
LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2025

RICHARD  CPAS

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

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TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditor's Report</u>	1-3
<u>Financial Statements</u>	
Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis	4
Statements of Revenues and Expenses – Modified Cash Basis	5
Statements of Functional Expenses – Modified Cash	6
Statements of Changes in Net Assets – Modified Cash Basis	7
<u>Notes to Financial Statements</u>	8-17
<u>Supplementary Information</u>	
Schedule I – Statements of Revenues and Expenses – Operating	18-19
Statement II – Statements of Revenues and Expenses – SALAM Races	20
Statement III – Statements of Revenues and Expenses – Other Races	21
Statement IV – Statements of Revenues and Expenses – Slot Machine	22
Statement V – Comparison to Budget to Actual – Operating	23-24
Statement VI - Schedule of Compensation, Benefits, and Other Payments to Agency Head	25
<u>Other Reports</u>	
<u>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 <i>Government Auditing Standards</i></u>	26-27
<u>Schedule of Findings and Responses</u>	28



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Louisiana Thoroughbred Breeders Association

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Louisiana Thoroughbred Breeders Association (the Association), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2025, the related statements of revenues and expenses– modified cash basis, and statement in changes in net assets – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Louisiana Thoroughbred Breeders Association as of December 31, 2025 and the related revenues and expenses and changes in net assets for the year then ended in conformity with the modified cash basis described in Note 1.

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 Louisiana Thoroughbred Breeders Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

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

Other Matter – Prior Period Financial Statements and Summarized Comparative Information

The financial statements of the Louisiana Thoroughbred Breeders Association for the year ended December 31, 2024, were audited by another auditor who expressed a qualified opinion on those statements on April 17, 2025. The basis of the qualified opinion is that the Association 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 decreased by \$46,391 as of December 31, 2024.

The accompanying summarized comparative information presented as of and for the year ended December 31, 2024, is presented for purposes of additional analysis and is not a complete presentation of the financial statements of the Louisiana Thoroughbred Breeders Association as of and for the year ended December 31, 2024. Accordingly, our opinion on the December 31, 2025 financial statements does not extend to the summarized comparative information. We were not engaged to audit, review, or apply any procedures to the summarized comparative information presented for 2024, and we do not express an opinion, a conclusion, nor provide any assurance on such information.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes 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.

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 Louisiana Thoroughbred Breeders Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Louisiana Thoroughbred Breeders Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisiana Thoroughbred Breeders Association's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information for the Statements of Revenues and Expenses – Operating, Statements of Revenues and Expenses – SALAM Races, Statements of Revenues and Expenses – Other Races, Statements of Revenues and Expenses – Slot Machine, Comparison of Budget to Actual – Operating, and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2026, 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 Louisiana Thoroughbred Breeders Association's internal control over financial reporting or 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.

Richard CPAS

Metairie, Louisiana
June 17, 2026

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
FOR THE YEAR DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

