

**AUDUBON NATURE INSTITUTE, INC.**

Audits of Financial Statements

December 31, 2021 and 2020



## Contents

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<b>Independent Auditor's Report</b>	1 - 3
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### **Basic Financial Statements**

Statements of Financial Position	4
Statements of Activities	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 23

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<b>Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	24 - 25
--	---------

---

<b>Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance Required by Uniform Guidance</b>	26 - 28
--	---------

---

<b>Schedule of Expenditure of Federal Awards</b>	29
--	----

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<b>Notes to the Schedule of Expenditures of Federal Awards</b>	30
--	----

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<b>Schedule of Findings and Questioned Costs</b>	31
--	----

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<b>Summary Schedule of Prior Audit Findings</b>	32
---	----

## **Independent Auditor's Report**

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

### **Opinion**

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, 2021 and 2020, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Supplementary Information**

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 Uniform Guidance 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2022, 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 handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA  
June 22, 2022

**AUDUBON NATURE INSTITUTE, INC.**  
**Statements of Financial Position**  
**December 31, 2021 and 2020**

	2021	2020
<b>Assets</b>		
Cash	\$ 7,950,298	\$ 3,646,163
Grants Receivable	615,831	162,594
Promises to Give, Net	2,224,922	3,032,566
Investments and Assets Limited as to Use	873,391	4,525,154
Due from Audubon Commission	5,281,382	10,076,947
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 16,945,824</b>	<b>\$ 21,443,424</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 750,735	\$ 311,667
Accrued Salaries and Benefits	22,410	50,256
Deferred Revenue	329,474	383,673
Due to Audubon Nature Institute Foundation	56,653	4,258,039
Lines of Credit	-	5,990,000
Deferred Compensation	872,805	4,525,154
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>2,032,077</b>	<b>15,518,789</b>
<b>Net Assets</b>		
Without Donor Restrictions	9,049,468	48,416
With Donor Restrictions	5,864,279	5,876,219
	<hr/>	<hr/>
<b>Total Net Assets</b>	<b>14,913,747</b>	<b>5,924,635</b>
	<hr/>	<hr/>
<b>Total Liabilities and Net Assets</b>	<b>\$ 16,945,824</b>	<b>\$ 21,443,424</b>

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

**AUDUBON NATURE INSTITUTE, INC.**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Other Support</b>			
Government Grants	\$ 10,332,801	\$ -	\$ 10,332,801
Gifts and Exhibit/Program Sponsorships	2,300,142	596,952	2,897,094
Investment Return, Net	100,003	-	100,003
Fundraising Activities	767,590	-	767,590
Net Assets Released from Restrictions	608,892	(608,892)	-
<b>Total Revenue and Other Support</b>	<b>14,109,428</b>	<b>(11,940)</b>	<b>14,097,488</b>
<b>Expenses</b>			
Grant Expense to Audubon Commission	2,096,027	-	2,096,027
Donation to Audubon Nature Institute Foundation	144,340	-	144,340
Development Expenses	1,187,548	-	1,187,548
Fundraising Activities	410,076	-	410,076
Interest	137,219	-	137,219
Other Expenses	1,133,166	-	1,133,166
<b>Total Expenses</b>	<b>5,108,376</b>	<b>-</b>	<b>5,108,376</b>
<b>Change in Net Assets</b>	<b>9,001,052</b>	<b>(11,940)</b>	<b>8,989,112</b>
<b>Net Assets, Beginning of Year</b>	<b>48,416</b>	<b>5,876,219</b>	<b>5,924,635</b>
<b>Net Assets, End of Year</b>	<b>\$ 9,049,468</b>	<b>\$ 5,864,279</b>	<b>\$ 14,913,747</b>

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**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and Other Support</b>			
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)	-
<b>Total Revenue and Other Support</b>	<b>5,572,866</b>	<b>(549,136)</b>	<b>5,023,730</b>
<b>Expenses</b>			
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
<b>Total Expenses</b>	<b>6,111,963</b>	<b>-</b>	<b>6,111,963</b>
<b>Change in Net Assets</b>	<b>(539,097)</b>	<b>(549,136)</b>	<b>(1,088,233)</b>
<b>Net Assets, Beginning of Year</b>	<b>587,513</b>	<b>6,425,355</b>	<b>7,012,868</b>
<b>Net Assets, End of Year</b>	<b>\$ 48,416</b>	<b>\$ 5,876,219</b>	<b>\$ 5,924,635</b>

