

**LOUISIANA THOROUGHBRED BREEDERS  
ASSOCIATION**

Audit of Financial Statements

December 31, 2020



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## Independent Auditor's Report

To the Board of Directors of  
Louisiana Thoroughbred Breeders Association

### Report on the Financial Statements

We have audited the accompanying financial statements of Louisiana Thoroughbred Breeders Association (the Association), a non-profit organization, which comprise the statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2020, the related statements of revenues and expenses - modified cash basis, and changes in net assets - 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 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.

**Basis for Qualified Opinion**

As discussed in Note 3, the Association has accrued certain revenues related to the publication of *Louisiana Horse Magazine*. If the revenues were not accrued, accounts receivable of \$31,594 would not be recorded and net assets would decrease by \$31,594 as of December 31, 2020. Excess revenues over expenses would decrease by approximately \$300 for the year ended December 31, 2020.

**Qualified Opinion**

In our opinion, except for the effects of accruing certain revenues, as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and net assets of the Association as of December 31, 2020, and its related revenues and expenses and changes in net assets for the year then ended, in accordance with the basis of accounting described in Note 1.

**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.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 19 - 24 is presented for the purpose 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, except for the effects of the accrual of certain revenues, as discussed above, the information is fairly stated in all material respects in relation to the financial statements taken as a whole on the basis of accounting described in Note 1. The December 31, 2019 amounts were included for comparative purposes only.

**Report on Summarized Comparative Information**

We have previously audited the Association's 2019 financial statements, and we expressed a modified audit opinion, due to the accrual of certain revenues consistent with the current year modification, on those audited financial statements in our report dated, June 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2021, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the Association's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA  
July 30, 2021

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION**  
**Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis**  
**as of December 31, 2020**

**With Summarized Financial Information as of December 31, 2019**

	Operating	Louisiana Champions Day	SALAM Races	Other Races	Slot Machine	Totals (Memorandum Only)	
						2020	2019
<b>Assets</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	\$ 694,227	\$ 6,246	\$ -	\$ -	\$ -	\$ 700,473	\$ 454,951
Certificates of Deposit	800,000	-	-	-	-	800,000	1,250,000
Restricted Cash	45,640	-	917	167,882	3,509,000	3,723,439	3,702,531
Restricted Certificates of Deposit	-	-	-	-	800,000	800,000	850,000
Accounts Receivable	31,594	-	-	-	-	31,594	31,204
<b>Total Current Assets</b>	<b>1,571,461</b>	<b>6,246</b>	<b>917</b>	<b>167,882</b>	<b>4,309,000</b>	<b>6,055,506</b>	<b>6,288,686</b>
<b>Property and Equipment - Net</b>							
Furniture and Equipment	138,554	-	-	-	-	138,554	133,915
Buildings	120,756	-	-	-	-	120,756	120,756
Software	2,421	-	-	-	-	2,421	2,421
<b>Total Property and Equipment</b>	<b>261,731</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>261,731</b>	<b>257,092</b>
Less: Accumulated Depreciation	(191,723)	-	-	-	-	(191,723)	(187,117)
<b>Total Property and Equipment - Net</b>	<b>70,008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,008</b>	<b>69,975</b>
<b>Other Assets</b>							
Restricted Cash	27,350	-	-	-	-	27,350	31,530
Investment - Breeders Sales Company	-	-	-	-	-	-	-
Deposits	600	-	-	-	-	600	600
<b>Total Other Assets</b>	<b>27,950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,950</b>	<b>32,130</b>
<b>Total Assets</b>	<b>\$ 1,669,419</b>	<b>\$ 6,246</b>	<b>\$ 917</b>	<b>\$ 167,882</b>	<b>\$ 4,309,000</b>	<b>\$ 6,153,464</b>	<b>\$ 6,390,791</b>

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

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION**  
**Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis (Continued)**  
**as of December 31, 2020**

**With Summarized Financial Information as of December 31, 2019**

	Operating	Louisiana Champions Day	SALAM Races	Other Races	Slot Machine	Totals (Memorandum Only)	
						2020	2019
<b>Liabilities and Net Assets</b>							
<b>Current Liabilities</b>							
Deposits - Futurity Races	\$ 45,640	\$ -	\$ -	\$ -	\$ -	\$ 45,640	\$ 42,900
Total Current Liabilities	45,640	-	-	-	-	45,640	42,900
<b>Long-Term Liabilities</b>							
Deposits - Futurity Races	27,350	-	-	-	-	27,350	31,530
Total Long-Term Liabilities	27,350	-	-	-	-	27,350	31,530
Total Liabilities	72,990	-	-	-	-	72,990	74,430
<b>Net Assets Without Donor Restrictions</b>							
Designated - Compliance with Louisiana Revised Statutes	-	-	917	205,481	4,271,401	4,477,799	4,509,631
Undesignated	1,600,003	6,246	-	-	-	1,606,249	1,806,730
Total Net Assets	1,600,003	6,246	917	205,481	4,271,401	6,084,048	6,316,361
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,672,993</b>	<b>\$ 6,246</b>	<b>\$ 917</b>	<b>\$ 205,481</b>	<b>\$ 4,271,401</b>	<b>\$ 6,157,038</b>	<b>\$ 6,390,791</b>

