

The Nature Conservancy

**Financial Statements and Schedule of Expenditures
of Federal Awards and Reports**

In Accordance with OMB Uniform Guidance Thereon

For the year ended June 30, 2018

EIN 53-0242652

The Nature Conservancy

Index

June 30, 2018

Report of Independent Auditors	1-3
Financial Statements for the year ended June 30, 2018	4-6
Notes to the Financial Statements	7-24
Supplemental Schedules	25-28
Schedule of Expenditures of Federal for the year ended June 30, 2018.....	29-44
Notes to Schedule of Expenditures of Federal for the year ended June 30, 2018.....	45
Schedule of Indirect Cost Rate Computation and Fringe Benefit Rate Calculation.....	46-47
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	48-49
Report of Independent Auditors on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Uniform Guidance	50-52
Schedule of Findings and Questioned Costs.....	53-57
Summary Schedule of Prior Audit Findings	58-59
Corrective Action Plan.....	60-61



Report of Independent Auditors

To the Board of Directors of
The Nature Conservancy

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Nature Conservancy and its chapters and affiliates (the "Conservancy"), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Conservancy's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Conservancy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Nature Conservancy and its chapters and affiliates as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

We previously audited the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities and changes in net assets and of cash flows for the year then ended (not presented herein), and in our report dated December 11, 2017, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying summarized financial information as of June 30, 2017 and for the year then ended is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying summarized consolidated statements of financial position as of June 30, 2018 and 2017, the summarized consolidated statements of activities for the year ended June 30, 2018 and 2017, and the schedule of functional expenses for the year ended June 30, 2018 with summarized totals for the year ended June 30, 2017, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2018 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the consolidated financial statements. The accompanying Schedule of Indirect Cost Rate Computation, and Schedule of Fringe Benefit Rate Calculation for the year ended June 30, 2018 are presented for purposes of additional analysis, and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Schedule of Indirect Cost Rate Computation, and Schedule of Fringe Benefit Rate Calculation, are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2018 on our consideration of the Conservancy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conservancy's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pricewaterhousecoopers up". The signature is written in a cursive, flowing style.

October 22, 2018
McLean, VA

The Nature Conservancy
Consolidated Statement of Financial Position
As of June 30, 2018

(Amounts in thousands)

Assets

Cash and cash equivalents		\$	66,317
Restricted cash and cash equivalents			22,071
Restricted short-term investments			25,000
Government grants and contracts receivable			32,767
Pledges receivable, net			275,386
Securities pledged under securities lending agreement			52,482
Other assets			72,438
Property and equipment, net of accumulated depreciation and amortization			126,947
Investments			
Investments - Capital fund	861,423		
Investments - Split interest arrangements	325,927		
Investments - Endowment fund	1,291,521		
Total investments			2,478,871
Conservation lands			2,036,278
Conservation easements			2,221,307
Total assets			<u>\$ 7,409,864</u>

Liabilities

Accounts payable and accrued liabilities		\$	116,595
Payable under securities lending agreement			52,482
Deferred revenue and refundable advances			105,449
Bonds and notes payable			345,351
Split interest arrangements payable			191,514
Total liabilities			<u>811,391</u>

Net assets

Unrestricted			
Undesignated	266,258		
Land, easements, and capital funds	4,170,538		
Board-designated quasi endowment and similar funds	932,052		
Total unrestricted			5,368,848
Temporarily restricted			833,406
Permanently restricted			396,219
Total net assets			<u>6,598,473</u>
Total liabilities and net assets			<u>\$ 7,409,864</u>

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

The Nature Conservancy
Consolidated Statement of Activities
For the year ended June 30, 2018

(Amounts in thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and revenues				
Dues and contributions	\$ 294,544	\$ 440,514	\$ 25,027	\$ 760,085
Contributed goods and services	31,628	-	-	31,628
Land and easements contributed for conservation	57,721	-	-	57,721
Government grants and contracts	117,894	-	-	117,894
Investment gains	160,272	32,674	-	192,946
Other income	70,784	-	-	70,784
Total support and revenues before sales of conservation land and easements and net assets released from restrictions	732,843	473,188	25,027	1,231,058
Sales of conservation land and easements to governments and others	57,482	-	-	57,482
Net assets released from restrictions	472,293	(472,293)	-	-
Total support and revenues	1,262,618	895	25,027	1,288,540
Expenses				
Program expenses				
Conservation activities and actions	523,959	-	-	523,959
Book value of conservation land and easements sold or donated to governments and others	98,740	-	-	98,740
Total program expenses	622,699	-	-	622,699
Support services expenses				
General and administration	163,778	-	-	163,778
Fund-raising				
General fund-raising	79,621	-	-	79,621
Membership development	45,729	-	-	45,729
Total support services expenses	289,128	-	-	289,128
Total expenses	911,827	-	-	911,827
Increase/(decrease) in net assets	350,791	895	25,027	376,713
Reclassification of net assets	33	593	(626)	-
Total increase/(decrease) in net assets	350,824	1,488	24,401	376,713
Net assets at beginning of year	5,018,024	831,918	371,818	6,221,760
Net assets at end of year	\$ 5,368,848	\$ 833,406	\$ 396,219	\$ 6,598,473

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

The Nature Conservancy

Consolidated Statement of Cash Flows

For the year ended June 30, 2018

(Amounts in thousands)

Reconciliation of change in net assets to cash used in operating activities:

Change in net assets		\$	376,713	
Non-cash adjustments:				
Contributed land and easements	\$	(66,882)		
Contributed securities		(31,870)		
Losses on disposition of land, easements, and others		55,487		
Realized/Unrealized investment gain		(180,080)		
Change in value of split interest investments		(25,478)		
Change in value of interest rate swaps		(12,168)		
Depreciation and amortization		14,674		
Debt forgiveness		(100)	(246,417)	
Changes in assets and liabilities:				
Decrease in receivables		29,776		
Increase in restricted cash		(2,478)		
Increase in other assets		(17,048)		
Increase in split interests arrangements payable		1,612		
Increase in other liabilities		22,179	34,041	
Cash provided by (used in) land activities:				
Proceeds from sales of land and easements		56,328		
Purchases of land and easements		(306,594)	(250,266)	
Proceeds from sale of contributed securities			30,757	
Contributions for long-term purposes			(3,424)	
Net cash used in operating activities				\$ (58,596)

Investing activities:

Proceeds from sale of capital and endowment investments		952,017		
Purchases of capital and endowment investments		(922,508)		
Purchases of property and equipment		(21,433)		
Proceeds from notes receivable		3,042		
Net cash provided by investing activities				11,118

Financing activities:

Changes in securities pledged under securities lending agreement		4,855		
Changes of payable under securities lending agreement		(4,855)		
Purchases of split interest investments		(21,069)		
Proceeds from split interest arrangements		34,164		
Principal payments on debt		(80,653)		
Proceeds from issuance of debt		122,790		
Proceeds from restricted contributions		3,424		
Net cash provided by financing activities				58,656

Net change in cash and cash equivalents				11,178
Cash and cash equivalents, beginning of year				55,139
Cash and cash equivalents, end of year				<u>\$ 66,317</u>

Supplemental data

Interest paid				\$ 14,055
---------------	--	--	--	-----------

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

ACCOUNTING POLICY FOOTNOTES

The following notes present disclosures of the significant accounting policies and related information relating to balances and amounts contained in the consolidated statements of financial position and activities. These notes are an integral part of the consolidated financial statements.

The Nature Conservancy

Notes to Consolidated Financial Statements

June 30, 2018

1. ORGANIZATION

The Nature Conservancy (“The Conservancy”) is a global conservation organization. The mission of The Conservancy is to conserve the lands and waters on which all life depends. The Conservancy conducts its activities throughout the United States, Canada, Latin America, the Caribbean, Europe, Africa, Asia, and the Pacific.

The Conservancy’s primary sources of revenue are contributions from the public (including gifts of land), investment income, government grants, and sales of conservation interests to government agencies or other conservation buyers. These resources are used to help solve critical challenges by significantly improving the health of globally important natural systems that enhance the lives of people around the world. Working with partners – including indigenous communities, governments, and businesses – The Conservancy pursues solutions that protect and restore natural systems, use nature sustainably, and broaden support for conservation.

2. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are presented on the accrual basis of accounting and include the accounts of all The Conservancy’s chapters and affiliates, both domestic and international, including those which are separately incorporated, receive gifts, and perform conservation activities in the name of The Conservancy. All significant intercompany transactions have been eliminated.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimated amounts.

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Cash and Cash Equivalents, Restricted Cash, and Restricted Short-term Investments

Cash represents operating cash held in bank accounts in high quality financial institutions in the United States and 39 other countries. The cash in non-U.S. accounts is uninsured, but is limited per country to amounts that, in the opinion of management, are not material to the financial statements. Cash equivalents represent short-term, highly liquid investments with maturities of three months or less when purchased. Restricted cash represents monies held in trust related to requirements of specific conservation project agreements. Restricted short-term investments represent certificates of deposit held in trust related to requirements of specific conservation project agreements.

Government Grants and Contracts Receivable/Deferred Revenue and Refundable Advances

The Conservancy receives grants and contracts from federal, state, and local agencies to be used for specific programs or land purchases. The excess of reimbursable expenditures over cash receipts is included in government grants receivable, and any excess of cash receipts over reimbursable expenditures is included in deferred revenue and refundable advances.

Pledges Receivable

Pledges receivable represent unconditional promises to give and are reported at fair value by discounting the expected future pledge payments at the prime interest rate at the balance sheet date, and accordingly are categorized as Level 3 assets. The primary unobservable input used in the fair

The Nature Conservancy

Notes to Consolidated Financial Statements

June 30, 2018

value measurement of The Conservancy's pledges receivable is the discount rate. Significant fluctuations in the discount rate could result in a material change. The discount rate used in the present value technique to determine fair value of pledges receivable is revised at each measurement date to reflect current market conditions and the creditworthiness of donors. In addition, management evaluates payment history and market conditions to estimate allowances for doubtful pledges. Changes in the fair value of pledges receivable are reported in the consolidated statement of activities as contribution revenue except for changes in the allowance which are reported as program expenses at each subsequent reporting date. Pledges receivable past due by 90 days are, in the opinion of management, not material to the financial statements.

Not recorded as pledges receivable are \$90,471,000, that are conditioned upon The Conservancy raising matching gifts or acquiring certain conservation lands. Conditional promises to give are recognized as contributions when the donor-imposed conditions are substantially met.

Securities Lending Agreement

The Conservancy lends certain securities in its investment portfolio to qualified borrowers on a short-term, fully collateralized basis in exchange for interest to help offset custodial fees. Collateral in the form of cash in US dollars, securities issued or guaranteed by the US government, or irrevocable letters of credit issued by banks independent of the borrowers is marked-to-market on a daily basis, and the borrower is required to deliver the difference between the daily market value of the collateral and 102% of the loaned securities' original fair market value if denominated in US dollars or 105% if denominated in foreign currency. The lending agent, in its agreement with The Conservancy, guarantees the repayment of the loan in the event the borrower defaults. The Conservancy retains all the benefits of ownership including rights to dividends, interest, and other cash distributions pertaining to the loaned securities. The Conservancy also retains the right to redeem the loaned securities prior to the stipulated redemption date.

At June 30, 2018, The Conservancy recorded \$52,482,000 in securities pledged under its securities lending program and an equal amount payable to the borrowers under the agreement. These amounts are reflected in assets and liabilities in the consolidated statement of financial position.

Property and Equipment

Property and equipment are carried at cost. Depreciation and amortization is provided using the straight-line method for all depreciable assets over their estimated future lives as follows:

Building and improvements	5 – 30 years
Computer equipment and software	3 – 5 years
Furniture, fixtures, and other	4 – 25 years

Concentration of Credit Risk

The Conservancy's excess cash is invested with high quality institutions, the largest concentrations of which are invested in U.S. Commercial papers (31.4%), corporate bonds and notes (27.6%), and certificates of deposit (26.6%).

Pursuant to its investment policy, The Conservancy's investments cannot have more than 10% of their assets at market value in securities of any one issuer, be they short-term or long-term, other than the U.S. Government and its Agencies. At June 30, 2018, the single largest non-U.S. Government issuer exposure was 5.57% of the Capital and Endowment Fund long term investments. This issue is in the form of a global commingled equity fund.

The Nature Conservancy

Notes to Consolidated Financial Statements

June 30, 2018

Investments

Investments are reported in three distinct categories:

- *Capital fund* – excess working capital and funds held primarily for the future acquisition of conservation land, easements, and for funding other conservation projects.
- *Split interest arrangements* – donations that are held in trust by The Conservancy or third-party trustees, representing beneficial interests in trusts.
- *Endowment fund* – funds held as long-term capital to generate income for The Conservancy’s operations.

Endowment Investment and Spending Policies

The Conservancy’s Endowment (“Endowment”) includes both donor-restricted endowment funds and funds allocated to quasi endowments, which by Board policy function as endowments. The amount of Endowment income provided each year for operations is established by the Finance Committee of the Board, through its adoption of an annual endowment spending rate and spending rate base. The spending rate for the year ended June 30, 2018 was 5.0% of the average fair market value of the 60 months of calendar years 2012 through 2016.

The Conservancy recognizes that risk must be assumed to achieve its stated long-term investment objectives. Therefore, asset allocations and ranges are necessarily diverse, and consider liquidity needs. The Conservancy has considered its ability to withstand short and intermediate term variability and concluded that the portfolio can tolerate some interim fluctuations in market values and rates of return in order to achieve its objectives. However, The Conservancy realizes that market performance varies and that the portfolio’s investment objectives may not be achievable during short-term periods.

The Conservancy has chosen not to manage its underlying assets directly, but to utilize independent investment managers. To maintain prudent diversification and to manage risk, The Conservancy’s portfolio is divided among 55 to 65 separate managers.

Most investments are carried at estimated fair market value. Certain equity investments without readily determinable fair values presented using the measurement alternative in ASC 320 are valued using the initial investment in the LLC and are unimpaired and unadjusted as of June 30, 2018 based on lack of observable price changes for identical or similar investments of the same issuer.

Conservation Lands and Easements

The Conservancy records land and land interests at cost if purchased or at fair value at the date of acquisition, if all or part of the land was received as a donation. Fair value is generally determined by appraisal at the time of acquisition and is not subsequently adjusted. Upon sale or gift, the book value of the land or land interest is reported as a program expense and the related proceeds, if any, are reported as revenue in the consolidated statement of activities.

Conservation land is real property with significant ecological value. These properties are either managed in an effort to protect the natural biological diversity of the property or transferred to other organizations who will manage the lands in a similar fashion.

Conservation easements are comprised of listed rights and/or restrictions over the owned property that are conveyed by a property owner to The Conservancy, almost always in perpetuity, in order to

The Nature Conservancy

Notes to Consolidated Financial Statements

June 30, 2018

protect the owned property as a significant natural area, as defined in federal tax regulations. These intangible assets may be sold or transferred to others so long as the assignee agrees to carry out, in perpetuity, the conservation purposes intended by the original grantor. Conservation easements, by their very nature, do not generate material amounts of cash inflow annually.

Bonds and Notes Payable

The Conservancy uses debt, both fixed and variable, primarily to finance the acquisition of conservation lands and easements. Debt is reported at carrying value. At June 30, 2018, The Conservancy is in compliance with all debt covenants.

In order to partially insulate itself from the variable nature of the interest rates on its outstanding debt, The Conservancy has three interest rate swap agreements. The Conservancy pays a fixed rate of 4.373% on \$95,375,000 in return for receipt of variable rate interest in the amount of 3-month LIBOR and pays a fixed rate of 2.962% on \$190,000,000 in return for receipt of variable rate interest in the amount of 67% of 3-month LIBOR. The Conservancy pays a fixed rate of 3.56% on \$25,053,000 in return for receipt of variable rate interest in the amount of 67% of 1-month LIBOR. Maturities of the swap agreements range from 2027 to 2033 and the counterparty to these swaps has the option to terminate at their discretion. The fair value of these interest rate swap agreements is reflected in the accompanying consolidated statement of financial position as accounts payable and accrued liabilities.

