

**LOUISIANA THOROUGHBRED BREEDERS
ASSOCIATION**

Audit of Financial Statements

December 31, 2024



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Independent Auditor's Report

To the Board of Directors of
Louisiana Thoroughbred Breeders Association

Qualified Opinion

We have audited the accompanying financial statements of Louisiana Thoroughbred Breeders Association (the Association), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2024, the related statements of revenues and expenses - modified cash basis, and changes in net assets - modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matter discussed in the basis for qualified opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and net assets of the Association as of December 31, 2024, and its related revenues and expenses and changes in net assets for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis for Qualified Opinion

As more fully discussed in Note 3 to the financial statements, the Association has accrued certain revenues related to the publication of *Louisiana Horse Magazine*. If the revenues were not accrued, accounts receivable of \$46,391 would not be recorded and net assets would increase by approximately \$13,000 as of December 31, 2024. Excess revenues over expenses would increase by approximately \$13,000 for the year ended December 31, 2024.

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 the 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 opinion.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 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 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 the 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 the 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 accompanying supplementary information 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of the accrual of certain revenues, as described in the Basis for Qualified Opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole on the basis of accounting described in Note 1. The December 31, 2023 amounts are included for comparative purposes only.

Other Reporting Required by *Government Auditing Standards*

In accordance with the *Government Auditing Standards*, we have also issued our report dated April 17, 2025 on our consideration of the 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 the 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 the Association's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA
April 17, 2025

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
as of December 31, 2024

With Summarized Financial Information as of December 31, 2023

	Operating	SALAM Races	Other Races	Slot Machine	Totals (Memorandum Only)	
					2024	2023
Assets						
Current Assets						
Cash and Cash Equivalents	\$ 1,829,957	\$ -	\$ -	\$ -	\$ 1,829,957	\$ 1,374,277
Restricted Cash	45,340	5,918	75,663	2,525,373	2,652,294	4,027,830
Accounts Receivable	46,391	-	-	-	46,391	59,835
Other Receivables	-	-	-	-	-	38,627
Total Current Assets	1,921,688	5,918	75,663	2,525,373	4,528,642	5,500,569
Property and Equipment - Net						
Furniture and Equipment	154,155	-	-	-	154,155	153,061
Buildings	118,648	-	-	-	118,648	106,084
Software	2,421	-	-	-	2,421	2,421
Total Property and Equipment	275,224	-	-	-	275,224	261,566
Less: Accumulated Depreciation	(206,353)	-	-	-	(206,353)	(196,375)
Total Property and Equipment - Net	68,871	-	-	-	68,871	65,191
Other Assets						
Restricted Cash	29,970	-	-	-	29,970	30,010
Unrestricted Certificates of Deposit	-	-	-	-	-	18,694
Deposits	600	-	-	-	600	601
Total Other Assets	30,570	-	-	-	30,570	49,305
Total Assets	<u>\$ 2,021,130</u>	<u>\$ 5,918</u>	<u>\$ 75,663</u>	<u>\$ 2,525,373</u>	<u>\$ 4,628,084</u>	<u>\$ 5,615,065</u>

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

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis (Continued)
as of December 31, 2024

With Summarized Financial Information as of December 31, 2023

	Operating	SALAM Races	Other Races	Slot Machine	Totals (Memorandum Only)	
					2024	2023
Liabilities and Net Assets						
Current Liabilities						
Deposits - Futurity Races	\$ 45,340	\$ -	\$ -	\$ -	\$ 45,340	\$ 40,540
Total Current Liabilities	45,340	-	-	-	45,340	40,540
Long-Term Liabilities						
Deposits - Futurity Races	29,970	-	-	-	29,970	30,010
Total Long-Term Liabilities	29,970	-	-	-	29,970	30,010
Total Liabilities	75,310	-	-	-	75,310	70,550
Net Assets Without Donor Restrictions						
Designated - Compliance with Louisiana Revised Statutes	-	5,918	75,663	2,525,373	2,606,954	4,025,917
Undesignated	1,945,820	-	-	-	1,945,820	1,518,598
Total Net Assets	1,945,820	5,918	75,663	2,525,373	4,552,774	5,544,515
Total Liabilities and Net Assets	\$ 2,021,130	\$ 5,918	\$ 75,663	\$ 2,525,373	\$ 4,628,084	\$ 5,615,065

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

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
Statement of Revenues and Expenses - Modified Cash Basis
For the Year Ended December 31, 2024

