

THE  
CONSERVATION FUND

2019  
**ANNUAL  
REPORT**

In an effort to provide a more comprehensive experience for our donors and partners, we continue to reduce printing and move more information to our online Annual Report.

Please enjoy the digital report at [conservationfund.org/annualreport](https://conservationfund.org/annualreport). Also, stay up-to-date on our work throughout the year by signing up to receive monthly email newsletters. To support our efforts, give online at [support.conservationfund.org](https://support.conservationfund.org).



# From Our Chairman And CEO



As Americans in the midst of a pandemic, we are facing critical public health, economic and social challenges. Yet despite the current chaos, there are fundamental values that still ring true for all of us:

- We need access to nature—for solace, adventure, exercise and inspiration.
- We need an economy that considers and supports our natural environment.
- We need thriving and healthy communities.

We recognize fully that The Conservation Fund is not a relief agency. We are not first responders and we are not providing care on the frontlines of the COVID-19 crisis. But for 35 years, we have built smart solutions that connect complex issues—building resilience into our food systems, mitigating the impact of climate change and helping communities flourish. All to ensure a better, safer, healthier and more sustainable future for all Americans.



In 2019, we worked in communities across the country to complete over 150 projects that combine environmental protection and economic development. We've highlighted a few within these pages. But our work is never finished. And with our health, safety, and livelihoods threatened, we have no time to waste.

Each year we lose nearly a million acres of forests and nearly 1.5 million acres of productive farmland. These are working lands critical to our ability to survive and thrive. Our Working Forest Fund and Working Farms Fund are aimed directly at these great challenges. And of course, the demand for outdoor spaces has dramatically increased through this crisis.

As our country cries out for well-paying jobs, stronger supply chains, more resilient communities, and wild places for recreation and inspiration, The Conservation Fund offers solutions. Our models for acquiring and conserving land are the most efficient and effective in the nation.

We hope you'll help us accelerate our 2019 achievements throughout the rest of 2020 and beyond. We are well positioned to weather this storm. We will emerge stronger still and will continue to add to America's treasured conservation legacy each and every day.

A handwritten signature in black ink, reading "Jay Winthrop".

Jay Winthrop, Chairman

A handwritten signature in black ink, reading "Lawrence A. Selzer".

Lawrence A. Selzer, President



# The Challenge

Even before the current pandemic, America faced complex challenges—climate change, food security, loss of forests and rural jobs, dwindling habitat, flooding—to name just a few. Now, more than ever, we need smart solutions that prove we can have a healthy environment and create jobs.



## Bold Solutions

For 35 years, The Conservation Fund has delivered bold conservation solutions that are good for both people and the planet. We reject the idea that we must choose the environment or the economy. We embrace the and. We protect working forests that address climate change and provide jobs. We create urban parks and train local youth in green jobs. We protect farms and food for school kids. We conserve habitat and prevent flooding in communities. We equip communities with tools to save nature and create a vibrant economy.



## Getting the Job Done

Each community, landscape and project has different needs. Our can-do staff includes experts who use conservation and finance tools in new ways to meet these needs. We create unique financing mechanisms—low-interest loans, bridge capital, green bonds, impact investing and mitigation funding to get the job done. And if we don't have the right tool for the job, you can count on us to build a new one.



## Doing it Together

Yet, we don't do this work alone. We are non-partisan and work with outstanding partners large and small to protect the environment and create resilient communities. And no one is as important as you, our donors and partners. Thank you for your support.

Our commitment to environmental protection and economic vitality is exemplified in these highlights from 2019:

© Ivan LaBianca

Over

**5,000**

donors supported projects across the U.S., and 460 donors made regular monthly donations to us.



© Rachid Dahnoun



© EcoPhotography

Our Working Forest Fund® acquired more than

**79,000**

acres of high conservation value forestland, facilitated the protection of nearly 30,000 acres under conservation easement and conveyed over 26,000 acres to long-term stewards in 2019.

To date, we have maintained or generated over 5,000 jobs.



© Stacy Funderburke

156 projects were completed in  
35 states conserving nearly

# 207,000

acres valued at more than  
\$323 million—35 more projects  
than the previous year!