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, 2021 and 2020**

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 8,989,112	\$ (1,088,233)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities		
Realized and Unrealized Gains on Investments	(53,261)	(303,869)
Receipt of Stock Gifts	(5,009)	(46,194)
Discount on Pledges Receivable	(54,618)	(68,180)
Allowance for Doubtful Accounts	(13,303)	(20,062)
Depreciation	-	715
Changes in Operating Assets and Liabilities		
Grants Receivable	(453,237)	247,600
Promises to Give	875,565	814,798
Due from Audubon Commission	4,795,565	(5,316,104)
Prepaid Expenses	-	9,590
Accounts Payable and Accrued Expenses	439,068	311,667
Accrued Salaries and Benefits	(27,846)	22,760
Deferred Revenue	(54,199)	98,639
Due to Audubon Nature Institute Foundation	(4,201,386)	3,861,828
Deferred Compensation	(3,652,349)	(1,520,952)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>6,584,102</b>	<b>(2,995,997)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales or Maturities of Investments and Assets Limited as to Use	4,456,587	1,110,541
Purchases of Investments and Assets Limited as to Use	(746,554)	(1,239,797)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>3,710,033</b>	<b>(129,256)</b>
<b>Cash Flows from Financing Activities</b>		
Draws from Lines of Credit	-	2,000,000
Payments for Lines of Credit	(5,990,000)	-
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>(5,990,000)</b>	<b>2,000,000</b>
<b>Net Increase (Decrease) in Cash</b>	<b>4,304,135</b>	<b>(1,125,253)</b>
<b>Cash, Beginning of Year</b>	<b>3,646,163</b>	<b>4,771,416</b>
<b>Cash, End of Year</b>	<b>\$ 7,950,298</b>	<b>\$ 3,646,163</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash Paid During the Year for Interest	\$ 137,219	\$ 185,745

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

# AUDUBON NATURE INSTITUTE, INC.

## Notes to Financial Statements

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### 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 (retired in 2020), 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.

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.

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 1<sup>st</sup> 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 \$55,557 and \$54,661 in 2021 and 2020, respectively, are included in the statements of activities.

On December 31, 2021, the Agreement was amended and restated. The Institute shall continue to undertake complete operation, management, and control, subject to the reserved rights and responsibilities of the Commission.

The following are the main amendments to the Agreement with financial reporting impacts. The effective implementation date is January 1, 2022 and terminates on December 31, 2028, unless extended by the parties..

# AUDUBON NATURE INSTITUTE, INC.

## Notes to Financial Statements

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### Note 1. Organization (Continued)

The Institute, in order to achieve and continue the public purpose of the Agreement and its management obligations set forth herein, shall retain in its own account Earned Revenue and Other Revenue for the operation, maintenance, and development of Audubon Facilities. Such Earned and Other Revenue shall be administered by the Institute and deposited in an account to be used for the operation of the Audubon Facilities (hereinafter referred to as the "Institute Operating Account"). For the avoidance of doubt, it is the understanding of the parties that in no event shall Earned Revenue or Other Revenue be considered public funds.

It is the intent of both parties that "Earned Revenue" (defined as admission fees, special event fees, special event rental fees, contractual income, food and merchandise revenue, and other fees collected attributable to the Audubon Facilities), "Other Revenue" defined as qualifying philanthropic sponsorships, grants specific to the Institute, and "Commission Revenue" defined as tax revenue, bond proceeds, intergovernmental grants, or Commission real estate lease revenue will be used for the benefit of all Audubon Facilities, in furtherance of the missions of both the Commission and the Institute and will cover all necessary expenses related to operation, maintenance, upgrade and development of the Audubon Facilities. Reserves and/or total positive net Earned Revenue shall also be used for the benefit of and for operation, maintenance, and development of the Audubon Facilities.

