

Consolidated Financial Statements,  
Report of Independent Certified Public  
Accountants and Reports on  
Compliance in Accordance with the  
Uniform Guidance

**National Fish and Wildlife Foundation and  
Subsidiary**

September 30, 2019 and 2018

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
National Fish and Wildlife Foundation and Subsidiary

**Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of the National Fish and Wildlife Foundation and subsidiary (the "Foundation") which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities and change in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

**Management's responsibility for the consolidated financial statements**

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

**Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the National Fish and Wildlife Foundation and subsidiary as of September 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other matters****Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Expenditures of Federal Awards for the year ended September 30, 2019, as required by the Title 2 *U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated February 26, 2020, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



Arlington, Virginia  
February 26, 2020

**National Fish and Wildlife Foundation**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**September 30,**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash	\$ 14,085,028	\$ 16,858,428
Investments	374,759,548	349,734,862
Receivables:		
U.S. government agencies	6,566,855	6,655,416
Pledges, net	34,584,496	40,805,932
Other	1,559,990	1,582,180
Interest receivable	1,994,275	2,097,700
Mitigation and settlement funds	2,408,645,154	2,363,300,489
Donated land	1,340,100	1,340,100
Property and equipment, net	2,899,788	3,310,311
Prepaid expenses and other assets	2,157,295	1,657,992
	<u>2,848,592,529</u>	<u>2,787,343,410</u>
Total assets	<u>\$ 2,848,592,529</u>	<u>\$ 2,787,343,410</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 4,240,129	\$ 3,820,196
Project liabilities	15,270,266	12,039,079
Deferred rent	2,104,567	2,247,033
Deferred revenue	180,339,506	178,942,102
Mitigation and settlement funds	2,403,981,673	2,362,042,286
	<u>2,605,936,141</u>	<u>2,559,090,696</u>
Total liabilities	<u>2,605,936,141</u>	<u>2,559,090,696</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	35,636,174	25,783,579
Designated	84,351,266	82,792,505
Total without donor restrictions	<u>119,987,440</u>	<u>108,576,084</u>
With donor restrictions	<u>122,668,948</u>	<u>119,676,630</u>
Total net assets	<u>242,656,388</u>	<u>228,252,714</u>
Total liabilities and net assets	<u>\$ 2,848,592,529</u>	<u>\$ 2,787,343,410</u>

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

**National Fish and Wildlife Foundation**

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**

**Year ended September 30, 2019**

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>Total</u>
	<u>Undesignated</u>	<u>Designated</u>	<u>Total</u>		
<b>Revenues and support</b>					
U.S. government appropriations, grants and agreements	\$ 92,786,644	\$ -	\$ 92,786,644	\$ -	\$ 92,786,644
Management fees	16,052,383	-	16,052,383	-	16,052,383
Mitigation and settlement	131,788,582	-	131,788,582	-	131,788,582
Other grant revenues	7,807,714	-	7,807,714	-	7,807,714
Public support – contributions	6,243,528	-	6,243,528	27,219,148	33,462,676
Investment income, net	9,880,184	6,403,267	16,283,451	636,841	16,920,292
Net assets released from restrictions	24,863,671	-	24,863,671	(24,863,671)	-
Total revenues and support	<u>289,422,706</u>	<u>6,403,267</u>	<u>295,825,973</u>	<u>2,992,318</u>	<u>298,818,291</u>
<b>Expenses</b>					
Program costs	268,304,880	4,844,506	273,149,386	-	273,149,386
Fundraising	4,232,722	-	4,232,722	-	4,232,722
Management and general	7,032,509	-	7,032,509	-	7,032,509
Total expenses	<u>279,570,111</u>	<u>4,844,506</u>	<u>284,414,617</u>	<u>-</u>	<u>284,414,617</u>
<b>CHANGE IN NET ASSETS</b>	9,852,595	1,558,761	11,411,356	2,992,318	14,403,674
<b>Net assets, beginning of year</b>	<u>25,783,579</u>	<u>82,792,505</u>	<u>108,576,084</u>	<u>119,676,630</u>	<u>228,252,714</u>
<b>Net assets, end of year</b>	<u>\$ 35,636,174</u>	<u>\$ 84,351,266</u>	<u>\$ 119,987,440</u>	<u>\$ 122,668,948</u>	<u>\$ 242,656,388</u>

The accompanying notes are an integral part of this consolidated financial statement.

**National Fish and Wildlife Foundation**

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**

**Year ended September 30, 2018**

	Without Donor Restrictions			With Donor Restrictions	Total
	Undesignated	Designated	Total		
<b>Revenues and support</b>					
U.S. government appropriations, grants and agreements	\$ 80,453,793	\$ -	\$ 80,453,793	\$ -	\$ 80,453,793
Management fees	15,824,877	-	15,824,877	-	15,824,877
Mitigation and settlement	150,948,126	-	150,948,126	-	150,948,126
Other grant revenues	4,090,084	-	4,090,084	-	4,090,084
Public support – contributions	7,656,785	-	7,656,785	41,230,788	48,887,573
Investment income, net	1,138,540	2,381,503	3,520,043	42,250	3,562,293
Board-designated reclassification	(2,500,000)	2,500,000	-	-	-
Net assets released from restrictions	28,918,174	-	28,918,174	(28,918,174)	-
Total revenues and support	286,530,379	4,881,503	291,411,882	12,354,864	303,766,746
<b>Expenses</b>					
Program costs	276,649,352	5,473,921	282,123,273	-	282,123,273
Fundraising	4,176,259	-	4,176,259	-	4,176,259
Management and general	6,983,177	-	6,983,177	-	6,983,177
Total expenses	287,808,788	5,473,921	293,282,709	-	293,282,709
<b>CHANGE IN NET ASSETS</b>	(1,278,409)	(592,418)	(1,870,827)	12,354,864	10,484,037
<b>Net assets, beginning of year</b>	27,061,988	83,384,923	110,446,911	107,321,766	217,768,677
<b>Net assets, end of year</b>	\$ 25,783,579	\$ 82,792,505	\$ 108,576,084	\$ 119,676,630	\$ 228,252,714

The accompanying notes are an integral part of this consolidated financial statement.

**National Fish and Wildlife Foundation**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Years ended September 30,**

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 14,403,674	\$ 10,484,037
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	741,353	1,005,176
Net unrealized and realized investment (gain)loss	(9,073,193)	2,565,292
Changes in:		
Receivables	6,332,187	(9,010,999)
Interest receivable	103,425	230,534
Prepaid expenses and other assets	(499,303)	(531,620)
Accounts payable and accrued liabilities	419,933	445,684
Deferred rent	(142,466)	(92,582)
Project liabilities	3,231,187	939,045
Deferred revenue	1,397,404	5,600,900
Net mitigation and settlement funds	(3,405,278)	1,198,946
Net cash provided by operating activities	13,508,923	12,834,413
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(330,830)	(318,038)
Purchases of investments	(62,958,466)	(86,617,361)
Sale of investments	47,006,973	80,355,152
Net cash used in investing activities	(16,282,323)	(6,580,247)
<b>NET (DECREASE)/INCREASE IN CASH</b>	(2,773,400)	6,254,166
<b>Cash, beginning of year</b>	16,858,428	10,604,262
<b>Cash, end of year</b>	\$ 14,085,028	\$ 16,858,428

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



## National Fish and Wildlife Foundation

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

#### NOTE A - ORGANIZATION

On March 26, 1984, by an act of law (the "Act"), the United States ("U.S.") Congress established the National Fish and Wildlife Foundation ("NFWF") as a charitable and nonprofit corporation. NFWF is not an agency or establishment of the U.S. government. The purpose of NFWF is to encourage, accept, and administer private gifts of property for the benefit of, or in connection with, the activities and services of the Department of Interior/U.S. Fish and Wildlife Service ("DOIFWS") and, subsequently, the National Oceanic and Atmospheric Administration ("NOAA"), and to undertake and conduct such other activities to further the conservation and management of fish, wildlife, and plant resources for present and future generations.

