THE NATURE CONSERVANCY

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT AUDITORS

YEARS ENDED JUNE 30, 2023 AND 2022

THE NATURE CONSERVANCY
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JUNE 30, 2023 AND 2022

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Report of Independent Auditors

To the Board of Directors of The Nature Conservancy

Opinion

We have audited the accompanying consolidated financial statements of The Nature Conservancy and its affiliates ("The Conservancy "), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, of functional expenses, and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Conservancy as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The Conservancy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Conservancy's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Conservancy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Conservancy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Washington, DC
December 20, 2023

THE NATURE CONSERVANCY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022
Amounts in thousands

	2023	2022
Assets		
Cash and cash equivalents	$ 73,323	$ 71,815
Restricted cash and cash equivalents	85,814	61,220
Restricted short-term investments	36,359	35,432
Government grants and contracts receivable	39,455	33,052
Notes and other receivables, net	449,249	432,553
Deposits, prepaid expenses and other assets	42,142	36,137
Pledges receivable, net	215,167	226,835
Securities pledged under securities lending agreement	-	61,186
Non-conservation lands	18,559	12,758
Investments	3,471,939	3,370,373
Right of use assets	38,058	38,711
Property and equipment, net	160,226	151,184
Conservation lands	2,456,087	2,357,203
Conservation easements	2,489,008	2,454,771
Total assets	**$ 9,575,386**	**$ 9,343,230**
Liabilities		
Accounts payable and accrued liabilities	$ 146,901	$ 143,324
Payable under securities lending agreement	-	61,186
Deferred revenue and refundable advances	185,058	169,477
Lease liabilities	43,327	44,771
Bonds and notes payable – recourse	777,008	742,730
Bonds and notes payable – non-recourse	364,000	364,000
Split interest arrangements	192,424	211,243
Total liabilities	**$ 1,708,718**	**$ 1,736,731**
Net Assets		
Without donor restrictions, including noncontrolling interests of $62,215 in 2023 and $62,585 in 2022	$ 6,189,693	$ 6,064,287
With donor restrictions	1,676,975	1,542,212
Total net assets	**$ 7,866,668**	**$ 7,606,499**
Total liabilities and net assets	**$ 9,575,386**	**$ 9,343,230**

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

THE NATURE CONSERVANCY

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Amounts in thousands

Operating Activities	Without Donor Restrictions	With Donor Restrictions	Total
Contribution Revenues			
Dues and contributions	$ 384,776	$ 397,908	$ 782,684
Contributed goods and services	56,099	-	56,099
Contributed land and easements for conservation	40,673	-	40,673
Contributed non-conservation land	15,433	20,783	36,216
Government grants and contracts	138,987	-	138,987
Total contribution revenues	**635,968**	**418,691**	**1,054,659**
Sales of conservation land and easements	37,593	-	37,593
Investment returns on operating activities	33,361	-	33,361
Other income	136,748	-	136,748
Total revenues	**843,670**	**418,691**	**1,262,361**
Allocation of endowment spending	83,640	-	83,640
Net assets released from restriction	344,506	(344,506)	-
Total revenues and reclassifications	**$ 1,271,816**	**$ 74,185**	**$ 1,346,001**
Expenses			
Conservation activities and actions	$ 816,931	$ -	$ 816,931
Book value of conservation land and easements	66,718	-	66,718
Total program expenses	**883,649**	**-**	**883,649**
General and administration	214,602	-	214,602
Fundraising and membership	176,058	-	176,058
Total expenses	**$ 1,274,309**	**$ -**	**$ 1,274,309**
Change in net assets from operating activities	**$ (2,493)**	**$ 74,185**	**$ 71,692**
Non-operating Activities			
Investment returns on endowments	$ 100,853	$ 51,516	$ 152,369
Investment returns on other non-operating activities	109,292	7,611	116,903
Allocation of endowment spending to operations	(83,640)	-	(83,640)
Reclassification of net assets	(1,482)	1,482	-
Gain on swap agreements	4,603	-	4,603
Foreign exchange gains (losses)	(1,357)	(31)	(1,388)
Distributions to noncontrolling interests	(370)	-	(370)
Change in net assets from non-operating activities	**$ 127,899**	**$ 60,578**	**$ 188,477**
Total change in net assets	**$ 125,406**	**$ 134,763**	**$ 260,169**
Beginning net assets	6,064,287	1,542,212	7,606,499
Ending net assets	**$ 6,189,693**	**$ 1,676,975**	**$ 7,866,668**

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

THE NATURE CONSERVANCY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
Amounts in thousands

Operating Activities	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Contribution Revenues			
Dues and contributions	$ 338,892	$ 433,193	$ 772,085
Contributed goods and services	44,735	-	44,735
Contributed land and easements for conservation	45,724	-	45,724
Contributed non-conservation land	6,876	2,818	9,694
Government grants and contracts	126,320	-	126,320
Total contribution revenues	**562,547**	**436,011**	**998,558**
Sales of conservation land and easements	41,241	-	41,241
Investment returns on operating activities	(25,386)	-	(25,386)
Other income	99,954	-	99,954
Total revenues	**678,356**	**436,011**	**1,114,367**
Allocation of endowment spending	69,138	-	69,138
Net assets released from restriction	411,472	(411,472)	-
Total revenues and reclassifications	**$ 1,158,966**	**$ 24,539**	**$ 1,183,505**
Expenses			
Conservation activities and actions	$ 663,885	$ -	$ 663,885
Book value of conservation land and easements	58,269	-	58,269
Total program expenses	**722,154**	**-**	**722,154**
General and administration	182,336	-	182,336
Fundraising and membership	150,164	-	150,164
Total expenses	**$ 1,054,654**	**$ -**	**$ 1,054,654**
Change in net assets from operating activities	**$ 104,312**	**$ 24,539**	**$ 128,851**
Non-operating Activities			
Investment returns on endowments	$ (107,330)	$ (75,206)	$ (182,536)
Investment returns on other non-operating activities	(115,533)	(43,884)	(159,417)
Allocation of endowment spending to operations	(69,138)	-	(69,138)
Reclassification of net assets	787	(787)	-
Gain on swap agreements	9,211	-	9,211
Foreign exchange gains (losses)	(4,978)	(135)	(5,113)
Distributions to noncontrolling interests	(4,620)	-	(4,620)
Change in net assets from non-operating activities	**$ (291,601)**	**$ (120,012)**	**$ (411,613)**
Total change in net assets	**$ (187,289)**	**$ (95,473)**	**$ (282,762)**
Beginning net assets	6,251,576	1,637,685	7,889,261
Ending net assets	**$ 6,064,287**	**$ 1,542,212**	**$ 7,606,499**

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

THE NATURE CONSERVANCY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023
Amounts in thousands

	Conservation Programs	General and Administration	Fundraising and Membership	Total Expenses
Salaries and benefits	$ 337,911	$ 121,013	$ 94,746	$ 553,670
Professional services	174,379	17,747	27,730	219,856
Grants and subawards	100,613	5,750	9	106,372
Travel	21,459	3,887	2,950	28,296
Publication, printing, and postage	9,455	303	36,135	45,893
Supplies and equipment	31,864	10,205	4,332	46,401
Depreciation and amortization	12,915	1,942	-	14,857
Interest	21,176	11,628	-	32,804
Occupancy	3,405	11,421	294	15,120
Contributed goods and services non-cash expenses	39,038	11,426	5,636	56,100
All other	64,716	19,280	4,226	88,222
	816,931	**214,602**	**176,058**	**1,207,591**
Book value of donated conservation land and easements	66,718	-	-	66,718
Total expenses	**$ 883,649**	**$ 214,602**	**$ 176,058**	**$ 1,274,309**

THE NATURE CONSERVANCY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022
Amounts in thousands