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

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION**  
**Statement of Revenues and Expenses - Modified Cash Basis**  
**For the Year Ended December 31, 2020**

**With Summarized Financial Information for the Year Ended December 31, 2019**

	Operating	Louisiana Champions Day	SALAM Races	Other Races	Slot Machine	Totals (Memorandum Only)	
						2020	2019
<b>Revenues</b>							
Slot Machine Proceeds - 2%	\$ -	\$ -	\$ -	\$ -	\$ 5,075,960	\$ 5,075,960	\$ 6,983,204
10% from Tracks	-	-	-	502,810	-	502,810	825,260
LSRC Co-Op	-	-	-	-	700,000	700,000	700,000
Awards - 9.1%	-	-	-	314,965	-	314,965	424,017
Commissions - 2%	432,616	-	-	-	-	432,616	540,121
Awards - Triple Crown Races	-	131,495	-	-	-	131,495	249,338
Fees - 14%	107,916	-	-	-	-	107,916	141,890
Accrediting Fees	90,525	-	-	-	-	90,525	86,200
Publications - Louisiana Horse	68,516	-	-	-	-	68,516	94,886
State Grant	60,000	-	-	-	-	60,000	60,000
Members' Dues	49,615	-	-	-	-	49,615	47,385
SALAM Awards - 8% and 15.1%	-	-	26,333	-	-	26,333	28,047
Nominations	-	38,100	-	-	-	38,100	38,400
Mare and Stallion Registration	24,875	-	-	-	-	24,875	24,988
Stallion Fees	-	11,300	-	-	-	11,300	11,000
Interest Income	21,502	139	-	253	30,351	52,245	91,775
Management Fee Income	12,133	-	-	-	-	12,133	9,816
Slot/OTB Interest Transfer	17,122	-	-	-	-	17,122	49,432
Donation from Breeders Sales Company of Louisiana	-	-	-	-	-	-	42,225
Finance Charges	-	-	-	-	-	-	1,352
Miscellaneous	670	-	-	-	-	670	7,640
PPP Grant Income	94,000	-	-	-	-	94,000	-
Sponsorship (LCD)	1,250	-	-	-	-	1,250	3,847
<b>Total Revenues</b>	<b>980,740</b>	<b>181,034</b>	<b>26,333</b>	<b>818,028</b>	<b>5,806,311</b>	<b>7,812,446</b>	<b>10,460,823</b>

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



**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION**  
**Statement of Revenues and Expenses - Modified Cash Basis (Continued)**  
**For the Year Ended December 31, 2020**

**With Summarized Financial Information for the Year Ended December 31, 2019**

	Operating	Louisiana Champions Day	SALAM Races	Other Races	Slot Machine	Totals	
						(Memorandum Only)	
						2020	2019
<b>Expenses</b>							
Breeders' Awards	5,500	-	797,410	1,539,027	2,762,843	5,104,780	6,372,373
Stallion Awards	-	-	-	-	900,000	900,000	900,000
Purse Supplements	100,000	178,715	-	194,063	-	472,778	761,738
Salaries	409,905	-	-	-	-	409,905	480,338
Breeder's Awards - Out of State	-	-	-	-	400,042	400,042	400,352
Out of State Stakes Awards	-	-	-	-	69,534	69,534	161,521
Insurance	81,190	-	-	-	-	81,190	89,330
Research, Public Relations and Lobbying	68,750	-	-	-	-	68,750	75,000
Publication Expense	41,622	-	-	-	-	41,622	41,423
Advertising and Promotion	60,729	-	-	-	-	60,729	59,007
Professional and General Accounting Fees	41,015	-	-	-	-	41,015	32,368
Payroll Taxes	31,096	-	-	-	-	31,096	37,700
Meetings and Banquets	21,327	-	-	-	-	21,327	68,526
Field Inspector	30,000	-	-	-	-	30,000	32,500
Computer Fees	135,166	-	-	-	-	135,166	46,546
Legal	16,567	-	-	-	-	16,567	2,721
Postage and Shipping	13,278	-	-	-	-	13,278	15,406
Office Expense	6,925	-	-	-	-	6,925	16,672
Car Allowance	15,000	-	-	-	-	15,000	15,000
Equipment Rental	7,969	-	-	-	-	7,969	6,403
Travel	6,136	-	-	-	-	6,136	14,064
Contributions	9,666	-	-	-	-	9,666	10,092
Depreciation	4,606	-	-	-	-	4,606	5,036
Trophies	10,503	-	-	-	-	10,503	11,414
Pedigree Research	6,277	-	-	-	-	6,277	8,105
Telephone Expense	6,383	-	-	-	-	6,383	8,799
Website/Internet	13,988	-	-	-	-	13,988	15,674
Scholarships	10,000	-	-	-	-	10,000	16,000
Taxes and Licenses	2,471	-	-	-	-	2,471	7,670
Interest Transfers	-	-	-	36	19,097	19,133	49,821
Election Expense	6,089	-	-	-	-	6,089	-
Writers and Photographer Fees	5,800	-	-	-	-	5,800	5,950
Printing	6,121	-	-	-	-	6,121	5,523
Dues and Subscriptions	2,425	-	-	-	-	2,425	2,250
Repairs and Maintenance	5,812	-	-	-	-	5,812	7,857
General Accounting	-	-	-	-	-	-	2,600
Bank Charges	1,185	39	-	389	63	1,676	1,488
<b>Total Expenses</b>	<b>1,183,501</b>	<b>178,754</b>	<b>797,410</b>	<b>1,733,515</b>	<b>4,151,579</b>	<b>8,044,759</b>	<b>9,787,267</b>
<b>Excess (Deficit) Revenues Over Expenses</b>	<b>\$ (202,761)</b>	<b>\$ 2,280</b>	<b>\$ (771,077)</b>	<b>\$ (915,487)</b>	<b>\$ 1,654,732</b>	<b>\$ (232,313)</b>	<b>\$ 673,556</b>

