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

FINANCIAL STATEMENTS

MARCH 31, 2019

RICHARD  CPAS

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

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the Horsemen's Bookkeeper Account of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. (the Bookkeeper account), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of March 31, 2019 and the related statements of receipts and disbursements – modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Horsemen's Bookkeeper Account of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. as of March 31, 2019 and the receipts and disbursements for the year then ended in conformity with the modified cash basis described in Note 1.

Prior Period Financial Statements

The financial statements of the Horsemen's Bookkeeper Account of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. as of March 31, 2018 were audited by other auditors whose report dated September 28, 2018, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, on page 9, Schedule of Compensation, Benefits, and Other Payments to the Agency Head, is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Financial Position, Statement of Activities, and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head are fairly stated, in all material respects, in the 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 September 30, 2019, on our consideration of the Bookkeeper Account'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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bookkeeper Accounts' internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
September 30, 2019

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

**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
MARCH 31, 2019 AND 2018**

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash and cash equivalents (Note 1)	\$ 17,012,006	\$ 18,478,654
Investments (Note 4)	9,902,019	9,720,009
Accrued interest receivable	21,223	24,194
Due from others	11,943	88,756
	<u>11,943</u>	<u>88,756</u>
<u>TOTAL ASSETS</u>	<u>\$ 26,947,191</u>	<u>\$ 28,311,613</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Due to horsemen	\$ 26,515,290	\$ 27,818,516
Due to jockeys and employees	238,348	274,655
Due to others	31,099	25,070
Due to related parties	162,454	193,372
Total liabilities	<u>26,947,191</u>	<u>28,311,613</u>
<u>NET ASSETS</u>		
Total net assets	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 26,947,191</u>	<u>\$ 28,311,613</u>

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

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

**STATEMENTS OF RECEIPTS AND DISBURSEMENTS - MODIFIED CASH BASIS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Due to horsemen, beginning of year	\$ 27,818,516	\$ 25,008,469
<u>CASH RECEIPTS</u>		
Purses	\$ 88,476,443	\$ 87,600,055
Owner/trainer/jockey deposits	12,348,221	11,246,103
Investment income	265,806	182,768
Total cash receipts	<u>101,090,470</u>	<u>99,028,926</u>
<u>CASH DISBURSEMENTS</u>		
Owner/trainer distributions	89,070,925	83,833,712
Jockey payroll/jockey guild	8,820,236	8,223,439
LAHBPA - workers' compensation fees	1,785,691	1,741,993
2% Commissions - LTBA/LQHBA breeder awards	948,487	930,150
Sales taxes	681,413	556,752
LAHBPA - pony lead fees - 1993, Inc.	658,749	628,403
LAHBPA - investment income transfer to 1993, Inc.	251,979	168,273
LAHBPA - jockey payroll administrative fee - 1993, Inc.	69,818	61,548
Bank charges	62,038	37,882
Horsemen's Alliance (PAC)	31,205	31,393
Miscellaneous transfer to 1993, Inc.	9,688	1,846
LAHBPA - pony lead fees - Pension Trust	3,467	3,488
Total cash disbursements	<u>102,393,696</u>	<u>96,218,879</u>
Cash receipts in excess of (less than) cash disbursements	<u>(1,303,226)</u>	<u>2,810,047</u>
Due to horsemen, end of the year	<u>\$ 26,515,290</u>	<u>\$ 27,818,516</u>

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

LOUISIANA HORSEMEN'S 1993, INC. BOOKKEEPER ACCOUNT

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

1. Significant Accounting Policies

Organization and Operations

The Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. is a non-profit organization which has been recognized as the authorized representative that shall represent members and other horsemen racing at licensed race meetings held in the State of Louisiana for the purpose of, but not limited to, negotiating contracts for such horsemen with all racing associations licensed by the State of Louisiana relative to purses, hospitalization, medical benefits, conditions, and all other matters of interest and concern to such horsemen.

At each race meeting conducted in the State of Louisiana pursuant to the provisions of the Louisiana State Racing Commission, there shall be a bookkeeper for the collection, disbursement, and investment of monies belonging to horsemen licensed at such a race meeting that shall be known as the Horsemen's Bookkeeper. The Horsemen's Bookkeeper shall be bonded, selected, and employed by the authorized representative of horsemen racing in the State of Louisiana, the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.

Each association conducting a race meeting shall provide a separate office for the Horsemen's Bookkeeper who shall collectively keep a separate bank account for the horsemen's monies to be known as the "Horsemen's Bookkeeper Account". At all times the Horsemen's Bookkeeper Account shall have on deposit funds sufficient to cover all 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 any pony lead fees.

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 the representative of horsemen in the state to provide retirement benefits to horsemen and to pay its administrative and operating costs, withdrawals from the account shall be used only for those purposes provided in the above paragraph. The interest earned on the investment of monies in the Horsemen's Bookkeeper Account and that portion of a pony lead fee as provided for above shall be collected by the Horsemen's Bookkeeper and paid, in due course, to the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.

After first paying the expenses and other charges necessary to operate the offices of the Horsemen's Bookkeeper, the interest earned on the investment of monies in the Horsemen's Bookkeeper Account by the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. shall be used by it for the benefit of horsemen racing in the state.

