

CHURCHILL DOWNS INCORPORATED

AUDIT COMMITTEE CHARTER

Rev. February 20, 2024

Purpose

The Audit Committee of the Board of Directors (the “Board”) of Churchill Downs Incorporated (“CDI” or the “Company”), consistent with the responsibilities as set forth in this charter, shall assist the Board in overseeing:

- the integrity of the consolidated financial statements of the Company.
- the Company’s compliance with financial, accounting, legal and regulatory requirements.
- the independent auditor’s qualifications and independence.
- the performance of the company’s independent auditor and internal audit functions.
- the Company’s systems of disclosure controls and procedures and internal control over financial reporting.
- the effectiveness of the Enterprise Risk Management (“ERM”) function.
- the Company’s compliance with ethical standards adopted by the Company.

Authority

The Audit Committee has the authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to, among other items specified in this charter:

- Appoint, compensate, and oversee the work of the independent public accounting firm employed by the organization.
- Resolve disagreements between management and the auditor regarding financial reporting.
- Pre-approve all audit and non-audit services. The Committee may delegate preapproval authority to the Chair of the Audit Committee, provided that decisions of the Chair shall be presented to the full Committee at its next scheduled meeting.
- Conduct investigations into any matters within its scope of responsibility and obtain advice and assistance by engaging legal, accounting, or other advisors that is funded by the Company when necessary to perform its duties and responsibilities and to seek any information it requires from employees.

Composition

The Audit Committee shall be comprised of not less than three (3) Directors. Members of the Audit Committee will be appointed by the Board and shall be independent of management and the Company, as defined by the requirements of the Securities and Exchange Commission (“SEC”) and the Nasdaq listing rules.

Each Audit Committee member must meet financial literacy requirements of the Nasdaq listing rules and one member of the Audit Committee shall be designated as an “audit committee financial expert” as defined by the SEC and determined by the Board. The Audit Committee will provide its members with annual continuing education opportunities in financial reporting and other areas relevant to the Audit Committee.

Meetings

The Audit Committee will meet at least quarterly or more frequently as circumstances may require. The Audit Committee will meet periodically with management, the internal auditor, and the independent auditor in separate executive sessions. Each regularly scheduled meeting of the Audit Committee shall include an executive session of the Audit Committee without members of management.

The Audit Committee may invite members of management, internal audit, the independent auditor, or others to attend meetings and provide relevant information, as appropriate. The Chair of the Audit Committee will approve the agenda for the Audit Committee’s meetings, and any member of the Audit Committee may suggest items for consideration. Material for the Audit Committee meetings will be provided to the Audit Committee as far in advance of meetings as practicable.

A quorum of Audit Committee members shall be present at any meeting at which final action or approval is to be taken or made. A majority of the total number of members then currently on the Audit Committee shall constitute a quorum of the Audit Committee for purposes of each meeting. All actions of the Audit Committee shall be taken by a majority vote of the quorum of members present at the meeting in person or by telephone or other means of remote communication approved by the Chair of the Audit Committee.

Responsibilities

The Audit Committee’s principal responsibility is one of oversight. Management and the independent auditor have the fundamental responsibility for the Company’s financial statements and disclosures. The responsibilities of the Audit Committee are set forth below:

Independent Auditor

The Audit Committee will:

- Appoint and recommend that the board submit for shareholder ratification, if applicable, the independent auditor. Also, approve the annual compensation and oversee the work performed by the independent auditor and any other independent registered public accounting firm retained for the purpose of preparing or issuing an audit report or performing any other related work for the Company.
- Resolve any disagreements between management and the independent auditor regarding financial reporting matters.

- Review the qualifications and independence of the independent auditor and remove the independent auditor if circumstances warrant. The independent auditor will report directly to the Audit Committee.
- Review the experience and qualifications of the lead partner for the independent auditor and ensure that all partner rotation requirements, as promulgated by applicable rules and regulations, are executed.
- Review and preapprove (which may be delegated to the Chair of the Audit Committee) both audit and non-audit services to be provided by the independent auditor. Determine whether the auditor’s provision of permissible non-audit services is compatible with the auditor’s independence. The decisions of the Chair of the Audit Committee will be presented to the full Audit Committee at its next regularly scheduled meeting.
- Review a formal written statement identifying all relationships between the independent auditor and the Company. Discuss with the independent auditor any disclosed relationships and services that may affect the independence and objectivity of the auditor and take or recommend that the Board take appropriate actions to oversee the independence of the independent auditor.
- Discuss with the independent auditor the matters required to be discussed under the standards of the Public Company Accounting Oversight Board (“PCAOB”) including:
 - The independent’s auditor’s responsibilities under generally accepted auditing standards;
 - The scope and timing of the audit plan, including the independent auditor’s review of internal control over financial reporting; and
 - Overall audit strategy.
- Discuss with the independent auditor its evaluation of the Company’s identification of, accounting for, and disclosure of its relationships with related parties as set forth under the standards of the PCAOB.
- Review with the independent auditor any issues encountered during the audit, including any restrictions on the scope of the independent auditor’s activities or on access to requested information, and any significant disagreements with management, including management’s response.
- Review a report from the independent auditor regarding the following:
 - All critical accounting policies and practices including, any critical audit matters (CAMs).
 - All alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, impact of the use of these alternative disclosures and treatments, and the treatment preferred by the independent auditor