With Summarized Financial Information for the Year Ended December 31, 2023

	Operating	SALAM Races	Other Races	Slot Machine	Totals (Memorandum Only)	
					2024	2023
Revenues						
Slot Machine Proceeds - 2%	\$ -	\$ -	\$ -	\$ 6,286,417	\$ 6,286,417	\$ 6,367,181
BSOL - Consignment Revenue	1,103,345	-	-	-	1,103,345	-
LSRC Co-Op	-	-	-	700,270	700,270	700,000
Historic Horse Racing	663,516	-	-	-	663,516	167,358
Commissions - 2%	621,679	-	-	-	621,679	627,115
10% from Tracks	-	-	450,901	-	450,901	426,925
Awards - 9.1%	-	-	268,492	-	268,492	304,727
Awards - Triple Crown Races	203,226	-	-	-	203,226	186,356
Fees - 14%	91,524	-	-	-	91,524	102,317
BSOL Commissions	81,735	-	-	-	81,735	-
BSOL Entry Fees	76,300	-	-	-	76,300	-
Interest Income	28,687	-	1,232	43,564	73,483	79,571
Accrediting Fees	72,830	-	-	-	72,830	65,260
Members' Dues	63,795	-	-	-	63,795	50,690
State Grant	60,000	-	-	-	60,000	60,000
Slot/OTB Interest Transfer	51,368	-	-	-	51,368	38,471
Publications - Louisiana Horse	45,030	-	-	-	45,030	67,089
Mare and Stallion Registration	34,795	-	-	-	34,795	20,395
Insurance Proceeds	32,352	-	-	-	32,352	-
SALAM Awards - 8% and 15.1%	-	25,341	-	-	25,341	27,159
Miscellaneous	6,697	-	-	-	6,697	16,893
Stallion Fees	2,350	-	-	-	2,350	11,070
PAC Revenue	623	-	-	-	623	9,580
Breeders Sale	-	-	-	-	-	94,096
Total Revenues	3,239,852	25,341	720,625	7,030,251	11,016,069	9,422,253

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

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
Statement of Revenues and Expenses - Modified Cash Basis (Continued)
For the Year Ended December 31, 2024

With Summarized Financial Information for the Year Ended December 31, 2023

	Operating	SALAM Races	Other Races	Slot Machine	Totals (Memorandum Only)	
					2024	2023
Expenses						
Breeders' Awards	-	1,259,925	1,450,598	4,627,399	7,337,922	6,656,990
BSOL Consignor Expense	1,103,315	-	-	-	1,103,315	-
Stallion Awards	-	-	-	900,000	900,000	900,000
Salaries	528,968	-	-	-	528,968	590,092
Purse Supplements	67,468	-	352,500	-	419,968	293,922
Breeders' Awards - Out of State	-	-	-	401,174	401,174	400,000
Out of State Stakes Awards	-	-	-	265,608	265,608	71,065
Advertising and Promotion	105,632	-	-	-	105,632	73,428
Professional and General Accounting Fees	104,207	-	-	-	104,207	7,471
Insurance	103,417	-	-	-	103,417	121,898
Computer Expense	58,305	-	-	-	58,305	69,955
BSOL - Other	57,664	-	-	-	57,664	-
Research, Public Relations, and Lobbying	55,139	-	-	-	55,139	50,413
Meetings and Banquets	54,554	-	-	-	54,554	40,449
Legal	53,679	-	-	-	53,679	52,763
Interest Transfers	-	-	2,246	48,671	50,917	38,471
Field Inspector	50,400	-	-	-	50,400	48,500
Payroll Taxes	41,547	-	-	-	41,547	45,662
Printing	32,657	-	-	-	32,657	40,449
BSOL Facility	26,132	-	-	-	26,132	-
Office Expense	24,287	-	-	-	24,287	20,665
BSOL Barn Expense	22,602	-	-	-	22,602	-
BSOL Auction Expense	21,170	-	-	-	21,170	-
Website/Internet	20,606	-	-	-	20,606	15,360
Taxes and Licenses	18,083	-	-	-	18,083	15
Trophies	16,985	-	-	-	16,985	10,839
Postage and Shipping	15,707	-	-	-	15,707	18,129
Car Allowance	15,000	-	-	-	15,000	15,000
BSOL Director	15,000	-	-	-	15,000	-
Scholarships	14,000	-	-	-	14,000	12,000
Contributions	13,950	-	-	-	13,950	18,000
Equipment Rental	11,259	-	-	-	11,259	11,935
Telephone Expense	10,959	-	-	-	10,959	9,485
Depreciation	9,978	-	-	-	9,978	5,837
Travel	5,982	-	-	-	5,982	8,520
Pedigree Research	5,905	-	-	-	5,905	5,953
Writers and Photographer Fees	3,860	-	-	-	3,860	6,400
BSOL Repository	3,650	-	-	-	3,650	-
Bank Charges	2,311	-	300	239	2,850	1,561
Dues and Subscriptions	2,679	-	-	-	2,679	2,979
BSOL Ticket Runners	1,050	-	-	-	1,050	-
BSOL Bid Board	600	-	-	-	600	-
Repairs and Maintenance	443	-	-	-	443	7,283
Election Expense	-	-	-	-	-	5,838
Miscellaneous	-	-	-	-	-	4,944
Total Expenses	2,699,150	1,259,925	1,805,644	6,243,091	12,007,810	9,682,271
Excess (Deficit) Revenues Over Expenses	\$ 540,702	\$ (1,234,584)	\$ (1,085,019)	\$ 787,160	\$ (991,741)	\$ (260,019)

