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LOUISIANA THOROUGHBRED
BREEDERS ASSOCIATION
LOUISIANA CHAMPIONS DAY FUND

December 31, 1946

Audit of Financial Statements

December 31, 1946

under provisions of state law, this report is a public document. A copy of the report shall be furnished to the auditor, or authorized, duly and other appropriate public officials. This report is available for public inspection at the State House office of the Registered Auditor and, where appropriate, at the office of the parish clerk of court.

Reference Date 1946 3 0 1953

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Board of Directors
Louisiana Thoroughbred Breeders Association
Louisiana Champions Day Fund

Independent Auditor's Report

We have audited the accompanying statement of financial position of the Louisiana Champions Day Fund of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION (a nonprofit organization) as of December 31, 1996, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Champions Day Fund of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION as of December 31, 1996, the changes in its net assets and cash flows for the year then ended, in conformity with generally accepted accounting principles.

In 1996, the Louisiana Champions Day Fund of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION changed its method of accounting from a modified cash basis to an accrual basis under generally accepted accounting principles.

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Institute and Affiliate with Accounting Firm since 1982, etc.

As discussed in Note A, the financial statements being presented are only for the fund referred to above and do not include the assets, liabilities, and net assets and the revenues and expenses of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION that are recorded in its Operating, Louisiana Horse, SALAM Races, Other Races, and Political Action-Council funds. Accordingly, the accompanying financial statements are not intended to present the financial position of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION as of December 31, 1996, or its results of operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 26, 1997, on our consideration of the Louisiana Champions Day Fund of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION's internal control structure and a report dated June 26, 1997, on its compliance with laws and regulations.

As discussed in Note A, Louisiana Champions Day Fund of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION adopted Statement of Financial Accounting Standards (SFAS) 116, "Accounting for Contributions Received and Contributions Made," and SFAS 117, "Financial Statements of Not-For-Profit Organizations" in 1996.



A Professional Accounting Corporation

June 26, 1997

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
LOUISIANA CHAMPIONS DAY FUND
STATEMENT OF FINANCIAL POSITION
December 31, 1998

Cash and Cash Equivalents	<u>\$ 54,500</u>
Total Assets	<u>\$ 54,500</u>
 LIABILITIES AND NET ASSETS	
Accounts Payable	\$ 38,080
Nominators Refundable	1,400
Net Assets	
Temporarily Restricted	<u>15,020</u>
Total Liabilities and Net Assets	<u>\$ 54,500</u>

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

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
LOUISIANA CHAMPION BAY FUND
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 1996

	Budgeted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Accounts - Kentucky Derby Day	\$ -	\$ 144,287	\$ -	\$ 144,287
Accounts - S. Fla. Supplement	-	188,000	-	188,000
Louisiana Thoroughbred Breeders Association	-	45,878	-	45,878
Merchandise	-	37,000	-	37,000
Tickets - Stamps	-	5,000	-	5,000
Stallion Fees	-	12,000	-	12,000
Sponsorship	-	32,000	-	32,000
Interest	-	2,000	-	2,000
Miscellaneous	-	11,400	-	11,400
Net Assets Released From Restrictions	(182,076)	(282,678)	-	-
Total Revenues	<u>182,076</u>	<u>181,797</u>	<u>-</u>	<u>363,873</u>
EXPENSES				
Program Services:				
Fees (Paid Out)	192,280	-	-	192,280
Advertising and Promotion	46,244	-	-	46,244
Meetings and Banquets	26,150	-	-	26,150
Travels	1,204	-	-	1,204
Printing	2,465	-	-	2,465
Postage and Shipping	300	-	-	300
Rent	1,883	-	-	1,883
Telephone	61	-	-	61
Other	21	-	-	21
Total Expenses	<u>351,078</u>	<u>-</u>	<u>-</u>	<u>351,078</u>
INCREASE IN NET ASSETS	<u>-</u>	<u>14,179</u>	<u>-</u>	<u>14,179</u>
NET ASSETS, BEGINNING OF YEAR	<u>-</u>	<u>9,262</u>	<u>-</u>	<u>9,262</u>
NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 23,441</u>	<u>\$ -</u>	<u>\$ 23,441</u>

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

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
 LOUISIANA CHAMPIONS DAY FUND
 STATEMENTS OF CASH FLOWS
 For The Year Ended December 31, 1996

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 14,179
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:	
Increase in Accounts Payable	29,089
Increase in Noninterest-Bearing Refundable	<u>3,400</u>
Cash Flows Provided by Operating Activities	<u>46,668</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	46,668
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,262</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 54,034</u>

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

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
LOUISIANA CHAMPIONS DAY FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION is a non-profit organization which seeks to promote and further the thoroughbred breeding industry within the state of Louisiana. The Association accounts for its activities through six different funds. This report is intended to report only the activity within the Louisiana Champions Day Fund.