Necessary expenses of the Institute relating to the operation, maintenance, upgrade and development of the Audubon Facilities shall be paid by the Commission through transfer of Commission Revenue, including tax revenue, bond proceeds, intergovernmental grants, and Commission real estate lease revenue and any other Commission revenue due to the Commission.

All tax revenues, bond proceeds, intergovernmental grants, Commission real estate lease revenue and any other Commission Revenue due to the Commission for the operation, maintenance, upgrade and development of the Audubon Facilities shall be administered by the Institute on behalf of and in the name of the Commission and deposited in an account administered by the Institute on behalf of and in the name of the Commission (hereinafter referred to as the "Commission Account"). For the avoidance of doubt, it is the understanding of the parties that funds maintained in the Commission Account are considered public funds.

The Institute shall prepare an Institute Facilities Operating Budget, a Commission Operating Budget and a Commission Capital Budget each year. The Institute Facilities Operating Budget shall set forth revenue and expenses relating to the operation, maintenance, and development of the Audubon Facilities and the use of Earned Revenue, Other Revenue and Commission Revenue transferred to the Institute. The Commission Operating Budget shall set forth revenue and expenses relating to Commission Revenue. The Commission Capital Budget shall set forth revenue and expenses relating to Audubon Facilities capital projects.

## AUDUBON NATURE INSTITUTE, INC.

### Notes to Financial Statements

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#### 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, 2021 and 2020 is as follows:

	2021	2020
Total Assets	\$ 40,562,240	\$ 38,185,789
Total Liabilities	750	750
Total Net Assets	\$ 40,561,490	\$ 38,185,039
Total Revenues	\$ 4,077,837	\$ 4,038,775
Total Expenses	\$ 19,250	\$ 19,875
Total Endowment Distributions and Grants	\$ 1,682,136	\$ 4,016,574

#### 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).

##### Cash and Cash Equivalents

For reporting purposes, the Organization considers all demand deposits and highly liquid investments purchased with an initial maturity of three months or less to be cash and cash equivalents.

**Note 2. Summary of Significant Accounting Policies (Continued)**

**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.

**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 \$28,635 and \$37,596 is presented on the statements of financial position net of accumulated depreciation of \$28,635 and \$37,596 at December 31, 2021 and 2020, 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.

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Net Assets (Continued)**

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, 2021 and 2020. 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.

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.

**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.

**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.

**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, 2021 and 2020, the Institute had \$7,700,298 and \$3,396,123, respectively, in excess of the FDIC insured limit.

For the year ended December 31, 2021, one federal grant provided 71% of total revenue and other support. No specific concentration of revenues or support existed for the year ended December 31, 2020.

**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.

## AUDUBON NATURE INSTITUTE, INC.

### Notes to Financial Statements

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#### Note 3. Liquidity and Availability

The following table reflects the Institute's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general expenditure within one year.

	2021	2020
Financial Assets		
Cash	\$ 7,950,298	\$ 3,646,163
Grants Receivable	615,831	162,594
Promises to Give, Net	2,224,922	3,032,566
Investments and Asset Limited as to Use	873,391	4,525,154
Due from Audubon Commission	5,281,382	10,076,947
	<hr/>	<hr/>
Financial Assets at Year End	16,945,824	21,443,424
Less Those Unavailable for General Expenditure Within One Year Due to:		
Cash Subject to Satisfaction of Donor Restrictions	(2,824,953)	(1,920,660)
Promises to Give, Restricted by Donor for Time or Purpose	(2,224,922)	(3,032,566)
Investments Held for Use in Greater Than One Year	(873,391)	(4,525,154)
Related Party Receivable Held Greater Than One Year	(5,281,382)	(10,076,947)
	<hr/>	<hr/>
<b>Financial Assets at Year End Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b>\$ 5,741,176</b>	<b>\$ 1,888,097</b>

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 a line 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.



# AUDUBON NATURE INSTITUTE, INC.

## Notes to Financial Statements

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### Note 4. Investments and Assets Limited as to Use

At December 31, 2021 and 2020, investments and assets limited as to use consist of the following:

	2021	2020
Mutual Funds (Invested Primarily in Equity and Bond Funds) <sup>(a)</sup>	\$ 845,857	\$ 2,763,641
Cash/Sweep Funds	27,534	-
Fixed Income Securities	-	499,925
Cash Surrender Value of Life Insurance	-	1,261,588
<b>Total Investments and Asset Limited as to Use</b>	<b>\$ 873,391</b>	<b>\$ 4,525,154</b>

(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%.

