

Audubon Commission

(A Discretely Presented Component Unit of
the City of New Orleans, Louisiana)

Basic Financial Statements as of and for the
Years Ended December 31, 2010 and 2009,
Additional Information as of and for the
Year Ended December 31, 2010, and
Independent Auditors' Reports

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 8/3/11

AUDUBON COMMISSION

(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Audubon Commission:

We have audited the accompanying statements of net assets of the Audubon Commission (the "Commission"), a discretely presented component unit of the City of New Orleans, Louisiana, as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Commission as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2011, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplemental information is the responsibility of the Commission's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods

of measurement and presentation of the required supplementary information. However, we did not audit the information and we do not express an opinion on it.

Our audits were conducted for the purpose of forming opinions on the Commission's basic financial statements. The additional combining information for 2010 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Commission's management. The additional combining information has been subjected to the auditing procedures applied in the audit of the 2010 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2010 basic financial statements taken as a whole.

Dubois & Touche LLP

May 10, 2011

AUDUBON COMMISSION

(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

The discussion and analysis of the Audubon Commission's (the "Commission") financial performance provides an overall review of the Commission's financial activities for the years ended December 31, 2010 and 2009. It should be read in conjunction with the basic financial statements in this report.

Overview of the Financial Statements

This annual report consists of five components — the Management's Discussion and Analysis (this section), the Independent Auditors' Report, the Basic Financial Statements, the Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, and Additional Information.

The *Basic Financial Statements* of the Commission report the financial position of the Commission and the results of its operations and its cash flows. The basic financial statements are prepared on the accrual basis of accounting.

The *Statement of Net Assets* includes all of the Commission's assets and liabilities and provides information about the Commission's investments in resources (assets) and its obligations to the Commission's creditors (liabilities). It also provides information on the capital structure of the Commission, and the liquidity and financial flexibility of the Commission.

The *Statement of Activities* reports on the current year's performance of the Commission's operations.

The *Statement of Cash Flows* provides information on the Commission's cash from operating and capital and related financing activities.

The *Notes to Basic Financial Statements* provide information that is essential in order to gain a full understanding of the data in the basic financial statements.

The *Additional Information* section provides information on the Combining Statement of Net Assets, Combining Statement of Activities and Combining Statement of Cash Flows.

The *Independent Auditors' 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*, briefly discusses the Commission's compliance and internal control that could affect the financial statements amounts.

Financial Highlights

- Net Assets increased in 2010 by \$790,710 or 0.9% over 2009. In 2009 net assets decreased by \$3,219,398 or 3.5% over 2008.
- Additions to Capital Assets totaled \$4,490,876 and \$4,109,773 in 2010 and 2009, respectively.
- Long-term Liabilities decreased by \$5,995,770 and \$2,830,310 in 2010 and 2009 respectively due to payments of debt service on bonds payable and also due to the reduction of the inter-company debt between the Audubon Nature Institute, Inc. (the "Institute") and the Audubon Commission. The Institute has committed to the Commission that it has the intent and ability to continue funding the operations of the Commission through operating advances, donations and grants. The Institute has no plans in the next 12 months to demand payment on the amounts receivable from the Commission at December 31, 2010.

Audubon Commission Operating Facilities Net Results for the Year Ended December 31, 2010 with Prior Years and Budget Comparisons

	Actual 2010	Actual 2009	Actual 2008 (In thousands)	Budget 2010	Budget 2009
Aquarium/IMAX Woldenberg Riverfront Park	\$ 4,268	\$ 4,078	\$ 5,067	\$ 3,877	\$ 3,799
Audubon Zoo and Park & Audubon Golf Course	(3,303)	(3,004)	(4,279)	(3,067)	(3,031)
Research Center/Species Audubon Insectarium	(186)	(565)	(216)	(408)	(463)
Survival Center	(624)	(504)	(767)	1	(258)
Nature Center	21		(7)		
Total operations*	<u>176</u>	<u>5</u>	<u>(202)</u>	<u>\$ 403</u>	<u>\$ 47</u>
Net capital income and expense	<u>615</u>	<u>(3,224)</u>	<u>(2,717)</u>		
Change in net assets	<u>\$ 791</u>	<u>\$ (3,219)</u>	<u>\$ (2,919)</u>		

*Excludes capital revenues and expenditures, and the depreciation associated with buildings and fixed exhibitory.

Condensed Statement of Activities

	Year Ended December 31			Change 2009 to 2010	Change 2008 to 2009
	2010	2009	2008		
Operating revenues	\$ 34,977,094	\$ 34,506,824	\$ 32,356,072	\$ 470,270	\$ 2,150,752
Operating expenses	<u>48,677,757</u>	<u>48,778,001</u>	<u>51,053,406</u>	<u>(100,244)</u>	<u>(2,275,405)</u>
Operating loss	(13,700,663)	(14,271,177)	(18,697,334)	570,514	4,426,157
Nonoperating revenues — net	<u>14,491,373</u>	<u>11,051,779</u>	<u>15,777,664</u>	<u>3,439,594</u>	<u>(4,725,885)</u>
Change in net assets	790,710	(3,219,398)	(2,919,670)	4,010,108	(299,728)
Beginning net assets	<u>89,506,600</u>	<u>92,725,998</u>	<u>95,645,668</u>	<u>(3,219,398)</u>	<u>(2,919,670)</u>
Ending net assets	<u>\$ 90,297,310</u>	<u>\$ 89,506,600</u>	<u>\$ 92,725,998</u>	<u>\$ 790,710</u>	<u>\$ (3,219,398)</u>

Comments on Condensed Statement of Revenues, Expenses and Changes in Net Assets

Operating Revenues and Expenses —

Revenues —

- Operating revenues increased by \$470,000 and \$2.15 million in 2010 and 2009 respectively. The 2009 increase was due to an increase in attendance at all facilities.
- 1.97 million guests visited Audubon Zoo, Audubon Aquarium of the Americas, Entergy IMAX Theatre and Audubon Insectarium in 2010 compared to 2.03 million in 2009. Admissions revenues contributed \$13.95 million to operations in 2010, a decrease of \$327 thousand compared to 2009. The 2010 decrease can be mainly attributed to the Macondo Well oil spill in the Gulf of Mexico, which negatively impacted our regional market as well as tourism throughout the summer.
- Other operating revenues in 2010 include the reimbursement of costs incurred in managing and operating the 24/7 critical care unit set up for marine animals rescued during the Gulf of Mexico oil spill of 2010. Other operating revenues in 2010 also include FEMA reimbursements of \$410,000 that relate to Hurricane Katrina and Gustav.

Expenses —

- Audubon continued to monitor, control and reduce material costs, supplies, and contractual services in 2010, resulting in a decrease of \$249,000 in related operating expenses from 2009.
- In 2010, an increase of \$359,000 in salaries and benefits was mainly due to the increased costs of medical insurance and other fringe benefits as well as additional costs related to managing and operating the 24/7 critical care unit set up for marine animals rescued during the oil spill.

Non-Operating Revenues —

- Dedicated tax revenues increased by \$743,850 in 2010 compared to 2009. In 2009 the tax revenues decreased by \$58,026 compared to 2008.

- Private and government grants and donations for capital projects, education programs and operating support increased in 2010 from 2009 by \$1,373,052 and in 2009 they decreased by \$4,497,763 compared to 2008 mainly due to the completion of the Insectarium capital project in 2008.

Audubon Commission — Net Capital Assets

	Beginning Balance 2009	Additions	Depreciation/ Disposals	Ending Balance 2010
Aquarium and Riverfront Park	\$ 46,222,387	\$ 936,245	\$ (3,032,380)	\$ 44,126,252
Audubon Insectarium	23,042,760	7,418	(1,347,598)	21,702,580
Audubon Zoo & Park	46,154,620	3,216,130	(2,833,684)	46,537,066
Audubon Golf Course	9,303,501	282,252	(363,636)	9,222,117
Survival Center/ Research Center	14,979,941	48,831	(800,491)	14,228,281
Louisiana Nature Center				
Total	\$ 139,703,209	\$ 4,490,876	\$ (8,377,789)	\$ 135,816,296

	Beginning Balance 2008	Additions	Depreciation/ Disposals	Ending Balance 2009
Aquarium and Riverfront Park	\$ 48,891,197	\$ 402,073	\$ (3,070,883)	\$ 46,222,387
Audubon Insectarium	24,376,158	13,279	(1,346,677)	23,042,760
Audubon Zoo & Park	45,247,081	3,674,442	(2,766,903)	46,154,620
Audubon Golf Course	9,644,397	10,679	(351,575)	9,303,501
Survival Center/ Research Center	15,803,574	9,300	(832,933)	14,979,941
Louisiana Nature Center				
Total	\$ 143,962,407	\$ 4,109,773	\$ (8,368,971)	\$ 139,703,209