	Conservation Programs	General and Administration	Fundraising and Membership	Total Expenses
Salaries and benefits	$ 288,109	$ 102,956	$ 86,248	$ 477,313
Professional services	135,434	13,848	16,456	165,738
Grants and subawards	104,804	50	89	104,943
Travel	8,661	1,198	1,228	11,087
Publication, printing, and postage	6,538	331	34,342	41,211
Supplies and equipment	20,870	7,963	3,717	32,550
Depreciation and amortization	9,877	1,908	-	11,785
Interest	15,749	1,332	-	17,081
Occupancy	2,040	11,452	150	13,642
Contributed goods and services non-cash expenses	22,313	15,493	4,789	42,595
All other	49,490	25,805	3,145	78,440
	663,885	**182,336**	**150,164**	**996,385**
Book value of donated conservation land and easements	58,269	-	-	58,269
Total expenses	**$ 722,154**	**$ 182,336**	**$ 150,164**	**$ 1,054,654**

THE NATURE CONSERVANCY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022
Amounts in thousands

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	$ 260,169	$ (282,762)
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by (used in) operating activities		
Depreciation and amortization	14,857	11,785
Contributed conservation land and easements	(40,673)	(45,724)
Losses on disposition of conservation lands and easements	29,124	17,028
Proceeds from sale of conservation land and easements	37,593	41,241
Purchases of conservation land and easements	(159,165)	(238,351)
Change in value of split interest investment	(16,964)	54,795
Change in value of swap agreements	4,603	9,211
Contributed securities	(33,217)	(42,032)
Proceeds from sale of contributed securities	34,875	40,761
Contributed non-conservation land and contributed funds to be held for long term purposes	(29,836)	(34,113)
Net (gain)/loss on investments	(288,870)	318,028
Changes in assets and liabilities		
Notes and other receivables	(24,264)	(3,292)
Pledges receivable, net	11,668	7,026
Deposits, prepaid expenses and other assets	(6,005)	56,921
Right of use assets	653	3,626
Accounts payable and accrued liabilities	14,555	(5,131)
Split interest arrangements payable	(18,819)	(11,610)
Lease liabilities	(1,444)	(3,823)
Non-conservation lands	13,389	7,539
Other changes	(194)	6,262
Net cash and cash equivalents used in operating activities	**(197,965)**	**(92,615)**
Cash Flows from Investing Activities		
Proceeds from notes collections	16,263	11,199
Issuance of notes receivable	(2,264)	(365,043)
Proceeds from sale of endowment and capital investments	1,544,183	2,751,069
Purchases of endowment and capital investments	(1,357,166)	(3,137,874)
Purchases of property and equipment	(24,948)	(19,747)
Net cash and cash equivalents provided by (used in) investing activities	**176,068**	**(760,396)**
Cash Flows from Financing Activities		
Proceeds from contribution for long term purpose	10,646	24,528
Purchases of split interest investments	(32,860)	(33,946)
Proceeds from split interest arrangements	34,120	30,482
Repayments of long-term debt	(321,527)	(26,866)
Proceeds from issuance of long-term debt	357,620	828,119
Net cash and cash equivalents provided by financing activities	**47,999**	**822,317**
Net increase (decrease) in cash, cash equivalents and restricted cash	**26,102**	**(30,694)**
Cash, cash equivalents and restricted cash at beginning of year	133,035	163,729
Cash, cash equivalents and restricted cash at end of year	**$ 159,137**	**$ 133,035**
Supplemental data		
Cash paid for interest	$ 32,336	$ 10,431

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

Note 1. Significant Accounting Policies

Nature of Organization and Activities

The Nature Conservancy ("The Conservancy") is a global conservation organization. The mission of The Conservancy is to conserve the lands and waters on which all life depends. The Conservancy conducts its activities throughout the United States, Canada, Latin America, the Caribbean, Europe, Africa, Asia, and the Pacific.

The Conservancy's primary sources of revenue are contributions from the public (including gifts of land), government grants, investment income, and sales of conservation interests to government agencies or other conservation buyers. These resources are used to help solve critical challenges by significantly improving the health of globally important natural systems that enhance the lives of people around the world. Working with partners–including Indigenous communities, governments, and businesses–The Conservancy pursues solutions that protect and restore natural systems, use nature sustainably, and broaden support for conservation.

Basis of Accounting

The consolidated financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The consolidated financial statements and accompanying notes include the accounts of all The Conservancy's business units and affiliates, both domestic and international, including those which are separately incorporated, receive gifts, and perform conservation activities in the name of The Conservancy. Business units are individual reporting segments managing organizational functions or regional conservation work in all states in the United States and globally. Consolidated affiliates controlled by The Conservancy include approximately 25 non-profit and 25 for-profit entities globally that enhance The Conservancy's ability to expand the reach of conservation activities and demonstrate the value of conservation investments. When The Conservancy is a non-controlling partner but has substantive rights to significantly influence certain partnerships, it reflects such noncontrolling interests separately in net assets without donor restriction. All significant intercompany transactions have been eliminated in consolidation.

Basis of Presentation

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

Net assets without donor restriction–resources that are not subject to donor-imposed stipulations, including revenues from membership dues, government grants and contracts, investment income (other than the unappropriated and purpose restricted portion of true endowment investment income), and other inflows of assets over which the Board of Directors of The Conservancy ("Board") has discretionary control. The Board may designate a portion of net assets for a specific purpose. If there is no donor-imposed stipulation, these funds are classified as net assets without donor restriction. Noncontrolling interests in limited partnerships represent third-party limited partner ownership in partnerships for which The Conservancy serves as general partner. The Conservancy includes all expenses in this class of net assets, since the use of restricted contributions in accordance with donors' stipulations results in the release of the restriction.

Net assets with donor restriction–resources that are subject to donor-imposed stipulations that are more specific than broad limits resulting from the following: a) the nature of the not-for-profit entity, b) the environment in which it operates, and c) the purposes specified in its articles of incorporation or bylaws or comparable documents. This classification includes contributions whose use by The Conservancy is limited by donor-imposed stipulations that either expire by passage of time–such as pledges receivable–or can be fulfilled by actions of The Conservancy–such as usage for land acquisition, specific programs toward meeting The Conservancy's 2030 goals including certain overhead and indirect costs, or for appropriation from true endowment investment income.

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

Also included in this classification are contributions whose use by The Conservancy is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of The Conservancy, such that the principal must be maintained permanently by The Conservancy. Contributions for the donor-restricted endowment fund as well as amounts contributed to create a permanent revolving fund for land preservation are classified as net assets with donor restriction. This internal revolving fund is used to finance capital projects, and donations to this fund are to be maintained in perpetuity for only this purpose. The Conservancy is no longer accepting new donations to the revolving fund for land preservation and has implemented a new internal revolving fund that is funded by internally designated unrestricted and temporarily restricted funds that otherwise would not be effectively deployed in the near term. This new fund is used to finance conservation projects.

Measure of Operations

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

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

Foreign Currency

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

Fair Value

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

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

Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and on model-based valuation techniques, for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.

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

The Conservancy applies the practical expedient guidance contained in FASB ASC-820-10, *Fair Value Measurement and Disclosure*, to determine the fair value for some of its investments at the net asset value (NAV) reported by the fund managers. The guidance permits the use of NAV without adjustment under certain circumstances, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2023 and 2022, The Conservancy had no plans to sell investments at amounts different from NAV. Investments measured at NAV as a practical expedient are not classified in the fair value hierarchy.

Most investments are carried at estimated fair value using the valuation hierarchy framework and NAV. Certain equity investments without readily determinable fair value presented using the measurement alternative in ASC 320 *Investments–Debt Securities* are valued using the initial investment in the underlying investment adjusted for impairment and observable price changes. As of June 30, 2023 and 2022, based on lack of observable price changes for identical or similar investments of the same issuer, no adjustments have been made.

Contributions

Unconditional donor promises to give cash and other assets are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by The Conservancy. The promises are reported as dues and contributions with donor restrictions if received with donor stipulations that sufficiently limit the use of the donated assets.

