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LOUISIANA HOMEOWNERS BENEVOLENT AND  
PROTECTIVE ASSOCIATION, INC.

Report on Audit of Financial Statements  
December 31, 1995

Under provisions of state law, this report is a public document. A copy of this report has been transmitted to the auditor, or assigned, office 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, INC.

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# Richard H. Reiser

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New Orleans, Louisiana

## INDEPENDENT AUDITORS' REPORT

I have audited the accompanying statement of assets, liabilities, and net assets - cash basis of the Louisiana Homeowner's Remodeling and Protective Association, 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 statements presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in note 1, the organization prepares its financial statements on the basis of bank receipts and disbursements. 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 Homeowner's Remodeling and Protective Association, 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 2 to the financial statements, the Company has never received a tax exempt ruling from the Internal Revenue Service. The ultimate outcome of this uncertainty cannot presently be determined. Accordingly, the accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in note 1 to financial statements, in 1993 the Louisiana Homeowner's Remodeling and Protective Association, Inc. adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 118, "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 found a report dated May 29, 1996, on my audit of the Louisiana Homeowner's Remodeling and Protective Association, Inc.'s internal control structure and a report dated May 29, 1996, on its compliance with laws and regulations.



Richard F. Reiser, Jr.  
Certified Public Accountant

May 29, 1996

# Richard H. Reiser

CERTIFIED PUBLIC ACCOUNTANT

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New Orleans, Louisiana

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

I have audited the financial statements of the Louisiana Homeowner's Benevolent and Protective Association, 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. These 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 Homeowner's Benevolent and Protective Association, Inc. is the responsibility of the Louisiana Homeowner's Benevolent and Protective Association, 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 Homeowner's Benevolent and Protective Association, 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

# Richard H. Reiser

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## INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE

I have audited the financial statements of the Louisiana Horsemen's Benevolent and Protective Association, 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 Circumstances Affecting 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, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, consistency 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 recorded 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, 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 understood 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:

The Louisiana HBPA, Inc. still is not able to recalculate its 4% share of pure money.

The tax status of the Louisiana HBPA, Inc. hasn't been addressed.

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 these findings. The results of my review indicate that management has not taken appropriate corrective action with respect to the prior year findings as described in the Schedule of Prior Reportable Conditions.

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 F. Korman, Jr.  
Certified Public Accountant

May 28, 1996

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

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS  
December 31, 1999**Assets****Current assets**Cash & cash equivalents \$ 113,420Total Assets 113,420**Liabilities**Total Liabilities 0**Net Assets**

Unrestricted 113,420

Temporary restricted 0

Permanently restricted 0Total net assets 113,420Total liabilities and net assets \$ 113,420

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

LOUISIANA HORSEMAN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, INC.  
 STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS - CASH BASIS  
 December 31, 1999

**Unrestricted Net Assets**

**Revenues**

4% medical plan revenue	\$ 1,248,085
Total unrestricted revenue and support	<u>1,248,085</u>

**Expenses**

Program services	1,137,369
Supporting services - management & general	<u>0</u>
	<u>1,137,369</u>

Increase in unrestricted net assets	111,727
Increase in temporarily restricted net assets	<u>0</u>
Increase in permanently restricted net assets	<u>0</u>

Decrease in net assets	111,727
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Net assets at beginning of year	<u>1,693</u>
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Net assets at end of year	\$ <u>113,420</u>
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The accompanying notes to the financial statements are an integral  
 part of these financial statements.



LOUISIANA HORSEMAN'S BENEVOLENT AND PROTECTIVE ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 1995

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION AND OPERATIONS**

The Louisiana Horseman's Benevolent and Protective Association, Inc. was formed in 1988 (See note 2). It is a benevolent and protective association for horsemen. The LHSPA was set up to, among other things, provide on behalf of individual members whose problems arise with bank managements or state racing commissions, negotiate fair distributions of tracks and monitor state and federal legislative developments in the interest of horsemen.

**BASE OF ACCOUNTING**

The Company's policy is to prepare its financial statements on the cash basis of accounting; consequently, equity 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, as the Association is a not for profit organization that the Internal Revenue Service has neither rejected nor accepted as a tax exempt organization. The LHSPA has filed Form 990 each year as a 501 (c)(6) organization.

**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 or after 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.

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.

**LOUISIANA HORSEMEN'S BENEFICIENT AND PROTECTIVE ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 1995

**CONTRIBUTIONS**

The Organization in 1995 also adopted SFAS No. 118, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 118, 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 1 - RELATED PARTY**

The Louisiana Horsemen's Beneficient and Protective Association, Inc. (LHBPA, Inc.) is a pass through entity. The 4% medical plan reserve money is received by the LHBPA, Inc. and then passed onto the Louisiana Horsemen's Medical Benefit Trust. The Louisiana Horsemen's Medical Benefit Trust then actually administers and pays-out the medical plan payments to its members. A separate audit report has been issued regarding the Louisiana Horsemen's Medical Benefit Trust and should be considered when reading these financial statements. In 1995 the LHBPA, Inc. paid \$1,137,358 to the Louisiana Horsemen's Medical Benefit Trust.

**NOTE 2 - CONTINGENT LIABILITY**

The LHBPA, Inc. is a not for profit organization and does not necessarily have to file for exempt status as a 501 (c) (3) organization with the Internal Revenue Service to be considered tax exempt. However, since the LHBPA, Inc. has not received a tax exempt ruling from the service there is uncertainty about any tax liability that could arise if the IRS were to question the tax status of the LHBPA, Inc.

# 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, Inc. appears on page 5. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on page 11 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 taken as a whole.

  
Richard H. Reiser, Jr.  
Certified Public Accountant

May 29, 1996

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

SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 1995

	Program Services	Supporting Services Management and General	Total
Money passed through to the Louisiana Horsemen's Medical Benefit Trust	\$1,137,388	\$ _____	\$1,137,388
<b>Total Program Expenses:</b>	<b>\$1,137,388</b>	<b>\$ _____</b>	<b>\$1,137,388</b>

See accountant's report on additional information.