Due to the nature of certain variable rate bond agreements, The Conservancy may receive notice of an optional tender on its variable-rate bonds, in which case The Conservancy would have an obligation to purchase the bonds tendered if unable to secure a different source of financing at that time. At June 30, 2018, The Conservancy had a standby liquidity support agreement with a financial institution to support the original principal amount of \$50,000,000 of the variable rate demand obligations. Under this agreement, the financial institution agreed to supply additional liquidity to The Conservancy up to that amount, with which The Conservancy could purchase the bonds if The Conservancy could not remarket the bonds. In the event of a draw on the \$50,000,000 liquidity support line, the due date would be September 14, 2018.

Interest expense incurred on total notes payable for 2018 was \$14,247,000.

Split Interest Arrangements

The Conservancy enters into split interest arrangements whereby donations are held in trust by The Conservancy or third-party trustees and invested. Agreed-upon amounts of the invested funds are payable to the donor or the donor's designee for a specified period of time or until the donor's death, after which time The Conservancy may use the investments for operations or a restricted use specified by the donor. The donated trust asset investments are recorded at fair value based on the latest available information.

The Conservancy utilizes the 2012 Individual Annuity Reserving table to actuarially calculate the liability associated with the estimated donor payments under these arrangements. The Conservancy determines the discount rate to be used in the month the split interest arrangements are entered into with the donor and these rates have ranged from 1% to 9%. The present value of the actuarially determined liability resulting from these gifts is recorded at the date of gift and adjusted annually thereafter to reflect fair value.

The Nature Conservancy

Notes to Consolidated Financial Statements

June 30, 2018

Net Assets

The Conservancy's net assets are reported in the following three classes:

- *Unrestricted net assets* – Revenues derived from dues, unrestricted contributions, government grants and contracts, investment income (other than the temporarily restricted portion of true endowment investment income), and other inflows of assets whose use by The Conservancy is not limited by donor-imposed restrictions. Certain unrestricted net assets have been designated by the Board of Directors to be maintained as quasi endowment funds.
- *Temporarily restricted net assets* – Contributions and other inflows of assets whose use by The Conservancy is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of The Conservancy, such as usage for specific programs, including certain overhead and indirect costs, or for spending from true endowment investment income.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported on the consolidated statements of activities as net assets released from restrictions.

- *Permanently restricted net assets* – Contributions and other inflows of assets whose use by The Conservancy is limited by donor-imposed stipulations that the principal must be maintained permanently by The Conservancy. The total amount of permanently restricted net assets on the consolidated statements of financial position includes the donor-restricted endowment funds as well as amounts contributed to create a permanent capital fund. This revolving fund is used to finance capital projects and donations to this fund are to be maintained in perpetuity for only this purpose.

Classification of endowment net assets

The Board of Directors of The Conservancy (“Board”) has approved management’s interpretation of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted by the Council of the District of Columbia. UPMIFA requires the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

The Endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. The Conservancy classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by The Conservancy.

The Conservancy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund;
- The purposes of the institution and the endowment fund;
- General economic conditions;

The Nature Conservancy

Notes to Consolidated Financial Statements

June 30, 2018

- The possible effect of inflation or deflation;
- The expected total return from income and appreciation of investments;
- Other resources of the institution; and
- The investment policy of the institution.

Endowments with Eroded Corpus

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or The Conservancy requires to be retained as principal in perpetuity. Deficiencies of this nature that are netted in unrestricted net assets were \$643,000 as of June 30, 2018. These deficits resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments and authorized appropriation that was deemed prudent.

4. CONSOLIDATED STATEMENT OF ACTIVITIES

Contributions

Unconditional donor promises to give cash and other assets are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by The Conservancy. The promises are reported as either temporarily or permanently restricted support if received with donor stipulations that sufficiently limit the use of the donated assets.

The Conservancy recognizes contributed professional services from third parties and contributed goods and trade lands as revenue and as expense or assets, at the fair value of those services or goods when received. Trade lands are real property with minimal ecological value. These properties are sold to provide funds for The Conservancy to carry out its conservation work. During the fiscal year ended June 30, 2018 contributed goods and services totaled \$31,628,000 and contributed trade lands that is reflected as Dues and contributions in the accompanying consolidated statement of activities totaled \$9,162,000.

Government Grants and Contracts

Government grants and contracts are considered to be exchange transactions, the majority of which are cost-reimbursable grants. Revenue, including approved indirect cost recovery, is recognized when allowable costs have been incurred. The Conservancy's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the consolidated financial position or consolidated changes in net assets of The Conservancy.

Program expense allocation

Operating expenses are allocated to program and support categories based on separate cost center types as defined below. Conservation land and easements that are acquired by The Conservancy, but not sold or donated, are reflected as an increase in conservation land and easements on the consolidated statements of financial position and are excluded from the program expense categories on the consolidated statements of activities.

The Conservancy accounts for its program expenditures in the following categories:

- *Conservation Activities and Actions* – Expenditures related to the broad spectrum of activities and actions critical to advancing The Conservancy's mission. Expenditures related to understanding, monitoring, maintaining, restoring, and managing natural areas owned by The

The Nature Conservancy

Notes to Consolidated Financial Statements

June 30, 2018

Conservancy and others are included, as well as expenditures for developing and enhancing The Conservancy's ability to gather and share ecological information and to assess and evaluate threats to natural systems. In addition, this area includes expenditures to mitigate, prevent, or slow the effects of these threats, including investments in the institutional development of domestic and international conservation organizations. Expenditures related to improving public land management and supporting the development of sound global policies, including participating in conferences and events that help establish a common vision for conservation worldwide are included, as well as expenditures associated with community outreach and education of key stakeholders and land users in areas where Conservancy conservation programs reside.

- *General and Administration* – Expenditures related to building and maintaining an efficient business infrastructure, including those related to corporate governance, to support and advance the programmatic conservation objectives of The Conservancy.
- *General Fund-Raising* – Expenditures related to fund-raising strategies that provide the revenue stream for both operations and capital needs to further the accomplishment of The Conservancy's mission and objectives.
- *Membership Development* – Expenditures related to the acquisition and retention of The Conservancy's members primarily through the use of a direct-mail program.

5. COMMITMENTS AND CONTINGENCIES

Litigation

The Conservancy is a party to various litigation arising out of the normal conduct of its operations. In the opinion of The Conservancy's management, the ultimate resolution of these matters will not materially affect the financial position, changes in net assets, or cash flows of The Conservancy.

Leases

The Conservancy has entered into non-cancelable operating leases for office space, which expire at various dates through 2031. Certain of these leases contain rent escalation clauses, usually based on the consumer price index.

Land acquisitions and other commitments

The Conservancy has entered into contracts for the purchase of land and other purchase commitments that have not closed as of June 30, 2018, in the amount of \$116,385,000.

The Conservancy has remaining funding commitments to private equity, real estate, and hedge fund investment managers of \$245,072,000 at June 30, 2018.

6. RETIREMENT PLANS

The Conservancy's employees are eligible after one month of service to participate in The Nature Conservancy Savings and Retirement Plan (the "Plan"), in which employees can make voluntary, tax-deferred contributions within specified limits. The Plan was established under the provisions of Internal Revenue Code Section 401(k) and has received a favorable determination as to its tax status from the Internal Revenue Service. Certain employees are also eligible to participate in a non-

The Nature Conservancy
Notes to Consolidated Financial Statements
June 30, 2018

qualified deferred compensation plan created pursuant to Internal Revenue Code Section 457(b). The Conservancy's contributions to the plans were \$18,470,000 for the year ended June 30, 2018.

7. INCOME TAXES

The Conservancy has been granted an exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified The Conservancy as other than a private foundation. The Conservancy pays a nominal amount of tax relating to several unrelated business income activities, primarily rental income from debt-financed property. The Conservancy takes no tax positions that it considers to be uncertain.

8. SUBSEQUENT EVENTS

All subsequent events were evaluated through October 22, 2018, which is the date the financial statements were issued.

9. RELATED PARTY TRANSACTIONS

The Conservancy recorded \$4,052,000 in contribution revenue from current and former Board members during the fiscal year ended June 30, 2018, and \$210,000 from current and former Board members is reflected as pledges receivable in the accompanying consolidated statement of financial position. The Conservancy has an unsecured \$10,000,000 zero-interest loan agreement payable in full in 2026 to a current Board member reflected in notes payable in the accompanying consolidated statement of financial position. Conditional pledges disclosed in the accompanying notes to the consolidated financial statement include \$15,000,000 from current and former Board members.

FOOTNOTE SCHEDULES

The following schedules represent required disclosures of more detailed information regarding certain balances and amounts contained in the consolidated statements of financial position and activities. These are an integral part of the footnotes to the consolidated financial statements.

The Nature Conservancy
Notes to Consolidated Financial Statements
June 30, 2018

10. Pledges receivable

As of June 30, 2018, unconditional promises to give were as follows:

(In thousands)

Amounts due in	
Less than one year	\$ 161,388
One to five years	122,603
More than five years	<u>12,820</u>
Subtotal	296,811
Fair value adjustments:	
Discount of 5.00%	(13,425)
Allowance for doubtful accounts	<u>(8,000)</u>
Total	<u>\$ 275,386</u>

11. Other assets

Other assets consisted of the following at June 30, 2018:

(In thousands)

Deposits on land	\$ 3,969
Trade lands	15,919
Other receivables	19,596
Prepaid expenses	7,097
Notes receivable	18,937
Other assets	<u>6,920</u>
Total	<u>\$ 72,438</u>

12. Property and equipment

Property and equipment consisted of the following at June 30, 2018:

(In thousands)

Land for operations	\$ 7,686
Buildings and improvements	167,235
Construction in progress	9,347
Computer equipment and software	36,020
Furniture, fixtures, and other	<u>27,003</u>
	247,291
Accumulated depreciation and amortization	<u>(120,344)</u>
Total	<u>\$ 126,947</u>

Depreciation and amortization expense was \$14,674,000 during the year ended June 30, 2018. Of the total assets listed above, \$41,242,000 was fully depreciated at June 30, 2018.

The Nature Conservancy
Notes to Consolidated Financial Statements
June 30, 2018

13. Bonds and notes payable

(In thousands)

Unsecured Colorado Educational and Cultural Facilities Authority Revenue Bonds, Tax Exempt, Series 2002A issued in the original principal amount of \$25,053,000, variable interest rate pursuant to rate swap, 1.47% as of June 30, 2018, due July 2024.	\$ 8,983
Unsecured Colorado Educational and Cultural Facilities Authority Revenue Refunding Bonds, Tax Exempt, Series 2012 issued in the original principal amount of \$144,435,000, with a variable interest rate reset weekly, 1.49% as of June 30, 2018, due July 2033.	118,145
Unsecured Taxable Revenue Bonds Series 2009 in the aggregate principal amount of \$100,000,000 issued July 1, 2009, fixed rate of 6.30% due July 2019.	100,000
Loans and mortgages, some of which are collateralized by the land and other assets, and payable in monthly or annual installments, including interest ranging from 0% to 3.85%; final payments are due at various dates through 2033.	113,144
Other notes payable without interest due on demand	<u>5,079</u>
Total	<u>\$ 345,351</u>

The following schedule of amounts due is based on the maturity dates per the debt agreements:

(In thousands)

2019	\$ 160,468
2020	123,613
2021	7,284
2022	4,887
2023	14,590
Thereafter	<u>34,509</u>
Total	<u>\$ 345,351</u>

14. Split interest arrangements payable

(In thousands)

Payable under charitable gift annuities	\$ 94,777
Payable under charitable remainder trusts	81,326
Payable under pooled income funds	3,193
Payable under unsold unitrust	<u>12,218</u>
Total	<u>\$ 191,514</u>

The Nature Conservancy
Notes to Consolidated Financial Statements
June 30, 2018

15. Net Assets

Temporarily restricted net assets are available for the following purposes:

(In thousands)

Land acquisition and other conservation projects	\$	275,940
Time restricted for periods after June 30		216,797
Time and purpose restricted for periods after June 30		205,317
True endowment gains subject to future Board of Directors' appropriation		135,352
Total	<u>\$</u>	<u>833,406</u>

Permanently restricted net assets are restricted in perpetuity; they include donor-restricted endowments and donor-restricted permanent capital funds. The total amount of permanently restricted net assets in the consolidated statement of financial position includes donor-restricted endowment funds of \$227,326,000 displayed in the table below, as well as other amounts such as those contributed to create a permanent capital fund. Permanently restricted net assets in the land preservation fund were \$167,206,000 as of June 30, 2018. The Conservancy also holds \$1,687,000 of contributed long-lived assets whose proceeds are donor-restricted to create a permanent endowment.

Endowment funds are categorized in the following net asset classes as of June 30, 2018:

(In thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (643)	\$ 135,352	\$ 227,326	\$ 362,035
Board-designated endowment funds	932,695	-	-	932,695
Total endowment funds	<u>\$ 932,052</u>	<u>\$ 135,352</u>	<u>\$ 227,326</u>	<u>\$ 1,294,730</u>

Changes in endowment funds by net asset classification for the year ended June 30, 2018 are summarized as follows:

(In thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 877,375	\$ 121,037	\$ 203,369	\$1,201,781
Dividends and interest income	9,132	3,371	-	12,503
Realized and unrealized gains, net	69,047	25,489	-	94,536
Contribution revenue, net endowment pledge writeoff	(500)	-	23,553	23,053
Transfers to endowment funds	17,026	3,188	1,030	21,244
Appropriation of assets for expenditure	(58,161)	-	-	(58,161)
Net assets released from restrictions	17,733	(17,733)	-	-
Subtotal endowment funds	<u>931,652</u>	<u>135,352</u>	<u>227,952</u>	<u>1,294,956</u>
Reclassification of net assets	400	-	(626)	(226)
Total endowment funds	<u>\$ 932,052</u>	<u>\$ 135,352</u>	<u>\$ 227,326</u>	<u>\$1,294,730</u>

The Nature Conservancy

Notes to Consolidated Financial Statements

June 30, 2018

16. Assets and liabilities carried at fair value

Assets and liabilities measured at fair value are classified in the fair value hierarchy based on the lowest level of input that is significant to the valuation.

Fair value for Level 1 is based upon quoted prices in active markets for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and on model-based valuation techniques, for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.

Fair value for Level 3 is based on valuation techniques that use significant inputs that are unobservable as they trade infrequently or not at all.

Investments included in Level 3 consist of The Conservancy's split interest arrangements (principally highly liquid fixed income securities, publicly listed common stocks, alternative investments and real properties). The marketable securities are priced using unadjusted market quotes. Alternative investments are valued based on NAV as practical expedient, and real properties are valued by subsequent sales price. The Conservancy uses a standard charitable gift calculation model and a discount rate that is commensurate with fair value to determine the present value of split interest agreements where The Conservancy serves as trustee. For split interest agreements where The Conservancy is not the trustee, valuations are based on the values reported by third-party trustees, while noting that the valuation techniques for future distributions expected to be received over the term of the agreement and unobservable inputs - such as discount rates, life expectancies, and trust payouts - may vary widely among trustees. There is no market for these agreements, and therefore both assets and liabilities are classified within Level 3.

