

Louisiana Quarter Horse Breeders Association

Audited Financial Statements and Other Financial Information

Alexandria, Louisiana

December 31, 2025 and 2024

Louisiana Quarter Horse Breeders Association
December 31, 2025 and 2024
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Independent Auditor's Report

To the Board of Directors of
Louisiana Quarter Horse Breeders Association

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statements of assets, liabilities and net assets-modified cash basis of Louisiana Quarter Horse Breeders Association (the Association), a nonprofit organization, as of December 31, 2025, and the related statement of revenues and expenses-modified cash basis and functional expenses-modified cash basis, for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Quarter Horse Breeders Association as of December 31, 2025, and the changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisiana Quarter Horse Breeders Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter-Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with modified cash basis of accounting, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Quarter Horse Breeders Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Quarter Horse Breeders Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Quarter Horse Breeders Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2026, on our consideration of Louisiana Quarter Horse Breeders Association’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisiana Quarter Horse Breeders Association’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Quarter Horse Breeders Association’s internal control over financial reporting and compliance

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor we have issued a report dated April 16, 2026 on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor’s statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Oestriecher & Company

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

April 16, 2026

Louisiana Quarter Horse Breeders Association
Statement of Assets, Liabilities and Net Assets-Modified Cash Basis
December 31, 2025 and 2024

Assets	2025	2024
Current Assets		
Cash	\$ 928,556	\$ 892,461
Investments	2,653,280	2,439,286
Accounts receivable-trade	3,500	109,945
Total Current Assets	3,585,336	3,441,692
Property and equipment		
Land	107,000	107,000
Building	165,684	165,684
Furniture and equipment	239,087	236,162
	511,771	508,846
Less: Accumulated Depreciation	(344,499)	(329,134)
Total Property and Equipment	167,272	179,712
Other Assets		
Restricted cash	4,638,026	3,583,517
Investments-restricted	4,689,714	4,661,325
Deposits	500	500
Total Other Assets	9,328,240	8,245,342
Total Assets	\$ 13,080,848	\$ 11,866,746

The accompanying notes are an integral part of the financial statements

Louisiana Quarter Horse Breeders Association
Statement of Assets, Liabilities and Net Assets-Modified Cash Basis
December 31, 2025 and 2024

Liabilities and Net Assets	2025	2024
Current Liabilities		
Accounts payable	\$ 72,865	\$ 40,304
Total Current Liabilities	72,865	40,304
Other liabilities-long-term		
Breeders futurity payable	975,890	954,310
LQHBA-youth scholarships	38,797	53,337
Futurity interest	127,267	79,853
Total other liabilities-long-term	1,141,954	1,087,500
 Total liabilities	 1,214,819	 1,127,804
Net Assets		
Without donor restrictions	2,135,894	1,992,653
With donor restrictions	9,730,135	8,746,289
Total Net Assets	11,866,029	10,738,942
 Total Liabilities and Net Assets	 <u>\$ 13,080,848</u>	 <u>\$ 11,866,746</u>

The accompanying notes are an integral part of the financial statements.

Louisiana Quarter Horse Breeders Association
Statements of Revenues and Expenses-Modified Cash Basis
For the Years Ended December 31, 2025 and 2024

