
**LOUISIANA HORSEMEN'S BENEVOLENT
AND PROTECTIVE ASSOCIATION 1993, INC.
AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015



A Professional Accounting Corporation

www.pncpa.com

**LOUISIANA HORSEMEN'S BENEVOLENT
AND PROTECTIVE ASSOCIATION 1993, INC.
AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1-2
<u>CONSOLIDATED FINANCIAL STATEMENTS</u>	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	5
<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</u>	6-17
<u>SUPPLEMENTAL INFORMATION</u>	
Consolidating Statements of Financial Position	18-19
Consolidating Statements of Activities	20-21
Schedule of Compensation, Benefits and Other Payments to Agency Head	22
<u>INDEPENDENT AUDITORS' 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>	23-24
<u>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</u>	25

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. and Subsidiaries (LAHBPA 1993 Inc) which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Horsemen's Benevolent and Protective Association 1993 Inc. as of December 31, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information on pages 18 through 22 is presented for purposes of additional analysis, and it is not a required part of the consolidated 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 consolidated financial statements. The supplemental information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016, on our consideration Louisiana Horsemen's Benevolent and Protective Association 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 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 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.

Postlethwaite + Netterville

Metairie, Louisiana
June 29, 2016

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

ASSETS

	2015	2014
Assets		
Cash and cash equivalents	\$ 607,496	\$ 629,381
Claims escrow funds	162,359	164,333
1% fees receivable - workers' compensation program	72,808	70,198
Accounts receivable - workers' compensation program	39,650	42,208
Premium receivable	65,945	58,824
Prepaid expenses	114,064	121,517
Restricted cash - workers' compensation program	874,553	964,225
Certificates of deposit	394,371	392,406
Due from related parties	3,301	982
Investments	76,483	76,809
Property and equipment, net	181,562	204,451
Total assets	\$ 2,592,592	\$ 2,725,334

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 96,652	\$ 62,013
Reserve for losses and loss adjustment expenses	214,624	277,569
Losses payable	164,467	160,329
Unearned premiums - workers' compensation	271,569	292,156
Due to related parties	630,419	369,843
Total liabilities	1,377,731	1,161,910
Net assets:		
Unrestricted - workers' compensation program	1,134,026	1,137,140
Unrestricted - LAHBPA 1993 Inc.	80,835	426,284
Total net assets	1,214,861	1,563,424
Total liabilities and net assets	\$ 2,592,592	\$ 2,725,334

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

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

**CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDING DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Revenue and other support		
Workers' compensation premiums	\$ 204,113	\$ 342,896
Management fee income	1,609,200	1,609,200
Underwriting loss	166,724	(133,712)
Pony lead fees	554,850	576,150
Investment income - Horsemen's Bookkeeper	98,311	135,342
Jockey payroll and NSF fees	38,772	41,957
Investment income	2,201	6,039
Other income	<u>2,430</u>	<u>4,940</u>
Total revenue and other support	<u>2,676,601</u>	<u>2,582,812</u>
Expenses		
Workers' compensation and underwriting program expenses	584,429	215,918
Support services	<u>2,440,735</u>	<u>2,589,500</u>
Total expenses	<u>3,025,164</u>	<u>2,805,418</u>
Change in net assets	<u>(348,563)</u>	<u>(222,606)</u>
Net assets, beginning of year	<u>1,563,424</u>	<u>1,786,030</u>
Net assets, end of year	<u>\$ 1,214,861</u>	<u>\$ 1,563,424</u>

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

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ (348,563)	\$ (222,606)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	32,349	36,518
Bad debt expense	-	3,500
Unrealized loss (gain) on investments	326	(1,536)
Net change in operating assets and liabilities:		
Increase in 1% fees receivable	(2,610)	(1,815)
Decrease (increase) in accounts receivable - workers' compensation	2,558	21,607
Increase in premium receivable	(7,121)	(9,611)
Decrease in prepaid expenses	7,453	65,489
Decrease in claims escrow funds	1,974	52,064
Increase (decrease) in accounts payable and accrued expenses	34,639	(20,077)
Decrease in reserve for losses and loss adjustment expenses	(62,945)	(253,245)
Increase in losses payable	4,138	34,133
Decrease in unearned premiums	(20,587)	(7,716)
Increase in due to/from related parties	258,257	101,825
Net cash used in operating activities	<u>(100,132)</u>	<u>(201,470)</u>
Cash flows from investing activities		
Capital expenditures	(9,460)	-
Change in certificates of deposit	(1,965)	(3,160)
Net cash used in investing activities	<u>(11,425)</u>	<u>(3,160)</u>
Net decrease in cash and cash equivalents	<u>(111,557)</u>	<u>(204,630)</u>
Cash and cash equivalents, beginning of year	<u>1,593,606</u>	<u>1,798,236</u>
Cash and cash equivalents, end of year	<u>\$ 1,482,049</u>	<u>\$ 1,593,606</u>
<u>Reconciliation to the consolidated statements of financial position</u>		
Cash and cash equivalents	\$ 607,496	\$ 629,381
Restricted cash workers' compensation program	874,553	964,225
	<u>\$ 1,482,049</u>	<u>\$ 1,593,606</u>

