

The Nature Conservancy

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

In Accordance with OMB Uniform Guidance

For the year ended June 30, 2019

EIN 53-0242652

The Nature Conservancy

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June 30, 2019

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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, 2019, 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, 2019, 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.



Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the Conservancy changed the manner in which it presents net assets and reports certain aspects of its financial statements as a not-for-profit entity and the manner in which it accounts for revenue from contracts and customers in 2019. Our opinion is not modified with respect to this matter.

Other Matters

We previously audited the consolidated statement of financial position as of June 30, 2018, 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 October 22, 2018, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying supplemental schedules of consolidated statements of financial position as of June 30, 2018 and of summarized consolidated statements of activities 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 supplemental schedules of consolidated statements of financial position as of June 30, 2019 and 2018 and of summarized consolidated statements of activities for the year ended June 30, 2019 and 2018 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 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, 2019 are presented for purposes of additional analysis, and are not a required part of the basic 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 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 December 20, 2019 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.

McLean, VA
December 20, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2019

*Amounts in thousands***Assets**

Cash and cash equivalents	\$	193,731
Restricted cash and cash equivalents		29,042
Restricted short-term investments		30,216
Government grants and contracts receivable		31,845
Notes and other receivables		124,887
Deposits, prepaid expenses and other assets		15,981
Pledges receivable, net		214,122
Securities pledged under securities lending agreement		88,005
Non-conservation lands		17,945
Investments		2,405,977
Property and equipment, net		141,972
Conservation easements		2,288,383
Conservation lands		2,128,184
Total assets	\$	7,710,290

Liabilities

Accounts payable and accrued liabilities	\$	219,410
Payable under securities lending agreement		88,005
Deferred revenue and refundable advances		96,743
Bonds and notes payable - recourse		352,991
Notes payable - non-recourse		45,500
Split interest arrangements payable		191,006
Total liabilities		993,655

Net Assets

Without donor restrictions, including noncontrolling interests of \$44,253		5,501,115
With donor restrictions		1,215,520
Total net assets		6,716,635

Total liabilities and net assets	\$	7,710,290
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The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

Amounts in thousands

Operating Activities	Without Donor Restrictions	With Donor Restrictions	Total
Contribution revenues:			
Dues and contributions	\$ 304,068	\$ 250,310	\$ 554,378
Contributed goods and services	31,811	-	31,811
Contributed conservation land and easements	41,543	-	41,543
Contributed non-conservation land	6,042	3,080	9,122
Government grants and contracts	127,764	-	127,764
Total contribution revenues	511,228	253,390	764,618
Sale of conservation land and easements	57,921	-	57,921
Investment returns on operating activities	2,500	-	2,500
Other income	106,574	-	106,574
Total revenues	678,223	253,390	931,613
Allocation of endowment spending	60,492	-	60,492
Net assets released from restrictions	282,766	(282,766)	-
Total revenues and reclassifications	1,021,481	(29,376)	992,105
Expenses:			
Conservation	520,142	-	520,142
Book value of conservation land and easements sold or donated	112,997	-	112,997
Total program expenses	633,139	-	633,139
General and administrative	161,705	-	161,705
Fundraising and membership	142,548	-	142,548
Total expenses	937,392	-	937,392
Increase (decrease) in net assets from operating activities	84,089	(29,376)	54,713
Non-Operating Activities			
Investment returns on non-operating activities	79,000	12,494	91,494
Allocation of endowment spending to operations	(60,492)	-	(60,492)
Reclassification and transfer of net assets	(3,512)	3,512	-
Sale of noncontrolling interests	44,253	-	44,253
Loss on interest rate swap agreements	(9,309)	-	(9,309)
Foreign exchange losses	(2,405)	(92)	(2,497)
Increase in net assets from non-operating activities	47,535	15,914	63,449
Total increase (decrease) in net assets	131,624	(13,462)	118,162
Net assets at beginning of year	5,369,491	1,228,982	6,598,473
Net assets at end of year	\$ 5,501,115	\$ 1,215,520	\$ 6,716,635

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

*Amounts in thousands***Cash Flows from Operating Activities**

Change in Net Assets	\$ 118,162
Adjustments to reconcile changes in net assets to net cash and cash equivalents used in operating activities	
Depreciation and amortization	12,616
Contributed conservation land and easements	(41,543)
Losses on disposition of conservation lands and easements	40,708
Contributed securities	(41,236)
Contribution of non-conservation land, and for long term purpose	(26,920)
Change in restricted cash and cash equivalents	(6,971)
Increase in notes and other receivable	(77,598)
Decrease in pledge receivable	61,264
Increase in accounts payable, and other liabilities	103,418
Decrease in split interest arrangements payable	(508)
Proceeds from sale of contributed securities	41,804
Change in value of split interest investment	(7,462)
Net gain on investments	(88,242)
Other changes	2,682
Proceeds from sale of conservation land and easements	73,937
Purchases of conservation land and easements	(232,085)
Net cash and cash equivalents used in operating activities	(67,974)

Cash Flows from Investing Activities

Proceeds from notes collections	3,601
Issuance of notes receivable	(8,174)
Proceeds from sale of endowment and capital investments	1,154,299
Purchases of endowment and capital investments	(1,002,750)
Purchases of property and equipment	(33,890)
Net cash and cash equivalents provided by investing activities	113,086

Cash Flows from Financing Activities

Changes in securities pledged under securities lending agreement	(35,523)
Changes of payable under securities lending agreement	35,523
Proceeds from contribution for long term purpose	17,798
Purchases of split interest investments	(22,273)
Proceeds from split interest arrangements	33,187
Repayments of long-term debt	(156,821)
Proceeds from issuance of long-term debt	210,411
Net cash and cash equivalents provided by financing activities	82,302

Net increase in cash and cash equivalents	127,414
Cash and cash equivalents at beginning of year	66,317
Cash and cash equivalents at end of year	\$ 193,731

Supplemental data

Cash paid for interest	\$ 15,330
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The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

Note 1. Significant Accounting Policies

Nature of Organization and Activities

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.

Basis of Accounting

The consolidated financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The consolidated financial statements and accompanying notes 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. The Conservancy is a general partner and has substantive rights to manage and control certain partnerships and reflects the noncontrolling interests separately in net assets without donor restriction. All significant intercompany transactions have been eliminated in consolidation.

Basis of Presentation

In accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, The Conservancy presents information regarding its financial position and activities according to two classes of net assets:

Net assets with donor restriction – A donor-imposed restriction is a stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the following: a) the nature of the not-for-profit entity, b) the environment in which it operates, and c) the purposes specified in its articles of incorporation or bylaws or comparable documents. This classification includes contributions whose use by The Conservancy is limited by donor-imposed stipulations that either expire by passage of time – such as pledges receivable – or can be fulfilled by actions of The Conservancy, such as usage for land acquisition, specific programs within the shared conservation agenda – including certain overhead and indirect costs – or for appropriation from true endowment investment income.

When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restriction are reclassified to net assets without donor restriction and are reported on the consolidated statement of activities as net assets released from restrictions.

Also included in this classification are contributions whose use by The Conservancy is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of The Conservancy, such that the principal must be maintained permanently by the Conservancy. Contributions for the donor-restricted endowment fund as well as amounts contributed to create a permanent revolving fund for land preservation are classified as net assets with donor restriction. This revolving fund is used to finance capital projects and donations to this fund are to be maintained in perpetuity for only this purpose.

Net assets without donor restriction – Resources that are not subject to donor-imposed stipulations, including revenues from membership dues, government grants and contracts, investment income (other than the unappropriated portion of true endowment investment income), and other inflows of assets over which the Board of Directors of The

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

Conservancy (“Board”) has discretionary control. The Board of Directors or management may designate a portion of net assets for a specific purpose; however, these funds are classified as net assets without donor restriction. Noncontrolling interests in limited partnerships represent third-party limited partner ownership in partnerships for which the Conservancy serves as general partner. The Conservancy includes all expenses in this class of net assets, since the use of restricted contributions in accordance with donors’ stipulations results in the release of the restriction.

Measure of Operations

The Conservancy’s measure of operations as presented in the consolidated statement of activities includes revenues from membership dues and contributions (including donor-restricted contributions to endowments), grants and contracts, transfers of conservation land and easements, allocation of endowment spending for operations, and other revenues that are not specified as non-operating below. Operating expenses – including the book value of conservation land and easements sold or donated to the government and others - are reported on the consolidated statement of activities by functional classification. Operating results also include the reclassification of net assets with donor restriction to net assets without donor restriction for which purpose or time restriction has been met.

The Conservancy’s non-operating activity within the consolidated statement of activities includes investment returns and other activities related to endowment (other than annual appropriation for spending), changes in value of split interest arrangements and donor-advised funds, changes in value of derivative instruments, amortization of financing costs, foreign currency remeasurement, and other infrequent transactions.

Foreign Currency

The functional currency of The Conservancy is the US dollar. Gains and losses resulting from remeasurement of foreign currencies into US dollars are recognized as non-operating activities in the consolidated statement of activities. Where transactions of foreign affiliates are recorded in local currency, assets and liabilities are translated into US dollars at the exchange rate in effect at the date of the consolidated statement of financial position.

Fair value

The Conservancy’s assets and liabilities are measured at fair value and are classified in the fair value hierarchy based on the lowest level of input that is significant to the valuation. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from source independent of The Conservancy. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

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

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.

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

The Conservancy applies the practical expedient guidance contained in FASB ASC-820-10, *Fair Value Measurement and Disclosure*, to determine the fair value for some of its investments at the net asset value (NAV) reported by the fund managers. The guidance permits the use of NAV without adjustment under certain circumstances, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2019, The Conservancy had no plans to sell investments at amounts different from NAV. Investments measured at NAV as a practical expedient are not classified in the fair value hierarchy.

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

Most investments are carried at estimated fair value using the valuation hierarchy framework and NAV. Certain equity investments without readily determinable fair value presented using the measurement alternative in ASC 320 are valued using the initial investment in the LLC and are unimpaired and adjusted as of June 30, 2019 based on lack of observable price changes for identical or similar investments of the same issuer.

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 dues and contributions with donor restrictions 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 as revenue and as expense or assets, at the fair value of those services or goods when received. During the fiscal year ended June 30, 2019 contributed goods and services totaled \$31,811,000 in the accompanying consolidated statement of activities.

Government grants and contracts are primarily considered to be contribution transactions, the majority of which are cost-reimbursable grants. The Conservancy has elected the “simultaneous release” accounting policy option such that grants received and used within the same period are reported in net assets without donor restriction. 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.

Revenue from exchange transactions with government agencies that is reflected as other income in the accompanying consolidated statement of activities totaled \$4,218,000 for the fiscal year ended June 30, 2019.

Other Accounting Policies

Disclosures related to specific items in the consolidated statement of financial position and consolidated statement of activities are included in the footnotes of these items respectively.

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 revenue from debt-financed property. The Conservancy takes no tax positions that it considers to be uncertain.

Use of Estimates

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.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Retirement plans

The Conservancy’s employees are eligible after one month of services to participate in the Nature Conservancy Savings and Retirement Plan (the “Plan”), in which employees can make voluntary, tax-deferred contributions within specified limits.

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

The Plan was established under the provision 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-qualified deferred compensation plan created pursuant to the Internal Revenue Code Section 457(b). The Conservancy's contributions to the plans were \$19,518,000 for the year ended June 30, 2019.

Subsequent events

All subsequent events were evaluated through December 20, 2019, which is the date the financial statements were issued.

Contingencies

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

Related party transactions

The Conservancy recorded \$10,713,000 in contribution revenue from current and former the Board of Directors of The Conservancy ("Board") members during the fiscal year ended June 30, 2019, and \$7,881,000 from current and former Board members that 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 note to the consolidated financial statements include \$9,199,000 from current and former Board members.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard for US GAAP and International Financial Reporting Standards ("IFRS"). ASU 2014-09 requires new disclosures about contracts with customers, significant judgements in determining the satisfaction of performance obligations in contracts, and assets recognized from costs to obtain or fulfill contracts. ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date* (issued August 2015) deferred the effective date of ASU 2014-09 for annual reporting periods beginning after December 15, 2017 (fiscal year 2019). In February 2017, the FASB issued ASU 2017-05, *Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*, which requires measurement of a retained noncontrolling interest in a transferred nonfinancial asset – such as conservation land – at fair value consistent with how a retained noncontrolling interest in a business is measured and has the same effective date as ASU 2014-09. As a result of adopting these standards using the retrospective application with practical expedients elected, no prior year amounts were reclassified to conform to the presentation requirements. There was no material impact to the financial statements as a result of adoption.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which revises the not-for-profit reporting model and requires that the Conservancy reclassify its net assets (previously reported as unrestricted, temporarily restricted, and permanently restricted) into two categories: net assets without donor-imposed restrictions and net assets with donor-imposed restrictions. ASU 2016-14 also requires recognition of underwater endowment funds as a reduction in net assets with donor restrictions and recognition of capital gifts for construction as net assets without donor restriction when associated assets are placed in service. Additionally, the guidance requires additional disclosures related to liquidity, functional expenses, and composition of net assets without donor restriction. With the adoption of ASU 2016-14 in fiscal year 2019, the Conservancy has updated the presentation in its statement of activities to include the reporting of operating subtotals.

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

As a result of adopting this standard, certain prior year amounts were reclassified to conform to the presentation requirements, as follows (amounts in thousands):

Net Assets Classifications	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Unrestricted	\$ 5,368,848	\$ -	\$ 5,368,848
Temporarily restricted	-	833,406	833,406
Permanently restricted	-	396,219	396,219
Net assets as previously presented for June 30, 2018	\$ 5,368,848	\$ 1,229,625	\$ 6,598,473
Reclassifications to implement ASU 2016-14:			
Underwater endowments	\$ 643	\$ (643)	-
Capital gifts for construction of long-lived assets			-
Net assets as of June 30, 2018, reclassified under ASU 2016-14	\$ 5,369,491	\$ 1,228,982	\$ 6,598,473

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires recognition of rights and obligations arising from lease contracts - existing and new arrangements - as assets and liabilities on the balance sheet. The following ASUs clarify the guidance in ASU 2016-02 and have the same effective date:

- In January 2018, the FASB issued ASU 2018-01, *Land Easements Practical Expedient for Transition to Topic 842*, which provides an optional transition practical expedient to not evaluate existing or expired land easements that were not previously accounted for as leases under the current guidance in Topic 840.
- In July 2018, the FASB issued ASU 2018-11, *Targeted Improvements*, which allows entities to initially apply the new leases standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption.

ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018 (fiscal year 2020). The Conservancy is currently evaluating the impact that the standard will have on the consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, which addresses the classification of certain transactions with in the statement of cash flows, including cash payments for debt repayment or debt extinguishment costs, proceeds from settlement of insurance claims, and distributions from equity method investees. The Conservancy has made an accounting policy election to classify distributions received from equity method investees using the cumulative earnings approach; there was no material impact to the financial statements as a result of adoption.

