

AUDUBON COMMISSION

Audits of Financial Statements

December 31, 2014 and 2013



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Independent Auditor's Report

To the Board of Directors of
Audubon Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the Audubon Commission (the Commission), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of December 31, 2014 and 2013, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 4 through 11, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The combining schedule of revenues, expenses and changes in net position is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenses and changes in net position is fairly stated, in all material respects, in relation to the basic 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 April 30, 2015, on our consideration of the Commission'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 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA
April 30, 2015

AUDUBON COMMISSION

Management's Discussion and Analysis

The discussion and analysis of the Audubon Commission's (the Commission) financial performance provides an overall review of the Commission's financial activities for the years ended December 31, 2014 and 2013. It should be read in conjunction with the financial statements in this report.

Overview of Financial Statements

This annual report consists of six components - Independent Auditor's Report, Management's Discussion and Analysis (this section), Financial Statements, OMB Circular A-133, Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, and Additional Information.

The *Financial Statements* of the Commission present the financial position of the Commission, the results of its operations and its cash flows. The *Financial Statements* are prepared on the accrual basis of accounting.

The *Statements of Net Position* includes all of the Commission's assets and liabilities and provides information about the Commission's investments in resources (assets) and its obligations to creditors (liabilities). It also provides information on the capital structure, liquidity and financial flexibility of the Commission.

The *Statements of Revenues, Expenses and Changes in Net Position* reports on the current year's performance of the Commission's operations.

The *Statements of Cash Flows* provides information on the Commission's cash from operations and capital and related financing activities.

The *Notes to Financial Statements* provide information that is essential in order to gain a full understanding of the data in the basic financial statements.

The *Additional Information* section provides information on the Combining Schedule of Revenues, Expenses and Changes in Net Position.

Financial Highlights

Net position increased by \$11,493,537, or 13.1%, in 2014. In 2013, net position increased by \$3,904,901, or 4.7%.

Additions to capital assets totaled \$16,618,692 in 2014 and \$12,686,447 in 2013, respectively.

AUDUBON COMMISSION

Management's Discussion and Analysis

Operating Facilities Net Results for the Year Ended December 31, 2014 with Prior Years and Budget Comparisons

(in thousands)	Actual 2014	Actual 2013	Actual 2012	Budget 2014	Budget 2013
Aquarium and Riverfront Park	\$ 5,533	\$ 5,485	\$ 4,159	\$ 4,762	\$ 4,291
Zoo and Park & Golf Course	(4,343)	(3,697)	(2,907)	(3,502)	(3,209)
Insectarium	17	(276)	(447)	(151)	(346)
Species Survival Center/Research Center	(677)	(801)	(509)	(644)	(507)
Total Operations *	530	711	296	\$ 465	\$ 229
Net Capital Income and Expense	10,964	3,194	(666)		
Change in Net Position	\$ 11,494	\$ 3,905	\$ (370)		

*Excludes capital revenues and expenditures and the depreciation associated with buildings and fixed exhibitory.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	Year Ended December 31			Change 2013 to 2014	Change 2012 to 2013
	2014	2013	2012		
Operating Revenues	\$ 39,960,939	\$ 39,891,928	\$ 38,427,486	\$ 69,011	\$ 1,464,442
Operating Expenses (1)	55,940,483	56,131,067	52,578,219	(190,584)	3,552,848
Operating Loss	(15,979,544)	(16,239,139)	(14,150,733)	259,595	(2,088,406)
Nonoperating Revenues, Net	27,473,081	20,144,040	13,780,287	7,329,041	6,363,753
Change in Net Position	11,493,537	3,904,901	(370,446)	7,588,636	4,275,347
Beginning Net Position (1)	87,869,231	83,964,330	84,334,776	3,904,901	(370,446)
Ending Net Position	\$ 99,362,768	\$ 87,869,231	\$ 83,964,330	\$ 11,493,537	\$ 3,904,901

(1) Restated for implementation of GASB 65 as of and for the year ended December 31, 2012.

AUDUBON COMMISSION

Management's Discussion and Analysis

Comments on Condensed Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues

Operating revenues increased by \$69,011 and \$1,464,442 in 2014 and 2013, respectively. Operations in 2014 remained relatively consistent with 2013 with no increases in admission or membership prices. The increase in 2013 was mainly due to private events revenue of \$665,740 and membership revenue of \$551,012.

Included in the 2014 operating revenues of \$39,960,939 are admissions revenues of \$15,281,809.

Operating Expenses

In 2014, there was a slight decrease of \$55,429 in contractual services, materials, supplies and other expenses due to cost monitoring measures.

Salaries and benefits also remained consistent in 2014 with a slight decrease of \$197,611 due to overall consistency in operations.

Non-Operating Revenues

Other non-operating revenues increased due to FEMA proceeds of \$2,100,900 and insurance proceeds of \$1,021,100.

Dedicated tax revenues increased by \$292,597 and \$643,793 in 2014 and 2013, respectively.

Net Capital Assets

	Aquarium and Riverfront Park	Insectarium	Zoo and Park	Golf Course	Species Survival Center/ Research Center	Audubon Nature Center	Total
Balance December 31, 2012	\$ 40,988,658	\$ 19,416,296	\$ 46,575,389	\$ 8,938,940	\$ 13,226,650	\$ 59,439	\$ 129,205,372
Additions	4,780,089	183,845	6,671,042	38,392	656,916	356,163	12,686,447
Depreciation/Disposals	(3,142,102)	(1,339,283)	(2,904,445)	(453,591)	(742,460)	-	(8,581,881)
Balance December 31, 2013	42,626,645	18,260,858	50,341,986	8,523,741	13,141,106	415,602	133,309,938
Additions	4,706,012	54,460	10,985,348	417,221	228,571	227,080	16,618,692
Depreciation/Disposals	(3,173,484)	(1,333,416)	(2,953,257)	(456,349)	(737,467)	-	(8,653,973)
Balance December 31, 2014	\$ 44,159,173	\$ 16,981,902	\$ 58,374,077	\$ 8,484,613	\$ 12,632,210	\$ 642,682	\$ 141,274,657