<u>ASSETS</u>					
	Operating	SALAM Races	Other Races	Slot Machine	Total
					2025 2024
<u>CURRENT ASSETS</u>					
Cash and cash equivalents	\$ 2,016,705	\$ -	\$ -	\$ -	\$ 2,016,705 \$ 1,829,957
Restricted cash	108,710	-	71,228	1,815,408	1,995,346 2,652,294
Accounts receivable	81,393	-	-	-	81,393 46,391
Total current assets	2,206,808	-	71,228	1,815,408	4,093,444 4,528,642
<u>BUILDING AND EQUIPMENT, NET</u>					
Furniture and equipment	159,916	-	-	-	159,916 156,577
Buildings	118,648	-	-	-	118,648 118,648
	278,564	-	-	-	278,564 275,225
Less: accumulated depreciation	(213,918)	-	-	-	(213,918) (206,353)
Total building and equipment, net	64,646	-	-	-	64,646 68,872
<u>OTHER ASSETS</u>					
Restricted cash	27,680	-	-	-	27,680 29,970
Deposits	600	-	-	-	600 600
Total other assets	28,280	-	-	-	28,280 30,570
<u>TOTAL ASSETS</u>	<u>\$ 2,299,734</u>	<u>\$ -</u>	<u>\$ 71,228</u>	<u>\$ 1,815,408</u>	<u>\$ 4,186,370 \$ 4,628,084</u>
<u>LIABILITIES AND NET ASSETS</u>					
<u>CURRENT LIABILITIES</u>					
Deposits - futurity races	\$ 108,710	\$ -	\$ -	\$ -	\$ 108,710 \$ 45,340
Total current liabilities	108,710	-	-	-	108,710 45,340
<u>LONG-TERM LIABILITIES</u>					
Deposits - futurity races	27,680	-	-	-	27,680 29,970
Total long-term liabilities	27,680	-	-	-	27,680 29,970
<u>TOTAL LIABILITIES</u>	<u>136,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,390 75,310</u>
<u>NET ASSETS</u>					
Undesignated	2,026,954	-	-	-	2,026,954 1,945,820
Designated	136,390	-	71,228	1,815,408	2,023,026 2,606,954
<u>TOTAL NET ASSETS</u>	<u>2,163,344</u>	<u>-</u>	<u>71,228</u>	<u>1,815,408</u>	<u>4,049,980 4,552,774</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,299,734</u>	<u>\$ -</u>	<u>\$ 71,228</u>	<u>\$ 1,815,408</u>	<u>\$ 4,186,370 \$ 4,628,084</u>

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

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
STATEMENTS OF REVENUES AND EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

<u>REVENUES</u>	Operating	SALAM Races	Other Races	Slot Machine	Total	
					2025	2024
Slot Machine Proceeds - 2%	\$ -	\$ -	\$ -	\$ 6,512,181	\$ 6,512,181	\$ 6,286,417
BSOL - Consignment Revenue	939,300	-	-	-	939,300	1,261,350
LSRC Co-Op	-	-	-	700,000	700,000	700,270
10% from Tracks	-	-	607,962	-	607,962	450,901
Commissions - 2%	556,753	-	-	-	556,753	621,679
Historic Horse Racing	432,783	-	-	-	432,783	663,516
Awards - 9.1%	-	-	259,723	-	259,723	268,492
Awards - Triple Crown Race	165,675	-	-	-	165,675	203,226
Fees - 14%	83,893	-	-	-	83,893	91,524
Interest Income	8,693	23	3,190	71,810	83,716	73,483
Accreditation Fees	80,285	-	-	-	80,285	72,830
State Grant	60,000	-	-	-	60,000	60,000
Membership Dues	56,585	-	-	-	56,585	63,795
Publications - Louisiana Horse	45,248	-	-	-	45,248	45,030
Mare and Stallion Registration	22,220	-	-	-	22,220	34,795
SALAM Awards - 8% and 15.1%	-	20,878	-	-	20,878	25,341
Stallion Fees	15,740	-	-	-	15,740	2,350
Miscellaneous	8,511	-	-	-	8,511	6,694
PAC Revenue	455	-	-	-	455	623
Insurance proceeds	-	-	-	-	-	32,352
Total revenues	<u>2,476,141</u>	<u>20,901</u>	<u>870,875</u>	<u>7,283,991</u>	<u>10,651,908</u>	<u>10,964,668</u>
<u>EXPENSES</u>						
Program services	1,624,678	1,156,994	1,533,369	6,070,007	10,385,048	11,103,297
Management and general	769,108	10	491	45	769,654	853,112
Total expenses	<u>2,393,786</u>	<u>1,157,004</u>	<u>1,533,860</u>	<u>6,070,052</u>	<u>11,154,702</u>	<u>11,956,409</u>
<u>EXCESS (DEFICIT) REVENUES OVER EXPENSES</u>	<u>\$ 82,355</u>	<u>\$ (1,136,103)</u>	<u>\$ (662,985)</u>	<u>\$ 1,213,939</u>	<u>\$ (502,794)</u>	<u>\$ (991,741)</u>