Besides receiving funding through DOIFWS annual appropriations, NFWF also receives funding in the form of other appropriated funds and/or cooperative agreements with many of the other principal U.S. government agencies. In addition to funds received from the U.S. government, NFWF receives donations from individuals, corporations, and foundations for the general benefit of NFWF and in support of specific initiatives and/or projects managed by NFWF.

NFWF disburses funds to federal, state, and local agencies, persons, other foundations and organizations in connection with conservation projects necessary to carry out the intended purposes of NFWF.

Walker Basin Conservancy ("WBC") was incorporated by NFWF in September 2014 as part of the objectives of its Walker Basin Restoration Program ("WBRP") funded by a federal cooperative agreement between NFWF and the U.S. Bureau of Reclamation. WBC fulfills a requirement of the original legislation, Public Law 111-85, to establish a local nonprofit to act as a steward of the land and water resources associated with the WBRP. The purpose of WBC is to promote the restoration and maintenance of Walker Lake, a natural desert terminal lake in the State of Nevada, in a manner consistent with protection of agricultural, environmental, and habitat interests in the Walker River Basin, the ecological health of the Walker River, and the riparian and watershed resources of the West, East, and Main Walker Rivers.

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#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### ***Basis of Presentation***

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

##### ***Recently Adopted Accounting Standards***

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends several requirements for financial statements and notes, including net asset classifications in the consolidated statements of financial position and consolidated statements of activities and enhanced disclosures in numerous areas. This ASU is intended to improve the net asset classification requirements and the information presented in the consolidated financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; permitting presentation of investment returns, net to include external and direct internal investment expense; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board-designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. The Foundation adopted this ASU during the fiscal year.

**National Fish and Wildlife Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2019 and 2018**

As a result of the Foundation's adoption of ASU 2016-14, the net assets as of September 30, 2018 were reclassified as follows:

	<b>ASU 2016-14 Classifications</b>			<b>Total Net Assets</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>		
Net assets classification, as previously presented:				
Unrestricted	\$ 108,576,084	\$ 108,576,084	\$ -	\$ 108,576,084
Temporarily restricted	119,676,630	-	119,676,630	119,676,630
Permanently restricted	-	-	-	-
 Total net assets, as classified	 <u>\$ 228,252,714</u>	 <u>\$ 108,576,084</u>	 <u>\$ 119,676,630</u>	 <u>\$ 228,252,714</u>

***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of National Fish and Wildlife Foundation and Walker Basin Conservancy (together the "Foundation"). Consolidated financial statements are presented because of the existence of common control and economic interest for the years ended September 30, 2019 and 2018. All intercompany transactions have been eliminated upon consolidation.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Investments***

The Foundation records investments that qualify as securities as defined in FASB Accounting Standards Codification ("ASC") 320, Investments – Debt and Equity Securities at fair value.

Investment income and losses, including unrealized gains and losses, are recognized currently in the accompanying consolidated statements of activities, except for those investments held in mitigation and settlement funds or whereby the investment income accrues to the contractual obligation. Gains and losses on investments, realized and unrealized, are recorded as of the settlement date. Investment income is without donor restriction, unless the donor of the original contribution restricts the earnings. Investment return is presented net of external and direct internal investment expenses.

***Fair Value Measurements***

FASB ASC 820, Fair Value Measurement, provides the framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The fair value of alternative investments is determined using the net asset value ("NAV") per share as a practical expedient and have not been categorized within the fair value hierarchy.

**National Fish and Wildlife Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2019 and 2018**

***Income Taxes***

NFWF and WBC are both exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for unrelated business income. NFWF and WBC have processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

Under ASC 740, Income Taxes, paragraph 10, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. NFWF and WBC have determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. For the tax years ended September 30, 2019 and 2018, NFWF and WBC did not recognize any interest or penalties.

***Revenue Recognition***

Federal appropriations and grants are deemed to be exchange transactions and are reported as revenues in net assets without donor restrictions, when the Foundation has incurred expenses in compliance with the appropriation or grant requirements. Such amounts received but not yet earned (advances and reimbursements in excess of costs incurred) are reported as deferred revenue. Costs incurred in excess of amounts received are reported as receivables from U.S. government agencies.

Contributions received, including unconditional promises to give (pledges), are recorded as either revenues without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the consolidated statements of activities as net assets released from restrictions.

Conditional promises to give are not recognized until all conditions are substantially met.

***Receivables***

The Foundation's receivables consist primarily of receivables from U.S. government agencies, pledges and interest receivable. The specific identification method is used to determine whether an allowance for doubtful accounts should be established. For the years ended September 30, 2019 and 2018, it was determined that no allowance for doubtful accounts was necessary. In addition, management calculates a discount for multi-year pledges received.

## National Fish and Wildlife Foundation

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

#### ***Mitigation and Settlement Funds***

The Foundation manages certain mitigation and settlement funds in connection with the Foundation's charter to undertake and conduct activities that will further the conservation and management of fish, wildlife and plant resources. Management fees are earned by the Foundation in connection with these activities, which include monitoring project progress, processing payments to organizations, performing services on projects, assisting with evaluating project proposals, and in several instances, implementing the entire scope of activities from the request for project proposals to funds disbursement and eventual project close-out. Management fees are recognized when the related services are performed. The Foundation acts as custodian of funds received and each fund is held and managed as a distinct investment by the Foundation's investment management service providers. The funds maintained by the Foundation at year-end are reflected as an asset and liability in the accompanying consolidated statements of financial position. Amounts disbursed to projects are reflected as both revenues and expenditures in the consolidated statements of activities which results in a change in net assets of zero. Investment income from mitigation and settlement funds for specific organizations is recorded as an asset and corresponding liability when earned. Mitigation and settlement funds include money market funds, treasury and government agency funds, debt and equity securities, and partnership interests and hedge funds which are recorded at their fair values.

As of September 30, 2019 and 2018, the Foundation had a liability of \$2,403,981,673 and \$2,362,042,286 of funds under management in connection with 324 and 249 mitigation and settlement agreements, respectively. During the years ended September 30, 2019 and 2018, the Foundation expended \$131,788,582 and \$150,948,126, respectively, of mitigation and settlement funds on various conservation projects.

#### ***Property and Equipment***

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset as follows:

Furniture and equipment	5 years
Management information system	3 years

Leasehold improvements are amortized over the shorter of the estimated useful life of the improvement or the related lease term.

The Foundation capitalizes property and equipment with an original cost of \$5,000 or more. Bulk purchases of similar items from the same vendor with an aggregate value of \$5,000 or more are also capitalized.

#### ***Net Assets***

The Foundation classifies net assets into two categories: without donor restrictions and with donor restrictions. Net assets without donor restrictions represent contributions not subject to any donor imposed restrictions. Board of Directors ("Board") designated net assets without donor restrictions represent Board-approved funds for specific purposes. Net assets with donor restrictions represent contributions with donor-imposed time or purpose restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the time restrictions expire or the funds are used for their restricted purposes and are reported in the consolidated statements of activities as net assets released from restrictions. Contributions with donor restrictions whose restrictions are fulfilled in the same fiscal year that the contributions are received are reported as contributions with donor restrictions and as net assets released from restrictions. Investment income from with donor restriction assets is recorded as income without donor restrictions unless restricted by the donor.

