



ARTHUR ANDERSEN

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THE AUDUBON INSTITUTE, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998
TOGETHER WITH AUDITORS' REPORT

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 24 2000

THE AUDUBON INSTITUTE, INC.

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 1999 AND 1998

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
SECTION I - BASIC FINANCIAL STATEMENTS	
Report of Independent Public Accountants	1
Balance Sheets	2
Statements of Activities and Changes in Net Assets	3
<i>Statements of Cash Flows</i>	4
Notes to Financial Statements	5
SECTION II - OMB CIRCULAR A-133 SUPPLEMENTAL REPORTS AND SCHEDULES	
Independent Auditors' Reports on:	
- Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	10
- Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Revised Circular A-133	11
Schedule of Federal Financial Assistance:	
- Independent Auditors' Report on the Schedule of Federal Financial Assistance	13
- Schedule of Federal Financial Assistance	14
Schedule of Findings and Questioned Costs	15



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
of The Audubon Institute, Inc.:

We have audited the accompanying balance sheets of The Audubon Institute, Inc. (a Louisiana not-for-profit Corporation - the Institute) as of December 31, 1999 and 1998, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of December 31, 1999 and 1998, and the changes in its net assets and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have issued a report on our consideration of the Institute's internal control over financial reporting and a report on its compliance with certain provisions of laws and regulations, both dated April 7, 2000.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Institute, taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Revised Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

New Orleans, Louisiana,
April 7, 2000

Arthur Andersen LLP

THE AUDUBON INSTITUTE, INC.

BALANCE SHEETS

AS OF DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
ASSETS:		
Cash	\$ 1,250,817	\$ 736,270
Accounts and grants receivable	435,531	258,855
Investments (Note 2)	22,924,724	22,477,567
Accrued interest receivable	64,863	52,726
Pledges receivable (Note 3)	9,120,929	8,470,381
Due from Audubon Commission (Note 6)	-	132,256
Prepays and other assets	2,770	1,873
Project design costs	196,668	809,053
Equipment less accumulated depreciation of \$34,000 in 1999 and \$181,000 in 1998	<u>95,950</u>	<u>90,597</u>
Total assets	<u>\$ 34,092,252</u>	<u>\$33,029,578</u>
LIABILITIES:		
Accounts payable	\$ 35,946	\$ 41,710
Accrued salaries	22,377	11,241
Accrued sick and vacation	9,275	10,800
Other	20,457	18,913
Bank lines of credit (Note 8)	-	570,000
Due to Audubon Commission (Note 6)	<u>639,919</u>	<u>-</u>
Total liabilities	<u>727,974</u>	<u>652,664</u>
NET ASSETS:		
Unrestricted	308,882	646,238
Board designated	8,485,644	8,904,224
Temporarily restricted (Note 4)	9,443,033	8,110,538
Permanently restricted (Note 5)	<u>15,126,719</u>	<u>14,715,914</u>
Total net assets	<u>33,364,278</u>	<u>32,376,914</u>
Total liabilities and net assets	<u>\$ 34,092,252</u>	<u>\$33,029,578</u>

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

THE AUDUBON INSTITUTE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
REVENUE AND OTHER SUPPORT:		
Government grants	\$ 748,242	\$ 555,636
Gifts, exhibit/program sponsorships	5,738,547	1,952,166
Gains (losses) on securities	(38,180)	2,039,018
Investment income	900,921	740,242
Imputed interest on pledges	315,472	589,856
Fundraising activities	<u>823,595</u>	<u>780,605</u>
Total revenue and other support	<u>8,488,597</u>	<u>6,657,523</u>
FUNCTIONAL EXPENSES:		
Development and fundraising activities	1,454,896	945,308
Termite education grant	90,609	27,149
Interest	37,826	28,928
Investment expenses	130,654	100,142
Other expenses	100,576	-
Write down of project design costs	<u>750,614</u>	<u>-</u>
Total expenses	<u>2,565,175</u>	<u>1,101,527</u>
EXCESS OF SUPPORT AND REVENUE OVER EXPENSES BEFORE TRANSFERS		
	5,923,422	5,555,996
Specific grants to Audubon Commission for operations support, education programs and capital projects (Note 6)	(3,785,137)	(1,677,032)
Endowment income transferred to Audubon Commission funds (Note 5)	<u>(1,150,921)</u>	<u>(1,076,400)</u>
CHANGE IN NET ASSETS FOR THE PERIOD		
	987,364	2,802,564
Net assets, beginning	<u>32,376,914</u>	<u>29,574,350</u>
Net assets, ending	<u>\$ 33,364,278</u>	<u>\$32,376,914</u>

