

**AUDUBON NATURE INSTITUTE, INC.**

Audits of Financial Statements

December 31, 2022 and 2021



## 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 - 24

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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>	25 - 26
--	---------

---

<b>Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance Required by Uniform Guidance</b>	27 - 29
--	---------

---

<b>Schedule of Expenditure of Federal Awards</b>	30
--	----

---

<b>Notes to the Schedule of Expenditures of Federal Awards</b>	31
--	----

---

<b>Schedule of Findings and Questioned Costs</b>	32
--	----

---

<b>Summary Schedule of Prior Audit Findings</b>	33
---	----

---

<b>Schedule of Compensation, Benefits, and Other Payments to Agency Head</b>	34
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## Independent Auditor's Report

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

### Report on the Audits of the Financial Statements

#### 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, 2022 and 2021, 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, 2022 and 2021, 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*, issued by the Comptroller General of the United States (*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.

#### Emphasis of Matter

As discussed in Note 1 to the financial statements, the Institute, through a Management Agreement (the Agreement), operates and manages the Audubon Facilities, as defined in Note 1, for the benefit of the Audubon Commission who owns the Audubon Facilities. 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 Audubon Commission. The effective implementation date was January 1, 2022 and the Agreement terminates on December 31, 2028, unless extended by the parties. As part of the implementation of the Agreement, on the effective date the Commission transferred certain assets and liabilities related to operations and management of the Audubon Facilities netting to \$9,098,677. The main amendments to the Agreement with financial reporting impacts are further described in Note 1. Our opinion is not modified with respect to that matter.

## **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 opinions on the financial statements that collectively comprise the Institute's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023 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 26, 2023

**AUDUBON NATURE INSTITUTE, INC.**  
**Statements of Financial Position**  
**December 31, 2022 and 2021**

	2022	2021
<b>Assets</b>		
Cash	\$ 6,820,677	\$ 7,950,298
Grants Receivable	1,195,841	615,831
Accounts Receivable	253,355	-
Inventory	796,272	-
Prepaid Expenses	286,658	-
Promises to Give, Net	1,712,303	2,224,922
Equipment, Net	1,096,497	-
Investments and Assets Limited as to Use	848,866	873,391
Due from Audubon Commission	175,577	5,281,382
Due from Audubon Nature Institute Foundation	1,298	-
	<u>13,187,344</u>	<u>16,945,824</u>
<b>Total Assets</b>	<b>\$ 13,187,344</b>	<b>\$ 16,945,824</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 3,177,099	\$ 750,735
Accrued Salaries and Benefits	801,974	22,410
Deferred Revenue	3,576,802	329,474
Due to Audubon Nature Institute Foundation	-	56,653
Deferred Compensation	848,280	872,805
	<u>8,404,155</u>	<u>2,032,077</u>
<b>Total Liabilities</b>	<b>8,404,155</b>	<b>2,032,077</b>
<b>Net Assets</b>		
Without Donor Restrictions	(1,109,922)	9,049,468
With Donor Restrictions	5,893,111	5,864,279
	<u>4,783,189</u>	<u>14,913,747</u>
<b>Total Net Assets</b>	<b>4,783,189</b>	<b>14,913,747</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 13,187,344</b>	<b>\$ 16,945,824</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, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains, and Other Support</b>			
Charges for Services	\$ 31,508,173	\$ -	\$ 31,508,173
Government Grants	1,609,885	-	1,609,885
Gifts and Exhibit/Program Sponsorships	1,986,137	777,132	2,763,269
Investment Loss, Net	(185,084)	-	(185,084)
Fundraising Activities	932,058	-	932,058
Transfers from Audubon Commission for Operations	5,892,560	-	5,892,560
Contribution from Audubon Nature Institute Foundation	1,780,599	-	1,780,599
Other Revenues and Gains	799,889	-	799,889
Net Assets Released from Restrictions	748,300	(748,300)	-
<b>Total Revenue, Gains, and Other Support</b>	<b>45,072,517</b>	<b>28,832</b>	<b>45,101,349</b>
<b>Expenses</b>			
Operation and Management of Audubon Commission Facilities and Programs	33,298,638	-	33,298,638
Development Expenses	1,624,033	-	1,624,033
Fundraising Activities	500,495	-	500,495
Management and General	10,710,064	-	10,710,064
<b>Total Expenses</b>	<b>46,133,230</b>	<b>-</b>	<b>46,133,230</b>
<b>Net Transfers of Certain Assets and Liabilities from Audubon Commission per Management Agreement</b>	<b>(9,098,677)</b>	<b>-</b>	<b>(9,098,677)</b>
<b>Change in Net Assets</b>	<b>(10,159,390)</b>	<b>28,832</b>	<b>(10,130,558)</b>
<b>Net Assets, Beginning of Year</b>	<b>9,049,468</b>	<b>5,864,279</b>	<b>14,913,747</b>
<b>Net Assets, End of Year</b>	<b>\$ (1,109,922)</b>	<b>\$ 5,893,111</b>	<b>\$ 4,783,189</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**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Gains, 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, Gains, and Other Support</b>	<b>14,109,428</b>	<b>(11,940)</b>	<b>14,097,488</b>
<b>Expenses</b>			
Operation and Management of Audubon Commission			
Facilities and Programs	2,240,367	-	2,240,367
Development Expenses	1,187,548	-	1,187,548
Fundraising Activities	410,076	-	410,076
Management and General	1,270,385	-	1,270,385
<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.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2022 and 2021**