The Board-designated reclassification in the accompanying consolidated statements of activities represents a reclassification of undesignated net assets to designated net assets.

**National Fish and Wildlife Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2019 and 2018**

**Expense Allocation**

The costs of providing various programs have been summarized on a functional basis and allocated among programs and supporting services benefited. Personnel and occupancy expenses are allocated based on time incurred and space occupied, respectively, by Foundation personnel. Program costs include expenditures directly attributable to various conservation programs. Unpaid program costs as of the end of the reporting period are accrued and reported as Project liabilities within the consolidated statements of financial position.

	2019			2018	
	Program costs	Fundraising	Management & general	Total	Total
Subawards/Mission	\$ 246,693,158	\$ -	\$ -	\$ 246,693,158	\$ 258,038,767
Personnel	16,145,578	2,470,324	4,869,719	23,485,621	21,331,073
Occupancy & Office	2,692,669	222,992	798,556	3,714,217	3,172,501
Professional Services	5,853,822	228,946	416,785	6,499,553	6,773,431
Information Technology	462,358	45,519	168,534	676,411	801,215
Travel and Meetings	828,368	1,112,689	536,417	2,477,474	2,506,608
Other	473,433	152,252	242,498	868,183	659,114
Total expenses	<u>\$ 273,149,386</u>	<u>\$ 4,232,722</u>	<u>\$ 7,032,509</u>	<u>\$ 284,414,617</u>	<u>\$ 293,282,709</u>

**Cash**

As of September 30, 2019 and 2018, cash consisted of demand deposits. As of September 30, 2019 and 2018, cash included funds of \$8,786,465 and \$8,770,086, respectively, held for mitigation and settlement.

**Concentration of Credit Risk**

Cash is maintained at various institutions and at times total deposits maintained exceed the amount insured by federal agencies and, therefore, bear some risk. The Foundation has not experienced any losses as a result of exceeding such amounts. As of September 30, 2019 and 2018, there was \$13,200,701 and \$15,118,510, respectively, in funds held in excess of the Federal Deposit Insurance Corporation (FDIC) limit.

**Recently Issued Accounting Standards to be Adopted in Future Years**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

National Fish and Wildlife Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. For recipients, the effective date is for annual periods beginning after December 15, 2019. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02 *Leases (Topic 842)*, which supersedes the guidance in former ASC Topic 840 "Leases." The most significant change will result in the recognition of lease assets for the right to use the underlying asset, and lease liabilities for the obligation to make lease payments by lessees, for those leases classified as operating leases under current guidance. The new guidance will also require significant additional disclosures about the amount, timing and uncertainty of cash flows from leases. This standard is effective for the fiscal year ending September 30, 2022, with early adoption permitted. Upon adoption of ASU 2016-02, entities are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

**Subsequent Events**

The Foundation evaluated its consolidated financial statements for subsequent events through February 26, 2020, the date the consolidated financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require additional recognition or disclosure in the consolidated financial statements as of September 30, 2019.

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**NOTE C - FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the consolidated statements of financial position dated September 30, 2019, comprise of the following:

Cash and cash equivalents	\$ 6,416,292
Grants, contributions and other receivables	3,969,850
Prepaid expenses and other assets	777,201
Short-term Investments	<u>71,311,107</u>
	<u>\$ 82,474,450</u>

The short-term investments above includes board-designated funds of \$54,520,757. Although the Foundation does not intend to spend board-designated funds, it could be made available if necessary. As described in Note J, the Foundation has a \$10 million revolving line-of-credit with a financial institution that is available if needed. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**National Fish and Wildlife Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2019 and 2018**

**NOTE D - INVESTMENTS**

Investments at September 30, 2019 and 2018, excluding mitigation and settlement funds, consist of the following:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 8,992,642	\$ 35,462,228
Corporate debt securities	191,174,499	207,648,202
Treasury and government agency funds	123,285,238	61,824,662
Partnership interests and hedge funds	<u>51,307,170</u>	<u>44,799,770</u>
	<u>\$ 374,759,549</u>	<u>\$ 349,734,862</u>

In addition to total net investment income recognized for the years ended September 30, 2019 and 2018, \$244,538 and \$18,127 of additional investment income was earned on certain federal cooperative grant advances and other exchange contracts for the years ended September 30, 2019 and 2018, respectively, and recorded as deferred revenue in the accompanying consolidated statements of financial position. This additional investment income is available for specific program expenditures.

**NOTE E - MITIGATION AND SETTLEMENT FUNDS**

The market value of mitigation and settlement funds managed for specific organizations at September 30, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 60,050,977	\$ 88,661,380
Corporate debt securities	877,875,797	1,365,962,427
Treasury and government agency funds	1,332,896,561	782,166,735
Equity funds	1,459,976	838,129
Partnership interests and hedge funds	<u>124,833,638</u>	<u>113,197,193</u>
Subtotal funds held in investments	2,397,116,949	2,350,825,864
Accrued interest	<u>11,528,205</u>	<u>12,474,625</u>
Mitigation and settlement funds	<u>\$ 2,408,645,154</u>	<u>\$ 2,363,300,489</u>

Net investment income of \$181,987,200 and \$5,492,986 was earned on funds managed for specific organizations in 2019 and 2018, respectively.

**National Fish and Wildlife Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2019 and 2018**

**NOTE F - FAIR VALUE MEASUREMENTS**

The following is a description of the valuation methodologies and inputs used for investments measured at fair value, as well as the general classification pursuant to the valuation hierarchy.

- *Money market funds*: Valued at the closing price reported on the active market on which the individual (or similar) securities are traded.
- *Corporate debt securities, treasury and government agency funds, and equity funds*: When quoted prices are available in an active market, corporate debt securities, treasury and government agency funds, and equity funds are classified within Level 1 of the fair value hierarchy. Quoted prices in inactive markets are classified within Level 2. If quoted market prices are not available or accessible, then fair values are estimated using pricing models, matrix pricing, or discounted cash flow models. The fair values of these instruments estimated using pricing models or matrix pricing based on observable prices of corporate debt securities that trade in inactive markets are generally classified within Level 2 of the fair value hierarchy. Securities are classified within Level 3 when there is limited activity or less transparency around inputs to the valuation.
- *Partnership interests and hedge funds*: When quoted market prices are not available or accessible and cannot be estimated using pricing models, matrix pricing, or discounted cash flows, the investments are valued at the NAV of shares or its equivalent as reported by the investments managers, held by the Foundation at year end.

