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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

RICHARD CPAS

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RICHARD CPAS

Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. and Subsidiaries (LAHBPA 1993, Inc.), which comprise the consolidated statements of net position as of December 31, 2020 and 2019 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Horsemen's Benevolent and Protective Association 1993 Inc. as of December 31, 2020 and 2019 and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, on page 18-21, Consolidating Statements of Financial Position and Consolidating Statements of Activities, and on page 22, Schedule of Compensation, Benefits, and Other Payments to the Agency Head, is presented for 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Consolidating Statements of Financial Position, Consolidating Statements of Activities, and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head are fairly stated, in all material respects, in the relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2021 on our consideration of LAHBPA 1993, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LAHBPA 1993, Inc.'s internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
June 28, 2021

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION
1993, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
ASSETS		
Cash and cash equivalents	$ 1,236,570	$ 1,196,157
Claims escrow funds	136,735	144,571
Fees receivable - workers' compensation program	102,211	92,859
Accounts receivable - workers' compensation program	91,171	108,028
Premium receivable	82,125	83,532
Prepaid expenses	92,108	108,388
Restricted cash - workers' compensation program	2,310,938	2,028,977
Due from related parties	250	2,869
Property and equipment, net	146,910	135,892
Total assets	$ 4,199,018	$ 3,901,273

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	$ 137,157	$ 116,944
Unearned premiums - workers' compensation	242,794	255,313
Note payable - SBA	317,100	-
Due to related parties	1,059,998	1,084,390
Total liabilities	1,757,049	1,456,647
NET ASSETS		
Unrestricted - LAHBPA 1993 Inc.	2,441,969	2,444,626
Total net assets	2,441,969	2,444,626
TOTAL LIABILITIES AND NET ASSETS	$ 4,199,018	$ 3,901,273

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

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION
1993, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
REVENUES AND OTHER SUPPORT		
Workers' compensation premiums	$ 432,393	$ 542,157
Management fee income	1,477,200	1,477,200
Underwriting gain	-	81,613
Pony lead fees	494,950	631,199
Investment income - Horsemen's Bookkeeper	249,949	299,336
Jockey payroll and NSF fees	52,434	70,370
Investment income	3,224	101,411
Other income	746	295,531
Total revenues and other support	2,710,896	3,498,817
EXPENSES		
Program services	2,585,128	2,752,475
Management and general	128,425	146,604
Total expenses	2,713,553	2,899,079
CHANGE IN NET ASSETS	(2,657)	599,738
NET ASSETS, BEGINNING OF THE YEAR	2,444,626	1,844,888
NET ASSETS, END OF THE YEAR	$ 2,441,969	$ 2,444,626

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

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION
1993, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Program Services	Support Services - Management and General	Total	Program Services	Support Services - Management and General	Total
Personnel costs	$ 1,690,225	$ 18,567	$ 1,708,792	$ 1,664,590	$ 18,214	$ 1,682,804
Professional fees	385,424	90,603	476,027	382,660	98,186	480,846
Bank charges	8,755	3,530	12,285	8,180	2,930	11,110
Conferences	(820)	-	(820)	3,821	-	3,821
Depreciation	9,640	-	9,640	9,797	-	9,797
Miscellaneous	6,065	1,879	7,944	11,722	1,785	13,507
Insurance	82,017	2,354	84,371	66,323	12,988	79,311
National assessment	62,139	-	62,139	54,929	-	54,929
Occupancy	99,352	10,907	110,259	105,408	11,534	116,942
Travel and meals	11,156	-	11,156	35,031	-	35,031
Repairs and maintenance	11,112	585	11,697	18,377	967	19,344
Postage and printing	78,573	-	78,573	75,983	-	75,983
Benevolence	11,683	-	11,683	17,147	-	17,147
Worker's compensation	129,807	-	129,807	298,507	-	298,507
	$ 2,585,128	$ 128,425	$ 2,713,553	$ 2,752,475	$ 146,604	$ 2,899,079

