

AUDUBON NATURE INSTITUTE, INC.

Audits of Financial Statements

December 31, 2015 and 2014



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Independent Auditor's Report

To the Board of Directors of
Audubon Nature Institute, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Audubon Nature Institute, Inc. (the Institute), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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 Institute as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2016, on our consideration of the Institute'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 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 Institute's internal control over financial reporting and compliance.

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

A Professional Accounting Corporation

Metairie, LA

May 27, 2016

AUDUBON NATURE INSTITUTE, INC.
Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
Assets		
Cash	\$ 4,022,008	\$ 2,668,119
Grants Receivable	47,785	666,131
Pledges Receivable, Net	4,128,857	4,471,322
Prepaid Expenses	9,166	38,978
Restricted Assets - LPFA Bonds Debt Service	102,054	114,867
Equipment, Net	9,298	29,718
Investments and Asset Limited as to Use	3,696,369	3,468,871
Due from Audubon Commission	6,018,382	6,496,146
	<hr/>	<hr/>
Total Assets	\$ 18,033,919	\$ 17,954,152
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 207,264	\$ 355,074
Due to Audubon Nature Institute Foundation	788,940	75,042
Lines of Credit	4,000,000	4,000,000
LPFA Revenue Bonds	180,000	385,000
Deferred Compensation	3,696,369	3,468,871
Accrued Salaries and Benefits	12,751	35,119
	<hr/>	<hr/>
Total Liabilities	8,885,324	8,319,106
	<hr/>	<hr/>
Net Assets		
Unrestricted, Including Board Designated	(386,491)	(248,111)
Temporarily Restricted	9,535,086	9,883,157
Permanently Restricted	-	-
	<hr/>	<hr/>
Total Net Assets	9,148,595	9,635,046
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Total Liabilities and Net Assets	\$ 18,033,919	\$ 17,954,152
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The accompanying notes are an integral part of these financial statements.

AUDUBON NATURE INSTITUTE, INC.
Statement of Activities
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support				
Government Grants	\$ 443,519	\$ -	\$ -	\$ 443,519
Gifts, Exhibit/Program Sponsorships	188,993	2,802,579	-	2,991,572
Investment Income	31,674	-	-	31,674
Fundraising Activities	1,571,552	-	-	1,571,552
Gain on Sale of Property	476,700	-	-	476,700
Net Assets Released from Restrictions	3,150,650	(3,150,650)	-	-
Total Revenue and Other Support	5,863,088	(348,071)	-	5,515,017
Expenses				
Grant Expense to the Audubon Commission	3,369,779	-	-	3,369,779
Donation to Audubon Nature Institute Foundation	476,700	-	-	476,700
Development Expenses	1,263,957	-	-	1,263,957
Fundraising Activities	552,644	-	-	552,644
Interest	81,064	-	-	81,064
Other Expenses	257,324	-	-	257,324
Total Expenses	6,001,468	-	-	6,001,468
Change in Net Assets	(138,380)	(348,071)	-	(486,451)
Net Assets, Beginning of Year	(248,111)	9,883,157	-	9,635,046
Net Assets, End of Year	\$ (386,491)	\$ 9,535,086	\$ -	\$ 9,148,595

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

AUDUBON NATURE INSTITUTE, INC.
Statement of Activities
For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support				
Government Grants	\$ 1,631,944	\$ -	\$ -	\$ 1,631,944
Gifts, Exhibit/Program Sponsorships	183,694	1,691,608	-	1,875,302
Investment Income	101,324	-	-	101,324
Fundraising Activities	1,527,290	-	-	1,527,290
Net Assets Released from Restrictions	2,683,492	(2,683,492)	-	-
Total Revenue and Other Support	6,127,744	(991,884)	-	5,135,860
Expenses				
Grant Expense to the Audubon Commission	3,916,053	-	-	3,916,053
Development Expenses	1,096,162	-	-	1,096,162
Fundraising Activities	550,652	-	-	550,652
Interest	83,383	-	-	83,383
Other Expenses	773,537	-	-	773,537
Total Expenses	6,419,787	-	-	6,419,787
Change in Net Assets	(292,043)	(991,884)	-	(1,283,927)
Net Assets, Beginning of Year	43,932	10,875,041	-	10,918,973
Net Assets, End of Year	\$ (248,111)	\$ 9,883,157	\$ -	\$ 9,635,046

