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**LOUISIANA THOROUGHBRED BREEDERS
ASSOCIATION**

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.

99107 1998

Release Date _____

Audit of Financial Statements

December 31, 1995

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Board of Directors
Louisiana Thoroughbred Breeders Association

Independent Auditor's Report

We have audited the statement of assets, liabilities and fund balance - modified cash basis of **LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION** (a non-profit organization) as of December 31, 1995, and the related statements of revenues and expenses - modified cash basis, and changes in fund balance - modified cash basis, for the year then ended. These financial statements are the responsibility of the organization's management. 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. 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.

As described in Note A, the Association's policy is to prepare its financial statements on the modified basis of cash receipts and disbursements; consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

As discussed in Note A, the Association has recorded accounts receivable related to the publication of the Louisiana Horse magazine. In our opinion, accounts receivable should not be recorded using the modified cash basis of accounting. The effect of recording accounts receivable is to increase assets, fund balance and revenues by \$28,445.

In our opinion, except for the effects of recording accounts receivable, 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 fund balance of **LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION** as of December 31, 1995, and its related revenue and expenses and changes in fund balance for the year then ended on the basis of accounting as described in Note A.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 12 - 16 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects of recording accounts receivable, as discussed above, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Information for the year ended December 31, 1994, is presented for comparative purposes only and was extracted from the financial statements presented for that year, on which a qualified opinion dated May 19, 1995, was expressed.

La Porte, Selzer, Roney & Hand

A Professional Accounting Corporation

May 24, 1996

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - MODIFIED CASH BASIS

December 31, 1995

With Comparative Totals for 1994

ASSETS	Operating	Louisiana				Political Action Council	Totals	
		Louisiana Horse	Champions Day	Salam Races	Other Races		1995	(Memorandum Only) 1994
CURRENT ASSETS								
Cash - Checking	\$ 222,376	\$ 9,639	\$ 9,262	\$ 27,587	\$ 58,933	\$ 2,644	\$ 330,441	\$ 631,068
Investments	1,087,930	-	-	-	500,680	-	1,588,610	1,631,280
Accounts Receivable	-	28,445	-	-	-	-	28,445	51,430
Payroll Tax Deposits	684	-	-	-	-	-	684	2,597
NSF Checks Held	10	-	-	-	-	-	10	10
Total Current Assets	<u>1,311,000</u>	<u>38,084</u>	<u>9,262</u>	<u>27,587</u>	<u>559,613</u>	<u>2,644</u>	<u>1,948,190</u>	<u>2,316,385</u>
PROPERTY AND EQUIPMENT								
Furniture and Equipment	190,113	53,538	-	-	-	-	243,651	241,917
Buildings	34,670	-	-	-	-	-	34,670	34,670
Automobiles	21,320	12,513	-	-	-	-	33,833	33,833
Less: Accumulated Depreciation	<u>(188,062)</u>	<u>(32,575)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(220,637)</u>	<u>(197,835)</u>
Property and Equipment - Net	<u>58,041</u>	<u>33,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,517</u>	<u>112,585</u>
OTHER ASSETS								
Due From Breeders Sales Company	42,037	-	-	-	-	-	42,037	42,037
Investment - Breeders Sales Company	20,000	-	-	-	-	-	20,000	20,000
Due From Other Funds	6,400	-	-	-	-	-	6,400	11,422
Deposits	<u>875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>875</u>	<u>875</u>
Total Other Assets	<u>69,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,312</u>	<u>74,334</u>
	<u>\$ 1,438,353</u>	<u>\$ 71,560</u>	<u>\$ 9,262</u>	<u>\$ 27,587</u>	<u>\$ 559,613</u>	<u>\$ 2,644</u>	<u>\$ 2,109,019</u>	<u>\$ 2,503,304</u>

