HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

FINANCIAL STATEMENTS

DECEMBER 31, 2025

RICHARD CPAS

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INDEPENDENT AUDITOR'S REPORT

To the Trustees
Horsemen's Workers' Compensation Insurance Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Horsemen's Workers' Compensation Insurance Trust (the Trust), which comprise the statement of net assets as of December 31, 2025, and the related statement of revenues, expenses, and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Horsemen's Workers' Compensation Insurance Trust as of December 31, 2025, and the changes in its net assets and its cash flows 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 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 the Trust 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 Regarding Prior Period Adjustment

As discussed in Note 11 to the financial statements, the net assets related to accounts receivable were understated by $268,639 and $150,052, respectively, as of December 31, 2024 and 2023, respectively. In addition, the net assets related to the allowance of doubtful accounts was overstated by $55,000 and $50,000, respectively, as of December 31, 2024 and 2023, respectively. The net assets related to Due from Affiliates were overstated by $110,703 as of December 31, 2024. Accordingly, the accounts receivable, allowance for doubtful accounts, and Due from Affiliates have been restated in the 2024 and 2023 financial statements. Our opinion is not modified with respect to this matter.

Adjustments to Prior Period Financial Statements

The financial statements of the Trust as of December 31, 2024, were audited by other auditors whose opinion dated September 8, 2025, on those statements was unmodified. As more fully described in Note 11, the Trust has restated its 2024 financial statements during the current year to appropriately record the accounts receivable, allowance of doubtful accounts, and due from affiliates balances, in accordance with accounting principles generally accepted in the United States of America.

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The prior auditors reported on the 2024 financial statements before the restatement. As part of our audit of the 2025 financial statements, we also audited adjustments described in Note 11 that were applied to restate the 2024 and 2023 year financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 and 2023 financial statements of the Horsemen's Workers' Compensation Insurance Trust other than with respect to the adjustments and, accordingly, we do not express an opinion or any form of assurance on the 2024 and 2023 financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the Trust'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 generally accepted auditing standards 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 the Trust'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 the Trust'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about short-duration insurance contracts on page 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 21, are presented for purposes of additional analysis and are 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 Schedule of Compensation, Benefits, and Other Payments to Agency Head 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 June 26, 2026, on our consideration of the Trust'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 the Trust'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 the Trust's internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
June 26, 2026

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST
STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2025 AND 2024

A S S E T S

	2025	2024 (Restated)
ASSETS		
Cash and cash equivalents	$ 2,393,094	$ 1,653,595
Cash held in claims escrow funds, restricted	240,878	380,758
Accounts receivable, net	292,879	213,639
Investments - debt securities	4,356,390	836,261
Investments - equity securities	329,707	247,369
Prepaid excess insurance	89,057	356,952
Other prepaid expenses	56,640	52,889
Excess insurance receivable	421,871	369,983
Due from affiliates, net	-	2,647,852
Total assets	$ 8,180,516	$ 6,759,298

L I A B I L I T I E S A N D N E T A S S E T S

	2025	2024 (Restated)
LIABILITIES		
Unpaid claims liability	$ 3,078,488	$ 3,667,273
Accrued liabilities	100,458	-
Insurance assessment	125,000	125,000
Unearned revenues	206,682	288,425
Escrow liability	50,000	50,000
Due to affiliates, net	494,089	-
Total liabilities	4,054,717	4,130,698
NET ASSETS		
Without donor restrictions	4,125,799	2,628,600
Total net assets	4,125,799	2,628,600
TOTAL LIABILITIES AND NET ASSETS	$ 8,180,516	$ 6,759,298

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

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024 (Restated)
REVENUES AND OTHER SUPPORT		
Start premium revenue	$ 4,374,382	$ 4,073,384
Purses receipts allocated to workers' compensation revenue	868,550	826,636
Farm premium revenue	187,582	104,166
Net realized and unrealized gains (losses)	128,256	60,254
Investment income, net	73,741	39,551
Other income	19,187	-
Total revenues and other support	5,651,698	5,103,991
EXPENSES		
Claims expense	1,545,852	3,392,849
Management fees	929,200	900,000
Excess insurance premiums	833,087	627,277
Florida revenue share	445,460	-
Professional fees	208,512	245,801
Claims handling fees	90,928	125,605
Other expenses	86,460	70,637
Bad debt expense	15,000	5,000
Total expenses	4,154,499	5,367,169
CHANGE IN NET ASSETS	1,497,199	(263,178)
NET ASSETS, BEGINNING OF THE YEAR	2,525,664	2,791,726
PRIOR PERIOD ADJUSTMENT (NOTE 11)	102,936	100,052
NET ASSETS, BEGINNING OF THE YEAR (RESTATED)	2,628,600	2,891,778
NET ASSETS, END OF THE YEAR	$ 4,125,799	$ 2,628,600