The following table summarizes the valuation of financial instruments at fair value on a recurring basis in the consolidated statement of financial position at September 30, 2019, including the additional requirement to classify securities by major asset type category:

	Level 1	Level 2	Level 3	Reported at NAV	Total
Money market funds	\$ 8,992,462	\$ -	\$ -	\$ -	\$ 8,992,462
Corporate debt securities	18,483,211	172,691,288	-	-	191,174,499
Treasury and government agency funds	3,889,356	119,395,882	-	-	123,285,238
Partnership interests and hedge funds	-	-	-	51,307,170	51,307,170
Investments	<u>31,365,209</u>	<u>292,087,170</u>	<u>-</u>	<u>51,307,170</u>	<u>374,759,549</u>
Mitigation and settlement funds					
Money market funds	60,050,977	-	-	-	60,050,977
Corporate debt securities	17,203,710	860,672,087	-	-	877,875,797
Treasury and government agency funds	4,061,101	1,328,835,460	-	-	1,332,896,561
Equity funds	1,459,976	-	-	-	1,459,976
Partnership interests and hedge funds	-	-	-	124,833,638	124,833,638
Mitigation and settlement funds	<u>82,775,764</u>	<u>2,189,507,547</u>	<u>-</u>	<u>124,833,638</u>	<u>2,397,116,949</u>
Total financial instruments	<u>\$ 114,140,973</u>	<u>\$ 2,481,594,717</u>	<u>\$ -</u>	<u>\$ 176,140,808</u>	<u>\$ 2,771,876,498</u>



**National Fish and Wildlife Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2019 and 2018**

The following table summarizes the valuation of financial instruments at fair value on a recurring basis in the consolidated statement of financial position at September 30, 2018, including the additional requirement to classify securities by major asset type category:

	Level 1	Level 2	Level 3	Reported at NAV	Total
Money market funds	\$ 35,462,228	\$ -	\$ -	\$ -	\$ 35,462,228
Corporate debt securities	21,947,926	185,700,276	-	-	207,648,202
Treasury and government agency funds	-	61,824,662	-	-	61,824,662
Partnership interests and hedge funds	-	-	-	44,799,770	44,799,770
<b>Investments</b>	<b>57,410,154</b>	<b>247,524,938</b>	<b>-</b>	<b>44,799,770</b>	<b>349,734,862</b>
Mitigation and settlement funds					
Money market funds	88,661,380	-	-	-	88,661,380
Corporate debt securities	39,999,058	1,325,963,369	-	-	1,365,962,427
Treasury and government agency funds		782,166,735	-	-	782,166,735
Equity funds	838,129	-	-	-	838,129
Partnership interests and hedge funds	-	-	-	113,197,193	113,197,193
<b>Mitigation and settlement funds</b>	<b>129,498,567</b>	<b>2,108,130,104</b>	<b>-</b>	<b>113,197,193</b>	<b>2,350,825,864</b>
<b>Total financial instruments</b>	<b>\$ 186,908,721</b>	<b>\$ 2,355,655,042</b>	<b>\$ -</b>	<b>\$ 157,996,963</b>	<b>\$ 2,700,560,726</b>

The table below presents additional information for the Foundation's investments, as of September 30, 2019, whose fair value is estimated using the practical expedient of reported NAV.

	Fair Value	Unfunded Commitments	Expected Liquidation Term	Redemption Terms	Restrictions at 9/30/2019
Partnership interests and hedge funds <sup>(a)</sup>	\$ 176,140,808	\$ 8,230,838	N/A	Various, ranging from Monthly to Annually	Various, ranging from one to three years

<sup>(a)</sup> This class includes several hedge funds and funds of funds that invest primarily in international and domestic equity securities to achieve capital appreciation. The fair values of the investments have been estimated by using the NAV per share of the funds.

**National Fish and Wildlife Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2019 and 2018**

The table below presents additional information for the Foundation's investments, as of September 30, 2018, whose fair value is estimated using the practical expedient of reported NAV.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Expected Liquidation Term</u>	<u>Redemption Terms</u>	<u>Restrictions at 9/30/2019</u>
Partnership interests and hedge funds <sup>(a)</sup>	\$ 157,996,963	\$ 4,200,588	N/A	Various, ranging from Monthly to Annually	Various, ranging from one to three years

<sup>(a)</sup> This class includes several hedge funds and funds of funds that invest primarily in international and domestic equity securities to achieve capital appreciation. The fair values of the investments have been estimated by using the NAV per share of the funds.

**NOTE G - DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions as of September 30, 2019 and 2018, which have been designated by the Board for specific purposes, are summarized as follows:

	<u>2019</u>	<u>2018</u>
Halliburton funds	\$ 32,732,406	\$ 37,576,913
Funds for the future	51,618,860	45,215,592
<b>Total designated net assets</b>	<b>\$ 84,351,266</b>	<b>\$ 82,792,505</b>

Halliburton funds have been designated by the Board to support the implementation of the Gulf Environmental Benefit Fund (GEBF) program through support of conservation projects and activities in the states of Alabama, Florida, Louisiana, Mississippi and Texas. Funds for the future have been designated by the Board to fund on-going strategic conservation objectives and priorities of the Foundation as well as to maintain a quasi-endowment for the purpose of securing the long-term financial viability of the Foundation.

**National Fish and Wildlife Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2019 and 2018**

**NOTE H - NET ASSETS WITH DONOR RESTRICTIONS**

At September 30, 2019 and 2018, the Foundation had net assets with donor restrictions for conservation initiatives to be expended for the following programs:

	<u>2019</u>	<u>2018</u>
Acres for America	\$ 12,805,155	\$ 11,764,369
Longleaf Stewardship Fund	12,064,696	13,338,598
Pelagic Bird Fund	11,743,504	9,990,712
Environmental Solutions for Communities	9,931,933	9,215,758
Delaware River Basin Program	9,802,331	12,284,270
Lower MS Alluvial Valley Fund	9,361,295	9,690,564
Chesapeake Bay Small Watershed Grants	5,586,244	3,623,442
Northern Great Plains	4,932,327	5,137,198
New England Forests and Rivers Fund	3,590,697	3,525,463
Five Star and Nature Restoration Trust	3,170,344	3,163,514
Southwestern Rivers	3,104,937	2,205,333
SPIRIT of Conservation	2,684,286	1,962,713
Chicago River Fund/CHI-CAL	2,655,457	2,662,739
Hawaii Conservation Program	2,519,051	249,385
Southeast Michigan Resilience Fund	2,270,000	2,143,077
Sustain our Great Lakes Program	2,092,833	1,787,000
National Coastal Resilience Fund	2,077,500	922,924
Bird Keystone	1,924,385	3,270,405
Monarch Butterfly and Pollinators Conservation Fund	1,898,206	2,553,117
Fisheries Innovation Fund	1,892,103	1,578,203
Gulf Coast Conservation Grants Program	1,811,263	2,117,272
Western Water Development	1,496,437	1,806,050
Conservation Partners	1,422,883	17,337
Killer Whale Research and Conservation	1,402,661	1,709,253
Fishing for Energy Fund	1,344,697	493,380
Central Appalachia Habitat Stewardship Program	1,231,018	1,453,059
Other Conservation Initiatives	7,852,705	11,011,495
	<u>\$ 122,668,948</u>	<u>\$ 119,676,630</u>
Total		

**National Fish and Wildlife Foundation**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**September 30, 2019 and 2018**

**NOTE I - COMMITMENTS AND CONTINGENCIES**

***Operating Leases***

The Foundation leases office space under various non-cancelable operating leases that expire through 2026. In December 2007, the Foundation entered into a lease for an office space at 1133 15th Street, Washington, D.C. The lease commenced in October 2008 and continues through 2026. In September 2015, the Foundation entered into an agreement to amend this lease to increase the total space of rentable area on the property which is the subject of the lease. Monthly rental payment is at \$96,872 with an annual escalation of two and a half percent. This lease agreement includes a tenant improvement allowance of \$668,400. The tenant improvement allowance balance was \$488,922 and \$563,189 as of September 30, 2019 and 2018, respectively. The allowance utilized is included within deferred rent and is being amortized on a straight-line basis over the lease term as a reduction of rent expenses.

On a September 30 fiscal year basis, future minimum lease payments consist of the following:

<u>Year ending September 30,</u>	
2020	\$ 2,075,650
2021	2,089,256
2022	1,895,695
2023	1,913,230
2024	1,868,294
Thereafter	<u>3,004,755</u>
Total	<u>\$ 12,846,880</u>

Rent expense is amortized using the straight-line method and was \$2,101,189 and \$2,041,690 for the years ended September 30, 2019 and 2018, respectively.