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

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION**  
**Statement of Changes in Net Assets - Modified Cash Basis**  
**For the Year Ended December 31, 2020**

**With Summarized Financial Information for the Year Ended December 31, 2019**

	Operating	Louisiana Champions Day	SALAM Races	Other Races	Slot Machine	Totals (Memorandum Only)	
						2020	2019
<b>Net Assets Without Donor Restriction - Beginning of Year</b>	\$ 1,802,764	\$ 3,966	\$ 473	\$ 83,377	\$ 4,425,781	\$ 6,316,361	\$ 5,642,805
<b>(Deficit) Excess Revenues Over Expenses</b>	(202,761)	2,280	(771,077)	(915,487)	1,654,732	(232,313)	673,556
<b>Transfer (To) From Other Funds</b>	-	-	771,521	1,037,591	(1,809,112)	-	-
<b>Net Assets Without Donor Restrictions - End of Year</b>	<u>\$ 1,600,003</u>	<u>\$ 6,246</u>	<u>\$ 917</u>	<u>\$ 205,481</u>	<u>\$ 4,271,401</u>	<u>\$ 6,084,048</u>	<u>\$ 6,316,361</u>

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

# LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

## Notes to Financial Statements

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### Introduction

The Louisiana Thoroughbred Breeders Association (the Association) is a Louisiana non-profit organization, which seeks to promote and further the thoroughbred breeding industry within the State of Louisiana. The Association is engaged in programs for the encouragement and improvement of the raising and breeding of Louisiana-owned thoroughbred horses including, but not limited to, the payment of breeders' awards to breeders of accredited Louisiana-bred horses and supplementing purses for races written for accredited Louisiana-bred horses. The Association also publishes the *Louisiana Horse Magazine*, the official publication of the Association, on a quarterly basis, as well as the annual *Stallion Register*. In addition, the Association is recognized as the sole official registrar of accredited thoroughbred foals in Louisiana, as provided by Louisiana Revised Statute (R.S.) 4:178.

The Association's principal office is located at the Fair Grounds Racetrack in New Orleans. Branch office representatives are available at Delta Downs in Vinton, Evangeline Downs in Opelousas and at Louisiana Downs in Bossier. The Association has approximately 1,000 members and is under the management and supervision of its Board of Directors. The Board of Directors is composed of 13 members, elected by the Association's membership. The Secretary-Treasurer is a full-time employee of the Association and serves as the executive director of the Association, subject to the direction and instruction of the Board of Directors, and manages the daily operations of the Association.

### Note 1. Summary of Significant Accounting Policies

#### **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.

#### **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Basis of Presentation**

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

To observe the limitations and restrictions placed on the use of available resources, the accounts of the Association are presented separately under fund captions that indicate the source of revenues and their availability for expenditure. These sources and uses are more fully described in Note 2.

# LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### **Basis of Presentation (Continued)**

Inter-fund transfers are used by the Association to support the activities of other funds. Operating funds are unrestricted and are used to support the activities of any other program that needs cash flow. Slot Machine funds are restricted and are required to be used to support the payment of breeder's awards to the breeders of Louisiana bred accredited horses running in accredited Louisiana bred, special accredited Louisiana-bred maiden (SALAM), and other races, as described in Note 2. Accordingly, the Association records inter-fund transactions to and from the individual funds at December 31, 2020.

#### **Total Columns - Overview**

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting - a comprehensive basis of accounting other than generally accepted accounting principles.

#### **Cash and Cash Equivalents**

Cash includes certain investments in highly liquid debt instruments with a remaining maturity of three months or less when purchased, excluding assets whose use is limited or restricted.

#### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Association reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions include those net assets available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are those net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At December 31, 2020, all net assets were without donor restrictions; however, certain net assets are designated for use in paying breeder's awards as prescribed by Louisiana Revised State Statutes, as explained in Note 2.

# LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

## Notes to Financial Statements

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### Note 2. Sources and Uses of Funds

As mentioned in Note 1, to observe the limitations and restrictions placed on the use of available resources, the accounts of the Association are presented in accordance with the specific activity or objective of the fund sources. A brief description of each fund source follows:

#### **Operating Funds**

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

*License Fee 14%* - To assist the Association in its promotion of the industry, R.S. 4:218 provides that the Association receives 14% of the 1.5% license fee collected by the Louisiana State Racing Commission from off-track wagering facilities. The Association uses these receipts to promote the thoroughbred breeding industry and to pay breeders' awards on thoroughbred races.

*Commissions 2%* - As provided by R.S. 4:165(C), for all Louisiana-bred races each licensee conducting race meetings shall withhold 2% of the total supplemental purse to be paid to the Association. The amounts withheld from the supplemental purses shall be paid to the Association for operating and administrative expenses.

*Other Operating Funds* - The Association records interest earned on investments, membership dues, accrediting fees, and miscellaneous revenues when received.

*Louisiana Horse Funds* - The Louisiana Horse Funds are generated from the activities of the *Louisiana Horse Magazine*, the official publication of the Association, as well as the annual *Stallion Register*.

#### **Louisiana Champions Day Funds**

Louisiana Revised Statute 4:202 authorizes the Association to hold a special day of racing devoted solely to Louisiana-bred horses, for the purpose of focusing national attention on and enhancing the horse breeding industry in the state. As provided by the legislature, seven thoroughbred and three-quarter horse races are included on the same racing program.

Louisiana Champions Day purses shall be determined by the Association after discussion with the Louisiana Quarter Horse Breeders Association. Louisiana Champions Day races are funded through purses offered by participating racing associations, the appropriate breeders association, corporate contributions, funds from the Triple Crown races, and up to \$200,000, from the 9.1% funds, from off-track wagering [R.S. 4:217(B)(2)(a)].

# LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

## Notes to Financial Statements

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### Note 2. Sources and Uses of Funds (Continued)

#### Louisiana Champions Day Funds (Continued)

Awards - Triple Crown Races revenue represents all fees from pari-mutuel wagering on races held on the same day as the running of the Kentucky Derby, the Preakness, and the Belmont Stakes races. These funds are paid to the Association as provided by R.S. 4:203 and are required to be placed in an interest-bearing account known as the "Louisiana Champions Day Account". During the year ended December 31, 2020, the Association received \$131,495 of Triple Crown Race Funds. These receipts were used, in full, to supplement Louisiana Champions Day purses.

#### SALAM Races Funds

As provided by R.S. 4:184, each racing association shall offer one SALAM thoroughbred race, each thoroughbred racing day of each race meeting, if sufficient horses are available. The Executive Committee of the Association shall specify the type, age, distance, and purse of each SALAM race.

Of the commissions earned by the racing association hosting each SALAM race, R.S. 4:184(B)(1) provides that the Association receives 8%. In addition, the Association receives 15.1% of the commission on wagers made at off-track wagering facilities on each SALAM race.

The Association is obligated to use the above funds for payment of breeders' awards in accordance with a distribution formula established by the executive committee of the Association. Accordingly, the Association has paid an award equal to 18% of the earned purse to the breeders of an accredited Louisiana-bred horse finishing first, second, or third in the SALAM races. The Association pays awards equal to 18% of the earned purse, with a purse cap of \$200,000, to the breeders of accredited Louisiana bred foals that are by a stallion that stood outside the state of Louisiana at the time of cover. Also, the Association pays awards equal to 20% of the earned purse, with a purse cap of \$200,000, to the breeders of accredited Louisiana bred foals that are by a stallion standing in the state of Louisiana at the time of cover.

As mentioned in Note 1, SALAM breeders awards are funded primarily through Slot Machine funds. For the year ended December 31, 2020, \$771,521 was transferred out of Slot Machine Funds and into SALAM funds to support the payment of breeders awards.

#### Other Races Funds

Other races include accredited Louisiana Bred and Open Races. An Accredited Louisiana-Bred Race is one that is written exclusively for accredited Louisiana-bred horses. An Open Race is any race other than one written exclusively for accredited Louisiana-bred horses. R.S. 4:217(B)(2)(a) provides that 9.1% of the commissions collected by the off-track betting facilities, throughout the state, that are designated for purse supplements (except for SALAM and Triple Crown races) are to be remitted to the Association. The Association is obligated to use these funds to supplement purses for allowance, handicap, and stakes races for accredited Louisiana-bred horses and to pay breeders' awards to breeders of accredited Louisiana-bred horses finishing first, second, and third in Open Races at any track in Louisiana.

# LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

## Notes to Financial Statements

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### Note 2. Sources and Uses of Funds (Continued)

#### Other Races Funds (Continued)

As provided by R.S. 4:177, each racing association authorized to conduct race meets shall pay the equivalent of 10% of the winner's share of the purse of each OTB - Open Race won by an accredited Louisiana-bred horse. The Association uses these funds together with the 9.1% funds from above to pay breeders' awards to breeders of accredited Louisiana-bred horses finishing first, second, and third in OTB - Open Races at any track in Louisiana. The Association pays awards equal to 18% of the earned purse, with a purse cap of \$200,000, to the breeders of accredited Louisiana bred foals that are by a stallion that stood outside the State of Louisiana at the time of cover. Also, the Association pays awards equal to 20% of the earned purse, with a purse cap of \$200,000 to the breeders of accredited Louisiana bred foals that are by a stallion standing in the state of Louisiana at the time of cover.