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

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,497,199	$ (263,178)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized and realized loss (gains) on investments	(128,256)	(60,254)
Bad debt expense	15,000	5,000
Changes in operating assets and liabilities:		
Accounts receivable	(94,240)	(118,587)
Prepaid excess insurance	267,895	(58,168)
Excess insurance receivable	(51,888)	737,322
Other prepaid expense	(3,751)	1,616
Unpaid claims liability	(588,785)	207,948
Accrued liabilities	100,458	57,090
Unearned revenues	(81,743)	(33,466)
Due from/to affiliates, net	3,141,941	(1,090,351)
Net cash provided by (used in) operating activities	4,073,830	(615,028)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(3,695,460)	(308,532)
Proceeds from sales and maturities of investments	221,249	293,471
Net cash (used in) investing activities	(3,474,211)	(15,061)
Increase (decrease) in cash and cash equivalents	599,619	(630,089)
Cash and cash equivalents, beginning of year	2,034,353	2,664,442
Cash and cash equivalents, end of year	$ 2,633,972	$ 2,034,353
RECONCILIATION TO THE STATEMENTS OF NET ASSETS		
Cash and cash equivalents	$ 2,393,094	$ 1,653,595
Cash held in claims escrow funds, restricted	240,878	380,758
	$ 2,633,972	$ 2,034,353

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

1. Significant Accounting Policies

Organization

The Horsemen's Workers' Compensation Insurance Trust (the Trust) was established on July 13, 2011, as a trust pursuant to Louisiana Revised Statute 4:251 and 4:252 to administer an insurance program for the purpose of providing workers' compensation insurance coverage and related benefits to members of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. (the Association). The Trust began providing insurance coverage on July 16, 2011, which is considered the date of inception of operations. The Association was formed for the purpose of protecting the interest of the horse owners and trainers, particularly as it relates to their relationships with the owners and managers of racetracks. The purpose of the Trust is to provide workers' compensation insurance certificates of coverage and related benefits for certain workers participating in the horse racing industry and members of the Association. The Trust's objective is to formulate, develop, and administer a program of workers' compensation and loss control programs for the benefit of participants. This includes developing underwriting and rate-setting policies and administering benefits to claimants under the insurance certificates and to purchase excess insurance contracts for the benefit of the Trust. Beginning in 2023, the Trust also began providing coverage to certain racetracks in Florida.

The Trust is administered by a Board of Trustees who are appointed by the Board of Directors of the Association. The Trust also contracts with the Association to act as the administrator and manager of the Trust and with other parties to perform certain functions to carry out the objectives of the Trust. The Trust and the Association are affiliated through common membership and management control and are considered to be related parties. Although these entities are related parties, their various net assets are available only to each individual entity for their respective operations.

In the event the Trust has excess assets available for a trust year of operations, the Trustees may, at their sole discretion, declare a dividend payable to members meeting eligibility requirements. Such a dividend will be payable only upon determination by the Board of Trustees and any necessary regulatory approvals.

Basis of Accounting

The accompanying financial statements are presented in accordance with U.S. generally accepted accounting principles (GAAP) and prevailing practices within the insurance industry. The Trust utilizes the accrual method of accounting for financial reporting purposes.

Cash and Cash Equivalents

Cash equivalents are all highly liquid investments with maturities of three months or less at date of acquisition. As of December 31, 2025 and 2024, unrestricted cash and cash equivalents amount to $2,393,094 and $1,653,595, respectively.

1. Significant Accounting Policies (continued)

Revenues and Other Support

The Association is funded by the statutorily dedicated funds described in the Louisiana Revised Statute (La R.S) 4:251 through 252, relative to workers' compensation insurance coverage. Pursuant to La R.S. 4:252 (c)(5), the Association receives 2% of all purses and purse supplements available for purses for any race meets in Louisiana. Of the 2% receipts, the Association may utilize up to one-half of the authorized two percent for the improvement and administration of the Louisiana Horsemen's Pension Trust. During the years ended December 31, 2025 and 2024, 1% of the Association's total 2% purse receipts was dedicated to the Trust and recognized as revenues in these financial statements. The remaining 1% of the Association's purse receipts was dedicated to the Louisiana Horsemen's Pension Trust. See Note 5.

The Association's workers' compensation insurance program also generates premium revenue which is based on either the number of race starts or per payroll level if the member is a non-racing farm. The percentage of purse funds received and premiums charged to members on either a per-start or covered payroll basis by the Association were contributed to the Trust and included in premium revenues in these financial statements. For Louisiana domiciled participants and participants who meet a Louisiana racing test, coverage is extended while temporarily participating in out of state horse racing and/or training operations. For other participants, coverage is provided while operating at the Louisiana Race Tracks and Louisiana recognized Training Centers. Participants must obtain coverage through the Trust unless the Association declines to provide coverage. In such case, the trainer must provide evidence that other workers' compensation insurance is in place in order to race in Louisiana.

Louisiana domiciled participants and participants who meet a Louisiana racing test pay premiums on a per start fee. There was a $65 charge for in-state races though June 30, 2024, which was increased to $80 for each start thereafter. Participants for out-of-state and out-of-country races are charged a fee of $90 to $110 per start, respectively. The base farm rate remained at 12% of farm payroll. Quarter horse and thoroughbred farms premiums are based on their estimated annual payroll. Revenues received from a percentage of purses or on a per-start basis are recognized as revenue by the Trust when the event occurs. Premiums from non-racing farms are recognized as revenues over the term of the coverage agreements as they become earned. This method of premium recognition is considered by management to reasonably represent the periods of risk of loss exposure. Premiums are also subject to verification and any adjustments to premiums or revenues are considered to be a change in estimate and are recognized in the period they become known. Premiums are collected from members by the Association and remitted to the Trust. Acquisition costs associated with new and renewal coverage agreements are deemed immaterial to the financial statements and are expensed when incurred.