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (10,130,558)	\$ 8,989,112
Adjustments to Reconcile Change in Net Assets to Net Cash		
(Used in) Provided by Operating Activities		
Realized and Unrealized Gains on Investments	186,106	(53,261)
Gain on Disposal of Property and Equipment	11,933	-
Receipt of Stock Gifts	-	(5,009)
Net Transfer of Certain Non-Cash Assets and Liabilities from		
Audubon Commission per Management Agreement	9,183,258	-
Discount on Pledges Receivable	(21,249)	(54,618)
Allowance for Doubtful Accounts	(28,051)	(13,303)
Depreciation	149,439	-
Changes in Operating Assets and Liabilities		
Grants Receivable	(580,010)	(453,237)
Accounts Receivable	(108,558)	-
Promises to Give	561,919	875,565
Inventory	(153,305)	-
Prepaid Expenses	119,222	-
Due from Audubon Commission	(76,647)	4,795,565
Due from Audubon Nature Institute Foundation	(1,298)	-
Accounts Payable and Accrued Expenses	(2,575,401)	439,068
Accrued Salaries and Benefits	132,990	(27,846)
Deferred Revenue	3,247,328	(54,199)
Due to Audubon Nature Institute Foundation	(56,653)	(4,201,386)
Deferred Compensation	(24,525)	(3,652,349)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(164,060)</b>	<b>6,584,102</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales or Maturities of Investments and		
Assets Limited as to Use	-	4,456,587
Purchases of Investments and Assets Limited as to Use	(161,581)	(746,554)
Purchases of Equipment	(803,980)	-
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(965,561)</b>	<b>3,710,033</b>
<b>Cash Flows from Financing Activities</b>		
Payments for Lines of Credit	-	(5,990,000)
<b>Net Cash Used in Financing Activities</b>	<b>-</b>	<b>(5,990,000)</b>
<b>Net (Decrease) Increase in Cash</b>	<b>(1,129,621)</b>	<b>4,304,135</b>
<b>Cash, Beginning of Year</b>	<b>7,950,298</b>	<b>3,646,163</b>
<b>Cash, End of Year</b>	<b>\$ 6,820,677</b>	<b>\$ 7,950,298</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash Paid During the Year for Interest	\$ 2,477	\$ 137,219

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 and Nature of Activities

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 the Revised and Restated Management and Cooperative Endeavor Agreement (Agreement) discussed below between the Institute and the Audubon Commission (the 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 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 in place in 2021 and previous years, the Commission paid for the cost and operation of the Audubon Facilities, with the Commission reimbursing the Institute for all expenses that it incurred on behalf of the Commission in furtherance of the Agreement. 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 effective implementation date was January 1, 2022 and the Agreement terminates on December 31, 2028, unless extended by the parties. As part of the implementation of the Agreement, on the effective date the Commission transferred certain assets and liabilities related to operations and management of the Audubon Facilities netting to \$9,098,677. The following are the main amendments to the Agreement with financial reporting impacts.

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 Revenue 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.

