Financial Statements and
Independent Auditor’s Report of

CENTER FOR NATURAL LANDS MANAGEMENT

September 30, 2015 and 2014
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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
Center for Natural Lands Management
Temecula, California

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Natural Lands Management (a nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the 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 entity’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 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 financial statements referred to above present fairly, in all material respects, the financial position of Center for Natural Lands Management as of September 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 March 14, 2016, on our consideration of Center for Natural Lands Management’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 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 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 Center for Natural Lands Management’s internal control over financial reporting and compliance.

Campbell Taylor & Company
An Accountancy Corporation
March 14, 2016
Roseville, California
## CENTER FOR NATURAL LANDS MANAGEMENT

### STATEMENTS OF FINANCIAL POSITION

September 30, 2015 and 2014

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$773,720</td>
<td>$619,058</td>
</tr>
<tr>
<td>Money market funds</td>
<td>1,416,612</td>
<td>1,396,020</td>
</tr>
<tr>
<td>Accounts receivable, net of $645 and $36,099 allowance for doubtful accounts in 2015 and 2014, respectively</td>
<td>1,267,891</td>
<td>870,397</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>54,258</td>
<td>76,366</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>25,253</td>
<td>32,254</td>
</tr>
<tr>
<td>Total current assets</td>
<td>3,537,734</td>
<td>2,994,095</td>
</tr>
<tr>
<td>Investments</td>
<td>68,844,881</td>
<td>69,929,743</td>
</tr>
<tr>
<td>Funds held for others</td>
<td>43,172,064</td>
<td>41,645,874</td>
</tr>
<tr>
<td>Land and conservation easements</td>
<td>52,150,741</td>
<td>51,150,741</td>
</tr>
<tr>
<td>Fixed assets and computer software, net</td>
<td>103,266</td>
<td>99,083</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,711</td>
<td>2,864</td>
</tr>
<tr>
<td>Total assets</td>
<td>$167,811,397</td>
<td>$165,822,400</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$642,888</td>
<td>$608,498</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>356,447</td>
<td>329,806</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>999,335</td>
<td>938,304</td>
</tr>
<tr>
<td>Funds held for others liability</td>
<td>43,172,064</td>
<td>41,645,874</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>1,225,722</td>
<td>1,228,982</td>
</tr>
<tr>
<td>Deferred income</td>
<td>22,705</td>
<td>98,646</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>45,419,826</td>
<td>43,911,806</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commitments</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>550,259</td>
<td>57,083</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>22,057,548</td>
<td>24,057,927</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>99,783,764</td>
<td>97,795,584</td>
</tr>
<tr>
<td>Total net assets</td>
<td>122,391,571</td>
<td>121,910,594</td>
</tr>
</tbody>
</table>

## The accompanying notes are an integral part of these financial statements.
The accompanying notes are an integral part of these financial statements.
### CENTER FOR NATURAL LANDS MANAGEMENT

#### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended September 30, 2014

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Support and income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public support:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and donations</td>
<td>$ 4,357,062</td>
<td>$ 94,687</td>
<td>$ -</td>
<td>$ 4,451,749</td>
</tr>
<tr>
<td>Real property</td>
<td>-</td>
<td>-</td>
<td>973,586</td>
<td>973,586</td>
</tr>
<tr>
<td>Endowment and related support</td>
<td>-</td>
<td>242,362</td>
<td>1,265,543</td>
<td>1,507,905</td>
</tr>
<tr>
<td><strong>Program services:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preserve management</td>
<td>596,560</td>
<td>49,808</td>
<td>-</td>
<td>646,368</td>
</tr>
<tr>
<td>Property analysis</td>
<td>347,212</td>
<td>-</td>
<td>-</td>
<td>347,212</td>
</tr>
<tr>
<td>Account management</td>
<td>233,623</td>
<td>-</td>
<td>-</td>
<td>233,623</td>
</tr>
<tr>
<td>Dividend and interest income</td>
<td>7</td>
<td>972,253</td>
<td>-</td>
<td>972,260</td>
</tr>
<tr>
<td>Realized and unrealized gain on investments</td>
<td>423</td>
<td>8,600,967</td>
<td>-</td>
<td>8,601,390</td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>2,938,286</td>
<td>(2,938,286)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total support and income</strong></td>
<td>8,473,173</td>
<td>7,021,791</td>
<td>2,239,129</td>
<td>17,734,093</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preserve management</td>
<td>5,879,276</td>
<td>-</td>
<td>-</td>
<td>5,879,276</td>
</tr>
<tr>
<td>Management and administration</td>
<td>1,059,082</td>
<td>-</td>
<td>-</td>
<td>1,059,082</td>
</tr>
<tr>
<td>Subawards of federal grants</td>
<td>665,122</td>
<td>-</td>
<td>-</td>
<td>665,122</td>
</tr>
<tr>
<td>Property analysis</td>
<td>262,889</td>
<td>-</td>
<td>-</td>
<td>262,889</td>
</tr>
<tr>
<td>Occupancy</td>
<td>63,769</td>
<td>-</td>
<td>-</td>
<td>63,769</td>
</tr>
<tr>
<td>Interest</td>
<td>691</td>
<td>-</td>
<td>-</td>
<td>691</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>37,589</td>
<td>-</td>
<td>-</td>
<td>37,589</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>7,968,418</td>
<td>-</td>
<td>-</td>
<td>7,968,418</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>504,755</td>
<td>7,021,791</td>
<td>2,239,129</td>
<td>9,765,675</td>
</tr>
<tr>
<td><strong>Net Asset Transfers:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanently restricted land purchased</td>
<td>(101,414)</td>
<td>-</td>
<td>101,414</td>
<td>-</td>
</tr>
<tr>
<td>Change of permanently restricted fund purpose</td>
<td>-</td>
<td>45,292</td>
<td>(45,292)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net assets, beginning of year</strong></td>
<td>(346,258)</td>
<td>16,990,844</td>
<td>95,500,333</td>
<td>112,144,919</td>
</tr>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td>$ 57,083</td>
<td>$ 24,057,927</td>
<td>$ 97,795,584</td>
<td>$ 121,910,594</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### CENTER FOR NATURAL LANDS MANAGEMENT

#### STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2015 and 2014

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows provided by Operating Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted cash received from donors, grants and support</td>
<td>$5,836,939</td>
<td>$5,551,863</td>
</tr>
<tr>
<td>Restricted cash received from donors, grants and support</td>
<td>701,441</td>
<td>386,857</td>
</tr>
<tr>
<td>Cash received from restricted funds</td>
<td>2,756,642</td>
<td>2,938,286</td>
</tr>
<tr>
<td>Cash paid to grantees, suppliers and employees</td>
<td>(8,167,647)</td>
<td>(7,802,100)</td>
</tr>
<tr>
<td>Dividends and interest received</td>
<td>584,546</td>
<td>972,260</td>
</tr>
<tr>
<td>Interest income/(expense)</td>
<td>-</td>
<td>(691)</td>
</tr>
<tr>
<td><strong>Cash provided by operating activities</strong></td>
<td>1,711,921</td>
<td>2,046,475</td>
</tr>
<tr>
<td><strong>Cash Flows used for Investing Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net purchase of property and equipment</td>
<td>(45,458)</td>
<td>(32,315)</td>
</tr>
<tr>
<td>Purchase of land</td>
<td>(1,000,000)</td>
<td>(1,075,000)</td>
</tr>
<tr>
<td>Net (purchase) proceeds from money market funds</td>
<td>(20,592)</td>
<td>308,350</td>
</tr>
<tr>
<td>Net sales (purchase) of investments</td>
<td>(2,409,223)</td>
<td>(3,537,314)</td>
</tr>
<tr>
<td><strong>Cash used for investing activities</strong></td>
<td>(3,475,273)</td>
<td>(4,336,279)</td>
</tr>
<tr>
<td><strong>Cash Flows provided by Financing Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received for endowments</td>
<td>988,180</td>
<td>1,265,543</td>
</tr>
<tr>
<td>Temporarily restricted funds transferred out</td>
<td>(70,166)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds restricted for land purchases</td>
<td>1,000,000</td>
<td>973,586</td>
</tr>
<tr>
<td><strong>Cash provided by financing activities</strong></td>
<td>1,918,014</td>
<td>2,239,129</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>154,662</td>
<td>(50,675)</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>619,058</td>
<td>669,733</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td>$773,720</td>
<td>$619,058</td>
</tr>
</tbody>
</table>

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

## CENTER FOR NATURAL LANDS MANAGEMENT

**STATEMENTS OF CASH FLOWS (Continued)**

**For the Years Ended September 30, 2015 and 2014**

### Reconciliation of Change in Net Assets to Cash

**Provided by Operating Activities**

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets (before net asset transfers)</td>
<td>$ 551,143</td>
<td>$ 9,765,675</td>
</tr>
<tr>
<td>Adjustments to reconcile:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>41,275</td>
<td>37,589</td>
</tr>
<tr>
<td>Restricted for land purchases</td>
<td>(1,000,000)</td>
<td>(973,586)</td>
</tr>
<tr>
<td>Restricted cash for endowments</td>
<td>(988,180)</td>
<td>(1,265,543)</td>
</tr>
<tr>
<td>Post retirement benefit obligation</td>
<td>(3,260)</td>
<td>(978)</td>
</tr>
<tr>
<td>Cash received from restricted funds</td>
<td>2,756,642</td>
<td>2,938,286</td>
</tr>
<tr>
<td>Realized and unrealized loss (gain) on investments</td>
<td>737,443</td>
<td>(8,601,390)</td>
</tr>
<tr>
<td>(Increase) decrease in assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(397,494)</td>
<td>(90,477)</td>
</tr>
<tr>
<td>Accrued revenue</td>
<td>22,108</td>
<td>9,237</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>7,001</td>
<td>(11,648)</td>
</tr>
<tr>
<td>Other assets</td>
<td>153</td>
<td>707</td>
</tr>
<tr>
<td>Increase (decrease) in liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>34,390</td>
<td>83,545</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>26,641</td>
<td>56,412</td>
</tr>
<tr>
<td>Deferred income</td>
<td>(75,941)</td>
<td>98,646</td>
</tr>
<tr>
<td>Cash provided by operating activities</td>
<td>$ 1,711,921</td>
<td>$ 2,046,475</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
NOTE 1: ORGANIZATION, OPERATIONS, AND SIGNIFICANT ACCOUNTING POLICIES

Center for Natural Lands Management (the “Organization”) is a not-for-profit organization incorporated in 1990 in the State of California. The Organization provides land conservation and management services for environmentally sensitive land areas primarily in the Pacific Coast region of the United States.

Basis of Accounting
The financial statements are prepared on the accrual basis of accounting and Generally Accepted Accounting Principles of the United States (U.S. GAAP).

Financial Statement Presentation
The Organization reports information regarding its financial position according to three classes of net assets: unrestricted net assets; temporarily restricted net assets; and permanently restricted net assets. Accordingly, all financial transactions have been recorded and reported in the following net asset classifications:

**Unrestricted Net Assets**
Unrestricted net assets represent resources over which the Organization has discretionary control and that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Earnings from endowment funds are used to maintain land. Revenues are released from restrictions and transferred to unrestricted net assets when land maintenance and monitoring costs are incurred.

**Temporarily Restricted Net Assets**
Temporarily restricted net assets represent resources whose use by the Organization is limited by grant/donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities. Temporarily restricted net assets consist of funds used to maintain properties.