AUDUBON COMMISSION

Management's Discussion and Analysis

Condensed Statement of Net Position

	2014	2013	2012	Change 2013 to 2014	Change 2012 to 2013
Assets					
Cash and Temporary Investments	\$ 1,225,931	\$ 2,152,962	\$ 1,424,306	\$ (927,031)	\$ 728,656
Accounts Receivable, Net	239,123	342,389	87,777	(103,266)	254,612
Grants Receivable	-	590,542	660,272	(590,542)	(69,730)
Inventory	1,338,321	1,366,743	1,435,303	(28,422)	(68,560)
Prepaid Expenses	1,274,339	1,277,682	1,033,823	(3,343)	243,859
Restricted Assets	4,889,235	3,347,621	4,714,900	1,541,614	(1,367,279)
Nondepreciable Capital Assets	19,162,666	9,729,227	4,876,183	9,433,439	4,853,044
Depreciable Capital Assets, Net	122,111,991	123,580,711	124,329,189	(1,468,720)	(748,478)
Other Assets, Nonrestricted (1)	8,336,826	8,717,443	9,099,672	(380,617)	(382,229)
Total Assets	158,578,432	151,105,320	147,661,425	7,473,112	3,443,895
Deferred Outflows of Resources	379,166	480,277	697,553	(101,111)	(217,276)
Total Assets and Deferred Outflows of Resources	\$ 158,957,598	\$ 151,585,597	\$ 148,358,978	\$ 7,372,001	\$ 3,226,619
Liabilities					
Nonrestricted Current Liabilities	\$ 7,122,162	\$ 6,085,037	\$ 6,009,078	\$ 1,037,125	\$ 75,959
Payables from Restricted Assets	10,135,421	8,337,180	7,332,430	1,798,241	1,004,750
Noncurrent Liabilities	42,337,247	49,294,149	51,053,140	(6,956,902)	(1,758,991)
Total Liabilities	59,594,830	63,716,366	64,394,648	(4,121,536)	(678,282)
Net Position					
Net Investment in Capital Assets (1)	100,372,787	88,632,924	82,613,165	11,739,863	6,019,759
Unrestricted	(1,010,019)	(763,693)	1,351,165	(246,326)	(2,114,858)
Total Net Position	99,362,768	87,869,231	83,964,330	11,493,537	3,904,901
Total Liabilities and Net Position	\$ 158,957,598	\$ 151,585,597	\$ 148,358,978	\$ 7,372,001	\$ 3,226,619

(1) Restated for implementation of GASB 65 as of December 31, 2012.

Comments on Condensed Statement of Net Position

Net capital assets increase of \$7,964,719 in 2014 was due to capital asset additions of \$16,618,692 offset by depreciation and disposals of \$8,653,973.

Noncurrent liabilities decreased by \$6,956,902 and \$1,758,991 in 2014 and 2013, respectively. The overall net decrease in 2014 is due to debt service payments on bonds and a reduction in the amount owed to the Institute by the Commission in accordance with the terms of the Agreement between those two parties.

AUDUBON COMMISSION

Management's Discussion and Analysis

Condensed Statement of Cash Flows

	2014	2013	2012	Change 2013 to 2014	Change 2012 to 2013
Net Cash Used in Operating Activities	\$ (8,124,758)	\$ (4,924,199)	\$ (7,561,687)	\$ (3,200,559)	\$ 2,637,488
Net Cash Provided by Capital and Related Financing Activities	7,197,727	5,652,855	7,123,242	1,544,872	(1,470,387)
Net (Decrease) Increase in Cash and Temporary Investments	(927,031)	728,656	(438,445)	(1,655,687)	1,167,101
Cash and Temporary Investments Beginning of Year	2,152,962	1,424,306	1,862,751	728,656	(438,445)
End of Year	\$ 1,225,931	\$ 2,152,962	\$ 1,424,306	\$ (927,031)	\$ 728,656

Comments on Condensed Statement of Cash Flows

Cash used in operating activities increased in 2014 compared to 2013 due to an increase in liabilities being paid prior to year end, as seen in the reduction of liabilities.

Cash provided by capital and related financing activities of \$7,197,727 in 2014 was \$1,544,872 more than 2013. This increase was mainly due to an increase in payments for capital projects which was partly off-set by an increase in intergovernmental and other grants for capital projects, FEMA reimbursements and insurance proceeds.

In 2014, there was an overall decrease in cash and temporary investments of \$927,031.

General Overview

2014 was marked by many successes for Audubon. With an eye on the future, Audubon remained committed to providing outstanding guest experiences, educational opportunities, and developing partnerships to protect the wonders of nature. The combined attendance at the Zoo, Aquarium, IMAX®, and Butterfly Garden and Insectarium totaled **1,940,000** visitors, up 2% from 2013. Revenue from admissions totaled approximately **\$15,280,000**, an increase of 2% from 2013. Audubon looks to the future with optimism, ready to embark on new adventures and meet the challenges ahead.

- Audubon Aquarium of the Americas premiered the **Maya Dive Experience**, a new *Wild Encounter* in which adventurous guests can explore the inside of the Great Maya Reef exhibit. Divers get up close and personal with colorful fish of the Great Maya Reef and get a taste of the second largest barrier reef in the world without flying to Central America. They can dive below or snorkel above swirling schools of yellow tail snapper and French grunts, all while getting wet and waving to their friends and family from inside the 130,000-gallon exhibit.

AUDUBON COMMISSION

Management's Discussion and Analysis

- In July of 2014, **Audubon Aquatic Center** staff released a rehabilitated alligator snapping turtle into the Mandalay National Wildlife Refuge in Houma after caring for it since 2012, when it was found injured in the middle of Tchoupitoulas Street. In December of 2014, the Audubon Aquatic Center took in 27 cold-stunned Kemp's ridley sea turtles for care by Audubon's **Louisiana Marine Mammal and Sea Turtle Rescue Program**. Kemp's ridley sea turtles are among the most endangered of the sea turtles. These 27 turtles were originally rescued by the New England Aquarium and were among the over 1,000 sea turtles affected by a massive cold-stunning event along the New England coast.
- In March of 2014, Audubon Aquarium of the Americas again received **accreditation by the Association of Zoos and Aquariums (AZA)**. The Aquarium underwent a thorough review to ensure it has and will continue to meet ever-rising standards, which include animal care, veterinary programs, conservation, education, and safety. AZA requires zoos and aquariums to successfully complete this rigorous accreditation process every five years in order to be members of the Association.
- Audubon Nature Institute launched **Audubon Park Conservancy**, a new effort to raise much-needed annual funds to support the daily care and operation of Audubon Park.
- Audubon Zoo reopened **Cool Zoo** in April 2014 for a fourth season. This wild and wet splash park continues to be a summer hit for families looking to escape the heat. Construction was underway on Gator Run, a new lazy river attraction.
- In January of 2014, Audubon launched the restoration of **Audubon Louisiana Nature Center**, a project that will reestablish the eastern New Orleans attraction as a treasured green space for family recreation and environmental education. In August 2005, the Nature Center's forests were severely damaged and its interpretive spaces were destroyed by Hurricane Katrina. The Nature Center has remained closed since the storm as Audubon's leadership met with representatives of FEMA, the United States Army Corps of Engineers, city and state government and community leaders to plan the facility's redevelopment. By year end, flood-damaged buildings were demolished, the FEMA environmental assessment was completed, and bid drawings for the construction of a new interpretive center, planetarium and boardwalks were completed.
- **Entergy IMAX® Theatre** brought excitement to the theater's gigantic 5 1/2-story screen with a mix of educational and blockbuster films during the year including *Kenya 3D: Animal Kingdom*, *Island of Lemurs: Madagascar 3D*, *Great White Shark 3D*, and *Interstellar*.
- **Audubon Membership** remained strong in 2014, with revenue totaling \$5,065,000. Members accounted for 28% of visitation at Audubon Aquarium of the Americas; 35% at Audubon Zoo; 12% at Entergy IMAX® Theater; and 26% at Audubon Butterfly Garden and Insectarium. Overall member attendance across all facilities saw a 2% increase compared to 2013.