The Conservancy recognizes contributed goods and contributed professional services from third parties as revenue and as expense or assets at the fair value of those goods and services when received. During the years ended June 30, 2023 and 2022, contributed goods totaled $14,021,000 and $15,788,000, respectively, and contributed services totaled $42,078,000 and $28,947,000, respectively, in the accompanying consolidated statements of activities. Contributed goods consisted primarily of donated software used in conservation and marketing work. At times, The Conservancy receives donated assets that are to be sold by The Conservancy for fundraising purposes. Such assets are sold as soon as reasonably practicable. Contributed services consisted primarily of services by professional legal and consulting firms advising The Conservancy on various administrative and mission-related matters. Estimated fair value of contributed services reported in the financial statements is based on the current rates for similar services.

Government grants and contracts are primarily considered to be non-exchange contribution transactions, the majority of which are cost-reimbursable grants. The Conservancy has elected the “simultaneous release” accounting policy option such that grants received and used within the same period are reported in net assets without donor restriction. Revenue, including approved indirect cost recovery, is recognized when allowable costs have been incurred. The Conservancy’s costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the consolidated financial position or consolidated changes in net assets of The Conservancy.

Revenues from exchange transactions with government agencies reflected as other income in the accompanying consolidated statements of activities totaled $3,198,000 and $3,414,000 for the years ended June 30, 2023 and 2022, respectively.

Expense Allocation

Operating expenses are allocated to separate program and support categories as defined below. The book values of conservation land and easements sold or donated by The Conservancy are recognized as program expenses on the consolidated statements of activities. See note 14 Conservation Land and Easements.

The Conservancy accounts for its program and support services expenditures in the following categories:

Conservation–expenditures related to the broad spectrum of activities and actions critical to advancing The Conservancy's mission. Expenditures related to understanding, monitoring, maintaining, restoring, and managing natural areas owned by The Conservancy and others are included, as well as expenditures for developing and enhancing The Conservancy's ability to gather and share ecological information and to assess and evaluate threats to natural systems. In addition, this area includes expenditures to mitigate, prevent, or slow the effects of these threats, including investments in the institutional development of domestic and international conservation organizations. Expenditures related to improving public land management and supporting the development of sound global policies, including participating in conferences and events that help establish a common vision for conservation worldwide are included, as well as expenditures associated with community outreach and education of key stakeholders and land users in areas where The Conservancy's conservation programs reside.

General and Administration–expenditures related to building and maintaining an efficient business infrastructure, including those related to corporate governance, to support and advance the programmatic conservation objectives of The Conservancy.

Fundraising and Membership–expenditures related to fundraising strategies that provide the revenue stream for both operations and capital needs to further the accomplishment of The Conservancy's mission and objectives, and expenditures related to the acquisition and retention of The Conservancy's members primarily through the use of a direct-mail program.

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

Other Accounting Policies

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

Income Taxes

The Conservancy has been granted an exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified The Conservancy as other than a private foundation. The Conservancy pays income tax relating to its unrelated business income activities, which were primarily generated by income from alternative investments in partnerships. The Conservancy takes no tax positions that it considers to be uncertain.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimated amounts.

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

Retirement Plans

The Conservancy's employees are eligible after one month of service to participate in The Nature Conservancy Savings and Retirement Plan (the "Plan"), in which employees can make voluntary, tax-deferred contributions within specified limits. The Plan was established under the provision of Internal Revenue Code Section 401(k) and has received a favorable determination as to its tax status from the Internal Revenue Service. Certain employees are also eligible to participate in a non-qualified deferred compensation plan created pursuant to the Internal Revenue Code Section 457(b). The Conservancy's contributions to the plans were $24,485,000 and $22,870,000 for the years ended June 30, 2023 and 2022, respectively.

Subsequent Events

All subsequent events were evaluated through December 20, 2023, which is the date the financial statements were issued.

Contingencies

The Conservancy is a party to various litigation arising out of the normal conduct of its operations. In the opinion of management, the ultimate resolution of these matters will not materially affect the financial positions, changes in net assets, or cash flows of The Conservancy as of and for the years ended June 30, 2023 and 2022.

Related Party Transactions

The Conservancy recorded $2,968,000 and $2,483,000 in contribution revenues from current and former Board members during the years ended June 30, 2023 and 2022, respectively, and $102,000 and $704,000, respectively, as pledges receivable from current and former Board members as of June 30, 2023 and 2022 in the accompanying consolidated statements of financial position. The Conservancy has an unsecured $10,000,000 zero-interest loan agreement payable in full in 2026 to a current Board member reflected in notes payable in the accompanying consolidated statements of financial position.

There are no conditional pledges from current and former Board members included in the accompanying consolidated financial statements.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments–Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 and subsequent amendments require financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022 (fiscal year 2024). Early adoption is permitted. The Conservancy is currently assessing the effect that this standard (as amended) will have on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles–Goodwill and Other–Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. ASU 2018-15 provides guidance related to implementation, setup, and other costs incurred in a cloud computing arrangement that is hosted by a vendor and thus deemed a service contract. Under the new guidance, capitalization requirements for implementation costs associated with cloud computing arrangements have been aligned with the capitalization requirements for internal-use software governed by ASC 350-40, *Internal-Use Software*. The amendment dictates that certain costs incurred during the application development stage, such as configuration and customization costs, may be capitalized. Costs incurred in the preliminary project stage or the post implementation stage are not eligible for capitalization and must be expensed as incurred. The amendment also addresses the financial statement presentation of capitalized costs as well as amortization and impairment considerations. ASU 2018-15 was effective for fiscal years beginning after December 15, 2020 (fiscal year 2022). The Conservancy adopted this standard as of June 30, 2022 and noted no material impact on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of contributed nonfinancial assets by category along with qualitative information about the monetization of such assets, donor restrictions, and valuation techniques. ASU 2020-07 was effective for fiscal years beginning after June 15, 2021 (fiscal year 2022). The Conservancy adopted this standard as of June 30, 2022 and noted no material impact on its consolidated financial statements.

Note 2. Liquidity

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

		2023		2022
Cash and cash equivalents		73,323	$	71,815
Government grants and contracts receivable		39,455		33,052
Current notes and other receivables for operations		56,140		40,598
Pledge payments available for operations		125,026		128,368
Working capital investments		289,544		220,731
Board approved appropriation for endowment spending		76,486		73,516
Total financial assets available within one year	**$**	**659,974**	**$**	**568,080**
Additional liquidity resources:				
Bank line of credit	$	17,000	$	64,000
Private foundation line of credit		634		634
Total financial assets and liquidity resources available within one year	**$**	**677,608**	**$**	**632,714**

The Conservancy's endowment funds consist of donor-restricted and Board-designated endowment funds. Income from donor-restricted endowments is restricted for specific purposes and therefore is not available for general expenditure. Although The Conservancy does not intend to spend from its Board-designated endowment funds other than amounts appropriated for general expenditure as part of the annual budget process as described in the schedule above, the total $996,071,000 and $977,998,000 of unrestricted Board-designated net assets as of June 30, 2023 and 2022, respectively, could be made available with Board or designee approval.

The Conservancy's cash flows have seasonal variations due to a concentration of contributions received at calendar year end, and financial assets are structured to be available as general expenditures, liabilities, and other obligations come due. To help manage seasonal cash flows or meet unanticipated liquidity needs–such as for opportunistic acquisition of conservation land and easements–The Conservancy maintains lines of credit with a bank and a private foundation that are drawn upon as needed. The limit on the bank line of credit was $100,000,000, and the limit on the private foundation line of credit was $20,000,000 at both June 30, 2023 and 2022. As of June 30, 2023 and 2022, there were outstanding balances of $83,000,000 and $36,000,000, respectively, on the bank line of credit, and there was an outstanding balance of $19,366,000 at both June 30, 2023 and 2022 on the private foundation line of credit.

