

# THE CONSERVATION FUND

**Investing in our shared future** | 2018 Annual Report



# From Our Chairman And CEO



We're often asked: "What is it that makes The Conservation Fund different?" Our answer: We believe we are in the *business of conservation* and therefore are relentlessly focused on achieving our mission of land and water conservation in a very businesslike way. That means we are disciplined in how we allocate and leverage our financial resources so that we deliver outsized conservation results for every dollar invested. We have one of the lowest overhead costs and highest program allocations of any environmental group in the country, putting over 95 percent of our resources directly into achieving conservation results.

Our focus on both environmental and economic outcomes is unique and powerful. For the environmental movement to continue its leadership role in society well into the 21st century, we need to figure out how to balance pristine wilderness with sustainably managed working lands like forests, farms and ranches. That's what we do every day at The Conservation Fund.



As we reflect on the past year, we are grateful to have loyal individuals, companies, government agencies and foundations who understand how we use capital and expertise to achieve their vision. We have chosen not to have a costly membership or an endowment that can be caught in downdrafts in the economy. Instead, we have our own Revolving Fund—that you'll learn more about in this report for 2018—that stretches and recycles every dollar for optimal conservation impact. By revolving our capital time and time again, we keep your contributions working.

As an organization we are relatively small, but our impact is substantial and enduring. We act nimbly and, very importantly, work with partners in both the public and private sectors. With their trust and shared sense of urgency, we benefit from thinking strategically together to produce better and larger outcomes.

Thank you for joining with us on this critically important journey. We could not achieve our ambitious goals without your support and partnership and our shared belief in making conservation work for America.

A stylized, handwritten signature of R. Michael Leonard in black ink.

R. Michael Leonard, Chairman

A stylized, handwritten signature of Lawrence A. Selzer in black ink.

Lawrence A. Selzer, President

View the comprehensive  
online version of this report at:  
[conservationfund.org/annualreport](https://conservationfund.org/annualreport)

# OUR REVOLVING FUND

Established in 1986, the Revolving Fund provides ready capital for acquisition of lands and waters of high conservation value. Funds are continually in use for conservation: upon repayment, we “revolve” the money back into the Revolving Fund and successive projects. Every dollar in the Revolving Fund is used to acquire property—no overhead, no administrative expenses. Since its establishment, over 90% of the Revolving Fund has been invested at all times in communities throughout America.



**Our commitment to environmental protection and economic vitality is exemplified in these highlights from 2018:**



Our Working Forest Fund® acquired more than  
**80,000 acres**  
of high conservation value forestland and conveyed 36,500 acres to long-term stewards of the land under conservation easements in 2018—retaining over 4,000 jobs to date.

**166,766 acres**  
of protected land and water with a fair market value of \$253,466,978 conveyed to new federal, state and private ownership.



The Natural Capital Investment Fund provided more than  
**\$12,340,000**  
in 66 loans and over 4,000 hours of technical assistance to 510 small businesses and farm enterprises.

We are one of the nation's top-rated land conservation organizations; the Fund has the distinction of meeting the Better Business Bureau's 20 standards of excellence, has earned the accreditation seal of the Land Trust Accreditation Commission, is rated A+ by Charity Watch and is recognized as Guidestar Platinum.



Over  
**\$48,000,000**  
in private contributions from  
individuals, foundations and  
corporations.



**5,275 donors**  
supported 129 projects across the U.S.,  
and 485 donors made regular monthly  
donations to us. Gifts of all sizes make  
a huge impact.

## READY CAPITAL PRESERVES A HISTORIC NEVADA RANCH

The Ascuaga family has owned Jacks Valley Ranch for 50 years. Much like 94-year-old John Ascuaga himself, the ranch is a piece of Nevada history. A 1,200-acre working agricultural property since before statehood, it includes structures dating back 150 years and a small cemetery that holds a number of Carson Valley's pioneering families.

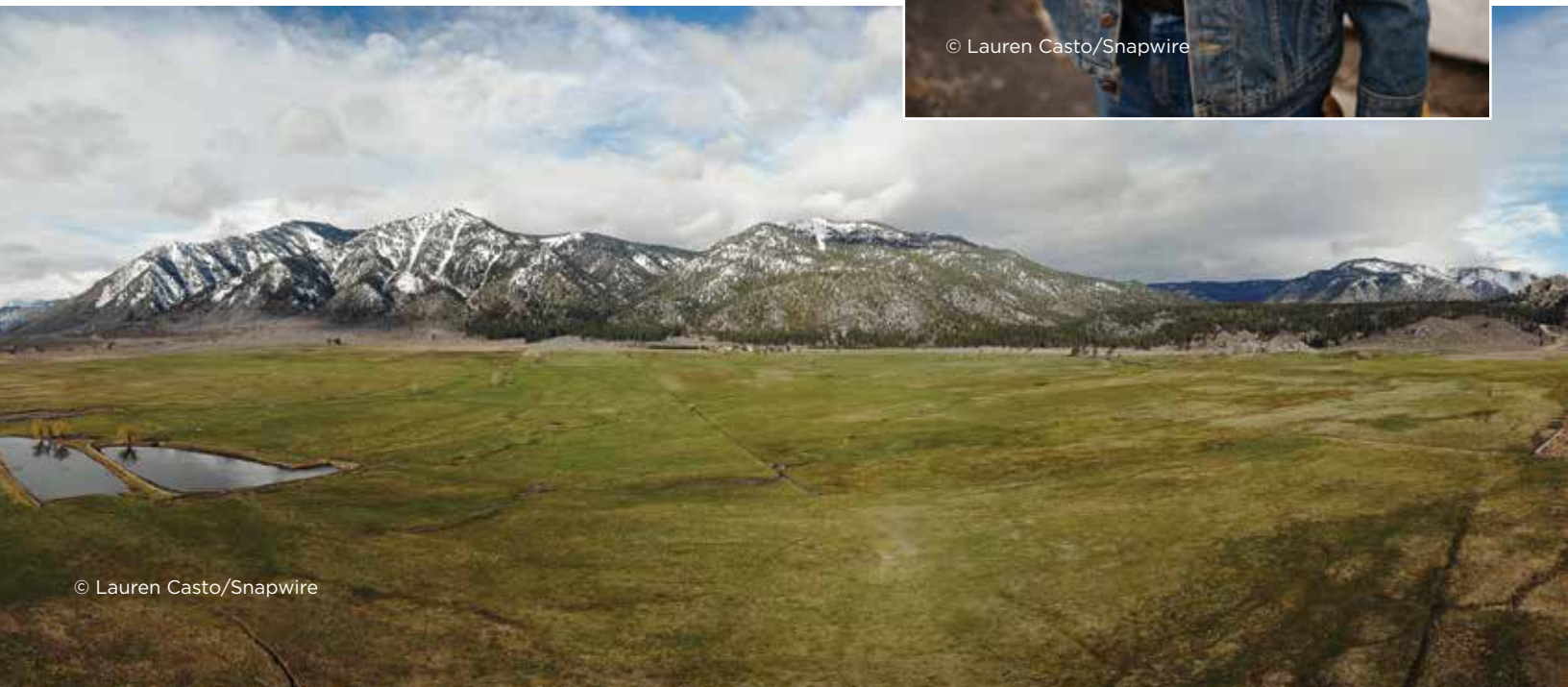
John Ascuaga searched for a way to protect the property's ranching heritage amid rapidly encroaching development from nearby Lake Tahoe. **With the help of ready capital from our Revolving Fund, the Fund made that permanent conservation outcome possible** by using our capital to purchase and temporarily hold a conservation easement on the property. This created the time required for our partners at the Nevada Land Trust and U.S. Forest Service to reach a permanent agreement and repay us for the easement.

