



**CENTER FOR NATURAL LANDS MANAGEMENT**

**FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2020**

**AND REPORTS AND SCHEDULES  
REQUIRED BY THE UNIFORM GUIDANCE  
YEAR ENDED SEPTEMBER 30, 2020**

# CENTER FOR NATURAL LANDS MANAGEMENT

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SEPTEMBER 30, 2020

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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 statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 audit 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 Schedule of Expenditures of Federal Awards 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 29, 2021 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 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 Center for Natural Lands Management's 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.

*Abbott, Stringham & Lynch*

March 29, 2021

# CENTER FOR NATURAL LANDS MANAGEMENT

## STATEMENT OF FINANCIAL POSITION

September 30, 2020

### Assets

Current assets:

Cash and cash equivalents	\$ 3,305,579
Money market funds	3,779,112
Accounts receivable, net of \$1,554 allowance for doubtful accounts	719,784
Seed inventory, net	293,306
Unbilled contract costs	40,426
Prepaid expenses	40,587
Funds held for others	<u>18,198,551</u>

Total current assets 26,377,345

Investments	128,299,200
Land and conservation easements	94,796,055
Property and equipment, net	<u>199,063</u>

\$ 249,671,663

### Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 248,269
Funds held for others	18,198,551
Accrued expenses	381,445
Paycheck Protection Program loan payable	701,700
Retirement benefit payable, current portion	<u>104,226</u>

Total current liabilities 19,634,191

Retirement benefit payable, non-current 1,195,805

Total liabilities 20,829,996

Net Assets:

Without donor restrictions	6,429,808
With donor restrictions	<u>222,411,859</u>

Total net assets 228,841,667

\$ 249,671,663

# CENTER FOR NATURAL LANDS MANAGEMENT

## STATEMENT OF ACTIVITIES

Year Ended September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, revenues and income:			
Support:			
Grants and donations	\$ 2,520,583	\$ 1,012,365	\$ 3,532,948
Endowment and related support	-	1,808,314	1,808,314
Real property	-	2,575,000	2,575,000
Total public support	<u>2,520,583</u>	<u>5,395,679</u>	<u>7,916,262</u>
Program services revenue:			
Preserve management	1,039,810	55,916	1,095,726
Property analysis	867,952	-	867,952
Account management	358,427	-	358,427
Seed production	76,128	-	76,128
Total program services	<u>2,342,317</u>	<u>55,916</u>	<u>2,398,233</u>
Net investment income	466,582	12,295,295	12,761,877
Net assets released from restrictions	<u>3,913,058</u>	<u>(3,913,058)</u>	<u>-</u>
Total support and income	<u>9,242,540</u>	<u>13,833,832</u>	<u>23,076,372</u>
Expenses:			
Program services:			
Preserve related	3,841,032	-	3,841,032
Grant related	2,179,784	-	2,179,784
Acquisitions and other services	531,666	-	531,666
Total program services	6,552,482	-	6,552,482
Management and general	<u>1,518,864</u>	<u>-</u>	<u>1,518,864</u>
Total expenses	<u>8,071,346</u>	<u>-</u>	<u>8,071,346</u>
Change in net assets	1,171,194	13,833,832	15,005,026
Net assets, beginning of year	<u>5,258,614</u>	<u>208,578,027</u>	<u>213,836,641</u>
Net assets, end of year	<u>\$ 6,429,808</u>	<u>\$ 222,411,859</u>	<u>\$ 228,841,667</u>

See accompanying independent auditor's report and notes to financial statements.