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

AUDUBON NATURE INSTITUTE, INC.
Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Change in Net Assets	\$ (486,451)	\$ (1,283,927)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Realized and Unrealized Losses on Investments	100,156	55,192
Gain on Sale of Property	(476,700)	-
Receipt of Stock Gifts	(158,293)	(42,935)
Non-Cash Transfer of Equipment to Audubon Commission	25,684	-
Discount on Pledges Receivable	(1,401)	(25,301)
Allowance for Doubtful Accounts	2,255	(22,386)
Depreciation	1,430	4,403
Changes in Operating Assets and Liabilities		
Pledges Receivable	341,611	1,199,639
Grants Receivable	618,346	509,399
Due from Audubon Commission	477,764	2,761,100
Prepaid Expenses	29,812	(8,774)
Accounts Payable and Accrued Expenses	(147,810)	(205,183)
Due to Audubon Nature Institute Foundation	713,898	(1,429,328)
Accrued Salaries and Benefits	(22,368)	9,630
Deferred Compensation	227,498	296,409
Net Cash Provided by Operating Activities	1,245,431	1,817,938
Cash Flows from Investing Activities		
Proceeds from Sales or Maturities of Investments and Assets Limited as to Use	158,293	262,929
Purchases of Investments and Asset Limited as to Use	(327,654)	(571,595)
Proceeds from Sale of Property	476,700	-
Purchases of Equipment	(6,694)	-
Restricted Assets - LPFA Bonds Debt Service, Net	12,813	411
Net Cash Provided by (Used in) Investing Activities	313,458	(308,255)
Cash Flows from Financing Activities		
Draws from Lines of Credit	4,000,000	4,000,000
Payments for Lines of Credit	(4,000,000)	(4,000,000)
Repayment of Bonds	(205,000)	(205,000)
Net Cash Used in Financing Activities	(205,000)	(205,000)
Net Increase in Cash	1,353,889	1,304,683
Cash, Beginning of Year	2,668,119	1,363,436
Cash, End of Year	\$ 4,022,008	\$ 2,668,119
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for:		
Interest	\$ 81,064	\$ 82,999

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

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 1. Organization

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 Audubon Commission (Commission), the Institute operates and manages the Audubon Facilities, as defined below, for the benefit of the Commission, an independent agency of the City of New Orleans.

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 Giant Screen Theater, 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 Butterfly Garden and 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 the Audubon Facilities are recorded in the Commission's financial statements.

For its services, the Institute shall earn a management fee of \$50,000, 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. Management fee revenues totaling \$50,576 and \$50,000 are included in the statements of activities for the years ended December 31, 2015 and 2014, respectively.

The Institute obtains donations, gifts and grants and conducts fundraising activities in furtherance of its exempt purpose. The revenues and net assets reflected in these financial statements are the result of these activities. Specific grants by the Institute 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 Nature Institute Foundation (the Foundation) is a nonprofit organization that is separate and independent of the Institute. The purpose of the Foundation is to raise funds in support of the Audubon Facilities, programs and other activities managed by the Institute. The Foundation is governed by its own board, with only a member of that board being the Chairman of the Board of the Institute. The Foundation independently administers its assets at its sole discretion and for the benefit of the Institute, and while those assets are not commingled in any way with the funds and assets of the Institute, there is an ongoing economic interest between the Foundation and Institute.

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 1. Organization (Continued)

Summary financial information for the Foundation as of and for the years ended December 31, 2015 and 2014 is as follows:

	2015	2014
Total Assets	\$ 28,808,009	\$ 29,205,148
Total Liabilities	-	-
Total Net Assets	<u>\$ 28,008,009</u>	<u>\$ 29,205,148</u>
Total Revenues	\$ 506,802	\$ 2,510,879
Total Expenses	\$ 137,469	\$ 135,286
Total Endowment Distributions	<u>\$ 766,472</u>	<u>\$ 4,426,080</u>

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statement presentation is presented in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Institute reports information regarding its financial position and activities according to three classes of net assets.

Unrestricted - Net assets which are free of donor-imposed restrictions, and all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted - Net assets whose use by the Institute is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Institute pursuant to those stipulations such as completion of construction projects. In most cases, such actions require the expenditure of personnel effort or other costs before such assets can be released. Income and appreciation on permanently restricted net assets that exceed appropriations for expenditures (therefore the restrictions have been satisfied) are included in temporarily restricted net assets.

Permanently Restricted - Net assets whose use by the Institute is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Institute. There were no permanently restricted net assets as of December 31, 2015 and 2014.

The Institute reports gifts of cash and other assets as restricted support if they are received with donor-imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets.

Note 2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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 those estimates.