The U.S. Forest Service now holds the conservation easement and ensures the land will be managed in an ecologically and economically sustainable way in perpetuity, regardless of who owns it, giving the family peace of mind about the property's future.

Growing our Revolving Fund helps us expand our ability to meet immediate needs and quickly save high priority conservation lands, like Jacks Valley Ranch, that are vulnerable to development, conversion and fragmentation.



Adjacent to the Humboldt-Toiyabe National Forest, Jacks Valley Ranch serves as a buffer from catastrophic fires and floods, maintains an important wildlife migration corridor and preserves the iconic landscape of the Sierra Front.






## CONSERVATION INVIGORATES FOREST-BASED ECONOMIES

Johnsonburg is a quintessential American small town. Encompassing just three square miles within Elk County, Pennsylvania, it has about 3,000 residents, one post office and a weekly newspaper. High school football games are a main attraction, and when the Friday night lights go out, it's the local paper mill that lights up the sky. This mill has been here since the town's beginnings over a century ago, and it remains the largest industry and employer, giving Johnsonburg the nickname Paper City.

Through our Working Forest Fund®, **The Conservation Fund purchased more than 32,000 acres of private working forestland** surrounding Johnsonburg, called Clarion Junction Forest, which provides a steady source of timber for the local paper mill and supports 285 jobs.

In the largest conservation acquisition by a nonprofit in Pennsylvania history, our purchase of Clarion Junction Forest not only protects the lifeblood of nearby rural communities but will also help to diversify what has been a single-industry economy. Situated along the Clarion River, between the Allegheny National Forest and Pennsylvania Game Commission lands, Clarion Junction Forest can be the base for expanding and enhancing nature-based tourism opportunities, like hunting and fishing, in the heart of the Pennsylvania Wilds region, which already has a \$1.7 billion annual tourism industry.

Working with partners like the Pennsylvania Game Commission, Richard King Mellon Foundation, the Commonwealth of Pennsylvania, Pennsylvania Department of Conservation and Natural Resources, and private lending institutions we continue to raise funds for the permanent protection of Clarion Junction Forest. The property will be open for public recreation and will be certified by the Sustainable Forestry Initiative and protected with a working forest conservation easement, creating a winning and permanent solution for the environment and the economy.

 “The Conservation Fund’s partnership with the Pennsylvania Game Commission allows for a variety of recreational opportunities to take place on the Clarion Junction Forest in the Pennsylvania Wilds. Public-private partnerships are key to protecting critical forestland, wildlife habitat and the continuity of Pennsylvania’s outdoor legacy.”

—Scott Bearer, Habitat Planning and Development Division Chief,  
Pennsylvania Game Commission



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### DID YOU KNOW?

Across the country, industrial-sized working forests like Clarion Junction Forest are being subdivided into smaller parcels and sold for non-forest uses. Over the last 30 years, 36 million acres of U.S. forest were lost, with additional losses of over 1 million acres per year projected for decades to come. Beyond their importance to local economies, working forests also benefit our environment by cleaning our air and water, helping to address climate change by storing carbon, providing homes for wildlife and giving us places to recreate. Through our Working Forest Fund®, we’ve pioneered a unique approach to addressing this environmental challenge. This dedicated source of bridge capital allows us to buy ecologically significant working forests, develop and implement sustainable forest management plans, put permanent conservation safeguards in place, and return the forestland to private ownership or public agency stewardship.



“We have to make sure that we are providing people with places—trails and parks where they can play, where they can exercise, where they can enjoy themselves and everybody has access. The Durham Belt Line project, right in the heart of the city, is going to accomplish that.”

—Steve Schewel,  
Mayor, Durham, North Carolina

## DURHAM TURNS A RAILWAY INTO A GREENWAY

Nearly 20 years ago, the city of Durham began to reimagine a practical use for an inactive railway along its western edge. Civic leaders envisioned a nearly two-mile historic rail corridor as a recreational trail that would become a key link in its greenspace network. The Belt Line, as it was dubbed, would connect neighborhoods and existing trails to the heart of this North Carolina city and help catalyze extensive redevelopment efforts downtown.

Durham worked for 10 years to acquire the property from its owner, Norfolk Southern, but a deal seemed difficult to reach. As the Belt Line hung in the balance, **The Conservation Fund stepped in to help with negotiations and then purchased the property while the city secured the necessary funding.** This effort was largely funded by a U.S. Department of Transportation-Federal Highway Administration grant in partnership with the state of North Carolina. In 2018, the property was re-sold and transferred to the City of Durham, marking a pivotal victory for all involved, and returning all the Fund's capital.