**Permanently Restricted Net Assets**
Permanently restricted net assets represent resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. Permanently restricted net assets consist of endowment funds, land grants and land easements.

**Cash and Cash Equivalents**
The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any loss in such accounts and believes it is not exposed to any significant cash risk.

**Money Market Funds**
Money market funds include funds designated and limited to the care and management of specific properties.
ORGANIZATION, OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments
The Organization has adopted an investment policy in which to guide the management of the Organization’s portfolio of invested funds. The objective of the investment fund is to earn an annual rate of return, net of investment and management expenses, equal to or greater than five percent (5%) over the annual rate of inflation, without assuming too great a risk. The investment strategy is to invest in a sufficient number of different types of financial instruments and money managers to provide significant diversification of the investment fund and to reduce the overall risk and improve performance over time.

Investments are stated at estimated fair market value. Investments that do not have readily available fair market values as of September 30th are valued as of the latest date available. Due to timing of investment value availability, some level 3 investments are valued at dates other than the Organization’s fiscal year end. This has been described in Note 2. Realized and unrealized gains and losses are recorded in the period in which they occur and are reported as investment income or losses. Investments are established for permanent endowment funds and are held in accounts at Common Fund for Non Profit Organizations (Common Fund). Investments include debt and equity securities.

Accounts Receivable and Accrued Revenue
Accounts receivable represent service revenue receivables and expenditures for which reimbursement has been requested but not yet received. Grant and donation revenue is recognized when services are performed and related reimbursable expenses are incurred, in accordance with the terms of applicable grant awards. Accrued revenue represents service revenues that have been performed, but are not yet billed.

In-Kind Donations
The Organization recognizes revenue for certain donated goods and services at the fair market value of those goods and services.

Income Tax Status
The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and has received a favorable determination letter from the Internal Revenue Service. They are, however subject to income taxes from activities unrelated to their tax-exempt purposes.

Accounting principles generally accepted in the United States of America require Organization management to evaluate tax positions taken by the Organization and recognize a tax liability or asset if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Organization management has determined that as of September 30, 2015, there are no uncertain tax positions taken or expected to be taken that would require recognition or disclosure in the financial statements. The Organization is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress. Organization’s management believes they are no longer subject to income tax examination for years prior to 2010.

Allocation of Investment Income
Earnings on endowment funds are available for use in managing and maintaining conservation lands. Investment earnings and losses are recorded as temporarily restricted net assets. A portion of earnings are transferred monthly to unrestricted revenues to provide income to the Organization. In accordance with Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted by the State of California, when investment losses are incurred, donor-restricted endowment funds are reduced to the extent that all past appreciation has been recognized, any remaining loss is then allocated to unrestricted net assets. The Organization recognized a gain of $423 in unrestricted net assets as losses on donor-restricted endowment funds were recovered as of September 30, 2014. There are no remaining unrecognized losses as of September 30, 2014.
NOTE 1: ORGANIZATION, OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets and Computer Software
Fixed assets are stated at cost, if purchased or at fair market value at the date of the gift, if donated. Fixed assets are depreciated using the straight-line method over estimated useful lives of three to five years. Fixed assets purchased with grant funds are not capitalized when the grantor retains rights to the property. The Organization capitalizes equipment with a cost of $5,000 or greater.

Computer software development costs are capitalized for software that is expected to be sold or licensed to others. Costs include outside consulting costs, programming costs, and direct internal costs incurred to develop the software. Computer software costs are amortized using the straight-line method over the estimated useful life of the product, beginning when the product becomes available for sale.

Land
The Organization acquires environmentally protected land or conservation land easements through grants or by purchase with donated funds. Land grants are stated at estimated value. Purchased land is stated at cost. The properties are permanently restricted for environmental purposes and cannot be used for commercial purposes. Endowment funds are established to provide for the care and management of the properties. The land and endowment funds are included in permanently restricted net assets.

The Organization receives contributions that require the establishment of endowment funds. These funds are invested in order to provide investment income for expenditures related to maintaining and managing environmentally protected lands.

Deferred Income
Deferred income represents grant funds that have been received in advance of services being performed.

Estimates and Assumptions
The preparation of the financial statements in connection with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates are the depreciable lives of assets, fair value of level 3 investments, allocation of investment income to endowments, and the allowance for doubtful accounts. Actual results could differ from those estimates.

NOTE 2: INVESTMENTS

Investments are held in Common Fund. Investments at September 30, 2015 and 2014, unless otherwise indicated, consisted of the following at fair market value:

<table>
<thead>
<tr>
<th>Common Fund:</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shares</td>
<td>Amount</td>
</tr>
<tr>
<td>Institutional Global Multi-Asset Fund</td>
<td>3,344,489</td>
<td>$34,653,992</td>
</tr>
<tr>
<td>Institutional Multi-Strategy Bond Fund</td>
<td>348,711</td>
<td>3,714,439</td>
</tr>
<tr>
<td>State Street U.S. Gov't Money Market</td>
<td>1,068,219</td>
<td>1,068,219</td>
</tr>
<tr>
<td>Private equity funds (market value as of September 30)</td>
<td>6,324,440</td>
<td>3,810,390</td>
</tr>
<tr>
<td>Private equity funds (market value as of June 30)</td>
<td>1,217,517</td>
<td>-</td>
</tr>
<tr>
<td>Less mitigation funds held for others</td>
<td>(8,440,959)</td>
<td>(8,836,936)</td>
</tr>
<tr>
<td></td>
<td>$68,844,881</td>
<td>$69,929,743</td>
</tr>
</tbody>
</table>

2015 2014
NOTE 2: INVESTMENTS (continued)