	Operating	Louisiana			Political		Totals	
		Louisiana Horse	Louisiana Champions Day	Salam Races	Other Races	Action Council	(Memorandum Only)	1995
LIABILITIES AND FUND BALANCE (DEFICIT)								
CURRENT LIABILITIES								
Deposits - Futurity Races	\$ 44,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,020	\$ 46,560
Accrued Payroll Taxes and Other Liabilities	-	-	-	-	500	-	500	1,665
Total Current Liabilities	<u>44,020</u>	-	-	-	<u>500</u>	-	<u>44,520</u>	<u>48,225</u>
LONG-TERM LIABILITIES								
Deposits - Futurity Races	28,530	-	-	-	-	-	28,530	26,720
Due to Other Funds	-	-	-	-	6,400	-	6,400	11,422
Total Long-Term Liabilities	<u>28,530</u>	-	-	-	<u>6,400</u>	-	<u>34,930</u>	<u>38,142</u>
Total Liabilities	72,550	-	-	-	6,900	-	79,450	86,367
FUND BALANCE (DEFICIT)								
	<u>1,365,803</u>	<u>71,560</u>	<u>9,262</u>	<u>27,587</u>	<u>(4,256)</u>	<u>559,613</u>	<u>2,029,569</u>	<u>2,416,937</u>
	<u>\$ 1,438,353</u>	<u>\$ 71,560</u>	<u>\$ 9,262</u>	<u>\$ 27,587</u>	<u>\$ 2,644</u>	<u>\$ 559,613</u>	<u>\$ 2,109,019</u>	<u>\$ 2,503,304</u>

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, 1995
With Comparative Totals for 1994

	Operating	Louisiana			Other Races	Political Action Council	Totals (Memorandum Only)	
		Louisiana Horse	Champions Day	Salam Races			1995	1994
REVENUES	\$ -	\$ -	\$ 100,000	\$ -	\$ 1,487,857	\$ -	\$ 1,587,857	\$ 1,742,727
Awards - 9.1%	375,982	-	-	-	-	-	375,982	455,009
Fees - 14%	-	-	-	178,840	-	-	178,840	221,612
Awards - 8% & 15.1%	-	-	134,928	-	-	-	134,928	170,170
Awards - Kentucky Derby Day	118,127	-	-	-	-	-	118,127	164,273
Administrative Income	122,345	-	-	-	-	-	122,345	124,024
Commissions - 2%	-	123,476	-	-	-	-	123,476	111,381
Publications	59,066	493	4,317	417	29,463	-	93,756	69,258
Interest	-	-	10,000	-	-	-	10,000	41,500
Sponsorship	-	-	31,700	-	-	-	31,700	32,650
Nominations	34,500	-	-	-	-	-	34,500	29,835
Accrediting Fees	17,640	-	-	-	-	1,070	18,710	18,420
Member's Dues	425	809	3,310	-	-	-	4,544	15,112
Miscellaneous	-	-	11,900	-	-	-	11,900	10,800
Stallion Fees	-	-	11,980	-	-	-	11,980	7,695
Ticket Sales	-	-	-	-	-	-	-	1,100
Contributions	-	-	-	-	-	-	-	-
	<u>728,085</u>	<u>124,778</u>	<u>308,135</u>	<u>179,257</u>	<u>1,517,320</u>	<u>1,070</u>	<u>2,858,645</u>	<u>3,215,566</u>