Audubon Commission — Condensed Statement of Net Assets

	2010	2009	2008	Change 2009 to 2010	Change 2008 to 2009
ASSETS:					
Cash and cash equivalents	\$ 765,093	\$ 1,533,225	\$ 1,134,813	\$ (768,132)	\$ 398,412
Accounts receivable	1,000,196	692,844	1,013,228	307,352	(320,384)
Inventory	1,450,039	1,630,122	1,566,690	(180,083)	63,432
Prepaid items	1,004,761	866,112	1,507,035	138,649	(640,923)
Restricted assets	3,475,046	2,142,270	2,325,653	1,332,776	(183,383)
Nondepreciable capital assets	4,109,943	1,519,300	3,334,035	2,590,643	(1,814,735)
Depreciable capital assets — net	131,706,353	138,183,909	140,628,372	(6,477,556)	(4,259,198)
Other assets	<u>10,268,866</u>	<u>11,433,622</u>	<u>12,383,134</u>	<u>(1,164,756)</u>	<u>(949,512)</u>
Total assets	<u>\$ 153,780,297</u>	<u>\$ 158,001,404</u>	<u>\$ 163,892,960</u>	<u>\$ (4,221,107)</u>	<u>\$ (5,891,556)</u>
LIABILITIES:					
Accounts payable	\$ 6,173,554	\$ 5,429,455	\$ 5,384,519	\$ 744,099	\$ 44,936
Due to the Institute					
Payables from restricted assets	4,164,753	3,924,899	3,811,683	239,854	113,216
Long-term liabilities	<u>53,144,680</u>	<u>59,140,450</u>	<u>61,970,760</u>	<u>(5,995,770)</u>	<u>(2,830,310)</u>
Total liabilities	<u>\$ 63,482,987</u>	<u>\$ 68,494,804</u>	<u>\$ 71,166,962</u>	<u>\$ (5,011,817)</u>	<u>\$ (2,672,158)</u>
NET ASSETS:					
Invested in capital assets	\$ 89,953,980	\$ 88,249,718	\$ 91,617,917	\$ 1,704,262	\$ (3,368,199)
Unrestricted	<u>343,330</u>	<u>1,256,882</u>	<u>1,108,081</u>	<u>(913,552)</u>	<u>148,801</u>
Total net assets	<u>\$ 90,297,310</u>	<u>\$ 89,506,600</u>	<u>\$ 92,725,998</u>	<u>\$ 790,710</u>	<u>\$ (3,219,398)</u>
Total liabilities and net assets	<u>\$ 153,780,297</u>	<u>\$ 158,001,404</u>	<u>\$ 163,892,960</u>	<u>\$ (4,221,107)</u>	<u>\$ (5,891,556)</u>

Comments on the Statement of Net Assets

- The net capital assets decrease of \$3,886,913 in 2010 is due to the increase in capital asset additions \$4,490,876 offset by the depreciation and disposals of \$8,377,789. The net capital assets decrease of \$4,259,198 in 2009 from 2008 is due to an increase in capital asset additions of \$4,109,773, offset by depreciation and disposals of \$8,368,971.
- Long-term liabilities decreased by \$5,995,770 in 2010 from 2009 due to payments of debt service on bonds payable and due to the reduction of the inter-company debt between the Audubon Nature Institute and the Audubon Commission. They also decreased in 2010 as only interest was added to the Gulf Zone Bond liability. Long-term liabilities decreased by \$2,830,310 in 2009 from 2008 due to payments of debt service on bonds payable and also due to the reduction of the inter-company debt between the Institute and the Commission.

General Overview

Audubon - 2010

In 2010, Audubon remained committed to providing outstanding guest experiences, educational opportunities, and preserving the wonders of nature. With this mission at the heart of all we do, Audubon achieved great success and was able to devote much of 2010 to developing projects for the future. The combined attendance of the Zoo, Aquarium, IMAX®, and Insectarium totaled 1.97 million guests, down 3% from 2009. The Aquarium trended up, with 746,643, while the other facilities were all slightly down (Zoo saw 771,418, Insectarium 215,079 and IMAX 237,441). Total revenues exceeded \$13.95 million, which was approximately 6.8% below budget and 2.29% lower than 2009. We believe that the decrease is attributable largely to the Macondo Well Oil Spill in the Gulf of Mexico, which negatively impacted our regional market as well as tourism throughout the summer. Audubon looks to the future with optimism, ready to embark on new adventures and meet the challenges ahead.

Major Achievements

- The **Louisiana Marine Mammal and Sea Turtle Rescuc Program (LMMSTRP)**, coordinated by Audubon Aquarium of the Americas, became the 24/7 critical care unit for animals rescued during the 2010 Deepwater Horizon oil spill crisis in the Gulf of Mexico. The LMMSTRP team of aquarists, veterinarians, and volunteers has cared for 205 sea turtles and 3 dolphins since the oil spill. Their extraordinary efforts enabled the safe return of 172 sea turtles to the Gulf of Mexico last year. 30 sea turtles and one dolphin remain in Audubon's care awaiting return to the wild.
- **Audubon Insectarium's** second full year of operation brought a successful inspection from the U.S. Department of Agriculture, giving the thumbs up to continue importing, breeding, and displaying bugs from around the world. The Insectarium offered exciting encounters with exotic insects and unique experiences to visitors. Featured on the Discovery Channel and National Geographic TV, Audubon Insectarium shined in the national spotlight.
- Audubon neared completion of two major projects in 2010. *Cool Zoo, a wild and wet splash park*, which opened April 2011, provides a unique place for families to cool off while at the Zoo. *Parakeet Pointe*, opened March 2011, surrounds Aquarium guests with over 1,000 colorful birds.
- With an eye on the future, construction began on the new **state-of-the-art elephant barn and paddock** and planning moved forward for the major restoration projects in **Woldenberg Riverfront Park**. The new elephant barn will dramatically increase the size of the Zoo's elephant facility and provide our Asian Elephants with a much larger stomping ground. The Woldenberg Riverfront Park project, funded by a \$4.5 million grant from the State of Louisiana Office of Community Development Disaster Recovery Unit, includes wharf, landscaping, and sculpture repair to address Hurricane Katrina damage.
- Audubon Aquarium of the Americas celebrated **Double Decades of Discoveries** with its 20th birthday. In the two decades since opening, the Aquarium has welcomed over 20 million visitors. **Scales & Ales**, the combination fundraiser and birthday party, raised over \$65,000 for LMMSTRP.
- With 18 proven world's firsts in technology-assisted births of vanishing animals, Audubon Center for Research of Endangered Species continued to capture attention in 2010 as *60 Minutes* featured the Research Center in a June report by Lesley Stahl. The *BBC* also filmed at the Research Center for *Nature's Miracle Babies* special to air in 2011.

- Audubon Membership swelled in 2010, as the value proposition became even more attractive with the added benefit of \$5 member admission to both Audubon Insectarium and Entergy IMAX Theatre. Membership purchases were also spurred by news of the new Parakeet Pointe exhibit at Audubon Aquarium of the Americas and Cool Zoo splash park at Audubon Zoo – both debuting early 2011. Gross revenue for 2010 totaled \$3,523,749 or 3% better than budget and 6% better than actual 2009 sales. Net revenue was also ahead of both 2010 budget and 2009 actual. Member households, while fluctuating throughout the year due to renewal cycles, numbered more than 29,750 in 2010.
- Audubon Catering earned the **Green Catering certification** by the Green Restaurant Association by meeting or exceeding the association's stringent certification standards in seven areas: disposables, energy, food, furnishings and building materials, pollution and chemical reduction, waste, and water.

New Arrivals & Programs

- During 2010, the Zoo welcomed several animals to the Audubon family including **Bandia** a Western lowland gorilla, an endangered drill baboon, a male Komodo Dragon, and two maned wolves. The Zoo also celebrated the births of two monkeys, a howler and a spot-nosed guenon, as well as endangered Amur Leopard cub, flamingos, and two rare blue-crowned laughingthrush chicks.
- One of ten on exhibit in the world, **Buzz**, the smalltooth sawfish, joined the Gulf of Mexico exhibit along with new red snapper, cobia, and a 300-pound stingray at Audubon Aquarium of the Americas in November.
- Audubon has taken conservation to a new level. Developed in 2010, **Conservation Station** is a garden providing food for our animals as well as a new way to educate the community. Audubon's Horticulture team began to produce and sell **Zoo Doo Gold** compost made up of everything from spent flowers to shredded office paper. The entire Audubon family is looking for ways to reduce, reuse, and recycle everyday.
- Audubon has continued to strengthen social media initiatives, adding fans, friends, and followers every day. At year end, our social network included more than 30,000 **Facebook** friends, 3,000 **Twitter** followers, and over 80,000 e-mail subscribers.

Audubon - 2009

Audubon approached 2009 with cautious optimism. We were committed to providing unparalleled opportunities to experience nature, yet we knew that every decision would have great consequence against a backdrop of economic uncertainty. With constant monitoring of critical operating accounts and the resourcefulness of our dedicated staff, we surpassed expectations. The combined attendance of the Zoo, Aquarium and IMAX® of 1.78 million guests exceeded budget and 2008 attendance total by 12.5%, while the facilities' admissions revenue of \$12.1 million exceeded budget by 14% and 2008's total by 16.6%. Attendance was 82% of 2004 (pre-Katrina) visitation, and revenue was 87% of 2004 (pre-Katrina) total. An additional 247,153 guests visited Audubon Insectarium, generating \$2.18 million in operating revenue. Audubon ended the year well-positioned to meet the challenges of the next decade.