Revenues collected in advance of the next succeeding policy year are deferred from income recognition and are recorded as unearned revenues for participants who pay premiums for start fees. As of December 31, 2025 and 2024, the unearned revenues amount to $206,682 and $288,425, respectively.

1. Significant Accounting Policies (continued)

Revenues and Other Support (continued)

During the year ended December 31, 2025, the Trust entered into a revenue-sharing arrangement with the Florida Thoroughbred Breeder Association related to Start Premium Revenue. Under the arrangement, the Trust remit amounts based on the number of starts incurred for the month multiply by the appropriate start fee. During the years ended December 31, 2025 and 2024, the Trust's remits Florida Revenue Share amounted to $445,460 and $0, respectively.

Accounts Receivable

Accounts receivable primarily consist of amounts due for purse revenues earned from Louisiana Revised Statute (La R.S) 4:251 through 252, relative to workers' compensation insurance coverage pursuant to La R.S. 4:252 (c)(5) and race-starts revenue for the years ended December 31, 2025 and 2024. Accounts receivable are stated at their net realizable value.

Excess Insurance receivables

The Trust enters into excess insurance agreements to reduce its exposure to large losses on insured events. Excess insurance provides for recovery of a portion of losses from third-party insurers, although it does not discharge the primary liability of the Trust as the direct insurer of the insured risks under the coverage agreement. The Trust does not report insured risks as liabilities unless management determines it is probable that those risks will not be covered by the excess insurers.

Allowance for Credit Losses

Accounts receivable and excess insurance receivables are reviewed for impairment and are presented net of an allowance for expected credit losses. The allowance for expected credit losses is estimated based on the Trust's analysis of amounts due, historical delinquencies and write-offs, and current economic conditions, together with reasonable and supportable forecasts of short-term economic conditions. Any adjustment to the allowance for expected credit losses is recognized in the period in which it is determined. Write-offs of receivable balances, together with associated allowances for expected credit losses, are recognized in the period in which balances are deemed uncollectible. The Company does not have a history of significant write-offs. As of December 31, 2025 and 2024, the allowance for expected credit losses on the Trust's receivables amounts to $70,000 and $55,000, respectively. Bad debt expenses and any related recoveries are included in the Statements of Revenues, Expenses, and Changes in Net Assets, as applicable. Bad debt expense for the years ended December 31, 2025 and 2024, was $15,000 and $5,000, respectively.

1. Significant Accounting Policies (continued)

Insurance Related Assessments

The Trust's management and legal counsel are evaluating whether the Trust's activities are subject to assessments made by the Louisiana Second Injury Fund and the Office of Workers' Compensation based on benefits paid each year. If the Trust is determined to be subject to these types of loss-based assessments, the Trust intends to recognize these assessments as expense when related claim benefits are incurred rather than paid. The Trust would also be eligible to seek reimbursement for claims cost incurred for claimants which qualify for reimbursement under the Louisiana Second Injury Fund. As of December 31, 2025 and 2024, the Trust accrued $125,000, as potential contingent liabilities associated with these loss-based assessments which is continually updated as additional information is evaluated and is recorded on the Statements of Net Assets as "Insurance Assessment" under Liabilities. Changes in the accrued liabilities for these assessments are recorded as charges or credits to expense each year. There have been no significant changes in the related assessments, and management believes the assessment is appropriate as of December 31, 2025 and 2024.

Investments

The Trust's investments consist of debt and equity securities. The Trust's investments have readily determinable fair values and are measured at fair value with changes in fair values recognized in net income. Equity investments that do not have readily determinable fair values may be remeasured at fair value either upon the occurrence of an observable price change or upon identification of impairment. A qualitative assessment for impairment is required for equity investments without readily determinable fair values. As of December 31, 2025 and 2024, there has been no impairment recorded for the related investments.

Unpaid Claims Liability

The Trust provides workers' compensation coverage to members for claims incurred during the policy period regardless of when the claims are reported to the Trust. The Trust establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Estimated amounts of excess insurance recoverable on unpaid claims are deducted from the liability for unpaid claims.

Adjustments to claims liabilities are charged or credited to claims expense in the periods in which they are made. The carrying amount of liabilities for claims losses and claims expense are not discounted for the present value of future payments in the financial statements.

1. Significant Accounting Policies (continued)

Contributed Services

Volunteers contribute significant amounts of time to program services, and administration; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. For the years ended December 31, 2025 and 2024, there were no contributed services recorded on the financial statements.

Historic Horse Racing

Effective January 1, 2024, the Trust, receives a portion of its income from historic horse racing (HHR) machines operated under agreements with licensed gaming facilities. These revenues represent the Trust's share of net proceeds generated from HHR wagering activities. Income is recognized when earned and collection is reasonably assured, in accordance with the terms of the revenue-sharing agreements.