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

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSE - MODIFIED CASH BASIS
FOR THE YEAR DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services				Management and General				Total	Total
	SALAM				SALAM				2025	2024
	Operating	Races	Other Races	Slot Machine	Operating	Races	Other Races	Slot Machine		
Breeders' awards	\$ -	\$ 1,156,994	\$ 1,333,369	\$ 6,070,007	\$ -	\$ -	\$ -	\$ -	\$ 8,560,370	\$ 8,869,148
Breeders' sale	881,182	-	-	-	23,844	-	-	-	905,026	1,236,153
Salaries and wages	564,245	-	-	-	141,062	-	-	-	705,307	635,915
Administrative expense	80,063	-	-	-	359,744	10	491	45	440,353	528,242
Purse supplementation	59,331	-	200,000	-	-	-	-	-	259,331	413,468
Advertising, research, public relations, and lobby activities	39,857	-	-	-	117,200	-	-	-	157,057	184,997
Banquet and meeting	-	-	-	-	96,058	-	-	-	96,058	60,536
Contributions and scholarships	-	-	-	-	31,200	-	-	-	31,200	27,950
Total expenses	<u>\$ 1,624,678</u>	<u>\$ 1,156,994</u>	<u>\$ 1,533,369</u>	<u>\$ 6,070,007</u>	<u>\$ 769,108</u>	<u>\$ 10</u>	<u>\$ 491</u>	<u>\$ 45</u>	<u>\$ 11,154,702</u>	<u>\$ 11,956,409</u>

The accompany notes are an integral part of this financial statement.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
STATEMENTS OF CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEAR DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

	Operating	SALAM Races	Other Races	Slot Machine	Total	
					2025	2024
<u>EXCESS OF REVENUES AND EXPENSES</u>	\$ 82,355	\$ (1,136,103)	\$ (662,985)	\$ 1,213,939	\$ (502,794)	\$ (991,741)
<u>TRANSFER (TO) FROM OTHER FUNDS</u>	135,169	1,130,185	658,550	(1,923,904)	-	-
<u>NET ASSETS, BEGINNING OF THE YEAR</u>	1,945,820	5,918	75,663	2,525,373	4,552,774	5,544,515
<u>NET ASSETS, END OF THE YEAR</u>	<u>\$ 2,163,344</u>	<u>\$ -</u>	<u>\$ 71,228</u>	<u>\$ 1,815,408</u>	<u>\$ 4,049,980</u>	<u>\$ 4,552,774</u>

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

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. Significant Accounting Policies

Organization and Operations

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 product. 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.

Basis of Accounting

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

Basis of Presentation

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

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.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. Significant Accounting Policies (continued)

Basis of Presentation (continued)

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 breeders' 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 interfund transactions to and from the individual funds.

Under this basis, revenues and related assets are generally recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. The Association has elected certain modifications to the cash basis of accounting. Specifically, the Association records accounts receivable when billed. In addition, the Association record expenses for certain computer-related intangibles rather than assets. Because the financial statements are prepared on the modified cash basis of accounting, they may not be comparable to financial statements prepared in accordance with GAAP. If the Association did not record accounts receivable when billed, reported assets, revenues, and changes in net assets could differ from amounts reported in these financial statements. Further, if the Association capitalized and amortized computer-related intangible assets in accordance with GAAP, reported assets, expenses, and changes in net assets could differ from amounts reported in these financial statements, which could affect users' conclusions about the Association's changes in net assets.

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

For reporting purposes, the Association considers all highly liquid debt instruments with maturity of three months or less to be considered cash equivalents.

As of December 31, 2025 and 2024, restricted cash and cash equivalents for future deposits races amounts to \$136,390 and \$75,310, respectively.

Accounts receivable

The Association records accounts receivable related to advertisements in its publication of the Louisiana Horse Magazine as well as its annual Stallion Register. Trade receivables are carried out 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. Management has determined no allowance is considered necessary and amounts are deemed collectible. As of December 31, 2025 and 2024, the accounts receivable balance amounts to \$81,393 and \$46,391, respectively.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. Significant Accounting Policies (continued)

Allowance of Credit Losses

An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. As of December 31, 2025 and 2024, the allowance for credit losses amounts to \$0 and \$0, respectively. For the fiscal years ended December 31, 2025 and 2024, bad debt expense amounted to \$0 and \$0, respectively.