Investment income is presented net of Common Fund investment fees of $156,317 and $119,077 for the years ended September 30, 2015 and 2014, investment income consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Multi-Strategy Equity Fund appreciation</td>
<td>$491,373</td>
<td>$8,080,108</td>
</tr>
<tr>
<td>Institutional Multi-Strategy Bond Fund appreciation (depreciation)</td>
<td>(29,220)</td>
<td>138,457</td>
</tr>
<tr>
<td>Private equity fund appreciation</td>
<td>397,122</td>
<td>382,825</td>
</tr>
<tr>
<td>Institutional Global Multi-Asset Fund (depreciation)</td>
<td>(1,596,718)</td>
<td>-</td>
</tr>
<tr>
<td>Interest, dividends and other</td>
<td>584,546</td>
<td>972,260</td>
</tr>
<tr>
<td></td>
<td>$(152,897)</td>
<td>$9,573,650</td>
</tr>
</tbody>
</table>

The Organization has committed to fund an additional $14 million for capital calls in private equity funds.

NOTE 3: FIXED ASSETS AND COMPUTER SOFTWARE

Fixed assets and computer software consists of the following at September 30, 2015 and 2014:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicles and equipment</td>
<td>$463,742</td>
<td>$418,284</td>
</tr>
<tr>
<td>Computer software</td>
<td>357,068</td>
<td>357,068</td>
</tr>
<tr>
<td></td>
<td>820,810</td>
<td>775,352</td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>717,544</td>
<td>676,269</td>
</tr>
<tr>
<td>Total</td>
<td>$103,266</td>
<td>$99,083</td>
</tr>
</tbody>
</table>

Depreciation and amortization expense was $41,275 and $37,589 for the fiscal years ended September 30, 2015 and 2014, respectively.

NOTE 4: TEMPORARILY RESTRICTED FUND TRANSFER

As of September 30, 2015, the Organization transferred $70,166 of temporarily restricted funds including all related obligations, to other Organizations.

NOTE 5: LEASE COMMITMENTS

The Organization leases its office facility, a copier, and a 2 acre parcel of land under non-cancelable operating leases. The copier lease is set to expire in fiscal year 2020. The office facility lease is set to expire in fiscal year 2017. The office facility lease includes options to extend leases for an additional 2 years at market rates. The 4 year land lease will expire in fiscal year 2019.
NOTE 5: LEASE COMMITMENTS (continued)

Minimum annual rental commitments under non-cancelable leases are as follows at September 30, 2015:

<table>
<thead>
<tr>
<th>Minimum lease commitments</th>
<th>For the year ending September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
</tr>
</tbody>
</table>

Rent expense under leases for the fiscal years ended September 30, 2015 and 2014, was $57,508 and $56,115, respectively.

NOTE 6: LINE OF CREDIT

The Organization has a revolving $250,000 line of credit and a $50,000 overdraft protection line with a bank which expire June 28, 2016. Borrowings on the revolving line of credit are unsecured and bear interest at Prime + 2% (5.25% at September 30, 2015). Borrowings on the overdraft line of credit are unsecured and bear interest at Prime + 8% (11.25% at September 30, 2015). The Organization had no borrowings on outstanding balances under these agreements at September 30, 2015 and 2014, respectively.

NOTE 7: FUNDS HELD FOR OTHERS

The Organization holds cash and investments in separate accounts which are to be maintained for purchase and management of additional conservation lands. The Organization has a fiduciary responsibility to the organizations to which the funds belong. Funds consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 3,318,619</td>
<td>$ 3,286,293</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>31,412,486</td>
<td>29,522,645</td>
</tr>
<tr>
<td>Investments</td>
<td>8,440,959</td>
<td>8,836,936</td>
</tr>
<tr>
<td>Total</td>
<td>$ 43,172,064</td>
<td>$ 41,645,874</td>
</tr>
</tbody>
</table>

NOTE 8: OTHER LONG-TERM LIABILITIES

In December 2007 the Board of Directors approved a post-employment retirement benefit arrangement for the Executive Director. The arrangement provides for a monthly retirement payment plus a contribution toward health insurance. The Executive Director retired in December 2008. The estimated present value of these benefits at September 30, 2015 and 2014 is $1,307,484 and $1,308,363, respectively. This obligation is classified as follows: $81,762 and $79,381 as a current liability in accrued expenses and $1,225,722 and $1,228,982 as a long-term liability as of September 30, 2015 and 2014, respectively.
**NOTE 9: NET ASSETS**

Net assets include permanently restricted and temporarily restricted net assets. Permanently restricted net assets consist of amounts initially established as endowments, land, or easements. Earnings on endowment funds are temporarily restricted for use in maintaining land preserves.

Funds received for maintenance costs associated with land preserves are also temporarily restricted. Restricted net assets consisted of the following at September 30, 2015 and 2014:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Permanently Restricted</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowments</td>
<td>$47,633,023</td>
<td>$46,644,844</td>
</tr>
<tr>
<td>Land and Easements</td>
<td>52,150,741</td>
<td>51,150,740</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$99,783,764</td>
<td>$97,795,584</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Temporarily Restricted</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings on endowments</td>
<td>$19,722,478</td>
<td>$22,111,008</td>
</tr>
<tr>
<td>Land maintenance funds</td>
<td>1,614,520</td>
<td>1,632,454</td>
</tr>
<tr>
<td>Reinvestment funds</td>
<td>394,685</td>
<td>-</td>
</tr>
<tr>
<td>Grant funds</td>
<td>325,865</td>
<td>314,465</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$22,057,548</td>
<td>$24,057,927</td>
</tr>
</tbody>
</table>

Changes in endowment fund balances consist of the following at September 30, 2015 and 2014:

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Unrestricted</th>
<th>Permanently Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning balance</td>
<td>$22,111,008</td>
<td>$46,644,844</td>
</tr>
<tr>
<td>Dividend and interest income</td>
<td>584,544</td>
<td>-</td>
</tr>
<tr>
<td>Realized and unrealized loss on investments</td>
<td>(737,443)</td>
<td>-</td>
</tr>
<tr>
<td>Endowment and related support</td>
<td>-</td>
<td>988,179</td>
</tr>
<tr>
<td>Endowment funds released from restriction</td>
<td>(2,235,631)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$19,722,478</td>
<td>$47,633,023</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Unrestricted</th>
<th>Permanently Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning balance</td>
<td>$ (423)</td>
<td>$45,379,301</td>
</tr>
<tr>
<td>Dividend and interest income</td>
<td>-</td>
<td>972,253</td>
</tr>
<tr>
<td>Realized and unrealized gain on investments</td>
<td>423</td>
<td>8,600,967</td>
</tr>
<tr>
<td>Endowment and related support</td>
<td>-</td>
<td>1,265,543</td>
</tr>
<tr>
<td>Endowment funds released from restriction</td>
<td>-</td>
<td>(1,909,751)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$22,111,008</td>
<td>$46,644,844</td>
</tr>
</tbody>
</table>

In 2014 the Organization used $101,414 in unrestricted net assets to purchase land that will be held in perpetuity. Also in 2014 the Organization identified $45,292 in permanently restricted net assets that were to be classified as temporarily restricted net assets, the net assets were transferred accordingly. In 2015, the Organization reviewed the policy for preserve reinvestments and determined these assets should be classified as temporarily restricted, as such, a transfer was made during the year to move $277,887 from unrestricted net assets to temporarily restricted net assets to classify all reinvestments as temporarily restricted.
NOTE 10:  **401(k) SALARY DEFERRAL PLAN**

The Organization has a 401(k) Salary Deferral Plan and employees may elect to make salary deferred contributions to the Plan. The Organization makes a matching contribution up to 3% of salary. The Organization made matching contributions of $63,384 and $59,451 in 2015 and 2014, respectively.

NOTE 11:  **RELATED PARTY TRANSACTIONS**

In 2014, the Organization had professional web-site services paid for and donated by board members and members of the Organization’s upper management. These services donated by related parties amounted to $7,600 in 2014.

The Organization used the consulting services of one of its board members to provide project management for acquisition of conservation property in San Diego and Los Angeles Counties. The Organization paid this board member $4,075 for consulting services during 2014. No services from related parties were received during 2015.

NOTE 12:  **RISKS AND UNCERTAINTIES**

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization’s account balances and the amounts reported in the statement of nets assets available for benefits.

NOTE 13:  **FAIR VALUE MEASUREMENTS**

The Financial Accounting Standards Board established a hierarchy that prioritizes the inputs for valuation techniques used to measure fair value. This hierarchy consists of three levels: Level 1 inputs consist of unadjusted quoted market prices in active markets for identical assets and have the highest priority; Level 2 include quoted market prices for identical or similar assets and liabilities in active or inactive markets or inputs other than quoted market prices that are observable or corroborated by observable market data for the asset or liability; and Level 3 inputs have the lowest priority and are unobservable and significant to the fair value measurement. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

The asset fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of September 30, 2015 and 2014.

*Level 1 Fair Value Measurements:* Money market funds have quoted market prices in active markets to preserve their value at $1 per share.

*Level 2 Fair Value Measurements:* The fair value of the Institutional Global Multi-Asset Fund, Institutional Multi-Strategy Equity Fund, Institutional Multi-Strategy Bond Fund and the State Street US Government Money Market Fund is based on quoted net asset values of the shares held by the funds at year end. These are generally open-end funds that offer subscription and redemption options to investors. Redemption provisions vary by fund but are typically either monthly or quarterly.
NOTE 13:  FAIR VALUE MEASUREMENTS (Continued)

Level 3 Fair Value Measurements:  The private equity funds held by the Organization are invested primarily in other limited partnerships formed for the purpose of making international, domestic and real asset private equity investments.  These underlying investments in other limited partnerships have unobservable pricing inputs. Due to timing of investment value availability some level 3 investments are valued at dates other than the Organization’s fiscal year end.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of September 30, 2015 and 2014, including $8,440,959 and $8,836,936 of funds held for others, respectively:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>$1,416,612</td>
<td>-</td>
</tr>
<tr>
<td>Institutional Global Multi-Asset Fund</td>
<td>-</td>
<td>34,653,992</td>
</tr>
<tr>
<td>Institutional Multi-Strategy Bond Fund</td>
<td>-</td>
<td>30,307,233</td>
</tr>
<tr>
<td>Institutional Multi-Strategy Equity Fund</td>
<td>-</td>
<td>3,714,439</td>
</tr>
<tr>
<td>State Street US Government Money Market</td>
<td>-</td>
<td>1,068,219</td>
</tr>
<tr>
<td>Private equity funds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$1,416,612</td>
<td>$69,743,883</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>$1,396,020</td>
<td>-</td>
</tr>
<tr>
<td>Institutional Multi-Strategy Equity Fund</td>
<td>-</td>
<td>67,223,598</td>
</tr>
<tr>
<td>Institutional Multi-Strategy Bond Fund</td>
<td>-</td>
<td>7,698,154</td>
</tr>
<tr>
<td>State Street US Government Money Market</td>
<td>-</td>
<td>34,537</td>
</tr>
<tr>
<td>Private equity funds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$1,396,020</td>
<td>$74,956,289</td>
</tr>
</tbody>
</table>

The following table discloses the summary of changes in fair value of assets valued using Level 3 inputs:

<table>
<thead>
<tr>
<th>Private Equity Funds</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>$3,810,390</td>
<td>$2,128,828</td>
</tr>
<tr>
<td>Contribution</td>
<td>2,943,689</td>
<td>1,250,555</td>
</tr>
<tr>
<td>Unrealized appreciation</td>
<td>787,878</td>
<td>431,007</td>
</tr>
<tr>
<td>Total</td>
<td>$7,541,957</td>
<td>$3,810,390</td>
</tr>
</tbody>
</table>

NOTE 14:  SUBSEQUENT EVENTS

Subsequent to year end the Organization transferred $30,822,612 of Funds Held for Others, including all related obligations, to another conservation organization. The financial statements presented here include $30,974,801, the balance of this fund, as of September 30, 2015 which is shown as both an asset and a corresponding liability.

