



Financial Statements

For the Year Ended December 31, 2019

(With Summarized Financial Information for the Year Ended December 31, 2018)



**and
Report Thereon**



**Reports Required in Accordance with the
Uniform Guidance**

For the Year Ended December 31, 2019



CONSERVATION LEGACY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Conservation Legacy

Report on the Financial Statements

We have audited the accompanying financial statements of Conservation Legacy, which comprise the statement of financial position as of December 31, 2019, 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.

Auditors' 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 auditors' 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.

Continued

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Opinion

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of Conservation Legacy as of December 31, 2019, 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

Report on the Summarized Comparative Financial Statements

We have previously audited Conservation Legacy's 2018 financial statements, and in our report dated August 28, 2019, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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, as required by 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 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2020, on our consideration of Conservation Legacy'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 Conservation Legacy'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 Conservation Legacy's internal control over financial reporting and compliance.

Marcum LLP

Washington, DC
October 5, 2020

CONSERVATION LEGACY

STATEMENT OF FINANCIAL POSITION

December 31, 2019

(With Summarized Financial Information as of December 31, 2018)

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,439,085	\$ 2,154,247
Accounts receivable	1,251,341	1,039,124
Grants and contributions receivable	2,359,654	3,521,033
Prepaid expenses	147,177	123,065
Note receivable, current portion	13,829	13,058
Total Current Assets	7,211,086	6,850,527
Note receivable, net of current portion	80,071	96,290
Other assets	84,976	56,823
Investment in SIEC	1,312,544	1,358,435
Property and equipment, net	4,175,790	3,601,403
TOTAL ASSETS	\$ 12,864,467	\$ 11,963,478
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 280,534	\$ 468,270
Accrued payroll expenses	713,185	530,378
Contract liabilities	63,333	119,775
Refundable advances	226,366	-
Capital lease obligations, current portion	478,980	238,647
Notes payable, current portion	78,867	74,920
Total Current Liabilities	1,841,265	1,431,990
Capital lease obligations, net of current portion	831,342	613,684
Notes payable, net of current portion	1,007,468	1,086,329
TOTAL LIABILITIES	3,680,075	3,132,003
Net Assets		
Without donor restrictions	8,223,798	8,401,533
With donor restrictions	960,594	429,942
TOTAL NET ASSETS	9,184,392	8,831,475
TOTAL LIABILITIES AND NET ASSETS	\$ 12,864,467	\$ 11,963,478

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

CONSERVATION LEGACY

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

(With Summarized Financial Information for the Year Ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
OPERATING REVENUE AND SUPPORT				
Revenue:				
Contract services	\$ 4,383,053	\$ -	\$ 4,383,053	\$ 3,776,283
SIEC building management fees	62,752	-	62,752	74,148
Other income	44,475	-	44,475	46,735
Rental income	42,267	-	42,267	37,396
Gain on the sale of property and equipment	12,100	-	12,100	14,924
Support:				
Grants and contributions	22,102,903	1,487,276	23,590,179	21,723,548
Net assets released from purpose restrictions	956,624	(956,624)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	27,604,174	530,652	28,134,826	25,673,034
OPERATING EXPENSES				
Program Services	25,508,840	-	25,508,840	23,057,334
Supporting Services:				
Management and general	2,207,047	-	2,207,047	1,767,515
Fundraising	20,131	-	20,131	8,348
Total Supporting Services	2,227,178	-	2,227,178	1,775,863
TOTAL OPERATING EXPENSES	27,736,018	-	27,736,018	24,833,197
Change in net assets from operations	(131,844)	530,652	398,808	839,837
NONOPERATING ACTIVITIES				
Equity loss on investment	(45,891)	-	(45,891)	(19,044)
CHANGE IN NET ASSETS	(177,735)	530,652	352,917	820,793
NET ASSETS, BEGINNING OF YEAR	8,401,533	429,942	8,831,475	8,010,682
NET ASSETS, END OF YEAR	\$ 8,223,798	\$ 960,594	\$ 9,184,392	\$ 8,831,475

