

PROTECT TRANSFORM INSPIRE

2014 Annual Report



Cover: A boy brings in the catch on the island of Kosrae in the Federated States of Micronesia, where The Nature Conservancy helped establish the first conservation easement outside of the Americas.

The mission

of The Nature Conservancy is to conserve the lands and waters on which all life depends.

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Thank you for everything you did over the past year to help protect lands and waters around the globe. When I look back on The Nature Conservancy’s accomplishments in 2014, I couldn’t be more proud. Of course, all of the work that is celebrated in the pages that follow is possible thanks to people like you.

Many of you made financial donations; others gave your time and expertise for nature; still others helped us connect with businesses, governments and universities critical to our partnership approach to conservation.

It’s safe to say that TNC has never been stronger. 2014 was our best fundraising year ever, in large part because it was also our most collaborative and innovative. Thanks to your support, we enter 2015 well-positioned to protect important places, transform the way people value and use nature, and inspire greater investment in conservation.

With this position of strength come three responsibilities we take very seriously.

First, we have the responsibility to use our resources wisely. In 2014, we successfully completed a five-year plan committing us to being fiscally disciplined, financially sustainable and strategically focused. We are now embarking on a new five-year plan to ensure that we maintain this financial discipline.

Second, we have the responsibility to achieve great conservation results. We have extraordinary successes to celebrate from the past year. These range from the big acquisition of the Powderhorn Ranch in Texas to the establishment of new land conservancies in Kenya and new marine protected areas in Haiti.

Finally, we have the responsibility to set ever higher goals for our performance. TNC has never been in better shape, but the challenges we address have gotten bigger, too. Everything we want more of—healthy forests, grasslands, coral reefs, biodiversity itself—is in decline. Everything we want to reduce—deforestation, overfishing, carbon emissions—has increased. We must work harder, think bigger and try new approaches to meet the challenges ahead.

That’s why we are investing in new strategies to accomplish our mission. In early 2014, for example, we launched NatureVest to source low-cost “impact capital” in order to take our conservation projects to a larger scale. Already, results can be seen in Kenya, where our Livestock to Markets project is helping communities get a better price for their cattle while managing grazing lands that also support wildlife.

And our Science for Nature and People (SNAP) partnership launched 12 multidisciplinary working groups to deliver rapid scientific analysis of pressing conservation issues, such as guiding responsible development in the western Amazon and pinpointing how natural habitats can protect coastal communities from the impacts of big storms.

The world is counting on us more than ever. But thankfully we are not in this alone. All of our conservation achievements over the past 63 years have depended on the support of people like you and on our ability to bring together individuals, governments, scientists, investors, corporate partners and other NGOs to tackle environmental challenges. Together, we can use our potent blend of imagination, experience, optimism, courage and collaboration to protect the lands and waters on which all life depends.

Thank you again for your support.

Mark R Tercek

Mark R. Tercek
President and Chief Executive Officer

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*Currently on Leave of Absence

A MESSAGE FROM THE CHAIRMAN



Last year, when I agreed to chair The Nature Conservancy, I said that I aimed to support our mission with conscience, passion and soul. What brought me here was my work as a telecommunications entrepreneur. But what made me want to serve in this capacity was my love of the natural world. I suspect that's why all of us are here, whether trustees, team members or donors: We all share this passion, this connection to nature.

The Nature Conservancy has been described as pragmatic, nonconfrontational and nonpartisan in its methods. These descriptions might imply a dispassionate approach, and that image is one of the inconsistencies I grapple with in my role as a leader here. It is true that we rely heavily on science, and our decisions are determined more by rational thinking than by emotions. It is also true that we try to bring everyone to the table—the already-committed alongside those with a less-than-stellar environmental past. What transcends it all, however, is our sacred duty to protect the earth's ecosystem with all the passion we can muster.

The process of working with others to find simple solutions to seemingly intractable problems is a great joy to me, and I celebrate win-win solutions. We at TNC want to help people achieve economic progress, while working hand-in-hand to protect and sustain clean air, pure water, and a healthy planet for future generations.


Craig O. McCaw
Chair, Board of Directors



The Conservancy's Laura Crane in California's Mojave Desert, where she advises on renewable energy siting and biodiversity protection.

PROTECT TRANSFORM INSPIRE



In the simpler times of the 1950s, The Nature Conservancy's actions could be summed up modestly with the motto "We Buy Land." Today, conservation is far more complex, and it requires that we tap into our decades of know-how to bring innovative and collaborative solutions to the table.

Our actions on behalf of nature expanded as our scientific understanding of nature's complexity grew. And we chose to face the fact that we could not fully serve our mission without dramatically expanding the scope and scale of our work, as well as the toolbox of strategies we employ.

Now our workplace is the whole planet, focusing on global challenges to our **land, water, oceans, cities** and **climate**.

Today, we seek solutions to these challenges, using all the tools at our disposal. We undertake expanding conservation efforts around the world, each that seeks to

- **protect** and restore landscapes, rivers and oceans at an unprecedented scale;
- **transform** how we use the world's natural resources by affecting policy and practices locally and globally; and
- **inspire** global action by people who value nature and its role in ensuring thriving communities and dynamic economies.

The **36 ACHIEVEMENTS** that follow exemplify the many ways we protect, transform and inspire. But none stands alone: An act of protection will also serve to transform policy and practices elsewhere and inspire additional investments in nature ... that will empower more protection.

Each achievement profiled here is part of a continuing cycle of protection, transformation and inspiration that fuels the Conservancy and its partners to safeguard nature at the scale and scope needed to enable people and nature to thrive globally.

These illustrative efforts are accompanied by the voices of supporters, staff, partners and local stakeholders—all of whom are required to make these achievements a reality.

PROTECT

The need to protect nature is what propelled The Nature Conservancy into existence in 1951. Initially, protection took the form of buying land and setting it aside. But we soon learned that true protection requires diverse actions across entire land and water systems, including areas where people cultivate sustenance from nature. Today we protect and restore lands and waters on an ever-larger scale,

ensuring that whole rivers endure, clean and abundant; that previously degraded coastlines and reefs are revitalized; and that working landscapes remain intact for the benefit of wildlife and people.

The following 12 achievements from the past year exemplify the many ways we are protecting land, water, oceans, cities and our climate on a systemwide scale around the world.

A ranger with Nature Conservancy partner Lewa Wildlife Conservancy guards his orphaned rhinoceros calves 24 hours a day in northern Kenya.

1 Kenyan Conservancies Grow

With seven new coastal conservancies up and running, efforts of the Northern Rangelands Trust and the Lewa Wildlife Conservancy, Nature Conservancy partners in Kenya, now reach more than 7 million acres of protected communal lands. Community conservancies work to protect their lands for wildlife and their traditional ways of life, receiving financial and other incentives to curb poaching, avoid overgrazing, and improve access to education and health care. The Conservancy is providing scientific and management training and creative investment strategies for the NRT community conservancies. nature.org/AR-NRT

2 Colombia Park Times Two

Conservancy support was instrumental in nearly doubling the size of Colombia’s Chiribiquete National Park, considered a global haven for plant and animal diversity. The 3.7 million-acre expansion makes the park three times the size of Yellowstone National Park in the United States. nature.org/AR-chiribiquete

Martha Luber Pelrine is the daughter of Fred Luber, who with his family sold 94 percent of St. Martin Island to the Conservancy for a price substantially below fair market value, and with generous payment terms, making a gift of more than 60 percent of the land’s value. Martha is a retired pharmacist and active community volunteer.