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

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
Statement of Changes in Net Assets - Modified Cash Basis
For the Year Ended December 31, 2024

With Summarized Financial Information for the Year Ended December 31, 2023

					Totals (Memorandum Only)	
	<u>Operating</u>	<u>SALAM Races</u>	<u>Other Races</u>	<u>Slot Machine</u>	<u>2024</u>	<u>2023</u>
Net Assets Without Donor Restriction - Beginning of Year	\$ 1,518,598	\$ (353)	\$ 43,917	\$ 3,982,353	5,544,515	\$ 5,804,534
Excess (Deficit) Revenues Over Expenses	540,702	(1,234,584)	(1,085,019)	787,160	(991,741)	(260,019)
Transfer (To) From Other Funds	(113,480)	1,240,855	1,116,765	(2,244,140)	-	-
Net Assets Without Donor Restrictions - End of Year	<u>\$ 1,945,820</u>	<u>\$ 5,918</u>	<u>\$ 75,663</u>	<u>\$ 2,525,373</u>	<u>\$ 4,552,774</u>	<u>\$ 5,544,515</u>

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

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

Notes to Financial Statements

Introduction

The Louisiana Thoroughbred Breeders Association (the Association) is a Louisiana non-profit organization, which seeks to promote and further the thoroughbred 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 thoroughbred horses including, but not limited to, the payment of breeders' awards to breeders of accredited Louisiana-bred horses and supplementing purses for races written for accredited Louisiana-bred horses. In addition, the Association hosts an annual yearling sale usually followed by a mixed session, in order to provide the breeders with a market for their produce. The Association also publishes the Louisiana Horse Magazine, the official publication of the Association, maintains a real time website at louisianabred.com, as well as publishing the annual Stallion Register. In addition, the Association is recognized as the sole official registrar of accredited thoroughbred foals in Louisiana, as provided by Louisiana Revised Statute (R.S.) 4:178.

The Association's principal office is located at the Fair Grounds Racetrack in New Orleans. Branch office representatives are available at Delta Downs in Vinton, Evangeline Downs in Opelousas and at Louisiana Downs in Bossier. The Association has approximately 1,000 members and 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 annually on a three year rotating schedule. The Secretary-Treasurer is a full-time employee of the Association and serves as the executive director of the Association, subject to the direction and instruction of the Board of Directors, and manages the daily operations of the Association.

Note 1. Summary of Significant Accounting Policies

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.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

To observe the limitations and restrictions placed on the use of available resources, the accounts of the Association are presented separately under fund captions that indicate the source of revenues and their availability for expenditure. These sources and uses are more fully described in Note 2.

Inter-fund transfers are used by the Association to support the activities of other funds. Operating funds are unrestricted and are used to support the activities of any other program that needs cash flow. Slot Machine funds are restricted and are required to be used to support the payment of breeder's awards to the breeders of Louisiana-bred accredited horses running in accredited Louisiana-bred, special accredited Louisiana-bred maiden (SALAM), and other races, as described in Note 2. Accordingly, the Association records inter-fund transactions to and from the individual funds.

Total Columns - Overview

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting - a comprehensive basis of accounting other than generally accepted accounting principles.

Cash and Cash Equivalents

Cash includes certain investments in highly liquid debt instruments with a remaining maturity of three months or less when purchased, excluding assets whose use is limited or restricted.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Association reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions include those net assets available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are those net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At December 31, 2024, all net assets were without donor restrictions; however, certain net assets are designated for use in paying breeder's awards as prescribed by Louisiana Revised Statutes, as explained in Note 2.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

Notes to Financial Statements

Note 2. Sources and Uses of Funds

As mentioned in Note 1, 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.

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:

License Fee 14% - To assist the Association in its promotion of the industry, R.S. 4:218 provides that the Association receives 14% of the 1.5% license fee collected by the Louisiana State Racing Association from off-track wagering facilities. The Association uses these receipts to promote the thoroughbred breeding industry and to pay breeders' awards on thoroughbred races.

Commissions 2% - As provided by R.S. 4:165(C), for all Louisiana-bred races each licensee conducting race meetings shall withhold 2% of the total supplemental purse to be paid to the Association. The amounts withheld from the supplemental purses shall be paid to the Association for operating and administrative expenses.

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

Louisiana Horse Funds - The Louisiana Horse Funds are generated from the activities of the Louisiana Horse Magazine, the official publication of the Association, as well as the annual Stallion Register.

Other Operating Funds

Historic Horse Racing - The 2023 Louisiana Senate Bill No. 144, Act No. 258, §218.1, authorizes the Louisiana State Racing Commission to collect a license fee of one and one-half percent of the total amount wagered at each off-track wagering facility on historical horse racing machines. The Association receives eleven and one-half percent of the total collected for promotion of the Louisiana breeding industry and for payment of breeders' awards on thoroughbred races.