Promises to give for the years ended December 31, 2021 and 2020 are expected to be realized as follows:

	2021	2020
In One Year or Less	\$ 1,280,214	\$ 1,199,284
Between One Year and Five Years	1,014,305	1,970,801
	<b>2,294,519</b>	3,170,085
Less: Discount to Present Value	(36,192)	(90,812)
Less: Allowance for Uncollectible Promises to Give	(33,405)	(46,707)
<b>Promises to Give, Net</b>	<b>\$ 2,224,922</b>	<b>\$ 3,032,566</b>

## AUDUBON NATURE INSTITUTE, INC.

### Notes to Financial Statements

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#### Note 5. Promises to Give (Continued)

Promises to give for the years ended December 31, 2021 and 2020, have restrictions as follows:

	2021	2020
Programs and Capital Projects	\$ 1,937,580	\$ 2,388,613
Other - General Capital and Operating Support	287,342	643,953
<b>Restrictions on Promises to Give, Net</b>	<b>\$ 2,224,922</b>	<b>\$ 3,032,566</b>

#### Note 6. Bank Lines of Credit

At December 31, 2021, the Institute had two unsecured revolving lines of credit with two commercial banks totaling \$3,490,000. At December 31, 2020, the Institute had three unsecured revolving lines of credit with three commercial banks totaling \$6,990,000. Funds may be used by the Institute for the general operating needs and capital improvements for Audubon Facilities. As of December 31, 2021 the credit lines amount to \$2,500,000, and \$990,000. As of December 31, 2020 the credit lines amount to \$5,000,000, \$1,000,000, and \$990,000.

At December 31, 2021 and 2020, the \$2,500,000 and \$5,000,000 credit line, respectively, 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 \$-0- and \$4,000,000 as of December 31, 2021 and 2020, respectively. In September 2021, the credit line was extended with a maturity date of September 30, 2022. Audubon Nature Institute Foundation is a co-borrower on this line of credit.

At December 31, 2020, the \$1,000,000 credit line bore interest of Prime plus 2% and at December 31, 2021, this credit line was no longer active. Amounts outstanding under this line of credit were \$-0- and \$1,000,000, respectively, as of December 31, 2021 and 2020.

At December 31, 2021 and 2020, the \$990,000 line of credit bore interest of one month term SOFR plus 3.1% and LIBOR plus 3%, respectively. Amounts outstanding under this credit line were \$-0- and \$990,000 at December 31, 2021 and 2020, respectively. In February 2022, the credit line was extended with a maturity date of May 29, 2022 at which point the line was closed. Audubon Nature Institute Foundation was a co-borrower on this line of credit.

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

# AUDUBON NATURE INSTITUTE, INC.

## Notes to Financial Statements

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### Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2021 and 2020:

	2021	2020
Promises to Give and Grants Receivable for Periods After Year End	\$ 2,258,329	\$ 2,854,276
Capital Projects at the Audubon Facilities	3,066,887	2,453,772
Education Programs at the Audubon Facilities	130,000	65,000
Operating Support for the Audubon Facilities	409,063	503,171
<b>Total Net Assets With Donor Restrictions</b>	<b>\$ 5,864,279</b>	<b>\$ 5,876,219</b>

### 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:

	2021	2020
Promises to Give and Grants Receivable for Periods After Year End	\$ 914	\$ -
Capital Projects at the Audubon Facilities	148,950	393,945
Education Programs at the Audubon Facilities	105,000	203,145
Operating Support for the Audubon Facilities	354,028	590,502
<b>Total Net Assets Released from Restrictions</b>	<b>\$ 608,892</b>	<b>\$ 1,187,592</b>

### Note 9. Revenue from Contracts with Customers

The following table provides information about significant changes in deferred revenue for the years ended December 31, 2021 and 2020:

	2021	2020
<b>Deferred Revenue, Beginning of Year</b>	<b>\$ 383,673</b>	<b>\$ 285,034</b>
Sponsorship and Special Events Cash Received During the Year	724,371	652,955
Sponsorship and Special Events Revenue Recognized	(778,570)	(554,316)
<b>Deferred Revenue, End of Year</b>	<b>\$ 329,474</b>	<b>\$ 383,673</b>

# AUDUBON NATURE INSTITUTE, INC.

## Notes to Financial Statements

### Note 10. Functional Reporting of Expenses

The Institute's expenses, by functional classification, for the years ended December 31, 2021 and 2020 are as follows:

December 31, 2021	Program Services	Supporting Services			Total
	Operation and Management of Audubon Commission Facilities and Programs	Development	Fundraising	Management and General	
Grant Expenses to Audubon Commission	\$ 2,096,027	\$ -	\$ -	\$ -	\$ 2,096,027
Salaries and Benefits	-	615,002	172,155	58,835	845,992
Miscellaneous	-	7,762	741	752,985	761,488
Contractual Services	-	286,602	18,479	-	305,081
Deferred Compensation, Net of Market Adjustment	-	-	-	260,845	260,845
Professional Services	-	148,000	-	52,099	200,099
Event Production	-	2,599	185,961	-	188,560
Donation to Audubon Nature Institute Foundation	144,340	-	-	-	144,340
Interest Expense	-	-	-	137,219	137,219
Advertising	-	76,500	176	-	76,676
Printing and Photography	-	29,769	22,324	-	52,093
Fees	-	4,419	1,242	8,402	14,063
Postage	-	9,951	4,066	-	14,017
Donor Relations	-	10,724	1,491	-	12,215
Conferences, Conventions and Meetings	-	4,414	50	-	4,464
Office Supplies	-	2,945	291	-	3,236
Security Services	-	-	3,100	-	3,100
Dues	-	1,250	-	-	1,250
Depreciation	-	-	-	-	-
Recovery of Bad Debt	-	(12,389)	-	-	(12,389)
	<b>\$ 2,240,367</b>	<b>\$ 1,187,548</b>	<b>\$ 410,076</b>	<b>\$ 1,270,385</b>	<b>\$ 5,108,376</b>

December 31, 2020	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)
	<b>\$ 3,889,201</b>	<b>\$ 875,548</b>	<b>\$ 219,505</b>	<b>\$ 1,127,709</b>	<b>\$ 6,111,963</b>

# AUDUBON NATURE INSTITUTE, INC.

## Notes to Financial Statements

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### 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, 2021 and 2020, 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, 2021 and 2020, the amount due to the Institute from the Commission totaled \$5,281,382 and \$10,076,947, 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, 2021 and 2020, are summarized as follows:

	<b>2021</b>	2020
Species Survival Center/Research Center	<b>\$ 1,669,578</b>	\$ 1,298,063
Audubon Zoo and Park	<b>353,536</b>	1,624,478
Audubon Nature Institute Foundation	<b>144,340</b>	-
Aquarium of the Americas and Riverfront Park	<b>67,613</b>	911,660
Louisiana Nature Center	<b>5,300</b>	5,000
Butterfly Garden/Insectarium	-	50,000
<b>Total</b>	<b><u>\$ 2,240,367</u></b>	<b><u>\$ 3,889,201</u></b>

## AUDUBON NATURE INSTITUTE, INC.

### Notes to Financial Statements

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

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, 2021, and 2020, the Foundation has loaned funds to the Institute totaling \$-0- and \$4,258,039, respectively.

During the year ended December 31, 2021, the Institute donated \$144,340 to the Foundation.

#### **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 2021, another officer became vested and received a distribution of approximately \$3,900,000. 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 for both 2021 and 2020 and net market adjustment gain (loss) related to the associated assets totaled \$99,263 and \$323,064 for 2021 and 2020, respectively. The liability related to the 457 Plan totaled \$872,805 and \$4,525,154 at December 31, 2021 and 2020, respectively, and is included in deferred compensation in the accompanying statements of financial position.

## AUDUBON NATURE INSTITUTE, INC.

### Notes to Financial Statements

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#### **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, 2021 and 2020, 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, 2021 and 2020.

#### **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.

# AUDUBON NATURE INSTITUTE, INC.

## Notes to Financial Statements

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### Note 15. Fair Value of Financial Instruments (Continued)

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, as well as cash/sweep funds.
- 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.

