

# **Louisiana Quarter Horse Breeders Association**

Audited Financial Statements and Other Financial Information

Alexandria, Louisiana

December 31, 2024 and 2023

**Louisiana Quarter Horse Breeders Association  
December 31, 2024 and 2023  
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OESTRIECHER  
& COMPANY, CPAs

[www.oandcpcpas.com](http://www.oandcpcpas.com)

Kurt G. Oestrieher, CPA  
Heather D. Apostolov, CPA  
Dale P. De Selle, CPA  
Katy E. McClure, CPA

Emile P. Oestrieher III (1938-2024)

### **Independent Auditor's Report**

To the Board of Directors of  
Louisiana Quarter Horse Breeders Association

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying statements of assets, liabilities and net assets-modified cash basis of Louisiana Quarter Horse Breeders Association (the Association), a nonprofit organization, as of December 31, 2024, and the related statement of revenues and expenses-modified cash basis and functional expenses-modified cash basis, for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Quarter Horse Breeders Association as of December 31, 2024, and the changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### **Basis for Opinion**

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

##### **Emphasis of Matter-Basis of Accounting**

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

##### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Supplementary Information**

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

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2025, on our consideration of Louisiana Quarter Horse Breeders Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisiana Quarter Horse Breeders Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Quarter Horse Breeders Association's internal control over financial reporting and compliance

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor we have issued a report dated April 7, 2025 on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

#### **Other Matter-Comparative Financial Statements Audited by Predecessor Auditor**

The comparative financial statements as of and for the year ended December 31, 2023 were audited by a predecessor auditor. The predecessor auditor issued an unmodified audit opinion on the 2023 financial statements of Louisiana Quarter Horse Breeders Association dated June 27, 2024. The 2023 financial statements were prepared and presented on the modified cash basis of accounting and this was included in an emphasis of a matter paragraph in the 2023 audit report.

*Oestriecker & Company*

OESTRIECKER & COMPANY  
Certified Public Accountants  
Alexandria, Louisiana

April 7, 2025

**Louisiana Quarter Horse Breeders Association**  
**Statement of Assets, Liabilities and Net Assets-Modified Cash Basis**  
**December 31, 2024 and 2023**

Assets	2024	2023
Current Assets		
Cash	\$ 892,461	\$ 779,351
Investments	2,439,286	2,182,582
Accounts receivable-trade	109,945	24,075
Total Current Assets	<u>3,441,692</u>	<u>2,986,008</u>
Property and equipment		
Land	107,000	107,000
Building	165,684	165,684
Furniture and equipment	236,162	236,162
	<u>508,846</u>	<u>508,846</u>
Less: Accumulated Depreciation	<u>(329,134)</u>	<u>(313,350)</u>
Total Property and Equipment	179,712	195,496
Other Assets		
Restricted cash	3,583,517	3,617,737
Investments-restricted	4,661,325	4,799,666
Deposits	500	500
Total Other Assets	<u>8,245,342</u>	<u>8,417,903</u>
Total Assets	<u>\$ 11,866,746</u>	<u>\$ 11,599,407</u>

The accompanying notes are an integral part of the financial statements

**Louisiana Quarter Horse Breeders Association**  
**Statement of Assets, Liabilities and Net Assets-Modified Cash Basis**  
**December 31, 2024 and 2023**

<b>Liabilities and Net Assets</b>	<b>2024</b>	<b>2023</b>
Current Liabilities		
Accounts payable	\$ 40,304	\$ 32,562
Accrued expenses	<u>-</u>	<u>14,645</u>
Total Current Liabilities	40,304	47,207
Other liabilities-long-term		
Breeders futurity payable	954,310	1,135,676
LQHBA-youth scholarships	53,337	74,030
Futurity interest	<u>79,853</u>	<u>16,885</u>
Total other liabilities-long-term	1,087,500	1,226,591
 Total liabilities	 1,127,804	 1,273,798
 Net Assets		
Without donor restrictions	1,992,653	1,907,706
With donor restrictions	<u>8,746,289</u>	<u>8,417,903</u>
Total Net Assets	<u>10,738,942</u>	<u>10,325,609</u>
 Total Liabilities and Net Assets	 <u>\$ 11,866,746</u>	 <u>\$ 11,599,407</u>