The city now aims to engage the communities around the Belt Line in its planning and design process to better understand the needs of residents and address concerns about gentrification, displacement and inequity. This community-led process will help ensure the Belt Line benefits all of Durham.

The Conservation Fund continues to be involved by supporting projects that enhance communities along the Belt Line. We are replicating an approach we used in Atlanta, where we helped create three neighborhood parks in underserved communities along the Atlanta BeltLine to deliver environmental, economic and social justice benefits. We are creating and improving green spaces in Durham by actively engaging residents in vulnerable neighborhoods to select where and how to design the Belt Line. The JPB Foundation is supporting our new work in Durham, the neighboring city of Raleigh, Atlanta, Baltimore and Washington, D.C. This funding support complements our additional efforts to explore opportunities for improved stormwater management through green infrastructure.



## DEMOLISHING A DEADBEAT DAM IN ALASKA

For five years The Conservation Fund and our partners worked diligently to remove an abandoned dam along the Lower Eklutna River near Anchorage that was crippling salmon populations.

**We teamed with Eklutna Inc., an Alaska Native village corporation, to raise \$7.5 million for one of the most ambitious habitat restoration projects ever attempted in the state.**

Eklutna and its subsidiary, Eklutna Construction and Maintenance, LLC, worked over a three-year period to remove the dam and in 2018, the last piece was taken down. For the first time in 89 years, five species of Pacific salmon in the Eklutna River can once again move upstream, providing the rich subsistence resource on which the Eklutna Dena'ina people have traditionally relied.

We are grateful to Eklutna Inc. for its indispensable role in this project as well as the array of partners providing support for this effort: Alaska Community Foundation, Alaska Department of Fish and Game Sustainable Salmon Fund, Marnell Company, Mat-Su Salmon Habitat Partnership, M.J. Murdock Trust, National Fish and Wildlife Foundation, New Belgium Brewing, Open Rivers Fund of Resources Legacy Fund, Orvis, Patagonia, Rasmuson Foundation, Trout Unlimited and Wells Fargo.



“This has been a rewarding project for the Eklutna Dena'ina

people who still live and fish along the river. Eklutna River salmon are an important part of our culture, and we are hopeful that this is the first big step toward the recovery of the salmon runs that our people once relied on for subsistence. We are grateful to The Conservation Fund for leading the work to remove the dam.”

—Curtis McQueen, CEO, Eklutna Inc.



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“We count on the team at The Conservation Fund to be committed, dedicated and enthusiastic champions of our environment, and to pioneer sustainable projects and solutions that will positively impact the world we live in. U-Haul Company, our customers, and our team members who donate to the Fund can be assured that their gift is invested in socially-responsible programs like those in Kansas that positively impact climate, communities and more. We appreciate and share in the mission of the Fund and commend its promise to make a difference for future generations and people today.”

—JT Taylor, President, U-Haul International, Inc.

## LEADING COMPANIES INVEST IN FORESTS TO MEET CLIMATE COMMITMENTS

The Conservation Fund is engaging innovative companies, their customers and employees to address climate change and habitat loss across the nation. **With support from companies and individuals committed to reducing CO<sub>2</sub> emissions, we’re restoring 660 acres of forest at Marais des Cygnes National Wildlife Refuge (NWR) in Kansas** as part of an ongoing partnership with the U.S. Fish and Wildlife Service. Together, we’re reforesting more than 1,400 acres of degraded habitat to achieve wildlife, water and climate-related outcomes.

In 2018, we planted more than 200,000 native oak, hickory, pecan, persimmon and sycamore trees. As the forest matures, it will shelter yellow-breasted chat, indigo bunting and a host of other species, while bringing new opportunities for wildlife-oriented recreation. Over their lifetime, the trees will also sequester hundreds of thousands of tons of carbon dioxide from the atmosphere.

Investments at Marais des Cygnes NWR span more than a decade and reflect leaders in numerous industries: C&S Wholesale Grocers, Dell, Delta, New Jersey Natural Gas, Philadelphia Eagles, The North Face, U-Haul and more. These climate champions are reducing their footprint by offsetting employee commutes, business travel, and energy usage. The results provide real, measurable and lasting impacts for wildlife and our planet.

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## SUSTAINABLE AQUACULTURE LEADERS SEE BIG OPPORTUNITIES FOR LAND-BASED FISH FARMING

As the global need for food skyrockets over the coming decades, aquaculture, specifically land-based fish farming using Recirculating Aquaculture Systems (RAS), is the wave of the future for sustainable seafood—and investors are eager to take this from concept to consumer. This trend was clear when our Freshwater Institute convened its annual international Aquaculture Innovation Workshop in 2018, with attendance doubling from the previous year. **What started as a small gathering of people from the U.S. and Canada seven years ago has grown to 250 participants from 10 countries. Why? Because this ever-expanding group of engineers, scientists, researchers and representatives from the seafood supply chain are adopting major technology advances in the industry.**

We're poised to help this industry take off. The Freshwater Institute's state-of-the-art research and development facility in West Virginia has been a leader in the field for nearly 30 years and continues to provide research services to advance RAS and sustainable seafood.

 The Freshwater Institute has pioneered the use of Recirculating Aquaculture Systems technology and has demonstrated a sustainable, local way to farm healthy fish that's good for people, our economy and the environment.



# From Our Supporters

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OUR ONLINE REPORT AT:  
[CONSERVATIONFUND.ORG/  
ANNUALREPORT](https://www.conservationfund.org/annualreport)

## CONNECTING PASSION AND PHILANTHROPY

Whether you feel a deep connection to the mountains or shorelines near your hometown, find solace in hiking on your favorite trail, or are passionate about protecting a neighborhood park down the street, we all have personal reasons that ignite a love for nature. But as we know, the increasing demand for protecting lands with high conservation value comes at a price. That's why the continued support from our donors is so critical to our work.