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

CONSERVATION LEGACY

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	Program Services						Supporting Services			2019 Total	2018 Total	
	Southwest Conservation Corps	Arizona Conservation Corps	Appalachian Conservation Corps	Southeast Conservation Corps	Stewards Individual Placements	Preserve America Youth Summit	Total Program Services	Management and General	Fundraising			Total Supporting Services
Stipends of corps members	\$ 2,596,434	\$ 2,261,100	\$ 407,797	\$ 389,458	\$ 5,839,591	\$ -	\$ 11,494,380	\$ -	\$ -	\$ -	\$ 11,494,380	\$ 10,498,087
Staff wages	2,538,921	1,840,651	396,055	397,120	1,056,744	-	6,229,491	954,107	7,932	962,039	7,191,530	5,974,619
Payroll taxes and benefits	838,406	722,939	113,625	120,327	1,066,215	-	2,861,512	275,263	2,288	277,551	3,139,063	2,707,390
Program equipment and supplies	664,799	246,434	91,847	96,104	69,024	8	1,168,216	13,101	109	13,210	1,181,426	1,077,269
Contracted services	223,453	57,549	1,643	9,624	246,460	91,666	630,395	221,446	5,100	226,546	856,941	1,193,712
Travel and meetings	124,682	128,930	18,620	16,948	310,683	100,640	700,503	50,415	419	50,834	751,337	783,950
Vehicle expense	317,360	243,423	71,960	51,032	6,898	-	690,673	35,747	297	36,044	726,717	607,274
Depreciation and amortization	233,440	243,046	26,928	52,873	20,121	-	576,408	45,464	378	45,842	622,250	448,433
Occupancy	170,631	122,546	35,872	18,687	81,462	-	429,198	33,853	281	34,134	463,332	395,648
Corps member development	102,915	66,715	4,343	8,600	102,590	15,474	300,637	-	-	-	300,637	246,343
Office and computer supplies	69,493	47,428	12,396	9,821	56,775	24	195,937	186,019	3,009	189,028	211,518	183,222
Miscellaneous	4,083	2,923	858	1,210	4,029	-	13,103	129,147	5	129,152	137,216	140,414
Insurance	1,677	5,739	72	157	419	-	8,064	130,933	-	130,933	130,933	122,854
Professional services	-	-	-	-	-	-	-	19,176	159	19,335	101,005	96,493
Staff development and incentives	27,120	22,493	5,128	3,362	23,567	-	81,670	93,798	-	93,798	93,798	93,176
Interest	-	-	-	-	-	-	-	353	-	356	78,052	66,082
Background searches	12,711	13,291	8,412	7,602	35,680	-	77,696	2,772	3	2,795	53,752	43,565
Recruitment	15,924	16,377	3,672	3,325	11,659	-	50,957	-	23	2,795	53,752	43,565
TOTAL EXPENSES	\$ 7,942,049	\$ 6,041,584	\$ 1,199,228	\$ 1,186,250	\$ 8,931,917	\$ 207,812	\$ 25,508,840	\$ 2,207,047	\$ 20,131	\$ 2,227,178	\$ 27,736,018	\$ 24,833,197

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

CONSERVATION LEGACY

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019

(With Summarized Financial Information for the Year Ended December 31, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 352,917	\$ 820,793
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	622,250	448,433
Gain on the sale of property and equipment	(12,100)	(14,924)
Equity loss on investment	45,891	19,044
Changes in assets and liabilities:		
Accounts receivable	(212,217)	-
Grants and contributions receivable	1,161,379	161,042
Prepaid expenses	(24,112)	(32,900)
Other assets	(28,153)	14,788
Accounts payable and accrued expenses	(187,736)	38,898
Accrued payroll expenses	182,807	35,355
Contract liabilities	(56,442)	59,292
Refundable advances	226,366	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,070,850	1,549,821
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections on note receivable	15,448	16,775
Purchases of property and equipment	(59,613)	(249,085)
Proceeds from the sale of property and equipment	15,017	138,351
NET CASH USED IN INVESTING ACTIVITIES	(29,148)	(93,959)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital leases	(681,950)	(427,165)
Repayments of notes payable	(74,914)	(71,045)
NET CASH USED IN FINANCING ACTIVITIES	(756,864)	(498,210)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,284,838	957,652
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,154,247	1,196,595
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,439,085	\$ 2,154,247
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 93,798	\$ 93,176
NONCASH FINANCING AND INVESTING ACTIVITIES		
Equipment acquired under a capital lease	1,139,941	641,539
Obligation of equipment acquired under a capital lease	(1,139,941)	(641,539)
	\$ -	\$ -

