LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025

RICHARD CPAS

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC.

TABLE OF CONTENTS

RICHARD CPAS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. (LAHBPA 1993, Inc.), which comprise the statements of financial position as of December 31, 2025 and 2024, and the statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. as of December 31, 2025, and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. 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 opinions.

Emphasis of Matter Regarding Prior Period Adjustment

As discussed in Note 8 to the financial statements, the net assets related to accounts receivable were overstated by $268,639 and $150,052, as of December 31, 2024 and 2023, respectively. The net assets related to the allowance for doubtful accounts was overstated by $58,267 and $50,382, as of December 31, 2024 and 2023, respectively. The net assets related to the unearned premiums were overstated by $230,915 and $264,381, as of December 31, 2024 and 2023, respectively. The net assets related to Due from Affiliates were understated by $144,168 as of December 31, 2024. Accordingly, the accounts receivable, allowance for doubtful accounts, unearned premiums, and Due from Affiliates have been restated in the 2024 and 2023 financial statements. Our opinion is not modified with respect to this matter.

3421 N. Causeway Blvd. Suite 601 Metairie, LA 70002
(504) 913-9392 www.RICHARDCPAS.com

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.'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 Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to Agency Head on page 17 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other payments to Agency Head is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2026, on our consideration of LAHBPA 1993, Inc.'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 LAHBPA 1993 Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LAHBPA 1993, Inc.'s internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
June 26, 2026

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025 AND 2024

A S S E T S

	2025	2024 (As Restated)
ASSETS		
Cash and cash equivalents	$ 551,451	$ 556,468
Fees receivable	61,188	56,107
Accrued interest receivable	32,471	59,634
Prepaid expenses	40,342	37,695
Accounts receivable - workers' compensation program	-	116,116
Due from trainers	-	12,320
Investments	-	1,443,171
Due from affiliates, net	494,089	-
Restricted cash - workers' compensation program	1,742,459	3,294,426
Property and equipment, net	239,473	295,351
Total assets	$ 3,161,473	$ 5,871,288

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

	2025	2024 (As Restated)
LIABILITIES		
Accounts payable and accrued expenses	$ 117,856	$ 158,071
Due to affiliates, net	-	2,647,753
Total liabilities	117,856	2,805,824
NET ASSETS		
Without donor restrictions	3,043,617	3,065,464
Total net assets	3,043,617	3,065,464
TOTAL LIABILITIES AND NET ASSETS	$ 3,161,473	$ 5,871,288

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

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024 (As Restated)
REVENUES AND OTHER SUPPORT		
Management fee income	$ 1,798,700	$ 1,729,100
Investment income - Horsemen's Bookkeeper	903,932	689,900
Pony lead fees	544,755	545,895
Employee retention tax credit	151,157	-
Investment return, net	69,015	64,981
Jockey payroll and NSF fees	61,094	58,465
Other income	1,323	13,289
Historic horse racing income	-	127,546
Total revenues and other support	3,529,976	3,229,176
EXPENSES		
Program services	3,413,470	3,087,529
Management and general	138,353	153,632
Total expenses	3,551,823	3,241,161
CHANGE IN NET ASSETS	(21,847)	(11,985)
NET ASSETS, BEGINNING OF THE YEAR	2,900,753	2,912,738
PRIOR PERIOD ADJUSTMENT (NOTE 8)	164,711	164,711
NET ASSETS, BEGINNING OF THE YEAR, AS RESTATED	3,065,464	3,077,449
NET ASSETS, END OF THE YEAR	$ 3,043,617	$ 3,065,464

