,660</td>
</tr>
<tr>
<td></td>
<td>$62,885</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Officers' Salaries:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Howard M. Mosner - Vice President and General Manager</td>
<td>$196,649</td>
</tr>
<tr>
<td>Andrew Cashman - Senior Assistant General Manager</td>
<td>$63,600</td>
</tr>
<tr>
<td></td>
<td>$260,249</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lobbying Fees:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>John Miller</td>
<td>$10,000</td>
</tr>
<tr>
<td>Nancy Hill</td>
<td>$17,500</td>
</tr>
<tr>
<td></td>
<td>$27,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contributions:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Boumi Temple</td>
<td>$12,410</td>
</tr>
<tr>
<td>Others</td>
<td>$2,210</td>
</tr>
<tr>
<td></td>
<td>$14,620</td>
</tr>
</tbody>
</table>