

***National Conservation  
Leadership Institute, Ltd.***

FINANCIAL STATEMENTS

June 30, 2016 and June 30, 2015

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**DECKER & COMPANY PLLC**  
CERTIFIED PUBLIC ACCOUNTING

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## **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

To the Board of Directors  
National Conservation Leadership Institute, Ltd.

We have audited the accompanying financial statements of National Conservation Leadership Institute, Ltd. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets— modified cash basis as of June 30, 2016 and 2015, and the related statement of support, revenue, and expenses— modified cash basis for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in the Notes to the financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of National Conservation Leadership Institute, Ltd. as of June 30, 2016 and 2015, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in the Notes to the financial statements.

### **Basis of Accounting**

We draw attention to the Notes of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

*Decker & Company PLLC*

September 2, 2016

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**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS**

June 30, 2016 and June 30, 2015

**ASSETS**

	<u>2016</u>	<u>2015</u>
Cash - unrestricted account	\$ 242,069	\$ 127,111
Cash - restricted account	<u>681</u>	<u>618</u>
Total assets	<u>\$ 242,750</u>	<u>\$ 127,729</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Credit card payable	\$ <u>1,580</u>	\$ <u>828</u>
Total liabilities	<u>1,580</u>	<u>828</u>

**NET ASSETS**

Unrestricted	240,489	126,283
Temporarily restricted	<u>681</u>	<u>618</u>
Total net assets	<u>241,170</u>	<u>126,901</u>
Total liabilities and net assets	<u>\$ 242,750</u>	<u>\$ 127,729</u>

See accompanying notes and independent auditors' report.

**STATEMENTS OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS**

For the Years Ended June 30, 2016 and June 30, 2015

	<u>2016</u>	<u>2015</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
Tuition income	\$ 234,129	\$ 211,000
Contributions and grants	<u>67,455</u>	<u>61,695</u>
	<b>301,584</b>	272,695
Net assets released from restrictions	<u>-</u>	<u>134</u>
Total unrestricted support and revenue	<u><b>301,584</b></u>	<u>272,829</u>
<b>EXPENSES</b>		
Fall residency	55,130	58,769
Cambridge Leadership Associates	50,000	50,000
Training	27,730	10,792
Spring graduation	20,553	18,933
Advertising and promotion	12,221	1,946
Travel & lodging - other	6,786	10,475
Speakers honoraria	6,350	7,295
Professional fees	4,250	5,497
Postage and delivery	2,333	869
Miscellaneous	1,545	374
Technology	480	27
Contract labor	-	71,175
Insurance	<u>-</u>	<u>945</u>
Total expenses	<u><b>187,378</b></u>	<u>237,097</u>
Increase in unrestricted net assets	<u><b>114,206</b></u>	<u>35,732</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	63	-
Net assets released from restrictions	<u>-</u>	<u>(134)</u>
Increase (decrease) in temporarily restricted net assets	<u><b>63</b></u>	<u>(134)</u>
Increase in net assets	<b>114,269</b>	35,598
<b>NET ASSETS</b>		
Beginning of year	<u><b>126,901</b></u>	<u>91,303</u>
End of year	\$ <u><u><b>241,170</b></u></u>	\$ <u><u>126,901</u></u>

See accompanying notes and independent auditors' report.

## **NOTES TO FINANCIAL STATEMENTS**

June 30, 2016 and June 30, 2015

### **NATURE OF OPERATIONS**

The National Conservation Leadership Institute, Ltd. ("Institute") was created in December 2005 for the purpose to create the premiere educational program for the study and development of leadership in the wildlife conservation community in the United States. The Institute's contracted staff is located at the U.S. Fish and Wildlife Service's National Conservation Training Center located outside Shepherdstown, West Virginia, and is administered by the Management Assistance Team of the Association of Fish and Wildlife Agencies.