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

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION
1993, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (2,657)	$ 599,738
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	9,640	9,797
Non-cash change in reserve for losses	-	(81,613)
Net change in operating assets and liabilities		
Fees receivable - workers' compensation	(9,352)	10,921
Accounts receivable - workers' compensation	16,857	(10,966)
Premium receivable	1,407	(31,883)
Prepaid expenses	18,899	88,273
Claims escrow funds	7,836	(2,825)
Accounts payable and accrued expenses	20,213	9,763
Unearned premiums - workers' compensation	(12,519)	(2,898)
Due to/ from related parties	(24,392)	437,148
Net cash provided by operating activities	25,932	1,025,455
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(20,658)	-
Net cash used in investing activities	(20,658)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	317,100	-
Net cash provided by investing activities	317,100	-
Net increase in cash and cash equivalents	322,374	1,025,455
Cash and cash equivalents, beginning of year	3,225,134	2,199,679
Cash and cash equivalents, end of year	$ 3,547,508	$ 3,225,134
RECONCILIATION TO THE STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	$ 1,236,570	$ 1,196,157
Restricted cash workers' compensation program	2,310,938	2,028,977
	$ 3,547,508	$ 3,225,134

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

1. Significant Accounting Policies

Organization

The purpose of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. (LAHBPA 1993, Inc.) is to protect the interest of the horse owners and trainers, particularly as it relates to their relationships with the owners and managers of racetracks. More specifically, LAHBPA 1993, Inc. operates with the express purpose "...to foster, protect, represent, and promote the welfare and common interest of thoroughbred and quarter horse owners and trainers, to improve conditions in the horse racing industry, to improve relationships between horsemen, other members of the racing industry, and the general public in the State of Louisiana..." LAHBPA 1993, Inc. mediates on behalf of individual members when problems arise with racetrack management or the State Racing Commission, negotiates fair distributions at race tracks, and monitors state and federal legislative developments in the interest of horsemen.

With amendments to Louisiana Revised Statutes (LRS) 4:251 and 252, LAHBPA 1993, Inc. formed a wholly owned subsidiary, Horsemen's Alliance Holdings, Inc. (HAH) which serves as the parent holding company for Horsemen's Insurance Alliance SPC (HIA), which was incorporated in the Cayman Islands and holds an Insurer's license, through which a workers' compensation insurance program is marketed to the members of LAHBPA 1993, Inc.

HAH, was incorporated on June 30, 2006 in the state of Louisiana, and is the parent holding company for HIA. HIA was incorporated on June 23, 2006 in the Cayman Islands, as an exempted segregated portfolio company with limited liability and holds an Unrestricted Class "B" insurer's license, subject to the provisions of the Insurance Law (2008) of the Cayman Islands. HIA is comprised of a general portfolio which carries no risk and one segregated portfolio (Louisiana SP).

The principal business of Louisiana SP was to provide reinsurance of the workers' compensation, occupational disease and employer's liability coverage issued by National Union Fire Insurance Company of Pittsburgh and other member companies of the Chartis (the "Ceding Insurer") to LAHBPA 1993, Inc. The limit of liability is $300,000 per occurrence and $3,040,000 in aggregate for the policy period of July 1, 2010 to July 1, 2011. Effective in 2011, HIA discontinued writing insurance coverage and commenced running off its existing claims.

At December 31, 2018, HIA had one open claim. On May 22, 2019, HIA reached agreement on a final settlement relating to its final claim. LAHBPA 1993 Inc. has authorized the Executive Director to explore the sale or legal shutdown of HIA.

On July 13, 2011, the Horsemen's Workers' Compensation Insurance Trust (HWCIT) was formed for the purpose of directly insuring a significant portion of the insurance risks previously reinsured through HIA. HWCIT began providing insurance coverage on July 17, 2011.

1. Significant Accounting Policies (continued)

Organization (continued)

LAHBPA 1993, Inc. also administers a non-qualified Pension Plan and a Medical Benefit Plan with scheduled benefits for its members and their dependents. Although LAHBPA 1993, Inc. appoints the Board of Trustees for both Plans and HWCIT and shares overhead expenses, each Trust is a separate legal entity with its own funding sources and operating expenses, separate and apart from LAHBPA 1993, Inc.'s operations. LAHBPA 1993, Inc. also maintains and serves as the disbursing agent for the Horsemen's Bookkeeper Account which is the recipient of all Louisiana horse race purses for disbursement for the owners.