Over

# \$77M

in private contributions were received  
from individuals, foundations  
and corporations.



© Whitney Flanagan

Natural Capital Investment  
Fund provided

# \$13.7M

in 61 loans and over 3,200 hours  
of technical assistance to  
194 small businesses and farm  
enterprises. NCIFund was founded  
by and is a supporting  
organization to the Fund.



© Bill Bamberger



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We believe this unique green bond offering will not only help combat climate change by protecting high conservation working forests but also ensure sustainable livelihoods for the communities that depend on those ecosystems.”

**Kevin Smith**  
Vice President, Goldman Sachs



# Green Bonds Accelerate the Conservation of Working Forests

Working forests—forests managed sustainably to produce products we use every day—are a triple win for people, the planet and our economy. For people, they provide essential products from toilet paper to two-by-fours, space to get outdoors, and clean drinking water—things we all need and appreciate. For the planet, forests are our most important natural defense against climate change, sequestering over a half-billion metric tons of CO<sub>2</sub> per year. For our economy, working forests mean jobs. In fact, working forests support 8.6 million American jobs, equivalent to the population of New York City, through forestry, products and recreation.

## Challenge

America's working forests are disappearing at an alarming rate and once they are gone, we all lose out. Our Working Forest Fund is a proven model that saves the most critical working forests before it is too late.

## Action

In 2019, we turned to a unique source—the financial markets—to scale our model more quickly. We issued the first-ever green bonds to protect forests. In a bold move, we placed \$150 million of unsecured ten-year bonds and put the proceeds to work. By the end of the year, a substantial portion of bond proceeds had been invested, along with other sources of funding, in five Working Forest Fund projects. Together, these 128,000 acres of working forestland will safeguard 750 jobs and sequester nearly 30 million tons of CO<sub>2</sub> all while filtering drinking water downstream and providing unspoiled places to hike, hunt and play.

But our work is not done. With our partners, we are working towards permanent conservation solutions for each of these forests. Then, we will recycle the green bond proceeds into the next high priority forests. In order to continue scaling this effort, we plan to match the green bond funds with philanthropic support to multiply the impact and the acres of forest we can save. Because people, the planet and our economy depend on it.



© Carl Heilman

## Green Bonds in Action

### Why it Matters

One of the working forests benefitting from the green bond is Three Rivers Forest—51,000-acres of exceptional hardwood timberland nestled in the heart of New York's Adirondack Park and near the headwaters of the three major rivers flowing into the St. Lawrence River. Taking this property off the market buys us time to work with stakeholders to develop a long-term conservation plan for the forest so that it continues to provide economic, community and environmental benefits.

We are sustainably managing this working forest in the interim, supporting timber-related jobs, hunting and fishing traditions, snowmobiling and other types of outdoor recreation opportunities that draw nearly 10 million visitors to the Adirondack region every year.

**#walkthetalk: This report is printed on paper sourced from this forest!**



“

The Knobloch Family Foundation and its Directors are proud to support the permanent protection of this vital gopher tortoise habitat. The unique mix of coastal marsh and longleaf pine make it an ideal place for a Wildlife Management Area. The collaboration of many public and private partners is a big win for wildlife and the State of Georgia.”

**Eleanor Ratchford**  
Director, Knobloch Family Foundation

# Protection of Tortoise Habitat Provides Assurances to Farming and Forest Industries

## Challenge

Forestry and agriculture are critical industries across the South, and Georgia is no exception. Together, they contribute nearly \$112 billion to the state's economy annually. And Georgia happens to be home to the iconic gopher tortoise, a keystone species whose large burrow systems benefit and support around 350 other species. The gopher tortoise is federally protected in some areas, and is a candidate for endangered species status in Georgia. If the gopher tortoise becomes federally protected in Georgia, it could have a significant negative impact on the timber and agricultural industry in the south.

## Action

In 2019, working together with Open Space Institute, we purchased Ceylon, one of the largest undeveloped coastal, conservation-quality properties in the Southeast—land that is also home to one of the largest densities of gopher tortoises in the state. Working with the Georgia Department of Natural Resources, we helped establish a new Wildlife Management Area that will restore and protect gopher tortoise habitat, create space for public recreation and support Georgia's working landscape.