	Louisiana		Louisiana		Louisiana		Political		Totals	
	Operating	Horse	Champions Day	Races	Other Races	Action Council	(Memorandum Only)	1995	1994	
EXPENSES										
Breeder's Awards	235,364	-	-	281,297	1,136,287	-	-	1,652,948	1,681,538	
Purse Supplements	103,700	-	244,694	-	186,500	-	-	534,894	369,921	
Stallion Awards	66,208	-	-	-	-	-	-	66,208	-	
Salaries	150,498	48,279	-	-	-	-	-	198,777	198,043	
Administrative	-	-	-	-	118,127	-	-	118,127	164,273	
Advertising and Promotion	64,773	1,730	32,372	-	-	-	-	98,875	114,495	
Casual Labor	53,592	-	9,800	-	-	-	-	63,392	75,965	
Publication Expenses	-	93,077	-	-	-	-	-	93,077	72,650	
Insurance	53,976	-	-	-	-	-	-	53,976	60,822	
Kentucky Derby Day Funds - LQBA	-	-	41,629	-	-	-	-	41,629	51,801	
Profit Sharing Expense	49,161	-	-	-	-	-	-	49,161	41,060	
Accounting and Legal	29,610	-	-	-	-	-	-	29,610	24,461	
Meetings and Banquets	17,451	-	19,320	-	-	-	-	36,771	75,139	
Computer Fees	17,568	122	-	-	-	-	-	17,690	22,323	
Depreciation	19,203	6,931	-	-	-	-	-	26,134	31,925	
Telephone Expense	12,936	5,172	80	-	-	-	-	18,188	16,715	
Office Supplies	9,046	1,199	148	-	-	-	-	10,393	12,840	
Payroll Taxes	11,949	3,937	-	-	-	-	-	15,886	16,098	
Dues and Subscriptions	11,992	150	-	-	-	-	-	12,142	11,195	
Repairs and Maintenance	18,273	717	-	-	-	-	-	18,990	11,580	
Rent	9,000	9,600	-	-	-	-	-	18,600	17,800	
Postage and Shipping	9,373	4,930	229	-	-	-	-	14,532	13,715	
Trophies	6,898	-	5,886	-	-	-	-	12,784	14,067	
Printing	5,345	-	2,026	-	-	-	-	7,371	11,292	
Travel	6,881	5,986	989	-	-	-	-	13,856	14,407	
Theft Loss	-	4,625	-	-	-	-	-	4,625	-	
Other	159	71	7	154	35	124	-	550	1,059	
Bad Debt Expense	-	5,775	-	-	-	-	-	5,775	1,580	
Equipment Rental	1,119	4,017	-	-	-	-	-	5,136	4,765	
Contributions	3,707	100	-	-	-	-	-	3,807	2,064	
Utilities	-	2,110	-	-	-	-	-	2,110	2,510	
	<u>967,782</u>	<u>198,528</u>	<u>357,180</u>	<u>281,451</u>	<u>1,440,949</u>	<u>124</u>	<u>124</u>	<u>3,246,014</u>	<u>3,136,103</u>	
EXCESS (DEFICIT) REVENUE OVER EXPENSES	<u>\$ (239,697)</u>	<u>\$ (73,750)</u>	<u>\$ (49,045)</u>	<u>\$ (102,194)</u>	<u>\$ 76,371</u>	<u>\$ 946</u>	<u>\$ (387,369)</u>	<u>\$</u>	<u>\$ 79,463</u>	

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

LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
 STATEMENT OF CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
 For The Year Ended December 31, 1995
 With Comparative Totals for 1994

	Louisiana		Louisiana		Political		Totals	
	Operating	Horse	Champions	Salam	Other	Action	(Memorandum Only)	1994
			Day	Races	Races	Council	1995	1994
BALANCE - BEGINNING OF YEAR	\$ 1,656,983	\$ 198,051	\$ 12,228	\$ 25,081	\$ 529,826	\$ (5,232)	\$ 2,416,937	\$ 2,337,474
EXCESS (DEFICIT) REVENUES OVER EXPENSES	(239,697)	(73,750)	(49,045)	(102,194)	76,371	946	(387,369)	79,463
TRANSFER FROM (TO) OTHER FUNDS	(51,483)	(52,742)	46,079	104,700	(46,584)	30	-	-
BALANCE - END OF YEAR	\$ 1,365,803	\$ 71,560	\$ 9,262	\$ 27,587	\$ 559,613	\$ (4,256)	\$ 2,029,569	\$ 2,416,937

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

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

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. In order to assist the Association in its promotion of the industry, the Association receives 14% of the 1.5% license fee collected by the Louisiana State Racing Commission from off-track wagering facilities. The Association has also elected to use these receipts to pay breeders awards to breeders of accredited Louisiana bred horses finishing first, second or third on out-of-state stakes races with a base value of \$25,000. These awards are paid at a rate of 10% of the earned purse, with the maximum award based on a purse of \$100,000 for Open Stakes and \$150,000 for Graded Stakes.

LOUISIANA HORSE

The Louisiana Horse is the official publication of the Association.

BREEDERS AWARDS - SALAM RACES

Each racing association shall conduct one special accredited Louisiana bred maiden (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, the Association receives 8%. Of the remaining commissions, 40% shall be paid into a special maiden racepurse account from which purse shall be disbursed. Any monies left in the account at the conclusion of the race meet shall revert to the Association to supplement other Louisiana bred thoroughbred purses at the next available race meeting conducted by that racing association.

Of the commissions on wagers made at off-track wagering facilities on each SALAM race, the Association receives 15.1%.

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 was paying 20% of the earned purse to the breeders of those horses finishing first, second and third in the respective SALAM race. Effective November 23, 1995, the Association reduced the award to 15% of the earned purse.