Note 3. Cash and Cash Equivalents

Cash represents working capital held in bank accounts in high quality financial institutions in the United States and 39 other countries. The cash in most non-U.S. accounts is uninsured but is limited per country to amounts that–in the opinion of management–are not material to the financial statements. Cash equivalents represent short-term, highly liquid investments with maturities of three months or less when purchased that do not have donor-imposed restrictions that limit their use to long-term investment, such as endowment funds.

Financial instruments that potentially subject The Conservancy to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. As of June 30, 2023 and 2022, The Conservancy had $97,869,000 and $75,504,000, respectively, in excess of the FDIC insured limit.

The balances of cash and cash equivalents and restricted cash and cash equivalents reported within the statements of financial position sum to the total amount of cash, cash equivalents, and restricted cash at end of year as reported on the consolidated statements of cash flows. These amounts are as follows as of June 30 (in thousands):

	2023	2022
Cash and cash equivalents	$ 73,323	$ 71,815
Restricted cash and cash equivalents	85,814	61,220
Total cash, cash equivalents, and restricted cash	**$ 159,137**	**$ 133,035**

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

Restricted cash, cash equivalents, and short-term investments represent monies segregated to meet requirements of specific conservation project agreements. Restricted short-term investments are considered Level 1 investments.

Restricted cash and cash equivalents and restricted short-term investments consist of the following as of June 30 (in thousands):

	2023	2022
Cash held in trust for mitigation agreements	$ 85,814	$ 61,220
Total restricted cash and cash equivalents	**$ 85,814**	**$ 61,220**
Certificates of deposit held in trust for mitigation agreements	$ 30,109	$ 30,111
Certificates of deposit to satisfy reserve requirements under		
charitable gift annuity agreement	250	250
Highly liquid U.S. government and cash instruments under		
collateral arrangement	6,000	5,071
Total restricted short-term investments	**$ 36,359**	**$ 35,432**

Note 5. Government Grants and Contracts Receivable

The Conservancy receives grants and contracts from federal, state, and local agencies to be used for specific programs or land purchases. The excess of reimbursable expenditures over cash receipts is included in government grants receivable, and any excess of cash receipts over reimbursable expenditures is included in deferred revenue and refundable advances. Government receivables are expected to be realized within one year.

Unspent advances from government grants and contracts including both exchange and contribution transactions of $19,230,000 and $14,801,000 as of June 30, 2023 and 2022, respectively, are reflected within deferred revenue and refundable advances on the consolidated statements of financial position.

The Conservancy had $497,388,000 and $315,035,000 in conditional government grants and contracts as of June 30, 2023 and 2022, respectively.

Note 6. Notes and Other Receivables

Notes and other receivables consist of the following as of June 30 (in thousands):

	2023	2022
Notes receivable, net allowance for doubtful accounts and accrued interest	$ 390,644	$ 391,809
Advances to federal, state, and local grant subaward recipients	5,115	1,280
Bequests receivable	16,600	11,250
Other receivables, net allowance for doubtful accounts	36,890	28,214
Total notes and other receivables	**$ 449,249**	**$ 432,553**

The Conservancy's consolidated affiliate, Belize Blue Investment Company, LLC ("BzBIC"), which is a wholly owned subsidiary of Blue Investments for Nature Inc. ("BIN"), a wholly owned subsidiary of The Conservancy, holds a note receivable from the country of Belize totaling $364,000,000 with a per-annum interest rate of 3.00% from issuance in November 2021 through October 2022, 3.55% from October 2022 to October 2023, 5.15% from October 2023 to October 2025, and 6.04% from October 2025 through maturity. The note receivable matures in October 2040. Interest payments are due semi-annually in April and October. Principal payments will be due semi-annually in April and October, beginning April of 2032. The payment terms of this note receivable are aligned with the terms of a related loan payable as described in Note 16 under The Conservancy's Blue Bonds for Ocean Conservation Program.

The Conservancy is a named irrevocable beneficiary under various wills, trusts, and non-probate gifts. Bequest receivables are recognized for significant incoming gifts which have matured and are known but for which The Conservancy has not yet received the funds.

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

	2023	2022
Less than one year	$ 3,250	$ 1,734
One to five years	5,242	7,421
More than five years	379,797	379,978
	388,289	**389,133**
Plus: Accrued interest receivable	2,355	2,676
Total notes receivable and accrued interest	**$ 390,644**	**$ 391,809**

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

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

Note 7. Deposits, Prepaid Expenses, and Other Assets

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

	2023	2022
Deposits on conservation land and easements	$ 1,087	$ 1,175
Prepaid expenses	11,997	9,595
Other assets	29,058	25,367
Total deposits, prepaids and other assets	**$ 42,142**	**$ 36,137**

Note 8. Pledges Receivable

Pledges receivable represent unconditional promises to give and are reported at fair value by discounting the expected future pledge payments at a risk-adjusted rate at the balance sheet date, and accordingly are categorized as Level 3 assets. The primary unobservable input used in the fair value measurement of The Conservancy's pledges receivable is the discount rate. Significant fluctuations in the discount rate could result in a material change. The discount rate used in the present value technique to determine fair value of pledges receivable is based on the U.S. Prime rate and is revised at each measurement date to reflect current market conditions and the creditworthiness of donors. In addition, management evaluates payment history and market conditions to estimate allowances for doubtful pledges.

Changes in the fair value of pledges receivable are reported in the consolidated statements of activities as contribution revenue except for changes in the allowance which are reported as program expenses at each subsequent reporting date. Net pledge activity resulted in $11,668,000 and $7,026,000 of decreases in pledges receivable reflected in the accompanying statements of financial position as of June 30, 2023 and 2022, respectively. 2023 and 2022 activities comprised of new pledges of $184,930,000 and $195,954,000, pledge payments of $191,821,000 and $197,780,000, and $4,681,000 and $3,980,000 net increases in pledge discount and allowance, respectively.

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

	2023	**2022**
Less than one year	$ 126,599	$ 137,996
One to five years	110,553	105,915
More than five years	1,168	1,396
	238,320	**245,307**
Less: Discount of 8.25% in 2023 and 4.75% in 2022	(13,656)	(9,038)
Less: Allowance for doubtful accounts	(9,497)	(9,434)
Total pledges receivable, net	**$ 215,167**	**$ 226,835**

Unconditional pledges receivable had the following donor-imposed restrictions as of June 30 (in thousands):

	2023	**2022**
Conservation programs and activities	$ 192,940	$ 205,868
Conservation land and easement acquisition and stewardship	17,765	9,080
Endowment	1,880	10,995
Other operating activities	2,582	892
Total pledges receivable, net	**$ 215,167**	**$ 226,835**

In addition, as of June 30, 2023 and 2022, The Conservancy had received promises to give that are conditioned upon the occurrence of specified future and uncertain events, such as The Conservancy raising matching gifts or acquiring certain conservation lands. Conditional promises to give are recognized as contribution revenue when the donor-imposed conditions are substantially met.

Conditional pledges had the following conditions as of June 30 (in thousands):

	2023	**2022**
Raised matching funds	$ 25,117	$ 31,441
Land acquisition	11,888	18,171
Completion of conservation projects	36,957	18,778
Other	10,612	11,256
Total conditional pledges	**$ 84,574**	**$ 79,646**

Note 9. Securities Lending Agreement

The Conservancy lends certain securities in its investment portfolio to qualified borrowers on a short-term, fully collateralized basis in exchange for interest to help offset custodial fees. Collateral in the form of cash in US dollars, securities issued or guaranteed by the US government, or irrevocable letters of credit issued by banks independent of the borrowers is marked to market on a daily basis, and the borrower is required to deliver the difference between the daily market value of the collateral and 102% of the loaned securities original fair market value if denominated in US dollars or 105% if denominated in foreign currency. The lending agent, in its agreement with The Conservancy, guarantees the repayment of the loan in the event the borrower defaults. The Conservancy retains all the benefits of ownership including rights to dividends, interest, and other cash distributions pertaining to the loaned securities. The Conservancy also retains the right to redeem the loaned securities prior to the stipulated redemption date.