	2025			2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues						
Public support						
Slots support funds	\$ -	\$ 3,962,391	\$ 3,962,391	\$ -	\$ 3,890,444	\$ 3,890,444
Video poker tax support	-	1,292,403	1,292,403	-	1,498,958	1,498,958
State breeders fund support	-	1,165,545	1,165,545	-	670,409	670,409
Off track betting	-	13,849	13,849	-	14,847	14,847
Total public support	-	6,434,188	6,434,188	-	6,074,658	6,074,658
Revenues						
Stallion award fees	13,400	-	13,400	12,500	-	12,500
Stallion scholarship fees	70,550	-	70,550	63,101	-	63,101
HBPA contribution	319,829	-	319,829	328,451	-	328,451
Futurity fees	117,597	-	117,597	135,253	-	135,253
Accreditation fees/foal reports	63,250	-	63,250	61,350	-	61,350
Membership fees	29,160	-	29,160	28,876	-	28,876
OSM report fees	107,450	-	107,450	100,750	-	100,750
Yearling sale commissions and consignments fees	742,781	-	742,781	705,205	-	705,205
Net investment income	265,549	277,626	543,175	215,156	163,859	379,015
Other income and support	51,872	-	51,872	39,196	-	39,196
Total revenues	1,781,438	277,626	2,059,064	1,689,838	163,859	1,853,697
Net assets released from restrictions	5,727,968	(5,727,968)	-	5,910,131	(5,910,131)	-
Total Public Support and Revenues	7,509,406	983,846	8,493,252	7,599,969	328,386	7,928,355
Expenses						
Program services	7,097,984	-	7,097,984	7,295,306	-	7,295,306
Management and general	268,181	-	268,181	219,716	-	219,716
Total expenses	7,366,165	-	7,366,165	7,515,022	-	7,515,022
Change in net assets	143,241	983,846	1,127,087	84,947	328,386	413,333
Net assets, beginning of year	1,992,653	8,746,289	10,738,942	1,907,706	8,417,903	10,325,609
Net assets, end of year	<u>\$ 2,135,894</u>	<u>\$ 9,730,135</u>	<u>\$ 11,866,029</u>	<u>\$ 1,992,653</u>	<u>\$ 8,746,289</u>	<u>\$ 10,738,942</u>

The accompanying notes are an integral part of the financial statements

Louisiana Quarter Horse Breeders Association
Statements of Functional Expenses-Modified Cash Basis
For the Years Ended December 31, 2025 and 2024

	2025			2024		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Breeders awards	\$ 4,147,968	\$ -	\$ 4,147,968	\$ 3,210,976	\$ -	\$ 3,210,976
Video poker tax awards	1,330,000	-	1,330,000	1,550,000	-	1,550,000
State breeders fund	250,000	-	250,000	1,149,155	-	1,149,155
Yearling sale	342,305	-	342,305	311,828	-	311,828
Salaries	377,413	106,450	483,863	378,420	83,068	461,488
Payroll taxes	28,720	8,100	36,820	29,168	6,403	35,571
Pension expense	13,724	3,871	17,595	8,298	1,822	10,120
Professional fees	133,520	37,660	171,180	144,653	31,753	176,406
Advertising	68,364	19,282	87,646	84,044	18,449	102,493
Trophies, awards and promotional	28,881	-	28,881	24,925	-	24,925
Office supplies	12,619	3,559	16,178	15,776	3,463	19,239
Information technology	5,969	1,684	7,653	7,488	1,644	9,132
Postage	10,997	3,101	14,098	12,755	2,800	15,555
Travel, entertainment, convention and meeting expenses	64,595	18,219	82,814	59,543	13,070	72,613
Telephone and utilities	11,307	3,189	14,496	11,210	2,461	13,671
Repairs and maintenance	18,214	5,137	23,351	6,352	1,394	7,746
Depreciation	11,985	3,380	15,365	12,943	2,841	15,784
Out of state mare expense	48,000	-	48,000	47,500	-	47,500
Insurance	10,538	2,972	13,510	12,614	2,769	15,383
Other expenses	182,865	51,577	234,442	217,658	47,779	265,437
Total expenses	<u>\$ 7,097,984</u>	<u>\$ 268,181</u>	<u>\$ 7,366,165</u>	<u>\$ 7,295,306</u>	<u>\$ 219,716</u>	<u>\$ 7,515,022</u>

The accompanying notes are an integral part of the financial statements

Louisiana Quarter Horse Breeders Association
December 31, 2025 and 2024

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Activities

The Louisiana Quarter Horse Breeders Association (the Association) is a Louisiana non-profit organization, which seeks to promote and further the quarter horse breeding industry within the State of Louisiana. The Association is engaged in programs for the encouragement and improvement of the raising and breeding of Louisiana-owned quarter horses including, but not limited to, the payment of breeders' award to breeders of accredited Louisiana-bred horses and supplementing purses for races written for accredited Louisiana-bred horses. In addition, the Association is recognized as the sole official registrar of accredited quarter horse foals in Louisiana, as provided by Louisiana Revised Statute (R.S.) 4:179.