The Conservancy uses the practical expedient to determine the fair value for some of its investments, which permits the use of Net Asset Value (NAV) without adjustment under certain circumstances. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the table below allow reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

The Nature Conservancy
Notes to Consolidated Financial Statements
June 30, 2018

Assets and liabilities measured at fair value:

(In thousands)

	Level 1	Level 2	Level 3	NAV as Practical Expedient	Total
Investments:					
Short-term investments	\$ 11,978	\$ 9,938	\$ -	\$ -	\$ 21,916
Repurchase agreements	-	5,108	-	-	5,108
Fixed income:					
U.S. treasuries	90,319	-	-	-	90,319
Asset-backed securities	-	67,578	-	-	67,578
Commercial paper	-	34,330	-	-	34,330
Municipals	-	2,179	-	-	2,179
Corporate debt	-	173,045	-	-	173,045
Mortgage-backed securities	-	15,522	-	-	15,522
U.S. agency bonds	-	25,041	-	-	25,041
Preferred securities	2,722	-	-	-	2,722
Exchange traded stocks	231,212	-	-	-	231,212
Commingled equity funds	-	-	-	593,445	593,445
Exchange traded funds	16,765	-	-	-	16,765
Closed end funds	83,004	-	-	-	83,004
Derivatives	(32)	-	-	-	(32)
Hedge funds	-	-	-	486,368	486,368
Private equity	-	-	-	207,217	207,217
Private real estate	-	-	-	66,533	66,533
Split interests, trusteeed					
U.S. agency bonds	-	5,886	-	-	5,886
Mutual funds	136,126	-	-	-	136,126
Real estate	-	-	13,424	-	13,424
U.S. treasuries	12,019	-	-	-	12,019
Short term investments	5,631	-	-	-	5,631
Exchange traded funds	16,973	-	-	-	16,973
Municipals	21	-	-	-	21
Commingled equity funds	-	103,531	-	-	103,531
Split interests, non-trusteed	-	-	32,316	-	32,316
Registered investments - Australia	169	-	-	4,386	4,555
Total investments at fair value	<u>606,907</u>	<u>442,158</u>	<u>45,740</u>	<u>1,357,949</u>	<u>2,452,754</u>
Securities pledged under					
securities lending agreements	\$ 52,482	\$ -	\$ -	\$ -	\$ 52,482
Trade lands	-	-	15,919	-	15,919
Pledges receivable	-	-	275,386	-	275,386
Total assets measured at fair value	<u>\$ 659,389</u>	<u>\$ 442,158</u>	<u>\$ 337,045</u>	<u>\$ 1,357,949</u>	<u>\$ 2,796,541</u>
Interest rate swaps liability					
Payable under securities lending agreements	52,482	-	-	-	52,482
Payable under split interest arrangements	-	-	191,514	-	191,514
Total liabilities measured at fair value	<u>\$ 52,482</u>	<u>\$ 20,214</u>	<u>\$ 191,514</u>	<u>\$ -</u>	<u>\$ 264,210</u>

Of the \$2,478,871,000 total investments in the accompanying statement of financial position, net investments not measured at fair value or reflected in the table above are as follows:

The Nature Conservancy
Notes to Consolidated Financial Statements
June 30, 2018

(In thousands)

Equity method investment	21,416
Equity investment valued using the measurement alternative in ASC 320	4,437
Net investment receivables/payables and other	<u>264</u>
Total investments not measured at fair value	<u><u>\$ 26,117</u></u>

Rollforward of Level 3 financial instruments:

(In thousands)

	Fair value as of June 30, 2017	Unrealized gains (losses)/ pledge activity	Purchases	Sales	Net transfers into level 3	Fair value as of June 30, 2018
Split interest arrangements	\$ 63,445	\$ 1,148	\$ 1,666	\$ (20,519)	-	\$ 45,740
Trade lands	-	-	-	-	15,919	15,919
Pledges receivable	<u>302,670</u>	<u>(27,284)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,386</u>
Total investments and pledges	<u><u>\$ 366,115</u></u>	<u><u>\$ (26,136)</u></u>	<u><u>\$ 1,666</u></u>	<u><u>\$ (20,519)</u></u>	<u><u>\$ 15,919</u></u>	<u><u>\$ 337,045</u></u>

Net unrealized losses of \$1,148,000 in the table above are reflected in the accompanying statement of activities as investment gains. Net pledge activity resulted in a \$27,284,000 decrease in pledges receivable reflected in the accompanying statement of financial position, comprised of new pledges of \$336,423,000, pledge payments of \$366,890,000, and a \$3,183,000 net change in pledge discount and allowance.

The value of certain alternative investments not included in the fair value hierarchy represents the ownership interest in the NAV of the respective partnership. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The Conservancy has performed significant due diligence around these investments to ensure NAV is an appropriate measure of fair value.

The Nature Conservancy
Notes to Consolidated Financial Statements
June 30, 2018

Investments valued using NAV practical expedient as of June 30, 2018:

<i>(In thousands)</i>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Commingled equity funds	\$ 593,445	\$ -	Daily (restrictions apply), weekly, monthly, quarterly	2 days, 6 business days, 7 days, 10 business days, 14 days, 30 days, 60 days, 90 days
Hedge funds	486,368	-	Monthly, quarterly, semi-annually, annually, biennially, rolling 2, 3 & 4 years	30 - 90 days
Registered investments - Australia	4,386	-	Daily, monthly, quarterly, 5 year window	2 days, 14 days, 30 days, 30 - 90 days
Private equity funds	207,217	199,029	N/A	N/A
Real estate funds	66,533	46,043	N/A	N/A
Total	<u>\$ 1,357,949</u>	<u>\$ 245,072</u>		

The Conservancy's investment policy allows for the use of derivatives by investment managers and at the portfolio-level to assist in managing asset allocation and exposures. These derivative exposures are exchange-traded and are reported in the fair value of the overall portfolio within Level 1.

In order to partially insulate itself from the variable nature of the interest rates on its outstanding debt, The Conservancy has three interest rate swap agreements that fix the rates on several variable rate bonds. The Conservancy's interest rate swap arrangements have inputs which can generally be corroborated by observable market data and are therefore classified within Level 2. Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rates, assumptions for nonperformance risk, and correlations of such inputs. The valuation methods described above may produce fair value calculations that may not be indicative of net realized value or reflective of future fair values. The Conservancy believes the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The use of derivative instruments involves the risk of imperfect correlation in movement in the price of the instruments, interest rates, and the underlying hedged assets. As a result, The Conservancy may not achieve the anticipated benefits of hedging strategies. The Conservancy's derivatives contracts held at June 30, 2018 are not accounted as hedging instruments under GAAP.

The following table lists fair value and relevant notional information of derivatives by contract type, as included in the consolidated statement of financial position and statement of activities.

The Nature Conservancy
Notes to Consolidated Financial Statements
June 30, 2018

Summary of derivative investments at June 30, 2018:

(\$ in thousands)

	Fair value as of June 30, 2018		Changes in Fair Values		As of June 30, 2018		Number of Contracts
	Location in Consolidated Statement of Financial Position	Amount	Location in Consolidated Statement of Activities	Amount	Collateral Amount	Notional Value	
Futures - emerging market equity (Long position)	Investments	\$ (32)	Investment gain	\$ (31)	\$ 28	\$ 425	8
Interest rate swaps	Accounts payable and accrued liabilities	20,214	Other income	12,168	-	224,783	3

Investment gains consisted of the following for the year ended June 30, 2018:

(In thousands)

Dividends and interest income	\$ 24,651
Realized and unrealized gain	180,080
Change in value of split interest arrangements	3,808
Management expenses	<u>(15,593)</u>
Total investment gains	<u>\$ 192,946</u>

17. Leases

The following is a schedule of future minimum lease payments for all operating leases as of June 30, 2018:

(In thousands)

2019	\$ 8,655
2020	7,984
2021	6,871
2022	5,865
2023	5,707
Thereafter	<u>21,064</u>
Total minimum lease payments	<u>\$ 56,146</u>

Occupancy expense was \$14,009,000 for the year ended June 30, 2018.

The Nature Conservancy
Supplemental Schedules
For the years ended June 30, 2018 and 2017

SUPPLEMENTAL SCHEDULES

Following are supplemental schedules:

Consolidated statements of financial position as of June 30, 2018 (with comparative totals as of June 30, 2017)

Summarized consolidated statements of activities for the year ended June 30, 2018 (with comparative totals for the year ended June 30, 2017)

Schedule of functional expenses as reported in the consolidated statement of activities for the year ended June 30, 2018 by natural account classification (with comparative totals for the year ended June 30, 2017).

While these schedules are not required under Generally Accepted Accounting Principles, they provide useful additional detail to help the user of these financial statements understand how funds are spent, as well as providing prior year comparisons.

The Nature Conservancy
Supplemental Schedule - Consolidated Statements of Financial Position
As of June 30, 2018 and 2017

<i>(Amounts in thousands)</i>	2018	2017
Assets		
Cash and cash equivalents	\$ 66,317	\$ 55,139
Restricted cash	22,071	19,593
Restricted short-term investments	25,000	25,000
Government grants and contracts receivable	32,767	35,259
Pledges receivable, net	275,386	302,670
Collateral received under securities lending agreement	52,482	57,337
Deposits on land and other assets	72,438	59,332
Property and equipment, net of accumulated depreciation and amortization	126,947	121,800
Investments - Capital fund	861,423	801,558
Investments - Split interest arrangements	325,927	320,946
Investments - Endowment fund	1,291,521	1,199,828
Conservation lands	2,036,278	1,834,243
Conservation easements	2,221,307	2,159,042
Total assets	<u>\$ 7,409,864</u>	<u>\$ 6,991,747</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 116,595	\$ 117,114
Payable under securities lending agreement	52,482	57,337
Deferred revenue and refundable advances	105,449	94,919
Bonds and notes payable	345,351	303,313
Split interest arrangements payable	191,514	197,304
Total liabilities	<u>811,391</u>	<u>769,987</u>
Net assets		
Unrestricted		
Undesignated	266,258	252,404
Land, easements, and capital funds	4,170,538	3,888,245
Board-designated quasi endowment and similar funds	932,052	877,375
Total unrestricted	<u>5,368,848</u>	<u>5,018,024</u>
Temporarily restricted	833,406	831,918
Permanently restricted	396,219	371,818
Total net assets	<u>6,598,473</u>	<u>6,221,760</u>
Total liabilities and net assets	<u>\$ 7,409,864</u>	<u>\$ 6,991,747</u>

The Nature Conservancy
Supplemental Schedule - Summarized Consolidated Statements of Activities
For the years ended June 30, 2018 and 2017

<i>(Amounts in thousands)</i>	2018	2017
Support and revenues		
Dues and contributions	\$ 791,713	\$ 627,059
Land and easements contributed for conservation	57,721	64,651
Government grants and contracts	117,894	117,218
Investment income	192,946	200,300
Sales of conservation land and easements to governments and others	57,482	48,193
Other	<u>70,784</u>	<u>86,344</u>
Total support and revenues	1,288,540	1,143,765
Expenses		
Program expenses	622,699	556,682
General and administration	163,778	155,430
Fund-raising		
General fund-raising	79,621	78,485
Membership development	<u>45,729</u>	<u>46,650</u>
Total expenses	911,827	837,247
Increase in net assets	376,713	306,518
Net assets at beginning of year	<u>6,221,760</u>	<u>5,915,242</u>
Net assets at end of year	<u>\$ 6,598,473</u>	<u>\$ 6,221,760</u>

The Nature Conservancy
Supplemental Schedule - Schedules of Functional Expenses
For the year ended June 30, 2018 with summarized totals for the year ended June 30, 2017

(Amounts in thousands)

	<u>Program expenses</u>		<u>Support services expenses</u>			<u>Totals</u>	
	<u>Conservation activities and actions</u>	<u>General and administration</u>	<u>Fund-raising</u>	<u>Membership development</u>	<u>Total Support services expenses</u>	<u>2018 Total expenses</u>	<u>2017 Total expenses</u>
Personnel	\$ 236,326	\$ 91,821	\$ 65,723	\$ 4,592	\$ 162,136	\$ 398,462	\$ 377,948
Contract, professional fees	91,040	10,306	5,352	13,182	28,840	119,880	122,690
Grants and allocations	66,934	61	19	-	80	67,014	56,545
Supplies	9,609	4,676	637	1,567	6,880	16,489	16,551
Telecommunications	1,459	1,359	172	13	1,544	3,003	3,038
Postage and mailing service	1,476	243	405	10,323	10,971	12,447	11,641
Occupancy	2,328	11,446	232	3	11,681	14,009	13,150
Equipment rental and maintenance	4,198	2,079	121	45	2,245	6,443	6,097
Printing and publication	3,784	136	1,051	13,272	14,459	18,243	13,268
Travel	16,515	3,509	2,993	113	6,615	23,130	23,517
Conferences and meetings	8,829	2,650	1,595	30	4,275	13,104	13,112
Interest	14,236	685	-	-	685	14,921	16,565
Depreciation and amortization	6,248	8,426	-	-	8,426	14,674	14,702
Equipment	4,539	365	31	-	396	4,935	4,126
Taxes and licenses	1,753	903	82	36	1,021	2,774	2,469
Utilities, repairs, maintenance, and construction	7,155	2,166	142	-	2,308	9,463	10,923
Insurance	2,774	2,802	42	-	2,844	5,618	5,784
Real estate taxes	5,475	982	15	-	997	6,472	5,260
Closing costs	1,296	974	2	-	976	2,272	2,125
Contributed goods and services non-cash expense	15,818	14,016	247	631	14,894	30,712	19,394
All other	22,167	4,173	760	1,922	6,855	29,022	14,450
Subtotal	523,959	163,778	79,621	45,729	289,128	813,087	753,355
Book value of conservation land and easements sold or donated to government and others	98,740	-	-	-	-	98,740	83,892
Total	<u>\$ 622,699</u>	<u>\$ 163,778</u>	<u>\$ 79,621</u>	<u>\$ 45,729</u>	<u>\$ 289,128</u>	<u>\$ 911,827</u>	<u>\$ 837,247</u>

Schedule of Expenditures of Federal Awards, Notes to Schedule of Federal Awards, Schedule of Indirect Cost Rate Computation and Fringe Benefit Rate Calculation, and Reports under OMB Uniform Guidance

The Nature Conservancy
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

CFDA	R&D	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
R&D Direct Awards						
10.001	R&D	Agricultural Research_Basic and Applied Research	DIRECT	59-5080-6-001	\$ -	7,180
10.001 R&D Total:					-	7,180
11.427	R&D	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	DIRECT	NA15NMF4270323	-	39,541
11.427	R&D	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	DIRECT	NA16NMF4270248	37,508	78,406
11.427 R&D Total					37,508	117,947
11.431	R&D	Climate and Atmospheric Research	DIRECT	NA17OAR4310251	-	74,674
11.431	R&D	Climate and Atmospheric Research	DIRECT	NA17OAR4310274	-	22,520
11.431 R&D Total					-	97,194
11.478	R&D	Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	DIRECT	NA15NDS4780170	-	133,365
11.478 R&D Total					-	133,365
15.608	R&D	Fish and Wildlife Management Assistance	DIRECT	F14AC00748	-	1,577
15.608 R&D Total					-	1,577
15.650	R&D	Research Grants (Generic)	DIRECT	F12AC00706	-	1,751
15.650 R&D Total					-	1,751
15.820	R&D	National Climate Change and Wildlife Science Center	DIRECT	G15AC00277	82,892	118,736
15.820	R&D	National Climate Change and Wildlife Science Center	DIRECT	G16AC00380	67,310	95,502
15.820 R&D Total					150,202	214,238
15.945	R&D	Cooperative Research and Training Programs Resources of the National Park System	DIRECT	P14AC01732	-	49,841
15.945 R&D Total					-	49,841
43.001	R&D	Science	DIRECT	NNX17AF58G	20,392	261,349
43.001 R&D Total					20,392	261,349
Direct R&D Awards Total					208,102	884,442
R&D Federal Pass-Through						
11.417	R&D	Sea Grant Support	FLORIDA KEYS COMMUNITY COL	040517 Aquaculture	-	348
11.417	R&D	Sea Grant Support	University of Washington	UWSC10159	-	18,589
11.417 R&D Total					-	18,937
15.805	R&D	Assistance to State Water Resources Research Institutes	Dauphin Island sea Lab	2623JC-001-TNC	-	143
15.805 R&D Total					-	143
Pass Through R&D Awards Total					-	19,080
TOTAL RESEARCH AND DEVELOPMENT CLUSTER					208,102	903,522

The accompanying notes are an integral part of this schedule.