Management monitors these agreements and related revenues regularly to ensure accuracy and compliance with applicable regulations. Historic horse racing revenue is considered unrestricted and is used to support the Trust's general operations and program activities. For the year ended December 31, 2025 and 2024, HHR revenues amount to $19,187 and $0, respectively.

The Historic Horse Race Fund was legislatively discontinued in May 2025.

Income Taxes

The Trust is exempt from federal income taxes under Sections 501(c)(4) of the Internal Revenue Code (IRC). The Trust has no unrelated business activities which could be deemed taxable activities. Therefore, no provision for income taxes has been included in the Trust's financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of additions to and reduction of net assets during the reported period. Accordingly, actual results may differ from those estimates, and those differences may be material.

Reclassification

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

2. Accounts Receivable

As of December 2025, and 2024, the Trust's accounts receivable, net the allowance of doubtful accounts, consists of the following:

	2025	2024
Purses receipts	$ 78,506	-
Start premium	284,373	268,639
	362,879	268,639
Less: Allowance of doubtful accounts	(70,000)	(55,000)
	$ 292,879	$ 213,639

3. Investments

The carrying value, gross unrealized gains and losses, and estimated fair value of investment securities as of December 31, are shown below:

2025	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. treasury securities	$ 3,755,540	$ 42,011	$ -	$ 3,797,551
Certificates of deposit	560,000	1,894	(3,055)	558,839
Total debt securities	4,315,540	43,905	(3,055)	4,356,390
Equity securities	244,300	90,741	(5,334)	329,707
Total equity securities	244,300	90,741	(5,334)	329,707
Total investments	$ 4,559,840	$ 134,646	$ (8,389)	$ 4,686,097

2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. treasury securities	$ 150,016	$ -	$ (1,051)	$ 148,965
Certificates of deposit	700,000	538	(13,242)	687,296
Total debt securities	850,016	538	(14,293)	836,261
Equity securities	211,671	46,220	(10,522)	247,369
Total equity securities	211,671	46,220	(10,522)	247,369
Total investments	$ 1,061,687	$ 46,758	$ (24,815)	$ 1,083,630

4. Fair Value Measurement

The amortized cost and estimated fair values of debt securities at December 31, 2025, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due within one year	$ 3,801,239	$ 3,837,511
Due after one year	514,301	518,879
	$ 4,315,540	$ 4,356,390

The Trust uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. U.S. GAAP defines fair value as the amount at which that asset could be bought or sold in a current transaction between willing parties; that is, other than in a forced or liquidation sale.

Certain of the Trust's investment securities are carried at fair value and have been classified based on a hierarchy which prioritizes the inputs to valuation techniques to measure fair value into three broad levels. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Classification is based on the lowest level input that is significant to its measurement. The levels of the fair value hierarchy are as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Trust has the ability to access.
- Level 2 – Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement, determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The fair values of equity securities and certificates of deposit are considered to have a fair value determined as Level 1 and Level 2, respectively.

5. Related Party Transactions

The Association provides various management and administrative functions for the benefit of the Trust, including the collection of the Trust's revenues. The Trust incurred management fees to the Association of $929,200 and $900,000 during the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the Statements of Net Assets included amounts due to the Association in the amounts of $494,089 and due from the Association in the amount of $2,647,852, respectively.

As previously described in Note 1, the Trust's purpose is to provide benefits for members of the Association and the Trust is dependent on the Association to contribute revenues to the Trust, which are statutorily derived. The Trust's viability is dependent on the Association for operating revenues, management services, and funding any cash flow needs.

6. Claim Escrow Funds

As of December 31, 2025 and 2024, cash held in escrow funds amount to $240,878 and $380,758, respectively, on the Statements of Net Assets. Included in these amounts as of December 31, 2025 and 2024 are, cash held in escrow balances held by other third-party service providers and attorneys use to pay out claims amount to $190,878 and $330,758, respectively, and funds in the amounts of $50,000 and $50,000, respectively, relating to the escrow deposits used for out-of-state premium starts for Florida Thoroughbred Horsemen's Association.

7. Claims Expense and Unpaid Claims Liability

The following represents changes in the Trust's aggregate unpaid claims liabilities for the years ended December 31, 2025 and 2024, net of amounts insured by excess insurers as described in Note 7:

	2025	2024
Beginning balance, net	$ 3,667,273	$ 3,459,625
Net incurred related to:		
Current year	2,087,501	4,306,969
Prior year	(799,589)	(914,120)
Total incurred	1,287,912	3,392,849
Net paid related to:		
Current year	1,155,646	1,852,121
Prior year	721,051	1,333,080
Total paid	1,876,697	3,185,201
Direct balance at end of year	3,130,376	3,970,133
Less excess recoverable	(51,888)	(302,860)
Ending balance, net	$ 3,078,488	$ 3,667,273

7. Claims Expense and Unpaid Claims Liability (continued)

The Trust utilizes an independent consulting actuary to advise on the necessary level of reserves for losses and loss-adjustment expenses. During 2025 and 2024, the Trust experienced overall favorable development in the amount of $799,589 and $914,120, respectively, on unpaid claims liabilities established in prior years. The favorable development related primarily to more recent accident years which is attributed, at least in part, to a decrease in estimated severity of claims.