Major Achievements

- Audubon Insectarium celebrated its *first "ANT-iversary"* as it delighted visitors of all ages with the fascinating world of insects and invertebrates. The Insectarium was selected from 120 nominations to receive a 2009 Thea Award for *Outstanding Achievement in a Science Center* from the Themed Entertainment Association. Pauline Frommer included the Insectarium among *Five Museums You AND Your Kids Will Enjoy*, featured on *CNN.com*.
- *Audubon's Dinosaur Adventure* opened March 14 and transformed the Zoo's tropical bird house into a prehistoric setting for 20 realistic dinosaur replicas that moved, roared and spit. The touring exhibit and related education programs headlined an Audubon-wide experience. An allosaurus ruled the Aquarium Plaza, the Insectarium highlighted its collection of "Insects of Prehistory," and IMAX® premiered *Dinosaurs Alive 3D*. Over 30% of Zoo visitors added Dinosaur Adventure to their admission. Because of its popularity, Dinosaur Adventure was revamped and re-launched in Fall 2009 for an extended stay.
- An exciting new combination ticket package was launched in February: the *Audubon Experience* offers up to \$25 off of admission to Audubon Zoo, Audubon Aquarium of the Americas, Audubon Insectarium and Entergy IMAX® Theatre. The Audubon Experience ticket is valid for five days and has been very well received by out-of-town visitors. It quickly became the top-selling combination ticket for Audubon guests.
- A new baseball/softball complex neared completion on Audubon's Riverview. The complex features *Louisiana's first Miracle Field*, built on a rubberized surface that allows children with special needs to play baseball. One of 200 in the United States, the Miracle Field was created through a partnership between Audubon, Children's Hospital and the Miracle League of Greater New Orleans. Opening day was September 26, 2009.
- Audubon began planning several new projects that will improve the quality of the guest experience or enhance animal care. *Cool Zoo*, a wild and wet splash park which will make warm weather trips to the Zoo even more enjoyable opened in April, 2011. *Parakeet Pointe*, also opened in March, 2011, will surround Aquarium guests with over 1,000 colorful birds. A state-of-the-art *elephant barn and paddock* will dramatically increase the size of the Zoo's elephant facility when it opens in 2011. Also in development is the *Restoration of Woldenberg Riverfront Park*, which repairs landscaping, sculpture and wharves damaged during Hurricane Katrina.
- *Membership* continued to be the foundation for Audubon's success. The \$3.36 million raised in gross revenue exceeded the 2009 budget goal by 11%. Net revenue for 2009 totaled \$2.6 million, 13% better than 2009 budget. The number of households holding Audubon memberships exceeded 29,000 - matching pre-Katrina totals.

New Arrivals & Programs

- During the summer, the Zoo celebrated the birth of an endangered Sumatran orangutan, *Menari*, our first orangutan birth since 1996 and one of two in the U.S. in 2009. Other zoo births included babirusa piglet twins and a giant anteater. A young giraffe, a group of highly endangered Mississippi gopher tadpoles, and a male lion were noteworthy additions to the Zoo's collection.

- *Endymion*, an African penguin, hatched at the Aquarium. She is part of the African Penguin Species Survival Plan, an international conservation and breeding oversight program for these rare, captive birds.
- Aquarium staff successfully rehabilitated an *endangered Kemp's Ridley sea turtle* discovered trapped in a south Louisiana borrow pit pond. The turtle was outfitted with a satellite tag and released off the coast of Grand Isle, Louisiana. The Aquarium coordinates the Louisiana Marine Mammal and Sea Turtle Rehabilitation Program.
- *Two rare leucistic alligator hatchlings* are the stars of the Insectarium's Louisiana Swamp exhibit. Last year's discovery was the third time leucistic alligators were found in the wild; these white gators can be seen at the Zoo, Aquarium and Insectarium. The Insectarium also displayed the extremely rare pink katydid, which was bred successfully at Audubon's Insect Rearing Facility.
- Aquarium educators launched *Coast to Classroom* distance learning program, an innovative curriculum focusing on the habitats, restoration and conservation of the Gulf Coast.
- Audubon revamped interactive initiatives so that our on-line presence reflects the quality of our facilities. *Facebook* and *Twitter* pages keep members and friends up to date on the latest happenings. At year end, our social network included over 10,500 Facebook friends and 1,400 Twitter followers. *AudubonInstitute.org* received a complete makeover, with new features for purchasing tickets, shopping, and planning trips and special events.

Awards & Recognition

- Scientists at Audubon Center for Research of Endangered Species earned the prestigious Edward H. Bean Award, presented annually by the Association of Zoos and Aquariums to recognize significant contributions in species reproduction. Audubon was honored for its Mississippi sandhill crane breeding program, in which chicks are hatched and hand-reared at Freeport-McMoRan Audubon Species Survival Center, then introduced back into their natural habitat. The program has greatly increased this endangered subspecies' numbers and has possibly saved the birds from extinction.
- The Aquarium was selected to host a public meeting of the Federal Interagency Ocean Policy Task Force in October. The meeting, held at Entergy IMAX®Theatre, was part of the review process of an interim report outlining policy that will shape America's stewardship of oceans, coasts and the Great Lakes.

Contacting the Commission's Financial Manager

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Commission's finances. If you have any questions about this report or need additional financial information, please contact the Director of Finance, Audubon Nature Institute, 6500 Magazine Street, New Orleans, LA 70118.

AUDUBON COMMISSION**(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)****STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2010 AND 2009**

	2010	2009
CURRENT ASSETS:		
Cash and temporary investments	\$ 765,093	\$ 1,533,225
Accounts receivable — net of allowance for uncollectible accounts of \$59,236 in 2010 and \$103,965 in 2009	1,000,196	692,844
Inventory	1,450,039	1,630,122
Prepaid expenses	<u>1,004,761</u>	<u>866,112</u>
Total current assets	<u>4,220,089</u>	<u>4,722,303</u>
RESTRICTED ASSETS:		
Debt service and bond reserve investments	1,573,766	1,613,708
Accounts receivable for capital improvements	<u>1,901,280</u>	<u>528,562</u>
Total restricted assets	<u>3,475,046</u>	<u>2,142,270</u>
CAPITAL ASSETS:		
Land	800,000	800,000
Buildings and fixed exhibitory	213,931,296	212,818,874
Equipment	18,633,830	18,507,484
Construction in progress	3,309,943	719,300
Less accumulated depreciation	<u>(100,858,773)</u>	<u>(93,142,449)</u>
Net capital assets	<u>135,816,296</u>	<u>139,703,209</u>
OTHER ASSETS:		
Prepaid rent — Dock Board	8,799,983	8,915,772
Film cost — net of accumulated amortization	920,410	1,730,405
Receivable — Riverfront Economic Development Agreement	252,202	424,637
Bond issue costs	<u>296,271</u>	<u>362,808</u>
Total other assets	<u>10,268,866</u>	<u>11,433,622</u>
TOTAL	<u>\$ 153,780,297</u>	<u>\$ 158,001,404</u>

(Continued)

AUDUBON COMMISSION**(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)****STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2010 AND 2009**

	2010	2009
NONRESTRICTED CURRENT LIABILITIES:		
Accounts payable and other accrued liabilities	\$ 6,173,554	\$ 5,429,455
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Accrued interest	37,146	54,646
Revenue bonds — current portion	1,310,874	1,250,874
Limited tax bonds — current portion	2,509,424	2,374,424
Construction payables	307,309	244,955
Total current liabilities payable from restricted assets	<u>4,164,753</u>	<u>3,924,899</u>
Total current liabilities	<u>10,338,307</u>	<u>9,354,354</u>
LONG-TERM LIABILITIES:		
Revenue bonds	1,370,873	2,681,747
Limited tax bonds	25,451,542	27,960,966
Unamortized premium — net	514,515	625,258
Gulf Opportunity Zone loan	18,131,950	17,544,862
Due to Audubon Nature Institute	7,470,007	9,106,782
Capital lease obligation	205,793	
Other		<u>1,220,835</u>
Total long-term liabilities	<u>53,144,680</u>	<u>59,140,450</u>
Total liabilities	<u>63,482,987</u>	<u>68,494,804</u>
NET ASSETS:		
Invested in capital assets — net of related debt	89,953,980	88,249,718
Unrestricted	<u>343,330</u>	<u>1,256,882</u>
Total net assets	<u>90,297,310</u>	<u>89,506,600</u>
TOTAL	<u>\$ 153,780,297</u>	<u>\$ 158,001,404</u>

See notes to financial statements.