The Bookkeeper Account shall at all times be subject to audit by the Louisiana Legislative Auditor or by a certified public accountant approved by the Louisiana Legislative Auditor, the expenses of such audit to be paid by the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.

LOUISIANA HORSEMEN'S 1993, INC. BOOKKEEPER ACCOUNT

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

1. Significant Accounting Policies (continued)

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modifications to the cash basis of accounting relate primarily to accruals of interest income and the fair value of investments.

Cash and Cash Equivalents

For reporting purpose, the Horsemen's Bookkeeper Account considers all highly liquid debt instruments with maturity of three months or less to be considered cash equivalents. Included in cash and cash equivalents at March 31, 2019 and 2018 are repurchase agreements of \$20,899,060 and \$20,004,166, respectively. Included in cash and cash equivalents at March 31, 2019 and 2018 are money market funds of \$57,630 and \$148,913, respectively.

Investments

The Bookkeeper Account's investments consist of certificates of deposit ranging in original maturity from one year to seven years. Certificates of deposit are recorded at fair value in the statements of assets, liabilities, and net assets - modified cash basis. Dividend, interest, and other investment income are recorded as investment income on the statements of receipts and disbursements.

Use of Estimates

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

Tax Status

The Bookkeeper Account is a separate account maintained in Louisiana Horsemen's Benevolent and Protective Association, 1993, Inc. and does not file a separate tax return. Accordingly, no provision for income taxes has been reflected in the Bookkeeper Account's financial statements.

2. 2 % Commissions

As prescribed by Louisiana state law, each licensee conducting race meetings, for which supplements for purses are provided, shall withhold two percent of the total supplemental purses. These fees are collected per Louisiana statute by the Horsemen's Bookkeeper and remitted to the Louisiana Thoroughbred Breeders Association (LTBA) and the Louisiana Quarter Horse Breeders Association (LQHBA). During the years ended March 31, 2019 and 2018, commissions paid were \$948,487 and \$930,150 respectively.

LOUISIANA HORSEMEN'S 1993, INC. BOOKKEEPER ACCOUNT

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

3. Concentration of Credit Risk

The Bookkeeper Account maintains its cash and cash equivalent balances in several financial institutions. Custodial credit risk is the risk that in the event of a bank failure, the Bookkeeper Account's deposits may not be returned to them. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Bookkeeper Account periodically maintains balances in excess of FDIC limits. The Bookkeeper Account has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

4. Investments

Investments consist of certificates of deposit totaling \$9,902,019 and \$9,720,009 as of March 31, 2019 and 2018, respectively. The certificates of deposit have an initial maturity ranging from one year to three years. At March 31, 2019, interest rates on the certificates of deposit range from 1.1% to 3.15%.

5. Fair Value Measurements

Generally accepted accounting principles (GAAP) provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to adjusted quoted prices in active markets for identical assets or liabilities (level 1 investments) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under the framework are described below:

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

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 determined using model-based techniques that include option pricing model, discounted cash flow models, and similar techniques.

The asset 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.

LOUISIANA HORSEMEN'S 1993, INC. BOOKKEEPER ACCOUNT

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

5. Fair Value Measurements (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2019 and 2018.

Certificates of deposit: Certificates of deposit and term deposits are valued at historical cost-plus accrued interest, which approximates fair value due to the short-term nature of these investments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Bookkeeper Account believes the 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.

Certificates of deposit as of March 31, 2019 and 2018 were considered Level 2 investments within the fair value hierarchy.

6. Related Party Transactions

During the years ended March 31, 2019 and 2018, the Bookkeeper Account by Louisiana legislative statutes collected and disbursed amounts on behalf of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc., Workers' Compensation Insurance Trust, Pension Trust, and Horsemen's Alliance (PAC). These amounts are presented on the statements of receipts and disbursements - modified cash basis.

7. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 30, 2019, and determined no items require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED MARCH 31, 2019

Agency Head Name: Edwin Fenasci, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 123,350
Benefits - insurance	7,489
Per diem	134
Registration fees	440
Conference travel	2,098
	<u>\$ 133,511</u>

Note: The governing body of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. Horsemen's Bookkeeper Account is the Board of Directors of LAHBPA 1993 Inc. The Executive Director of LAHBPA 1993 Inc. is the individual responsible for and monitors all activities of the LAHBPA 1993 Inc. and its related organizations, including the Louisiana Horsemen's Benevolent and Protective Association 1993 Inc. Horsemen's Bookkeeper Account. The Louisiana Horsemen's Benevolent and Protective Association 1993 Inc. Horsemen's Bookkeeper Account does not have any employees. This schedule reflects the compensation, benefits and other payments made to the Executive Director by LAHBPA 1993 Inc.

See independent auditor's report

OTHER REPORT



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 GOVERNMENT AUDITING STANDARDS

To the Trustees
Louisiana Horsemen's Benevolent and Protective Association
Horsemen's Bookkeeper Account

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. Horsemen's Bookkeeper Account, which comprise the statement of assets, liabilities, and net assets – modified cash basis as of March 31, 2019, and the related statements receipts and disbursements – modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2019.

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Richard CPAS

Metairie, Louisiana
September 30, 2019