Principles of Consolidation

The accompanying consolidated financial statements of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc and Subsidiaries include the accounts of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc., and its wholly owned subsidiary, HAH. Also included are the accounts of HIA, a wholly owned subsidiary of the HAH. All intercompany activities and transactions have been eliminated upon consolidation.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of LAHBPA 1993, Inc. and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions net assets for an operating reserve or board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor- imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At December 31, 2020 and 2019, LAHBPA 1993 Inc. held no net assets with donor restrictions.

1. Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

The consolidated statements of activities present expenses of LAHBPA 1993, Inc.'s operations functionally between program services and management and general. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

Cash and Cash Equivalents

Cash equivalents are all highly liquid investments with maturities of three months or less at date of acquisition.

Accounts Receivable

Accounts receivable consists primarily of amounts related to the worker's compensation program and are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2020 and 2019, the allowance for doubtful accounts was $50,827 and $46,584, respectively.

Property and Equipment

Property and equipment are carried at cost. LAHBPA 1993, Inc.'s policy is to capitalize property and equipment over $2,500. Depreciation is computed using the straight-line method over the estimated useful lives (3 – 10 years) of the respective assets. When assets are retired or otherwise disposed of, the cost and the 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.

Unearned Premiums

Unearned premiums represent advance workers' compensation premiums paid excluding the nonrefundable minimum deposit of $1,000 as of December 31, 2020 and 2019.

Reinsurance premiums are recognized on a pro rata basis of the policy terms. The portion of premiums and ceding commissions that relate to future periods are deferred and recorded as unearned premiums and deferred ceding commissions.

1. Significant Accounting Policies (continued)

Reserve for Losses and Loss-Adjustment Expenses

HIA determines its reserves for losses and loss-adjustment expenses on the basis of the losses reported by loss managers. Losses incurred but not reported are provided for on the basis of the advice of an independent actuary.

The reserve for losses and loss-adjustment expenses represents management's best estimate of the ultimate settlement costs of all losses and loss-adjustment expenses and are subject to the impact of further changes in loss severity, frequency and other factors. Management believes that amounts are adequate and recognizes the variability inherent in the data used in determining the liability, however, the absence of sufficient historical loss experience to support the assumptions inherent in establishing the estimate results in uncertainty as to the amount which will ultimately be required for the settlement of losses and loss expenses, and the differences could be material. The estimate is continuously reviewed, and as adjustments to the liability become necessary, they are reflected in current operations.

Revenue and Other Support

Pursuant to Louisiana Revised Statute (La R.S.) 4:251 through 252, the Louisiana Legislature authorized and empowered the LAHBPA 1993, Inc. "To establish, operate and administer an insurance program for the purpose of providing workers' compensation insurance coverage and related benefits to members of the Horsemen's Benevolent and Protective Association and other persons including and especially owners of racehorses, licensed by the Louisiana State Racing Commission." LAHBPA 1993, Inc. formed the Horsemen's Workers Compensation Insurance Trust (HWCIT) effective July 17, 2011 to provide this insurance coverage.

The worker's compensation program is authorized to utilize up to 2% of all purses and purse supplements, of which, up to one half is authorized to be used for the improvement and administration of the Horsemen's Self-Help Pension Program (Pension Trust). Until June 1, 2016, contributions consisted of one-half of the authorized two percent of total amount of purses and purse supplements available. Beginning on June 1, 2016, contributions to Pension Trust consisted of one-fourth of the authorized two percent of total amount of purses and purse supplements available. Effective again as of June 1, 2017, contributions reverted to consist of the original one-half of the authorized two percent of the total amounts of purses and purse supplements available. No statutorily dedicated funds are recognized as revenue by LAHBPA 1993, Inc. The Pension Trust and Medical Trust receive their distribution directly from the racetracks. Funds received for workers' compensation Louisiana risk exposure are passed through LAHBPA 1993, Inc. in their entirety to HWCIT.

1. Significant Accounting Policies (continued)

Revenue and Other Support (continued)

The Workers' Compensation Insurance Program generates premium revenue for LAHBPA 1993, Inc. and HWCIT. Members of LAHBPA 1993, Inc. are charged a premium based on either the number of race starts or per payroll level if the member is a non-racing farm. Effective July 17, 2011, premium revenue earned for coverage provided by HWCIT is recorded as revenue in HWCIT.

LAHBPA 1993, Inc. is also funded by the investment income earned on deposits maintained in the Horsemen's Bookkeeper Account.