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. Significant Accounting Policies

Organization

The Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. (LAHBPA 1993 Inc.) was formed for the purpose of protecting the interest of the horse owners and trainers, particularly as it relates to their relationships with the owners and managers of race tracks. 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 252, LAHBPA 1993 Inc. formed a wholly owned subsidiary, Horsemen's Alliance Holdings, Inc. (HAH) which serves as the parent holding company for Horsemen's Insurance Alliance SPC (HIA), which was incorporated in the Cayman Islands and holds an Insurer's license, through which a workers' compensation insurance program is 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 the 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 is comprised of a general portfolio which carries no risk and one segregated portfolio (Louisiana SP).

The principal business of Louisiana SP is to provide reinsurance of the workers' compensation, occupational disease and employer's liability coverage issued by National Union Fire Insurance Company of Pittsburgh and other member companies of Chartis (the Reinsured) to LAHBPA 1993 Inc. The limit of liability is \$300,000 per occurrence and \$3,040,000 in aggregate for the policy period of July 1, 2010 to July 1, 2011. A standby letter of credit has been pledged by LAHBPA 1993 Inc. in favor of HIA to cover the Louisiana SP's capital requirement. Effective July 16, 2011, HIA no longer writes any new business and upon cancellation of the current policies in force, HIA commenced running off its existing book of business.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. Significant Accounting Policies (continued)

Organization (continued)

LAHBPA 1993 Inc. also administers a non-qualified Pension Plan and a Medical Benefit Plan with scheduled benefits for its members and their dependents. Although LAHBPA 1993 Inc. appoints the Board of Trustees for both Plans and HWCIT and shares overhead expenses, each Trust 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.

Principles of Consolidation

The accompanying consolidated financial statements of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. and Subsidiaries include the accounts of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc., and its wholly owned subsidiary, HAH. Also included are the accounts of the HIA, a wholly owned subsidiary of the HAH. All intercompany activities and transactions have been eliminated upon consolidation.

Basis of Accounting

The financial statements have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. 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:

- *Unrestricted Net Assets* - Net assets that are not subject to donor-imposed stipulations.
- *Temporarily Restricted Net Assets*- Net assets subject to donor-imposed stipulations that may or will be met, either by actions of LAHBPA 1993 Inc. and or the passage of time.
- *Permanently Restricted Net Assets* - Net assets are subject to donor-imposed stipulations that they be maintained permanently by LAHBPA 1993 Inc. Generally, the donors of these assets permit LAHBPA 1993 Inc. to use all or part of the income earned on any related investments for general or specific purposes.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

The statement of activities presents 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

For purposes of the Statements of Cash Flows, LAHBPA 1993 Inc. considers all highly liquid investments, including certificates of deposit, with an initial maturity of three months or less to be cash equivalents.

Investments

Investments consist of certificates of deposit and a mutual fund. Certificates of deposit are recorded at historical cost, which approximates fair value. Mutual funds are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes net realized and unrealized gains (losses) on investments bought and sold as well as held during the year.

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 betterment are capitalized.

Unearned Premiums

Unearned premiums represent advance workers' compensation premiums paid excluding the non-refundable minimum deposit of \$1,000 as of December 31, 2015 and 2014.

Reinsurance premiums are recognized on a pro rata basis of the policy terms. The portion of premiums and ceding commissions that relate to future periods are deferred and recorded as unearned premiums and deferred ceding commissions.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. Significant Accounting Policies (continued)

Reserve for Losses and Loss-Adjustment Expenses

HIA determines its reserves for losses and loss-adjustment expenses on the basis of the losses reported by loss managers. Losses incurred but not reported are provided for on the basis of the advice of an independent actuary.

