

AUDUBON NATURE INSTITUTE, INC.

Audits of Financial Statements

December 31, 2020 and 2019



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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, 2020 and 2019, 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, 2020 and 2019, 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 June 20, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's 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 Professional Accounting Corporation

Metairie, LA
June 20, 2021

AUDUBON NATURE INSTITUTE, INC.
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash	\$ 3,646,163	\$ 2,771,145
Grants Receivable	162,594	410,193
Promises to Give, Net	3,032,566	3,759,123
Prepaid Expenses	-	9,590
Equipment, Net	-	715
Investments and Assets Limited as to Use	4,525,154	6,046,106
Due from Audubon Commission	10,076,947	4,760,843
	<u>10,076,947</u>	<u>4,760,843</u>
Total Assets	\$ 21,443,424	\$ 17,757,715
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 311,667	\$ -
Accrued Salaries and Benefits	50,256	27,496
Deferred Revenue	383,673	285,034
Due to Audubon Nature Institute Foundation	4,258,039	396,211
Lines of Credit	5,990,000	3,990,000
Deferred Compensation	4,525,154	6,046,106
	<u>4,525,154</u>	<u>6,046,106</u>
Total Liabilities	15,518,789	10,744,847
Net Assets		
Without Donor Restrictions	48,416	587,513
With Donor Restrictions	5,876,219	6,425,355
	<u>5,876,219</u>	<u>6,425,355</u>
Total Net Assets	5,924,635	7,012,868
Total Liabilities and Net Assets	\$ 21,443,424	\$ 17,757,715

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

AUDUBON NATURE INSTITUTE, INC.
Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Government Grants	\$ 90,300	\$ -	\$ 90,300
Gifts and Exhibit/Program Sponsorships	3,778,233	638,456	4,416,689
Investment Return, Net	363,299	-	363,299
Fundraising Activities	153,442	-	153,442
Net Assets Released from Restrictions	1,187,592	(1,187,592)	-
Total Revenue and Other Support	5,572,866	(549,136)	5,023,730
Expenses			
Grant Expense to Audubon Commission	3,889,201	-	3,889,201
Development Expenses	875,548	-	875,548
Fundraising Activities	219,505	-	219,505
Interest	185,745	-	185,745
Other Expenses	941,964	-	941,964
Total Expenses	6,111,963	-	6,111,963
Change in Net Assets	(539,097)	(549,136)	(1,088,233)
Net Assets, Beginning of Year	587,513	6,425,355	7,012,868
Net Assets, End of Year	\$ 48,416	\$ 5,876,219	\$ 5,924,635

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

AUDUBON NATURE INSTITUTE, INC.
Statement of Activities
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Government Grants	\$ 138,503	\$ -	\$ 138,503
Gifts and Exhibit/Program Sponsorships	2,371,810	3,564,735	5,936,545
Investment Return, Net	944,343	-	944,343
Fundraising Activities	1,529,031	-	1,529,031
Net Assets Released from Restrictions	1,805,623	(1,805,623)	-
Total Revenue and Other Support	6,789,310	1,759,112	8,548,422
Expenses			
Grant Expense to Audubon Commission	3,442,931	-	3,442,931
Donation to Audubon Nature Institute Foundation	552,739	-	552,739
Development Expenses	1,582,025	-	1,582,025
Fundraising Activities	613,465	-	613,465
Interest	176,543	-	176,543
Other Expenses	1,569,347	-	1,569,347
Total Expenses	7,937,050	-	7,937,050
Change in Net Assets	(1,147,740)	1,759,112	611,372
Net Assets, Beginning of Year	1,735,253	4,666,243	6,401,496
Net Assets, End of Year	\$ 587,513	\$ 6,425,355	\$ 7,012,868