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

THE AUDUBON INSTITUTE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets for the year	\$ 987,364	\$ 2,802,564
Adjustments to reconcile to cash provided by operations:		
Realized gains on investments	(826,747)	(1,054,074)
Receipt of stock gifts	(392,349)	(65,922)
Unrealized (appreciation) of investments	864,957	(920,424)
Imputed interest on pledges	(315,472)	(589,856)
New pledges recorded	(3,166,517)	(1,356,321)
Provision for uncollected pledges	-	260,000
Depreciation	15,050	14,622
Write down of project design cost	750,614	-
Pledge payments	2,831,441	3,059,229
Grants receivable, due from Audubon Commission, and other assets	(57,454)	587,319
Accounts payable, due to Audubon Commission, and other liabilities	<u>645,310</u>	<u>22,489</u>
Cash provided by operating activities	<u>1,336,197</u>	<u>2,759,626</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in museum project	(138,229)	(58,439)
Proceeds from sales or maturities of investments	24,135,868	14,640,804
Purchases of investments	(24,228,886)	(16,615,959)
Property additions	<u>(20,403)</u>	<u>(75,519)</u>
Cash (used in) investing activities	<u>(251,650)</u>	<u>(2,109,113)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Draws under credit lines	1,250,000	950,000
Repayments under credit lines	<u>(1,820,000)</u>	<u>(980,000)</u>
Cash (used in) financing activities	<u>(570,000)</u>	<u>(30,000)</u>
Net increase in cash and cash equivalents	514,547	620,513
CASH AND CASH EQUIVALENTS, beginning of year	<u>736,270</u>	<u>115,757</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,250,817</u>	<u>\$ 736,270</u>

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

THE AUDUBON INSTITUTE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1999 AND 1998

1. DESCRIPTION OF THE ORGANIZATION:

The Audubon Institute, Inc. (the "Institute") is a non-profit organization incorporated October 31, 1975. The Institute is exempt from income tax under Section 501(c)(3) of the U. S. Internal Revenue Code. The Institute manages and operates the Audubon Park Commission (the "Commission") facilities located at the Audubon Zoo and Park, the Aquarium of the Americas, the Species Survival Center and the Louisiana Nature Center under contractual management agreements. Facility revenues and expenses (including salary expense) are recorded by each facility in accordance with these management agreements. The facilities had combined operating revenues of \$23,313,000 for the year ended December 31, 1999 and combined total assets of \$136,542,000 at December 31, 1999.

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 to Audubon Park Commission consist of donations received and grants obtained by the Institute for operating support and capital improvements of the facilities described above.

The Audubon Institute Foundation (the "Foundation"), a nonprofit organization exempt from income tax under Section 501(c)(3) of the U. S. Internal Revenue Code, was incorporated February 8, 1991 to raise funds to support the education programs and other activities managed by the Audubon Institute. The Foundation had no transactions from inception through December 31, 1994. Since the Institute and the Foundation are related through common mission, board representation and have the same management team, the accompanying financial statements include the accounts of the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Use of Estimates

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

Classification of Net Assets

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

unrestricted net assets or permanently restricted net assets. The permanently restricted classification is also referred to as an endowment fund. Earnings from these assets are periodically transferred to the Commission's operating funds.

Board designated net assets are unrestricted funds that are invested along with permanently restricted assets in accordance with Board approved plans. These funds are collectively invested as the Foundation's endowment fund.

Pledges Receivable and Contributions Received

The Institute recognizes contributions received as revenues in the period received and as assets, decreases in liabilities or expenses depending on the form of benefits received. Pledges receivable are recorded net of an allowance for uncollectible pledges and at net present value. A discount factor of 6.75% is applied to scheduled future pledge payments.

Investments

In November 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 124 entitled "Accounting for Certain Investments Held by Not for Profit Organizations". This statement requires that investments in equity securities with readily determinable market values and all investments in debt securities be carried at fair value on the balance sheet. The Institute adopted the statement effective January 1, 1996 resulting in an increase in net assets and reported investment balances in the Unrestricted class and the Permanently Restricted class by \$30,000 and \$78,800, respectively. Investments, as detailed below, are carried at fair value which was determined by reference to market information.

