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

**Report on Audit of Financial Statements
December 31, 1995**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-17-96

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

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Richard H. Reiser

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

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of assets, liabilities and net assets - cash basis of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. (a non-profit organization) as of December 31, 1995, and the related statements of revenues, expenses and other changes in net assets - cash basis for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.


I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in note 1, the organization prepares its financial statements on the basis of cash receipts and disbursements except that the statements include a provision for depreciation of buildings and equipment. This basis is a comprehensive basis of accounting other than generally accepted account principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. as of December 31, 1995, and the results of its revenues, expenses and the changes in its net assets for the year then ended on the basis of accounting described in note 1.

As discussed in note 1 to the financial statements, in 1995 the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made," and No. 117, "Financial Statements of Not-For-Profit Organizations."

In accordance with Government Auditing Standards, I have also issued a report dated May 29, 1996, on my consideration of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.'s internal control structure and a report dated May 29, 1996, on its compliance with laws and regulations.


Richard P. Reiser, Jr.
Certified Public Accountant

May 29, 1996

Richard H. Reiser

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New Orleans, Louisiana

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

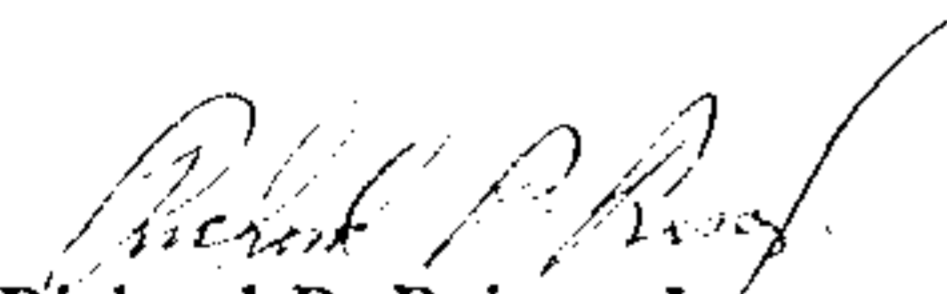
I have audited the financial statements of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. as of and for the year ended December 31, 1995, and the horsemen's bookkeeper system and the purse hold account and have issued my report thereon dated May 29, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. is the responsibility of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.'s management. As a part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.'s compliance with certain provisions of laws, regulations, contracts and grants. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of non-compliance that are required to be reported under government auditing standards.

This report is intended for the information of the audit committee, management, and The State of Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


Richard P. Reiser, Jr.
Certified Public Accountant

May 29, 1996

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New Orleans, Louisiana

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE

I have audited the financial statements of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. as of and for the year ended December 31, 1995 and have issued my report thereon dated May 29, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. for the year ended December 31, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained and understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the

organization's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the financial statements.

The reportable conditions noted are as follows:

Purse hold activity is lacking in documentation.

The check reconciliation worksheet used by the head horsemen's bookkeeper is poorly designed and not totally understood by the head horsemen's bookkeeper.

Horsemen bookkeeper bank reconciliation adjustments are not posted and reconciled timely.

Money from closed Horsemen's Bookkeeper meets and deposited into the purse hold account are not being properly monitored

Bank charges from the horsemen's bookkeeper system are being netted against interest income.

The 1994 Delta Downs underpayment to jockeys that was to be distributed from the purse hold account last year has still not been distributed.

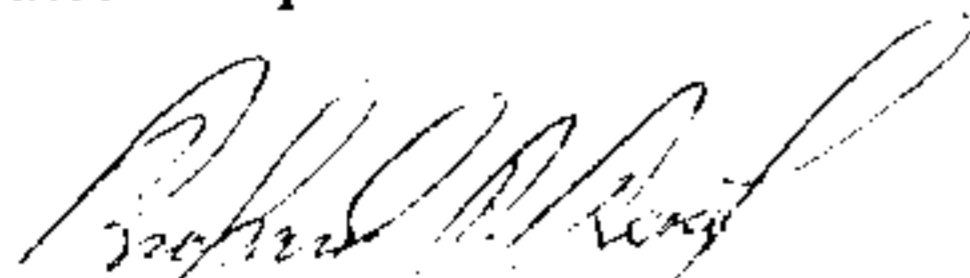
No budgeting or long range forecasting is being done by management.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the reportable conditions described in the accompanying schedule of reportable conditions are material weaknesses.