In November 2016, the FASB adopted ASU 2016-18, *Restricted Cash*, which requires that the change in restricted cash and cash equivalents be presented in the statement of cash flows along with cash and cash equivalents. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018 (fiscal year 2020). The Conservancy is evaluating the impact that the standard will have on the consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU 2017-01, *Clarifying the Definition of a Business*, which establishes that when substantially all of the fair value of gross nonfinancial assets acquired or disposed of is concentrated in a single identifiable asset or group of similar identifiable assets - such as conservation land - the assets and associated activities are not a business. There was no material impact to the financial statements as a result of adoption.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which shifts the accounting for revenue recognition for most government grants from an exchange model to the contribution accounting model, resulting in most federal grants being accounted for as donor-restricted conditional contributions. The Conservancy has elected the "simultaneous release" accounting policy option such that grants received and used within the same period are reported in net assets without donor restriction, consistent with the previous presentation of government grants and contracts revenue in the statement of activities. Because most federal grants are awarded on a cost reimbursable basis, contribution revenue is triggered by incurring reimbursable costs and timing of

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

revenue recognition is not materially impacted by this amendment. For subgrants, expense recognition is deferred for conditional arrangements and immediate for unconditional arrangements. ASU 2018-08 is effective for annual periods beginning after June 15, 2018 for contributions received and effective for annual periods beginning after December 15, 2018 on contributions made; early adoption is permitted. The Conservancy early adopted the amendments for contributions made for fiscal year 2019, and in accordance with ASU 2018-08, no prior period results are restated in supplemental schedules nor are cumulative-effect adjustments reflected in the opening balance of net assets.

ASU 2018-08 also requires that entities determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets, which is likely to result in more grants and contracts being accounted for as conditional contributions than in prior years and an increase in the amount of deferred revenue and refundable advances. This guidance is applied on a modified prospective basis, meaning that there is no cumulative-effect adjustment to the opening balance of net assets as a result of adoption.

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which removes the requirement to disclose the valuation process for Level 3 fair value measurements and modifies other disclosures related to Level 3 fair value measurements. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019 (fiscal year 2021); early adoption is permitted for any removed disclosures and entities are permitted to delay adoption of the additional disclosures until the effective date. The Conservancy partially adopted the removed disclosures for fiscal year 2019 and is currently evaluating the impact of the additional disclosures.

Note 2. Liquidity

Financial assets and liquidity resources available within one year of June 30, 2019 for general expenditure such as operating expenses, scheduled principal payments on debt, and land acquisition are as follows (in thousands):

Cash and cash equivalents	\$	193,731
Government grants and contract receivables		31,845
Current notes and other receivables for operating		90,006
Pledge payments available for operations		133,109
Working capital investments		726,840
Board-approved appropriation for endowment spending (fiscal 2020)		38,926
Total financial assets available within one year	\$	1,214,457
Additional liquidity resources:		
Bank lines of credit	\$	30,000
Private foundation line of credit		20,000
Total financial assets and liquidity resources available within one year	\$	1,264,457

The Conservancy's endowment funds consist of donor-restricted and Board-designated endowment funds. Income from donor-restricted endowments is restricted for specific purposes and therefore is not available for general expenditure. Although the Conservancy does not intend to spend from its Board-designated endowment funds other than amounts appropriated for general expenditure as part of the annual budget process as described in Note 2 schedule above, the total \$936,726,000 of Board-designated net assets as of June 30, 2019 could be made available with Board or designee approval.

The Conservancy's cash flows have seasonal variations due to a concentration of contributions received at calendar year end, and financial assets are structured to be available as general expenditures, liabilities, and other obligations come due. To help manage seasonal cash flows or meet unanticipated liquidity needs – such as for opportunistic acquisition of conservation land and easements – the Conservancy maintains lines of credit with banks and private foundations that are drawn upon as needed. At June 30, 2019, amounts outstanding under these lines of credit amounted to \$39,366,000.

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

Note 3. Cash and Cash Equivalents

Cash represents working capital held in bank accounts in high quality financial institutions in the United States and 38 other countries. The cash in most 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 that do not have donor-imposed restrictions that limit their use to long-term investment, such as endowment funds.

Financial institutions that potentially subject The Conservancy to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At June 30, 2019, The Conservancy had \$169,207,000 in excess of the FDIC insured limit.

Note 4. Restricted Cash and Cash Equivalents and Restricted Short-Term Investments

Restricted cash, cash equivalents, and short-term investments represent monies segregated to meet requirements of specific conservation project agreements.

Restricted cash and cash equivalents consist of the following at June 30, 2019 (in thousands):

Cash held in trust for mitigation agreements	\$	26,121
Cash contractually restricted for use by affiliates		2,921
Total restricted cash and cash equivalents	\$	29,042

Restricted short-term investments consist of the following at June 30, 2019 (in thousands):

Certificates of deposit held in trust for mitigation agreements	\$	25,000
Certificates of deposit to satisfy reserve requirements under charitable gift annuity agreements		246
Highly liquid U.S. government and cash instruments under collateral arrangement		4,970
Total restricted short-term investments	\$	30,216

Note 5. Government Grants and Contracts Receivable

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. Government receivables are expected to be realized within one year.

Unspent advances from government grants and contracts - both exchange and contribution transactions - of \$4,060,000 as of June 30, 2019 are reflected in the consolidated statement of financial position.

The Conservancy has \$285,734,000 in conditional government grants and contracts as of June 30, 2019.

Note 6. Notes and Other Receivables

Notes and other receivable consist of the following at June 30, 2019 (in thousands):

Notes receivable and accrued interest	\$	23,812
Advances to Federal, state, and local subaward recipients		1,786
Bequest receivable		17,000
Other receivables		82,289
Total notes and other receivable	\$	124,887

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

Notes receivable are expected to be realized in the following periods (in thousands):

Less than one year	\$	2,717
One to five years		15,822
More than five years		5,153
		23,692
Plus: Accrued interest receivable		120
Total notes receivable and accrued interest	\$	23,812

Advances to subaward recipients, bequests receivable, and other receivables are expected to be realized within one year.

Management regularly assesses the adequacy of the allowance for doubtful accounts by performing evaluations of accounts receivable and notes receivable, including factors such as the financial condition of borrowers and the existence of any guarantees. Balances are written off when deemed uncollectable.

Note 7. Deposits, Prepaid Expenses, and Other Assets

Deposits, prepaid expenses, and other assets consist of the following at June 30, 2019 (in thousands):

Deposits on conservation land and easements	\$	3,537
Prepaid expenses		7,679
Other assets		4,765
Total deposits, prepaid expenses and other assets	\$	15,981

Note 8. Pledges Receivable, net

Pledges receivable represent unconditional promises to give and are reported at fair value by discounting the expected future pledge payments at a risk-adjusted rate at the balance sheet date, and accordingly are categorized as Level 3 assets. The primary unobservable input used in the fair 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. Net pledge activity resulted in a \$61,264,000 decrease in pledges receivable reflected in the accompanying statement of financial position, comprised of new pledges of \$144,226,000, pledge payments of \$205,756,000, and a \$266,000 net change in pledge discount and allowance.

Pledges receivable past due by 90 days are, in the opinion of management, not material to the financial statements.

Unconditional pledges are expected to be received in the following periods (in thousands):

Less than one year	\$	122,197
One to five years		111,393
More than five years		1,691
		235,281
Less: Discount of 5.5%		(12,318)
Less: Allowance for doubtful accounts		(8,841)
Total pledges receivable, net	\$	214,122

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

Unconditional pledges receivable at June 30, 2019 have the following donor-imposed restrictions (in thousands):

Conservation programs and activities	\$	199,146
Conservation land and easement acquisition and stewardship		10,844
Endowment		1,145
Other operating activities		2,987
Total pledges receivable, net	\$	214,122

In addition, at June 30, 2019, the Conservancy has received promises to give that are conditioned upon the occurrence of specified future and uncertain events, such as the Conservancy raising matching gifts or acquiring certain conservation lands. Conditional promises to give are recognized as contribution revenue when the donor-imposed conditions are substantially met.

Conditional pledges at June 30, 2019 have the following conditions (in thousands):

Raised matching funds	\$	64,347
Land acquisition		17,955
Completion of conservation projects		32,348
Other		8,308
Total conditional pledges	\$	122,958

Note 9. 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 market-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 of 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, 2019, The Conservancy recorded \$88,005,000 in securities pledged under its securities lending agreement 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.

Note 10. Non-Conservation Lands

Real property with little or no ecological value acquired through contributions or in an exchange of conservation land is sold to provide funds for the Conservancy's conservation work. These assets are recorded at fair value in the consolidated statement of activities in the period received. During the fiscal year ended June 30, 2019 contributed non-conservation lands that is reflected in the accompanying consolidated statement of activities totaled \$9,122,000. Fair value is generally determined by appraisal at the time of acquisition. The input to the fair value estimate is classified in Level 3 of the fair value hierarchy. The value of non-conservation lands is reduced to the net realizable value at fiscal yearend, and the valuation allowance is reported in the consolidated statement of activities.

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

Changes in the fair value of non-conservation lands were shown as follows for the year ended June 30, 2019 (in thousands):

	Fair value June 30, 2018	Purchases & Transfer-in	Sales & Transfer-out	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Fair value June 30, 2019
Non-conservation lands	\$ 15,919	\$ 14,512	\$ (12,320)	\$ 122	\$ (288)	\$ 17,945

Note 11. Investments

The Conservancy's investments are held 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.
- *Endowment fund* – funds held as long-term capital to generate income for The Conservancy's operations.
- *Split interest arrangements* – donations that are held in trust by The Conservancy or third-party trustees, representing beneficial interests in trusts.

The overall investment objective of the Conservancy is to invest its assets in a prudent manner that will achieve a long-term return sufficient to fund a portion of its operating activities and increase investment value after inflation. Major investment decisions are authorized by the Board's Finance Committee, which oversees The Conservancy's investment activities in accordance with established policies. The amount of Endowment income provided each year for operations is established by the Finance Committee, through its adoption of an annual endowment spending rate and spending rate base. The spending rate for the year ended June 30, 2019 was 5.0% of the average fair market value of the 60 months of calendar year 2013 through 2017.

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. To mitigate concentration of credit risk, the Conservancy's excess cash is invested with high quality institutions, the largest concentrations of which are invested in certificates of deposit (45.0%), corporate bonds and notes (26.0%), and U.S. Commercial papers (23.4%).

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 the short-term or long-term, other than the U.S. Government and its Agencies. At June 30, 2019, the largest exposures in the Capital and Endowment Fund long term investments are 4.41% in a single global commingled equity fund and 4.61% and 4.57% is in two fixed income funds.

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

Investments are presented in the fair value hierarchy and consist of the following as of June 30, 2019 (in thousands):

	Level 1	Level 2	Level 3	NAV	Total
Capital and Endowment Investments					
Short-term investments	\$ 6,985	\$ 10,362	\$ -	\$ -	\$ 17,347
Repurchase agreements	-	399	-	-	399
Fixed income	63,772	225,657	-	-	289,429
Preferred securities	3,590	-	-	-	3,590
Exchange traded stocks	176,170	-	-	-	176,170
Exchange traded funds	12,399	-	-	-	12,399
Closed end funds	69,941	-	-	-	69,941
Derivatives	14	-	-	-	14
Commingled equity funds	-	-	-	595,416	595,416
Hedge funds	-	-	-	520,876	520,876
Private equity	-	-	-	259,549	259,549
Private real estate	-	-	-	110,734	110,734
Total capital and endowment investments	\$ 332,871	\$ 236,418	\$ -	\$ 1,486,575	\$ 2,055,864

Split interest arrangements

Split interest, trustee					
U.S. agency bonds	\$ 10	\$ 5,876	\$ -	\$ -	\$ 5,886
Mutual funds	136,732	-	-	-	136,732
Real estate	-	-	15,006	-	15,006
U.S. treasuries	10,815	-	-	-	10,815
Short-term investments	5,691	-	-	-	5,691
Exchange traded funds	16,816	-	-	-	16,816
Municipals	15	-	-	-	15
Commingled equity funds	-	-	-	99,633	99,633
Fixed income funds	618	-	-	-	618
Split interest, non-trustee	-	-	31,263	-	31,263
Total split interest arrangements	\$ 170,697	\$ 5,876	\$ 46,269	\$ 99,633	\$ 322,475

Total Investments measured at fair value

\$ 2,378,339

Of the \$2,405,977,000 total Investments in the accompanying consolidated statement of financial position, net investments not measured at fair value or reflected in the table above are as follows (in thousands):

Equity method investment	\$ 21,259
Equity investment valued using the measurement alternative in ASC 320	4,708
Net investment receivables/payables and other	1,671
Total investments not measured at fair value	\$ 27,638

The Conservancy's investment funds are valued by the following valuation techniques: equity securities are typically valued at the last sale price or official closing price on the exchange or principal market where the security trades; debt obligations are valued based on the evaluated prices provided by an independent pricing vendor or broker-dealers; real estate investment properties are valued based on results from an independent appraisal and a professional third-party market valuations; future contracts are typically valued at the last traded price on the exchange on which they trade. The value of certain alternative investments not included in the fair value hierarchy represents the ownership interest in the NAV of the respective

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

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.

Investments valued using NAV practical expedient consists of following for the year ended at June 30, 2019 (in thousands):

Category of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled equity funds	\$ 595,416	\$ -	Daily (restrictions apply), weekly, monthly, quarterly	2 - 90 days
Hedge funds	520,876	-	Monthly, quarterly, semi- annually, annually, biennially, rolling 2-4 years	30 - 90 days
Private equity funds	259,549	264,243	N/A	N/A
Real estate funds	110,734	52,490	N/A	N/A
Total investments valued using NAV	\$ 1,486,575	\$ 316,733		

Otherwise redeemable investments valued using NAV are typically subject to lockup and rates that may vary from quarterly to 5 years or longer based on contractual agreement and there are no otherwise significant restrictions on the ability to sell investments in this portfolio.

The Conservancy's investments policy allows for the use of derivatives by investment managers and at the portfolio-level to assist in managing assets allocation and exposures. These derivative exposures are exchange-traded and are reported in the fair value of the overall portfolio within Level 1. 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, 2019 are not accounted as hedging instruments under GAAP.

Activity and balances related to derivative instruments held at June 30, 2019 are shown as follows (in thousands):

	Fair value as of June 30, 2019		Changes in Fair Value		As of June 30, 2019		
	Location in Consolidated Statement of Financial Position	Amount	Location in Consolidated Statement of Activities	Amount	Collateral Amount	Notional Value	Number of Contracts
Futures - emerging market equity (Long position)	Investments	\$ 14	Investment returns	\$ 46	\$ 21	\$ 474	9

Note 12. Property and Equipment

Property and equipment valued \$50,000 or more is capitalized. Purchased property and equipment is carried at cost, and donated property and equipment is recognized at fair value at the date of contribution. Depreciation and amortization are computed using the straight-line method for all depreciable assets over the estimated useful lives of the assets, ranging from 5 to 30 years for building and building improvements, 3 to 5 years for computer equipment and software, and 4 to 25 years for furniture, fixtures, and others. \$52,637,000 was fully depreciated at June 30, 2019.

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

Property and equipment consist of the following at June 30, 2019 (in thousands):

Land for operations	\$	7,686
Construction in progress		16,944
Buildings and improvements		180,423
Computer equipment and software		34,524
Furniture, fixtures, and other		32,035
		271,612
Less: Accumulated depreciation and amortization		(129,640)
Total property and equipment, net	\$	141,972

Note 13. Conservation Land and Easements

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 to manage in a similar fashion.