	<u>1999</u>	<u>1998</u>
Stocks	\$14,564,236	\$14,007,091
Corporate bonds	1,890,835	1,610,883
Mutual funds	-	1,001,997
U.S. government and agency notes	1,692,067	1,675,275
Mortgage and asset-backed securities	3,038,934	3,373,771
Money market accounts and investment cash	<u>1,738,652</u>	<u>808,550</u>
Total investments	<u>\$22,924,724</u>	<u>\$22,477,567</u>

Equipment

Equipment is capitalized at cost and depreciated using the straight-line method over a period of 5 years.

Statement of Cash Flows

For purposes of reporting cash flows, the Institute considers all investments with an original maturity of ninety days or less to be cash equivalents.

Reclassifications of Prior Year Balances

Certain amounts from prior year have been reclassified to conform with current year classifications.

3. PLEDGES RECEIVABLE:

Unconditional promises of donors to make contributions to the Institute are included in the financial statements as pledges receivable and revenue of the temporarily restricted net asset class. Pledges are recorded after discounting future cash flows to the present value. Pledges receivable are expected to be realized in the following periods:

	<u>1999</u>	<u>1998</u>
In one year or less	\$ 3,147,288	\$ 3,458,960
Between one and five years	5,695,921	4,045,880
More than five years	<u>3,152,755</u>	<u>3,622,755</u>
	11,995,964	11,127,595
Less: discount	<u>(2,875,035)</u>	<u>(2,657,214)</u>
Pledges receivable	<u>\$ 9,120,929</u>	<u>\$ 8,470,381</u>

Pledges at December 31, 1999 and 1998 are presented net of an allowance for uncollectible pledges of \$383,000 and \$383,000, respectively.

Pledges receivable have the following restrictions:

	<u>1999</u>	<u>1998</u>
Specific capital projects	\$ 5,150,586	\$ 771,821
Education programs	209,292	-
Endowment for Audubon Zoo and Park	-	13,884
Endowment for Aquarium	-	105,137
Endowment for Species Survival Center	-	943,396
Endowment of Nature Center	822,203	757,242
Other endowment	186,934	226,195
Other, general capital and operating support	<u>2,751,914</u>	<u>5,652,706</u>
Pledges receivable	<u>\$ 9,120,929</u>	<u>\$ 8,470,381</u>

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes or periods:

	<u>1999</u>	<u>1998</u>
Pledges receivable for periods after December 31, 1999 and 1998	\$ 8,011,792	\$ 7,320,600
Specific capital projects at Audubon Zoo and Park	354,558	190,829
Education programs at the Zoo, Aquarium and Nature Center	46,004	171,079
Operating support for the environmental policy at AICRES	-	69,733
Operating support for Species Survival Center and Audubon Institute Center for Research on Endangered Species (AICRES)	1,004,996	232,155
Other	<u>25,683</u>	<u>126,142</u>
Total temporarily restricted net assets	<u>\$ 9,443,033</u>	<u>\$ 8,110,538</u>

5. PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets at December 31, 1999 and 1998 must be invested in perpetuity, but the income from these investments is expendable to support the following:

<u>Description</u>	<u>Permanently Restricted Net Assets</u>		<u>Income Transferred to</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Aquarium of the Americas and Riverfront Park	\$ 5,131,795	\$ 4,996,879	\$ 662,045	\$ 443,400
Species Survival Center/AICRES	8,135,575	7,921,689	300,000	520,000
Audubon Zoo and Audubon Park	518,337	494,836	124,711	30,000
Louisiana Nature Center	1,154,077	1,076,315	46,934	50,000
Other	<u>186,935</u>	<u>226,195</u>	<u>17,231</u>	<u>33,000</u>
Total	<u>\$ 15,126,719</u>	<u>\$ 14,715,914</u>	<u>\$ 1,150,921</u>	<u>\$ 1,076,400</u>

6. RELATED PARTY TRANSACTIONS:

The Institute and the Commission are related through interaction of their Boards of Directors and mutual operation of the entities by the same management team. As a result, these entities often engage in operations

through one organization that benefits the other organization to achieve economies of scale. One example of this is the use of common or central bank accounts. At December 31, 1999 and 1998, the Institute's receivables from and payables to the Commission are summarized as follows:

	Due from (to)	
	<u>1999</u>	<u>1998</u>
Due from (to) Aquarium of Americas	\$ (639,919)	\$ <u>132,256</u>

Amounts due for construction are generally paid as funds are received under the Institute's grants with the U. S. Fish and Wildlife Service. Grants receivable from U. S. Fish and Wildlife Service at December 31, 1999 and 1998 were approximately \$390,038 and \$186,500, respectively.