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, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ (1,088,233)	\$ 611,372
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Realized and Unrealized Gains on Investments	(303,869)	(761,308)
Receipt of Stock Gifts	(46,194)	(5,044)
Discount on Pledges Receivable	(68,180)	70,913
Allowance for Doubtful Accounts	(20,062)	30,986
Depreciation	715	2,146
Changes in Operating Assets and Liabilities		
Grants Receivable	247,600	395,453
Promises to Give	814,798	(1,881,062)
Due from Audubon Commission	(5,316,104)	(2,430,625)
Prepaid Expenses	9,590	(8,590)
Accounts Payable and Accrued Expenses	311,667	-
Accrued Salaries and Benefits	22,760	7,872
Deferred Revenue	98,639	(169,355)
Due to Audubon Nature Institute Foundation	3,861,828	(22,763)
Deferred Compensation	(1,520,952)	1,133,074
Net Cash Used in Operating Activities	(2,995,997)	(3,026,931)
Cash Flows from Investing Activities		
Proceeds from Sales or Maturities of Investments and Assets Limited as to Use	1,110,541	1,977,168
Purchases of Investments and Assets Limited as to Use	(1,239,797)	(343,619)
Net Cash (Used in) Provided by Investing Activities	(129,256)	1,633,549
Cash Flows from Financing Activities		
Draws from Lines of Credit	2,000,000	3,990,000
Payments for Lines of Credit	-	(3,990,000)
Net Cash Provided by Financing Activities	2,000,000	-
Net Decrease in Cash	(1,125,253)	(1,393,382)
Cash, Beginning of Year	4,771,416	6,164,798
Cash, End of Year	\$ 3,646,163	\$ 4,771,416
Reconciliation of Cash		
Cash	\$ 3,646,163	\$ 2,771,145
Restricted Cash Included in Investments and Assets Limited as to Use	-	2,000,271
	\$ 3,646,163	\$ 4,771,416
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Year for Interest	\$ 185,745	\$ 176,543

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 Alliance for Sustainable Wildlife, 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 (CPI) compared to the January 1st CPI of the prior year. The Agreement currently has a term of fifteen years which terminates in 2028 unless extended by both parties. Management fee revenues totaling \$54,661 and \$53,458 in 2020 and 2019, respectively, are included in the statements of activities.

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, INC.

Notes to Financial Statements

Note 1. Organization (Continued)

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 one 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.

Summary financial information for the Foundation as of and for the years ended December 31, 2020 and 2019 is as follows:

	2020	2019
Total Assets	\$ 38,185,789	\$ 38,182,713
Total Liabilities	750	-
Total Net Assets	\$ 38,185,039	\$ 38,182,713
Total Revenues	\$ 4,038,775	\$ 7,401,757
Total Expenses	\$ 19,875	\$ 19,416
Total Endowment Distributions and Grants	\$ 4,016,574	\$ 1,503,346

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).

Promises to Give

The Institute records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Institute determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Note 2. Summary of Significant Accounting Policies (Continued)

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 of \$37,596 is presented on the statements of financial position net of accumulated depreciation of \$37,596 and \$36,881 at December 31, 2020 and 2019, respectively.

Investments and Assets 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 Executive Retirement Plan (the 457 Plan), discussed further in Note 12. 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 4.

Net Assets

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the 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. Other donor-imposed restrictions are perpetual in nature (also referred to as an endowment fund), where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As restrictions are met or until released in accordance with the Institute's spending policy, assets are reclassified to net assets without donor restrictions. There were no net asset restrictions that were perpetual in nature as of December 31, 2020 and 2019. 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 net assets without donor restrictions.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions which are conditional are recognized as revenue when the conditions are substantially met.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition (Continued)

The Institute accounts for a contract with a customer when it has written approval, the contract is committed, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of collection. Revenue is recognized when, or as, control of a promised service transfers to a customer, in an amount that reflects the consideration to which the Institute expects to be entitled in exchange for transferring those services.

The Institute earns revenues from customers for exchange transactions such as sponsorships, fundraisers and sales opportunities related to and at its special events.

Contracts typically require the completion of a defined service and billing for completed services are based on actual amounts. The Institute satisfies the performance obligation and recognizes revenue at a point in time. Revenues obtained through such arrangements are typically billed and recognized, after the service has been delivered. This results in revenue recognition that corresponds with the value to the client of the services transferred to date. The Institute historically collects revenues before or at the time when the sales transaction is entered into. Advanced ticket sales for events and related sponsorships are deferred and recognized as revenue as events occur.

