Katy Prairie Conservancy

Financial Statements
and Single Audit Reports
for the year ended December 31, 2021

Katy Prairie Conservancy

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Blazek & Vetterling

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
Katy Prairie Conservancy:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Katy Prairie Conservancy, which comprise the statements of financial position as of December 31, 2021 and 2020 and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Katy Prairie Conservancy as of December 31, 2021 and 2020, 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Katy Prairie Conservancy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 Katy Prairie Conservancy's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards and *Government Auditing Standards* 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 financial statements.

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In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Katy Prairie 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Katy Prairie 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included in the schedule of expenditures of federal awards for the year ended December 31, 2021 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.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2022 on our consideration of Katy Prairie Conservancy'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 Katy Prairie Conservancy'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 Katy Prairie Conservancy's internal control over financial reporting and compliance.

Blazek & Vetterling

July 11, 2022

Katy Prairie Conservancy

Statements of Financial Position as of December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash	$ 3,483,261	$ 2,511,923
Stream mitigation receivables and other assets	36,485	661,984
Contributions receivable *(Note 3)*	105,124	144,724
Property, net *(Note 5)*	32,564,920	31,023,250
Investments *(Note 4)*	2,477,633	1,520,683
TOTAL ASSETS	$ 38,667,423	$ 35,862,564
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 135,041	$ 130,942
Accrued interest expense	86,721	139,575
Paycheck Protection Program – refundable advance		93,083
Deferred revenue	198,475	
Note payable *(Note 6)*	5,731,857	8,034,048
Total liabilities	6,152,094	8,397,648
Commitments *(Note 5)*		
Net assets:		
Without donor restrictions *(Note 7)*	21,833,484	17,922,694
With donor restrictions *(Notes 8 and 9)*	10,681,845	9,542,222
Total net assets	32,515,329	27,464,916
TOTAL LIABILITIES AND NET ASSETS	$ 38,667,423	$ 35,862,564

See accompanying notes to financial statements.

Katy Prairie Conservancy

Statement of Activities for the year ended December 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Public support:			
Contributions	$ 550,440	$ 2,328,108	$ 2,878,548
Contributed conservation easements	4,471,850		4,471,850
Contributions – special events	102,628		102,628
Sale of conversation easements	2,926,715		2,926,715
Cattle sales and other ranch income	280,402		280,402
Lease and other income	293,758		293,758
Stream mitigation	86,447		86,447
Net investment return	60,823	269,663	330,486
Total revenue	8,773,063	2,597,771	11,370,834
Net assets released from restrictions:			
Program expenditures	690,978	(690,978)	
Land acquisition	869,146	(869,146)	
Satisfaction of time restriction	11,000	(11,000)	
Long-term management fund transfer *(Note 9)*	(112,976)	112,976	
Total	10,231,211	1,139,623	11,370,834
EXPENSES:			
Program services:			
Land conservation	4,976,537		4,976,537
Land stewardship	482,413		482,413
Ranch programs	291,428		291,428
Public outreach	196,055		196,055
Total program services	5,946,433		5,946,433
Supporting services:			
Management and general	265,045		265,045
Fundraising	108,943		108,943
Total expenses	6,320,421		6,320,421
CHANGES IN NET ASSETS	3,910,790	1,139,623	5,050,413
Net assets, beginning of year	17,922,694	9,542,222	27,464,916
Net assets, end of year	$ 21,833,484	$ 10,681,845	$ 32,515,329

See accompanying notes to financial statements.

Katy Prairie Conservancy

Statement of Activities for the year ended December 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Public support:			
Contributions	$ 599,911	$ 820,348	$ 1,420,259
Contributed conservation easements	2,321,345		2,321,345
Contributions – special events	168,911		168,911
Cattle sales and other ranch income	300,244		300,244
Lease and other income	271,945		271,945
Stream mitigation	711,088		711,088
Net investment return	16,117	97,241	113,358
Total revenue	4,389,561	917,589	5,307,150
Net assets released from restrictions:			
Program expenditures	609,725	(609,725)	
Land acquisition	1,500	(1,500)	
Satisfaction of time restriction	100,000	(100,000)	
Long-term management fund transfer *(Note 9)*	(60,904)	60,904	
Total	5,039,882	267,268	5,307,150
EXPENSES:			
Program services:			
Land conservation	2,939,982		2,939,982
Land stewardship	521,616		521,616
Ranch programs	310,993		310,993
Public outreach	268,736		268,736
Total program services	4,041,327		4,041,327
Supporting services:			
Management and general	239,165		239,165
Fundraising	122,670		122,670
Total expenses	4,403,162		4,403,162
CHANGES IN NET ASSETS	636,720	267,268	903,988
Net assets, beginning of year	17,285,974	9,274,954	26,560,928
Net assets, end of year	$ 17,922,694	$ 9,542,222	$ 27,464,916

See accompanying notes to financial statements.