The reserve for losses and loss-adjustment expenses represents management's best estimate of the ultimate settlement costs of all losses and loss-adjustment expenses and are subject to the impact of further changes in loss severity, frequency and other factors. Management believes that amounts are adequate and recognizes the variability inherent in the data used in determining the liability, however, the absence of sufficient historical loss experience to support the assumptions inherent in establishing the estimate results in uncertainty as to the amount which will ultimately be required for the settlement of losses and loss expenses, and the differences could be material. The estimate is continuously reviewed, and as adjustments to the liability become necessary, they are reflected in current operations.

Revenue and Other Support

LAHBPA 1993 Inc. is funded by the statutorily dedicated funds described in the Louisiana Revised Statute (La R.S) 4:251 through 252, relative to workers' compensation insurance coverage. These funds are referred to in the financial statements as 2% Workers' Compensation Revenue. Pursuant to La R.S. 4:252 (c)(5), LAHBPA 1993 Inc. receives 2% of all purses and purse supplements available for purses for any race meets in Louisiana. These funds are placed in a Reserve Fund and the total sum of such revenues used is limited by State Statute. As of August 15, 2008, these funds shall be utilized without the limitation and conditions previously established, however, some are specifically limited to no more than 2% of the total amount of purses and purse supplements available for purses for any race meet. Of the 2% Workers' Compensation Revenue, LAHBPA 1993 Inc. may utilize up to one-half of the authorized two percent for the improvement and administration of the Louisiana Horsemen's Pension Trust. During the years ended December 31, 2015 and 2014, 1% of the 1% Workers' Compensation Revenue was recorded as revenue on the Pension Trust. During the years ended December 31, 2015 and 2014, 1% of the 1% Workers' Compensation Revenue was recorded as revenue in HWCIT. Effective June 1, 2016, the adjusted distribution approved by the Board of Directors of LAHBPA 1993 Inc. provides one and a half percent dedicated to HWCIT and one half percent to the Trust through May 31, 2017.

The Workers' Compensation Insurance Program also generates premium revenue for LAHBPA 1993 Inc. 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, as more fully described in Note 9.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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 Sections 501(c)(6), respectively, and the La R.S.; 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% percent 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 the implementation of this standard has not had a material effect on LAHBPA 1993 Inc.

HIA is not subject to taxes on income or gains under Section 6 of the Cayman Islands Tax Concessions Law (Revised). Therefore, no provision for taxes has been made in these financial statements. HIA intends to conduct its activities so as not to be subject to taxation in any other jurisdiction. As a result of the above matters, no tax liability or expense has been recognized in the consolidated financial statements.

Pony Lead Fees

Pony lead fee revenue is paid by each owner and is earned based on each start. Effective February 1, 2011, the Board of LAHBPA 1993, Inc. approved an increase in the pony lead fees of \$6 per start with \$2 dedicated to fund the repayment of the balance due from LAHBPA 1993, Inc. to the Medical Benefit Trust. On October 14, 2013, the Board of LAHBPA 1993 Inc. voted to continue the \$6 pony lead fee but to direct the \$2 portion previously dedicated to repayment of debt to the Medical Benefit Trust to the current operations of LAHBPA 1993 Inc.

Contributed Services

A portion of LAHBPA 1993 Inc.'s functions are conducted by unpaid volunteer officers and committee members. The value of this contributed time is not reflected in the accompanying financial statements since it is not susceptible to objective measurement or valuation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

2. Investments

Investments are stated at fair value and consisted of the following at December 31, 2015 and 2014.

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized gain</u>
December 31, 2015			
Mutual Fund	\$ 73,113	\$ 76,483	\$ 3,370
	<u>\$ 73,113</u>	<u>\$ 76,483</u>	<u>\$ 3,370</u>
December 31, 2014			
Mutual Fund	\$ 73,113	\$ 76,809	\$ 3,696
	<u>\$ 73,113</u>	<u>\$ 76,809</u>	<u>\$ 3,696</u>

The unrealized gains (losses) for the years ended December 31, 2015 and 2014 are included within investment income on the Consolidated Statements of Activities.

Claims Escrow Funds

At December 31, 2015 and 2014, the claims escrow funds were held by Wells Fargo Bank, N.A. and Chartis and are held for payment of claims.