The Nature Conservancy
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
FOREST SERVICE SCHOOLS AND ROADS CLUSTER					
10.665	Schools and Roads - Grants to States	DIRECT	17-DG-11061700-012	\$ - \$	1,162
10.665 Total				-	-
TOTAL FOREST SERVICE SCHOOLS AND ROADS CLUSTER					1,162
FISH AND WILDLIFE CLUSTER					
15.605	Sport Fish Restoration Program	Rhode Island Dept of Environmental Management	3258920	-	174,043
15.605	Sport Fish Restoration Program	Rhode Island Dept of Environmental Management	3374051	-	128,034
15.605	Sport Fish Restoration Program	Rhode Island Dept of Environmental Management	3425240	-	11,100
15.605	Sport Fish Restoration Program	Rhode Island Dept of Environmental Management	3481879	-	67,528
15.605	Sport Fish Restoration Program	Rhode Island Dept of Environmental Management	3511096	-	14,228
15.605 Total				-	394,933
15.611	Wildlife Restoration and Basic Hunter Education	Arkansas Game and Fish Commission	04102018 AGFC QUAIL	-	8,211
15.611	Wildlife Restoration and Basic Hunter Education	Ohio Department of Natural Resources	100	364,883	1,365,832
15.611	Wildlife Restoration and Basic Hunter Education	Ohio Department of Natural Resources	326	547,114	1,605,229
15.611	Wildlife Restoration and Basic Hunter Education	Pennsylvania Game Commission	4000014661	-	77,281
15.611	Wildlife Restoration and Basic Hunter Education	Tennessee Wildlife Resources Agency	49202	23,246	48,085
15.611	Wildlife Restoration and Basic Hunter Education	Tennessee Wildlife Resources Agency	51821	-	15,638
15.611	Wildlife Restoration and Basic Hunter Education	Nebraska Game and Parks Commission	NE-64850-16-65	-	47,845
15.611	Wildlife Restoration and Basic Hunter Education	Nebraska Game and Parks Commission	NE-64850-17	-	57,670
15.611 Total				935,243	3,225,791
TOTAL FISH AND WILDLIFE CLUSTER					935,243
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					
20.205	Highway Planning and Construction	Northern Rockies Conservation Cooperative	09282017 WYDOT DEER	-	5,000
20.205	Highway Planning and Construction	Northern Rockies Conservation Cooperative	09282017 WYDOT SPEED	-	6,426
20.205	Highway Planning and Construction	University of Vermont	28650 SUB51671	-	35,748
20.205	Highway Planning and Construction	NYS Department of Transportation	C030780	-	30
20.205	Highway Planning and Construction	University of Vermont	33032SUB52630	-	15,529
20.205 Total				-	62,733
20.219	Recreational Trails Program	West Virginia Department of Transportation, Division of	U339-CRAINE-1. 00	-	8,135
20.219 Total				-	8,135
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					70,868

The accompanying notes are an integral part of this schedule.

The Nature Conservancy
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
OTHER AWARDS					
10.001	Agricultural Research_Basic and Applied Research	DIRECT	58-2070-7-003	\$ - \$	14,235
10.001 Total					14,235
10.025	Plant and Animal Disease, Pest Control, and Animal Care	DIRECT	16-8100-1655-CA	-	8,035
10.025	Plant and Animal Disease, Pest Control, and Animal Care	DIRECT	AP17PPQHJ000C003	-	9,440
10.025	Plant and Animal Disease, Pest Control, and Animal Care	DIRECT	AP17PPQHJ000C008	-	167,677
10.025	Plant and Animal Disease, Pest Control, and Animal Care	DIRECT	AP18PPQHJ000C005	-	5,017
10.025 Total					190,169
10.069	Conservation Reserve Program	DIRECT	69-6740-17-024	-	12,548
10.069 Total					12,548
10.072	Wetlands Reserve Program	DIRECT	6.60436E+12	-	6,156
10.072	Wetlands Reserve Program	DIRECT	660436960018N	-	8,703
10.072	Wetlands Reserve Program	DIRECT	66-5C-16-12-079	-	9,267
10.072	Wetlands Reserve Program	DIRECT	68-7103-15-026	-	498,582
10.072	Wetlands Reserve Program	DIRECT	WRP Tulana Contract #2	-	19,577
10.072	Wetlands Reserve Program	DIRECT	66-0900X7X	-	148
10.072 Total					542,433
10.307	Organic Agriculture Research and Extension Initiative	Washington State University	126216_G003505	-	91,729
10.307 Total					91,729
10.500	Cooperative Extension Service	New Mexico State University	R0190202	-	4,278
10.500 Total					4,278
10.664	Cooperative Forestry Assistance	Ohio Department of Natural Resources	08172016 QHDNR APP FORI	-	52,235
10.664	Cooperative Forestry Assistance	DIRECT	14-CA-11132543-043	-	619,001
10.664	Cooperative Forestry Assistance	DIRECT	14-CA-11132543-094	1,459,649	3,324,347
10.664	Cooperative Forestry Assistance	DIRECT	14-DG-11020000-069	37,612	47,530
10.664	Cooperative Forestry Assistance	DIRECT	14-DG-11420004-276	-	9,608
10.664	Cooperative Forestry Assistance	DIRECT	15-DG-11020000-069	396,943	511,278
10.664	Cooperative Forestry Assistance	DIRECT	16-DG-11132544-053	-	42,125
10.664	Cooperative Forestry Assistance	DIRECT	16-DG-11420004-064	1,340	9,860
10.664	Cooperative Forestry Assistance	DIRECT	17-DG-11062765-705	-	22,286
10.664	Cooperative Forestry Assistance	DIRECT	17-DG-11062765-709	-	12,210
10.664	Cooperative Forestry Assistance	DIRECT	18-DG-11420004-047	-	667
10.664	Cooperative Forestry Assistance	National Fish and Wildlife Foundation	1903.15.047056	-	1,760
10.664	Cooperative Forestry Assistance	National Fish and Wildlife Foundation	1903.15.048069	9,667	24,438
10.664	Cooperative Forestry Assistance	National Fish and Wildlife Foundation	1903.15.048097	-	63,908
10.664	Cooperative Forestry Assistance	National Fish and Wildlife Foundation	1903.15.048546	-	1,816
10.664	Cooperative Forestry Assistance	Minnesota Department of Natural Resources	3-109636	-	28,752
10.664	Cooperative Forestry Assistance	Door County, WI	05232017 DCJST 2018	-	1,532
10.664	Cooperative Forestry Assistance	Ohio Department of Natural Resources	8172016 QHDNR EDGE OF /	-	10,838
10.664 Total				1,905,211	4,784,191
10.676	Forest Legacy Program	DIRECT	17-CA-11052021-216	-	15,098
10.676	Forest Legacy Program	Mississippi Forestry Commission	6152017 USFSMFC GRIFFI1	-	14,385
10.676 Total					29,483

The accompanying notes are an integral part of this schedule.

The Nature Conservancy

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
10.678	Forest Stewardship Program	DIRECT	13-DG-11420004-240	\$ -	\$ 27,776
10.678 Total				-	27,776
10.679	Collaborative Forest Restoration	SOUTH CENTRAL MOUNTAIN RESOURCE CONSERVATION AND DEVELOPMENT COUNCIL	012016 Presc Fire Capacit	-	18,859
10.679	Collaborative Forest Restoration	Racher Resource Management, LLC	1102014 Water Fund	-	26,952
10.679	Collaborative Forest Restoration	DIRECT	17-DG-11030200-016	-	51,156
10.679	Collaborative Forest Restoration	DIRECT	17-DG-11030300-23	11,384	108,900
10.679	Collaborative Forest Restoration	NM Grant Soil and Water Conservation District	Grant 121817	-	4,805
10.679 Total				11,384	210,672
10.682	National Forest Foundation	National Forest Foundation	AJ-806	-	4,742
10.682	National Forest Foundation	National Forest Foundation	AK-001	-	18,554
10.682 Total				-	23,296
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0102.12.033976	-	6,775
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0603.17.057354	1,470	3,583
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0801.14.045806	-	15,892
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.16.051539	15,740	22,233
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.16.051718	-	4,919
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.16.052202	13,333	41,303
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.17.055558	-	6,073
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.17.055681	-	10,669
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.17.055822	-	45,877
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.17.055862	-	7,164
10.683	National Fish and Wildlife Foundation	Longleaf Alliance	LLA_TNC	-	4,745
10.683	National Fish and Wildlife Foundation	Wildlife Management Institute	VT NFWF 2016-02	-	2,725
10.683 Total				30,543	171,958
10.684	International Forestry Programs	DIRECT	15-DG-11132762-428	-	36,891
10.684	International Forestry Programs	DIRECT	16DG11132762361	-	22,144
10.684 Total				-	59,035
10.693	Watershed Restoration and Enhancement Agreement Authority	National Forest Foundation	LJ-006	-	23,999
10.693 Total				-	23,999
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	0103.17.055525	-	150,000
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	0603.17.057354	3,529	8,601
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.15.047056	-	587
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.15.048205	-	8,059
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.16.051718	-	9,839
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.16.052202	7,733	23,956
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.16.052268	276	14,955
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.16.052298	-	1,641
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.16.052595	-	19,710
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.16.052601	-	11,367
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.17.055681	-	4,115
10.902	Soil and Water Conservation	DIRECT	68-5C16-14-048	-	30,275
10.902	Soil and Water Conservation	DIRECT	68-6114-17-024	10,562	11,618
10.902	Soil and Water Conservation	DIRECT	69-6740-17-024	-	10,189
10.902	Soil and Water Conservation	Longleaf Alliance	LLA_TNC	-	4,745
10.902	Soil and Water Conservation	DIRECT	NR177217XXXXXC008	-	29,869
10.902	Soil and Water Conservation	Great Lakes Commission	WS05-14-02	79,233	83,957
10.902 Total				101,333	423,483
10.912	Environmental Quality Incentives Program	Trout Unlimited	01182018 Liquid Assets	-	29,728
10.912	Environmental Quality Incentives Program	i2CF2	08012017 i2CF2 Water Fund	-	87,058
10.912	Environmental Quality Incentives Program	National Fish and Wildlife Foundation	1903.16.052601	-	11,367
10.912	Environmental Quality Incentives Program	DIRECT	68-1218-14-013	-	43,089
10.912	Environmental Quality Incentives Program	DIRECT	68-3D47-15-15	-	149
10.912	Environmental Quality Incentives Program	DIRECT	69-3A75-12-194	9,172	13,631
10.912	Environmental Quality Incentives Program	DIRECT	69-3A75-13-208	21,090	31,255
10.912	Environmental Quality Incentives Program	DIRECT	69-3A75-16-019	-	735

The accompanying notes are an integral part of this schedule.

The Nature Conservancy

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
10.912	Environmental Quality Incentives Program	DIRECT	69-3A75-17-18	\$ -	\$ 98,845
10.912	Environmental Quality Incentives Program	DIRECT	69-3A75-17-288	-	40,277
10.912	Environmental Quality Incentives Program	DIRECT	69-3A75-17-289	-	197,080
10.912	Environmental Quality Incentives Program	DIRECT	69-3A75-17-36	-	73,432
10.912	Environmental Quality Incentives Program	DIRECT	69-5D21-17-115	3,648	14,835
10.912	Environmental Quality Incentives Program	DIRECT	69-6114-14-005	-	3,046
10.912	Environmental Quality Incentives Program	DIRECT	69-6114-14-008	-	13,539
10.912	Environmental Quality Incentives Program	DIRECT	NR177217XXXXG002	-	848
10.912	Environmental Quality Incentives Program	DIRECT	748D43160UM	-	662
10.912 Total				33,910	659,378
10.922	Healthy Forests Reserve Program (HFRP)	DIRECT	RCPPEQIP 2014 820436160S:	-	40,543
10.922 Total				-	40,543
10.928	Emergency Watershed Protection Program - Floodplain Easements Disaster Relief Appropriations Act	DIRECT	68-2C31-17-200	-	11,103
10.928 Total				-	11,103
10.931	Agricultural Conservation Easement Program	DIRECT	5402111501Jw7	-	416,000
10.931	Agricultural Conservation Easement Program	DIRECT	5403251501JRB	-	650,000
10.931	Agricultural Conservation Easement Program	DIRECT	548D431401GT1	-	599,250
10.931	Agricultural Conservation Easement Program	DIRECT	66-5C-16-14-039	2,942	(6,945)
10.931	Agricultural Conservation Easement Program	DIRECT	66632212019G6	-	5,552
10.931	Agricultural Conservation Easement Program	DIRECT	68-1428-16-757	39,927	137,974
10.931	Agricultural Conservation Easement Program	DIRECT	68-5C16-16-682	13,994	431,968
10.931	Agricultural Conservation Easement Program	DIRECT	68-6114-15-017	-	196,000
10.931	Agricultural Conservation Easement Program	DIRECT	68-7103-17-030	-	27,423
10.931	Agricultural Conservation Easement Program	DIRECT	68-7335-16-506	-	405,000
10.931	Agricultural Conservation Easement Program	DIRECT	68-7442-16-514	-	650,000
10.931	Agricultural Conservation Easement Program	DIRECT	69-6740-17-024	-	12,717
10.931	Agricultural Conservation Easement Program	DIRECT	69-9457-17-007	-	3,250,000
10.931	Agricultural Conservation Easement Program	DIRECT	ACEP-WRE 5413201501GKL	-	175,860
10.931	Agricultural Conservation Easement Program	DIRECT	NR177217XXXXC008	-	20,066
10.931	Agricultural Conservation Easement Program	DIRECT	68-9327-15-11	-	1,387,500
10.931	Agricultural Conservation Easement Program	DIRECT	69-0211-17-025	-	101,063
10.931 Total				56,863	8,459,428
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-0436-17-032	-	17,090
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-1218-18-003	-	11,087
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-33A7-16-944	-	11,114
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-3B19-5-019	-	3,275
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-5D21-15-03	71,171	71,171
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-7103-16-966	-	22,857
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-9457-15-534	-	20,117
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	RCP#14-S-NH-297	4,000	4,000
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	Resource Conservation District of Monterey County	SC-2017-02	-	27,427
10.932 Total				75,171	188,138

The accompanying notes are an integral part of this schedule.