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 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 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.

The Conservancy has entered into contracts for the purchase of land and other purchase commitments that have not closed as of June 30, 2019 in the amount of \$137,777,000.

Note 14. 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.

Future minimum lease payments for all operating leases are shown as follows as of June 30, 2019 (in thousands):

2020	\$	13,036
2021		9,250
2022		7,806
2023		7,303
2024		6,903
Thereafter		23,282
Total minimum lease payments	\$	67,580

The carrying value of accounts payable do not differ materially from their estimated fair value.

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.

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

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 fair value of these interest rate swap agreements is reflected in the accompanying consolidated statement of financial position as accounts payable and accrued liabilities.

Activity and balances related to the interest rate swap agreements held at June 30, 2019 are shown as follows (in thousands):

	Fair Value as of June 30, 2019		Changes in Fair Value		As of June 30, 2019		Number of Contracts
	Consolidated Statement of Financial Position	Amount	Consolidated Statement of Activities	Amount	Collateral Amount	Notional Value	
Interest rate swap	Accounts payable and accrued liabilities	\$ 29,524	Loss on interest rate swap agreements	\$ (9,309)	\$ -	\$ 208,704	3

Note 15. Bonds and Notes Payable

Bonds and notes payable consists of the following at June 30, 2019 (in thousands):

	Interest Rate	Maturity	2019
Colorado Educational and Cultural Facilities Authority Revenue Bonds			
Series 2002A, tax exempt, unsecured	1.80%	July 2024	\$ 7,804
Series 2012, tax exempt, unsecured	1.91%	July 2033	113,580
Revenue Bonds			
Series 2019A, taxable, unsecured	4.50%	February 2049	40,000
Series 2019B, taxable, unsecured	3.66%	February 2024	62,000
Mortgages and loans	0% - 4.50%	2019 - 2042	124,678
Notes Payable	0%	On demand	4,929
Bonds and notes payable - recourse			352,991
Notes payable - non-recourse	2.57%	December 2020	45,500
Total bonds and notes payable			\$ 398,491

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, 2019, The Conservancy is in compliance with all financial debt covenants, including requirements to maintain specified liquidity ratios.

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, 2019, 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, 2021.

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

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

2020	\$ 133,084
2021	30,148
2022	56,189
2023	7,624
2024	101,607
Thereafter	69,839
Total bonds and notes payable	\$ 398,491

Interest expense incurred on total notes payable for the year ended at June 30, 2019 was \$17,366,000.

Note 16. 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, and are included in investments following the fair value hierarchy. 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. For split-interest arrangements where the Conservancy is not the trustee, valuations are based on the values reported by third-party trustees. There is no market for these arrangements, and therefore is classified within Level 3. See Note 11 Investments for the fair value hierarchy of investments from split interest arrangements.

Changes in the fair value of split interest investments classified as Level 3 financial instruments for the year ended June 30, 2019 are shown as follows (in thousands):

	Fair value June 30, 2018	Purchases & Transfer-in	Sales & Transfer-out	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Fair value June 30, 2019
Split interest arrangements	\$ 45,740	\$ 7,827	\$ (6,961)	\$ (209)	\$ (128)	\$ 46,269

A liability for split-interest obligation is recorded for the actuarially-determined present value of the estimated future payments to be made to the beneficiaries.

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.

Split interest arrangements payables consist of the following as of June 30, 2019 (in thousands):

Payable under charitable gift annuities	\$ 95,083
Payable under charitable remainder trusts	79,360
Payable under pooled income funds	2,332
Payable under unsold unitrust	14,231
Total split interest arrangements payable	\$ 191,006

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

Note 17. Net Assets

The Conservancy's net assets as of June 30, 2019, includes the following (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Undesignated	\$ 184,435	\$ -	\$ 184,435
Board-designated funds functioning as endowment	936,726	-	936,726
Time-restricted	-	70,603	70,603
Land preservation fund	160,414	174,431	334,845
Land, easements, and capital funds	4,170,074	244,322	4,414,396
Restricted for specific purposes	-	214,210	214,210
Split interest arrangements	5,213	125,194	130,407
Contributed long-lived assets to create permanent endowments	-	936	936
Invested in perpetuity, subject to endowment spending policy	-	385,824	385,824
Total net assets before noncontrolling interests	5,456,862	1,215,520	6,672,382
Noncontrolling interests	44,253	-	44,253
Total net assets	\$ 5,501,115	\$ 1,215,520	\$ 6,716,635

The 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 purpose of the institution and the endowment funds;
- General economic conditions;
- 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.

Endowment funds are categorized as following in net asset classes as of June 30, 2019 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Invested in perpetuity, subject to endowment spending policy	\$ -	\$ 385,824	\$ 385,824
Board-designated funds functioning as endowment	936,726	-	936,726
Total endowment funds	\$ 936,726	\$ 385,824	\$ 1,322,550

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

Changes in endowment net assets for the year ended June 30, 2019 are summarized as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Endowment net assets at beginning of year	\$ 932,695	\$ 362,035	\$ 1,294,730
Investment returns on endowments, net	46,498	18,659	65,157
Contributions and pledge payments received	-	17,714	17,714
Matching fund to donor restricted true endowment	-	549	549
Transfers to create funds functioning as endowment	2,970	1,025	3,995
Appropriation of endowment assets for expenditure	(60,492)	-	(60,492)
Net Assets released from restrictions	15,371	(15,371)	-
Subtotal of endowment funds before reclassification	937,042	384,611	1,321,653
Reclassification and transfers of net assets	(316)	1,213	897
Total endowment funds	\$ 936,726	\$ 385,824	\$ 1,322,550

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 Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires The Conservancy to retain as principal in perpetuity. Deficiencies of this nature exist in 5 donor-restricted endowment funds, which together have an original gift value of \$19,921,000, a current fair value of \$19,406,000, and a deficiency of \$515,000 as of June 30, 2019. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and authorized appropriation that was deemed prudent.

The Conservancy has a policy that permits spending from underwater endowment funds up to the Board-approved annual endowment spending rate in accordance with UPMIFA's prudence standard.

Note 18. 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* – 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 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 Administrative* – 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.
- *Fundraising and Membership* – 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

Notes to Consolidated Financial Statements

For the year ended June 30, 2019

objectives, and expenditures related to the acquisition and retention of The Conservancy's members primarily through the use of a direct-mail program.

Each functional classification displays expenses related to the underlying operations by natural classification. Expenses are allocated directly to program and support services based on separate cost centers for each functional expense category. Certain expenses are attributable to more than one functional expense category and require allocation on a reasonable basis that is consistently applied. Salaries and other compensation that constitute direct conduct or supervision of program or support functions are allocated on the basis of estimates of time and effort, and employee benefits are allocated proportionately to salaries. Depreciation and amortization are allocated to the functional categories in which the underlying assets are used. Interest expense on external debt is allocated to the functional categories which have benefitted from the proceeds of the external debt.

Expenses by functional classification are shown as the follows for the year ended June 30, 2019 (in thousands):

	Conservation	General and Administrative	Fundraising and Membership	Total Expenses
Salaries and benefits	\$ 255,578	\$ 91,782	\$ 75,870	\$ 423,230
Grants and subawards	61,071	15	33	61,119
Professional services	98,219	10,273	21,817	130,309
Travel	17,759	3,314	3,484	24,557
Publication, printing and postage	5,933	368	28,037	34,338
Supplies and equipment	21,214	8,293	3,262	32,769
Occupancy	1,563	12,350	259	14,172
Interest expenses	16,127	1,241	-	17,368
Depreciation and amortization	7,398	3,493	1,725	12,616
Contributed goods and services (non-cash expense)	14,283	12,927	3,437	30,647
All other expenses	20,997	17,649	4,624	43,270
	520,142	161,705	142,548	824,395
Book value of conservation land and easements sold or donated to governments and others	112,997	-	-	112,997
Total expenses	\$ 633,139	\$ 161,705	\$ 142,548	\$ 937,392

Note 19. Noncontrolling interests

The Conservancy is a general partner in partnerships in which third parties have noncontrolling equity investments, which are separately presented on the consolidated statement of position as a component of net assets without donor restriction.

Changes in consolidated net assets without donor restrictions for the year ended June 30, 2019 are summarized as follows (in thousands):

	Controlling Interests	Noncontrolling Interests	Total net assets without donor restrictions
Net assets without donor restrictions at beginning of year	\$ 5,369,491	\$ -	\$ 5,369,491
Change in net assets from operating activities	84,089	-	84,089
Investments by noncontrolling interests in partnerships	-	44,253	44,253
Other changes in net assets from non-operating activities	3,282	-	3,282
Total net assets without donor restrictions	\$ 5,456,862	\$ 44,253	\$ 5,501,115

SUPPLEMENTAL SCHEDULES

For the years ended June 30, 2019 and 2018

Supplemental Schedules

The following supplemental schedules include the consolidated statements of financial position as of June 30, 2019 (with comparative totals as of June 30, 2018) and the summarized consolidated statements of activities for the year ended June 30, 2019 (with comparative totals for the year ended June 30, 2018).

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.

SUPPLEMENTAL SCHEDULES – CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2019 and 2018

Assets	2019		2018	
Cash and cash equivalents	\$	193,731	\$	66,317
Restricted cash and cash equivalents		29,042		22,071
Restricted short-term investments		30,216		25,000
Government grants and contracts receivable		31,845		32,767
Notes and other receivable		124,887		41,492
Deposits, prepaid expenses and other assets		15,981		15,028
Pledges receivable, net		214,122		275,386
Securities pledged under securities lending agreement		88,005		52,482
Non-conservation lands		17,945		15,918
Investments		2,405,977		2,478,871
Property and equipment, net		141,972		126,947
Conservation easements		2,288,383		2,221,307
Conservation lands		2,128,184		2,036,278
Total Assets		\$ 7,710,290		\$ 7,409,864
Liabilities				
Accounts payable and accrued liabilities	\$	219,410	\$	116,596
Payable under securities lending agreement		88,005		52,482
Deferred revenue and refundable advances		96,743		105,449
Bonds and notes payable - recourse		352,991		345,350
Notes payable - non-recourse		45,500		-
Split interest arrangements payable		191,006		191,514
Total Liabilities		993,655		811,391
Net Assets				
Without donor restrictions, including noncontrolling interests of \$44,253 in FY19	\$	5,501,115	\$	5,368,848
With donor restrictions		1,215,520		1,229,625
Total Net Assets		6,716,635		6,598,473
Total Liabilities and Net Assets		\$ 7,710,290		\$ 7,409,864

SUPPLEMENTAL SCHEDULES – SUMMARIZED CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended June 30, 2019 and 2018

Operating Activities	2019	2018
Contribution revenues:		
Dues and contributions	\$ 554,378	\$ 750,922
Contributed goods and services	31,811	31,628
Contributed conservation land and easements	41,543	57,721
Contributed non-conservation land	9,122	9,162
Government grants and contracts	127,764	117,894
Total contribution revenues	764,618	967,327
Sale of conservation land and easements	57,921	57,482
Investment returns on operating activities	2,500	14,835
Other income	106,574	60,307
Total revenues	931,613	1,099,951
Allocation of endowment spending	60,492	58,161
Total revenues and reclassifications	992,105	1,158,112
Expenses:		
Conservation	520,142	523,959
Book value of conservation land and easements sold or donated	112,997	98,740
Total program expenses	633,139	622,699
General and administrative	161,705	163,778
Fundraising and membership	142,548	125,350
Total expenses	937,392	911,827
Increase in net assets from operating activities	54,713	246,285
Non-Operating Activities		
Investment returns on non-operating activities	91,494	178,112
Allocation of endowment spending to operations	(60,492)	(58,161)
Sale of noncontrolling interests	44,253	-
Gains (losses) on interest rate swap agreements	(9,309)	12,168
Foreign exchange losses	(2,497)	(1,691)
Increase in net assets from non-operating activities	63,449	130,428
Total increase in net assets	118,162	376,713
Net assets at beginning of year	6,598,473	6,221,760
Net assets at end of year	\$ 6,716,635	\$ 6,598,473

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, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
R & D Direct Awards					
10.001	Agricultural Research_Basic and Applied Research	DIRECT	58-2070-7-003	\$ -	\$ 60,150
10.001	Agricultural Research_Basic and Applied Research	DIRECT	59-5080-6-001	-	18,410
10.001 R&D Total				-	78,560
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	DIRECT	NA15NMF4270323	-	5,297
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	DIRECT	NA16NMF4270248	44,449	82,263
11.427 R&D Total				44,449	87,560
11.431	Climate and Atmospheric Research	DIRECT	NA17OAR4310251	-	94,205
11.431	Climate and Atmospheric Research	DIRECT	NA17OAR4310274	-	122,087
11.431 R&D Total				-	216,292
11.478	Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	DIRECT	NA15NOS4780170	-	165,825
11.478 R&D Total				-	165,825
15.808	U.S. Geological Survey_ Research and Data Collection	DIRECT	G18AC00378	-	4,569
15.808 R&D Total				-	4,569
15.820	National Climate Change and Wildlife Science Center	DIRECT	G15AC00277	5,294	9,413
15.820	National Climate Change and Wildlife Science Center	DIRECT	G16AC00380	48,443	75,097
15.820 R&D Total				53,737	84,510
15.945	Cooperative Research and Training Programs Resources of the National Park System	DIRECT	P14AC01732	-	80,933
15.945 R&D Total				-	80,933
43.001	Science	DIRECT	80NSSC19K0188	-	37,897
43.001	Science	DIRECT	NNX17AF58G	25,221	217,179
43.001 R&D Total				25,221	255,076
R & D Direct Awards Total				123,407	973,325
R & D Federal Pass-Through					
11.417	Sea Grant Support	Florida Keys Community College	040517 Aquaculture	-	8,949
11.417	Sea Grant Support	University of Washington	UWSC10159	-	26,843
11.417 R&D Total				-	35,792
15.820	National Climate Change and Wildlife Science Center	Colorado State University	G-52109-01	-	5,720
15.820 R&D Total				-	5,720
43.001	Science	The Balmoral Group, LLC	TBG Job No. 2900.00	-	1,358
43.001 R&D Total				-	1,358
R & D Federal Pass-Through Awards Total				-	42,870
TOTAL RESEARCH AND DEVELOPMENT CLUSTER				123,407	1,016,195
Forest Service Schools and Roads Cluster					
10.665	Schools and Roads - Grants to States	DIRECT	17-DG-11061700-012	-	394
10.665 Total				-	394
TOTAL FOREST SERVICE SCHOOLS AND ROADS CLUSTER				-	394