3. Property and Equipment

The following is a summary of the major classes of property and equipment and the related depreciation at December 31.

	<u>2015</u>	<u>2014</u>
Land	\$ 110,000	\$ 110,000
Building	685,760	685,760
Building Improvements	369,808	369,809
Furniture and Fixtures	185,487	185,487
Computers	101,694	101,696
Equipment	168,367	158,906
Field Office Trailers	224,512	224,510
Total	<u>1,845,628</u>	<u>1,836,168</u>
Less: Accumulated Depreciation	<u>(1,664,066)</u>	<u>(1,631,717)</u>
Property and Equipment, net	<u>\$ 181,562</u>	<u>\$ 204,451</u>

Depreciation expense totaled \$32,349 and \$36,518 for the years ended December 31, 2015 and 2014 respectively.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

4. Reserve for Losses and Loss-Adjustment Expenses

Reserve for losses consists of the following at December 31, 2015 and 2014.

	2015	2014
Reported claims	\$ 127,526	\$ 143,955
Incurred but not reported	87,098	133,614
	\$ 214,624	\$ 277,569

Movement in the reserve for losses and loss-adjustment expenses for all policies is summarized as follows:

	2015		2014	
	General Portfolio	Segregated Portfolio	General Portfolio	Segregated Portfolio
Balance – beginning of year	\$ -	\$ 277,569	\$ -	\$ 530,814
Incurred related to:				
Current year	-		-	
Prior years	-	277,256	-	4,966
	-	277,256	-	4,966
Paid related to:				
Current year	-		-	
Prior years	-	(340,201)	-	(258,211)
	-	(340,201)	-	(258,211)
Balance – end of year	\$ -	\$ 214,624	\$ -	\$ 277,569

As described in Note 1, HIA ceased writing new business and insuring risks as of July 16, 2011. Incurred losses resulting from claims related to insured events for prior years were adjusted during the years ended December 31, 2015 and 2014 due to changes in estimates of the ultimate settlement costs of such losses.

HIA engaged independent consulting actuaries to advise on the necessary level of the reserve for losses and loss-adjustment expenses. At December 31, 2015 and 2014, the estimated outstanding losses for all policy years on an undiscounted basis were \$214,624 and \$227,569, respectively, at an expected confidence level. As the number of open claims continues to reduce, there may continue to be more variability in the overall reserve setting process.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

4. Reserve for Losses and Loss-Adjustment Expenses (continued)

In the opinion of the Directors, these provisions are adequate to cover the estimated ultimate liability for the losses and loss-adjustment expenses at the balance sheet date. Consistent with most organizations with similar insurance operations, HIA's reserve for losses and loss-adjustment expenses is ultimately based on management's reasonable expectations of the future events. It is reasonably possible that the expectations associated with these amounts could change in the near term (i.e. within one year) and that the effect of such changes could be material to the financial statements. LAHBPA 1993 Inc. and HIA do not discount the reserves for losses and loss-adjustment expenses.

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. Balances due to and from LAHBPA 1993 Inc. (including its subsidiaries) at December 31, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Due from Horsemen's Alliance	\$ 250	\$ 250
Due from Charitable Foundation	732	732
Due from Medical Benefit Trust	2,319	-
Due from related party - 1993 Inc., net	<u>\$ 3,301</u>	<u>\$ 982</u>

	<u>2015</u>	<u>2014</u>
Due to Horsemen's Workers' Compensation Insurance Trust	\$ 627,919	\$ 367,343
Due to Worker's Compensation reserve fund	2,500	2,500
Due to related party - 1993 Inc., net	<u>\$ 630,419</u>	<u>\$ 369,843</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

5. Related Party Transactions (continued)

The amount due to the affiliated entities on behalf of LAHBPA 1993 Inc. was \$630,419 and \$369,843 at December 31, 2015 and 2014, respectively. The balance due to related parties are non-interest bearing and are unsecured. The balances due to HWCIT of \$627,919 and \$367,343 in 2015 and 2014, respectively, represent the worker's compensation premiums and 1% purse funding collected by LAHBPA 1993 Inc. in excess of insurance related and administrative expenses incurred for HWCIT for the years ended December 31, 2015 and 2014. As described in Note 1, the purpose of HWCIT is to provide benefits for certain workers in the horse racing industry and members of LAHBPA 1993 Inc. HWCIT's viability is dependent on LAHBPA 1993 Inc. for funding any cash flow needs and any deficits incurred by HWCIT.