Management evaluated subsequent events through March 14, 2016, the date these financial statements were available to be issued. Management has determined there were no material subsequent events that required recognition or additional disclosure in these financial statements.
SUPPLEMENTARY INFORMATION
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Center for Natural Lands Management
Temecula, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Center for Natural Lands Management (a nonprofit Association), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2016.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Center for Natural Lands Management’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 Center for Natural Lands Management’s internal control. Accordingly, we do not express an opinion on the effectiveness of Center for Natural Lands Management’s internal control.

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

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

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Center for Natural Lands Management’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.
Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association’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 Organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Campbell Taylor & Company
An Accountancy Corporation
Roseville, California
March 14, 2016
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Center for Natural Lands Management
Temecula, California

Report on Compliance for Each Major Federal Program
We have audited Center for Natural Lands Management’s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Center for Natural Lands Management’s major federal programs for the year ended September 30, 2015. Center for Natural Lands Management’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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility
Our responsibility is to express an opinion on compliance for each of Center for Natural Lands Management’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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 Center for Natural Lands Management’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 Center for Natural Lands Management’s compliance.

Opinion on Each Major Federal Program
In our opinion, Center for Natural Lands Management 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 September 30, 2015.
Report on Internal Control Over Compliance

Management of Center for Natural Lands Management 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 Center for Natural Lands Management’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 OMB Circular A-133, 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 Center for Natural Lands Management’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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Campbell Taylor & Company
An Accountancy Corporation

Roseville, California
March 14, 2016
## CENTER FOR NATURAL LANDS MANAGEMENT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended September 30, 2015

<table>
<thead>
<tr>
<th>Federal Grantor/ Pass-Through Grantor/ Program Title</th>
<th>Federal CFDA Number</th>
<th>Agency or Pass-Through Number</th>
<th>Disbursements/ Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Defense (DOD):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Regional Conservation Effort Program</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Joint Base Lewis McChord (JBLM)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DOD JBLM Seqalitchew Nur Dev</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0016</td>
<td>$150,003</td>
</tr>
<tr>
<td>DOD JBLM SHL 14-26</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0026</td>
<td>148,577</td>
</tr>
<tr>
<td>DOD JBLM Prescribed Burn 14-11</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0011</td>
<td>145,960</td>
</tr>
<tr>
<td>DOD JBLM Weir Prairie Nox Wds</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0018</td>
<td>142,030</td>
</tr>
<tr>
<td>DOD JBLM Violet Prairie Nur Maint</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0020</td>
<td>141,747</td>
</tr>
<tr>
<td>DOD JBLM Oak understory Training</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0021</td>
<td>141,388</td>
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<tr>
<td>DOD JBLM Signs Gopher</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0013</td>
<td>138,458</td>
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<tr>
<td>DOD JBLM Land Use Protection Signs</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0012</td>
<td>138,023</td>
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<tr>
<td>DOD JBLM Butterfly 14-03</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0003</td>
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<tr>
<td>DOD JBLM Resource Mgmt Monitoring</td>
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<td>W911S8-14-2-0015</td>
<td>131,450</td>
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<tr>
<td>DOD JBLM Butterfly 14-07</td>
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<td>W911S8-14-2-0007</td>
<td>127,903</td>
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<tr>
<td>DOD JBLM Violet Prairie Sd Nur</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0019</td>
<td>125,342</td>
</tr>
<tr>
<td>DOD JBLM Oak understory Johnson</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0023</td>
<td>118,939</td>
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<tr>
<td>DOD JBLM Lark Airfield Mitigation</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0017</td>
<td>90,210</td>
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<tr>
<td>DOD JBLM Gopher 14-04</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0004</td>
<td>84,080</td>
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<tr>
<td>DOD JBLM Eco Response Monitoring</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0022</td>
<td>82,288</td>
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<tr>
<td>DOD JBLM Salmon 14-02</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0002</td>
<td>68,902</td>
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<tr>
<td>DOD JBLM Lark &amp; Seed 15-01</td>
<td>12.UNKNOWN</td>
<td>W911S8-15-2-0001</td>
<td>64,703</td>
</tr>
<tr>
<td>DOD JBLM Lark 14-01</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0001</td>
<td>46,521</td>
</tr>
<tr>
<td>DOD JBLM Prairies Res Nursery</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0024</td>
<td>42,967</td>
</tr>
<tr>
<td>DOD JBLM Gopher 14-06</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0006</td>
<td>31,665</td>
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<tr>
<td>DOD JBLM Water Howelia 14-19</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0009</td>
<td>26,092</td>
</tr>
<tr>
<td>DOD JBLM Nisqually River Invasive</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0014</td>
<td>23,640</td>
</tr>
<tr>
<td>DOD JBLM Native seed mix</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0027</td>
<td>19,056</td>
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<tr>
<td>DOD JBLM Spotted Owl 14-05</td>
<td>12.UNKNOWN</td>
<td>W911S8-14-2-0005</td>
<td>14,500</td>
</tr>
<tr>
<td>DOD JBLM Prsb Fire 15-06</td>
<td>12.UNKNOWN</td>
<td>W911S8-15-2-0006</td>
<td>10,734</td>
</tr>
<tr>
<td>DOD JBLM Gopher 15-08</td>
<td>12.UNKNOWN</td>
<td>W911S8-15-2-0008</td>
<td>5,815</td>
</tr>
<tr>
<td>DOD JBLM Salmon 10</td>
<td>12.UNKNOWN</td>
<td>W911S8-15-2-0010</td>
<td>5,709</td>
</tr>
<tr>
<td>DOD JBLM Prairie HE</td>
<td>12.UNKNOWN</td>
<td>W911S8-15-2-0016</td>
<td>5,270</td>
</tr>
<tr>
<td>DOD JBLM Oak Pine</td>
<td>12.UNKNOWN</td>
<td>W911S8-15-2-0013</td>
<td>3,361</td>
</tr>
<tr>
<td>DOD JBLM Nur Seed</td>
<td>12.UNKNOWN</td>
<td>W911S8-15-2-0015</td>
<td>333</td>
</tr>
<tr>
<td><strong>Beal AFB</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>ACE/Auxilio Beale AFB</td>
<td>12.UNKNOWN</td>
<td>W91238-14-C-0044</td>
<td>26,426</td>
</tr>
<tr>
<td><strong>Army Corp of Engineers - Columbia River</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DOD-Army Corp Eng Portland</td>
<td>12.UNKNOWN</td>
<td>W9127N-15-P-0044</td>
<td>58,138</td>
</tr>
<tr>
<td>DOD ACE Columbia Larks</td>
<td>12.UNKNOWN</td>
<td>W9127N-14-P-0096</td>
<td>36,971</td>
</tr>
<tr>
<td><strong>Total Regional Conservation Effort Program</strong></td>
<td></td>
<td></td>
<td>2,537,008</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this schedule.
### CENTER FOR NATURAL LANDS MANAGEMENT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**

