

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

FINANCIAL STATEMENTS

June 30, 2012 and June 30, 2011

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS	3
FINANCIAL STATEMENTS	
Statements of assets, liabilities, and net assets - modified cash basis	4
Statements of support, revenue, and expenses - modified cash basis	5
Notes to financial statements	6-7
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 <i>GOVERNMENT AUDITING STANDARDS</i>	8-9

DECKER & COMPANY PLLC
CERTIFIED PUBLIC ACCOUNTING

Warm Springs Business Center • 64 Warm Springs Avenue • Martinsburg, WV 25404

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

The Board of Directors
National Conservation Leadership Institute, Ltd.

We have audited the accompanying statements of assets, liabilities, and net assets - modified cash basis of the National Conservation Leadership Institute, Ltd. ("Institute", a nonprofit organization) as of June 30, 2012 and June 30, 2011 and the related statements of support, revenue, and expenses - modified cash basis for each of the years then ended. These financial statements are the responsibility of the Institute's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the notes to the financial statements, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the National Conservation Leadership Institute, Ltd. as of June 30, 2012 and June 30, 2011, and its support, revenue, and expenses for each of the years then ended, on the modified cash basis of accounting.

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2012, on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Decker & Company PLLC

December 7, 2012

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

June 30, 2012 and June 30, 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Cash - unrestricted account	\$ 104,708	\$ 65,896
Cash - restricted account	<u>819</u>	<u>18,622</u>
Total assets	\$ <u>105,527</u>	\$ <u>84,518</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Credit card payable	\$ <u>1,145</u>	\$ <u>1,647</u>
---------------------	-----------------	-----------------

NET ASSETS

Unrestricted	103,563	64,249
Temporarily restricted	<u>819</u>	<u>18,622</u>
Total net assets	<u>104,382</u>	<u>82,871</u>
Total liabilities and net assets	\$ <u>105,527</u>	\$ <u>84,518</u>

See accompanying notes and independent auditors' report.

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

For the Years Ended June 30, 2012 and June 30, 2011

	<u>2012</u>	<u>2011</u>
CHANGES IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Tuition Income	\$ 145,000	\$ 164,500
Contributions and grants	66,324	63,174
Interest income	-	98
	<u>211,324</u>	<u>227,772</u>
Net assets released from restrictions	<u>17,803</u>	<u>17,411</u>
Total unrestricted support and revenue	<u>229,127</u>	<u>245,183</u>
EXPENSES		
Contract Labor	63,274	119,359
Cambridge Leadership Associates	50,000	50,000
Fall residency	34,643	31,525
Spring graduation	5,293	12,604
Speakers honoraria	12,010	7,745
Training	10,802	10,268
Travel & lodging - other	4,040	4,060
Advertising and promotion	3,046	4,067
Professional fees	4,000	3,900
Technology	167	916
Postage and delivery	1,117	1,130
Miscellaneous	629	173
Insurance	792	779
Total expenses	<u>189,813</u>	<u>246,526</u>
Increase (decrease) in unrestricted net assets	<u>39,314</u>	<u>(1,343)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Net assets released from restrictions	<u>(17,803)</u>	<u>(17,411)</u>
Increase (decrease) in net assets	21,511	(18,754)
NET ASSETS		
Beginning of year	<u>82,871</u>	<u>101,625</u>
End of year	\$ <u>104,382</u>	\$ <u>82,871</u>

See accompanying notes and independent auditors' report.

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and June 30, 2011

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, 2012 and June 30, 2011

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, 2012 and June 30, 2011, the Institute does not own any property or equipment.

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 December 7, 2012, 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.

IN-KIND (unaudited)

For the years ended June 30, 2012 and June 30, 2011, the source, type and amount of in-kind contributions are as follows:

	<u>2012</u>	<u>2011</u>
Association of Fish and Wildlife Agencies - Management Assistance		
Team Staff	\$ 47,188	\$ 29,361
National Conservation Training Center - lodging credit	30,000	30,000
National Conservation Training Center - instruction rooms	19,393	19,032
Peer Coaches	47,622	25,004
Supplies and other expenses	17,442	-
Other staff and speakers	<u>15,401</u>	<u>26,478</u>
	<u>\$ 177,046</u>	<u>\$ 129,875</u>

DECKER & COMPANY PLLC
CERTIFIED PUBLIC ACCOUNTING

Warm Springs Business Center • 64 Warm Springs Avenue • Martinsburg, WV 25404

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 the financial statements of the National Conservation Leadership Institute, Ltd. ("Institute", a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 7, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Institute's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting described below that we consider to be a significant deficiency in internal control over financial reporting. 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.

- **Finding 2012-1:** Several of the Unrestricted Fund's bank statements and bank reconciliations did not contain documentation such as initials and date that someone other than the preparer of the reconciliation had reviewed and approved the bank statement and reconciliation.

- **Auditee's response:** We will review our bank statement and bank reconciliation policies to ensure that all bank statements and bank reconciliations are reviewed and approved by someone other than the preparer of the reconciliation.
- **Finding 2012-2:** At least three checks were voided but their check numbers were not entered into the general ledger system. In addition, a number of checks were used out of sequential order based on the dates the checks were written..
- **Auditee's response:** We will review our cash disbursement policies to ensure that all check numbers, written as well as voided, will be entered into our general ledger system.
- **Finding 2012-3:** An invoice for the fall residency classrooms and meals was not readily available for inspection during the audit.
- **Auditee's response:** We will review our internal control policies concerning maintaining proper documentation for all financial transactions to ensure such documentation is retained and readily available.
- **Finding 2012-4:** The board of director's minutes does not reflect if the prior board meeting minutes were read and approved or not.
- **Auditee's response:** We will document in each set of board minutes as to whether or not the prior meeting's minutes were read and approved.

The Institute's response to the finding identified in our audit is described above. We did not audit the Institute's response and, accordingly, we express no opinion on it.

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*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Decker & Company PLLC

December 7, 2012