(Concluded)

AUDUBON COMMISSION**(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)****STATEMENTS OF ACTIVITIES****FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
OPERATING REVENUES:		
Charges for services	\$ 32,593,741	\$ 33,710,865
Miscellaneous	<u>2,383,353</u>	<u>795,959</u>
Total operating revenues	<u>34,977,094</u>	<u>34,506,824</u>
OPERATING EXPENSES:		
Salaries and benefits	21,410,357	21,051,797
Contractual services, materials, supplies, other	17,988,315	18,237,788
Depreciation and amortization	<u>9,279,085</u>	<u>9,488,416</u>
Total operating expenses	<u>48,677,757</u>	<u>48,778,001</u>
OPERATING LOSS	<u>(13,700,663)</u>	<u>(14,271,177)</u>
NONOPERATING REVENUES (EXPENSES):		
Audubon Nature Institute grants for capital projects, education programs, and operating support	5,011,828	3,478,681
Dedicated tax revenues	7,940,871	7,197,021
Intergovernmental grants for capital projects	2,676,797	2,836,892
Interest income	793,603	550,747
Interest expense	(2,400,827)	(2,277,867)
Grant expenses	(648,913)	(630,858)
Forgiveness of loan	1,220,835	
Amortization — debt costs	<u>(102,821)</u>	<u>(102,837)</u>
Total nonoperating revenues — net	<u>14,491,373</u>	<u>11,051,779</u>
CHANGE IN NET ASSETS	790,710	(3,219,398)
NET ASSETS — Beginning of year	<u>89,506,600</u>	<u>92,725,998</u>
NET ASSETS — End of year	<u>\$ 90,297,310</u>	<u>\$ 89,506,600</u>

See notes to financial statements.

AUDUBON COMMISSION
(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 34,502,484	\$ 34,819,374
Cash received from FEMA reimbursements	167,257	7,833
Cash paid to or on behalf of employees	(21,372,481)	(21,022,694)
Cash paid for supplies and services	<u>(19,055,138)</u>	<u>(19,705,371)</u>
Net cash used in operating activities	<u>(5,757,878)</u>	<u>(5,900,858)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Grants from the Institute for capital projects, education, and operating support	5,011,828	3,478,681
Payments for projects' design, construction, and equipment purchases	(4,136,318)	(4,182,618)
(Increase) decrease in restricted assets	(1,332,775)	183,383
(Decrease) increase in restricted liabilities	903,546	1,469,700
Dedicated tax revenues	7,940,871	7,197,021
Interest expense	(2,400,827)	(2,277,867)
Payment of bond principal	(4,070,000)	(2,565,000)
Interest income	793,603	550,747
Intergovernmental and other grants	2,676,797	2,836,892
Grant expenses	(648,913)	(630,858)
Other	<u>251,934</u>	<u>239,189</u>
Net cash provided by capital and related financing activities	<u>4,989,746</u>	<u>6,299,270</u>
NET (DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS	(768,132)	398,412
CASH AND TEMPORARY INVESTMENTS — Beginning of year	<u>1,533,225</u>	<u>1,134,813</u>
CASH AND TEMPORARY INVESTMENTS --- End of year	<u>\$ 765,093</u>	<u>\$ 1,533,225</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$(13,700,663)	\$(14,271,177)
Adjustments to reconcile operating loss to cash used in operations:		
Depreciation and amortization	9,279,085	8,936,927
(Increase) decrease in accounts receivable and other current assets	(381,707)	897,875
Decrease in accounts payable and other current liabilities	<u>(954,593)</u>	<u>(1,464,483)</u>
Net cash used in operating activities	<u>\$ (5,757,878)</u>	<u>\$ (5,900,858)</u>
NONCASH ITEMS:		
Gulf Opportunity Zone loan proceeds used to pay principal on limited tax and revenue bonds	<u>\$ -</u>	<u>\$ 1,330,000</u>
Gulf Opportunity Zone loan proceeds used to pay interest on limited tax and revenue bonds	<u>\$ -</u>	<u>\$ 859,742</u>
Purchases for projects' design, construction, and equipment in accounts payable and other current liabilities	<u>\$ 875,477</u>	<u>\$ 442,701</u>
Forgiveness of loan	<u>\$ 1,220,835</u>	<u>\$ -</u>
Capital lease obligation	<u>\$ 267,712</u>	<u>\$ -</u>

See notes to financial statements.

AUDUBON COMMISSION

(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

NOTES TO BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information — Audubon Park is located on a 400-acre tract within the City of New Orleans (the "City") that includes the Audubon Zoo, trails for jogging, biking, and horseback riding, an 18-hole golf course and numerous athletic fields. Act 83 passed by the Louisiana Legislature (the "Legislature") in 1871 authorized the Board of Park Commissioners to acquire the land which is now known as Audubon Park. In 1914, the Legislature passed Act 191 which created a Commission to be entrusted with the management and control of Audubon Park. Act 191, as amended, is the current authority for the present Audubon Park Commission which is composed of 24 members who are appointed by the Mayor with the approval of the City Council. Each member serves a six-year term, with four members' terms expiring each year. The Commission is considered a discretely presented component unit of the City and its statements are included in the City's annual financial statements. On January 1, 1996, the Commission's name was changed from Audubon Park Commission to Audubon Commission (the "Commission") effective with the City's adoption of amendments to its Home Rule Charter.

On November 4, 1986, City voters approved the levy of a three and four-fifths (3-4/5) mills property tax to finance the construction and certain operating expenses of the Audubon Aquarium of the Americas (the "Aquarium"). The vote was taken pursuant to Act 309, passed by the Legislature earlier in 1986, which provided that the Commission would develop, construct and operate the Aquarium and authorized the City to levy and collect the aforementioned ad valorem tax, subject to voter approval, on behalf of the Commission. The City acts through the Commission in the issuance of the bonds authorized by Act 309, and through the Board of Liquidation, City Debt, in the sale of its bonds. Construction of the Aquarium of the Americas and Woldenberg Riverfront Park was begun in 1987 and the bonds (Audubon Park Commission Aquarium Bonds, Series 1988 — \$25,000,000) were issued in 1988. Construction was completed and the Aquarium was opened to the public in September 1990. Phase II of the Aquarium was completed in 1995.

On June 1, 1990, the Commission and the City entered into an agreement for the construction and operation of the Audubon Wilderness Park and the Freeport Mc-Mo-Ran Audubon Species Survival Center on approximately 64 acres of property owned by the City. The agreement requires an annual payment to the City's General Fund of one dollar (\$1.00) per year for a period of fifty (50) years, commencing on May 1, 1990, and terminating on February 28, 2040. The Audubon Center for Research of Endangered Species is located adjacent to the Species Survival Center on 986 acres of United States Coast Guard property. The United States Coast Guard had granted the Commission a 25-year land use license with a 25 year renewal option that was executed on July 1, 2010. The term of such license is to commence on the 1st day of June 2015 and end on the 31st day of May 2040 inclusive, with an option for renewal for 25 additional years thereafter; subject to Coast Guard approval. Improvements completed on this site by the Commission include a 36,000 square-foot research laboratory.

Effective October 1, 1994, the Commission received assignment of a facility lease by the Society for Environmental Education (as lessee) with the City (as lessor). The Society for Environmental Education does business as the Audubon Louisiana Nature Center.

During 2002, construction began on the latest Audubon facility, the Audubon Insectarium. The Insectarium is located in the Customs House building and opened in the summer of 2008.

The Commission has a contractual management agreement with the Audubon Nature Institute, Inc. (the "Institute"), a nonprofit organization, under which the Institute manages and operates the Commission facilities located at the Audubon Zoo and Park, the Aquarium and Riverfront Park, the Audubon Insectarium, the Species Survival Center and the Louisiana Nature Center. The Institute employs individuals to operate and maintain the Commission's facilities; however, all operating revenues and expenses, including salary expense, related to these facilities are recorded on the records of the related facility. The Institute also supports the Commission financially through specific donations and grants obtained by the Institute for operations or capital improvements of Commission facilities.

Basis of Presentation—Fund Accounting — The proprietary fund is used to account for the Commission's ongoing operations and activities which are similar to those in the private sector. Proprietary funds are accounted for using a flow of economic resource measurement focus under which all assets and all liabilities associated with the operation of these funds are included in the balance sheet. The operating statements present increases (revenues) and decreases (expenses) in total net assets. The Commission maintains one proprietary fund type — the enterprise fund.

Basis of Accounting — Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Commission has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), excluding those issued after November 30, 1989.

Use of Estimates — The Commission prepares financial statements in accordance with accounting principles generally accepted in the United States. Such principles require 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 these estimates.

Basis of Reporting — Effective January 1, 2002, the Commission adopted GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*. GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities. It requires the classification of net assets into three components — invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in Capital Assets, Net of Related Debt — This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted — This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted — This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Restricted Assets — Restricted assets consist primarily of investments maintained in the applicable enterprise fund in accordance with bond indentures. This category is also used to report amounts receivable from public agencies in connection with the funding of capital projects.