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

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Program Services	Support Services - Management and General	Total	Program Services	Support Services - Management and General	Total
Personnel costs	$ 2,153,001	$ 30,060	$ 2,183,061	$ 1,934,701	$ 28,128	$ 1,962,829
Professional fees	674,624	85,170	759,794	655,781	113,261	769,042
Insurance	158,679	7,140	165,819	116,740	5,119	121,859
Postage and printing	135,938	-	135,938	139,499	-	139,499
Occupancy	69,294	2,037	71,331	64,001	2,094	66,095
National assessment	70,660	-	70,660	60,353	-	60,353
Depreciation	55,878	-	55,878	60,105	-	60,105
Repairs and maintenance	43,681	2,299	45,980	36,255	1,908	38,163
Travel and meals	26,630	-	26,630	28,514	-	28,514
Miscellaneous	2,553	10,866	13,419	890	2,255	3,145
Bad debt expense	12,315	-	12,315	-	-	-
Benevolence	6,503	-	6,503	4,283	-	4,283
Bank charges	300	781	1,081	61	867	928
Worker's compensation	3,414	-	3,414	(13,654)	-	(13,654)
	$ 3,413,470	$ 138,353	$ 3,551,823	$ 3,087,529	$ 153,632	$ 3,241,161

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

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (21,847)	$ (11,985)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	55,878	60,105
Bad debt expense	12,315	-
Changes in operating assets and liabilities:		
Accounts receivable - workers' compensation program	116,116	(34,569)
Fees receivable	(5,081)	36,929
Accrued interest receivable	27,163	(59,634)
Due from trainers	5	(12,320)
Prepaid expenses	(2,647)	24,536
Accounts payable and accrued expenses	(40,215)	57,993
Due from/(to) related parties	(3,141,842)	1,094,985
Net cash provided by (used in) operating activities	(3,000,155)	1,156,040
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(56,829)	(2,906,171)
Proceeds from sale of investments	1,500,000	2,944,061
Purchases of property and equipment	-	(5,289)
Net cash provided by operating activities	1,443,171	32,601
Increase (decrease) in cash and cash equivalents	(1,556,984)	1,188,641
Cash and cash equivalents, beginning of year	3,850,894	2,662,253
Cash and cash equivalents, end of year	$ 2,293,910	$ 3,850,894
RECONCILIATION TO THE STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	$ 551,451	$ 556,468
Restricted cash workers' compensation program	1,742,459	3,294,426
	$ 2,293,910	$ 3,850,894

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

1. Significant Accounting Policies

Organization

The purpose of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. (LAHBPA 1993, Inc.) is to protect the interests of the horse owners and trainers, particularly as it relates to their relationships with the owners and managers of racetracks. More specifically, LAHBPA 1993, Inc. operates with the express purpose "…to foster, protect, represent, and promote the welfare and common interest of thoroughbred and quarter horse owners and trainers, to improve conditions in the horse racing industry, to improve relationships between horsemen, other members of the racing industry, and the general public in the State of Louisiana…" LAHBPA 1993, Inc. mediates on behalf of individual members when problems arise with racetrack management or the State Racing Commission, negotiates fair distributions at race tracks, and monitors state and federal legislative developments in the interest of horsemen.

With amendments to Louisiana Revised Statutes (LRS) 4:251 and 4:252, LAHBPA 1993, Inc. formed a wholly owned subsidiary, Horsemen's Alliance Holdings, Inc. (HAH) which served as the parent holding company for Horsemen's Insurance Alliance SPC (HIA), which was incorporated in the Cayman Islands and held an Insurer's license, through which a workers' compensation insurance program was marketed to the members of LAHBPA 1993, Inc.

HAH, was incorporated on June 30, 2006, in the state of Louisiana, and is the parent holding company for HIA. HIA was incorporated on June 23, 2006, in the Cayman Islands, as an exempted segregated portfolio company with limited liability and holds an Unrestricted Class "B" insurer's license, subject to the provisions of the Insurance Law (2008) of the Cayman Islands. HIA was comprised of a general portfolio which carries no risk and one segregated portfolio (Louisiana SP). During the year ended December 31, 2024, HAH distributed $35,843 to LAHBPA 1993 Inc.

Effective in 2011, HIA discontinued writing insurance coverage and commenced running off its existing claims. LAHBPA 1993 Inc. authorized the Executive Director to explore the sale or legal shutdown of HIA. The commutation was effective July 20, 2021. As a result, HIA was released from any further liability. Pursuant to board action, the Executive Director of LAHBPA 1993, Inc. was authorized to seek a buyer for HIA. During the year ended December 31, 2022, the HAH received a $20,000 deposit related to the sale of HIA. During the year ended December 31, 2023, the sale was completed and HAH received final payment of $67,127. HIA was sold effective January 1, 2023, and all commitments or contingencies related to the operation of the HIA ceased to exist. As of December 31, 2024, HAH has no assets and no liabilities.