Income Taxes

LAHBPA 1993, Inc. is a nonprofit organization exempt from income taxes under provisions of the Internal Revenue Service Code Section 501(c) (6); therefore, no provision has been made for federal and state income taxes.

LAHBPA 1993, Inc. applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, LAHBPA 1993, Inc. has reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities.

HIA is not subject to taxes on income or gains under Section 6 of the Cayman Islands Tax Concessions Law (Revised). Therefore, no provision for taxes has been made in these financial statements. HIA intends to conduct its activities so as not to be subject to taxation in any other jurisdiction. As a result of the above matters, no tax liability or expense has been recognized in the consolidated financial statements.

Pony Lead Fees

Pony lead fee (administrative fee) revenue is paid by each owner and is earned based on each start. Prior to June 1, 2017, the fee was $16 per start and divided as follows: $0.90 to HAH PAC, $0.10 to Pension, and $15 to 1993, Inc. for administrative expenses. Effective June 1, 2017 the fee was approved by the Board of Directors of LAHBPA 1993, Inc. and raised to $20 and divided as follows: $0.90 to HAH PAC, $0.10 to Pension, and $19 to 1993, Inc. for administrative expenses.

Contributed Services

A portion of LAHBPA 1993, Inc.'s functions are conducted by unpaid volunteer officers and committee members. The value of this contributed time is not reflected in the accompanying consolidated financial statements since it is not susceptible to objective measurement or valuation.

1. Significant Accounting Policies (continued)

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs, primarily salaries, benefits, and professional fees have been allocated among the programs and supporting services benefited. The allocation between functions is based on time spent by specific employees as estimated by management. All other costs are charged directly to the appropriate functional category.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of additions to and reduction of net assets during the reported period. Accordingly, actual results may differ from those estimates.

Recent Accounting Pronouncements – Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842)*: Targeted Improvements, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. On June 3, 2020, the FASB deferred the effective date of this standard for certain entities. This standard will be effective for LAHBPA 1993, Inc.'s year ending December 31, 2022.

On September 17th, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for LAHBPA 1993, Inc.'s year ending December 31, 2022.

2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2020	2019
Cash and cash equivalents	$ 1,236,570	$ 1,196,157
	$ 1,236,570	$ 1,196,157

The claims escrow funds, receivables, and restricted cash are either restricted by state statute or other requirement limiting its use for the workers' compensation program or otherwise not available for general expenditures in the next year.

3. Property and Equipment, Net

	2020	2019
Land	$ 110,000	$ 110,000
Automobile	49,907	49,907
Building	685,760	685,760
Building improvements	379,047	381,193
Furniture and fixtures	44,126	188,537
Computer software	52,550	52,550
Computer hardware	7,652	49,144
Equipment	109,866	135,789
Field office trailers	171,532	171,532
Total	1,610,440	1,824,412
Less: accumulated depreciation	(1,463,530)	(1,688,520)
Property and equipment, net	$ 146,910	$ 135,892

Depreciation expense of $9,640 and $9,797 is included in the consolidated statements of functional expenses for the years ended December 31, 2020 and 2019, respectively.

During the year ended December 31, 2020, LAHBPA 1993, Inc. disposed of $234,631 of fully depreciated property and equipment. No proceeds were realized.

4. Reserve for Losses and Loss-Adjustment Expenses

Movement in the reserve for losses and loss-adjustment expenses for all policies is summarized as follows:

	2020		2019	
	General Portfolio	Segregated Portfolio	General Portfolio	Segregated Portfolio
Balance - beginning of year	$ -	$ -	$ -	$ 81,613
Underwriting income	-	-	-	(81,613)
Incurred related to prior years	-	-	-	-
Paid related to prior years	-	-	-	-
Balance - end of year	$ -	$ -	$ -	$ -

As described in Note 1, HIA ceased writing new business and insuring risks as of July 16, 2011. Incurred losses resulting from claims related to insured events for prior years were adjusted during the years ended December 31, 2020 and 2019, due to changes in estimates of the ultimate settlement costs of such losses.

HIA engaged independent consulting actuaries to advise on the necessary level of the reserve for losses and loss-adjustment expenses. At December 31, 2020 and 2019, the estimated outstanding losses for all policy years on an undiscounted basis were $0 and $0 respectively, at an expected confidence level.