Investments — Investments are stated at cost or amortized cost, which does not materially differ from market value.

Inventory — Inventory is stated at the lower of cost, determined by the first-in, first-out method, or market.

Capital Assets — Capital assets are recorded at historical cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives (ranging from 20- 40 years for buildings and fixed exhibitory and 3–20 years for equipment) of the assets. Equipment under capital lease is amortized using the straight-line method over the shorter of the lease term or its useful life. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue or expense for the period. The cost of maintenance and repairs is charged to operations as incurred and significant renewals and betterments are capitalized.

Statement of Cash Flows — For purposes of the Statement of Cash Flows, the enterprise funds consider all investments with an original maturity of ninety days or less to be temporary investments. Cash and temporary investments at December 31, 2010 and 2009, consisted of unrestricted cash and cash equivalents of \$765,093 and \$1,533,225, respectively.

Budgeting — Operating and capital expenditure budgets are adopted by the Commission on a basis consistent with accounting principles generally accepted in the United States. Budget information is utilized for analytical purposes, and the budget process is a key component of the Commission's management control environment.

New Accounting Pronouncements — GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was issued in February 2009 and will be applicable to the Commission for fiscal 2011. The Statement was designed to improve the usefulness of fund balance information reported by establishing a hierarchy of classifications for reporting an entity's fund balance that is based primarily on the extent to which the government entity is bound to observe spending constraints that control how specific amounts can be spent. It is anticipated that the Commission's adoption of this Statement will not have an effect on the Commission's financial position or results of operations.

2. IMPACT OF HURRICANES

The entire facility of the Louisiana Nature Center, located in New Orleans East, flooded during Hurricane Katrina in 2005. The Commission recorded a loss on impairment of the Nature Center of approximately \$446,000 in 2005 which represented the remaining net book value of the facility at the time and the Nature Center has not since reopened. Management is still in the process of developing plans to utilize the site in the future.

The Commission is insured for an event of this nature and has property damage insurance and business interruption insurance limits of approximately \$65,000,000 for all facilities. It also has a federal flood insurance policy on 15 of its buildings. During fiscal 2009, the Commission incurred additional hurricane expenses and property damage primarily relating to Hurricane Gustav which struck the Gulf Coast in September 2008. As of December 31, 2010 and 2009, the Commission recorded receivables

related to Hurricane Katrina and Gustav totaling \$374,055 and \$256,104, respectively. The Commission received \$167,257 and \$7,833 from the Federal Emergency Management Administration (FEMA) in 2010 and 2009, respectively, related to Hurricane Gustav. The Commission has not completed the process of filing for reimbursements with FEMA for the damages incurred by both Hurricane Katrina and Gustav and expects to receive additional amounts in 2011. Such amounts are recorded in miscellaneous revenues.

3. CASH AND TEMPORARY INVESTMENTS

Cash on Deposit — The Commission's deposits at financial institutions at December 31, 2010 and 2009, were \$635,933 and \$1,403,580, respectively (excluding \$129,160 and \$129,645 of cash on hand at December 31, 2010 and 2009, respectively).

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. The Commission does not have a deposit policy for custodial credit risk. As of December 31, 2010 and 2009, \$0 and \$1,107,807, respectively, were exposed to custodial credit risk in that those amounts were uninsured and collateral was held by the pledging financial institution not in the Commission's name.

Investments — The carrying and market values of the Commission's investments as of December 31, 2010 and 2009, were \$1,573,766 and \$1,613,708, respectively. At December 31, 2010, amounts were comprised of certificates of deposit of \$307,088 and treasury bills of \$1,266,678 that matured in 2011. At December 31, 2009, amounts were comprised of certificates of deposit of \$307,088 and treasury bills of \$1,306,620 that matured in 2010. As of December 31, 2010 and 2009, the Commission's investments were rated AAA by Standard and Poor's and Aaa by Moody's Investors. The average return on the deposits approximated 0.10% and 0.42% at December 31, 2010 and 2009, respectively.

Interest Rate Risk — It is not the Commission's policy to limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk — For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Commission would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2010 and 2009, the Commission is not exposed to significant custodial credit risk with respect to its investments because all investments are either insured by Federal Depository Insurance, registered in the name of the Commission or collateralized by other investments pledged in the name of the Commission.

4. OTHER ASSETS

On April 30, 1992, the Commission, the City and the Board of Commissioners of the Port of New Orleans (the "Port") entered into an agreement titled "Riverfront Economic Development Agreement" (the "Agreement") under which the Commission paid \$13,000,000 (\$11,000,000 from the sale of the Commission's Aquarium Revenue Bonds, Series 1992A, and \$2,000,000 from self-generated funds of the Commission) to the Port. In consideration for the \$11,000,000 of the payment, the Commission was relieved of all rents or fees due for occupancy pursuant to an agreement with the Port dated October 23, 1987, that provided for the development and occupancy of an aquarium and related facilities by the Commission over the 99-year term of the agreement. The \$11,000,000 payment was recorded as prepaid rent and is being amortized on a straight-line basis over the remaining term of the agreement.

In consideration for \$2,000,000 of the payment, the City, which became the sole owner of the Rivergate Facility under the agreement, agreed to transfer and assign the second \$200,000 of annual net income from the parking facilities at the Rivergate to the Commission for twenty years beginning with the 1992 calendar year. In the event parking operations were discontinued at the Rivergate, the agreement

provided for the City to make a lump sum payment to the Commission for the remaining payments discounted at 7%, or to continue to pay the \$200,000 annually in monthly installments of \$16,666. Parking operations were discontinued and the City has elected to continue paying the \$200,000 annually through 2011. Harrah's Jazz Casino Company assumed payment of this receivable from the City upon its operation of the Rivergate Facility. As payments are received from Harrah's Jazz Casino Company, this receivable, included in Other Assets, is reduced for that portion of the payment representing return of principal, with the balance credited to interest income.

Unamortized bond issue costs represent costs incurred in the issuance of the revenue bonds and the limited tax bonds (Note 6). These costs are being amortized over the life of the bonds.

Film Cost — The Commission and a partner began production on an IMAX® film about the Louisiana Wetlands in 2004 and the Commission capitalized its related costs as part of construction in process. On August 29, 2006, the "Hurricane on the Bayou," IMAX® film was completed and released at the Aquarium and subsequently released in other theatres around the world. The Commission amortizes the film costs using the individual-film-forecast-computation method which amortizes such costs in the same ratio that current period actual revenue bears to estimated remaining unrecognized ultimate revenue as of the beginning of the current fiscal year (denominator). The film revenue, included in charges for services, for the years ended December 31, 2010 and 2009, was \$306,107 and \$501,104, respectively, and ultimate revenue is estimated at \$4,167,000. Ultimate revenue includes the estimates that are based on the history of earning such revenue. The Commission recognized \$809,995 and \$607,489 of the film amortization for the years ended December 31, 2010 and 2009, respectively.

5. CAPITAL ASSETS

A summary of changes in capital assets during 2010 and 2009, is as follows:

	2010				Ending Balance 2010
	Beginning Balance 2010	Additions	Transfers	Retirements	
Capital assets not being depreciated:					
Land	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000
Construction in progress	<u>719,300</u>	<u>3,720,203</u>	<u>(1,129,561)</u>		<u>3,309,942</u>
Total capital assets not being depreciated	<u>1,519,300</u>	<u>3,720,203</u>	<u>(1,129,561)</u>		<u>4,109,942</u>
Capital assets being depreciated:					
Buildings and fixed exhibitory	212,818,874		1,129,561	(17,139)	213,931,296
Equipment	<u>18,507,484</u>	<u>770,673</u>		<u>(644,327)</u>	<u>18,633,830</u>
Total capital assets being depreciated	231,326,358	770,673	1,129,561	(661,466)	232,565,126
Less accumulated depreciation	<u>(93,142,449)</u>	<u>(8,355,708)</u>		<u>639,385</u>	<u>(100,858,772)</u>
Total capital assets — net	<u>\$ 139,703,209</u>	<u>\$ (3,864,832)</u>	<u>\$ -</u>	<u>\$ (22,081)</u>	<u>\$ 135,816,296</u>

	2009				
	Beginning Balance 2009	Additions	Transfers	Retirements	Ending Balance 2009
Capital assets not being depreciated:					
Land	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000
Construction in progress	<u>2,534,035</u>	<u>3,332,068</u>	<u>(5,130,119)</u>	<u>(16,684)</u>	<u>719,300</u>
Total capital assets not being depreciated	<u>3,334,035</u>	<u>3,332,068</u>	<u>(5,130,119)</u>	<u>(16,684)</u>	<u>1,519,300</u>
Capital assets being depreciated:					
Buildings and fixed exhibitory	207,662,272	27,833	5,130,119	(1,350)	212,818,874
Equipment	<u>19,037,374</u>	<u>745,162</u>	<u> </u>	<u>(1,275,052)</u>	<u>18,507,484</u>
Total capital assets being depreciated	226,699,646	772,995	5,130,119	(1,276,402)	231,326,358
Less accumulated depreciation	<u>(86,071,274)</u>	<u>(8,319,870)</u>	<u> </u>	<u>1,248,695</u>	<u>(93,142,449)</u>
Total capital assets — net	<u>\$ 143,962,407</u>	<u>\$ (4,214,807)</u>	<u>\$ -</u>	<u>\$ (44,391)</u>	<u>\$ 139,703,209</u>

Depreciation expense for the years ended December 31, 2010 and 2009, related to these assets amounted to approximately \$8,356,000 and \$8,320,000, respectively.