In the opinion of the Trust's management, the reserve estimates are adequate to cover the estimated ultimate liability for the losses and loss-adjustment expenses at December 31, 2025. Consistent with most companies with similar insurance operations, the Trust's reserve for losses and loss-adjustment expenses is ultimately based on management's reasonable expectations of the future events. It is reasonably possible that the expectations associated with these amounts could change in the near term (i.e. within one year) and that the effect of such changes could be material to the financial statements. The Trust does not discount its reserves for losses and loss adjustment expenses.

The Trust's reserves for loss and loss adjustment expenses represent the estimated cost of all reported and unreported loss and loss adjustment expenses incurred and unpaid at any given point in time based on known facts and circumstances. The Trust estimates its reserves for loss and loss adjustment expenses using individual case valuations and actuarial analysis. The Trust utilizes a combination of generally accepted and standard actuarial methods including paid and incurred loss development factor approaches, expected loss ratio methods and other paid and incurred approaches to estimate its reserves for loss and loss adjustment expenses. Embedded within these actuarial methods are loss development assumptions selected by either a review of the Trust's specific loss development history, industry loss development characteristics, or a combination of both depending on the maturity of the loss experience to date.

Loss development factors are a key assumption underlying many of the actuarial methods utilized. Loss development factors are the ratio of losses at successive evaluations for a defined group of claims (e.g., accident year, accident quarter, etc.). Loss development factors may be dependent on a number of elements, including frequency and severity of claims, length of time to achieve ultimate settlement of claims, case reserving practices, projected inflation of medical costs and wages, judicial determinations and existing laws and regulations. The predictive ability of loss development factors is dependent on consistent underwriting, claims handling, and inflation, among other factors, and predictable legislatively and judicially imposed legal requirements.

The Trust only writes workers' compensation insurance. The incurred claims information below also includes the cumulative number of claims reported in each accident year. The number of claims reported are aggregated on a per claimant basis and are included to help measure claim frequency.

7. Claims Expense and Unpaid Claims Liability (continued)

The following is information about the incurred and paid claims as of December 31, 2025, net of excess insurance, as well as cumulative claim frequency and the total of incurred but not reported liabilities plus expected development on reported claims included within the net incurred claims amounts.

Accident Year	Incurred claims and allocated claim adjustment expenses, net of excess insurance	Cumulative Paid	Incurred but not reported plus expected development on reported claims	Cumulative number of claims reported
2011	$ 686,209	$ 686,209	$ -	172
2012	1,591,251	1,591,251	-	156
2013	1,939,308	1,939,308	-	113
2014	1,995,961	1,995,961	-	87
2015	1,644,089	1,185,013	-	88
2016	1,886,119	1,886,119	-	103
2017	1,415,230	1,415,230	-	79
2018	2,052,031	2,052,031	-	86
2019	2,005,500	1,878,893	602	94
2020	1,419,000	1,417,314	1,686	68
2021	1,142,500	1,132,912	9,588	82
2022	1,565,000	1,301,550	37,431	76
2023	2,675,000	2,330,870	181,245	106
2024	3,500,000	2,557,904	523,843	140
2025	2,087,501	1,155,646	943,966	119
	$ 27,604,699	$ 24,526,211		

Liabilities for claims and allocated claims adjustment expenses, net of excess insurance	$ 3,078,488

8. Excess Insurance Coverage

The Trust purchases both specific and aggregate excess insurance policies from commercial insurers to limit the Trust's losses in excess of agreed upon loss limits. The Trust's specific excess policy limits the Trust's losses to the retention amount for any single occurrence, up to a maximum benefit. The Fund's aggregate excess coverage provided protection against losses arising during a coverage year in the aggregate, subject to a maximum coverage benefit.

The specific excess insurance obtained from the Trust's inception to July 2015 provides coverage for each and every accident in excess of a $400,000 retention amount retained by the Trust. For the period July 2015 to July 2020, the Trust's specific retention amount was increased to $500,000 for each occurrence. For the period July 2020 to July 2022, the Trust's specific retention amount was increased to $600,000 for each occurrence. Beginning in July 2022, the Trust's specific retention amount was increased to $750,000 for each occurrence. Beginning in July 2025, the Trust's specific retention was increased to $1,000,000 for each occurrence. The specific excess insurance provides coverage for all statutory benefits owed to the claimant under the Trust's coverage agreement.

The aggregate excess insurance provides for coverage of aggregate losses for each of the coverage periods ending July 1, 2026, and July 1, 2025, for losses incurred which exceed 100% of audited standard premium and $6.5 million, respectively. Any further aggregate losses are the responsibility of the Trust.

The Trust recognized amounts receivable from the specific excess insurer of $421,871 and $369,983, as of December 31, 2025 and 2024, respectively, for reimbursement of claims paid. The Trust also presented its loss reserve liability in Note 6 net of unpaid losses incurred in excess of the Trust's specific retention levels.

The excess insurance contracts do not relieve the Trust from its obligations to claimants. The Trust remains liable to claimants for the portion insured to the extent that the excess insurer does not meet the obligations assumed under the excess insurance agreement. Failure of the excess insurers to honor their obligation could result in losses to the Trust.