Triple Crown Funds

Triple Crown Races revenue represents all fees from pari-mutuel wagering on races held on the same day as the running of the Kentucky Derby, the Preakness, and the Belmont Stakes races.

These funds are paid to the Association as provided by R.S. 4:203 and are required to be placed in an interest-bearing account known as the "Louisiana Champions Day Account" for use at the next Louisiana Champions Day or for any lawful purpose to enhance the Louisiana Horse breeding industry.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

Notes to Financial Statements

Note 2. Sources and Uses of Funds (Continued)

Operating Funds (Continued)

Louisiana Champions Day purses shall be determined by the Association after discussion with the Louisiana Quarter Horse Breeders Association. Louisiana Champions Day races are funded through purses offered by participating racing associations, the appropriate breeders association, corporate contributions, and up to \$200,000, from the 9.1% funds, from off-track wagering [R.S. 4:217(B)(2)(a)].

SALAM Races Funds

As provided by R.S. 4:184, each racing association shall offer one SALAM thoroughbred race, each thoroughbred racing day of each race meeting, if sufficient horses are available. Of the funds earned by the racing association hosting each SALAM race, R.S. 4:184(B)(1) provides that the Association receives 8%. In addition, the Association receives 15.1% of the Association on wagers made at off-track wagering facilities on each SALAM race.

The Association is obligated to use the above funds for payment of breeders' awards in accordance with a distribution formula established by the executive committee of the Association. Accordingly, as of October 1, 2023, the Association pays an award equal to 25% of the earned purse to the breeders of an accredited Louisiana-bred, sired by an in-state stallion, finishing first, second, or third in the SALAM races. The Association pays awards equal to 18% of the earned purse to the breeders of accredited Louisiana-bred foals that are by a resident mare and a stallion that stood outside the state of Louisiana at the time of cover. The Association pays an award of 10% for foals out of a non-resident mare and by a Louisiana Stallion. The Association pays an award of 9% of the earned purse for an accredited Louisiana-bred foal out of a non-resident mare and by an out of state stallion, dropped in Louisiana. The mare must be bred back to a Louisiana Stallion and the foal can only be by an out of state stallion in one year. Prior to April 1, 2024, the Association paid awards based on a previous distribution formula established by the executive committee of the Association. Accordingly, after April 1, 2024, the award % paid changed from 18% to 20% of the earned purse to the breeders of accredited Louisiana-bred foals that are by a resident mare and a stallion that stood outside the state of Louisiana at the time of cover. All other payment percentages remained the same. All of the above mentioned awards are based on the eligible purse capped at \$200,000.

As mentioned in Note 1, SALAM breeders awards are funded primarily through Slot Machine funds. For the year ended December 31, 2024, \$1,172,255 was transferred out of Slot Machine Funds and into SALAM funds to support the payment of breeders awards.

Other Races Funds

Other races include accredited Louisiana-bred and Open Races. An Accredited Louisiana-bred Race is one that is written exclusively for accredited Louisiana-bred horses. An Open Race is any race other than one written exclusively for accredited Louisiana-bred horses. R.S. 4:217(B)(2)(a) provides that 9.1% of the Associations collected by the off-track betting facilities, throughout the state, that are designated for purse supplements (except for SALAM and Triple Crown races) are to be remitted to the Association.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

Notes to Financial Statements

Note 2. Sources and Uses of Funds (Continued)

Other Races Funds (Continued)

The Association is obligated to use these funds to supplement purses for allowance, handicap, and stakes races for accredited Louisiana-bred horses and to pay breeders' awards to breeders of accredited Louisiana-bred horses finishing first, second, and third in Open Races at any track in Louisiana.

The Association is obligated to use the above funds for payment of breeders' awards in accordance with a distribution formula established by the executive committee of the Association. Accordingly, as of October 1, 2023, the Association pays an award equal to 25% of the earned purse to the breeders of an accredited Louisiana-bred, sired by an in-state stallion, finishing first, second, or third in the SALAM races. The Association pays awards equal to 18% of the earned purse to the breeders of accredited Louisiana-bred foals that are by a resident mare and a stallion that stood outside the state of Louisiana at the time of cover. The Association pays an award of 10% for foals out of a non-resident mare and by a Louisiana Stallion. The Association pays an award of 9% of the earned purse for an accredited Louisiana-bred foal out of a non-resident mare and by an out of state stallion, dropped in Louisiana. The mare must be bred back to a Louisiana Stallion and the foal can only be by an out of state stallion in one year. Prior to April 1, 2024, the Association paid awards based on a previous distribution formula established by the executive committee of the Association. Accordingly, after April 1, 2024, the award % paid changed from 18% to 20% of the earned purse to the breeders of accredited Louisiana-bred foals that are by a resident mare and a stallion that stood outside the state of Louisiana at the time of cover. All other payment percentages remained the same. All of the above mentioned awards are based on the eligible purse capped at \$200,000.