In connection with the audit, I reviewed the prior year's reportable conditions on the internal control structure, including applicable internal administrative controls to determine whether management had implemented appropriate corrective action to correct the conditions giving rise to those findings. The results of my review indicate that management has taken appropriate corrective action with respect to the prior year findings as described in the Schedule of Prior Reportable Conditions, except for the purse hold jockey guild redistribution.

This report is intended for the information of the board of directors, management, the State of Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Richard P. Reiser, Jr.
Certified Public Accountant

May 29, 1996

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

SCHEDULE OF PRIOR REPORTABLE CONDITIONS

For the Year ended December 31, 1995

The prior audit report dated October 16, 1995, contained reportable conditions. The following is a status of those findings:

PRIOR YEAR REPORTABLE CONDITION - HORSEMEN'S BOOKKEEPER SYSTEM

While testing the Horsemen's Bookkeeper System I found the transfer requests were not as carefully filled out at Delta Downs as they were with the other bookkeepers. The account numbers and reference numbers were not always entered as is proper. This makes the transaction harder to trace through the system, especially if the name is hard to read.

CURRENT STATUS

Management addressed this issue and I observed improvement.

PRIOR YEAR REPORTABLE CONDITION - HORSEMEN'S BOOKKEEPER BANK RECONCILIATION

Although there has been some improvement in the weekly horsemen's bookkeeper bank reconciliations, there are still weeks when there are small unreconciled differences or reconciliations that are not completed or even dated. This has been a problem for a number of years now. Obviously there is still a lack of understanding as to why the system isn't reconciling and it appears that real effort is not being made to correct this situation.

CURRENT STATUS

There has been progress with the bank reconciliations but there is still need for improvement.

PRIOR YEAR REPORTABLE CONDITION - UNRECONCILED PURSE HOLD BANK RECONCILIATION

Ten months after year end the December 31, 1994 purse hold checking account was still not reconciled. As a result the 1995 monthly bank reconciliations were also not reconciled. This is a very lengthy time to allow accounting controls to lapse.

CURRENT STATUS

Management has corrected this problem and the bank statement is being reconciled each month.

PRIOR YEAR REPORTABLE CONDITION - JOCKEY GUILD REDISTRIBUTION

The Delta Downs purse under payment to horsemen was not fully redistributed by The Louisiana HBPA 1993, Inc. It appears remaining payments owed to the Jockey Guild were forgotten. Ten months after distribution had been made to the horsemen, the Jockey Guild payment had still not been followed up.

CURRENT STATUS

As of the date of this report this situation has still not been corrected.

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

SCHEDULE OF PRIOR REPORTABLE CONDITIONS

For the Year ended December 31, 1995

PRIOR YEAR REPORTABLE CONDITION - RECORD KEEPING

There wasn't a current copy of the purse hold First Bank & Trust C.D. in the office.

Your MFS investments are listed incorrectly under a previous organization name.

CURRENT STATUS

Both of these situations have been corrected.

PRIOR YEAR REPORTABLE CONDITION - AUDIT REPORT NOT ISSUED WITHIN SIX MONTHS OF YEAR END

Not issuing the audit report to the Legislative Auditor within six months of the close of the fiscal year as required by Louisiana Revised Statute 24:513. This is the first year this law changed. Complicating matters further, management of the organization contacted the Legislative Auditor's office and inquired which organizations were required by the Legislative Auditors to be audited. The Legislative Auditor's office took some time to research this matter. The organization's management and board then took additional time to decide what they wanted audited in addition to what was required. After resolving these issues, the Legislative Auditor did not approve the audit engagement until June 22, 1995. The engagement letter was originally delivered to the client on February 22, 1995.