# CENTER FOR NATURAL LANDS MANAGEMENT

## STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2020

	Program Services			Management and Administration	Total
	Preserve Related	Grant Related	Acquisitions and Other Services		
Personnel Expenses:					
Wages	\$ 1,272,563	\$ 1,198,111	\$ 260,207	\$ 1,016,604	\$ 3,747,485
Benefits	264,111	248,659	53,379	202,688	768,837
Payroll taxes	101,935	95,971	20,602	75,150	293,658
Total personnel expenses	1,638,609	1,542,741	334,188	1,294,442	4,809,980
Management fees	1,106,946	-	-	-	1,106,946
Contracted services	545,539	135,843	154,582	25,777	861,741
Supplies and equipment	249,769	179,396	23,575	22,526	475,266
Occupancy	41,102	91,582	11,100	61,782	205,566
Insurance	64,489	24,406	66	39,600	128,561
Subawards	-	79,839	-	-	79,839
Travel	17,276	50,970	541	8,838	77,625
Vehicles	76,152	-	-	-	76,152
Professional services	21,371	26,500	3,000	6,287	57,158
Software/cloud computing	9,046	8,880	1,828	35,538	55,292
Depreciation	54,123	-	-	-	54,123
Dues, fees and licenses	36,601	3,074	500	5,808	45,983
Office expenses	10,049	5,746	762	7,376	23,933
Sponsored conferences and meetings	4,514	362	-	5,810	10,686
Other	-	-	1,409	4,285	5,694
Property and B&O (refunds) taxes	(34,554)	30,445	115	795	(3,199)
	\$ 3,841,032	\$ 2,179,784	\$ 531,666	\$ 1,518,864	\$ 8,071,346

See accompanying independent auditor's report and notes to financial statements.

# CENTER FOR NATURAL LANDS MANAGEMENT

## STATEMENT OF CASH FLOWS

Year Ended September 30, 2020

Cash flows from operating activities:	
Change in net assets	\$ 15,005,026
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	54,123
Non-cash contribution of real property restricted for endowments	(2,575,000)
Contributions restricted for preserve management and endowments	(1,808,314)
Realized and unrealized gains on investments	(11,901,266)
Changes in operating assets and liabilities:	
Accounts receivable, net	650,745
Seed inventory	(30,070)
Unbilled contract costs	59,035
Prepaid expenses	5,963
Accounts payable	(85,188)
Accrued expenses	(4,628)
Retirement benefit payable	4,577
	<hr/>
Net cash used in operating activities	(624,997)
Cash flows from investing activities:	
Purchase of property and equipment	(78,443)
Proceeds from sale of money market funds	2,045,035
Purchase of money market funds	(1,636,328)
Proceeds from sale of investments	2,669,675
Purchase of investments	(2,624,276)
	<hr/>
Net cash provided by investing activities	375,663
Cash flows from financing activities:	
Proceeds from Paycheck Protection Program loan payable	701,700
Contributions restricted for preserve management and endowments	1,808,314
	<hr/>
Net cash provided by investing activities	2,510,014
	<hr/>
Net change in cash and cash equivalents	2,260,680
Cash and cash equivalents, beginning of year	1,044,899
	<hr/>
Cash and cash equivalents, end of year	\$ 3,305,579
	<hr/>
Supplemental disclosure of cash flows information:	
Non-cash contribution of real property restricted for endowments	\$ 2,575,000
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# CENTER FOR NATURAL LANDS MANAGEMENT

## Notes to Financial Statements

September 30, 2020

### **Note 1 - Nature of operations**

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.

### **Note 2 - Summary of significant accounting policies**

#### **Basis of presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### **Financial statement presentation**

Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

Without donor restrictions - these net assets represent resources over which the Organization has discretionary control and that are not restricted by donor-imposed stipulations.

With donor restrictions - these net assets represent resources whose use by the Organization is limited by grant/donor-imposed stipulations that are restricted for a specific purpose or restricted for perpetuity. When a donor restriction expires, that is, when a stipulated purpose is accomplished, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the statement of activities. Earnings from endowment funds are used to maintain land. Revenues are released from restrictions and transferred to net assets without donor restriction when land maintenance and monitoring costs are incurred.

#### **Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. Significant estimates used in preparing these financial statements include the allowance for doubtful accounts, the fair value of investments, the value of donated professional services and property, including conservation easements, the depreciable lives of assets, seed inventory values, valuation of retirement benefit payable, functional expense allocations, and allocation of investment income to endowments. Actual results could differ from those estimates.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of balances on hand and on deposit in banks and other financial institutions, and short-term investments. The Organization considers all highly liquid investments with original maturities of three months or less on the date of purchase to be cash equivalents.

# CENTER FOR NATURAL LANDS MANAGEMENT

## Notes to Financial Statements

September 30, 2020

### **Note 2 - Summary of significant accounting policies (continued)**

#### **Money market funds**

Money market funds include funds designated and limited for the care and management of specific properties and specific purposes.

#### **Investment**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are reflected as increases or decreases in net assets without donor restriction unless their use has been restricted by donors. Net investment income is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses. 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 as well as private equity funds at net asset value (NAV). See Note 5 for discussion of fair value measurements.