The maximum award paid by the Association on Other Races is based on a purse of \$200,000. However, the racing association funds are not capped by the \$200,000 purse limitation and the Association may receive and transfer a higher amount from the racing association authorized to conduct race meets to the breeders of the accredited Louisiana-bred horse finishing first, second, or third in an open race.

Over and above the purse supplements mentioned above, R.S. 4:217(B)(2)(e) provides that the Association can use up to \$200,000 of the 9.1% funds, per year, to supplement purses on Louisiana Champions Day.

Finally, the Association is transferring the interest earned on these funds to the general operation of the Association. This transfer assists in covering administrative costs incurred in maintaining the breeders' awards program.

As mentioned in Note 1, breeders awards to Louisiana-bred accredited horses of other races are primarily funded through Slot Machine funds. For the year ended December 31, 2024, \$998,679 was transferred out of Slot Machine Funds into Other Races funds to support the payment of breeders awards.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

Notes to Financial Statements

Note 2. Sources and Uses of Funds (Continued)

Slot Machine Funds

As prescribed by Louisiana R.S. 27:362(B)(4)(b), each licensed eligible facility shall pay a fixed percentage of 2% of the annual net slot machine proceeds received from slot machine gaming operations 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 Executive Committee, for special breeder awards to the breeders of accredited Louisiana-bred horses.

The Association pays out of state awards annually, usually in February of each year for any accredited Louisiana-bred horse finishing first, second, or third at an accredited racetrack outside of Louisiana during the previous calendar year. The individual award amounts are calculated based on the percentage of winnings for that horse compared to the total winnings of all accredited Louisiana-bred horses racing out of state. The breeder receives their pro rata share annually of an amount determined by the Board of Directors of the Association. For 2024, the total paid was \$401,174.

Out of state stake race awards are paid quarterly at an amount predetermined by the Board of Directors of the Association. The Association pays awards equal to 25% of the earned purse, with a purse cap of \$200,000, to the breeders of accredited Louisiana-bred foals that are by a stallion that stood within the state of Louisiana at the time of cover. Also, the Association pays awards equal to 20% of the earned purse, with a purse cap of \$200,000, to the breeders of accredited Louisiana-bred foals that are by a stallion standing outside the state of Louisiana at the time of cover. The amount paid by the Association during the year ended December 31, 2024 was \$265,608.

Slot Machine funds are also used to support the payment of breeders' awards for Louisiana accredited horses finishing first, second, or third in Louisiana-bred races. For the year ended December 31, 2024, \$4,627,399 of Slot Machine funds were used to support payment of the breeders' awards for Louisiana accredited horses finishing first, second, or third in Louisiana-bred races.

The Association is obligated to use the above funds for payment of breeders' awards in accordance with a distribution formula established by the executive committee of the Association. Accordingly, as of October 1, 2023, the Association pays an award equal to 25% of the earned purse to the breeders of an accredited Louisiana-bred, sired by an in-state stallion, finishing first, second, or third in the SALAM races. The Association pays awards equal to 18% of the earned purse to the breeders of accredited Louisiana-bred foals that are by a resident mare and a stallion that stood outside the state of Louisiana at the time of cover. The Association pays an award of 10% for foals out of a non-resident mare and by a Louisiana Stallion. The Association pays an award of 9% of the earned purse for an accredited Louisiana-bred foal out of a non-resident mare and by an out of state stallion, dropped in Louisiana. The mare must be bred back to a Louisiana Stallion and the foal can only be by an out of state stallion in one year.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

Notes to Financial Statements

Note 2. Sources and Uses of Funds (Continued)

Slot Machine Funds (Continued)

Prior to April 1, 2024, the Association paid awards based on a previous distribution formula established by the executive committee of the Association. Accordingly, after April 1, 2024, the award % paid changed from 18% to 20% of the earned purse to the breeders of accredited Louisiana-bred foals that are by a resident mare and a stallion that stood outside the state of Louisiana at the time of cover. All other payment percentages remained the same. All of the above mentioned awards are based on the eligible purse capped at \$200,000.

Stallion Awards are paid annually, usually in August of each year. The individual stallion award paid to the stallion nominator is based on a stallion's progeny finishing first, second or third in an allowance, handicap or stakes race in Louisiana, or in a handicap or stakes race outside of Louisiana. The stallion award is the stallion's pro rata share of an amount determined by the executive committee of the Association. For the year ended December 31, 2024 the total amount paid by the Association for Stallion Awards was \$900,000.

Finally, the Association is transferring the interest earned on these funds to the general operation of the Association. This transfer assists in covering administrative costs incurred in maintaining the breeders' awards program.

Video Draw Poker Device Purse Supplement Funds

As enacted by R.S. 33:4862.23(B), monies in the Video Draw Poker Device Purse Supplement Fund shall be annually appropriated to the Department of Economic Development, Louisiana State Racing Association, and shall be allocated by the Association.