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 THOROUGHBRED BREEDERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LOUISIANA CHAMPIONS DAY (Continued)

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, matching funds from the appropriate breeders association, corporate contributions, funds from Kentucky Derby Day and the \$100,000 receipt from 9.1% funds, mentioned below.

Kentucky Derby Day funds represent all fees from pari-mutuel 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, 1995, the Association received \$138,928 of Kentucky Derby Day Funds. These receipts were used, in full, to supplement Louisiana Champions Day purses, with \$93,229 paid towards thoroughbred race purses and \$41,629 paid toward quarter horse race purses. For the year ended December 31, 1994, the Association paid \$118,369 for thoroughbred race purses and \$51,801 for quarter horse race purses.

BREEDERS AWARDS - OTHER RACES

For purposes of this disclosure, 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. Of the commissions collected by the off-track betting facilities, throughout the State, that are designated for purse supplements, 9.1% is remitted to the Association. The exceptions are those commissions from SALAM races and Kentucky Derby Day races as mentioned above.

The Association is obligated to use these funds to supplement purses for allowance, handicap, stake 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.

Each racing association authorized to conduct race meets shall pay the equivalent of 10% of the winner's share of the purse of each Open Race won by an accredited Louisiana bred horse. The Association uses these funds together with 9.1% funds from above to pay breeders awards to breeders of accredited Louisiana bred horses finishing first, second, and third in Open Races, at any track in Louisiana.

The Association was paying 20% of the earned purse as breeders awards. Effective November 23, 1995, the Association reduced the award to 15% of the earned purse. The maximum breeders award paid on an Accredited Louisiana Bred Race, other than a SALAM race, is based on a purse of \$75,000. The maximum award paid by the Association on an Open Race - Non-Graded Stakes is based on a purse of \$100,000. Finally, the maximum award paid by the Association on an Open Race - Graded Stakes is based on a purse of \$150,000.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

BREEDERS AWARDS - OTHER RACES (Continued)

Over and above the purse supplements mentioned above, the Association shall use up to one hundred thousand dollars (\$100,000) of the 9.1% funds, per year to supplement purses on Louisiana Champions Day.

Finally, the Association has elected to contribute 10% of the 9.1% funds to the general operation of the Association. This contribution is to help cover administrative costs incurred in maintaining the breeders awards program.

POLITICAL ACTION COMMITTEE

The Association formed a committee, known as the Breeder's Political Action Committee, for the purpose of representing the Association in legislative matters at the state level. Members are asked to contribute \$20 for the support of this committee.

PURSE SUPPLEMENTS

Any licensee who is licensed in the state of Louisiana to conduct race meetings where pari-mutuel wagering is permitted shall deduct one-half of the breakage, which is understood to be the amount of money left after paying off the bettors, and shall deposit and retain such amounts in a special account to be used for the purpose of supplementing purses for races written only for accredited thoroughbred horses. Amounts so deducted shall be used only at the track where such amount is deducted.

The amounts to be supplemented shall be agreed upon by the purse committee of the Association, and said purse committee shall be vested with complete custody and control. Any amount of money above the purse shall be considered supplemental money and shall be paid from the special account as directed by the Association's purse committee.

In relation to the purse supplements, the licensee conducting the race meeting shall withhold 2% of the total supplemental purse. The amounts so withheld from the supplemental purses shall be paid to the Association for use for operating and administrative expenses.

BASIS OF ACCOUNTING

The Association's policy is to prepare its financial statements on a modified cash basis that includes recording of depreciation on long-lived assets. Under this basis, revenues are generally recognized when collected rather than when earned, and expenses are generally recognized when paid rather than when incurred. Consequently, accrued income, with the exception of accounts receivable, expenses, payables and deferred expenses, which may be material in amount, are not reflected in the accompanying financial statements.

Use of the modified cash basis also precludes the Association from including a statement of cash flows as a basic financial statement. It also precludes the Association from altering the presentation of its financial statements, which would include presenting changes in net assets rather than changes in fund balances, and including certain disclosures about its investments, both of which are prescribed by generally accepted accounting principles.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING (Continued)

Thus, the accompanying financial statements are not intended to present the financial position and results of operations in conformity with generally accepted accounting principles. If an expenditure results in the acquisition of an asset having an estimated useful life which extends beyond the year of acquisition, the expenditure is capitalized and depreciated over the estimated useful life of the asset.

TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the combined statements - overview are captioned memorandum only to indicate that they are presented to facilitate financial analysis only. Data in these columns do not present assets, liabilities and fund balance, revenues and expenses, and changes in fund balance - modified cash basis in conformity with generally accepted accounting principles.

ACCOUNTS RECEIVABLE

Beginning with the purchase of the Louisiana Horse publication in 1990, the Association began recording accounts receivable pertaining to the operation of the publication. Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

Credit is extended to those who are members of the Association.

INVESTMENTS

Investments are stated at cost and are comprised of Certificates of Deposit and Treasury Notes which mature within one year. Also, as mentioned in Note D, the Association has a wholly-owned subsidiary (Breeders' Sales Company of Louisiana, Inc.) which is stated at cost. Use of this method does not result in a material difference from the equity method required by generally accepted accounting principles. In contrast to the Association, the subsidiary operates as a for profit corporation and is not included or consolidated in these financial statements. As of December 31, 1995, the market value of these investments approximate cost, with the difference not being material to the financial statements as a whole.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is provided on the straight-line and accelerated methods over the estimated useful lives of the respective assets. Use of the accelerated method does not result in a material difference from the straight-line method required by generally accepted accounting principles. 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 \$26,134 for the year ended December 31, 1995.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEPOSITS HELD FOR FUTURITY RACES

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). These funds are shown as liabilities of the Association. Any interest earned on these funds is considered as operating revenue of the Association.

INCOME TAXES

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

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B

TRANSFERS - CHANGE IN PRESENTATION

During the year ended December 31, 1994, the Association elected to change the presentation of its financial statements, so that 14% money, as mentioned in Note A, shall be included within operations rather than as other race funds. This is appropriate as these funds are to be used for the promotion of the breeding industry and to assist in paying breeders awards, if needed.

NOTE C

DEFINED CONTRIBUTION PENSION PLAN

The Association has a defined contribution pension plan for all employees who have reached twenty-one years of age and have a minimum of one year of service. The annual contribution shall be equal to 25% of each eligible employees annual wages and shall be paid in January of the year following the year of eligibility.

The contributions paid in 1995 totaled \$49,161.

NOTE D

RELATED PARTY TRANSACTIONS

The Association is the sole shareholder of the Breeders' Sales Company of Louisiana, Inc. The purpose of this company is to organize and operate horse auctions in order for breeders to have a forum for selling their horses. It was formed by the Association's Board of Directors in order to keep the income of the two organizations separate.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

NOTE D

RELATED PARTY TRANSACTIONS (Continued)

During 1995, the Association was paid \$-0- for the management of the Breeders' Sales Company of Louisiana, Inc. In 1995, the Breeders' Sales Company of Louisiana, Inc. had net income of \$7,656.

As of December 31, 1995, the Breeders' Sales Company of Louisiana, Inc. owes the Association \$42,037.

NOTE E

CONCENTRATION OF CREDIT RISK

The Association has one bank account whose balance exceeds the insurance coverage provided by the Federal government. As of December 31, 1995, \$54,168 of cash and investments balance are uninsured.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
SUPPLEMENTARY INFORMATION**

**SCHEDULE I
STATEMENTS OF REVENUES AND EXPENSES
OPERATING**

	For The Years Ended December 31,	
	1995	1994
REVENUES		
Fees - 14%	\$ 375,982	\$ 455,009
Administrative Income	118,127	164,273
Commissions - 2%	122,345	124,024
Interest Income	59,066	39,763
Accrediting Fees	34,500	29,835
Member's Dues	17,640	18,420
Miscellaneous	425	5,229
Total Revenues	<u>728,085</u>	<u>836,553</u>
EXPENSES		
Breeder's Awards	235,364	-
Purse Supplements	103,700	-
Stallion Awards	66,208	-
Salaries	150,498	138,815
Advertising and Promotion	64,773	66,435
Casual Labor	53,592	60,842
Insurance	53,976	60,513
Profit Sharing Expense	49,161	41,060
Accounting and Legal	29,610	24,461
Meetings and Banquets	17,451	21,919
Computer Fees	17,568	21,330
Depreciation	19,203	20,400
Telephone	12,936	12,985
Office Supplies	9,046	12,042
Payroll Taxes	11,949	11,223
Dues and Subscriptions	11,992	10,859
Repairs and Maintenance	18,273	9,024
Rent	9,000	9,000
Postage and Shipping	9,373	8,831
Trophies	6,898	6,219
Printing	5,345	5,120
Travel	6,881	5,106
Other	159	189
Equipment Rental	1,119	1,657
Contributions	3,707	814
Total Expenses	<u>967,782</u>	<u>548,844</u>
Excess Revenues Over Expenses	<u>\$ (239,697)</u>	<u>\$ 287,709</u>