#### **Accounts receivable and incurred expenditures to be billed**

Accounts receivable represent service revenue receivables and expenditures for which reimbursement has been requested but not yet received. Accounts receivable are written off against the allowance after all means of collections have been exhausted and the potential recovery is considered remote. The Organization has a consistent collection record and, based on the quality of the customer accounts and past history, management has evaluated accounts receivable and is not aware of any issues that would impact the collectability of existing accounts receivable. Management believes that an adequate allowance for doubtful accounts receivable has been provided. At September 30, 2020, the allowance for doubtful accounts was \$1,554.

In accordance with the terms of applicable grant awards, grant and donation revenue is recognized when services are performed and related reimbursable expenses are incurred. Unbilled contract costs represent service revenues that have been earned, but are not yet billed.

#### **Conservation easements**

Easements acquired by the Organization are conservation easements and contain numerous restrictions over the use and development of land managed by the Organization. Easements acquired by either donation, contribution or purchase are capitalized at appraised value. The Organization monitors activities on the land and enforces easement restrictions.

#### **In-kind contributions**

The Organization records various types of in-kind support including professional services, donated goods, and tangible assets. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated goods and contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses, or in the case of long-term benefits, over the period benefited.

# CENTER FOR NATURAL LANDS MANAGEMENT

## Notes to Financial Statements

September 30, 2020

### **Note 2 - Summary of significant accounting policies (continued)**

#### **Support and revenue recognition**

Revenue is recognized when earned. The Organization recognizes specific contract and grant revenue when the related expenses have been incurred in compliance with the contract and grant agreements. Contributions and support received by the Organization are recorded as without donor restriction or with donor restriction depending on the existence and nature of any donor imposed restrictions.

Volunteers contribute valuable amounts of time to the Organization's program services, however, the financial statements do not reflect the value of these contributed services as they do not meet recognition criteria prescribed by U.S. GAAP. Contributed services received from volunteers, but not recognized, totaled approximately \$15,000 at September 30, 2020.

#### **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 net assets with donor restriction. A portion of earnings are transferred monthly from with donor restriction to without donor restriction to provide income for the management of properties to the Organization.

#### **Seed inventory**

The Organization's seed inventory consists of plant seeds which are stated at the lower of cost or net realizable value. The cost of seed inventory is determined using the average cost method.

#### **Property, equipment and depreciation**

Property and equipment are stated at cost, if purchased, or at fair market value at the date of the gift, if donated. Property and equipment are depreciated using the straight-line method over estimated useful lives of three to five years, or in the case of capitalized lease assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. Property and equipment purchased with grant funds are expensed when purchased as the government agency retains legal title to the asset during the term of the contract or grant. The Organization capitalizes equipment with a cost of \$5,000 or greater. Repairs and maintenance costs are expensed in the year incurred.

#### **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 fair 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 net assets with donor restriction.

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.

# CENTER FOR NATURAL LANDS MANAGEMENT

## Notes to Financial Statements

September 30, 2020

### **Note 2 - Summary of significant accounting policies (continued)**

#### **Tax-exempt status**

The Organization is considered to be a public charity and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is exempt from state tax under State of California Revenue and Taxation Code Section 23701(d). Only unrelated business income is subject to federal and state income tax. Since all the Organization's income is related to its exempt purpose, no provision for income taxes has been made in the accompanying financial statements.

The Organization has adopted the accounting standard related to uncertainties in income taxes. The Organization evaluates uncertain tax positions through its review of the source of revenue to identify unrelated business income and certain other matters, including those which may affect its tax exempt status. Management believes their estimates related to income tax uncertainties are appropriate based on the current facts and circumstances.

The Organization's federal Returns of Organization Exempt from Income Tax (Form 990) for years ended September 30, 2017 and after are subject to examination by the IRS, generally for three years after they are filed. The Organization's state returns (Form 199) for the years ended September 30, 2016 and after could be subject to examination by state (California) taxing authorities, generally for four years after they are filed.

#### **Allocation of functional expenses**

The costs of providing the various program and management and administrative services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and management and administrative services benefited. Costs identified with a specific program are charged as direct costs to the applicable program. Indirect costs of various programs or services have been allocated among the programs or services benefited based on personnel time.