## Why it Matters

Together with the Georgia Department of Natural Resources, Open Space Institute, and federal and private partners, we are proving that conservation, protection and economic development can go hand-in-hand. Protecting the gopher tortoises at Ceylon will tip the scale, fortifying the future of this important species and the many jobs supported by the farming and forestry industries in Georgia.



What do gopher tortoises and the Navy have in common? Protection of this landscape not only conserves wildlife habitat and maintains agribusiness and recreational opportunities, but it also benefits the nearby Naval Submarine Base Kings Bay, the East Coast's only nuclear submarine base. With support from the U.S. Department of Defense's Readiness and Environmental Protection Integration program, this project helps to create a buffer for the base that ensures operations will not be impacted by incompatible uses and development—adding another win to the list.



Working with The Conservation Fund, EIP is pleased to be contributing to the goals of the Riverside County MSHCP, which include adding 153,000 acres to the public trust and protecting 146 different species. By providing acquisition funds, conducting biological surveys and working to identify parcels that meet the goals of the Regional Conservation Authority, our investments are contributing to the permanent protection of essential corridors and habitat.”

**Glen Williams**  
**Western Region Projects Director,**  
**Ecosystem Investment Partners**



# Flower Power Enables Growth in Southern California

## Challenge

In spring 2019, a rare super bloom of poppies created a frenzy. More than 800,000 visitors, photographers and nature lovers converged on Walker Canyon in southern California to view the vibrant hues of orange and yellow blanketing the vast hillsides. Thrilled by so many visitors enjoying and marveling at the site, the landowner wanted to protect his 271-acre property for future tourists and wildlife within Walker Canyon. So, he came to The Conservation Fund for help.

## Action

We worked quickly to purchase the property and coordinated with Riverside County to adhere to the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP). Established in 2003, it's one of the largest MSHCPs in the country and helps balance critical infrastructure and development projects with the conservation of habitat. Working alongside our partners, Ecosystem Investment Partners and the Western Riverside County Regional Conservation Authority, we focused on maintaining the environmental value of the poppy fields, supporting future explosions of poppy blooms for the public, while also protecting essential habitat for the federally endangered Stephens' kangaroo rat and other rare species.

## Why it Matters

Urban regions often grapple with how to accommodate development while preserving their natural assets. Conservation and economic growth aren't mutually exclusive yet striking the right balance between the two requires a thoughtful approach. Protection of the poppy field at Walker Canyon will successfully demonstrate the necessary role conservation plays in enabling sustainable development and economic growth.



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The COVID-19 pandemic has really woken people up about the benefits of healthy living and knowing where their food comes from. I hope it is becoming clear how vitally important it is to create a web of small farms around major cities to ensure food security for residents. If people have farms close by, where they can actually go feel, taste and see it for themselves, they may be more willing to take the extra steps to buy local and organic and spend money for the value they are getting. This kind of farming is quality farming.”

**Nicolas Donck**  
Owner, **Crystal Organic Farm, Atlanta, GA**



# Sowing Seeds of Hope for Farmers and Food Systems

## Challenge

America's food system has been showing significant signs of stress for some time. School kids don't always have access to healthy foods. Our small farms are disappearing. And now with a pandemic, store shelves are often empty. As we take stock of the need for fresh, nutritious, accessible and affordable food, the question becomes, how do we build a better food system?

## Action

We are piloting the Working Farms Fund, a first-of-its-kind program in metropolitan Atlanta, Georgia that is addressing that question. We are connecting next generation farmers who are interested in owning their own farms with farmland, and we are securing commitments from sustainable food buyers in the area to complete this critical supply chain. Through conservation easements and lease-to-own options, farmers will come out of our program owning their own farms with developed markets for their local products.

Emory University, metro Atlanta's largest employer, has robust goals for sourcing its food locally and sustainably and has been an early partner in the program. Emory has committed to working directly with farmers in our program on purchase agreements to buy food from farmers for its university and hospitals, establishing a steady, direct-to-market pipeline that will improve profit margins for farmers.