Two-thirds of the funds appropriated by the Association shall be allocated and provided to the licensed racing associations in the state that conduct live horse racing. These funds are appropriated based on how the number of thoroughbred race days each association conducted for the preceding year bears in proportion to the total number of thoroughbred race days conducted statewide for the preceding year. Such funds shall be used solely to supplement purses in accordance with a schedule or formula established by the purse committee of the Association on Louisiana-bred thoroughbred races scheduled for purses.

Due to the fact that the Association is not in receipt of these funds, but rather the licensed racing associations that conduct live horse racing, and because the Association does not disburse these funds, but rather provides direction to the licensed racing associations on which purses for Louisiana-bred thoroughbred races will be supplemented, the financial activities of the Association do not reflect the receipts and disbursements of the licensed racing associations that conduct live horse racing.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

Notes to Financial Statements

Note 3. Trade Receivables

Although using the modified cash basis of accounting, as mentioned in Note 1, the Association records trade receivables related to advertisements in its publication of the *Louisiana Horse Magazine* as well as its annual *Stallion Register*. Trade receivables are carried at original invoice amount. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. Credit is extended to those who are members of the Association.

Note 4. Property and Equipment

Property and equipment are recorded at cost. The Association capitalizes all equipment and improvements with a cost greater than \$500. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets which extends periods ranging from 3 to 40 years. When property and equipment are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included within the results of operations. Depreciation expense totaled \$1,500 for the year ended December 31, 2024.

Note 5. Advertising Expenses

The Association expenses costs incurred in advertising and promoting the mission and services of the Association as they are paid. Advertising and promotional type expenses totaled \$105,632 for the year ended December 31, 2024.

Note 6. Restricted Cash and Restricted Certificates of Deposit

Funds received as nominations for thoroughbreds to run in races scheduled in future years are accumulated until the races are run, with the funds distributed to the horseman's bookkeeper for distribution to the winning thoroughbred owner(s). Any interest earned on these funds is considered to be operating revenue of the Association. As of December 31, 2024, the Association's deposits held for futurity races are classified accordingly: \$45,340 for the 2025 futurity, in current liabilities, and \$29,970 for the 2026 futurity, in non-current liabilities.

Funds on deposit for SALAM Races, Other Races, and Slot Machine proceeds are restricted according to their limited use as prescribed by Louisiana Revised Statutes and as described fully within Note 2.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

Notes to Financial Statements

Note 7. Functional Classification of Expenses

The Association reports expenses in its statement of revenues and expenses - modified cash basis in the natural expense categories. Financial Accounting Standards requires disclosure of expenses between the functional classifications of program and support. Program services, totaling approximately \$10.5 million include payments of Louisiana-bred breeders' awards, stallion awards, purse supplements, Out of State (Worldwide) awards, Out of State Stakes awards, Breeder Sales Consignment activity and account for approximately 91% of the Association's expenditures. Approximately 9% of expenses are for supporting activities, totaling approximately \$1.1 million and include membership development and management and general expenditures.

Note 8. Defined Contribution Pension Plan

The Association sponsors a 401k defined contribution plan (the Plan); however, the Association has elected to not make an employer contribution into the Plan.

Note 9. Related-Party Transactions

All Board Members are required to be members of the Association and thus are active in breeding accredited Louisiana-bred horses. As such, the Board Members can earn breeder's awards, as discussed in Note 2, and advertise in the *Louisiana Horse Magazine*. During the year ended December 31, 2024, the members of the Board of Directors had related-party transactions with the Association as follows:

A total of approximately \$465,000 was paid to board members during 2024 in the form of breeders' and stallion awards.

Included within accounts receivable of *Louisiana Horse Magazine* is approximately \$14,098 that is owed by various directors as of December 31, 2024.

Note 10. Concentration of Credit Risk

The Association maintains its cash deposits in accounts at various financial institutions which, at times during the year, may exceed the federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution.

Note 11. Commitments

The Association has executed an independent contractor's agreement with an individual whose primary role is the Association's Field Inspector, with added responsibilities for thoroughbred sales activities. The contract is in effect through January 31, 2026 with consideration of approximately \$60,000.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

Notes to Financial Statements

Note 12. Income Taxes

The Association is a not-for-profit organization exempt from income tax under Section 501(c)(6) of the United States Internal Revenue Code.

The Association believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Note 13. Subsequent Events

The Association completed its subsequent events review through April 17, 2025, the date on which the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
Supplementary Information