AUDUBON COMMISSION

Management's Discussion and Analysis

New Arrivals and Programs

- Audubon Butterfly Garden and Insectarium added blue death-feigning beetles, Madagascar hissing cockroaches, Atlas moths, and **two new exhibits to Boudreaux's Bait Shop**—one called "Frogs" and one called "Toads."
- The number of **colobus monkeys** at Audubon Zoo rose to three in April of 2014 with the birth of a female named Habari (which means "Hello" in Swahili). Habari joined her parents, Kavuli and Mandeesa on exhibit in the World of Primates.
- Audubon Zoo's Reptile Department celebrated the hatching of a pair of **critically endangered false gharials**—the first false gharial births at Audubon, and the first births in captivity in the U.S. since 2009.
- The Zoo also welcomed a new addition to its **southern white rhinoceros** herd. It is hoped that Bonnie, the 15-year-old female, will breed with Saba, the herd's male.
- Huey and Roux, two **California sea lion pups**, joined the Audubon Zoo family in February of 2014 after being rescued by the Pacific Marine Mammal Center in 2013.
- Caroline, a three-year-old **sand tiger shark** from the North Carolina Aquarium at Fort Fisher, made a splash when she arrived at Audubon Aquarium of the Americas in November of 2014.
- **Dwarf cuttlefish** were also added to Audubon Aquarium of the Americas Living in Water exhibit. Despite their name, cuttlefish are not actually fish—they are cephalopods. Cephalopods are not only known as the "chameleons of the sea," but also are considered one of the ocean's most intelligent creatures and an important example of advanced cognitive evolution in animals.
- In 2014, Audubon invited the community to experience our attractions in a whole new way, through an array of **newly-introduced education programs** offering one-of-a-kind learning adventures for the entire family. The new programs included *Home School Mondays*, *Zoo School*, *Aqua School*, *Zoo Wild Walks!*, *Aquarium Wild Walks!*, *Twilight Treks for Teens*, *Stroller Safari*, and *Safari After Dark*. Education programs were also introduced to Audubon Wilderness Park in Lower Coast Algiers, which is open to the public seasonally on weekdays.
- During National Seafood Month in October of 2014, Audubon announced the formation of a Chef Council to promote local, sustainable seafood harvested from U.S. fisheries of the Gulf of Mexico. Spearheaded by Tenney Flynn, Executive Chef/Co-Owner of New Orleans restaurant GW Fins, the **Chef Council partners with Audubon Nature Institute's Gulf United for Lasting Fisheries (G.U.L.F.)** to act as a voice for promoting local, sustainable seafood.
- Audubon Zoo opened an all-new petting zoo, called **Watoto Walk**, in December of 2014. "Watoto" is Swahili for "children." The 3,000-square-foot enclosure is home to Gulf Coast sheep, St. Croix sheep, Nigerian dwarf goats and domestic goats. It is designed to resemble a Masai village from the plains of Kenya or Tanzania and offers an open area where kids can interact with the free-roaming goats and sheep.
- Audubon has continued to strengthen social media initiatives, adding fans, friends, and followers every day. At year end, our social media network included more than 164,200 **Facebook** friends, 14,200 **Twitter** followers, 2,600 **Instagram** followers, and over 96,700 email subscribers.

AUDUBON COMMISSION

Management's Discussion and Analysis

Economic Factors and Next Year's Budget

The 2015 operating budget is substantially comparable to the 2014 operating budget, which reflects management's intent and expectations that operations will remain consistent. Some of the capital projects underway at the end of 2014 will be completed in 2015. The impact of these improvements on operating revenues and expenses is reflected in the 2015 budget.

Contacting the Commission

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Commission's finances. If you have any questions about this report or need additional financial information, please contact the President of the Commission, 6500 Magazine Street, New Orleans, LA 70118.

AUDUBON COMMISSION
Statements of Net Position
December 31, 2014 and 2013

	2014	2013
Assets and Deferred Outflows of Resources		
Unrestricted Current Assets		
Cash and Temporary Investments	\$ 1,225,931	\$ 2,152,962
Grants Receivable	-	590,542
Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$45,562 in 2014 and \$55,262 in 2013	239,123	342,389
Inventory	1,338,321	1,366,743
Prepaid Expenses	1,274,339	1,277,682
Total Unrestricted Current Assets	4,077,714	5,730,318
Current Restricted Assets		
Restricted for Capital Projects	425,275	1,790,896
Debt Service and Bond Reserve Investments	307,088	307,088
Receivables for Capital Improvements	4,156,872	1,249,637
Total Restricted Current Assets	4,889,235	3,347,621
Total Current Assets	8,966,949	9,077,939
Noncurrent Assets		
Capital Assets		
Land	800,000	800,000
Buildings and Fixed Exhibitory	233,078,315	227,099,867
Equipment	22,745,265	21,917,403
Construction in Progress	18,362,666	8,929,227
Less: Accumulated Depreciation	(133,711,589)	(125,436,559)
Net Capital Assets	141,274,657	133,309,938
Other Assets		
Prepaid Rent - Dock Board	8,336,826	8,452,615
Film Cost - Net of Accumulated Amortization	-	264,828
Total Other Assets	8,336,826	8,717,443
Total Assets	158,578,432	151,105,320
Deferred Outflows of Resources	379,166	480,277
Total Assets and Deferred Outflows of Resources	\$ 158,957,598	\$ 151,585,597

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

AUDUBON COMMISSION
Statements of Net Position (Continued)
December 31, 2014 and 2013