On July 13, 2011, the Horsemen's Workers' Compensation Insurance Trust (HWCIT) was formed for the purpose of directly insuring a significant portion of the insurance risks previously reinsured through HIA. HWCIT began providing insurance coverage on July 17, 2011.

1. Significant Accounting Policies (continued)

Organization (continued)

LAHBPA 1993, Inc. also administers a non-qualified Pension Trust and a Medical Benefit Trust with scheduled benefits for its members and their dependents. Although LAHBPA 1993, Inc. appoints the Board of Trustees for the Pension Trust, the Medical Benefit Trust, and Horsemen Workers' Compensation Insurance Trust, they share overhead expenses and each is a separate legal entity with its own funding sources and operating expenses, separate and apart from LAHBPA 1993, Inc.'s operations. LAHBPA 1993, Inc. also maintains and serves as the disbursing agent for the Horsemen's Bookkeeper Account which is the recipient of all Louisiana horse race purses for disbursement for the owners.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of LAHBPA 1993, Inc. and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve or board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor- imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At December 31, 2025 and 2024, LAHBPA 1993 Inc. held no net assets with donor restrictions.

1. Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

The statements of activities present expenses of LAHBPA 1993, Inc.'s operations functionally between program services and management and general. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

Cash and Cash Equivalents

Cash equivalents are all highly liquid investments with maturities of three months or less at date of acquisition.

Allowance for 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. At December 31, 2025, and 2024, the allowance for credit losses on receivables was $0. Bad debt expense and any related recoveries are included in the Statement of Functional Expenses, as applicable. Bad debt expense for the years ended December 31, 2025 and 2024, was $12,315 and $0, respectively.

Investments

The LAHBPA 1993, Inc.'s investments consist of U.S. Treasury Bills. Treasury bills are reported at cost. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis

Property and Equipment

Property and equipment are carried at cost. LAHBPA 1993, Inc.'s policy is to capitalize property and equipment over $2,500. Depreciation is computed using the straight-line method over the estimated useful lives (3 – 10 years) of the respective assets. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and betterments are capitalized.

1. Significant Accounting Policies (continued)

Property and Equipment (continued)

LAHBPA 1993 Inc. reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets.

Revenue and Other Support

Pursuant to Louisiana Revised Statute (LRS) 4:251 through 252, the Louisiana Legislature authorized and empowered the LAHBPA 1993, Inc. "To establish, operate and administer an insurance program for the purpose of providing workers' compensation insurance coverage and related benefits to members of the Horsemen's Benevolent and Protective Association and other persons including and especially owners of racehorses, licensed by the Louisiana State Racing Commission." LAHBPA 1993, Inc. formed the Horsemen's Workers Compensation Insurance Trust (HWCIT) effective July 17, 2011, to provide this insurance coverage.

The worker's compensation program is authorized to utilize up to 2% of all purses and purse supplements, of which, up to one half is authorized to be used for the improvement and administration of the Horsemen's Self-Help Pension Program (Pension Trust). Until June 1, 2016, contributions consisted of one-half of the authorized two percent of total amount of purses and purse supplements available. Beginning on June 1, 2016, contributions to Pension Trust consisted of one-fourth of the authorized two percent of total amount of purses and purse supplements available. Effective again as of June 1, 2017, contributions reverted to consist of the original one-half of the authorized two percent of the total amounts of purses and purse supplements available. No statutorily dedicated funds are recognized as revenue by LAHBPA 1993, Inc. The Pension Trust and Medical Trust receive their distribution directly from the racetracks.

The Workers' Compensation Insurance Program generates premium revenue for LAHBPA 1993, Inc. and HWCIT. Members of LAHBPA 1993, Inc. are charged a premium based on either the number of race starts or per payroll level if the member is a non-racing farm. Effective July 17, 2011, premium revenue earned for coverage provided by HWCIT is recorded as revenue in HWCIT.