As of June 30, 2022, The Conservancy recorded $61,186,000 in securities pledged under its securities lending agreement and an equal amount payable to the borrowers under the agreement. These amounts are reflected in assets and liabilities in the consolidated statements of financial position. The Conservancy had terminated this agreement as of June 30, 2023.

Note 10. Repurchase Agreements

The Conservancy may enter into repurchase agreements, under the terms of a Master Repurchase Agreement, with selected commercial banks and broker-dealers, under which The Conservancy acquires securities as collateral (debt obligation) subject to an obligation of the counterparty to repurchase and The Conservancy to resell the securities (obligation) at an agreed upon time and price. The Conservancy, through the custodian or a tri-party custodian, receives delivery of the underlying securities collateralizing repurchase agreements. The Conservancy requires the custodian to take possession, to have legally segregated in the Federal Reserve Book Entry System, or to have segregated within the custodian's vault, all securities held as collateral for repurchase agreements. The Conservancy and the counterparties are permitted to sell, re-pledge, or use the collateral associated with the transaction. It is The Conservancy's policy that the market value of the collateral be at least equal to 100% of the repurchase price in the case of a repurchase agreement of one-day duration and 102% of the repurchase price in the case of all other repurchase agreements. Upon an event of default under the terms of the Master Repurchase Agreement, both parties have the right to set-off. If the seller defaults or enters into an insolvency proceeding, realization of the collateral by The Conservancy may be delayed, limited, or wholly denied.

As of June 30, 2023 and 2022, The Conservancy had investments in repurchase agreements with total gross values of $62,141,000 and $53,363,000, respectively, which are included as part of investments in the consolidated statements of financial position. The market value of the collateral is 102% of the face value of the repurchase agreements.

Note 11. Non-Conservation Lands

Real property with little or no ecological value acquired through contributions or in an exchange of conservation land is sold to provide funds for The Conservancy's conservation work. These assets are recorded at fair value in the consolidated statements of activities in the period received. During the years ended June 30, 2023 and 2022, contributed non-conservation lands as reflected in the accompanying consolidated statements of activities totaled $36,216,000 and $9,694,000, respectively. Fair value is generally determined by appraisal at the time of acquisition. The input to the fair value estimate is classified in Level 3 of the fair value hierarchy. The value of non-conservation lands is reduced to the net realizable value at fiscal year-end, and the change in value is reported in the consolidated statements of activities.

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

	2023	2022
Fair value beginning of year	$ 12,758	$ 10,712
Transfers-in	19,190	9,585
Sales	(13,259)	(6,593)
Realized gain/(loss)	(130)	(537)
Unrealized gain/(loss)	-	(409)
Fair value end of year	**$ 18,559**	**$ 12,758**

Note 12. Investments

The Conservancy's investments are held in three distinct categories:

Capital fund–excess working capital and funds held primarily for the future acquisition of conservation land, easements, and for funding other conservation projects.

Endowment fund–funds held as long-term capital to generate income for The Conservancy's operations.

Split interest arrangements–funds and other assets held in trust by The Conservancy under agreements that include other beneficiaries or by third-party trustees representing The Conservancy's beneficial interests.

The overall investment objective of The Conservancy is to invest its assets in a prudent manner to preserve and grow the purchasing power of these funds so that they are available to support The Conservancy's global operations and conservation projects. The Conservancy manages investment activities in accordance with established policies and with oversight from the Board's Investment Committee as of February 2022 (previously overseen by the Board's Finance Committee). The amount of Endowment income provided each year for operations is established by the Finance Committee through its adoption of an annual endowment spending rate and spending rate base. The spending rate for the year ended June 30, 2022 was 5% of the average fair market value of the previous 60 months. As of July 1, 2022, the spending rate changed to 5.75% of the average fair market value of the previous 36 months.

The Conservancy recognizes that risk must be assumed to achieve its stated long-term investment objectives. Therefore, asset allocations and ranges are necessarily diverse and consider liquidity needs. The Conservancy has considered its ability to withstand short and intermediate term variability and concluded that the portfolio can tolerate some interim fluctuations in market values and rates of return in order to achieve its objectives. However, The Conservancy realizes that market performance varies and that the portfolio's investment objectives may not be achievable during short-term periods.

The Conservancy has chosen not to manage its underlying assets directly, but to utilize independent investment managers. To maintain prudent diversification and to manage risk, The Conservancy's portfolio is divided among 100 to 110 separate managers. To mitigate concentration of credit risk, The Conservancy's excess cash is invested with high quality institutions, the largest concentrations of which are invested in commercial paper (44% and 30%), repurchase agreements (31% and 37%), certificates of deposit (15% and 21%), U.S. Treasuries (8% and 8%), corporate bonds and notes (2% and 3%), and asset-backed securities (0% and 1%) as of June 30, 2023 and 2022, respectively.

Pursuant to its investment policy, The Conservancy's investments cannot have more than 10% of their assets at market value in securities of any one issuer, be they short-term or long-term, other than the U.S. Government and its Agencies. As of June 30, 2023 and 2022, the largest exposures in the Capital and Endowment Fund long term investments are 4% and 3%, respectively, in a single issuer.

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

June 30, 2023	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Capital and endowment investments					
Short-term investments	$ 12,358	$ 909	$ -	$ -	$ 13,267
Repurchase agreements	-	62,141	-	-	62,141
Fixed income	18,074	287,605	-	71,712	377,391
Exchange traded stock	72,817	-	-	-	72,817
Exchange traded funds	44,942	-	-	-	44,942
Closed end funds	51	-	-	-	51
Comingled equity funds	-	-	-	943,563	943,563
Comingled bond funds	-	-	-	1,139	1,139
Hedge funds	-	-	-	914,402	914,402
Private equity investments	-	-	-	491,506	491,506
Private debt investments	-	-	-	76	76
Private real estate funds	-	-	-	121,012	121,012
Total capital and endowment investments	**$148,242**	**$350,655**	**$ -**	**$ 2,543,410**	**$ 3,042,307**
Split interest arrangements					
Split interest trusteed					
U.S. Agency Bonds	$ 2	$ -	$ -	$ -	$ 2
Mutual Funds	137,055	-	-	-	137,055
Real Estate	-	-	29,944	-	29,944
U.S. Treasuries	9,438	-	-	-	9,438
Short Term Investments	29,969	-	-	-	29,969
Exchange Traded Funds	112,248	-	-	-	112,248
Commingled Equity Funds	-	-	-	4,746	4,746
Split interest, non-trusted	-	-	36,391	-	36,391
Total split interest arrangements	**$ 288,712**	**$ -**	**$66,335**	**$ 4,746**	**$ 359,793**
Total investments measured at fair value or using NAV as a practical expedient					**$ 3,402,100**

June 30, 2022	Level 1	Level 2	Level 3	NAV	Total
Capital and endowment investments					
Short-term investments	$ 104,400	$ 922	$ -	$ -	$ 105,322
Repurchase agreements	-	53,363	-	-	53,363
Fixed income	24,995	347,359	-	76,426	448,780
Preferred securities	1,686	-	-	-	1,686
Exchange traded stock	104,805	-	-	-	104,805
Exchange traded funds	35,057	-	-	-	35,057
Closed end funds	57,888	-	-	-	57,888
Comingled equity funds	-	-	-	826,306	826,306
Comingled bond funds	-	-	-	1,109	1,109
Hedge funds	-	-	-	838,656	838,656
Private equity investments	-	-	-	443,209	443,209
Private real estate funds	-	-	-	139,099	139,099
Total capital and endowment investments	**$328,831**	**$401,644**	**$ -**	**$2,324,805**	**$ 3,055,280**
Split interest arrangements					
Split interest trusteed					
U.S. Agency Bonds	$ 3	$ 1,490	$ -	$ -	$ 1,493
Mutual Funds	132,364	-	-	-	132,364
Real Estate	-	-	21,366	-	21,366
U.S. Treasuries	22,706	-	-	-	22,706
Short Term Investments	14,888	-	-	-	14,888
Exchange Traded Funds	110,639	-	-	-	110,639
Commingled Equity Funds	-	-	-	4,753	4,753
Split interest, non-trusted	-	-	35,881	-	35,881
Total split interest arrangements	**$280,600**	**$ 1,490**	**$57,247**	**$ 4,753**	**$ 344,090**
Total investments measured at fair value or using NAV as a practical expedient					**$ 3,399,370**