See independent auditor's report on supplementary information.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
SUPPLEMENTARY INFORMATION**

**SCHEDULE II
STATEMENTS OF REVENUES AND EXPENSES
LOUISIANA HORSE**

	For The Years Ended	
	December 31,	
	1995	1994
REVENUES		
Publications	\$ 123,476	\$ 111,381
Miscellaneous	809	-
Interest	493	2,959
Total Revenues	124,778	114,340
EXPENSES		
Publication Expense	93,077	72,650
Salaries	48,279	59,228
Depreciation	6,931	11,525
Travel	5,986	8,851
Rent	9,600	8,800
Payroll Taxes	3,937	4,875
Postage and Shipping	4,930	4,771
Telephone	5,172	3,651
Equipment Rental	4,017	3,108
Repairs and Maintenance	717	2,556
Utilities	2,110	2,510
Computer Fees	122	993
Office Supplies	1,199	784
Advertising and Promotion	1,730	726
Bad Debt Expense	5,775	1,580
Dues and Subscriptions	150	336
Contributions	100	-
Insurance	-	309
Theft Loss	4,625	-
Other	71	20
Total Expenses	198,528	187,273
(Deficit) Revenues Over Expenses	\$ (73,750)	\$ (72,933)

See independent auditor's report on supplementary information.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
SUPPLEMENTARY INFORMATION**

**SCHEDULE III
STATEMENTS OF REVENUES AND EXPENSES
LOUISIANA CHAMPIONS DAY**

	For The Years Ended	
	December 31,	
	1995	1994
REVENUES		
Awards - Kentucky Derby Day	\$ 134,928	\$ 170,170
Awards - 9.1%	100,000	100,000
Sponsorship	10,000	41,500
Nominations	31,700	32,650
Stallion Fees	11,900	10,800
Tickets	11,980	7,695
Interest	4,317	2,523
Miscellaneous	3,310	-
Total Revenues	308,135	365,338
EXPENSES		
Purses Paid Out	244,694	269,921
Kentucky Derby Day Funds - LQBA	41,629	51,801
Meetings and Banquets	19,320	53,220
Advertising and Promotion	32,372	47,334
Casual Labor	9,800	15,123
Trophies	5,886	7,848
Printing	2,026	6,172
Other	7	510
Travel	989	450
Postage and Shipping	229	113
Telephone	80	79
Office Supplies	148	14
Total Expenses	357,180	452,585
(Deficit) Revenues Over Expenses	\$ (49,045)	\$ (87,247)

See independent auditor's report on supplementary information.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
SUPPLEMENTARY INFORMATION**

**SCHEDULE IV
STATEMENTS OF REVENUES AND EXPENSES
SALAM**

	For The Years Ended	
	December 31,	
	1995	1994
REVENUES		
Awards - 8% & 15.1%	\$ 178,840	\$ 221,612
Miscellaneous	-	4,214
Interest	417	306
Total Revenues	179,257	226,132
EXPENSES		
Breeders' Awards	281,297	291,689
Other	154	139
Total Expenses	281,451	291,828
(Deficit) Revenues Over Expenses	\$ (102,194)	\$ (65,696)

See independent auditor's report on supplementary information.

**LOUISIANA THOROUGHBRED BREEDERS ASSOCIATION
SUPPLEMENTARY INFORMATION**

**SCHEDULE V
STATEMENTS OF REVENUES AND EXPENSES
OTB - OPEN RACES**

	For The Years Ended	
	December 31,	
	1995	1994
REVENUES		
Awards - 9.1%	\$ 1,487,857	\$ 1,642,727
Interest	29,463	23,707
Miscellaneous	-	4,669
Total Revenues	1,517,320	1,671,103
EXPENSES		
Breeders' Awards	1,136,287	1,389,849
Administrative Expense	118,127	164,273
Purse Supplements	186,500	100,000
Other	35	71
Total Expenses	1,440,949	1,654,193
Excess Revenues Over Expenses	\$ 76,371	\$ 16,910

See independent auditor's report on supplementary information.