LAHBPA 1993, Inc. is also funded by the investment income earned on deposits maintained in the Horsemen's Bookkeeper Account.

1. Significant Accounting Policies (continued)

Income Taxes

LAHBPA 1993, Inc. is a nonprofit organization exempt from income taxes under provisions of the Internal Revenue Service Code Section 501(c) (6); therefore, no provision has been made for federal and state income taxes. LAHBPA 1993, Inc. applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, LAHBPA 1993, Inc. has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities. Therefore, no provision for taxes has been made in these financial statements. As a result of the above matters, no tax liability or expense has been recognized in the financial statements.

Pony Lead Fees

Pony lead fee (administrative fee) revenue is paid by each owner and is earned based on each start. Effective June 1, 2017, the fee was approved by the Board of Directors of LAHBPA 1993, Inc. and raised to $20 and divided as follows: $0.90 to HAH PAC, $0.10 to Pension, and $19 to 1993, Inc. for administrative expenses.

Historic Horse Racing

Effective January 1, 2024, LAHBPA 1993, Inc. receives a portion of its income from historic horse racing (HHR) machines operated under agreements with licensed gaming facilities. These revenues represent LAHBPA 1993 Inc.'s share of net proceeds generated from HHR wagering activities. Income is recognized when earned and collection is reasonably assured, in accordance with the terms of the revenue-sharing agreements.

Management monitors these agreements and related revenues regularly to ensure accuracy and compliance with applicable regulations. Historic horse racing revenue is considered unrestricted and is used to support the LAHBPA 1993 Inc.'s general operations and program activities.

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

Contributed Services

Volunteers contribute significant amounts of time to program services, and administration; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

1. Significant Accounting Policies (continued)

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs, primarily salaries, benefits, and professional fees have been allocated among the programs and supporting services benefited. The allocation between functions is based on time spent by specific employees as estimated by management. All other costs are charged directly to the appropriate functional category.

Use of Estimates

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

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	2025	2024
Cash and cash equivalents	$ 551,451	$ 556,468
Accrued interest receivable	32,471	59,634
	$ 583,922	$ 616,102

The claims escrow funds, receivables, and restricted cash are either restricted by state statute or other requirement limiting its use for the workers' compensation program or otherwise not available for general expenditures in the next year.

3. Investments

As of December 31, 2025 and 2024, investments of $0 and $1,443,171, respectively, consist of U.S. Treasury bills with a maturity date of greater than three months.

4. Property and Equipment

	2025	2024
Land	$ 110,000	$ 110,000
Building	685,760	685,760
Building improvements	640,643	640,643
Furniture and fixtures	36,190	36,190
Computer software	52,500	52,500
Equipment	44,901	44,901
Field office trailers	154,581	154,581
Total	1,724,575	1,724,575
Less: accumulated depreciation	(1,485,102)	(1,429,224)
Property and equipment, net	$ 239,473	$ 295,351

Depreciation expense of $55,878 and $60,105 is included in the statements of functional expenses for the years ended December 31, 2025 and 2024, respectively.

During the years ended December 31, 2025 and 2024, LAHBPA 1993, Inc. disposed of $0 and $38,415 of fully depreciated property and equipment with a net book value of zero, respectively.

5. Related Party Transactions

LAHBPA 1993, Inc. shares certain overhead costs with the Louisiana Horsemen's Medical Benefit Trust (Medical Benefit Trust), the Louisiana Horsemen's Pension Trust (Pension), and the Horsemen's Workers Compensation Insurance Trust (HWCIT), affiliates of LAHBPA 1993, Inc. During the years ended December 31, 2025, and 2024, LAHBPA 1993, Inc. earned management fees from the Medical Benefit Trust, Pension Trust, and HWCIT totaling $1,798,700 and $1,729,100, respectively.

At December 31, 2025, the balances due from HWCIT amounts to $494,089. At December 31, 2024, the balances due to HWCIT amounts to $2,647,753. The balance due from and to HWCIT is non-interest bearing and is unsecured.