## Why it Matters

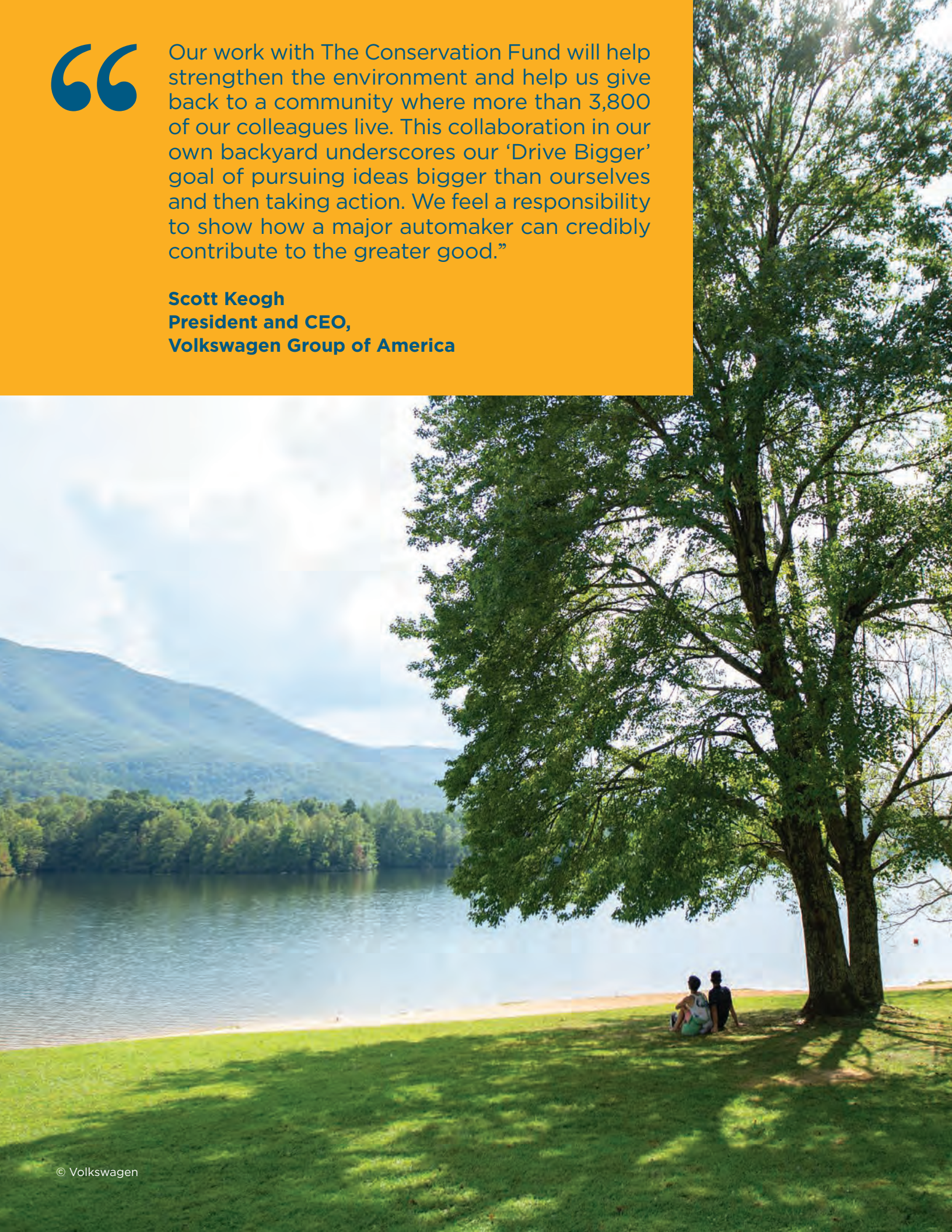
Together with our farmers and partners, we are creating a vibrant economy that increases the supply of local and healthy food, connects urban and rural communities, and supports economic viability for small to mid-size farm businesses. While we are currently working with farmers in and around Atlanta, our goal is to raise additional funding to replicate the Georgia model across the country, transforming local food production and financially empowering upcoming generations of American farmers.