Functional Allocation of Expenses

Expenses are charged directly to program services, management and general, or development/fundraising based on specific identification.

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.

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.

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Concentrations

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. At December 31, 2020 and 2019, the Institute had \$3,396,123 and \$4,521,406, respectively, in excess of the FDIC insured limit.

No specific concentration of revenues or support existed for the year ended December 31, 2020. For the year ended December 31, 2019, one organization provided 23% of total revenue and other support. In addition, approximately 94% of promises to give as of December 31, 2019 were from three donors.

Recent Accounting Pronouncements - Not Yet Adopted

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard addresses measurement of contributed nonfinancial assets recognized by not-for-profit organizations, and enhances disclosures with respect to these contributions. The ASU will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. Management is currently evaluating the impact of adopting ASU 2020-07 on its financial statements.

Note 3. Liquidity and Availability

The following table reflects the Institute's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditure within one year.

	2020	2019
Financial Assets		
Cash	\$ 3,646,163	\$ 2,771,145
Grants Receivable	162,594	410,193
Promises to Give, Net	3,032,566	3,759,123
Investments and Asset Limited as to Use	4,525,154	6,046,106
Due from Audubon Commission	10,076,947	4,760,843
Financial Assets at Year End	21,443,424	17,747,410
Less Those Unavailable for General Expenditure		
Within One Year Due to:		
Cash Subject to Satisfaction of Donor Restrictions	(1,920,660)	(1,063,994)
Promises to Give, Restricted by Donor for Time or Purpose	(3,032,566)	(3,759,123)
Investments Held for Use in Greater Than One Year	(4,525,154)	(4,045,845)
Related Party Receivable Held Greater Than One Year	(10,076,947)	(4,760,843)
Financial Assets at Year End Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,888,097	\$ 4,117,605

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 3. Liquidity and Availability (Continued)

The Institute receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Institute monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. The Institute uses its budget to help manage cash flow needs by monitoring expenses and revenues during the year. The Institute also has lines of credit available to meet short term needs.

The Institute is authorized to borrow up to \$5,000,000 directly from Audubon Nature Institute Foundation. See Note 11 for a discussion on how affiliated entities are involved in meeting the operating needs of the Institute.

Note 4. Investments and Assets Limited as to Use

At December 31, 2020 and 2019, investments and assets limited as to use consist of the following:

	2020	2019
Mutual Funds (Invested Primarily in Equity and Bond Funds) ^(a)	\$ 2,763,641	\$ 2,903,519
Fixed Income Securities	499,925	-
Cash Surrender Value of Life Insurance	1,261,588	1,142,326
Cash	-	2,000,261
Total Investments and Asset Limited as to Use	<u>\$ 4,525,154</u>	<u>\$ 6,046,106</u>

(a) Measured at fair value

Note 5. Promises to Give

Unconditional promises of donors to make contributions to the Institute are included in the statements of financial position as promises to give and as revenue and other support with donor restrictions. Promises to give are recorded after discounting future cash flows to the present value and are discounted at rates ranging from 0.36% to 2.51%.

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 5. Promises to Give (Continued)

Promises to give for the years ended December 31, 2020 and 2019 are expected to be realized as follows:

	2020	2019
In One Year or Less	\$ 1,199,284	\$ 1,017,548
Between One Year and Five Years	1,970,801	2,967,335
	<u>3,170,085</u>	3,984,883
Less: Discount to Present Value	(90,812)	(158,992)
Less: Allowance for Uncollectible Promises to Give	(46,707)	(66,768)
	<u>\$ 3,032,566</u>	<u>\$ 3,759,123</u>

Promises to give for the years ended December 31, 2020 and 2019, have restrictions as follows:

	2020	2019
Programs and Capital Projects	\$ 2,388,613	\$ 3,249,765
Other - General Capital and Operating Support	643,953	509,358
	<u>\$ 3,032,566</u>	<u>\$ 3,759,123</u>

Note 6. Bank Lines of Credit

At December 31, 2020 and 2019, the Institute has three unsecured revolving lines of credit with three commercial banks totaling \$6,990,000 and \$3,990,000, respectively. Funds may be used by the Institute for the general operating needs and capital improvements for Audubon Facilities. As of December 31, 2020 the credit lines amount to \$5,000,000, \$1,000,000, and \$990,000. In December 2019, the credit lines were \$2,000,000, \$1,000,000, and \$990,000.