Investments and Asset Limited as to Use

Assets limited as to use primarily include investments in mutual funds measured at fair value and the cash surrender value of a life insurance policy. These assets are designated for funding the 457(f) Executive Retirement Plan, discussed further in Note 9. The Institute records investments in accordance with the *Not-for-Profit Entities* Topic of the FASB ASC which establishes standards for the recognition of fair value of investments in certain equity and debt securities with gains and losses included in the statements of activities. See Note 3.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Institute to concentrations of credit and market risk consist primarily of cash and investments. The Institute has not experienced any losses in these accounts. The Federal Deposit Insurance Corporation (FDIC) secures accounts in insured institutions up to \$250,000 per depositor.

Pledges Receivable and Contributions Received

The Institute recognizes contributions received as revenue in the period received and as assets, decreases in liabilities or expenses depending on the form of benefits received. Pledges receivable are recorded net of any allowance for uncollectible pledges and at net present value. Pledges which are conditional are recognized as revenue when the conditions are substantially met.

Equipment

Equipment with an original cost in excess of \$10,000 and a useful life of over one year is capitalized and depreciated using the straight-line method over estimated useful lives ranging from 3 to 10 years. Equipment is presented on the statements of financial position net of accumulated depreciation of \$56,423 and \$71,847 at December 31, 2015 and 2014, respectively.

Functional Allocation of Expenses

Expenses are charged directly to program, management and general, or development based on a combination of specific identification and allocation by management.

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Income Tax

The Institute is exempt from income tax under Section 501(c)(3) of the United States Internal Revenue Code. In addition, the Institute qualifies for the charitable contribution deductions under Section 170(b)(1)(a)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Institute believes that it has taken appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Note 3. Investments and Asset Limited as to Use

At December 31, 2015 and 2014, investments and asset limited as to use consist of the following:

	2015	2014
Mutual Funds (Invested Primarily in Equity and Bond Funds) (a)	\$ 2,774,042	\$ 2,521,448
Cash Surrender Value of Life Insurance	922,327	947,423
Total Investments and Asset Limited as to Use	\$ 3,696,369	\$ 3,468,871

(a) measured at fair value

Investment income of the Institute is comprised of the following:

	2015	2014
Realized and Unrealized Losses on Securities, Net	\$ (100,156)	\$ (55,192)
Dividend and Interest Income	131,830	156,516
Total Investment Income	\$ 31,674	\$ 101,324

Note 4. Pledges Receivable

Unconditional promises of donors to make contributions to the Institute are included in the financial statements as pledges receivable and revenue of the temporarily restricted net asset class. Pledges are recorded after discounting future cash flows to the present value. Pledges receivable are discounted at rates ranging from 0.36% to 1.76%.

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 4. Pledges Receivable (Continued)

Pledges receivable for the years ended December 31, 2015 and 2014 are expected to be realized as follows:

	2015	2014
In One Year or Less	\$ 2,100,763	\$ 1,806,633
Between One Year and Five Years	2,062,842	2,748,587
Thereafter	112,504	62,500
	4,276,109	4,617,720
Less: Discount to Present Value	(69,018)	(70,419)
Allowance for Uncollectible Pledges	(78,234)	(75,979)
	\$ 4,128,857	\$ 4,471,322

Pledges receivable for the years ended December 31, 2015 and 2014, have restrictions as follows:

	2015	2014
Specific Capital Projects	\$ 3,284,378	\$ 3,782,572
Other - General Capital and Operating Support	844,479	688,750
	\$ 4,128,857	\$ 4,471,322

Note 5. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2015 and 2014 are available for purposes or periods as follows:

	2015	2014
Pledges and Grants Receivable for Periods after Year-End	\$ 4,207,091	\$ 4,907,770
Capital Projects at the Audubon Facilities	3,548,943	2,984,145
Education Programs at the Audubon Facilities	414,983	320,058
Operating Support for the Audubon Facilities	1,364,069	1,671,184
	\$ 9,535,086	\$ 9,883,157

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 6. Net Assets Released from Restrictions

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

	2015	2014
Temporarily Restricted		
Pledges and Grants Receivable for Periods after Year-End	\$ 117,920	\$ 12,500
Capital Projects at the Audubon Facilities	1,595,733	798,917
Education Programs at the Audubon Facilities	160,005	107,198
Operating Support for the Audubon Facilities	1,276,992	1,764,877
Total Temporarily Restricted Net Assets	\$ 3,150,650	\$ 2,683,492

Note 7. Functional Reporting of Expenses

The Institute's expenses, by functional classification, for the years ended December 31, 2015 and 2014, are as follows:

	2015	2014
Expenses		
Program Services		
Grants to the Audubon Commission	\$ 3,369,779	\$ 3,916,053
Donation to Audubon Nature Institute Foundation	476,700	-
Total Program Services	3,846,479	3,916,053
Supporting Services		
Development	1,263,957	1,096,162
Fundraising	552,644	550,652
Management and General	338,388	856,920
Total Supporting Services	2,154,989	2,503,734
Total Expenses	\$ 6,001,468	\$ 6,419,787

Note 8. Transactions with Audubon Commission and Audubon Nature Institute Foundation

As mentioned in Note 1, the Institute operates and manages the Audubon Facilities on behalf of the Commission. As per the Agreement mentioned in Note 1, 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 shall 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.