	2014	2013
Current Liabilities Payable from Unrestricted Assets		
Accounts Payable and Other Accrued Liabilities	\$ 6,928,413	\$ 5,954,717
Capital Lease Obligations	193,749	130,320
Total Current Liabilities Payable from Unrestricted Assets	7,122,162	6,085,037
Current Liabilities Payable from Restricted Assets		
Accrued Interest	1,745,099	1,267,855
Limited Tax Bonds, Current Portion	3,145,000	3,030,000
Gulf Opportunity Zone Loan, Current Portion	2,032,383	1,118,172
Construction Payables	3,212,939	2,921,153
Total Current Liabilities Payable from Restricted Assets	10,135,421	8,337,180
Total Current Liabilities	17,257,583	14,422,217
Noncurrent Liabilities		
Accrued Interest	577,815	743,569
Limited Tax Bonds	21,411,523	24,786,378
Gulf Opportunity Zone Loan	13,337,780	14,251,991
Due to Audubon Nature Institute	6,496,144	9,256,734
Capital Lease Obligations	513,985	255,477
Total Noncurrent Liabilities	42,337,247	49,294,149
Total Liabilities	59,594,830	63,716,366
Net Position		
Net Investment in Capital Assets	100,372,787	88,632,924
Unrestricted	(1,010,019)	(763,693)
Total Net Position	99,362,768	87,869,231
Total	\$ 158,957,598	\$ 151,585,597

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

AUDUBON COMMISSION
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
Operating Revenues		
Charges for Services	\$ 38,802,754	\$ 38,827,891
Other Revenues	1,158,185	1,064,037
Total Operating Revenues	39,960,939	39,891,928
Operating Expenses		
Salaries and Benefits	24,626,126	24,823,737
Contractual Services, Materials, Supplies and Other	22,282,458	22,337,887
Depreciation and Amortization	9,031,899	8,969,443
Total Operating Expenses	55,940,483	56,131,067
Operating Loss	(15,979,544)	(16,239,139)
Nonoperating Revenues (Expenses)		
Grants for Capital Projects, Education and Operating Support from Audubon Nature Institute	3,916,053	4,588,318
Dedicated Tax Revenues	9,573,910	9,281,313
Intergovernmental Grants	9,352,391	6,684,832
Contributions to Facilities managed by Audubon Nature Institute	4,426,080	1,398,613
Other Revenue	3,122,000	1,119,112
Interest Income	-	1,287
Interest Expense	(1,583,226)	(1,896,602)
Grant Expenses	(1,319,620)	(1,011,030)
Amortization - Debt Costs	(14,507)	(21,803)
Total Nonoperating Revenues, Net	27,473,081	20,144,040
Change in Net Position	11,493,537	3,904,901
Net Position, Beginning of Year	87,869,231	83,964,330
Net Position, End of Year	\$ 99,362,768	\$ 87,869,231

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

AUDUBON COMMISSION
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 40,654,747	\$ 39,707,047
Cash Paid to or on Behalf of Employees	(24,523,666)	(24,729,300)
Cash Paid for Supplies and Services	(24,255,839)	(19,901,946)
Net Cash Used in Operating Activities	(8,124,758)	(4,924,199)
Cash Flows from Capital and Related Financing Activities		
Grants for Capital Projects, Education and Operating Support	3,916,053	4,588,318
Payments for Design, Construction and Equipment Purchases	(15,843,446)	(11,695,537)
(Increase) Decrease in Restricted Assets	(1,541,614)	1,367,278
Decrease in Liabilities Payable from Restricted Assets	(229,855)	(279,992)
Dedicated Tax Revenues	9,573,910	9,281,313
Interest Paid	(1,170,625)	(1,925,666)
Payment of Bond Principal	(3,030,000)	(3,829,090)
Payment of Capital Lease Obligations	(158,842)	(140,566)
Contributions to Support Facilities Managed by Audubon Nature Institute	4,426,080	1,398,613
Interest Income	-	1,287
Intergovernmental and Other Grants	9,352,391	6,684,832
Grant Expenses	(1,319,620)	(1,011,030)
Cash Received from FEMA Reimbursements	2,100,900	556,941
Cash Received from Insurance Proceeds	1,021,100	562,171
Other	101,295	93,983
Net Cash Provided by Capital and Related Financing Activities	7,197,727	5,652,855
Net (Decrease) Increase in Cash and Temporary Investments	(927,031)	728,656
Cash and Temporary Investments, Beginning of Year	2,152,962	1,424,306
Cash and Temporary Investments, End of Year	\$ 1,225,931	\$ 2,152,962
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	\$ (15,979,544)	\$ (16,239,139)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation and Amortization	9,031,899	8,969,443
Decrease (Increase) in Accounts Receivable and Other Current Assets	609,784	(475,970)
(Decrease) Increase in Accounts Payable and Other Current Liabilities	(1,786,897)	2,821,467
Net Cash Used in Operating Activities	\$ (8,124,758)	\$ (4,924,199)
Noncash Items		
Purchase of Equipment through Capital Lease	\$ 480,770	\$ -
Purchases for Design, Construction and Equipment in Accounts Payable and Other Current Liabilities	\$ 3,212,939	\$ 2,921,153

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

AUDUBON COMMISSION

Notes to Financial Statements

Note 1. Organization

General Information

Audubon Park is located on a 400-acre tract within the City of New Orleans (the City) that includes the Audubon Zoo, trails for jogging, biking, and horseback riding, an 18-hole golf course and numerous athletic fields. Act 83 passed by the Louisiana Legislature (the Legislature) in 1871 authorized the Board of Park Commissioners to acquire the land which is now known as Audubon Park. In 1914, the Legislature passed Act 191 which created a Commission to be entrusted with the management and control of Audubon Park. Act 191, as amended, is the current authority for the present Audubon Park Commission which is composed of 24 members who are appointed by the Mayor of the City with the approval of the City Council. Each member serves a six-year term, with four members' terms expiring each year. On January 1, 1996, the Commission's name was changed from Audubon Park Commission to Audubon Commission (the Commission) effective with the City's adoption of amendments to its Home Rule Charter.

On November 4, 1986, City voters approved the levy of a three and four-fifths (3-4/5) mills property tax to finance the construction and certain operating expenses of the Audubon Aquarium of the Americas (the Aquarium). The vote was taken pursuant to Act 309, passed by the Legislature earlier in 1986, which provided that the Commission would develop, construct and operate the Aquarium, and authorized the City to levy and collect the aforementioned ad valorem tax, subject to voter approval, on behalf of the Commission. The City acts through the Commission in the issuance of bonds authorized by Act 309, and through the Board of Liquidation, City Debt, in the sale of its bonds. Construction of the Aquarium of the Americas and Woldenberg Riverfront Park was begun in 1987 and the bonds (Audubon Park Commission Aquarium Bonds, Series 1988 - \$25,000,000) were issued in 1988. Construction was completed and the Aquarium was opened to the public in September 1990. Phase II of the Aquarium was completed in 1995.