# AUDUBON NATURE INSTITUTE, INC.

## Notes to Financial Statements

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### Note 1. Organization (Continued)

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.

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.

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 the 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, 2022 and 2021 is as follows:

	2022	2021
Total Assets	\$ 30,911,414	\$ 40,562,240
Total Liabilities	1,298	750
Total Net Assets	\$ 30,910,116	\$ 40,561,490
Total Revenues, (Losses) Gains, and Other Support	\$ (7,852,226)	\$ 4,077,837
Total Expenses	\$ 18,549	\$ 19,250
Total Endowment Distributions and Grants	\$ 1,780,599	\$ 1,682,136

#### 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 Institute considers all demand deposits and highly liquid investments purchased with an initial maturity of three months or less to be cash and cash equivalents.

##### Grants Receivable

Grants receivable are for grants from governmental agencies. The Institute has determined that an uncollectible allowance is not required, and the balance is expected to be fully collectible.

**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.

**Inventory**

Inventory consists of merchandise for sale stated at the lower of cost or net realizable value, using the first in, first out method.

**Equipment, Net**

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 \$4,379,522 and \$28,635 is presented on the statements of financial position net of accumulated depreciation of \$3,283,025 and \$28,635 at December 31, 2022 and 2021, 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, 2022 and 2021. 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 ticket sales, membership sales, facilities rentals, catering, gift shop sales, food and beverage sales, 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 membership sales and ticket sales for admissions to facilities and events, as well as related sponsorships are deferred and recognized as revenue as events occur. Receivables from contracts with customers are reported as accounts receivable in the accompanying statement of financial position, net of an allowance totaling \$24,182 for the year ended December 31, 2022. There were no accounts receivable as of December 31, 2021 or January 1, 2022.

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

**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). Any unrelated business income may be subject to taxation. Income taxes for unrelated business income were \$124,695 and \$0- for the years ended December 31, 2022 and 2021, respectively.

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 provision for 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, 2022 and 2021, the Institute had \$6,395,209 and \$7,700,298, 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, 2022.

**Reclassifications**

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation. Such reclassifications had no effect on the previously reported change in net assets

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

**Recent Accounting Pronouncements - 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 was adopted on a retrospective basis during the year ended December 31, 2022 with no material impact on the financial statements.

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. The Institute adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Institute has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Institute's historical accounting treatment under ASC Topic 840, *Leases*.

The Institute elected to adopt the package of practical expedients under the transition guidance within Topic 842, which among other things, allowed it to carry forward the historical lease classification, and has not elected to adopt the hindsight practical expedient. The Institute made an accounting policy election available under Topic 842 not to recognize Institute assets and lease liabilities for leases with a term of 12 months or less. The Institute has also made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component.

The Institute deemed that the adoption of Topic 842 related to its operating leases was not material to the financial statements for the recognition of ROU assets and lease liabilities, results of operations, cash flows, or debt covenants.

## 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, 2022 and 2021, reduced by amounts not available for general expenditure within one year.

	2022	2021
Financial Assets		
Cash	\$ 6,820,677	\$ 7,950,298
Grants Receivable	1,195,841	615,831
Accounts Receivable	253,355	-
Promises to Give, Net	1,712,303	2,224,922
Investments and Assets Limited as to Use	848,866	873,391
Due from Audubon Commission	175,577	5,281,382
Due from Audubon Nature Institute Foundation	1,298	-
	<hr/>	<hr/>
Financial Assets at Year End	11,007,917	16,945,824
Less Those Unavailable for General Expenditure Within One Year Due to:		
Cash Subject to Satisfaction of Donor Restrictions	(3,605,778)	(2,824,953)
Promises to Give, Restricted by Donor for Time or Purpose	(1,712,303)	(2,224,922)
Investments Held for Use in Greater Than One Year	(848,866)	(873,391)
Related Party Receivable Held Greater Than One Year	-	(5,281,382)
	<hr/>	<hr/>
<b>Financial Assets at Year End Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b>\$ 4,840,970</b>	<b>\$ 5,741,176</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, 2022 and 2021, investments and assets limited as to use consist of the following:

	2022	2021
Mutual Funds (Invested Primarily in Equity and Bond Funds)	\$ 686,424	\$ 845,857
Cash/Sweep Funds	44,382	27,534
U.S. Treasury Bonds	118,060	-
<b>Total Investments and Asset Limited as to Use</b>	<b>\$ 848,866</b>	<b>\$ 873,391</b>