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

**Louisiana Quarter Horse Breeders Association**  
**Statements of Revenues and Expenses-Modified Cash Basis**  
**For the Years Ended December 31, 2024 and 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenues</b>						
<b>Public support</b>						
Slots support funds	\$ -	\$ 3,890,444	\$ 3,890,444	\$ -	\$ 3,704,689	\$ 3,704,689
Video poker tax support	-	1,498,958	1,498,958	-	1,026,792	1,026,792
State breeders fund support	-	670,409	670,409	-	966,313	966,313
Off track betting	-	14,847	14,847	-	14,548	14,548
Total public support	-	6,074,658	6,074,658	-	5,712,342	5,712,342
<b>Revenues</b>						
Stallion award fees	12,500	-	12,500	10,350	-	10,350
Stallion scholarship fees	63,101	-	63,101	77,050	-	77,050
HBPA contribution	328,451	-	328,451	315,727	-	315,727
Futurity fees	135,253	-	135,253	121,002	-	121,002
Accreditation fees/foal reports	61,350	-	61,350	63,503	-	63,503
Membership fees	28,876	-	28,876	33,630	-	33,630
OSM report fees	100,750	-	100,750	111,525	-	111,525
Yearling sale commissions and consignments fees	705,205	-	705,205	799,702	-	799,702
Net investment income	215,156	163,859	379,015	222,832	167,926	390,758
Other income and support	39,196	-	39,196	35,459	-	35,459
Total revenues	1,689,838	163,859	1,853,697	1,790,780	167,926	1,958,706
Net assets released from restrictions	5,910,131	(5,910,131)	-	5,995,397	(5,995,397)	-
Total Public Support and Revenues	7,599,969	328,386	7,928,355	7,786,177	(115,129)	7,671,048
<b>Expenses</b>						
Program services	7,295,306	-	7,295,306	7,455,695	-	7,455,695
Management and general	219,716	-	219,716	181,190	-	181,190
Total expenses	7,515,022	-	7,515,022	7,636,885	-	7,636,885
<b>Change in net assets</b>	84,947	328,386	413,333	149,292	(115,129)	34,163
<b>Net assets, beginning of year</b>	1,907,706	8,417,903	10,325,609	1,758,414	8,533,032	10,291,446
<b>Net assets, end of year</b>	\$ 1,992,653	\$ 8,746,289	\$ 10,738,942	\$ 1,907,706	\$ 8,417,903	\$ 10,325,609

The accompanying notes are an integral part of the financial statements



**Louisiana Quarter Horse Breeders Association**  
**Statements of Functional Expenses-Modified Cash Basis**  
**For the Years Ended December 31, 2024 and 2023**

	<b>2024</b>			<b>2023</b>		
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Total</u>	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Total</u>
Breeders awards	\$ 3,210,976	\$ -	\$ 3,210,976	\$ 3,529,981	\$ -	\$ 3,529,981
Video poker tax awards	1,550,000	-	1,550,000	1,716,700	-	1,716,700
State breeders fund	1,149,155	-	1,149,155	969,657	-	969,657
Yearling sale	311,828	-	311,828	308,160	-	308,160
Salaries	378,420	83,068	461,488	271,875	58,259	330,134
Payroll taxes	29,168	6,403	35,571	21,942	4,702	26,644
Pension expense	8,298	1,822	10,120	17,348	3,718	21,066
Professional fees	144,653	31,753	176,406	136,167	29,177	165,344
Advertising	84,044	18,449	102,493	81,355	17,434	98,789
Trophies, awards and promotional	24,925	-	24,925	40,641	-	40,641
Office supplies	15,776	3,463	19,239	14,282	3,060	17,342
Information technology	7,488	1,644	9,132	7,658	1,641	9,299
Postage	12,755	2,800	15,555	10,262	2,199	12,461
Travel, entertainment, convention and meeting expenses	59,543	13,070	72,613	58,230	12,478	70,708
Telephone and utilities	11,210	2,461	13,671	10,894	2,335	13,229
Repairs and maintenance	6,352	1,394	7,746	8,928	1,913	10,841
Depreciation	12,943	2,841	15,784	12,999	2,785	15,784
Out of state mare expense	47,500	-	47,500	45,000	-	45,000
Insurance	12,614	2,769	15,383	11,878	2,545	14,423
Other expenses	217,658	47,779	265,437	181,738	38,944	220,682
Total expenses	<u>\$ 7,295,306</u>	<u>\$ 219,716</u>	<u>\$ 7,515,022</u>	<u>\$ 7,455,695</u>	<u>\$ 181,190</u>	<u>\$ 7,636,885</u>