CURRENT STATUS

Management has addressed this by starting the 1995 audit earlier, and is aware of the six month rule.

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

SCHEDULE OF REPORTABLE CONDITIONS

For the Year ended December 31, 1995

HORSEMEN'S BOOKKEEPER SYSTEM

Finding

The check reconciliation worksheet used by the head horsemen's bookkeeper to reconcile the horsemen bookkeeper meets each week is poorly designed and has contributed to a lack of understanding of how the system works.

Recommendation

The check reconciliation worksheet should be replaced with a true bank reconciliation to improve understanding and performance in order for the head horsemen's bookkeeper to do this very important internal control function properly.

Finding

In reviewing the horsemen's bookkeeper's check reconciliation work, it was apparent that reconciling adjustments were often carried over to the succeeding bank reconciliations because the adjustments were not being posted promptly.

Recommendation

Bank reconciling items such as interest income, bank charges, etc., should be posted to the bookkeeper system so that the books will be up to date and accurate and bank reconciliations will not be muddled with various reconciling items.

Finding

While auditing the horsemen's bookkeeper system it was discovered that the head horsemen's bookkeeper was netting bank charges against interest income thus showing no bank charge expense and less interest income. While not material, it is not proper accounting and also reveals a policy not decided upon by management.

Recommendation

Interest and bank charges should be reported in full. This will also keep possible bank charge problems from being hidden and it will also reveal the banking costs of each horsemen's bookkeeper meet. These type of decisions should not be made below management level and hints at a greater need for upper management supervision of the head horsemen's bookkeeper position.

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

SCHEDULE OF REPORTABLE CONDITIONS

For the Year ended December 31, 1995

BUDGET

Finding

The Louisiana HBPA 1993, Inc. had no budget for 1995 nor does it have one for 1996. Also no long range forecasting has been done.

Recommendation

Budgeting and long range forecastings are very important planning tools in managing any organization. With gambling having a negative impact on horse racing, your budgeting and forecasting needs are greater than ever to plan cash flows during the year or anticipate shortages before they occur.

PURSE HOLD ACCOUNT

Finding

The purse hold check book at times lacks detail or clear descriptions of the transactions.

Recommendation

While there have been some improvements, deposits and check descriptions need to be more clearly detailed. Deposits need better documentation such as copying the final closed out banks statement from a meet and filing it with deposit support as it is deposited into the purse hold account. A little more detail on the reason for check disbursements should be used with more concise language and paper support explaining the item.

Finding

Remaining funds closed out from a horsemen's bookkeeper meet are deposited in the purse hold account and commingled with other closed out meets. These closed out meets are not accounted for and monitored as checks are written from the purse hold account to cover old outstanding checks from horsemen who finally cash a check from an old meet. No one is monitoring the checks being written from the purse hold to see if it's more than the old meet had when it was closed.

Recommendation

Someone in the office other than the head horsemen's bookkeeper should keep a spreadsheet or some form of accounting, matching checks written from the purse hold account with the money left over from the meet the check pertains to. This will allow the organization to monitor horsemen's bookkeeper money after it is removed from the system and held in the purse hold account.

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

SCHEDULE OF REPORTABLE CONDITIONS

For the Year ended December 31, 1995

Finding

The 1994 Delta Downs under payment, to be distributed from the purse hold account for money owed to the Jockey Guild, as recommended in the October 16, 1995 audit report, still has not been done. This is a repeat finding.

Recommendation

The under payment needs to be completed and fully paid out. It appears this problem is being ignored instead of being acted upon.