MARTHA LUBER PELRINE PARTNER

“My dad’s not really an ‘environmentalist’; he owns a steel fabricating company in Milwaukee. But actions speak louder than words; he bought all this property up here and none of it’s been developed. It’s a little paradise. It’s like you’re thrown back in time.



“It’s only an hour by boat from our home in Little Sister Bay, but you feel like you’re in a different world. It’s so quiet, just the sound of waves and birds chirping. My family and I considered the future of St. Martin for many years. The more we learned about the island, the more we felt it deserved long-term conservation. We are excited to be a part of making this happen ... for St. Martin to be preserved the way it is.”

3 Great Lakes Island Secured

St. Martin Island (left), one of the larger islands in the Grand Traverse Island chain in Lake Michigan, was protected through the generosity of the Fred Luber family of Milwaukee. The Conservancy’s Wisconsin and Michigan chapters worked with the Luber family to acquire this critical stopover for birds that migrate through the Great Lakes each spring. More than 100 species of birds like the Blackburnian warbler (above), as well as migrating bats, butterflies and dragonflies, have been documented using the almost entirely forested island in recent years. The Conservancy plans to eventually transfer the land to the U.S. Fish and Wildlife Service to add to the multi-island Green Bay National Wildlife Refuge. Acquisition of high-value conservation lands, including islands, is just one of a growing set of strategies the Conservancy is employing to ensure the future health of the Great Lakes region and the life it supports. nature.org/AR-greatlakes





4 Caribbean Expansion

On its southern peninsula and northern coast, Haiti has established its first marine protected areas (MPAs), encompassing a total of 402,881 acres, using Conservancy assessments and mapping. Conservancy scientists are now assisting the Caribbean nation in managing its new MPAs, employing drones (right) to help map and monitor the most important coastal sites. The Conservancy is also training the staff of Cuba's National Center for Protected Areas in such subjects as geographic information systems and satellite remote sensing to support the expansion of protected areas across Cuba. Cuba's 1,000 square miles of coral reefs comprise nearly a quarter of all reefs in the insular Caribbean.

nature.org/AR-haiti

Maxene Atis (right) is a native of Haiti, where he studied geology and worked for the United Nations doing community development. He then studied business administration in the United States before joining The Nature Conservancy to lead its initial efforts in Haiti.



MAXENE ATIS STAFF

“Our job is not just nature or the ecosystems or the mangroves or the fish; it’s also the people living in these environments. When you look at what we’ve been doing here on the south coast, helping establish the country’s first marine protected areas, it gives me hope about the future in Haiti. What we are doing is impacting the lives of many, many people. There are a lot of organizations around doing marine conservation, but everyone here knows that our work is of superior quality. We don’t just conduct studies and provide reports; we provide long-term solutions to our partners and guidance on the policy level, and we help the government make better decisions for the future of the people and their land.”



Lyda Hill (below) is an entrepreneur who founded Hill World Travel in the Dallas-Fort Worth area. Today, she brings her business approach to the nonprofit sector and supports the Conservancy's innovative marine conservation projects around the globe. She established a matching fund to encourage other donors to support large-scale restoration in the Gulf of Mexico.



LYDA HILL | SUPPORTER

“The Gulf of Mexico is important to me because I live in Texas and it is an extension of the health of our state. Plus, I like to snorkel, so I have familiarity with the oceans. The oceans feed most of the planet, so protecting them can have a huge impact on our world. I’ve been impressed with the scientific approach and discipline TNC uses. I truly believe that science is the answer to most of the world’s problems, so I like what TNC does. You are accomplishing amazing things around the world.”



5 Gulf Coast Land & Water

Powderhorn Ranch, a 17,351-acre mosaic of dense live oak forests, coastal prairies, salt marshes and wetlands (left), was secured by a partnership between the Conservancy, The Conservation Fund and the Texas Parks and Wildlife Foundation. The ranch’s 11 miles of tidal bayfront protect vitally important sea grass beds and mollusk reefs. The National Fish and Wildlife Foundation funded a significant portion of this project using fines from the Deepwater Horizon oil spill. Powderhorn is slated to become a state park with ownership turned over to the Texas Parks and Wildlife Department. Nearby, Half Moon Reef, a once-massive but now-decimated 100-year-old oyster colony in Matagorda Bay, is being restored by the Conservancy. The 57-acre reconstruction includes niches, caves and passageways that attract not only oysters but also a variety of fish, shellfish and other sea life. It is one of many coordinated reef restoration projects being undertaken across the Gulf of Mexico from Texas to the Florida Keys (above, left).

nature.org/AR-gulfcoast

6 Massive Outback Action

Four new Indigenous Protected Areas, totaling an astounding 10.3 million acres (about the size of Switzerland), were established in Western Australia's Kimberley region with help from The Nature Conservancy. The Conservancy has invested nearly \$1 million of strategic financing toward developing plans that will see this land managed to international standards, with Traditional Owners leading the way in conserving their own country. [nature.org/AR-kimberley](https://www.nature.org/AR-kimberley)