The accompanying notes are an integral part of the financial statements

**Louisiana Quarter Horse Breeders Association**  
**December 31, 2024 and 2023**

**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies**

Nature of Activities

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

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

Basis of Accounting

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

Basis of Presentation

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

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

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

**Louisiana Quarter Horse Breeders Association**  
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**Notes to Financial Statements**

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

Income Taxes

The Association meets the requirements of Section 501(c)(5) of the Internal Revenue Code and, therefore, is exempt from federal and state income taxes. The Association has no portion of its income subject to unrelated business taxable income and no income tax provision was incurred in the fiscal years ended December 31, 2024 and 2023.

The Association follows the provisions of the Accounting for Uncertainty in Income Taxes standard of the Financial Accounting Standards Board's Accounting Standards Codification, requiring it to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent (50%) likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the years ended December 31, 2024 and 2023, the Association's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters requiring recognition or any affecting its tax-exempt status.

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

Use of Estimates

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

Cash and Cash Equivalents

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

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**Notes to Financial Statements**

Securities

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

Functional Expenses

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

Sources and Uses of Funds

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

*Public Funds*

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

*Slot Machine Funds*

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

*Video Draw Poker Device Purse Supplement Funds*

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

**Louisiana Quarter Horse Breeders Association  
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**Notes to Financial Statements**

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

*State Breeder Award Funds*

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

*Operating Funds*

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

*Commissions 2%*

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

*Futurity Fees*

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

*Other Operating Funds*

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

*Yearling Sale*

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

**Louisiana Quarter Horse Breeders Association**  
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**Notes to Financial Statements**

Property, Premises, Furniture and Equipment

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

Measurement of Credit Losses on Financial Instruments

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

**2. Financial Statement Presentation**

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

*Net Assets Without Donor Restriction*

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

*Net Assets With Donor Restriction*

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

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**Notes to Financial Statements**

from restriction. As of 2024 and 2023, the Association's net assets with donor restrictions are restricted for funding various program services.

**3. Investment Securities and Certificates of Deposit**

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

**2024**

	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Gain(Loss)</u>
<i>Level 1</i>			
<b>Restricted:</b>			
Certificates of deposit	\$ 2,125,000	\$ 2,140,036	\$ 15,036
Mortgage-backed securities	2,151,816	1,962,263	(189,553)
Government issued bonds	<u>570,000</u>	<u>559,026</u>	<u>(10,974)</u>
Total	4,846,816	4,661,325	(185,491)
<b>Unrestricted:</b>			
Certificates of deposit	\$ 1,373,000	\$ 1,376,211	\$ 3,211
Mortgage-backed securities	541,866	472,646	(69,220)
Government issued bonds	<u>598,509</u>	<u>590,429</u>	<u>(8,080)</u>
Total	\$ 2,513,375	\$ 2,439,286	\$ (74,089)