Building and Equipment

Building 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 building 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. For the years ended December 31, 2025 and 2024, the Association records depreciation expense in the amount of \$8,460 and \$1,500, respectively.

Futurity Races

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, 2025, the Association's deposits held for futurity races are classified accordingly: \$108,710 for the 2025 and 2026 futurity, in current liabilities, and \$27,680 for the 2027 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.

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: undesignated net assets and designated net assets. Undesignated net assets include those net assets available for use in general operations and not subject to restrictions. Designated net assets are those net assets subject to imposed restrictions. Some imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other specified events. As of December 31, 2025, undesignated net assets amount to \$2,026,954; however, certain net assets are designated for use in paying breeder's awards as prescribed by Louisiana Revised Statutes, as explained in Note 2. In addition, certain net assets are designated for the payment of futurity deposits. As of December 31, 2025, the Association's designated net assets amount to \$2,023,026.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. Significant Accounting Policies (continued)

Use of Estimates

In preparing the financial statements, management has made certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Tax Status

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.

2. Sources 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 is as 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.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. Sources of Funds (continued)

Operating funds (continued)

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

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 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)].

Special Accredited Louisiana-Bred Maiden (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 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, 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 disburses awards equal 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. 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. All of the above-mentioned awards are based on the eligible purse capped at \$200,000.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. Sources of Funds (continued)

Special Accredited Louisiana-Bred Maiden (SALAM) Races Funds (continued)

As mentioned in Note 1, SALAM breeders awards are funded primarily through Slot Machine funds. For the year ended December 31, 2025, \$1,130,185 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.

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, 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 disburses awards equal 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. 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. 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.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. Sources of Funds (continued)

Other Races Funds (continued)

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, 2025, \$658,550 was transferred out of Slot Machine Funds into Other Races funds to support the payment of breeders' awards.

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 the year ended December 31, 2025, the total paid amount was \$400,000.

Out-of-state-stake-received race awards are paid quarterly at an amount predetermined by the Board of Directors of the Association. The Association disburses 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, 2025, was \$273,439.

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, 2025, \$4,496,568 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.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. Sources of Funds (continued)

Slot Machine Funds (continued)

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, 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 disburses awards equal 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. 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. 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, 2025, the total amount paid by the Association for Stallion Awards was \$900,000.

Finally, the Association is transferring the interest earned and purse supplements incurred on these funds to the general operation of the Association. This transfer assists in covering administrative costs incurred in maintaining the breeders' awards program. For the year ended December 31, 2025, the Association transferred \$135,169 to fund the general operations of the Association.

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.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

2. Sources of Funds (continued)

Video Draw Poker Device Purse Supplement Funds (continued)

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.

Sports Wagering Purse Supplement Fund

As enacted by R.S. 4:199, monies in the Sports Wagering Purse Supplement Fund shall be allocated by the Commission any appropriations received pursuant to R.S. 27:625(G)(4) to the Association. Two thirds of the funds appropriated to the commission shall be allocated and provided to the licensed racing associations in the state which conduct live horse racing on the basis of proportion of the number of thoroughbred race days each association conducted for the preceding year bears to the total number of thoroughbred race days conducted statewide for the preceding year, and such funds shall be used solely to supplement purses in accordance with a schedule or formula established by the purse committee of the Louisiana Thoroughbred Breeders Association on Louisiana-bred thoroughbred races.

Due to the face 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.