On June 1, 1990, the Commission and the City entered into an agreement for the construction and operation of the Audubon Wilderness Park and the Freeport McMoRan Audubon Species Survival Center on approximately 64 acres of property owned by the City. The agreement requires an annual payment to the City's General Fund of one dollar (\$1.00) per year for a period of fifty (50) years that terminates on February 28, 2040. The Audubon Center for Research of Endangered Species is located adjacent to the Species Survival Center on 986 acres of United States Coast Guard (Coast Guard) property. The Coast Guard granted the Commission a 25 year land use license with a 25 year renewal option that was executed on July 1, 2010. The term of such license is to commence on the 1st day of June 2015 and end on the 31st day of May 2040 inclusive, with an option for renewal for 25 additional years thereafter. Improvements completed on this site by the Commission include a 36,000 square-foot research laboratory.

AUDUBON COMMISSION

Notes to Financial Statements

Note 1. Organization (Continued)

General Information (Continued)

Effective October 1, 1994, the Commission received assignment of a facility lease by the Society for Environmental Education (as lessee) with the City (as lessor). The Society for Environmental Education operates as the Audubon Louisiana Nature Center.

The Audubon Insectarium opened in the summer of 2008 and is located in the Customs House building in New Orleans.

Audubon Nature Institute, Inc. (the Institute) is a nonprofit organization incorporated October 31, 1975, exclusively for educational purposes, including for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code. Pursuant to a Management and Cooperative Endeavor Agreement (Agreement) between the Institute and the Commission, the Institute operates and manages the Audubon Facilities, as defined below, for the benefit of the Audubon Commission (Commission), an independent agency of the City of New Orleans.

As described above, the Commission owns, controls and manages various facilities in the State of Louisiana in fulfillment of its goals, purposes and objectives, including, but not limited to Audubon Park, the Audubon Zoo, the Aquarium of the Americas, Woldenberg Riverfront Park, the Entergy IMAX Theatre, the Freeport McMoRan Audubon Species Survival Center, the Audubon Center for Research of Endangered Species, the Audubon Louisiana Nature Center, Audubon Wilderness Park and the Audubon Insectarium, collectively the Audubon Facilities as referred to above.

Per the Agreement, the Commission shall pay for the cost and operation of the Audubon Facilities, with the Commission reimbursing the Institute for all expenses that it incurs on behalf of the Commission in furtherance of the Agreement.

The Institute employs individuals to operate and maintain the Commission's facilities; however, all operating revenues and expenses, including salary and employee benefits expenses, related to these facilities are recorded in the records of the related facility within the Commission's financial statements.

For its services, the Institute shall earn a management fee of \$50,000, annually, adjusted annually in accordance with the Consumer Price Index. The Agreement currently has a term of fifteen years which terminates in 2028 unless extended by both parties.

The Institute obtains donations, gifts and grants, and conducts fundraising activities in furtherance of its exempt purpose. The revenues and net assets reflected in the Institute's financial statements are the result of these activities. Specific grants to the Commission consist of donations received and grants obtained by the Institute for operating support and capital improvements of the Audubon Facilities discussed above.

AUDUBON COMMISSION

Notes to Financial Statements

Note 1. Organization (Continued)

Impact of Hurricanes

The Commission is insured for an event of this nature and has property damage insurance and business interruption insurance limits of approximately \$75,000,000 for all facilities.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation - Fund Accounting

The proprietary fund is used to account for the Commission's ongoing operations and activities which are similar to those in the private sector. Proprietary funds are accounted for using a flow of economic resource measurement focus under which assets and liabilities associated with the operation of these funds are included in the statements of net position. The statements of revenues, expenses and changes in net position present increases (revenues) and decreases (expenses) in net position. The Commission maintains one proprietary fund type - the enterprise fund.

Use of Estimates

The Commission prepares financial statements in accordance with accounting principles generally accepted in the United States of America. Such principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Basis of Reporting

In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended*, net position is classified into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital position, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets".

AUDUBON COMMISSION

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Restricted Assets

Restricted assets consist primarily of investments maintained in the applicable enterprise fund in accordance with bond indentures. This category is also used to report amounts receivable from public agencies in connection with the funding of capital projects.

Investments

Investments are stated at cost or amortized cost, which does not materially differ from market value.

Inventory

Inventory is stated at the lower of cost, determined by the average cost method, or market.

Capital Assets

Capital assets greater than \$10,000 and a useful life of over one year are recorded at historical cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives (ranging from 20 to 40 years for buildings and fixed exhibitory, and 3 to 20 years for equipment) of the assets. Equipment under capital leases is amortized using the straight-line method over the shorter of the lease term or its useful life. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue or expense for the period. The cost of maintenance and repairs is charged to operations as incurred and significant renewals and betterments are capitalized.

The Commission reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable through future utilization. An impairment change is recognized when the fair value of an asset is less than its carrying value.

Cash and Temporary Investments

The enterprise funds consider all short-term and highly liquid investments with an original maturity of ninety days or less to be temporary investments. Cash and temporary investments at December 31, 2014 and 2013, consisted of unrestricted cash and cash equivalents of \$1,225,931 and \$2,152,962, respectively.

Budgeting

Operating and capital expenditure budgets are adopted by the Commission on a basis consistent with accounting principles generally accepted in the United States. Budget information is utilized for analytical purposes, and the budget process is a key component of the Commission's management control environment.

AUDUBON COMMISSION

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Impact of Recently Issued Accounting Principles

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The provisions of the Statement are effective for periods beginning after June 15, 2014. Management does not anticipate that the adoption of this Statement will have a significant impact on the financial statements of the Commission.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement Application*. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes as well as providing guidance for applying fair value to certain investments and disclosure related to all fair value measurements. The provisions of this Statement are effective for reporting periods beginning after June 15, 2015. Management does not anticipate that the adoption of this Statement will have a significant impact on the financial statements of the Commission.

Note 3. Cash and Temporary Investments

Cash on Deposit

The Commission's deposits at financial institutions at December 31, 2014 and 2013, were \$1,062,611 and \$2,003,842, respectively, (excluding \$163,320 and \$149,120 of cash on hand at December 31, 2014 and 2013, respectively).

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. The Commission does not have a deposit policy for custodial credit risk. As of December 31, 2014 and 2013, no funds were exposed to custodial credit risk.

Restricted Cash and Investments

The carrying and market values of the Commission's cash and investments as of December 31, 2014 and 2013 were \$732,363 and \$2,097,984, respectively. At December 31, 2014 and 2013, the total was comprised of money market accounts and cash. The average return on the deposits approximated 0.01% at December 31, 2014 and 2013. These assets are presented as Restricted for Capital Projects and as Debt Service and Bond Reserve Investments on the Statements of Net Position.