**2023**

	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Gain(Loss)</u>
<i>Level 1</i>			
<b>Restricted:</b>			
Certificates of deposit	\$ 2,253,000	\$ 2,253,785	\$ 785
Mortgage-backed securities	2,369,590	2,214,208	(155,382)
Mutual funds	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Total	4,812,590	4,657,993	(154,597)

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**Notes to Financial Statements**

**Unrestricted:**

Certificates of deposit	\$ 1,057,000	\$ 1,059,800	\$ 2,800
Mortgage-backed securities	566,773	507,066	(59,707)
Mutual funds	<u>560,000</u>	<u>560,000</u>	<u>-</u>
Total	\$ 2,183,773	\$ 2,126,866	\$ (56,907)

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

Within one year	\$ 1,970,011
After 1 year through 5 years	\$ 2,458,034
After 5 years	\$ 237,657

Mortgage-backed securities have maturity dates ranging from 2028 to 2046.

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

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

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

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

**4. Liquidity and Availability of Financial Assets**

Louisiana Quarter Horse Breeders Association strives to maintain liquid financial assets sufficient to meet at least one year of general operating expenditures. The Association has \$3,441,692 of financial assets available within one year of the balance sheet date, comprised of cash of \$892,461, accounts receivable of \$109,945, and short-term investments of \$2,439,286. None of these financial assets is subject to donor restrictions or contractual restrictions that make them unavailable within one year.



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**Notes to Financial Statements**

**5. Functional Classification of Expenses**

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

**6. Defined Contribution Pension Plan**

All full-time employees are currently eligible to participate in a Simple IRA retirement plan. Contributions to the Plan by the Association totaled \$10,120 and \$10,589 for the years ended December 31, 2024 and 2023, respectively. The Executive Director employment contract provided \$16,416 for non-plan contributions.

**7. Subsequent Events**

Management has evaluated subsequent events through April 7, 2025, the date which the consolidated financial statements were available for issue. There are no subsequent events required to be disclosed.

## **Supplementary Information**

**Louisiana Quarter Horse Breeders Association**  
**Schedule of Compensation, Benefits, and Other Payments**  
**To Agency Head or Chief Executive Officer**  
**For the year ended December 31, 2024**

**Executive Director**                      Bruce Salard

Salary	\$ 164,160
Car allowance	7,200
Cell phone	1,318
Retirement	16,416
Health insurance	9,634
Registration fees	260
Conference travel	<u>1,685</u>
	<u>\$ 200,673</u>



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[www.oandcpcpas.com](http://www.oandcpcpas.com)

Kurt G. Oestrieher, CPA  
Heather D. Apostolov, CPA  
Dale P. De Selle, CPA  
Katy E. McClure, CPA

Emile P. Oestrieher III (1938-2024)

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

Board of Directors  
Louisiana Quarter Horse Breeders Association  
Alexandria, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of American and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Louisiana Quarter Horse Breeders Association, as of and for the year ended December 31, 2024, and the related notes to the financial statements, and have issued our report thereon dated April 7, 2025.

Internal Control Over Financial Reporting

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

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

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

#### Report on Compliance and Other Matters

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

#### Purpose of this Report

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

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

*Oestriecher & Company, CPAs*

OESTRIECHER & COMPANY  
Certified Public Accountants  
Alexandria, Louisiana

April 7, 2025

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

**For the year ended December 31, 2024**

***Section I-Summary of Audit Results***

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

***Section II - Financial Statement Findings***

None

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

No prior year audit findings



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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2024 through December 31, 2024. Louisiana Quarter Horse Breeders Association (Association) is responsible for those C/C areas identified in the SAUPs.

The Association has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2024 through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

**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.  
  
**Results of Procedure:** We performed the procedure and discussed the results with management.
  - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe



evidence that the test/verification was successfully performed within the past 3 months.

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

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

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

- 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.

**Results of Procedure:** No terminated employees in the period. Procedure not applicable.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

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

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

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

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

*Oestricher & Company, CPAs*

OESTRICHER & COMPANY  
Certified Public Accountants  
Alexandria, Louisiana

April 7, 2025