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

CONSERVATION LEGACY

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

1. Organization and Summary of Significant Accounting Policies

Organization

Conservation Legacy (the Organization), formerly Southwest Conservation Corps, is a national nonprofit organization, incorporated in Colorado in 1998. Conservation Legacy operates conservation service programs across the country to produce enduring impact through local action. Conservation Legacy programs engage participants on diverse service projects that provide opportunities for personal and professional development and improve our public lands, waters and communities. Program service is delivered through team based or individual experiences where young people complete critical projects including: trail work, fence construction and maintenance, fire fuels reduction/mitigation/rehab, habitat and watershed restoration, historic preservation, invasive species management, inventory and mapping, mining reclamation/restoration, parks/campground maintenance, tree planting and seeding, education/interpretation, volunteer management, capacity building and communications. Conservation Legacy also operates signature program models that respond to disasters, engage specific cohorts of individuals including veterans or populations under-represented in the field of conservation and support specific science and historic preservation projects.

Conservation Legacy's impact is accomplished through locally operated Corps programs including:

- Appalachian Valley Conservation Corps based in Harrisonburg, Virginia;
- Arizona Conservation Corps with offices in Flagstaff, Pinetop and Tucson, Arizona;
- Conservation Corps New Mexico with an office in Las Cruces, New Mexico;
- Conservation Corps North Carolina with an office in Raleigh, North Carolina;
- Stewards Individual Placement Program with offices in Durango, Colorado, and Beckley, West Virginia;
- Preserve America Youth Summits based in Durango, Colorado;
- Southeast Conservation Corps based in Chattanooga, Tennessee;
- Southwest Conservation Corps with offices in Durango and Salida, Colorado, Acoma Pueblo, Albuquerque, and Gallup, New Mexico and Hopi, Arizona

Conservation signature program models include:

- Conservation crew programming is a team-based experience where a cohort of peers work on conservation service projects.
- Individual Placement programming places participants in communities for up to a year-long term of service with government agencies and community-based non profits.
- Affinity programs offer unique program models for under-represented groups to find unity and community in their common identity. An Affinity Crew is a group of people that share a specific identity, typically under-represented in the field of conservation.

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CONSERVATION LEGACY

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Organization (continued)

AmeriCorps Disaster Response Teams (A-DRT) are crews that assist communities in disaster relief and recovery. Crews are deployed as response teams on an as-needed basis across the country.

- Ancestral Lands engages Native youth and young adults in meaningful conservation projects on Native and Public Lands. Ancestral Lands is rooted in the culture and heritage of local tribal communities.
- Veterans Fire Corps (VFC) is a collaborative initiative of Conservation Legacy and state and federal agencies. The VFC engages recent-era Veterans on priority hazardous fuels projects while developing the next generation of wildland firefighters.
- Youth and High School Conservation Crews empower teens aged 14-18 to engage with summer conservation projects in local communities.

Basis of Accounting

Conservation Legacy reports on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and Cash Equivalents

Conservation Legacy considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants and Contributions Receivable

Grants and contributions receivable are stated at their net realizable value, and are due under various federal and nonfederal awards and agreements. Conservation Legacy does not maintain an allowance for doubtful accounts, as all amounts are deemed to be collectible. All amounts are due within one year.

Investment in SIEC

Conservation Legacy owns a 50% interest in Southwest Institute for Education and Conservation (SIEC) and accounts for this investment using the equity method of accounting. Conservation Legacy's share of the net income of SIEC is recognized as investment income (loss) in Conservation Legacy's statement of activities and included in the investment in SIEC on the statement of financial position. Distributions received from SIEC are treated as a reduction of the investment account.

Property and Equipment and Related Depreciation and Amortization

Property and equipment are recorded at cost. Conservation Legacy follows a practice of capitalizing all expenditures for property and equipment in excess of \$5,000 and have an economic life in excess of one year. The estimated fair value of long lived donated assets is

Continued

CONSERVATION LEGACY

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment and Related Depreciation and Amortization (continued)

similarly capitalized. Depreciation on buildings and improvements is recognized on a straight-line basis over the estimated useful life of 30 years. Depreciation and amortization on vehicles and equipment are recognized on a straight-line basis over the estimated useful lives of five to 10 years. The cost of property and equipment that is retired or disposed of is removed from the accounts along with the related accumulated depreciation or amortization. Any gain or loss is determined as the difference between the disposal proceeds, if any, and the carrying amount of the asset and is recognized within revenue and support or expenses within the accompanying statement of activities. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Impairment of Long-Lived Assets

Conservation Legacy reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no impairment losses recognized for the year ended December 31, 2019.