Gretchen Hoffmann and Bill Chudd live with their two boys in Connecticut and have been loyal donors to The Conservation Fund for over a decade. They understand the importance of making lasting investments in the lands they love. Gretchen grew up in upstate New York, wading through streams and collecting bugs in her backyard. Her family always made sure nature was close by and was a valued part of their lives. Gretchen and Bill work hard to do the same for their own family. "We realize how lucky we are to have access to nature, and we support the

Fund's determination to improve access to the outdoors for everyone. We hope our boys will grow up loving and protecting our environment as well."

It was important for Gretchen and Bill to find an organization that matched their passion for conservation with accountability and financial responsibility. "We initially found The Conservation Fund through Charity Navigator," said Bill. "And their consistently good rating helped give us confidence in our choice to support them. **All of their projects and initiatives are built on the premise that conservation is good for both the environment and economy, which we think sets them apart from so many other organizations.**"

No matter what inspires you to give, our donors are helping ensure our forests, historic sites, parks and other special places across the country are here now and for future generations to enjoy. Conservation takes teamwork. And we couldn't do this without you.

## THE RICHARD KING MELLON FOUNDATION'S CONSERVATION LEGACY

The Fund's unwavering dedication to creating conservation solutions that also advance the economic well-being of local communities has proved over and over to resonate with those who support us. The scale of sustained generosity from one visionary donor—the Richard King Mellon Foundation (RKMF)—has made extraordinary strides toward protecting our nation's working forests.

Spanning more than three decades, our partnership with RKMF will be a chapter in the history of conservation for its significance to the American landscape and people. The Pittsburgh-based Foundation, established in 1947 by passionate conservationists Richard King Mellon and Constance Prosser Mellon, has directly supported the protection of over 3.4 million acres of the more than 8 million acres The Conservation Fund has protected across the country. Nowhere has this support been more evident than in the Foundation's dedication to protecting America's last large, intact working forests and the communities that rely upon them.

Working forests, which are privately owned forests producing timber products and jobs, are the backbone of many rural economies. They are critical to the clean water we drink and air we breathe, are vital to our national efforts to address climate change and provide a place for people in many rural communities to fish, hunt and enjoy the outdoors.

**The Foundation recognizes, as the Fund does, that the loss of these working forests is the most urgent conservation challenge facing our country today.** In 1998, the Foundation helped us pioneer our concept for protecting these forests and over the past decade has served as the catalyst for taking this proven model, known today as the Working Forest Fund®, to scale. By recycling a dedicated pool of capital, the Working Forest Fund® allows us to quickly buy forests when they come on the market. Then we manage, permanently conserve and eventually resell them as working forests to owners who must adhere to the protective covenants.

Through \$60 million in grants and more than \$97 million in program-related investment loans, the Foundation has helped us protect 20 large forests covering more than 450,000 acres across the nation—from the Pennsylvania Wilds, home to reintroduced elk, to the carbon-rich redwood forests of California. It has also demonstrated how the combination of grants and low-cost debt can generate tremendous leverage in public and charitable dollars for conservation. To date, we have repaid \$29 million worth of program-related investments to the Foundation, which has often chosen to reissue these loans into the next working forest project. As grant and loan funds recycle out of a protected forest and into the next one in need of protection, these funds have a powerful multiplier effect.

As we set our sights on protecting the next million acres of high-priority working forests, we pay homage to the Richard King Mellon Foundation for helping us launch and demonstrate how successful the Working Forest Fund® model can be. We look forward to continuing our partnership with the Foundation and hope to inspire many other partners to address this urgent challenge and protect the vital role of forests in providing clean air and water and places to recreate, addressing climate change, and helping create economic benefits for rural communities.

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## A COMEBACK FOR THE SOUTH'S LONGLEAF PINE

Longleaf pines are as important to the South's natural heritage as swamps and Spanish moss. Once blanketing as many as 90 million acres from eastern Texas to southern Virginia, the longleaf pine was tapped for its high-quality wood and abundance of resin, used for glue, turpentine and other byproducts necessary for the shipbuilding industry in the 19th and early 20th centuries. Growing very tall and almost perfectly straight, the trees were also ideal for masts and poles.

Intensive harvesting cleared the landscape, and eventually areas once home to seemingly inexhaustible supplies of longleaf pine were covered with farms, development and other species of pine. Today, less than 5 percent of the longleaf pine's original footprint remains. This has decimated wildlife populations, and the loss of these durable, wind-tolerant trees has left this hurricane-prone region more susceptible to storm damage.

**The Conservation Fund is leading a broad coalition of 30 public, private and nonprofit partners working to restore large-scale longleaf pine forests, concentrating on the Gulf Coastal Plain regions of Alabama and Florida. In 2018, The Conservation Fund made significant headway by placing a conservation easement on more than 3,700 acres in the Florida panhandle, the first phase of a multiyear effort to conserve a landscape of up to 200,000 acres known as the Coastal Headwaters Longleaf Forest.**

Restoring longleaf pine forests here will protect water quality and quantity in the Gulf of Mexico and improve habitat for more than 40 imperiled species, including the gopher tortoise, currently a candidate for listing under the Endangered Species Act. The conservation easement restricts development on the property, while allowing it to remain in private ownership for sustainable timber production, which benefits the local economy and forestry jobs.

The USDA's Natural Resources Conservation Service awarded a federal grant to The Conservation Fund for the easement through its Regional Conservation Partnership Program and Healthy Forest Reserve Program. The landowner, Resource Management Service, has a long history of sustainable forest management and ecosystem stewardship and continues to work with The Conservation Fund and coalition partners to protect the entire Coastal Headwaters project.



Collaboration will be the key to continued success throughout the region. With the Coastal Headwaters as a model, longleaf pine will have a real chance at a comeback.