In the opinion of the Directors, these provisions are adequate to cover the estimated ultimate liability for the losses and loss-adjustment expenses at the balance sheet date. Consistent with most organizations with similar insurance operations, HIA's reserve for losses and loss-adjustment expenses is ultimately based on management's reasonable expectations of the future events. The expectations associated with these amounts could change. LAHBPA 1993, Inc. and HIA do not discount the reserves for losses and loss-adjustment expenses.

5. Related Party Transactions

LAHBPA 1993, Inc. shares certain overhead costs with the Louisiana Horsemen's Medical Benefit Trust (Medical Benefit Trust), the Louisiana Horsemen's Pension Trust (Pension), and the Horsemen's Workers Compensation Insurance Trust (HWCIT), affiliates of LAHBPA 1993, Inc. Balances due to and from LAHBPA 1993, Inc. (including its subsidiaries) consist of the following at December 31:

	2020	2019
Due from Horsemen's Alliance	$ 250	$ 250
Due from Charitable Foundation	-	733
Due to Horsemen's Workers' Compensation Insurance Trust	-	1,886
Due from related party - 1993, Inc., net	$ 250	$ 2,869

	2020	2019
Due to Horsemen's Workers' Compensation Insurance Trust	$ 1,059,998	$ 1,084,390
Due to related party - 1993 Inc., net	$ 1,059,998	$ 1,084,390

The amount due to the affiliated entities on behalf of LAHBPA 1993, Inc. was $1,059,998 and $1,084,390 at December 31, 2020 and 2019, respectively. The balance due to related parties are non-interest bearing and are unsecured. The balances due to HWCIT of $1,059,998 and $1,084,390 in 2020 and 2019, respectively, represent the worker's compensation premiums and purse funding collected by LAHBPA 1993, Inc. HWCIT's viability is dependent on LAHBPA 1993, Inc. for funding any cash flow needs and any deficits incurred by HWCIT.

During the years ended December 31, 2020 and 2019, LAHBPA 1993, Inc. earned management fees from the Medical Benefit Trust, Pension, and HWCIT totaling $1,477,200 and $1,477,200, respectively.

6. Horsemen's Bookkeeper Account

At each race meeting conducted in the State of Louisiana, there shall be a bookkeeper for the collection, disbursement, and investment of monies belonging to horsemen licensed and racing at such a race meeting, who shall be known as the Horsemen's Bookkeeper.

The Horsemen's Bookkeeper shall be bonded, selected, and employed by LAHBPA 1993, Inc.

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 LAHBPA 1993, Inc., withdrawals are limited to 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 pony lead fees.

7. Commitments and Contingencies

Insurance Management Agreement

HIA has an appointed insurance manager located in Grand Cayman. HIA's management agreement with the insurance manager stipulates the terms and conditions under which the insurance manager is to conduct business on behalf of HIA. HIA's management agreement includes a $35,000 payable to the insurance manager.

Letters of Credit

Letters of credit of $577,285 and $577,285 as of December 31, 2020 and 2019, respectively, were issued by HIA's banker in favor of the Ceding insurer to secure HIA's liabilities under the reinsurance assumed. The letters of credit were secured by a guarantee from LAHBPA 1993, Inc.

8. Concentration of Credit Risk

LAHBPA 1993, Inc. receives virtually all of its support as a result of the horse racing industry. Management fee income earned from related entities (See Note 4) represents approximately 54% and 41% of its total revenues earned during the years ended December 31, 2020 and 2019, respectively. Management does not foresee any unfavorable impact as a result of these concentrations.

LAHBPA 1993, Inc. maintains its cash and cash equivalent balances in several financial institutions. Custodial credit risk is the risk that in the event of a bank failure, LAHBPA 1993, Inc.'s deposits may not be returned to them. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2020 and 2019, LAHBPA 1993, Inc.'s cash exceeded federally insured limits by $2,615,366 and $2,327,588, respectively.

9. Other Income

A lawsuit with a third party resulted in final settlement of $289,470 received in May 2019 and recorded in other income.

10. Outbreak of COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in the local area and around the world. LAHBPA 1993, Inc. is uncertain how long these conditions will last and what the complete financial effect will be.

Horse racing in Louisiana resumed at three of the four tracks in June 2020. The fourth track resumed racing in November 2020.

11. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 28, 2021, and determined that other than the matters regarding the continuing impact of the outbreak of COVID-19 described in Note 10, the following items require additional disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

On February 10, 2021, LAHBPA 1993, Inc. received a Paycheck Protection Program loan in the amount of $291,567. This loan is potentially forgivable if LAHBPA 1993, Inc. meets certain criteria. The loan has an interest rate of 1% and is due five years from the date of origination. The Paycheck Protection Program loan does not require any collateral or personal guarantees associated with this loan.

SUPPLEMENTARY INFORMATION

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION
1993, INC AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

	LAHBPA 1993 Inc.	HAH	HIA	Eliminations	Consolidated Total
ASSETS					
Cash and cash equivalents	$ 1,200,417	$ 36,153	$ -	$ -	$ 1,236,570
Claims escrow funds	-	-	136,735	-	136,735
Fees receivable - workers' compensation program	102,211	-	-	-	102,211
Accounts receivable - worker's comp premiums	91,171	-	-	-	91,171
Premium receivable	82,125	-	-	-	82,125
Prepaid expenses	92,101	-	7	-	92,108
Restricted cash - worker's compensation	2,207,424	-	103,514	-	2,310,938
Due from related parties	20,920	-	-	(20,670)	250
Property and equipment, net	146,910	-	-	-	146,910
Investment in subsidiary	200,152	184,669	-	(384,821)	-
TOTAL ASSETS	$ 4,143,431	$ 220,822	$ 240,256	$ (405,491)	$ 4,199,018

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES					
Accounts payable and accrued expenses	$ 81,570	$ -	$ 55,587	$ -	$ 137,157
Unearned premiums - workers' compensation	242,794	-	-	-	242,794
Note payable - SBA	317,100	-	-	-	317,100
Due to related parties	1,059,998	20,670	-	(20,670)	1,059,998
Total liabilities	1,701,462	20,670	55,587	(20,670)	1,757,049
NET ASSETS					
Unrestricted	2,441,969	-	-	-	2,441,969
Retained earnings (accumulated deficit)	-	(384,848)	(2,346,117)	2,730,965	-
Additional paid-in capital	-	585,000	2,528,786	(3,113,786)	-
Common stock	-	-	2,000	(2,000)	-
Total net assets	2,441,969	200,152	184,669	(384,821)	2,441,969
TOTAL LIABILITIES AND NET ASSETS	$ 4,143,431	$ 220,822	$ 240,256	$ (405,491)	$ 4,199,018

See accompanying independent auditors' report

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION
1993, INC AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

	LAHBPA 1993 Inc.	HAH	HIA	Eliminations	Consolidated Total
ASSETS					
Cash and cash equivalents	$ 1,150,693	$ 45,464	$ -	$ -	$ 1,196,157
Claims escrow funds	-	-	144,571	-	144,571
Fees receivable - workers' compensation program	92,859	-	-	-	92,859
Accounts receivable - worker's comp premiums	108,028	-	-	-	108,028
Premium receivable	83,532	-	-	-	83,532
Prepaid expenses	108,217	-	171	-	108,388
Restricted cash - worker's compensation	1,925,167	-	103,810	-	2,028,977
Due from related parties	23,263	-	-	(20,394)	2,869
Property and equipment, net	135,892	-	-	-	135,892
Investment in subsidiary	254,827	229,757	-	(484,584)	-
TOTAL ASSETS	$ 3,882,478	$ 275,221	$ 248,552	$ (504,978)	$ 3,901,273

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES					
Accounts payable and accrued expenses	$ 98,149	$ -	$ 18,795	$ -	$ 116,944
Unearned premiums - workers' compensation	255,313	-	-	-	255,313
Due to related parties	1,084,390	20,394	-	(20,394)	1,084,390
Total liabilities	1,437,852	20,394	18,795	(20,394)	1,456,647
NET ASSETS					
Unrestricted	2,444,626	-	-	-	2,444,626
Retained earnings (accumulated deficit)	-	(330,173)	(2,292,029)	2,622,202	-
Additional paid-in capital	-	585,000	2,519,786	(3,104,786)	-
Common stock	-	-	2,000	(2,000)	-
Total net assets	2,444,626	254,827	229,757	(484,584)	2,444,626
TOTAL LIABILITIES AND NET ASSETS	$ 3,882,478	$ 275,221	$ 248,552	$ (504,978)	$ 3,901,273