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Our work with The Conservation Fund will help strengthen the environment and help us give back to a community where more than 3,800 of our colleagues live. This collaboration in our own backyard underscores our ‘Drive Bigger’ goal of pursuing ideas bigger than ourselves and then taking action. We feel a responsibility to show how a major automaker can credibly contribute to the greater good.”

**Scott Keogh**  
**President and CEO,**  
**Volkswagen Group of America**





# Volkswagen Drives Bigger in Tennessee

## Challenge

In the U.S., Volkswagen calls Tennessee home. When the automaker undertook a major expansion of its electric vehicle manufacturing plant in Chattanooga, being a good neighbor was top of mind. The company turned to The Conservation Fund and asked us to design solutions that would help support conservation and communities around the new facility.

## Action

Volkswagen made a donation to help us add nearly 1,500 acres near its plant to the Cherokee National Forest—the only national forest in Tennessee. We also teamed up on community-level initiatives, establishing a grant program to support nonprofits, schools and public agencies in eastern Tennessee that will help improve water quality, increase access to outdoor

recreation and advance environmental education. To top it off, Volkswagen is leading the creation of a mural in downtown Chattanooga to inspire the community and bring the natural beauty of Cherokee National Forest into the heart of the city.

## Why it Matters

The Cherokee National Forest is one of the most biologically diverse temperate regions in the world. It is home to the Appalachian National Scenic Trail, Trail of Tears National Historic Trail and many whitewater and wilderness areas that offer recreation opportunities for outdoor enthusiasts. By combining corporate support with our ability to do good conservation and community work, our partnership with Volkswagen is making a real difference.





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We're grateful to have the opportunity to help make Sweetwater Lake and the surrounding site amenities available to our children, grandchildren and others who visit this beautiful area. It is not too often that an opportunity like this exists to truly have an impact on the power of the outdoors in people's lives.”

**The Wiemer Family  
(dedicated to Randy Wiemer, lover of Sweetwater Lake)**

# Swift Action Sets a Course for Protecting Colorado's Pristine Sweetwater Lake

## Challenge

Sweetwater Lake has an eclectic history. Nearly 100 years ago, Louis "Diamond Jack" Alteri, a gangster who would later have ties to Al Capone, fled to the picturesque lake to evade authorities and rival gangsters. Since then, subsequent owners have attempted to develop the area with a large-scale resort including housing units, a hotel and a golf course, and even create a bottled water facility that would siphon water from one of its springs. The local community and the U.S. Forest Service have long wanted to see Sweetwater Lake preserved and open to the public but couldn't compete with bids from developers and investors.

## Action

Fortunately, The Conservation Fund was able to secure a contract to purchase the property when it came on the market. This was a critical first step towards protection. With strong grassroots support,

we are now working with Eagle Valley Land Trust to secure funding from a coalition of partners, including Eagle County and Great Outdoors Colorado (GOCO). State and local funds will leverage significant funding needed from the federal Land and Water Conservation Fund, and will allow the property to be transferred to the U.S. Forest Service for inclusion in the White River National Forest—the most visited national forest in the country, and home to the popular ski areas of Vail, Aspen and Breckenridge.

## Why it Matters

Once complete, the 488-acre property will be open for public recreation, including fishing, horseback riding, boating and camping, and will increase access to recreation areas like Flat Tops Wilderness, the Ute Indian Cave and the Ute-Sweetwater Trail. Critical habitat for elk, deer, osprey, bald eagles, and other wildlife, as well as an important component of the Upper Colorado River watershed will also be protected.



© Autumn Rivera

Students from Glenwood Springs Middle School in Colorado self-organized fundraising campaigns to help protect Sweetwater Lake—a place they know and love.



© Todd Winslow Pierce



## From Our Chief Financial Officer

As Jay and Larry stressed in their opening letter, there is no time to waste in building a better and more sustainable future for all Americans. In 2019, we delivered on that urgent vision by accelerating our work across a number of fronts:

- We used our balance sheet more aggressively to acquire new conservation properties that we will work to permanently protect. Our investments in new land acquisitions increased 70% when compared to 2018, representing a total purchase price of land in 2019 equal to \$214 million.
- We raised more funding from the bond market and other sources to increase our scale. As a result, our total assets grew over 18% to \$1.02 billion (including NCIFund).
- And we were successful in assisting our trusted partners so they could complete projects that did not require an investment of our funds. In 2019, we provided technical and acquisition assistance to partners with 74 land transactions, an increase of 89% when compared to 2018, to permanently protect 77,000 acres.
- Finally, we keep pressing forward with new initiatives to conserve working lands and support resilient communities. The Working Farms Fund (described earlier) is a great example of continued progress in 2019.