© Amanda O'Donoghue



© Amanda O'Donoghue



© Robin McKinney

## NATURAL CAPITAL INVESTMENT FUND HELPS DAIRY EMPLOYEES BECOME OWNERS

The founders of Goat Lady Dairy in Randolph County, North Carolina, established success not only as great cheesemakers, distributing their award-winning handcrafted cheeses throughout the country, but also as local food pioneers and conservationists. Since inception, Goat Lady has been committed to connecting people with their food through tours, dinners and sourcing from local family farms. They also worked with a local land conservancy to secure a farmland conservation easement and continue their vision indefinitely. As retirement neared for the founders, they decided to sell the business to two long-time employees who shared their vision for the farm. **The Natural Capital Investment Fund (NCIFund) provided a loan to the employees that enabled them to purchase Goat Lady Dairy.**



For 17 years, NCIFund—a separate 501(c)(3) affiliate of The Conservation Fund—has supported green entrepreneurs in underserved communities in Appalachia and the Southeast, providing \$59 million in loans to 301 companies that have created or retained 5,368 jobs.



“Matt and I  
always dreamed  
of owning a  
ranch of our

own, but we never thought it  
was a reality. There aren’t too  
many young families who can  
get into ranching if they’re  
not raised that way or don’t  
have it passed on to them  
because land is so expensive,  
and it’s also expensive to get  
operations going. It’s great  
that we were able to do this  
and have something to pass  
on to our kids.”

—Stacy Crabb, ranch owner

## CONSERVATION TOOLS HELP MONTANA RANCHERS REALIZE A DREAM

When Matt Crabb talks about the ranch he and his wife, Stacy, purchased along the Rocky Mountain Front in Montana, he gets choked up. The Crabbs dreamed of someday owning the ranch they had been managing for 11 years so that one day they could pass it down to their children to carry on their ranching heritage. But in this area, land carries a high price tag, making it difficult for younger ranchers without inherited land to start their own operations.

**The Conservation Fund was able to step in quickly and acquire an easement on a temporary basis for the U.S. Fish and Wildlife Service.** The easement helped reduce the purchase price and permanently protect the ranch’s native prairie habitat. The reduced purchase price made it possible for the Crabbs to buy the ranch from the previous owner. Once the U.S. Fish and Wildlife Service received the funding from the Land and Water Conservation Fund, it took ownership of the conservation easement and the Fund recovered all of its capital.

Working ranches play a vital role in the environmental and economic health of Montana, and conservation easements are a useful tool that helps preserve this iconic landscape where wildlife still roam freely, and ranchers and others who depend on the land for their livelihoods can continue pursuing their life’s work.

© Sprout Films







© Sam Dean

## LEADERSHIP FOR CONSERVATION AND COMMUNITY ECONOMIC GROWTH

Our Conservation Leadership Network (CLN) grew from a need to bring together diverse people and organizations to develop shared knowledge, networks and skills to advance conservation across the nation. We've brought together thousands of community, government and corporate leaders working in natural resources, environmental regulation, and economic development.

Over the past two decades, CLN also has developed national and regional programs like Balancing Nature and Commerce, which helps rural communities across the country, like Rockbridge County, Virginia. A rural Appalachian community and a gateway to scenic landscapes, the County sought community renewal and a thriving future. Together with CLN, Rockbridge leaders created an action plan that sustainably supports more than 100,000 acres of public land and builds an outdoor recreational economy, generating jobs and small businesses, as well as increasing visitor spending in local communities.

Culminating in 2018, CLN launched its National Summit for Gateway Communities. The inaugural summit brought together 150 participants representing 27 states and a foreign country (Chile) for a two-day program to celebrate and grow those communities serving as gateways to public lands.

**CLN has served more than 3,500 communities and has provided more than \$3.6 million in grants and community services. We're inspired by the impact we have helped create nationwide as well as CLN's unique role as a catalyst for achieving common ground for people, nature and economic vitality.**



“Taking six folks with diverse backgrounds and community goals to a workshop hundreds of miles away seemed like risky business. We were, however, inspired by workshop presenters, as well as the other attending communities, and from that adventure have been able to create partnerships and collaborations that are producing tangible results and excitement in our region. I am forever grateful for the opportunity.”

—Jean Clark, Director of Tourism, Lexington & the Rockbridge Area Tourism



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“The Harriet Tubman Rural Legacy Area provides

Dorchester County landowners the opportunity to sustain economic development of their properties while protecting the last remaining, best example of a 19th century agrarian landscape associated with the life of a national hero, Harriet Tubman. The Rural Legacy Area complements the Harriet Tubman Underground Railroad State Park and the Harriet Tubman Underground Railroad National Historical Park, sites that were also created with essential support from The Conservation Fund.”

—Dana Pattera, Park Manager, Harriet Tubman Underground Railroad State Park

## HARRIET TUBMAN’S LEGACY GROWS ON MARYLAND’S EASTERN SHORE

More than 100 years after her death, a new chapter of Harriet Tubman’s legacy is unfolding on Maryland’s Eastern Shore. The famed conductor of the Underground Railroad, Civil War army nurse and spy, political activist, suffragist and humanitarian is the inspiration for the 28,300-acre Harriet Tubman Rural Legacy Area, designated by the state of Maryland in 2018.

**With financial support from Maryland’s Rural Legacy Program, The Conservation Fund will serve as the sponsor of this vast rural landscape brimming with history. The Fund will lead land protection efforts, working with willing landowners in the area to place conservation easements on properties with natural, cultural and historical significance.**

Tubman was born on Maryland’s Eastern Shore and lived there as a slave for nearly 30 years. Many structures and artifacts from her time have been lost, but the rural landscape of farms, fields, forests and waterways that surrounded her and provided cover as she escaped and led many others to freedom still looks the same today.

The rural legacy area complements the Harriet Tubman Underground Railroad State Park and Harriet Tubman Underground Railroad National Historical Park. The Conservation Fund played an instrumental role in the creation of these parks, which had 90,000 visitors in 2017, the year the parks opened. This far exceeded expectations and resulted in a 414 percent increase in tax revenue to Dorchester County from spending on recreation.

We look forward to carrying this momentum forward in coming years as we expand the Harriet Tubman Rural Legacy Area. Visitors can immerse themselves in this historic landscape and more deeply understand and appreciate Tubman’s remarkable courage. Places like this offer a deeper understanding of our collective past and the exceptionally daring events that shaped us as a nation.