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

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
December 31, 1995

Assets

Current assets

Cash and cash equivalents	\$ 75,402
Due from related party	<u>32,918</u>
Total Current Assets	108,320

Non-current assets

Investments	76,372
Land, buildings and equipment (net)	<u>217,936</u>
Total assets	<u>402,628</u>

Liabilities

Current liabilities

Payroll taxes payable	\$ <u>649</u>
Total current liabilities	649
Due to purse hold account	<u>234,507</u>
Total Liabilities	<u>235,156</u>

Net Assets

Unrestricted	167,472
Temporarily restricted	0
Permanently restricted	<u>0</u>
Total net assets	<u>167,472</u>
Total liabilities and net assets	<u>\$ 402,628</u>

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

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC.
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS - CASH BASIS

Year Ended December 31, 1995

Unrestricted Net Assets

Revenues

Interest income	\$ 152,800
Dividend income	4,798
Rent	14,100
Miscellaneous income	4,502
Pony leads	209,574
Jockey payroll fees	7,230
NSF fees	<u>2,600</u>
 Total unrestricted revenue and support	 <u>395,604</u>

Expenses

Program services	233,805
Supporting services - management & general	<u>172,421</u>
	<u>406,226</u>
 Decrease in unrestricted net assets	 (10,622)
Increase in temporarily restricted net assets	0
Increase in permanently restricted net assets	<u>0</u>
Decrease in net assets	<u>(10,622)</u>

NET ASSETS AT BEGINNING OF YEAR	171,427
Decrease in allowance for unrealized loss on marketable equity securities	<u>6,667</u>
NET ASSETS AT END OF YEAR	<u>\$ 167,472</u>

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 1995

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND OPERATIONS

The Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. was formed as a protective association for Louisiana horsemen to, among other things, mediate on behalf of individual members when problems arise with track managements or state racing commissions, negotiate fair distributions at tracks and monitor state and federal legislative developments in the interest of horsemen. Its principal revenue sources are pony lead fees charged to assist race horses onto the track and interest income derived from the horsemen's bookkeeper system which earns interest on funds horsemen have in the system.

BASIS OF ACCOUNTING

The Company's policy is to prepare its financial statements on the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

INCOME TAXES

No provision for income taxes has been made, since the company is exempt as a non-profit organization under § 501 (c)(6) of the Internal Revenue Code.

FINANCIAL STATEMENT PRESENTATION

In 1995, the Organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its assets, liabilities, revenues and expenses according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Under these provisions, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization 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 the organization and/or the passage of time.

PERMANENTLY RESTRICTED NET ASSETS - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the organization.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 1995

As permitted by this new statement, the organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets.

CONTRIBUTIONS

The Organization in 1995 also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

CONTRIBUTED SERVICES

During 1995, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 2 - PROPERTY AND EQUIPMENT

Property, plant and equipment are carried at a cost. Depreciation is computed using the straight-line or double declining balance method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and 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. The following is a summary of the major classes of property and equipment and the related appreciation.

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET</u>
Land	\$ 110,000	\$ -	\$110,000
Building	705,878	601,625	104,253
Furniture & fixtures	144,193	143,774	419
Computers	47,184	45,597	1,587
Equipment	8,266	6,589	1,677
Trailer	<u>13,610</u>	<u>13,610</u>	<u>0</u>
Totals	<u>\$ 1,029,131</u>	<u>\$ 811,195</u>	<u>\$217,936</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 1995

NOTE 3 - INVESTMENTS

The current portfolio of marketable equity securities are carried at their lower of cost or market at the balance sheet date. Marketable equity securities had a cost of \$108,758 at December 31, 1995.

To reduce the carrying amount of the current marketable equity securities portfolio to market which was lower than cost at December 31, 1995, a valuation allowance was established with a charge to equity at that date. At December 31, 1995, gross unrealized losses pertaining to the marketable equity securities in the portfolio were \$32,386. Although all of the funds are liquid and can be used at anytime, it is management's intention to invest these funds for the long term and for this reason the valuation allowance will be carried as a reduction of equity and not as an income or loss event.