7 First Pacific Easement

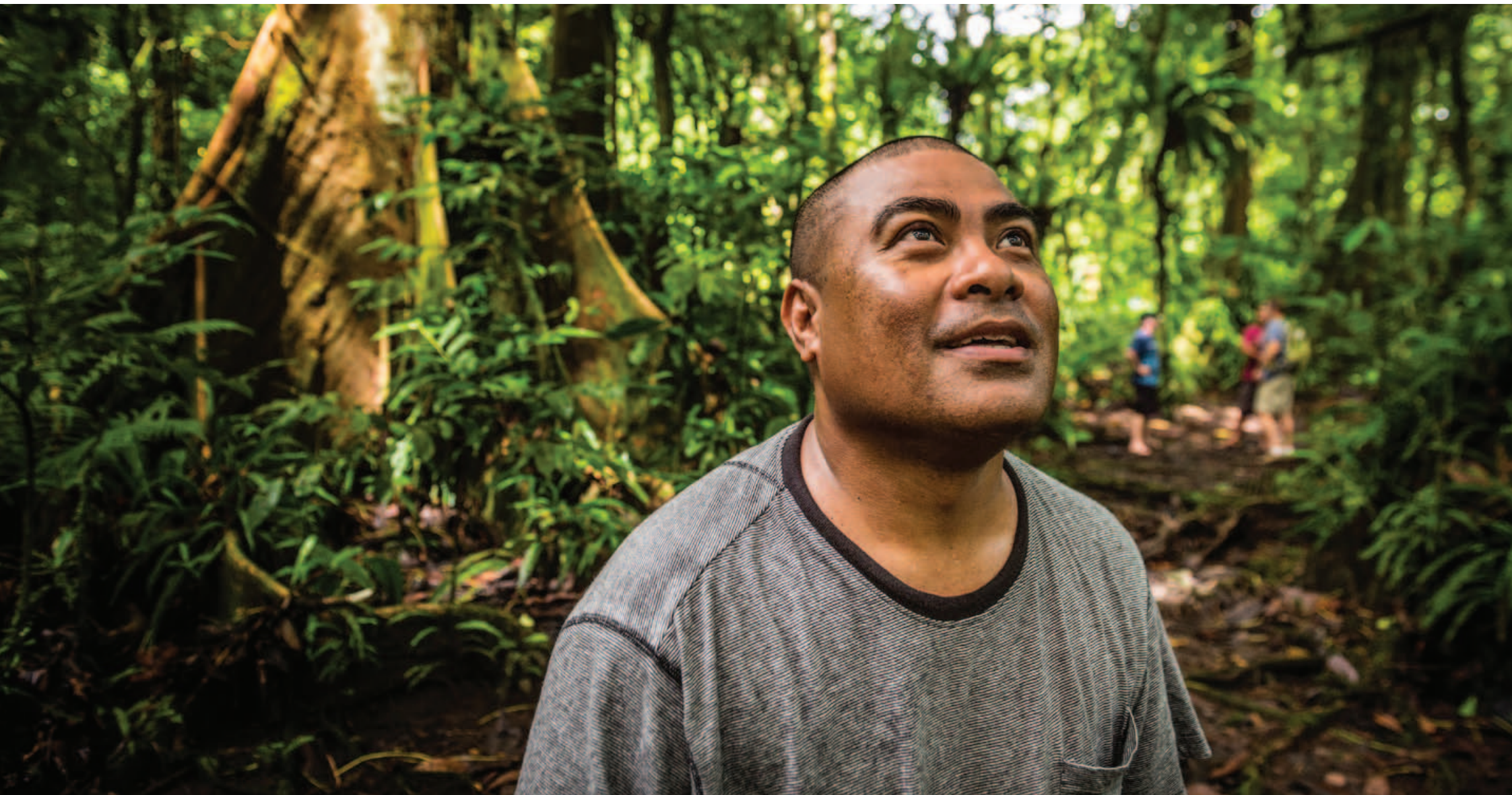
The first conservation easement outside the Americas is protecting the world's last forest of rare ka trees (*Terminalia carolinensis*) in wetlands on the island of Kosrae in the Federated States of Micronesia (right). Local families who own the land and the Conservancy's Micronesia program sought expertise from the Conservancy's California and North Carolina chapters, opting to use funds from the transaction to create an endowment that will ensure the forest's long-term conservation management. This pioneer project, involving many local and international partners, with funding from the David and Lucile Packard Foundation and the U.S. Forest Service, should help spread the protection technique throughout the Pacific and become another tool in furthering ridges-to-reefs conservation efforts in island nations around the world. [nature.org/AR-kosrae](https://www.nature.org/AR-kosrae)



THOLMAN ALIK STAKEHOLDER

“Without nature we are nothing. Nature is part of us. We talk about people owning land, but the land doesn't belong to us. We belong to the land. Nature defines us in so many ways: our identity, our heritage, our livelihood. In my opinion we are just the keepers of the land to make sure nature stays the way it is as much as possible. We have this mindset that we need to develop nature, our environment. We really should be adapting to nature and the environment instead of the other way around.

“As a group we thought establishing the easement was very, very important to us. This is everything that says who we are as indigenous people. This easement is a big step for us. This guarantees that the forest will be protected in perpetuity. But I would also like to see the forest conservation area expand to also integrate the other essential components like the watershed, the swamp area, the mangrove, as well as the near shore marine—because they all are connected. All ecosystems are connected. We cannot just focus on one component, but look at it from a holistic approach or comprehensive approach to include all the ecosystems. I would like to see us move in that direction to establish a ridge-to-reef conservation initiative.”



Tholman Alik (left), along with his family and 10 others on the island of Kosrae in the Federated States of Micronesia sought guidance from The Nature Conservancy to adapt the American concept of a conservation easement to their Pacific island home. The easement allows them to restrict development and ensure that future generations will maintain their forest's integrity.



8 Technology Aids Birds

Using satellite images and data crowdsourced from eBird.org, Nature Conservancy scientists mapped when and where migratory birds, including sandhill cranes (above), need habitat in California’s Central Valley. A Conservancy team, including an economist, then implemented a first-of-its-kind auction to rent and flood farm fields at the exact time and location needed by the birds. The pilot was a success, with more than 40 participating farms creating 10,000 additional acres of wetland habitat at a critical time for migratory birds. The program will be expanded next year. [nature.org/AR-california](https://www.nature.org/AR-california)

Butch Phillips (rear in canoe, below) is a Tribal Elder of the Penobscot Indian Nation.



BUTCH PHILLIPS PARTNER

“My ancestors traveled up and down this river for literally thousands of years, and they gained all the necessities of life from the land and the river. As a child I grew up here on the reservation on Indian Island and spent most of my youth on the river; this was our playground growing up in the 50s. But there were no sea-run fish. All of the sea-run fish were blocked because of the dams. I always dreamed that someday the dams would be removed. But I never thought that within my lifetime I would ever see dams being removed from the Penobscot River and a section being free-flowing again, as my ancestors experienced it.

“The Penobscot River Trust has brought all these groups together in this unique collaboration—all on the same page, all working for the restoration of the Penobscot River. Their forethought and their planning have created this project that is beneficial to everyone: It’s beneficial to the power companies; it’s beneficial to the municipalities along this river; it’s beneficial to the fish; it’s beneficial to the Penobscot Nation. And this project is literally a dream come true for me.”

9 Penobscot Restoration

More than a decade in the making, restoration of Maine’s Penobscot River (left) is an unprecedented and innovative effort that has removed two dams and is building a state-of-the-art fish bypass around a third (above), all while making hydropower elsewhere on the river more efficient. As a result, more than a thousand miles of habitat along the Penobscot and its tributaries are being reopened for sea-run fish, with tremendous benefits to biological and human communities along the river. The Nature Conservancy is an active member of the Penobscot River Restoration Trust, taking a leading role on the science team and working to raise public and private funds to acquire and remove the dams. Researchers and conservationists consider this project a model for other river restoration efforts around the world. [nature.org/AR-penobscot](https://www.nature.org/AR-penobscot)



LORI PHOEBE BENTON STAKEHOLDER

“I’m from Indian Lake in the Adirondacks, and I’ve been a white-water guide for 28 years. The Hudson River’s logging history is part of my heritage; this is my home and my life, and it was my dream to establish this company to make this amazing place more accessible to people, so that they can love it and appreciate it, too.”

We were excited when we learned about The Nature Conservancy buying this land and working with the state. Our property adjoins it. My business partner Linc takes hikers across the newly acquired state land to the top of OK Slip Falls, and they come down to the river to raft out with stars in their eyes! This special place had been off-limits for more than a century; now it’s our place to protect and respect.”