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

The accompanying financial statements have been prepared on the modified cash basis of accounting. That basis differs from generally accepted accounting principles primarily because the Institute has not recognized balances of trade accounts receivable and payable, prepaid and accrued expenses, and their related effects on support, revenue, expenses and changes in net assets.

#### **Basis of Presentation**

The financial statements presentation follows the recommendations of the Not-for Profit Entities Presentation of Financial Statements Topic of the FASB Accounting Standards Codification. Under the Standards, the Institute is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, including unrestricted-designated, temporarily restricted and permanently restricted.

#### **Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

#### **Concentration of Credit Risk**

At times cash balances may be in excess of the Federal Deposit Insurance Corporation insurance limit, and management considers those circumstances to be a normal business risk.

#### **Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions are reported as unrestricted if the restriction is met in the same reporting period as when the contribution is received.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

June 30, 2016 and June 30, 2015

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Contributed Services**

The Institute receives a substantial amount of services donated in carrying out the Institute's mission. The value of these services are not reflected in these statements since they do not meet the criteria under the Not-for Profit Entities Revenue Recognition Topic of the FASB Accounting Standards Codification.

**Property and Equipment**

Property and equipment acquired with a cost or value of \$500 or more is capitalized. However, as of June 30, 2016 and June 30, 2015, the Institute does not own any property or equipment.

**Income Tax Status**

The Institute qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, there is no provision for income taxes.

**Subsequent Events**

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through September 2, 2016, the date the financial statements were available to be issued.

**CASH - RESTRICTED ACCOUNT**

This account represents the Institute's remaining donations and grants that were received with time or purpose restrictions. These amounts typically are grants received that have been funded either directly or indirectly by federal monies.

**CONTRACT LABOR**

This account represents the expense paid for contract labor provided by NCLI's MAT (Management Assistance Team). During fiscal year 2016 the MAT team did not require NCLI to pay this expense as donations, grants, or other monies received by MAT were available to cover their current year expenses.

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2016 and June 30, 2015

### IN-KIND (unaudited)

For the years ended June 30, 2016 and June 30, 2015, the source, type and amount of in-kind contributions are as follows:

	<u>2016</u>	<u>2015</u>
Association of Fish and Wildlife Agencies - Management Assistance		
Team Staff	\$ 85,513	\$ 35,508
National Conservation Training Center - instruction rooms/lodging	33,480	-
NPS/Albright - instruction rooms	3,700	3,700
Peer Coaches	56,632	43,927
Supplies and other expenses	23,323	53,645
Other staff and speakers	<u>4,222</u>	<u>4,378</u>
	<u>\$ 206,870</u>	<u>\$ 141,158</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

To the Board of Directors  
National Conservation Leadership Institute, Ltd.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the National Conservation Leadership Institute, Ltd. ("Institute", a nonprofit organization), as of and for the year ended June 30, 2016, and have issued our report thereon dated September 2, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. We did identify certain deficiencies in internal control, described in the Schedule of Findings and Responses below.

**Schedule of Findings and Responses**

Finding 2016-01: Expense reimbursement checks for the Executive Director under \$5,000 are approved by and signed by the Executive Director. Even though the Organization's Accounting Procedures Manual is silent on this matter, best practices for any organization's internal controls is to prohibit the same individual from approving and signing checks made out to themselves. We suggest the Board adopt a policy requiring another authorized individual approve and sign checks that are made payable to other authorized signers.

Response 2016-01: We concur with the finding and suggestion and will adopt such a policy.

Finding 2016-02: During the audit it was noted that cash and credit card accounts were not reconciled to their respective statements for several months during the staffing transition period. While the Organization's Accounting Procedures Manual does not specify how soon after the bank and credit card statements are received that they should be reconciled and approved, best practices for any organization's internal control

indicate this should be done monthly. We suggest the Board modify its Review of Bank Statements policy to state that bank and credit card reconciliations be performed and reviewed monthly.

Response 2016-02: We concur with the finding and suggestion and will modify the policy.

The Organization's responses above were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Decker & Company PLLC*

September 2, 2016