The maximum award paid by the Association on Other Races is based on a purse of \$200,000. However, the racing association funds are not capped by the \$200,000 purse limitation and the Association may receive and transfer a higher amount from the racing association authorized to conduct race meets to the breeders of the accredited Louisiana-bred horse finishing first, second, or third in an open race.

Over and above the purse supplements mentioned above, R.S. 4:217(B)(2)(e) provides that the Association can use up to \$200,000 of the 9.1% funds, per year, to supplement purses on Louisiana Champions Day.

Finally, the Association is transferring the interest earned on these funds to the general operation of the Association. This transfer assists in covering administrative costs incurred in maintaining the breeders' awards program.

As mentioned in Note 1, breeders awards to Louisiana bred accredited horses of other races are primarily funded through Slot Machine funds. For the year ended December 31, 2020, \$999,992 was transferred out of Slot Machine Funds into Other Races funds to support the payment of breeders awards.

#### Slot Machine Funds

As prescribed by Louisiana R.S. 27:362(B)(4)(b), each licensed eligible facility shall pay a fixed percentage of 2% of the annual net slot machine proceeds received from slot machine gaming operations to the Association. The Executive Committee of the Association shall distribute such amount, according to a schedule or formula and within a time period, which shall be established by the Committee, for special breeder awards to the breeders of accredited Louisiana-bred horses.

# LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

## Notes to Financial Statements

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### Note 2. Sources and Uses of Funds (Continued)

#### Slot Machine Funds (Continued)

The Association pays out of state awards annually for any accredited Louisiana-bred horse finishing first, second, or third at an accredited racetrack outside of Louisiana. The individual award amounts are calculated based on the percentage of winnings for that horse compared to the total winnings of all accredited Louisiana-bred horses racing out of state. The breeder receives their pro rata share annually of an amount determined by the Board of Directors of the Association. For 2020, the total paid was \$400,042.

Out of state stake race awards are paid quarterly at an amount predetermined by the Board of Directors of the Association. The Association pays awards equal to 18% of the earned purse, with a purse cap of \$200,000, to the breeders of accredited Louisiana bred foals that are by a stallion that stood outside the state of Louisiana at the time of cover. Also, the Association pays awards equal to 20% of the earned purse, with a purse cap of \$200,000, to the breeders of accredited Louisiana bred foals that are by a stallion standing in the State of Louisiana at the time of cover. The amount paid by the Association during the year ended December 31, 2020 was \$69,534.

Slot machine funds are also used to support the payment of breeders' awards for Louisiana accredited horses finishing first, second, or third in Louisiana-bred races. For the year ended December 31, 2020, \$2,762,843 of Slot Machine funds were used to support payment of the breeders' awards for Louisiana accredited horses finishing first, second, or third in Louisiana-bred races. Beginning with the Delta Downs meet in October 2020, the Association pays awards equal to 18% of the earned purse, with a purse cap of \$200,000 to the breeders of accredited Louisiana bred foals that are by a stallion that stood outside the state of Louisiana at the time of cover. Also with the beginning of the Delta Downs race meet in 2020, the Association pays awards equal to 20% of the earned purse, with a purse cap of \$200,000, to the breeders of accredited Louisiana bred foals that are by a stallion standing in the State of Louisiana at the time of cover. Stallion Awards are paid annually, usually in August of each year. The individual stallion award paid to the stallion nominator is based on a stallion's progeny finishing first, second or third in an allowance, handicap or stakes race in Louisiana, or in a handicap or stakes race outside of Louisiana. The stallion award is the stallion's pro rata share of an amount determined by the executive committee of the Association. For the year ended December 31, 2020 the total amount paid by the Association for Stallion Awards was \$900,000.

As mentioned in Note 1, the Association is allowed to use Slot machine funds to support the payment of breeders awards to the breeders of accredited Louisiana bred horses running in SALAM and other races. The Association funded these awards through inter-fund transfers totaling \$1,771,513 for the year ended December 31, 2020.

Finally, the Association is transferring the interest earned on these funds to the general operation of the Association. This transfer assists in covering administrative costs incurred in maintaining the breeders' awards program.



# LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

## Notes to Financial Statements

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### Note 2. Sources and Uses of Funds (Continued)

#### Video Draw Poker Device Purse Supplement Funds

As enacted by R.S. 33:4862.23(B), monies in the Video Draw Poker Device Purse Supplement Fund shall be annually appropriated to the Department of Economic Development, Louisiana State Racing Commission, and shall be allocated by the commission.