The Nature Conservancy

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
10.U00	Department of Agriculture / UNKNOW/N	California Department of Transportation	07A3844	\$ -	\$ 950,461
10.U01	Department of Agriculture / UNKNOW/N	DIRECT	12-PA-11091000-029	-	222
10.U02	Department of Agriculture / UNKNOW/N	DIRECT	12-PA-11091000-022	-	198
10.U03	Department of Agriculture / UNKNOW/N	DIRECT	13-CS-11062754-042	-	113
10.U04	Department of Agriculture / UNKNOW/N	DIRECT	13-PA-11011800-006	-	1,231
10.U05	Department of Agriculture / UNKNOW/N	DIRECT	13-PA-11080900-003	-	27,951
10.U06	Department of Agriculture / UNKNOW/N	DIRECT	14-PA-11092100-025	-	89,831
10.U07	Department of Agriculture / UNKNOW/N	DIRECT	14-CS-11080400-016	-	29,213
10.U08	Department of Agriculture / UNKNOW/N	Shawnee Resource Conservation and Development	14-CS-11090800-011-TNC-1	-	18,865
10.U09	Department of Agriculture / UNKNOW/N	DIRECT	14-PA-11020407-050	5,206	6,420
10.U10	Department of Agriculture / UNKNOW/N	DIRECT	14-PA-11041000-019	-	19,189
10.U11	Department of Agriculture / UNKNOW/N	DIRECT	14-PA-11080821-009	-	254,222
10.U12	Department of Agriculture / UNKNOW/N	DIRECT	14-PA-11080900-004	-	4,897
10.U13	Department of Agriculture / UNKNOW/N	DIRECT	14-PA-11081209-012	-	91,138
10.U14	Department of Agriculture / UNKNOW/N	DIRECT	14-SA-11080500-023	-	724,602
10.U15	Department of Agriculture / UNKNOW/N	DIRECT	14SA11090901015	-	85
10.U16	Department of Agriculture / UNKNOW/N	DIRECT	150803E+15	-	2,691
10.U17	Department of Agriculture / UNKNOW/N	DIRECT	15-CS-11060400-011	-	53,682
10.U18	Department of Agriculture / UNKNOW/N	DIRECT	15-CS-11080500-026	-	92,326
10.U19	Department of Agriculture / UNKNOW/N	DIRECT	15-CS-11081105-020	-	16,625
10.U20	Department of Agriculture / UNKNOW/N	DIRECT	15-CS-11242307-063	-	67,477
10.U21	Department of Agriculture / UNKNOW/N	DIRECT	15-PA-11061700-041	-	12,701
10.U22	Department of Agriculture / UNKNOW/N	DIRECT	15-PA-11080821-010	-	51,659
10.U23	Department of Agriculture / UNKNOW/N	DIRECT	15-PA-11083150-072	37,952	120,882
10.U24	Department of Agriculture / UNKNOW/N	DIRECT	15-SA-11080500-007	-	191,325
10.U25	Department of Agriculture / UNKNOW/N	DIRECT	16-CS-11030700-025	-	4,347
10.U26	Department of Agriculture / UNKNOW/N	DIRECT	16-CS-11060120-049	-	49,573
10.U27	Department of Agriculture / UNKNOW/N	DIRECT	16-CS-11090500-040	-	9,204
10.U28	Department of Agriculture / UNKNOW/N	DIRECT	16-CS-11090800-038	-	104,918
10.U29	Department of Agriculture / UNKNOW/N	DIRECT	16-CS-11100500-037	-	5,032
10.U30	Department of Agriculture / UNKNOW/N	DIRECT	16-CS-11100551-043	-	2,653
10.U31	Department of Agriculture / UNKNOW/N	DIRECT	16-PA-11061700-073	-	20,726
10.U32	Department of Agriculture / UNKNOW/N	DIRECT	16-PA-11061700-093	-	22,873
10.U33	Department of Agriculture / UNKNOW/N	DIRECT	16-PA-11080100-006	-	49,130
10.U34	Department of Agriculture / UNKNOW/N	DIRECT	16-PA-11080800-006	-	15,739
10.U35	Department of Agriculture / UNKNOW/N	DIRECT	16-PA-11081209-001	-	24,101
10.U36	Department of Agriculture / UNKNOW/N	DIRECT	16-PA-11090300-030	-	57,537
10.U37	Department of Agriculture / UNKNOW/N	DIRECT	16-PA-11153900-005	-	3,322
10.U38	Department of Agriculture / UNKNOW/N	DIRECT	16-PA-11081000-033	-	3,852
10.U39	Department of Agriculture / UNKNOW/N	DIRECT	16-SA-11081209-001	-	324,199
10.U40	Department of Agriculture / UNKNOW/N	DIRECT	16-SA-11090700-042	-	68,618
10.U41	Department of Agriculture / UNKNOW/N	DIRECT	16-SA-11091300-038	-	34,093
10.U42	Department of Agriculture / UNKNOW/N	DIRECT	16-SA-11100554-025	-	121,140
10.U43	Department of Agriculture / UNKNOW/N	DIRECT	17-CS-11091500-001	-	37,941
10.U44	Department of Agriculture / UNKNOW/N	DIRECT	17-CS-11242308-051	-	9,951
10.U45	Department of Agriculture / UNKNOW/N	DIRECT	17-PA-11031600-050	-	69,581
10.U46	Department of Agriculture / UNKNOW/N	DIRECT	17-PA-11080100-008	-	612
10.U47	Department of Agriculture / UNKNOW/N	DIRECT	17-PA-11080500-015	-	37,966
10.U48	Department of Agriculture / UNKNOW/N	DIRECT	17-PA-11081000-025	-	109,086
10.U49	Department of Agriculture / UNKNOW/N	DIRECT	17-PA-11081209-011	-	131,553
10.U50	Department of Agriculture / UNKNOW/N	DIRECT	17-PA-11100551-033	-	18,391
10.U51	Department of Agriculture / UNKNOW/N	DIRECT	17-SA-11030420-016	-	856,740
10.U52	Department of Agriculture / UNKNOW/N	DIRECT	17-SA-11030701-019	-	260,444
10.U53	Department of Agriculture / UNKNOW/N	DIRECT	17-SA-11090901-032	-	306
10.U54	Department of Agriculture / UNKNOW/N	DIRECT	18-CS-11031000-006	-	2,050
10.U55	Department of Agriculture / UNKNOW/N	DIRECT	18-CS-11091500-001	-	46,153

The accompanying notes are an integral part of this schedule.

The Nature Conservancy

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
10.U56	Department of Agriculture / UNKNOWN	DIRECT	18-PA-1101800-019	\$ -	\$ 11,923
10.U57	Department of Agriculture / UNKNOWN	DIRECT	18-PA-11081000-037	-	6,125
10.U58	Department of Agriculture / UNKNOWN	DIRECT	18-PA-11091400-017	-	791
10.U59	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052202	13,333	41,304
10.U60	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052268	2,208	119,636
10.U61	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052298	-	3,077
10.U62	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052595	-	19,710
10.U63	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052601	-	75,774
10.U64	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.17.055558	-	24,291
10.U65	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.17.055822	-	5,397
10.U66	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.17.055862	-	19,997
10.U67	Department of Agriculture / UNKNOWN	DIRECT	5452KY1701M7Q	-	40,193
10.U68	Department of Agriculture / UNKNOWN	DIRECT	5463221401GV2	-	25,799
10.U69	Department of Agriculture / UNKNOWN	Alaska Department of Natural Resources Forestry	CT180000758	-	12,867
10.U70	Department of Agriculture / UNKNOWN	Lomakatsi Restoration Project	USFS/LRP SPA3 Coord	-	12,728
10.UNK Total				58,699	5,749,449
U.S. DEPARTMENT OF AGRICULTURE TOTAL				\$ 2,273,114	\$ 21,717,323
11.419	Coastal Zone Management Administration Awards	Alaska Fisheries Development Foundation, Inc.	01252018 Mariculture	\$ -	\$ 2,932
11.419	Coastal Zone Management Administration Awards	NH Department of Environmental Services	11222017 Resil Crossings	-	10,511
11.419	Coastal Zone Management Administration Awards	Minnesota Department of Natural Resources	3000101198	-	14,164
11.419	Coastal Zone Management Administration Awards	University of Michigan	3003668021	52,495	32,952
11.419	Coastal Zone Management Administration Awards	Wisconsin Department Of Administration	AD179125-018.01	25,614	25,614
11.419	Coastal Zone Management Administration Awards	Virginia DEQ Coastal Zone Management	NA17NOS4190152 73.01	-	3,699
11.419 Total				78,109	149,872
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	Idaho Office of Species Conservation	004 16 SA	-	25,814
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	Washington State Recreation and Conservation Office	14-1259P	-	75,739
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	Oregon Watershed Enhancement Board	214-1034-10974	-	17,014
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	Oregon Watershed Enhancement Board	215-1036-11654	-	15,586
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	Alaska Department of Fish and Game	AKSSF-44918	-	69,948
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	Alaska Department of Fish and Game	AKSSF-44919	-	(1,507)
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	California Department of Fish and Wildlife	P1410515	-	67,853
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	Skaqit Fisheries Enhancement Group	SPFB24	-	2,372
11.438 Total				-	272,819
11.451	Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology	Natureserve	NOA0R003	-	5,226
11.451 Total				-	5,226
11.454	Unallied Management Projects	National Fish and Wildlife Foundation	0303.15.049391	26,758	32,578
11.454	Unallied Management Projects	DIRECT	NA17NJMF4520158	-	14,811
11.454 Total				26,758	47,389

The accompanying notes are an integral part of this schedule.

The Nature Conservancy
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO	
				SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
11.463	Habitat Conservation	DIRECT	NA13NMF4630139	\$ 151,250	\$ 234,437
11.463	Habitat Conservation	DIRECT	NA14NMF4630099	-	5,113
11.463	Habitat Conservation	DIRECT	NA14NMF4630258	225,000	425,629
11.463	Habitat Conservation	DIRECT	NA14NMF4630259	62,923	347,359
11.463	Habitat Conservation	DIRECT	NA15NMF4630145	-	116,221
11.463	Habitat Conservation	DIRECT	NA15NDS4630060	8,058	4,243
11.463	Habitat Conservation	NORTH CAROLINA COASTAL FEDERATION, INC.	NA16NMF4630009	-	122,420
11.463	Habitat Conservation	DIRECT	NA16NMF4630115	-	298,102
11.463	Habitat Conservation	DIRECT	NA16NMF4630307	725,508	993,543
11.463	Habitat Conservation	DIRECT	NA16NMF4630309	90,000	200,460
11.463	Habitat Conservation	DIRECT	NA16NMF4630313	-	425,020
11.463	Habitat Conservation	DIRECT	NA17NMF4630007	-	333,029
11.463	Habitat Conservation	DIRECT	NA17NMF4630122	128,112	861,869
11.463	Habitat Conservation	DIRECT	NA17NMF4630296	-	30,082
11.463	Habitat Conservation	DIRECT	NA17NMF4630301	-	33,798
11.463	Habitat Conservation	MA Division of Ecological Restoration	SATUCKETCGRGRRTTNCFIE	-	154,067
11.463	Habitat Conservation	Ducks Unlimited, Inc.	US-OH-107-1	-	10,066
11.463	Habitat Conservation	Ducks Unlimited, Inc.	US-OH-123-3	-	14,405
11.463 Total				1,390,851	4,609,863
11.469	Congressionally Identified Awards and Projects	DIRECT	NA15NMF4690242	46,130	218,092
11.469 Total				46,130	218,092
11.472	Unallied Science Program	National Fish and Wildlife Foundation	0303.17.058656	-	10,838
11.472	Unallied Science Program	North Pacific Research Board	NPRB1524	-	26,450
11.472 Total				-	37,288
11.473	Coastal Services Center	Northeastern Regional Association of Coastal Ocean Observing Systems	A007-019	-	26,044
11.473	Coastal Services Center	DIRECT	NA17NDS4730141	15,769	48,487
11.473	Coastal Services Center	University of Washington	UWSC9175	-	13,165
11.473 Total				15,769	87,696
11.482	Coral Reef Conservation Program	National Fish and Wildlife Foundation	0302.15.048772	-	32,738
11.482	Coral Reef Conservation Program	National Fish and Wildlife Foundation	0302.16.053113	3,898	34,702
11.482	Coral Reef Conservation Program	National Fish and Wildlife Foundation	0302.17.056503	-	4,583
11.482	Coral Reef Conservation Program	Hawaii Department of Land and Natural Resources	C71323	-	47,574
11.482	Coral Reef Conservation Program	DIRECT	NA13NDS4820145	-	798
11.482	Coral Reef Conservation Program	DIRECT	NA14NDS4820095	-	0
11.482	Coral Reef Conservation Program	DIRECT	NA15NDS4820097	-	34,158
11.482	Coral Reef Conservation Program	DIRECT	NA15NDS4820098	-	23,273
11.482	Coral Reef Conservation Program	DIRECT	NA16NDS4820056	13,356	32,790
11.482	Coral Reef Conservation Program	DIRECT	NA16NDS4820059	-	9,598
11.482	Coral Reef Conservation Program	DIRECT	NA16NDS4820106	-	511,868
11.482	Coral Reef Conservation Program	DIRECT	NA17NDS4820073	-	1,065
11.482	Coral Reef Conservation Program	DIRECT	NA17NDS4820077	-	61,908
11.482 Total				17,254	795,055
11.U00	Department of Commerce / UNKNOW/N	National Marine Sanctuary Foundation	18-05-B-174	-	82,669
11.U01	Coastal Zone Management Administration Awards	Indiana Department of Natural Resources	E16-6-KMA0526	-	10,159
11.UNK Total				-	92,828
U.S. DEPARTMENT OF COMMERCE TOTAL				\$ 1,574,871	\$ 6,316,128

The accompanying notes are an integral part of this schedule.

The Nature Conservancy

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
12.300	Basic and Applied Scientific Research	DIRECT	N44255-16-2-0008	\$ -	\$ 63,890.00
12.300	Basic and Applied Scientific Research	DIRECT	N44255-17-2-0004	-	37,277
12.300 Total				-	101,167
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Maine Department of Defense, Veterans and Emergency Management	15A 20160502 328	-	9,928
12.401 Total				-	9,928
12.632	Resource Management Program/DOD	National Fish and Wildlife Foundation	1903.17.055681	-	6,859
12.632 Total				-	6,859
12.U00	Department of Defense / UNKNOWN	DIRECT	W911SR-07-2-0001	-	8,329
12.U01	Department of Defense / UNKNOWN	Mississippi Military Department	17-MOAPC-02	-	147,248
12.U02	Department of Defense / UNKNOWN	Mississippi Military Department	18-PSC-01J	-	275,460
12.U03	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.15.047056	-	1,174
12.U04	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.15.048069	4,834	12,219
12.U05	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.15.048097	-	4,564
12.U06	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.16.051539	15,740	22,233
12.U07	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.16.051718	-	14,758
12.U08	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052202	25,600	79,303
12.U09	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052268	276	14,955
12.U10	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052298	-	1,436
12.U11	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.17.055297	-	4,511
12.U12	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.17.055558	-	12,145
12.U13	Department of Defense / UNKNOWN	Longleaf Alliance	LLA TNC 070116	-	6,361
12.U14	Department of Defense / UNKNOWN	Longleaf Alliance	LLA TNC	-	9,490
12.U15	Department of Defense / UNKNOWN	DIRECT	N6247315RFP00180	-	462,500
12.U16	Department of Defense / UNKNOWN	DIRECT	W911SR-07-2-0005	-	254,682
12.U17	Department of Defense / UNKNOWN	DIRECT	W9124J-15-2-0003	-	2,120,651
12.U18	Department of Defense / UNKNOWN	DIRECT	W9124J-15-2-0005	-	235,368
12.U00 Total				46,450	3,687,387
U.S. DEPARTMENT OF DEFENSE TOTAL				\$ 46,450	\$ 3,805,341
15.153	Hurricane Sandy Disaster Relief Coastal Resiliency Grants.	County of Suffolk	04202016 Hurricane Sandy	\$ -	\$ 26,532
15.153	Hurricane Sandy Disaster Relief Coastal Resiliency Grants.	Delaware Department of Natural Resources and Environmental Control	05122015 HUR SANDY	-	152,174
15.153	Hurricane Sandy Disaster Relief Coastal Resiliency Grants.	National Fish and Wildlife Foundation	2300.14.042551	11,757	23,580
15.153	Hurricane Sandy Disaster Relief Coastal Resiliency Grants.	GREEN TRUST ALLIANCE	7132017GTA NF/WF BeneReu:	39,883	100,806
15.153	Hurricane Sandy Disaster Relief Coastal Resiliency Grants.	New Jersey Department of Environmental Protection	FG15-010	77,937	98,849
15.153	Hurricane Sandy Disaster Relief Coastal Resiliency Grants.	MA Division of Ecological Restoration	SATUCKETCGXGRTTNCFF16	-	136,942
15.153 Total				129,577	538,883
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance	DIRECT	L17AC00354	-	8,023
15.228 Total				-	8,023
15.231	Fish, Wildlife and Plant Conservation Resource Management	Alberta Conservation Association	030-00-40-102-4000	-	4,997
15.231	Fish, Wildlife and Plant Conservation Resource Management	DIRECT	L12AC20615	-	31,625
15.231	Fish, Wildlife and Plant Conservation Resource Management	DIRECT	L12AC20620	-	2,226
15.231	Fish, Wildlife and Plant Conservation Resource Management	DIRECT	L12AP20004	-	18,515
15.231	Fish, Wildlife and Plant Conservation Resource Management	DIRECT	L14AC00115	24,094	41,204
15.231	Fish, Wildlife and Plant Conservation Resource Management	DIRECT	L16AC00162	-	16,181
15.231	Fish, Wildlife and Plant Conservation Resource Management	DIRECT	L17AC00150	8,414	33,191
15.231	Fish, Wildlife and Plant Conservation Resource Management	DIRECT	MT-CV-18-102	-	3,722
15.231 Total				32,508	297,291

The accompanying notes are an integral part of this schedule.