6. Horsemen's Bookkeeper Account

At each race meeting conducted in the State of Louisiana, there shall be a bookkeeper for the collection, disbursement, and investment of monies belonging to horsemen licensed and racing at such a race meeting, who shall be known as the Horsemen's Bookkeeper.

The Horsemen's Bookkeeper shall be bonded, selected, and employed by LAHBPA 1993, Inc.

Except for interest earned on the investment of monies in the Horsemen's Bookkeeper Account, and that portion of a pony lead fee as authorized and assessed by LAHBPA 1993, Inc., withdrawals are limited to monies due horsemen with regard to daily purses, jockey fees, stakes, handicaps, rewards, claims, deposits, monies, if any, for horsemen's medical and hospital benefit programs, and pony lead fees.

7. Concentration of Credit Risk

LAHBPA 1993, Inc. receives virtually all of its support as a result of the horse racing industry. Management fee income earned from related entities (See Note 5) represents approximately 53.55% and of its total revenues earned during the years ended December 31, 2025, and 2024, respectively. Management does not foresee any unfavorable impact as a result of these concentrations.

LAHBPA 1993, Inc. maintains its cash and cash equivalent balances in several financial institutions. Custodial credit risk is the risk that in the event of a bank failure, LAHBPA 1993, Inc.'s deposits may not be returned to them. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2025, and 2024, LAHBPA 1993, Inc.'s cash exceeded federally insured limits by $1,792,137 and $3,141,704, respectively.

8. Prior Period Adjustment

During the years ended December 31, 2025, LAHBPA 1993, Inc. discovered that the issued 2024 and 2023 financial statements overstated accounts receivable related to Starts Premium Revenue by $268,639 and $150,052, respectively, overstated the allowance for doubtful accounts by $58,267 and $50,382, respectively, overstated the unearned premium revenues by $230,915 and $264,381, respectively, and for 2024, understated Due from Affiliates (HWCIT) in the amount of $144,168. LAHBPA 1993, Inc. has restated the 2024 and 2023 financial statements, along with the associated impact on the Statements of Activities, and Statements of Cash Flows, within the accompanying financial statements.

Net assets as of December 31, 2024 are as follows:

Net assets as of December 31, 2024, previously reported	$ 2,900,753
Accounts receivable overstated as of December 31, 2024	(268,639)
Allowance of doubtful accounts overstated as of December 31, 2024	58,267
Unearned premiums overstated as of December 31, 2024	230,915
Due from Affiliates understated as of December 31, 2024	144,168
Total net assets as of December 31, 2024, as restated	$ 3,065,464

Net assets as of December 31, 2023 are as follows:

Net assets as of December 31, 2023, previously reported	$ 2,912,738
Accounts receivable overstated as of December 31, 2023	(150,052)
Allowance of doubtful accounts overstated as of December 31, 2023	50,382
Unearned premiums overstated as of December 31, 2023	264,381
Total net assets as of December 31, 2023, as restated	$ 3,077,449

9. Subsequent Events

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

SUPPLEMENTARY INFORMATION

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2025

Agency Head Name: Edwin Fenasci, Executive Director

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

The Executive Director of LAHBPA 1993, Inc. is the individual responsible for and monitors all activities of the LAHBPA 1993, Inc. and its subsidiaries and its related organizations. This schedule reflects the compensation, benefits, and other payments made to the Executive Director by LAHBPA 1993 Inc.

See independent auditor's report.

<u>OTHER REPORTS REQUIRED BY *GOVERNEMENT AUDITING STANDARDS*</u>

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

To the Trustees
Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.(LAHBPA 1993, Inc.), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of LAHBPA 1993, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

3421 N. Causeway Blvd. Suite 601 Metairie, LA 70002
(504) 913-9392 www.RICHARDCPAS.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.'s financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LAHBPA 1993, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LAHBPA 1993, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richard CPAS

Metairie, Louisiana
June 26, 2026

LOUISIANA HORSEMAN'S BENEVOLENT AND PROTECTIVE

ASSOCIATION 1993, INC. AND SUBSIDARIES

SUMMARY SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2025

1. Summary of Auditor's Results

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

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

None noted.

3. Prior Year Audit Findings

None noted.