Two-thirds of the funds appropriated by the commission shall be allocated and provided to the licensed racing associations in the state that conduct live horse racing. These funds are appropriated based on how the number of thoroughbred race days each association conducted for the preceding year bears in proportion to the total number of thoroughbred race days conducted statewide for the preceding year. Such funds shall be used solely to supplement purses in accordance with a schedule or formula established by the purse committee of the Association on Louisiana-bred thoroughbred races scheduled for purses.

Due to the fact that the Association is not in receipt of these funds, but rather the licensed racing associations that conduct live horse racing, and because the Association does not disburse these funds, but rather provides direction to the licensed racing associations on which purses for Louisiana-bred thoroughbred races will be supplemented, the financial activities of the Association do not reflect the receipts and disbursements of the licensed racing associations that conduct live horse racing.

### Note 3. Trade Receivables

Although using the modified cash basis of accounting, as mentioned in Note 1, the Association records trade receivables related to advertisements in its publication of the *Louisiana Horse Magazine* as well as its annual *Stallion Register*. Trade receivables are carried at original invoice amount. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. Credit is extended to those who are members of the Association.

### Note 4. Property and Equipment

Property and equipment are recorded at cost. The Association capitalizes all equipment and improvements with a cost greater than \$500. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets which extends periods ranging from 3 to 40 years. When property and equipment are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included within the results of operations. Depreciation expense totaled \$4,606 for the year ended December 31, 2020.

# LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

## Notes to Financial Statements

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### Note 5. Advertising Expenses

The Association expenses costs incurred in advertising and promoting the mission and services of the Association as they are paid. Advertising and promotional type expenses totaled \$60,729 for the year ended December 31, 2020.

### Note 6. Restricted Cash and Restricted Certificates of Deposit

Funds received as nominations for thoroughbreds to run in races scheduled in future years are accumulated until the races are run, with the funds distributed to the horseman's bookkeeper for distribution to the winning thoroughbred owner(s). Any interest earned on these funds is considered to be operating revenue of the Association. As of December 31, 2020, the Association's deposits held for futurity races are classified accordingly: \$45,640 for the 2021 futurity, in current liabilities, and \$27,350 for the 2022 futurity, in non-current liabilities.

Funds on deposit for SALAM Races, Other Races, and Slot Machine proceeds are restricted according to their limited use as prescribed by Louisiana Revised Statutes and as described fully within Note 2.

### Note 7. Functional Classification of Expenses

The Association reports expenses in its statement of revenues and expenses - modified cash basis in the natural expense categories. Financial Accounting Standards requires disclosure of expenses between the functional classifications of program and support. Program services, totaling \$6,992,369 include payments of breeders' awards, stallion awards, purse supplements, and the Louisiana Champions Day, and account for approximately 87% of the Association's expenditures. Approximately 13% of expenses are for supporting activities, totaling \$1,055,964 and include membership development and management and general expenditures.

### Note 8. Defined Contribution Pension Plan

The Association sponsors a 401k defined contribution plan (the Plan); however, the Association has elected to not make an employer contribution into the Plan.

### Note 9. Related-Party Transactions

All Board Members are required to be members of the Association and thus are active in breeding accredited Louisiana-bred horses. As such, the Board Members can earn breeder's awards, as discussed in Note 2, and advertise in the *Louisiana Horse Magazine*. During the year ended December 31, 2020, the members of the Board of Directors had related-party transactions with the Association as follows:

# LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

## Notes to Financial Statements

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### Note 9. Related-Party Transactions (Continued)

A total of approximately \$823,543 was paid to board members during 2020 in the form of breeders' and stallion awards.

Included within accounts receivable of *Louisiana Horse Magazine* is \$19,578 that is owed by various directors as of December 31, 2020.

### Note 10. Concentration of Credit Risk

The Association maintains its cash deposits in accounts at various financial institutions which, at times during the year, may exceed the federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At December 31, 2020, these excess balances approximated \$39,062.

### Note 11. Commitments

The Association has executed an independent contractor's agreement for a Field Inspector. The contract is in effect through February 28, 2022 with consideration in the amount of \$30,000 annually.

### Note 12. Income Taxes

The Association is a not-for-profit organization exempt from income tax under Section 501(c)(6) of the United States Internal Revenue Code.

The Association believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

### Note 13. Paycheck Protection Program Grant Income

In April 2020, the LTBA entered into a loan with a financial institution for the principal amount of \$94,000 pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). The PPP contains events of default and other conditions customary for a loan of this type. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP subject to limitations, based on the use of the proceeds for payment of payroll costs, rent, and mortgage obligations, and covered utility payments, if any.

# LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION

## Notes to Financial Statements

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### Note 13. Paycheck Protection Program Grant Income (Continued)

Currently there is no authoritative guidance under generally accepted accounting principles in the United States of America (U.S. GAAP) that addresses accounting and reporting by a not-for-profit entity, that receives a forgivable loan from a government. However, U.S. GAAP guides not-for-profit entities to analogize to Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities - Revenue Recognition*, if a not-for-profit entity expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven.

Under ASC 958-605, if a contribution is conditional, it is not recognized until the conditions are either explicitly waived or substantially met. Once the conditions have been substantially met or have been explicitly waived (qualifying cost expenditures are made and eligibility and forgiveness criteria deemed to be met), recognition of the contribution as income occurs.