***Litigation and Claims***

The Foundation may be subject to various claims and assessments during the normal course of its operations. Management does not believe that any known claim or assessment would have a material impact on the Foundation's consolidated financial statements.

***Costs Subject to Audit***

The Foundation's costs under its government grants and cooperative agreements are subject to audit by the awarding agencies. Management of the Foundation does not believe that the results of such audits would have a material impact on the accompanying consolidated statements of financial position and the accompanying consolidated statements of activities and changes in net assets of the Foundation.

National Fish and Wildlife Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

**NOTE J - LINE-OF-CREDIT**

In 2016, the Foundation opened a line-of-credit agreement with a financial institution for a revolving line-of-credit in the amount of \$10,000,000. Interest is payable monthly at the London Interbank Offered Rate (LIBOR) plus 50% per annum (2.52% and 2.76% as of September 30, 2019 and 2018, respectively). The line-of-credit had an original maturity date of April 30, 2017 and is secured by the Foundation's investment securities. The agreement was renewed to extend the maturity date to May 31, 2020. The loan agreement also contains specific financial and operating covenants of which the Foundation was in compliance as of September 30, 2019. The Foundation has not drawn upon the line-of-credit during the two fiscal years ended September 30, 2019 and 2018. As such, there were no amounts outstanding as of September 30, 2019 and 2018 nor was there interest expense for the years ended September 30, 2019 and 2018.

WBC has a \$250,000 unsecured revolving line of credit with a bank, dated September 6, 2019, maturing September 6, 2022. Borrowings under the line bear interest at the Wall Street Journal Prime Rate plus 2.75% (7.75% at September 30, 2019). Accrued interest and principal are due at maturity. The agreement requires compliance with certain non-financial covenants. There were no borrowings on this line of credit during the year ended September 30, 2019 or 2018.

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**NOTE K - RETIREMENT PLANS**

The Foundation's benefits package for its staff includes a 403(b), 457(f) and 457(b) tax-deferred annuity retirement plans. The total amount incurred by the Foundation for these benefits for the years ended September 30, 2019 and 2018, was \$1,578,347 and \$1,534,079, respectively.

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**NOTE L - PLEDGES RECEIVABLE, NET**

All pledges are deemed fully collectible. The net present value of pledges receivable is expected to be received as follows at September 30:

	2019	2018
Less than one year	\$ 20,387,552	\$ 18,525,423
One to five years	15,089,879	24,307,549
Less: Unamortized discount on receivables at rates from 0.89% to 2.89% to estimated net present value	<u>(892,935)</u>	<u>(2,027,040)</u>
Pledges receivable, net	<u>\$ 34,584,496</u>	<u>\$ 40,805,932</u>

In addition, the Foundation received conditional promises to give, primarily related to agreement of continued funding which have not yet been met, that are not recognized as assets in the consolidated statements of financial position amounting to \$15,050,000 and \$18,500,000 as of September 30, 2019 and 2018, respectively.

National Fish and Wildlife Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2019 and 2018

**NOTE M - PROPERTY AND EQUIPMENT, NET**

Property and equipment consists of the following at September 30:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 362,071	\$ 346,792
Management information system	4,368,622	4,091,065
Leasehold improvements	<u>5,254,918</u>	<u>5,216,923</u>
	9,985,611	9,654,780
Less: accumulated depreciation and amortization	<u>(7,085,823)</u>	<u>(6,344,469)</u>
Total property and equipment, net	<u>\$ 2,899,788</u>	<u>\$ 3,310,311</u>

Depreciation and amortization expense was \$741,353 and \$1,005,176 for the years ended September 30, 2019 and 2018, respectively.

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**NOTE N - ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consist of the following at September 30:

	<u>2019</u>	<u>2018</u>
Accounts payable	\$ 2,498,336	\$ 2,065,581
Accrued personnel related costs	<u>1,741,793</u>	<u>1,754,615</u>
Total accounts payable and accrued liabilities	<u>\$ 4,240,129</u>	<u>\$ 3,820,196</u>

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**NOTE O - RELATED PARTY TRANSACTIONS**

The Foundation received contributions from Board members and other related organizations during the years ended September 30, 2019 and 2018, totaling \$2,053,000 and \$2,163,000, respectively.

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**NOTE P - RISKS AND UNCERTAINTIES**

The Foundation invests in certain investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities which occur in the near term could materially impact the amounts reported in Foundation's consolidated financial statements.

**SUPPLEMENTAL INFORMATION**

National Fish and Wildlife Foundation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2019

Federal Grantor/Program Title	CFDA No.	Award No./Pass-thru Identifying No.	Total Expenditures	Provided to Subrecipients
<b>U.S. Department of Interior</b>				
DOI Hurricane Sandy FY13	15.153	D13AC00001	\$ 18,422,700	\$
Total U.S. Department of Interior - Hurricane Sandy Disaster Relief - Coastal Resiliency Grants			18,422,700	18,211,305
BLM Appropriations FY17 & FY18	15.231	L17AC00384	1,800,194	
BLM Endangered Species FY16	15.231	L16AC00431	26,598	
BLM Rocky Mountain Sage Grouse Conservation FY17	15.231	L17AC00348	65,006	
Total U.S. Department of Interior - Fish, Wildlife and Plant Conservation Resource Management			1,891,798	1,837,530
BLM National Sage Grouse Conservation Partnership FY19	15.247	L19AC00029	19,441	
Total BLM-CO Strengthening Partnerships for Wildlife Partnerships and Habitat Management			19,441	-
BOR Walker Restoration	15.508	R10AP20007	11,979,552	
Total U.S. Department of Interior - Providing Water to At-Risk Natural Desert Terminal Lakes			11,979,552	11,809,273
BOR Middle Rio Grande	15.517	R17AC00119	150,580	
BOR Klamath Salmon FY15	15.517	R15AP00041	418,313	
Total U.S. Department of Interior - Fish and Wildlife Coordination Act			568,893	408,081
BOR Youth Initiative FY15	15.546	R15AC00006	110,135	
Total U.S. Department of Interior - Youth Conservation Program			110,135	109,254
FWS Approps Pre-FY12	15.608	-	215,253	
FWS Appropriations FY12	15.608	F12AB00023	103,006	
FWS Endangered Species in Pacific Southwest	15.608	F14AC00733	92,816	
FWS Feral Pig Eradication	15.608	F16AC00300	592	
FWS Klamath Basin FY17	15.608	F17AC00470	60,203	
FWS Eastern Brook Trout Joint Venture FY17	15.608	F17AC00855	52,511	
FWS Eastern Brook Trout Joint Venture FY18	15.608	F18AC00818	40,111	
FWS Klamath Basin FY19	15.608	F19AC00527	218	
Total U.S. Department of Interior - Fish and Wildlife Management Assistance			564,710	464,469
FWS Western Migration	15.631	F18AC00861	60,106	
Total U.S. Department of Interior - Partners for Fish and Wildlife			60,106	16,000
FWS Laser Technology Seabird	15.650	F15AP001055	19,794	
Total U.S. Department of Interior - Research Grants (Generic)			19,794	19,519
FWS Mountain-Prairie Conservation	15.653	F14AC01150	28,774	
Total U.S. Department of Interior - National Outreach and Communication Program			28,774	-



National Fish and Wildlife Foundation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2019