At December 31, 2020 and 2019, the \$5,000,000 credit line bore interest of Variable Interest Rate subject to change from time to time based on changes in an independent index which is the Prime rate for the U.S. designated in the "Money Rates" section of the Wall Street Journal with a floor of 4.0%. Amounts outstanding under this credit line totaled \$4,000,000 and \$2,000,000 in December 31, 2020 and 2019, respectively. In December 2020, the credit line was extended with a maturity date of January 30, 2021. See Note 17 for renewal subsequent to December 31, 2020.

At December 31, 2020 and 2019, the \$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, 2020 and 2019. In December 2020, the credit line was extended with a maturity date of March 24, 2021. See Note 17 for renewal subsequent to December 31, 2020.

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 6. Bank Lines of Credit (Continued)

At December 31, 2020 and 2019, the \$990,000 line of credit bore interest of LIBOR plus 3%. Amounts outstanding under this credit line were \$990,000 at December 31, 2020 and 2019. In September 2020, the credit line was extended with a maturity date of February 9, 2021. The Institute was out of compliance with one of the covenants for this line of credit and obtained a waiver from the bank. See Note 17 for renewal subsequent to December 31, 2020.

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 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2020 and 2019:

	2020	2019
Promises to Give and Grants Receivable for Periods After Year End	\$ 2,854,276	\$ 3,825,895
Capital Projects at the Audubon Facilities	2,453,772	1,791,013
Education Programs at the Audubon Facilities	65,000	119,072
Operating Support for the Audubon Facilities	503,171	689,375
Total Net Assets With Donor Restrictions	\$ 5,876,219	\$ 6,425,355

Note 8. 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:

	2020	2019
Promises to Give and Grants Receivable for Periods After Year End	\$ -	\$ 100,093
Capital Projects at the Audubon Facilities	393,945	968,288
Education Programs at the Audubon Facilities	203,145	82,429
Operating Support for the Audubon Facilities	590,502	654,813
Total Net Assets Released from Restrictions	\$ 1,187,592	\$ 1,805,623

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 9. Revenue from Contracts with Customers

The following table provides information about significant changes in deferred revenue for the years ended December 31, 2020 and 2019:

	2020	2019
Deferred Revenue, Beginning of Year	\$ 285,034	\$ 454,389
Sponsorship and Special Events Cash Received During the Year	652,955	116,700
Sponsorship and Special Events Revenue Recognized	(554,316)	(286,055)
Deferred Revenue, End of Year	\$ 383,673	\$ 285,034

Note 10. Functional Reporting of Expenses

The Institute's expenses, by functional classification, for the year ended December 31, 2020 are as follows:

	Program Services		Supporting Services		Total
	Operation and Management of Audubon Commission Facilities and Programs	Development	Fundraising	Management and General	
Grant Expenses to Audubon Commission	\$ 3,889,201	\$ -	\$ -	\$ -	\$ 3,889,201
Salaries and Benefits	-	633,195	142,692	96,525	872,412
Deferred Compensation, Net of Market Adjustment	-	-	-	484,646	484,646
Miscellaneous	-	491	27	249,527	250,045
Interest Expense	-	-	-	185,745	185,745
Contractual Services	-	101,647	17,440	12,182	131,269
Professional Services	-	83,500	-	46,914	130,414
Fees	-	9,921	3,456	52,170	65,547
Event Production	-	1,080	36,992	-	38,072
Printing and Photography	-	20,631	8,043	-	28,674
Donor Relations	-	8,380	2,845	-	11,225
Postage	-	1,669	7,420	-	9,089
Dues	-	5,769	180	-	5,949
Conferences, Conventions, and Meetings	-	4,019	-	-	4,019
Office Supplies	-	3,421	65	-	3,486
Equipment	-	797	165	-	962
Depreciation	-	715	-	-	715
Advertising	-	375	180	-	555
Recovery of Bad Debt	-	(62)	-	-	(62)
	\$ 3,889,201	\$ 875,548	\$ 219,505	\$ 1,127,709	\$ 6,111,963