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, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
Fish and Wildlife Cluster					
15.605	Sport Fish Restoration Program	Rhode Island Dept of Environmental Management	3258920	\$ -	\$ 311,604
15.605	Sport Fish Restoration Program	Rhode Island Dept of Environmental Management	3374051	-	92,716
15.605	Sport Fish Restoration Program	Rhode Island Dept of Environmental Management	3425240	-	20,650
15.605	Sport Fish Restoration Program	Rhode Island Dept of Environmental Management	3481879	-	78,406
15.605	Sport Fish Restoration Program	Rhode Island Dept of Environmental Management	3511096	-	132
15.605 Total				-	503,508
15.611	Wildlife Restoration and Basic Hunter Education	OR Department of Fish and Wildlife	02082018 MULE DEER JHP	-	22,000
15.611	Wildlife Restoration and Basic Hunter Education	Arkansas Game and Fish Commission	04102018 AGFC QUAIL	-	100,055
15.611	Wildlife Restoration and Basic Hunter Education	Ohio Department of Natural Resources	100	2,129	5,628
15.611	Wildlife Restoration and Basic Hunter Education	Arkansas Game and Fish Commission	10162018 AGFC QUAIL	-	1,874
15.611	Wildlife Restoration and Basic Hunter Education	Ohio Department of Natural Resources	326	10,890	15,279
15.611	Wildlife Restoration and Basic Hunter Education	Rhode Island Dept of Environmental Management	3610720	-	20,546
15.611	Wildlife Restoration and Basic Hunter Education	Pennsylvania Game Commission	4000022236	-	186,622
15.611	Wildlife Restoration and Basic Hunter Education	Tennessee Wildlife Resources Agency	49202	-	11,890
15.611	Wildlife Restoration and Basic Hunter Education	Alaska Department of Fish and Game	COOP 19-043	-	912
15.611	Wildlife Restoration and Basic Hunter Education	Nebraska Game and Parks Commission	CPPOA-18-02	-	1,774
15.611	Wildlife Restoration and Basic Hunter Education	Nebraska Game and Parks Commission	CPPOA-2017-08	-	33,461
15.611	Wildlife Restoration and Basic Hunter Education	Nebraska Game and Parks Commission	CPPOA-2018-03	-	3,814
15.611	Wildlife Restoration and Basic Hunter Education	NE Game and Parks Commission	NE-64850-17-63	-	23,400
15.611	Wildlife Restoration and Basic Hunter Education	WI Department of Natural Resources	WHPF10418	-	9,528
15.611 Total				13,019	436,783
TOTAL FISH AND WILDLIFE CLUSTER				13,019	940,291
Highway Planning and Construction Cluster					
20.205	Highway Planning and Construction	Northern Rockies Conservation Cooperative	09282017 WYDOT SPEED	-	24,492
20.205	Highway Planning and Construction	University of Vermont	33032SUB52630	-	37,821
20.205 Total				-	62,313
20.219	Recreational Trails Program	Arkansas Department Of Transportation	80572	-	653
20.219	Recreational Trails Program	NH Department of Natural and Cultural Resources	18-34	-	71,086
20.219	Recreational Trails Program	West Virginia Department of Transportation, Division of Highways	U339-CRA/NE-1. 00	-	9,222
20.219 Total				-	80,962
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER				-	143,275
OTHER AWARDS					
10.025	Plant and Animal Disease, Pest Control, and Animal Care	DIRECT	AP17PPQH0000C008	\$ -	16,250
10.025	Plant and Animal Disease, Pest Control, and Animal Care	DIRECT	AP18PPQH0000C005	-	14,796
10.025	Plant and Animal Disease, Pest Control, and Animal Care	DIRECT	AP18PPQH0000C012	-	109,643
10.025 Total				-	140,689
10.069	Conservation Reserve Program	Southern Indiana Cooperative Invasives Management	17-005-1	-	15,000
10.069	Conservation Reserve Program	DIRECT	69-6740-17-024	-	20,643
10.069 Total				-	35,643

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, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
10.072	Wetlands Reserve Program	National Fish and Wildlife Foundation	1907.18.059644	\$ 2,237	\$ 2,573
10.072	Wetlands Reserve Program	DIRECT	6.60436E+12	-	7,155
10.072	Wetlands Reserve Program	DIRECT	660436960018N	-	9,955
10.072	Wetlands Reserve Program	DIRECT	6652KY06005F1	-	70,689
10.072	Wetlands Reserve Program	DIRECT	6652KY0800MS4	-	117,159
10.072	Wetlands Reserve Program	DIRECT	6652KY11015V7	-	8,646
10.072	Wetlands Reserve Program	DIRECT	6652KY97005H9	-	237,461
10.072	Wetlands Reserve Program	DIRECT	68-5C16-17-015	702,263	739,654
10.072	Wetlands Reserve Program	DIRECT	68-7103-15-026	-	249,104
10.072	Wetlands Reserve Program	DIRECT	NR177217XXXXC008	-	32,574
10.072	Wetlands Reserve Program	DIRECT	WRP 66 043615 070	-	10,565
10.072 Total				704,500	1,485,535
10.307	Organic Agriculture Research and Extension Initiative	Washington State University	126216_G003505	-	98,957
10.307 Total				-	98,957
10.310	Agriculture and Food Research Initiative (AFRI)	The Ohio State University	60065334	-	3,283
10.310 Total				-	3,283
10.500	Cooperative Extension Service	New Mexico State University	R0190202	-	13,387
10.500 Total				-	13,387
10.652	Forestry Research	Great Lakes St. Lawrence Governors and Premiers	050218GLSLGPBLUEGROWFUND	-	31,605
10.652 Total				-	31,605
10.664	Cooperative Forestry Assistance	DIRECT	14-CA-11132543-043	-	(3,796)
10.664	Cooperative Forestry Assistance	DIRECT	14-CA-11132543-094	332,396	1,239,885
10.664	Cooperative Forestry Assistance	DIRECT	14-DG-11020000-069	66,172	66,014
10.664	Cooperative Forestry Assistance	DIRECT	14-DG-11420004-276	50,000	74,502
10.664	Cooperative Forestry Assistance	DIRECT	15-DG-11020000-069	-29,287	(17,645)
10.664	Cooperative Forestry Assistance	DIRECT	16-DG-11132544-053	-	11,965
10.664	Cooperative Forestry Assistance	DIRECT	16-DG-11420004-064	847	3,951
10.664	Cooperative Forestry Assistance	DIRECT	17-DG-11062765-705	-	91,992
10.664	Cooperative Forestry Assistance	DIRECT	17-DG-11062765-709	118,359	177,400
10.664	Cooperative Forestry Assistance	DIRECT	18-DG-11083150-015	-	37,568
10.664	Cooperative Forestry Assistance	DIRECT	18-DG-11420004-047	-	27,207
10.664	Cooperative Forestry Assistance	DIRECT	18DG11420004268	-	9,099
10.664	Cooperative Forestry Assistance	National Fish and Wildlife Foundation	1903.15.048097	-	247
10.664	Cooperative Forestry Assistance	National Fish and Wildlife Foundation	1903.18.059339	-	28
10.664	Cooperative Forestry Assistance	National Fish and Wildlife Foundation	1903.18.059696	-	11,607
10.664	Cooperative Forestry Assistance	Minnesota Department of Natural Resources	3-109636	-	26,703
10.664	Cooperative Forestry Assistance	National Fish and Wildlife Foundation	59685	-	23,656
10.664	Cooperative Forestry Assistance	Ohio Department of Natural Resources	8172016 OHDNR EDGE OF APP	-	428
10.664	Cooperative Forestry Assistance	WA Department of Natural Resources	93-097902	-	1,222
10.664	Cooperative Forestry Assistance	NE Forest Service	BA-2018-20	-	23,025
10.664	Cooperative Forestry Assistance	MT DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	LSR-19-002	-	143
10.664	Cooperative Forestry Assistance	CLEARWATER RESOURCE COUNCIL	MPA 2018-005	-	33,386
10.664	Cooperative Forestry Assistance	Door County, WI	05232017 DCIST 2018	-	229
10.664 Total				538,487	1,838,816

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, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
10.674	Forest Products Lab: Technology Marketing Unit (TMU)	DIRECT	18-DG-11062765-739	\$ -	\$ 22,315
10.674 Total				-	22,315
10.675	Urban and Community Forestry Program	Morton Arboretum	15-DG-11132544-035	13,342	16,617
10.675 Total				13,342	16,617
10.676	Forest Legacy Program	DIRECT	17-CA-11052021-216	-	12,437
10.676	Forest Legacy Program	Mississippi Forestry Commission	6152017 USFS/MFC GRIFFITH	-	29,864
10.676 Total				-	42,301
10.678	Forest Stewardship Program	DIRECT	13-DG-11420004-240	-	3,762
10.678 Total				-	3,762
10.679	Collaborative Forest Restoration	DIRECT	17-DG-11030200-016	-	96,149
10.679	Collaborative Forest Restoration	DIRECT	17-DG-11030300-023	34,434	51,397
10.679	Collaborative Forest Restoration	NM Grant Soil and Water Conservation District	Grant 121817	-	8,563
10.679 Total				34,434	156,109
10.680	Forest Health Protection	DIRECT	15-CA-11420004-238	3,480	4,334
10.680	Forest Health Protection	DIRECT	18-CA-11132546-031	-	34,941
10.680 Total				3,480	39,275
10.682	National Forest Foundation	National Forest Foundation	AJ-806	-	55,258
10.682	National Forest Foundation	National Forest Foundation	AK-001	-	2,445
10.682 Total				-	57,703
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0102.12.033976	-	16,724
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	50118060163	-	850
10.683	National Fish and Wildlife Foundation	Southeast Alaska Watershed Coalition	06.01.2018	-	4,822
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0603.17.057354	4,094	8,778
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0901.17.058373	-	42,161
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.16.052202	-	8,696
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.17.055558	-	11,502
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.17.055681	-	28,207
10.683	National Fish and Wildlife Foundation	DIRECT	1903.17.055766	-	2,008
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.17.055822	-	39,123
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.17.055862	3,452	8,401
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.17.056054	-	5,509
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1906.18.062459	-	100,000
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1906.18.062524	6,112	9,237
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1906.18.062550	-	12,369
10.683	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	2100.18.061839	-	30,301
10.683	National Fish and Wildlife Foundation	Longleaf Alliance	LLA_TNC_	-	1,066
10.683 Total				13,658	329,754
10.684	International Forestry Programs	DIRECT	15-DG-11132762-428	-	3,160
10.684	International Forestry Programs	DIRECT	16DG11132762361	-	59,037
10.684 Total				-	62,197
10.691	Good Neighbor Authority	New Mexico Energy, Minerals and Natural Resources Department	19-521-0400-0220	-	3,280
10.691 Total				-	3,280
10.698	State & Private Forestry Cooperative Fire Assistance Program	DIRECT	18-CA-11132543-039	938,513	1,831,686
10.698	State & Private Forestry Cooperative Fire Assistance Program	DIRECT	18-CA-11132543-049	-	508,992
10.698 Total				938,513	2,340,678

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, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	0407.17.058363	\$ -	\$ 40,338
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	0603.17.057354	9,825	21,068
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.16.052202	-	5,044
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.16.052268	2,877	7,925
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.16.052298	14,798	27,162
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.16.052601	-	3,634
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.17.055681	-	10,880
10.902	Soil and Water Conservation	DIRECT	1903.17.055766	-	4,015
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1903.18.059339	-	17
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1906.18.062550	-	3,933
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	1907.18.059644	1,491	1,715
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	2503.17.058001	-	22,243
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	2503.18.062000	-	11,288
10.902	Soil and Water Conservation	National Fish and Wildlife Foundation	2503.18.062009	-	3,133
10.902	Soil and Water Conservation	DIRECT	68-5C16-14-048	-	50,909
10.902	Soil and Water Conservation	DIRECT	68-6114-17-024	26,103	28,713
10.902	Soil and Water Conservation	DIRECT	69-6740-17-024	-	16,762
10.902	Soil and Water Conservation	US Endowment for Forestry and Communities	E18-48	-	30,740
10.902	Soil and Water Conservation	Longleaf Alliance	LLA_TNC_	-	1,066
10.902	Soil and Water Conservation	DIRECT	NR177217XXXXC008	-	16,955
10.902	Soil and Water Conservation	DIRECT	NR187335XXXXC020	-	7,577
10.902	Soil and Water Conservation	Great Lakes Commission	WS05-14-02	7,036	12,139
10.902 Total				62,130	327,256
10.912	Environmental Quality Incentives Program	Trout Unlimited	01182018 Liquid Assets	-	24,828
10.912	Environmental Quality Incentives Program	i2CF2	08012017 i2CF2 Water Fund	-	65,515
10.912	Environmental Quality Incentives Program	National Fish and Wildlife Foundation	1903.16.052601	-	3,634
10.912	Environmental Quality Incentives Program	National Fish and Wildlife Foundation	1903.18.059339	-	18
10.912	Environmental Quality Incentives Program	National Fish and Wildlife Foundation	1906.18.062550	-	4,194
10.912	Environmental Quality Incentives Program	National Fish and Wildlife Foundation	2503.18.062000	-	12,035
10.912	Environmental Quality Incentives Program	National Fish and Wildlife Foundation	2503.18.062009	-	3,341
10.912	Environmental Quality Incentives Program	Southeast Land Trust of New Hampshire	61324-TNC	-	1,086
10.912	Environmental Quality Incentives Program	DIRECT	68-1218-14-013	-	26,882
10.912	Environmental Quality Incentives Program	DIRECT	69-3A75-17-18	-	79,038
10.912	Environmental Quality Incentives Program	DIRECT	69-3A75-17-288	-	36,115
10.912	Environmental Quality Incentives Program	DIRECT	69-3A75-17-289	424,479	854,637
10.912	Environmental Quality Incentives Program	DIRECT	69-3A75-17-36	-	72,006
10.912	Environmental Quality Incentives Program	DIRECT	69-5D21-17-115	9,942	23,724
10.912	Environmental Quality Incentives Program	DIRECT	69-6114-14-008	-	9,964
10.912	Environmental Quality Incentives Program	DIRECT	NR177217XXXXG002	-	34,263
10.912	Environmental Quality Incentives Program	DIRECT	NR181218XXXXG001	-	9,065
10.912	Environmental Quality Incentives Program	DIRECT	NR183A750008G010	92	20,746
10.912	Environmental Quality Incentives Program	DIRECT	NR184423XXXXC051	-	8
10.912	Environmental Quality Incentives Program	DIRECT	NR184741XXXXC002	-	5,686
10.912	Environmental Quality Incentives Program	HAIDA CORPORATION	012418-HACO	-	410,092
10.912	Environmental Quality Incentives Program	Huna Totem Corporation	052319-HTCO	-	1,278
10.912	Environmental Quality Incentives Program	DIRECT	745F48152P1	-	19,396
10.912 Total				434,513	1,717,551
10.922	Healthy Forests Reserve Program (HFRP)	DIRECT	RCPPEQIP 2014 820436160S3	-	20,857
10.922 Total				-	20,857

The accompanying notes are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards

For the year ended June 30, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
10.924	Conservation Stewardship Program	National Fish and Wildlife Foundation	1903.18.059339	\$ -	\$ 21
10.924	Conservation Stewardship Program	National Fish and Wildlife Foundation	1906.18.062550	-	4,893
10.924	Conservation Stewardship Program	National Fish and Wildlife Foundation	2503.18.062000	-	14,042
10.924	Conservation Stewardship Program	National Fish and Wildlife Foundation	2503.18.062009	-	3,897
10.924 Total				-	22,853
10.928	Emergency Watershed Protection Program - Floodplain Easements ;Disaster Relief Appropriations Act	DIRECT	68-2C31-17-200	-	170,594
10.928 Total				-	170,594
10.931	Agricultural Conservation Easement Program	National Fish and Wildlife Foundation	1907.18.059644	2,237	2,573
10.931	Agricultural Conservation Easement Program	DIRECT	5402111501JW7	-	(1,000)
10.931	Agricultural Conservation Easement Program	DIRECT	5403251501JRB	-	4,391,250
10.931	Agricultural Conservation Easement Program	DIRECT	5452KY1701M7Q	-	42,237
10.931	Agricultural Conservation Easement Program	DIRECT	6652KY0800MFK	-	19,140
10.931	Agricultural Conservation Easement Program	DIRECT	66632211017DG	-	592
10.931	Agricultural Conservation Easement Program	DIRECT	66632212019G6	-	57,255
10.931	Agricultural Conservation Easement Program	DIRECT	68.4209.16.842	-	740,000
10.931	Agricultural Conservation Easement Program	DIRECT	68-1428-16-757	108,528	166,436
10.931	Agricultural Conservation Easement Program	DIRECT	68-5C16-16-682	5,806	32,550
10.931	Agricultural Conservation Easement Program	DIRECT	68-6215-15-0011	-	345,750
10.931	Agricultural Conservation Easement Program	DIRECT	68-7103-17-030	-	16,399
10.931	Agricultural Conservation Easement Program	DIRECT	69 0436 18 006	-	732,600
10.931	Agricultural Conservation Easement Program	DIRECT	69-0325-17-517	-	4,950,000
10.931	Agricultural Conservation Easement Program	DIRECT	69-0325-17-518	-	804,750
10.931	Agricultural Conservation Easement Program	DIRECT	69-0325-17-519	-	465,000
10.931	Agricultural Conservation Easement Program	DIRECT	69-0325-17-521	-	735,675
10.931	Agricultural Conservation Easement Program	DIRECT	69-6740-17-024	-	20,922
10.931	Agricultural Conservation Easement Program	DIRECT	ACEP-WRE 5413201501GKL	-	125,801
10.931	Agricultural Conservation Easement Program	DIRECT	NR177217XXXXC008	-	11,390
10.931	Agricultural Conservation Easement Program	DIRECT	NR185C16XXXXC004	4,583	211,172
10.931	Agricultural Conservation Easement Program	Natural Resources Conservation Service	69-0211-18-001	-	501,375
10.931 Total				121,154	14,371,867
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	6000004948	-	19,271
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-0436-17-032	-	23,621
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-1218-18-003	-	84,192
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-33A7-16-944	-	6,416
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-3B19-5-019	-	4,549
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-5C16-16-682	-	87,700
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-5D21-15-03	23,084	23,084
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-7103-16-966	-	66,807
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	68-9457-15-534	-	60,533
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	DIRECT	NR182B29XXXXC004	-	47,176
10.932	(Department of Agriculture) NRCS Regional Conservation Partnership	Natural Resources Conservation Service	SC-2017-02	-	497
10.932 Total				23,084	423,846

The accompanying notes are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards

For the year ended June 30, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
10.U01	Department of Agriculture / UNKNOWN	California Department of Transportation	07A3844	\$ -	\$ 1,044,395
10.U02	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	0807.17.058313	-	27,644
10.U03	Department of Agriculture / UNKNOWN	DIRECT	13-CS-11062754-042	-	9,336
10.U04	Department of Agriculture / UNKNOWN	U.S. Forest Service	13-PA-11080900-003	-	10,630
10.U05	Department of Agriculture / UNKNOWN	DIRECT	14 PA 11092100 025	-	100,805
10.U06	Department of Agriculture / UNKNOWN	DIRECT	14-CS-11080400-016	-	8,078
10.U07	Department of Agriculture / UNKNOWN	DIRECT	14-PA-11080821-009	-	110,256
10.U08	Department of Agriculture / UNKNOWN	U.S. Forest Service	14-PA-11080900-004	-	33,052
10.U09	Department of Agriculture / UNKNOWN	DIRECT	14-PA-11081209-012	-	63,211
10.U10	Department of Agriculture / UNKNOWN	DIRECT	15-CS-11060400-011	-	12,891
10.U11	Department of Agriculture / UNKNOWN	DIRECT	15-CS-11080500-026	-	112,277
10.U12	Department of Agriculture / UNKNOWN	DIRECT	15-CS-11081105-020	-	32,525
10.U13	Department of Agriculture / UNKNOWN	DIRECT	15-CS-11242307-063	469	147,579
10.U14	Department of Agriculture / UNKNOWN	DIRECT	15-PA-11080821-010	-	105,462
10.U15	Department of Agriculture / UNKNOWN	DIRECT	15-PA-11083150-072	-	2,000
10.U16	Department of Agriculture / UNKNOWN	DIRECT	16-CS-11030700-025	-	85,144
10.U17	Department of Agriculture / UNKNOWN	DIRECT	16-CS-11060120-049	-	64,907
10.U18	Department of Agriculture / UNKNOWN	DIRECT	16-CS-11061600-005	-	7,007
10.U19	Department of Agriculture / UNKNOWN	DIRECT	16-CS-11090800-038	-	175,861
10.U20	Department of Agriculture / UNKNOWN	DIRECT	16-CS-11100551-043	-	5,201
10.U21	Department of Agriculture / UNKNOWN	DIRECT	16-PA-11061700-073	-	24,542
10.U22	Department of Agriculture / UNKNOWN	DIRECT	16-PA-11080100-006	-	73,154
10.U23	Department of Agriculture / UNKNOWN	DIRECT	16-PA-11080800-006	-	7,676
10.U24	Department of Agriculture / UNKNOWN	DIRECT	16-PA-11090300-030	-	52,928
10.U25	Department of Agriculture / UNKNOWN	DIRECT	17-CS-11242308-051	-	39,508
10.U26	Department of Agriculture / UNKNOWN	DIRECT	17-PA-11080500-015	-	212,034
10.U27	Department of Agriculture / UNKNOWN	DIRECT	17-PA-11081209-011	-	141,453
10.U28	Department of Agriculture / UNKNOWN	DIRECT	17-PA-11100551-033	-	5,953
10.U29	Department of Agriculture / UNKNOWN	DIRECT	18-CS-11091500-001	-	37,786
10.U30	Department of Agriculture / UNKNOWN	DIRECT	18-IA-11080500-074	-	20,358
10.U31	Department of Agriculture / UNKNOWN	DIRECT	18-PA-11091000-018	-	11,267
10.U32	Department of Agriculture / UNKNOWN	DIRECT	18-PA-11091400-017	-	31,933
10.U33	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052202	-	8,696
10.U34	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052268	23,017	63,398
10.U35	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052298	27,746	50,928
10.U36	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052601	-	24,225
10.U37	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.17.055558	-	46,003
10.U38	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.17.055862	9,635	23,449
10.U39	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.17.056054	-	11,018
10.U40	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.18.059339	-	83
10.U41	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.18.059475	9,340	11,633
10.U42	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.18.059476	-	14,657
10.U43	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	1903.18.059696	-	40,623
10.U44	Department of Agriculture / UNKNOWN	DIRECT	19-CS-11091500-002	-	43,884
10.U45	Department of Agriculture / UNKNOWN	DIRECT	5463221401GV2	-	4,059
10.U46	Department of Agriculture / UNKNOWN	National Fish and Wildlife Foundation	59685	-	31,541
10.U47	Department of Agriculture / UNKNOWN	Alaska Department of Natural Resources Forestry	CT180000758	-	37,128
U.S. DEPARTMENT OF AGRICULTURE TOTAL				\$ 2,957,502	\$ 27,004,908

The accompanying notes are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards

For the year ended June 30, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
11.419	Coastal Zone Management Administration Awards	Alaska Fisheries Development Foundation, Inc.	01252018 Mariculture	\$ -	\$ 3,322
11.419	Coastal Zone Management Administration Awards	NH Department of Environmental Services	11222017 Resil Crossings	-	70,832
11.419	Coastal Zone Management Administration Awards	Camden County, GA	306-7.4	-	18,218
11.419	Coastal Zone Management Administration Awards	Wisconsin Department Of Administration	AD179125-018.01	4,384	4,384
11.419	Coastal Zone Management Administration Awards	Virginia DEQ Coastal Zone Management	NA18NOS4190152 94.02	-	28,944
11.419 Total				4,384	125,700
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	National Fish and Wildlife Foundation	0303.18.062127	-	24,721
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	University of Guam	07162018 UOG Fisheries	-	20,899
11.427 Total				-	45,620
11.429	Marine Sanctuary Program	National Marine Sanctuary Foundation	19-05-B-212	-	18,022
11.429 Total				-	18,022
11.438	Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	Idaho Office of Species Conservation	004 16 SA	-	181
11.438	Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	Oregon Watershed Enhancement Board	218-2998-16307	-	531,000
11.438	Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	Oregon Watershed Enhancement Board	218-8201-16514	-	111,071
11.438	Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	Alaska Department of Fish and Game	AKSSF-44175	-	55,489
11.438	Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	California Department of Fish and Wildlife	P1510549	-	1,185,772
11.438 Total				-	1,883,513
11.457	Chesapeake Bay Studies	DIRECT	NA18NMF4570274	-	53,128
11.457 Total				-	53,128
11.463	Habitat Conservation	DIRECT	NA13NMF4630139	85,778	107,809
11.463	Habitat Conservation	DIRECT	NA14NMF4630099	21,079	26,254
11.463	Habitat Conservation	DIRECT	NA14NMF4630258	50,000	127,525
11.463	Habitat Conservation	DIRECT	NA14NMF4630259	14,234	131,837
11.463	Habitat Conservation	DIRECT	NA15NMF4630145	-	146,565
11.463	Habitat Conservation	DIRECT	NA15NOS4630060	20,019	27,273
11.463	Habitat Conservation	North Carolina Coastal Federation, Inc.	NA16NMF4630009	-	16,180
11.463	Habitat Conservation	DIRECT	NA16NMF4630115	-	246,969
11.463	Habitat Conservation	DIRECT	NA16NMF4630307	163,601	289,519
11.463	Habitat Conservation	DIRECT	NA16NMF4630309	-	136,906
11.463	Habitat Conservation	DIRECT	NA16NMF4630311	-	1,210,000
11.463	Habitat Conservation	DIRECT	NA16NMF4630313	-	68,780
11.463	Habitat Conservation	DIRECT	NA17NMF4630007	-	158,206
11.463	Habitat Conservation	DIRECT	NA17NMF4630122	202,239	2,047,593
11.463	Habitat Conservation	DIRECT	NA17NMF4630296	-	66,953
11.463	Habitat Conservation	DIRECT	NA17NMF4630301	-	77,186
11.463	Habitat Conservation	DIRECT	NA17NMF4630302	13,000	125,885
11.463	Habitat Conservation	DIRECT	NA18NMF4630223	-	61,107
11.463	Habitat Conservation	DIRECT	NA19NMF4630075	-	4,904
11.463	Habitat Conservation	MA Division of Ecological Restoration	SATUCKETCGXGRTTNC18	-	3,427
11.463 Total				569,950	5,080,878
11.469	Congressionally Identified Awards and Projects	DIRECT	NA15NMF4690242	745	293,442
11.469 Total				745	293,442
11.472	Unallied Science Program	National Fish and Wildlife Foundation	0303.17.058656	-	36,637
11.472 Total				-	36,637

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The Nature Conservancy

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
11.473	Coastal Services Center	National Fish and Wildlife Foundation	0318.18.062087	\$ -	\$ 5,725
11.473	Coastal Services Center	DIRECT	NA17NOS4730141	113,210	212,838
11.473	Coastal Services Center	University of Washington	UWSC9175	-	8,627
11.473 Total				113,210	227,190
11.474	Atlantic Coastal Fisheries Cooperative Management Act	Atlantic States Marine Fisheries Commission	19-0303	-	2,654
11.474 Total				-	2,654
11.482	Coral Reef Conservation Program	National Fish and Wildlife Foundation	0302.15.048772	-	1,938
11.482	Coral Reef Conservation Program	National Fish and Wildlife Foundation	0302.16.053113	-	32,964
11.482	Coral Reef Conservation Program	National Fish and Wildlife Foundation	0302.17.056503	-	26,463
11.482	Coral Reef Conservation Program	Hawaii Department of Land and Natural Resources	C91228	-	12,982
11.482	Coral Reef Conservation Program	DIRECT	NA15NOS4820098	-	(16)
11.482	Coral Reef Conservation Program	DIRECT	NA16NOS4820106	32,752	599,020
11.482	Coral Reef Conservation Program	DIRECT	NA17NOS4820073	-	29,817
11.482	Coral Reef Conservation Program	DIRECT	NA17NOS4820077	-	15,724
11.482 Total				32,752	718,892
11.U01	Department of Commerce / UNKNOWN	National Marine Sanctuary Foundation	18-05-B-174	-	5,330
U.S. DEPARTMENT OF COMMERCE TOTAL				\$ 721,041	\$ 8,491,006
12.300	Basic and Applied Scientific Research	DIRECT	N44255-16-2-0008	\$ -	\$ 6,253
12.300	Basic and Applied Scientific Research	DIRECT	N44255-17-2-0004	-	82,873
12.300 Total				-	89,126
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Maine Department of Defense, Veterans and Emergency Management	15A 20160502 328	-	2,618
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Mississippi Military Department	19-PSC-03-F REVISED	-	261,439
12.401 Total				-	264,057
12.632	Legacy Resource Management Program/DOD	National Fish and Wildlife Foundation	1903.17.055681	-	18,134
12.632	Legacy Resource Management Program/DOD	National Fish and Wildlife Foundation	1903.18.059339	-	27
12.632	Legacy Resource Management Program/DOD	National Fish and Wildlife Foundation	1903.18.059475	7,185	8,949
12.632	Legacy Resource Management Program/DOD	National Fish and Wildlife Foundation	1903.18.059476	-	24,843
12.632	Legacy Resource Management Program/DOD	National Fish and Wildlife Foundation	1903.18.059696	-	29,016
12.632	Legacy Resource Management Program/DOD	Longleaf Alliance	LLA_TNC_032118	-	20,000
12.632 Total				7,185	100,969
12.U01	Department of Defense / UNKNOWN	DIRECT	022813 DOD REPI	-	1,595,574
12.U02	Department of Defense / UNKNOWN	DIRECT	051319-USCOE ECO	3,000	6,320
12.U03	Department of Defense / UNKNOWN	Mississippi Military Department	18-PSC-01J	-	112,645
12.U04	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.15.048097	-	18
12.U05	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052202	-	16,697
12.U06	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052268	2,877	7,925
12.U07	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.16.052298	12,948	23,766
12.U08	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.17.055297	-	9,881
12.U09	Department of Defense / UNKNOWN	National Fish and Wildlife Foundation	1903.17.055558	-	23,002
12.U10	Department of Defense / UNKNOWN	VT Department of Environmental Conservation	36057	-	5,179
12.U11	Department of Defense / UNKNOWN	Longleaf Alliance	LLA_TNC_	-	2,133
12.U12	Department of Defense / UNKNOWN	DIRECT	W9124J-15-2-0005	-	9,799,545
12.U13	Department of Defense / UNKNOWN	DIRECT	N6247315RPO0180	-	(167)
12.U15	Department of Defense / UNKNOWN	DIRECT	W9124J-15-2-0003	-	1,642,051
12.U14	Department of Defense / UNKNOWN	DIRECT	USACOE_050118	17,600	22,000
12.U16	Department of Defense / UNKNOWN	DIRECT	W911SR-07-2-0001	-	22,757
U.S. DEPARTMENT OF DEFENSE TOTAL				\$ 43,610	\$ 13,743,478