10 Resilient Forests

To create a more resilient forest for Minnesota’s future, the Conservancy is working with partners to plant 109,000 native trees on federal, state and county lands. Ecological models show that the selected species will thrive under warmer, drier conditions. The project should help inform the efforts of forestland owners and managers in comparable boreal forests in the Great Lakes region and beyond.

nature.org/AR-minnesota

11 Alaska Restorations

Breeding tufted puffins (above) and many other bird species are winging their way back to Hawadax Island in Alaska’s Aleutian archipelago after an eradication of invasive rats that had made the island uninhabitable for many native species. Once called Rat Island, Hawadax is coming back to life thanks to a successful conservation intervention championed by the Conservancy with the U.S. Fish and Wildlife Service and Island Conservation, prompting the native Aleutian-Pribilof Islands Association to rename the island. In the Tongass National Forest, the Conservancy is working with the U.S. Forest Service and others to restore salmon streams by recreating pools and eddies in damaged rivers so that young fish can grow big and avoid predators before migrating to the sea.

nature.org/AR-alaska



12 Adirondack Conversion

Following the Conservancy’s milestone acquisition of 161,000 acres of former Finch, Pruyn & Co. lands, more than half of these forests continue to be managed for sustainable timber harvest. To date, 36,485 acres have been transferred to the Adirondack Park’s Forest Preserve and opened for public recreation. The Conservancy committed \$500,000 in Adirondack Park Upper Hudson Recreation Hub grants to encourage local communities to take advantage of new tourism and recreational economic opportunities. Over the past 43 years, the Conservancy has helped add 152,732 acres to the state forest preserve within the 6-million-acre Adirondack Park, a unique mixture of public and private lands, and has protected more than twice that acreage as sustainable working forests.

nature.org/AR-adirondacks

Lori Phoebe Benton (top, far right) is a guide and owner of a small adventure company, Square Eddy Expeditions in North Creek, New York, which she and Linc Marsac established in 2013, specializing in scenic wilderness trips.

TRANSFORM

Innovation has always been a hallmark of The Nature Conservancy. More than ever, a growing global population is having a tremendous impact on water and lands used to provide food, supply fresh water, meet energy demands and support communities and local economies. This dramatic expansion compels us to transform how society uses and values nature. We can ease threats to the natural world by demonstrating to policymakers, investors

and industries that there are cost-effective ways to use nature sustainably. Today we are engaging businesses, governments and communities to integrate valuable lessons from our work into public policy and practices guiding development.

Each of the 12 innovative efforts that follow demonstrates how we are transforming the ways society values and invests in nature.

The Nature Conservancy is working to retire destructive fishing practices and promote sustainable catches in the world's fisheries, here in the northern Pacific Ocean.

2 Mapping Water

The Conservancy completed mapping of water sources for 500 global cities to develop a more accurate assessment of urban water risks and the role of nature in providing clean water and mitigating risks. This first-of-its-kind assessment, in terms of scale and detail, will serve as a roadmap for the Conservancy and other organizations, including 100 Resilient Cities, Starwood and Ecolab.

nature.org/AR-water



Carlos Alberto Marques (left) is retired and lives in the municipality of Rio Claro in the state of Rio de Janeiro, Brazil. He was among the first participants to join the Guandu Water Producer Project, whereby rural residents are supported in reforestation and other conservation efforts that help ensure a continuing freshwater supply for nearby urban centers.

CARLOS ALBERTO MARQUES PARTNER

“Before joining this partnership, I already had some small areas of natural reforestation, recovery of the forest with no aid. A partnership can accelerate this process, and that is what happened: acceleration of reforestation of areas that adjoin the river. Eighty different varieties of trees native to the Atlantic Forest were selected and planted here, because it aims at creating a path for the fauna to circulate, distributing seeds to continue the process naturally, without the aid of people.

“And today, through reforestation, these animals are returning. Look, when I arrived here there were almost no animals. You couldn’t find them; it was very rare. I’ve lived here for more than 20 years, and I had never seen a toucan here, and today we have toucans, araçari (above)—which is a large bird of the Atlantic forest; we have lowland pacas, howler monkeys, collared peccary, agoutis and armadillo.

“But the real beneficiaries are 10 million people who buy the water that is born here from our springs and that the Guandu system purifies. Now, I imagine if all the large landowners in this country did a little bit of what I’m doing here with my partners, I think that the world would be much better, much better.”



1 Water Fund Success

Native birds returned to the restored Atlantic Forest west of Rio de Janeiro (right) for the first time since the establishment of the Guandu Water Producer Project just six years ago. Water funds are an innovative strategy championed by The Nature Conservancy and partners to enable urban water users to support conservation activities, like reforestation, in watersheds that hold and purify their fresh water. Here, the Conservancy partnered with Instituto Terra to protect Rio’s water supply by investing in the forests that help generate the water itself. The Conservancy is now involved in the establishment of water funds at more than a dozen locations globally, recently completing a feasibility assessment with brewer SABMiller looking at the potential of water funds for 25 cities in Sub-Saharan Africa.

nature.org/AR-guandu



3 China Carp Collaboration

In collaboration with The Nature Conservancy and others, operators of China’s Three Gorges Dam—the world’s largest and one of its most controversial dams—began to alter the amount of water flowing through the giant structure. The release of large amounts of water is intended to mimic the Yangtze’s flood pulse, which promotes carp spawning, and marks the fourth straight year that dam operators modified water releases to better mimic natural cycles. Carp occupy an exalted position in the culture and cuisine of China (below), and carp numbers had declined rapidly following operation of the dam—affecting protein sources and livelihoods for people living downstream. With the construction of hydropower dams on the rise in China, the Conservancy is working with the Chinese government, major hydropower companies and nonprofit organizations to develop sustainable alternatives to the design and operation of dams planned for the Yangtze. [nature.org/AR-carp](https://www.nature.org/AR-carp)



ELOISE KENDY STAFF

“The team consisted of a wide array of governmental, nongovernmental and academic scientists from the United States and Mexico who have decades of experience in river hydrology and ecology. I feel like this is the crown of my career. I was thrilled to have the opportunity to contribute to such an historic event! After studying rivers for more than 30 years and a decade of promoting, leading and facilitating teams like this, I knew I had a lot to offer and I was happy to help.”



Eloise Kendy (top), a hydrologist, is co-leading a binational, interagency, interdisciplinary science team to help restore water flow to the Colorado River delta.

4 The Colorado Flows

Using an innovative water-banking model and a trust to acquire water rights, The Nature Conservancy joined with binational partners to ensure that the Colorado River delta received dedicated water flows for the first time in nearly half a century. Due to over-allocation of the Colorado River for cities, agriculture and other uses in the United States and Mexico, the river no longer reaches the Gulf of California—harming fish and shrimp habitat—and has stopped regularly flowing through its delta, a critical habitat for resident and migratory bird species. The initial pulse release of water was a demonstration to show the potential for restoring the habitat supporting this rich natural diversity with potential benefits to surrounding communities. [nature.org/AR-coloradoriver](https://www.nature.org/AR-coloradoriver)



JOSEPHINE EKIRU | PARTNER

“My passion became educating people on the importance of wildlife and how poaching hurts our communities. Then I received a letter saying: ‘Stay away from elephants. We are going to kill you.’ I challenged the leader of the poachers. I told him that the people owning the conservancies—the people being employed—are your brothers. You are fighting your brothers. These elephants brought these rangers that provide security. If we lose elephants, we lose everything. I convinced him—and now I have convinced all of the poachers in our area.”