Net Assets

The net assets of Conservation Legacy are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of Conservation Legacy's operations.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for specific periods of time. These donor restrictions can be temporary in nature in that they will be met by actions of Conservation Legacy or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2019, Conservation Legacy had no assets with donor restrictions that are required to be maintained in perpetuity.

Revenue Recognition

Conservation Legacy has grants with U.S. government agencies and other organizations. Support from government grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses and are recognized as contributions when the conditions are met. Support from government grants, is recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. The expenditures under these grants are subject to review by the granting authority. Revenue recognized on unconditional grants for which payments have not been received is reflected as grants and contributions receivable in the accompanying statement of financial position. Grant awards received in advance, but not yet expended, are reflected as refundable advances in the accompanying statement of financial position.

Continued

CONSERVATION LEGACY

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Conservation Legacy also has fixed-price service contracts with the U.S. federal government, state government agencies and private companies in exchange for services. These contracts contain a single performance obligation, and revenue under these contracts is recognized over time as the customer receives the benefit from the services at the time services are provided, and there is an enforceable right to payment. Revenue recognized on fixed-price contracts for which payments have not been received is reflected as accounts receivable in the accompanying statement of financial position. Contract payments received but not yet expended for the purpose of the contract are reflected as contract liabilities in the accompanying statement of financial position.

Conservation Legacy recognizes all unconditional contributed support in the period in which the unconditional commitment is made. Grants and contributions are considered revenue and support without donor restrictions and available for general operations unless specifically restricted by the donor. Conservation Legacy reports grants of cash and other assets as revenue and support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets to particular purposes or to future periods. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing the various program and other activities have been summarized on a functional basis in the statement of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefits on the basis of personnel costs. Conservation Legacy allocates all direct costs directly to programs. Costs that can be allocated to more than one program such as transportation, supplies, communications and equipment (tools and gear) are prorated individually as direct costs using the level of program impact as measured by crew work weeks. The crew work weeks are based on a standard eight-person crew work week for most programs and an individual work week for individual placement programs. Conservation Legacy calculates the cost of a program or project by summing up the expenses by categories for each calendar year and dividing it by total weeks of conservation crew work completed in recent years to obtain the weekly cost by category. The weekly cost by category is then applied to number of weeks to determine the cost to be allocated to the respective program.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CONSERVATION LEGACY

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Measure of Operations

Operating revenue and expenses generally reflect those revenues and expenses that management can influence. Nonoperating activities include investment income.

New Accounting Pronouncements

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Conservation Legacy adopted ASU 2014-09 and related amendments on January 1, 2019, using the modified retrospective method and elected to apply the standard only to program service contracts that were not completed as of that date. The adoption of the standard did not impact Conservation Legacy's results of operations or change in net assets.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, subject to other guidance, and determining whether a contribution is conditional. Conservation Legacy adopted ASU 2018-08 on January 1, 2019, using the modified prospective basis and the adoption of the standard did not result in a material change to the financial statements or the timing of revenue recognition for Conservation Legacy's grants and contributions.

2. Conditional Contributions

Conservation Legacy considers grants and contributions from government and certain private foundation sources to be conditional contributions. During the year ended December 31, 2019, Conservation Legacy recognized approximately \$22,000,000 related to these conditional grants and contributions. As of December 31, 2019, Conservation Legacy had approximately \$28,700,000 in committed conditional grants from various donors, in varying amounts, which are not reflected in the accompanying statement of financial position. These conditional project grants require Conservation Legacy's incurrence of qualifying expenditures and as such, Conservation Legacy has not recognized any revenue from the conditional portions of these grants.