Per GASB authoritative guidance, unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

AUDUBON COMMISSION

Notes to Financial Statements

Note 3. Cash and Temporary Investments (Continued)

Interest Rate Risk

It is not the Commission's policy to limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Commission would not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At December 31, 2014 and 2013, the Commission is not exposed to significant custodial credit risk with respect to its investments because all investments are either insured by Federal Depository Insurance registered in the name of the Commission or collateralized by other investments pledged in the name of the Commission.

Note 4. Other Assets

Prepaid Rent – Dock Board

On April 30, 1992, the Commission, the City and the Board of Commissioners of the Port of New Orleans (the Port) entered into an agreement titled "Riverfront Economic Development Agreement" (the Riverfront Agreement). The Riverfront Agreement included a provision for paying the Port \$11,000,000, which the Commission funded through its Aquarium Revenue Bonds, Series 1992 A.

The \$11,000,000 payment relieves the Commission of all rents and fees associated with the development and occupancy of the Aquarium and its related facilities for the 99 year term of the Riverfront Agreement. This payment is presented as prepaid rent – dock board on the statements of financial position and is being amortized on a straight-line basis over the term of the Riverfront Agreement.

Film Cost

The Commission and a partner began production on an IMAX® film about the Louisiana Wetlands in 2004 and the Commission capitalized its related costs as part of construction in process. On August 29, 2006, the *Hurricane on the Bayou*, IMAX® film was completed and released at the Aquarium and subsequently released in other theatres around the world. The Commission amortizes the film costs using the individual-film-forecast-computation method which amortizes such costs in the same ratio that current period actual revenue bears to estimate remaining unrecognized ultimate revenue as of the beginning of the current fiscal year (denominator). As of April 2014, the film ceased running. As such, all remaining amortization was recognized as of December 31, 2014. The film revenue, included in charges for services, for the years ended December 31, 2014 and 2013, was \$56,519 and \$288,414, respectively. The Commission recognized \$264,828 and \$266,440 of the film amortization for the years ended December 31, 2014 and 2013, respectively.

AUDUBON COMMISSION

Notes to Financial Statements

Note 5. Capital Assets

Capital assets are summarized as follows by major classification at December 31, 2014:

	Balance January 1, 2014	Additions/ Increases	Transfers	Disposals/ Retirements	Balance December 31, 2014
Capital Assets Not Depreciated					
Land	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000
Construction in Progress	8,929,228	13,892,823	(4,459,385)	-	18,362,666
Total Capital Assets Not Depreciated	9,729,228	13,892,823	(4,459,385)	-	19,162,666
Capital Assets Being Depreciated					
Buildings and Fixed Exhibitory	227,099,868	1,519,062	4,459,385	-	233,078,315
Equipment	21,917,401	1,206,807	-	(378,943)	22,745,265
Total Capital Assets Being Depreciated	249,017,269	2,725,869	4,459,385	(378,943)	255,823,580
Less Accumulated Depreciation	(125,436,559)	(8,645,949)	-	370,919	(133,711,589)
Total Capital Assets, Net	\$ 133,309,938	\$ 7,972,743	\$ -	\$ (8,024)	\$ 141,274,657

Capital assets are summarized as follows by major classification at December 31, 2013:

	Balance January 1, 2013	Additions/ Increases	Transfers	Disposals/ Retirements	Balance December 31, 2013
Capital Assets Not Depreciated					
Land	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000
Construction in Progress	4,076,183	10,842,434	(5,989,390)	-	8,929,227
Total Capital Assets Not Depreciated	4,876,183	10,842,434	(5,989,390)	-	9,729,227
Capital Assets Being Depreciated					
Buildings and Fixed Exhibitory	221,205,666	-	5,894,201	-	227,099,867
Equipment	20,046,132	1,844,013	95,189	(67,931)	21,917,403
Total Capital Assets Being Depreciated	241,251,798	1,844,013	5,989,390	(67,931)	249,017,270
Less Accumulated Depreciation	(116,922,609)	(8,581,881)	-	67,931	(125,436,559)
Total Capital Assets, Net	\$ 129,205,372	\$ 4,104,566	\$ -	\$ -	\$ 133,309,938

Depreciation expense for the years ended December 31, 2014 and 2013, related to these assets amounted to approximately \$8,646,000 and \$8,582,000, respectively.

AUDUBON COMMISSION

Notes to Financial Statements

Note 6. Long-Term Debt

Bonds and other debt payable at December 31, 2014 and 2013, are comprised of the following:

	2014	2013
Limited Tax Bonds		
Audubon Commission Aquarium Bonds Series 2011 A-1, due in annual installments of \$2,075,000 to \$3,630,000 from October 2014 through October 2021; 3.276%.	\$ 22,295,000	\$ 24,370,000
Audubon Commission Aquarium Bonds Series 2011 A-2, due in October 2014; 1.867%.	-	630,000
Audubon Commission Improvement and Refunding Zoo Bonds, Series 1997, due in annual installments of \$310,000 to \$365,000 through December 2016; ranging from 5.00% to 6.50%.	710,000	1,035,000
Other Debt		
State of Louisiana, Office of Community Development Gulf Opportunity Zone Act Loan	15,370,163	15,370,163
Total Bonds Payable and Other Debt	38,375,163	41,405,163
Unamortized Premium, Net	1,551,523	1,781,378
Total	39,926,686	43,186,541
Less: Current Maturities	(5,177,383)	(4,148,172)
Bonds Payable and Other Debt, Noncurrent	\$ 34,749,303	\$ 39,038,369

Details of the bonds and loans payable are as follows:

Limited Tax Bonds – Series 2011 A-1 and 2011 A-2

On September 22, 2011, the Commission issued \$24,370,000 Aquarium Refunding Bonds Series 2011 A-1 with a net interest cost of 3.276%. The bonds were issued for the purpose of defeasing the Aquarium Refunding Bonds, Series 2001 A and Series 2001 B Bonds and providing amounts for capital improvements to the Aquarium and related facilities and paying costs of issuance of the bonds. On the same date the Commission issued \$630,000 Aquarium Refunding Bonds, Taxable Series 2011 A-2 with a net interest rate of 1.867%.

The bonds were issued for the purpose of paying a portion of the interest due on the 2011 A Bonds and paying costs of issuance of the Bonds. The Bonds were issued on a complete parity with the Aquarium Refunding Bonds Series 2003 A. The Commission completed the advance refunding to reduce the debt service payments over the next 10 years and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,676,682.

AUDUBON COMMISSION

Notes to Financial Statements

Note 6. Long-Term Debt (Continued)

Limited Tax Bonds – Series 1997

In December 1996, the Commission received a commitment to purchase its \$4,500,000 Improvement and Refunding Bonds, Series 1997. The proceeds of the issue were used to advance refund \$1,895,000 in Series 1979 and 1988 Improvement Bonds, and provide \$2,500,000 for capital improvements at Audubon Zoo. The advance refunding included escrowing \$1,943,500 into an irrevocable trust to provide for future debt service on the defeased bonds.