9. Letter of Credit

The Trust maintains an irrevocable standby letter of credit with a financial institution for the benefit of an Insurance Company. The applicant under the letter of credit is the Trust. The letter of credit agreement is in the amount of $2,100,000, subject to a variable rate of interest based on the changes in an independent index, which is the Prime rate for the U.S. designated in the "Money Rates" section of the Wall Street Journal. Interest only payments are due monthly to the lender. The letter of credit matures on July 31, 2027. At December 31, 2025, no amounts have been drawn under the letter of credit, and management believes the likelihood of any material loss from this commitment is remote.

10. Concentration of Credit Risk

The Trust receives virtually all of its support as a result of the horse racing industry. For the years ended December 31, 2025 and 2024, the Trust has 96.00% and 98.00%, respectively, of revenues from horse racing. Management does not foresee any unfavorable impact as a result of these concentrations. The Trust maintains its cash and cash equivalent balances in several financial institutions. Custodial credit risk is the risk that in the event of a bank failure, the Trust's deposits may not be returned to them. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2025 and 2024, the Trust's cash exceeded federally insured limits by $2,004,620 and $1,338,231, respectively.

11. Prior Period Financial Statements

During the years ended December 31, 2025, the Trust discovered that the 2024 and 2023 financial statements understated accounts receivable related to Starts Premium Revenue by $268,639 and $150,052, respectively, and understated the allowance for doubtful accounts by $55,000 and $50,000, respectively. The Trust overstated Due from Affiliates by $110,703 as December 31, 2024. The Trust has restated the 2024 and 2023 financial statements, along with the associated impact on the Statement of Net Assets, Statements of Revenues, Expenses, and Changes in Net Assets, and Statements of Cash Flows, within the accompanying financial statements.

The impact on December 31, 2024, net assets are as follows:		
Net assets as of December 31, 2024, previously reported	$	2,525,664
Accounts receivable understated as of December 31, 2024		268,639
Allowance of doubtful of accounts understated as of December 31, 2024		(55,000)
Due from affiliates overstated as of December 31, 2024		(110,703)
Total net assets as of December 31, 2024, as restated	$	2,628,600

The impact on December 31, 2023, net assets are as follows:		
Net assets as of December 31, 2023, previously reported	$	2,791,726
Accounts receivable understated as of December 31, 2023		150,052
Allowance of doubtful of accounts understated as of December 31, 2023		(50,000)
Total net assets as of December 31, 2023, as restated	$	2,891,778

12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2026, and determined the following items require disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Effective January 1, 2026, the Board of Directors of Louisiana Horsemen's Benevolent and Protective Association 1993 Inc. approved the increase of the allocation of purse and purse supplements to the Trust from 1.00% to 1.25% for the year ended December 31, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST
SHORT DURATION CONTRACTS

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Excess Insurance
For the years ended December 31,

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Incurred but not reported plus expected development on reported claims	Cumulative Number of Claims reported
2014	2,066,056	2,336,140	1,967,750	2,047,031	1,948,033	1,914,677	1,889,232	1,900,963	1,902,435	1,898,983	1,995,961	1,995,961	-	87
2015		1,797,516	1,777,634	1,594,611	1,551,173	1,723,606	1,580,750	1,662,724	1,659,245	1,653,222	1,644,089	1,644,089	-	88
2016			2,048,280	1,952,183	1,860,372	2,153,139	2,018,420	1,931,578	1,914,018	1,902,172	1,886,119	1,886,119	-	103
2017				1,528,571	1,397,486	1,514,460	1,437,317	1,414,319	1,464,393	1,433,809	1,415,230	1,415,230	-	79
2018					2,634,673	2,613,805	2,248,134	2,167,518	2,137,476	2,124,908	2,052,824	2,052,031	-	86
2019						2,947,806	2,284,570	2,070,824	2,008,852	1,897,628	1,977,128	2,005,500	602	94
2020							1,871,610	1,657,948	1,513,253	1,482,748	1,443,875	1,419,000	1,686	68
2021								1,947,576	1,468,010	1,359,106	1,170,625	1,142,500	9,588	82
2022									2,010,408	1,785,109	1,642,199	1,565,000	37,431	76
2023										3,111,078	2,565,000	2,675,000	181,245	106
2024											4,306,969	3,500,000	523,843	140
2025												2,087,501	943,966	119
												$ 23,387,931		

Cumulative Paid Claims & Allocated Claim Adjustment Expenses, Net of Excess Insurance
For the years ended December 31,

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2014	500,380	1,360,414	1,637,406	1,795,799	1,788,558	1,873,200	1,867,804	1,891,241	1,891,241	1,891,240	1,995,961	1,995,961
2015		352,540	1,103,715	1,343,040	1,397,659	1,641,115	1,544,159	1,644,089	1,644,089	1,644,089	1,644,089	1,185,013
2016			659,293	1,204,785	1,477,899	1,771,708	1,842,711	1,885,138	1,886,119	1,886,119	1,886,119	1,886,119
2017				453,516	852,955	1,071,660	1,190,299	1,268,054	1,414,319	1,414,730	1,415,230	1,415,230
2018					792,579	1,578,834	1,776,928	1,858,612	1,890,723	2,072,464	2,052,031	2,052,031
2019						921,598	1,420,170	1,626,420	1,697,682	1,745,149	1,807,679	1,878,893
2020							718,023	1,098,046	1,209,148	1,255,524	1,417,314	1,417,314
2021								687,288	1,025,068	1,130,460	1,136,382	1,132,912
2022									768,646	1,028,550	1,253,135	1,301,550
2023										1,121,511	1,972,985	2,330,870
2024											1,851,821	2,557,904
2025												1,155,646
Liabilities for claims and allocated claims adjustment expenses, net of excess insurance												$ 20,309,443