The Association's principal office is located in Alexandria, Louisiana. The Association is under the management and supervision of its Board of Directors. The Board of Directors is composed of 13 members, elected by the Association's membership. The Executive Director is a full-time employee of the Association and serves subject to the direction and instruction of the Board of Directors and manages the daily operations of the Association.

Basis of Accounting

The Association's policy is to prepare its financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. That basis differs from accounting principles generally accepted in the United States of America primarily because certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when incurred.

Basis of Presentation

Management of the Association believes that it would be more beneficial to the users of the Association's financial statements to report on a modified cash basis of accounting, which is a basis of accounting not in accordance with accounting principles generally accepted in the United States of America.

The Association is required to report information regarding its financial position and activities based on the existence or absence of donor or grantor-imposed restrictions, as follows:

Net assets without donor restrictions-Net assets that are not subject to legal restrictions. Some net assets without donor restrictions may be designated for specific purposes by action of the governing board.

Louisiana Quarter Horse Breeders Association
December 31, 2025 and 2024

Notes to Financial Statements

Net assets with donor restrictions-Net assets subject to legal restrictions that may or will be met by actions of the association.

Income Taxes

The Association meets the requirements of Section 501(c)(5) of the Internal Revenue Code and, therefore, is exempt from federal and state income taxes. The Association has no portion of its income subject to unrelated business taxable income and no income tax provision was incurred in the fiscal years ended December 31, 2025 and 2024.

The Association follows the provisions of the Accounting for Uncertainty in Income Taxes standard of the Financial Accounting Standards Board's Accounting Standards Codification, requiring it to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent (50%) likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the years ended December 31, 2025 and 2024, the Association's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters requiring recognition or any affecting its tax-exempt status.

The Association has filed all tax returns currently required by proper federal jurisdiction and the State of Louisiana. The Association's tax returns for the previous three years remains subject to examination.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all demand deposits and certificates of deposits, with original purchased maturities of ninety days or less. Money market accounts held by investment firms are classified as investments. Restricted cash includes breeder awards held by investment firms and video poker purse supplement funds.

**Louisiana Quarter Horse Breeders Association
December 31, 2025 and 2024**

Notes to Financial Statements

Securities

The Association classifies all its securities as held as available for sale, and they primarily are mortgage-backed securities. Mortgage-backed securities represent participating interests in pools of long-term first mortgage loans originated and serviced by issues of the securities. Securities are recorded at fair value, with net investment income recorded on the statement of activities.

Functional Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to both program services and supporting activities and are charged directly to either program services or supporting expenses based on the nature of expense.

Sources and Uses of Funds

As mentioned above, to observe the limitations and restrictions placed on the use of available resources, the accounts of the Association are presented in accordance with the specific activity or objective of the fund sources. A brief description of each fund source follows:

Public Funds

The Public Funds are used for purposes on which there are restrictions. The revenues of the Public Funds include:

Slot Machine Funds

As prescribed by Louisiana R.S. 27:361(B)(4)(c), each licensed eligible facility shall pay a fixed percentage of 1% of the annual net slot machine proceeds received from slot machine gaming operations at the licensed eligible facility to the Association. The Executive Committee of the Association shall distribute such amount, according to a schedule or formula and within a time period, which shall be established by the Committee, for special breeder awards to the breeders of accredited Louisiana-bred horses.

Video Draw Poker Device Purse Supplement Funds

As enacted by Louisiana R.S. 27:439(B)(2) &(2)(a), monies in the Video Draw Poker Device Purse Supplement Fund shall be annually appropriated to the Department of Economic Development, Louisiana State Racing Commission, and shall be allocated by the commission.

Louisiana Quarter Horse Breeders Association
December 31, 2025 and 2024

Notes to Financial Statements

One-third of the funds appropriated to the commission pursuant to the act are allocated and provided to The Louisiana Quarter Horse Breeders Association. The funds are distributed periodically based on requests from the Association for scheduled race days during active race meetings. The funds shall be used solely to supplement purses and are maintained in separate accounts and thus are restricted funds.