#### **New accounting pronouncements - not yet adopted**

In 2014 and through subsequent amendments, the FASB issued accounting guidance for reporting revenue from exchange transactions that is significantly different than previous guidance. The new guidance is effective for the Organization's year beginning October 2020. The five-step revenue-recognition process in the new guidance necessitates more judgment and estimation than under previous pronouncements, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. In addition, new financial statement presentation related to contract assets and liabilities will be required, as well as additional financial statement disclosures related to the revenue recognition cycle. This new revenue recognition guidance may be applied using either a full retrospective or a modified retrospective approach upon adoption. The Organization is continuing to evaluate the impact of adopting the new standard on its results of operations and financial position, as well as the method it will use for adoption.

# CENTER FOR NATURAL LANDS MANAGEMENT

## Notes to Financial Statements

September 30, 2020

### **Note 2 - Summary of significant accounting policies (continued)**

#### **New accounting pronouncements - not yet adopted (continued)**

In 2016 and through subsequent amendments, the FASB issued new accounting guidance for reporting leases, which requires an entity that is a lessee to classify leases as either finance or operating and to recognize a lease liability and a right-of-use asset for all leases that have a term of greater than 12 months. Leases of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard will be effective for annual reporting periods beginning with October 2022 with early adoption permitted, and must be applied using a modified retrospective approach. The Organization is currently evaluating the impact of adopting this standard on its financial statements and does not expect to adopt the new guidance earlier than required.

In 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the year beginning October 1, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

In 2020, the FASB issued accounting guidance focused on the presentation and disclosure requirements for contributed nonfinancial assets. The new guidance is effective for the Organization's year beginning October 2021. The new standard requires the entity to present contributed nonfinancial assets, such as property and equipment, food, supplies and intangible assets, as a separate line item on the statement of activities. In addition, the standard also requires enhanced disclosures including qualitative information about whether or not the contributed nonfinancial assets were utilized in a program or monetized; policies for monetizing those assets; descriptions of donor restrictions; and enhanced disclosure regarding the fair value techniques. Early adoption is permitted and the standard is to be applied retrospectively. The Organization is currently evaluating the impact of adopting this standard on its financial statements and does not expect to adopt the new guidance earlier than required.

Other accounting pronouncements that have been enacted but not yet implemented are not expected to have a material impact on the Organization's financial statements.

#### **Subsequent events**

The Organization has evaluated subsequent events through March 29, 2021, which is the date these financial statements were available to be issued.

# CENTER FOR NATURAL LANDS MANAGEMENT

## Notes to Financial Statements

September 30, 2020

### Note 3 - Liquidity and availability of resources

The following table reflects the Organization's financial assets as of September 30, 2020, reduced by amounts not available for general expenditure within one year from this date. Financial assets are considered to be unavailable when illiquid or not readily convertible to cash within one year.

Financial assets available to meet cash needs for general expenditures within one year as of September 30, 2020 are as follows:

Financial assets:	
Cash and cash equivalents	\$ 3,305,579
Money market funds	3,779,112
Investments	128,299,200
Accounts receivable, net	719,784
Incurred expenditures to be billed	<u>40,426</u>
Total financial assets	<u>136,144,101</u>
Less:	
Restricted by donors for a specific purpose or for perpetuity	(127,615,804)
Operating liabilities	<u>(1,435,640)</u>
	<u>(129,051,444)</u>
Total financial assets available within one year	7,092,657
Liquidity resources:	
Amounts unavailable to management without Board approval	<u>(846,700)</u>
Total financial assets and liquidity resources available to management for general expenditures within one year	<u>\$ 6,245,957</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Organization also maintains a line of credit to meet short-term needs (Note 8).

# CENTER FOR NATURAL LANDS MANAGEMENT

## Notes to Financial Statements

September 30, 2020

### Note 4 - Investments

Investments are held in Common Fund. Investments at September 30, 2020, consisted of the following at fair market value:

Common Fund:	
SS S&P 500 Index Fund	\$ 55,127,555
SS Global Equity Fund	49,187,063
Institutional Multi-Strategy Bond Fund	14,453,263
State Street U.S. Government Money Market	119,424
Private equity funds	<u>23,697,018</u>
Total investments held at Common Fund	142,584,323
Less funds held for others (Note 10)	<u>(14,285,123)</u>
	<u>\$ 128,299,200</u>

Net investment income is presented net of investment fees of \$51,851.

The Organization has committed to fund an additional \$27 million for capital calls in private equity funds, if necessary.