Katy Prairie Conservancy

Statement of Functional Expenses for the year ended December 31, 2021

	LAND CONSERVATION	LAND STEWARDSHIP	RANCH PROGRAMS	PUBLIC OUTREACH	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and related expenses	$ 125,364	$ 104,787	$ 65,569	$ 146,728	$ 442,448	$ 122,282	$ 85,652	$ 650,382
Land easements purchased and donated	4,471,850				4,471,850			4,471,850
Professional fees	105,305	20,942	32,933	7,685	166,865	99,255	509	266,629
Interest	183,893				183,893			183,893
Contract restoration		165,025			165,025			165,025
Depreciation		99,706	41,928		141,634	6,288		147,922
Supplies, materials, and postage	962	27,945	58,276	2,462	89,645	2,456	3,124	95,225
Contracted services	36,933		17,201	13,303	67,437	970		68,407
Office space	14,259	11,667		16,204	42,130	13,610	9,074	64,814
Equipment repair and maintenance		13,885	30,753		44,638	12,726	4,242	61,606
Permits and fees	26,865	3,314	11,258	710	42,147	934	2,376	45,457
Insurance	6,068	5,433	10,446	5,157	27,104	4,332	2,888	34,324
Property taxes	885	18,492	12,809	88	32,274			32,274
Utilities	1,822	9,344	5,004	3,449	19,619	1,542	1,028	22,189
Travel and meetings	2,331	1,873	5,251	269	9,724	21	50	9,795
Other						629		629
Total expenses	$ 4,976,537	$ 482,413	$ 291,428	$ 196,055	$ 5,946,433	$ 265,045	$ 108,943	$ 6,320,421

See accompanying notes to financial statements.

Katy Prairie Conservancy

Statement of Functional Expenses for the year ended December 31, 2020

	LAND CONSERVATION	LAND STEWARDSHIP	RANCH PROGRAMS	PUBLIC OUTREACH	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and related expenses	$ 88,059	$ 148,585	$ 66,473	$ 185,885	$ 489,002	$ 100,937	$ 83,459	$ 673,398
Land easements purchased and donated	2,321,345				2,321,345			2,321,345
Professional fees	250,665	35,629	36,300	45,828	368,422	93,639	14,625	476,686
Interest	240,588				240,588			240,588
Contract restoration		163,532			163,532			163,532
Depreciation		92,259	52,433		144,692	6,296		150,988
Supplies, materials, and postage	753	17,933	65,243	2,226	86,155	2,591	2,477	91,223
Contracted services			16,816	168	16,984			16,984
Office space	9,744	15,591		20,137	45,472	11,044	8,445	64,961
Equipment repair and maintenance	200	8,211	30,083		38,494	14,799	4,240	57,533
Permits and fees	13,765	589	9,633	391	24,378	3,003	3,841	31,222
Insurance	5,839	8,652	9,330	9,010	32,831	4,931	3,778	41,540
Property taxes		18,433	13,582	316	32,331			32,331
Utilities	1,279	10,830	5,522	4,479	22,110	1,450	1,109	24,669
Travel and meetings	5,493	1,372	4,798	206	11,869	311		12,180
Other	2,252		780	90	3,122	164	696	3,982
Total expenses	$ 2,939,982	$ 521,616	$ 310,993	$ 268,736	$ 4,041,327	$ 239,165	$ 122,670	$ 4,403,162

See accompanying notes to financial statements.