As of December 31, 2020, LTBA completed the conditional activities by utilizing PPP proceeds of \$94,000 for payroll and other qualified expenditures prior to December 31, 2020 as calculated in accordance with the terms of the CARES Act. LTBA applied to the financial institution and, in December 2020, received forgiveness of the PPP loan in the amount of \$94,000. LTBA recognized PPP grant income for the amount of the PPP loan proceeds, \$94,000, in the statement of activities.

### Note 14. Subsequent Events

The Association completed its subsequent events review through July 30, 2021, the date on which the financial statements were available to be issued. There were no additional events that would require adjustments to, or disclosures in, the financial statements. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION**  
**Supplementary Information**

**Schedule I**  
**Statements of Revenues and Expenses**  
**Operating**

	For the Years Ended December 31,	
	2020	2019
<b>Revenues</b>		
Commissions - 2%	\$ 432,616	\$ 540,121
Fees - 14%	107,916	141,890
Accrediting Fees	90,525	86,200
Publications - Louisiana Horse	68,516	94,886
State Grant	60,000	60,000
Members' Dues	49,615	47,385
Mare and Stallion Registration	24,875	24,988
Management Fee Income	12,133	9,816
Sponsorship (LCD)	1,250	3,847
Interest Income	21,502	29,533
Slot/OTB Interest Transfer	17,122	49,432
Donation from Breeders Sales Company of Louisiana	-	42,225
Finance Charges	-	1,352
Miscellaneous	670	7,640
PPP Grant Income	94,000	-
<b>Total Revenues</b>	<b>980,740</b>	<b>1,139,315</b>
<b>Expenses</b>		
Breeder's Awards	5,500	-
Purse Supplements	100,000	-
Salaries	409,905	480,338
Insurance	81,190	89,330
Research, Public Relations, and Lobbying	68,750	75,000
Publication Expense	41,622	41,423
Advertising and Promotion	60,729	59,007
Professional and General Accounting Fees	41,015	32,368
Payroll Taxes	31,096	37,700
Meetings and Banquets	21,327	62,220
Field Inspector	30,000	32,500
Computer Expense	135,166	46,546
Legal	16,567	2,721
Postage and Shipping	13,278	15,406
Office Expense	6,925	16,672
Car Allowance	15,000	15,000
Equipment Rental	7,969	6,403
Travel	6,136	14,064
Contributions	9,666	10,092
Depreciation	4,606	5,036
Trophies	10,503	11,414
Pedigree Research	6,277	8,105
Telephone Expense	6,383	8,799
Website/Internet	13,988	15,674
Scholarships	10,000	16,000
Taxes and Licenses	2,471	7,670
Election Expense	6,089	-
Writer and Photographer Fees	5,800	5,950
Printing	6,121	5,523
Dues and Subscriptions	2,425	2,250
Repairs and Maintenance	5,812	7,857
General Accounting	-	2,600
Bank Charges	1,185	922
<b>Total Expenses</b>	<b>1,183,501</b>	<b>1,134,590</b>
<b>(Deficit) Excess Revenues Over Expenses</b>	<b>\$ (202,761)</b>	<b>\$ 4,725</b>

See independent auditor's report.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION**  
**Supplementary Information**

**Schedule II**  
**Statements of Revenues and Expenses**  
**Louisiana Champions Day**

	For the Years Ended December 31,	
	2020	2019
<b>Revenues</b>		
Awards - Triple Crown Races	\$ 131,495	\$ 249,338
Nominations	38,100	38,400
Stallion Fees	11,300	11,000
Interest Income	139	285
	<hr/>	<hr/>
Total Revenues	181,034	299,023
	<hr/>	<hr/>
<b>Expenses</b>		
Purses Paid Out	178,715	301,738
Bank Charges	39	110
Meetings and Banquets	-	6,306
	<hr/>	<hr/>
Total Expenses	178,754	308,154
	<hr/>	<hr/>
<b>Excess (Deficit) Revenues Over Expenses</b>	<b>\$ 2,280</b>	<b>\$ (9,131)</b>

See independent auditor's report.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION**  
**Supplementary Information**

**Schedule III**  
**Statements of Revenues and Expenses**  
**SALAM**

	For the Years Ended December 31,	
	2020	2019
<b>Revenues</b>		
SALAM Awards - 8% and 15.1%	\$ 26,333	\$ 28,047
Total Revenues	<u>26,333</u>	<u>28,047</u>
<b>Expenses</b>		
Breeders' Awards	<u>797,410</u>	<u>924,313</u>
Total Expenses	<u>797,410</u>	<u>924,313</u>
<b>(Deficit) Revenues Over Expenses</b>	<u>\$ (771,077)</u>	<u>\$ (896,266)</u>

See independent auditor's report.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION**  
**Supplementary Information**

**Schedule IV**  
**Statements of Revenues and Expenses**  
**Other Races**

	For the Years Ended December 31,	
	2020	2019
<b>Revenues</b>		
10% from Tracks	\$ 502,810	\$ 825,260
OTB - 9.1%	314,965	424,017
Interest Income	253	716
	818,028	1,249,993
<b>Expenses</b>		
Breeders' Awards	1,539,027	2,344,855
Purse Supplements	194,063	460,000
Transfer of Interest	36	462.00
Bank Charges	389	426
	1,733,515	2,805,743
<b>(Deficit) Revenues Over Expenses</b>	<b>\$ (915,487)</b>	<b>\$ (1,555,750)</b>

See independent auditor's report.