During the years ended December 31, 2015 and 2014, LAHBPA 1993 Inc. earned management fees totaling \$1,609,200 from the Medical Benefit Trust, Pension, and HWCIT.

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. to provide retirement benefits and to pay the administrative and operating costs of 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. Commitments and Contingencies

Insurance Management Agreement

HIA has an appointed insurance manager located in Grand Cayman. HIA's management agreement with the insurance manager stipulates the terms and conditions under which the insurance manager is to conduct business on behalf of HIA. HIA is committed to pay the insurance manager an annual fee for services. HIA pays the insurance manager a yearly management fee of \$35,000.

Letters of Credit

At December 31, 2015 and 2014, letters of credit of \$1,135,097 and \$2,239,243, respectively have been issued by HIA's banker in favor of the ceding insurer to secure HIA's liabilities under the reinsurance assumed. The letters of credit are secured by a guarantee from LAHBPA 1993 Inc.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

7. Commitments and Contingencies (continued)

Letters of Credit (continued)

A standby irrevocable letter of credit in the amount of \$300,000 has been pledged by LAHBPA 1993 Inc. on behalf of HAH to cover HAH's capital requirement. The letter of credit was retired in June 2013. At December 31, 2015 and 2014, standby irrevocable letters of credit in the amounts of \$383,000 and \$383,000 are pledged by HAH on behalf of HIA.

8. 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 66% and 65% of its total revenues earned during the years ended December 31, 2015 and 2014. Management does not foresee any unfavorable impact as a result of these concentrations.

Investments represent a portion of the assets of LAHBPA 1993 Inc. Such investments are subject to interest and other risks. Future changes in the financial markets could affect the value of the assets and future earnings of LAHBPA 1993 Inc.

In the normal course of its business, HIA purchases various financial instruments which may result in credit risks, the amount of which is not apparent from the financial statements.

Credit risk is the risk of counterparty default. Financial assets which potentially expose LAHBPA and HIA to credit risk mainly consist of cash and cash equivalents and the claims escrow fund. Cash and cash equivalents are held at substantial financial institutions located in the United States and the Cayman Islands. LAHBPA 1993 Inc. does not anticipate any material losses as a result of these concentrations.

9. Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and the lowest priority to unobservable inputs (Level 3 Measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

9. Fair Value Measurements (continued)

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual Funds (Level 1): Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while LAHBPA 1993 Inc. believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The valuation of LAHBPA 1993 Inc.'s assets that are measured at fair value on a recurring basis at December 31, 2015 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 76,483	\$ -	\$ -	\$ 76,483
	<u>\$ 76,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,483</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

9. Fair Value Measurements (continued)

The valuation of LAHBPA 1993 Inc.'s assets that are measured at fair value on a recurring basis at December 31, 2014 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 76,809	\$ -	\$ -	\$ 76,809
	<u>\$ 76,809</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,809</u>

10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 29, 2016, and determined no items require disclosure. No events after this date have been evaluated for inclusion in these consolidated financial statements.

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

**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

	1993, Inc.	HAH	HIA	Eliminating Entries	2015
Assets					
Cash and cash equivalents	\$ 594,882	\$ 12,614	\$ -	\$ -	\$ 607,496
Claims escrow funds	-	-	162,359	-	162,359
1% fees receivable - workers' compensation program	72,808	-	-	-	72,808
Accounts receivable - workers' compensation premiums	39,650	-	-	-	39,650
Premium receivable	65,945	-	-	-	65,945
Prepaid expenses	114,064	-	-	-	114,064
Restricted cash - workers' compensation program	738,283	-	136,270	-	874,553
Certificates of deposit	-	394,371	-	-	394,371
Due from related parties	23,458	-	-	(20,157)	3,301
Investments	76,483	-	-	-	76,483
Investment in subsidiary	290,366	(96,462)	-	(193,904)	-
Property and equipment, net	181,562	-	-	-	181,562
Total assets	\$ 2,197,501	\$ 310,523	\$ 298,629	\$ (214,061)	\$ 2,592,592
Liabilities					
Accounts payable and accrued expenses	\$ 80,652	\$ -	\$ 16,000	\$ -	\$ 96,652
Reserve for losses and loss adjustment expenses	-	-	214,624	-	214,624
Losses payable	-	-	164,467	-	164,467
Unearned premiums - workers' compensation	271,569	-	-	-	271,569
Due to related parties	630,419	20,157	-	(20,157)	630,419
Total liabilities	982,640	20,157	395,091	(20,157)	1,377,731
Net assets					
Unrestricted	1,214,861	-	-	-	1,214,861
Retained earnings (accumulated deficit)	-	(309,634)	(2,218,896)	2,528,530	-
Additional paid-in capital	-	600,000	2,120,434	(2,720,434)	-
Common stock	-	-	2,000	(2,000)	-
Total net assets	1,214,861	290,366	(96,462)	(193,904)	1,214,861
Total liabilities and net assets	\$ 2,197,501	\$ 310,523	\$ 298,629	\$ (214,061)	\$ 2,592,592