Katy Prairie Conservancy

Statements of Cash Flows for the years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 5,050,413	$ 903,988
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Contributions restricted for land acquisition	(1,045,017)	(51,500)
Contributions restricted for endowment	(463,750)	(250,000)
Depreciation	147,921	150,988
(Gain) loss on sale or disposal of property	(7,248)	4,479
Change in interest of pooled investments	(269,663)	(97,241)
Net realized and unrealized gain on investments	(57,164)	(18,191)
Changes in operating assets and liabilities:		
Receivables and other assets	625,499	(652,233)
Contributions receivable (other than for land acquisition)	39,600	65,061
Accounts payable and accrued expenses	4,099	29,636
Accrued interest expense	(52,854)	(1,846)
Paycheck Protection Program – refundable advance	(93,083)	93,083
Deferred revenue	198,475	
Net cash provided by operating activities	4,077,228	176,224
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of land and improvements	(1,665,765)	(38,500)
Purchases of cattle and equipment	(38,866)	(51,257)
Purchases of investments	(576,779)	(310,903)
Proceeds from sale of land		51,500
Proceeds from sale of cattle and equipment	22,288	23,916
Net change in money market mutual funds held as investments	(53,344)	(219,639)
Net cash used by investing activities	(2,312,466)	(544,883)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of note payable	(2,302,191)	(47,114)
Proceeds from contributions restricted for land acquisition	1,045,017	
Proceeds from contributions restricted for endowment	463,750	250,000
Net cash provided (used) by financing activities	(793,424)	202,886
NET CHANGE IN CASH	971,338	(165,773)
Cash, beginning of year	2,511,923	2,677,696
Cash, end of year	$ 3,483,261	$ 2,511,923

Supplemental disclosure of cash flow information:

Interest paid	$236,740	$244,283

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Katy Prairie Conservancy (the Conservancy) is a Texas nonprofit corporation established to protect and enhance critical and sustainable portions of the Katy Prairie and coastal prairie ecosystems. The Katy Prairie lies in the Texas coastal plain and encompasses over a thousand square miles; the prairie is bounded by the Brazos River on the west, pine-hardwood forest on the north, and the City of Houston on the east. The ecosystem is comprised of a variety of habitats, including agricultural wetlands, depressional wetlands, riparian corridors, and coastal grasslands. The Conservancy works closely with farmers, ranchers, conservation entities, and experts in various fields to develop management plans that are ecologically responsible and environmentally sound for each of its properties, including developing sustainable grazing techniques that enhance water retention and minimize erosion in the Cypress Creek Watershed. The coastal prairie ecosystem also lies in the Texas coastal plain and includes the Katy Prairie area (Fort Bend, Harris, and Waller counties), as well as six other counties (Austin, Brazoria, Colorado, Jackson, Matagorda, and Wharton). All nine counties are located within the Gulf Coast region and exhibit similar habitats.

The Katy Prairie Conservancy changed its name to the Coastal Prairie Conservancy on May 5, 2022. The Coastal Prairie Conservancy continues the work started by the Conservancy over 30 years ago. The new name reflects the growth of the Conservancy's mission and is a more accurate depiction of the broader, regional reach of the organization, which remains committed to land conservation and stewardship – not only on the historic Katy Prairie, but also lands that stretch to the Gulf Coast.

Federal income tax status – The Conservancy is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1).

Cash is held as demand deposits. Bank deposits exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted to estimate the present value of future cash flows, if material. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contributions revenue. An allowance for uncollectible receivables is provided when it is believed balances may not be collected in full.

Property is reported at cost, if purchased, or at estimated fair value at the date of gift, if donated. The Conservancy's policy is to capitalize property acquisitions over $1,500. Land improvements are depreciated on a straight-line basis over 15 to 25 years. Depreciation of cattle and equipment is provided on an accelerated basis using lives of 5 to 7 years. Certain land is subject to conservation easements or other deed restrictions. Costs related to wetland mitigation and conservation maintenance are expensed as incurred.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses and changes in value of pooled investments, net of external and direct internal investment expenses.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service unless the donor also has placed a time restriction on the use of the long-lived asset, in which case the release occurs over the term of the time restriction. Donor-restricted endowment earnings are released when those earnings are appropriated in accordance with spending policies and are used for the stipulated purpose. The Conservancy reports land purchased with federal funds, which require permanent easements as perpetual net assets.