### 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 1.26% to 3.99%.

Promises to give for the years ended December 31, 2022 and 2021 are expected to be realized as follows:

	2022	2021
In One Year or Less	\$ 1,577,257	\$ 1,280,214
Between One Year and Five Years	155,346	1,014,305
	1,732,603	2,294,519
Less: Discount to Present Value	(8,142)	(36,192)
Less: Allowance for Uncollectible Promises to Give	(12,158)	(33,405)
<b>Promises to Give, Net</b>	<b>\$ 1,712,303</b>	<b>\$ 2,224,922</b>

Promises to give for the years ended December 31, 2022 and 2021, have restrictions as follows:

	2022	2021
Programs and Capital Projects	\$ 1,524,955	\$ 1,937,580
Other - General Capital and Operating Support	187,348	287,342
<b>Restrictions on Promises to Give, Net</b>	<b>\$ 1,712,303</b>	<b>\$ 2,224,922</b>

# AUDUBON NATURE INSTITUTE, INC.

## Notes to Financial Statements

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### Note 6. Bank Lines of Credit

At December 31, 2022 and 2021, the Institute had one unsecured revolving line of credit \$2,500,000 with a commercial bank. This 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%. No amounts were outstanding under this credit line as of December 31, 2022 and 2021. In September 2022, the credit line was extended with a maturity date of September 30, 2023. Audubon Nature Institute Foundation is a co-borrower on this line of credit.

During 2022 and 2021, the Institute also had a \$990,000 line of credit with a separate commercial bank. In February 2022, the credit line was extended with a maturity date of May 29, 2022 at which point the line was closed. There was no amount outstanding under this credit line at December 31, 2022 or 2021.

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.

### Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2022 and 2021:

	<b>2022</b>	2021
Promises to Give and Grants Receivable for Periods After Year End	<b>\$ 1,724,462</b>	\$ 2,258,329
Capital Projects at the Audubon Facilities	<b>3,679,481</b>	3,066,887
Education Programs at the Audubon Facilities	<b>99,999</b>	130,000
Operating Support for the Audubon Facilities	<b>389,169</b>	409,063
<b>Total Net Assets With Donor Restrictions</b>	<b>\$ 5,893,111</b>	\$ 5,864,279

# AUDUBON NATURE INSTITUTE, INC.

## Notes to Financial Statements

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### 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:

	2022	2021
Operating Support for the Audubon Facilities	\$ 559,753	\$ 354,028
Education Programs at the Audubon Facilities	135,466	105,000
Capital Projects at the Audubon Facilities	53,081	148,950
Promises to Give and Grants Receivable for Periods After Year End	-	914
<b>Total Net Assets Released from Restrictions</b>	<b>\$ 748,300</b>	<b>\$ 608,892</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, 2022 and 2021:

	2022	2021
<b>Deferred Revenue, Beginning of Year</b>	<b>\$ 329,474</b>	<b>\$ 383,673</b>
Transfer of Deferred Revenue from Audubon Commission On January 1, 2022	3,213,549	-
Membership Cash Received During the Year	2,022,511	-
Membership Revenue Recognized	(2,185,926)	-
Events Rentals and Catering Cash Received During the Year	1,025,621	-
Events Rentals and Catering Revenue Recognized	(930,681)	-
Golf Annual Pass and Advances Cash Received During the Year	41,238	-
Golf Annual Pass and Advances Cash Revenue Recognized	(126,169)	-
Sponsorship and Special Events Cash Received During the Year	1,152,300	724,371
Sponsorship and Special Events Revenue Recognized	(965,115)	(778,570)
<b>Deferred Revenue, End of Year</b>	<b>\$ 3,576,802</b>	<b>\$ 329,474</b>

# AUDUBON NATURE INSTITUTE, INC.

## Notes to Financial Statements

### Note 10. Functional Reporting of Expenses

The Institute's expenses, by functional classification, for the year ended December 31, 2022 are as follows:

December 31, 2022	Program Services		Supporting Services		Total
	Operation and Management of Audubon Commission Facilities and Programs	Development	Fundraising	Management and General	
Salaries and Benefits	\$ 16,183,947	\$ 432,219	\$ 159,506	\$ 5,771,446	\$ 22,547,118
Operating Supplies and Equipment	4,794,321	-	-	233,211	5,027,532
Contractual Services	1,763,659	936,772	17,825	821,140	3,539,396
Utilities	2,768,760	-	-	-	2,768,760
Insurance	-	-	-	2,723,318	2,723,318
Cost of Goods Sold	2,696,649	-	-	4,264	2,700,913
Advertising	1,117,341	75,802	188	-	1,193,331
Fees	1,080,186	3,103	2,361	38,002	1,123,652
Repairs and Maintenance	793,068	-	-	21,734	814,802
Outside Services and Professional Fees	361,966	99,972	-	319,974	781,912
Grant Expenses to Audubon Commission	499,236	-	-	-	499,236
Information Technology	116,115	-	-	251,921	368,036
Event Production	-	15,943	254,579	-	270,522
Outreach and Education Expenses	259,400	-	-	-	259,400
Employee Expense	84,084	-	-	126,188	210,272
Depreciation and Amortization	107,265	2,865	1,057	38,252	149,439
Printing and Photography	74,699	28,184	33,346	7,961	144,190
Travel	120,712	-	-	22,639	143,351
Telephone and Communications	-	-	-	134,469	134,469
Provision for Income Tax	-	-	-	124,695	124,695
Security Services	115,949	-	1,219	-	117,168
Office Supplies and Furniture	85,226	3,577	1,632	26,355	116,790
Postage and Freight	86,540	10,294	15,539	3,001	115,374
Dues	43,650	1,575	-	55,192	100,417
Miscellaneous	83,200	6,006	953	-	90,159
Conferences, Conventions, and Meetings	60,188	1,816	264	10,827	73,095
Donor Relations	-	11,576	12,026	-	23,602
Interest Expense	2,477	-	-	-	2,477
Bad Debt Expense (Recovery)	-	(5,671)	-	-	(5,671)
Deferred Compensation, Net of Market Adjustment	-	-	-	(24,525)	(24,525)
	<b>\$ 33,298,638</b>	<b>\$ 1,624,033</b>	<b>\$ 500,495</b>	<b>\$ 10,710,064</b>	<b>\$ 46,133,230</b>

# 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, 2021 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
Recovery of Bad Debt	-	(12,389)	-	-	(12,389)
	<u>\$ 2,240,367</u>	<u>\$ 1,187,548</u>	<u>\$ 410,076</u>	<u>\$ 1,270,385</u>	<u>\$ 5,108,376</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 for the benefit of the Commission as evidenced by the revised and restated Agreement. The Agreement provides that all Earned Revenue and Other Revenue for the operation, maintenance, and development of the Audubon Facilities shall be deposited and administered in an account maintained and administered by the Institute. All revenues of the Commission that is for the operation, maintenance, upgrade, and development of the Audubon Facilities shall be deposited in an account on behalf of and in the name of the Commission and administered and maintained and by the Institute on behalf of and in the name of the Commission. Specific grants or donations received by the Institute related to capital improvements will be transferred to the Commission.

# AUDUBON NATURE INSTITUTE, INC.

## Notes to Financial Statements

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

At December 31, 2022 and 2021, the amount due from the Commission to the Institute totaled \$175,577 and \$5,281,382, respectively.

The Institute has provided support to the Commission to fund certain capital projects, education programs and operational support. For the years ended December 31, 2022 and 2021, those amounts totaled \$499,236 and \$2,096,027, respectively.

Specific 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, 2022 and 2021, are summarized as follows:

	2022	2021
Audubon Zoo and Park	\$ 332,794	\$ 353,536
Species Survival Center/Research Center	165,371	1,669,578
Louisiana Nature Center	1,071	5,300
Audubon Nature Institute Foundation	-	144,340
Aquarium of the Americas and Riverfront Park	-	67,613
<b>Total</b>	<b>\$ 499,236</b>	<b>\$ 2,240,367</b>

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 the 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. For December 31, 2022 and 2021, there were no loans from the Foundation to the Institute.

During the years ended December 31, 2022 and 2021, the Institute donated \$-0- and \$144,340, respectively, to the Foundation. At December 31, 2022 and 2021, the amount due from the Foundation to the Institute totaled \$1,298 and \$-0-, respectively.