Average Annual Percentage Payout of Incurred Loss and Allocated Claim Adjustment Expense, By Age, Net of Excess Insurance

Years	1	2	3	4	5	6	7	8	Total
Workers' Compensation	49.38%	25.67%	11.26%	3.89%	5.41%	4.30%	0.05%	0.04%	100.00%

The Trust's limited operating history may impact the above payout patterns of ultimate workers' compensation benefits.

See independent auditor's report

SUPPLEMENTARY INFORMATION

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2025

Agency Head Name: Edwin Fenasci, Executive Director

Purpose		Amount
Salary	$	162,195
Benefits - insurance		9,355
Meals and Parking		2,029
Registration fees		425
Conference travel		2,704
	$	176,708

The governing body of the Horsemen's Workers' Compensation Insurance Trust is the Board of Trustees. The Trustees are appointed by the Board of Directors of LAHBPA 1993, Inc. The Executive Director of LAHBPA 1993, Inc. is the individual responsible for and monitors all activities of the LAHBPA 1993, Inc. and its related organizations including the Horsemen's Workers' Compensation Insurance Trust. The Horsemen's Workers' Compensation Insurance Trust does not have any employees. This schedule reflects the compensation, benefits and other payments made to the Executive Director by LAHBPA 1993, Inc.

See independent auditor's report.

OTHER REPORTS REQUIRED BY *GOVERNEMENT AUDITING STANDARDS*

RICHARD CPAS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINCANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Trustees
Horsemen's Workers' Compensation Insurance Trust

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 Horsemen's Workers' Compensation Insurance Trust (the Trust.), which comprise the statement of net assets as of December 31, 2025, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatements, 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

The 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 Trust'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 Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richard CPAS

Metairie, Louisiana
June 26, 2026

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2025

1. Summary of Auditor's Results

Financial Statements:	Unmodified
Type of auditor's report issued:	Unmodified
Internal Control over financial reporting:	
• Material weakness(es) identified	None reported
• Significant deficiency(ies) identified that are not considered to be material weakness	None reported
Noncompliance material to the financial statements	No
Other matter:	No

2. Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards*

None noted.

3. Prior Year Audit Findings relating to the basis financial statements reported in accordance with *Government Auditing Standards*

Significant Deficiency

2024-1 Accounting and Financial Reporting

Condition:	As part of the audit process, the auditors have assisted management in drafting the financial statements and related notes for year-end financial reporting. Additionally, the auditor has proposed adjusting journal entries to adjust the books and records of the Trust, and these adjustments have been reviewed and accepted by management. In the auditors' judgment, the magnitude of adjustments proposed, either individually or in the aggregate, indicate matters that do have a significant effect on the Trust's financial reporting process.
Criteria:	Internal controls over financial reporting should be adequately designed to enable the Trust to prepare its financial statements in accordance with accounting principles generally accepted in the United States of America.
Effect:	Significant adjusting journal entries were proposed to allow the financial statements to accurately reflect the Trust's financial position, operations and cash flows.
Recommendation:	Small entities with few internal accounting personnel or resources typically have difficulty establishing formal internal control procedures to ensure accurate financial reporting. We recommend that this process should include timely review of account reconciliations and analysis of accounts by someone other than the preparer to verify that there are no errors or significant unidentified variances or accruals that would need to be recorded. Adjustments identified as a result of these account reconciliations and reviews should be recorded on a timely basis.
Management's Response:	Management understands and concurs with the finding. Management will work closely with the auditor to further understand the risks and consider the need to dedicate additional resources for the documentation of internal controls and preparation of our financial statements.
Current Status:	The finding has been resolved.

4. Prior Year Audit Findings relating to the basis financial statements reported in accordance with *Government Auditing Standards*

2024-2 Non-compliance with State Audit Law

Condition:	The Trust was required to have an audit completed by the filing deadline of June 30, 2025 (six months after its fiscal year end) and the Trust did not meet this filing deadline.
Criteria:	In accordance with R.S. 24:513, the Trust must have their financial statements audited in a timely manner. The due date of the audited financial statements is six months after the Trust's fiscal year end.
Effect:	As of the date of this report, the Trust was granted an extension until September 30, 2025 to file by the Louisiana Legislative Auditor.
Recommendation:	The Trust should ensure that all financial reporting has been completed in an accurate and timely manner to allow sufficient time for the auditor to complete their procedures in accordance with State Law and meet future deadlines.
Management's response:	Management understands and concurs with the finding. Management will ensure there will be sufficient time for the auditor to complete their procedures in accordance with State Law and meet future deadlines.
Current Status:	The finding has been resolved.