### Note 5 - Fair value measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets. Money market funds have quoted market prices in active markets to preserve their value at \$1 per share.
- Level 2 - Includes other observable inputs, not included in Level 1, that are directly or indirectly observable in the marketplace. The fair value of the Institutional Multi-Strategy Bond Fund, the State Street U.S. Government Money Market Fund, SS S&P 500 Index Fund and SS Global Equity Fund are 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 - Unobservable inputs which are supported by little or no market activity.

# CENTER FOR NATURAL LANDS MANAGEMENT

## Notes to Financial Statements

September 30, 2020

### Note 5 - Fair value measurements (continued)

Financial instruments included in the Organization's statement of financial position are: cash and cash equivalents; money market funds; investments; donations, grants, and program fees receivable; other assets; and liabilities. The carrying amount of these instruments approximates their fair values.

No assets were noted at Levels 3 for the year ended September 30, 2020. There have been no changes in the methodologies used at September 30, 2020.

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

Private equity funds held by the Organization represent the ownership interest in the NAV of the respective partnership formed for the purpose of making international, domestic and real asset private equity investments. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals, or other estimates that require varying degrees of judgment. 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. On the basis of its analysis of the nature, characteristics, and risk of the investments, the Organization has determined that presenting the private equity funds as a single class is appropriate.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at September 30, 2020, including \$18,198,551 of funds held for others:

	Level 1	Level 2	Total
Money market funds	\$ 3,779,112	\$ -	\$ 3,779,112
Investments:			
SS S&P 500 Index Fund	-	55,127,555	55,127,555
SS Global Equity Fund	-	49,187,063	49,187,063
Institutional Multi-Strategy Bond Fund	-	14,453,263	14,453,263
State Street U.S. Government Money Market	-	119,424	119,424
Private equity funds measured at net asset value (NAV)	-	-	23,697,018
Total investments	-	118,887,305	142,584,323
	\$ 3,779,112	\$ 118,887,305	\$ 146,363,435



# CENTER FOR NATURAL LANDS MANAGEMENT

## Notes to Financial Statements

September 30, 2020

### Note 5 - Fair value measurements (continued)

Investments valued using NAV as a practical expedient at September 30, 2020 are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private equity funds	\$ 23,697,018	\$ 26,818,247	N/A	N/A

### Note 6 - Property and equipment

Property and equipment consisted of the following at September 30, 2020:

Vehicles	\$ 616,295
Equipment	<u>17,841</u>
	634,136
Less accumulated depreciation	<u>(435,073)</u>
	<u>\$ 199,063</u>

### Note 7 - Lease commitments

The Organization leases its office facilities, an agriculture facility, and a ground well under non-cancelable operating leases. The leases expire through 2025. Total rent expense was \$69,925 for the year ended September 30, 2020.

Minimum annual commitments under non-cancelable leases are as follows at September 30, 2020:

<u>For the Years Ending September 30,</u>	<u>Amount</u>
2021	\$ 31,683
2022	29,662
2023	12,031
2024	<u>3,000</u>
	<u>\$ 76,376</u>

# CENTER FOR NATURAL LANDS MANAGEMENT

## Notes to Financial Statements

September 30, 2020

### Note 8 - Line of credit

The Organization has a revolving \$250,000 line of credit and a \$50,000 overdraft protection line of credit with a bank that expire June 28, 2021. Borrowings on the revolving line of credit are unsecured and bear interest at the bank's Prime Rate plus 2% (5.25%% at September 30, 2020). Borrowings on the overdraft line of credit are unsecured and bear interest at the bank's Prime Rate plus 8% (11.25% at September 30, 2020). The Organization had no borrowings on outstanding balances under these agreements at September 30, 2020.

### Note 9 - Paycheck Protection Program loan payable

On April 15, 2020, the Organization received loan proceeds in the amount of \$701,700 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), provided for loans to qualifying businesses for amounts of up to 2.5 times the average monthly payroll expenses of the qualifying business for the qualifying time period. The loan and accrued interest are forgivable after the applicable time period defined in the CARES Act as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The unforgiven portion of the PPP loan is payable over two years, in monthly installments and at an interest rate of 1%, with the initial payment being deferred to the date that Small Business Administration ("SBA") remits the loan forgiveness amount to the lender or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. The Organization intended to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, there is no assurance of such forgiveness until final approval by the SBA, guarantor of the loan.

On January 5, 2021, upon completion of loan forgiveness review by the SBA, the Organization received confirmation that the entire PPP loan amount was forgiven.