See accompanying independent auditors' report.

(Continued)

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

**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2014**

	1993, Inc.	HAH	HIA	Eliminating Entries	2014
Assets					
Cash and cash equivalents	\$ 613,641	\$ 15,740	\$ -	\$ -	\$ 629,381
Claims escrow funds	-	-	164,333	-	164,333
1% fees receivable - workers' compensation program	70,198	-	-	-	70,198
Accounts receivable - workers' compensation premiums	42,208	-	-	-	42,208
Premium receivable	58,824	-	167,363	(167,363)	58,824
Prepaid expenses	112,523	-	8,994	-	121,517
Restricted cash - workers' compensation program	830,271	-	133,954	-	964,225
Certificates of deposit	-	392,406	-	-	392,406
Due from related parties	48,111	-	-	(47,129)	982
Investments	76,809	-	-	-	76,809
Investment in subsidiary	382,263	(6,902)	-	(375,361)	-
Property and equipment, net	204,451	-	-	-	204,451
Total assets	\$ 2,439,299	\$ 401,244	\$ 474,644	\$ (589,853)	\$ 2,725,334
Liabilities					
Accounts payable and accrued expenses	\$ 46,513	\$ -	\$ 15,500	\$ -	\$ 62,013
Reserve for losses and loss adjustment expenses	-	-	277,569	-	277,569
Losses payable	-	-	160,329	-	160,329
Unearned premiums - workers' compensation	292,156	-	-	-	292,156
Due to related parties	537,206	18,981	28,148	(214,492)	369,843
Total liabilities	875,875	18,981	481,546	(214,492)	1,161,910
Net assets					
Unrestricted	1,563,424	-	-	-	1,563,424
Retained earnings (accumulated deficit)	-	(167,737)	(2,004,336)	2,172,073	-
Additional paid-in capital	-	550,000	1,995,434	(2,545,434)	-
Common stock	-	-	2,000	(2,000)	-
Total net assets	1,563,424	382,263	(6,902)	(375,361)	1,563,424
Total liabilities and net assets	\$ 2,439,299	\$ 401,244	\$ 474,644	\$ (589,853)	\$ 2,725,334

See accompanying independent auditors' report.

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

**CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDING DECEMBER 31, 2015 AND 2014**

	1993 Inc.	HAH	HIA	Eliminations	2015
Revenue and other support					
Workers' compensation premiums	\$ 204,113	-	-	-	\$ 204,113
Management fee income	1,609,200	-	-	-	1,609,200
Underwriting loss	-	-	166,724	-	166,724
Pony lead fees	554,850	-	-	-	554,850
Investment income - Horsemen's Bookkeeper	96,346	1,965	-	-	98,311
Jockey payroll and NSF fees	38,772	-	-	-	38,772
Investment return	2,150	-	51	-	2,201
Other income	2,430	-	-	-	2,430
Equity on gain of subsidiary	<u>(216,897)</u>	<u>(214,560)</u>	<u>-</u>	<u>431,457</u>	<u>-</u>
Total revenue and other support	<u>2,290,964</u>	<u>(212,595)</u>	<u>166,775</u>	<u>431,457</u>	<u>2,676,601</u>
Expenses					
Workers' compensation program	307,173	-	277,256	-	584,429
Support services	2,332,354	4,302	104,079	-	2,440,735
Total expenses	<u>2,639,527</u>	<u>4,302</u>	<u>381,335</u>	<u>-</u>	<u>3,025,164</u>
Change in net assets	<u>(348,563)</u>	<u>(216,897)</u>	<u>(214,560)</u>	<u>431,457</u>	<u>(348,563)</u>
Net assets, beginning of year	<u>1,563,424</u>	<u>382,263</u>	<u>(6,902)</u>	<u>(375,361)</u>	<u>1,563,424</u>
Net asset contributions	<u>-</u>	<u>125,000</u>	<u>125,000</u>	<u>(250,000)</u>	<u>-</u>
Net assets, end of year	<u>\$ 1,214,861</u>	<u>\$ 290,366</u>	<u>\$ (96,462)</u>	<u>\$ (193,904)</u>	<u>\$ 1,214,861</u>