## NEW FUNDING LEADS TO LARGE-SCALE CONSERVATION IN WEST VIRGINIA

In West Virginia, forests cover 78 percent of the state and account for \$3 billion of its economy. These forests support a variety of industries—from pulp and paper to logging and other wood products—as well as more than 15,000 jobs. Generations of West Virginians have made hunting and fishing in these forests a family tradition. The Fund partnered with the state's Division of Natural Resources to acquire and temporarily own forest properties to mitigate for the loss of forest habitat from energy pipeline development.

**The Fund helped assemble 225 high conservation value parcels across seven counties in northwestern West Virginia that will preserve interior woodland habitat and intact forested watersheds essential for a variety of federally listed bat and mussel species, as well as declining species such as the cerulean warbler, red-headed woodpecker and northern leopard frog.**

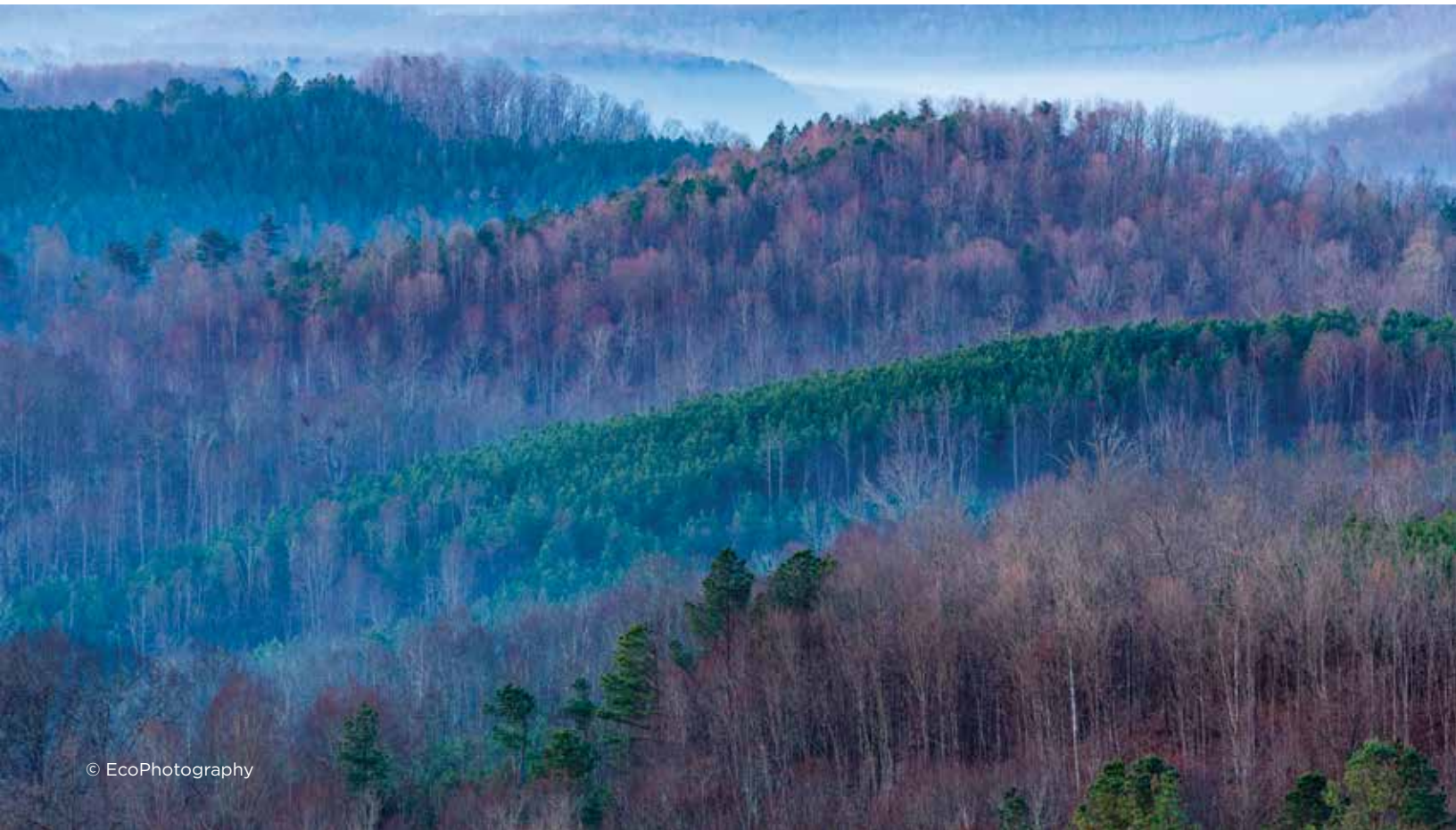
In the first of several phases to permanently protect the land, we facilitated the state's purchase of 12,440 acres using funding and technical assistance made available as contributions for habitat impacts arising from construction of the Mountaineer XPress Project, the Atlantic Coast Pipeline and the Supply Header Project—with a focus on mitigation for impacts to core forest habitat and associated wildlife.

We then simultaneously purchased the remaining 18,778 acres using our Working Forest Fund®. Ultimately, we will transfer the land to the state in phases over the coming years using funding from the U.S. Fish and Wildlife Service's Wildlife Restoration Program and other sources that will help leverage additional public funds. Under our interim ownership, the property is sustainably managed as working forestland and all property acquired is open for public access, hunting and wildlife-associated recreation.

In all, more than 31,000 acres will be protected, which will create five new West Virginia Wildlife Management Areas (WMAs) and expand four existing WMAs, as well as North Bend State Park.



Our conservation approach will help the ability of residents in multiple counties to access and enjoy the landscape in northwestern West Virginia, while benefiting rare, threatened and endangered species. It's a win for people, wildlife and the rural economy.





# From Our Chief Financial Officer

It is not unusual for nonprofit organizations to have a substantial part of their assets invested in stocks and bonds, but The Conservation Fund is not your usual nonprofit. Our founder had a clear vision that virtually all our assets should be working to achieve our mission, and we've done that by building the hardest working balance sheet in the conservation sector. Our interim holdings of more than \$500 million in conservation land projects are constantly revolving into new transactions that uphold our dual mission impact of conservation and economic vitality. Moreover, these projects typically cover most of our cost base and support new investments. Since we began, we have conserved over 8 million acres of land through \$4.8 billion in solid conservation and economic projects.