For the Year Ended September 30, 2015

<table>
<thead>
<tr>
<th>Federal Grantor/</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pass-Through Grantor/ Program Title</td>
</tr>
<tr>
<td>U.S. Department of Defense (DOD) - Continued:</td>
</tr>
<tr>
<td><strong>Army Compatible Use Buffer Program - Joint Base Lewis McChord</strong></td>
</tr>
<tr>
<td>RDECOM ACUB (NOTE C)</td>
</tr>
<tr>
<td><strong>Total Department of Defense</strong></td>
</tr>
<tr>
<td>U.S. Department of Agriculture (DOA):</td>
</tr>
<tr>
<td><strong>Environmental Quality Incentives Program</strong></td>
</tr>
<tr>
<td>NRCS Cavness</td>
</tr>
<tr>
<td>NRCS Kelly Ridge</td>
</tr>
<tr>
<td><strong>Total Environmental Quality Incentives Program</strong></td>
</tr>
<tr>
<td><strong>Wildlife Habitat Incentive Program</strong></td>
</tr>
<tr>
<td>NRCS WHIP WH 2014-18</td>
</tr>
<tr>
<td>NRCS WHIP Scatter Creek</td>
</tr>
<tr>
<td><strong>Total Wildlife Habitat Incentive Program</strong></td>
</tr>
<tr>
<td><strong>Total Department of Agriculture</strong></td>
</tr>
<tr>
<td>U.S. Department of Interior (DOI):</td>
</tr>
<tr>
<td><strong>Partners for Fish and Wildlife</strong></td>
</tr>
<tr>
<td>USFWS Glacial 2013-15</td>
</tr>
<tr>
<td>USFWS Fisher-McKenzie</td>
</tr>
<tr>
<td>USFWS Wolf Haven 2013-15</td>
</tr>
<tr>
<td>USFWS Chehalis Knotweed</td>
</tr>
<tr>
<td>USFWS Cavness 15-18</td>
</tr>
<tr>
<td>USFWS Tenalquot 2012</td>
</tr>
<tr>
<td>USFWS Cavness 2012-2013</td>
</tr>
<tr>
<td>USFWS Scatter Creek 2013-17</td>
</tr>
<tr>
<td>USFWS Mahan TC 2013-17</td>
</tr>
<tr>
<td>USFWS Ambrosia</td>
</tr>
<tr>
<td>USFWS Glacial Heritage</td>
</tr>
<tr>
<td><strong>Total Partners for Fish and Wildlife</strong></td>
</tr>
<tr>
<td><strong>State Wildlife Grants</strong></td>
</tr>
<tr>
<td>Passed through Washington Department Fish and Wildlife:</td>
</tr>
<tr>
<td>USFWS/WDFW SWG phase I (Note C)</td>
</tr>
<tr>
<td>USFWS/WDFW SWG phase II (Note C)</td>
</tr>
<tr>
<td><strong>Total State Wildlife Grants</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this schedule.
## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended September 30, 2015