Schedule I
Statements of Revenues and Expenses
Operating

	For the Years Ended December 31,	
	2024	2023
Revenues		
BSOL - Consignment Revenue	\$ 1,103,345	\$ -
Historic Horse Racing	663,516	167,358
Commissions - 2%	621,679	627,115
Awards - Triple Crown Races	203,226	186,356
Fees - 14%	91,524	102,317
BSOL Commissions	81,735	-
BSOL Entry Fees	76,300	-
Accrediting Fees	72,830	65,260
Members' Dues	63,795	50,690
State Grant	60,000	60,000
Slot/OTB Interest Transfer	51,368	38,471
Publications - Louisiana Horse	45,030	67,089
Mare and Stallion Registration	34,795	20,395
Insurance Proceeds	32,352	-
Interest Income	28,687	26,558
Miscellaneous	6,697	16,893
Stallion Fees	2,350	11,070
PAC Revenue	623	9,580
Breeders Sale	-	94,096
Total Revenues	3,239,852	1,543,248
Expenses		
BSOL Consignor Expense	1,103,315	-
Salaries	528,968	590,092
Advertising and Promotion	105,632	73,428
Professional and General Accounting Fees	104,207	7,471
Insurance	103,417	121,898
Purse Supplements	67,468	-
Computer Expense	58,305	69,955
BSOL - Other	57,664	-
Research, Public Relations, and Lobbying	55,139	50,413
Meetings and Banquets	54,554	40,449
Legal	53,679	52,763
Field Inspector	50,400	48,500
Payroll Taxes	41,547	45,662
Printing	32,657	40,449
BSOL Facility	26,132	-
Office Expense	24,287	20,665
BSOL Barn Expense	22,602	-
BSOL Auction Expense	21,170	-
Website/Internet	20,606	15,360
Taxes and Licenses	18,083	15
Trophies	16,985	10,839
Postage and Shipping	15,707	18,129
Car Allowance	15,000	15,000
BSOL Director	15,000	-
Scholarships	14,000	12,000
Contributions	13,950	18,000
Equipment Rental	11,259	11,935
Telephone Expense	10,959	9,485
Depreciation	9,978	5,837
Travel	5,982	8,520
Pedigree Research	5,905	5,953
Writer and Photographer Fees	3,860	6,400
BSOL Repository	3,650	-
Dues and Subscriptions	2,679	2,979
Bank Charges	2,311	690
BSOL Ticket Runners	1,050	-
BSOL Bid Board	600	-
Repairs and Maintenance	443	7,283
Election Expense	-	5,838
Miscellaneous	-	4,944
Total Expenses	2,699,150	1,320,952
Excess Revenues Over Expenses	\$ 540,702	\$ 222,296

See independent auditor's report.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
Supplementary Information

Schedule II
Statements of Revenues and Expenses
SALAM

	For the Years Ended December 31,	
	2024	2023
Revenues		
SALAM Awards - 8% and 15.1%	\$ 25,341	\$ 27,159
Total Revenues	25,341	27,159
Expenses		
Breeders' Awards	1,259,925	1,197,685
Total Expenses	1,259,925	1,197,685
Deficit Revenues Over Expenses	<u>\$ (1,234,584)</u>	<u>\$ (1,170,526)</u>

See independent auditor's report.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
Supplementary Information

Schedule III
Statements of Revenues and Expenses
Other Races

	For the Years Ended December 31,	
	2024	2023
Revenues		
10% from Tracks	\$ 450,901	\$ 426,925
Awards - 9.1%	268,492	304,727
Interest Income	1,232	1,417
Total Revenues	720,625	733,069
Expenses		
Breeders' Awards	1,450,598	1,317,330
Purse Supplements	352,500	293,922
Interest Transfers	2,246	211
Bank Charges	300	475
Total Expenses	1,805,644	1,611,938
Deficit Revenues Over Expenses	\$ (1,085,019)	\$ (878,869)

See independent auditor's report.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
Supplementary Information

Schedule IV
Statements of Revenues and Expenses
Slot Machine

	For the Years Ended December 31,	
	2024	2023
Revenues		
Slot Machine Proceeds - Delta Downs	\$ 3,270,192	\$ 3,230,169
Slot Machine Proceeds - Evangeline Downs	1,369,659	1,465,908
Slot Machine Proceeds - Louisiana Downs	845,408	846,455
Slot Machine Proceeds - Fair Grounds	801,158	824,649
LSRC Co-Op	700,270	700,000
Interest Income	43,564	51,596
Total Revenues	7,030,251	7,118,777
Expenses		
Breeders' Awards	4,627,399	4,141,975
Stallion Awards	900,000	900,000
Breeders' Awards - Out of State	401,174	400,000
Out of State Stakes Awards	265,608	71,065
Interest Transfers	48,671	38,260
Bank Charges	239	395
Total Expenses	6,243,091	5,551,695
Excess Revenues Over Expenses	<u>\$ 787,160</u>	<u>\$ 1,567,082</u>

See independent auditor's report.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
Supplementary Information