3. Accounts Receivable

Although using the modified cash basis of accounting, as mentioned in Note 1, the Association records accounts receivable. As of December 31, 2025, the receivables consist of the following:

	2025	2024
Louisiana Horse Magazine	\$ 30,893	\$ 46,391
Breeder Sales	50,500	-
	<u>\$ 81,393</u>	<u>\$ 46,391</u>

4. Advertising Expense

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 \$100,997 and \$115,221 for the years ended December 31, 2025 and 2024, respectively.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

5. Concentration of Credit risk

Custodial credit risk is the risk that in the event of a bank failure, the Association's deposits may not be returned to them. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Association periodically maintains balances in excess of FDIC limits. As of December 31, 2025 and 2024, the bank balances amount to \$2,231,435 and \$2,902,080, respectively, of which \$250,000 per bank was covered by federal depository insurance. The Association has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

6. Defined Contribution 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.

7. 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 years ended December 31, 2025 and 2024, The amount paid to board members in the form of breeders' and stallion awards is in the amount of \$371,178 and \$465,000, respectively.

As of December 31, 2025 and 2024, included in accounts receivable of Louisiana Horse Magazine is approximately \$15,130 and \$14,098, respectively, that are owed by various board of directors.

8. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 17, 2026, and determined that no additional events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
STATEMENTS OF REVENUES AND EXPENSES - OPERATING
FOR THE YEARS DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>REVENUES</u>		
BSOL - Consignment Revenue	\$ 939,300	\$ 1,261,350
Commissions - 2%	556,753	621,679
Historic Horse Racing	432,783	663,516
Awards - Triple Crown Race	165,675	203,226
Fees - 14%	83,893	91,524
Accreditation Fees	80,285	72,830
State Grant	60,000	60,000
Membership Dues	56,585	63,795
Publications - Louisiana Horse	45,248	45,030
Mare and Stallion Registration	22,220	34,795
Stallion Fees	15,740	2,350
Interest Income	8,693	28,687
Miscellaneous	8,511	6,694
PAC Revenue	455	623
Insurance Proceeds	-	32,352
Total revenues	<u>2,476,141</u>	<u>3,188,451</u>

See independent auditor's report

(continued)

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
STATEMENTS OF REVENUES AND EXPENSES - OPERATING
FOR THE YEARS DECEMBER 31, 2025 AND 2024

	2025	2024
<u>EXPENSES</u>		
Breeders' Awards and Purse Supplement	59,331	67,468
BSOL Consignor Expense	765,865	1,103,315
Salaries	587,847	543,968
Advertising and Promotion	102,336	115,221
Professional and General Accounting Fees	59,005	104,207
Insurance	118,467	104,417
Computer Expense	121,270	80,851
Research, Public Relations, and Lobbying	54,996	55,136
Meetings and Banquets	86,613	54,554
Legal	55,523	53,679
Field Inspector	73,480	50,400
Payroll Taxes	43,980	41,547
Printing	30,088	54,836
BSOL Facility	23,000	26,132
Office Expense	23,005	29,989
Taxes and Licenses	5,782	18,083
Trophies	13,294	16,985
Postage and Shipping	13,735	18,007
BSOL Director	21,266	36,170
Scholarships	17,000	14,000
Contributions	14,200	13,950
Equipment Rental	7,179	11,259
Telephone	6,179	10,959
Depreciation	8,460	1,500
Travel	14,704	8,902
Pedigree Research	14,299	17,639
Writers and Photographer Fees	5,550	3,860
BSOL Barn Area	21,538	26,252
Bank Charges	2,822	2,311
Dues and Subscriptions	3,439	2,679
BSOL Ticket Runners	2,025	1,050
BSOL Bid Board and Auction Services	10,390	600
Repairs and Maintenance	6,518	443
Miscellaneous	600	270
Total expenses	<u>2,393,786</u>	<u>2,690,639</u>
<u>EXCESS (DEFICIT) OF REVENUES AND EXPENSES</u>	<u>\$ 82,355</u>	<u>\$ 497,812</u>