Federal Grantor/Program Title	CFDA No.	Award No./Pass-thru Identifying No.	Total Expenditures	Provided to Subrecipients
FWS Urban Refuge Partnership	15.654	F14AC00084	\$ (561)	\$
FWS NWR System Friends 2	15.654	F14AC00085	18,833	
FWS NWR System Friends 3	15.654	F15AC00267	30,935	
FWS Friends Training FY16	15.654	F16AC00130	6,542	
FWS NWR System Friends FY16	15.654	F16AC00956	38,137	
FWS Urban Refuge FY16	15.654	F16AC01147	48,707	
FWS Urban Refuge 4	15.654	F17AC00967	22,126	
FWS Friends Support	15.654	F17AC01184	631	
FWS NWR Refuge Friends FY18	15.654	F18AC00963	28,056	
FWS Urban Refuge FY19	15.654	F19AC00426	84	
FWS NWR Refuge Friends FY19	15.654	F19AC00311	1,796	
Total U.S. Department of Interior - Visitor Facility Enhancements - Refuges and Wildlife			195,286	152,420
FWS Bald & Golden Eagle	15.655	F14AC00710	49,904	
FWS Urban Refuge FY15	15.655	F14AC01180	5	
FWS Urban Bird Treaty FY16	15.655	F16AC01013	66,301	
FWS Urban Bird Treaty FY17	15.655	F17AC00966	96,025	
FWS Urban Bird Treaty FY18	15.655	F18AC00872	3,470	
FWS Urban Bird Treaty FY19	15.655	F19AC00125	729	
Total U.S. Department of Interior - Migratory Bird Monitoring, Assessment and Conservation			216,434	202,854
FWS Bats for the Future	15.657	F16AC01282	404,562	
FWS FY18 Bats for the Future	15.657	F19AC00040	142,504	
Total U.S. Department of Interior - Endangered Species Conservation: Recovery Implementation Funds			547,066	519,149
FWS Great Lakes FY13	15.662	F13AP00590	400,248	
FWS Great Lakes FY14	15.662	F14AP00901	1,198,240	
FWS Great Lakes FY15	15.662	F15AP00725	1,891,563	
FWS Great Lakes FY16	15.662	F16AP01029	1,930,284	
FWS Great Lakes FY17	15.662	F17AP00313	1,346,359	
FWS Great Lakes FY18	15.662	F18AP00637	366,100	
FWS Great Lakes FY19	15.662	F19AP00636	303	
Total U.S. Department of Interior - Great Lakes Restoration			7,133,097	6,717,595
FWS Appropriations FY13	15.663	F13AP00622	134,707	
FWS Appropriations FY14	15.663	F14AP00333	43,684	
FWS Appropriations FY15	15.663	F15AP00569	506,477	
FWS Appropriations FY16	15.663	F16AP00398	1,464,246	
FWS Appropriations FY17	15.663	F17AP00569	2,913,000	
FWS Appropriations FY18	15.663	F18AP00036	357,194	
FWS Klamath Basin FY13	15.663	F13AC00611	101,596	
FWS Klamath Basin 2015-20	15.663	F15AC00282	871,809	
FS Monarch Butterfly	15.663	16-CA-11132422-185	2,254	
FWS Klamath Tribes Fisheries	15.663	F16AC00656	6,728	
FWS Region 6 Gunnison FY16	15.663	F16AC01264	8,828	
FWS Delaware Watershed Conservation Fund FY18	15.663	F18AC00707	160,147	
Total U.S. Department of Interior - National Fish and Wildlife Foundation			6,570,670	6,298,120

National Fish and Wildlife Foundation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2019

Federal Grantor/Program Title	CFDA No.	Award No./Pass-thru Identifying No.	Total Expenditures	Provided to Subrecipients
FWS Monarch Butterfly	15.664	F15AP00245	\$ 630,411	\$
FWS Conservation Partnership	15.664	F15AC01067	184,613	
Total U.S. Department of Interior - Fish and Wildlife Coordination and Assistance			815,024	788,839
Pass-through awards:				
Arizona Game and Fish Commission -				
Arizona Wolf Livestock	15.666	—	16,517	
New Mexico Department of Agriculture -				
New Mexico Wolf Depredation	15.666	GR0005923	59,845	
New Mexico Wolf Proactive	15.666	GR0005928	59,990	
Total U.S. Department of Interior - Endangered Species Conservation- Wolf Livestock Loss Compensation and Prevention			136,352	-
USGS Monarch	15.808	G16AC00229	166,384	
Total U.S. Department of Interior - U.S. Geological Survey Research and Data Collection			166,384	156,160
Total U.S. Department of Interior			49,446,216	47,710,568
<b>U.S. Department of Agriculture</b>				
FS New England Forest and Rivers	10.664	15-DG-11420004-214	33,439	
FS Five Star and Urban Waters Restoration FY16-20	10.664	16-CA-11132544-021	450,877	
FS State and Private Forestry Longleaf	10.664	17-CA-11083150-007	243,593	
FS Five Star and Urban Waters Restoration FY18-23	10.664	18-CA-11132544-036	1,660	
FS State and Private Longleaf FY2019	10.664	19-CA-11083150-002	1,857	
Total U.S. Department of Agriculture - Cooperative Forestry Assistance			731,426	644,924
FS Cheasapeake Bay 2018	10.678	18-DG-11420004-247	33,075	
Total U.S. Department of Agriculture - Forest Stewardship Program			33,075	31,582
FS Appropriations FY13	10.683	13-CA-11132422-120	554	
FS Appropriations FY14	10.683	14-CA-11132422-195	121,043	
FS Appropriations FY15	10.683	15-CA-11132422-241	311,879	
FS Appropriations FY16	10.683	16-CA-11132422-213	961,403	
FS Appropriations FY17	10.683	17-CA-11132422-109	896,700	
FS Appropriations FY18	10.683	18-CA-11132422-180	230,602	
FS Youth Engagement	10.683	11-CA-11132422-300	145,293	
FS Longleaf Stewardship FY15-20	10.683	15-CA-11083150-001	401,340	
FS Bats for the Future	10.683	17-CA-11132422-145	53,119	
FS Southern Family	10.683	17-CA-11083150-001	232,843	
FS Developing the Next Generation of Conservationists	10.683	17-CA-11132422-343	191,705	
Total U.S. Department of Agriculture - National Fish and Wildlife Foundation			3,546,481	3,489,445
NRCS Conservation Partners Program FY17 (CRP)	10.069	68-3A75-17-308	175,130	
NRCS Montana Northern Rockies and Sagebrush Landscapes	10.069	68-0325-17-008	21,891	
NRCS South Dakota Northern Great Plains and Prairie Pothole FY18	10.069	NR186740XXXXC004	978	
Total U.S. Department of Agriculture - Conservation Reserve Program			197,999	192,625

National Fish and Wildlife Foundation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2019