## AUDUBON NATURE INSTITUTE, INC.

### Notes to Financial Statements

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#### **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. 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 for the year ended December 31, 2021. For the year ended December 31, 2022, contribution expense totaled \$243,162.

The Institute also has a discretionary 457 Executive Retirement Plan (the 457 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, an officer became vested and received a distribution of approximately \$3,900,000. Deferred compensation expense includes total contributions totaling approximately \$162,000 for both 2022 and 2021 and net market adjustment gain (loss) related to the associated assets totaled \$(203,332) and \$99,263 for 2022 and 2021, respectively. The liability related to the 457 Plan totaled \$848,280 and \$872,805 at December 31, 2022 and 2021, 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, 2022 and 2021, Audubon received payment from the University based on an invoice and narrative report. A total of \$85,035 and \$92,000 was distributed for the years ended December 31, 2022 and 2021, respectively.

**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, as well as cash/sweep funds. This method is unchanged from December 31, 2021.
- 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. This method is unchanged from December 31, 2021.
- 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.

# AUDUBON NATURE INSTITUTE, INC.

## Notes to Financial Statements

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

#### Recurring Fair Value Measurements (Continued)

These estimated fair values and corresponding fair value hierarchy are summarized as follows:

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 686,424	\$ -	\$ -	\$ 686,424
U.S. Treasury Bond	-	118,060	-	118,060
Cash/Sweep Funds	44,382	-	-	44,382
<b>Total</b>	<b>\$ 730,806</b>	<b>\$ 118,060</b>	<b>\$ -</b>	<b>\$ 848,866</b>

  

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 845,857	\$ -	\$ -	\$ 845,857
Cash/Sweep Funds	27,534	-	-	27,534
<b>Total</b>	<b>\$ 873,391</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 873,391</b>

### Note 16. Subsequent Events

The Institute has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2023, and determined that there were no events that require recognition or additional disclosure. No other subsequent events occurring after this date 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, 2022, 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 26, 2023.

**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 Institute'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 Institute'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 26, 2023

**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.

***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, 2022. 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, 2022.

***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 26, 2023

**AUDUBON NATURE INSTITUTE, INC.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2022**

<b>Federal Grantor or Pass-Through 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>U.S. Department of Commerce (DOC)</b>				
Marine Mammal Data Program	11.439		\$ -	\$ 32,024
Marine Mammal Data Program	11.439		-	19,566
Total 11.439			-	51,590
Passed Through National Fish & Wildlife Foundation				
Habitat Conservation	11.463	73320	-	155,434
Habitat Conservation	11.463	70648	-	7,465
Total 11.463			-	162,899
Department of Commerce NOAA Emergency Response Communications Equipment	11.469		-	435,000
Total U.S. Department of Commerce (DOC)			-	649,489
<b>U.S. Department of the Interior (DOI)</b>				
Endangered Species Conservation - Recovery Implementation Funds	15.657		93,470	231,751
Passed Through Association of Zoos and Aquariums				
Endangered Species Conservation - Recovery - COVID-19 Implementation Funds	15.657	N/A	-	523,349
Total 15.657			93,470	755,100
<b>U.S. Department of Transportation (DOT)</b>				
FHWA Recreational Trails	20.219		-	1,071
<b>U.S. Department of Homeland Security (DHS)</b>				
Non-Profit Security Program	97.008		-	150,000
<b>Total</b>			<b>\$ 93,470</b>	<b>\$ 1,555,660</b>

**AUDUBON NATURE INSTITUTE, INC.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2022**

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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, 2022. 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 differ by \$54,225 due to receipt of local grants for the year ended December 31, 2022.