The Nature Conservancy

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO	
				SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
15.236	Environmental Quality and Protection Resource Management	DIRECT	L13AC00168	\$ -	\$ 4,336
15.236 Total				-	4,336
15.508	Providing Water to At-Risk Natural Desert Terminal Lakes	National Fish and Wildlife Foundation	0103.17.055279	7,397	25,627
15.508	Providing Water to At-Risk Natural Desert Terminal Lakes	National Fish and Wildlife Foundation	0204.14.042453	-	65,652
15.508	Providing Water to At-Risk Natural Desert Terminal Lakes	DIRECT	F10AP20652	-	(287)
15.508	Providing Water to At-Risk Natural Desert Terminal Lakes	DIRECT	F14AP00119	-	675,971
15.508	Providing Water to At-Risk Natural Desert Terminal Lakes	DIRECT	F14AP00120	-	298,060
15.508	Providing Water to At-Risk Natural Desert Terminal Lakes	DIRECT	F17AP00014	-	121,236
15.508 Total				7,397	1,186,259
15.517	Fish and Wildlife Coordination Act	Idaho Office of Species Conservation	BDR004 16	-	7,903
15.517	Fish and Wildlife Coordination Act	DIRECT	R06AC32660	-	7,687
15.517 Total				-	15,590
15.535	Upper Colorado River Basin Fish and Wildlife Mitigation Program	Utah Reclamation and Mitigation Commission	15FCUT-2030	-	27,261
15.535 Total				-	27,261
15.608	Fish and Wildlife Management Assistance	National Fish and Wildlife Foundation	0804.15.051359	-	5,029
15.608	Fish and Wildlife Management Assistance	National Fish and Wildlife Foundation	1903.16.052298	-	410
15.608	Fish and Wildlife Management Assistance	DIRECT	F12AC00927	-	7,076
15.608	Fish and Wildlife Management Assistance	DIRECT	F13AC00651	-	19,647
15.608	Fish and Wildlife Management Assistance	DIRECT	F13AP00239	68,850	87,107
15.608	Fish and Wildlife Management Assistance	DIRECT	F15AC00866	-	5,861
15.608	Fish and Wildlife Management Assistance	DIRECT	F15AC01104	-	86,239
15.608	Fish and Wildlife Management Assistance	DIRECT	F15AC01168	-	8,044
15.608	Fish and Wildlife Management Assistance	DIRECT	F15AP00834	-	48,081
15.608	Fish and Wildlife Management Assistance	DIRECT	F16AC00239	-	1,861
15.608	Fish and Wildlife Management Assistance	DIRECT	F16AC01152	-	38,753
15.608	Fish and Wildlife Management Assistance	DIRECT	F16AP00181	-	80,218
15.608	Fish and Wildlife Management Assistance	DIRECT	F16AP00385	-	50,000
15.608	Fish and Wildlife Management Assistance	DIRECT	F17AC00045	-	150,000
15.608	Fish and Wildlife Management Assistance	DIRECT	F17AC00524	-	15
15.608	Fish and Wildlife Management Assistance	Southeast Aquatic Resources Partnership	NFHP 16-08	-	37,958
15.608 Total				68,850	626,299
15.614	Coastal Wetlands Planning, Protection and Restoration Act	OR Watershed Enhancement Board	215-8005-12992	-	11,847
15.614	Coastal Wetlands Planning, Protection and Restoration Act	Oregon Watershed Enhancement Board	215-8005-15688	-	29,138
15.614	Coastal Wetlands Planning, Protection and Restoration Act	Washington State Department of Ecology	C1400258	-	9,034
15.614	Coastal Wetlands Planning, Protection and Restoration Act	WI Department of Natural Resources	NA3-17-310	-	48,500
15.614	Coastal Wetlands Planning, Protection and Restoration Act	WI Department of Natural Resources	NA3-17-316	-	138,000
15.614 Total				-	236,519
15.615	Cooperative Endangered Species Conservation Fund	Arkansas Game and Fish Commission	01122017 BED LOAD STUDY	-	14,382
15.615	Cooperative Endangered Species Conservation Fund	VA Department of Game and Inland Fisheries	02012017FLA	-	123,332
15.615	Cooperative Endangered Species Conservation Fund	Mississippi Department of Wildlife Fisheries & Parks	112017 USFWS/MDWFP FRO	-	25,087
15.615	Cooperative Endangered Species Conservation Fund	Mississippi Department of Wildlife Fisheries & Parks	112018 USFWS/MDWFP FRO	-	33,433
15.615	Cooperative Endangered Species Conservation Fund	Texas Parks and Wildlife Department	458178	-	1,290
15.615	Cooperative Endangered Species Conservation Fund	Tennessee Wildlife Resources Agency	49986	117,723	187,176
15.615	Cooperative Endangered Species Conservation Fund	Oregon Parks & Recreation Department	FY16-E30TW16	-	23,646
15.615	Cooperative Endangered Species Conservation Fund	Oregon Parks & Recreation Department	FY17-E30TW20	-	7,849
15.615 Total				117,723	416,195

The accompanying notes are an integral part of this schedule.

The Nature Conservancy

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
15.623	North American Wetlands Conservation Fund	TUG HILL TOMORROW LAND TRUST	09212015 THTLT LK ONTARIO	\$ -	7,810
15.623	North American Wetlands Conservation Fund	DIRECT	F13AP00552	-	14,957
15.623	North American Wetlands Conservation Fund	DIRECT	F14AP00164	-	91,795
15.623	North American Wetlands Conservation Fund	DIRECT	F14AP00284	37,814	124,740
15.623	North American Wetlands Conservation Fund	DIRECT	F16AP00210	535,812	537,045
15.623	North American Wetlands Conservation Fund	DIRECT	F16AP00354	-	-
15.623	North American Wetlands Conservation Fund	DIRECT	F17AP00270	151,796	176,211
15.623	North American Wetlands Conservation Fund	NORTH CAROLINA COASTAL LAND TRUST	FWS#F17AP00279	-	495,000
15.623	North American Wetlands Conservation Fund	NORTH CAROLINA COASTAL LAND TRUST	FWS#F17AP00601	-	583
15.623	North American Wetlands Conservation Fund	Ducks Unlimited, Inc.	SD5511	-	33,250
15.623	North American Wetlands Conservation Fund	Ducks Unlimited, Inc.	US-KS-28-5	-	4,521
15.623	North American Wetlands Conservation Fund	Ducks Unlimited, Inc.	US-NJ-79-2	-	448,189
15.623 Total				725,422	1,934,101
15.630	Coastal Program	DIRECT	F13AC00422	-	32,729
15.630	Coastal Program	DIRECT	F13AC00815	-	46,784
15.630	Coastal Program	DIRECT	F14AC00185	-	39,847
15.630	Coastal Program	DIRECT	F14AC01046	-	57,080
15.630	Coastal Program	DIRECT	F15AC00747	-	458
15.630	Coastal Program	DIRECT	F15AC00994	-	9,190
15.630	Coastal Program	DIRECT	F16AC00476	-	7,547
15.630	Coastal Program	DIRECT	F17AC00645	-	19,415
15.630	Coastal Program	DIRECT	F17AC00812	-	24,232
15.630	Coastal Program	DIRECT	F17AC01059	-	3,995
15.630 Total				-	241,337
15.631	Partners for Fish and Wildlife	Arkansas Wildlife Federation	03282018 PFW STRWBRY R	-	76
15.631	Partners for Fish and Wildlife	Arkansas Wildlife Federation	11142016 PFW RMWP	-	10,674
15.631	Partners for Fish and Wildlife	Coastal Bend Bays and Estuaries Program	1422	-	30,761
15.631	Partners for Fish and Wildlife	Coastal Bend Bays and Estuaries Program	1728	-	76,398
15.631	Partners for Fish and Wildlife	DIRECT	F11AC01253	-	42,377
15.631	Partners for Fish and Wildlife	DIRECT	F11AC01303	-	10,669
15.631	Partners for Fish and Wildlife	DIRECT	F11AP00618	-	25,017
15.631	Partners for Fish and Wildlife	DIRECT	F12AC01558	-	2,605
15.631	Partners for Fish and Wildlife	DIRECT	F12AP01105	-	20,813
15.631	Partners for Fish and Wildlife	DIRECT	F13AC00380	-	1,888
15.631	Partners for Fish and Wildlife	DIRECT	F13AC00413	-	228
15.631	Partners for Fish and Wildlife	DIRECT	F13AC00481	-	10,682
15.631	Partners for Fish and Wildlife	DIRECT	F13AC00767	-	3,323
15.631	Partners for Fish and Wildlife	DIRECT	F13AC01030	2,000	2,466
15.631	Partners for Fish and Wildlife	DIRECT	F13AP00461	-	29,424
15.631	Partners for Fish and Wildlife	DIRECT	F14AC00285	-	5,766
15.631	Partners for Fish and Wildlife	DIRECT	F14AC00783	-	467,887
15.631	Partners for Fish and Wildlife	DIRECT	F14AC01083	-	56,509
15.631	Partners for Fish and Wildlife	DIRECT	F14AP00908	-	7,551
15.631	Partners for Fish and Wildlife	DIRECT	F15AC00521	-	6,653
15.631	Partners for Fish and Wildlife	DIRECT	F15AC00655	-	23,265
15.631	Partners for Fish and Wildlife	DIRECT	F15AC00722	-	37,796
15.631	Partners for Fish and Wildlife	DIRECT	F15AC00994	-	82,718
15.631	Partners for Fish and Wildlife	DIRECT	F15AC01103	-	12,874
15.631	Partners for Fish and Wildlife	DIRECT	F16AC00618	-	15,320
15.631	Partners for Fish and Wildlife	DIRECT	F16AC00723	-	10,000
15.631	Partners for Fish and Wildlife	DIRECT	F16AC00848	-	22,085
15.631	Partners for Fish and Wildlife	VERMONT NATURAL RESOURCES COUNCIL	F16AC00876	-	4,172
15.631	Partners for Fish and Wildlife	DIRECT	F16AC00903	-	3,403
15.631	Partners for Fish and Wildlife	DIRECT	F16AC00921	-	210

The accompanying notes are an integral part of this schedule.

The Nature Conservancy
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
15.631	Partners for Fish and Wildlife	DIRECT	F16AC00937	\$ -	\$ 1,631
15.631	Partners for Fish and Wildlife	DIRECT	F16AC00939	-	10,572
15.631	Partners for Fish and Wildlife	DIRECT	F16AC01083	-	36,136
15.631	Partners for Fish and Wildlife	DIRECT	F16AC01184	-	11,210
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00462	-	9,394
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00554	-	31,481
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00718	-	11,955
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00736	-	19,408
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00746	-	3,878
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00783	-	12,381
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00809	-	12,046
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00846	-	5,634
15.631	Partners for Fish and Wildlife	DIRECT	F17AC01003	-	24,810
15.631	Partners for Fish and Wildlife	DIRECT	F17AC01021	-	14,393
15.631	Partners for Fish and Wildlife	DIRECT	F17AC01090	-	15,272
15.631	Partners for Fish and Wildlife	DIRECT	F17AC01128	-	22,908
15.631	Partners for Fish and Wildlife	DIRECT	FF05E1ME00-167-	-	2,500
15.631	Partners for Fish and Wildlife	DIRECT	F16AC01043	-	20
15.631 Total				2,000	1,269,279
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	01122017 SWG T66 PINEOAK	-	26,966
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	01122017 SWG T68 SFOR RD	-	4,878
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	01122017 SWG T69 WALTON	-	1,820
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	01122017 SWG T72 NF AFSLN	-	1,961
15.634	State Wildlife Grants	Vermont Department of Fish and Wildlife	06120FY16380	-	19,526
15.634	State Wildlife Grants	NH Fish and Game Department	06212017 NHFGFWS SWG 201	-	21,325
15.634	State Wildlife Grants	DEPARTMENT OF GAME FISH AND PARKS	09272016 SD GFP USFWS SW	-	4,018
15.634	State Wildlife Grants	Georgia Department of Natural Resources	10012017MOODYFOREST12	-	37,951
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	11012011 SWG T-79	-	317
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	11072017 SWG T-84	-	8,907
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	11102017 SWG T-78	-	1,612
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	11102017 SWG T-77	-	32,581
15.634	State Wildlife Grants	Georgia Department of Natural Resources	1232017GADNRSDHILLLOA	-	16,875
15.634	State Wildlife Grants	Florida Fish and Wildlife Conservation Commission	15036	10,584	24,235
15.634	State Wildlife Grants	Florida Fish and Wildlife Conservation Commission	16005	6,278	6,278
15.634	State Wildlife Grants	Florida Fish and Wildlife Conservation Commission	17142	-	8,113
15.634	State Wildlife Grants	Rhode Island Dept of Environmental Management	3203667	-	33,673
15.634	State Wildlife Grants	Rhode Island Dept of Environmental Management	3245825	-	11,078
15.634	State Wildlife Grants	Ohio Department of Natural Resources	42016 FWS ODNR KARNER E	-	13,645
15.634	State Wildlife Grants	Tennessee Wildlife Resources Agency	48848	2,086	4,373
15.634	State Wildlife Grants	Tennessee Wildlife Resources Agency	52564	-	9,330
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	AR-T-F15AF01299	-	3,538
15.634	State Wildlife Grants	Kentucky Department of Fish and Wildlife Resources	PON2 660 1700000962 1	52,826	70,159
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	SWG T34-07	-	3,297
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	SWG T58	-	12,797
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	T-39-01	-	18,778
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	T-41-04	-	3,135
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	T-51	-	39,788
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	T-81	-	36,137
15.634	State Wildlife Grants	Nebraska Game and Parks Commission	T-93-HM-1	5,228	5,636
15.634 Total				77,002	482,727

The accompanying notes are an integral part of this schedule.

The Nature Conservancy

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
15.635	Neotropical Migratory Bird Conservation	DIRECT	F17AP00665	\$ -	\$ 200,000
15.635 Total				-	200,000
15.637	Migratory Bird Joint Ventures	DIRECT	F15AP00502	-	8,636
15.637	Migratory Bird Joint Ventures	DIRECT	F16AP00390	-	19,309
15.637	Migratory Bird Joint Ventures	Pheasants Forever	SGI 2.0-18-04	-	7,074
15.637	Migratory Bird Joint Ventures	Ducks Unlimited, Inc.	US-IM-5-1 YR3	-	12,024
15.637 Total				-	47,043
15.651	Wildlife Without Borders-Africa Program	DIRECT	F17AP00435	-	2,067
15.651 Total				-	2,067
15.655	Migratory Bird Monitoring, Assessment and Conservation	DIRECT	F17AC00358	-	1,615
15.655 Total				-	1,615
15.657	Endangered Species Conservation Recovery Implementation Funds	DIRECT	F13AC00650	-	44,034
15.657	Endangered Species Conservation Recovery Implementation Funds	DIRECT	F14AC01172	-	5,331
15.657	Endangered Species Conservation Recovery Implementation Funds	DIRECT	F14AP00899	-	30,000
15.657	Endangered Species Conservation Recovery Implementation Funds	DIRECT	F16AC00626	-	13,152
15.657	Endangered Species Conservation Recovery Implementation Funds	DIRECT	F16AP00775	-	10,895
15.657	Endangered Species Conservation Recovery Implementation Funds	DIRECT	F17AC00619	98,650	103,129
15.657 Total				98,650	206,541
15.658	Natural Resource Damage Assessment, Restoration and Implementation	DIRECT	F12AP00598	-	(27)
15.658	Natural Resource Damage Assessment, Restoration and Implementation	DIRECT	F16AC00148	-	5,466
15.658	Natural Resource Damage Assessment, Restoration and Implementation	DIRECT	F17AP00967	-	27,034
15.658	Natural Resource Damage Assessment, Restoration and Implementation	DIRECT	F18AC00747	-	377,097
15.658	Natural Resource Damage Assessment, Restoration and Implementation	Friends of the Bay	TNC072617	-	42,200
15.658 Total				-	451,770
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	050113.039115	511,790	360,472
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	050114.043996	94,436	149,214
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	050114.044331	10,354	23,045
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	050115.048926	76,961	96,787
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	050116.052866	-	54,800
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	050116.052870	102,284	226,579
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	050116.053011	-	57,086
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	050117.056144	12,839	15,852
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	050117.056228	-	287
15.662	Great Lakes Restoration	Finger Lakes-Lake Ontario Watershed Protection Alliance	09092015 FLLQWPA	-	28,648
15.662	Great Lakes Restoration	MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY	2016-0111	3,533	62,454
15.662	Great Lakes Restoration	Huron Pines	644	-	1,010
15.662	Great Lakes Restoration	DIRECT	F16AP00391	-	5,500
15.662	Great Lakes Restoration	DIRECT	F17AP00348	-	906,186
15.662 Total				812,197	1,987,920

The accompanying notes are an integral part of this schedule.