Continued

CONSERVATION LEGACY

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

3. Investment in SIEC

During 2007, Conservation Legacy and Durango Education Center formed SIEC, a 501(c)(25) *Title-Holding Corporation for Multiple Parents*, to provide office space and facilities to educational agencies and nonprofit organizations. Conservation Legacy and Durango Education Center have guaranteed the debt of SIEC. SIEC purchased a building at 701 Camino Del Rio, Durango, Colorado, in February 2007 for \$4,875,000. The investment in SIEC is accounted for using the equity method, and accordingly, Conservation Legacy records its share of SIEC's income or loss. For the year ended December 31, 2019, Conservation Legacy's net share of SIEC's loss was \$45,891. For the year ended December 31, 2019, there were no distributions received from SIEC. SIEC owns the building in Durango, Colorado, where Conservation Legacy is headquartered. In 2019, Conservation Legacy paid \$99,749 in office rent and \$19,565 in utilities to SIEC. Conservation Legacy managed the building and provided bookkeeping services to SIEC and was paid management fees of \$54,000, and was reimbursed for costs incurred of \$8,752 for the year ended December 31, 2019.

The table below contains the summarized financial information of this unconsolidated affiliate based on unaudited estimates as of and for the year ended December 31, 2019.

Condensed income statement:	
Revenues	\$ 447,170
Expenses	<u>(538,953)</u>
Net Loss	<u>\$ (91,783)</u>
Condensed balance sheet:	
Current assets	\$ 416,209
Noncurrent assets	<u>6,415,567</u>
Total Assets	<u>\$ 6,831,776</u>
Current liabilities	\$ 117,802
Noncurrent liabilities	4,088,887
Stockholders' equity	<u>2,625,087</u>
Total Liabilities and Stockholders' Equity	<u>\$ 6,831,776</u>

4. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment consisted of the following as of December 31, 2019:

Vehicles and equipment	\$ 4,307,890
Building and improvements	1,687,926
Land	263,758
Software & Other Intangibles	50,392
Construction in progress	<u>8,367</u>
Total Property and Equipment	6,318,333
Less: Accumulated Depreciation and Amortization	<u>(2,142,543)</u>
Property and Equipment, Net	<u>\$ 4,175,790</u>

Depreciation and amortization expense for the year ended December 31, 2019, was \$622,250.

Continued

CONSERVATION LEGACY

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

5. Capital Leases

Conservation Legacy is the lessee of vehicles under capital leases expiring in various years through 2023. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over the estimated productive lives. The leased vehicles are included in property and equipment in the accompanying statement of financial position at a cost of \$3,029,006, with accumulated amortization of \$810,291 as of December 31, 2019. Amortization of assets under capital leases of \$414,673 is included in depreciation and amortization expense for the year ended December 31, 2019.

The future scheduled minimum payments for the capital leases were as follows at December 31, 2019:

<u>For the Year Ending December 31,</u>	
2020	\$ 510,778
2021	380,999
2022	234,483
2023	<u>238,168</u>
Total Payments	1,364,428
Amount Representing Interest	<u>(54,106)</u>
Capital Lease Obligations (Present) Value of Minimum Lease Payments)	1,310,322
Less: Current Portion	<u>(478,980)</u>
Capital Lease Obligations, Net of Current Portion	<u>\$ 831,342</u>

Interest rates on capitalized leases vary and are imputed based on the lower of the Conservation Legacy's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return. Interest expense on the capital leases totaled \$34,042 for the year ended December 31, 2019.

Certain capital leases provide renewal or purchase options. Generally, purchase options are prices representing the expected fair value of the property at the expiration of the lease term.

6. Notes Payable

As of December 31, 2019, Conservation Legacy was obligated under the following notes payable to Wells Fargo and the Colorado Housing Finance Authority:

Wells Fargo Bank: Original amount \$881,000; dated May 31, 2016, with a maturity date of June 1, 2026, monthly payments of \$7,071 with interest at 5.15%, secured by first deed of trust on real property located on Rose Street, Flagstaff, Arizona. \$ 732,395

Continued

CONSERVATION LEGACY

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

6. Notes Payable (continued)

Colorado Housing Finance Authority: Original amount \$290,000; dated December 30, 2009, with a maturity date of January 1, 2030; monthly principal and interest payments of \$1,995 with interest at 5.5%, secured by first deed of trust on real property located in Salida, Colorado.	\$ 184,963
Wells Fargo Bank: Original amount \$265,200; dated January 15, 2013, with a maturity date of January 15, 2028; monthly principal and interest payments of \$2,157 with interest at 5.35% secured by first deed of trust on real property located on Prince Road, Tucson, Arizona.	<u>168,977</u>
Total Notes Payable	1,086,335
Less: Current Portion	<u>(78,867)</u>
Notes Payable, Noncurrent Portion	<u>\$ 1,007,468</u>

Interest expense for the year ended December 31, 2019, was \$59,756.