Schedule V
Comparison of Budget to Actual
Operating

	For the Year Ended December 31, 2024		Favorable (Unfavorable) Variance
	Budget	Actual	
Revenues			
BSOL Consignment Revenue	\$ -	\$ 1,103,345	\$ 1,103,345
Historic Horse Racing	500,000	663,516	163,516
Commissions - 2%	650,000	621,679	(28,321)
Triple Crown Revenues	-	203,226	203,226
Fees - 14%	150,000	91,524	(58,476)
BSOL Commission	-	81,735	81,735
Interest and Slot/OTB Interest Transfer	65,000	80,055	15,055
BSOL Entry Fees	-	76,300	76,300
Accrediting Fees	75,000	72,830	(2,170)
Members' Dues	65,000	63,795	(1,205)
State Grant	60,000	60,000	-
Publications - Louisiana Horse	75,000	45,030	(29,970)
Mare and Stallion Registration	25,000	34,795	9,795
Insurance Proceeds	-	32,352	32,352
Miscellaneous	15,000	6,697	(8,303)
Stallion Fees	15,000	2,350	(12,650)
PAC Revenue	10,000	623	(9,377)
Sponsorships (LCD & LA Cup Day)	5,000	-	(5,000)
Total Revenues	1,710,000	3,239,852	1,529,852
Expenses			
BSOL Consignor Expense	-	1,103,315	(1,103,315)
Salaries	675,000	528,968	146,032
Advertising and Promotion	100,000	105,632	(5,632)
Professional and General Accounting Fees	100,000	104,207	(4,207)
Insurance	125,000	103,417	21,583
Computer Expense (Including Website and Internet)	100,000	78,911	21,089
Purse Supplements	-	67,468	(67,468)
BSOL - Other	-	57,664	(57,664)
Research, Public Relations, and Lobbying	70,000	55,139	14,861
Meetings and Banquets	50,000	54,554	(4,554)
Legal	75,000	53,679	21,321
Field Inspector	60,000	50,400	9,600
Payroll Taxes	36,000	41,547	(5,547)
Printing	40,000	32,657	7,343
BSOL Facility	-	26,132	(26,132)
Office Expense	30,000	24,287	5,713
BSOL Barn Expense	-	22,602	(22,602)
BSOL Auction Expense	-	21,170	(21,170)
Taxes and Licenses	18,000	18,083	(83)
Trophies	15,000	16,985	(1,985)
Postage and Shipping	18,000	15,707	2,293
Car Allowance	15,000	15,000	-
BSOL Director	-	15,000	(15,000)
Scholarships	14,000	14,000	-
Contributions	18,000	13,950	4,050
Equipment Rental	15,000	11,259	3,741
Telephone Expense	7,500	10,959	(3,459)
Travel	10,000	5,982	4,018
Pedigree Research	7,500	5,905	1,595
Writer and Photographer Fees	7,500	3,860	3,640
BSOL Repository	-	3,650	(3,650)
Dues and Subscriptions	2,500	2,679	(179)
Bank Charges	2,000	2,311	(311)
Depreciation	5,000	9,978	(4,978)
BSOL Ticket Runners	-	1,050	(1,050)
BSOL Bid Board	-	600	(600)
Repairs and Maintenance	10,000	443	9,557
Total Expenses	1,626,000	2,699,150	(1,073,150)
Excess Revenues Over Expenses	\$ 84,000	\$ 540,702	\$ 456,702

See independent auditor's report.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
Supplementary Information

Schedule VI
Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2024

Agency Head

Roger Heitzmann, Executive Director

Purpose	Amount
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

* No compensation, reimbursements nor benefits were paid to the agency head from public funds.

**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**

To the Board of Directors of
Louisiana Thoroughbred Breeders Association

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 Louisiana Thoroughbred Breeders Association (the Association), a non-profit organization, which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2024, and the related statements of revenues and expenses - modified cash basis and changes in net assets - modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing 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 the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. 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 material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from 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 financial statements. 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 organization'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 organization'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.

A handwritten signature in cursive script, appearing to read "LaPorte".

A Professional Accounting Corporation

Metairie, LA
April 17, 2025

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
Schedule of Findings and Responses
For the Year Ended December 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|--|-----------|
| 1. Type of auditor's report: | Qualified |
| 2. Internal control over financial reporting and compliance and other matters: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Noncompliance material to the financial statements noted? | No |

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2024

Section II - Financial Statement Findings Section

2023-01 Timely Reconciliation of General Ledger Accounts - Resolved

2023-02 Late Submission of Annual Audit - Resolved

The 2023 report while late, was submitted to the Louisiana Legislative Auditor (LLA) and accepted as "Issued" by the LLA on August 28, 2024.

AGREED-UPON PROCEDURES REPORT
Louisiana Thoroughbred Breeders Association

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2024 - December 31, 2024

Board of Directors
Louisiana Thoroughbred Breeders Association
and Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the Louisiana Thoroughbred Breeders Association's (LTBA) 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, 2024 through December 31, 2024. The LTBA's management is responsible for those C/C areas identified in the SAUPs.

LTBA 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 the LLA's SAUPs for the fiscal period January 1, 2024 through December 31, 2024. Additionally, the 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 results 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. ***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: 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.
- 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);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- 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.
- 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: No exceptions were found as a result of these procedures.

We were engaged by LTBA 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 LTBA 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.

A handwritten signature in cursive script, appearing to read "LaForte".

A Professional Accounting Corporation

Metairie, LA
April 17, 2025