Specific gifts and grants provided by the Institute to Commission facilities to pay operating expenses and fund certain capital projects are summarized below.

	<u>1999</u>	<u>1998</u>
Audubon Zoo and Park	\$ 1,226,092	\$ 481,712
Aquarium of the Americas and Riverfront Park	351,067	105,000
Species Survival Center/AICRES	1,998,066	992,608
Louisiana Nature Center	<u>209,912</u>	<u>97,712</u>
Total	<u>\$ 3,785,137</u>	<u>\$ 1,677,032</u>

7. EMPLOYEE BENEFIT PLAN:

The Institute has established a tax-deferred annuity plan for the benefit of all full-time employees. The plan provides for the purchase of annuities which qualify for tax deferral. Employees may participate on an optional basis by contributing between 2% and 15% of their salary, not to exceed \$10,000. The Institute matches employee contributions at a rate of 33%, up to 8% of base salary. Contributions are not subject to Federal income taxes and accumulate on a tax-deferred basis until withdrawn. The Institute's contributions amounted to approximately \$7,900 for 1999 and \$10,800 for 1998.

8. BANK LINES OF CREDIT:

The Institute has unsecured lines of credit with three commercial banks for \$3,000,000, \$1,000,000 and \$1,000,000 each of which matures in 2000. Borrowings under these lines bear interest at the thirty day London Interbank Offering Rate plus 150 basis points. At December 31, 1999 there were no amounts outstanding.

9. ENDOWED CHAIRS WITH THE UNIVERSITY OF NEW ORLEANS:

The Institute and the University of New Orleans have established four funded trusts to support four endowed chairs at the University. Under an affiliation agreement with the University, the chairholders will conduct research at the Audubon Institute Center for Research on Endangered Species (AICRES) and discharge academic responsibilities at the University. These trusts were funded by private donations totaling \$2,400,000 and \$1,600,000 in matching funds from the Louisiana Trust Fund for Eminent Scholars. This funding set up four \$1,000,000 chairs. The trust assets are not included as Audubon Institute assets. Audubon and the University jointly benefit from trust distributions that fund the chairholders' research and academic responsibilities. At December 31, 1999 senior scientists working at AICRES occupied two chairs. A third chair will be filed in May 2000 and a search is underway for the fourth chairholder.



REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
The Audubon Institute, Inc.:

We have audited the financial statements of The Audubon Institute, Inc. (the "Institute"), as of and for the year ended December 31, 1999, and have issued our report thereon dated April 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Institute's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Providing an opinion on compliance with those provisions was not an objective of our audit, however, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Institute's internal controls over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Institute's management, Board of Directors and grantor agencies; however, this report is a matter of public record and its distribution is not limited.

Arthur Andersen LLP

New Orleans, Louisiana,
April 7, 2000

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

To the Board of Directors of
The Audubon Institute, Inc.:

Compliance

We have audited the compliance of The Audubon Institute, Inc. (the "Institute") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1999. The Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Institute's management. Our responsibility is to express an opinion on the Institute's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Institute's compliance with those requirements.

In our opinion, the Institute complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

Internal Control Over Compliance

Management of the Institute is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Institute's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities, but this report is a matter of public record and its distribution is not limited.

Arthur Andersen LLP

New Orleans, Louisiana,
April 7, 2000

INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

To the Board of Directors of
The Audubon Institute, Inc.:

We have audited the financial statements of The Audubon Institute, Inc. (the Institute - a Louisiana non-profit Corporation) as of and for the year ended December 31, 1999, and have issued our report thereon dated April 7, 2000. These financial statements and the Schedule referred to below are the responsibility of the Institute's management. Our responsibility is to express an opinion on the financial statements and the Schedule referred to below based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the Institute taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that Schedule has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.



New Orleans, Louisiana,
April 7, 2000

THE AUDUBON INSTITUTE, INC.