Of the $3,471,939,000 and $3,370,373,000 total investments in the accompanying consolidated statements of financial position as of June 30, 2023 and 2022, respectively, net investments not measured at fair value or reflected in the table above are as follows (in thousands):

	2023	2022
Equity method investment	$ 22,126	$ 21,960
Equity investment valued using the measurement alternative in ASC 320	12,419	11,853
Net investment receivables/payables and other	35,294	(62,810)
Total investments not measured at fair value	**$ 69,839**	**$ (28,997)**

The Conservancy's investment funds are valued by the following valuation techniques: equity securities and exchange traded funds are typically valued at the last sale price or official closing price on the exchange or principal market where the security trades; debt obligations are valued based on the evaluated price provided by an independent pricing vendor or broker-dealer; real estate investment properties are valued based on results from an independent appraisal and a professional third-party market valuation; future contracts are typically valued at the last traded price on the exchange on which they trade. The value of certain alternative investments not included in the fair value hierarchy represents the ownership interest in the NAV of the respective partnership. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The Conservancy has performed significant due diligence around these investments to ensure NAV is an appropriate measure of fair value.

Investments valued using NAV as a practical expedient consist of the following as of June 30 (in thousands):

June 30, 2023 **Category of Investments**	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Domestic equity funds	$ 364,699	$ 25,000	Monthly, Quarterly	30 days, 45 days, 60 days, 90 days
Global equity funds	336,122	-	Weekly, monthly, quarterly, annually	5 business days, 7 days, 30 days, 120 days
International equity funds	235,565	-	Monthly, quarterly, semi-annually	60 days, 90 days, 180 days
Bond Funds	71,712	4,000	Quarterly	90 days
Hedge funds	914,402	9,750	Quarterly, annually	60-120 days
Private equity funds	491,506	357,171	N/A	N/A
Real estate funds	121,012	28,281	N/A	N/A
Commingled equity funds	11,923	-	N/A	N/A
Commingled bond funds	1,215	-	N/A	N/A
Total investments valued using NAV	**$ 2,548,156**	**$ 424,202**		

June 30, 2022		**Unfunded**	**Redemption**	**Redemption**
Category of Investments	**Fair Value**	**Commitments**	**Frequency**	**Notice Period**
Domestic equity funds	$ 330,433	$ 25,000	Monthly, Quarterly	30-60 days
Global equity funds	337,691	-	Weekly, monthly, quarterly, annually	5 business days, 7 days, 30 days, 90 days, 120 days
International equity funds	150,374	-	Monthly, quarterly, semi-annually	10 business days, 30 days, 60 days, 90 days, 180 days
Bond Funds	76,426	8,500	Quarterly	90 days
Hedge funds	838,656	1,500	Quarterly, annually	60-120 days
Private equity funds	443,209	288,847	N/A	N/A
Real estate funds	139,099	28,034	N/A	N/A
Commingled equity funds	12,561	-	N/A	N/A
Commingled bond funds	1,109	-	N/A	N/A
Total investments valued using NAV	**$ 2,329,558**	**$ 351,881**		

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

The Conservancy's investment policy allows for the use of derivatives by investment managers and at the portfolio-level to assist in managing asset allocation and exposures. These derivative exposures are exchange-traded and are reported in the fair value of the overall portfolio within Level 1. The use of derivative instruments involves the risk of imperfect correlation in movement in the price of the instruments, interest rates, and the underlying hedged assets. As a result, The Conservancy may not achieve the anticipated benefits of hedging strategies. The Conservancy's derivative contracts held as of June 30, 2023 and 2022 are not accounted for as hedging instruments under GAAP.

The Conservancy's interest rate swap arrangements have inputs which can generally be corroborated by observable market data and are therefore classified within Level 2. Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rates, assumptions for nonperformance risk, and correlations of such inputs. The valuation methods described above may produce fair value calculations that may not be indicative of net realized value or reflective of future fair values. The Conservancy believes the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The fair value of these interest rate swap agreements is reflected in the accompanying consolidated statements of financial position as accounts payable and accrued liabilities. No collateral is required to be posted/received for the interest rate swaps.

Swap contracts expose The Conservancy to credit risk arising from the potential inability of counterparties to perform under the terms of the contracts. The notional amounts of these contracts do not represent The Conservancy's risk of loss due to counterparty nonperformance. The Conservancy's exposure to credit risk associated with counterparty nonperformance for these contracts is limited to the fair value of such contracts and any related collateral placed with the counterparty, after enforcing any master netting agreements with counterparties that allow The Conservancy to offset amounts owed by the counterparty with amounts payable to the same counterparty. The International Swaps and Derivatives Association, Inc. ("ISDA") Master Agreements that govern and establish terms for the over-the-counter swaps provide The Conservancy with legal right of setoff that is enforceable under law.

The Conservancy has no active interest rate swap agreements as of June 30, 2023. Activity and balances related to swap instruments held are as follows as of June 30, 2022:

Counterparty	Original Notional	Notional at 6/30/2022	Type	Trade Date	Maturity Date	Fixed Rate	Floating Rate	Fair Value (in thousands)*
Morgan Stanley	62,000,000	62,000,000	IRS - Fixed/Pay	4/4/2019	2/1/2029	4.2%	100% of 3 mo USD LIBOR	$ (4,603)
							Total Fair Value of Swaps	$ (4,603)

*Includes credit valuation adjustment

Note 13. Property and Equipment

Property and equipment valued at $50,000 or more is capitalized. Purchased property and equipment is carried at cost, and donated property and equipment is recognized at fair value at the date of contribution. Depreciation and amortization are computed using the straight-line method for all depreciable assets over the estimated useful lives of the assets, ranging from 5 to 30 years for building and building improvements, 3 to 5 years for computer equipment and software, and 4 to 25 years for furniture, fixtures, and others. Costs associated with construction in progress are held until the asset is placed in service, at which point the asset is transferred to the applicable asset category and depreciated over its estimated useful life. Assets totaling $72,866,000 and $66,513,000 were fully depreciated as of June 30, 2023 and 2022, respectively. Expenditures for maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Property and equipment consist of the following as of June 30 (in thousands):

	2023	2022
Land for operations	$ 8,016	$ 8,016
Construction in progress	12,272	26,444
Buildings and improvements	220,045	196,604
Computer equipment and software	44,180	41,437
Furniture, fixtures, and other	44,586	34,472
	329,099	**306,973**
Less: Accumulated depreciation and amortization	(168,873)	(155,789)
Total property and equipment, net	**$ 160,226**	**$ 151,184**

Note 14. Conservation Land and Easements

Conservation land is real property with significant ecological value. These properties are either managed in an effort to protect the natural biological diversity of the property or transferred to other organizations to manage in a similar fashion.

The Conservancy records land and land interests at cost if purchased or at fair value at the date of acquisition if all or part of the land was received as a donation. Fair value is generally determined by appraisal at the time of acquisition and is not subsequently adjusted. Upon sale or gift, the book value of the land or land interest is reported as a program expense and the related proceeds, if any, are reported as revenue in the consolidated statements of activities.

Conservation easements are comprised of listed rights and/or restrictions over the owned property that are conveyed by a property owner to The Conservancy–almost always in perpetuity–in order to protect the owned property as a significant natural area, as defined in federal tax regulations. These intangible assets may be sold or transferred to others so long as the assignee agrees to carry out, in perpetuity, the conservation purposes intended by the original grantor.