The future scheduled maturities as of December 31, 2019, were:

For the Year Ending December 31,	Flagstaff Office	Salida Office	Tucson Property	Total
2020	\$ 47,635	\$ 14,118	\$ 17,114	\$ 78,867
2021	50,290	14,914	18,091	83,295
2022	52,980	15,756	19,097	87,833
2023	55,814	16,664	20,159	92,637
2024	58,722	17,583	21,266	97,571
Thereafter	<u>466,954</u>	<u>105,928</u>	<u>73,250</u>	<u>646,132</u>
Total	<u>\$ 732,395</u>	<u>\$ 184,963</u>	<u>\$ 168,977</u>	<u>\$ 1,086,335</u>

7. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2019, were available for the following projects or programs:

Southwest Conservation Corps	\$ 467,786
Appalachian Conservations Corps	152,944
Arizona Conservation Corps	108,445
Ancestral Lands Conservation Corps	83,520
Stewards Individual Placements	79,377
Preserve America Youth Summit	30,709
Southeast Conservation Corps	22,450
Other program initiatives	<u>15,363</u>
Total Net Assets With Donor Restrictions	<u>\$ 960,594</u>

Continued

CONSERVATION LEGACY

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

8. Commitments, Risks and Contingencies

Office and Property Leases

Conservation Legacy leases office space for its Headquarters and other program activity in Durango, Colorado, from SIEC, a related party. The lease term is from July 1, 2018 to June 30, 2023. The lease was amended effective January 1, 2020 for a total monthly lease payment of \$8,561, plus utilities. The rent and utilities expenses on these leases were \$99,749 and \$19,565 respectively, for 2019. The lease may be canceled by either party with three months' notice.

Conservation Legacy is obligated under the terms of various noncancelable operating leases for office facilities, the last of which expires in 2022. Future minimum lease payments related to these leases as of December 31, 2019, are as follows:

For the Year Ending December 31,	
2020	\$ 89,867
2021	29,663
2022	<u>13,506</u>
Total	<u>\$ 133,036</u>

Conservation Legacy rents a portion of the building located in Flagstaff, Arizona, to an unrelated organization. The lease term was renewed for a term of March 1, 2019, to February 28, 2021. The tenant may renew the lease for one additional year. Either party to the lease may cancel with written notice of at least six months. On each anniversary of the lease, the rent will increase by no more than 3%. Total rents received under this rental agreement were \$26,665 for fiscal year 2019.

Rent expense for operating leases for the year ended December 31, 2019, was \$241,089 and is included in occupancy expense in the accompanying statement of functional expenses.

Line of Credit

Conservation Legacy has a line of credit of \$2,225,000 with Alpine Bank which matures on April 10, 2021. The interest rate is based on 1.375 percentage points over the JP Morgan Chase Bank prime rate with a minimum of 5.0% and maximum of 24% per annum. The line of credit is collateralized by the assets of Conservation Legacy, excluding real estate. The line of credit had no balance outstanding at December 31, 2019.

Concentration of Revenue

Conservation Legacy received 52% of its operating revenue and support from the Department of the Interior (DOI), 16% from Department of Agriculture (USDA) and 7% from Corporation for National and Community Service (CNCS). The DOI and USDA funding includes multiple small funding amounts from individual public land management units (e.g. National Park Service, Bureau of Land Management etc.) across the country. If these partnerships with DOI and USDA or the agreements with CNCS were terminated, it would have a substantial effect on Conservation Legacy's operations.

Continued

CONSERVATION LEGACY

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

8. Commitments, Risks and Contingencies (continued)

Compliance Audit

Conservation Legacy has received federal grants that are subject to review, audit and adjustment by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal agencies for any expenditures which may be disallowed under the terms of the agreements. The amount of expenditures which may be disallowed by the federal agencies cannot be determined at this time, although Conservation Legacy expects such amounts, if any, to be insignificant.

Concentration of Credit Risk

As of December 31, 2019, Conservation Legacy maintained cash balances in excess of the federally insured limit. Accounts per depositor per institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Amounts held in excess of FDIC insurance coverage as of December 31, 2019, were approximately \$3,118,000. Conservation Legacy monitors the creditworthiness of these financial institutions and has not experienced any losses on its cash.