Federal Grantor/Program Title	CFDA No.	Award No./Pass-thru Identifying No.	Total Expenditures	Provided to Subrecipients
NRCS Conservation Partners Program FY15	10.902	68-3A75-15-166	\$ 375,385	\$
NRCS Montana Northern Great Plains and Rangeland Habitat	10.902	65-0325-15-017	263,544	
NRCS Longleaf Pine South Carolina Pt 1	10.902	68-4639-16-185	20,000	
NRCS Longleaf Pine Texas	10.902	68-7442-16-519	79,242	
NRCS Longleaf Pine South Carolina Pt 2	10.902	68-4639-16-1051	33,821	
NRCS Hawaii Working Lands	10.902	68-9251-16-509	8,937	
NRCS South Dakota Northern Great Plains and Prairie Pothole FY16	10.902	68-6740-16-524	115,510	
NRCS Conservation Partners Program FY16	10.902	68-3A75-16-813	822,977	
NRCS Central Appalachia	10.902	68-3A75-17-262	305,441	
NRCS Conservation Partners Program FY17 (CTA)	10.902	68-3A75-17-308	697,042	
NRCS Arkansas Forests	10.902	68-7103-17-101	22,795	
NRCS Idaho Conservation Partnership FY17	10.902	68-0211-17-019	65,425	
NRCS Michigan Working Lands	10.902	68-5D21-17-122	292,458	
NRCS Nebraska Sandhills FY17	10.902	68-6526-17-107	48,822	
NRCS North Dakota Northern Great Plains Prairie Pothole	10.902	68-6633-17-012	1,364	
NRCS South Carolina Forests and Streams	10.902	68-4639-17-167	94,221	
NRCS Conservation Partners Program FY17 (Coral)	10.902	68-3A75-17-308	16,682	
NRCS Montana Northern Rockies and Sagebrush Landscapes FY17	10.902	68-0325-17-008	43,783	
NRCS Louisiana Forests	10.902	NR177217XXXXC003	37,355	
NRCS Alabama Forest Partnership	10.902	NR184101XXXXC003	4,454	
NRCS South Dakota Northern Great Plains and Prairie Pothole FY18	10.902	NR186740XXXXC004	1,504	
NRCS Mississippi Forests Conservation Partnership	10.902	NR184423XXXXC053	3,090	
NRCS Kentucky Conservation FY18	10.902	NR185C16XXXXC013	2,841	
NRCS Gulf of Mexico Ecosystem Restoration FY18	10.902	68-3A75-18-220	7,996	
NRCS Texas CTA	10.902	NR183A750022C004	1,581	
NRCS Conservation Partners Program FY18	10.902	NR183A750022C004	353,497	
NRCS Tennessee Accelerating Forest	10.902	NR194741XXXXC015	432	
NRCS New Hampshire FY19	10.902	NR191428XXXXC002	18	
Total U.S. Department of Agriculture - Soil and Water Conservation			3,720,217	3,206,565
NRCS Texas Gulf Coast	10.912	65-7442-13-373	54,542	
NRCS Lake Erie Partnership	10.912	68-3A75-14-210	232,214	
NRCS New Mexico Pecos and Rio Grande Watersheds	10.912	68-8C30-17-015	5,994	
NRCS Wyoming Northern Great Plains Sagebrush	10.912	68-8E49-17-016	21,532	
NRCS Conservation Partners Program FY16 Chesapeake	10.912	68-3A75-16-813	367,825	
NRCS Central Appalachia	10.912	68-3A75-17-262	271,937	
NRCS Conservation Partners Program FY17 (EQIP)	10.912	68-3A75-17-308	376,589	
NRCS Louisiana Forests	10.912	NR177217XXXXC003	37,355	
NRCS Gulf of Mexico 2017	10.912	68-3A75-17-429	3,364	
NRCS Alabama Forest Partnership	10.912	NR184101XXXXC003	4,454	
NRCS South Dakota Northern Great Plains and Prairie Pothole FY18	10.912	NR186740XXXXC004	1,880	
NRCS Mississippi Forests Conservation Partnership	10.912	NR184423XXXXC053	3,090	
NRCS Kentucky Conservation 2018	10.912	NR185C16XXXXC013	2,841	
NRCS Conservation Partners Program FY18	10.912	NR183A750022C004	201,636	
Total U.S. Department of Agriculture - Environmental Quality Incentives Program			1,585,253	1,524,353
NRCS South Dakota Northern Great Plains and Prairie Pothole FY16	10.914	68-6740-16-524	115,510	
Total U.S. Department of Agriculture - Wildlife Habitat Incentive Program			115,510	112,538
NRCS Gulf Mexico Restoration	10.072	68-3A75-14-279	121,057	
NRCS Gulf Working FY16	10.072	68-3A75-16-1281	550,115	
Total U.S. Department of Agriculture - Wetlands Reserve Program			671,172	588,570

National Fish and Wildlife Foundation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2019

Federal Grantor/Program Title	CFDA No.	Award No./Pass-thru Identifying No.	Total Expenditures	Provided to Subrecipients
FS Pacific Southwest Region Water Partnership	10.693	14-PA-11052007-026	\$ 92,383	\$
Total U.S. Department of Agriculture - Watershed Restoration and Enhancement Agreement Authority			92,383	-
NRCS South Dakota Northern Great Plains and Prairie Pothole FY16	10.924	68-6740-16-524	115,510	
NRCS Louisiana Forests	10.924	NR177217XXXXC003	37,355	
NRCS South Dakota Northern Great Plains and Prairie Pothole FY18	10.924	NR186740XXXXC004	3,158	
NRCS Conservation Partners Program FY18	10.924	NR183A750022C004	201,636	
Total U.S. Department of Agriculture - Conservation Stewardship Program			357,659	348,829
NRCS Gulf Working FY16	10.931	68-3A75-16-1281	550,115	
NRCS Montana Northern Rockies and Sagebrush Landscapes FY17	10.931	68-0325-17-008	21,892	
NRCS Gulf of Mexico 2017	10.931	68-3A75-17-429	3,364	
NRCS Louisiana Forests	10.931	NR177217XXXXC003	37,355	
NRCS Gulf of Mexico Ecosystem Restoration FY18	10.931	68-3A75-18-220	3,592	
Total U.S. Department of Agriculture - Agricultural Conservation Easement Program			616,318	578,113
NRCS Regional Conservation Partnership Program Delaware	10.932	68-2D37-15-762	276,784	
NRCS Regional Conservation Partnership Program Chesapeake	10.932	68-2D37-15-763	96,531	
NRCS Improving Working Lands	10.932	68-7442-16-1260	302,909	
Total U.S. Department of Agriculture -Regional Conservation Partnership Program			676,224	658,729
Total U.S. Department of Agriculture			12,343,717	11,376,273
<b>Environmental Protection Agency</b>				
EPA Long Island Sound Futures Fund FY15	66.437	LI-00A00008-0	90,914	
EPA Long Island Sound Futures Fund FY16	66.437	LI-00A00129-0	483,213	
EPA Long Island Sound Futures Fund FY17	66.437	LI-00A00382-0	870,423	
EPA Long Island Sound Futures Fund FY18	66.437	LI-00A00389-0	233,537	
Total EPA - Long Island Sound Program			1,678,087	1,520,958
EPA Five Star 5	66.462	WD-83658001	138,987	
Total EPA - National Wetland Program Development Grants and Five-Star Restoration Training Grant			138,987	113,107
EPA Chesapeake Bay Innovative Nutrient and Sediment Reduction 2014	66.466	96331101	3,715,597	
EPA Small Watershed Grants 2014	66.466	96331001	5,314,137	
EPA Small Watershed Grants 2018	66.466	96358101	910,375	
EPA Chesapeake Bay Innovative Nutrient and Sediment Reduction 2018	66.466	96358201	239,243	
Total EPA - Chesapeake Bay Program			10,179,352	9,068,927
Total Environmental Protection Agency			11,996,426	10,702,992

National Fish and Wildlife Foundation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2019