**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION**  
**Supplementary Information**

**Schedule V**  
**Statements of Revenues and Expenses**  
**Slot Machine**

	For the Years Ended December 31,	
	2020	2019
<b>Revenues</b>		
Slot Machine Proceeds - Delta Downs	\$ 2,556,292	\$ 3,601,714
Slot Machine Proceeds - Evangeline Downs	1,161,083	1,665,557
Slot Machine Proceeds - Louisiana Downs	788,661	818,683
Slot Machine Proceeds - Fair Grounds	569,924	897,250
Louisiana State Racing Commission Co Op	700,000	700,000
Interest Income	30,352	61,241
	5,806,311	7,744,445
<b>Expenses</b>		
Breeders' Awards - LA Bred	2,762,843	3,103,205
Stallion Awards	900,000	900,000
Breeders' Awards - Out of State	400,042	400,352
Out of State Stakes Awards	69,534	161,521
Transfer of Interest	19,097	49,359
Bank Charges	63	30
	4,151,579	4,614,467
<b>Excess Revenues Over Expenses</b>	<b>\$ 1,654,732</b>	<b>\$ 3,129,978</b>

See independent auditor's report.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION**  
**Supplementary Information**

**Schedule VI**  
**Comparison of Budget to Actual**  
**Operating**

	For the Year Ended December 31, 2020		Favorable (Unfavorable)
	Budget	Actual	Variance
<b>Revenues</b>			
Commissions - 2%	\$ 540,000	\$ 432,616	\$ (107,384)
Fees - 14%	150,000	107,916	(42,084)
Publications- Louisiana Horse	101,300	68,516	(32,784)
Accrediting Fees	87,500	90,525	3,025
Members' Dues	50,000	49,615	(385)
State Grant	60,000	60,000	-
Mare and Stallion Registration	30,000	24,875	(5,125)
Management Fee Income	9,950	12,133	2,183
Interest and Slot/OTB Interest Transfer	100,000	38,624	(61,376)
Miscellaneous	5,000	670	(4,330)
PAC Revenue	500	-	(500)
Sponsorships (LCD & LA Cup Day)	5,000	1,250	(3,750)
<b>Total Revenues</b>	<b>1,139,250</b>	<b>980,740</b>	<b>(158,510)</b>
<b>Expenses</b>			
Purse Supplement & Breeder Award	100,000	105,500	(5,500)
Salaries	485,000	409,905	75,095
Insurance	100,000	81,190	18,810
Research, Public Relations, and Lobbying	75,000	68,750	6,250
Advertising and Promotion	50,000	60,729	(10,729)
Computer Expense (including Website and Internet)	225,000	149,154	75,846
Publication Expense	45,000	41,622	3,378
Payroll Taxes	38,250	31,096	7,154
Professional and General Accounting Fees	36,000	41,015	(5,015)
Field Inspector	30,000	30,000	-
Meetings and Banquets	60,000	21,327	38,673
Postage and Shipping	15,000	13,278	1,722
Travel	15,000	6,136	8,864
Office Expense	16,500	6,925	9,575
Car Allowance	15,000	15,000	-
Equipment Rental	6,500	7,969	(1,469)
Telephone Expense	8,000	6,383	1,617
Pedigree Research	8,500	6,277	2,223
Scholarships	12,000	10,000	2,000
Contributions	10,000	9,666	334
Taxes and Licenses	7,500	2,471	5,029
Trophies	12,000	10,503	1,497
Printing	6,000	6,121	(121)
Legal	7,500	16,567	(9,067)
Election Expense	6,000	6,089	(89)
Writer and Photographer Fees	7,500	5,800	1,700
Depreciation	6,000	4,606	1,394
Dues and Subscriptions	2,500	2,425	75
Repairs and Maintenance	7,500	5,812	1,688
Bank Charges	1,000	1,185	(185)
Repository	2,600	-	2,600
<b>Total Expenses</b>	<b>1,416,850</b>	<b>1,183,501</b>	<b>238,849</b>
<b>(Deficit) Excess Revenues Over Expenses</b>	<b>\$ (277,600)</b>	<b>\$ (202,761)</b>	<b>\$ 80,339</b>

See independent auditor's report.

**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**

**Independent Auditor's Report**

To the Board of Directors of  
Louisiana Thoroughbred Breeders Association

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Louisiana Thoroughbred Breeders Association (the Association), a non-profit organization, which collectively comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2020, and the related statements of revenues and expenses - modified cash basis and changes in net assets - modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 30, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. 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 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA  
July 30, 2021