Debt service applicable to all of the above mentioned limited tax bonds are held by the Board of Liquidation, City Debt (BOL). No tax bonds may be sold without approval of the BOL. Property taxes levied by the City of New Orleans and dedicated to the payment of these limited tax bonds are collected by the City of New Orleans and, as required by law, paid to the Board of Liquidation as collected. The millages for these limited tax bonds were established at the time the bonds were issued, based upon the approval of the City's voters. The property taxes are recorded as non-operating revenue for the appropriate fund.

Gulf Opportunity Zone Act Loan

In July 2006, pursuant to the Public Law 109-135 of the United States Congress, the Gulf Opportunity Zone Act of 2005 was enacted to provide tax relief and tax credit bond authority designed to aid the State with recovery efforts from Hurricane Katrina and Hurricane Rita. Accordingly, the State of Louisiana, Office of Community Development loaned the Commission \$4,907,500 to make the scheduled debt payments for the Aquarium Revenue Refunding Bonds, Series 1997 and \$11,851,006 to make scheduled debt payments for the Improvement and Refunding Zoo Bonds, Series 1997, Aquarium Refunding Bonds, Series 2001 A, Aquarium Bonds, Series 2001 B and Aquarium Refunding Bonds, Series 2003 A through 2009.

Per the agreement the funds shall be maintained at the State identified trustee and disbursed according to the debt schedule of the bonds identified above. Once funds are disbursed by the State, the debt service payments are made with the proceeds and amounts are recorded as loans payable by the Commission. The agreement matures 20 years from the date of the delivery of the loan which was on July 19, 2006. No principal or interest was payable during the initial five year period of the loan. After the expiration of the initial five year period of the loan, the loan bears interest at a fixed rate of 4.64%. An extension was requested in 2011 to defer the payment of principal and interest for an additional five years, but was denied. As a result, principal and interest shall be repaid over the remaining 15 year period based on level annual amortization of principal and interest. The loan balance may be prepaid at any time, in whole or in part, by the Commission without penalty or premium. The total amount of interest to accrue over the 20 year period of the loan is \$6,874,054.

AUDUBON COMMISSION

Notes to Financial Statements

Note 6. Long-Term Debt (Continued)

A summary of changes in bonds payable and other debt during 2014 and 2013, is as follows:

	Limited Tax Bonds	Gulf Opportunity Zone Loan	Total
Balance January 1, 2014	\$ 26,035,000	\$ 15,370,163	\$ 41,405,163
Additions	-	-	-
Reductions	(3,030,000)	-	(3,030,000)
Balance December 31, 2014	\$ 23,005,000	\$ 15,370,163	\$ 38,375,163
Due within One Year	\$ 3,145,000	\$ 2,032,383	\$ 5,177,383
	Limited Tax Bonds	Gulf Opportunity Zone Loan	Total
Balance January 1, 2013	\$ 29,040,000	\$ 16,194,254	\$ 45,234,254
Additions	-	-	-
Reductions	(3,005,000)	(824,091)	(3,829,091)
Balance December 31, 2013	\$ 26,035,000	\$ 15,370,163	\$ 41,405,163
Due within One Year	\$ 3,030,000	\$ 1,118,172	\$ 4,148,172

Expected debt service requirements on all debt outstanding as of December 31, 2014, are as follows:

Year Ending December 31,	Limited Tax Bonds		Gulf Opportunity Zone Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 3,145,000	\$ 1,063,820	\$ 2,032,383	\$ 1,223,402	\$ 5,177,383	\$ 2,287,222
2016	3,245,000	961,880	956,631	618,873	4,201,631	1,580,753
2017	3,025,000	798,900	1,001,019	574,485	4,026,019	1,373,385
2018	3,185,000	647,650	1,047,466	528,038	4,232,466	1,175,688
2019	3,305,000	520,250	1,096,068	479,436	4,401,068	999,686
2020 to 2024	7,100,000	536,500	6,292,075	1,585,345	13,392,075	2,121,845
2025 to 2026	-	-	2,944,521	206,488	2,944,521	206,488
Total	\$ 23,005,000	\$ 4,529,000	\$ 15,370,163	\$ 5,216,067	\$ 38,375,163	\$ 9,745,067

AUDUBON COMMISSION

Notes to Financial Statements

Note 7. Transactions with Audubon Nature Institute and Audubon Nature Institute Foundation

As mentioned in Note 1, the Institute operates and manages the Audubon Facilities for the benefit of the Commission as evidenced by an Agreement. The Agreement provides that all monies from the operation of the Audubon Facilities, and all tax revenues, shall be collected by the Institute on behalf of the Commission and deposited in an account maintained and administered by the Commission; however, the Commission shall pay for the cost and operation of the Audubon Facilities as detailed annually in a budget submitted to the Commission. The Commission is to also reimburse the Institute for all expenses that it incurs on behalf of the Commission in furtherance of the Agreement, as well as pay the Institute an annual management fee.

At December 31, 2014 and 2013, the Institute has incurred expenses on behalf of the Commission in amounts exceeding the reimbursements received from the Commission for those expenses. At December 31, 2014 and 2013, the amount due to the Institute from the Commission totaled approximately \$6,496,000 and \$9,257,000, respectively.

The Institute has provided specific grants to the Commission to fund certain capital projects, education programs and operational support. For the years ended December 31, 2014 and 2013, those grants totaled \$3,916,053 and \$4,588,318, respectively.

Audubon Nature Institute Foundation (Foundation) is a nonprofit organization that raises funds in support of the facilities, programs and other activities managed by the Institute. During the years ended December 31, 2014 and 2013, the Foundation donated funds for the direct benefit of the Facilities managed by the Institute. These contributions totaled approximately \$4,426,000 and \$1,399,000 for 2014 and 2013, respectively.

Note 8. Commitments and Contingencies

Long-Term Leases

The Commission leases its Audubon Insectarium premises under an operating lease. A three year step rent plan was introduced in August 2009. The rent will be reset to market every five years, beginning August 2014, instead of 10 years as stated in the lease. The Commission also leases two additional properties in Jefferson and Orleans Parishes. Rent expense for the years ending December 31, 2014 and 2013 totaled \$662,400 and \$716,826, respectively.

AUDUBON COMMISSION

Notes to Financial Statements

Note 8. Commitments and Contingencies (Continued)

Long-Term Leases (Continued)

Future lease payments required under the operating leases are as follows:

Years Ending December 31,	Lease Payments
2015	\$ 621,438
2016	593,179
2017	572,994
2018	572,994
2019	347,654
Thereafter	-
Total	\$ 2,708,259

As of December 31, 2014, the Commission was obligated under various capital leases, each with non-cancelable terms in excess of one year. The assets under capital lease as of December 31, 2014 have a cost of \$880,261 and accumulated amortization of \$131,168.