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Schedule of Expenditures of Federal Awards

For the year ended June 30, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
15.035	Forestry on Indian Lands	Confederated Salish & Kootenai Tribes	M18-046	\$ -	\$ 73,081
15.035 Total				-	73,081
15.153	Hurricane Sandy Disaster Relief Coastal Resiliency Grants	County of Suffolk, NY	04202016 Hurricane Sandy	-	11,992
15.153	Hurricane Sandy Disaster Relief Coastal Resiliency Grants	MA Division of Ecological Restoration	SATUCKETCGXGRTTNCF18	-	3,046
15.153 Total				-	15,038
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance	DIRECT	L17AC00354	-	30,905
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance	Blackfoot Challenge	SHARED W MT FORESTER 18	-	10,000
15.228 Total				-	40,905
15.231	Fish, Wildlife and Plant Conservation Resource Management	Alberta Conservation Association	030-00-40-102-4000	-	1,632
15.231	Fish, Wildlife and Plant Conservation Resource Management	National Fish and Wildlife Foundation	0901.17.058373	-	10,624
15.231	Fish, Wildlife and Plant Conservation Resource Management	DIRECT	2502.17.058757	52,179	64,989
15.231	Fish, Wildlife and Plant Conservation Resource Management	National Fish and Wildlife Foundation	2503.18.062009	-	1,266
15.231	Fish, Wildlife and Plant Conservation Resource Management	Beaverhead County Conservation District	50418 MT ConiferExpansion	-	12,800
15.231	Fish, Wildlife and Plant Conservation Resource Management	DIRECT	L12AC20615	-	16,252
15.231	Fish, Wildlife and Plant Conservation Resource Management	DIRECT	L12AC20620	-	691
15.231	Fish, Wildlife and Plant Conservation Resource Management	DIRECT	L14AC00115	67,243	77,216
15.231	Fish, Wildlife and Plant Conservation Resource Management	DIRECT	L16AC00162	-	68,890
15.231 Total				119,422	254,360
15.236	Environmental Quality and Protection Resource Management	Wyoming Department of Environmental Quality	72318 AML NATIVE PLANTS	-	18,546
15.236	Environmental Quality and Protection Resource Management	DIRECT	L13AC00168	18,055	24,947
15.236 Total				18,055	43,493
15.245	Plant Conservation and Restoration Management	DIRECT	L17AC00150	8,901	71,404
15.245 Total				8,901	71,404
15.252	Abandoned Mine Land Reclamation (AMLR) Program	Wyoming Department of Environmental Quality	72318 AML NATIVE PLANTS	-	18,545
15.252 Total				-	18,545
15.508	Providing Water to At-Risk Natural Desert Terminal Lakes	National Fish and Wildlife Foundation	0103.17.055279	31,621	58,217
15.508	Providing Water to At-Risk Natural Desert Terminal Lakes	National Fish and Wildlife Foundation	0204.14.042453	-	16,102
15.508	Providing Water to At-Risk Natural Desert Terminal Lakes	DIRECT	R10AP20652	-	287
15.508	Providing Water to At-Risk Natural Desert Terminal Lakes	DIRECT	R14AP00119	-	458,647
15.508	Providing Water to At-Risk Natural Desert Terminal Lakes	DIRECT	R14AP00120	-	281,906
15.508	Providing Water to At-Risk Natural Desert Terminal Lakes	DIRECT	R17AP00014	-	120,620
15.508 Total				31,621	935,779
15.517	Fish and Wildlife Coordination Act	Idaho Office of Species Conservation	BOR004_16	-	(136)
15.517	Fish and Wildlife Coordination Act	DIRECT	R14AP00037	-	17,974
15.517 Total				-	17,838
15.535	Upper Colorado River Basin Fish and Wildlife Mitigation Program	Utah Reclamation and Mitigation Commission	15FCUT-2030	-	33,558
15.535 Total				-	33,558

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Schedule of Expenditures of Federal Awards

For the year ended June 30, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
15.608	Fish and Wildlife Management Assistance	National Fish and Wildlife Foundation	0208.18.059785	\$ -	\$ 187
15.608	Fish and Wildlife Management Assistance	National Fish and Wildlife Foundation	0208.18.059854	-	12,993
15.608	Fish and Wildlife Management Assistance	National Fish and Wildlife Foundation	0804.15.051359	-	69,680
15.608	Fish and Wildlife Management Assistance	National Fish and Wildlife Foundation	1903.16.052298	3,699	6,790
15.608	Fish and Wildlife Management Assistance	DIRECT	F13AC00651	-	3,550
15.608	Fish and Wildlife Management Assistance	DIRECT	F15AC00866	-	16,403
15.608	Fish and Wildlife Management Assistance	DIRECT	F15AC01104	-	74,476
15.608	Fish and Wildlife Management Assistance	DIRECT	F15AC01168	-	1,348
15.608	Fish and Wildlife Management Assistance	DIRECT	F15AP00834	-	22,040
15.608	Fish and Wildlife Management Assistance	DIRECT	F16AC00239	-	4,083
15.608	Fish and Wildlife Management Assistance	DIRECT	F16AP00181	-	27,546
15.608	Fish and Wildlife Management Assistance	DIRECT	F17AC00524	-	50,295
15.608	Fish and Wildlife Management Assistance	DIRECT	F17AC00854	-	31,850
15.608	Fish and Wildlife Management Assistance	DIRECT	F17AC01066	72,260	90,000
15.608	Fish and Wildlife Management Assistance	DIRECT	F17AC01095	-	60,000
15.608	Fish and Wildlife Management Assistance	DIRECT	F18AC00764	-	21,124
15.608	Fish and Wildlife Management Assistance	DIRECT	F18AC00805	-	150,608
15.608	Fish and Wildlife Management Assistance	DIRECT	F18AP00636	-	18,327
15.608	Fish and Wildlife Management Assistance	DIRECT	F18AP00839	-	50,000
15.608	Fish and Wildlife Management Assistance	North Carolina Wildlife Resources Commission	HC-003	-	151,661
15.608	Fish and Wildlife Management Assistance	Southeast Aquatic Resources Partnership	NFHP_16-08	-	508
15.608 Total				75,960	863,469
15.614	Coastal Wetlands Planning, Protection and Restoration Act	Oregon Watershed Enhancement Board	215-8005-15688	-	134,352
15.614	Coastal Wetlands Planning, Protection and Restoration Act	Washington State Department of Ecology	C1400258	121,260	151,029
15.614 Total				121,260	285,381
15.615	Cooperative Endangered Species Conservation Fund	WY Game and Fish Department	3067	-	16,015
15.615	Cooperative Endangered Species Conservation Fund	Arkansas Game and Fish Commission	01122017 BED LOAD STUDY	-	13,450
15.615	Cooperative Endangered Species Conservation Fund	Mississippi Department of Wildlife Fisheries & Parks	112018 USFWS/MDWFP FROG	-	28,368
15.615	Cooperative Endangered Species Conservation Fund	Mississippi Department of Wildlife Fisheries & Parks	112019 USFWS/MDWFP FROG	-	52,599
15.615	Cooperative Endangered Species Conservation Fund	Texas Parks and Wildlife Department	495177	-	2,491
15.615	Cooperative Endangered Species Conservation Fund	Tennessee Wildlife Resources Agency	49986	74,621	166,119
15.615	Cooperative Endangered Species Conservation Fund	Arkansas Game and Fish Commission	AR-E-F17AP00047	-	599
15.615	Cooperative Endangered Species Conservation Fund	Oregon Parks & Recreation Department	FY17-E30TW20	-	32,995
15.615 Total				74,621	312,636
15.623	North American Wetlands Conservation Fund	Ducks Unlimited	04292019 UMR MIGRATION	-	100
15.623	North American Wetlands Conservation Fund	DIRECT	F15AP00363	-	500
15.623	North American Wetlands Conservation Fund	North Carolina Coastal Land Trust	F15AP00431	-	40,000
15.623	North American Wetlands Conservation Fund	DIRECT	F16AP00210	-	529
15.623	North American Wetlands Conservation Fund	DIRECT	F16AP00354	372,910	378,266
15.623	North American Wetlands Conservation Fund	DIRECT	F17AP00265	-	1,000,000
15.623	North American Wetlands Conservation Fund	DIRECT	F17AP00270	272,594	307,178
15.623	North American Wetlands Conservation Fund	DIRECT	F18AP00414	-	2,978
15.623	North American Wetlands Conservation Fund	North Carolina Coastal Land Trust	FWS#F17AP00601	-	39,445
15.623	North American Wetlands Conservation Fund	North Carolina Coastal Land Trust	FWS#F18AP00281	-	400,000
15.623	North American Wetlands Conservation Fund	Ducks Unlimited, Inc.	SD5511	-	33,199
15.623	North American Wetlands Conservation Fund	Ducks Unlimited, Inc.	US-NJ-79-2	-	7,341
15.623	North American Wetlands Conservation Fund	Winyah Rivers Foundation	WRF-20181108-1	-	6,025
15.623 Total				645,504	2,215,561

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Schedule of Expenditures of Federal Awards

For the year ended June 30, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
15.630	Coastal Program	DIRECT	081418 USFWS BOULDERS MOA	\$ -	\$ 9,998
15.630	Coastal Program	DIRECT	F15AC00747	-	4,430
15.630	Coastal Program	DIRECT	F15AC00994	-	834
15.630	Coastal Program	DIRECT	F16AC00476	-	8,400
15.630	Coastal Program	DIRECT	F17AC00645	-	6,291
15.630	Coastal Program	DIRECT	F17AC00812	-	10,587
15.630	Coastal Program	DIRECT	F17AC01059	-	9,560
15.630	Coastal Program	DIRECT	F18AC00714	-	3,458
15.630	Coastal Program	DIRECT	F18AC00718	-	45,005
15.630 Total					98,563
15.631	Partners for Fish and Wildlife	Arkansas Wildlife Federation	03282018 PFW STRWBRY RV	-	4,437
15.631	Partners for Fish and Wildlife	DIRECT	050119 USFWS ATV MOU	-	1,265
15.631	Partners for Fish and Wildlife	Arkansas Wildlife Federation	11142016 PFW RMWP	-	12,852
15.631	Partners for Fish and Wildlife	DIRECT	F11AC01253	-	16,251
15.631	Partners for Fish and Wildlife	DIRECT	F13AC00380	-	11,668
15.631	Partners for Fish and Wildlife	DIRECT	F13AC00481	-	6,400
15.631	Partners for Fish and Wildlife	DIRECT	F13AC00767	-	1,837
15.631	Partners for Fish and Wildlife	DIRECT	F14AC00285	-	9,356
15.631	Partners for Fish and Wildlife	DIRECT	F14AC00783	-	1,100
15.631	Partners for Fish and Wildlife	DIRECT	F14AC01158	-	236
15.631	Partners for Fish and Wildlife	DIRECT	F14AP00908	-	17,616
15.631	Partners for Fish and Wildlife	DIRECT	F15AC00655	-	16,104
15.631	Partners for Fish and Wildlife	DIRECT	F15AC00722	-	13,807
15.631	Partners for Fish and Wildlife	DIRECT	F15AC00994	-	7,504
15.631	Partners for Fish and Wildlife	DIRECT	F15AC01103	-	8,313
15.631	Partners for Fish and Wildlife	DIRECT	F15AC01196	-	4,336
15.631	Partners for Fish and Wildlife	DIRECT	F15AC01230	-	6,515
15.631	Partners for Fish and Wildlife	DIRECT	F16AC00618	-	4,937
15.631	Partners for Fish and Wildlife	DIRECT	F16AC00673	20,072	25,000
15.631	Partners for Fish and Wildlife	DIRECT	F16AC00848	-	40,460
15.631	Partners for Fish and Wildlife	Vermont Natural Resources Council	F16AC00876	-	307
15.631	Partners for Fish and Wildlife	DIRECT	F16AC00903	-	13,304
15.631	Partners for Fish and Wildlife	DIRECT	F16AC00992	-	5,608
15.631	Partners for Fish and Wildlife	DIRECT	F16AC00999	-	318
15.631	Partners for Fish and Wildlife	DIRECT	F16AC01083	-	34,433
15.631	Partners for Fish and Wildlife	DIRECT	F16AC01184	-	4,214
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00261	-	25,000
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00462	-	20,589
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00554	-	3,823
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00736	-	46,609
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00746	-	14,826
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00783	-	1,372
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00809	-	12,954
15.631	Partners for Fish and Wildlife	DIRECT	F17AC00846	-	692
15.631	Partners for Fish and Wildlife	DIRECT	F17AC01003	-	24,739
15.631	Partners for Fish and Wildlife	DIRECT	F17AC01021	-	5,607
15.631	Partners for Fish and Wildlife	DIRECT	F17AC01090	-	12,148
15.631	Partners for Fish and Wildlife	DIRECT	F17AC01128	-	7,000
15.631	Partners for Fish and Wildlife	DIRECT	F17AC01227	-	18,000
15.631	Partners for Fish and Wildlife	DIRECT	F18AC00344	-	4,000
15.631	Partners for Fish and Wildlife	DIRECT	F18AC00376	-	10,500
15.631	Partners for Fish and Wildlife	DIRECT	F18AC00633	-	18,682
15.631	Partners for Fish and Wildlife	DIRECT	F18AC00679	-	149
15.631	Partners for Fish and Wildlife	Longleaf Alliance	NC-LLA-035	-	36,162
15.631 Total				20,072	531,030

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Schedule of Expenditures of Federal Awards