NOTE 4 - HORSEMEN'S BOOKKEEPER SYSTEM

The horsemen's bookkeeper system is a computerized accounting system that is used to administer the business of horse racing for owners and trainers of race horses in much the same fashion as a bank. It is run by personnel called horsemen's bookkeepers employed by the Louisiana HBPA 1993, Inc. (93 Inc.) to assist horsemen in the horse racing industry. The horsemen's bookkeeper system is entirely independent of and has nothing to do with the operations of the actual race tracks. It is used for horsemen who use the system to conduct business transactions related to horse racing at race tracks around Louisiana. The 93 Inc. provides this system to horsemen, but all funds belong to the horsemen and not the 93 Inc. The system is designed as a cash flow system - cash in and cash out. It runs for a defined length of time - from the start of that race meet to the end of that meet. No two meets start and finish at the same time. A complete operating cycle for all race track locations to be reported on is from April 1 to March 31, and so it is for this reporting period. The horsemen's bookkeeper system starts with zero dollars. Since the system starts with zero dollars and ends with zero dollars, there is no balance sheet, only a cash in and cash out statement reflecting activity for that period. These funds are not part of the Louisiana HBPA 1993, Inc.'s Statement of assets, liabilities and net assets or the statement of revenues, expenses and net assets because they are horsemen's funds and are reported here for information purposes only. The Louisiana HBPA 1993, Inc. earns interest on these funds while they administer them.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 1995

NOTE 5 - PURSE HOLD ACCOUNT

The purse hold account is money being held in a bank account or C.D.'s by the Louisiana HBPA, 1993, Inc. It consists of funds left over from closed horsemen's bookkeeper meets for checks that have not yet been cashed by horsemen, purse monies underpaid by the race tracks that have to be recalculated and distributed to horsemen, funds held for bad test results on a horse, waiting to be distributed to the owners once the race results have been corrected by the state racing commission.

These funds belong to the horsemen and are being held for them as the horsemen's representatives by the 93 Inc. until such time as matters can be resolved or until the owners of these funds cash their checks. The 93 Inc. keeps interest earned on these funds. The Louisiana HBPA 1993, Inc. is also borrowing money from this account to cover cash shortages.

The purse hold account is not shown in the body of the 93 Inc. financial statements because it is horsemen's monies and is being reported for information purposes only.

NOTE 6 - RELATED PARTY TRANSACTIONS

The Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. (93 Inc.) shares certain overhead costs with the Louisiana Horsemen's Medical Benefit Trust and the Louisiana Horsemen's Pension Trust. Generally the 93 Inc. pays the overhead expenses and then is reimbursed by the other organizations. In 1995 the Louisiana Horsemen's Medical Benefit Trust reimbursed the 93 Inc. \$117,939 for its share of overhead expenses, such as telephone, office supplies, occupancy expense, insurance, etc. The Louisiana Horsemen's Pension Trust reimbursed the 93 Inc. \$34,870 for its share of overhead expenses. At December 31, 1995 the Medical trust and Pension Trust still owed \$20,539 and \$12,379 respectively, totaling to \$32,918. The Medical Trust and Pension Trust also paid \$11,700 and \$2,400 respectively in rent for common office space shared.

The Louisiana HBPA 1993, Inc. also reimbursed \$6,903 to the Louisiana Horsemen's Medical Benefit Trust for overhead expenses paid by the Medical Trust.

Richard H. Reiser

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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

My audit report on the basic financial statements of the Louisiana Horsemen's Benevolent and Protective Association, 1993, Inc., and the horsemen's bookkeeper system and the purse hold account appears on page 1. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages 17 through 20 related to the above statements is presented for purposes 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 examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 1995 and the horsemen's bookkeeper system and the purse hold account taken as a whole.



Richard P. Reiser, Jr.
Certified Public Accountant

May 29, 1996

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

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1995

	<u>Program Services</u>	<u>Supporting Services Management and General</u>	<u>Total</u>
Legal & accounting	\$ 10,981	\$ 28,741	\$ 39,722
Depreciation	0	50,101	50,101
Election expenses	0	15,813	15,813
Insurance	0	24,907	24,907
National office assessments	0	9,131	9,131
Occupancy expense	0	13,583	13,583
Professional services	14,674	0	14,674
Taxes and license	14,011	7,721	21,732
Postage and freight	4,945	2,008	6,953
Repairs and maintenance	0	4,133	4,133
Office supplies and expense	0	15,325	15,325
Telephone expense	36,960	0	36,960
Travel and meeting expense	8,836	0	8,836
Wages	131,486	0	131,486
Auto expenses	4,344	0	4,344
Dues and subscriptions	2,196	0	2,196
Printing	5,372	0	5,372
Miscellaneous expenses	<u>0</u>	<u>958</u>	<u>958</u>
Total Program Expenses	<u>\$ 233,805</u>	<u>\$ 172,421</u>	<u>\$406,226</u>