Our financial results in 2018 were another strong reaffirmation of our financial model. Revenues exceeded \$200 million for the fifth year in a row, and we were able to generate a strong surplus of \$17.2 million because of an increase in higher margin program activity. This enables us to continue to invest in new land acquisitions as well as our organizational capacity, and we are in a tremendous position to meet the opportunities ahead. Part of being well positioned means that our financial statements, policies and processes are of a quality consistent with our ambitions, and we have made further strides toward that goal as well.

In 2018, we completed the second and final step in revising our accounting policies to improve the transparency and accounting conservatism of our financial statements. We recognized an \$18.7 million charge to revalue our land holdings down to our purchase price instead of appraised value, and we reformatted our statements to more clearly show the revenue and expenses directly associated with our real estate activity. Together with the steps we took in 2017, we believe our policies are now more conservative, and our financials will show a clearer and more accurate picture of our activity.

As part of making these changes and scrutinizing all our projects, we also have adjusted certain accounts in 2017 for accuracy and consistency in accounting policy. This resulted in a prior-period adjustment of our net assets down 2.8 percent or \$16.4 million, which is in addition to the accounting-related charge we took in 2017 to revalue our conservation easements. As a result, we encourage you to review our audited financial reports for 2018 and our restated audited financials for 2017 for more details.\* While these accounting changes and adjustments have made year-to-year comparisons of our financial results difficult, we believe all of these changes are vital for the Fund to be able to tell its story to new and existing supporters who want to see our vision for smart conservation fully realized.

Thank you for your continued support.

A handwritten signature in black ink, appearing to read "John Gilbert".

John Gilbert  
Executive Vice President and Chief Financial Officer

\*We also have prepared financial statements for The Conservation Fund that do not include the Natural Capital Investment Fund (NCIFund). Both are available on our website.

# 2018 Financials

## COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

For the year ended December 31, 2018 (in thousands).

REAL ESTATE ACTIVITIES	2018 TOTAL
Sales of conservation land to others	67,908
Contributions and grants	52,128
Investment and other program income	34,355
Land contributed for conservation	13,713
Contract income	6,875
<b>Total real estate activities</b>	<b>174,979</b>
NON-REAL ESTATE ACTIVITIES	
Contributions and grants	20,136
Investment and other program income	10,205
Contract income	8,709
<b>Total non-real estate activities</b>	<b>39,050</b>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$214,029</b>

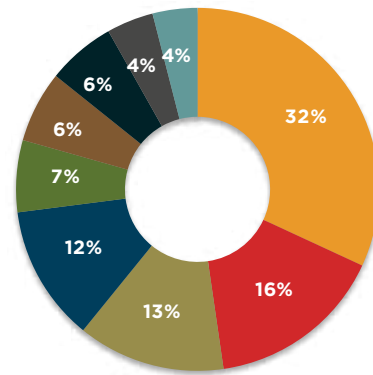
EXPENSES	2018 TOTAL
Real Estate Program Expense	170,086
Non-Real Estate Program Expense	19,809
Management and General	4,171
Fundraising	2,746
<b>TOTAL EXPENSES</b>	<b>\$196,812</b>

CHANGE IN NET ASSETS	\$17,217
NET ASSETS, BEGINNING OF YEAR	\$476,017
NET ASSETS, END OF YEAR	\$493,234

## SOURCES OF FUNDS—2018

(in thousands)

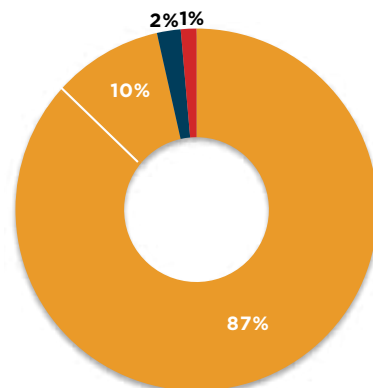
Land sales	67,908
Foundation contributions	33,826
Carbon/Timber/Contract	28,147
Corporate contributions and mitigation	25,932
Other contributions and income	13,999
Land gifts	13,713
Individual contributions	13,019
State grants	8,937
Federal grants	8,548



## USES OF FUNDS—2018

(in thousands)

Real Estate Program Expense	170,086
Non-Real Estate Program Expense	19,809
Management and General	4,171
Fundraising	2,746