6. BONDS AND LOAN PAYABLE

Bonds and loans payable at December 31, 2010 and 2009, are comprised of the following:

	2010	2009
Limited Tax Bonds:		
3.00% to 5.00% Audubon Commission Aquarium Bonds, Series 2003 A due in annual installments of \$2,445,000 to \$2,695,000 through October 2013	\$ 7,705,000	\$ 10,030,000
3.00% to 5 3/8% Audubon Commission Aquarium Bonds, Series 2001 A due in annual installments of \$15,000 to \$3,595,000 through October 2017	13,375,000	13,390,000
3.00% to 4.70% Audubon Commission Aquarium Bonds, Series 2001 B due in annual installments of \$75,000 to \$1,260,067 through October 2021	6,153,572	6,223,572
5.00% to 6.50% Audubon Commission Improvement and Refunding Zoo Bonds, Series 1997, due in annual installments of \$275,000 to \$365,000 through December 2016	1,910,000	2,170,000
Revenue Bonds:		
4.5% to 5.00% 1997 Audubon Commission Aquarium Revenue Refunding Bonds Series 1997, due in annual installments of \$1,460,000 to \$1,520,000 through April 2012	2,980,000	4,380,000
State of Louisiana, Office of Community Development Gulf Opportunity Zone Act Loan	<u>18,131,950</u>	<u>17,544,862</u>
Total bonds and loans payable	50,255,522	53,738,434
Deferred losses on refinancings — net of amortization	(1,480,859)	(1,925,560)
Unamortized premium — net	<u>514,515</u>	<u>625,258</u>
Total	49,289,178	52,438,132
Less current maturities and current portion of deferred losses	<u>(3,820,298)</u>	<u>(3,625,298)</u>
Bonds and loans payable — long-term	<u>\$45,468,880</u>	<u>\$48,812,834</u>

On July 9, 2003, the Commission issued \$22,285,000 Aquarium Refunding Bonds, Series 2003 A with an average interest rate of 3.726%. The proceeds of this issue were used to advance refund \$22,565,000 of the Audubon Commission Aquarium Bonds, Series 1993. The 2003 A series bonds were issued on complete parity with the Aquarium Refunding Bonds, Series 2001 A and 2001 B. The advance refund included escrowing \$23,685,145 into an irrevocable trust to provide for all future debt service payments on the Series 1993 bonds; therefore the Series 1993 bonds were removed from the balance sheet in 2003. The reacquisition price exceeded the recorded book value by approximately \$2.4 million which is reported in the financial statements as a deduction to bonds payable and is being charged to interest expense through 2013 using the straight-line method.

On November 1, 2001, the Commission issued \$13,555,000 Audubon Commission Aquarium Refunding Bonds, Series 2001 A and \$6,683,572 Audubon Commission Aquarium Bonds, Series 2001 B with an average interest rate of 4.5%. Series A was issued to advance refund \$13,390,000 of Aquarium Series 1993 bonds with an average interest rate of 6.25% maturing in October 2014 through 2017. The advance refunding included escrowing \$14,573,000 into an irrevocable trust to provide for future debt service for a portion (\$13,309,000) of the Aquarium Series 1993 bonds; therefore, that portion of the Aquarium Series 1993 bonds was removed from the balance sheet in fiscal 2001. The reacquisition price exceeded the recorded book value by approximately \$1.1 million which is reported in the financial statements as a deduction to bonds payable and is being charged to interest expense through 2017 using the straight-line method. Series B was issued to finance further construction, extension and improvement of the Aquarium and related facilities, including the development, design and construction of the Audubon Insectarium. Proceeds from the bonds are also used to pay the costs of issuance of the bonds. These bonds are special and limited obligations of the City payable from and secured solely by the proceeds of a property tax levied at a rate of three and four-fifths mills.

In December 1996, the Commission received a commitment to purchase its \$4,500,000 Improvement and Refunding Bonds, Series 1997. The proceeds of the issue were used to advance refund \$1,895,000 in Series 1979 and 1988 Improvement Bonds, and provide \$2.5 million for capital improvements at Audubon Zoo. The advance refunding included escrowing \$1,943,500 into an irrevocable trust to provide for future debt service on the defeased bonds.

Debt service applicable to the limited tax bonds is held by the Board of Liquidation, City Debt. No tax bonds may be sold without approval of the Board of Liquidation. Property taxes levied by the City of New Orleans and dedicated to the payment of these limited tax bonds are collected by the City of New Orleans and, as required by law, paid to the Board of Liquidation as collected. The millages for these limited tax bonds were established at the time the bonds were issued, based upon the approval of the City's voters. The property taxes are recorded as nonoperating revenue for the appropriate fund.

In December 1997, the Commission issued its \$16,380,000 Aquarium Revenue Refunding Bonds, Series 1997 to advance refund its \$14,200,000 Series 1992 A Aquarium Revenue Bonds. The advance refunding included escrowing \$16,048,000 into an irrevocable trust to provide for all future debt service payments on the Series 1992 A bonds; therefore, the 1992 A bonds were removed from the balance sheet. The reacquisition price exceeded the recorded book value by \$2.2 million which is reported in the financial statements as a deduction to bonds payable and is being charged to interest expense in equal annual amounts through 2012.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. Management believes the Commission is in compliance with all such significant limitations and restrictions at December 31, 2010 and 2009.

In July 2006, pursuant to the Public Law 109-135 of the United States Congress, the Gulf Opportunity Zone Act of 2005 was enacted to provide tax relief and tax credit bond authority designed to aid the State with recovery efforts from Hurricane Katrina and Hurricane Rita. Accordingly, the State of Louisiana, Office of Community Development loaned the Commission \$4,907,500 to make the scheduled debt payments for the Aquarium Revenue Refunding Bonds, Series 1997 and \$11,851,006 to make scheduled debt payments for the Improvement and Refunding Zoo Bonds, Series 1997, Aquarium Refunding Bonds, Series 2001 A, Aquarium Bonds, Series 2001 B and Aquarium Refunding Bonds, Series 2003 A through 2009. Per the agreement the funds shall be maintained at the State identified

trustee and disbursed according to the debt schedule of the bonds identified above. Once funds are disbursed by the State, the debt service payments are made with the proceeds and amounts are recorded as loans payable by the Commission. The agreement matures 20 years from the date of the delivery of the loan which was on July 19, 2006. No principal or interest is payable during the initial five year period of the loan. After the expiration of the initial five year period of the loan, the loan shall bear interest at a fixed rate of 4.64%. Principal and interest shall be repaid over the remaining 15 year period based on level annual amortization of principal and interest. An extension may be requested at the end of the first five year period to defer the payment of principal and interest for an additional five years. The loan balance may be prepaid at any time, in whole or in part, by the Commission without penalty or premium. The total amount of interest to accrue over the 20-year period of the loan is \$6,874,054. As of December 31, 2010 and 2009, the amount of long-term liability under the loan was \$18,131,950 and \$17,544,862, respectively, related to principal and interest payments made to bondholders on behalf of the Commission.

The Commission and the Institute are related through the interaction of their Boards of Directors and contractual management agreements under which the Institute manages and operates Commission facilities. Subsequent to December 31, 2010, the management agreement was extended to a new ten year term beginning January 26, 2011 through January 25, 2021. As of December 31, 2010 and 2009, amounts due to the Institute totaled \$7,470,007 and \$9,106,782, respectively, and have been classified as a long-term liability based on the Commission's evaluation of the timing of the anticipated repayment of these amounts. There is no scheduled maturity date and the Institute has no plans in the next 12 months to demand payment on the amounts receivable from the Commission at December 31, 2010 (see Note 8).