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST
NEW ORLEANS, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2025

RICHARD CPAS

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2025

HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

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RICHARD CPAS

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2025

To the Horsemen's Workers' Compensation Insurance Trust 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. The Horsemen's Workers' Compensation Insurance Trust's (the Trust) management is responsible for those C/C areas identified in the SAUPs.

The Horsemen's Workers' Compensation Insurance Trust 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 we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the Horsemen's Workers' Compensation Insurance Trust 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 Horsemen's Workers' Compensation Insurance Trust 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.

Richard CPAS

Metairie, Louisiana
June 26, 2026

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HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

PROCEDURES (SCHEDULE A)

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted" or for step 25 "we performed the procedure and discussed the results with management"*. If not, then a description of the exception ensues.

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.

N/A - the Trust does not prepare or operate using a budget.

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.

No exceptions were found as a result of this procedure.

iii. ***Disbursements***, including processing, reviewing, and approving.

No exceptions were found as a result of this procedure.

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).

No exceptions were found as a result of this procedure.

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.

N/A – the Trust does not have any employees.

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.

No exceptions were found as a result of this procedure.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions were found as a result of this procedure.

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).

N/A – the Trust does not have any credit cards.

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.

N/A – the Trust is a non-profit organization.

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

N/A – the Trust does not have any debt service.

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.

No exceptions were found as a result of this procedure.

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.

N/A – the Trust is a non-profit organization.

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.

N/A – no charter or legislation dictates the frequency of the Trust's board meetings.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes 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. *Alternately, 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.*

N/A – the Trust is not required to prepare a budget.

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.

N/A – the Trust is a non-profit organization.

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.

N/A – due to no charter or legislation dictating the frequency of the Trust's board meeting, no requirement of any written updates of the progress of audit findings or management's corrective action.

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);

No exceptions were found as a result of this procedure.

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 within 1 month of the date the conciliation was prepared (e.g., initialed and dated, electronically logged); and

No exceptions were found as a result of this procedure.

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.

N/A – there are no reconciling items that have been outstanding for more than 12 months after the end of the fiscal period

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).

No exceptions were found as a result of this procedure.

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 (i.e., 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;

   No exceptions were found as a result of this procedure.

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;

   No exceptions were found as a result of this procedure.

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

   No exceptions were found as a result of this procedure.

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 responsible for collecting cash, unless another employee/official verifies the reconciliation.

   No exceptions were found as a result of this procedure.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was in force during the fiscal period.

   No exceptions were found as a result of this procedure.

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). *Alternately, 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.

No exceptions were found as a result of this procedure.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

iv. Observe 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).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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).

No exceptions were found as a result of this procedure.

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.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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;

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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.

No exceptions were found as a result of this procedure.

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 deliverables included on the invoice were received by the entity, and

No exceptions were found as a result of this procedure.

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.

No exceptions were found as a result of this procedure.

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.

No exceptions were found as a result of this procedure.

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 person who maintained possession of the cards. Obtain management's representation that the listing is complete.

N/A – the Trust does not have any credit cards/debit cards/fuel cards/purchase cards.

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., original 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

N/A – the Trust does not have any credit cards/debit cards/fuel cards/purchase cards.

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

N/A – the Trust does not have any credit cards/debit cards/fuel cards/purchase cards.

C. Using the monthly statements or combined statements selected under #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 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.

N/A – the Trust does not have any credit cards/debit cards/fuel cards/purchase cards.

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.

N/A – the Trust does not have any credit cards/debit cards/fuel cards/purchase cards.

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 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);

No exceptions were found as a result of this procedure.

ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions were found as a result of this procedure.

iii. Observe 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

No exceptions were found as a result of this procedure.

iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of this procedure.

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. *Alternately, 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;

No exceptions were found as a result of this procedure.

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);

No exceptions were found as a result of this procedure.

iii. If the contract was amended (e.g., change order), observe 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

No exceptions were found as a result of this procedure.

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 the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of this procedure.

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.

N/A – the Trust does not have any employees.

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

N/A – the Trust does not have any employees.

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

N/A – the Trust does not have any employees.

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

N/A – the Trust does not have any employees.

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

N/A – the Trust does not have any employees.

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.

N/A – the Trust does not have any employees.

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.

N/A – the Trust does not have any employees.

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

N/A – the Trust is a non-profit organization.

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

N/A – the Trust is a non-profit organization.

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

N/A – the Trust is a non-profit organization.

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.

N/A – the Trust does not have any 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).

N/A – the Trust does not have any 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.

No exceptions were found as a result of this procedure.

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.

No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures:

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 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.

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.

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.

We performed the procedure and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) 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.

N/A – the Trust does not have any employees.

C. Using the 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.

   N/A – the Trust does not have any employees.

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 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.

   N/A – the Trust is a non-profit organization.

B. Observe 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).

   N/A – the Trust is a non-profit organization.

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1,2024 and observe that the report includes the applicable requirements of R.S. 42:344; effective January 1, 2019:

   N/A – the Trust is a non-profit organization.

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

      N/A – the Trust is a non-profit organization.

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

      N/A – the Trust is a non-profit organization.

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

N/A – the Trust is a non-profit organization.

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

N/A – the Trust is a non-profit organization.

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

N/A – the Trust is a non-profit organization.