See accountant's report on additional information

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

Horsemen's Bookkeeper System Activity

For the Period April 1, 1995 to March 31, 1996

Cash Deposited Into Horsemen's Bookkeeper System

Purses from Race Tracks	\$ 34,413,402
Horse Owners	5,587,042
Interest	144,805
Payee Accounts (Various Vendors)	3,553
Horse Trainers	40,116
Jockeys	<u>2,162</u>
Total	\$ <u>40,191,080</u>

Checks Written From Horsemen's Bookkeeper System

Horse Owners	\$ 35,109,583
Jockeys	3,491,883
Payee Accounts (Various Vendors)	1,565,719
Horse Trainers	<u>23,895</u>
Total	\$ <u>40,191,080</u>

See accountant's report on additional information

Louisiana Horsemen's Benevolent and Protective Association, 1993, Inc.
 Horsemen's Bookkeeper System Activity
 For the Period April 1, 1995 to March 31, 1996

RACE TRACK MEET

	Delta Downs Thoroughbred	Evangeline Downs	Fair Grounds	Louisiana Downs	Delta Downs Downs Quarterhorse	Total
Cash Deposited Into Horsemen's Bookkeeper System						
Purses from race tracks	\$1,357,400	\$ 4,474,300	\$15,059,366	\$11,370,535	\$2,151,801	\$34,413,402
Horse owners	145,490	528,617	2,972,281	1,786,544	154,110	5,587,042
Interest earned by HBPA	3,636	14,763	66,312	52,637	7,457	144,805
Payee accounts (various vendors)	14	0	438	2,901	200	3,553
Horse trainers	1,471	1,638	24,430	5,774	6,803	40,116
Jockeys	<u>0</u>	<u>63</u>	<u>1,650</u>	<u>449</u>	<u>0</u>	<u>.2,162</u>
Total	<u>\$1,508,011</u>	<u>\$ 5,019,381</u>	<u>\$18,124,477</u>	<u>\$13,218,840</u>	<u>\$2,320,371</u>	<u>\$40,191,080</u>
Checks Written from Horsemen's Bookkeeper System						
Race owners	\$1,231,658	\$ 4,260,337	\$16,174,559	\$11,639,558	\$1,803,471	\$35,109,583
Jockeys	183,639	528,823	1,383,021	1,090,829	305,571	3,491,883
Payee accounts (various vendors)	91,634	225,601	559,439	484,261	204,784	1,565,719
Horse trainers	<u>1,080</u>	<u>4,620</u>	<u>7,458</u>	<u>4,192</u>	<u>6,545</u>	<u>23,895</u>
Totals	<u>\$1,508,011</u>	<u>\$ 5,019,381</u>	<u>\$18,124,477</u>	<u>\$13,218,840</u>	<u>\$2,320,371</u>	<u>\$40,191,080</u>

See accountant's report on additional information

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

Purse Hold Account

December 31, 1995

Beginning cash and certificates of deposit balance 1-1-95		\$ 131,308
1995 Deposits		
Outstanding checks from closed meets	\$ 65,049	
Delinquent jock mounts	166	
Unresolved bad tests	1,839	
Court order purse money withheld	5,876	
Miscellaneous	750	
Funds received from a disqualified winner	<u>11,901</u>	
Total Deposits		85,581
1995 Disbursements		
Bad test resolved payments	14,921	
Reissued checks for outstanding checks from closed meets	23,833	
Miscellaneous	<u>827</u>	
Total Disbursements		<u>(39,581)</u>
Ending cash and certificate of deposit balance 12-31-95		<u>\$ 177,308</u>

See accountant's report on additional information