The Conservancy has entered into contracts for the purchase of land and other purchase commitments that have not closed totaling $209,260,000 and $141,488,000 as of June 30, 2023 and 2022, respectively.

Note 15. Leases

The Conservancy has entered into both non-cancelable lessor and lessee commitments. The Conservancy determines if a contract contains a lease at the inception of a contract. A contract is determined to contain a lease if the contract conveys the right to control the use of identified property or equipment (an identified asset) for a period of time in exchange for consideration. The Conservancy has elected the practical expedients to allow the lease and non-lease components not to be separated in the event the contract contains both and to not record leases with an initial term of 12 months or less on the consolidated statements of position.

Lessor commitments

The Conservancy's lessor commitments primarily consist of operating leases for the use of its owned premises. Leases may include options to renew at the end of the lease term. Lease payments received under these commitments include fixed payments for the rental space as well as variable payments based on usage of services and escalating costs of building operations. Total lease income was $4,303,000 and $2,899,000 for the years ended June 30, 2023 and 2022, respectively.

Future fixed lease income under noncancelable operating leases is as follows as of June 30, 2023 (in thousands):

2024	$ 2,918
2025	1,928
2026	1,783
2027	1,233
2028	1,043
Thereafter	4,568
Total	**$ 13,473**

Lessee commitments

The Conservancy's lessee commitments predominantly consist of operating leases for office buildings and equipment. Right-of-use assets were $38,058,000 and $38,711,000, and lease liabilities were $43,327,000 and $44,771,000 as of June 30, 2023 and 2022, respectively. The weighted-average discount rate used to calculate the present value of future minimum lease payments was 3.49% for 2023 and 3.50% for 2022.

Lease terms may contain renewal and extension options and early termination features. The weighted-average lease terms were 5.81 and 6.55 years as of June 30, 2023 and 2022, respectively.

Lease expenses consist of the following for the years ended June 30 (in thousands):

	2023	2022
Operating lease expense (cost resulting from lease payments)	$ 13,401	$ 12,873
Short-term lease expense	794	516
Variable lease expense	1,263	1,220
Less: Sublease income	(1,651)	(964)
Total lease expense	**$ 13,807**	**$ 13,645**

The total cash payments for operating leases were $16,095,000 and $14,561,000, and noncash additions to operating lease assets were $6,591,000 and $5,351,000 for the years ended June 30, 2023 and 2022, respectively.

Maturity analysis of future minimum lease payments for all operating leases are shown as follows as of June 30, 2023 (in thousands):

2024	$ 11,296
2025	8,841
2026	7,158
2027	6,485
2028	4,677
Thereafter	9,877
	48,334
Less: net present value adjustment	(5,007)
Present value of total minimum lease payments	**$ 43,327**

As of June 30, 2023, The Conservancy has an additional operating lease that has not yet commenced for an office building with an estimated right-of-use asset and lease liability of approximately $239,000 to be recognized upon the anticipated lease commencement in August 2023.

Note 16. Bonds and Notes Payable

Bonds and notes payable consist of the following as of June 30 (in thousands):

	Interest Rate	Maturity	2023	2022
Revenue Bonds				
Series 2019A, Taxable, Unsecured	4.50%	February 2049	$ 40,000	$ 40,000
Series 2019B, Taxable, Unsecured	6.38%	February 2024	62,000	62,000
Series 2021A, Taxable, Unsecured	0.47%-1.86%	July 2022-July 2033	109,878	119,738
Series 2022A Green Bonds, Taxable, Unsecured	3.96%	March 2052	350,000	350,000
Series 2022B, Taxable, Unsecured	2.45%-3.32%	March 2025-March 2033	62,000	62,000
Mortgages and loans	0%-5.87%	2023-2041	153,130	108,992
Bonds and notes payable - recourse			**777,008**	**742,730**
Notes payable - non-recourse	2.10%	October 2040	**364,000**	**364,000**
Total bonds and notes payable			**$ 1,141,008**	**$ 1,106,730**

Debt is reported at carrying value. Certain of The Conservancy's debt agreements include covenants that require The Conservancy to meet various reporting and financial metrics. The most restrictive financial covenants include maintaining minimum bond ratings, minimum liquidity ratios, and limits on total debt. The Conservancy was in compliance with all financial debt covenants as of June 30, 2023 and 2022.

Recourse bonds and notes payable are those for which the lenders can hold The Conservancy liable if the bond or payable is defaulted upon.

In March 2022, The Conservancy issued Series 2022A Green Bonds ("Green Bonds") totaling $350,000,000 and Series 2022B bonds totaling $62,000,000. Proceeds from the Green Bonds issuance are used to fund eligible green projects that advance priorities for achieving sustainable development goals. Eligible green projects may include but are not limited to environmentally sustainable land use, biodiversity, water management, climate change adaptation, energy efficiency, and renewable energy.

In fiscal year 2022, a consolidated affiliate of The Conservancy entered into a transaction to purchase the debt of the country of Belize. The affiliate is Belize Blue Investment Company, LLC ("BzBIC"), which is a wholly owned subsidiary of Blue Investments for Nature Inc. ("BIN"), a wholly owned subsidiary of The Conservancy. The transaction involved BzBIC obtaining a funding facility from a financial institution. BzBIC then in turn loaned those funds to the country of Belize for use in cancelling certain outstanding debt obligations. As a result of this transaction, the country of Belize pledged to commit significantly more resources to marine protection.

As part of this transaction, BzBIC obtained a loan from a financial institution totaling $364,000,000 with a per-annum interest rate of 1.60% from issuance in November 2021 through October 2022, 2.10% from October 2022 to October 2023, 3.60% from October 2023 to October 2025, and 4.47% from October 2025 through maturity. The loan matures in October 2040. Interest payments are due semi-annually in April and October. Principal payments will be due semi-annually in April and October, beginning April of 2032. This note is categorized as non-recourse to The Conservancy because liability in the event of default is limited to BzBIC.

Additionally, BzBIC issued a note receivable to the country of Belize as described in Note 6 with payment terms aligned with the payment terms of the loan.

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

2024	$ 175,904
2025	21,731
2026	35,176
2027	22,140
2028	18,456
Thereafter	867,601
Total bonds and notes payable	**$ 1,141,008**

Interest expense incurred on total bonds and notes payable for the years ended June 30, 2023 and 2022 was $32,550,000 and $17,057,000, respectively.

Note 17. Split Interest Arrangements

The Conservancy enters into split interest arrangements whereby donations are held in trust by The Conservancy or third-party trustees. Agreed-upon amounts or percentages of invested funds are payable to the donor or the donor's designee for a specified period of time or until the donor's death. In the case of retained life estates, the donor contributes real estate in which the donor or designee retains the life interest to use the property for a specified period or until the donor's death. Upon termination, The Conservancy may use the assets for operations or a restricted use specified by the donor. Total contributions received for split interest arrangements were $32,860, 000 and $33,946,000 for the years ended June 30, 2023 and 2022, respectively.

The donated trust asset investments are recorded at fair value based on the latest available information and are included in investments following the fair value hierarchy. The marketable securities and exchange traded funds are priced using unadjusted market quotes. Debt obligations are valued based on the evaluated prices provided by an independent pricing vendor or broker-dealer. Alternative investments are valued based on NAV as a practical expedient, and real properties are valued by market-based appraisals. For split interest arrangements where The Conservancy is not the trustee, valuations are based on the values reported by third-party trustees. There is no market for these arrangements, and therefore, they are classified within Level 3. See Note 12 Investments for the fair value hierarchy of investments from split interest arrangements.

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

	2023	**2022**
Fair value beginning of year	$57,247	$56,156
Purchases	1,740	432
Transfers-in	9,824	6,066
Sales	(2,675)	(4,466)
Realized gain/(loss)	(311)	449
Unrealized gain/(loss)	510	(1,390)
Fair value end of year	**$ 66,335**	**$ 57,247**

A liability for split interest obligations is recorded for the actuarially determined present value of the estimated future payments to be made to the beneficiaries or the donor's real estate usage under a retained life estate.