BASIS OF PRESENTATION

In 1996, the Association adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." SFAS No. 117 requires reporting information regarding financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Restrictions are based upon donor stipulations. In addition, a statement of cash flows must be presented. This reclassification had no effect on the change in net assets for 1996.

PUBLIC SUPPORT, REVENUE AND PLEDGES

In 1996, the Association adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Under SFAS No. 116, contributions are recorded as restricted if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases their net asset classes.

CASH EQUIVALENTS

For reporting purposes, the Association considers all highly liquid debt instruments with a maturity of six months or less to be considered cash equivalents.

INCOME TAXES

The Association meets the requirements of Section 501(c)(6) of the Internal Revenue Code and therefore is exempt from Federal income taxes.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
LOUISIANA CHAMPIONS DAY FUND
NOTES TO FINANCIAL STATEMENTS**

NOTE B

LOUISIANA CHAMPIONS DAY

The Association is authorized 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. It was enacted by the state legislature so as to include both thoroughbred and quarter horse races on the same racing program. The racing program on Louisiana Champions Day shall consist of seven races for thoroughbreds and three races for quarterhorses.

Louisiana Champions Day purses shall be determined by the Association after consultation with the Louisiana Quarterhorse Breeders Association and shall be funded through purses offered by participating racing associations, funds from Kentucky Derby Day, corporate contributions, and matching funds from the appropriate breeders association. In addition to the matching funds, the Association retains \$100,000 of its receipts of 5.75% of the commissions collected by the off-track betting facilities, throughout the State, that are designated for purse supplements.

Kentucky Derby Day funds represent all fees from palmetumal wagering on races held on the first Saturday in May. These funds are paid to the Association by order of the State of Louisiana Department of Economic Development and are required to be placed in an interest bearing account.

During the year ended December 31, 1998, the Association received \$144,287 of Kentucky Derby Day funds. These receipts were used, in full, to supplement Louisiana Champions Day purses, with \$101,426 paid towards thoroughbred race purses and \$42,861 paid toward quarterhorse race purses.

NOTE C

TRANSFER OF FUNDS IN SUPPORT OF THE ASSOCIATION'S PROGRAM

During the year ended December 31, 1998, the Association transferred \$46,079 out of its operating fund in order to support the Louisiana Champions Day.

NOTE D

CHANGE IN METHOD OF ACCOUNTING

During 1998, the Louisiana Champions Day Fund of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION changed from the modified-cash basis to the accrual basis of accounting. The Association believes that the accrual basis more accurately reflects financial position and results of operations. This change had no effect on net income or net assets.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Louisiana Thoroughbred Breeders Association
Louisiana Champions Day Fund

We have audited the financial statements of the Louisiana Champions Day Fund of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION (a nonprofit organization) as of and for the year ended December 31, 1996, and have issued our report thereon dated June 26, 1997.

We have conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments 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, projections 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.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS**

**Board of Directors
Louisiana Thoroughbred Breeders Association
Louisiana Champions Day Fund**

We have audited the financial statements of the Louisiana Champions Day Fund of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION (a nonprofit organization) as of and for the year ended December 31, 1996, and have issued our report thereon dated June 26, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we 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 Champions Day Fund of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION is the responsibility of the Association's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Louisiana Champions Day Fund of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following instance of noncompliance that is required to be reported herein under Governmental Auditing Standards:

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- Condition:** The Louisiana Champions Day Fund of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION did not follow the provision of Louisiana Revised Statute (LRS-R.S.) 24:513 that requires that audit to be completed and issued within six months of the close of the entity's fiscal year.
- Criteria:** Under the above statute, the Louisiana Champions Day Fund of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION audit as of and for the year ended December 31, 1996, should have been completed and issued by June 30, 1997.
- Effect:** This could have an indirect monetary effect on the financial statements should the state choose to discontinue funding based on this violation of law.

We considered this instance of noncompliance in forming our opinion as to whether the 1996 financial statements of Louisiana Champions Day Fund of the LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated June 28, 1997 on those financial statements.

This report is intended for the information of management and the Legislative Assembly of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



A Professional Accounting Corporation

June 26, 1997