See independent auditor's report

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
STATEMENTS OF REVENUES AND EXPENSES - SALAM RACES
FOR THE YEARS DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>REVENUES</u>		
SALAM Awards - 8% and 15.1%	\$ 20,878	\$ 25,341
Interest income	23	-
Total revenues	<u>20,901</u>	<u>25,341</u>
<u>EXPENSES</u>		
Breeders' Awards	1,156,994	1,259,925
Bank Charges	10	-
Total expenses	<u>1,157,004</u>	<u>1,259,925</u>
<u>EXCESS (DEFICIT) OF REVENUES AND EXPENSES</u>	<u>\$ (1,136,103)</u>	<u>\$ (1,234,584)</u>

See independent auditor's report

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
STATEMENTS OF REVENUES AND EXPENSES - OTHER RACES
FOR THE YEARS DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>REVENUES</u>		
10% from Tracks	\$ 607,962	\$ 450,901
Awards - 9.1%	259,723	268,492
Interest Income	3,190	1,232
Total revenues	<u>870,875</u>	<u>720,625</u>
<u>EXPENSES</u>		
Breeders' Awards	1,333,369	1,496,779
Purse Supplements	200,000	352,500
Bank Charges	491	300
Total expenses	<u>1,533,860</u>	<u>1,849,579</u>
<u>EXCESS (DEFICIT) OF REVENUES AND EXPENSES</u>	<u>\$ (662,985)</u>	<u>\$ (1,128,954)</u>

See independent auditor's report

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
STATEMENTS OF REVENUES AND EXPENSES - SLOT MACHINE
FOR THE YEARS DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>REVENUES</u>		
Slot Machine Proceeds - 2%	\$ 6,512,181	\$ 6,286,417
LSRC Co-Op	700,000	700,270
Interest Income	71,810	43,564
Total revenues	<u>7,283,991</u>	<u>7,030,251</u>
<u>EXPENSES</u>		
Breeders' Awards	4,496,568	4,692,898
Stallion Awards	900,000	900,000
Breeders' Awards - Out of State	400,000	401,174
Out of State Stakes Awards	273,439	118,372
Bank Charges	45	239
Total expenses	<u>6,070,052</u>	<u>6,112,683</u>
<u>EXCESS (DEFICIT) OF REVENUES AND EXPENSES</u>	<u>\$ 1,213,939</u>	<u>\$ 917,568</u>

See independent auditor's report

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
COMPARISON OF BUDGET TO ACTUAL - OPERATING
FOR THE YEAR DECEMBER 31, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
<u>REVENUES</u>			
BSOL - Consignment Revenue	\$ 940,865	\$ 939,300	\$ (1,565)
Historic Horse Racing	750,000	432,783	(317,217)
Commissions - 2%	650,000	556,753	(93,247)
Awards - Triple Crown Race	200,000	165,675	(34,325)
Fees - 14%	125,000	83,893	(41,107)
Interest Income	100,000	8,693	(91,307)
Accreditation Fees	85,000	80,285	(4,715)
Membership Dues	75,000	56,585	(18,415)
State Grant	60,000	60,000	-
Publications - Louisiana Horse	50,000	45,248	(4,752)
Mare & Stallion Registration	35,000	22,220	(12,780)
Miscellaneous	5,000	8,511	3,511
Stallion Fees	5,000	15,740	10,740
PAC Revenue	5,000	455	(4,545)
Total revenues	<u>\$ 3,085,865</u>	<u>\$ 2,476,141</u>	<u>\$ (609,724)</u>

See independent auditor's report

(continued)

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
COMPARISON OF BUDGET TO ACTUAL - OPERATING
FOR THE YEAR DECEMBER 31, 2025