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 10. Functional Reporting of Expenses (Continued)

The Institute's expenses, by functional classification, for the year ended December 31, 2019 are as follows:

	Program Services		Supporting Services		Total
	Operation and Management of Audubon Commission Facilities and Programs	Development	Fundraising	Management and General	
Grant Expenses to Audubon Commission	\$ 3,442,931	\$ -	\$ -	\$ -	\$ 3,442,931
Donation to Audubon Nature Institute Foundation	552,739	-	-	-	552,739
Salaries and Benefits	-	740,441	203,831	337,829	1,282,101
Deferred Compensation, Net of Market Adjustment	-	-	-	1,133,074	1,133,074
Contractual Services	-	450,151	18,929	14,037	483,117
Event Production	-	59,832	320,675	-	380,507
Interest Expense	-	-	-	176,543	176,543
Bad Debt	-	131,083	-	-	131,083
Printing and Photography	-	46,237	26,247	-	72,484
Fees	-	2,270	10,081	53,157	65,508
Donor Relations	-	50,685	3,351	-	54,036
Professional Services	-	16,337	-	31,250	47,587
Conferences, Conventions, and Meetings	-	26,696	-	-	26,696
Postage	-	12,801	11,220	-	24,021
Advertising	-	11,600	6,163	-	17,763
Miscellaneous	-	14,815	2,118	-	16,933
Dues	-	9,451	944	-	10,395
Security Services	-	-	7,623	-	7,623
Office Supplies	-	4,178	1,399	-	5,577
Equipment	-	3,302	884	-	4,186
Depreciation	-	2,146	-	-	2,146
	<u>\$ 3,995,670</u>	<u>\$ 1,582,025</u>	<u>\$ 613,465</u>	<u>\$ 1,745,890</u>	<u>\$ 7,937,050</u>

Note 11. 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 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, 2020 and 2019, 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, 2020 and 2019, the amount due to the Institute from the Commission totaled \$10,076,947 and \$4,760,843, respectively.

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 11. Transactions with Audubon Commission and Audubon Nature Institute Foundation (Continued)

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, 2020 and 2019, are summarized as follows:

	2020	2019
Audubon Zoo and Park	\$ 1,624,478	\$ 1,977,179
Aquarium of the Americas and Riverfront Park	911,660	196,610
Species Survival Center/Research Center	1,298,063	1,233,225
Butterfly Garden/Insectarium	50,000	8,766
Louisiana Nature Center	5,000	27,151
Total	\$ 3,889,201	\$ 3,442,931

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 to the Institute in an amount not to exceed \$5,000,000, bearing no interest. 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. There are no specific repayment terms. The Foundation reserves the right to forgive this loan at its discretion by vote of its Board. At December 31, 2020, and 2019, the Foundation has loaned funds to the Institute totaling \$4,258,039 and \$396,211, respectively. During the year ended December 31, 2019, the Institute donated \$552,739 to the Foundation.

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 12. 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 Plan, are recorded in the Commission's financial statements.

The Institute also has a discretionary 457 Executive Retirement Plan for certain officers. The 457 Plan provides additional compensation based on the dollar amount or percentage specified in a salary deferral agreement with the officers. The deferred compensation is to be paid to the individuals or their beneficiaries/survivors in a lump sum upon death, disability or established vesting date. During 2020, one officer became vested and received a distribution of approximately \$2,000,000. Deferred compensation expense includes total contributions totaling approximately \$162,000 and \$226,000 for 2020 and 2019, respectively and net market adjustment gain (loss) related to the associated assets totaling \$323,064 and \$907,499 for 2020 and 2019, respectively. The liability related to the 457 Plan totaled \$4,525,154 and \$6,046,106 at December 31, 2020 and 2019, respectively, and is included in deferred compensation in the accompanying statements of financial position.