The Nature Conservancy

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0103.16.054129	\$ -	\$ 55,667
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0104.15.046650	-	47,515
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0302.17.056503	-	4,583
15.663	National Fish and Wildlife Foundation	Cumberland River Compact, Inc.	04012016.NF.WF/CRC BARRII	-	19,312
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0405.17.057467	-	158,624
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1201.16.054812	-	12,176
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1201.16.054838	-	3,323
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1401.15.043312	696	15,025
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1401.16.053646	-	37,581
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.16.052601	-	15,155
15.663	National Fish and Wildlife Foundation	Longleaf Alliance	LLA_TNC	-	4,745
15.663 Total				696	373,706
15.664	Fish and Wildlife Coordination and Assistance Programs	Driftless Area Land Conservancy	01242017MONARCHS	-	11,155
15.664	Fish and Wildlife Coordination and Assistance Programs	National Fish and Wildlife Foundation	1904.15.048359	-	12,886
15.664 Total				-	24,041
15.669	Cooperative Landscape Conservation	Texas Parks and Wildlife Department	496694	-	42,680
15.669	Cooperative Landscape Conservation	DIRECT	F12AC01516	-	43,063
15.669 Total				-	85,743
15.670	Adaptive Science	DIRECT	F14AC01050	-	14,269
15.670 Total				-	14,269
15.676	Youth Engagement, Education, and Employment Programs	DIRECT	F18AC00348	-	3,548
15.676 Total				-	3,548
15.677	Hurricane Sandy Disaster Relief Activities-FWS	DIRECT	F14AC00165	-	1,110,138
15.677	Hurricane Sandy Disaster Relief Activities-FWS	DIRECT	F14AC00305	-	10,846
15.677	Hurricane Sandy Disaster Relief Activities-FWS	DIRECT	F15AC00005	-	75,762
15.677	Hurricane Sandy Disaster Relief Activities-FWS	DIRECT	F15AC00026	72,398.00	154,038
15.677	Hurricane Sandy Disaster Relief Activities-FWS	DIRECT	F16AC00302	-	93,719
15.677	Hurricane Sandy Disaster Relief Activities-FWS	DIRECT	F18AC00026	-	6,579
15.677	Hurricane Sandy Disaster Relief Activities-FWS	MA Division of Ecological Restoration	MILLRVRWBDXTNCGRTF18	-	191,578
15.677 Total				72,398	1,642,660
15.678	Cooperative Ecosystem Studies Units	University of Wisconsin-Madison	782K585	-	8,714
15.678 Total				-	8,714
15.820	National Climate Change and Wildlife Science Center	Colorado State University	G13AC00391	-	7,412
15.820	National Climate Change and Wildlife Science Center	DIRECT	G17AP00137	-	4,999
15.820	National Climate Change and Wildlife Science Center	Colorado State University	G-52103-01	-	4,365
15.820 Total				-	16,776
15.875	Economic, Social, and Political Development of the Territories	DIRECT	D15AP00132	-	44,247
15.875	Economic, Social, and Political Development of the Territories	DIRECT	D16AP00102	-	2,733
15.875	Economic, Social, and Political Development of the Territories	DIRECT	D16AP00103	-	71,908
15.875	Economic, Social, and Political Development of the Territories	DIRECT	D17AP00066	-	23,583
15.875 Total				-	142,471

The accompanying notes are an integral part of this schedule.

The Nature Conservancy

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
15.921	Rivers, Trails and Conservation Assistance	Wild & Scenic Westfield River Committee	10182017 W&SwRC Nugent	\$ -	\$ 2,941
15.921 Total				-	2,941
15.944	Natural Resource Stewardship	DIRECT	P16AC01300	-	15,513
15.944	Natural Resource Stewardship	DIRECT	P16AC01407	-	206,288
15.944	Natural Resource Stewardship	DIRECT	P17AC00529	-	83,017
15.944	Natural Resource Stewardship	DIRECT	P17AC01059	-	2,670
15.944	Natural Resource Stewardship	DIRECT	P17AC01110	-	9,317
15.944 Total				-	316,805
15.945	Cooperative Research and Training Programs Resources of the National Park System	DIRECT	P15AC00938	-	4,404
15.945	Cooperative Research and Training Programs Resources of the National Park System	DIRECT	P15AC01832	-	11,457
15.945	Cooperative Research and Training Programs Resources of the National Park System	DIRECT	P16AC00470	-	24,872
15.945	Cooperative Research and Training Programs Resources of the National Park System	DIRECT	P17AC00790	-	3,681
15.945 Total				-	44,414
15.U00	Department of the Interior / UNKNOWN	DIRECT	F15PX02525	-	35,349
15.U01	Department of the Interior / UNKNOWN	University of Arizona	PO 307166	-	52,676
15.UNK Total				-	88,025
U.S. DEPARTMENT OF INTERIOR TOTAL				\$ 2,144,420	\$ 12,945,169
19.017	Environmental and Scientific Partnerships and Programs	DIRECT	S-LMAQM-14-GR-1065	-	116,008
19.017	Environmental and Scientific Partnerships and Programs	DIRECT	S-LMAQM-16-GR-1290	335,255	1,471,108
19.017 Total				335,255	1,587,116
U.S. DEPARTMENT OF STATE TOTAL				\$ 335,255	\$ 1,587,116
21.015	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	TCEQ10 Texas Commission on Environmental Quality	582-16-65288	-	5,299
21.015 Total				-	5,299
U.S. DEPARTMENT OF TREASURY TOTAL				\$ -	\$ 5,299
43.001	Science	The Balmoral Group, LLC	TBG Job No. 2900.00	-	1,646
43.001 Total				-	1,646
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION TOTAL				\$ -	\$ 1,646
66.110	Healthy Communities Grant Program	Southeastern Regional Planning & Economic Development District	01012016 Taunton	\$ -	\$ 359
66.110	Healthy Communities Grant Program	DIRECT	HC 00A00089	66,291	117,857
66.110 Total				66,291	118,216
66.123	Puget Sound Action Agenda	WA State Department of Fish and Wildlife	17-08349	-	333,683
66.123 Total				-	333,683
66.437	Long Island Sound Program	National Fish and Wildlife Foundation	1401.15.049312	3,479	75,128
66.437	Long Island Sound Program	National Fish and Wildlife Foundation	1401.15.049517	-	61,110
66.437	Long Island Sound Program	National Fish and Wildlife Foundation	1401.16.053646	-	19,312
66.437	Long Island Sound Program	National Fish and Wildlife Foundation	1401.17.058058	-	2,313
66.437	Long Island Sound Program	University Of Connecticut	172418	-	28,439
66.437 Total				3,479	186,302
66.460	Nonpoint Source Implementation Grants	Clinch-Powell Resource Conservation and Development Council	CVP-042417	-	13,268
66.460 Total				-	13,268
66.461	Regional Wetland Program Development Grants	New Jersey Department of Environmental Protection	8609887	-	5,111
66.461	Regional Wetland Program Development Grants	Nevada Natural Heritage Program	EPA-39T65201	-	1,678
66.461	Regional Wetland Program Development Grants	WI Department of Natural Resources	WGP-2014-THENATURECO	-	4,950
66.461 Total				-	11,739

The accompanying notes are an integral part of this schedule.

The Nature Conservancy

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2018

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY18 FEDERAL EXPENDITURES
66.462	National Wetland Program Development Grants and Five-Star Restoration Training Grant	DIRECT	83573001	\$ - \$	988
66.462 Total					988
66.466	Chesapeake Bay Program	National Fish and Wildlife Foundation	0600.16.053165	5,860	40,657
66.466	Chesapeake Bay Program	National Fish and Wildlife Foundation	0602.13.039949	-	248,012
66.466	Chesapeake Bay Program	National Fish and Wildlife Foundation	0603.16.053957	-	30,563
66.466	Chesapeake Bay Program	National Fish and Wildlife Foundation	0603.17.057354	6,369	15,521
66.466	Chesapeake Bay Program	Center For Watershed Protection	12202017 WETLAND PANEL	-	2,805
66.466	Chesapeake Bay Program	Chesapeake Bay Trust	14587	-	23,932
66.466 Total				12,229	361,490
66.469	Great Lakes Program	Indiana Department of Natural Resources	22885	-	389,841
66.469	Great Lakes Program	DIRECT	00E01448	155,119	242,098
66.469	Great Lakes Program	DIRECT	00E02222	-	34,887
66.469	Great Lakes Program	Ohio Department of Natural Resources	00E02293	-	94
66.469	Great Lakes Program	Fox Wolf Watershed Alliance	05222015LowerFox	-	9,841
66.469	Great Lakes Program	WI Department of Natural Resources	062718Eiq-1 Rest	-	6,124
66.469	Great Lakes Program	University of Wisconsin-Green	144PRJ93PU-TNC/NVH	-	20,616
66.469	Great Lakes Program	Indiana Department of Natural Resources	15NRD001	-	103,529
66.469	Great Lakes Program	DIRECT	GL-00E01442-0	36,951	52,376
66.469	Great Lakes Program	DIRECT	GL-00E01444-0	44,305	117,347
66.469	Great Lakes Program	DIRECT	GL-00E01922	132,660	249,431
66.469	Great Lakes Program	Grand Valley State University	GVSU-212623-01	-	33,628
66.469	Great Lakes Program	Ohio EPA	NATURE1-FDSEDM14	-	10,302
66.469	Great Lakes Program	Ohio EPA	Nature2-FDSEdm-14	-	23,328
66.469	Great Lakes Program	Illinois Department of Natural Resources	USEPA 15-07-C	-	24,242
66.469 Total				369,035	1,317,684
66.475	Gulf of Mexico Program	Mobile Bay National Estuary Program	010116 Habitat Tool	-	54,118
66.475 Total					54,118
66.511	Office of Research and Development Consolidated Research/Training/Fellowships	Colorado School of Mines	401090-5801	-	2,626
66.511 Total					2,626
66.605	Performance Partnership Grants	Massachusetts Department of Environmental Protection	16-07J319	\$ - \$	78,735.00
66.605 Total					78,735
66.U00	Environmental Protection Agency / UNKNOW/N	Alaska Department of Environmental Conservation	ACWA 17-11	-	(22)
66.U00 Total					(22)
ENVIRONMENTAL PROTECTION AGENCY TOTAL				\$ 451,034	\$ 2,478,827
94.006	AmeriCorps	State of Arizona	AC-VSG-15-090115-12Y2	-	8,846
94.006	AmeriCorps	State of Arizona	AC-VSG-15-090115-12Y3	-	52,863
94.006 Total					61,709
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL				\$ -	\$ 61,709
98.001	USAID Foreign Assistance for Programs Overseas	AMERICAN RED CROSS	051717-GDCP	-	16,482
98.001	USAID Foreign Assistance for Programs Overseas	Wildlife Conservation Society	ABCG110223 TNC	17,353	173,291
98.001	USAID Foreign Assistance for Programs Overseas	DIRECT	AID-497-A-16-00011	-	860,371
98.001	USAID Foreign Assistance for Programs Overseas	DIRECT	AID-523-A-11-00001	798,225	1,514,685
98.001	USAID Foreign Assistance for Programs Overseas	DIRECT	AID-527-A-15-0004	93,187	305,716
98.001	USAID Foreign Assistance for Programs Overseas	DIRECT	AID-615-A-15-00012	1,380,282	1,768,084
98.001	USAID Foreign Assistance for Programs Overseas	DIRECT	AID-615-A-15-00013	400,977	561,794
98.001	USAID Foreign Assistance for Programs Overseas	DIRECT	AID-621-A-15-000004	2,146,371	3,161,007
98.001	USAID Foreign Assistance for Programs Overseas	DIRECT	AID-OAA-A14-00064	788,397	3,033,515
98.001	USAID Foreign Assistance for Programs Overseas	Rainforest Alliance	SF1845	-	43,376
98.001 Total				5,624,792.00	11,438,321
98.U00	Agency for International Development/UNKNOW/N	GR-Quetzalten-Fit-15-2016		-	238
98.U00 Total					238
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT TOTAL				\$ 5,624,792	\$ 11,438,559
TOTAL FEDERAL EXPENDITURES				\$ 13,593,281	\$ 64,953,393

The accompanying notes are an integral part of this schedule.

The Nature Conservancy

Notes to Schedule of Expenditures of Federal Awards

For the year ended June 30, 2018

1. Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes the federal expenditures of The Nature Conservancy (The Conservancy) under programs of the U.S. federal government for the year ended June 30, 2018. The amounts reported as federal expenditures were obtained from the Conservancy's financial system. Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of the Conservancy, it is not intended to and does not present the consolidated financial position, changes in net assets and cash flows of the Conservancy.

The Schedule includes all grants, contracts, and similar agreements entered into directly between The Conservancy and agencies and departments of the U.S. federal government or passed through directly to the Conservancy through agencies receiving federal funding. The schedule also includes the amounts awarded to sub recipients approximately \$13.6 million of sub awards to organizations assisting in project implementation in FY 2018.

The Conservancy has a negotiated indirect cost rate agreement with Department of the Interior as the cognizant agency for indirect costs. As such, The Conservancy is not eligible to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

2. Summary of significant accounting policies

For the purpose of the Schedule, expenditures for federal award programs are recognized on the accrual basis of accounting. Negative amounts on the Schedule are adjustments to expenditures reported in the prior year in the course of normal business. Full CFDA and pass through numbers are presented when available.

The Nature Conservancy
Schedule of Indirect Cost Rate Computation
For the year ended June 30, 2018

Elements of Cost	Costs for Indirect Cost Rate Calculation	
Salaries & Fringe	\$	398,963,100
Contract, professional fees		119,245,445
Grants and allocations		55,078,879
Supplies		16,402,523
Telecommunications		3,003,388
Postage and mailing service		12,446,551
Occupancy		14,008,747
Equipment rental and maintenance		3,550,320
Printing and Publication		18,236,218
Travel		23,099,791
Conferences and meetings		13,103,711
Interest		-
Depreciation and amortization		14,674,454
Equipment		1,905,668
Taxes and licenses		2,551,543
Utilities, Repairs, Maintenance and construction		6,836,021
Insurance		5,618,064
Real Estate taxes		6,471,804
Closing costs		2,271,677
Contributed goods and services non-cash expense		-
All other expenses		24,357,045
Book value of conservation land & easements sold or donated to government and others		-
Total Costs for Indirect Cost Rate Calculation		<u>741,824,949</u>
Exclusions		151,454,680
Unallowables		18,547,345
Charges reclassified between accounts		(634,458)
Total Expenses per Audited Financial Statements	\$	<u>911,192,516</u>
Direct Costs before Exclusions	\$	748,052,803
Indirect Costs before Exclusions		163,774,171
The Nature Conservancy's Total Expenses per Audited Financial Statements	\$	<u>911,826,974</u>
Direct Costs before Exclusions	\$	748,052,803
Less: Exclusions to Direct Costs		(151,454,680)
Total Direct After Exclusions	\$	<u>596,598,123</u>
Indirect Costs before Exclusions	\$	163,774,171
Less: Exclusions to Indirect Costs		-
Less: Unallowables to Indirect Costs		(18,547,345)
Indirect Cost Pool After Exclusions and Unallowables	\$	<u>145,226,826</u>
Indirect Cost Rate		24.34%

Excluded from the computation of the allowable indirect costs are unallowable costs totaling \$18,547,345 as of June 30, 2018. Exclusions from the computation of the total direct cost base are primarily composed of external transfers of land and the value of land sold or donated to government agencies and other conservation organizations totaling \$151,454,680; because their inclusion distorts the assessment of indirect costs.