See accompanying independent auditors' report

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION
1993, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	LAHBPA 1993 Inc.	HAH	HIA	Eliminations	Consolidated Total
REVENUES AND OTHER SUPPORT					
Workers' compensation premiums	$ 432,393	$ -	$ -	$ -	$ 432,393
Management fee income	1,477,200	-	-	-	1,477,200
Underwriting gain	-	-	-	-	-
Pony lead fees	494,950	-	-	-	494,950
Investment income - Horsemen's Bookkeeper	249,949	-	-	-	249,949
Jockey payroll and NSF fees	52,434	-	-	-	52,434
Investment return	2,704	-	520	-	3,224
Other income	746	-	-	-	746
Gain (loss) from subsidiary	(54,675)	(54,088)	-	108,763	-
Total revenues and other support	2,655,701	(54,088)	520	108,763	2,710,896
EXPENSES					
Program expenses	2,576,641	-	8,487	-	2,585,128
Management and general	81,717	587	46,121	-	128,425
Total expenses	2,658,358	587	54,608	-	2,713,553
CHANGE IN NET ASSETS	(2,657)	(54,675)	(54,088)	108,763	(2,657)
NET ASSETS, BEGINNING OF THE YEAR	2,444,626	254,827	229,757	(484,584)	2,444,626
NET ASSET CONTRIBUTIONS (DISTRIBUTIONS, NET)	-	-	9,000	(9,000)	-
NET ASSETS, END OF THE YEAR	$ 2,441,969	$ 200,152	$ 184,669	$ (384,821)	$ 2,441,969

See accompanying independent auditors' report

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION
1993, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	LAHBPA 1993 Inc.	HAH	HIA	Eliminations	Consolidated Total
REVENUES AND OTHER SUPPORT					
Workers' compensation premiums	$ 542,157	$ -	$ -	$ -	$ 542,157
Management fee income	1,477,200	-	-	-	1,477,200
Underwriting gain	-	-	81,613	-	81,613
Pony lead fees	631,199	-	-	-	631,199
Investment income - Horsemen's Bookkeeper	299,336		-	-	299,336
Jockey payroll and NSF fees	70,370		-	-	70,370
Investment return	96,093	7	5,311	-	101,411
Other income	295,531		-	-	295,531
Gain (loss) from subsidiary	25,437	25,707	-	(51,144)	-
Total revenues and other support	3,437,323	25,714	86,924	(51,144)	3,498,817
EXPENSES					
Program expenses	2,752,446	-	29	-	2,752,475
Management and general	85,139	277	61,188	-	146,604
Total expenses	2,837,585	277	61,217	-	2,899,079
CHANGE IN NET ASSETS	599,738	25,437	25,707	(51,144)	599,738
NET ASSETS, BEGINNING OF THE YEAR	1,844,888	208,390	183,050	(391,440)	1,844,888
NET ASSET CONTRIBUTIONS (DISTRIBUTIONS, NET)	-	21,000	21,000	(42,000)	-
NET ASSETS, END OF THE YEAR	$ 2,444,626	$ 254,827	$ 229,757	$ (484,584)	$ 2,444,626

See accompanying independent auditors' report

LOUISIANA HORSEMEN'S BENEVOLENT AND PROTECTIVE ASSOCIATION
1993, INC. AND SUBSIDIARIES
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2020

Agency Head Name: Edwin Fenasci, Executive Director

Purpose	Amount
Salary	$ 128,048
Benefits - insurance	7,841
Meals and Parking	25
Registration fees	-
Conference travel	121
	$ 136,035

The Executive Director of LAHBPA 1993, Inc. is the individual responsible for and monitors all activities of the LAHBPA 1993, Inc. and its subsidiaries and its related organizations. This schedule reflects the compensation, benefits, and other payments made to the Executive Director by LAHBPA 1993 Inc.

See independent auditor's report.

OTHER REPORT

RICHARD CPAS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINCANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Trustees
Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.
New Orleans, Louisiana

We have audited, in accordance with the 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, the financial statements of Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.(LAHBPA 1993, Inc.), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of LAHBPA 1993, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Horsemen's Benevolent and Protective Association 1993, Inc.'s financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those 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 or other matter that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LAHBPA 1993, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LAHBPA 1993, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richard CPAS

Metairie, Louisiana
June 28, 2021