

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1893, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
March 31, 2004**

Audit of Financial Statements

**March 31, 2004
and
March 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the State's Printing Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10-10-04

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 6
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	7 - 8
Schedule of Findings	9
Schedule of Price Audit Findings	10
Corrective Action Plan	11



Board of Directors

Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.
Horsemen's Bookkeeper Account

Independent Auditor's Report

We have audited the accompanying statements of financial position of the Horsemen's Bookkeeper Account (Horsemen's Bookkeeper) of the LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC. (a nonprofit organization) as of March 31, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Horsemen's Bookkeeper management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audits provide 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 Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC. as of March 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 23, 2004, on our consideration of the Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Anthony Schirtzinger's Hand

A Professional Accounting Corporation

July 23, 2004

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**LOUISIANA WORKMENS BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
WORKMENS BOOKKEEPER ACCOUNT
STATEMENTS OF FINANCIAL POSITION**

ASSETS

	March 31,	
	2004	2003
Cash and Cash Equivalents	\$ 6,287,511	\$ 9,248,073
Total Assets	\$ 6,287,511	\$ 9,248,073

LIABILITIES AND NET ASSETS

LIABILITIES		
Due to Workmen	\$ 6,287,511	\$ 9,248,073
NET ASSETS		
Total Liabilities and Net Assets	\$ 6,287,511	\$ 9,248,073

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

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMAN'S BOOKKEEPER ACCIDENT
STATEMENTS OF ACTIVITIES**

	For The Year Ended	
	March 31,	
	1994	1993
REVENUES		
Fees	\$ 46,331,681	\$ 55,848,772
Draws/Trainers Deposits	4,854,758	17,849,371
Foxy Lead Fees	244,284	203,948
Louisiana Quarterhorse Breeders Association - Value Point Funds	647,208	281,500
LHBPA - Other - 1993, Inc.	-	20,800
Total Revenues	52,082,114	73,983,211
EXPENSES		
Program Services:		
Draws/Trainers Distributions	64,987,603	71,241,200
Jackey Payroll/Booky-Gold	4,106,519	3,879,719
2% Commissions - LTBH/LQBHA Breeder Awards	312,828	383,145
LHBPA - Interest Transfer to 1993, Inc.	199,433	-
LHBPA - Foxy Lead Fees - 1993, Inc.	-	47,237
LHBPA - Foxy Lead Fees - Horseman's Pension Trust	178,176	130,261
LHBPA - Foxy Lead Fees - PAC Contributions	48,118	21,840
LHBPA - Jackey Payroll Administrative Fee - 1993, Inc.	7,243	6,789
Bank Charges	3,258	8,885
Total Expenses	72,882,114	75,588,211
CHANGES IN NET ASSETS	-	-
NET ASSETS, BEGINNING OF YEAR	-	-
NET ASSETS, END OF YEAR	\$ -	\$ -

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

**LOUISIANA FIREMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1983, INC.
FIREMEN'S BOOKKEEPER ACCOUNT
STATEMENTS OF CASH FLOWS**

	For The Year Ended	
	March 31,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ -	\$ -
Adjustments to Reconcile Changes in Net Assets to		
Net Cash (Used in) Provided by Operating Activities:		
(Decrease) Increase in Due to Nonmen	(1,360,662)	1,070,669
Net Cash (Used in) Provided by Operating Activities	(1,360,662)	1,070,669
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,360,662)	1,070,669
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,245,171	8,174,504
CASH AND CASH EQUIVALENTS, END OF YEAR	6,884,509	9,245,173

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

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1993, INC.
HORSEMEN'S BOOKKEEPER ACCOUNT
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND OPERATIONS

The **LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION 1993, INC.** is a not-profit organization which has been recognized as an authorized representative that shall represent member and other horsemen racing at licensed race meetings held in the State of Louisiana for the purpose of but not limited to negotiating contracts for such horsemen with all racing associations licensed by the State of Louisiana, relative to prizes, hospitalization, medical benefits, conditions, and all other matters of interest and concern to such horsemen.

At each race meeting conducted in the State of Louisiana pursuant to the provisions of the Louisiana State Racing Commission, there shall be a bookkeeper for the collection, disbursement, and investment of monies belonging to horsemen licensed at such a race meeting that shall be known as the Horsemen's Bookkeeper. The Horsemen's Bookkeeper shall be bonded, selected, and employed by the authorized representative of horsemen racing in the State of Louisiana, the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.**

Each association conducting a race meeting shall provide a separate office for the Horsemen's Bookkeeper who shall collectively keep a separate bank account for the horsemen's monies to be known as the "Horsemen's Bookkeeper Account".

At all times the Horsemen's Bookkeeper Account shall have on deposit funds sufficient to cover all monies due horsemen with regard to daily purses, jockey fees, stakes, handicaps, rewards, claims, deposits, monies, if any, for horsemen's medical and hospital benefit programs, and any pony lead fees.

Except for interest earned on the investment of monies in the Horsemen's Bookkeeper Account, and that portion of a pony lead fee as authorized and assessed by the representative of horsemen in the state to provide retirement benefits to horsemen and to pay its administrative and operating costs, withdrawals from the account shall be only for those purposes provided in the above paragraph.

The interest earned on the investment of monies in the Horsemen's Bookkeeper Account and that portion of a pony lead fee as provided for above shall be collected by the Horsemen's Bookkeeper and paid, in due course, to the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.**

After first paying the expenses and other charges necessary to operate the offices of the Horsemen's Bookkeeper, the interest earned on the investment of monies in the Horsemen's Bookkeeper Account by the **LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC.** shall be used by it for the benefit of horsemen racing in the state.

**LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION (LHSA, INC.)
HORSEMEN'S BOOKKEEPER ACCOUNT
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ORGANIZATION AND OPERATIONS (Continued)

The account shall at all times be subject to audit by the legislative auditor or by a certified public accountant approved by the legislative auditor, the expenses of such audit to be paid by the LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION (LHSA, INC.).

BASE OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Horsemen's Bookkeeper is required to report information regarding its financial position and activities according to three classes of net assets - restricted net assets, temporarily restricted net assets, and permanently restricted net assets. Due to the nature of the Horsemen's Bookkeeper operations, net assets are always expected to be non-existent, therefore, a balance of zero.

CASH EQUIVALENTS

For reporting purposes, the Horsemen's Bookkeeper Account considers all highly liquid debt instruments with maturity of three months or less to be considered cash equivalents.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE B

2% COMMISSIONS - LTRA/LQHBA BREWERY AWARDS

As prescribed by state law, each licensee conducting race meetings, for which applications for purses are provided, shall withhold two percent of the total supplemental purses. These funds are forwarded, by the licensee, to the Horsemen's Bookkeeper, who in turn disburses these race funds to the Louisiana Thoroughbred Breeders Association (LTRA) and the Louisiana Quarter Horse Breeders Association (LQHBA).

NOTE C

CONCENTRATION OF CREDIT RISK

At March 31, 2004 and 2003, the Bookkeeper had funds deposited in financial institutions in excess of the \$100,000 FDIC guaranteed limits.



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors

**Louisiana Horsemen's Breeder and Protective Association 1993, Inc.
Horsemen's Bookkeeper Account**

We have audited the financial statements of the Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BREEDER and PROTECTIVE ASSOCIATION 1993, INC. (a nonprofit organization) for the years ended March 31, 2004 and 2003, and have issued our report thereon dated July 23, 2004. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BREEDER and PROTECTIVE ASSOCIATION 1993, INC.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audits we considered Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BREEDER and PROTECTIVE ASSOCIATION 1993, INC.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions include matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BREEDER and PROTECTIVE ASSOCIATION 1993, INC.'s ability to record, process summaries, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is presented in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. Our considerations of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described in the Schedule of Findings is not a material weakness.

This report is intended for the information of the Bureau's Bookkeeper management and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:503, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

July 23, 2004

LOUISIANA HORSEMEN'S BENEVOLENT
and PROTECTIVE ASSOCIATION 1994, INC.
HORSEMAN'S BOOKKEEPER ACCOUNT
SCHEDULE OF FINDINGS

For the Year Ended March 31, 2004

FINDINGS – FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

64 – 1 Electronic Data Processing Function

Condition: Data received from the Horseman's Bookkeeper Information Systems were, at times, unreliable.

Cause: Information for half of the Bookkeeper's fiscal year was maintained on different computer software.

Effect: Additional time and resources were sought to assist in the completion of the information necessary to be able to complete the audit.

Recommendation: The Horseman's Bookkeeper has become more and more dependent upon their Electronic Data Processing Function and Information Systems as they become tightly integrated into the Bookkeeper's business processes. Because of this reliance on operational Information Systems, it is imperative that the Bookkeeper utilize a computer system that is both user-friendly and able to satisfy all the unique needs of the Horseman's Bookkeeper. For this reason, we recommend that Management thoroughly review its current computer system, as well as review its policies and procedures to determine how vulnerable to loss of data they may be.

LOUISIANA HOMEOWNERS'S BENEFIT/LEND
AND PROTECTIVE ASSOCIATION 1993, INC.
HOMESOWNERS'S BOOKKEEPER ACCOUNT
SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended March 31, 2005

ENERGIC FINANCIAL REPORTING

BI-1 Electronic Data Processing Function

Condition: This finding was a reportable condition in internal control over financial reporting stating that data received from the Homeowner's Bookkeeper Information Systems were, at times, unreliable.

Recommendation: It was recommended that Management thoroughly review its current computer system, as well as review its policies and procedures to determine how reliable to lines of data they may be.

Current Status: Subsequent to the 2004 fiscal year, the Bookkeeper has reviewed its current computer system as well as policies and procedures, and has taken additional steps to lower a potential loss of data.

BI-2 Milder a combined general ledger and combined financial statements are being prepared on a timely basis.

Condition: This finding was a reportable condition in internal control over financial reporting stating that milder combined general ledgers and financial statements were not being prepared on a timely basis.

Recommendation: It was recommended that management should seek the necessary resources to begin preparing a combined general ledger as well as financial statements.

Current Status: During the 2004 fiscal year, the Bookkeeper purchased additional software which has the capability to produce a combined general ledger.

Louisiana Horsemen's Benevolent & Protective Association 1993, Inc.

PRESIDENT
Gene Smith

BOARD OF DIRECTORS

Officers:
Thomas W. Bell
Gustavo Ardy
Ted Stripes
Julius A. Maxwell
Ann V. Traylor



BOARD OF DIRECTORS

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Joseph J. Gagnier
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John W. Adams
Kary L. Brown

CORRECTIVE ACTION PLAN

The Horsemen's Bookkeeper Account of the LOUISIANA HORSEMEN'S BENEVOLENT and PROTECTIVE ASSOCIATION 1993, INC. respectfully submits the following corrective action plan for the year ended March 31, 2004. The finding from the schedule of findings is discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

84-1 Electronic Data Processing Function

Description of Finding: Data received from the Horsemen's Bookkeeper Information System was, at times, unavailable.

Corrective Action Plan: Management has thoroughly reviewed its current computer system, as well as reviewed its policies and procedures to determine how vulnerable to loss of data they may be. During this review, additional steps have been taken to help to prevent loss of data.

Contact Person: Kevin Prusky

Completion Date: August 1, 2004.