State Breeder Award Funds

To assist the Association in its promotion of the industry, R.S. 4:165(B)(1)(2)(3) provides that the Louisiana State Racing Commission will pay \$800,000 annually to make special stallion awards to owners of stallions of accredited Louisiana bred offspring and to make breeders' awards to the breeders of accredited Louisiana bred quarter horses.

Operating Funds

The Operating Funds are used for operating purposes on which there are no restrictions, except the budgetary control provisions provided by the budget adopted by the Board of Directors. The revenues of the Operating Funds include:

Commissions 2%

As provided by R.S. 4:165(C), each licensee conducting race meetings shall withhold 2% of the total supplemental purse to be paid to the Association for operating and administrative expenses.

Futurity Fees

The Association receives a 6% administrative fee on Association administered stakes. Stakes Added Money is excluded from Futurity Fees.

Other Operating Funds

The Association records interest earned on investments, membership dues, accrediting fees, and miscellaneous revenues when received.

Yearling Sale

The Association conducts a yearling sale and receives a commission and consignment fee on the sales proceeds to conduct the sales. Some board members participate in these sales on occasion. The transactions between the Association and board members are exchanged at an arms-length transaction with no special considerations.

Louisiana Quarter Horse Breeders Association
December 31, 2025 and 2024

Notes to Financial Statements

Property, Premises, Furniture and Equipment

Property, premises, furniture, and equipment are carried at cost less accumulated depreciation. Depreciation of premises, furniture and equipment is provided on the straight-line and accelerated methods over the estimated useful lives of the related assets. Expenditures for major renewals and betterments of Association premises and equipment are capitalized, and those for maintenance and repairs are charged to expense as incurred. When premises and equipment are retired or otherwise disposed of, the cost of the assets and related accumulated depreciation are removed from the accounts and the resulting gains or losses are recognized.

Measurement of Credit Losses on Financial Instruments

On January 1, 2023, the Association adopted ASU 2016-13, *Financial Instruments-Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. Topic 326 requires the measurement of all expected credit losses for financial assets held at the reporting date to be based on historical experience, current conditions, and reasonable and supportable forecasts. The adoption of this standard did not have a material impact on the Association's financial statements.

2. Financial Statement Presentation

The accompanying financial statements have been prepared on the modified cash basis of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restriction. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction

Net assets available for general use and not subject to donor restriction. The Board of Directors has designated, from net assets without donor restriction, net assets for specific purpose and operations. The Association's policy is to designate unrestricted donor funds at the discretion of the Board of Directors. Net assets without donor restriction also include the investment in property and equipment net of accumulated depreciation.

Net Assets With Donor Restriction

Net assets that are contributions and investment earnings subject to donor-imposed restriction. The Association may report contributions restricted by donors as increases in net assets without donor restriction if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the same reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction is reclassified to net assets

**Louisiana Quarter Horse Breeders Association
December 31, 2025 and 2024**

Notes to Financial Statements

without donor restriction and reported in the statements of activities as net assets released from restriction. As of 2025 and 2024, the Association's net assets with donor restrictions are restricted for funding various program services.

3. Investment Securities and Certificates of Deposit

Investment securities, which are government bonds and mortgage-backed securities, are treated as available for sale securities. Certificates of deposit were purchased on the open market and are also treated as available for sale securities. These assets are recorded at fair value. None of these securities have been reduced by an allowance for credit loss.

2025

	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Gain(Loss)</u>
<i>Level 1</i>			
Restricted:			
Certificates of deposit	\$ 2,272,000	\$ 2,293,855	\$ 21,855
Mortgage-backed securities	1,939,304	1,821,667	(117,637)
Government issued bonds	<u>570,000</u>	<u>574,192</u>	<u>4,192</u>
Total	4,781,304	4,689,714	(91,590)
Unrestricted:			
Certificates of deposit	\$ 1,344,000	\$ 1,350,669	\$ 6,669
Mortgage-backed securities	541,075	453,637	(87,438)
Government issued bonds	<u>842,341</u>	<u>848,974</u>	<u>6,633</u>
Total	\$ 2,727,416	\$ 2,653,280	\$ (74,136)