For the year ended June 30, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	01122017 SWG T66 PINEOAK	\$ -	\$ 19,589
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	01122017 SWG T68 SFOR RDS	-	5,759
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	01122017 SWG T72 NF AFSLN	-	12,348
15.634	State Wildlife Grants	Georgia Department of Natural Resources	01312019SANDHILLSPHASE3	-	74,500
15.634	State Wildlife Grants	Vermont Department of Fish and Wildlife	06120FY16380	-	6,226
15.634	State Wildlife Grants	NH Fish and Game Department	06212017 NHFGFWS SWG 2017	-	10,845
15.634	State Wildlife Grants	RI Department of Environmental Management	072718 WINDOWPANEFLOUNDR	-	13,649
15.634	State Wildlife Grants	Department of Game Fish and Parks	09272016 SD GFP USFWS SWG	-	15,022
15.634	State Wildlife Grants	Georgia Department of Natural Resources	10012017MOODYFOREST12	-	27,049
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	11012011 SWG T-79	-	2,685
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	11072017 SWG T-84	-	13,161
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	11102017 SWG T-78	-	19,542
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	11102017 SWG T-77	-	19,673
15.634	State Wildlife Grants	Florida Fish and Wildlife Conservation Commission	15036	22,808	44,422
15.634	State Wildlife Grants	Florida Fish and Wildlife Conservation Commission	17142	-	12,215
15.634	State Wildlife Grants	Rhode Island Dept of Environmental Management	3203667	-	38,267
15.634	State Wildlife Grants	Ohio Department of Natural Resources	42016 FWS ODNR KARNER BLU	-	22,529
15.634	State Wildlife Grants	Tennessee Wildlife Resources Agency	48848	-	2,293
15.634	State Wildlife Grants	Tennessee Wildlife Resources Agency	52564	-	2,725
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	AR-T-F15AF01299	-	31,434
15.634	State Wildlife Grants	Kentucky Department of Fish and Wildlife Resources	PON2 660 1700000962 1	-	693
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	SWG T58	-	4,397
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	T 89	-	4,742
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	T-39-01	-	9,198
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	T-41-04	-	7,048
15.634	State Wildlife Grants	Arkansas Game and Fish Commission	T-81	-	8,784
15.634	State Wildlife Grants	Nebraska Game and Parks Commission	T-93-HM-1	6,454	6,496
15.634 Total				29,262	435,291
15.637	Migratory Bird Joint Ventures	DIRECT	F16AP00390	-	224,895
15.637	Migratory Bird Joint Ventures	Pheasants Forever	SGI 2.0-18-04	-	109,981
15.637 Total					334,876
15.651	Wildlife Without Borders-Africa Program	DIRECT	F17AP00435	-	144,061
15.651 Total					144,061
15.654	Visitor Facility Enhancements - Refuges and Wildlife	DIRECT	F18AC00681	-	2,790
15.654	Visitor Facility Enhancements - Refuges and Wildlife	DIRECT	F19AC00181	-	1,454
15.654 Total					4,244
15.655	Migratory Bird Monitoring, Assessment and Conservation	DIRECT	F17AC00358	-	5,004
15.655	Migratory Bird Monitoring, Assessment and Conservation	DIRECT	F19AC00350	-	10,571
15.655 Total					15,575
15.657	Endangered Species Conservation :Recovery Implementation Funds	DIRECT	F13AC00650	-	18,236
15.657	Endangered Species Conservation :Recovery Implementation Funds	DIRECT	F16AC00626	-	10,325
15.657	Endangered Species Conservation :Recovery Implementation Funds	DIRECT	F16AP00775	-	14,673
15.657	Endangered Species Conservation :Recovery Implementation Funds	DIRECT	F17AC00619	253,250	264,734
15.657	Endangered Species Conservation :Recovery Implementation Funds	DIRECT	F19AP00221	-	31,545
15.657 Total				253,250	339,513

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For the year ended June 30, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
15.658	Natural Resource Damage Assessment, Restoration and Implementation	DIRECT	F16AC00148	\$ -	\$ 4,523
15.658	Natural Resource Damage Assessment, Restoration and Implementation	DIRECT	F17AP00967	-	51,132
15.658	Natural Resource Damage Assessment, Restoration and Implementation	DIRECT	F18AC00231	-	206,004
15.658	Natural Resource Damage Assessment, Restoration and Implementation	DIRECT	F18AC00747	-	4,092,795
15.658 Total				-	4,354,454
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	0501.13.039115	398,711	400,248
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	0501.15.048926	886,624	887,352
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	0501.16.052866	-	34,080
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	0501.16.052870	105,487	157,443
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	0501.16.053011	-	64,147
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	0501.17.056144	325,691	359,558
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	0501.17.056228	77,603	109,389
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	0501.18.060008	-	3,556
15.662	Great Lakes Restoration	National Fish and Wildlife Foundation	50118060163	-	7,631
15.662	Great Lakes Restoration	Michigan Department of Environment, Great Lakes and Energy	2016-0111	1,321	2,533
15.662	Great Lakes Restoration	Michigan Department of Environment, Great Lakes and Energy	2018-0211	-	6,939
15.662	Great Lakes Restoration	DIRECT	F18AC00017	-	48,737
15.662 Total				1,795,437	2,081,613
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0103.16.054129	-	16,827
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0104.15.046650	-	2,635
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0302.17.056503	-	26,463
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0403.18.062897	-	30,636
15.663	National Fish and Wildlife Foundation	Southeast Alaska Watershed Coalition	06.01.2018	-	4,822
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0603.18.062874	-	321
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0801.17.059739	-	6,790
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	0901.17.058373	-	47,216
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1201.16.054812	-	5,693
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1201.16.054838	-	1,927
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1201.17.058201	-	55,321
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1401.15.049312	972	1,183
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1903.16.052601	-	4,845
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1906.18.062524	2,222	3,360
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	1906.18.062550	-	3,907
15.663	National Fish and Wildlife Foundation	National Fish and Wildlife Foundation	2503.18.062009	-	12,445
15.663	National Fish and Wildlife Foundation	Longleaf Alliance	LLA_TNC_	-	1,066
15.663 Total				3,194	225,457
15.664	Fish and Wildlife Coordination and Assistance Programs	Driftless Area Land Conservancy	01242017MONARCHS	-	23,840
15.664	Fish and Wildlife Coordination and Assistance Programs	DIRECT	F18AP00190	-	8,494
15.664 Total				-	32,334
15.669	Cooperative Landscape Conservation	Texas Parks and Wildlife Department	496694	-	44,225
15.669	Cooperative Landscape Conservation	DIRECT	F12AC01516	-	33,178
15.669 Total				-	77,403
15.670	Adaptive Science	DIRECT	F14AC01050	52,140	88,998
15.670 Total				52,140	88,998
15.676	Youth Engagement, Education, and Employment Programs	DIRECT	F18AC00348	-	14,543
15.676 Total				-	14,543

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For the year ended June 30, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
15.677	Hurricane Sandy Disaster Relief Activities-FWS	DIRECT	F16AC00302	\$ -	\$ 239,863
15.677	Hurricane Sandy Disaster Relief Activities-FWS	DIRECT	F18AC00026	18,590	52,733
15.677	Hurricane Sandy Disaster Relief Activities-FWS	MA Division of Ecological Restoration	MILLRVRWBDXTNCGRTF18	-	18,040
15.677 Total				18,590	310,636
15.678	Cooperative Ecosystem Studies Units	University of Wisconsin-Madison	782K585	-	3,569
15.678	Cooperative Ecosystem Studies Units	DIRECT	F18AC00992	-	12,437
15.678 Total				-	16,006
15.875	Economic, Social, and Political Development of the Territories	DIRECT	D15AP00132	-	355
15.875	Economic, Social, and Political Development of the Territories	DIRECT	D16AP00103	-	7,060
15.875	Economic, Social, and Political Development of the Territories	DIRECT	D17AP00066	-	21,339
15.875 Total				-	28,754
15.944	Natural Resource Stewardship	DIRECT	P16AC01300	-	10,292
15.944	Natural Resource Stewardship	DIRECT	P16AC01407	-	5,004
15.944	Natural Resource Stewardship	DIRECT	P17AC01059	-	28,161
15.944	Natural Resource Stewardship	DIRECT	P17AC01110	-	4,118
15.944	Natural Resource Stewardship	DIRECT	P17AC01687	-	13,864
15.944	Natural Resource Stewardship	DIRECT	P18AC00179	-	21,936
15.944	Natural Resource Stewardship	DIRECT	P19AC00168	-	4,338
15.944 Total				-	87,713
15.945	Cooperative Research and Training Programs :Resources of the National Park System	DIRECT	P15AC01832	-	6,667
15.945	Cooperative Research and Training Programs :Resources of the National Park System	DIRECT	P16AC00470	-	29,003
15.945	Cooperative Research and Training Programs :Resources of the National Park System	DIRECT	P17AC00790	-	7,624
15.945	Cooperative Research and Training Programs :Resources of the National Park System	DIRECT	P18AC01337	-	5,894
15.945 Total				-	49,188
15.962	National Wild and Scenic Rivers System	Wild & Scenic Westfield River Committee	04302019 WSWRC COLESBROOK	-	4,500
15.962 Total				-	4,500
15.U01	Department of the Interior / UNKNOWN	LEECH LAKE BAND OF OJIBWE	2019073	-	10,680
15.U02	Department of the Interior / UNKNOWN	University of Arizona	492487	-	24,611
15.U03	Department of the Interior / UNKNOWN	University of Arizona	PO 307166	-	6,716
U.S. DEPARTMENT OF INTERIOR TOTAL				\$ 3,267,288	\$ 14,497,805
19.017	Environmental and Scientific Partnerships and Programs	DIRECT	S-LMAQM-16-GR-1290	933,892	2,120,818
19.017	Environmental and Scientific Partnerships and Programs	DIRECT	SLMAQM18CA2106	-	64,892
19.017 Total				933,892	2,185,710
U.S. DEPARTMENT OF STATE TOTAL				\$ 933,892	\$ 2,185,710

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For the year ended June 30, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
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	\$ -	\$ 7,060
21.015	Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	SANTA ROSA COUNTY	SRCR01052019	-	4,184
21.015 Total				-	11,244
U.S. DEPARTMENT OF TREASURY TOTAL				\$ -	\$ 11,244
66.123	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	WA State Department of Fish and Wildlife	17-08349	5,000	85,430
66.123 Total				5,000	85,430
66.129	Southeast New England Coastal Watershed Restoration	Southeastern Regional Planning & Economic Development District	10012018 SRPEDD EPA RTWN	-	269
66.129 Total				-	269
66.437	Long Island Sound Program	National Fish and Wildlife Foundation	1401.15.049312	4,858	5,915
66.437	Long Island Sound Program	National Fish and Wildlife Foundation	1401.16.053618	-	100,074
66.437	Long Island Sound Program	National Fish and Wildlife Foundation	1401.17.058022	-	45,000
66.437	Long Island Sound Program	National Fish and Wildlife Foundation	1401.17.058058	-	61,976
66.437	Long Island Sound Program	National Fish and Wildlife Foundation	1401.18.061430	-	6,306
66.437	Long Island Sound Program	National Fish and Wildlife Foundation	1401.18.061436	-	7,911
66.437	Long Island Sound Program	University Of Connecticut	172418	-	53,430
66.437 Total				4,858	280,612
66.441	Healthy Watersheds Consortium Grant Program	US Endowment for Forestry and Communities	E18-48	-	21,774
66.441 Total				-	21,774
66.456	National Estuary Program	Anchor QEA Engineering, PLLC	062519 ANCHOR QEA PEP	-	18,677
66.456 Total				-	18,677
66.460	Nonpoint Source Implementation Grants	Clinch-Powell Resource Conservation and Development Council	CVP-042417	-	4,666
66.460 Total				-	4,666
66.461	Regional Wetland Program Development Grants	New Jersey Department of Environmental Protection	8609887	-	2,339
66.461	Regional Wetland Program Development Grants	New Jersey Department of Environmental Protection	8652927	-	23,395
66.461	Regional Wetland Program Development Grants	New Jersey Department of Environmental Protection	8718009	-	1,854
66.461	Regional Wetland Program Development Grants	Nevada Natural Heritage Program	EPA-99T65201	-	18,257
66.461 Total				-	45,845
66.466	Chesapeake Bay Program	National Fish and Wildlife Foundation	0600.17.058643	-	12,178
66.466	Chesapeake Bay Program	Shorivers. Inc	0602.17.057245	-	668
66.466	Chesapeake Bay Program	Shorivers. Inc	0602.18.062899	-	11,355
66.466	Chesapeake Bay Program	National Fish and Wildlife Foundation	0603.16.053957	-	97,719
66.466	Chesapeake Bay Program	National Fish and Wildlife Foundation	0603.17.057354	17,730	38,019
66.466	Chesapeake Bay Program	National Fish and Wildlife Foundation	0603.18.062874	-	823
66.466	Chesapeake Bay Program	Center For Watershed Protection	12202017 WETLAND PANEL	-	8,000
66.466	Chesapeake Bay Program	Chesapeake Bay Trust	14587	-	29,695
66.466	Chesapeake Bay Program	Chesapeake Bay Trust	15769	-	32,526
66.466	Chesapeake Bay Program	The Mid-Atlantic 4R Nutrient Stewardship Association	57424-6	-	61,412
66.466 Total				17,730	292,395
66.469	Great Lakes Program	Indiana Department of Natural Resources	22885	-	429,094
66.469	Great Lakes Program	DIRECT	00E01448	86,809	144,457
66.469	Great Lakes Program	DIRECT	00E02222	116,415	232,235
66.469	Great Lakes Program	Ohio Department of Natural Resources	00E02293	-	41,296
66.469	Great Lakes Program	Fox Wolf Watershed Alliance	05222015LowerFox	-	6,157
66.469	Great Lakes Program	WI Department of Natural Resources	062718Big-I Rest	-	50,067
66.469	Great Lakes Program	DIRECT	GL-00E01444-0	-	82,253
66.469	Great Lakes Program	WI Department of Natural Resources	NA3-18-323	-	52,136
66.469	Great Lakes Program	WI Department of Natural Resources	NA3-18-324	-	246,685
66.469	Great Lakes Program	Ohio EPA	NATURE1-FDSEDM14	-	20,693
66.469	Great Lakes Program	Ohio EPA	NATURE-FDMAP17	-	21,862
66.469 Total				203,224	1,326,935
66.475	Gulf of Mexico Program	Mobile Bay National Estuary Program	010116 Habitat Tool	-	593
66.475 Total				-	593

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Schedule of Expenditures of Federal Awards

For the year ended June 30, 2019

CFDA	PROJECT TITLE/PROJECT NAME	PASS-THROUGH GRANTOR	AGREEMENT ID#	PASSED TO SUBRECIPIENT	FY19 FEDERAL EXPENDITURES
66.511	Office of Research and Development Consolidated Research/Training/Fellowships	Colorado School of Mines	401090-5802	\$ -	\$ 6,121
66.511 Total				-	6,121
66.605	Performance Partnership Grants	Massachusetts Department of Environmental Protection	16-07/319	-	261
66.605 Total				-	261
66.951	Environmental Education Grants	NATIONAL AUDUBON SOCIETY	01152019 WY BIOBLITZ	-	3,181
66.951 Total				-	3,181
ENVIRONMENTAL PROTECTION AGENCY TOTAL				\$ 230,812	\$ 2,086,759
94.006	AmeriCorps	DIRECT	18NDHVA001	-	266,032
94.006	AmeriCorps	DIRECT	2018-09-0645	-	6,147
94.006	AmeriCorps	State of Arizona	AC-SRG-19-020119-14	-	246
94.006	AmeriCorps	State of Arizona	AC-VSG-15-090115-12Y3	-	12,378
94.006	AmeriCorps	State of Arizona	AC-VSG-18-090118-14	-	49,506
94.006 Total				-	334,309
94.009	Training and Technical Assistance	DIRECT	19TAHVA006	-	686
94.009 Total				-	686
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL				\$ -	\$ 334,995
98.001	USAID Foreign Assistance for Programs Overseas	American Red Cross	051717-GDCP	-	20,706
98.001	USAID Foreign Assistance for Programs Overseas	AECOM International Development, Inc.	1024-S19-001	-	386,037
98.001	USAID Foreign Assistance for Programs Overseas	Wildlife Conservation Society	ABCG110223_TNC	40,242	160,113
98.001	USAID Foreign Assistance for Programs Overseas	DIRECT	AID-497-A-16-00011	-	712,201
98.001	USAID Foreign Assistance for Programs Overseas	DIRECT	AID-523-A-11-00001	253,350	262,678
98.001	USAID Foreign Assistance for Programs Overseas	DIRECT	AID-527-A-15-0004	-	(427)
98.001	USAID Foreign Assistance for Programs Overseas	DIRECT	AID-615-A-15-00012	639,595	848,296
98.001	USAID Foreign Assistance for Programs Overseas	DIRECT	AID-615-A-15-00013	276,456	411,128
98.001	USAID Foreign Assistance for Programs Overseas	DIRECT	AID-621-A-15-000004	547,790	1,232,990
98.001	USAID Foreign Assistance for Programs Overseas	DIRECT	AID-OAA-A14-00064	483,466	1,833,850
98.001 Total				2,240,899	5,867,572
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT TOTAL				\$ 2,240,899	\$ 5,867,572
TOTAL Research and Development Cluster				\$ 123,407	\$ 1,016,195
TOTAL All Other Federal Clusters				\$ 13,019	\$ 1,083,961
TOTAL All Other Federal Expenditures				\$ 10,395,045	\$ 74,223,478
TOTAL FEDERAL EXPENDITURES				\$ 10,531,470	\$ 76,323,634

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, 2019

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, 2019. 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 \$10.5 million of sub awards to organizations assisting in project implementation in FY 2019.