In addition to our momentum, financial strength and agility, we are fortunate to have an incredible staff that is showing the type of ingenuity and financial discipline necessary for The Conservation Fund to continue to thrive. Forward thinking, risk management and cost control are our top priorities, and if we can do that effectively we will be well positioned for whatever lies ahead.

However, despite our growth we are still fundamentally smaller than the scale of our mission-driven potential. As other sources of conservation finance become scarce, we are seeing an increased demand for our capital and we have to be increasingly selective in our projects. We hope to be able to attract more funding, but we are also using every opportunity to look for innovative ways to partner with others and stretch our capacity.

2019 feels like a long time ago for all of us, but thankfully it was another very strong year for The Conservation Fund, and it has given us important momentum as we manage through this unprecedented COVID-19 and racial injustice upheaval. With strong support from our existing and new partners, we hope to be able to realize our ambitious vision for conservation in America that benefits everyone.

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

John Gilbert,  
Executive Vice President, Chief Financial Officer

# 2019 Financials

## COMBINED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

For the year ended December 31, 2019 (in thousands).

REAL ESTATE ACTIVITIES	2019 TOTAL
Sales of conservation land to others	118,621
Contributions and grants	35,551
Investment and other program income	19,441
Land contributed for conservation	3,074
Contract income	4,809
<b>Total real estate activities</b>	<b>181,496</b>
NON-REAL ESTATE ACTIVITIES	
Contributions and grants	20,518
Investment and other program income	16,776
Contract income	8,711
<b>Total non-real estate activities</b>	<b>46,005</b>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$227,501</b>

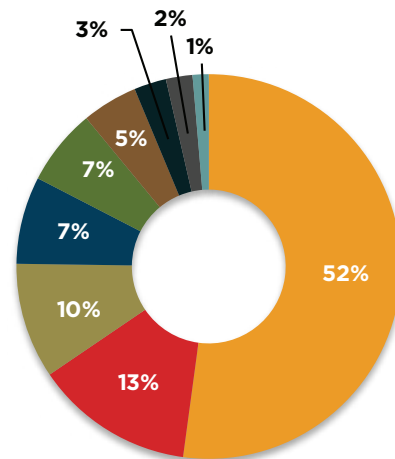
EXPENSES	2019 TOTAL
Real Estate Program Expense	188,941
Non-Real Estate Program Expense	24,242
Management and General	5,315
Fundraising	3,614
<b>TOTAL EXPENSES</b>	<b>\$ 222,112</b>

CHANGE IN NET ASSETS	\$5,389
NET ASSETS, BEGINNING OF YEAR	\$493,234
NET ASSETS, END OF YEAR	\$498,623

## SOURCES OF FUNDS—2019

(in thousands)

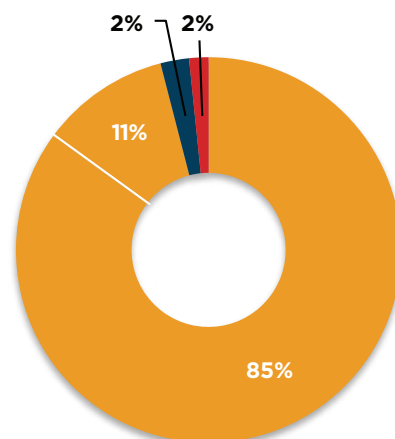
Land sales	118,621
Corporate contributions and mitigation	30,402
Foundation contributions	22,120
Carbon/Timber/Contract	16,725
Other contributions and income	14,637
Individual contributions	10,669
Federal grants	6,169
State grants	5,083
Land gifts	3,074



## USES OF FUNDS—2019

(in thousands)

Real Estate Program Expense	188,941
Non-Real Estate Program Expense	24,242
Management and General	5,315
Fundraising	3,614