Note 13. UNO/Audubon Nature Institute Sustainable Wildlife Program

The Institute and the University of New Orleans (the University or UNO) have established four funded trusts to support four endowed chairs 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 but are maintained and administered by the University of New Orleans Foundation. The Institute and the University jointly benefit from trust distributions that fund the UNO/Audubon Nature Institute Sustainable Wildlife Program.

In 2016 the University and Audubon were authorized to create the UNO/Audubon Nature Institute Sustainable Wildlife Program. A revised affiliation agreement repurposes endowed chairs to allow funds to be utilized for the University professorships, graduate student fellowships, internships and research related to sustainable wildlife initiatives conducted at facilities managed by Audubon Nature Institute.

As of December 31, 2020 and 2019, Audubon received payment from the University based on an invoice and narrative report. A total of \$92,000 was distributed for each of the years ended December 31, 2020 and 2019.

Note 14. 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, changes in net assets, or cash flows.

Note 15. 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 financial instruments, 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. Includes U.S. Treasury strips valued by a present value of expected future cash flow model.
- 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.

AUDUBON NATURE INSTITUTE, INC.

Notes to Financial Statements

Note 15. Fair Value of Financial Instruments

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, 2020	Level 1	Level 2	Level 3	Total
Large/Mid/Small Cap Equities	\$ 2,763,641	\$ -	\$ -	\$ 2,763,641
U.S. Treasury STRIPS	-	499,925	-	499,925
Total	\$ 2,763,641	\$ 499,925	\$ -	\$ 3,263,566

December 31, 2019	Level 1	Level 2	Level 3	Total
Large/Mid/Small Cap Equities	\$ 2,903,519	\$ -	\$ -	\$ 2,903,519
Total	\$ 2,903,519	\$ -	\$ -	\$ 2,903,519

Note 16. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Institute operates. To respond to these conditions, management continues to closely monitor expenses, making reductions as deemed necessary, as well as continuing efforts to seek funding and support. Recently, local, state and federal restrictions have been reduced, resulting in the ability for the Institute to increase activity subsequent to year end.

While it is unknown how long these conditions will last and what the complete financial effect will be to the entity, the Institute has experienced decreased revenues due to closure of admissions-based facilities to the public during the period from March 14, 2020 to June 3, 2020, and limited access after then, as well as the cancelling or postponing of the Institute's largest fundraisers during 2020. In response to the reduction in revenues,

Note 17. Subsequent Events

The Institute completed its subsequent events review through June 20, 2021, the date on which the financial statements were available to be issued and determined that the following matters require disclosure:

On February 28, 2021, the \$5,000,000 credit line was reduced to \$4,000,000 and on April 9, 2021 it was renewed with a maturity date of September 30, 2021 and an interest of Variable Interest Rate subject to change from time to time based on changes in an independent index which is the Prime rate for the U.S. designated in the "Money Rates" section of the Wall Street Journal. In this renewal, the Foundation is co-borrower on this line of credit.

On June 2, 2021, the \$1,000,000 credit line was renewed with a maturity date of June 30, 2021 and interest of Prime plus 2%.

On February 10, 2021, the \$990,000 credit line was renewed with a maturity date of February 10, 2022 and interest of LIBOR plus 3%. In this renewal, the Foundation is co-borrower on this line of credit.

No other subsequent events occurring after June 20, 2021 have been evaluated for inclusion in these 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, 2020, 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 June 20, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 financial statements. 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
June 20, 2021

AUDUBON NATURE INSTITUTE, INC.
Schedule of Findings and Responses
For the Year Ended December 31, 2020

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

No matters were reported.

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, 2020

The prior year audit disclosed no significant findings, and no significant uncorrected or unresolved findings exist from prior audit.