	Budget	Actual	Favorable (Unfavorable) Variance
<u>EXPENSES</u>			
Breeders' Awards and Purse Supplement	500,000	59,331	440,669
BSOL Consignor Expense	765,865	765,865	-
Salaries	615,000	587,847	27,153
Advertising and Promotion	125,000	102,336	22,664
Professional and General Accounting Fees	50,000	59,005	(9,005)
Insurance	125,000	118,467	6,533
Computer Expense	100,000	121,270	(21,270)
Research, Public Relations, and Lobbying	70,000	54,996	15,004
Meetings and Banquets	55,000	86,613	(31,613)
Legal	75,000	55,523	19,477
Field Inspector	75,000	73,480	1,520
Payroll Taxes	45,000	43,980	1,020
Printing	35,000	30,088	4,912
BSOL Facility	26,500	23,000	3,500
Office Expense	30,000	23,005	6,995
Taxes and Licenses	18,000	5,782	12,218
Trophies	17,500	13,294	4,206
Postage and Shipping	73,000	13,735	59,265
BSOL Director	22,000	21,266	734
Scholarships	14,000	17,000	(3,000)
Contributions	15,000	14,200	800
Equipment Rental	11,500	7,179	4,321
Telephone	10,000	6,179	3,821
Depreciation	5,000	8,460	(3,460)
Travel	10,000	14,704	(4,704)
Pedigree Research	18,000	14,299	3,701
Writers and Photographer Fees	7,500	5,550	1,950
BSOL Barn Area	22,500	21,538	962
Bank Charges	2,500	2,822	(322)
Dues and Subscriptions	2,500	3,439	(939)
BSOL Ticket Runners	1,200	2,025	(825)
BSOL Bid Board and Auction Services	750	10,390	(9,640)
Repairs and Maintenance	10,000	6,518	3,482
Miscellaneous	5,000	600	4,400
Total expenses	2,958,315	2,393,786	564,529
<u>EXCESS OF REVENUES AND EXPENSES</u>	<u>\$ 127,550</u>	<u>\$ 82,355</u>	<u>\$ (45,195)</u>

See independent auditor's report

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2025

Agency Head Name: Roger Heitzmann, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Meals and parking	-
Conference travel	-
	<u> </u>
	<u>\$ -</u>

See independent auditor's report

OTHER REPORT



**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
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 the Louisiana Thoroughbred Breeders Association, which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2025, the related statement of revenues and expenses – modified cash basis, the statement of changes of 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 June 17, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana Thoroughbred Breeders 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Thoroughbred Breeders Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Thoroughbred Breeders Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. 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 Louisiana Thoroughbred Breeders 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.

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 Louisiana Thoroughbred Breeders Association'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 Louisiana Thoroughbred Breeders Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richard CPAS

Metairie, Louisiana
June 17, 2026

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2025

(A) Summary of Auditor's Results

Financial Statements

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

(B) Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards*

None noted.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
NEW ORLEANS, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2025



LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
NEW ORLEANS, LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2025

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Accountant's Report on Applying Agreed-Upon Procedures</u>	1
<u>Schedule A: Agreed-Upon Procedures Performed and Associated Findings</u>	2-16



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

To the Louisiana Thoroughbred Breeders Association and the Louisiana Legislative Auditor:

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

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

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

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

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

Richard CPAS

Metairie, Louisiana
June 17, 2026

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

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.

No exceptions were found as a result of this procedure.

- 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.

No exceptions were found as a result of this procedure.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

- 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).

No exceptions were found as a result of this procedure.

- 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 Association is a non-for-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 Association 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

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

N/A – the Association is a non-for-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.

No exceptions were found as a result of this procedure.

- 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.*

No exceptions were found as a result of this procedure.

- 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 Association is a non-for-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.

No exceptions were found as a result of this procedure.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

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.

No exceptions were found as a result of this procedure.

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;

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

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.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

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.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

- 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.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

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.

No exceptions were found as a result of this procedure.

- 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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- 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.

No exceptions were found as a result of this procedure.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

- 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.

No exceptions were found as a result of this procedure.

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.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

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.

No exceptions were found as a result of this procedure.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

- 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);

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- 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.

No exceptions were found as a result of this procedure.

- 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.

No exceptions were found as a result of this procedure.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

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 Association is a non-for-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 Association is a non-for-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 Association is a non-for-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 Association 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 Association does not have any debt service.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

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, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe 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.

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

- 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.

We performed the procedure and discussed the results with management.

- 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.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe 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 Association is a non-for-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 Association is a non-for-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 Association is a non-for-profit organization.

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

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

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

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

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

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

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

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

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

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

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