The Nature Conservancy
Schedule of Fringe Benefit Rate Calculation
For the year ended June 30, 2018

Fringe benefit account	Fringe benefit expense - regular employees	Fringe benefit expense - short-term employees	Fringe benefit expense - foreign employees	Total
ACCRUED VACATION	\$ 18,377,823	\$ -	\$ -	\$ 18,377,823
SICK LEAVE EXPENSE	5,739,599	21,925	-	5,761,523
HOLIDAY & ADMINISTRATIVE LEAVE EXPENSE	11,172,089	42,676	-	11,214,765
MILITARY LEAVE	-	-	-	0
MEDICAL INSURANCE CLAIMS, FEES AND PREMIUMS	22,763,709	-	-	22,763,709
LIFE INSURANCE	471,509	-	467,902	939,411
ACCIDENTAL DEATH AND DISMEMBERMENT	81,462	-	-	81,462
DISABILITY INSURANCE	735,841	-	-	735,841
WORKERS' COMPENSATION	1,276,140	20,016	-	1,296,157
FICA	19,431,512	300,347	-	19,731,859
PENSION 401(K)	18,316,616	70,285	-	18,386,901
STATE UNEMPLOYMENT TAXES	412,993	6,453	-	419,446
INTERNATIONAL BENEFITS	648,758	-	-	648,758
FOREIGN MEDICAL BENEFITS	-	-	1,856,315	1,856,315
FOREIGN OTHER SOCIAL AND WELFARE TAXES	-	-	22,765	22,765
FOREIGN ALICO 401I PLAN	-	-	1,748,380	1,748,380
EMPLOYEE RELOCATION	-	-	-	0
PROFESSIONAL FEES	634,458	-	-	634,458
TOTAL FRINGE BENEFIT EXPENSE	\$ 100,062,508	\$ 461,702	\$ 4,095,362	\$ 104,619,572
TOTAL SALARIES EXPENSE	\$ 246,253,530	\$ 3,806,266	\$ 31,519,737	\$ 281,579,533
FRINGE BENEFIT EXPENSE AS A PERCENTAGE OF SALARIES EXPENSE	40.63%	12.13%	12.99%	



Report of Independent Auditors 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
The Nature Conservancy:

We have audited, 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, the consolidated financial statements of The Nature Conservancy and its chapters and affiliates (the "Conservancy"), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Conservancy's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Conservancy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Conservancy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Conservancy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Pricewaterhousecoopers up". The signature is written in a cursive, flowing style.

October 22, 2018
McLean, VA



**Report of Independent Auditors on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on Internal Control
Over Compliance in Accordance with the Uniform Guidance**

To the To the Board of Directors of
The Nature Conservancy:

Report on Compliance for Each Major Federal Program

We have audited The Nature Conservancy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Nature Conservancy's major federal programs for the year ended June 30, 2018. The Nature Conservancy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of The Nature Conservancy's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Nature Conservancy'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 on compliance for each major federal program. However, our audit does not provide a legal determination of The Nature Conservancy's compliance.

Opinion on Each Major Federal Program

In our opinion, The Nature Conservancy's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.



Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002. Our opinion on each major federal program is not modified with respect to these matters.

The Nature Conservancy's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. The Nature Conservancy's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of The Nature Conservancy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Nature Conservancy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Nature Conservancy's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.



The Nature Conservancy's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The Nature Conservancy's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PricewaterhouseCoopers up

December 11, 2018
McLean, VA

Schedule of Findings and Questioned Costs

The Nature Conservancy
Schedule of Findings and Questioned Costs
For the year ended June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses yes none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

CFDA Numbers:	Name of Federal Program or Cluster
11.463	HABITAT CONSERVATION
12.U17	U.S. DEPARTMENT OF DEFENSE/ UNKNOWN
15.605 & 15.611	FISH AND WILDLIFE CLUSTER
19.017	ENVIRONMENTAL AND SCIENTIFIC PARTNERSHIPS AND PROGRAMS
98.001	USAID FOREIGN ASSISTANCE FOR PROGRAMS OVERSEAS
15.662	GREAT LAKES RESTORATION
10.U00	U.S. DEPARTMENT OF AGRICULTURE / UNKNOWN

Dollar threshold used to distinguish between type A and type B programs:

\$1,948,602

Auditee qualified as low-risk auditee? yes no

The Nature Conservancy
Schedule of Findings and Questioned Costs
For the year ended June 30, 2018

Section II – Financial Statement Findings

None identified.

The Nature Conservancy

Schedule of Findings and Questioned Costs

For the year ended June 30, 2018

Section III – Federal Award Findings and Questioned Costs

Finding 2018-001: SEFA Preparation

Federal Agency: Various
Program: Various
CFDA #: Various
Award #: All Awards
Award Year: 2018, 2017
Pass-through: Various

Criteria:

2 CFR Part 200.510 states that the auditee must prepare a Schedule of Expenditures of Federal Awards (“SEFA”) for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with 2 CFR Section 500.502. This section states that the determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs.

Condition:

During fiscal year 2018, management had net expenses of \$1,511K (\$1,889K - \$378K) improperly excluded from the SEFA. The out of period expenditures identified during the current year are the result of two circumstances. The first relates to expenses of \$1,889K improperly excluded in the FY18 Schedule of Expenditures of Federal Awards (“SEFA”) and included in the prior year. The second relates to \$378K of expenditures that were not properly accrued for in the prior year (FY17), which resulted in \$378K recorded in the current year (FY18) related to prior periods.

It is noted that when aggregating the out of period expenditures, there is no change to the major program determination in the current or prior year. This is a recurring finding from prior year.

Cause:

The expenditures incorrectly included/excluded in the SEFA, are the result of two different causes. First, in an effort to improve management's process to prepare the SEFA, management changed the field parameters of the report that was utilized to generate the schedule, changing it to the accounting period versus transaction date. This change was made to ensure the SEFA appropriately accounted for on the accrual basis of accounting, is consistent with TNC's financial reporting. As a result, we identified certain expenditures that were included in the prior year's SEFA that should have been included in the current year's SEFA.

Second, we also identified an out of period expense where management did not properly accrue for expenditures related to the prior year. This resulted in \$378K being recorded in the current year's SEFA that was related to prior periods.

Effect:

The Conservancy has \$1,511K of expenditures improperly excluded from the FY18 SEFA.

The Nature Conservancy

Schedule of Findings and Questioned Costs

For the year ended June 30, 2018

Questioned Costs:

None identified.

Recommendation:

We recommend that management enhance their SEFA preparation process by ensuring all expenses are recorded in the proper period.

Management's Response and Corrective Action Plan:

Refer to the Corrective Action Plan for management's response and corrective action plan for the finding described above.

Finding 2018-002: Reporting

Federal Agency: U.S. Agency for International Development

Program: 98.001

CFDA #: 98.001

Award #: AID – 523 – A – 11 – 00001

Award Year: 2018

Pass-through: N/A

Criteria:

2 CFR Part 200.327 and 200.303 states that the auditee must provide financial reports submitted with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances. 2 CFR Part 200.303 states that the auditee must maintain records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Condition:

During FY18, TNC staff, in the course of performing their review duties, identified instances where individuals working on the award had potentially inappropriately charged time related to non-award activities. The total amount of payroll charged to this award during the year was \$489K.

Cause:

Due to turnover in finance and conservation staff and the award approaching the end of the award period, individuals working on the award were not devoted full time to this award's activities. Due to various contributing causes, such as misunderstanding time charging policies, time was incorrectly charged to this award when it should have been charged to other internal projects. Management identified this issue during a review performed by staff who escalated the issue to the Conservancy's compliance office. This was then investigated further by Internal Audit who reviewed timesheets and deliverables provided to USAID, interviewed award staff and projected the amount of time and related payroll expense that was inappropriately charged to the award.

The Nature Conservancy

Schedule of Findings and Questioned Costs

For the year ended June 30, 2018

Through the analysis performed by Internal Audit, management determined that of the \$489K charged as payroll or payroll related expenditures during the year, \$95K was incorrectly charged and should have been charged to internal projects. Management noted that although this amount was unallowable, there were additional costs of \$59K that were not charged to the award as they were overrun expenditures, however they were allowable per the award agreement. Additionally, although not within the current year, management has identified additional overrun expenditures from prior years which were allowable per the award as well. As a result, the amount of funding reimbursed to the Conservancy does not exceed what is allowable per the award agreement, however the interim federal reports are not accurate as the documentation supporting the financial report is not reflective of expenditures that were incurred in the current year.

Effect:

The supporting documentation behind the financial reports submitted in FY18 cannot be traced to allowable costs incurred in the current year.

Questioned Costs:

None identified. As previous overrun expenditures were charged to replace these unallowable costs in the current year, they have been properly included in this year's SEFA.

Recommendation:

No recommendation noted.

Management's Response and Corrective Action Plan:

Refer to the Corrective Action Plan for management's response and corrective action plan for the finding described above

Summary Schedule of Prior Audit Findings

The Nature Conservancy

Summary Schedule of Prior Audit Findings

For the year ended June 30, 2018

Finding 2017-001: Control Environment design and operation (material weakness)

Management believes that all findings from the prior fiscal year audit have been remediated. Specific information is below.

Cash (Timing and Execution)

This finding was a carryover from the 2017 Financial Statement audit and relates to the reconciliation of the Conservancy's bank accounts. It was carried over to the Single Audit because of the possibility that federal funds might be included in those accounts. However, the Conservancy does not generally draw funds in advance from our federal donors, rather we are reimbursed for actual expenses incurred.

Since the new cash receipting process was implemented April 2017, the main cash account continues to be reconciled daily with a low volume of reconciling items.

For other cash accounts, management implemented stringent protocols for timely preparation and review of bank reconciliations, which were communicated to all Finance staff involved in or with oversight responsibility for the bank reconciliation process. The Chief Operating Officer also communicated her expectations of senior leadership for monitoring and escalation of any bank reconciliation issues, including resource needs.

In addition, management added capacity in the form of a new Bank Reconciliation Manager, who ensures that accurate bank reconciliations are received timely and will provide training/intervention to ensure that all business units have demonstrated sufficient improvement by fiscal year end.

Finding 2017-002: Special Tests and Provisions - Award Setup

This finding relates to the set-up of an agreement in our Financial System. A U.S. federal agreement was not properly identified as such and was therefore not on the SEFA. The agreement was identified as US federal in the Award Source field but did not have a CFDA number tagged to it, which is what is used to generate the SEFA. Only one instance of incorrect Award Set was identified by the auditors. TNC began using a new financial system and grants module in FY 16.

We have finalized the design of a Quality Control Report that was unfortunately not fully functional in FY 17. The report compares various fields in the agreement set up screens and highlights instances of inconsistency. Among other things, the report compares the Award Source of US Federal to the CFDA field and highlights the agreement if the CFDA field is blank. The report also highlights agreements that have a CFDA number but has an Award Source of "Private".

Procedures for using the report were finalized in January 2018 and the report was run for the first time in February 2018. We have received some very positive feedback from our Grants Managers and Grants Specialist on the usefulness of this report. While nothing can catch 100% of human errors, we are confident that this report, as well as reviews by Grants Managers and Grants Specialist, will provide efficient Quality Control over Award Setup going forward.

As a result of the change in report utilized to prepare the SEFA in the current year, \$1,889K was improperly excluded in the current year SEFA as it was captured in the prior year. Thus this finding has repeated in the current year, as noted in finding 2018-001 above.

The Nature Conservancy

Summary Schedule of Prior Audit Findings

For the year ended June 30, 2018

Finding 2017-003: Allowable Costs and Cost Principles – Cost Transfers

This finding relates to the Conservancy's ability to produce a report with the complete population of Cost Transfers to be used for testing. As noted, the Conservancy implemented a new financial system, including a Grants Module, at the beginning of the fiscal year 2016 in July 2015. A procedure for identifying cost transfers was not implemented at that time. A procedure to identify cost transfers has since been established and is being used effective with the November 2016 fiscal month, part way through fiscal year 2017. All Grants Specialists have been trained on how to use the new procedure and this topic has been included in Chapter 3 of the Grants Manual. In addition, Grants Specialists continue to notify the Director of Grants Services of all cost transfers that cross fiscal years.

During the FY 2017 Single Audit the auditors reviewed the list of Cost Transfers produced with the new system and also reviewed some transactions that were potential Cost Transfers but were not on the list provided from the Insight System. No errors were noted.

Corrective Action Plan



**The Nature Conservancy
Fiscal 2018 OMB Uniform Guidance Audit
Management's Response and Corrective Action Plan
December 11, 2018**

Finding 2018-001: SEFA Preparation

During fiscal year 2018, management had net expenses of \$1,511K (\$1,889K - \$378K) improperly excluded from the Schedule of Expenditures of Federal Awards ("SEFA"). This is a recurring finding from prior year. The out of period expenditures identified during the current year are the result of two circumstances. The first relates to expenses of \$1,889K improperly excluded in the FY18 Schedule of Expenditures of Federal Awards ("SEFA") and included in the prior year SEFA.

In an effort to improve management's process to prepare the SEFA, management edited the parameters of system report underlying the SEFA schedule to select transactions based on accounting period rather than transaction date. This change was made to ensure the SEFA is consistent with TNC's financial reporting and ensure expenses are properly captured in the first run of the schedule. As a result, we identified certain expenditures that were included in the prior year's SEFA that should have been included in the current year's SEFA.

Management believes that the change made in preparing the FY 18 SEFA results in a more accurate SEFA that can more readily be reconciled to the financial statements. Management will use this methodology in the preparation of future years SEFA.

Second, out of period expenses were identified in an instance where management did not properly accrue for expenditures related to the prior year. This resulted in \$378K being recorded in the current year that was related to prior periods.

The \$378k expenditure was not accrued to the prior year because the expense was not approved until after the accrual deadline had passed. Management has created a report that provides a listing of all expenses pending approval and will approach staff to take the appropriate action. This will ensure that all expenses are available for review by the accrual deadline.

Finding 2018-002: Reporting

Due to turnover in finance and conservation staff and the award approaching the end of the award period, individuals working on an award were not devoted full time to the award's activities. Due to various contributing causes such as misunderstanding time charging policies, time was incorrectly charged to this award when it should have been charged to other internal projects. Management identified this issue during a review performed by staff who escalated the issue to the Conservancy's compliance office. This was then investigated further by Internal Audit who reviewed timesheets and deliverables provided to USAID, interviewed award staff, and projected the amount of time and related payroll expense that was inappropriately charged to the award.

Through the analysis performed by Internal Audit, management determined that of the \$489K charged as payroll or payroll related expenditures during the year, \$95K was incorrectly charged and should have been charged to internal projects. Management noted that although this amount was unallowable, there were additional costs of \$59K that were not charged to the award as they were overrun expenditures, however they were allowable per the award agreement. Additionally, although not within the current year, management has identified additional overrun expenditures from prior years which were allowable per the award as well. As a result, the amount of funding reimbursed to the Conservancy does not exceed what is allowable per the award agreement, however the interim federal reports are not accurate as the documentation supporting the financial report is not reflective of expenditures that were incurred in the current year.

The final financial report has been submitted for the award reporting that the approved budget was fully spent. A final drawdown was done for the full amount of the award. Management will work with Internal Audit and Compliance staff to ensure that guidance documents on proper time charging are enhanced as needed. Updates to guidance documents will be done by March 31, 2019.



Leonard Williams, CFO



Laura Bracis, Controller



Laura Travis, Director, Grants Services