Revenue recognition – Revenue is recognized in the amount of consideration that the Conservancy expects to be entitled to receive when performance obligations are satisfied either at a point in time or over time, which is generally one year or less. The Conservancy recognizes revenue and other income from a variety of sources, including hunting lease contracts, cattle sales, contracts for pipeline easements, and funding from the sale of stream and wetland mitigation credits. Restoration, enhancement projects, and hunting lease contracts are recognized over time based upon the completion of a project or for hunting leases as access to the land is provided to the lessee. The sale of stream mitigation credits and cattle are recognized at a point in time when the sale transaction is completed. Contract revenue for pipeline easements are recognized when the easement agreement is executed. Amounts that represent the Conservancy's right to consideration that is conditioned only upon the passage of time, are reported as receivables. Costs incurred related to revenue not yet recognized result in a contract asset. There are no contract assets for the last three fiscal years. Payments collected but not yet recognized as revenue result in a contract liability and are reported as deferred revenue.

During 2021, the Conservancy sold a conservation easement on an existing 218.55 acres of their property. Related to this sale are agreement options to purchase additional easements on 32.9 acres. Contract liabilities at December 31, 2021 under this agreement were $198,475 and was reported as deferred revenue. There were no contract liabilities at December 31, 2020 or 2019.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before the Conservancy is entitled to receive or retain funding. Conditional contributions are recognized in the same manner when the conditions have been met. Funding received before conditions are met is reported as refundable contributions.

At December 31, 2021, approximately 29% of contributions is from one donor. At December 31, 2020, approximately 34% of contributions are from three donors.

Non-cash contributions – Donated property, conservation easements, materials, and use of facilities are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Special events revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special events revenue is recognized when the event occurs. Direct donor benefit costs represent the cost of goods and services provided to attendees of the special events.

Conservation easements represent rights to restrict the use, access, and development of certain properties. In conformity with the practice followed by many land trusts, conservation easements purchased or donated are not recorded as assets in the statement of financial position. The Conservancy believes the conservation easements do not have a future value as the property interest held by the Conservancy provides no affirmative rights beyond the obligation to monitor and enforce the terms of the easements (with the exception of potential proceeds in a condemnation action, for which proceeds must be used consistently with the original conservation purpose). Costs incurred in obtaining easements are expensed as incurred. Contributed easements and purchased easements acquired are recognized at the estimated fair value of the easement on the date of donation as conservation contributions and are expensed in the statement of activities.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs and office space have been allocated between program, management and general, and fundraising on the basis of estimated time and effort expended.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncements – In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The ASU is effective for fiscal periods beginning after December 15, 2021. The Conservancy will adopt this ASU in fiscal year 2022 and expects to recognize lease commitments as both a right of use asset and a lease liability in the statement of financial position for commitments that are currently only disclosed in the financial statements.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, will require contributed nonfinancial assets to be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and will require disclosure about the measurement and use of types of contributed nonfinancial assets. The ASU will be effective for fiscal periods beginning after June 15, 2021 and requires retrospective application. The Conservancy will adopt this ASU in fiscal year 2022.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

	2021	2020
Financial assets:		
Cash	$ 3,483,261	$ 2,511,923
Stream mitigation and other assets	36,485	651,014
Contributions receivable	105,124	144,724
Investments	2,477,633	1,520,683
Total financial assets	6,102,503	4,828,344
Less financial assets not available for general expenditure:		
Endowment investments	(1,928,674)	(1,082,285)
Other donor-restricted assets subject to satisfaction of restriction and passage of time	(336,812)	(298,587)
Board-designated for conservation easement – stewardship and defense	(367,834)	(307,273)
Board-designated – operating reserve	(600,000)	
Total financial assets available for general expenditure	$ 2,869,183	$ 3,140,199

As part of the Conservancy's liquidity management, its policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Conservancy considers all expenditures related to its ongoing activities to be general expenditures, including planned expenditures for property and debt retirement. The organization has a goal to maintain available financial assets totaling approximately $300,000 in cash and investments to meet 90 days of normal operating expenses.

The Conservancy's Board of Directors (the Board) has designated a portion of its resources without donor restrictions for specific purposes as board-designated. A portion of these funds are invested for long-term appreciation and current income, but remain available to be spent at the Board's discretion.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

At December 31, 2021, all contributions receivable are due to be collected within one year. At December 31, 2021, 80% of contributions receivable are from three donors. At December 31, 2020, 75% of contributions receivable are from three donors.