### Note 10 - 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 at September 30, 2020:

Cash and cash equivalents	\$ 1,816,074
Marketable securities	2,097,354
Investments	<u>14,285,123</u>
	<u>\$ 18,198,551</u>

# CENTER FOR NATURAL LANDS MANAGEMENT

## Notes to Financial Statements

September 30, 2020

### Note 11 - Retirement benefit payable

In December 2007, the Board of Directors approved a post-employment retirement benefit arrangement for the former Executive Director. The arrangement provides for a monthly retirement payment plus a contribution toward health insurance. The former Executive Director retired in December 2008. The estimated present value of these benefits at September 30, 2020 is \$1,300,031, and is classified as follows: \$104,226 as a current liability and \$1,195,805 as a long-term liability as of September 30, 2020. At September 30, 2020 the Organization expensed \$78,421 for benefits in relation to this arrangement.

### Note 12 - Net assets without donor restrictions

The Organization's net assets without donor restriction is comprised of undesignated and board designated amounts for the following purposes at September 30, 2020:

Undesignated	\$ 5,583,108
Board designated for use on preserves	<u>846,700</u>
	<u>\$ 6,429,808</u>

The net assets without donor restricted designated by the Board for use on preserves are funds set aside by the Board to supplement donor restricted endowments in maintaining land preserves.

### Note 13 - Net assets with donor restrictions and endowments

Net assets with donor restrictions include net assets restricted in perpetuity that consist of amounts initially established as endowments, land, or easements.

The endowments consist of stewardship funds received which are intended to produce a growing perpetual annuity sufficient to support the perpetual obligations on donor restricted donations of land or easements. Earnings on endowment funds are restricted for the specific purpose of maintaining land preserves.

The Organization's Board of Directors has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. The Organization classifies as net assets with donor restriction restricted in perpetuity (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) 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 as restricted in perpetuity is classified as restricted for a specific purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the duration and preservation of the fund, the purposes of the organization and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, and the investment policies of the Organization in making a determination to appropriate or accumulate donor-restricted endowment funds.

# CENTER FOR NATURAL LANDS MANAGEMENT

## Notes to Financial Statements

September 30, 2020

### Note 13 - Net assets with donor restrictions and endowments (continued)

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Organization had no underwater endowments at September 30, 2020.

#### *Investment and spending policy*

The Organization has adopted an investment and spending policy 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 5% over the annual rate of inflation, without assuming too great a risk. The investment spending policy is 4.5% of the endowment balance or the inflation-adjusted annual budget used to calculate the required endowment, whichever is less. This allows an endowment to grow in periods of positive investment earnings and allows stewardship to continue in periods of negative earnings. 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.

Net assets with donor restriction consisted of the following at September 30, 2020:

#### *Restricted for a specific purpose:*

Endowment earnings, including initial and capital funds	\$ 55,886,043
Land maintenance funds	456,573
Grant funds	65,971
	<hr/>
Total restricted for a specific purpose	56,408,587

#### *Restricted for perpetuity:*

Endowments	71,207,217
Land and easements	94,796,055
	<hr/>
Total restricted for perpetuity	166,003,272

Total net assets with donor restriction	<u><u>\$ 222,411,859</u></u>
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Land maintenance funds: These funds are designated for acquisition, enhancement and/or management of conservation properties.

Grant funds: These funds were received prior to completion of work specified under grant agreements.

# CENTER FOR NATURAL LANDS MANAGEMENT

## Notes to Financial Statements

September 30, 2020

### Note 13 - Net assets with donor restrictions and endowments (continued)

Changes in endowment fund balances consisted of the following at September 30, 2020:

	Restricted for	
	Specific Purpose	Perpetuity
Beginning balances	\$ 46,314,572	\$ 69,530,135
Realized and unrealized gain on investments	12,268,445	-
Dividend and interest income	23,505	-
Endowment and related support	131,232	1,677,082
Preserve management	982,405	-
Release from restrictions	(3,834,116)	-
Ending balances	<u>\$ 55,886,043</u>	<u>\$ 71,207,217</u>

### Note 14 - 401(k) salary deferral plan

The Organization has a 401(k) Plan and employees may elect to make salary deferred contributions to the Plan. The Organization makes a safe-harbor matching contribution up to 3% of salary plus 50% of employees' contribution not to exceed 5% of compensation. The Organization made matching contributions of \$89,876 for the year ended September 30, 2020.