- Other material written communications between the independent auditor and management, including the management letter and schedule of unadjusted differences
- Receive appropriate funding from the Company, as determined by the Audit Committee, for the payment of compensation to the independent auditor and any other advisor of the Audit Committee, as well as for ordinary administrative expenses.

Financial Reporting and Internal Controls

The Audit Committee will review the following disclosures from management:

- Any disclosure from the Company’s CEO and CFO made in connection with the certification of the Company’s quarterly and annual reports filed with the SEC of:
 - Significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the Company’s ability to record, process, summarize, and report financial data; and
 - Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal controls.
- Review and discuss with management and the independent auditors the Company’s annual financial statements and quarterly financial statements prior to the Company’s Form 10-K and 10-Q filings or release of earnings, including the Company’s disclosures relating to internal control over financial reporting, as well as Company-specific disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”
- Review the Company’s earnings press release prior to issuance.
- Review significant accounting principles and financial statement presentations, including any significant changes in the Company’s selection or application of accounting principles, major issues as to the adequacy of the company’s internal controls, and any special audit steps adopted in light of material control deficiencies.
- Review significant financial reporting issues and judgments made in connection with the preparation of the financial statements and review the effect of regulatory and accounting initiatives on the financial statements of the Company.
- Review and consider for approval all proposed transactions, arrangements, or relationships to which the Company is a participant and that may be required to be disclosed as a related person transaction under SEC rules & regulations.

Enterprise Risk Management

The Audit Committee will assist the Board in overseeing the Company's ERM process including the following:

- Discuss policies with respect to risk assessment and risk management.
- Discuss risk guidelines and policies to govern the risk assessment and management process.
- Discuss the Company's significant financial, business, and other risk exposures and the steps management has taken to prevent, detect, and monitor such exposures.
- Review contingent liabilities and risks that may be material to the company including risks relating to cybersecurity as well as relevant major legislative and regulatory developments that could materially impact the Company's contingent liabilities and risk.
- Periodically review the Company's insurance coverages, including directors' and officers' insurance.

Internal Audit

The Audit Committee will oversee and monitor the performance of the Company's internal audit function, including:

- Discussing the responsibilities, budget, staffing of the internal audit function and any recommended changes in the planned scope of the internal audit.
- Meeting separately with internal audit to discuss issues and concerns warranting the attention of the committee.
- Reviewing significant reports to management prepared by internal audit and management's response to such reports.
- Reviewing and advising on the selection and removal of the internal audit leader.
- Reviewing the activities and organizational structure of the internal audit function, as well as the qualifications of its personnel.
- Annually reviewing and recommending changes, if any, to the internal audit charter.

Compliance

The Audit Committee will oversee and monitor the performance of the Company's internal compliance function, including:

- Review with the Company's General Counsel and Corporate Compliance Officer any legal, compliance, and regulatory matters that could have a significant impact on the

Company's financial statements.

- Oversee the Company's compliance with SEC, state gaming and other legal requirements.
- Review the Company's compliance with anti-money laundering policies and procedures.
- Periodically review the Company's Code of Conduct and review the Company's system to monitor compliance with the Company's Code of Conduct, including the hotlines and whistleblower function.
- Review procedures for the confidential, anonymous submission (by internal or external parties) and the receipt, retention, and treatment of complaints received by the Company regarding suspected fraud, questionable accounting or auditing matters, and internal control issues. Review any submissions that have been received, the current status and the resolution if one has been reached.

Reporting and Other Responsibilities

The Audit Committee will:

- Review the Audit Committee charter at least annually and recommend any necessary amendments to the Board.
- Report regularly to the Board regarding the execution of the Audit Committee's duties, responsibilities, and activities, any issues encountered, and related recommendations.
- Recommend to the Board that the audited financial statements be included in the Company's annual report on Form 10-K.
- Provide a report of the Audit Committee in the Company's annual proxy, with certain required disclosures.
- Conduct an annual performance assessment relative to the audit committee's purpose, duties, and responsibilities. The Committee will perform any other activities consistent with this charter, the Company's bylaws, and governing laws that the Board or Audit Committee determines are necessary or appropriate.