At December 31, 2021, approximately $22,507 in conditional government grant awards for land acquisition and conservation have not been recognized because qualifying expenditures have not yet been incurred.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of the following:

	2021	2020
Endowments	$ 1,928,674	$ 1,082,285
Board-designated for conservation easement – stewardship	367,834	307,273
Donor-restricted for conservation easement – stewardship	181,125	131,125
Total investments	$ 2,477,633	$ 1,520,683

Fair Value

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability. Inputs are unobservable for the asset and include situations where there is little, if any, market activity for the investment. The types of investments in Level 3 include funds where the fair value for portfolio investments is estimated by the fund management using valuation methodologies that consider a range of factors including, but not limited to, the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, financial condition, and financing transactions subsequent to the acquisition of the investment.

Assets measured at fair value at December 31, 2021 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Interest in CNLM investments			$ 1,928,674	$ 1,928,674
Money market mutual funds	$ 276,450			276,450
Large cap exchanged-traded funds	181,318			181,318
Common stock	91,191			91,191
Total assets measured at fair value	$ 548,959	$ 0	$ 1,928,674	$ 2,477,633

Assets measured at fair value at December 31, 2020 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Interest in CNLM investments			$ 1,082,285	$ 1,082,285
Money market mutual funds	$ 223,106			223,106
Large cap exchanged-traded funds	145,282			145,282
Common stock	70,010			70,010
Total assets measured at fair value	$ 438,398	$ 0	$ 1,082,285	$ 1,520,683

Valuation methods used for assets measured at fair value are as follows:

- *Interest in the Center for Natural Land Management (CNLM) investments* is based on the percentage of the Conservancy's pooled shares held at CNLM applied to the total net asset value of the fund.
- *Mutual funds* are valued at the reported net asset value.
- *Exchange-traded funds* and *common stock* are valued at the closing price reported on the active market on which the individual securities are traded.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Conservancy believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Changes in the fair value of Level 3 assets are as follows:

Balance at January 1, 2020	$ 674,140
Purchases	310,904
Net investment return	97,241
Balance at December 31, 2020	1,082,285
Purchases	576,726
Net investment return	269,663
Balance at December 31, 2021	$ 1,928,674

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

NOTE 5 – PROPERTY

Property consists of the following:

	2021	2020
Land, undivided interest in Warren Ranch	$ 12,461,189	$ 12,461,189
Land	19,162,982	17,547,820
Land improvements	1,680,059	1,633,150
Construction in progress – land improvements	135,659	135,659
Cattle and equipment	378,614	398,341
Total	33,818,503	32,176,159
Accumulated depreciation	(1,253,583)	(1,152,909)
Property, net	$ 32,564,920	$ 31,023,250

Approximately 30,127 acres of land are protected by the Conservancy through fee acquisition, conservation easements, or public ownership. The Conservancy owns approximately 13,590 acres with the remaining acreage protected through conservation easements. Approximately 6,000 acres of the Conservancy's land is owned as a 71.23346% undivided interest in a working cattle ranch.

As of December 31, 2021, the Conservancy holds eighteen conservation easements covering approximately 16,537 acres. The Conservancy is committed to monitoring these properties in order to ensure that the conditions of the conservation easements are not violated. In the event that any violation of these easements is deemed to have occurred, the Conservancy is committed to bringing any and all actions necessary to bring remedy.

Grants from federal agencies have funded a portion of the purchase price of various tracts of land. Under the terms of these agreements, the Conservancy must inform the federal agencies before selling the land and must repay the grants if the amounts are not reinvested in similar conservation land. The Conservancy's total land purchases with federal funds are reflected as perpetually-restricted net assets totaling $8,001,143 at December 31, 2021 and $7,176,143 at December 31, 2020.

NOTE 6 – NOTE PAYABLE

The Conservancy has a note payable agreement with a private foundation collateralized by land with annual interest (3.00% through June 1, 2021 and 2.25% thereafter) payments only until June 2029 when the principal becomes due. Repayment covenants require 75% of the future proceeds of land sales and mitigation revenue be used to repay the loan until $3 million in principal is repaid, at which time 50% of all proceeds must be paid to the private foundation until an additional $2 million in principal is repaid. After $5 million in principal is paid, the Conservancy will still be required to use 25% of all proceeds from mitigation revenue and any land sales until the full amount of the loan is paid. The outstanding balance at December 31, 2021 and 2020 is $5,731,856 and $8,034,048, respectively.

No principal payments are due in the next five years. Interest expense in 2021 and 2020 was $241,200 and $240,588, respectively.