9. Availability and Liquidity

Conservation Legacy regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. Conservation Legacy's financial assets available within one year of the consolidated statement of financial position date for general expenditures at December 31, 2019, were as follows:

Cash and cash equivalents	\$ 3,439,085
Grants and contributions receivable	3,610,995
Note receivable	<u>13,829</u>
Total Financial Assets Available Within One Year	7,063,909
Less:	
Amounts unavailable for general expenditures within one year due to donor's restriction with purpose restriction	<u>(960,594)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 6,103,315</u>

Conservation Legacy has various sources of liquidity at its disposal, including cash and cash equivalents, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of Conservation Legacy throughout the year. This is done through monitoring and reviewing Conservation Legacy's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of Conservation Legacy's cash flow related to Conservation Legacy's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs.

Continued

CONSERVATION LEGACY

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

9. Availability and Liquidity (continued)

To help manage unanticipated liquidity needs, Conservation Legacy has a committed line of credit, more fully described in Note 8, of \$2,225,000. As of December 31, 2019, the total balance of \$2,225,000 was unused and available to draw upon in the event of an unanticipated liquidity level.

10. Pension Plan

Conservation Legacy has established a defined contribution plan (the Plan) under section 403(b) of the Internal Revenue Code (the IRC). Employees are eligible to participate in the Plan immediately upon hire. Under the terms of the Plan, participants may voluntarily elect to have a portion of their compensation deferred and contributed to the Plan. Conservation Legacy matches up to 3% of annual gross wages for all eligible employees who elect to participate. Participants are fully vested in all plan benefits. Retirement plan expense for 2019 was \$90,821.

11. Income Taxes

Conservation Legacy qualifies as a tax-exempt organization under Section 501(c)(3) of the IRC and is classified as a publicly supported organization under Section 509(a)(1) of the IRC. There is no accrual for income tax expense, as Conservation Legacy had no unrelated business income for the year ended December 31, 2019.

Conservation Legacy has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. Conservation Legacy has evaluated its uncertainty in income taxes for the year ended December 31, 2019, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2019, the statute of limitations for certain tax years remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which Conservation Legacy files tax returns. It is Conservation Legacy's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense.

12. Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Conservation Legacy's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Continued

CONSERVATION LEGACY

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

13. Reclassification

Certain amounts in the 2018 financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements.

14. Subsequent Events

In preparing these financial statements, Conservation Legacy has evaluated events and transactions for potential recognition or disclosure through October 5, 2020, the date the financial statements were available to be issued.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. Conservation Legacy has been able to continue most of its operations in a remote environment; however, at this point, the extent to which COVID-19 may impact Conservation Legacy's financial condition or results of operations is uncertain.

On April 8, 2020, Conservation Legacy entered into a Small Business Administration loan with its financial institution under the Paycheck Protection Program (PPP) for the amount of \$1,915,800. The loan will mature on April 8, 2022, with a fixed interest rate of 1% per annum. Monthly payments of principal and interest will commence in October 2020 and continue through the maturity date. The loan amount, or some portion thereof, may be eligible for forgiveness pursuant to the provisions of the PPP.

Except as disclosed above, there were no events that required recognition or disclosure in these financial statements.



**INDEPENDENT AUDITORS' 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 of
Conservation Legacy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Conservation Legacy, which comprise the statement of financial position as of December 31, 2019, 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 October 5, 2020.

Internal Control Over Financial Reporting

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

Continued

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Conservation Legacy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Conservation Legacy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Washington, D.C.
October 5, 2020



**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Conservation Legacy

Report on Compliance for Each Major Federal Program

We have audited Conservation Legacy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Conservation Legacy's major federal programs for the year ended December 31, 2019. Conservation Legacy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Conservation Legacy'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 Conservation Legacy'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 Conservation Legacy's compliance.

Continued

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Opinion on Each Major Federal Program

In our opinion, Conservation Legacy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Conservation Legacy 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 Conservation Legacy'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 Conservation Legacy'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. 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.