Josephine Ekiru (above) is Chair of Nakuprat-Go-tu Community Conservancy, one of 27 conservancies that make up the Northern Rangelands Trust, a key Conservancy partner in northern Kenya. Josephine has played a heroic role in persuading former poachers to join with local communities to safeguard elephants and other wildlife.



5 Saving Elephants

To address the worst ivory poaching crisis in history—and the collateral damage to entire ecosystems and local people—The Nature Conservancy has ramped up existing elephant conservation efforts into an African Elephant Initiative. The initiative aims to increase security forces on the ground (above) and to reduce demand by leveraging the Conservancy’s powerful board of trustees in China. A new report proves that poaching rates are lower in community-led conservancies, which the Conservancy is helping to create. In addition, the Conservancy is providing market-based incentives for wildlife conservation and, in China, board members signed an anti-ivory pledge to erode the prestige of ivory collecting and to mobilize other top private-sector leaders and cultural influencers.

[nature.org/AR-saveelephants](https://www.nature.org/AR-saveelephants)

6 Generating Innovation

Science for Nature and People (SNAP) brings together scientists, policymakers and practitioners to create and implement real-world solutions to some of the world's biggest challenges involving nature and human well-being. SNAP—a collaboration co-founded by the Conservancy—has 12 working groups investigating topics such as urban water security, the impact of hydraulic fracturing on water quality, the sustainable management of fish stocks, and the feeding of 9 billion people. Solutions based in new scientific analysis emanating from these working groups eventually will be implemented in places around the world, from South America's Pacific fisheries to vulnerable coastal regions of North America and agricultural lands of Africa.

nature.org/AR-SNAP

Patricio Olavarria (lower right) is manager of Pesca en Línea, a company funded by the government of Chile as a technological platform to give added value to artisanal fishing products. The company is a part of the Federation of Artisanal Fishers (Federación de Pescadores Artesanales).



PATRICIO OLAVARRÍA PARTNER

“One of the greatest challenges for fishing, at least in our region, is improving the products' traceability for sustainable fishing. It is important to have management plans, knowing what is there in terms of marine resources. In addition, it is important to train the fishers so we can deliver products with a higher quality.”

7 Toward Sustainable Fishing

To supply and encourage consumer demand for sustainably caught fish, The Nature Conservancy implemented a traceability pilot project with artisanal fishing unions in southern Chile (left) to determine the exact location, amount and weight of fish and shellfish they catch. The retailer and consumer may then access the data through a QR code that directs them to a website with the confirming information. In Indonesia, the Conservancy is working with two seafood companies with global reach to enhance their seafood traceability and collect data on the condition of fish stocks in order to adapt practices to sustainable levels.

nature.org/AR-sustainablefish

“We can protect ocean resources by doing sustainable extraction, where fishers know about their resources. Also by getting national and international support aimed at training and developing the fishers' capacities, and having, let's say, fishing zones, bans or closed seasons—anything that contributes to regulate the system. I think it is important for the community in general. The lives of many families depend on fishing.”





8 A Strong Farm Bill

Five years of hard work across Conservancy state programs to inform legislation and secure votes have produced one of the strongest U.S. farm bills ever for conservation and forestry. The bill provides nearly \$6 billion per year for 10 years to protect wetlands and native grasslands, enhance wildlife habitat, support clean air and water, ensure productive soils, and help meet growing domestic and international demand for food and fiber in an increasingly sustainable manner. nature.org/AR-farmbill

Leonardo Fleck is a program officer at the Gordon and Betty Moore Foundation. In this capacity he is part of a team working on conservation of forests through market-based approaches, including a strategy focused on the global beef value chain.



LEONARDO FLECK SUPPORTER

“Expansion of beef production, along with soy and palm oil, is a major global driver of tropical deforestation and climate change. Demand for these products will continue to increase as the global population grows and becomes more affluent. Addressing this global challenge at the necessary pace and scale will require shifting the way markets operate and impact sustainability.

“The Gordon and Betty Moore Foundation is currently exploring collaborative solutions to these global problems. We partnered with TNC to test a new approach that we expect may set the stage for the future of what we call deforestation-free, climate-smart and transparent beef supply chains in the Brazilian Amazon. TNC has an amazing track record of leadership in the Amazon, where they have helped governments, NGOs and corporations to protect parks and working landscapes.

“I have been in the field and have witnessed ranchers’ excitement about the possibilities unveiled by this project. A reason for pride 40 years ago, when the federal government incentivized ranchers to cut down the forests, deforestation has now become a reason for shame. Through this project we have the chance to demonstrate that being a good steward of the land, and the forest within it, is a reason for celebrating that conservation and production can be reconciled. ”

9 Easing Amazon Deforestation

The municipality of São Félix do Xingu has the largest cattle herd in Brazil, at approximately 2 million head, with one of the highest historical rates of deforestation in the Amazon region. To ease deforestation, restore degraded areas and establish a responsible integrated supply chain for beef, the Conservancy is working with farming unions; livestock and retail companies, like Marfrig and Walmart; and with the Gordon and Betty Moore Foundation. Eighteen pilot projects have been implemented to double productivity toward a sustainable intensification of livestock farming on 116,000 acres. The goal is to extend the most efficient practices to at least another 150 farms within two years. Moreover, the forest cover of 226 farms across 1.4 million acres will be monitored to ensure that land clearing does not expand. These experiences will be disseminated through the Brazilian Roundtable on Sustainable Livestock and the Green Municipalities Program. nature.org/AR-amazon





Ken Wolfe (left) is a building official for the city of Orting, Washington. In 2009, flooding on the Puyallup River forced the largest urban evacuations in state history, sending 30,000 residents of Orting and other cities fleeing.

10 Re-creating Floodplains

The Conservancy has joined with public and private partners to launch Floodplains by Design, an innovative effort along the major rivers that flow into Washington state’s Puget Sound (right). Over the coming 20 years, the effort will re-engage more natural floodplains throughout the state that have been cut off from rivers because of residential, agricultural and industrial development and earlier efforts to control floods. Taxpayers have paid more than \$1.4 billion in flood damage in the area since 1990. The large-scale effort seeks to restore salmon populations, reduce flood hazards, increase agricultural viability, improve water quality and enhance outdoor recreation.

nature.org/AR-pugetsound

KEN WOLFE PARTNER

“The levees here were constructed in the 1930s and 1950s. They are narrow, and nothing but maintenance has happened since then. Meanwhile sedimentation has raised the river bottom up. Water comes down from Mt. Rainier glaciers and all the adjacent hillsides of 1,100 square miles and now comes over the top of the levees every couple of years, flooding city streets and state highways, cancelling schools, damaging city infrastructure, public facilities and private homes. The cost is in the millions.