2024

	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Gain(Loss)</u>
<i>Level 1</i>			
Restricted:			
Certificates of deposit	\$ 2,125,000	\$ 2,140,036	\$ 15,036
Mortgage-backed securities	2,151,816	1,962,263	(189,553)
Mutual funds	<u>570,000</u>	<u>559,026</u>	<u>(10,974)</u>
Total	4,846,816	4,661,325	(185,491)

**Louisiana Quarter Horse Breeders Association
December 31, 2025 and 2024**

Notes to Financial Statements

Unrestricted:

Certificates of deposit	\$ 1,373,000	\$ 1,376,211	\$ 3,211
Mortgage-backed securities	541,866	472,646	(69,220)
Mutual funds	<u>598,509</u>	<u>590,429</u>	<u>(8,080)</u>
Total	\$ 2,513,375	\$ 2,439,286	\$ (74,089)

Summarized maturity dates for government issued bonds and certificates of deposits are as follows:

Within one year	\$ 849,874
After 1 year through 5 years	\$ 4,235,615
After 5 years	\$ 2,257,504

Mortgage-backed securities have maturity dates ranging from 2028 to 2052.

The Association is required to disclose estimated fair values for all financial instruments and nonfinancial instruments measured at fair value on a recurring basis. Generally accepted accounting principles (GAAP) establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuations based on quoted prices in active or inactive markets for similar assets or liabilities.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

4. Liquidity and Availability of Financial Assets

Louisiana Quarter Horse Breeders Association strives to maintain liquid financial assets sufficient to meet at least one year of general operating expenditures. The Association has \$3,585,336 of financial assets available within one year of the balance sheet date, comprised of cash of \$928,556, accounts receivable of \$3,500 and short-term investments of \$2,653,280. None of these financial assets is subject to donor restrictions or contractual restrictions that make them unavailable within one year.

**Louisiana Quarter Horse Breeders Association
December 31, 2025 and 2024**

Notes to Financial Statements

5. Functional Classification of Expenses

The Association reports expenses in its Statement of Revenues and Expenses-Modified Cash Basis in the natural expense categories. Accounting standards generally require disclosure of expenses between the functional classifications of program and support.

6. Defined Contribution Pension Plan

All full-time employees are currently eligible to participate in a Simple IRA retirement plan. Contributions to the Plan by the Association totaled \$17,594 and \$10,120 for the years ended December 31, 2025 and 2024, respectively. The Executive Director employment contract provided \$16,416 for non-plan contributions.

7. Subsequent Events

Management has evaluated subsequent events through April 16, 2026, the date which the consolidated financial statements were available for issue. There are no subsequent events required to be disclosed.

Supplementary Information

Louisiana Quarter Horse Breeders Association
Schedule of Compensation, Benefits, and Other Payments
To Agency Head or Chief Executive Officer
For the year ended December 31, 2025

Executive Director Bruce Salard

Salary	\$ 187,682
Car allowance	7,200
Cell phone	2,055
Retirement	7,518
Health insurance	5,145
Registration fees	238
Conference travel	<u>2,105</u>
	<u>\$ 211,943</u>



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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Louisiana Quarter Horse Breeders Association
Alexandria, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Louisiana Quarter Horse Breeders Association, as of and for the year ended December 31, 2025, and the related notes to the financial statements, and have issued our report thereon dated April 16, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we consider Louisiana Quarter Horse Breeders Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Quarter Horse Breeders Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana Quarter Horse Breeders Association's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Quarter Horse Breeders Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters, that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Oestriecher & Company, CPAs

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

April 16, 2026

**LOUISIANA QUARTER HORSE BREEDERS ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended December 31, 2025

Section I-Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Louisiana Quarter Horse Breeders Association.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported.
3. No instances of noncompliance were disclosed during the audit.

Section II - Financial Statement Findings

None

Louisiana Quarter Horse Breeders Association
Summary Schedule of Prior Audit Findings
For the year ended December 31, 2024

No prior year audit findings.



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To Louisiana Quarter Horse Breeders Association and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. Louisiana Quarter Horse Breeders Association (Association) is responsible for those C/C areas identified in the SAUPs.