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

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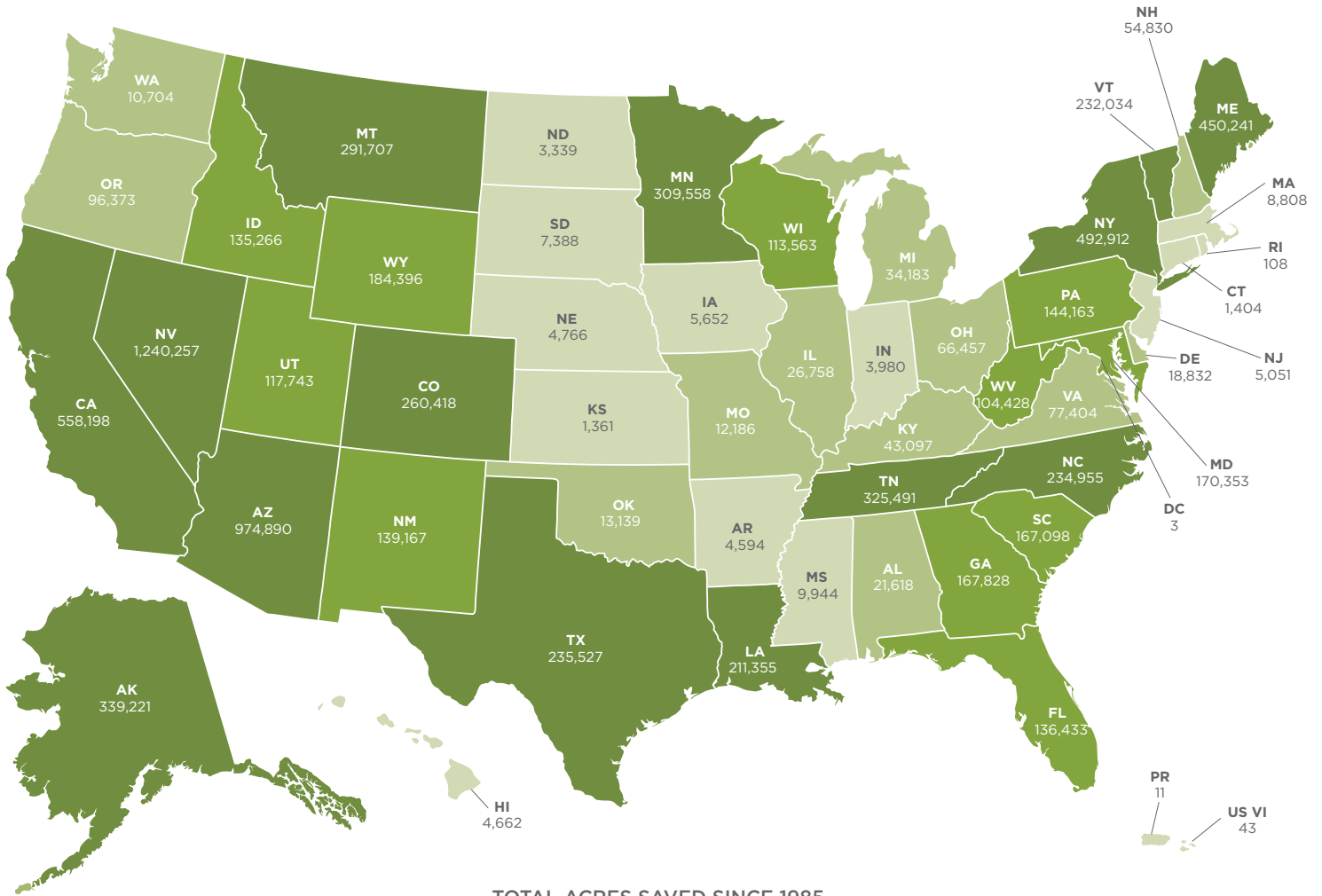
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Assistant Secretary and  
Deputy General Counsel

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

**Scott M. Tison**  
Assistant Secretary

# Over 8 Million Acres Protected Since 1985



TOTAL ACRES SAVED SINCE 1985



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THE  
CONSERVATION FUND

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