The Conservancy utilizes the 2012 Individual Annuity Reserving table to actuarially calculate the liability associated with the estimated donor interests under these arrangements. The Conservancy determines the discount rate to be used in the month the split interest arrangements are entered into with the donor and these rates have ranged from 1% to 9%. The present value of the actuarially determined liability resulting from these gifts is recorded at the date of gift and adjusted annually thereafter to reflect fair value. The change in value of split interest arrangements included in non-operating activities in the accompanying consolidated statements of activities was an increase of $7,611,000 and a decrease of $43,884,000 for the years ended June 30, 2023 and 2022, respectively.

Split interest arrangements payable consist of the following as of June 30 (in thousands):

	2023	2022
Payable under charitable gift annuities	$ 97,750	$ 102,484
Payable under charitable remainder trusts	83,658	81,252
Payable under pooled income funds	1,527	2,111
Payable under retained life estates	9,489	25,396
Total split interest arrangements payable	**$ 192,424**	**$ 211,243**

Note 18. Net Assets

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

June 30, 2023	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Undesignated	$ 275,939	$ -	$ 275,939
Board-designated funds functioning as endowment	996,071	24,008	1,020,079
Land preservation fund	235,417	183,308	418,725
Land, easements, and capital funds	4,614,672	347,628	4,962,300
Restricted for specific purposes	-	476,076	476,076
Split interest arrangements	5,379	141,539	146,918
Contributed long-lived assets to create permanent endowments	-	560	560
Invested in perpetuity, subject to endowment spending policy	-	503,856	503,856
Total net assets before other	**6,127,478**	**1,676,975**	**7,804,453**
Non-controlling interests	62,215	-	62,215
Total net assets	**$ 6,189,693**	**$ 1,676,975**	**$ 7,866,668**

June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	$ 342,893	$ -	$ 342,893
Board-designated funds functioning as endowment	977,998	-	977,998
Land preservation fund	210,239	178,202	388,441
Land, easements, and capital funds	4,465,193	308,587	4,773,780
Restricted for specific purposes	-	461,735	461,735
Split interest arrangements	5,379	131,140	136,519
Contributed long-lived assets to create permanent endowments	-	996	996
Invested in perpetuity, subject to endowment spending policy	-	461,552	461,552
Total net assets before other	**6,001,702**	**1,542,212**	**7,543,914**
Non-controlling interests	62,585	-	62,585
Total net assets	**$ 6,064,287**	**$ 1,542,212**	**$ 7,606,499**

The Board has approved management's interpretation of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as enacted by the Council of the District of Columbia. UPMIFA requires the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

The Conservancy's endowment includes funds designated by the Board to function as endowment and donor-restricted endowment funds. Board-designated funds functioning as endowment are classified as net assets with or without donor restriction based on the underlying net asset class of the funds at the time of designation. Over time, donor restrictions are met as appropriations, subject to the spending policy, are spent on the restricted purpose. Donor-restricted endowment funds with donor requirements that they be held in perpetuity include the original value of gifts donated and accumulations made in accordance with the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted endowment funds that are not required to be held in perpetuity are classified in donor-restricted net assets until those amounts are appropriated for expenditure by The Conservancy in accordance with the spending policy stated in Note 12.

The Conservancy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund,
- The purpose of the institution and the endowment funds,
- General economic conditions,
- The possible effect of inflation or deflation,
- The expected total return from income and appreciation of investments,
- Other resources of the institution, and
- The investment policy of the institution.

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

June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Invested in perpetuity, subject to endowment spending policy	$ -	$ 503,856	$ 503,856
Board-designated funds functioning as endowment	996,071	24,008	1,020,079
Total endowment funds	**$ 996,071**	**$ 527,864**	**$ 1,523,935**

June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Invested in perpetuity, subject to endowment spending policy	$ -	$ 461,552	$ 461,552
Board-designated funds functioning as endowment	977,998	-	977,998
Total endowment funds	**$ 977,998**	**$ 461,552**	**$ 1,439,550**

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

2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds beginning of year	$ 977,998	$ 461,552	$ 1,439,550
Investment returns on endowments, net	103,926	51,515	155,441
Contributions and pledge payments received	(130)	10,388	10,258
Matching fund to donor restricted true endowment	-	760	760
Transfers to create funds functioning as endowment	875	(15)	860
Allocation of endowment spending	(83,640)	-	(83,640)
Net assets released from restrictions	(1,523)	1,523	-
Total endowment funds before reclassification	997,506	525,723	1,523,229
Reclassification and transfer of net assets	(1,435)	2,141	706
Total endowment funds	**$ 996,071**	**$ 527,864**	**$ 1,523,935**

2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds beginning of year	$ 1,128,318	$ 528,612	$ 1,656,930
Investment returns on endowments, net	(107,330)	(75,206)	(182,536)
Contributions and pledge payments received	(424)	24,389	23,965
Transfers to create funds functioning as endowment	5,819	4,404	10,223
Allocation of endowment spending	(69,138)	-	(69,138)
Net assets released from restrictions	20,753	(20,753)	-
Total endowment funds before reclassification	977,998	461,446	1,439,444
Reclassification and transfer of net assets	-	106	106
Total endowment funds	**$ 977,998**	**$ 461,552**	**$ 1,439,550**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires The Conservancy to retain as principal in perpetuity. Deficiencies of this nature existed in eight and twenty-two donor-restricted endowment funds as of June 30, 2023 and 2022, respectively, which together had an original gift value of $3,145,000 and $14,223,000, current fair values of $2,920,000 and $13,047,000, and deficiencies of $225,000 and $1,176,000, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and authorized appropriation that was deemed prudent.

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

Note 19. Guarantee Liability

In September 2022, The Conservancy entered into a co-guarantee structure with the Inter-American Development Bank (IADB) that enabled the Government of Barbados (Barbados) to pay down certain of its existing debt with the proceeds from a new term loan issuance with more favorable financing terms. Barbados has agreed to direct a portion of the savings gained from this refinancing to marine conservation under The Conservancy's Blue Bonds for Ocean Conservation Program. The Conservancy and IADB act as co-guarantors of the payment risk on Barbados' $150,000,000 term loan, of which IADB guaranteed $100,000,000, and The Conservancy guaranteed $50,000,000. The maximum amount that The Conservancy could be required to pay under the guarantee was $50,000,000 as of June 30, 2023. This amount decreases over time as Barbados makes payments on the loan and is expected to reach zero in 2030. As of June 30, 2023, Barbados was up to date on required payments. The agreement is subject to a counter-guarantee agreement with Barbados, and The Conservancy has obtained reinsurance over the full guaranteed amount. As of June 30, 2023, the fair value of the related guarantee liability was approximately $1,838,000, which is included in accounts payable and accrued liabilities in the accompanying consolidated statements of financial position.

Note 20. Noncontrolling Interests

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

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

2023	**Controlling Interests**	**Noncontrolling interests**	**Total**
Net assets without donor restrictions beginning of year	$ 6,001,702	$ 62,585	$ 6,064,287
Change in net assets from operating activities	(1,710)	(783)	(2,493)
Distributions to noncontrolling interests	-	(370)	(370)
Other changes in net assets from non-operating activities	127,486	783	128,269
Total net assets without donor restrictions	**$ 6,127,478**	**$ 62,215**	**$ 6,189,693**

2022	**Controlling Interests**	**Noncontrolling interests**	**Total**
Net assets without donor restrictions beginning of year	$ 6,184,371	$ 67,205	$ 6,251,576
Change in net assets from operating activities	105,161	(849)	104,312
Distributions to noncontrolling interests	-	(4,620)	(4,620)
Other changes in net assets from non-operating activities	(287,830)	849	(286,981)
Total net assets without donor restrictions	**$ 6,001,702**	**$ 62,585**	**$ 6,064,287**