“By building a levee system that restores much of the historic floodplain, we’re incorporating multiple benefits: controlling floods, easing storm water run-off, installing salmon habitat, restoring vegetation, and improving water quality that benefits our small community and all those downstream from us. Had it not been for The Nature Conservancy, we would not be in construction now. They were able to demonstrate to legislators, farmers and local communities that these projects are cost effective with multiple benefits. They get the funding in place and move projects from the shelf to on the ground. That’s not easy.”



11 Landmark Mitigation Order

Energy development has many positives, but the pace of change compels The Nature Conservancy to protect implicated lands and waters. The Conservancy was instrumental in securing a secretarial order on mitigation from Secretary of the Interior Sally Jewell—an order that shifts the the U.S. Department of the Interior and its agencies toward simultaneous landscape-scale planning for energy and conservation. This order applies directly to 247 million acres of public lands and potentially to millions of acres of private lands across the United States, where energy development projects (above) must avoid, minimize and offset impacts on habitats and species.

nature.org/AR-energy

12 Avoiding Gas Impact

The Nature Conservancy’s Central Appalachians Program is partnering with research organizations and gas companies to create a unique GIS-based tool that helps shale gas operators avoid and minimize habitat impacts of well pads, roads, pipelines and other infrastructure. The tool will help gas operators generate various infrastructure configurations and evaluate their predicted habitat impacts and financial costs, while still recovering the full gas resource and accounting for other constraints. Given that the habitat impacts are not fully addressed by any state or federal regulatory frameworks in the Central Appalachians region, this tool should help reduce overall environmental impact from shale gas development through voluntary industry actions.

nature.org/AR-appalachians

INSPIRE

Throughout The Nature Conservancy's existence and despite our tremendous success, the conservation of nature has remained a niche issue. As we approach a world with 9 billion people—with their increasing pressures on the natural world—we need to heighten awareness and create demand to scale up investment in nature globally. That means making cutting-edge information available to ensure that people and institutions make better-informed

decisions, enabling citizens to support and enact policies and investments on their behalf, providing opportunities for people to interact with nature, and developing future generations of conservation leaders.

Here are 12 ways in the past year that we sought to inspire expanded investment in conservation and motivate people to become more actively involved with nature and its protection.



Nature Conservancy volunteers help to rebuild oyster reefs along the Gulf of Mexico coast.

1 Investing in Nature

With founding sponsorship from JPMorgan Chase & Co., The Nature Conservancy launched NatureVest to the way we protect natural capital—the soil, clean air and water, and other valuable resources that nature provides. NatureVest—a Global Conservation Initiatives business unit—will do this by capitalizing on the growing impact investment sector and by fostering ways to advance investment in conservation. As part of that effort, NatureVest will convene investors, develop and execute innovative financial transactions and continue to build an investment pipeline across multiple sectors, including agriculture, fisheries and environmental markets. This endeavor builds on the Conservancy’s impact capital strategy, launched in 2010 with inaugural support from the Robertson Foundation that continues, and a global deal pipeline built with subsequent support from the Grantham Foundation for the Protection of the Environment.

nature.org/AR-naturevest



JOEL DOBBERPUHL SUPPORTER

“We do not have a long history with TNC, but we’ve built a level of experience and trust. Our goal is to bring greater breadth and variety to The Nature Conservancy’s work in Africa. We’re helping the Conservancy to test new and creative ways of accomplishing their conservation goals. Their willingness to test this model tells me that innovation is alive in conservation, and it’s definitely alive at The Nature Conservancy.”

Joel Dobberpuhl and his family (above) through their foundation have made a \$26 million donation to the Conservancy’s Africa program to test innovative conservation strategies that have the potential to transform vast African landscapes where wildlife and people share natural resources. A portion of the Dobberpuhl’s commitment is an impact investment that will grow the innovative “Livestock to Markets” effort ten-fold. The project—one of several fostered by NatureVest—enables indigenous herders to get a better return on the sale of their livestock while ensuring sustainable grazing of grasslands that are shared with wildlife (right).

2 State Funding Wins

The Conservancy remains active in guiding ballot measures and state lobbying campaigns to dedicate public funding to conservation. The Conservancy in Texas helped pass Proposition 6, a ballot measure that will dedicate \$2 billion to statewide water conservation. The Massachusetts chapter was instrumental in securing a \$2.2 billion environmental bond from the state legislature that will be dedicated to land, water and climate resiliency. Six other state chapters conducted signature gathering and lobbying in order to get statewide conservation funding measures on the ballot. If approved, they will generate a record \$20 billion for land and water conservation funding over the next 25 years. nature.org/AR-wins



3 Wool on the Runway

International fashion designer Stella McCartney is among the first to raise the global profile of sustainable wool from Patagonia by incorporating it into her fall designs and runway show (right). After last year's successful partnership with Patagonia Inc. and Ovis XXI ranchers in Argentina to raise sheep in a manner that helps restore grasslands in Patagonia (top), Conservancy efforts have expanded to build global markets for the high-quality, sustainable wool. Thus far, 57 ranches are participating in the partnership, covering 3.2 million acres of grasslands.

nature.org/AR-patagonia



4 A European Base

The Nature Conservancy formally established a Europe Regional Program with offices in London and Berlin focused on strengthening policy, engaging leading companies to advance sustainable development, encouraging private philanthropy, and developing impact investing strategies. Initial efforts in Europe previously directed more than US\$50 million from European agencies to Conservancy initiatives in the Coral Triangle (below), the Caribbean and Africa to reduce tropical deforestation and unsustainable trade in forest products. nature.org/AR-europe



PETER WHEELER STAFF

“Europe provides aid for issues we care about—like climate change. We want to make sure when European governments design their programs and allocate funding for developing countries, they have our priorities in mind. And we’ve also had some scientists based in Europe for some time. Our new office in London—a world financial capital—will house staff working on fundraising, corporate relations and impact investing. The Europe program is focused on global priorities, so we are helping our regional programs in Africa, Asia, Latin America and the Caribbean connect with European foundations, governments and scientific institutions.”

Peter Wheeler (above) opened the Conservancy's new office in London last year, which complements an existing presence in Berlin. He joined the Conservancy following a distinguished 25-year career as an investment banker and social entrepreneur.





5 Hong Kong Cares

The Nature Conservancy's Hong Kong office has launched a Conservation Champions membership program to build support among the more than 7 million people who call Hong Kong home (left). The program seeks to raise awareness about the global challenges that face the natural world and how they affect life in Hong Kong. The program elicits ongoing support through canvassing and special events. Conservancy public service advertisements are running in Hong Kong's Times Square, Hong Kong International Airport and 15 shopping malls throughout the city. nature.org/AR-hongkong

PIERRE NG PARTNER

“ Participating in TNC was a life-changing decision. Before, I thought conservation was a challenge for each individual—one small step might not make a difference. But now I realize that when 7 million people gather together, it could create a revolution. I will try to influence the next 7 million people until we pass this message on to every corner of the world! Although I am only a TNC ambassador, by communicating full-heartedly, Hong Kong residents are learning more about the seriousness of the situation and supporting our program. Each human might be small, but with our enthusiasm, we can do this together! ”

Pierre Ng (far right) conducts street canvassing to persuade some of Hong Kong's 7 million citizens to become Nature Conservancy members and support our work around the world. He and a growing number of other ambassadors are helping to build a Conservancy presence and tap wealth markets in Asia to fund conservation work globally.