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-Through Grantor/ Program Title</th>
<th>Federal CFDA Number</th>
<th>Agency or Pass-Through Number</th>
<th>Disbursements/Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Interior (DOI) - Continued:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Endangered Species Conservation Recovery Implementation Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USFWS Nat Plants 2013-15 (Note C)</td>
<td>15.657</td>
<td>F13AC00255</td>
<td>42,786</td>
</tr>
<tr>
<td>USFWS Nat Plants 15-17</td>
<td>15.657</td>
<td>F15AC00636</td>
<td>15,884</td>
</tr>
<tr>
<td>USFWS Cooperative Recovery</td>
<td>15.657</td>
<td>F14AC00487</td>
<td>4,892</td>
</tr>
<tr>
<td>USFWS Lark Conservation Strategy</td>
<td>15.657</td>
<td>F14AC00838</td>
<td>3,638</td>
</tr>
<tr>
<td>USFWS Deschutes Prairie</td>
<td>15.657</td>
<td>F14AC00641</td>
<td>3,753</td>
</tr>
<tr>
<td>USFWS Prescribed Burn</td>
<td>15.657</td>
<td>F14AP00681</td>
<td>3,088</td>
</tr>
<tr>
<td>USFWS Nat Plants NPS</td>
<td>15.657</td>
<td>F15AC00639</td>
<td>1,656</td>
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<tr>
<td>USFWS Reg Native Plant 2012-14</td>
<td>15.657</td>
<td>13410BJ043</td>
<td>332</td>
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<tr>
<td>USFWS SHL Analyses</td>
<td>15.657</td>
<td>F15AV00554</td>
<td>237</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>76,266</td>
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<tr>
<td><strong>Passed through Pacific Rim Institute:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>USFWS/PRI CALE 2013-14 (Note C)</td>
<td>15.657</td>
<td>CALE-3-CNLM-1</td>
<td>36,226</td>
</tr>
<tr>
<td><strong>Total Endangered Species Conservation Recovery Implementation Funds</strong></td>
<td></td>
<td></td>
<td>112,492</td>
</tr>
<tr>
<td><strong>Endangered Species - Candidate Conservation Action Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USFWS Columbia Lark 2012</td>
<td>15.660</td>
<td>F12AC00834</td>
<td>7,706</td>
</tr>
<tr>
<td><strong>Total Department of Interior</strong></td>
<td></td>
<td></td>
<td>$ 515,484</td>
</tr>
<tr>
<td><strong>Total Federal Expenditures</strong></td>
<td></td>
<td></td>
<td>$ 4,500,451</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this schedule.
NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Center for Natural Lands Management under programs of the federal government for the year ended September 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Center for Natural Lands Management, it is not intended to and does not present the financial position, changes in net assets or cash flows of Center for Natural Lands Management.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.
**NOTE C: SUB RECIPIENTS**

Of the federal expenditures presented in the Schedule, Center for Natural Lands Management provided federal awards to sub recipients for the year ended September 30, 2015 as follows:

<table>
<thead>
<tr>
<th>CFDA No.</th>
<th>Program Name/Identification</th>
<th>Sub Recipient</th>
<th>Amount Provided to Sub Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.UNKNOWN</td>
<td>RDECOM ACUB</td>
<td>University of Washington</td>
<td>$52,966</td>
</tr>
<tr>
<td>15.657</td>
<td>USFWS/PRI CALE 2013-14</td>
<td>University of Washington</td>
<td>$2,700</td>
</tr>
<tr>
<td>15.657</td>
<td>USFWS Nat Plnts 2013-15</td>
<td>University of Washington</td>
<td>$2,726</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total University of Washington</td>
<td>$58,392</td>
</tr>
<tr>
<td>15.634</td>
<td>USFWS/WDFW SWG</td>
<td>Washington Dept. of Veteran Affairs</td>
<td>$2,469</td>
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<tr>
<td>12.UNKNOWN</td>
<td>RDECOM ACUB</td>
<td>Washington Dept. of Veteran Affairs</td>
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<td>Total WA Dept of Veteran Affairs</td>
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<tr>
<td>12.UNKNOWN</td>
<td>RDECOM ACUB</td>
<td>WA Dept of Fish and Wildlife</td>
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<tr>
<td>12.UNKNOWN</td>
<td>RDECOM ACUB</td>
<td>WA Dept of Natural Resources</td>
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<td>15.634</td>
<td>USFWS/WDFW SWG</td>
<td>American Bird Conservancy</td>
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<tr>
<td>15.634</td>
<td>USFWS/WDFW SWG</td>
<td>Benton County</td>
<td>$71,670</td>
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<tr>
<td>15.634</td>
<td>USFWS/WDFW SWG</td>
<td>Greenbelt Land Trust</td>
<td>$12,384</td>
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<tr>
<td>15.634</td>
<td>USFWS/WDFW SWG</td>
<td>Institute for Applied Ecology</td>
<td>$6,145</td>
</tr>
<tr>
<td>15.634</td>
<td>USFWS/WDFW SWG</td>
<td>Metro</td>
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<tr>
<td>15.634</td>
<td>USFWS/WDFW SWG</td>
<td>San Juan County Land Bank</td>
<td>$1,129</td>
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<tr>
<td></td>
<td></td>
<td>Total passed through to subrecipients</td>
<td>$472,761</td>
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</table>
### Summary of Auditor's Results

#### Financial Statements

<table>
<thead>
<tr>
<th>Type of auditor's report issued:</th>
<th>Unqualified</th>
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<tbody>
<tr>
<td>Internal control over financial reporting:</td>
<td></td>
</tr>
<tr>
<td>• Material weakness identified?</td>
<td>NO</td>
</tr>
<tr>
<td>• Significant deficiency identified that is not considered to be a material weakness?</td>
<td>None reported</td>
</tr>
<tr>
<td>Noncompliance material to financial statements noted?</td>
<td>None noted</td>
</tr>
</tbody>
</table>

#### Federal Awards

<table>
<thead>
<tr>
<th>Internal control over major program:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Material weakness identified?</td>
<td>NO</td>
</tr>
<tr>
<td>• Significant deficiency identified that is not considered to be a material weakness?</td>
<td>NO</td>
</tr>
<tr>
<td>Type of auditor's report issued on compliance for major program:</td>
<td>Unqualified</td>
</tr>
<tr>
<td>Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?</td>
<td>No</td>
</tr>
<tr>
<td>Major Program: Army Compatible Use Buffer Program-RDECOM ACUB</td>
<td>CFDA 12.UNKNOWN</td>
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<tr>
<td>Dollar threshold used to distinguish between type A and type B programs:</td>
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</tr>
<tr>
<td>Auditee qualified as a low-risk auditee?</td>
<td>YES</td>
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### Section II -Financial Statement Findings

None noted.

### Section III -Findings and Questioned Costs

None noted.

### Section IV -Status of Corrective Action on Prior Year Findings

None noted.