The Association has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

- A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Results of Procedure: No exceptions noted
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
Results of Procedure: No exceptions noted
 - iii. ***Disbursements***, including processing, reviewing, and approving.
Results of Procedure: No exceptions noted

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Results of Procedure: No exceptions noted
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
Results of Procedure: No exceptions noted
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Results of Procedure: No exceptions noted
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Results of Procedure: No exceptions noted
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Results of Procedure: No exceptions noted
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
Results of Procedure: No exceptions noted
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Results of Procedure: No debt service agreements

- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results of Procedure: No exceptions noted

- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results of Procedure: No exceptions noted

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results of Procedure: No exceptions noted.

- ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Results of Procedure: No exceptions noted.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results of Procedure: N/A

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results of Procedure: No exceptions noted

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Results of Procedure: No exceptions noted

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results of Procedure: No exceptions noted

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results of Procedure: No exceptions noted

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results of Procedure: No exceptions noted

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

- i. Employees responsible for cash collections do not share cash drawers/registers;
Results of Procedure: No exceptions noted
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
Results of Procedure: No exceptions noted
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
Results of Procedure: No exceptions noted
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
Results of Procedure: No exceptions noted
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
Results of Procedure: No exceptions noted
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
Results of Procedure: No exceptions noted
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
Results of Procedure: No exceptions noted
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
Results of Procedure: No exceptions noted

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Results of Procedure: No exceptions noted

- v. Trace the actual deposit per the bank statement to the general ledger.

Results of Procedure: No exceptions noted

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results of Procedure: No exceptions noted

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

Results of Procedure: No exceptions noted

- ii. At least two employees are involved in processing and approving payments to vendors;

Results of Procedure: No exceptions noted

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

Results of Procedure: No exceptions noted

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

Results of Procedure: No exceptions noted

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results of Procedure: No exceptions noted

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

Results of Procedure: No exceptions noted

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Results of Procedure: No exceptions noted

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results of Procedure: No exceptions noted

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results of Procedure: No exceptions noted

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Results of Procedure: No exceptions noted

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

Results of Procedure: No exceptions noted

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results of Procedure: No exceptions noted

- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees’ authorization has been removed.

Results of Procedure: No exceptions noted

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
Results of Procedure: No exceptions noted
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
Results of Procedure: No exceptions noted
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
Results of Procedure: No exceptions noted
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
Results of Procedure: No exceptions noted

8) *Contracts*

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
Results of Procedure: No exceptions noted
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
Results of Procedure: No exceptions noted

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

Results of Procedure: No exceptions noted

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results of Procedure: No exceptions noted

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results of Procedure: No exceptions noted

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

Results of Procedure: No exceptions noted

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

Results of Procedure: No exceptions noted

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

Results of Procedure: No exceptions noted

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Results of Procedure: No exceptions noted

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Results of Procedure: No exceptions noted

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results of Procedure: No exceptions noted

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

Results of Procedure-Finding: No ethics training completed in 2025.

Management Response: Ethics training will be completed in 2026.

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results of Procedure: No exceptions noted.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results of Procedure: No exceptions noted

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Results of Procedure: No debt service

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results of Procedure: No debt service

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Results of Procedure: No exceptions noted

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results of Procedure: No exceptions noted

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

Results of Procedure: We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Results of Procedure: We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results of Procedure: We performed the procedure and discussed the results with management.

- iv. Randomly select 5 terminated employees (or all terminated employees if less than using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results of Procedure: We performed the procedure and discussed the results with management.

- v. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Results of Procedure: We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Results of Procedure: No exceptions noted.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results of Procedure: No exceptions noted

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

Results of Procedure: 5 employees which is 100% of employees have received training.

- ii. Number of sexual harassment complaints received by the agency;

Results of Procedure: No complaints of sexual harassment were reported

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

Results of Procedure: N/A, no complaints filed.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Results of Procedure: N/A, no complaints filed

- v. Amount of time it took to resolve each complaint.

Results of Procedure: N/A, no complaints filed

We were engaged by the Association to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Oestriecher & Company, CPAs

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

April 16, 2026