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following:

	2021	2020
Undesignated	$ 2,033,730	$ 1,802,156
Property, net of note payable and perpetually-restricted land	18,831,920	15,813,265
Board-designated for conservation easement – stewardship and defense	367,834	307,273
Board-designated – operating reserve	600,000	
Total net assets without donor restrictions	$ 21,833,484	$ 17,922,694

The conservation easement stewardship and defense funds were designated to provide a long term, ongoing source of income to cover the annual cost associated with monitoring and managing the Conservancy's portfolio of conservation easements and to be available to cover extraordinary expenses associated with managing and defending an easement, should its validity be at risk.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	2021	2020
Subject to expenditure for specified purpose:		
Easement stewardship	$ 201,125	$ 131,125
Land restoration	175,286	268,617
Public outreach and education	175,233	76,999
Land acquisition	86,172	735,301
Research and planning	60,752	60,752
Total subject to expenditure for specified purpose	698,568	1,272,794
Subject to passage of time:		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditures until due	53,460	11,000
Endowment subject to spending policy and appropriation:		
Stream mitigation long-term management	1,928,674	1,082,285
Land purchased with federal funds requiring permanent easement	8,001,143	7,176,143
Total net assets with donor restrictions	$ 10,681,845	$ 9,542,222

NOTE 9 – ENDOWMENT FUNDS

The Conservancy entered into an agreement with the CNLM to establish an endowment for funding the perpetual management and stewardship of Phase I of its stream mitigation bank, as well as F1, F2, and G of the permittee responsible mitigation projects on Warren Ranch. All amounts maintained at CNLM will be invested and held for the benefit of the management of the bank parcel on behalf of the Conservancy. Once the U. S. Army Corps of Engineers closes out the bank, the Conservancy will be responsible for the bank's long-term management and maintenance. At the time of closeout, the Conservancy may request disbursements on or within five calendar days after the start of each quarter from CNLM to monitor, maintain, and manage the stream mitigation bank. The Conservancy may withdraw up to 4.5% of the fair market value of the endowment fund each fiscal year. Additional disbursements above 4.5% of the fair market value of the endowment fund may be requested for capital and emergency expenses if approved in advance by the U. S. Army Corps of Engineers. These funds cannot be distributed to any other party without the express permission of the Conservancy. The investments held by the CNLM are in pooled accounts and are invested for the benefit of the Conservancy at December 31, 2021.

Donor-restricted endowment funds are subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA). The Board has interpreted TUPMIFA as allowing the Conservancy to appropriate for expenditure or accumulate as much of a fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to explicit donor stipulations. Donor-restricted endowment net assets are classified as *net assets with donor restrictions* until appropriated in accordance with spending policies and used for the stipulated purpose, if any. In the absence of explicit donor stipulations otherwise, the Conservancy classifies contributions to an endowment as *net assets with donor restrictions* required to be maintained in perpetuity. Contributions that donors have specified do not have to be maintained in perpetuity and unappropriated investment earnings on donor-restricted endowments are classified as *net assets with donor restrictions* available for distribution. The Board has interpreted TUPMIFA as not precluding the Conservancy from spending below the amount required to be maintained in perpetuity subject to prudent standards.

Changes in endowment net assets are as follows:

	WITH DONOR RESTRICTIONS		
	ACCUMULATED NET INVESTMENT RETURN	REQUIRED TO BE MAINTAINED IN PERPETUITY	TOTAL
Endowment net assets, December 31, 2019	$ 220,571	$ 453,569	$ 674,140
Contributions		250,000	250,000
Net investment return	97,241		97,241
Transfer from operations *(Note 10)*		60,904	60,904
Endowment net assets, December 31, 2020	317,812	764,473	1,082,285
Contributions		463,750	463,750
Net investment return	269,663		269,663
Transfer from operations *(Note 10)*		112,976	112,976
Endowment net assets, December 31, 2021	$ 587,475	$ 1,341,199	$ 1,928,674

Investment Policy

The Conservancy has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. To satisfy its long-term rate-of-return objectives, the Conservancy relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Conservancy targets a diversified asset allocation through the Commonfund (CNLM pooled) that places emphasis on a blend of equity-based and fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 10 – STREAM MITIGATION TRANSACTIONS

The Conservancy has entered into a joint venture partnership to create a 500-acre stream mitigation umbrella bank on the Warren Ranch. The bank will provide stream mitigation credits to be sold to entities whose projects require stream mitigation credits under Section 404 of the Clean Water Act. In connection with the stream mitigation bank, the Conservancy, as a part of the joint venture partnership, is responsible for the long-term stewardship of the stream bank area after the bank is completed and the regulatory agencies have determined that all objectives have been met and have approved the closeout of the bank.