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 8. Transactions with Audubon Commission and Audubon Nature Institute Foundation (Continued)

At December 31, 2015 and 2014, 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, 2015 and 2014, the amount due to the Institute from the Commission totaled approximately \$6,018,000 and \$6,496,000, respectively.

The Institute has committed that it has the intent and ability to continue funding the operations of the Commission through operating advances, donations, and grants, if necessary, in order to provide the required level of financial support to enable the Commission to discharge its liabilities in the normal course of business as they become due.

Specific gifts and grants provided by the Institute to the Commission for the Audubon Facilities to pay operating expenses and fund certain capital projects for the years ended December 31, 2015 and 2014, are summarized as follows:

	2015	2014
Audubon Zoo and Park	\$ 1,981,160	\$ 1,068,561
Aquarium of the Americas and Riverfront Park	727,347	1,743,441
Survival Center/Research Center	446,242	977,374
Insectarium	88,259	126,677
Louisiana Nature Center	126,771	-
Total	\$ 3,369,779	\$ 3,916,053

As mentioned in Note 1, the Foundation raises funds in support of the Audubon Facilities, programs and other activities managed by the Institute. In addition to that support and in the event of the Institute's inability to gain access to capital through other lines of credit, the Foundation's Board of Directors authorized the loaning of funds on a revolving basis to the Institute in an amount not to exceed \$5,000,000. Funds may be used by the Institute for the repayment of debt obligations in favor of a commercial lending institution incurred directly by the Institute, general operating needs and capital improvements for Audubon Facilities. At December 31, 2015, and 2014, the Foundation has loaned funds to the Institute totaling approximately \$789,000 and \$75,000, respectively.

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 9. Employee Benefit Plans

The Institute has established a 403(b) retirement plan (the 403(b) Plan) to provide eligible employees, with a systematic means of saving and investing for the future. The 403(b) Plan is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. Participants may contribute up to 15% of their pretax annual compensation, as defined by the 403(b) Plan. The Institute contributes a discretionary match amount to be determined by the Institute each year. Contributions are subject to certain limitations. As mentioned in Note 1, salary and employment benefit expenses, with the exception of the 457(f) Plan, are recorded in the Commission's financial statements.

The Institute also has a discretionary 457(f) Executive Retirement Plan (the 457(f) Plan) for certain officers. The 457(f) Plan provides additional compensation based on years of service and estimated pay at retirement. Total contributions amounted to approximately \$226,000 for both 2015 and 2014. The liability related to the 457(f) Plan totaled approximately \$3,696,000 and \$3,469,000, at December 31, 2015 and 2014, respectively, and is included in deferred compensation in the accompanying financial statements.

Note 10. Bank Lines of Credit

At December 31, 2015 and 2014, the Institute has three unsecured revolving lines of credit with three commercial banks totaling \$4,000,000. Funds may be used by the Institute for the general operating needs and capital improvements for Audubon Facilities. One of the credit lines is in the amount of \$2,000,000 and the other two credit lines total \$1,000,000 each. In addition, standby letters of credit total \$1,267,690 at December 31, 2015 and December 31, 2014, respectively.

At December 31, 2015 and 2014, the first \$1,000,000 credit line bore interest of prime plus 2%. Amounts outstanding under this line of credit were \$1,000,000 at both December 31, 2015 and 2014. Effective March 30, 2016, this line of credit was renewed for \$1,000,000 with a maturity date of November 30, 2016, and an interest rate of 2% above the prime rate.

At December 31, 2015 and 2014, the second \$1,000,000 line of credit bore interest at LIBOR plus 3%. Amounts outstanding under this credit line were \$1,000,000 at both December 31, 2015 and 2014. Effective February 24, 2016 this line of credit was renewed for \$1,000,000 with a maturity date of February 24, 2017 and an interest rate of LIBOR plus 3%.

At December 31, 2015 and 2014, the \$2,000,000 credit line bore interest at one month LIBOR plus 3%. Amounts outstanding under this credit line totaled \$2,000,000, at both December 31, 2015 and 2014. This credit line expires in November 2016, at which time a renewal will be sought.