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 1999

<u>Federal Grantor or Pass-through Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Award</u>	<u>Receivable or Deferred Support at December 31, 1998</u>	<u>Cash Received in the year ended December 31, 1999</u>
U.S. Fish and Wildlife Service/Support Facilities for the Audubon Center for Research on Endangered Species/Insectarium	14-48-0010-95-013	\$ 7,749,695	\$ 186,516	\$ 450,703
Institute of Museum and Library Services	IC 70245-97	75,000	1,305	1,305
USDA Agricultural Research Services (Termite Education Grant)	58-6435-8-113	250,000	52,077	101,311
U.S. Department of Housing and Urban Development	B-99-SP-LA-0125	<u>1,000,000</u>	<u>-</u>	<u>-</u>
		<u>\$ 9,074,695</u>	<u>\$ 239,898</u>	<u>\$ 553,319</u>

Revenues Recorded in the year ended <u>December 31, 1999</u>	Expenditures incurred in the year ended <u>December 31, 1999</u>	Receivable at <u>December 31, 1999</u>
\$ 654,225	\$ 654,225	\$390,038
-	-	-
94,017	94,017	44,783
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 748,242</u>	<u>\$ 748,242</u>	<u>\$434,821</u>

THE AUDUBON INSTITUTE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 1999

Section I -- Summary of Auditor's Results

Financial Statements

Type of report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? No

Reportable conditions identified not
 considered to be material weaknesses? No

Federal Awards

Internal control over major programs:
 Material weaknesses identified? No
 Reportable conditions identified not
 considered to be material weaknesses? None reported

Type of auditor's report issued on compliance
 for major programs: Unqualified

Any audit findings disclosed that are required to
 be reported in accordance with
 Circular A-133, Section .510(a) No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14-48-0010-95-013	U.S. Fish and Wildlife Service/Support Facilities for the Audubon Center for Research on Endangered Species/Insectarium
IC 70245-97	Institute of Museum and Library Sciences
58-6435-8-113	USDA Agricultural Research Services (Termite Education Grant)
B-99-SP-LA-0125	U. S. Department of Housing and Urban Development

Dollar threshold used to distinguish between
 Type A and Type B programs: \$300,000

Auditee qualify as a low-risk auditee Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.



ARTHUR ANDERSEN

THE AUDUBON INSTITUTE, INC.

MEMORANDUM ON ACCOUNTING PROCEDURES AND INTERNAL
ACCOUNTING CONTROLS
DECEMBER 31, 1999



ARTHUR ANDERSEN

April 7, 2000

Arthur Andersen LLP

Suite 4500
201 St Charles Avenue
New Orleans LA 70170 4500

Tel 504 581 5454
Fax 504 582 1399

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

As part of our audit of the financial statements of the Audubon Institute (the Institute) for the year ended December 31, 1999, we considered the Institute's internal control structure in determining the scope of our audit procedures for the purpose of rendering an opinion on the financial statements. While our primary purpose in this engagement was not to provide assurance on the internal control structure, we noted certain matters that we want to bring to your attention. These matters are described in the accompanying memorandum.

This letter and the accompanying memorandum are intended solely for the use of management and the Board of Directors and is not intended for any other purpose.

We appreciate the courtesies and cooperation extended to our representatives during the course of their work. We would be pleased to discuss the recommendations in greater detail or otherwise assist in their implementation at your convenience.

Very truly yours,

Arthur Andersen LLP

Gift Shop

There are numerous locations throughout the Zoo where visitors can purchase souvenirs. Often, people choose not to purchase an item because they know that they will have to carry the item with them for the duration of their visit. We recommend putting a system in place whereby a visitor can purchase items at any time during their visit and pick-up the items at the front-gate when they leave. There are several systems that can facilitate this process often for a low investment. We believe that this change will increase the amount of souvenir sales throughout the park and we would welcome the opportunity to work with you on implementing a system.

Internet Access

Potential visitors often search for the names of the parks on the internet to learn about the parks before they visit. Currently, visitors that "search" for "Audubon Zoo" or the "Aquarium of the Americas" using a search engine are directed to the web site "Auduboninstitute.org". However, if one types in "AudubonZoo.com" or "AquariumoftheAmericas.com" they do not get a web site. We recommend that you register the above listed domain names and simply redirect anyone who hits those sites to the "Auduboninstitute.org" site.

AUDUBON INSTITUTE

STATUS OF PRIOR YEAR SUGGESTIONS

DECEMBER 31, 1999

	<u>Implemented</u>	<u>Partially Implemented</u>	<u>Not Implemented</u>
Golf Course	X		
Membership			X
Year 2000	X		