**AUDUBON NATURE INSTITUTE, INC.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2022**

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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>
15.657	Endangered Species Conservation - Recovery Implementation Funds
15.657	Endangered Species Conservation - Recovery - COVID-19 Implementation Funds

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

Auditee qualified as low-risk auditee? Yes

**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, 2022**

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

**AUDUBON NATURE INSTITUTE, INC.**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Agency Head**  
**For the Year Ended December 31, 2022**

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Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

**Agency Head Name:** L. Ronald Forman, Chief Executive Officer of Audubon Nature Institute, Inc.

<b>Purpose</b>	<b>Amount</b>
Salary	\$631,759
Benefits-Insurance	\$14,139
Benefits-Retirement	\$7,687
Car Allowance	\$11,400
Cell Phone	\$807
Dues and Registration Fees	\$790
Travel - Conference	\$2,458
Special Meals	\$174

As discussed in Note 1, pursuant to a Management and Cooperative Endeavor Agreement (Agreement) between the Institute and the Audubon Commission (the Commission), the Institute operates and manages the Audubon Facilities for the benefit of the Commission, an independent agency of the City of New Orleans. The Institute employs individuals, including L. Ronald Forman, to operate and maintain the Commission's facilities.

## AGREED-UPON PROCEDURES REPORT

Audubon Nature Institute, Inc.

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period January 1, 2022 - December 31, 2022**

To the Board of Directors of  
Audubon Nature Institute, Inc. and  
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on Audubon Nature Institute, Inc.'s (the Institute) control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2022 through December 31, 2022. Audubon Nature Institute, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

The Institute has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year January 1, 2022 through December 31, 2022. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### **1) *Written Policies and Procedures***

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- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
  - iii. **Disbursements**, including processing, reviewing, and approving.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** No exceptions were found as a result of these procedures.

## **2) Board or Finance Committee**

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- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**Results:** No exceptions were found as a result of these procedures.

### **3) Bank Reconciliations**

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- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** We noted in procedure #3A(i) two instances in which the bank reconciliations were not prepared within two months of the related statement closing date.

### **4) Collections (excluding electronic funds transfers)**

---

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits, and:
- i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.

**Not applicable.**

**5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)**

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- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

**Results:** No exceptions were found as a result of these procedures.

## **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
  - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results:** No exceptions were found as a result of these procedures.

## **7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** No exceptions were found as a result of these procedures.

## **8) Contracts**

---

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
  - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** No exceptions were found as a result of these procedures.

## **9) Payroll and Personnel**

---

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** No exceptions were found as a result of these procedures.

## ***10) Ethics***

---

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Not applicable.**

## ***11) Debt Service***

---

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Not applicable.**

### ***12) Fraud Notice***

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the Legislative Auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** No exceptions were found as a result of these procedures.

### ***13) Information Technology Disaster Recovery/Business Continuity***

---

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

**Results:** We performed the procedure and discussed the results with management.

#### **14) Prevention of Sexual Harassment**

---

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1<sup>st</sup>, and observe that the report includes the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

**Not applicable.**

We were engaged by the Institute to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing on those C/C areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report 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 Professional Accounting Corporation

Metairie, LA  
June 22, 2023



Audubon Nature Institute  
*Celebrating the Wonders of Nature*

6500 Magazine Street • New Orleans, LA 70118  
AudubonNatureInstitute.org

June 28, 2023

LaPorte CPAs & Business Advisors  
111 Veterans Blvd, Suite 600  
Metairie, LA 70005

The following is the response to the exception noted in your report on the Louisiana Legislative Auditor's Statewide Agreed Upon Procedures performed for fiscal year ended December 31, 2022.

**Bank Reconciliations:**

**Response:**

A number of factors were at play that made it difficult to complete all bank reconciliations within a two month time frame: changes in personnel, fewer staff after COVID-19, and additional bank accounts. Several new bank accounts had to be set up in order to satisfy the requirements of the amended and restated Management Agreement between Audubon Nature Institute and Audubon Commission. In addition to the new bank accounts that had to be reconciled, additional accounting procedures and processes had to be put in place due to the changes in the Management Agreement. All bank reconciliations were completed without errors before the year-end close. We will make every effort to complete all bank reconciliations in a timely manner in 2023.

The external auditors discussed the exception and Audubon's response with the Institute Board at the Joint Executive/Finance/Audit Committee meeting on June 21, 2023.

Sincerely,

Caroline Tierney  
Vice President of Finance  
Audubon Nature Institute, Inc.

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*Celebrating the Wonders of Nature*

Audubon Aquarium  
of the Americas

Audubon Park

Audubon Zoo

Audubon Louisiana  
Nature Center

Audubon Butterfly Garden  
and Insectarium

Freeport-McMoran Audubon  
Species Survival Center

Woldenberg  
Riverfront Park

Wilderness  
Park