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 10. Bank Lines of Credit (Continued)

The Institute does not believe there are any conditions that would change its ability to renew any of the credit lines. The credit lines are short-term in nature and, consequently, their carrying values are considered representative of their approximate fair values.

Note 11. Revenue Bonds

The Institute borrowed \$3,060,000 under an Equipment and Capital Facilities Pooled Loan Program in connection with Revenue Bonds Series 2001 B issued by the Louisiana Public Facilities Authority (LPFA). Monthly principal payments of \$17,000 plus interest (0.78% and 0.88% at December 31, 2015 and 2014, respectively) are paid into a debt service fund under the arrangement based on a 15 year amortization; however, bond and interest payments are made to bondholders semi-annually. The bonds mature in full in 2016. Amounts held in the escrow fund for payment by the trustee are included in restricted assets at December 31, 2015 and 2014. The balances outstanding under the LPFA bonds were \$180,000 and \$385,000, at December 31, 2015 and 2014, respectively.

Future debt payments due under the above borrowings are as follows:

Year Ending December 31,	Amount
2016	\$ 180,000
Total	\$ 180,000

Note 12. Other Trusts

The Institute and the University of New Orleans (the University) have established four funded trusts to support four endowed chairs at the University. Under an affiliation agreement with the University, the chair-holders will conduct research at Audubon Center for Research of Endangered Species and discharge academic responsibilities at the University. These trusts were funded by private donations totaling \$2,400,000 and \$1,600,000 in matching funds from the Louisiana Trust Fund for Eminent Scholars. This funding provides four \$1,000,000 chairs. The trust assets are not included in the Institute's assets. The Institute and the University jointly benefit from trust distributions that fund the chair-holder's research and academic responsibilities. At December 31, 2015 and 2014, the chairs controlled by Audubon Center for Research of Endangered Species were still in place, but unoccupied. These assets are maintained and administered by the University of New Orleans Foundation. There were no distributions to the Institute related to these chairs for the years ended December 31, 2015 and 2014.

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 13. Contingencies

Certain claims and suits have been filed against the Institute. The majority of these claims are covered by insurance. Management does not believe the ultimate resolution of these matters will have a significant effect on the Institute's financial position, results of operations, or cash flows

Note 14. Fair Value of Financial Instruments

The Institute follows the *Fair Value Measurement* Topic of the FASB ASC which establishes a common definition of fair value of fair value, a framework for measuring fair value, and expands disclosures about fair value measurements.

The *Fair Value Measurement* Topic establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. ASC 820 requires that assets and liabilities earned at fair value be classified and disclosed in one of the following three categories:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities. Includes mutual funds valued at the net asset value of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

Level 2 - Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices are observable for the asset or liability.

Level 3 - Unobservable inputs for the asset or liability.

The Institute endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement.

Recurring Fair Value Measurements

The fair value of assets and liabilities measured at estimated fair value on a recurring basis, including those items for which the Institute has elected the fair value option, are estimated as described in the preceding section. These estimated fair values and their corresponding fair value hierarchy are summarized as follows:

December 31, 2015	Level 1	Level 2	Level 3	Total
Large/Mid/Small Cap Equities	\$ 2,774,042	\$ -	\$ -	\$ 2,774,042
Total	\$ 2,774,042	\$ -	\$ -	\$ 2,774,042
December 31, 2014	Level 1	Level 2	Level 3	Total
Large/Mid/Small Cap Equities	\$ 2,521,448	\$ -	\$ -	\$ 2,521,448
Total	\$ 2,521,448	\$ -	\$ -	\$ 2,521,448

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 15. Subsequent Events

The Institute completed its subsequent events review through May 27, 2016, the date on which the financial statements were available to be issued. Except as described in Note 10, there were no events that required adjustments to, or disclosures in, the financial statements.

**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 Nature Institute, Inc.

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 Audubon Nature Institute, Inc. (the Institute) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 27, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) 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 Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute'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 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 Institute's financial statements are free from 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
May 27, 2016

AUDUBON NATURE INSTITUTE, INC.
Schedule of Findings and Responses
For the Year Ended December 31, 2015

Part I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued on Whether the Financial Statements Audited were Prepared in Accordance with GAAP: 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

Not Applicable

Part II - Financial Statement Findings

None

Part III - Findings and Questioned Costs for Federal Awards

Not Applicable

AUDUBON NATURE INSTITUTE, INC.
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2015

Part I - Financial Statement Findings

None

Part II - Federal Award Findings and Questioned Costs

None