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, 2019

Elements of Cost	Costs for Indirect Cost Rate Calculation
Compensation (Salaries and Fringe Benefits)	\$ 423,214,928
Professional Services	128,604,846
Grants and Subawards	46,835,060
Travel	21,214,306
Publication, printing and postage	34,336,690
Supplies and Equipment	26,555,094
Depreciation and amortization	12,615,984
Interest expenses	-
Contributed goods and services non-cash	-
All other	47,458,152
Book value of donated conservation lands & easements	-
Total Costs for Indirect Cost Rate Calculation	740,835,060
Exclusions	173,312,279
Unallowables	23,244,663
Total Expenses per Audited Financial Statements	<u>\$ 937,392,001</u>
Direct Costs before Exclusions	775,686,532
Indirect Costs before Exclusions	161,705,469
The Nature Conservancy's Total Expenses per Audited Financial Statements	<u>\$ 937,392,001</u>
Direct Costs before Exclusions	775,686,532
Less: Exclusions to Direct Costs	(173,312,279)
Total Direct After Exclusions	<u>\$ 602,374,254</u>
Indirect Costs before Exclusions	161,705,469
Less: Exclusions to Indirect Costs	-
Less: Unallowables to Indirect Costs	(23,244,663)
Indirect Cost Pool After Exclusions and Unallowables	<u>\$ 138,460,806</u>
Indirect Cost Rate	22.99%

Excluded from the computation of the allowable indirect costs are unallowable costs totaling \$23,244,663 as of June 30, 2019. 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 \$173,312,279; because their inclusion distorts the assessment of indirect costs.

The Nature Conservancy
Schedule of Fringe Benefit Rate Calculation
For the year ended June 30, 2019

Fringe benefit account	Fringe benefit expense - regular employees	Fringe benefit expense - short- term employees	Fringe benefit expense - foreign employees	Total
ACCRUED VACATION	\$ 19,251,807	\$ -	\$ -	\$ 19,251,807
SICK LEAVE EXPENSE	6,232,679	22,889	-	6,255,569
HOLIDAY & ADMINISTRATIVE LEAVE EXPENSE	11,688,012	42,924	-	11,730,936
MILITARY LEAVE	-	-	-	-
MEDICAL INSURANCE CLAIMS, FEES AND PREMIUMS	28,887,667	-	-	28,887,667
LIFE INSURANCE	540,235	-	-	540,235
ACCIDENTAL DEATH AND DISMEMBERMENT	96,770	-	-	96,770
DISABILITY INSURANCE	909,455	-	-	909,455
WORKERS' COMPENSATION	1,056,964	15,700	-	1,072,664
FICA	20,185,133	299,822	-	20,484,955
PENSION 401(K)	19,273,631	71,416	-	19,345,046
STATE UNEMPLOYMENT TAXES	449,413	6,787	-	456,200
INTERNATIONAL BENEFITS	185,249.92	-	2,321,519	2,506,769
FOREIGN MEDICAL BENEFITS	-	-	2,426,241	2,426,241
FOREIGN OTHER SOCIAL AND WELFARE TAXES	-	-	106,566	106,566
FOREIGN ALICO 401 PLAN	-	-	-	-
EMPLOYEE RELOCATION	-	-	-	-
PROFESSIONAL FEES	851,570	-	-	851,570
TOTAL FRINGE BENEFIT EXPENSE	\$ 109,608,587	\$ 459,538	\$ 4,854,327	\$ 114,922,452
TOTAL SALARIES EXPENSE	\$ 254,213,285	\$ 3,775,985	\$ 32,560,269	\$ 290,549,539
FRINGE BENEFIT EXPENSE AS A PERCENTAGE OF SALARIES EXPENSE	43.12%	12.17%	14.91%	



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, 2019, 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 December 20, 2019 which includes an emphasis of matter paragraph related to changes in presentation and accounting for certain aspects of the financial statements.

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.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

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.



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*.

The Conservancy's Response to Findings

The Conservancy's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Conservancy's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

McLean, VA
December 20, 2019



**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 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, 2019. 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, 2019.



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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

McLean, VA
December 20, 2019

Schedule of Findings and Questioned Costs

**The Nature Conservancy
 Schedule of Findings and Questioned Costs
 For the year ended June 30, 2019**

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 of Cluster
10.931	AGRICULTURAL CONSERVATION EASEMENT PROGRAM
11.438	PACIFIC COAST SALMON RECOVERY
15.658	NATURAL RESOURCE DAMAGE ASSESSMENT, RESTORATION AND IMPLEMENTATION
12.U12	U.S. DEPARTMENT OF DEFENSE / UNKNOWN
10.698	STATE & PRIVATE FORESTRY COOPERATIVE FIRE ASSISTANCE PROGRAM

Dollar threshold used to distinguish between type A and type B programs: \$2,289,709

Auditee qualified as low-risk auditee? yes no

The Nature Conservancy

Schedule of Findings and Questioned Costs

For the year ended June 30, 2019

Section II – Financial Statement Findings

Finding 2019-001: Control environment – Design and Operation

During our audit we identified a deficiency in internal controls pertaining to the following process:

Related Entities

Whenever a reporting entity has a financial relationship with a legal entity, it should evaluate whether the entity should be consolidated or accounted for under the equity method. When one entity consolidates another, it reports the other entity's assets, liabilities, revenues, and expenses together with its own, as if they are a single economic unit. In accounting, generally control is required for one entity to consolidate another. The definition of control, therefore, is the primary foundation for a consolidation model.

The Conservancy has 36 relationships with legal entities, 29 of which management has consolidated in its financial statements given control factors. Total assets of these 29 "related entities" are \$306 million and revenues \$70 million as of and for the year ended June 30, 2019, respectively.

Up through fiscal year 2019, the controls and financial oversight for these legal entities was not consistent. In fiscal year 2019, the Conservancy undertook an effort to reconcile the July 1, 2018 balance sheets of the 29 entities subject to consolidation. As of and for the year ended June 30, 2019, the Conservancy worked to reconcile the financial position and results of operations of these entities, including examining externally audited financial statements for the related entities when available. These efforts identified entities that should have previously been recorded and were not. The impact to opening net assets was \$11 million. There were also differences in opening balances and differences in ending balances. Some of these differences were adjusted in the Conservancy's 2019 financial statements; some errors remain unadjusted although reconciled to the related entity's local books. It does not appear that these legal entities receive or spend U.S. federal funds.

Recommendation:

In addition to improving the process for initial identification of related entities, The Conservancy recognizes there are enhancements to be made to the ongoing monitoring and accounting for these legal entities, including the following:

- Enhance the documentation of the reconciliation process to The Conservancy's general ledger
- Record all reconciling differences in The Conservancy's general ledger
- Monitor the unconsolidated legal entities for possible changes in the accounting treatment, and possible required disclosures of transactions under GAAP
- Document and quantify the evaluation of differences between GAAP for the related entity and US GAAP
- Account for and evaluate the impact of non-contemporaneous year end balances and audited financial statements for related entities and The Conservancy's June 30 year end
- Enhance the oversight over the related entities by selecting balances and transactions for testing throughout the year by obtaining appropriate supporting documentation. Procedures that should be considered include the following:
 - a. Obtain an understanding of the business purpose of the transaction.
 - b. Examine invoices, executed copies of agreements, contracts, and other pertinent documents.
 - c. Determine whether the transaction has been approved by those charged with governance.

The Nature Conservancy
Schedule of Findings and Questioned Costs
For the year ended June 30, 2019

- d. Test for reasonableness the compilation of amounts to be disclosed, or considered for disclosure, in the financial statements.
 - e. Arrange for the audits of intercompany account balances to be performed as of concurrent dates, even if the fiscal years differ, and for the examination of specified, important, and representative related party transactions, with appropriate exchange of relevant information.
 - f. Inspect or confirm and obtain satisfaction concerning the transferability and value of collateral.
- Obtain and maintain certain written certifications from the related entities for matters that could impact The Conservancy's financial statements beyond the recorded amounts, including accounting for receivables (ASC 310), debt securities (ASC 320), equity securities (ASC 321), other investments (ASC 325), contingencies (ASC 450), guarantees (ASC 460), collaborative arrangements (ASC 808), derivatives (ASC 815), and other industry-specific guidance.

Section III – Federal Award Findings and Questioned Costs

None identified.

Summary Schedule of Prior Audit Findings

The Nature Conservancy

Summary Schedule of Prior Audit Findings

For the year ended June 30, 2019

Finding 2018-001: SEFA preparation

Condition:

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 was a recurring finding from the prior year. The out of period expenditures identified during 2018 were the result of two circumstances. The first related to expenses of \$1,889K improperly excluded from the FY18 Schedule of Expenditures of Federal Awards ("SEFA") and included in the 2017 SEFA.

In an effort to improve management's process to prepare the SEFA, management edited the parameters of the 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 were properly captured in the first run of the schedule. A result of this change was that expenditures were improperly included in the 2017 SEFA that should have been included in 2018.

Management believes that the change made in preparing the FY 18 SEFA resulted in a more accurate SEFA that could more readily be reconciled to the financial statements. Management has used this improved methodology in the preparation the current year SEFA. No further action required.

Second, out of period expenses were identified in an instance where management did not properly accrue for expenditures related to 2017. This resulted in \$378K recorded in 2018 that was related to 2017.

The \$378k expenditure was not accrued to 2017 because the expense was not approved until after the accrual deadline had passed.

Status:

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. No further action required.

Finding 2018-002: Reporting

Condition:

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 identified additional overrun expenditures from prior years which were allowable per the

The Nature Conservancy

Summary Schedule of Prior Audit Findings

For the year ended June 30, 2019

award as well. As a result, the amount of funding reimbursed to the Conservancy did not exceed what was allowable per the award agreement, however the interim federal reports were not accurate as the documentation supporting the financial report was not reflective of expenditures that were incurred in the prior year.

Status:

The final financial report was submitted for the award reporting that the approved budget was fully spent. A final drawdown was done for the full amount of the award.

Through an audit performed by Internal Audit, management was made aware of an instance of improper time reporting that was processed in November 2018. The hours charged equates to no more than \$1,000.

Management enhanced guidance on Time Reporting in March 2019. Management believes that the enhanced Time Reporting Guidance documents adequately address the instances of incorrect time charges. No further action required at this time.

Corrective Action Plan

The Nature Conservancy
Fiscal Year 2019 OMB Uniform Guidance Audit
Management's Response and Corrective Action Plan
December 20, 2019

Finding 1: Related Entities from Financial Statement Audit

Whenever a reporting entity has a financial relationship with a legal entity, it should evaluate whether the entity should be consolidated or accounted for under the equity method. When one entity consolidates another, it reports the other entity's assets, liabilities, revenues, and expenses together with its own, as if they are a single economic unit. In accounting, generally control is required for one entity to consolidate another. The definition of control, therefore, is the primary foundation for a consolidation model.

The Conservancy has 36 relationships with legal entities, 29 of which management has consolidated in its financial statements given control factors. Total assets of these 29 "related entities" are \$306 million and revenues \$70 million as of and for the year ended June 30, 2019, respectively.

Up through fiscal year 2019, the controls and financial oversight for these legal entities was not consistent. In fiscal year 2019, the Conservancy undertook an effort to reconcile the July 1, 2018 balance sheets of the 29 entities subject to consolidation. As of and for the year ended June 30, 2019, the Conservancy worked to reconcile the financial position and results of operations of these entities, including examining externally audited financial statements for the related entities when available. These efforts identified entities that should have previously been recorded and were not. The impact to opening net assets was \$11 million. There were also differences in opening balances and differences in ending balances. Some of these differences were adjusted in the Conservancy's 2019 financial statements; some errors remain unadjusted although reconciled to the related entity's local books. It does not appear that these legal entities receive or spend U.S. federal funds.

In addition to improving the process for tracking related entities, The Conservancy recognizes there are enhancements to be made to the ongoing monitoring and accounting for these legal entities, including the following:

- Enhance the documentation of the reconciliation process to The Conservancy's general ledger
- Record all reconciling differences in The Conservancy's general ledger
- Document and quantify the evaluation of differences between GAAP for the related entity and US GAAP
- Account for and evaluate the impact of non-contemporaneous year end balances and audited financial statements for related entities and The Conservancy's June 30 year end
- Particularly for related entities that do not capture their transactional activity within the general ledger, enhance the oversight over the related entities by selecting balances and transactions for testing throughout the year by obtaining appropriate supporting documentation. Procedures that should be considered include the following:
 - a. Obtain an understanding of the business purpose of the transaction.
 - b. Examine invoices, executed copies of agreements, contracts, and other pertinent documents.
 - c. Determine whether the transaction has been approved by those charged with governance.

- d. Test for reasonableness the compilation of amounts to be disclosed, or considered for disclosure, in the financial statements.
 - e. Arrange for the audits of intercompany account balances to be performed as of concurrent dates, even if the fiscal years differ, and for the examination of specified, important, and representative related party transactions, with appropriate exchange of relevant information.
 - f. Inspect or confirm and obtain satisfaction concerning the transferability and value of collateral.
- Obtain and maintain certain written certifications from the related entities for matters that could impact The Conservancy's financial statements beyond the recorded amounts, including accounting for receivables (ASC 310), debt securities (ASC 320), equity securities (ASC 321), other investments (ASC 325), contingencies (ASC 450), guarantees (ASC 460), collaborative arrangements (ASC 808), derivatives (ASC 815), and other industry-specific guidance.

Management's Response

Management is not aware of any public funding being utilized by any of our related entities. All required action to address this issue will be done by March 31, 2020.



Leonard Williams, CFO



Laura Bracis, Controller



Laura Travis, Director of Grants Services