Future minimum lease payments under the capital leases are as follows:

Years Ending December 31,	Lease Payments
2015	\$ 220,743
2016	326,963
2017	124,023
2018	88,365
Total Minimum Lease Payments	760,094
Less: Amounts Representing Interest	52,360
Present Value of Future Minimum Lease Payments	707,734
Less: Current Portion of Capital Leases Obligation	193,749
Capital Lease Obligations, Excluding Current Portion	\$ 513,985

Construction in Progress

As of December 31, 2014, the Commission has approximately \$2,400,000 remaining on construction projects still ongoing.

AUDUBON COMMISSION

Notes to Financial Statements

Note 9. Litigation

Certain claims and suits have been filed against the Commission. The majority of these claims are covered by insurance and, based on all available information and consultation with the Commission's legal counsel; management does not believe the ultimate resolution of these matters will have a significant effect on the Commission's financial position, results of operations, or cash flows.

Note 10. Subsequent Events

The Commission completed its subsequent events review through April 30, 2015, the date on which the financial statements were available to be issued. There were no events that required adjustments to, or disclosures in, the financial statements. No subsequent events occurring after April 30, 2015 have been evaluated for inclusion in these financial statements.

OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Award Program; Report on Internal Control Over Compliance; and Report on Scheduled of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

To the Board of Directors of
Audubon Commission

Report on Compliance for Each Major Federal Program

We have audited Audubon Commission's (the Commission) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended December 31, 2014. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibilities

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibilities

Our responsibility is to express an opinion on compliance for the Commission's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Commission as of and for the year ended December 31, 2014, and have issued our report thereon dated April 30, 2015 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Metairie, LA
April 30, 2015

AUDUBON COMMISSION

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2014**

Federal Grantor or Pass-Trough Grantor and Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures Incurred During the Year Ended December 31, 2014
U.S. Department of Homeland Security Passed through Louisiana Military Department, Office of Homeland Security and Emergency Preparedness - Public Assistance Grant	97.036	FEMA-1603-DR-LA	\$ <u>1,614,846</u>
Total			\$ <u><u>1,614,846</u></u>

See accompanying note to the schedule of expenditures of federal awards.

AUDUBON COMMISSION

Note to Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2014

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Commission and is presented on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Commission has met the qualifications for the respective grants.

Accrued Reimbursement

Various reimbursement procedures are used for federal awards received by the Institute. Consequently, timing differences between expenditures and program reimbursements may exist at the beginning and end of the year. Any accrued balances at year-end represent an excess of reimbursable expenditures over reimbursements received.

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

To the Board of Directors of
Audubon Commission

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 basic financial statements of Audubon Commission (the Commission) which comprise the statement of net position as of and for the year ended December 31, 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal controls) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, 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 matters 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA
April 30, 2015

AUDUBON COMMISSION

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2014

Part I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued	Unmodified
Internal Control Over Financial Reporting:	
• Material Weakness(es) Identified?	No
• Significant Deficiency(ies) Identified?	None Reported
Noncompliance Material to Financial Statements Noted?	No

Federal Awards

Internal Control Over Major Programs:	
• Material Weakness(es) Identified?	No
• Significant Deficiency(ies) Identified?	None Reported
Type of Auditor's Report Issued on Compliance for Major Programs:	Unmodified
Any Audit Findings disclosed that are required to be reported in Accordance with Section 510(a) of Circular A-133?	No
Identification of Major Programs:	
<u>Name of Federal Program or Cluster</u>	<u>CFDA Numbers</u>
Public Assistance Grant	97.036
Dollar threshold used to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Part II - Financial Statement Findings

None

Part III - Findings and Questioned Costs for Federal Awards

None

AUDUBON COMMISSION

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2014**

Part I - Financial Statement Findings

None

Part II - Federal Award Findings and Questioned Costs

None

OTHER SUPPLEMENTARY INFORMATION

AUDUBON COMMISSION
Other Supplementary Information
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2014

	Aquarium and Riverfront Park	Insectarium	Zoo and Park	Golf Course	Species Survival Center/ Research Center	Louisiana Nature Center	Total
Operating Revenues							
Charges for Services	\$ 16,305,702	\$ 2,433,886	\$ 18,371,589	\$ 1,691,577	\$ -	\$ -	\$ 38,802,754
Other Revenues	583,023	113,600	446,724	-	14,838	-	1,158,185
Total Operating Revenues	16,888,725	2,547,486	18,818,313	1,691,577	14,838	-	39,960,939
Operating Expenses							
Salaries and Benefits	7,910,097	1,484,289	13,096,719	1,180,514	954,507	-	24,626,126
Contractual Services, Materials, Supplies and Other	8,133,894	1,758,549	10,663,558	817,669	908,788	-	22,282,458
Depreciation and Amortization	3,554,101	1,333,416	2,945,232	456,349	742,801	-	9,031,899
Total Operating Expenses	19,598,092	4,576,254	26,705,509	2,454,532	2,606,096	-	55,940,483
Operating Loss	(2,709,367)	(2,028,768)	(7,887,196)	(762,955)	(2,591,258)	-	(15,979,544)
Nonoperating Revenues (Expenses)							
Grants for Capital Projects, Education and Operating Support from Audubon Nature Institute	1,743,440	126,678	1,068,561	-	977,374	-	3,916,053
Dedicated Tax Revenues	8,023,552	624,311	926,047	-	-	-	9,573,910
Intergovernmental Grants	1,666,457	-	7,565,564	-	120,370	-	9,352,391
Contributions to Support Facilities managed by Audubon Nature Institute	1,274,847	-	1,796,552	-	1,354,681	-	4,426,080
Other Revenue	1,543,013	-	1,022,323	-	-	556,664	3,122,000
Interest Expense	(1,479,517)	-	(84,376)	(19,333)	-	-	(1,583,226)
Grant Expenses	(728,843)	(3,706)	(372,767)	-	(214,304)	-	(1,319,620)
Amortization - Debt Costs	(13,507)	-	(1,000)	-	-	-	(14,507)
Total Nonoperating Revenues, Net	12,029,442	747,283	11,920,904	(19,333)	2,238,121	556,664	27,473,081
Change in Net Position	9,320,075	(1,281,485)	4,033,708	(782,288)	(353,137)	556,664	11,493,537
Net Position, Beginning of Year	21,747,246	19,057,883	30,621,738	6,877,716	9,941,835	(377,187)	87,869,231
Net Position, End of Year	\$ 31,067,321	\$ 17,776,398	\$ 34,655,446	\$ 6,095,428	\$ 9,588,698	\$ 179,477	\$ 99,362,768