A summary of changes in long-term liabilities during 2010 and 2009 is as follows:

	2010				
	Beginning Balance	Additions	Payments/ Loan Forgiveness	Ending Balance	Due Within One Year
Limited tax bonds	\$ 31,813,572	\$ -	\$ (2,670,000)	\$ 29,143,572	\$ 2,805,000
Revenue bonds	4,380,000		(1,400,000)	2,980,000	1,460,000
Note payable	1,220,835		(1,220,835)		
Due to the Institute	9,106,782		(1,636,775)	7,470,007	
Gulf Opportunity Zone loan	<u>17,544,862</u>	<u>587,088</u>		<u>18,131,950</u>	
	<u>\$ 64,066,051</u>	<u>\$ 587,088</u>	<u>\$ (6,927,610)</u>	<u>\$ 57,725,529</u>	<u>\$ 4,265,000</u>

	2009				
	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Limited tax bonds	\$ 34,378,572	\$ -	\$ (2,565,000)	\$ 31,813,572	\$ 2,670,000
Revenue bonds	5,710,000		(1,330,000)	4,380,000	1,400,000
Note payable	1,195,835	25,000		1,220,835	
Due to the Institute	10,682,557	6,745,109	(8,320,884)	9,106,782	
Gulf Opportunity Zone loan	<u>15,088,354</u>	<u>2,456,508</u>		<u>17,544,862</u>	
	<u>\$ 67,055,318</u>	<u>\$ 9,226,617</u>	<u>\$ (12,215,884)</u>	<u>\$ 64,066,051</u>	<u>\$ 4,070,000</u>

Debt service requirements on all bonds outstanding as of December 31, 2010, including interest payments of \$16,458,812 are as follows:

Years Ending December 31	Limited Tax Bonds	Revenue Bonds	Gulf Opportunity Zone Loan	Total	Interest Included in Total
2011	\$ 4,004,184	\$ 1,572,500	\$ -	\$ 5,576,684	\$ 1,311,684
2012	4,004,509	1,558,000	1,575,504	7,138,013	1,875,103
2013	4,012,779		1,430,782	5,443,561	1,508,628
2014	4,242,871		873,673	5,116,544	757,871
2015-2019	20,084,099		5,015,395	25,099,494	5,881,154
2020-2024	7,730,000		6,292,075	14,022,075	5,124,372
2024-2026			2,944,521	2,944,521	
	<u>\$44,078,442</u>	<u>\$3,130,500</u>	<u>\$18,131,950</u>	<u>\$65,340,892</u>	<u>\$16,458,812</u>

A certain Endowment Income Trust Fund loaned the Commission \$500,000 in 1982 for capital improvements within the Audubon Park and Zoo. The loan accrues interest at 5%. The loan was to be repaid annually from 50% of any operating surplus of the Audubon Park and Zoo, excluding any intergovernmental revenues. Amounts not repaid after 25 years were forgiven by the lender. The agreement also requires minimum annual payments of \$25,000 which commenced January 1, 1992. The Commission had recorded a repayment liability \$1,220,835 at December 31, 2009, which included accrued interest. During 2010, the Commission determined that the loan was forgiven by the lender and such amounts outstanding were recorded as non-operating revenues in the statement of activities.

7. RETIREMENT SYSTEM

Employees of the Institute that provide services for the Commission in accordance with the terms of the management agreement may participate on an optional basis in a tax-deferred annuity plan established by the Institute for the benefit of all full-time employees. The plan provides for the purchase of annuities which qualify for tax deferral. Participating employees contribute between 2% and 15% of their salary, not to exceed \$16,500, and the Commission, through its management agreement with the Institute, matches employee contributions up to 3% of base salary. The retirement expense provision for 2010 and 2009 amounted to approximately \$530,000 and \$535,000, respectively.

8. RELATED-PARTY TRANSACTIONS

The Commission and the Institute are related through the interaction of their Boards of Directors and contractual management agreements under which the Institute manages and operates Commission facilities. To assure efficiencies through economies of scale, these entities often engage in operations through one organization that benefit the other organization. One example of this is the use of common or central bank and investment accounts. The Commission received additional financial support from the Institute in the form of specific gifts and grants of \$5,011,828 and \$3,478,681 and distributions from the Institute's Endowment Fund amounting to \$765,321 and \$489,359 (included in interest income) during 2010 and 2009, respectively. As of December 31, 2010 and 2009, amounts due to the Institute totaled \$7,470,007 and \$9,106,782, respectively, and have been classified as a long-term liability based on the Commission's evaluation of the timing of the anticipated repayment of these amounts. The Institute has committed to the Commission that it has the intent and ability to continue funding the operations of the Commission through operating advances, donations and grants, if necessary, in order to provide the required level of financial support to enable the Commission to discharge its liabilities in the normal

course of business as they become due through January 1, 2012. The Institute has no plans in the next 12 months to demand payment on the amounts receivable from the Commission at December 31, 2010.

9. COMMITMENTS AND CONTINGENCIES

Long-Term Leases — The Commission leases its Audubon Insectarium premises under an operating lease which was amended in March 2, 2005, and expired August 2, 2009. The lease provides that the agreement may be renewed, at the option of the lessee providing that 360 days written notice is given before the end of the fixed term, for four separate and consecutive ten year terms. The lease was renewed in August 2009 with new annual rental amounts. A three year step rent plan was introduced in August 2009. The rent will be reset to market every five years, beginning August 2014, instead of 10 years as stated in the lease.

Future lease payments required under the operating lease for the next 4 years are as follows:

Years Ending December 31	Lease Payments
2011	\$ 543,090
2012	591,645
2013	591,645
Through July 2014	<u>345,126</u>
Total	<u>\$2,071,506</u>

As of December 31, 2010, the Commission was obligated under various capital leases, each with noncancelable terms in excess of one year. The net book value of assets under capital lease as of December 31, 2010, was \$250,000. Amortization expense of \$18,000 was recorded in 2010 in connection with the leased equipment and is included in depreciation and amortization expense in the accompanying 2010 statement of activities. Future minimum least payments as of December 31, 2010, are as follows:

Year Ending December 31	
2011	\$ 85,904
2012	85,904
2013	85,904
2014	<u>64,428</u>
Total minimum lease payments	322,139
Less amounts representing interest	<u>54,427</u>
Present value of future minimum lease payments	267,712
Less current portion of capital leases obligation	<u>61,920</u>
Capital lease obligations—excluding current portion	<u>\$205,793</u>

Litigation — Certain claims and suits have been filed against the Commission. The majority of these claims are covered by insurance and, based on all available information and consultation with the Commission's legal counsel, management does not believe the ultimate resolution of these matters will have a significant effect on the Commission's financial position, results of operations, or cash flows.

* * * * *

INDEPENDENT AUDITORS' 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

To the Board of Directors of
Audubon Commission:

We have audited the basic financial statements of the Audubon Commission (the "Commission"), a discretely presented component unit of the City of New Orleans, Louisiana as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 10, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures 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 Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners, management, the City of New Orleans, Louisiana, the Louisiana Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dubois & Touche LLP

May 10, 2011

ADDITIONAL INFORMATION

AUDUBON COMMISSION
(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

COMBINING SCHEDULE OF NET ASSETS
AS OF DECEMBER 31, 2010

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Survival Center/ Research Center	Louisiana Nature Center	Total
CURRENT ASSETS:							
Cash and temporary investments	\$ 675,509	\$ 25,040	\$ 62,043	\$ 2,250	\$ 251	\$ -	\$ 765,093
Accounts receivable— net of allowance for uncollectible accounts of \$59,236	728,520	304,565	256,649	2,984	12,043	-	1,000,196
Inventory	414,010	478,253	634,092	97,372	-	-	1,450,039
Prepaid expenses	410,854	33,262	478,253	12,639	69,753	-	1,004,761
Total current assets	<u>2,228,893</u>	<u>362,867</u>	<u>1,431,037</u>	<u>115,245</u>	<u>82,047</u>	<u>-</u>	<u>4,220,089</u>
RESTRICTED ASSETS:							
Debt service and bond reserve investments	1,266,678	307,088	-	-	-	-	1,573,766
Accounts receivable for capital improvements	314,234	53,208	1,531,838	-	-	-	1,901,280
Total restricted assets	<u>1,580,912</u>	<u>55,208</u>	<u>1,838,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,475,046</u>
CAPITAL ASSETS:							
Land	88,972,268	24,344,269	800,000	-	-	-	800,000
Buildings and fixed exhibitory	7,788,807	979,110	68,098,309	10,738,838	21,787,612	-	213,931,296
Equipment	756,928	3,800	6,842,318	885,189	2,138,406	-	18,633,830
Construction in progress	(53,391,752)	(3,624,599)	(31,752,775)	(2,391,910)	(9,697,737)	-	(100,858,773)
Less accumulated depreciation	44,126,251	21,702,580	46,537,067	9,222,117	14,228,281	-	135,816,296
Net capital assets	<u>88,972,268</u>	<u>24,344,269</u>	<u>800,000</u>	<u>10,738,838</u>	<u>21,787,612</u>	<u>-</u>	<u>800,000</u>
OTHER ASSETS:							
Prepaid rent — Dock Board	8,799,983	-	-	-	-	-	8,799,983
Film cost	920,410	-	-	-	-	-	920,410
Receivable — Riverfront Economic Development Agreement	252,202	-	-	-	-	-	252,202
Bond issue costs	296,271	-	-	-	-	-	296,271
Total other assets	<u>10,268,866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,268,866</u>
TOTAL	<u>\$ 58,204,922</u>	<u>\$ 22,120,655</u>	<u>\$ 49,807,030</u>	<u>\$ 9,337,362</u>	<u>\$ 14,310,328</u>	<u>\$ -</u>	<u>\$ 153,780,297</u>

(Continued)