6 Water on the Web

The Conservancy launched Liquid Courage, an interactive digital platform to activate the next generation of conservationists and to raise awareness about the water challenges we face and the practical solutions we can enact for a more sustainable future. The site seeks to engage U.S.-based urban millennials (roughly, people aged 18 to 30) in global and local water issues. In its first month, the site and accompanying social media campaign reached a potential audience of 4.2 million people and received more than 2,800 social media mentions. Millennials represent 130 million people in the United States. water.nature.org

7 Natural Wonder

Connect With Nature launched as an annual campaign designed to get people involved in helping nature and help them rediscover its magic. More than 133 volunteer and community outreach events were held in 39 states during the initial April campaign. Among them was “Roots and Routes to Grow: A Community Tree Planting Day” in Chicago Park District’s Burnham Wildlife Corridor. The event engaged more than 700 volunteers from the historic Bronzeville and Pilsen neighborhoods in an urban conservation and reforestation project right in their own backyard (top left).

Parents around the world are concerned about their children’s diminishing involvement with nature; that’s the key take-away from a landmark survey released by the Conservancy’s Nature Rocks program, supported by the Disney Worldwide Conservation Fund. This is the first global survey of parents in the United States, Brazil, China, France and Hong Kong to capture how much time kids spend outside and parents’ perspectives on the importance of nature in their children’s lives. Nature Rocks seeks to inspire and empower families to connect with nature and build the next generation of conservation supporters. More than half of “Nature Rocks” participants say that their family time in nature has increased as a result. nature.org/naturerocks



LATONDRA NEWTON SUPPORTER

“Toyota is very proud of its partnership with The Nature Conservancy to spearhead LEAF’s expansion across the United States. And it is personally rewarding for me to see these young people grow and stretch beyond their comfort zones. They are being given an experience that will help them understand their relationship with the natural world and inspire them to be more confident individuals. We are seeing LEAF students step up to be leaders for their generation, and that fills all of us with pride.”

Latondra Newton (top right) is group vice president and chief innovation officer for Toyota, USA. The Toyota USA Foundation has supported LEAF since 2010, most recently with a \$4 million grant to support growth in 11 cities.



8 Youth Engagement

LEAF (Leaders in Environmental Action for the Future) celebrated its 20th year of providing paid summer internships for some 700 high school students in nature preserves in 27 U.S. states (left). The Conservancy program has had a tremendous impact on urban youth, opening their eyes to career possibilities and building self-confidence, work skills and conservation literacy. Meanwhile, Nature Works Everywhere, the Conservancy’s effort to incorporate its science and projects into middle school curricula, reached nearly a million students last year in the United States. A companion program was also launched to use gardens as outdoor classrooms to teach conservation science. Piloted in Washington, D.C., the program will establish 83 gardens in the nation’s capital, Baltimore, Atlanta, Los Angeles, New York and Philadelphia by the end of this school year. nature.org/AR-LEAF



9 Carbon Progress

Efforts to protect tropical forests and combat climate change took a significant step forward when the World Bank’s Forest Carbon Partnership Facility—in which The Nature Conservancy is a founding investor—agreed on rules for financing large-scale investments in tropical forest conservation and restoration. This action will enable the FCPF to begin the process of funding pilot forest protection projects in developing countries. Also, the Conservancy announced the first successful verification of carbon credits in Chile from Reduced Emissions from Deforestation and Forest Degradation, or REDD, from its Valdivian Coastal Reserve (above). And in Australia another Conservancy partner, the Indigenous Lands Corporation, sold carbon credits for US\$703,412. The credits were earned by applying traditional land management to prevent calamitous wildfires, an effort the Conservancy supports. [nature.org/AR-carbon](https://www.nature.org/AR-carbon)

Dick Berry (below) has been a supporter of The Nature Conservancy since the 1980s. As a New York chapter trustee, he has been a pioneer supporter of climate change and urban conservation initiatives.



DICK BERRY SUPPORTER

“The Conservancy’s involvement in climate change interested me because it was focused on a global problem, not just one specific place, which had been the bread and butter of the Conservancy’s efforts. But the Conservancy has projects all over the world that can be used as a collective global laboratory to investigate the impact of change. The Conservancy’s size and reach give it a unique ability to pull together information on a scale that few organizations can match.

“Another strength of the Conservancy is its relationships with all the players that have big environmental impacts. The business community has become well aware of the impact that climate change will have on what they do. The Conservancy’s reputation as a non-confrontational organization has allowed it to have access to the corporate world to help this very critical segment of the economy address their production choices and processes.

“As a developer, I witnessed the devastation of Hurricane Sandy when our project in New York’s historic Seaport district took on nine feet of water and was out of commission for more than 10 months. Anyone who lived through that knows that climate change—in this case, sea level rise and flood surges—is for real. Clearly, New York and other coastal communities are going to have to adapt to these new realities. Bringing the Conservancy’s skills into play in urban centers is critical.”

10 Urban Resilience

In the wake of Hurricane Sandy, the New York City Mayor’s Office asked The Nature Conservancy to prepare a conceptual study on how a mix of natural and built defenses could be implemented in a dense urban area. Data from the report, “Integrating Natural Infrastructure into Urban Coastal Resilience,” was used to secure a \$50 million commitment from FEMA to restore and test natural infrastructure at Spring Creek Park adjacent to the Howard Beach community, with the Conservancy as a key advisor to the restoration design process. As an outgrowth of the New York State 2100 Commission, to which Mark Tercek was able to bring Conservancy scientific expertise, the Community Resilience and Disaster Risk Reduction Act was signed into law, requiring applicants to state permitting and funding programs to use the best available science to plan for risks from sea level rise, storm surge and flooding (above). It also requires the state to adopt a set of scientifically based sea level rise projections. [nature.org/AR-newyork](https://www.nature.org/AR-newyork)

11 PBS TV Series

The Conservancy was an engagement and outreach partner on the PBS documentary series "Earth A New Wild." The five-part series focuses on modern challenges to wild places in the age of humans, as well as solutions to these challenges around the globe. Among the places featured in 29 countries are areas where the Conservancy works in China's Sichuan province (near right) Palmyra Atoll (lower right), the Colorado River, northern Kenya, the Great Plains of Montana and Canada's Great Bear Rainforest (above right). The series airs on PBS beginning in February 2015. Also in collaboration with PBS Learning Media, the Conservancy's Nature Works Everywhere program created educational videos and interactive components for teachers and students, drawing on the wealth of content from the series.

nature.org/AR-anewwild



STELLA CHA STAFF

“Video is how many people get their information now—whether on a big-screen HDTV or through social media viewed on a smartphone. We are fortunate that some supporters recognize the importance of investing in visual media to build awareness and support for the conservation of nature. Developing a partnership with PBS and National Geographic was an ideal union to reach key audiences around the world. They presented inspiring stories and breathtaking visuals across multiple platforms from a multi-part television series to more bite-size chunks for use with students—a great example of how this type of investment can ripple across a range of media and audiences over time.”