In June 2015, the Conservancy entered into an agreement with its joint venture partner to create a perpetual long-term management fund (fund) for the management and long-term stewardship and monitoring activities of the stream bank properties. The Conservancy will manage the fund and the income generated until the bank is closed out (in approximately 8 years), at which time the fund is owned by the Conservancy.

The Conservancy will use the investment return generated from the fund to maintain and manage the bank in perpetuity. In connection with the Phase I stewardship, the joint venture partner paid approximately $70,000 to the Long Term Management Fund and $364,000 to the perpetually-restricted Stewardship Endowment Fund. The Conservancy was required to fund approximately $5,000 to the Long Term Management Fund and $89,000 to the perpetually-restricted Stewardship Endowment Fund.

As of December 31, 2021, the joint venture partner has paid approximately $713,750 to the perpetually-restricted Stewardship Endowment Fund in connection with sections F1, F2, and G of the stream mitigation project (Note 9). The Conservancy was required to fund $173,880 to the perpetually-restricted Stewardship Endowment Fund. The three phases were fully funded during 2021.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 11, 2022, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

Katy Prairie Conservancy

Schedule of Expenditures of Federal Awards for the year ended December 31, 2021

GRANTOR Program Title & Period	Assistance Listing Number	Grantor Number	Award Amount	Federal Expenditures
U. S. DEPARTMENT OF THE INTERIOR				
Direct funding:				
North American Wetlands Conservation Fund				
#1 05/06/19 – 05/06/22	15.623	F16AP00296	$1,000,000	$ 887,817
Passed through U. S. Fish and Wildlife Service:				
NFWF-USFWS Conservation Partnership				
#2 01/01/20 – 10/31/22	15.663	F18AP00036	$94,631	36,830
Total U. S. Department of the Interior				924,647
U. S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY				
Passed through Natural Resource Conservation Service:				
Healthy Watersheds Consortium Grant Program				
#3 06/01/18 – 05/31/21	66.441	83590301	$300,000	187,462
Total U. S. Environmental Protection Agency				187,462
TOTAL FEDERAL AWARDS				$ 1,112,109

See accompanying note to schedule of expenditures of federal awards.

Katy Prairie Conservancy

Note to Schedule of Expenditures of Federal Awards for the year ended December 31, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Federal expenses include allowable expenses funded by federal grants. Allowable costs are subject to the cost principles of the Uniform Guidance and include both costs that are capitalized and costs that are recognized as expenses in the Conservancy's financial statements in conformity with generally accepted accounting principles. The Conservancy has not elected to use the 10% de minimus cost rate for indirect costs and does not have subrecipients.

Because the schedule presents only a selected portion of the operations of the Conservancy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Conservancy.

Blazek & Vetterling
CERTIFIED PUBLIC ACCOUNTANTS

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
Katy Prairie Conservancy:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Katy Prairie Conservancy, which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, of functional expenses, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 11, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Katy Prairie Conservancy's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Katy Prairie Conservancy's internal control. Accordingly, we do not express an opinion on the effectiveness of Katy Prairie Conservancy'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blazek & Vetterling

July 11, 2022

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
Katy Prairie Conservancy:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Katy Prairie Conservancy's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Katy Prairie Conservancy's major federal programs for the year ended December 31, 2021. Katy Prairie Conservancy's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Katy Prairie Conservancy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of Katy Prairie Conservancy and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of Katy Prairie Conservancy's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Katy Prairie Conservancy's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Katy Prairie Conservancy's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Katy Prairie Conservancy's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Katy Prairie Conservancy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Katy Prairie Conservancy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Katy Prairie Conservancy's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 *Auditors' Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Blazek & Vetterling

July 11, 2022

Katy Prairie Conservancy

Schedule of Findings and Questioned Costs for the year ended December 31, 2021

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: ☒ unmodified ☐ qualified ☐ adverse ☐ disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Noncompliance material to the financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs: ☒ unmodified ☐ qualified ☐ adverse ☐ disclaimer

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? ☐ yes ☒ no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
15.623	North American Wetlands Conservation Fund

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

Auditee qualified as a low-risk auditee? ☐ yes ☒ no

Section II – Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There were no findings for federal awards required to be reported in accordance with 2 CFR §200.516(a).