AUDUBON COMMISSION
(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

COMBINING SCHEDULE OF NET ASSETS
AS OF DECEMBER 31, 2010

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Survival Center/ Research Center	Louisiana Nature Center	Total
CURRENT LIABILITIES:							
Total nonrestricted current liabilities — accounts payable and other accrued liabilities	\$ 2,319,151	\$ 15,260	\$ 2,973,895	\$ 344,227	\$ 195,232	\$ 325,789	\$ 6,173,554
Accounts payable and other accrued liabilities							
Current liabilities payable from restricted assets:							
Accrued interest	37,116		30				37,146
Revenue bonds — current portion	1,310,874		275,000				1,310,874
Limited tax bonds — current portion	2,234,424	6,310	227,080				2,509,424
Construction payables	73,919						73,919
Total payable from restricted assets	3,656,333	6,310	502,110				4,164,753
Total current liabilities	5,975,484	21,570	3,476,005	344,227	195,232	325,789	10,338,307
LONG-TERM LIABILITIES:							
Revenue bonds	1,370,873						1,370,873
Limited tax bonds	23,816,542		1,635,000				25,451,542
Unamortized premium — net	514,515						514,515
Gulf Opportunity Zone loan	16,951,480		1,180,470				18,131,950
Due to Audubon Nature Institute	1,309,508	(831,262)	5,810,395	339,893	857,710	(16,437)	7,470,007
Capital lease obligation				205,793			205,793
Total long-term liabilities	43,962,918	(831,262)	8,626,065	545,686	857,710	(16,437)	53,144,680
Total liabilities	49,938,402	(809,692)	12,102,070	889,913	1,052,942	309,352	63,482,987
NET ASSETS:							
Invested in capital assets — net of related debt	(306,310)	21,751,479	45,058,414	9,222,117	14,228,280	89,953,980	89,953,980
Unrestricted	8,572,830	1,178,868	(7,353,452)	(774,668)	(970,896)	(309,352)	343,330
Total net assets	8,266,520	22,930,347	37,704,962	8,447,449	13,257,384	(309,352)	90,297,310
TOTAL	\$58,204,922	\$ 22,120,655	\$49,807,032	\$9,337,362	\$14,310,326	\$ -	\$153,780,297

(Continued)

AUDUBON COMMISSION
(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Survival Center/ Research Center	Louisiana Nature Center	Total
OPERATING REVENUES:							
Charges for services	\$ 14,312,368	\$ 2,441,609	\$ 14,176,343	\$ 1,663,421	\$ -	\$ -	\$ 32,593,741
Miscellaneous	1,545,196	134,984	565,846	43,729	73,498	20,100	2,383,353
Total operating revenues	<u>15,857,564</u>	<u>2,576,593</u>	<u>14,742,189</u>	<u>1,707,150</u>	<u>73,498</u>	<u>20,100</u>	<u>34,977,094</u>
OPERATING EXPENSES:							
Salaries and benefits	7,186,579	1,668,890	10,570,493	1,043,492	940,903		21,410,357
Contractual services, materials, supplies, and other	6,633,989	1,594,007	8,032,408	779,788	927,713	20,410	17,988,315
Depreciation and amortization	3,937,873	1,347,135	2,809,420	359,873	804,784		9,279,085
Total operating expenses	<u>17,778,441</u>	<u>4,610,032</u>	<u>21,412,321</u>	<u>2,183,153</u>	<u>2,673,400</u>	<u>20,410</u>	<u>48,677,757</u>
OPERATING LOSS	<u>(1,920,877)</u>	<u>(2,033,439)</u>	<u>(6,670,132)</u>	<u>(476,003)</u>	<u>(2,599,902)</u>	<u>(310)</u>	<u>(13,700,663)</u>
NONOPERATING REVENUES (EXPENSES):							
Audubon Nature Institute grants for capital projects, education programs, and operating support	808,802	1,616,477	1,583,468		1,903,081		5,011,828
Dedicated tax revenues	6,677,978	494,337	768,556				7,940,871
Inter-governmental grants for capital projects	78,662		2,298,135		300,000		2,676,797
Interest income	306,104		137,037		350,462		793,603
Grant expenses	(2,237,615)		(136,276)	(6,916)	(330,125)		(2,400,827)
Forgiveness of loan	(102,922)		(215,866)				(648,913)
Amortization — debt costs	(101,938)		1,220,835				1,220,835
			<u>(883)</u>				<u>(103,821)</u>
Total nonoperating revenues — net	<u>5,429,071</u>	<u>2,110,814</u>	<u>5,635,006</u>	<u>(6,936)</u>	<u>1,323,418</u>	<u>-</u>	<u>14,491,373</u>
CHANGE IN NET ASSETS	<u>3,508,194</u>	<u>77,375</u>	<u>(1,035,126)</u>	<u>(482,939)</u>	<u>(1,276,484)</u>	<u>(310)</u>	<u>790,710</u>
NET ASSETS — Beginning of year	<u>4,758,325</u>	<u>22,852,971</u>	<u>38,740,089</u>	<u>8,930,388</u>	<u>14,333,869</u>	<u>(309,042)</u>	<u>89,506,600</u>
NET ASSETS — End of year	<u>\$ 8,266,519</u>	<u>\$ 22,930,346</u>	<u>\$ 37,704,963</u>	<u>\$ 8,447,449</u>	<u>\$ 13,257,385</u>	<u>\$ (309,352)</u>	<u>\$ 90,297,310</u>

AUDUBON COMMISSION
(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Survival Center/ Research Center	Louisiana Nature Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received from customers	\$ 15,367,633	\$ 2,574,059	\$ 14,760,045	\$ 1,707,150	\$ 73,497	\$ 20,100	\$ 34,502,484
Cash received from FEMA reimbursements	45,550	5,071	98,471	4,466	13,699		167,257
Cash paid to or on behalf of employees	(7,173,397)	(1,665,403)	(10,552,867)	(1,043,143)	(937,671)		(21,372,481)
Cash paid for supplies and services	(10,782,816)	(3,023,876)	(4,157,767)	(650,761)	(419,818)	(20,100)	(19,055,138)
Net cash (used in) provided by operating activities	<u>(2,543,030)</u>	<u>(2,110,149)</u>	<u>147,882</u>	<u>17,712</u>	<u>(1,270,293)</u>		<u>(5,752,878)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Grants from the Institute for capital projects, education, and operating support	808,802	1,616,477	1,583,468		1,003,081		5,011,828
Payments for projects' design, construction, and equipment purchases	(862,392)	(646)	(3,209,381)	(10,776)	(53,123)		(4,136,318)
(Increase) decrease in restricted assets	(205,038)		(1,127,737)				(1,332,775)
Increase/(decrease) in restricted liabilities	868,938		34,608				903,546
Dedicated tax revenues	6,677,978	494,337	768,556				7,940,871
Interest paid	(2,237,615)		(156,276)	(6,936)			(2,400,827)
Payment of bond principal	(3,810,000)		(260,000)				(4,070,000)
Interest income	306,104		137,037		350,462		793,603
Intergovernmental and other grants	78,662		2,298,135		300,000		2,676,797
Grant expenses	(102,922)		(215,866)		(330,125)		(648,913)
Other	252,820	(1)	(884)		(1)		251,934
Cash provided by (used in) capital and related financing activities	<u>1,775,337</u>	<u>2,110,167</u>	<u>(148,340)</u>	<u>(17,712)</u>	<u>1,270,294</u>		<u>4,989,746</u>
NET INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS							
	(767,693)	18	(458)		1		(768,132)
CASH AND TEMPORARY INVESTMENTS — Beginning of year	<u>1,443,203</u>	<u>23,022</u>	<u>62,501</u>	<u>2,249</u>	<u>250</u>		<u>1,533,225</u>
CASH AND TEMPORARY INVESTMENTS — End of year	<u>\$ 675,510</u>	<u>\$ 25,040</u>	<u>\$ 62,043</u>	<u>\$ 2,249</u>	<u>\$ 251</u>	<u>\$ -</u>	<u>\$ 765,093</u>

(Continued)

AUDUBON COMMISSION
(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Survival Center/ Research Center	Louisiana Nature Center	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:							
Operating loss	\$(1,930,877)	\$(2,033,439)	\$(6,679,132)	\$(476,003)	\$(2,599,902)	\$ (310)	\$(13,760,663)
Adjustments to reconcile operating loss to cash (used in) provided by operations:							
Depreciation and amortization	3,957,873	1,347,135	2,809,420	359,873	804,784		9,279,085
Decrease (increase) in accounts receivable and other current assets	(582,109)	(17,057)	202,664	1,839	12,956		(381,707)
(Decrease) increase in accounts payable and other current liabilities	(3,997,918)	(1,406,788)	3,805,930	132,004	511,869	310	(934,593)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$(2,543,031)</u>	<u>\$(2,110,149)</u>	<u>\$ 147,882</u>	<u>\$ 17,713</u>	<u>\$(1,270,293)</u>	<u>\$ -</u>	<u>\$ (5,757,878)</u>

(Concluded)