Marcum LLP

Washington, D.C.
October 5, 2020

CONSERVATION LEGACY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF DEFENSE				
Youth Conservation Services	12.010	N/A	\$ -	\$ 36,000
Total U.S. Department of Defense			-	36,000
U.S. DEPARTMENT OF THE INTERIOR				
National Park Service				
Rivers, Trails and Conservation Assistance	15.921	N/A	-	262,768
Conservation Activities by Youth Service Organizations	15.931	N/A	10,000	9,925,777
Natural Resource Stewardship	15.944	N/A	-	183,951
National Park Service Conservation, Protection, Outreach and Education	15.954	N/A	-	52,008
Bureau of Land Management				
Recreation and Visitor Services	15.225	N/A	-	353,460
<i>Pass-Through from CYCA</i> Recreation and Visitor Services	15.225	CYCA-SUB-SCCLV/ CYCA-SUB-SCCFC	-	60,855
Total for CFDA 15.225			-	414,315
BLM Wildland Urban Interface Community Fire Assistance	15.228	N/A	-	81,524
Invasive and Noxious Plant Management	15.230	N/A	9,742	29,745
Fish, Wildlife and Plant Conservation Resource Management	15.231	N/A	-	285,210
BLM Rural Fire Assistance	15.242	N/A	-	25,799
Youth Conservation Opportunities on Public Lands	15.243	N/A	162,692	1,851,784
<i>Pass-Through from CYCA</i> Youth Conservation Opportunities on Public Lands	15.243	CYCA-SUB-SCCLV/ CYCA-SUB-SCCFC	-	341,358
Total for CFDA 15.243			162,692	2,193,142
Bureau of Indian Affairs				
Water Resources on Indian Lands	15.037	N/A	-	254,128
Cultural Resources Management	15.159	N/A	-	41,667
Office of Surface Mining				
OSM/VISTA AmeriCorps	15.254	N/A	-	79,152
Bureau of Reclamation				
Youth Conservation	15.546	N/A	-	121,388
United States Fish and Wildlife Service				
Youth Engagement, Education, and Employment	15.676	N/A	-	208,348
U.S. Geological Survey				
U.S. Geological Survey Research and Data Collection	15.808	N/A	-	16,015
Total U.S. Department of the Interior			182,434	14,174,937

See accompanying notes to this schedule.

Continued

CONSERVATION LEGACY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019**

(continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Pass-through from National Forest Foundation</i> National Forest Foundation	10.682	AL-301/CL-218	\$ -	\$ 49,220
Total U.S. Department of Agriculture			-	49,220
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
AmeriCorps				
<i>Pass-Through from The Corps Network – OYSI</i> AmeriCorps	94.006	16NDHDC0040012	-	595,601
<i>Pass-Through from The Corps Network – TIP</i> AmeriCorps	94.006	18NDHDC0020001	-	278,159
<i>Pass-Through from Conservation Trust for North Carolina</i> AmeriCorps	94.006	15AFHNC0010013	-	70,627
Total for CFDA 94.006			-	944,387
Volunteers in Service to America (VISTA)				
Volunteers in Service to America	94.013	N/A	-	822,510
Disaster Preparedness				
CNCS Disaster Response Cooperative Agreement	94.020	N/A	-	184,904
Total Corporation for National and Community Service			-	1,951,801
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 182,434	\$ 16,211,958

See accompanying notes to this schedule.

CONSERVATION LEGACY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of Conservation Legacy under programs of the federal government for the year ended December 31, 2019. The information on the SEFA is presented in accordance with the 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). Because the SEFA presents only a selected portion of the operations of Conservation Legacy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Conservation Legacy.

2. Basis of Accounting

Expenditures reported on the SEFA 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.

3. Indirect Cost Rate

Conservation Legacy has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

CONSERVATION LEGACY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued on whether financial statements audited were prepared in accordance with GAAP:

 X Unmodified Qualified
 Adverse Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Type of auditors’ report issued on compliance for major programs:

 X Unmodified Qualified
 Adverse Disclaimer

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, 200 516(a)?

 Yes X No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Program Titles</u>
15.921	Rivers, Trails and Conservation Assistance
15.931	Conservation Activities by Youth Service Organizations
94.013	Volunteers in Service to America

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? X Yes No

CONSERVATION LEGACY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019**

(continued)

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

None required to be reported.

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None required to be reported.

SECTION IV – STATUS OF PRIOR AUDIT FINDINGS

Financial Statement Audit Findings

None reported.

Major Federal Award Programs Audit Findings and Questioned Costs

None reported.