(Continued)

See accompanying independent auditors' report.

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

**CONSOLIDATING STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDING DECEMBER 31, 2015 AND 2014**

	1993 Inc.	HAH	HIA	Eliminations	2014
Revenue and other support					
Workers' compensation premiums	\$ 342,896	-	-	-	\$ 342,896
Management fee income	1,609,200	-	-	-	1,609,200
Underwriting loss	-	-	(133,712)	-	(133,712)
Pony lead fees	576,150	-	-	-	576,150
Investment income - Horsemen's Bookkeeper	132,182	3,160	-	-	135,342
Jockey payroll and NSF fees	41,957	-	-	-	41,957
Investment return	5,981	-	58	-	6,039
Other income	4,940	-	-	-	4,940
Equity on loss of subsidiary	(257,974)	(247,835)	-	505,809	-
Total revenue and other support	<u>2,455,332</u>	<u>(244,675)</u>	<u>(133,654)</u>	<u>505,809</u>	<u>2,582,812</u>
Expenses					
Workers' compensation program	210,952	-	4,966	-	215,918
Support services	2,466,986	13,299	109,215	-	2,589,500
Total expenses	<u>2,677,938</u>	<u>13,299</u>	<u>114,181</u>	<u>-</u>	<u>2,805,418</u>
Change in net assets	<u>(222,606)</u>	<u>(257,974)</u>	<u>(247,835)</u>	<u>505,809</u>	<u>(222,606)</u>
Net assets, beginning of year	<u>1,786,030</u>	<u>565,237</u>	<u>165,933</u>	<u>(731,170)</u>	<u>1,786,030</u>
Net asset contributions	-	75,000	75,000	(150,000)	-
Net assets, end of year	<u>\$ 1,563,424</u>	<u>\$ 382,263</u>	<u>\$ (6,902)</u>	<u>\$ (375,361)</u>	<u>\$ 1,563,424</u>

See accompanying independent auditors' report.

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

**SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2015**

Agency Head Name: Keith Gee, Executive Director 01/01/15 to 04/10/15

Agency Head Name: Edwin Fenasci, Executive Director 05/12/15 to 12/31/15

<u>Purpose</u>	<u>Amount</u>
Salary - Keith Gee	\$ 30,212
Salary - Ed Fenasci	66,011
Benefits - insurance - Keith Gee	2,424
Benefits - insurance - Ed Fenasci	2,519
Cell phone - Keith Gee	420
Dues	-
Vehicle rental	-
Per diem - Ed Fenasci	129
Reimbursements	-
Travel	-
Registration fees - Ed Fenasci	350
Conference travel - Ed Fenasci	1,085
Special meals - Ed Fenasci	-
Other	-

Note: The Executive Director of LAHBPA 1993, Inc. is the individual responsible for and monitors all activities of the LAHBPA 1993, Inc., 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.

SUPPLEMENTAL INFORMATION

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 Horsemen's Benevolent and Protective Association 1993, Inc.

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 consolidated financial statements of Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. and Subsidiaries (LAHBPA 1993 Inc) which comprise the consolidated statements of financial position for the years ended December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated June 29, 2016.

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. and Subsidiaries' 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 Horsemen's Benevolent and Protective Association 1993, Inc. and Subsidiaries' 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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. and Subsidiaries' consolidated 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 Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. and Subsidiaries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LAHBPA 1993 Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose



Metairie, Louisiana
June 29, 2016

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2015

A. Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unmodified

- Material weakness(es) identified? _____ Yes X None reported
- Significant deficiencies identified that are
- not considered to be material weaknesses _____ Yes X None reported

Material noncompliance to financial statements? _____ Yes X None reported

B. Basic Financial Statements, Findings, and Responses

None