Stella Cha (above), The Nature Conservancy's creative director, oversees top-line film and video productions. She was a producer in the natural history unit at National Geographic Television, where she worked for 14 years.



12 A Billion New Trees

In 2007, the Conservancy launched the successful Plant a Billion Trees program to address deforestation in Brazil's Atlantic Forest. The initial online effort gave individuals and companies an easy and affordable way to take tangible conservation action by funding the planting of trees. This year, the Conservancy expanded the effort to include large-scale forest restoration projects in the southeastern United States and China and expanded work in Brazil, with the goal of restoring 1.6 million acres of forestland around the globe and having more than 1.2 billion trees growing by 2025.

nature.org/AR-plantabillion



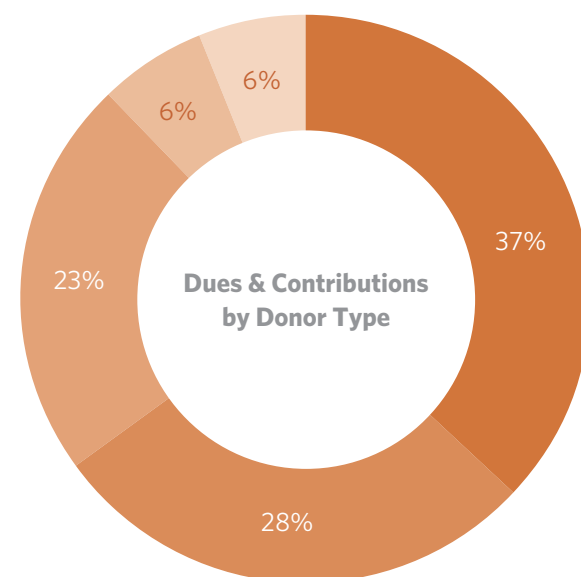
Financial Overview

Financial performance for the fiscal year ending June 30, 2014, was very strong. Overall support and revenue grew significantly due to solid long-term portfolio investment results (13.9% return, net of fees) and a 28% increase in dues and contributions over the prior year. Programmatic efficiency (70%) remained relatively consistent with the prior fiscal year (71.5%), with the modest decrease attributable to investments in information systems and membership growth. Operationally, the Conservancy grew 7%, and achieved an Operating Fund surplus for the fifth consecutive year. The most significant growth occurred in the Conservancy's international and global strategy programs.

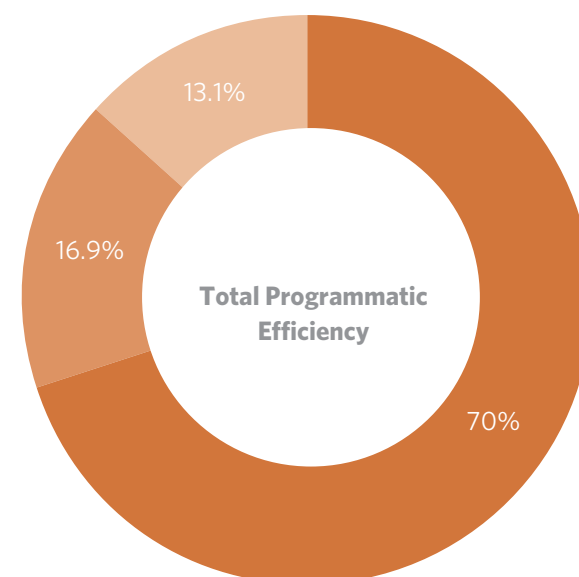
The financial results depicted here are derived from the Conservancy's audited June 30, 2014, consolidated financial statements, which contain an unqualified audit opinion. The Conservancy's complete, audited financial statements can be obtained online at nature.org/annualreport or by calling (800) 628-6860.

SEAL

Stephen C. Howell
Chief Financial and Administrative Officer



- Individuals
- Foundations
- Bequests
- Corporations
- Other Organizations



- Program
- General & Administration
- Fundraising & Membership

Financial Summary

	For the fiscal years ending on June 30, 2014 and 2013 (in thousands)	2014	2013
Support & Revenue			
Dues and contributions		560,417	439,052
Government grants		120,687	120,717
Investment income		235,213	116,725
Other income		59,433	90,663
Land sales and gifts		138,529	182,014
Total Support & Revenue		1,114,279	949,171
Expenses & Purchases of Conservation Land & Easements			
Conservation activities and actions		401,429	398,890
Purchases of conservation land and easements		103,646	113,970
Total Conservation Program Expenses & Purchases of Conservation Land & Easements		505,075	512,860
General and administrative		121,776	115,448
Fundraising		67,099	66,910
Membership		27,817	22,101
Total Administration & Fundraising		216,692	204,459
Total Expenses & Purchases of Conservation Land & Easements		721,767	717,319
Net Result: Support & Revenue Over Expenses & Purchases of Conservation Land & Easements (note 1)		392,512	231,852
Fundraising Summary			
Fundraising expenses as a percentage of total expenses and purchases of conservation land and easements		9.3%	9.3%
Asset, Liability & Net Asset Summary			
Conservation land		1,815,004	1,865,034
Conservation easements		1,937,343	1,866,197
Investments held for conservation projects		684,932	644,254
Endowment investments		1,127,610	995,846
Planned giving investments		307,963	286,263
Property and equipment (net of depreciation)		123,269	105,317
Other assets (note 2)		522,791	420,406
Total Assets		6,518,912	6,183,317
Accounts payable and accrued liabilities		100,161	100,801
Notes payable		363,562	376,346
Other liabilities (note 3)		277,730	285,119
Total net assets		5,777,459	5,421,051
Total Liabilities & Net Assets		6,518,912	6,183,317

(1) Not intended to represent increase in net assets.

(2) Primarily includes cash, pledges of future gifts, collateral received under securities lending agreement, notes receivable, and deposits on land and other assets.

(3) Primarily includes deferred revenue, payable under securities lending agreement, planned giving liability, and other liabilities.

Note: The figures that appear in the financial summary shown are derived from the 2014 & 2013 consolidated financial statements that have been audited and have received an unqualified opinion. The complete, audited 2014 & 2013 financial statements for The Nature Conservancy can be seen at nature.org/annualreport, or can be ordered from The Nature Conservancy at (800) 628-6860.

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A final offer of gratitude goes to those who so cherished nature and valued The Nature Conservancy’s work during their lives that they remembered us in their estate plans and ensured continuing support after their passing. In the past year alone, planned gifts to the Conservancy totaled \$124 million—a lasting legacy that will continue to protect, transform and inspire for generations to come.

[nature.org/legacy](https://www.nature.org/legacy)

email: legacy@tnc.org
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To learn more about the Conservancy's work in more than 35 countries and all 50 of the United States, visit:

nature.org

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Cleaning a coral patch blanketed by invasive algae in Hawaii's Kaneohe Bay.