### Note 15 - Concentrations, risks and uncertainties

The Organization maintains its cash and cash equivalents with high credit quality financial institutions which, at times, may be in excess of Federal Deposit Insurance Corporation insurance limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk with its cash accounts.

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 financial position.

Domestic and international economies face uncertainty related to the impact of the COVID-19 disease. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's funders, employees and partners all of which are uncertain and cannot be predicted. It is at least reasonably possible that this matter will negatively impact the Organization. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

**REPORTS AND SCHEDULES  
REQUIRED BY THE UNIFORM GUIDANCE**



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 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 (the "Organization"), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2021.

#### Internal Control over Financial Reporting

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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 Organization'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.

*Abbott, Stringham & Lynch*

March 29, 2021





INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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 (the "Organization") 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 Organization's major federal programs for the year ended September 30, 2020. The Organization'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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization'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* (CFR) 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 Organization'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 Organization's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Organization 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, 2020.

## Report on Internal Control over Compliance

Management of the Organization 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 Organization'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 Organization'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.

*Abbott, Stringham & Lynch*

March 29, 2021

**CENTER FOR NATURAL LANDS MANAGEMENT**

**Schedule of Expenditures of Federal Awards**

September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
<b>United States Department of Defense</b>				
Regional Conservation Effort Program				
Joint Base Lewis McChord (JBLM)				
DJ-Nox Weed Sur & Cntrl 18-10	12.UNKNOWN	W911S8-18-2-0010	\$ 2,721	\$ -
DJ-SHL Hab Rest 18-13	12.UNKNOWN	W911S8-18-2-0013	7,901	-
DJ-INV weeds 19-01	12.UNKNOWN	W911S8-19-2-0001	144,646	-
DJ-SHL Migration 19-02	12.UNKNOWN	W911S8-19-2-0002	139,490	-
DJ-SHL Seasonal 19-03	12.UNKNOWN	W911S8-19-2-0003	144,133	-
DJ-SHL Hab Rest 19-04	12.UNKNOWN	W911S8-19-2-0004	60,085	-
DJ-Peak Season weeds 19-05	12.UNKNOWN	W911S8-19-2-0005	144,778	-
DJ-Prairie Seed Nur Enh 19-07	12.UNKNOWN	W911S8-19-2-0007	102,582	-
DJ-Rare seed & Plug 19-08	12.UNKNOWN	W911S8-19-2-0008	98,537	-
DJ-Prsrb Burn ESA 19-09	12.UNKNOWN	W911S8-19-2-0009	142,153	-
DJ-Mazama Gopher Hab enh 19-10	12.UNKNOWN	W911S8-19-2-0010	72,722	-
DJ- BFLY Habitat 19-12	12.UNKNOWN	W911S8-19-2-0012	142,128	-
DJ- Salmon Hab Rest 19-14	12.UNKNOWN	W911S8-19-2-0014	87,234	-
			<u>1,289,110</u>	-
Army Corp of Engineers - Columbia River				
DOD-ACE-SHL 19	12.UNKNOWN	W9127N-19-C-0015	70,838	-
DOD-CESU-	12.UNKNOWN	W912HZ-19-2-0009	42,998	-
			<u>113,836</u>	-
Total Regional Conservation Effort Program			<u>1,402,946</u>	-
Total United States Department of Defense			<u>1,402,946</u>	-

**CENTER FOR NATURAL LANDS MANAGEMENT**

**Schedule of Expenditures of Federal Awards**

September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
<b>United States Department of Agriculture</b>				
Research and Development Forest Research USDA PAC NW FIRE	10.652	16-DG-11261975-082	3,383	-
Environmental Quality Incentives Program				
NRCS-Deschutes Rvr	10.912	740546150A6	13,428	-
NRCS- Meadowlark	10.912	749104154UB	1,018	-
NRCS-Scatter Creek	10.912	7405461717M	1,580	-
			16,026	
Sustainable Agriculture Research and Education Passed through University of Washington	10.215	2017-3864-26913	32,230	-
Total United States Department of Agriculture			51,639	-
<b>United States Department of Interior</b>				
Coastal program				
USFWS Prairie Enh Whidbey Island	15.630	F19AC00033	7,190	-
Partners for Fish and Wildlife				
USFWS Meadowlark	15.631	F16AC00228	3,480	-
USFWS Tenino Rh Resto 17-21	15.631	F17AC00398	77	-
USFWS Rochester Rh Resto II 17-21	15.631	F17AC00400	6,438	-
U-Grazing Mgmt OSF	15.631	F18AC00491	4,605	-
U- SPS Prscb Burn	15.631	F18AP00495	4,679	-
U- Whidbey Island PHE	15.631	F18AC00522	16,581	-
U-Dan Kelly Rest II	15.631	F19AC00357	7,976	-
U-Tenino Rh Resto 19-23	15.631	F19AC00359	8,415	-
U-Tenino Rh Resto 19-23	15.631	F19AC00540	1,408	-
			53,659	-