## BOARD OF DIRECTORS

### CHAIRMAN OF THE BOARD

**R. Michael Leonard**  
North Carolina

### CO-VICE CHAIRMAN

**Jay F. Wagley**  
Texas

### CO-VICE CHAIRMAN

**Jay Winthrop, Jr.**  
Connecticut

### PRESIDENT AND CEO

**Lawrence A. Selzer**  
Virginia

**Kay Kelley Arnold**  
Arkansas

**Julie G. Barker**  
Massachusetts

**Gregory A. Beard**  
New York

**Robert Bonnie**  
Virginia

**Todd J. Carter**  
California

**J. Storey Charbonnet**  
Louisiana

**Charles R. Cherington**  
Massachusetts

**Kimberlee R. Cornett**  
Michigan

**Luis de la Garza**  
Texas

**Dr. Stephen A. Elbert**  
Tennessee

**Paul E. Hagen**  
District of Columbia

**G. Wilson Hughes**  
Alaska

**Thruston Morton**  
North Carolina

**C. Porter Schutt III**  
Delaware

**Dr. Jill L. Long Thompson**  
Indiana

**Daniel R. Tishman**  
New York

**James M. Whitehurst**  
North Carolina

### CHAIRMAN EMERITUS

**Patrick F. Noonan**  
Maryland

### DIRECTORS EMERITUS

**Gilbert M. Grosvenor**  
Virginia

**KiKu H. Hanes**  
Montana

**Charles R. Jordan**  
Oregon

## OFFICERS

Collectively, our officers have more than 600 years of conservation experience

**R. Michael Leonard**  
Chairman

**Jay F. Wagley**  
Co-Vice Chairman

**Jay Winthrop, Jr.**  
Co-Vice Chairman

**Lawrence A. Selzer**  
President and CEO

**Holly Cannon**  
Executive Vice President and  
General Counsel

**Richard L. Erdmann**  
Executive Vice President

**John S. Gilbert**  
Executive Vice President,  
Chief Financial Officer and  
Treasurer

**Mark W. Elsbree**  
Senior Vice President,  
Conservation Acquisitions,  
Western Region

**Robin Murphy**  
Senior Vice President,  
Marketing and  
Communications

**Blaine T. Phillips, Jr.**  
Senior Vice President,  
Conservation Acquisitions,  
Mid-Atlantic and Northeast  
Regions

**Matthew S. Sexton**  
Senior Vice President,  
Conservation Acquisitions,  
Southeastern Region

**Evan H. Smith**  
Senior Vice President,  
Conservation Ventures

**William L. Allen, III**  
Vice President, Conservation  
Services

**Brian J. Dangler**  
Vice President, Director -  
Working Forest Fund

**Thomas R. Duffus**  
Vice President and Northeast  
Representative

**Monica Garrison**  
Vice President, Finance  
and Treasurer

**Joseph A. Hankins**  
Vice President

**Jena C. Meredith**  
Vice President, Business  
Partnerships

**Erik J. Meyers**  
Vice President, Climate and  
Water Sustainability

**Jodi R. O'Day**  
Vice President, Deputy  
General Counsel and  
Assistant Secretary

**Kelly M. Reed**  
Vice President, Government  
Relations

**Mikki J. Sager**  
Vice President, Director -  
Resourceful Communities

**Gates M. Watson**  
Vice President, Conservation  
Acquisitions, Montana and  
Northwest Director

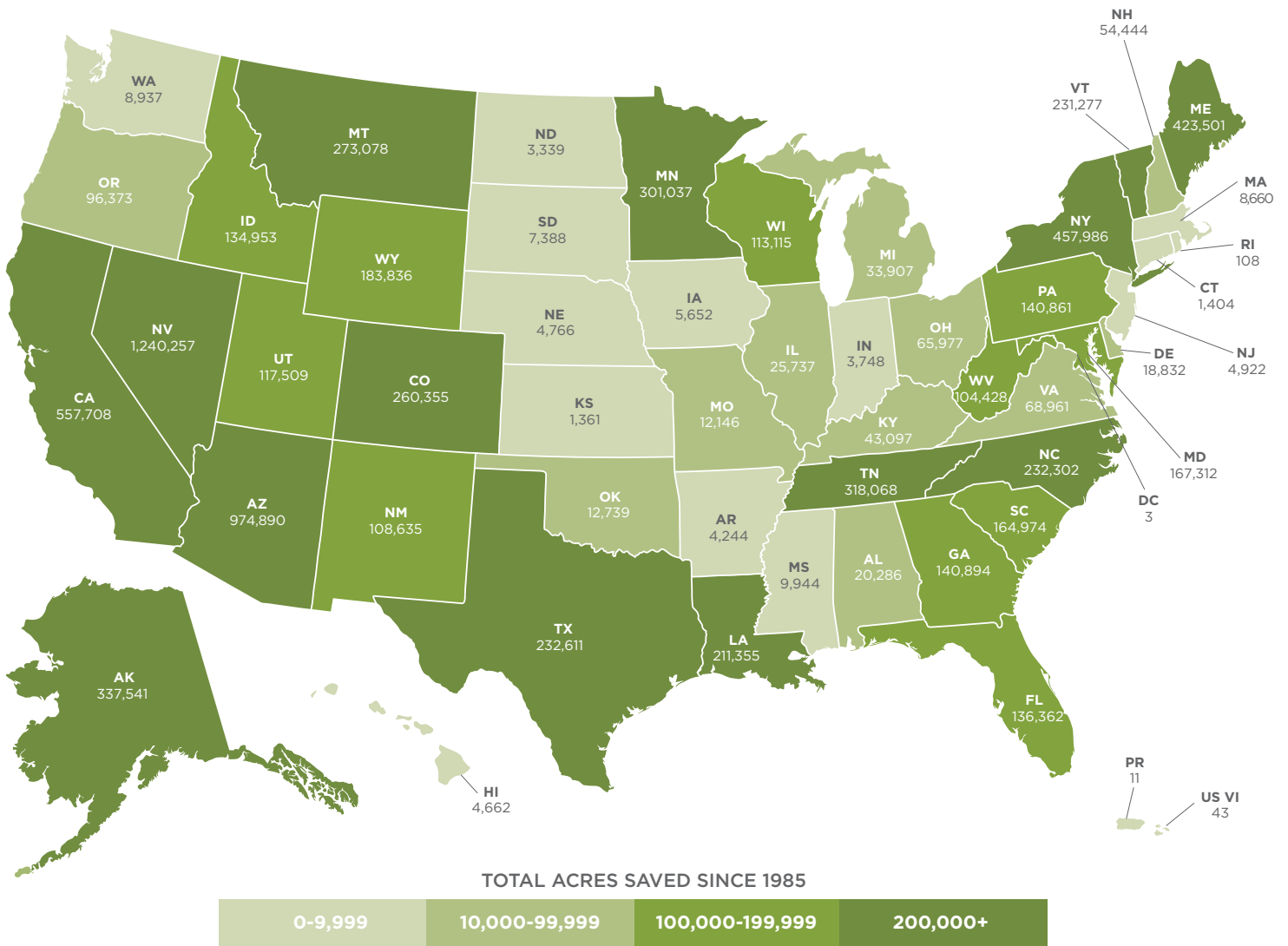
**Margaret A. McCants**  
Secretary

**Elizabeth G. Engle**  
Assistant Secretary and  
Deputy General Counsel

**Paul F. Hurt**  
Assistant Secretary and  
Deputy General Counsel

**Scott M. Tison**  
Assistant Secretary

# Over 8 Million Acres Protected Since 1985



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Our Mission:  
The Conservation Fund, working with public, private and nonprofit partners, protects America's legacy of land and water resources through land acquisition, sustainable community and economic development, and leadership training, emphasizing the integration of economic and environmental goals