#### 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:

<b>December 31, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Large/Mid/Small Cap Equities</b>	<b>\$ 845,857</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 845,857</b>
<b>Cash/Sweep Funds</b>	<b>27,534</b>	<b>-</b>	<b>-</b>	<b>27,534</b>
<b>Total</b>	<b>\$ 873,391</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 873,391</b>

  

<b>December 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Large/Mid/Small Cap Equities</b>	<b>\$ 2,763,641</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,763,641</b>
<b>U.S. Treasury STRIPS</b>	<b>-</b>	<b>499,925</b>	<b>-</b>	<b>499,925</b>
<b>Total</b>	<b>\$ 2,763,641</b>	<b>\$ 499,925</b>	<b>\$ -</b>	<b>\$ 3,263,566</b>



## AUDUBON NATURE INSTITUTE, INC.

### Notes to Financial Statements

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#### **Note 16. Subsequent Events**

The Institute completed its subsequent events review through June 22, 2022, the date on which the financial statements were available to be issued and determined that the following matters require disclosure:

As described in Note 1, the Management and Cooperative Endeavor Agreement (Agreement) between the Institute and the Audubon Commission was amended and restated during 2021 with an effective date of January 1, 2022. The main amendments to the Agreement will have financial reporting impacts upon the effective date, as described in Note 1.

No other subsequent events occurring after June 22, 2022 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, 2021, 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 22, 2022.

**Report on 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.

**Report on 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 22, 2022

**REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

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

**Report on Compliance for Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Audubon Nature Institute Inc.'s (the Institute), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Institute's major federal program for the year ended December 31, 2021. The Institute's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Institute 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, 2021.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibility under those standards and the Uniform Guidance are further described in the Audit Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Institute's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Institute's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Institute's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Institute's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Institute's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Institute's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

A Professional Accounting Corporation

Metairie, LA  
June 22, 2022

**AUDUBON NATURE INSTITUTE, INC.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

<b>Federal Grantor or Pass-Trough Grantor and Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>Small Business Administration</b>				
Shuttered Venue Operators Grant - SBA - COVID 19	59.075	n/a	\$ -	\$ 10,000,000
<b>U.S. Department of Commerce (DOC)</b>				
Marine Mammal Data Program	11.439		-	77,575
Marine Mammal Data Program	11.439		-	10,262
Passed Through Louisiana Department of Wild Life and Fisheries				
Marine Mammal Data Program	11.439	2000498924	-	27,960
Total 11.439			-	115,797
Passed Through National Fish & Wild Life Foundation				
Unallied Management Projects - Developing a Gulf Highly Migratory Species Industry Association	11.454	61514	-	9,616
Habitat Conservation	11.463	73320	-	32,625
Habitat Conservation	11.463	70648	-	73,636
Total 11.463			-	106,261
<b>U.S. Department of the Interior (DOI)</b>				
Endeangered Species Conservation - Recovery Implementation Funds	15.657		-	101,127
<b>Total</b>			<b>\$ -</b>	<b>\$ 10,332,801</b>

**AUDUBON NATURE INSTITUTE, INC.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Audubon Nature Institute, Inc. (the Institute) under programs of the federal government for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flow of Institute.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Indirect Cost Rate**

The Institute uses indirect cost rates negotiated and approved by the grant awarding agencies, and has elected not to use the 10% de minimis indirect cost rate as provided for in Section 200.414 of the Uniform Guidance.

**Note 4. Reconciliation to the Financial Statements**

Total expenditures per the Schedule and total government grant revenues per the statement of activities are \$10,332,801 for the year ended December 31, 2021.



**AUDUBON NATURE INSTITUTE, INC.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2021**

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**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**

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 2 CFR 200.516(a)? No

Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program</u>
59.075	Shuttered Venue Operators Grant

Dollar threshold used to determine Type A Programs: \$750,000

Auditee qualified as low-risk auditee? No

**Part II - Financial Statement Findings**

No matters were reported.

**Part III - Findings and Questioned Costs for Federal Awards**

No matters were reported.

**AUDUBON NATURE INSTITUTE, INC.**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2021**

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