**CENTER FOR NATURAL LANDS MANAGEMENT**

**Schedule of Expenditures of Federal Awards**

September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
<b>United States Department of Interior (continued)</b>				
State Wildlife Grants				
Passed through Washington Department Fish and Wildlife:				
USFWS/WDFW SWG	15.634	F17AP00813	105,770	66,535
USFWS/WDFW SWG	15.634	F17AP00814	17,634	13,304
			<u>123,404</u>	<u>79,839</u>
Endangered Species Conservation Recovery Implementation Funds				
USFWS Pupfish	15.657	F15AC00817	22,204	-
USFWS SHL post Fledging	15.657	F16AC00540	221	-
USFWS SPS Nursery Ph VIII	15.657	F17AC00493	50,799	-
USFWS SHL Airfields	15.657	F17AO00577	7,926	-
U-SPS Nursery Ph	15.657	F19AC00320	21,119	-
U-NPS Nursery Ph	15.657	F19AC00321	17,400	-
U-SPS prairie Rest	15.657	F19AC00322	34,695	-
U- SHL strategies	15.657	F20AC00360	263	-
U-Eval Vernal Pool Species No Cal	15.657	F20AC00048	5,036	-
			<u>159,663</u>	<u>-</u>
Passed through Pacific Rim Institute				
USFWS/PRI	15.657	CRI-2019	5,597	-
USFWS/PRI	15.657	CRI-2020	681	-
			<u>6,278</u>	<u>-</u>
Passed through American Bird Conservancy				
USFWS/ABC	15.657	19062B	2,039	-
			<u>2,039</u>	<u>-</u>
Total Endangered Species Conservation Recovery Implementation Funds			<u>167,980</u>	<u>-</u>

**CENTER FOR NATURAL LANDS MANAGEMENT**

**Schedule of Expenditures of Federal Awards**

September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
<b>United States Department of Interior (continued)</b>				
Endangered Species Act - Section 6 Passed through California Dept of F&W	15.615	P1620101	<u>8,238</u>	<u>-</u>
Central Valley Project Improvement Act Passed through Bureau of Reclamation	15.512	R17AP00242	<u>26,463</u>	<u>-</u>
Natural Resource Stewardship Passed through National Parks Service	15.944	P17AC01257	<u>21,076</u>	<u>-</u>
Total United States Department of Interior			<u>408,010</u>	<u>79,839</u>
Total Expenditures of Federal Awards			<u>\$ 1,862,595</u>	<u>\$ 79,839</u>

# CENTER FOR NATURAL LANDS MANAGEMENT

## Notes to Schedule of Expenditures of Federal Awards

September 30, 2020

### **Note 1 - Basis of presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

### **Note 2 - 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **Note 3 - Indirect cost rate**

At September 30, 2020, the Organization was reimbursed at the federally negotiated indirect cost rate of 27.40%.

# CENTER FOR NATURAL LANDS MANAGEMENT

## Schedule of Findings and Questioned Costs

September 30, 2020

### 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?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

#### Federal awards

Internal control over major federal programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Type of auditor's report issued on compliance for major federal programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

#### Identification of major federal programs:

<u>CFDA number(s)</u>	<u>Name of federal program or cluster</u>
12.UNKNOWN	Regional Conservation Effort Program - Joint Base Lewis McChord

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no



# **CENTER FOR NATURAL LANDS MANAGEMENT**

## **Schedule of Findings and Questioned Costs**

September 30, 2020

### **Section II - Financial Statement Findings**

No financial statement findings.

### **Section II - Federal Award Findings and Questioned Costs**

No federal awards findings.

# CENTER FOR NATURAL LANDS MANAGEMENT

## Schedule of Prior Audit Findings

September 30, 2020

### **Status of prior year audit findings**

The Organization did not have any audit findings for the year ended September 30, 2019.