Federal Grantor/Program Title	CFDA No.	Award No./Pass-thru Identifying No.	Total Expenditures	Provided to Subrecipients
<b>U.S. Department of Commerce</b>				
NOAA Enhancing Protected Resources Management Capacity	11.008	NA18NMF0080314	\$ 16,757	\$
Total U.S. Department of Commerce - NOAA Mission-Related Education Awards			16,757	-
NOAA Beluga Whale	11.439	NA14NMF4390092	866	
Total U.S. Department of Commerce - Marine Mammal Data Program			866	-
NOAA Appropriations FY16	11.454	NA16NMF4540289	868,140	
NOAA Fisheries Innovation Fund 2016-2020	11.454	NA15NMF4540400	411,654	
NOAA Irrigation Efficiencies	11.454	NA17NMF4540116	1,292	
Total U.S. Department of Commerce - Unallied Management Projects			1,281,086	1,237,184
NOAA Choptank River	11.463	NA14NMF4630260	259,242	
NOAA Cape Fear River Basin 15	11.463	NA15NMF4630392	78,293	
NOAA Coastal Resiliency	11.463	NA16NMF4630355	338,060	
NOAA Damage Assessment Remediation and Restoration Program 2016-202	11.463	NA16NMF4630023	2,463,317	
NOAA Damage Assessment Remediation and Restoration Program 2018	11.463	NA18NMF4630004	740,042	
Total U.S. Department of Commerce - Habitat Conservation			3,878,954	1,666,107
NOAA Building Protected Resources Management Capacity	11.469	NA14NMF4690277	159,765	
Total U.S. Department of Commerce - Congressionally Identified Awards and Projects			159,765	33,812
NOAA Appropriations FY17	11.472	NA17NMF4720331	1,464,243	
NOAA Appropriations FY18	11.472	NA18NMF4720304	889,890	
Total U.S. Department of Commerce - Unallied Science Program			2,354,133	2,354,133
NOAA National Resilient Coastal Community Program 2018	11.473	NA18NOS4730204	1,759,558	
NOAA Emergency Coastal Resilience Fund FY19	11.473	NA20NOS4730002	13,329	
NOAA National Coastal Resilience Fund FY19	11.473	NA19NOS4730148	1,864	
Total U.S. Department of Commerce - Coastal Services Center			1,774,751	1,321,403
NOAA Coral Reef Conservation FY15	11.482	NA14NOS4820143	2,538,139	
NOAA Coral Reef Conservation	11.482	NA18NOS4820181	368,868	
Total U.S. Department of Commerce - Coral Reef Conservation Program			2,907,007	2,642,688
Total U.S. Department of Commerce			12,373,319	9,255,327
<b>U.S. Department of Energy</b>				
BPA Columbia Basin Water Transaction Program Umatilla 2013	81.000	58604	(570)	
BPA Columbia Basin Water Transaction Program Colville FY18	81.000	77381	14,355	
BPA Columbia Basin Water Transaction Program Umatilla FY18	81.000	77376	144,958	
BPA Columbia Basin Water Transaction Program FY18	81.000	77341	1,308,964	
BPA Columbia Basin Water Transaction Program Umatilla FY19	81.000	80964	43,545	
BPA Columbia Basin Water Transaction Program Colville FY19	81.000	80678	65,561	
BPA Columbia Basin Water Transaction Program FY19	81.000	80638	3,442,685	
Total U.S. Department of Energy			5,019,498	4,351,944

National Fish and Wildlife Foundation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2019

Federal Grantor/Program Title	CFDA No.	Award No./Pass-thru Identifying No.	Total Expenditures	Provided to Subrecipients
<b>U.S. Department of Defense</b>				
US Navy Pacific Missile Range Facility Seabird	12.632	N40192-18-2-8006	\$ 147,113	\$
DOD Longleaf 2016	12.632	HQ0034-16-2-0023	<u>881,274</u>	
Total U.S. Department of Defense - Legacy Resource Management Program			<u>1,028,387</u>	<u>953,261</u>
DOD Longleaf 2011	12.000	HQ0034-11-2-0005	12,522	
USACE Lake Isabella	12.000	DACW059820001	<u>202,258</u>	
Total U.S. Department of Defense			<u>214,780</u>	<u>10,000</u>
Total U.S. Department of Defense			<u>1,243,167</u>	<u>963,261</u>
<b>Corporation for National and Community Service</b>				
Pass-through awards:				
Nevada Volunteers -				
Walker Basin Conservancy AmeriCorps Program	94.006	16AFHNV0010012	<u>364,301</u>	
Total Corporation for National and Community Service			<u>364,301</u>	-
Total Expenditures of Federal Awards			<u>\$ 92,786,644</u>	<u>\$ 84,360,365</u>

National Fish and Wildlife Foundation

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2019

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the National Fish and Wildlife Foundation, and is presented on the accrual basis of accounting. The information is presented in accordance with requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in the schedule of expenditures of federal awards may differ from amounts presented or used in the preparation of the basic consolidated financial statements.

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**NOTE B - CATALOG FEDERAL DOMESTIC ASSISTANCE**

Catalog Federal Domestic Assistance (“CFDA”) numbers are assigned to various agreements presented on the Schedule of Expenditures of Federal Awards. When a CFDA number is not assigned, federal awards from the same agency made for the same purpose are combined by primary focus or source, and are considered one program for purposes of determining major programs.

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**NOTE C - INDIRECT COST**

National Fish and Wildlife Foundation has not elected to use the 10 percent *de minimus* cost rate allowed under the Uniform Guidance.

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**NOTE D - CONTINGENCIES**

Financial awards from federal governments in the forms of grants are subject to special audits. Such audits could result in claims against the Foundation for disallowed costs or non-compliance with grantor restrictions. No provision has been made for any liabilities that may arise from any such audits.

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**NOTE E - SUBSEQUENT EVENTS**

The Foundation evaluated its September 30, 2019 schedule of expenditures of federal awards for subsequent events through February 26, 2020, the date the schedule of expenditures of federal awards was available to be issued. The Foundation is not aware of any subsequent events which would require recognition or disclosure in this schedule of expenditures federal awards.

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
National Fish and Wildlife Foundation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the National Fish and Wildlife Foundation and subsidiary (the "Foundation"), which comprise the consolidated statement of financial position as of September 30, 2019, and the related consolidated statements of activities, and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 26, 2020.

### **Internal Control over Financial Reporting**

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

**Intended purpose**

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 Foundation'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 Foundation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*Grant Thornton LLP*

Arlington, Virginia  
February 26, 2020

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
National Fish and Wildlife Foundation

### **Report on compliance for each major federal Program**

We have audited the compliance of National Fish and Wildlife Foundation (the "Foundation") with the types of compliance requirements described in the U.S. Office of Management and Budget's OMB Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019. The Foundation'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to the Foundation's federal programs.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation'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 Foundation's compliance.

#### **Opinion on each major federal program**

In our opinion, the Foundation 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, 2019.

## Report on internal control over compliance

Management of the Foundation 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 Foundation's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to design audit 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 Foundation'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 a 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. Given these limitations, during our audit we did not identify any deficiencies in the Foundation's 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.



Arlington, Virginia  
February 26, 2020

**National Fish and Wildlife Foundation**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended September 30, 2019**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
- a. Material weakness(es) identified? \_\_\_ Yes   X   No
- b. Significant deficiency(ies) identified note considered to be material weaknesses? \_\_\_ Yes   X   None reported
3. Noncompliance material to financial statements noted? \_\_\_ Yes   X   No

**Federal Awards:**

1. Internal control over major program:
- a. Material weakness(es) identified? \_\_\_ Yes   X   No
- b. Significant deficiency(ies) identified bite considered to be material weaknesses \_\_\_ Yes   X   None reported
2. Type of auditor's report issued on compliance for major programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. *Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards*? \_\_\_ Yes   X   No
4. Identification of major programs:

CFDA NO.	Program Title	Grant No.
11.482	NOAA Coral Reef	Various
15.508	BOR Walker Restoration	Various
81.000	Bonneville Power Administration	Various

5. Dollar threshold used to distinguish between Type A and Type B programs: \$2,783,599
6. Auditee qualified as a low-risk auditee?   X   Yes        No

**National Fish and Wildlife Foundation**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**Year ended September 30, 2019**

**SECTION 2 - FINANCIAL STATEMENTS FINDINGS**

None reported.

**SECTION 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.